



Canadian Radio-television and
Telecommunications Commission

Conseil de la radiodiffusion et des
télécommunications canadiennes

Broadcasting Policy Monitoring Report 2006

Radio

Television

Broadcasting distribution

Diversity & social issues

New media

Canada¹³¹

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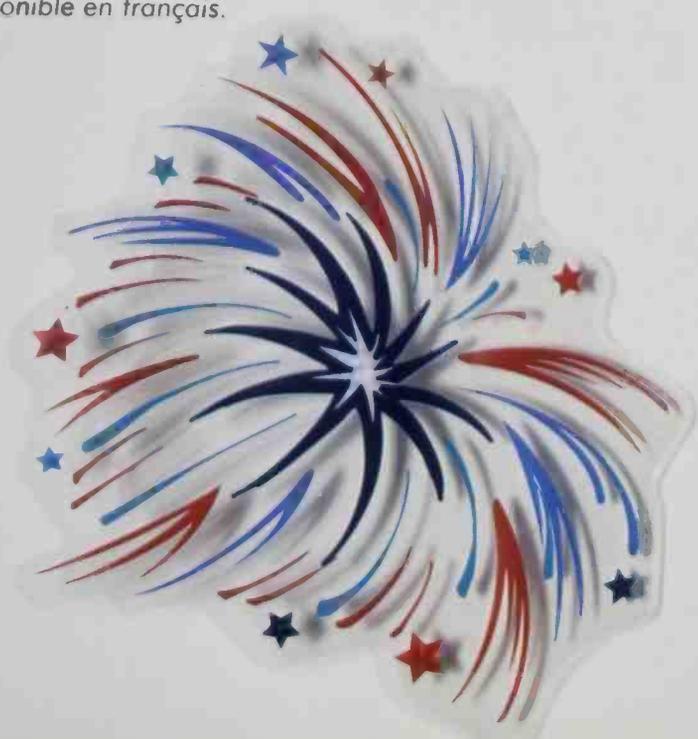
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Introduction

This is the seventh edition of the CRTC's Broadcasting Policy Monitoring Report, which provides an on-going assessment of the impact of CRTC regulations, policies and decisions¹ on the achievement of the objectives of the *Broadcasting Act*. The 2006 version continues to measure the performance of the Canadian broadcasting system. As in the past, we hope that this report will help to foster a more open and better-informed public discussion of broadcasting policy in Canada. The Commission invites parties to use the report to enrich their participation in our regulatory policy and licensing proceedings.

The 2006 edition updates the performance indicators and continues the trends outlined in previous reports. In addition, this year's report outlines the Commission's initiatives to streamline the decision making process and new service standards for processing certain types of broadcasting applications. The television section in the 2006 report provides an expanded review of the Commission's digital television policies and data on the availability of high definition services. The new media section in this year's report introduces data on the usage by Canadians of new technologies and devices.

The data and information used as the basis of the CRTC's policy monitoring is drawn from many sources. These sources include (1) information filed by participants in the normal course of the Commission's hearings and public proceedings; (2) information obtained from Statistics Canada; (3) audience measures from BBM and Nielsen Media Research; (4) the annual financial returns filed by licensees of the CRTC; (5) programming information filed as part of licensees' television program logs; (6) the Commission's ownership records and radio compliance monitoring results; (7) publicly available information, such as annual reports from publicly traded companies, CRTC decisions and public notices; and (8) research undertaken by the CRTC and CyberTRENDS, ComQUEST.

The report is sub-divided in to six sections: Overview, Radio, Television, Broadcasting distribution, Diversity and social issues and New media.

Interested parties are welcome to provide comments for improvements or additions to future editions of the report and can do so by forwarding them to the attention of the Secretary General, CRTC, Ottawa, K1A 0N2 or by using our *Complaints and Inquiries* form which is located on our website at www.crtc.gc.ca.

The Broadcasting Policy Monitoring Report is also available electronically at www.crtc.gc.ca/eng/publications/reports.htm.

¹ *New Regulatory Framework for Broadcasting Distribution Undertakings*, Public Notice CRTC 1997-25, 11 March 1997; *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998; *New Media*, Broadcasting Public Notice CRTC 1999-84, 17 May 1999, and *Telecom* Public Notice CRTC 99-14, 17 May 1999; *Building on Success - A Policy Framework for Canadian Television*, Public Notice CRTC 1999-97, 11 June 1999; *Ethnic Broadcasting Policy*, Public Notice CRTC 1999-117, 16 July 1999; *Exemption order for new media broadcasting undertakings*, Broadcasting Public Notice CRTC 1999-197, 17 December 1999; *Licensing Framework Policy for New Digital Pay and Specialty Services*, Public Notice CRTC 2000-6, 13 January 2000; *Campus Radio Policy*, Public Notice CRTC 2000-12, 28 January 2000;

Community Radio Policy, Public Notice CRTC 2000-13, 28 January 2000;
Practices and procedures for resolving competitive and access disputes, Public Notice CRTC 2000-65, 12 May 2000;
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A Policy to Increase the Availability to Cable Subscribers of Specialty Services in the Minority Official Language, Public Notice CRTC 2001-26, 12 February 2001;
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Licence Renewals for the Television Stations Controlled by CTV, Decision CRTC 2001-457, 2 August 2001;
Licence Renewals for the Television Stations Controlled by Global, Decision CRTC 2001-458, 2 August 2001;
The distribution of the proceedings of the House of Commons on CPAC, Public Notice CRTC 2001-115, 6 November 2001;
Exemption order respecting cable systems having fewer than 2,000 subscribers, Broadcasting Public Notice CRTC 2001-121, 7 December 2001;
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The regulatory framework for the distribution of digital television signals, Broadcasting Public Notice CRTC 2003-61, 11 November 2003;
Incentives for English-language Canadian television drama, Broadcasting Public Notice CRTC 2004-93, 29 November 2004;
Improving the diversity of third-language television services – A revised approach to assessing requests to add non-Canadian third-language television services to the list of eligible satellite services for distribution on a digital basis, Broadcasting Public Notice CRTC 2004-96, 16 December 2004;
Incentives for original French-language Canadian television drama, Broadcasting Public Notice CRTC 2005-8, 27 January 2005;
Reinforcing Our Cultural Sovereignty – Setting Priorities for the Canadian Broadcast System: Second Response to the Report of the Standing, Department of Canadian Heritage, 4 April 2005;
Viewing and expenditure incentives for English-language Canadian television drama, Broadcasting Public Notice CRTC 2006-11, 27 January 2006;
Regulatory framework for mobile television broadcasting services, Broadcasting Public Notice 2006-47, 12 April 2006.

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I. Overview

A. The CRTC

- The Canadian Radio-television and Telecommunications Commission (CRTC) is an independent public authority in charge of regulating and supervising Canadian broadcasting and telecommunications. It serves the public interest and is empowered and governed by the *Broadcasting Act, 1991* (the Act) and the *Telecommunications Act*. The CRTC also reports to Parliament through the Minister of Canadian Heritage.
- The Governor in Council may issue to the Commission directions of general application on matters with respect to the objectives of the broadcasting or regulatory policy.

- The Commission strives to strike a balance between its cultural, social and economic objectives, with the wants and needs of Canadian citizens, industry and various interest groups.

- One of the CRTC's mandates is to ensure that programming in the Canadian broadcasting system reflects Canadian creativity and talent, Canada's linguistic duality, multicultural diversity, the special place of Aboriginal people within our society and our social values.

- The CRTC also seeks to ensure that its policy directions for the Canadian broadcasting industry are keeping pace with emerging technologies.

- The Commission fulfils its broadcasting regulatory responsibilities by means of a number of inter-related activities, which include:
 - issuing, renewing and amending licences for broadcasting undertakings;
 - making determinations on mergers, acquisitions and changes of ownership in the broadcasting industry;
 - collaborating with the industry to resolve competitive disputes;
 - developing and implementing regulatory policies with a view to meeting the objectives of the Act;
 - monitoring, assessing and reviewing, where appropriate, regulatory frameworks to meet its policy objectives; and
 - monitoring the programming and financial obligations of broadcasting undertakings to ensure compliance with regulations and conditions of licence.

- A summary of the Commission's activities relating to the Canadian broadcasting industry during the 2005-2006 fiscal year is provided in *CRTC Accomplishments 2005-2006*¹.

B. Diversity of programming in the Canadian broadcasting system

- Section 3(1)(i) of the Act states, in part, that 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, and
 - (iii) include educational programs and community programs.
- To implement this policy, the Commission endeavours to ensure that Canadians have access to a diversity of programming drawn from a variety of sources.
- The Canadian broadcasting system is comprised of private and public services that provide specialty and general interest Canadian and non-Canadian programming in English and French as well as Aboriginal, multicultural and third-languages. It also makes available a significant number of foreign services.
- The following tables provide a summary of the number of various types of television, radio and audio services that are available in the Canadian broadcasting system. A table summarizing the number of various types of Canadian broadcasting distribution undertakings is also provided.

¹ A copy of this report can be obtained on the CRTC website: <http://www.crtc.gc.ca/eng/publications/reports.htm>

Table 1.1: Diversity of television services available in Canada

	English language*	French language	Third language	Total
Canadian conventional (over-the-air) ⁽¹⁾				
National public broadcaster (CBC)				
- Owned & operated	15	8	-	23
- Transitional digital ⁽⁶⁾	4	4	-	8
Private commercial ⁽⁷⁾	74	23	4	101
Religious	5	-	-	5
Educational	4	3	-	7
Aboriginal	9	-	-	9
Transitional digital ⁽⁶⁾	9	3	2	14
Canadian specialty, pay, pay-per-view (PPV) and video-on-demand (VOD)				
Analog specialty services	30	14	5	49
Category 1 digital specialty services ⁽²⁾	15	3	-	18
Category 2 digital specialty services ⁽²⁾	47	3	25	75
Pay television services ⁽³⁾	5	2	5	12
PPV services (direct-to-home (DTH) and terrestrial) ⁽³⁾	9	2	-	11
VOD services ⁽³⁾	13	-	-	13
Other Canadian services				
Community channels ⁽⁴⁾	133	33	-	166
Community programming services	11	1	-	12
House of Commons – Cable Public Affairs Channel (CPAC)	1	1	-	2
Non-Canadian services ⁽⁵⁾				
Non-Canadian satellite services authorized for distribution in Canada	83	6	45	134
Total number of television services	467	106	86	659

Excludes rebroadcasters and exempt television services.

Also excludes network licences.

* Includes bilingual (English and French) and native services.

(1) Includes satellite to cable services.

(2) Includes only category 1 & 2 services launched prior to 3 May 2006.

(3) Number of services licensed as of 3 May 2006.

(4) Excludes Class 2 and 3 exempted BDU's.

(5) Carriage of authorized services is at the discretion of the broadcast distribution undertaking.

(6) Number of over-the-air transitional digital television approved as of 3 May 2006.

(7) Excludes private commercial religious stations.

Sources: CRTC APP1205 report dated 3 May 2006, CRTC decisions and CRTC Financial database system as of 31 August 2005

Table 1.2: Canadian radio and audio services

	English language ⁽¹⁾	French language ⁽²⁾	Third language	Total
Over-the-air radio services				
National public broadcaster				
CBC: Radio One / Première chaîne	36	20	-	56
CBC: Radio Two / Espace musique	14	12	-	26
CBC network licences	2	2	-	4
CBC digital: Radio One / Première chaîne	5	4	-	9
CBC digital: Radio Two / Espace musique	5	4	-	9
Private commercial				
AM stations	158	16	12	186
FM stations	349	83	9	441
AM & FM network licences	27	10	-	37
Digital radio (stand-alone and transitional)	42	9	7	58
Community				
Type A stations ⁽³⁾	11	34	-	45
Type B stations	22	25	1	48
Developmental	8	-	-	8
Campus				
Community based	36	5	-	41
Instructional	9	-	-	9
Developmental	2	1	-	3
Aboriginal – Type B stations ⁽³⁾	41	12	-	53
Religious (spoken word and/or music)	41	25	1	67
Other (tourist/traffic; Environment Canada; special event, etc.)	96	13	1	110
Total number of over-the-air Canadian radio services	904	275	31	1,210
Multi-channel subscription radio services				
Satellite subscription radio service	2	-	-	2
Terrestrial subscription radio service ⁽⁴⁾	1	-	-	1
Audio services delivered by BDUs				
Specialty audio (commercial / Non-profit, regional / national)	4	-	4	8
Pay audio (English & French national services)	2	-	-	2
Total number of Canadian radio & audio services	913	275	35	1,223

(1) Includes bilingual (English and French) and native services.

(2) Includes French-native services.

(3) Includes network licences.

(4) Authorized not yet licensed.

Excludes rebroadcasters and exempt radio services.

Sources: CRTC APP 1205 report (3 May 2006), CRTC Decisions

Table 1.3: Number of Canadian broadcasting distribution undertakings (BDUs)

	Number of distribution undertakings
Cable	
Cable class 1	146
Cable class 2	104
Cable class 3	1,713
Sub-total cable	1,963
DTH	2
MDS	27
STV	11
Total number of broadcasting distribution undertakings	2,003

Sources: Class 2 and 3 cable systems – September 2005, Mediastats; Class 1 cable, DTH, STV and MDS systems – CRTC APP1205 report dated 3 May 2006

- Most class 2 and 3 cable undertakings are eligible for exemption from licensing requirements.²

C. Streamlining activities

1. Streamlining the decision-making process

- In *Streamlined processes for certain broadcasting applications*, Broadcasting Circular CRTC 2006-1, 27 March 2006 (Circular 2006-1), the Commission announced measures to streamline and expedite the treatment of applications that are normally processed by either public notice or the administrative approach that do not entail a public process.
- The Commission recognized the need for a more timely disposition of priority applications given the rapid pace of innovation and increasing competition in the broadcasting industry. Circular 2006-1 indicated that, commencing 1 April 2006, the Commission's objective is to ensure that, within 15 working days of receiving an application for either a licence amendment that will be dealt with by public notice or an authorization that does not generally entail a public process, one of the following will be issued:
 - a public notice announcing the application;
 - a letter approving the application;
 - a letter requesting clarification; or
 - a letter returning an application that is deemed incomplete.

² Exemption order respecting cable systems having fewer than 2,000 subscribers, Public Notice CRTC 2001-121, 7 December 2001 / Exemption of cable broadcasting distribution undertakings that serve between 2,000 and 6,000 subscribers, Broadcasting Public Notice CRTC 2003-23, 30 April 2003.

- The Commission is currently reviewing all of its application forms to ensure that they are consistent with its new streamlined approach and reflect current policy. Circular 2006-1 noted that the onus will be on applicants to submit a clear application that provides all of the relevant information, as requested in the application form. The Commission estimated that, in the absence of any significant or unresolved issues surrounding an application for a licence amendment processed by public notice or an application that does not require a public process, the expedited process established in Circular 2006-1 will reduce the current average processing time by approximately half.

2. Issuance of letters of approval for applications that do not require a public process

- The Commission announced in Circular 2006-1 that it will issue letters of approval, provided the applications do not raise any policy concerns and are consistent with previous decisions, for the following types of applications :
 - extension of deadlines for the implementation of an authority;
 - extension of deadlines for responding to a requirement made by the Commission in a decision for the filing of documentation or other information;
 - changes to the authorized contours of over-the-air programming undertakings;
 - changes to the authorized areas of licensed broadcasting distribution undertakings;
 - changes to the programming services that licensed broadcasting distribution undertakings are authorized to carry; and
 - changes to the broadcast day of television and specialty service undertakings.
- The Commission stated that, consistent with the process set out in *Ownership applications granted approval*, Broadcasting Public Notice CRTC 2003-50, 19 September 2003, it will announce the applications approved in this manner by issuing a public notice every two months.

3. 2006/07 Streamlining initiatives

- In Circular 2006-1, the Commission stated that it intends to examine streamlining initiatives relative to the public hearing process in the 2006/07 fiscal year. It indicated that these initiatives include the policy concerning the issuance of calls for radio applications and the processing of Category 2 applications.

4. New service standards for processing certain types of broadcasting applications

- In *Introduction of service standards for certain broadcasting applications*, Broadcasting Circular CRTC 2006-2, 5 April 2006, the Commission announced new service standards for applications for licence amendments and licence renewals currently processed by public notice, as well as applications processed using an administrative approach that does not entail a public process.

- The Commission will post quarterly and annual statistics on its website to disclose to the public its performance in meeting these service standards.
- The following table summarizes the new service standards, effective 1 April 2006, for the 2006-07 fiscal year. These standards apply only to applications received after 31 March 2006.

Table 1.4: Summary of services standards, effective 1 April 2006

Type of application and processing route	Time taken to process applications ⁽¹⁾
Administrative route • All applications dealt with administratively (no public process)	• 80% in 2 months • 90% in 3 months
Public notice route (excluding licence renewals) • Applications that do not give rise to opposing interventions or policy issues • Applications that give rise to opposing interventions, but do not raise policy issues	• 80% in 6 months • 90% in 8 months • 80% in 8 months • 90% in 10 months
Licence renewals by public notice route • Applications that do not raise policy issues	• 80% in 8 months • 90% in 10 months

(1) From the date of their receipt in the Commission

D. Competitive disputes

- The Broadcasting Directorate's competitive disputes team was created in 2000 to more effectively process and resolve disputes in an increasingly competitive broadcasting industry. The process and procedures used for resolving competitive and access disputes are outlined in *Practices and procedures for resolving competitive and access disputes*, Public Notice CRTC 2000-65, 12 May 2000.
- Disputes can generally be classified as follows: (1) disputes between broadcasting distributors and programming services concerning the terms of distribution, including wholesale rates; (2) disputes between competing broadcasting distributors over access to buildings and to the end-user; and (3) disputes between programmers regarding programming rights and markets served.
- The Commission employs alternative dispute resolution (ADR) techniques, including fact-finding meetings, mediation and staff opinions, to attempt to break deadlocks and assist parties to resolve their disputes. When these techniques are insufficient, the Commission may, where appropriate, render determinations on disputes by way of "final offer" or by way of an expedited written process.
- "Final offer" arbitration processes are typically conducted on a confidential basis, both to encourage candour on the part of the parties and to take into account that the matters in dispute often involve commercially sensitive information, the disclosure of which could cause harm that would outweigh any public interest benefit.
- In certain disputes that come before the Commission as allegations of undue preference or disadvantage, the complainant seeks a ruling by the Commission that

the preference or disadvantage has material and serious consequences for the complainant and/or the Canadian broadcasting system, and that are contrary to the public interest. Cases involving such public issues are usually immediately placed on a public file.

- As a further means to hasten the resolution of broadcasting disputes, the Commission has adopted procedures for the conduct of expedited public hearings. In *Expedited procedure for resolving issues arising under the Broadcasting Act*, Broadcasting Circular CRTC 2005-463, 18 April 2005, the Commission announced that, in order to expedite decisions on certain issues arising under the *Broadcasting Act*, panels of Commissioners will be struck to conduct public hearings to deal with such issues on an accelerated basis. These hearings complement the Commission's existing dispute resolution guidelines and tools and are similar to its procedures for resolving disputes arising under the *Telecommunications Act*.³
- On 23 March 2005, the Commission received a complaint by 6166954 Canada Inc. (6166954) against Shaw Cable (Shaw) pursuant to sections 9, 20 and 40 of the *Broadcasting Distribution Regulations*. On 5 May 2005, the Commission decided to conduct its second expedited hearing which was scheduled for 8 July 2005. On 5 July 2005, the Commission received a written confirmation from 6166954 indicating that it had withdrawn its complaint. Although the Commission was not privy to the agreement, it learned that a settlement had been reached following several rounds of discussions between the parties only a few days before the scheduled hearing.
- In recent years, the Commission has also increased the number of informal ADR interventions. Informal interventions are intended to assist in early detection and removal of obstacles to resolution between the disputing parties. Typically, these interventions take place prior to the filing of formal complaints or requests for dispute resolution and prior to the provision of any related documentation. Most of these interventions can be effectively conducted by telephone. The Commission started tracking this type of ADR activity in January 2005.

1. Number and type of disputes

Table 1.5: Number of dispute files received in 2005/06⁽¹⁾

Dispute issues	Type of disputes Formal dispute files			Informal interventions
	Undue preference or disadvantage ⁽²⁾	Dispute resolution ⁽³⁾	Total	Total
Wholesale rates	1	1	2	2
Building access	1	-	1	2
Channel placement	-	1	1	2
Programming rights-related issues	-	2	2	4
Total	2	4	6	10

(1) 1 April 2005 to 31 March 2006

(2) Section 9 of the *Broadcasting Distribution Regulations*

(3) Sections 12 to 15 of the *Broadcasting Distribution Regulations*

³ *Expedited procedure for resolving competitive issues*, Telecom Circular CRTC 2004-2, 10 February 2004

- Between 1 April 2005 and 31 March 2006, the Commission opened six new dispute files and closed nine.⁴ Of the four dispute files outstanding, one file has been suspended at the request of the parties, and the remaining three were received in or after December 2005.
- During the same period, the Commission also resolved five of the ten informal dispute interventions undertaken⁵. The remaining five informal dispute files have been suspended – three before March 31 and two were in early April 2006.

2. Time taken to resolve disputes

- The following table compares the average time taken to resolve disputes over each of the last four years. In arriving at these averages, it should be noted that some of the disputes were suspended, at the request of the parties, for various periods of time in order to permit the parties to negotiate. Time while suspended is not included in calculating time to closure.

Table 1.6: Fiscal year comparisons of the average number of days to resolve disputes

Disputes	2002/03	2003/04	2004/05	2005/06
Undue preference	176	245	142	135
Sections 12 to 15	84	152*	152*	86
Section 9(1)(h)	-	-	16	-

Notes: Excludes informal interventions. Files commenced in one year but concluded in another are included in the calculation for the year of closure.

* The increase in the average times to resolution in this category was due to a number of complex "final offer" determination disputes that involved one or more CRTC staff mediation meetings and a subsequent written final offer stage.

- The majority of the new disputes, whether alleging undue preference or disadvantage or seeking staff assistance or Commission determinations on other matters, raised multiple issues and involved complex fact situations. Overall, the complexity of disputes submitted to the Commission continues to increase and most now include "policy" components. Neither factor is conducive to expedited processing by way of alternative dispute resolution techniques.

⁴ There were seven files outstanding from the previous period.

⁵ This is the first year that the Commission has tracked this type of ADR activity.

E. Advertising revenue by media

- The following table and pie chart outline the trends in advertising revenues by the different media.

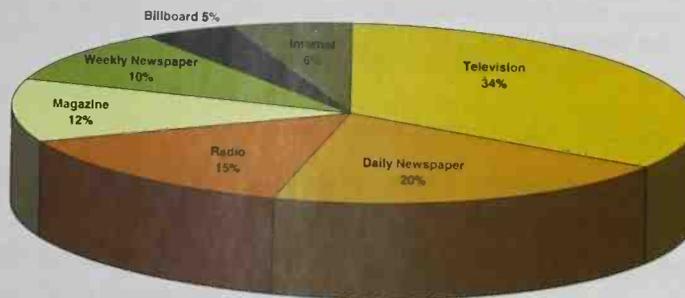
Table 1.7: Advertising revenue by media (\$ millions)

Media	1997	1998	1999	2000	2001	2002	2003	2004	2005	% Increase 1997 to 2005
Television	2,105	2,332	2,373	2,454	2,547	2,595	2,821	2,939	3,013	43%
Daily newspaper	1,546	1,596	1,629	1,731	1,678	1,684	1,696	1,751	1,784	15%
Radio	849	920	953	1,001	1,048	1,080	1,171	1,209	1,310	54%
Magazine	647	707	721	805	845	900	950	994	1,028	59%
Weekly newspaper	634	764	787	820	836	849	862	875	883	39%
Billboard	220	246	269	293	310	321	338	356	404	84%
Internet	10	25	56	110	97	117	237	365	519	5090%
Total	6,011	6,590	6,788	7,214	7,361	7,546	8,075	8,488	8,942	49%
% Annual Increase	9%	10%	3%	6%	2%	3%	7%	5%	5%	

Source: Carat Expert, May 2006

- Radio advertising revenues increased 54% from 1997 to 2005 exceeding the total media advertising revenue increase of 49%. Television advertising revenues increased by 43% over the same period.

Chart 1.1: Share of advertising revenue by media, 2005



- The relative levels of advertising revenue earned by the different media have remained generally constant since 1997. For example, television advertising achieved a 35% share of the pie in 1997, as compared to 34% in 2005. Radio's levels have also remained constant achieving a 14% share in 1997 and 15% in 2005.

II. Radio

A. Radio tuning trends

Table 2.1: Per capita listening hours by age group

Average weekly hours tuned per capita								
BBM Fall 1999 – 2005 – all persons 12+, Monday to Sunday, 5 a.m. to 1 a.m.								
	All persons 12+	Teens 12-17	Adults					
			18-24	25-34	35-49	50-54	55-64	65+
1999	20.5	11.3	17.3	21.3	21.6	21.6	23.2	22.7
2000	20.3	10.5	18.1	20.6	21.8	21.9	22.8	22.4
2001	20.1	10.1	17.3	20.5	21.6	21.6	22.7	22.3
2002	20.2	9.4	16.7	20.1	21.7	22.3	23.1	22.8
2003	19.5	8.5	16.3	19.3	21.3	21.8	21.9	22.3
2004	19.5	8.5	15.7	19.3	21.5	21.6	22.1	22.3
2005	19.1	8.6	15.2	18.1	21.0	21.5	21.9	21.6
Growth*99 to 05	-1.4	-2.7	-2.1	-3.2	-0.6	-0.1	-1.3	-1.1

* In average hours

Source: MicroBBM surveys Fall 1999 to Fall 2005

- Overall weekly listening levels have decreased by roughly one hour and twenty-five minutes from 1999 to 2005. This decrease is most notable in the teen demographics and for adults aged from 18 to 34.
- The following table sets out the percentage of hours tuned to radio in an average week during the BBM Fall surveys from 1997 to 2005.

Table 2.2: Radio tuning share in an average week

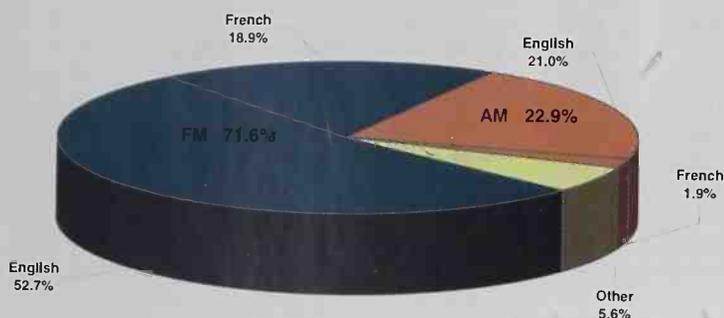
	Percentage (%) of hours tuned									Increase/decrease 97 to 05
	1997	1998	1999	2000	2001	2002	2003	2004	2005	
AM English	27.7	25.1	24.5	23.8	23.7	22.6	22.2	21.2	21.0	-6.7
AM French	5.7	4.4	3.8	3	2.9	2.7	2.4	2.1	1.9	-3.8
FM English	45.2	48.7	49.2	50.3	50.1	51.1	52.1	52.7	52.7	7.5
FM French	15.4	16.5	16.9	17.4	17.7	18.4	18.4	18.8	18.9	3.5
Other	6.0	5.3	5.6	5.5	5.6	5.2	4.9	5.2	5.6	-0.4
Total	100	100	100	100	100	100	100	100	100	
Total average weekly hours (000,000)	516.6	552.8	544.6	531.8	532.9	540.5	529.6	538.1	531.6	15.0

Note: "Other" is principally over-the-air tuning to U.S. border stations. "Other" also includes tuning to Internet radio that is not attributed to Canadian over-the-air radio stations (0.3 tuning share, in 2005 – see table 6.7).

Source: BBM Fall 1997 to Fall 2005

- The total average weekly hours tuned to radio have remained relatively stable since 1997.
- AM radio continues to decline in total average hours tuned, while FM recuperates these hours.
- The following pie chart is based on Table 2.2 and demonstrates the dominance of FM radio in both the English- and French-language markets.

Chart 2.1: Radio tuning share in an average week, 5 a.m. to 1 a.m., BBM Fall 2005



- According to BBM (5 a.m. to 1 a.m., Monday to Sunday):
 - 92.1% of Canadians aged 12 and over listened to the radio for at least 15 minutes per week in Fall 2005, as compared to 94% in 1998.
 - In Fall 2005, the average hours tuned per listener was 20.7 hours per week, roughly the same number as in the previous year.
 - In Fall 2005, the average hours tuned per capita decreased by roughly 25 minutes to 19.1 hours per week.

B. Ownership

- In revising its ownership policy in *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998 (the Commercial Radio Policy), the Commission focussed on developing a model that would allow for some consolidation, while taking into account the Commission's general concerns for preserving a diversity of news voices and maintaining competition.
- Tables 2.3 through 2.8 monitor ownership consolidation in the radio industry, providing revenue and tuning information for the largest radio operators.

1. Total hours tuned to the largest private commercial radio operators

Table 2.3: Tuning to the largest radio operators⁽¹⁾

	Listening hours (000) BBM Fall			Share of national tuning		
	2003	2004	2005	2003	2004	2005
Corus Entertainment Inc.	83,785	85,391	91,725	16%	16%	17%
Standard Broadcasting Corporation Limited	64,496	64,526	65,643	12%	12%	12%
Rogers Communications Inc.	51,098	44,732	48,243	10%	8%	9%
Astral Media Radio inc.	50,033	48,189	38,139	9%	9%	7%
CHUM Limited	34,581	36,019	36,116	7%	7%	7%
<i>Subtotal – top five radio groups</i>	<i>283,993</i>	<i>278,857</i>	<i>279,866</i>	<i>54%</i>	<i>52%</i>	<i>53%</i>
Newcap Inc.	20,052	20,039	21,224	4%	4%	4%
Jim Pattison Industries Ltd.	11,164	11,029	12,005	2%	2%	2%
Cogeco Inc.	8,943	9,345	10,881	2%	2%	2%
Maritime Broadcasting System Limited	8,935	8,282	8,394	2%	2%	2%
Total	333,087	327,552	332,369	63%	61%	63%
Total Canadian private commercial radio ⁽²⁾	434,153	437,181	442,123	82%	81%	83%
Total all radio (3)	529,647	538,202	531,607	100%	100%	100%

(1) Refer to "Notes to tables 2.3 to 2.8" following Table 2.8.

(2) Listening hours includes tuning to private commercial, multilingual and native stations.

(3) Listening hours includes tuning to public and private Canadian and U.S. stations.

Sources: BBM Fall 2003 to 2005 surveys, 5 a.m. to 1 a.m., all persons 12+; and CRTC financial database

- Although the tuning share by the largest radio groups has risen considerably from 54% in 1997 to 63% in 2005, their tuning share has remained about the same for the last three years.
- The five largest radio groups attracted 53% of Canadian audiences in 2005. In 1997, the ten largest radio groups attracted approximately the same audience.

Table 2.4: Tuning to the largest French-language radio operators⁽¹⁾

	Listening hours (000) BBM Fall			Share of tuning to French-language radio		
	2003	2004	2005	2003	2004	2005
Astral Media Radio inc.	47,381	45,317	35,212	43%	40%	32%
Corus Entertainment Inc.	13,909	15,224	23,846	13%	14%	22%
Cogeco Inc.		9,345	10,881		8%	10%
Total	61,290	69,886	69,938	56%	62%	63%
Total Canadian French-language radio (2)	110,177	112,508	110,559	100%	100%	100%

(1) Refer to "Notes to tables 2.3 to 2.8" following Table 2.8.

(2) Listening hours include tuning to public and private Canadian French-language stations.

Sources: BBM Fall 2003 to 2005 surveys, 5 a.m. to 1 a.m., all persons 12+; and CRTC financial database

- Astral Media Inc. garnered 32% of the hours tuned to French-language radio in 2005 and 49% of French-language radio revenues.

Table 2.5: Tuning to the largest English-language radio operators⁽¹⁾

	Listening hours (000) BBM Fall			Share of tuning to English-language radio		
	2003	2004	2005	2003	2004	2005
Corus Entertainment Inc.	69,876	70,167	67,880	18%	18%	17%
Standard Broadcasting Corporation Limited	64,496	64,526	65,643	16%	16%	17%
Rogers Communications Inc.	51,098	44,732	48,243	13%	11%	12%
CHUM Limited	34,581	36,019	36,116	9%	9%	9%
Newcap Inc.	20,052	20,039	21,224	5%	5%	5%
Total	240,103	235,483	239,106	61%	59%	61%
Total Canadian English-language radio⁽²⁾	393,385	397,409	391,468	100%	100%	100%

(1) Refer to "Notes to tables 2.3 to 2.8" following Table 2.8.

(2) Listening hours include tuning to public and private Canadian English-language stations.

Sources: BBM Fall 2003 to 2005 surveys, 5 a.m. to 1 a.m., all persons 12+; and CRTC financial database

2. Revenues of the top private commercial radio ownership groups

Table 2.6: Radio revenues of the largest radio operators⁽¹⁾

	Number of radio undertakings reporting			Radio revenue (\$ 000)			Share of national revenue		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
Corus Entertainment Inc.	50	50	50	210,529	216,119	237,380	18%	18%	18%
Rogers Communications Inc.	43	42	43	158,264	177,178	192,667	13%	14%	14%
Standard Broadcasting Corporation Limited	51	51	51	164,966	162,884	180,533	14%	13%	14%
CHUM Limited	30	30	33	116,968	121,144	132,771	10%	10%	10%
Astral Media Radio inc.	34	34	31	126,757	119,928	112,583	11%	10%	8%
<i>Subtotal – top five radio groups</i>	<i>208</i>	<i>207</i>	<i>208</i>	<i>777,484</i>	<i>797,253</i>	<i>855,934</i>	<i>65%</i>	<i>65%</i>	<i>64%</i>
Newcap Inc.	41	41	47	55,509	58,012	73,358	5%	5%	6%
Jim Pattison Industries Ltd.	18	18	19	33,365	33,637	37,611	3%	3%	3%
Rawlco Radio Ltd.	12	12	12	27,020	28,907	31,036	2%	2%	2%
Elmer Hildebrand	21	23	24	25,221	27,077	30,252	2%	2%	2%
Maritime Broadcasting System Limited	21	21	21	23,593	22,856	22,484	2%	2%	2%
TOTAL	321	322	331	942,192	967,742	1,050,675	79%	79%	79%
TOTAL Canada (private radio revenues)⁽²⁾	532	550	559	1,189,605	1,226,321	1,333,367	100%	100%	100%

(1) Refer to "Notes to tables 2.3 to 2.8" following Table 2.8.

(2) Includes private commercial networks and commercial ethnic radio stations.

Source: CRTC financial database

- The number of programming undertakings owned and controlled by the largest radio operators and their share of national revenue increased from 148 and 61% respectively in 1998, to 331 and 79% in 2005.

**Table 2.7: Radio revenues of the largest French-language radio operators⁽¹⁾ **

	Number of radio undertakings reporting			Radio revenue (\$ 000)			Share of French radio revenue		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
Astral Media Radio inc.	26	26	23	117,411	110,797	102,572	59%	57%	49%
Corus Entertainment Inc.	10	10	12	28,657	31,838	45,324	14%	16%	22%
Cogeco Inc.		5	5		15,250	19,637		8%	9%
Total	36	41	40	146,068	157,885	167,533	73%	81%	80%
Total private commercial French-language radio⁽²⁾	86	92	85	198,949	195,245	209,004	100%	100%	100%

(1) Refer to "Notes to tables 2.3 to 2.8" following Table 2.8.

(2) Includes network radio revenues.

Source: CRTC financial database

Table 2.8: Radio revenues of the largest English-language radio operators⁽¹⁾

	Number of radio undertakings reporting			Radio revenue (\$ 000)			Share of English radio revenue		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
Corus Entertainment Inc.	40	40	38	181,872	184,281	192,055	19%	18%	18%
Rogers Communications Inc.	43	42	43	158,264	177,178	192,667	16%	18%	18%
Standard Broadcasting Corporation Limited	51	51	51	164,966	162,884	180,533	17%	16%	17%
CHUM Limited	30	30	33	116,698	121,144	132,771	12%	12%	12%
Newcap Inc.	41	41	47	55,509	58,012	73,358	6%	6%	7%
Total	205	204	212	677,309	703,499	771,384	70%	70%	71%
Total private commercial English-language radio⁽²⁾	432	444	451	961,220	1,000,204	1,089,752	100%	100%	100%

(1) Refer to "Notes to tables 2.3 to 2.8" below.

(2) Includes private commercial network revenues.

Source: CRTC financial database

Notes to tables 2.3 to 2.8:

- The ownership structure reflects transactions authorised by the Commission during the broadcast year, not the closing date of the transaction.
- An undertaking's entire annual revenue is attributed to the organization that was deemed to be its owner as of 31 August.
- In some instances, the 2003 and 2004 results have been restated to reflect current data on file.
- Corus' 2005 results reflect the sale of CIZZ-FM and CKGY-FM Red Deer to Newcap.
- CHUM's 2005 results include the new Edmonton station as well as CFX Victoria and CHBE-FM acquired from Seacoast Communications Group Inc.

- The 2005 results for Elmer Hildebrand include CHVN-FM Winnipeg. Golden West Broadcasting acquired effective control of this station from Christian Radio Manitoba Ltd.
- The 2005 results for Jim Pattison Industries include a new FM station in Red Deer.
- Newcap's 2005 results reflect the new CKWY-FM Wainwright station as well as the following five stations that were acquired through the transfer of ownership or control: CIZZ-FM and CKGY-FM Red Deer from Corus, CJUK-FM Thunder Bay from Big Pond Communications 2000 Inc. and CILR-FM and CKSA-FM Lloydminster from Sask-Alta Broadcasters Limited.
- Astral's results for 2003 reflect the transaction that was approved in *Transfer of control of 3903206 Canada Inc., of Telemedia Radio Atlantic Inc. and of 50% of Radiomedia Inc. to Astral Radio Inc.*, Broadcasting Decision CRTC 2002-90, 19 April 2002, the acquisition of assets from Télémédia; but it should be noted that nine Astral stations were held in trust pending their sale: CKRS, CJRC, CHLN, CHLT, CKSM, CKTS, CKAC, CHRC and CFOM-FM as required by the Competition Bureau (*Acquisition of radio assets in Quebec*, Broadcasting Decision CRTC 2003-205, 2 July 2003).
- Astral's and Corus' results for 2005 reflect the transaction that was approved pursuant to *Exchange of radio assets in Quebec between Astral Media Radio inc. and Corus Entertainment Inc.*, Broadcasting Decision CRTC 2005-15, 21 January 2005, in which Astral acquired five stations from Corus and Corus acquired eight stations from Astral.

C. Financial performance – Promoting a financially sound sector

- One of the Commission's objectives in developing the Commercial Radio Policy was to ensure a strong, well-financed radio industry that is able to achieve its obligations under the Act.

1. Commercial radio revenues

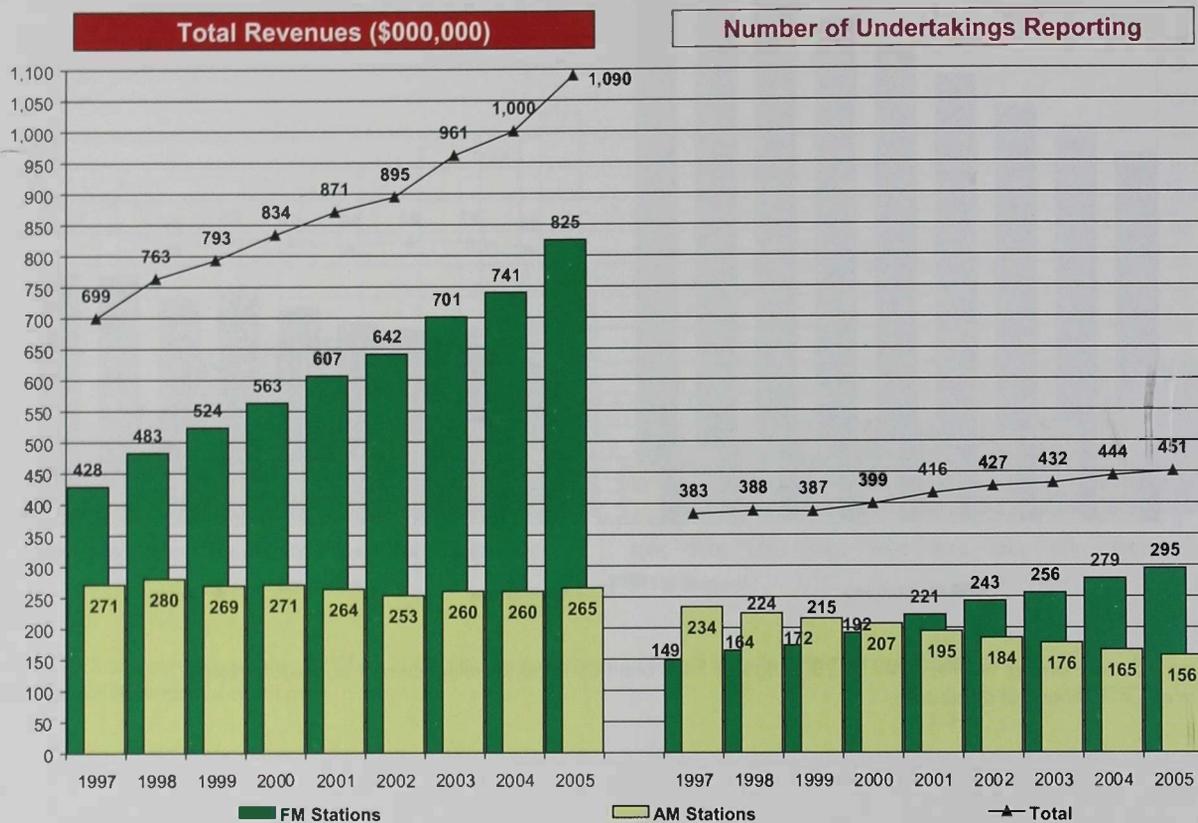
Table 2.9: Revenues – commercial radio – 1997 to 2005

(\$ 000,000)	1997	1998	1999	2000	2001	2002	2003	2004	2005
Number of radio undertakings reporting	479	487	487	498	516	528	532	550	559
AM stations	322	329	314	315	307	297	305	302	304
% Annual growth		2%	-5%	0%	-3%	-3%	3%	-1%	0%
FM stations	547	611	660	710	763	806	884	924	1,030
% Annual growth		12%	8%	8%	7%	6%	10%	4%	11%
Total	869	940	975	1,026	1,070	1,103	1,190	1,226	1,333
% Annual growth		8%	4%	5%	4%	3%	8%	3%	9%

Note: Includes network results; 1997 to 2004 figures have been updated to reflect current aggregate results.
Source: CRTC financial database

- For the nine-year period from 1997 to 2005, the number of FM radio stations reporting financial results has increased by 85%, or by 175 stations, while the number of AM stations has decreased by 35%, or by 95 stations.
- Over this same period, total revenues have increased by 53%. AM revenues have decreased by 4.5% while FM revenues have increased by 88.3%.

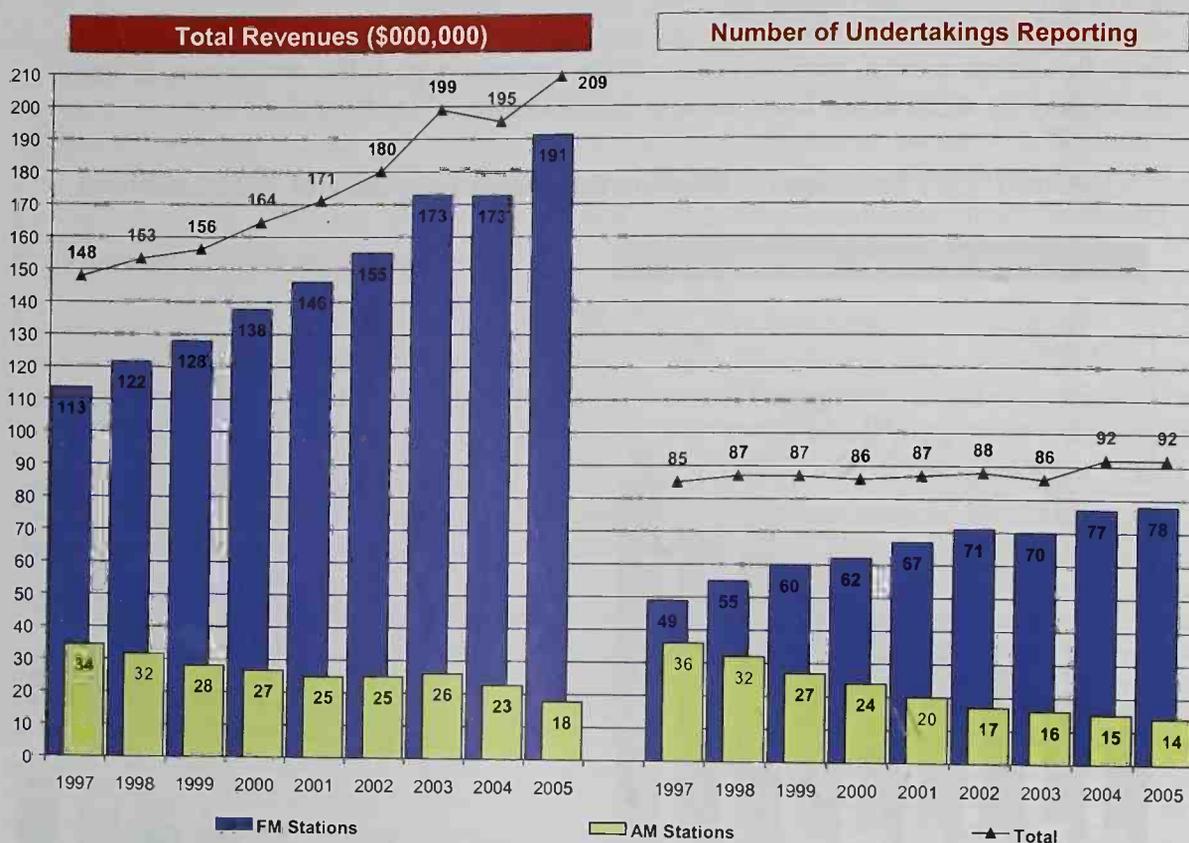
Chart 2.2: Revenues – English-language commercial radio stations



Note: Includes network results; 1997 to 2004 figures have been updated to reflect current aggregate results.
Source: CRTC financial database

- English-language FM radio revenues increased by 11.4% from 2004 to 2005. FM revenues have increased by an average of 8.0% per year over the past four years.
- English-language AM radio revenues increased by 2.0% from 2004 to 2005 and achieved 2001 revenue levels.
- Combined English-language AM and FM radio revenues increased by 9.0% from 2004 to 2005. This represents an average annual increase of 5.8% over the past four years.
- The number of English-language radio stations continues to increase annually. Roughly 55% of the new English-language FM stations reporting in 2005 were by licensees who had converted their AM frequencies to FM frequencies.

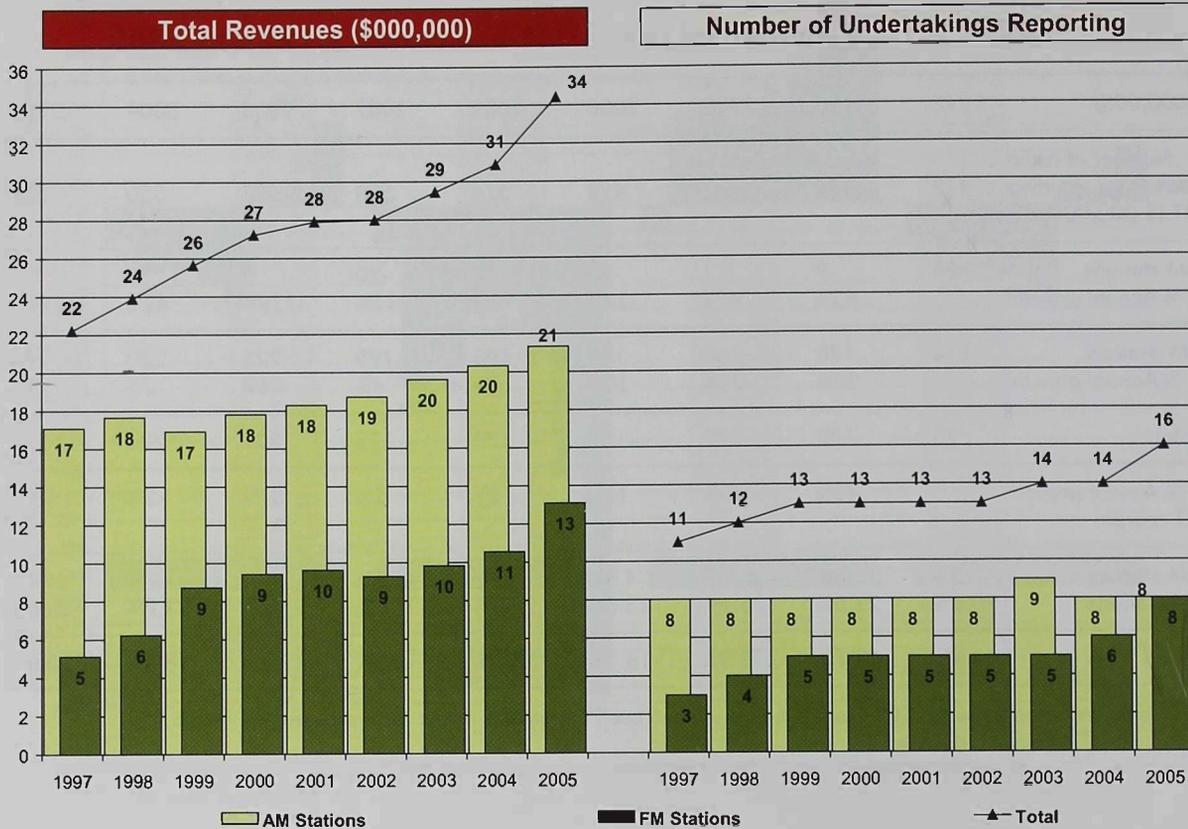
Chart 2.3: Revenues – French-language commercial radio stations



Note: Includes network results; 1997 to 2004 figures have been updated to reflect current aggregate results.
Source: CRTC financial database

- Revenues for French-language FM radio increased by 10.8% from 2004 to 2005. FM revenues have increased by an average of 7% per year over the past four years.
- Revenues for French-language AM radio decreased by 21.5% from 2004 to 2005. Over the last four years, revenues decreased by an average of 8.1% per year.
- Overall, total revenues for French-language radio increased by 7% from 2004 to 2005. French-language radio has experienced an average annual increase of 5.1% over the past four years.

Chart 2.4: Revenues – Ethnic commercial radio stations



Note: Includes network results; 1997 to 2004 figures have been updated to reflect current aggregate results.
Source: CRTC financial database

- Ethnic radio stations derive approximately 95% of their advertising revenues from local sources, compared to 77% for English-language and 66% for French-language stations.
- Total revenues for ethnic radio increased 11.5% from 2004 to 2005. A significant portion of this increase is due to two new FM radio stations (CJSA-FM Toronto and CKDG-FM Montréal) reporting for the first time in 2005. Total revenues achieved by ethnic radio stations have increased by an average of 5.4% per year over the past four years.

2. Profits before interest and taxes (PBIT)

Table 2.10: Commercial radio PBIT in Canada – 1997 to 2005

(\$ 000,000)	1997	1998	1999	2000	2001	2002	2003	2004	2005
Number of radio undertakings reporting PBIT (\$ 000,000)	479	487	487	498	516	528	532	550	559
AM stations	-23	-9	-17	-15	-17	-20	2	3	13
% Annual growth		-63%	95%	-10%	13%	17%	-110%	64%	290%
FM stations	114	138	166	182	188	195	227	220	264
% Annual growth		21%	20%	10%	3%	4%	16%	-3%	20%
Total	90	129	149	167	171	175	229	224	277
% Annual growth		43%	15%	12%	3%	2%	31%	-2%	24%
PBIT margin									
AM stations	-7.2%	-2.6%	-5.3%	-4.8%	-5.5%	-6.7%	0.7%	1.1%	4.4%
FM stations	20.8%	22.5%	25.1%	25.6%	24.7%	24.2%	25.7%	23.9%	25.6%
Total	10.4%	13.7%	15.3%	16.3%	16.0%	15.9%	19.3%	18.3%	20.8%

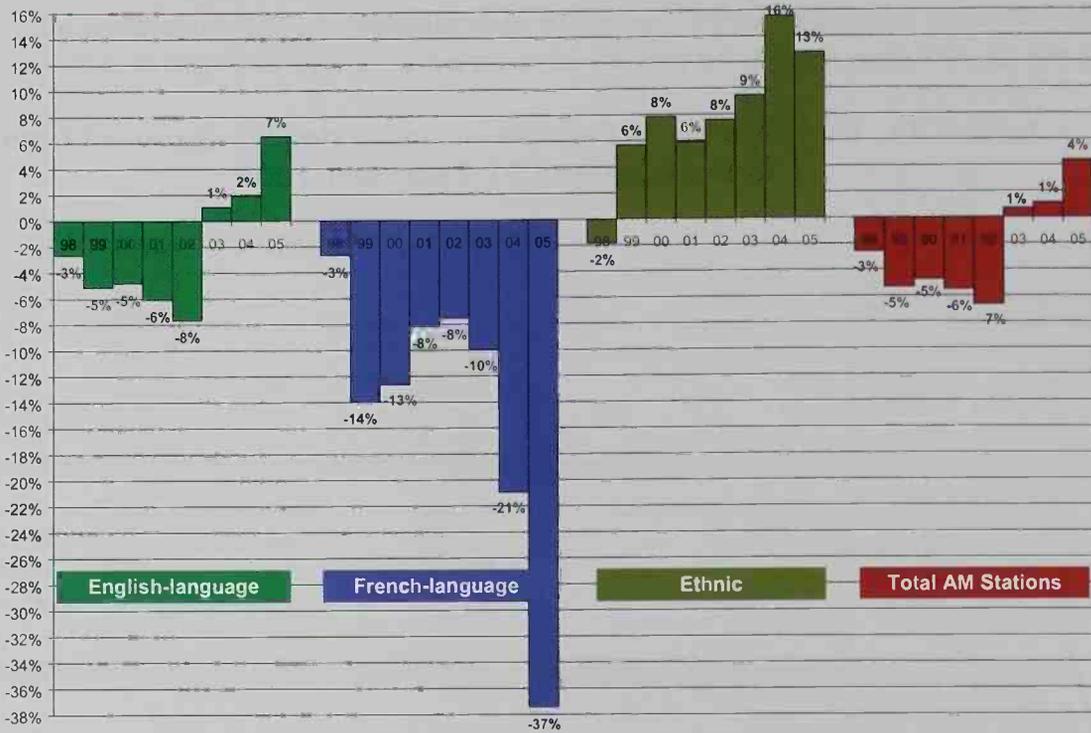
Note: Includes network results; 1997 to 2004 figures have been updated to reflect current aggregate results.
Source: CRTC financial database

Chart 2.5: PBIT margins – Commercial AM & FM radio stations



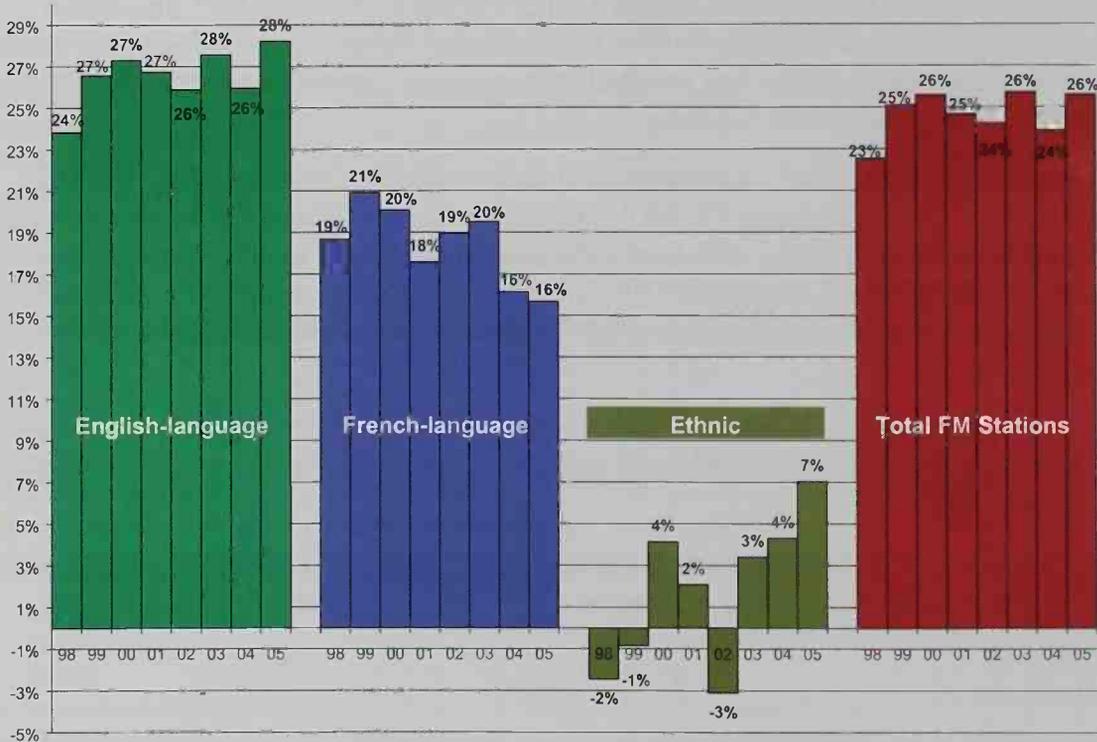
Note: Includes network results; 1998 to 2004 figures have been updated to reflect current aggregate results.
Source: CRTC financial database

Chart 2.6: PBIT margins – Commercial AM radio stations



Note: Includes network results; 1998 to 2004 figures have been updated to reflect current aggregate results.
Source: CRTC financial database

Chart 2.7: PBIT margins – Commercial FM radio stations



Note: Includes network results; 1998 to 2004 figures have been updated to reflect current aggregate results.
Source: CRTC financial database

D. Licensing of over-the-air radio stations

- The following table sets out the number of radio applications that have been approved by the Commission during the past three years by language and type of station.

Table 2.11: Number of new over-the-air radio stations approved from 1 January 2003 to 31 December 2005

	2003	2004	2005	Total
Number of new AM & FM stations approved	68	49	44	161
English-language, French-language and ethnic stations approved:				
English-language	51	43	38	132
French-language	12	5	4	21
Ethnic	5	1	2	8
Type of radio stations approved:				
Commercial	32	25	33	90
Community	11	10	8	29
Campus	4	2	-	6
Native	7	2	-	9
Other	14	10	3	27

Notes: Includes AM to FM conversions (often referred to as FM flip).

Excludes digital transitional radio.

"Other" includes not for profit, CBC/SRC, tourist, environment Canada, etc. radio stations

Source: CRTC APP1100 system and CRTC decisions

1. Competitive licensing

- In the 1998 Commercial Radio Policy,¹ the Commission determined that in order to encourage competition and choice it would no longer apply the criteria² outlined in the *Radio Market Policy*, Public Notice CRTC 1991-74, 23 July 1991 (the *Radio Market Policy*). The elimination of the *Radio Market Policy* combined with the revised common ownership policy has resulted in numerous competitive processes for new stations in markets across Canada.
- In *Introductory statement – Licensing new radio stations*, Decision CRTC 99-480, 28 October 1999 (Decision 99-480), the Commission outlined the factors that will generally be among those relevant to the evaluation of competitive applications. For Decision 99-480 the Commission also noted that the relative weight and significance of the factors would vary depending on the specific circumstances of the market concerned.
- The Commission also examines applications in terms of their furtherance of the objectives of the Act, particularly with respect to the production of local and regional programming.
- The following table reveals the factors that were noted in the Commission's decisions as contributing to the success of competitive applications decisions issued from 1 January 2003 to the 31 March 2006.

¹ This section is based on the 1998 Commercial Radio Policy review. The Commission held a Public Hearing in May 2006 to review the 1998 Commercial Radio Policy framework – see item R. Commercial Radio Policy Review.

² The *Radio Market Policy* set out the procedures and criteria to be followed when processing applications for conventional, commercial AM and FM undertakings.

Table 2.12: Factors contributing to successful applications for radio licences considered in competitive processes from 1 January 2003 to 31 March 2006

Market / Company	Decision number	Language / Type	Quality of the application				
			Local programming and benefits to the community	Canadian content (1)	CTD	Business plan	Competitive balance
Toronto, PN 2003-20 (17 September 2002 PH - 17 applications considered)							
Toronto, Canadian Multicultural Radio	2003-115	m C Sp(ethnic), FM	✓				✓
Toronto, Coopérative radiophonique de Toronto	2003-116	f CO Type A FM	✓				✓
Toronto, Father Hernan Astudillo	2003-117	m CO Type B (ethnic) AM	✓				✓
Toronto, Sur Sagar Radio Inc.	2003-118	m C Sp(ethnic), digital	✓				✓
Kitchener-Waterloo, PN 2003-25 (28 October 2002 PH - 11 applications considered)							
Kitchener-Waterloo, Global	2003-152	e C MF, FM	✓	✓	✓	✓	✓
Kitchener-Waterloo, Larche	2003-153	e C MF, FM	✓	✓	✓	✓	✓
Kitchener-Waterloo, Sound of Faith	2003-154	e NC Sp(religious) FM	✓				✓
Kitchener-Waterloo, AVR	2003-155	e/n N Type B, FM					✓
Newfoundland (10 December 2002 PH - 2 applications considered)							
St. John's, Newman/Bell	2003-171	e C MF, FM	✓				✓
Québec, PN 2003-33 (3 February 2003 PH - 26 applications considered)							
Montréal, Radio Nord	2003-192	f C SpMF(jazz), FM	✓	✓	✓		✓
Laval, Lajoie/Chabot	2003-193	f C SpMF(40's-70's), AM	✓			✓	✓
Montréal, Canadian Hellenic Cable Radio	2003-194	m C Ethnic, FM	✓	✓			✓
Montréal, AVR	2003-195	e/f/n N Type B, FM					✓
Sherbrooke, Cogéco	2003-197	f C MF, FM	✓	✓	✓		✓
Sherbrooke, Génération Rock	2003-198	f C MF, FM	✓	✓			✓
Lac-Brome, Radio Communautaire Missisquoi	2003-199	e CO Type A, FM	✓				✓
Trois Rivières, Cogéco	2003-201	f C MF, FM	✓	✓			✓
Alberta, PN 2004-23 (18 June 2003 PH - 13 applications considered)							
Red Deer, CBC	2004-116	e NC CBC2,FM					✓
Red Deer, Pattison	2004-117	e C MF, FM					✓
Edmonton, CHUM / Milestone	2004-133	e C MF, FM	✓	✓	✓		✓
Edmonton, AVR	2004-134	e/n N Type B, FM					✓
Edmonton, O.K. Radio	2004-135	e C MF, FM	✓	✓	✓		✓
Edmonton, Rawlco	2004-136	e C SpMF(jazz), FM	✓	✓	✓		✓
Atlantic, PN 2004-91 (1 March 2004 PH - 25 applications considered)							
Halifax, Rogers	2004-513	e C SP (Spoken Word), FM	✓		✓		✓
Halifax, CKMW Radio	2004-514	e C MF, FM		✓	✓		✓
Halifax, Global	2004-515	e C MF, FM		✓	✓	✓	✓
Halifax, International Harvesters	2004-516	e C SpMF(Christian), FM		✓			✓
Moncton, Rogers	2004-517	e C SP (Spoken Word), FM	✓		✓		✓
Moncton, Radio Beauséjour	2004-518	f CO Type B, FM					✓
Saint John, Rogers	2004-520	e C SP (Spoken Word), FM	✓		✓		✓

Market / Company	Decision number	Language / Type			Quality of the application					
					Local programming and benefits to the community	Canadian content (1)	CTD	Business plan	Competitive balance	Diversity of news voices
Saint John, Coopérative	2004-521	f	CO	Type A, FM						✓
Federicton, Newcap	2004-522	e	C	MF, FM			✓	✓		✓
Federicton, Ross Ingram	2004-523	e	C	SpMF (Christian), FM		✓				✓
National Capital Region, PN 2005-64 (1 December 2004 PH – 16 applications considered)										
Ottawa, Ont., Newcap	2005-253	e	C	MF, FM	✓	✓	✓			✓
Ottawa, Ont., CKMW Radio	2005-254	e	C	MF, FM	✓	✓	✓			✓
Gatineau, Radio Nord	2005-255	f	C	MF, FM		✓				✓
Ottawa, 3077457 Nova Scotia Ltd.	2005-256	e	TO	LP, FM						✓
British Columbia, PN 2005-68 (28 February 2005 PH – 11 applications considered)										
Vancouver, I.T. Productions Ltd.	2005-338	m	C	Ethnic, AM	✓	✓		✓		✓
Vancouver, South Asian Broadcasting Corp.	2005-339	m	C	SP(Ethnic), FM	✓	✓		✓		✓
Kamloops, NL Broadcasting Ltd.	2005-341	e	C	MF, FM		✓		✓	✓	
Ontario, PN 2005-85 (6 June 2005 PH – 6 applications considered)										
Woodstock, Ont., ByrnesCommunications Inc.	2005-431	e	C	MF, FM	✓			✓		✓
Tillsonburg, Ont., Tillsonburg Broadcasting	2005-432	e	C	MF, FM (Flip)					✓	
Atlantic, PN 2006-34 (3 October 2005 PH – 8 applications considered)										
New Glasgow, N.S., Hecor Broadcasting	2006-87	e	C	MF, FM (Flip)						✓
Charlottetown, P.E.I., Newcap	2006-88	e	C	MF, FM (Flip)						✓
Charlottetown, P.E.I., Maritime Broadcasting	2006-89	e	C	MF, FM (Flip)			✓			✓
Charlottetown, P.E.I., Newcap	2006-90	e	C	MF, FM						✓

Legend: PN = Public Notice; PH = Public Hearing; Languages: e = English-language, f = French-language, e/n = English & Aboriginal, f/n = French & Aboriginal, m = 3rd languages (other than English, French & Aboriginal); Type: C = Commercial, NC = Non-Commercial, N = Native, CO = Community, CC = Community based Campus, CI = Campus Instructional, MF = Musical format, SpMF = Specialty music format, Flip = Conversion of existing AM radio station to FM frequency, CBC1 = English-language CBC "Radio One" format, CBC2 = English-language CBC "Radio Two" format, SRC1 = French-language CBC "La première chaîne" format, SRC2 = French-language CBC "Espace musique" format.

(1) "Canadian content" refers to applications that proposed to exceed the minimum regulatory requirement for Canadian content.

Source: CRTC Broadcasting Public Notices (PN) and Decisions (noted in table)

E. Canadian talent development

- One of the methods the Commission uses to increase the amount of Canadian content is to require Canadian broadcasters to make financial contributions to Canadian talent development (CTD).

1. Over-the-air radio stations

- The Commission reviews contributions by radio licensees to CTD in the context of:
 - a) applications for new radio stations
 - b) renewal of radio licences
 - c) transfers of control or ownership (benefits)

a) Applications for new radio stations

- Between 1 January 2003 and 31 March 2006, the Commission licensed 46 new radio stations through competitive processes in markets across Canada. The successful applicants have committed over \$29.8 million to CTD initiatives over their initial licence terms.
- In addition, there were 138 new radio licences or AM to FM flips granted without a competitive process between 1 January 2003 and 31 March 2006. These licensees committed a combined \$1.9 million towards CTD initiatives.

b) Renewal of radio licences

- As part of their licence renewal applications, all licensees of private commercial radio stations are asked to make an annual financial commitment to CTD.
- In *Contributions by radio stations to Canadian talent development – A new approach*, Public Notice CRTC 1995-196, 17 November 1995, the Commission, in conjunction with the industry, established an approach that would ensure a minimum annual payment of \$1.8 million to eligible third parties associated with CTD. In 2004-05, radio stations contributed \$2.8 million towards CTD initiatives.

c) Transfers of control or ownership (benefits)

- As outlined in the Commercial Radio Policy, applicants for the transfer of ownership or control of commercial radio stations must make commitments that represent a minimum direct financial contribution to CTD of 6% of the value of the transaction. The Commission generally expects that three percent be allocated to the Radio StarMaker Fund/Fonds Radiostar³ music marketing and promotion fund, two percent to either FACTOR⁴ or MUSICACTION⁵ and one percent at the discretion of the purchaser to other eligible CTD initiatives.
- From the adoption of the Commercial Radio Policy to 31 March 2006, the Commission has approved 100 changes in ownership or control involving 377 radio stations.
- CTD commitments (benefits) from these transactions have totalled \$95.2 million.

³ Radio StarMaker Fund, website: <http://www.starmaker.ca/>; <http://www.fondsradiostar.com>

⁴ Foundation to Assist Canadian Talent Records, website: <http://www.factor.ca/>

⁵ MUSICACTION, website: <http://www.musicaction.ca/accueil/index.asp>

Table 2.13: Value of radio transactions and corresponding transfer benefits for the period 1 May 1998 to 31 March 2006

(\$ 000,000)	English-language services			French-language services			Total benefits
	# of Trans.	Value of the transaction*	Benefits	# of Trans.	Value of the transaction*	Benefits	
1 May 98 to 31 Aug. 98	3	9.6	0.3	0	0.0	0.0	0.3
1 Sep. 98 to 31 Aug. 99	17	281.1	14.8	4	5.0	0.3	15.1
1 Sep. 99 to 31 Aug. 00	16	386.8	23.0	4	11.4	0.7	23.7
1 Sep. 00 to 31 Aug. 01	11	98.7	5.7	1	110.0	6.6	12.3
1 Sep. 01 to 31 Aug. 02	14	458.2	27.6	2	227.0	13.6	41.2
1 Sep. 02 to 31 Aug. 03	2	5.5	0.0	1	0.4	0.0	0.0
1 Sep. 03 to 31 Aug. 04	5	3.7	0.2	1	-	-	0.2
1 Sep. 04 to 31 Mar. 05	4	13.7	0.5	1	22	0.7	1.1
1 Apr. 05 to 31 Mar. 06	12	23.9	1.3	2	-	-	1.3
Total	84	1281.2	73.4	16	375.8	21.9	95.2

* Value determined by the Commission for the purpose of calculating transfer benefits.
Source: CRTC Decisions and Administrative approvals

d) Annual CTD contributions reported by radio licensees

- The following table indicates the annual amounts contributed to CTD initiatives by radio licensees. Contributions are based on annual disbursements reported by licensees for the period 1 September to 31 August.

Table 2.14: Annual CTD contributions reported by radio licensees (\$000)

	2001	2002	2003	2004	2005	Total
a) Applications for new radio stations						
FACTOR	200	312	426	1,197	1,227	3,361
MUSICACTION	4	3	9	63	120	200
Music Organization	76	211	294	356	267	1,204
Performing Arts Groups	119	358	517	1,137	1,513	3,644
Schools or Scholarships	579	302	570	619	455	2,526
Radio StarMaker Fund				74	130	204
Other eligible CTD initiatives	197	261	909	1,351	2,082	4,799
Total contributions	1,176	1,446	2,725	4,796	5,794	15,938
b) Renewal of radio licences⁽¹⁾						
FACTOR	691	829	750	736	859	3,866
MUSICACTION	293	290	246	330	334	1,493
Music Organization	340	491	546	384	555	2,316
Performing Arts Groups	618	563	353	593	562	2,689
Schools or Scholarships	120	108	90	95	226	640
Radio StarMaker Fund			2			2
Other eligible CTD initiatives	264	69	164	287	294	1,077
Total contributions	2,326	2,351	2,150	2,426	2,830	12,083

	2001	2002	2003	2004	2005	Total
c) Transfers of control or ownership (benefits)						
FACTOR	1,177	1,970	4,010	2,645	2,811	12,613
MUSICACTION	300	650	1,447	1,067	1,373	4,837
Music Organization	668	791	1,115	968	764	4,306
Performing Arts Groups	235	229	678	88	434	1,664
Schools or Scholarships	176	159	194	57	107	693
Radio StarMaker Fund	2,635	4,169	6,198	5,806	6,353	25,161
Other eligible CTD initiatives		62	251	121	400	835
Total contributions	5,192	8,031	13,893	10,752	12,242	50,110
Total annual CTD contributions	8,693	11,828	18,768	17,974	20,866	78,130

(1) Following an internal review, some of the contribution amounts have been reclassified and restated.
Source: CRTC Annual returns and financial database run 29 May 2006

2. Other commercial audio services

- Pay audio services are required to contribute a minimum of 4% of the previous year's annual gross revenues to CTD initiatives.
- Multichannel subscription radio services are required to contribute at least 5% of the gross annual revenues to CTD initiatives. This percentage rate increases to 6%, if the number of subscribers exceeds a certain level⁶. Half of these contributions must be directed to the development of Canadian French-language talent and the other half is to be directed to the development of Canadian English-language talent.

F. Promoting the airplay of Canadian and French-language vocal music

- The broadcasting of Canadian music is one of radio's vital contributions towards fulfilling the cultural goals set out in the Act.
- The Commercial Radio Policy increased the required minimum percentage of Canadian popular musical (category 2) selections broadcast each week from 30% to 35% for commercial AM and FM radio stations.
- Although the Commercial Radio Policy maintained the minimum level of French-language vocal category 2 music selections to be aired during each broadcast week at 65%, it introduced the requirement that at least 55% of vocal category 2 music broadcast Monday through Friday between 6 a.m. and 6 p.m. be in the French language.
- These requirements have since been incorporated into the *Radio Regulations, 1986* (Radio Regulations), as amended from time to time.

⁶ See *Satellite subscription radio undertaking – Licence amendment*, Broadcasting Decision CRTC 2006-37, 10 February 2006, for Canadian Satellite Radio Inc. and *Satellite subscription radio undertaking – Licence amendment*, Broadcasting Decision CRTC 2006-38, 10 February 2006, for SIRIUS Canada Inc.

- The Radio Regulations also requires that at least 10% of the traditional and special interest music (category 3) selections broadcast each week be Canadian. Given the limited number of category 3 commercial stations, the Commission reviews Canadian content levels for these stations on a case-by-case basis at licence renewal.
- The following table provides the percentage of radio stations that were in compliance with their Canadian content and French-language vocal music requirements in 2005. The results are based on a limited sample of stations analyzed from 1 January 2005 to 31 December 2005 and are not necessarily representative of the radio industry as a whole.

Table 2.15: Canadian content and French-language vocal music

Canadian content requirements relating to:	Number of stations analyzed in 2005	Stations meeting minimum content requirements	
		All day & weekly	6 a.m. to 6 p.m. Monday to Friday
<i>Canadian musical selections (English & French-language stations)</i>			
<i>Popular (category 2)</i>			
Private commercial stations	31	31	31
Not-for-profit stations *	33	32	not applicable
<i>Special interest (category 3)</i>			
Private commercial stations	3	3	not applicable
Not-for-profit stations *	34	34	not applicable
<i>French-language vocal music</i>			
Private commercial stations	3	2	3
Not-for-profit stations *	14	14	not applicable

* Includes CBC / SRC and community AM, FM and network radio stations.

Source: CRTC, Evaluation of licence renewal applications from 1 January 2005 to 31 December 2005

- The Commission's approach to radio licensees found in non-compliance is outlined in *Practices regarding radio non-compliance*, Circular No. 444, 7 May 2001.

G. Popularity of formats

- Charts 2.8 and 2.9 show the percentage of tuning to Canadian English- and French-language radio stations by format. These charts also indicate the number of Canadian stations that were broadcasting in these formats. The information used is based on BBM Fall 2005 data and excludes tuning to Internet, ethnic, bilingual and U.S. stations.

Chart 2.8: English-language station formats – BBM Fall 2005⁷

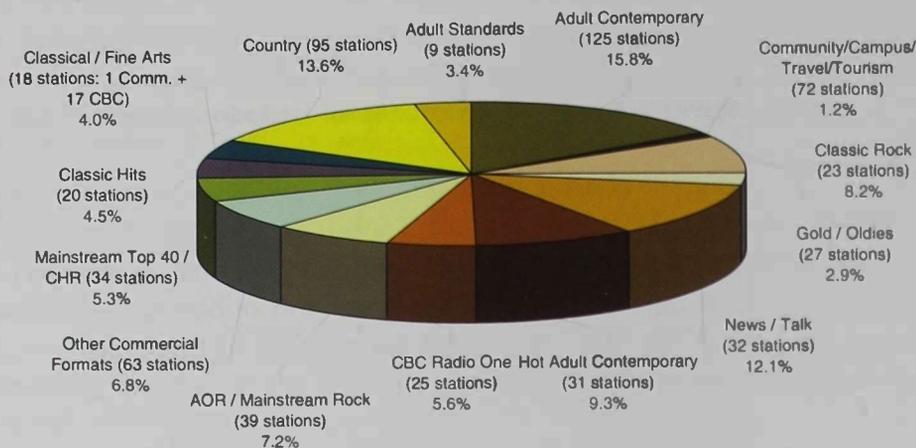
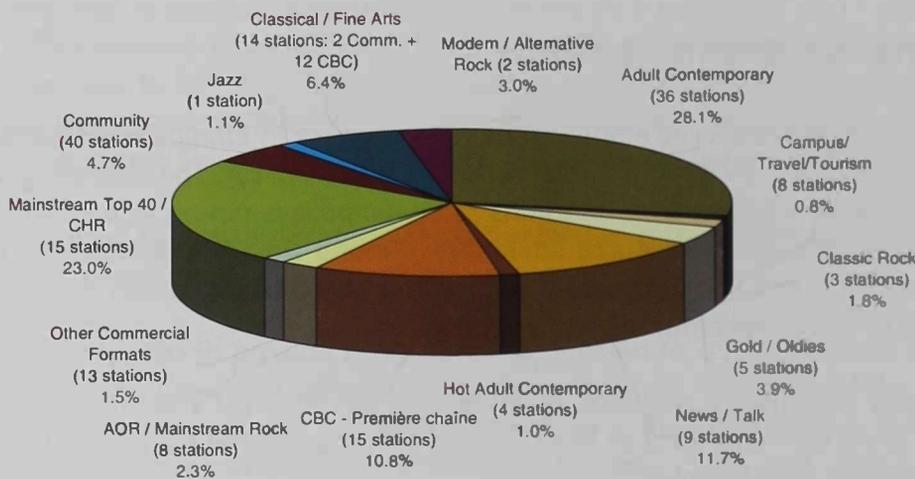


Chart 2.9: French-language station formats – BBM Fall 2005⁸



H. Transitional digital radio

- The Commission issued *A policy to govern the introduction of digital radio*, Public Notice CRTC 1995-184, on 29 October 1995.
- As of 1 May 2006, the Commission has granted 76 licences for transitional digital radio programming undertakings. Of these licences, 57 have been issued to existing commercial radio programming undertakings, one to a stand-alone ethnic radio programming undertaking and 18 to existing CBC stations.

⁷ BBM Fall 2005, 5 a.m. to 1 a.m., all persons 12+, Monday to Sunday - Canadian English-language stations

⁸ BBM Fall 2005, 5 a.m. to 1 a.m., all persons 12+, Monday to Sunday - Canadian French-language stations

Table 2.16: Markets with transitional digital radio stations in Canada⁽¹⁾

Market/Province ⁽²⁾	Commercial			CBC English		CBC French		Total
	English	French	Ethnic	Radio One	Radio Two	Première chaîne	Espace musique	
Montréal, QC	2	6	-	1	1	1	1	12
Ottawa/Gatineau, ON/QC	8	3	-	1	1	1	1	15
Toronto, ON ⁽³⁾	17	-	7	1	1	1	1	28
Vancouver, BC	9	-	-	1	1	1	1	13
Victoria, BC	2	-	-	-	-	-	-	2
Windsor, ON	4	-	-	1	1	-	-	6
All Canada	42	9	7	5	5	4	4	76
		58				18		

(1) Numbers of stations approved but not necessarily on air.

(2) Based on BBM Radio Markets.

(3) Includes a stand-alone ethnic digital radio station located in Toronto.

Source: CRTC APP 1205 report (1 May 2006)

I. Over-the-air ethnic radio

- The Commission revised its ethnic broadcasting policy in *Ethnic broadcasting policy*, Public Notice CRTC 1999-117, 16 July 1999 (Ethnic Policy). The primary goal of this policy is to ensure access by Canadians to ethnic programming to the maximum extent practicable, given resource limitations. As one way of furthering this objective, the Commission has licensed over-the-air ethnic radio broadcasters that specialize in providing ethnic programming.
- Ethnic radio stations are required to devote not less than 60% of the broadcast week to ethnic programming⁹ and at least 50% of all programming broadcast must be third-language programming¹⁰.
- The Commission is of the view that a primary responsibility of over-the-air ethnic radio stations should be to serve and reflect their local community. Licensees are expected to report on past and future local programming initiatives at the time of licence renewal.
- Ethnic stations are also required to serve a range of ethnic groups in a variety of third-languages. This approach allows for the provision of service to groups that would not otherwise be able to afford their own single-language service. However, where many distinct ethnic groups are served in the overall market, individual stations may be permitted to provide more hours of service to fewer groups.

⁹ Ethnic programming is defined as programming directed to any culturally or racially distinct group other than one that is Aboriginal Canadian, or from France or the British Isles.

¹⁰ Third-language programming is programming in languages other than English and French or those of Aboriginal peoples of Canada.

- As of 20 April 2006, there were 21 private commercial over-the-air ethnic radio stations authorised to broadcast in Canada. The following is a listing ethnic radio stations by market. The listing also indicates the minimum number of distinct ethnic groups that each station is required to serve in each broadcast week, the minimum number of languages in which they must broadcast as well as certain unique conditions that were imposed to ensure diversity of the programming.

Vancouver

- CHKG-FM is required to broadcast a minimum of 100 hours of ethnic programming per week. It is required to provide programming directed to a minimum of 20 cultural groups in a minimum of 15 different languages. It is not authorized broadcast any programming directed to the Chinese community during weekdays between 6 a.m. and 3 p.m.
- CHMB is required to broadcast ethnic programming directed to a minimum of 12 cultural groups in a minimum of 12 different languages. The station is also required to provide programming directed to Aboriginal people.
- CJRJ is required to provide programming directed to a minimum of 11 cultural groups in a minimum of 17 different languages. All of the station's programming must be devoted to ethnic programming and at least 95% of its programming must be in third-languages. At least 73% of programming must be in the Hindustani and Punjabi languages. This station is not permitted to broadcast in a Chinese language.
- CJVB is required to provide programming directed to a minimum of 23 cultural groups in a minimum of 23 different languages.
- CKYE-FM is required to provide programming directed to a minimum of 15 cultural groups in a minimum of 15 different languages. Not less than 90% of its programming must be ethnic, all of which must be in third languages. Not less than 75% of the ethnic programming must be in the Punjabi, Hindi and Urdu languages. This station is not permitted to broadcast in a Chinese language.

Edmonton

- CKER-FM is required to broadcast ethnic programming directed towards not less than 19 distinct ethnic groups, in not less than 19 different languages.

Calgary

- CHKF-FM is required to provide ethnic programming directed to a minimum of 10 ethno-cultural groups in a minimum of 19 different languages.

Winnipeg

- CKJS is required to broadcast ethnic programming directed towards not less than 19 cultural groups, in not less than 16 different languages. The station must broadcast a minimum of 73 hours 30 minutes of ethnic programs.

Toronto

- CIRV-FM is required to provide programming directed to a minimum of 9 cultural groups in a minimum of 9 different languages.
- CHIN-FM is required to provide programming directed to a minimum of 23 cultural groups in a minimum of 20 different languages.
- CHIN is required to provide programming directed to a minimum of 23 cultural groups in a minimum of 17 different languages.
- CHKT is required to provide programming directed to a minimum of 14 cultural groups in a minimum of 15 different languages.
- CJSF-FM is required to provide programming directed to a minimum of 16 cultural groups in a minimum of 22 languages. The station must devote a minimum of 90% of the programming broadcast to ethnic programs. At least 48% of all ethnic programs must be in the Tamil, Hindi and Filipino languages. A minimum of 80% of the programming broadcast must be in a third language.
- CIAO is required to provide programming directed to a minimum of 12 cultural groups in a minimum of 13 different languages.
- CJMR is required to provide programming directed to a minimum of 11 cultural groups in a minimum of 15 different languages. The station must limit the broadcast of brokered ethnic programming to a maximum of 62% of the broadcast week.
- In *Ethnic AM radio station in Toronto*, Broadcasting Decision CRTC 2006-117, 4 April 2006, the Commission approved an application by Canadian Hellenic Toronto Radio Inc. for a new commercial ethnic AM radio station in Toronto. The new station will direct its programming primarily to the Toronto area's Greek-speaking community and will also provide ethnic programming in Armenian, Romanian, Serbian and Bulgarian, as well as in English. This station will be required to provide programming directed to a minimum of 5 cultural groups in a minimum of 6 languages. The station must also devote a minimum of 88% of the programming to third-language programs.

Montréal

- CFMB is required to provide programming directed to a minimum of 19 cultural groups in a minimum of 18 different languages.
- CJWI is a French-language ethnic station. The station must devote not less than 90% of its programming to French-language ethnic programming, targeting the Haitian, Latin-American and African communities. The remaining 10% must be in a third language.

- CKDG-FM is required to provide programming directed to a minimum of 6 cultural groups in a minimum of 8 languages. The station must devote a minimum of 70% of the programming to ethnic programs. A minimum of 60% of the programming must be in third languages.
- In *Ethnic AM radio station in Montréal*, Broadcasting Decision CRTC 2006-82, 15 March 2006, the Commission approved an application by 9015-2018 Québec inc. (doing business under the name of Radio Moyen Orient du Canada) for a broadcasting licence to operate a new ethnic commercial AM radio station in Montréal. The applicant proposed a service primarily intended for Arab communities in Montréal. The station is required to provide programming directed to a minimum of 10 cultural groups in a minimum of 4 languages.

Ottawa

- CJLL-FM is required to provide ethnic programming directed towards not less than 37 cultural groups, in not less than 20 different languages in each broadcast week. The station must broadcast a minimum of 94% of ethnic programs. At least 92% of programming must be in third languages.

J. Religious radio

- The Commission's policy on religious broadcasting is set out in *Religious Broadcasting Policy*, in Public Notice CRTC 1993-78, 3 June 1993.
- The Commission's approach to religious broadcasting is based on the following principles:
 - Recognition of alternative values: the policy recognizes the legitimate needs and interests of those who wish to receive various kinds of religious programming.
 - Importance of balance: licensees are required to provide balance on matters of public concern and the Commission considers that religion is a matter of public concern. Balance means that a reasonably consistent listener will be exposed to a spectrum of differing views on issues of public concern within a reasonable period of time.
- As of 3 May 2006, there were 67 radio stations licensed to broadcast in a religious spoken word format or in a religious music format. Of these 67 stations, 25 are French-language, 41 are English-language and one is third language.

K. Native radio

- Native radio is governed by the *Native Broadcasting Policy*, Public Notice CRTC 1990-89, 20 September 1990. The policy framework is designed to improve the quality and quantity of access by Aboriginal broadcasters to the Canadian broadcasting system.
- These undertakings play a distinct role in fostering the development of Aboriginal cultures and, where possible, the preservation of ancestral languages.
- The greatest concentration of activity in Aboriginal broadcasting involves community-based radio stations in small remote locations.
- There are two types of Native radio stations:

- **Type A:** A Native radio station is a Type A station if, at the time the licence is issued or renewed, no other commercial AM or FM radio licence to operate a station in all or any part of the same market is in force.

As a result of Exemption order respecting certain native radio undertakings, Public Notice CRTC 1998-62, 9 July 1998, Type A stations are no longer required to hold a broadcasting licence from the Commission.

- **Type B:** A Native radio station is a Type B station if, at the time the licence is issued or renewed, at least one other commercial AM or FM radio licence to operate a station in all or any part of the same market is in force. There are currently 47 Type B Native radio stations and six native network radio licences.
- Advertising is not the principal source of revenue for Native radio stations.

Table 2.17: Revenues and PBIT margins for Type B Native radio stations

(\$ 000)	1998	1999	2000	2001	2002	2003	2004	2005
Number of radio undertakings reporting	17	18	14	11	18	18	18	22
Local advertising	1,168	1,472	1,198	1,082	1,574	1,946	1,608	2,025
National advertising	1	47	83	137	181	223	91	102
Other	4,132	4,938	4,967	6,288	8,474	9,455	7,139	8,169
Total revenues	5,301	6,458	6,249	7,508	10,229	11,624	8,837	10,297
% of Non-advertising revenues	78%	76%	79%	84%	83%	81%	81%	79%
PBIT margin	13.5%	2.8%	13.9%	9.2%	-7.7%	9.6%	-0.6%	5.4%

Notes: 1998 to 2004 figures have been updated to reflect current August 31 aggregate results. Minor variances are due to rounding.

Source: CRTC financial database

L. Community radio

- The *Community radio policy*, Public Notice CRTC 2000-13, 28 January 2000 (Community Radio Policy), states that the primary objective for community radio stations is to provide a local programming service that differs in style and substance from the services provided by commercial stations and the CBC. Programming provided by community radio stations should be relevant to the communities served, including official language minorities, adding diversity to the broadcasting system by increasing program choice in both music and spoken word.
- A community radio station is owned and controlled by a not-for-profit organization, the structure of which provides for membership, management, operation and programming primarily by members of the community at large. In addition to advertising revenues, community radio stations also receive revenues from fundraising, grants, and other sources.
- There are three kinds of community radio stations: Type A, Type B and Developmental. A community station is a Type A station if, at the time of licensing, no radio station other than the CBC is operating in the same language in all or part of the same market. A community station is a Type B station if, at the time of licensing, there is at least one station, other than the CBC, operating in the same language in all or part of the same market. Developmental community stations are generally licensed for three years at which time they are expected to have filed an application with the Commission for a regular community radio licence, or to cease operations.
- As of 3 May 2006, there are 45 Type A, 48 Type B and eight Developmental community stations. Of the Type A community stations, 34 are French-language, 10 are English-language and one is bilingual. Of the Type B community stations, 25 are French-language, 22 are English-language and one is multicultural. There are seven English-language and one bilingual Developmental community stations.

Table 2.18: Revenues and PBIT margins of Type A community radio stations

(\$ 000)	1998	1999	2000	2001	2002	2003	2004	2005
Number of radio undertakings reporting	24	22	22	18	24	24	21	22
Local advertising	2,001	2,117	2,053	2,059	2,309	1,995	2,002	2,511
National advertising	330	459	535	658	654	705	457	760
Other	2,715	2,557	2,195	2,399	2,963	2,902	2,672	3,181
Total revenues	5,046	5,133	4,783	5,116	5,926	5,601	5,131	6,451
% of non-advertising revenues	54%	50%	46%	47%	50%	52%	52%	49%
PBIT margin	8.4%	2.5%	0.4%	2.9%	2.2%	3.3%	2.1%	4.6%

Notes: 1998 to 2004 figures have been updated to reflect current August 31 aggregate results.

Minor variances are due to rounding.

Source: CRTC financial database

Table 2.19: Revenues and PBIT margins of Type B community radio stations

(\$ 000)	1998	1999	2000	2001	2002	2003	2004	2005
Number of radio undertakings reporting	20	22	19	23	17	27	23	30
Local advertising	2,878	2,647	2,131	2,891	3,204	4,492	4,077	4,942
National advertising	485	501	596	627	520	929	721	844
Other	2,934	3,256	2,851	2,932	3,058	3,977	3,922	4,295
Total revenues	6,298	6,404	5,579	6,450	6,782	9,398	8,719	10,081
% of non-advertising revenues	47%	51%	51%	45%	45%	42%	45%	43%
PBIT margin	4.4%	4.3%	0.5%	4.6%	2.6%	3.8%	2.5%	2.3%

Notes: 1998 to 2004 figures have been updated to reflect current August 31 aggregate results.

Minor variances are due to rounding.

Source: CRTC financial database

M. Campus radio

- As stated in *Campus radio policy*, Public Notice CRTC 2000-12, 28 January 2000, there are two types of campus radio stations; community-based campus and instructional. A community-based campus station's programming is primarily produced by volunteers who are either students or community members. The primary objective of an instructional campus station is the training of professional broadcasters.
- There are currently 53 campus stations licensed across Canada: 41 community-based campus stations, nine instructional and three Developmental campus stations.
- Of the community-based campus stations, five are French-language and 36 are English-language.
- The majority of campus radio revenues come from sources other than advertising, for example, revenues from the educational institution with which they are associated, grants, the local community and fundraising.

Table 2.20: Revenues for campus radio stations

(\$ 000)	1998	1999	2000	2001	2002	2003	2004	2005
Number of radio undertakings reporting	32	35	27	28	27	28	29	37
Local advertising	730	891	557	505	575	706	472	934
National advertising	54	85	41	50	55	94	50	52
Other	3,369	3,985	3,217	3,332	3,056	3,852	3,655	4,869
Total revenues	4,152	4,960	3,816	3,886	3,686	4,651	4,177	5,855
% of non-advertising revenues	81%	80%	84%	86%	83%	83%	88%	83%

Notes: 1998 to 2004 figures have been updated to reflect current August 31 aggregate results.

Minor variance are due to rounding.

Source: CRTC financial database.

N. Low-power radio

- The licensing policy for low-power radio is set out in *Policy framework for community-based media*, Broadcasting Public Notice CRTC 2002-61, 10 October 2002. This policy includes a definition of markets where low-power frequencies will be deemed to be scarce, circumstances where a call for competing applications may occur and a priority system for assessing competing low-power radio applications.
- The following table sets out the number of low- and very low-power radio stations in Canada by type as of 31 March 2006 .

Table 2.22: Number of originating low- and very low-power radio stations in Canada, by type

Type	Private English-language	Private French-language	Other	Total
Tourist / Travel	70	3	1	74
Native type B	20	5	1	26
Religious	21	21	-	42
Community - Type A	5	6	-	11
Community - Type B	9	2	-	11
Community Development	1	1	-	2
Campus community	9	-	-	9
Campus instructional	4	-	-	4
Commercial	14	2	1	17
Specialty	-	-	1	1
Total	153	40	4	197

Source: CRTC Decisions

O. Audio services delivered by broadcasting distribution undertakings

1. Specialty audio services

- In *New licensing framework for specialty audio programming services*, Broadcasting Public Notice CRTC 2002-53, 12 September 2002, the Commission recognized the scarcity of over-the-air frequencies by offering an opportunity for a range of new discretionary specialty audio programming services distributed through other means.
- Specialty audio services are defined as audio programming services that are radio undertakings, other than licensed over-the-air services, delivered by BDUs and are specialized with respect to their content and/or target audience.
- There is no limit to the amount of advertising that may be broadcast on these services. There is also no carriage guarantee.
- As of 19 April 2006, the Commission has approved eight specialty audio services (one regional and seven national) targeting three ethnic communities and four Christian communities.

2. Pay audio programming services

- In 1995,¹¹ following a competitive process, the Commission approved two national pay audio programming services; namely Galaxie and Max Trax. These services offer 30 channels of commercial-free music. Each channel is devoted to a specific type of music, including classical, contemporary Christian, jazz, rap, rock, etc.
- Galaxie and Max Trax are carried on a discretionary basis by major distributors across Canada. Subscriber revenue is the only revenue source for these services.

P. Multi-channel subscription radio services

- In *Introduction to Broadcasting Decisions CRTC 2005-246 to 2005-248: Licensing of new satellite and terrestrial subscription radio undertakings*, broadcasting Public Notice CRTC 2005-61, 16 June 2005, the Commission set out the licensing framework for satellite subscription radio services and announced approval of three national subscription radio undertakings that provide a package of radio channels to subscribers for a monthly fee.
- The programming of two of the authorized services, Canadian Satellite Radio Inc. (CSR) and SIRIUS Canada Inc. (Sirius Canada), is delivered primarily by satellite with terrestrial transmitters as required to fill the gaps in coverage. Each of these North American satellite based services provides a mix of Canadian and non-Canadian produced channels. The CSR and Sirius Canada services were launched in December 2005.
- The programming of the third authorized service (an undertaking to be operated by CHUM) will be delivered entirely by terrestrial transmitters and all channels will be Canadian-produced. At the time of the writing of this report, the services had not yet been launched.

Q. The national public broadcaster

- The CBC is Canada's national public broadcaster. As such, pursuant to section 3(1)(f) of the Act, it should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains.

1. Over-the-air radio stations

- The CBC operates four national radio network services: Radio One and Radio Two in English, and La Première Chaîne and Espace musique in French. Additionally, the CBC provides a unique radio service in Canada's North, broadcasting in English,

¹¹ *Licensing of four new pay audio programming undertakings*, Public Notice CRTC 1995-218, 20 December 1995; *New Pay Audio Programming Undertaking (Select Digital Music)*, Decision CRTC 93-235, 25 June 1993

French and eight Aboriginal languages. The CBC also operates Radio-Canada International, an international short-wave radio service.\

- CBC radio services broadcast commercial-free and are funded by the federal government.

2. Pay audio service

- The CBC owns and operates the national pay audio service Galaxie. The revenues of this bilingual service are derived entirely from subscriber revenues.

3. Satellite subscription radio undertaking

- The CBC is also a partner¹² in the satellite radio service SIRIUS Canada, which was launched in December 2005.

R. Commercial Radio Policy Review

- The *Commercial Radio Policy 1998*, Public Notice CRTC 1998-41, 30 April 1998 (Commercial Radio Policy) had the following three major objectives:
 - to ensure a strong, well-financed radio industry that is better poised to achieve its objectives under the Act and to meet the challenges of the 21st century;
 - to ensure pride of place for Canadian artists; and
 - to ensure that a French-language presence in radio broadcasting is maintained.

In order to ensure the fulfillment of these objectives, the Commercial Radio Policy introduced a number of new regulatory measures. The Commission also indicated that it would review its approach to commercial radio in five years time.

- In 2003, the Commission decided to postpone this review until the subscription radio licensing process had been completed. That process was completed in June 2005.
- In *Review of the Commercial Radio Policy*, Broadcasting Notice of Public Hearing CRTC 2006-1, 13 January 2006, the Commission invited written comments from interested parties and announced that it would hold a public hearing beginning on 15 May 2006.
- In addition to reviewing the effectiveness of the measures implemented in the existing Commercial Radio Policy, this review provided an important opportunity for all interested parties to express their views as to what policy framework would be necessary for commercial radio stations to maintain healthy, successful business in the face of growing competition, while still meeting the objectives of the Act.

¹² CBC and Standard Radio each hold a 40% voting interest in Sirius Canada. The remaining 20% is held by Sirius Satellite Radio Inc., an American corporation.

- In particular, the appropriate strategic responses to broad challenges relating to the likely impact of other audio technologies, such as satellite radio, Internet radio, podcasting, file sharing and down-loading, on commercial radio and the music industry were discussed.
- The Commission also explored the possibility of the creation of new policies that would assist the commercial radio sector in:
 - making effective contributions to Canadian artists through airplay of Canadian music, French-language vocal music, and contributions to CTD that are commensurate with the financial health of the sector;
 - providing listeners with a greater diversity of musical genres, and airplay for a greater variety of Canadian artists in both official languages;
 - reflecting the multicultural and multiracial nature of Canadian society and the special place of Aboriginal peoples within society;
 - providing listeners with an appropriate amount of locally produced news and information; and
 - assisting the transition to digital transmission, as well as exploiting new and emerging platforms in a manner that furthers the objectives of the Act.

III. Television

A. Audience

1. Average weekly hours by age group

- The following tables provide the average weekly viewing hours by age group for the 2001-02 to 2004-05 broadcast years, using BBM national metered data for all persons 2+, Monday to Sunday, 2 a.m. to 2 a.m.

Table 3.1: Per viewer¹ average weekly viewing hours by age group

Broadcast year	All persons 2+	Children 2-11	Teens 12-17	Adults			
				18+	18-34	18-49	25-54
2001/02	28.7	19.3	20.9	30.9	25.0	26.5	27.7
2002/03	28.6	18.8	21.1	30.6	24.4	25.9	27.3
2003/04	28.6	19.3	21.3	30.7	24.6	26.0	27.5
2004/05	28.1	20.5	21.3	29.9	23.3	25.0	26.5

Source: BBM Television Databook 2005-2006

Table 3.2: Per capita² average weekly viewing hours by age group

Broadcast year	All persons 2+	Children 2-11	Teens 12-17	Adults			
				18+	18-34	18-49	25-54
2001/02	23.7	16.3	16.4	25.7	19.8	21.4	22.8
2002/03	23.4	15.5	16.0	25.4	19.3	20.8	22.4
2003/04	24.7	17.5	17.9	26.5	20.7	22.0	23.3
2004/05	25.1	19.2	18.6	26.6	20.4	22.0	23.2

Source: BBM Television Databook 2005-2006

- Neilsen Media Research data indicates that the per capita average weekly viewing hours for all persons 2+ in 2003-04 and 2004-05 were 26.5 and 25.7 respectively.

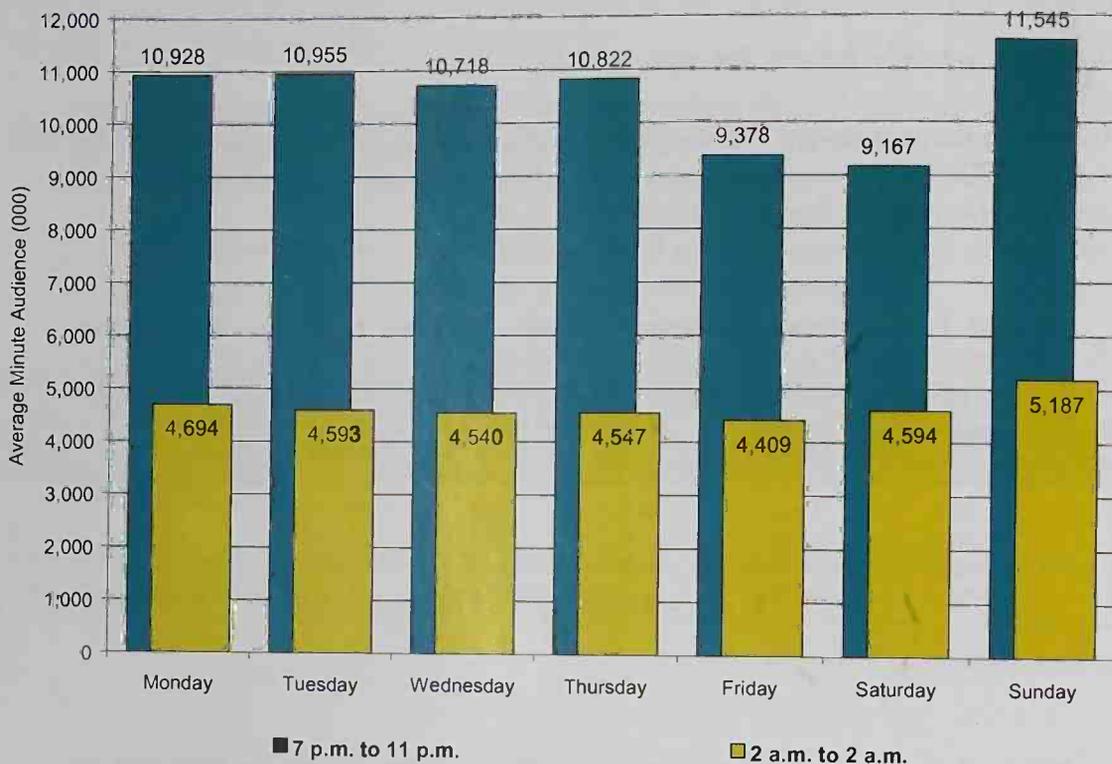
2. Average minute audience (AMA)

- The following chart sets out the AMA for each day of the week and during the peak viewing period of 7 p.m. to 11 p.m.

¹ Average number of hours that the viewer spends watching television in an average week.

² Average number of hours that the population spends watching television in an average week (average hours divided by the population).

Chart 3.1: Weekly average minute audience by day
BBM metered data for all persons 2+
2004-05 broadcast year
Monday to Sunday, 2 a.m. to 2 a.m.



Source: BBM InfoSys, 2004-05 TV Season, August 30, 2004 to August 28, 2005

- Sunday continues to be the most popular television viewing day of the week.

3. Viewing share of Canadian and non-Canadian services by language and type of service

Table 3.3: BBM Metered data – 2002-03, 2003-04 and 2004-05 broadcast years⁽¹⁾ for all persons 2+ Monday to Sunday, 2 a.m. to 2 a.m.

Viewing share %	All Canada				Quebec				All regions excluding Quebec			
	02/03	03/04	04/05	Inc./Dec.	02/03	03/04	04/05	Inc./Dec.	02/03	03/04	04/05	Inc./Dec.
Canadian services												
<i>English-language</i>												
CBC & affiliates	4.9	5.6	4.3	-0.6	1.2	1.3	1.1	-0.1	6.1	7.0	5.5	-0.6
Private conventional	23.2	22.0	22.7	-0.5	4.9	4.9	4.6	-0.3	29.5	28.1	29.4	-0.1
Pay & specialty	24.3	26.7	27.1	2.8	4.4	4.8	4.1	-0.3	31.1	33.9	34.9	3.9
Digital pay & specialty	1.4	1.7	2.0	0.6	0.6	0.7	0.2	-0.4	1.8	2.1	2.7	0.9
Total English-language	53.8	56.0	56.1	2.3	11.1	11.6	10.0	-1.1	68.4	70.9	72.4	4.1
<i>French-language</i>												
SRC & affiliates	3.0	2.8	3.6	0.6	11.7	10.9	13.4	1.7	0.1	0.2	0.1	-0.1
Private conventional	10.2	9.9	9.8	-0.4	40.4	39.3	37.2	-3.3	0.2	0.1	0.1	-0.2
Télé-Québec	0.7	0.7	1.0	0.3	2.7	2.6	3.7	1.0	0.0	0.0	0.0	0.0
Pay & specialty	6.9	7.4	7.7	0.8	26.8	29.0	29.5	2.8	0.2	0.2	0.1	-0.1
Digital pay & specialty	0.0	0.0	0.1	0.1	0.0	0.0	0.4	0.4	0.0	0.0	0.0	0.0
Total French-language	20.8	20.8	22.2	1.4	81.6	81.7	84.2	2.6	0.5	0.5	0.2	-0.3
<i>Other-languages</i>												
Private conventional	0.9	1.1	1.1	0.2	0.3	0.3	0.4	0.0	1.1	1.2	1.3	0.2
Pay & specialty	0.4	0.4	0.4	0.0	0.1	0.1	0.1	0.0	0.5	0.6	0.6	0.1
Digital pay & specialty	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Other-languages	1.3	1.5	1.5	0.2	0.4	0.4	0.5	0.1	1.6	1.9	1.9	0.3
APTN	0.1	0.1	0.1	0.0	0.0	0.1	0.0	-0.0	0.1	0.1	0.1	0.1
Total Canadian services	76.0	78.4	79.9	3.9	93.2	93.8	94.7	1.5	70.6	73.3	74.7	4.1
Non-Canadian services												
US conventional	9.4	8.6	7.7	-1.7	3.6	3.3	2.8	-0.8	11.3	10.5	9.3	-2.1
PBS	1.3	1.2	1.2	-0.1	0.5	0.3	0.5	0.0	1.6	1.5	1.4	-0.1
Pay & specialty	10.5	9.0	8.7	-1.8	2.2	1.9	1.4	-0.7	13.3	11.4	11.3	-1.9
TOTAL non-Canadian services	21.2	18.8	17.6	-3.6	6.2	5.5	4.7	-1.5	26.2	23.4	22.0	-4.4
Other services												
VCR ⁽³⁾	4.9	3.6	2.4	-2.5	4.7	3.4	0.3	-4.4	4.7	3.6	3.1	-1.6
Other ⁽²⁾	1.9	2.0	2.0	0.1	0.5	0.5	0.6	0.0	2.4	2.5	2.6	0.2
Total	100	100	100		100	100	100		100	100	100	
Total hours (000,000)	667.9	727.9	751.7	83.7	167.0	184.1	204.0	37.0	501.0	543.8	547.7	46.7

Note: Minor variances are due to rounding

(1) Broadcast years: 2002/03: September 1, 2002 to August 31 2003; 2003/04: September 1, 2003 to August 29, 2004; 2004/05: August 30, 2004 to August 28, 2005.

(2) Includes cable services such as CPAC, real estate, TV Guide, The Shopping Channel, Shaw Community Cable, CPAC-F, Télé-Annonce, provincial services such as Access, Knowledge, Ontario Legislature, SCN, TVO, Ass. Nat. and TFO.

(3) A change in methodology occurred as of August 30, 2004, when the wireless, passive Portable People Meter (PPM) technology replaced existing wired meter service (PMT) for Quebec (Franco), and diaries for the Montreal (Franco) market. Please note that when analyzing the 2004-2005 data for Quebec (Franco), VCR was not measured, but will be included beginning September 2006.

Source: InfoSys, BBM metered data

- In all provinces excluding Quebec, Canadian English language private conventional services achieved a 29.4% share of total viewing in 2005, a level consistent with the previous few years. The downward trend in viewing to these services has levelled off since 2000-01.
- In all provinces excluding Quebec, Canadian English-language pay and specialty services, including digital, achieved a 37.6% viewing share in 2005. The trending is still going up, but at a slower pace, for viewing to pay and specialty services.
- In Quebec, the SRC improved its viewing share to 13.4% in 2005, while Canadian private French-language conventional services decreased their share slightly to 37%. Pay and specialty services, including digital, improved their position to 30%.
- The total Canadian services viewing share continues to rise on an annual basis both within Quebec and for all regions excluding Quebec.

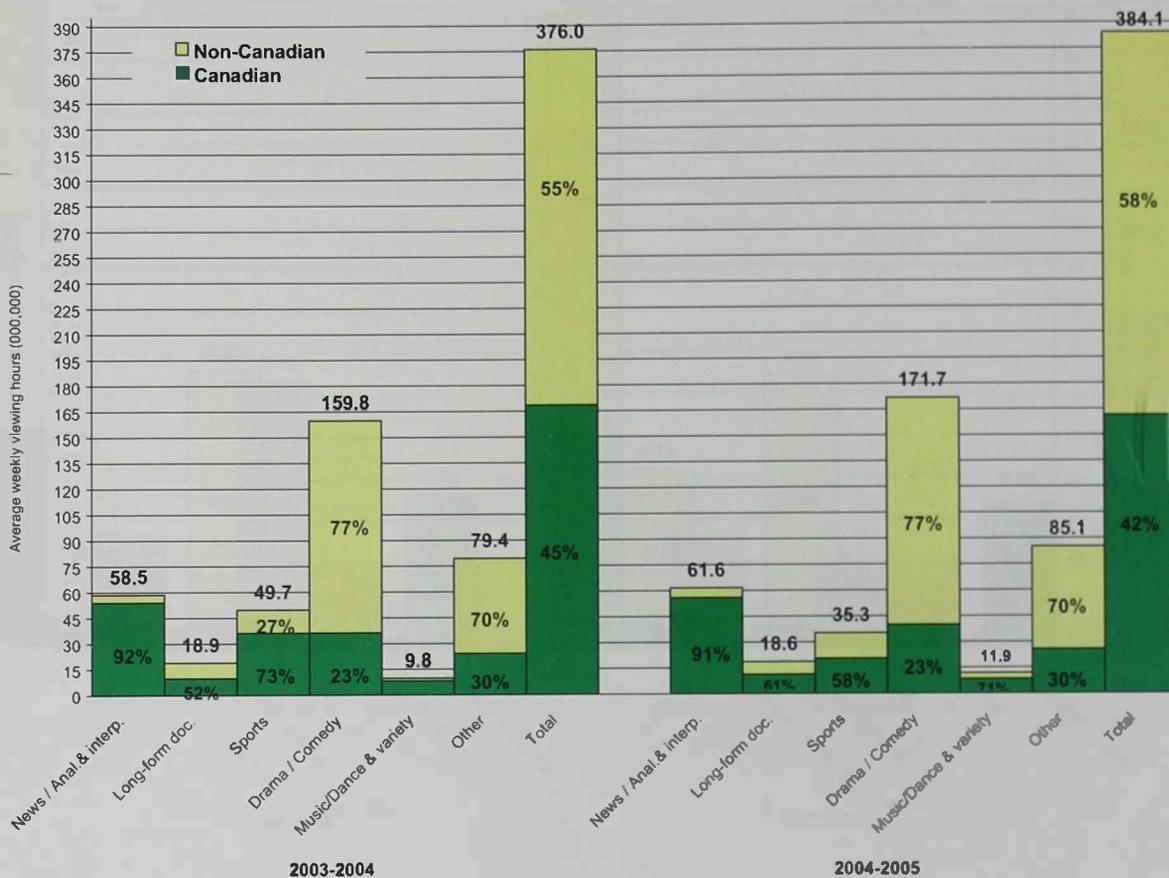
4. Distribution of viewing by program genre³

- The following charts reveal the trends in viewing to English- and French-language Canadian television services by program genre. These charts provide the average number of weekly viewing hours to Canadian and non-Canadian programming using BBM metered audience data for the 2003/04 (September 1, 2003 to August 29, 2004) and 2004/05 (August 30, 2004 to August 28, 2005) broadcast years.
- The charts indicate the relative popularity of each genre as well as the viewing of Canadian versus non-Canadian programming offered by Canadian services. Charts 3.2 and 3.6 provide overall viewing trends for all English- and French-language Canadian services. Charts 3.3, 3.4, 3.5, 3.7, 3.8 and 3.9 provide a further breakdown of the viewing trends between Canadian private conventional services, CBC/SRC conventional services and Canadian pay and specialty services.

³ Program genre or type is based on the definitions set out in the Television Broadcasting Regulations, 1987 and Specialty Services Regulations, 1990. The "Other" program type includes Religious (cat. 4), Educational (cat. 5a & 5b), Game shows (cat. 10), General entertainment & human interest (cat. 11) programs.

a) English-language Canadian services

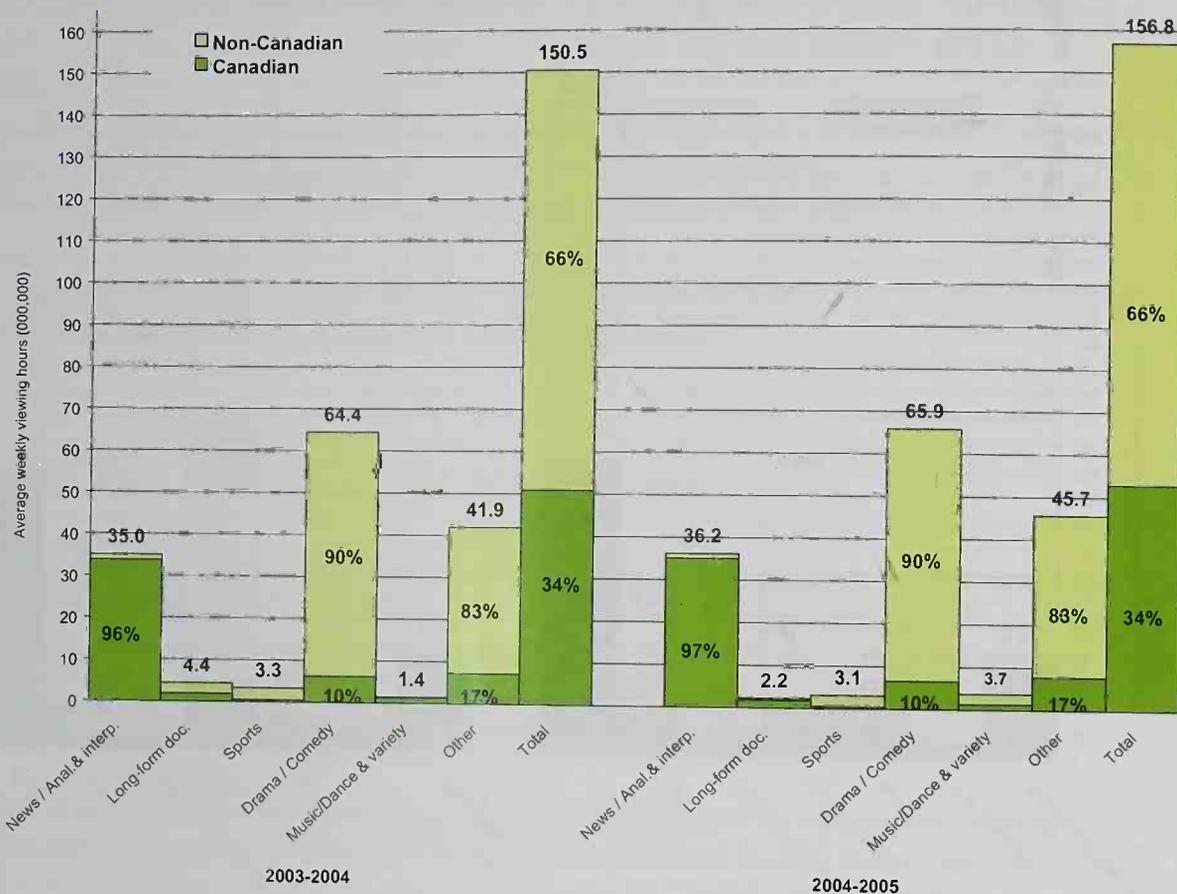
Chart 3.2: Viewing of Canadian and non-Canadian programs distributed by English-language Canadian television services by program origin and genre – BBM metered data – 2003/04 and 2004/05 broadcast years – 2 a.m. to 2 a.m. – persons 2+ – average weekly hours (000,000)



Based on Canadian services with available program level data that incorporates country of origin and program genre

- The chart reveals the continued popularity of drama/comedy programming broadcast by English services.
- The viewing of Canadian programs on English services differs significantly between genres. Viewing of news and analysis & interpretation programming is predominantly to Canadian programs. In contrast, viewing of drama/comedy programming is predominantly to non-Canadian programs.
- The overall viewing of Canadian programs on Canadian English-language services in 2004/05 broadcast year was 42% of the total viewing.

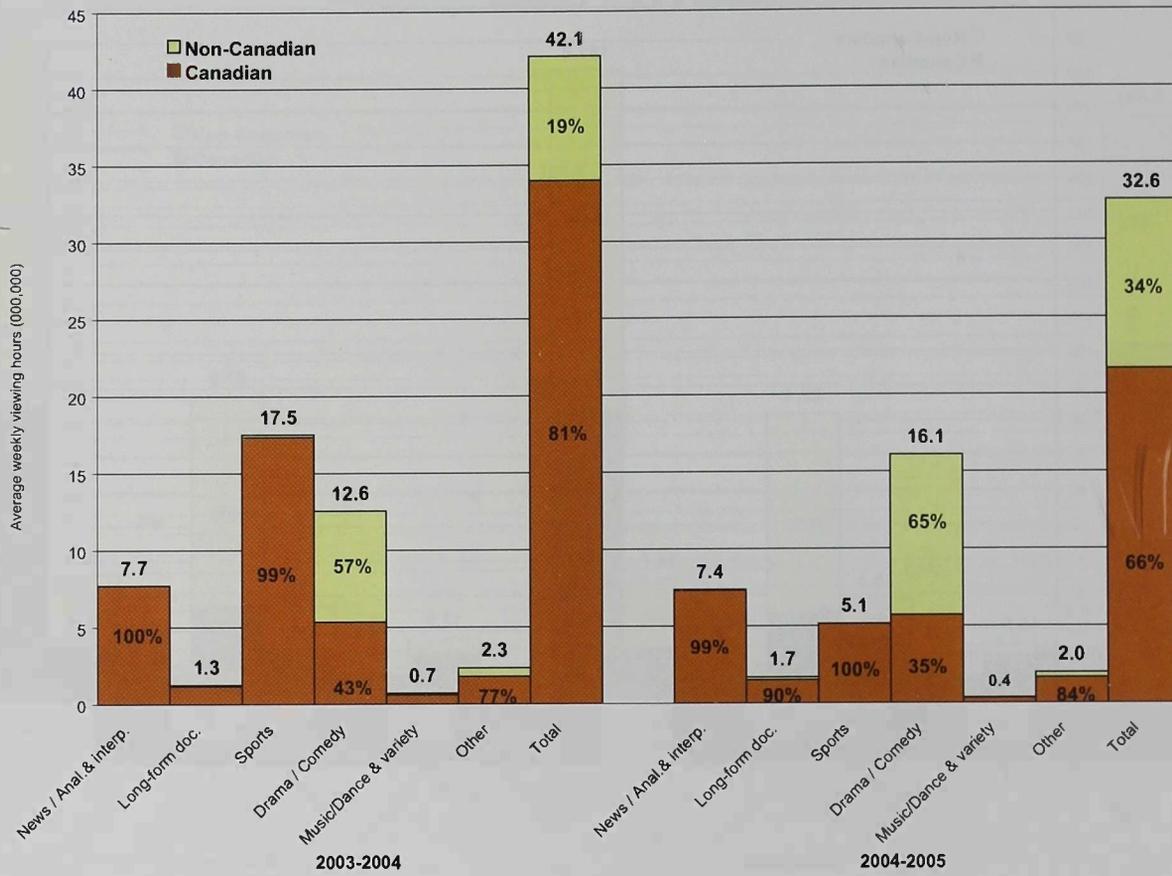
Chart 3.3: Viewing of Canadian and non-Canadian programs distributed by Canadian English-language private conventional services by program origin and genre – BBM metered data – 2003/04 and 2004/05 broadcast years – 2 a.m. to 2 a.m. – persons 2+ – average weekly hours (000,000)



Based on Canadian services with available program level data that incorporates country of origin and program genre

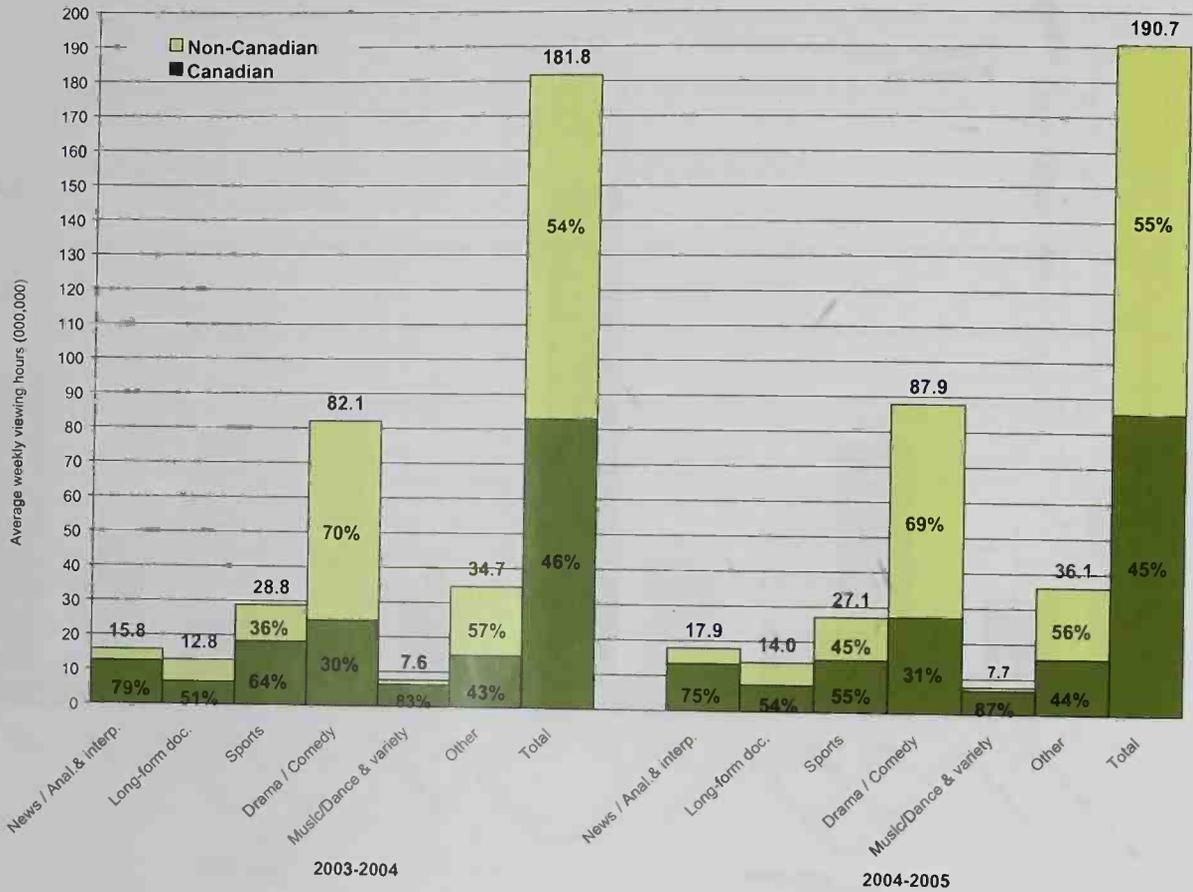
- The overall viewing of Canadian programs on English-language private conventional services in 2004/05 broadcast year was 34% of the total viewing.
- Viewing to Canadian drama/comedy programs represented 10% of the total viewing to the genre in 2004-05.

Chart 3.4: Viewing of Canadian and non-Canadian programs distributed by English-language CBC conventional services by program origin and genre – BBM metered data – 2003/04 and 2004/05 broadcast years – 2 a.m. to 2 a.m. – persons 2+ – average weekly hours (000,000)



Based on Canadian services with available program level data that incorporates country of origin and program genre

Chart 3.5: Viewing of Canadian and non-Canadian programs distributed by English-language Canadian pay and specialty services by program origin and genre – BBM metered data – 2003/04 and 2004/05 broadcast years – 2 a.m. to 2 a.m. – persons 2+ – average weekly hours (000,000)

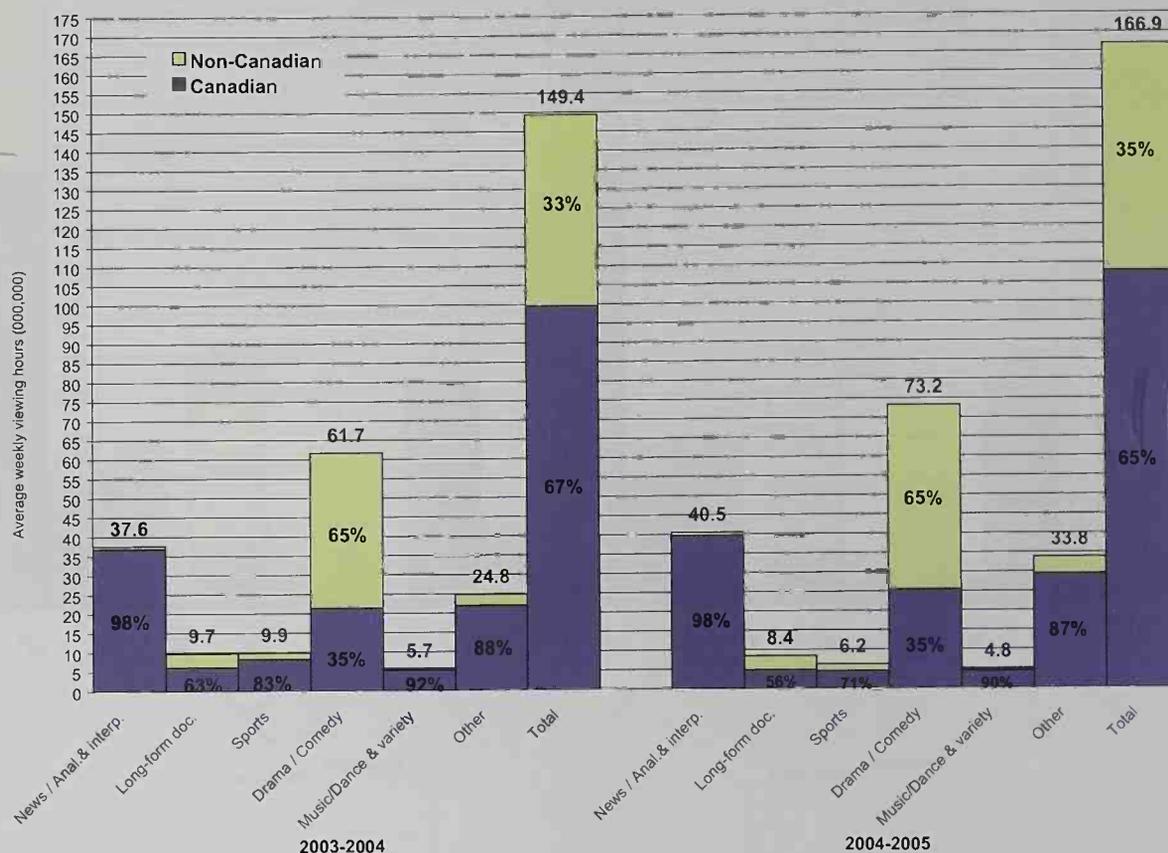


Based on Canadian services with available program level data that incorporates country of origin and program genre

- The overall viewing of Canadian programs on English-language pay and specialty services in 2004/05 broadcast year was 45% of the total viewing.
- The viewing of Canadian drama/comedy programming in 2004/05 was 31% of total viewing to drama/comedy programming.

b) French-language Canadian services

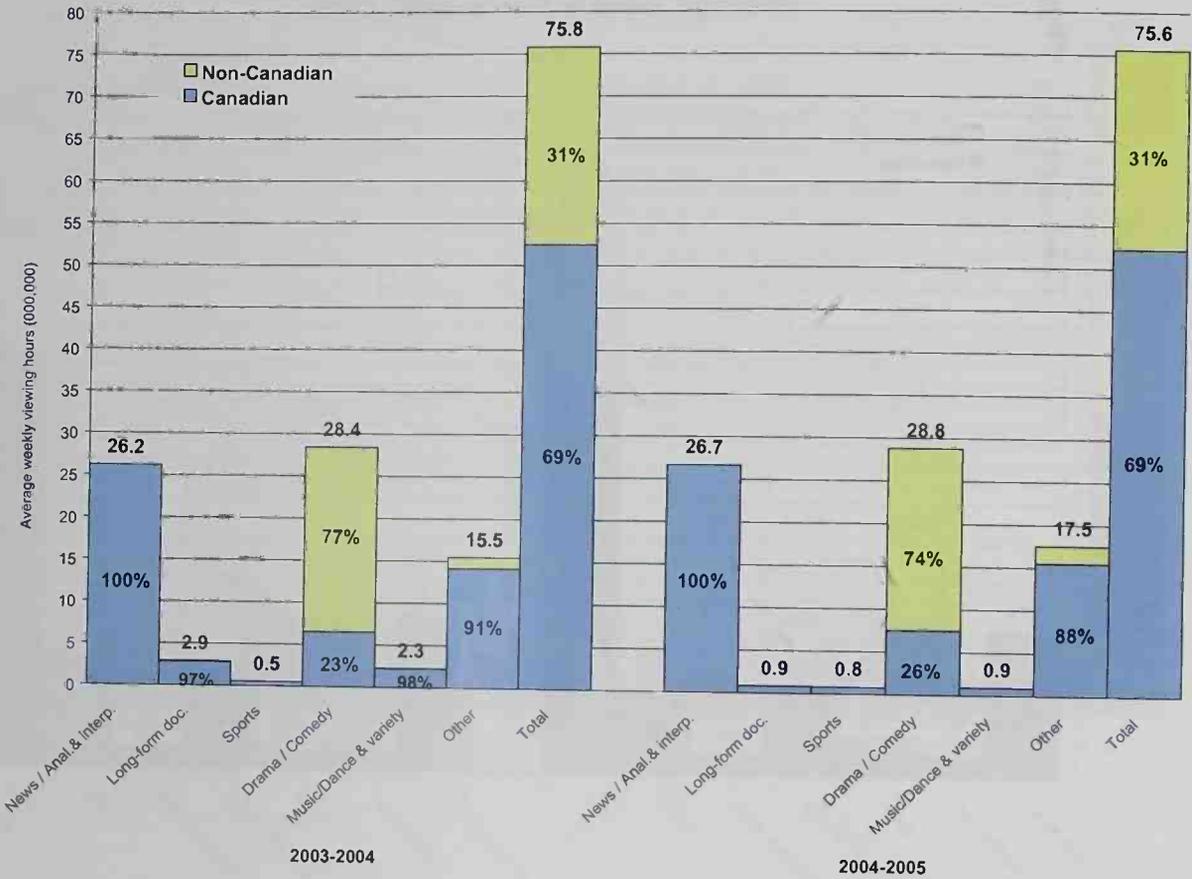
Chart 3.6: Viewing of Canadian and non-Canadian programs distributed by French-language Canadian television services by program origin and genre – BBM metered data – 2003/04 and 2004/05 broadcast years – 2 a.m. to 2 a.m. – persons 2+ – average weekly hours (000,000)



Based on Canadian services with available program level data that incorporates country of origin and program genre

- Drama/comedy programming is the most popular genre on French-language services, followed by news and analysis & interpretation programming.
- For French services, viewing is predominantly to Canadian programs in all genres, with the exception of drama/comedy programs where the viewing is mostly to non-Canadian programming.

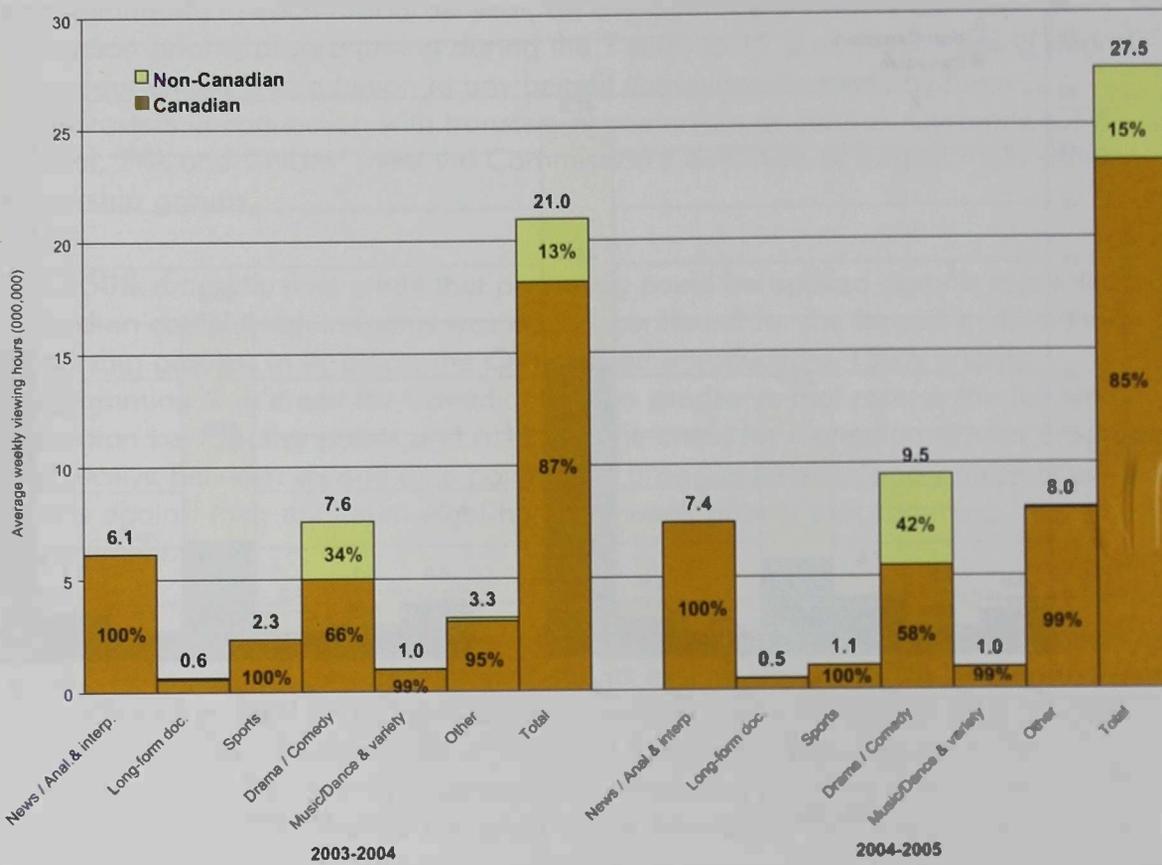
Chart 3.7: Viewing of Canadian and non-Canadian programs distributed by Canadian French-language private conventional services by program origin and genre – BBM metered data – 2003/04 and 2004/05 broadcast years – 2 a.m. to 2 a.m. – persons 2+ – average weekly hours (000,000)



Based on Canadian services with available program level data that incorporates country of origin and program genre

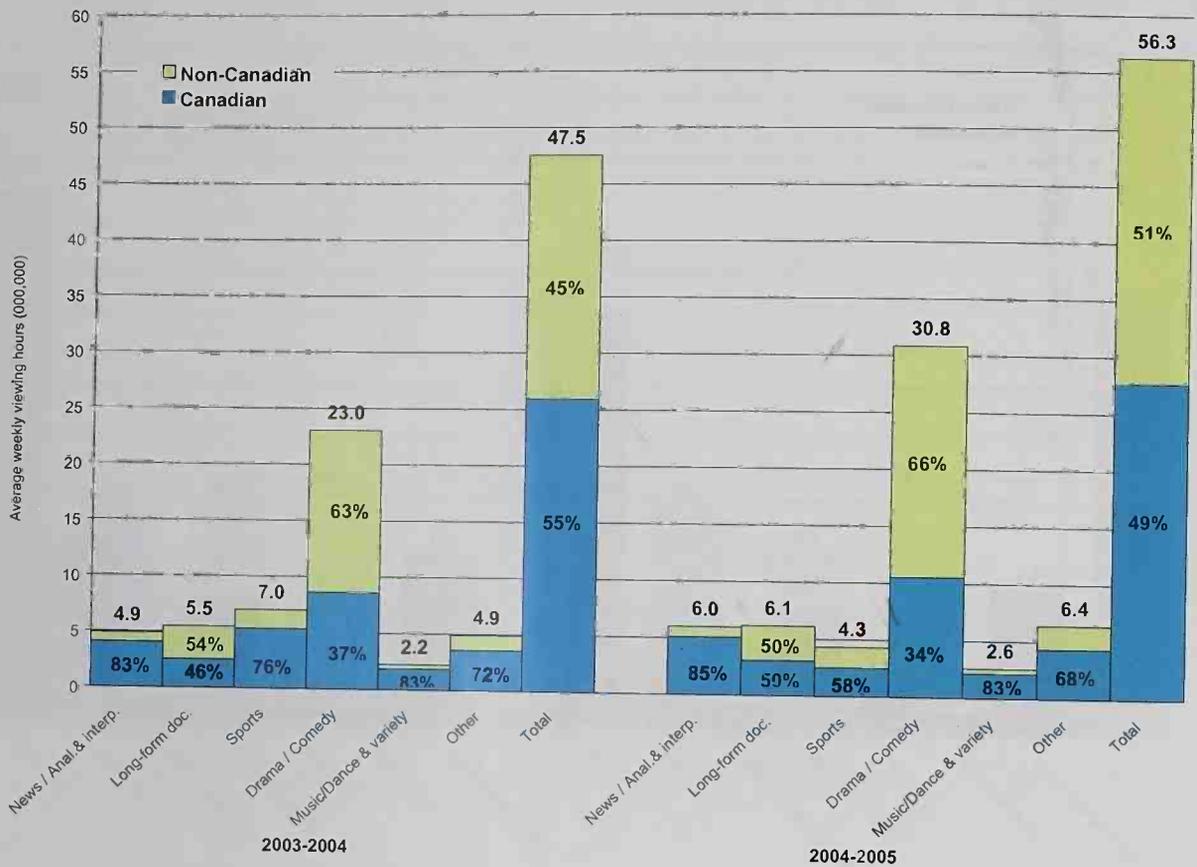
- The overall viewing of Canadian programs on French-language private conventional services in 2004/05 broadcast year was 69% of the total viewing.
- Viewing to Canadian drama/comedy programs represented 26% of the total viewing to the genre in 2004-05.

Chart 3.8: Viewing of Canadian and non-Canadian programs distributed by Canadian French-language SRC conventional services by program origin and genre – BBM metered data – 2003/04 and 2004/05 broadcast years – 2 a.m. to 2 a.m. – persons 2+ – average weekly hours (000,000)



Based on Canadian services with available program level data that incorporates country of origin and program genre

Chart 3.9: Viewing of Canadian and non-Canadian programs distributed by Canadian French-language pay and specialty services by program origin and genre – BBM metered data – 2003/04 and 2004/05 broadcast years – 2 a.m. to 2 a.m. – persons 2+ – average weekly hours (000,000)



Based on Canadian services with available program level data that incorporates country of origin and program genre

- The overall viewing of Canadian programs on French-language pay and specialty services in 2004/05 broadcast year was 49% of the total viewing.
- The viewing of Canadian drama/comedy programming in 2004/05 was 34% of total viewing to drama/comedy programming.

B. Canadian television programming

1. Canadian priority programming

- In the Television Policy, the Commission indicated that one of its goals in developing the policy is to "ensure quality Canadian programs at times when Canadians are watching."
- The Television Policy states that the Commission wishes to ensure the availability of a sufficient number of hours of diverse Canadian programming in order to attract audiences during peak viewing periods (7 p.m. to 11 p.m.).

- In the Television Policy, “under-represented” Canadian programming (drama, music and dance, and variety programs) was redefined as “priority programming” and expanded to include long-form documentaries, regionally-produced programs and entertainment magazine programs.
- The Television Policy also requires that the largest multi-station ownership groups offer as a minimum, in each broadcast year, an average of eight hours per week of Canadian priority programming during the 7 p.m. to 11 p.m. peak viewing period. This requirement is in addition to any benefit commitments made by these broadcasters in connection with transfers of ownership or control. Currently, CTV, Global, TVA and CHUM⁴ meet the Commission’s definition of largest multi-station ownership groups.
- The 150% dramatic time credit that previously could be applied against regulated Canadian content requirements was also discontinued for the largest multi-station ownership groups. In its place, the Commission introduced a 150% priority programming time credit for Canadian drama programs that receive the full ten Canadian key creative points and a 125% time credit for Canadian drama programs that receive between six and nine points. The broadcasters can apply these time credits against their minimum eight-hour per week priority programming requirement.⁵
- The majority of the television stations controlled by CTV and Global were renewed in 2001.⁶ TVA’s network television licence and its mother station CFTM-TV Montréal were also renewed in 2001.⁷ TVA’s five regional stations were renewed in 2004.⁸ In its renewal decisions, the Commission indicated that it would be monitoring and evaluating Canadian priority programming scheduling practices and related audience levels, in order to test whether the goals of the Television Policy were being achieved.
- The 2001 renewal decisions for TVA and CTV also outlined significant transfer benefits related to priority programming that the groups were required to fulfill during their next licence term:
 - In *Transfer of effective control of CTV Inc. to BCE Inc.*, Decision CRTC 2000-747, 7 December 2000, the Commission required the licensee to broadcast a minimum of 175 hours of original Canadian priority programming over the licence term (in addition to the base level of eight hours per week), and a

⁴ The Commission approved the transfer of effective control of Craig’s conventional television stations to CHUM on 19 November 2004. As a result, CHUM is now considered to be a large multi-station ownership group (Decision 2004-502).

⁵ Definitions for new types of priority programs; revisions to the definitions of television content categories; definitions of Canadian dramatic programs that will qualify for time credits towards priority programming requirements, Public Notice CRTC 1999-205, 23 December 1999.

⁶ Licence renewals for the television stations controlled by CTV, Decision CRTC 2001-457, 2 August 2001; Licence renewals for the television stations controlled by Global, Decision CRTC 2001-458, 2 August 2001.

⁷ Licence renewals for the French-language national television network TVA and for the French-language television programming undertaking CFTM-TV Montréal, Decision CRTC 2001-385, 5 July 2001.

⁸ CFCM-TV Québec, CHEM-TV Trois-Rivières, CHLT-TV Sherbrooke, CFER-TV Rimouski and its transmitter CFER-TV-2 Gaspé-Nord, CJPM-TV Saguenay and its transmitter CJPM-TV-1 Chambord – Licence renewals, Broadcasting Decision CRTC 2004-530, 3 December 2004.

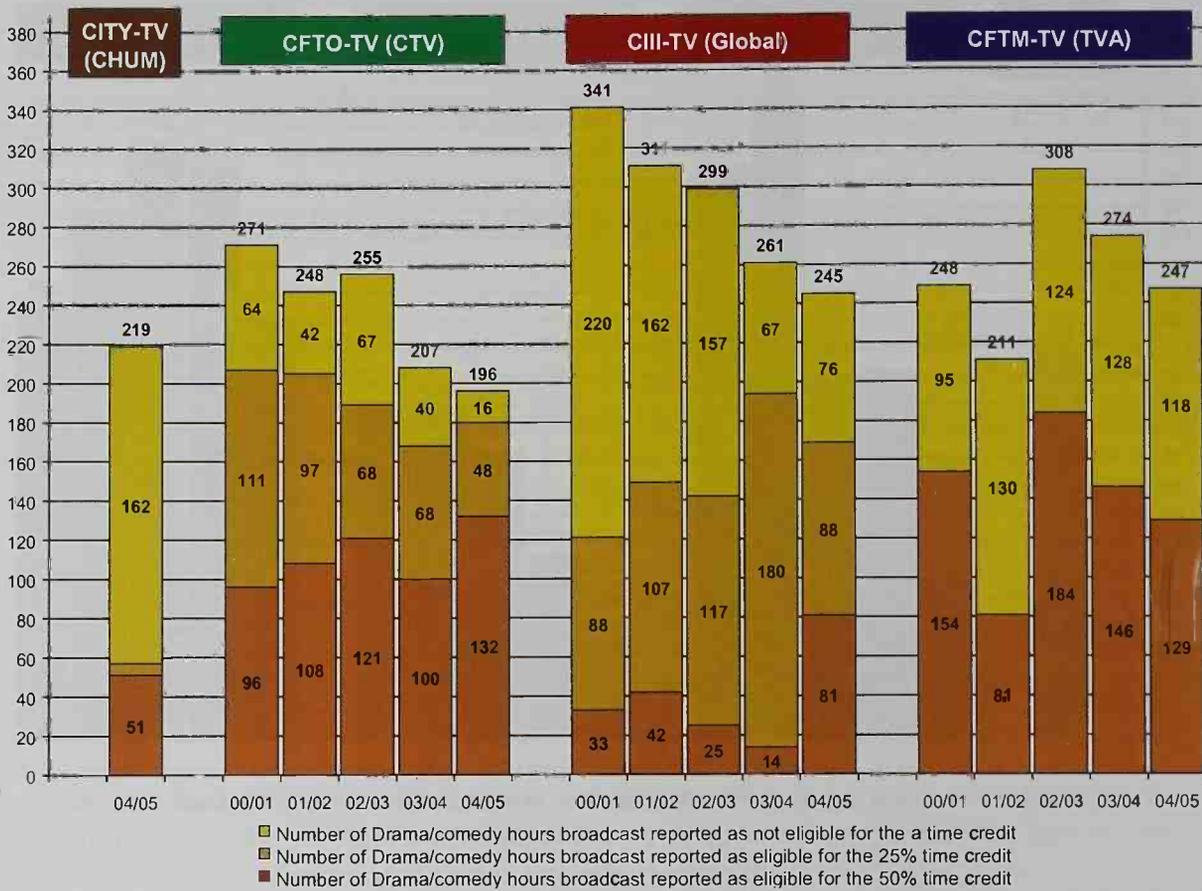
minimum total incremental expenditure of \$140 million over the licence term on the benefits-related priority programming.

- In *Transfer of effective control of TVA to Québecor Média inc.*, Decision CRTC 2001-384, 5 July 2001, the Commission required the licensee to expend a minimum of \$39.8 million of the benefits on priority programming, incremental to a base level of priority programming expenditures as outlined in the decision.
- The priority programming benefits for both TVA and CTV commenced in the 2001/2002 broadcast year.

a) Scheduling of Canadian priority programs during the peak viewing period

- Charts 3.10 and 3.11 set out the number of hours of Canadian priority programming scheduled during the peak viewing period of 7 p.m. to 11 p.m. by CFTO-TV (CTV) Toronto, CIII-TV (Global) Toronto, and CFTM-TV (TVA) Montréal for each of the 2000/01 to 2004/05 broadcast years.
- The charts also indicate the hours of Canadian priority programs scheduled by CITY-TV (CHUM) Toronto for the 2004/05 broadcast year. CHUM joined the ranks of the largest multi-station ownership groups in November 2004.
- The results are based on the revised definitions of priority programming that came into effect on 1 September 2000.
- The following chart sets out the number of drama/comedy priority programming hours broadcasted by each of the stations
- The number of hours broadcast that also qualified for the additional 50% or 25% drama/comedy time credits is also highlighted in this chart.

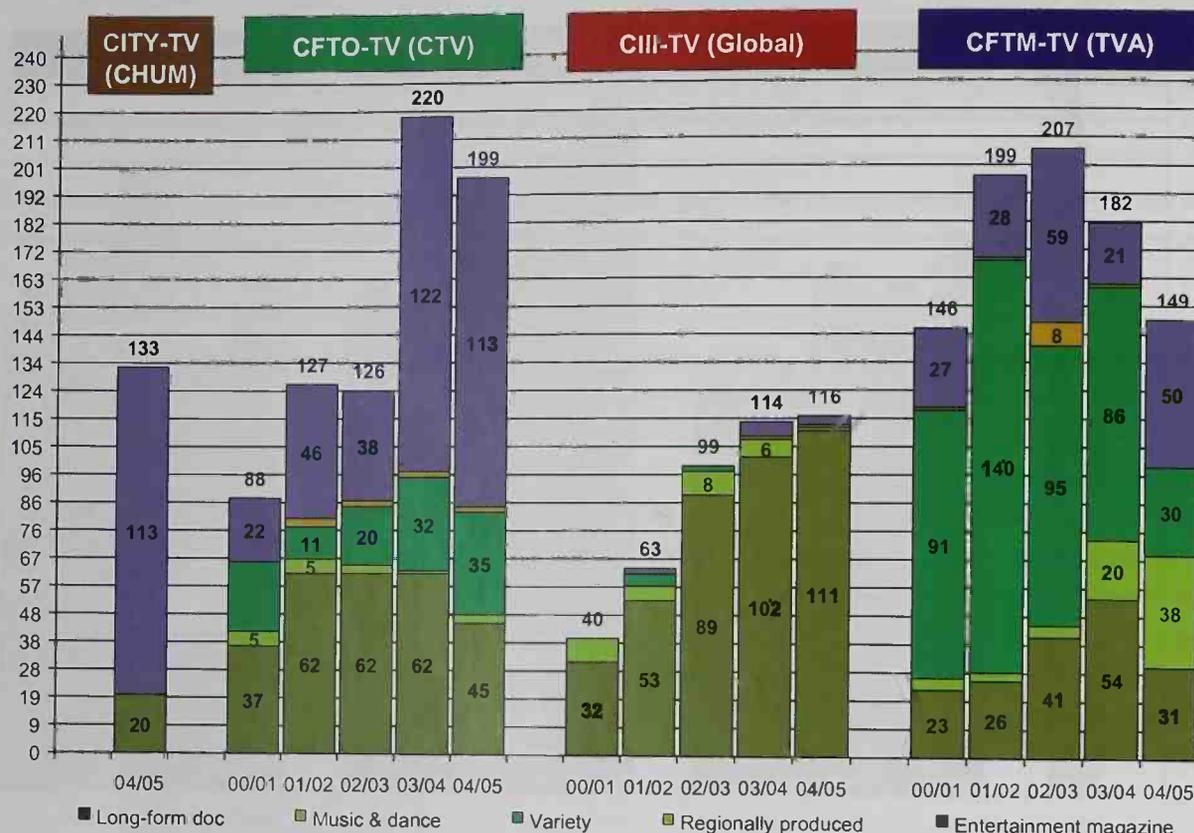
Chart 3.10: Number of hours of drama/comedy priority programming broadcasted annually ← 7 p.m. to 11 p.m.



Note: Reflects hours broadcast from September 1st to August 31st.
 Source: Licensee and CRTC Logs (October 2005)

- The following chart sets out the number of hours of Canadian priority programming, other than drama/comedy, broadcasted by the stations.

Chart 3.11: Number of hours of non-drama/comedy Canadian priority programming broadcasted annually – 7 p.m. to 11 p.m.



Note: Reflects hours broadcast from September 1st to August 31st.
Source: Licensee and CRTC Logs (October 2005)

2. Incentives for original Canadian television drama⁹

- The Commission considers that a healthy and successful Canadian broadcasting system must include popular drama programs that reflect Canadian society and project Canada's stories onto the world stage. It is through television drama that most Canadians participate in their national culture and share in the evolution of social values and stories of human passion. Drama can, and should, reflect Canadians of every background and culture to each other.
- In May 2003, the Commission began a process intended to encourage the production and broadcast of original Canadian drama programming during peak viewing hours. To this end, the Commission introduced drama incentive programs for both English-language and French language television drama.
- The Commission intends to review these incentive programs on an on-going basis to determine if adjustments are required. Given the lead time required to plan and

⁹ Drama and comedy programming.

produce drama programming, the Commission is of the view that it is too early to reach conclusions on the effectiveness of the current package of incentives.

- Each licensee participating in these incentive programs is required to file annual reports detailing the use of these incentives. The first reports, with the 2004-05 broadcast year results, were filed with the Commission on 30 November 2005.¹⁰ Global, Alliance Atlantis, Corus, CTV, TVA TQS and CHUM have submitted reports.

a) Incentives for original French-language Canadian television drama

- In *Incentives for French-language Canadian television drama*, Broadcasting Public Notice CRTC 2005-8, 27 January 2005 (Public Notice 2005-8), the Commission set out a program of incentives that is designed to maintain a proper balance of original Canadian French-language drama, including a minimum number of high-cost programs or series, broadcast by French-language television licensees during the peak viewing period of 7 p.m. to 11 p.m.
- In Public Notice 2005-8, the Commission set out the general criteria of eligibility for six types of original French-language Canadian drama programming. Each type carries a different reward in terms of the number of additional minutes of advertising permitted.
- TVA and TQS conventional television stations are also required to broadcast a minimum number of hours of eligible drama programming before they can access any additional advertising minutes provided under this incentive program.
- In 2004-05 broadcast year, TVA and TQS reported 133.5 hours of original drama programming that met the eligibility criteria. This resulted in 125 minutes of additional advertising available to the participants. The participants reported having used 62.5 of these advertising minutes.

b) Canadian English-language drama

- In *Incentives for English-language Canadian television drama*, Broadcasting Public Notice CRTC 2004-93, 29 November 2004 (Public Notice 2004-93), the Commission set out its program of incentives designed to increase the production and the broadcast of, the viewing to, and the expenditures on, high-quality, original Canadian English-language drama programming.
- In *Viewing and expenditure for English-language Canadian television drama – Call for comments*, Broadcasting Public Notice CRTC 2005-81, 10 August 2005 (Public Notice 2005-81) and in *Viewing and expenditure incentives for English-language Canadian*

¹⁰ The first year's reports detailing the 2004-05 broadcast year results are available on the CRTC's website http://www.crtc.gc.ca/eng/BCASTING/ann_rep/annualrp.htm

television drama, Broadcasting Public Notice CRTC 2006-11, 27 January 2006 (Public Notice 2006-11) the Commission set out targets for the viewing and expenditure components of the Commission's drama incentives.

i) Incentive 1: Incentives to increase the production and broadcast of high quality original hours of Canadian English-language drama programming

- The purpose of these incentives is to increase the production and broadcast of high-quality original hours of Canadian English-language drama programming.
- These incentives relate to the production and broadcast of three types of original drama programming, each carrying a different reward in terms of the number of additional minutes of advertising permitted. CTV, Global and CHUM conventional television stations are also required to broadcast a minimum 26 hours of eligible drama before accessing additional advertising minutes.
- In 2004-05 broadcast year, participating conventional and specialty services reported 153.5 hours of original drama programming that met the eligibility criteria resulting in 3 hours and 16 minutes of additional advertising available to the participants. Participants reported having used just under 2 hours of these additional advertising minutes.

ii) Incentive 2: Incentive to increase the viewing to Canadian English-language drama on Canadian English-language services

- The objective of this incentive is to increase the viewing to English-language Canadian drama on Canadian English-language services as a percentage of all drama viewing on Canadian English-language services.
- In order to qualify for additional advertising minutes, each service is required to achieve annual viewing targets. For broadcasters taking advantage of the incentive for original drama production (Incentive 1), if their viewing levels meet or exceed the annual targets set by the Commission, then the licensee is permitted to broadcast an additional 25% of the total advertising permitted pursuant to Incentive 1.
- The targets for English-language specialty services have been established for individual services, based on the 2003-04 viewing levels for each service. Participating services are required to increase total viewing levels by 1.5% annually over a five-year period.
- The target objective established for English-language private conventional television services is to increase the total Canadian drama viewing hours on private conventional television services from 9.2% in 2003-04 to 16.5% in 2008-09.

- The following table provides viewing results for drama/comedy¹¹ programming achieved by the largest English-language conventional groups in Canada for the 2003-04 and 2004-05 broadcast year. The table also shows 2004-05 viewing target levels.

**Table 3.4: Viewing to Canadian drama/comedy in the Toronto, Vancouver and Calgary markets, by ownership group for all persons 2+, 6 a. m. to 6 a. m., 2003-04 and 2004-05 broadcast years
Nielsen Media Research metered data**

Ownership group*	Stations located in the Toronto / Vancouver / Calgary markets	Percentage of average weekly viewing hours (%)		2004-05 viewing target levels
		Base year 2003-04	Year-1 2004-05	
CHUM	CITY-TV / CKVU-TV & CIVI-TV / CKAL	9.1**	12.1	10.6
CTV	CFMT-TV / CIVT-TV / CFCN-TV	10.5	9.7	11.7
Global	CIII-TV & CHCH-TV / CHAN-TV & CHEK-TV / CICT-TV	8.4	8.7	10.0
CBC	CBLT-TV / CBUT-TV / CBRT-TV	39.6	30.4	n/a

Notes: Excludes viewing to drama programs where the country of origin was not identified – less than 1% of total hours.

* Owned and operated conventional television stations

** The 2003-04 percentage of average weekly viewing excludes CHUM's Calgary station CKAL-TV, which was acquired late 2004.

iii) Incentive 3: Incentive to increase the expenditures on Canadian English-language drama by private English-language conventional services

- The objective of this incentive is to increase the spending on English-language Canadian drama by the English-language private conventional television industry from 3.3%, the 2003-04 level, to 6% of total revenues, over a five-year period.
- Broadcasters taking advantage of the incentives for original drama production are able to recoup part of their expenditures on drama through additional advertising minutes. Where their expenditure increases meet or exceed the target set by the Commission, the licensee is permitted to broadcast an additional 25% of the total advertising permitted pursuant to incentive 1.
- Excluded from these calculations are expenditures on drama programs relating to commitments made at the time of licensing, ownership transfer benefits and CTF "top-up" funding.
- The following table set outs the annual Canadian drama expenditure targets along with the 2003-04 base year and 2004-05 first year results for the largest individual ownership groups.

¹¹ Category 7a to 7g, Drama and Comedy programming as defined in the Television Broadcasting Regulations, 1987 and Specialty Services Regulations, 1990.

Table 3.5: Canadian drama expenditures⁽¹⁾ expressed as a percentage of gross revenues for the largest conventional television ownership groups

	2003/04 Base-Yr	04/05 Yr-1
Annual Canadian drama expenditure targets ⁽²⁾	3.3%	3.9%
Global ⁽³⁾	3.4%	4.0%
CTV	3.5%	3.0%
CHUM ⁽⁴⁾	3.3%	2.7%

(1) Excludes expenditures on drama programs relating to commitments made at the time of licensing, ownership transfer benefits and CTF "top-up" funding.

(2) Public notice 2005-81 and 2006-11.

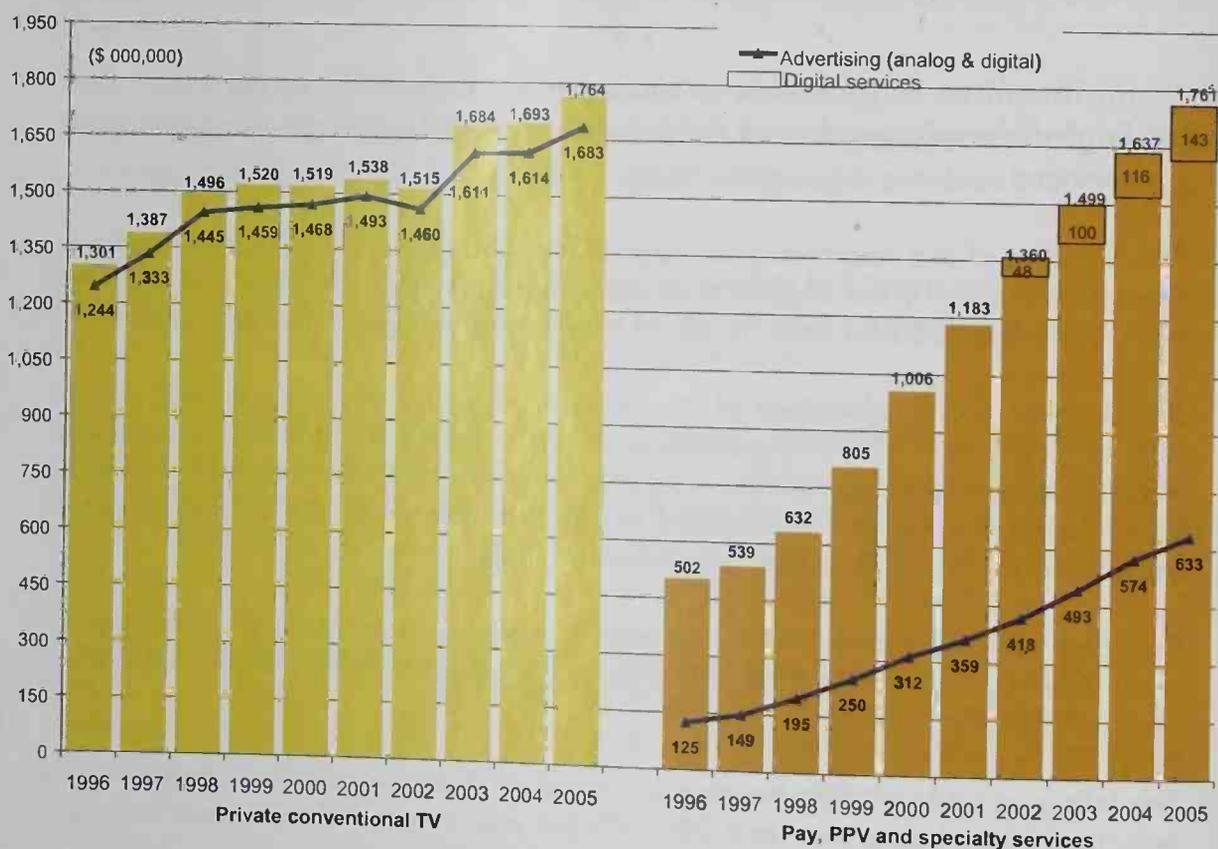
(3) CJNT-TV Montreal, an ethnic station is not included in these calculations.

(4) Excludes CKX-TV Brandon and CHMI-TV Portage LaPrairie, CKEM-TV Edmonton and CKAL-TV Calgary stations which were acquired late 2004.

C. Financial performance

1. English-language private services

Chart 3.12: Revenues of English-language private conventional television and pay, PPV & specialty services

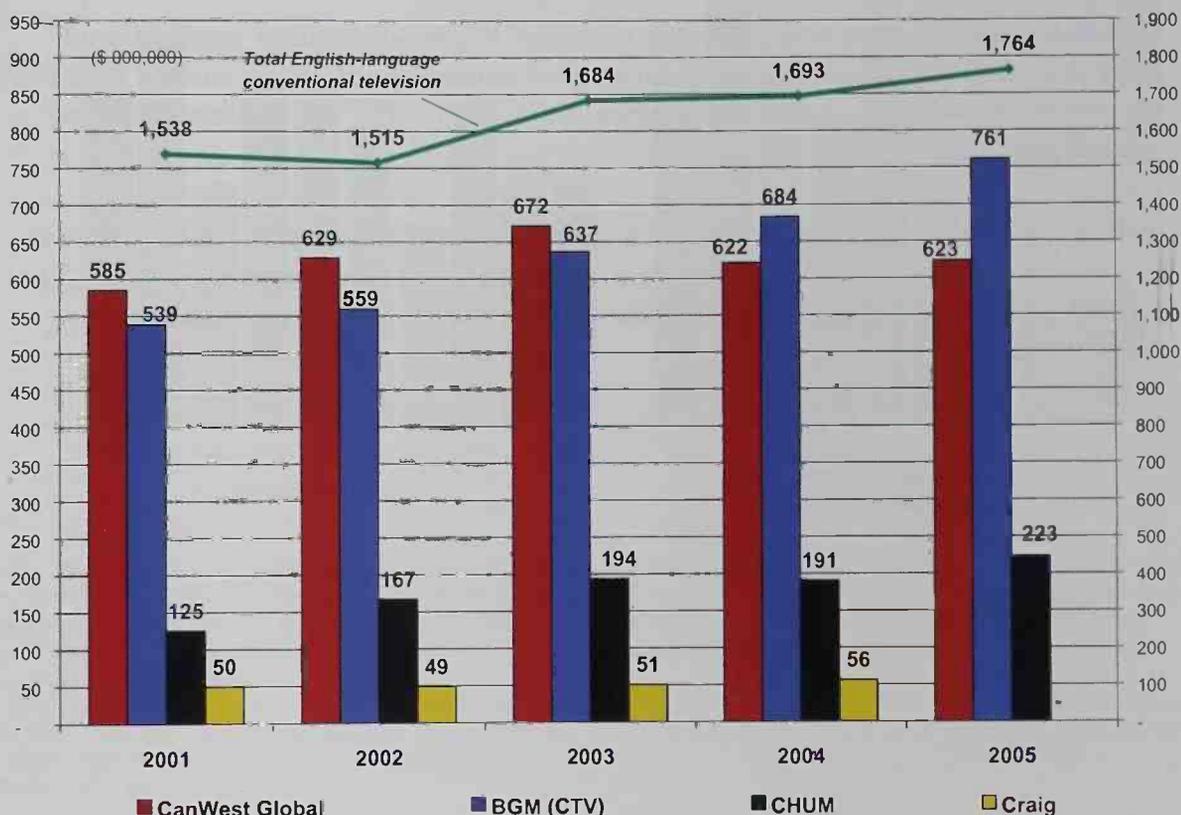


Notes: Private conventional television includes revenues from ethnic conventional television stations, as a significant portion of their revenues are derived from English-language programs. In this, and future reports, the financial results of ethnic and third-language pay and specialty services are reported separately. Bilingual services are combined with English-language Pay, PPV and specialty services. Private conventional television and Pay, PPV and specialty revenues have been updated to reflect current August 31 aggregate results.

Source: CRTC financial database

- Pay, PPV and specialty revenues continue to increase steadily. The number of English-language services more than doubled from 1996 to 2002, increasing from 19 to 41 services. In 2002, an additional 46 English-language digital services reported first year results. The number of digital services increased to 50 in 2004 and 53 in 2005.
- Specialty television services have a revenue stream from both advertising and subscription. In 2005, 44% of their revenues were derived from advertising revenues. Pay and PPV services, on the other hand, rely entirely on subscription revenues.

Chart 3.13: Revenues of English-language private conventional television services by ownership group



Source: CRTC financial database

- Based on conventional stations owned or controlled by the ownership group on August 31st of each year. Ownership is based on the date of the approving Decision, not the official closing date of the transaction. The station's entire annual revenue is attributed to the ownership group that was deemed to be its owner as of 31 August.
- CHUM acquired the CKVU-TV Vancouver¹² station and launched CIVI-TV Victoria¹³ in 2001. Revenues for these stations are included in 2002. CHUM also acquired CKEM-TV Edmonton, CKAL-TV in Calgary, CHMI-TV Portage LaPrairie and CKX-TV Brandon television stations from Craig¹⁴ in November 2004. Revenues for these four stations are included in 2005.
- CTV revenues for 2001 and 2002 include the CTV network plus CTV stations, less the network payments to CTV affiliates. Revenues for the CFCF-TV Montréal station are included in 2002.
- The Commission approved the transfer of effective control of Craig's Alberta and Manitoba conventional television stations to CHUM¹⁵ and its Toronto conventional television station to Quebecor Media¹⁶ in November 2004.

¹² Transfer of control of CKVU-TV Vancouver, Decision CRTC 2001-647, 15 October 2001.

¹³ New television station on Vancouver Island, Decision CRTC 2000-219, 6 July 2000.

¹⁴ Decision CRTC 2004-502.

¹⁵ Decision CRTC 2004-502.

¹⁶ Decision CRTC 2004-503.

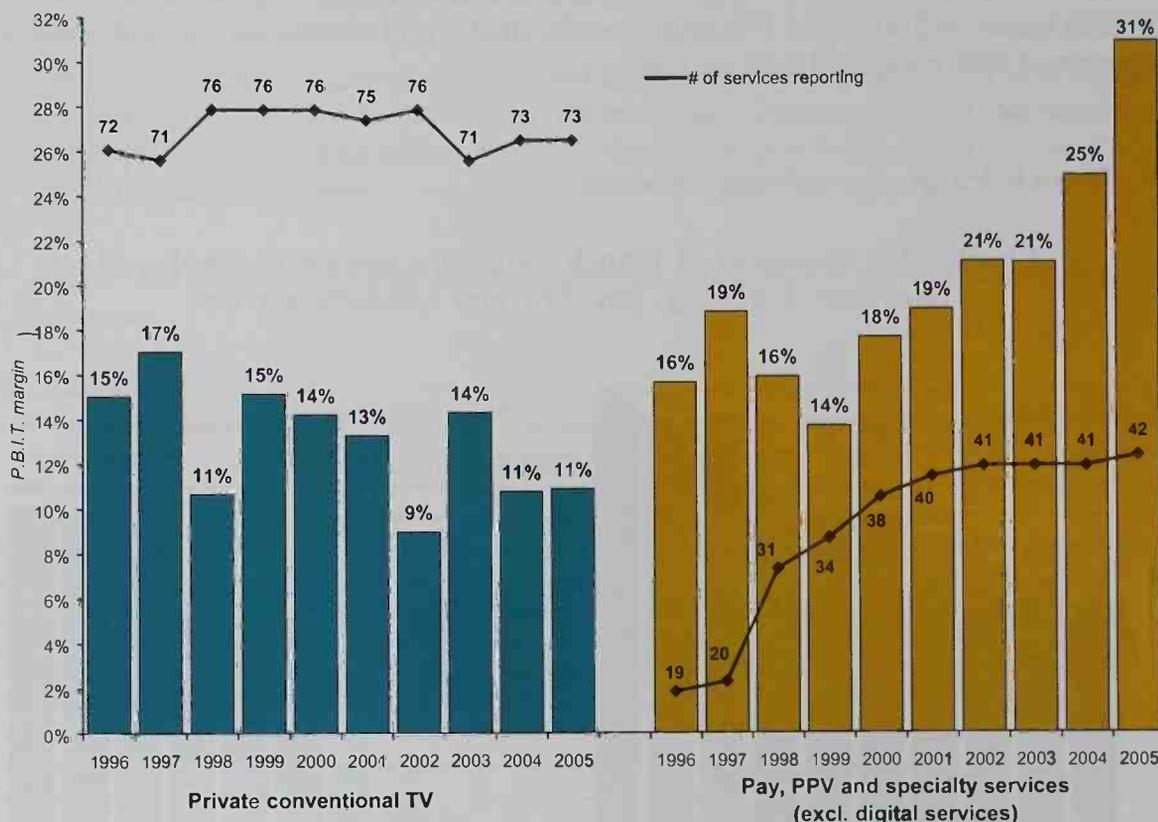
- Large private conventional television ownership groups continue to account for approximately 95% of the total revenues reported by private English-language conventional television stations. This percentage has remained roughly the same since 1998.
- CTV owns and operates twenty-one English-language conventional television stations and a satellite-to-cable service. It also has affiliation agreements with three private independently owned television stations. Its network operation reaches approximately 99%¹⁷ of English-speaking Canadians. CTV also holds a 40% voting interest in TQS Inc. TQS Inc. owns and operates eight French-language Canadian conventional television stations.
- CanWest Global owns and operates nineteen English-language conventional television stations as well as an independent conventional ethnic station located in Montréal. Its network operation reaches more than 94%¹⁸ of English-speaking Canadians.
- CHUM owns and operates 12 English-language conventional television stations located in Ontario (six), Manitoba (two), Alberta (two) and British Columbia (two). CHUM's combined stations reach approximately 85%¹⁹ of English-speaking Canadians.

¹⁷ Bell Globemedia website 6 February 2006: www.bellglobemedia.com

¹⁸ CanWest Global Communications website 6 February 2006: <http://www.canwestglobal.com>

¹⁹ Decision CRTC 2004-502

Chart 3.14: Aggregate PBIT²⁰ margins of English-language private conventional television & pay, PPV and analog specialty services



Notes: Private conventional television includes ethnic conventional television stations, as a significant portion of their revenues are derived from English-language programming. In this, and future reports, the financial results of ethnic and third-language pay and specialty services are reported separately. Bilingual services are combined with English-language Pay, PPV and specialty services. Private conventional television and Pay, PPV and specialty results have been updated to reflect current August 31 aggregate results.

In 2003, CTV sold six of its conventional television stations to the CBC (CKNC-TV, CFCL-TV, CJIC-TV, CHNB-TV, CKBI-TV and CKOS-TV). Two new conventional television stations (OMNI-2 Toronto and Channel M, CHNM-TV Vancouver) began reporting in 2003. CKXT-TV Toronto began reporting in 2004.

Source: CRTC financial database

- The drop in profitability in 1998 for conventional television stations was due to five new services reporting first year losses. A large one-time write-off by one of the large broadcasters also contributed to the downturn.
- The number of pay, PPV and specialty services has been climbing steadily over the past several years. The introduction of 11 new analog services in 1998 caused the aggregate PBIT margin decrease in 1998 and 1999.
- The 2005 pay, PPV & specialty results reflect \$499 million in profits from the analog services with a PBIT margin of 31%. The increase in profitability from 25% in 2004 to 31% in 2005 is in part due to the National Hockey League lockout in the 2004-05

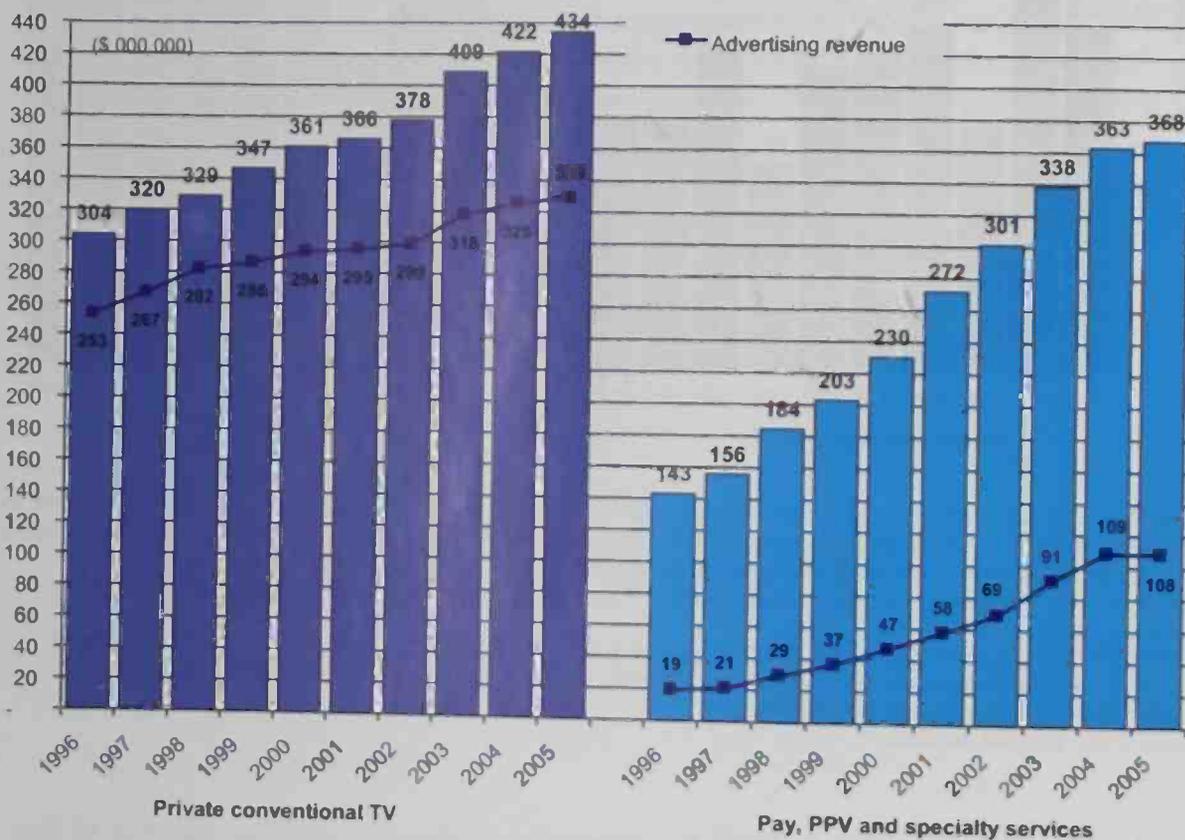
²⁰ Profit before interest & taxes (PBIT)

broadcast year. This significantly decreased the expenditures on sports programming by specialty services such as TSN and Rogers SportsNet.²¹

- Not included in this chart are digital pay and specialty services that reported \$47 million losses in 2005. Pay, PPV and specialty digital and analog services achieved a combined PBIT margin of 26% in 2005.

2. French-language private services

Chart 3.15: Revenues of French-language private conventional television & analog, pay, PPV and specialty services



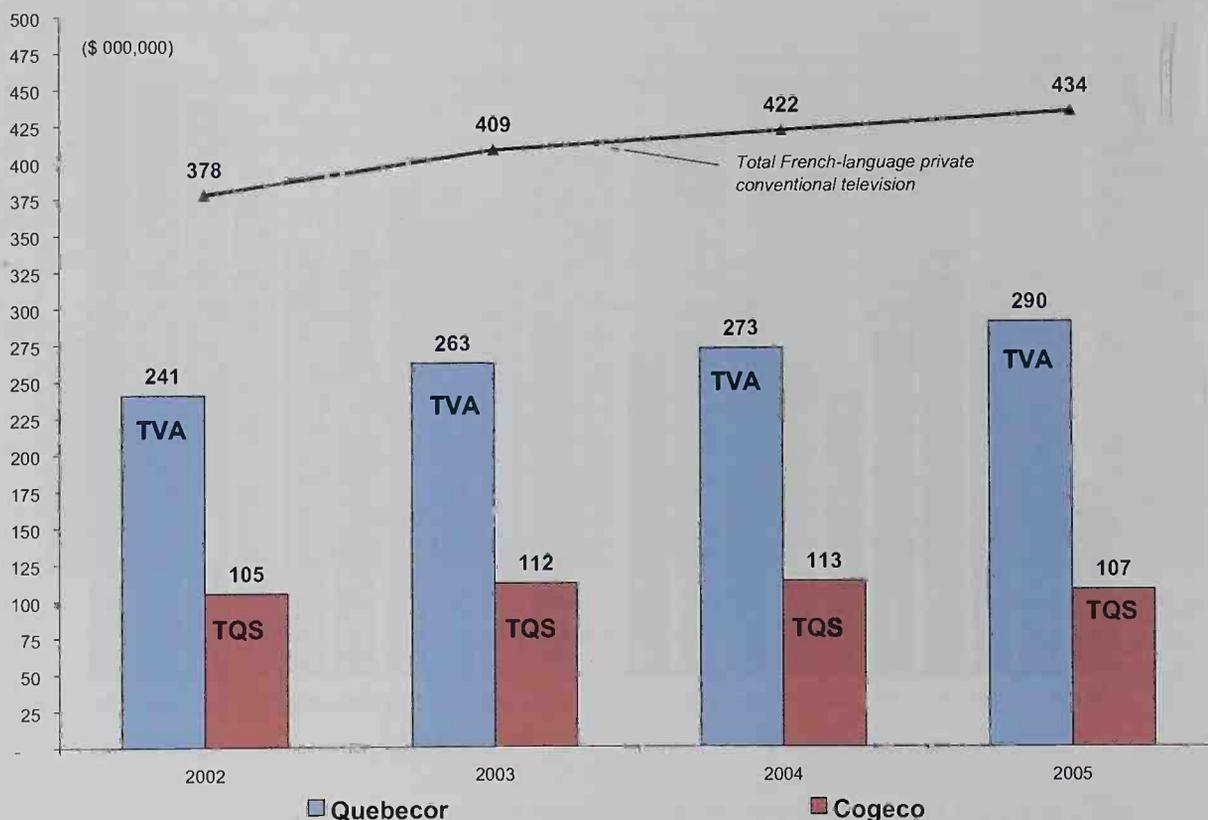
Note: Excludes bilingual services.
Source: CRTC financial database

- Revenue growth for French-language private conventional stations averaged 4% per year from 1996 to 2002. Revenues increased by 8%, 3% and 3% in 2003, 2004 and 2005 respectively. The number of stations has remained unchanged since 1993.

²¹ In TSN and RDS – Licence amendment, Broadcasting Decision CRTC 2005-388, 9 August 2005 and SportsNet – Licence amendment, Broadcasting Decision CRTC 2005-387, 9 August 2005, the Commission granted TSN and SportNet services spending flexibility relating to their Canadian programming expenditure requirements for the 2004/2005 broadcast year, noting that the services would have to achieve their required overall spending levels by the end of the current licence term.

- French-language pay, PPV and specialty services have achieved strong revenue growth. Since 1996, the number of these services has increased from seven to 25 in 2005. In 2005, one digital category 2 and three digital category 1 services reported first-year revenues totalling \$1.3 million.
- Total 2005 advertising revenues reported by French-language pay, PPV and specialty services decreased by \$1.2 million or 1% from the previous year. This decrease was largely due to the impact of the National Hockey League lockout that occurred in the 2004-05 broadcast year.
- 64% of the French-language specialty services revenues are derived from subscription revenues.

Chart 3.16: Revenues of French-language private conventional television services by ownership group



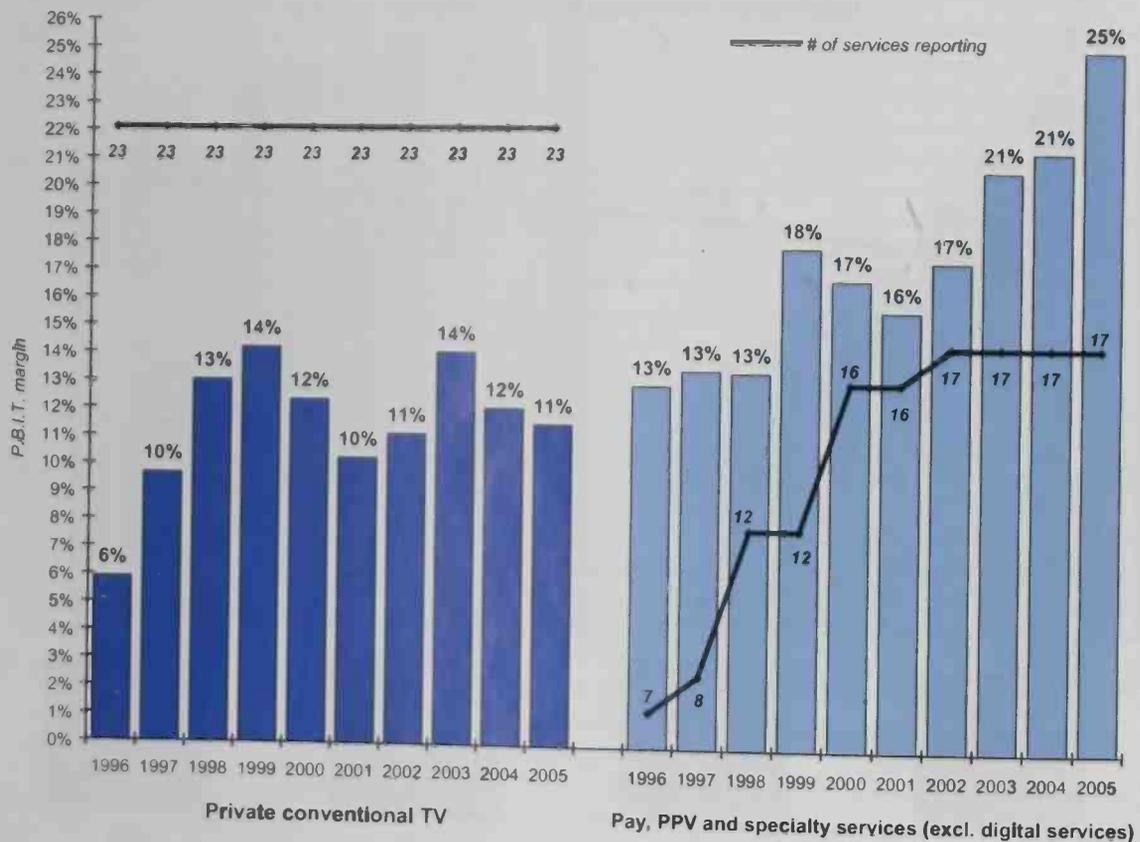
Note: Based on conventional stations owned or controlled by the ownership group on August 31st of each year. Ownership is based on the date of the approving Decision, not the official closing date of the transaction. The station's entire annual revenue is attributed to the ownership group that was deemed to be its owner as of 31 August.

Source: CRTC financial database

- Quebecor and Cogeco accounted for 92% of the total revenues reported by private French-language conventional television in 2005.

- TVA is the largest private French-language conventional television broadcaster in Canada. In addition to the network, TVA owns and operates six television stations, including CFTM-TV Montréal and CFCM-TV Québec. It also has affiliation agreements with four private independently owned television stations and it holds a 45% ownership interest in two of these stations. The TVA service has been licensed for national distribution since 1998.
- TQS owns and operates eight French-language television stations (five TQS & three SRC affiliate stations) located in the province of Quebec. It also operates TQS, a French-language television network originating in Montréal.

Chart 3.17: Aggregate PBIT margins of private French-language conventional television & pay, PPV and analog specialty services



Source: CRTC financial database

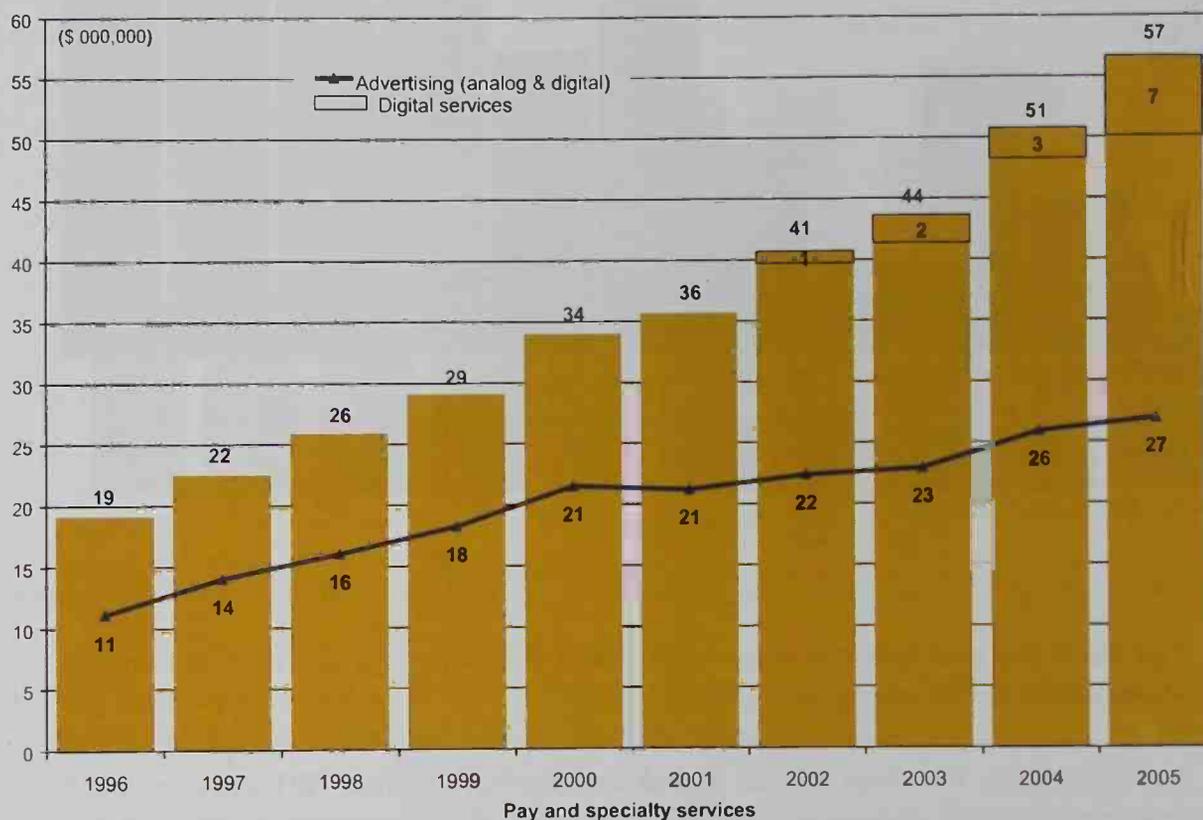
- In 2002, the number of French-language specialty services increased from 16 to 17 with the addition of ARTV.
- The pay, PPV and specialty results in 2005 reflect \$91 million in profits before interest and taxes with a PBIT margin of 25%. The increase in profitability from 21% in 2004 to 25% is in part due to the National Hockey League lockout in the 2004-05

broadcast year which significantly reduced the programming expenditures of the sports specialty service RDS.²²

- Not included above, the digital services reported first-year PBIT losses of \$5.5 million. The combined PBIT margin of analog and digital French-language services was 23% in 2005.

3. Ethnic & third-language pay and specialty services

Chart 3.18: Revenues of ethnic and third-language pay and specialty services

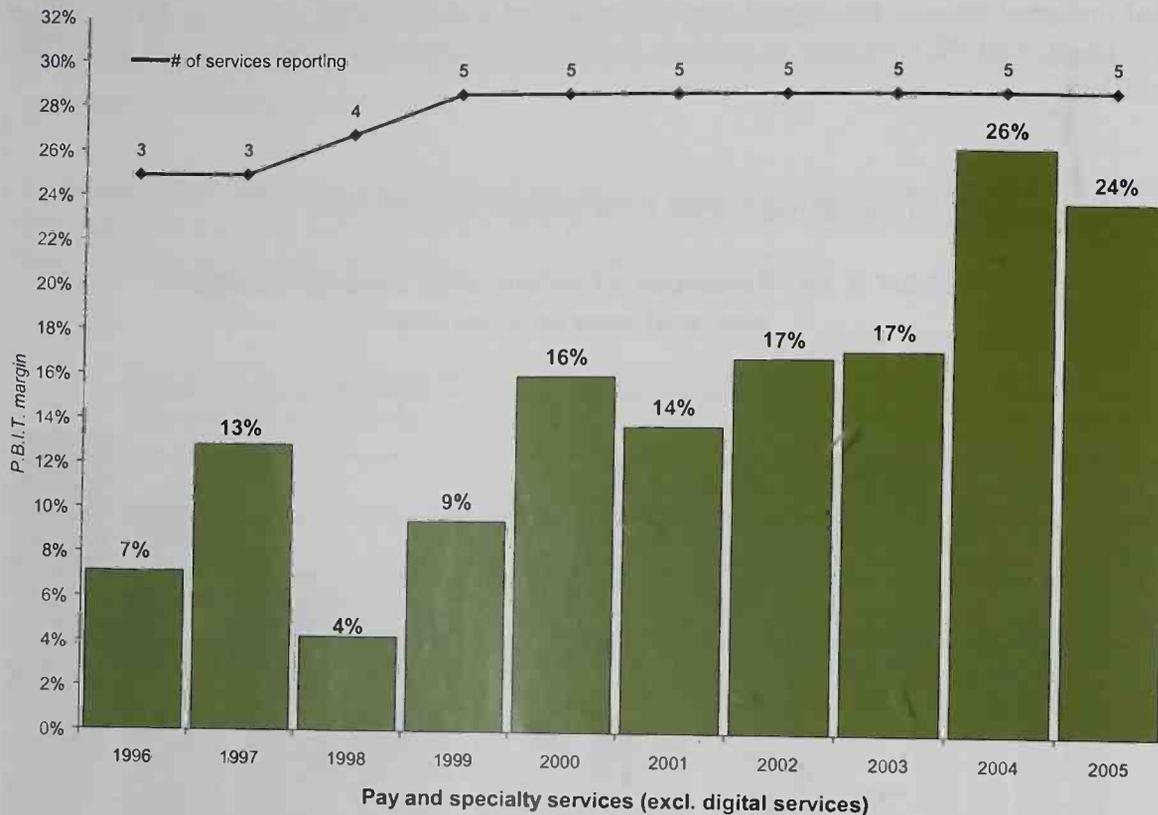


Source: CRTC financial database

- Ethnic and third-language pay and specialty revenues continue to increase. The number of analog ethnic specialty services increased from three to five from 1996 to 1999. In 2002, an additional 3 ethnic and third-language digital services reported first year results. The number of ethnic digital services reporting in 2003 and 2004 was 4, which increased to 17 in 2005.

²² In TSN and RDS – Licence amendment, Broadcasting Decision CRTC 2005-388, 9 August 2005 the Commission granted the RDS service spending flexibility relating to their Canadian programming expenditure requirements for the 2004/2005 broadcast year, noting that the services would have to achieve their required overall spending levels by the end of the current licence term.

Chart 3.19: Aggregate PBIT²³ margins of ethnic and third-language pay and specialty analog services



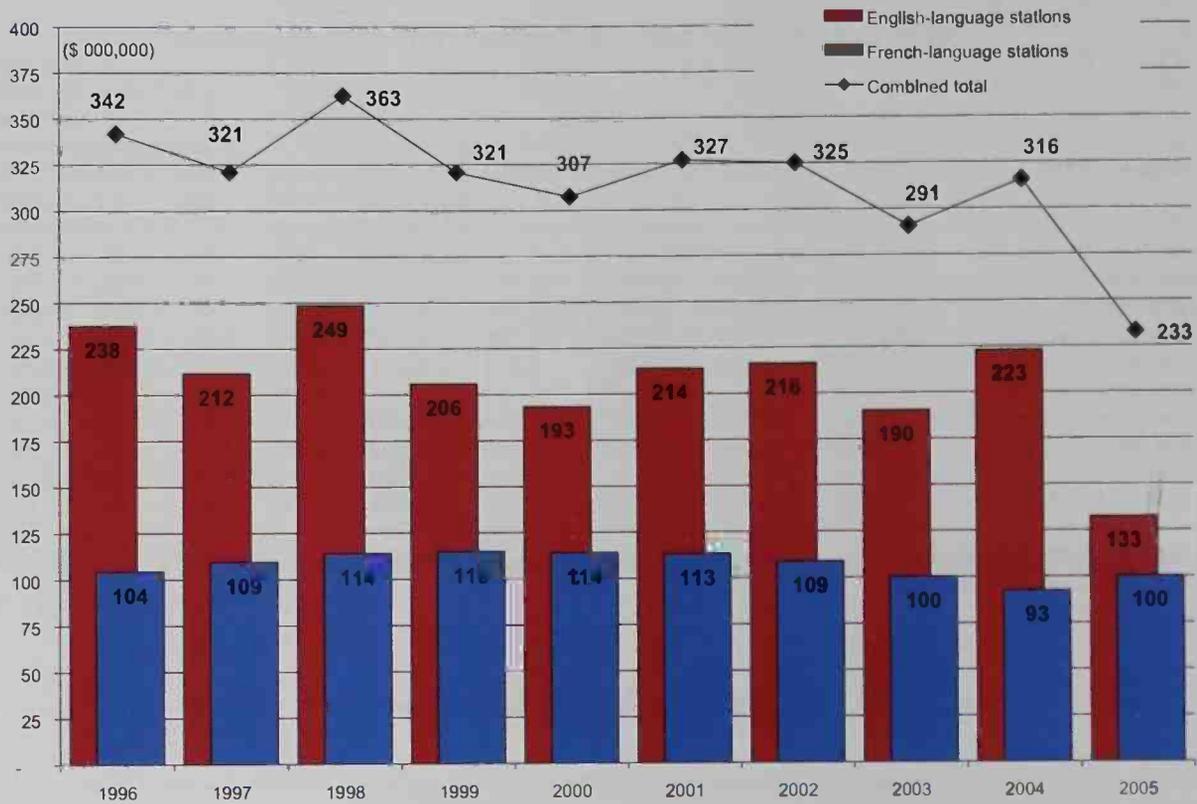
Source: CRTC financial database

- The 2005 pay and specialty results reflect \$11.8 million in profits from the analog services with a PBIT margin of 24%.
- Not included in this chart are the digital services that reported PBIT losses of \$455 thousand in 2005. The combined PBIT margin for third-language analog and digital pay, PPV and specialty services was 20% in 2005.

²³ Profit before interest & taxes (PBIT)

4. CBC conventional television stations

Chart 3.20: Advertising revenues: CBC conventional television stations (owned & operated)



Source: Annual financial return filed with the CRTC

- The advertising revenues of CBC's English-language conventional television stations decreased by \$90 million or 40% in 2005 compared to 2004.
- The advertising revenues of CBC's French-language conventional television stations represented 23% of the total advertising dollars achieved by the CBC and French-language private conventional television stations in 2005. In 1996, its share was 29%.

D. Eligible expenditures on Canadian programming (CPE)²⁴

1. English-language commercial conventional television

Table 3.6: Private commercial conventional television

Category (\$ 000)	2001	2002	2003	2004	2005	Annual growth %			
						02	03	04	05
News (cat. 1)	235,149	247,719	255,976	267,335	266,491	5%	3%	4%	0%
Other info. (cat. 2 to 5)	34,496	41,710	41,983	46,963	43,833	21%	1%	12%	-7%
Sports (cat. 6)	24,942	19,088	17,477	8,335	7,772	-23%	-8%	-52%	-7%
Drama & comedy (cat. 7)	62,594	58,589	64,706	53,598	54,548	-6%	10%	-17%	2%
Music/Variety (cat. 8 & 9)	4,163	4,583	2,251	8,628	20,847	10%	-51%	283%	142%
Game show (cat. 10)	1,590	106	75	67	79	-93%	-29%	-11%	17%
Human interest (cat. 11)	20,321	18,658	21,321	34,863	30,823	-8%	14%	64%	-12%
Other (cat. 12 to 15)	965	2,033	3,858	3,780	3,694	111%	90%	-2%	-2%
Total (cat. 1 to 15)	384,221	392,485	407,648	423,570	428,086	2%	4%	4%	1%

Note: 2001 to 2004 figures have been updated to reflect current aggregate results.
Source: CRTC financial database

Table 3.7: CBC television

Category (\$ 000)	2001	2002	2003	2004	2005	Annual growth %			
						02	03	04	05
News (cat. 1)	59,200	56,263	51,634	58,535	57,916	-5%	-8%	14%	-1%
Other info. (cat. 2 to 5)	37,143	42,727	44,972	42,900	42,773	15%	5%	-5%	0%
Sports (cat. 6)	141,046	144,207	91,440	149,891	*	2%	-37%	64%	*
Drama & comedy (cat. 7)	46,212	44,645	52,232	56,097	53,152	-3%	17%	7%	-5%
Music/Variety (cat. 8 & 9)	5,982	11,654	20,597	22,339	17,507	95%	77%	8%	-22%
Game show (cat. 10)	0	2,012	1,483	1,552	1,349		-26%	5%	-13%
Human interest (cat. 11)	9,962	11,685	8,027	9,045	11,532	17%	-31%	13%	27%
Other (cat. 12 to 15)	1,160					-100%			
Total (cat. 1 to 15)	300,705	313,190	270,285	340,359	*	4%	-14%	26%	*

Notes: Excludes indirect and facility cost allocations. 2001 to 2004 expenditures have been restated to reflect revised reporting of programming expenditures.

* "Sports" and "Total" programming expenditures for 2005 are confidential.

Source: CRTC financial database

²⁴ Excludes Canadian Television Fund (CTF) reported by stations and services.

2. French-language commercial conventional television

Table 3.8: Private commercial conventional television and SRC

Category (\$ 000)	2001	2002	2003	2004	2005	Annual growth %			
						02	03	04	05
News (cat. 1)	88,947	91,087	96,731	97,725	94,571	2%	6%	1%	-3%
Other info. (cat. 2 to 5)	40,980	44,613	52,101	46,478	48,905	9%	17%	-11%	5%
Sports (cat. 6)	24,884	23,642	11,626	18,221	7,918	-5%	-51%	57%	-57%
Drama & comedy (cat. 7)	59,502	64,591	84,874	77,646	83,475	9%	31%	-9%	8%
Music/Variety (cat. 8 & 9)	24,155	32,668	26,269	26,642	19,476	35%	-20%	1%	-27%
Game show (cat. 10)	5,350	6,686	4,183	5,967	4,830	25%	-37%	43%	-19%
Human interest (cat. 11)	52,584	42,179	51,675	69,329	85,111	-20%	23%	34%	23%
Other (cat. 12 to 15)	-	233	4	227	1,081	-	-98%	6107%	377%
Total (cat. 1 to 15)	296,403	305,701	327,463	342,234	345,367	3%	7%	5%	1%

Source: CRTC financial database

3. Pay, PPV and specialty services

- Effective 2004-05 broadcast year, pay and specialty licensees started reporting CPE by programming category.

Table 3.9: Pay, PPV and specialty analog and digital services

Category (\$ 000)	2005			Total
	English-language services*	French-language services	Ethnic and third-language services	
Pay and specialty				
<i>Number of services reporting</i>	87	19	20	126
News (cat. 1)	87,389	39,051	1,965	128,405
Other info. (cat. 2 to 5)	163,023	40,616	2,410	206,050
Sports (cat. 6)	98,474	17,866	513	116,854
Drama & comedy (cat. 7)	129,745	31,658	1,095	162,499
Music/Variety (cat. 8 & 9)	24,027	7,936	6,315	38,278
Game show (cat. 10)	2,307	140	14	2,460
Human interest (cat. 11)	33,609	8,451	2,976	45,036
Other (cat. 12 to 15)	21,336	3,251	374	24,961
Total pay and specialty	559,911	148,970	15,661	724,542
PPV services				
<i>Number of services reporting</i>	6	2	-	8
Total PPV services	2,290	1,260	-	3,550
Total pay, specialty and PPV	562,201	150,229	15,661	728,092

* Includes bilingual services.

Source: CRTC financial database

E. Tangible benefits resulting from the transfers of ownership or control of television broadcasting undertakings

- When considering applications to transfer ownership or control of a television undertaking, the Commission generally expects significant benefits to be offered to the community in question or to the Canadian broadcasting system as a whole. Since competing applications are not solicited, the onus is on the applicant to demonstrate that the application filed is the best possible proposal under the circumstances and that the benefits proposed in the application are commensurate with the size and nature of the transaction.
- The principal components of the Commission's policies with respect to benefits resulting from the transfer of ownership or control are set out in *Application of the Benefits Test at the Time of Transfers of Ownership or Control of Broadcasting Undertakings*, Public Notice CRTC 1993-68, 26 May 1993. In The Television Policy, the Commission amended its tangible benefits policy with respect to transfers of ownership or control involving television broadcasting undertakings. This amendment requires applicants to make commitments to clear and unequivocal tangible benefits representing financial contributions of at least 10% of the value of the transaction.
- The following table shows the number of English-language and French-language transfers of ownership or control of television broadcasting undertakings from 11 June 1999 to 31 March 2006.

Table 3.10: Value of television transactions and corresponding transfer benefits for the period 11 June 1999 to 31 March 2006

(\$000,000)	English-language services			French-language services			Total benefits
	# of trans.	Value of the transaction*	Benefits	# of trans.	Value of the transaction*	Benefits	
11 Jun 99 to 31 Aug. 01	12	3,645	380.5	3	556	55.7	436.2
1 Sep. 01 to 31 Aug. 02	8	686	71.9	1	74	7.4	79.3
1 Sep. 02 to 31 Aug. 03	2	1	0.4	1	1	0.0	0.4
1 Sep. 03 to 31 Aug. 04	3	1	0.1	-	-	-	0.1
1 Sep. 04 to 31 Mar. 05	3	271	27.1	-	-	-	27.1
1 Apr. 05 to 31 Mar. 06	5	18	1.8	-	-	-	1.8
Total	33	4,623	481.8	5	631	63.0	544.9

* Value determined by the Commission for the purpose of calculating transfer benefits.

F. Canadian digital television services

- Digital television (DTV) is a technology based on the Advanced Television Systems Committee transmission standard (A/53). The standard has been adopted for use in Canada and is designed to replace the current analog NTSC broadcast system that has been in use in North America for over half a century. The Commission's policies

are intended to encourage the transition of the Canadian broadcasting system from analog to digital and high definition technology.

- While the Commission envisages a largely voluntary and market-driven transition to digital television, it recognizes the need to provide regulatory certainty and encouragement during the transition period. It has instituted regulatory frameworks for the licensing and distribution of digital over-the-air services in 2002 and 2003 respectively and in 2006 established the regulatory framework relating to the licensing and carriage of high definition pay and specialty services.

1. Over-the-air digital television services

- In A licensing policy to oversee the transition from analog to digital over-the-air television broadcasting, Broadcasting Public Notice CRTC 2002-31, 12 June 2002 (Public Notice 2002-31), the Commission set out a policy framework for the licensing of over-the-air digital television (DTV) services. The policy framework is based on a voluntary, market-driven transition model, without mandated deadlines as well as the principle that digital technology will be treated as a replacement for analog technology.
- Transitional DTV licensees are allowed to broadcast a maximum of 14 hours per week of high definition programming that is not duplicated on the analog version of the service. A minimum of 50% of this unduplicated high-definition programming must be Canadian and all of the unduplicated programming must be in high definition television (HDTV) format.
- Additionally, the Commission encourages transitional DTV licensees to ensure that two-thirds of their schedules are available in HDTV format by 31 December 2007.²⁵
- In The regulatory framework for the distribution of digital television signals, Broadcasting Public Notice CRTC 2003-61, 11 November 2003 (Public Notice 2003-61), the Commission sets out, among other things, the regulatory framework that governs the distribution of over-the-air digital broadcasting services. In general, a broadcast distribution undertaking's regulatory obligations and authorities to distribute digital signals will match those that currently apply to the distribution of the analog version of these services. The Commission will require distribution undertakings to carry the primary signal of Canadian over-the-air digital television signals identified in sections 17, 32 and 37 of the BDU Regulations, except as otherwise provided under a condition of licence.
- In Public Notice 2003-61, the Commission also determined that a cable BDU may apply to be relieved of the obligation to distribute analog signals, once 85% of its subscribers have the ability to receive digital services by means of digital television receivers or set-top boxes.

²⁵ Consistent with recommendation eight of the Task Force on the Implementation of Digital Television report submitted to the Minister of Canadian Heritage in October 1997.

- The following table lists the 22 originating stations and four rebroadcasters that currently hold transitional digital television licences.

Table 3.6: Over-the-air transitional digital television ⁽¹⁾

Market	Language	Source station	Actual or planned start date
Montréal	F	CFJP TQS	-
	F	CBFT SRC	March 2005
	F	CIVM Télé-Québec (educational and cultural service)	September 2007
	F	CFTM TVA	-
	E	CBMT CBC	March 2005
Québec	F	CBVT CBC	January 2006
Ottawa	F	CBOFT SRC	September 2006
	E	CBOT CBC	September 2006
	R O/E	OMNI 1 Rogers (ethnic station)	July 2007
	R O/E	OMNI 2 Rogers (ethnic station)	July 2007
Toronto	F	CBLFT SRC	March 2005
	F	CBOFT SRC (Ottawa station)	September 2006
	E	CBLT CBC	March 2005
	E	CFTO CTV	July 2005
	E	CIII Global	November 2004
	E	CITS Crossroads (religious programming)	-
	E	CITY CHUM	January 2003
	E	CKXT* Quebecor	February 2004
	O/E	OMNI 1 Rogers (ethnic station)	October 2006
	O/E	OMNI 2 Rogers (ethnic station)	October 2006
Hamilton	R E	CHCH Global	-
	E	CKXT* Quebecor	February 2004
Vancouver	E	CBUT CBC	January 2006
	E	CHAN Global	-
	E	CIVT CTV	July 2005
	O/E	CHNM Multivan	-

(1) Number of stations approved but not necessarily in operation.
 E: English; F: French; O/E: Multi/English; R: Rebroadcaster
 Source: CRTC APP 1205 (3 May 2006)

2. Digital pay and specialty services

- In *Licensing framework policy for new digital pay and specialty services*, Public Notice CRTC 2000-6, 13 January 2000, and in *Revised procedures for processing applications for new digital Category 2 pay and specialty television services*, Broadcasting Public Notice CRTC 2004-24, 8 April 2004, the Commission set out a framework for licensing digital Canadian pay and specialty programming services. This framework established two categories of digital services that are designed to enhance diversity and choice for Canadian viewers:

- Category 1 services: These services have digital carriage privileges and genre protection to support them during the uncertain early digital rollout period. Only a limited number of specialty services were licensed as category 1 services.
- Category 2 services: These services are not assured digital carriage and do not have genre protection. Applicants that meet the basic licensing criteria and are not directly competitive with any analog pay or specialty, or category 1 services are licensed.

In order to expand the diversity and the range of Canadian television services available to underserved third-language ethnic communities, the Commission revised its approach when considering broadcasting licence applications proposing new third-language ethnic Category 2 pay and specialty services.²⁶

3. Migration of pay and specialty services from analog to digital distribution

- In *Digital migration framework*, Broadcasting Public Notice CRTC 2006-23, 27 February 2006, the Commission set out the framework that will guide the migration to a digital distribution environment for those pay and specialty services that were approved under the analog licensing framework.
- The Commission's goal was to develop a framework that would ensure an orderly transition from the current highly structured technological and regulatory environment to an environment characterized by a more market-driven approach. In designing this framework, the Commission also sought to achieve the following objectives:
 - encourage the transition to digital and eventually high definition distribution;
 - permit BDUs to take advantage of the flexibility of digital distribution, to the benefit of consumers;
 - help ensure that, during the transition, analog programmers can reasonably expect to operate within their business plans, in order to continue to meet their programming obligations and the objectives of the Act, including objectives related to linguistic duality;
 - design an approach that recognizes the unique challenges and characteristics of the French-language market and services;
 - introduce a more simplified regulatory regime, where appropriate; and
 - harmonize the obligations of different types of BDUs.
- The Commission foresees the transition as taking place over three stages. Cable BDUs are currently in the first stage of this transition, characterized by their distribution of analog as well as digital services. The second stage would be characterized by the absence of analog services. Instead, BDUs would offer a mix consisting predominantly of low definition digital services with some high definition

²⁶ Revised approach for the consideration of broadcasting licence applications proposing new third-language ethnic Category 2 pay and specialty services, Broadcasting Public Notice CRTC 2005-104, Ottawa, 23 November 2005.

services. In the third stage, high definition digital services will predominate. These latter two stages will occur at different times for different BDUs, and each stage will have its own regulatory obligations.

4. Licensing and distribution framework for Canadian pay and specialty services in high definition (HD) format

- In *Regulatory framework for the licensing and distribution of high definition pay and specialty services*, Public Notice CRTC 2006-74, 15 June 2006, the Commission announced its HD licensing and distribution policy framework for Canadian pay and specialty services. The policy proceeding was initiated by *Call for comments on a proposed framework for the licensing and distribution of high definition pay and specialty services*, Broadcasting Public Notice CRTC 2004-58, 6 August 2004 that set out a proposed policy framework in some detail. The framework was based where appropriate on the principles set out in Public Notices 2002-31 and 2003-61.
- The framework is based on a hybrid approach under which existing pay and specialty services who wish to launch a high definition service could choose between a light-handed approach with few privileges or a more traditional regulatory regime and submit their applications for HD authorities accordingly – a licence amendment for the first, a new licence for the second.
- HD authorities granted by licence amendment would be subject to certain restrictions. For example, carriage arrangements would have to be negotiated with distributors, the term of the authority would be limited to three years and the programming of the analogue and HD replacement services would have to be comparable, that is, not less than 95% of the video and audio components would have to be the same.
- New HD-transitional licences would be issued to services that offer the benchmark amounts of high definition programming. These licences would confer carriage rights and the current genre protections. A limited amount of separate HD programming would also be allowed.
- In general, the licensing and distribution policy is intended to encourage the transition of the Canadian broadcasting system to high definition technology. It does so by providing a mechanism for the licensing of transitional high definition pay and specialty services that will permit easy entry for the new technology.
- The policy also encourages broadcasting distribution undertakings (BDUs) to carry high definition services by permitting flexibility in the packaging of such services, and provides regulatory certainty by setting out the details of the distribution policy for the new high definition services, including the distribution and linkage rules, the carriage of non-Canadian high definition signals, and provisions governing technical quality and simultaneous substitution.

- As of 1 May 2006, the Commission has approved, by way of licence amendment, four analog specialty, two pay and ten category 2 specialty services for distribution in the HD format.
- In the spring 2006, it is estimated that there were at least 321,393 subscribers to discretionary HD services²⁷ in Canada.

a) Availability of HD services

- The following tables indicate the number of HD services available from Canadian programming distributions and the average hours per week of HD Canadian programming offered by Canadian programming services.

Table 3.12: Number of high definition services offered by BDUs

	Canadian services	Foreign services	Total
Cogeco	10	9	19
Rogers	16	10	26
Shaw	5	5	10
Vidéotron	8	5	13
Bell ExpressVu	16	11	27
Star Choice	6	8	14

Table 3.13: High definition offering of Canadian programming

	Weekly average of HD hours	Original
Conventional television		
CBC	8.25	100%
CHUM	11.5	17%
CTV	2.3	57%
Global	10	55%
SRC	6	100%
Pay and specialty services		
Discovery HD	75	0%
Movie Central	42	7%
Movie Pix	11	9%
Raptors	25	100%
TMN	53	4%
TSN	10	60%

Source: Information provided by the licensees.

²⁷ Source: Licensees with 20,000 subscribers or more. This figure excludes viewers of HD services carried on basic pursuant to Section 17 of the BDU regulations (cable) and to Section 37 of the BDU regulations (DTH) as well as those viewing HD programming received directly off-air. It also excludes all discretionary subscribers of cable systems with less than 20,000 subscribers as they do not report such information.

G. Specialty, pay, PPV and VOD services

Specialty services (Specialty Services Regulations, 1990)

- There are 49 Canadian analog specialty services: 28 English-language, 14 French-language, two bilingual (English & French) and five third-language.²⁸
- There are also 18 category 1 digital specialty services: 15 English-language²⁹ have been in service since the Fall 2001 and three French-language³⁰ services were launched in Fall 2004. These services were approved following a competitive hearing and were licensed on a one-per-genre basis in 2000.
- Category 2 digital specialty services are licensed on a more competitive, open-entry basis. The Commission continues to approve additional category 2 services. As of 3 May 2006, licences have been issued to over 200 category 2 specialty services, including 105 English-language, 13 French-language, 75 ethnic or third-language and eight bilingual. Approximately 75 of these services, 47 English-language, 25 third-language and three French-language, have been launched.

Pay services (Pay Television Regulations, 1990)

- Five English-language and one French-language pay television services were licensed prior to 1995.
- In May 2006³¹, the Commission approved a new national English-language general interest pay service.
- The Commission has also licensed 24 digital category 2 pay services.

Pay-Per-View (PPV) services (Pay Television Regulations, 1990)

- There are five (terrestrial) pay-per-view services: three English-language, one bilingual (English and French) and one French-language.
- There are six direct-to-home (DTH) pay-per-view services: four English-language, one bilingual (English and French), and one French-language.

Video-on-demand (VOD) services (Pay Television Regulations, 1990)

- As of 3 May 2003, there were 13 licensed video-on-demand programming undertakings.

²⁸ Languages other than English and French or those of Aboriginal Canadians.

²⁹ There were 16 English-language category 1 digital specialty services authorized by the Commission in November 2000. One of these, WSTN (Women's Sport Television Network), is no longer in operation.

³⁰ There were five French-language category 1 digital specialty services authorized by the Commission in November 2000. The licensees of Télé Ha! Ha! and Perfecto, La Chaîne have decided not to launch these services.

³¹ Applications for new pay television services, Broadcasting Decision CRTC 2006-193, 18 May 2006.

1. Financial results for pay, PPV and specialty analog and digital services

- The following tables show the 2004 and 2005 financial results³² for individual specialty, Pay and PPV analog and digital services.

Table 3.14: Financial results for specialty analog and digital services – English-language services

	2005				2004			
	(thousands)	# of subscr.	Revenues	PBIT Margin	Revenue\$	PBIT	PBIT Margin	
Analog services								
1	Bravo!	6,141	43,658	13,530	31.0%	39,123	11,590	29.6
2	CLT (Canadian Learning Television)	4,339	13,293	5,202	39.1%	12,414	5,133	41.4
3	CMT - Country Music TV	8,094	21,518	7,639	35.5%	17,189	5,726	33.3
4	Discovery Channel, The	7,057	80,962	33,283	41.1%	67,115	24,827	37.0
5	Food Network Canada	4,525	25,118	7,796	31.0%	20,582	5,200	25.3
6	History Television	5,896	33,134	10,570	31.9%	29,009	9,996	34.5
7	HGTV (Home & Garden TV)	5,724	42,893	16,336	38.1%	36,460	14,722	40.4
8	Life Network, The	5,685	35,510	-2,310	-6.5%	35,919	7,457	20.3
9	MuchMoreMusic	6,480	18,486	6,564	35.5%	16,776	5,987	35.7
10	MuchMusic	8,224	54,835	16,048	29.3%	48,405	13,043	26.9
11	CTV Newsnet	7,583	17,665	2,629	14.9%	15,020	472	3.1
12	Newsworld (non-profit)	9,709	75,337	10,988	14.6%	72,006	3,820	5.3
13	Outdoor Life Network	5,222	13,857	4,271	30.8%	12,572	3,594	28.6
14	TVtropolis (Prime TV)	5,419	28,116	7,949	28.3%	27,214	8,271	30.4
15	Pulse24 (CP 24)	3,056	10,382	-1,274	-12.3%	11,095	-365	-3.3
16	ROBTV	4,830	18,920	3,908	20.7%	17,491	718	4.1
17	Rogers Sportsnet	7,654	109,105	31,571	28.9%	115,606	9,934	8.6
18	Score, The	5,666	25,063	3,779	15.1%	19,963	1,921	9.6
19	Showcase	6,318	53,943	19,839	36.8%	49,075	17,358	35.4
20	Space	5,814	44,238	8,705	19.7%	38,028	8,206	21.6
21	StarTV!	4,439	17,609	3,158	17.9%	15,578	3,147	20.2%
22	MTV Canada (TalkTV)	4,390	5,101	2,026	39.7%	4,970	2,472	49.8%
23	TCN (Comedy Network, The)	5,309	45,126	17,100	37.9%	38,114	11,115	29.2%
24	Teletoon/Télétoon *	6,498	71,712	36,237	50.5%	61,617	29,097	47.2%
25	Treehouse TV	6,399	10,238	4,202	41.0%	9,034	3,631	40.2%
26	TSN (Sports Network, The)	8,104	173,864	72,092	41.5%	182,345	35,407	19.4%
27	VisionTV (non-profit)	8,265	20,621	3,177	15.4%	18,305	2,440	13.3%
28	W Network (Women)	6,581	57,203	21,125	36.9%	49,967	17,453	34.9%
29	Weather / Météomédia *	9,809	42,298	12,431	29.4%	39,321	10,126	25.8%
30	YTV	8,464	83,032	31,045	37.4%	82,278	31,544	38.3%
Total analog services			1,292,836	409,614	31.7%	1,202,589	304,045	25.3%
Digital category 1 services								
1	Biography Channel, The	832	4,159	-777	-18.7%	3,629	-771	-21.2%
2	Book Television: The Channel	671	2,833	-138	-4.9%	2,558	-300	-11.7%
3	Canadian Documentary Channel, The	871	3,602	-792	-22.0%	3,017	-1,060	-35.1%
4	Country Canada (Land and Sea)	718	2,743	58	2.1%	2,173	-1,298	-59.7%
5	CTV Travel (Travel TV)	648	3,927	612	15.6%	2,964	-756	-25.5%
6	Discovery Health (Health Network Canada)	936	4,185	-4,104	-98.1%	3,292	-3,080	-93.6%
7	Fashion Television: The Channel	789	3,422	-148	-4.3%	2,992	-332	-11.1%
8	iChannel (Issues Channel, The)	713	2,406	-1,729	-71.9%	2,290	-1,859	-81.2%
9	Independent Film Channel, The	1,111	5,270	-4,426	-84.0%	3,996	-2,974	-74.4%
10	MenTV	793	3,773	-494	-13.1%	3,331	-868	-26.1%

³² Based on services reporting to the CRTC for the period September 1st to August 31st.

Table 3.14 (cont'd)

		2005				2004		
(thousands)		# of subscr.	Revenues	PBIT	PBIT Margin	Revenues	PBIT	PBIT Margin
11	Razer (MTV Canada/Connect)	804	7,174	-12,149	-169.3%	5,582	-2,095	-37.5%
12	Mystery (13th Street)	991	4,651	420	9.0%	3,857	-376	-9.8%
13	One: Canada's Mind, Body and Spirit Channel (Wisdom: Canada's Mind, Body and Spirit Channel)	907	3,612	49	1.4%	3,021	-487	-16.1%
14	OutTV (PrideVision)					1,105	-118	-10.7%
15	G4TechTV (techtv/ZDTV Canada)	807	4,457	94	2.1%	3,720	103	2.8%
Total digital category 1			56,213	-23,523	-41.8%	47,657	-17,023	-35.7%
Digital category 2 services								
1	Animal Planet	1,204	3,862	248	6.4%	2,913	-651	-22.4%
2	AOV Movie	2	72	-105	-145.4%			
3	BBC Canada	931	5,198	-1,733	-33.3%	3,937	-2,256	-57.3%
4	BBC Kids	990	3,762	-2,270	-60.3%	1,672	-3,659	-218.9%
5	BPM:TV (The Dance Channel)	507	669	-287	-42.8%	566	-332	-58.7%
6	Court TV Canada (Law & Order Channel)	1,083	5,161	1,081	21.0%	4,554	434	9.5%
7	DejaView (Pop TV)	875	3,575	-188	-5.3%	2,786	-542	-19.5%
8	Discovery Civilization	809	2,594	-378	-14.6%	1,895	-1,110	-58.6%
9	Discovery Kids	887	2,656	-271	-10.2%	2,261	-458	-20.3%
10	Drive In Classics	789	2,261	217	9.6%	2,021	110	5.5%
11	ESPN Classics (Classic Sports)	572	1,888	-492	-26.0%	1,653	-1,196	-72.4%
12	Fox Sports World	667	2,733	-1,591	-58.2%	2,190	-2,538	-115.9%
13	green channel, the					45	-510	-1,146%
14	Hustler Channel (TEN-Channel 1)	36	2,008	286	14.3%	918	-280	-30.5%
15	Jazz	86	228	-2,157	-948.0%	153	-2,815	-1,843%
16	Leafs TV (Maple Leaf Channel)	107	927	-3,438	-371.0%	1,900	-4,060	-213.7%
17	Lonestar (Adventure)	869	3,750	760	20.3%	2,854	-50	-1.8%
18	Love1	1	50	-41	-81.4%			
19	Luxe (HDTV Canada)	54	825	-1,319	-160.0%			
20	Moviola	685	2,403	353	14.7%	1,897	190	10.0%
21	MSNBC Canada		317	-109	-34.4%	1,126	-586	-52.1%
22	PunchMuch (MTV 2, Music 5)	397	596	-518	-87.0%	533	-720	-135.0%
23	MuchLOUD	154	396	-290	-73.4%	165	-382	-231.0%
24	MuchMore Classic Video	156	217	-41	-19.1%	23	-135	-599.1%
25	MuchVibe	511	900	12	1.4%	651	-105	-16.1%
26	National Geographic Channel	908	4,284	-2,463	-57.5%	3,525	-2,871	-81.4%
27	NHL Network, The	581	4,183	186	4.4%	3,833	-1,199	-31.3%
28	PetNet	40	37	-280	-756.8%			
29	Racing Network Canada, The	289	1,104	-1,163	-105.4%	1,032	-1,594	-154.4%
30	Raptors NBA TV (Raptors Basketball Channel)	415	2,785	-1,963	-70.5%	2,998	-1,804	-60.2%
31	Scream (HorrorVision)	1,070	3,620	-350	-9.7%	3,115	-786	-25.2%
32	SexTV: The Channel (Relationship TV)	617	2,103	-640	-30.5%	1,962	-581	-29.6%
33	ShortFilm	1	63	-108	-172.0%			
34	Short TV	66	115	-223	-193.7%			
35	Showcase Action (Action Channel)	1,262	7,726	-850	-11.0%	5,465	-81	-1.5%
36	Showcase Diva (Romance Channel)	1,159	6,759	-2,137	-31.6%	4,725	-759	-16.1%
37	SilverScreen	36	359	87	24.4%	52	-54	-103.9%
38	TV Land (Retro)	929	3,259	-571	-17.5%	3,003	-816	-27.2%
39	X Channel (TEN-Channel 2)	1	649	35	5.4%	253	-236	-93.0%
40	Xireme Sports	592	2,258	-820	-36.3%	1,955	-478	-24.5%
Total digital category 2			86,351	-23,530	-27.2%	68,631	-32,913	-48.0%
Total English-language specialty services			1,435,400	362,562	25.3%	1,318,877	254,109	19.3%

* Bilingual services

Table 3.15: Financial results for specialty analog and digital services – French-language services

	2005				2004		
	(thousands)	# of subscr.	Revenues	PBIT Margin	Revenues	PBIT	PBIT Margin
Analog services							
1 ARTV	1,690	12,751	363	2.9%	11,812	-26	-0.2%
2 Canal D	2,217	27,464	12,913	47.0%	26,231	11,962	45.6%
3 Canal Évasion	1,395	6,474	1,316	20.3%	5,544	1,081	19.5%
4 Canal Vie	1,850	34,761	15,129	43.5%	30,494	12,415	40.7%
5 Historia	1,402	10,543	2,165	20.5%	9,054	694	7.7%
6 LCN - Le Canal Nouvelles	1,793	18,201	5,566	30.6%	18,495	7,374	39.9%
7 Musimax	1,748	9,417	1,063	11.3%	8,418	983	11.7%
8 MusiquePlus	2,192	18,251	3,200	17.5%	16,486	2,404	14.6%
9 RDS (Réseau des Sports)	2,338	68,258	21,894	32.1%	81,194	11,690	14.4%
10 Réseau de l'information (RDI) (non-profit)	9,379	44,791	-2,449	-5.5%	43,577	1,850	4.2%
11 Séries+	1,399	20,531	10,089	49.1%	17,341	6,508	37.5%
12 TV5 (non-profit)	6,302	12,766	133	1.0%	12,672	135	1.1%
13 VRAK-TV (Canal Famille)	2,309	16,876	5,860	34.7%	17,378	6,697	38.5%
14 Ztélé (canal Z)	1,405	13,495	2,152	15.9%	11,233	73	0.6%
Total analog services		314,580	79,394	25.2%	309,928	63,840	20.6%
Digital category 1 services							
1 13 rue		321	-2,586	-804.6%			
2 RIS Info Sports	479	630	-972	-154.4%			
3 LCNAffairs		284	-1,664	-586.7%			
Total digital category 1		1,235	-5,223	-423.0%			
Digital category 2 services							
1 Avis de Recherche	500	61	-234	-381.6%			
Total French-language specialty services		315,876	73,937	23.4%	309,928	63,840	20.6%

Table 3.16: Financial results for specialty analog and digital services – Ethnic and third-language services

	2005				2004		
	(thousands)	# of subscr.	Revenues	PBIT Margin	Revenues	PBIT	PBIT Margin
Analog ethnic services							
1 Asian Television Network (ATN/SATV)	49	3,347	854	25.5%	4,796	1,095	22.8%
2 Fairchild TV	359	25,739	5,595	21.7%	24,577	6,133	25.0%
3 Odyssey	13	1,338	132	9.8%	1,065	305	28.6%
4 Talentvision	227	4,472	-464	-10.4%	4,013	-289	-7.2%
5 Telelatino	3,532	15,192	5,673	37.3%	13,795	5,263	38.2%
Total analog services		50,088	11,789	23.5%	48,246	12,506	25.9%

Table 3.16 (cont'd)

(thousands)	2005				2004		
	# of subscr.	Revenues	PBIT	PBIT Margin	Revenues	PBIT	PBIT Margin
Digital category 2 – 3rd-language services							
1 All TV (Doragi Television Network)	7	1,187	125	10.5%	1,003	126	12.6%
2 Festival Portuguese Television	6	1,124	-313	-27.8%	698	-214	-30.7%
3 SSTV	9	601	30	5.0%	513	26	5.0%
4 ABU DhabiTV (Arabic TV)	2	52	-137	-266.0%			
5 Mabuhay Channel, The (ECG Filipino)	2	48	-145	-301.7%			
6 InterTV	1	42	-172	-410.1%			
7 Odyssey II	7	525	-23	-4.4%	307	45	14.6%
8 RTVi (Russian TV1)	5	297	-1	-0.4%			
9 RTVi+ (RussianTV2)	2	61	-115	-187.5%			
10 SBTN	2	44	-144	-324.3%			
11 Sky TG 24			-138				
12 Videotalia			-82				
13 ATN Alpha Punjabi	9	625	160	25.5%			
14 ATN Tamil Channel	2	168	43	25.5%			
15 ARY Digital (Urdu Channel)	6	399	102	25.5%			
Total digital category 2		5,174	-811	-15.7%	2,521	-18	-0.7%
Total ethnic and third-language specialty services		55,262	10,978	19.9%	50,767	12,489	24.6%

Table 3.17: Financial results for pay and PPV analog and digital services

(thousands)	2005				2004		
	# of subscr.	Revenues	PBIT	PBIT Margin	Revenues	PBIT	PBIT Margin
Pay services							
1 Movie Network, The (TMN)	1,026	100,874	22,413	22.2%	99,731	18,432	18.5%
2 Encore Avenue (MovieMax!)	340	8,713	1,827	21.0%	8,673	4,345	50.1%
3 Family Channel, The	5,022	46,360	16,220	35.0%	43,053	14,678	34.1%
4 MovieCentral (Superchannel)	748	74,662	26,178	35.1%	69,087	17,696	25.6%
5 Moviepix!	1,244	18,801	8,939	47.5%	18,217	8,835	48.5%
6 SuperÉcran *	479	47,423	12,558	26.5%	48,017	13,847	28.8%
7 ATN Caribbean **	2	267	68	25.5%			
8 ATN B4U (Hindi) **	17	1,126	287	25.5%			
Total pay services		298,225	88,489	29.7%	286,777	77,832	27.1%
PPV services - Terrestrial(T) and DTH (DTH)							
1 Bell ExpressVu (DTH)		30,268	5,177	17.1%	31,872	2,033	6.4%
2 Breakaway (DTH)		6	0	0.0%	3,718	0	0.0%
4 Canal Indigo* (T and DTH)	726	4,345	-1,016	-23.38%	5,453	-572	-10.49%
5 PPV Sports (T)		2,754	-787	-28.6%			
7 Shaw (T & DTH)	912	18,018	3,402	18.88%	17,533	2,074	11.83%
9 Viewer's Choice Canada (T & DTH)	2,072	24,904	6,390	25.66%	26,634	6,368	23.91%
Total PPV services		80,293	13,166	16.4%	85,211	9,903	11.6%
Total pay and PPV services		378,519	101,655	26.9%	371,988	87,735	23.6%

* French-language service

** Third-language services

Table 3.18: Financial results for specialty, pay and PPV analog and digital services – summary totals

	2005			2004		
	Revenues (\$000)	PBIT (\$000)	Margin	Revenues (\$000)	PBIT (\$000)	Margin
Specialty – analog	1,657,504	500,797	30.2%	1,560,763	380,391	24.4%
Specialty – digital category 1	57,448	-28,746	-50.0%	47,657	-17,023	-35.7%
Specialty – digital category 2	91,586	-24,574	-26.8%	71,152	-32,930	-46.3%
Total specialty	1,806,538	447,477	24.8%	1,679,572	330,438	19.7%
Pay and PPV	378,519	101,655	26.9%	371,988	87,735	23.6%
Total specialty, pay and PPV services	2,185,057	549,132	25.1%	2,051,560	418,173	20.4%

2. Companies with significant ownership interests in specialty, pay, PPV and VOD, analog and digital services

- The following table lists companies with significant ownership interests in specialty, pay, PPV and VOD services. This table also includes large broadcasting and distribution undertakings with interest in specialty, pay, PPV and VOD services.

Table 3.19: Companies with significant ownership interest in specialty, pay, PPV and VOD services as of 1 June 2006

	Language	Direct/Indirect Voting Interest
Alliance Atlantis		
Analog specialty services:		
• Life Network, The	e	100%
• Showcase	e	100%
• History Television, The	e	100%
• HGTV Canada (Home & Garden Television)	e	80.2%
• Food Network Canada	e	57.6%
• Séries+	f	50%
• Historia	f	50%
• The Score (Headline Sports)	e	22.3%
Category 1 digital specialty services:		
• Independent Film Channel, The	e	100%
• Discovery Health Network	e	80%
• One: Body, Mind & Spirit	e	29.9%
Category 2 digital specialty services:		
• Showcase Diva	e	100%
• Showcase Action	e	100%
• Fine Living	e	80.2%
• BBC Canada	e	80%
• BBC Kids	e	80%
• National Geographic Channel	e	64%
• Scream	e	49%

Astral Media	Language	Direct/Indirect Voting Interest
Analog specialty services:		
• VRAK-TV (Canal Famille)	f	100%
• Canal D	f	100%
• Canal Vie	f	100%
• Ztélé (Canal Z)	f	100%
• Historia	f	50%
• Séries+	f	50%
• MusiquePlus	f	50%
• Musimax	f	50%
• Teletoon / Télétoon	b	40%
Pay services:		
• Moviepix! (The Classic Channel)	e	100%
• TMN (Movie Network, The)	e	100%
• Super Écran	f	100%
• Family Channel, The	e	100%
• CINÉPOP (Digital cat. 2)	f	100%
PPV services: (terrestrial & DTH):		
• Viewers Choice Canada	e	50.1%
• Canal Indigo	f	20.04%

BCE ⁽¹⁾	Language	Direct/Indirect Voting Interest
BCE Inc. holds 68.5% voting interest in Bell Globemedia Inc.		
PPV (Terrestrial & DTH) and VOD services:		
• Bell ExpressVu (PPV)	b	100%
• Vu! On Demand (VOD)	b	100%

Bell Globemedia ⁽¹⁾	Language	Direct/Indirect Voting Interest
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BCE Inc. holds 68.5% voting interest in Bell Globemedia Inc.

Analog specialty services:

• CTV Newstnet	e	100%
• MTV Canada (TalkTV)	e	100%
• ROBTV	e	100%
• Comedy Network, The	e	100%
• TSN (Sports Network, The)	e	80%
• RDS - Réseau des Sports	f	80%
• Discovery Channel, The	e	64%
• Outdoor Life Network (OLN)	e	33.34%
• ARTV	f	16%

Category 1 digital specialty services:

• CTV Travel	e	100%
• RIS Info Sports (Réseau Info Sports)	f	80%

Category 2 digital specialty services:

• ESPN Classic Canada	e	80%
• Discovery Civilization Channel	e	64%
• Animal Planet	e	64%
• Discovery HD Theatre	e	64%
• NHL Network, The	e	17.14%
• Raptors NBA-TV	e	15.44%
• Leaf TV	e	15.44%

PPV services (Terrestrial & DTH):

• Viewer's Choice Canada	e	19.96%
• Canal Indigo *	f	15.98%

* Comprised of 8% held through TQS inc. and 7.98% held through Viewer's Choice Canada.

CanWest	Language	Direct/Indirect Voting Interest
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Analog specialty services:

• TVtropolis (Prime TV)	e	66.7%
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Category 1 digital specialty services:

• MenTV	e	49%
• Mystery	e	50%

Category 2 digital specialty services:

• Cool TV	e	100%
• DejaView	e	100%
• Fox Sports World Canada	e	100%
• Lonestar	e	100%
• Xtreme Sports	e	100%

CBC / SRC	Language	Direct/Indirect Voting Interest
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Analog specialty services:

• Newsworld	e	100%
• RDI – Réseau de l'information	f	100%
• ARTV	f	37%

Category 1 digital specialty services:

• Country Canada	e	100%
• Canadian Documentary Channel, The	e	29%

Pay service:

• Galaxie (Pay audio)	b	100%
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CHUM	Language	Direct/Indirect Voting Interest
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Analog specialty services:

• Bravo!	e	100%
• MuchMusic	e	100%
• MuchMoreMusic	e	100%
• SPACE	e	100%
• Star-TV	e	100%
• Pulse 24 (CP24)	e	100%
• Canadian Learning Television (CLT)	e	100%
• MusiquePlus	f	50%
• Musimax	f	50%

Category 1 digital specialty services:

• FashionTelevision: The Channel	e	100%
• Razer (MTV Channel)	e	100%
• Book Television: The Channel	e	100%

Category 2 digital specialty services:

• Drive-in Classics	e	100%
• MuchLOUD	e	100%
• MuchMoreRetro	e	100%
• MuchVibe	e	100%
• SexTV: The Channel	e	100%
• PunchMuch (MTV2)	e	100%
• Court TV Canada	e	100%
• TV Land	e	80.1%

Cogeco	Language	Direct/Indirect Voting Interest
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PPV (Terrestrial & DTH) & VOD services:

• Canal Indigo * – PPV service	f	32%
• Cogeco Câble – regional VOD service	b	100%

* Comprised of 20% held by Cogeco and 12% held through TQS Inc.

Corus ⁽²⁾	Language	Direct/Indirect Voting Interest
Analog specialty services:		
• YTV	e	100%
• TreeHouse	e	100%
• W (Women's Television Network)	e	100%
• CMT (Country Music Television)	e	90%
• Teletatino (Italian & Hispanic/Spanish)	o	50.5%
• Teletoon / Télétoon *	b	40%
• Food Network Canada	e	22.59%
Category 1 digital specialty services:		
• Canadian Documentary Channel, The	e	53%
Category 2 digital specialty services:		
• Discovery Kids	e	80%
• Scream	e	51%
• Leonardo World Canada (Sitcom Canada) (Italian)	o	50.5%
• Sky TG24 (Network Italia) (Italian)	o	50.5%
• Video Italia Canada (Italian)	o	40.4%
Pay & VOD services:		
• MovieCentral (SuperChannel) – pay service	e	100%
• Encore Avenue (MovieMax!) – pay service	e	100%
• MaxTrax (Pay audio service)	b	100%

* 20% of the 40% voting interest is held by Nelvana Limited, a company that produces and distributes children and family productions. Corus Entertainment Inc. holds 100% voting interest in Nelvana Limited.

Quebecor Media	Language	Direct/Indirect Voting Interest
Quebecor inc. holds 54.72% voting interest in Quebecor Media Inc.		
Archambault Group Inc. Quebecor Media Inc. hold 94.5% voting interest in Archambault Group Inc..		
VOD service:		
• Illico sur demande – regional VOD	b	100%
TVA Group Inc. Quebecor Media Inc. hold 99.92% voting interest in TVA Group Inc..		
Analog specialty services:		
• LCN – Le Canal Nouvelles	f	100%
• Canal Évasion	f	8.31%
Category 1 digital specialty services:		
• ARGENT (LCN Affaires)	f	100%
• Mystère (13ième rue)	f	100%
• MenTV	e	51%
• Mystery	e	50%
Category 2 digital specialty service:		
• Prise 2 (Nostalgie)	f	100%
PPV (terrestrial & DTH) services:		
• Canal Indigo	f	20%

	Language	Direct/Indirect Voting Interest
Rogers Communications		
Analog specialty services:		
• Rogers Sportsnet	e	100%
• Outdoor Life Network (OLN)	e	33.3%
• TVTropolis (Prime TV)	e	33.3%
Category 1 digital specialty services:		
• Biography Channel, The	e	100%
• G4TechTV (TechTV)	e	66.66%
PPV (terrestrial & DTH) and VOD services:		
• Sports/Specials Pay-per-View – PPV	e	100%
• Viewers Choice Canada – PPV	e	24.95%
• Canal Indigo – PPV service	f	9.98%
• Rogers Cable – regional VOD service	b	100%
Shaw⁽²⁾		
PPV & VOD services (terrestrial & DTH):		
• Shaw Pay-Per-View – PPV service	e	100%
• Videon CableSystems Inc. - regional VOD service	b	100%

Notes to table 3.16:

- Legend: Language: e = English; f = French; o = Other; b=English/French, PPV = Pay-per-view; DTH = Direct to home; VOD = Video-on-demand
- Percentage of ownership interest indicated is related to the percentage of direct and indirect voting interest.
- Includes only category 2 services that have been launched as of 1 June 2006.

(1) Currently before the Commission is an application seeking the authority to change effective control of BGM.³³

(2) Shaw Communications Inc. is affiliated with Corus Entertainment Inc. as J.R. Shaw has voting control of both companies.

Sources: CRTC Acquisition & Ownership Policy Section, Industry Analysis Division and CRTC Decisions

H. Ethnic programming services

- Section 3(1)(d)(iii) of the Act provides, in part, that the Canadian broadcasting system should reflect the circumstances and aspirations of all Canadians, including the multicultural and multiracial nature of Canadian society.
- The principal components of the Commission's policy on ethnic broadcasting are set out in the *Ethnic broadcasting policy*, Public Notice CRTC 1999-117, 16 July 1999 (the Ethnic Policy). Among other things, the policy provides a framework for the licensing of an array of radio and television services in languages relevant to Canadian ethnocultural communities.
- Pursuant to the Ethnic Policy, ethnic television stations are required to devote at least 60% of their schedules to ethnic programming, and at least 50% of their schedules must consist of third-language programming.

³³ Broadcasting Public Notice CRTC 2006-24, 1 March 2006

- Ethnic programming is defined as programming directed to any culturally or racially distinct group other than one that is Aboriginal Canadian, or from France or the British Isles. Such programming may be in any language or combination of languages.
- Third-language programming is programming in languages other than English and French or those of Aboriginal Canadians.

1. Over-the-air Ethnic television stations

- The Commission is of the view that a primary responsibility of over-the-air ethnic television stations should be to serve and reflect their local community. Licensees are expected to report on past and future local programming initiatives at the time of licence renewal.
- Ethnic television stations are also required to serve a range of ethnic groups in a variety of third-languages. This approach allows for the provision of service to groups that would not otherwise be able to afford their own single-language service. However, where many distinct ethnic groups are served in the overall market, individual stations may be permitted to provide more hours of service to fewer groups.
- As a way of reflecting the circumstances and aspirations of the multicultural and multiracial nature of Canadian society and within the framework of the Ethnic Policy, the Commission has licensed four ethnic conventional television stations serving the following markets.

a) Montréal

CJNT-TV was approved in August 1995. This station is currently owned and operated by Global Communications Limited.

CJNT-TV is required to broadcast ethnic programs directed towards not less than 18 distinct ethnic groups monthly. It also broadcasts in at least 15 different languages monthly.

b) Toronto

There are currently two ethnic television stations licensed to serve the Toronto market. Both of these stations are owned and operated by Rogers Broadcasting Limited.

- OMNI 1 (formerly CFMT-TV) operates in the metropolitan Toronto/Hamilton area with transmitters in Ottawa and London making it available to approximately 70% of all Ontario residents.³⁴ This station was approved in December 1978.

OMNI 1 provides ethnic programs dedicated to serve people of European, Latin American and Caribbean communities. It is required to broadcast programs

³⁴ Licence renewal for ethnic television station CFMT-TV, Decision CRTC 2000-772, 21 December 2000

targeted to not less than 18 distinct ethnic groups in a minimum of 15 different languages on a monthly basis.

- OMNI 2 was approved in April 2002. This station provides programming of interest to the Asian and African communities in the Toronto/Hamilton area, with transmitters³⁵ in Ottawa and London.

OMNI 2 was launched in September 2002 and is required to broadcast programs targeted to a minimum of 22 ethnic groups in at least 18 different languages per month.

c) **Vancouver**

Channel M was approved in February 2002. This station is operated by Multivan Broadcast Limited Partnership and was launched on 27 June 2003. In *CHNM-TV Vancouver – New transmitter in Victoria*, Broadcasting Decision CRTC 2003-594, 3 December 2003, the Commission also approved a transmitter in the Victoria market.

Channel M is required to broadcast ethnic programming directed to at least 22 ethnic groups in a minimum of 22 distinct languages per month.

2. Ethnic pay & specialty services

In addition to ethnic conventional broadcasting services, the Commission has also licensed a number of Canadian ethnic specialty services.

a) **Analog ethnic specialty services**

There are five national Canadian analog ethnic specialty services offering programming in a variety of languages. These services are currently distributed either on a stand-alone basis or as part of a package with other discretionary services and are available to subscribers for a fee in addition to the basic monthly fee.

- Fairchild Television offers programming predominantly in Cantonese. The service was approved by the Commission in May 1984.
- Telelatino provides programs directed to Italian and Hispanic/Spanish audiences. The Commission approved this service in May 1984.
- Talentvision provides programming predominantly in Mandarin, complemented by some programming in Vietnamese and Korean. The service was approved by the Commission in December 1993.³⁶
- Asian Television Network (SATV) serves South Asian communities in 15 South Asian languages, predominantly Hindi, supplemented by programming in English. The service was approved by the Commission in September 1996.

³⁵ CJMT-TV (OMNI 2) Toronto – New transmitters in Ottawa and London, Broadcasting Decision CRTC 2003-602, 17 December 2003

³⁶ Fairchild Broadcasting Ltd. acquired the assets of Cathay – which was originally licensed in 1982.

- Odyssey provides programming intended for the Greek community. With the exception of a small amount of news programming, 100% of its programming is in Greek. The service was approved by the Commission in September 1996.

b) Category 2 digital ethnic pay & specialty services

As of 2 April 2006, the Commission has approved over 126 Canadian ethnic category 2 digital pay and specialty services. Of these, 25 specialty and 5 pay services have been launched.

Specialty services

- ABU Dhabi TV (Arabic TV) is a national service targeting the Arabic speaking community. 90% of all programming broadcast is in Arabic.
- All TV (Doragi Television Network) is a national service directed to the Korean / Korean-speaking community. 90% of the programming is in Korean.
- ATN Alpha Punjabi is a national service directed to the Punjabi-speaking community. 100% of this service's programming is in Punjabi.
- ATN Tamil Channel is a national service directed to the Tamil-speaking community. 100% of the programming broadcast is in Tamil.
- ARY Digital (Urdu Channel) is a national service directed to the Urdu-speaking community. 100% of the programming broadcast is in Urdu.
- Festival Portuguese Television is a national service directed to the Portuguese speaking community. 90% of its programming is in Portuguese.
- ATN ZEE Gujarati is national service directed to the Gujarati-speaking community. It is required to broadcast all of its programming in Gujarati.
- Inter TV (Ukrainian TV1) is a national service directed to the Ukrainian-speaking community. 90% of its programming is in Ukrainian.
- Israeli TV 1 is a national service directed to the Hebrew-speaking community. It is required to broadcast 90% of its programming in Hebrew. It cannot broadcast more than 10% of programming in the English language.
- SKY TG24 is a national service directed to the Italian community. It is required to broadcast not less than 85% of its programming in Italian.
- ITBC Television Canada is a national service targeting the Tamil-speaking community. 90% of the programming is in Tamil.
- The Mabuhay Channel, The (formerly ECG Filipino) is a national ethnic service directed to the Filipino-speaking community. 90% of the programming broadcast is in Filipino.

- Odyssey 2 is a national service directed to Greek-speaking audiences. 100% of the programming is in Greek.
- Persian/Iranian TV is national service directed primarily to the Farsi-, Azeri-, Kurdish-, Armenian- and Assyrian-speaking communities. It is required to broadcast not less than 80% of the programming in Farsi and not less than 10% in the Azeri, Kurdish, Armenian and Assyrian languages. It cannot broadcast more than 10% of all programming in the English language.
- Persian Vision is a national service directed to the Persian community. 85% of the programming is in Farsi.
- HTB Canada is a national service directed to the Russian-speaking community. It is required to broadcast 90% of its programming in the Russian language. It cannot broadcast more than 10% of the programming in English language.
- RTVi (Russian TV1) is a national service directed to the Russian-speaking community. 90% of the programming is in Russian.
- RTVi+ (Russian TV Two) is a national service providing a programming service with a focus on Russian culture and issues, targeting the Russian-speaking community. Not less than 90% of all programming broadcast during the broadcast week is in the Russian language.
- SBTN (Vietnamese TV) is a national service directed to the Vietnamese-speaking community. 90% of the programming is in Vietnamese.
- S.S.TV is a national service dedicated to programming that focuses on Punjabi religious teachings; music, dance and video based on Punjabi culture; and news and information concerns in East Indian countries and Punjabi communities in Canada. Not less than 50% of all programming is in the Punjabi-language and no more than 38%, 7% and 5% in the Hindi-, Urdu- and English-languages respectively.
- Leonardo World is a national service directed to Italian-speaking audiences. It is required to broadcast not less than 85% of its programming in Italian.
- Salt & Light Television (Inner Peace Television Network) is a national service devoted to providing religious programming from the single point-of-view of the Roman Catholic faith. The service targets Italian-, Spanish-, Portuguese-, Polish-, Filipino-, English- and French-speaking audiences.
- Tamil Vision (Tamil Channel) is a national service directed to the Tamil-speaking community. 90% of the programming is in Tamil.
- Telegu is a national service directed to the Telegu-speaking community. 100% of the programming is in Telegu.
- Videotalia is a national service directed to the Italian-speaking community. It is required to broadcast at least 85% of its programming in Italian.

Pay services

- ATN Caribbean and African Network is a national ethnic pay television service targeting Caribbean and African communities.
- ATN B4U Hindi (Hindi Movie Channel) is a national pay service devoted predominantly to Hindi movies. 90% of all programming is in Hindi.
- ATN – Bangla Channel One is a national pay service directed to the Bengali-speaking community. It is required to broadcast 100% of its programming in the Bengali language.
- ATN – South Asian Devotional Music & Discourse Channel is a national pay service devoted to religious programming presented in South Asian languages. It is required to broadcast 100% of its programming in a variety of South Asian languages. It cannot broadcast programming in the English language.
- Hindi Movie Channel Two is a national pay service directed to the Hindi-speaking community. It is required to broadcast 100% of its programming in the Hindi language.

3. Non-Canadian third-language programming services eligible for distribution in Canada

- The Commission also authorizes non-Canadian third-language programming services that may be distributed by broadcasting distribution undertakings in Canada. There are currently 45 third-language programming services authorized for distribution³⁷.

I. Native television services

- Section 3(1)(o) of the Act provides that programming that reflects the Aboriginal cultures of Canada should be provided within the Canadian broadcasting system as resources become available. The Commission's native broadcasting policy is set out in *Native Broadcasting Policy*, Public Notice CRTC 1990-89, 20 September 1990.
- The primary role of Aboriginal broadcasters is to address the specific cultural and linguistic needs of their audiences while creating an environment in which Aboriginal artists and musicians, writers and producers, can develop and flourish. Native undertakings have a distinct role in fostering the development of Aboriginal cultures and, where possible, the preservation of ancestral languages.

³⁷ See table 3.20 Non-Canadian satellite services authorized in Canada.

- There are currently nine originating and 95 rebroadcasting native television stations in operation. The Commission has also licensed two native television networks:
 - Native Communications Inc. (NCI)
 - Wawatay Native Communications
- In addition, the Commission has licensed the national Aboriginal television programming service, Aboriginal Peoples Television Network (APTN) and has given it mandatory carriage under an order issued pursuant to section 9(1)(h) of the Act.

J. Religious television stations

- The Commission's religious policy is set out in *Religious Broadcasting Policy*, Public Notice CRTC 1993-78, 3 June 1993. Pursuant to this policy, a religious program is defined as one which deals with a religious theme, including programs that examine or expound religious practices and beliefs or present a religious ceremony, service or other similar event.

1. Over-the-air religious television stations

- There are five over-the-air religious television stations:
 - The Miracle Channel (CJLT-TV) Lethbridge, Alberta
 - Crossroads Television System (CITS-TV) Burlington, Ontario. The station serves the Hamilton, Burlington, St. Catharines and Toronto markets. It also has rebroadcasting transmitters in the Ottawa and London markets.
 - CFEG-TV, Abbotsford, British Columbia
 - CHNU-TV, Fraser Valley, British Columbia. The station is authorised to broadcast the programming of CHNU-TV to Victoria and its surrounding areas.
 - CIIT-TV, Winnipeg, Manitoba.³⁸

K. The national public broadcaster

- The Canadian Broadcasting Corporation / Société Radio-Canada (CBC/SRC) is Canada's national public broadcaster. Pursuant to section 3(1)(l) of the Act, the CBC/SRC should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains.

³⁸ In *Deadline to commence operations*, Broadcasting Decision CRTC 2004-279, 19 July 2004, the Commission extended the time limit to commence operations to 30 November 2005.

1. Over-the-air conventional television stations

- The CBC/SRC operates two national television network services – one in English and the other in French. CBC/SRC also provides a distinctive television service in northern Canada, broadcasting in English, French and eight Aboriginal languages. Privately-owned stations affiliated with the CBC/SRC allow it to reach more Canadians.

2. Specialty services

- The CBC/SRC owns and operates the following specialty services:
 - CBC Newsworld, a national English-language news and information specialty service;
 - Le Réseau de l'information (RDI), a national French-language news and information specialty service; and
 - Country Canada, a national English-language category 1 digital specialty service that provides information and entertainment from a rural perspective.
- The CBC/SRC also has partial ownership interests in the following specialty services:
 - ARTV, a national French-language specialty service dedicated to the arts (37%); and
 - The Canadian Documentary Channel, a national English-language category 1 digital specialty service that broadcasts documentary programming on a 24-hour basis (29%).

L. Community-based television

- The role of community-based television is primarily to provide a public service, facilitating self-expression through free and open access to members of the community. As such, at least 60% of the programming aired during each broadcast week is comprised of local community television programming.
- In *Policy framework for community-based media*, Broadcasting Public Notice CRTC 2002-61, 10 October 2002 (Public Notice 2002-61), the Commission set out an integrated policy framework for community-based media. The objective of this policy is to ensure the creation and exhibition of more locally-produced, locally-reflective community programming and to foster a greater diversity of voices and alternative choices by facilitating new entrants at the local level.
- Public Notice 2002-61 replaced the 1991 Community channel policy³⁹ establishing a new licensing framework for community programming services. Public Notice 2002-61 also established a new class of broadcasting licence for the provision of

³⁹ 1991 Community Channel Policy, Public Notice CRTC 1991-59, 5 June 1991.

community programming known as "community-based television programming undertakings."⁴⁰ There are currently 12 such services licensed in Canada: ten English-language, one bilingual (English & French) and one French-language.

- In situations where the cable company does not provide a community channel, or does not operate a community channel in accordance with the provisions of the Commission's policy, community groups may apply for a community programming service licence. The licensees of these services must be non-profit organizations with membership, management and programming that is mainly from the community.

M. Non-Canadian satellite services authorized in Canada

- In *A new approach to revisions to the Commission's lists of eligible satellite services*, Broadcasting Public Notice CRTC 2006-55, 28 April 2006, the Commission announced public notices setting out the Commission's determinations on requests to amend the lists would provide a link to an up-to-date version of the lists on the Commission's web site⁴¹. The Commission will periodically issue public notices setting out revised lists that include references to all amendments that have been made since the previous public notice setting out the lists was issued.
- The Commission's policy precludes the addition of English- or French-language non-Canadian services to the Lists if the Commission determines them to be either partially or totally competitive with Canadian specialty or pay television services. This policy serves to ensure that Canadian licensed services are in a position to fulfil their commitments and obligations with respect to Canadian programming, a responsibility that non-Canadian services do not have.
- In *Improving the diversity of third-language television services – A revised approach to assessing requests to add non-Canadian third-language television services to the lists of eligible satellite services for distribution on a digital basis*, Broadcasting Public Notice CRTC 2004-96, 16 December 2004, the Commission adopted a more open-entry approach to non-Canadian third-language general interest television services in order to expand the diversity and choice in television services available to underserved third-language communities in Canada without adversely affecting the viability of Canadian third-language ethnic genres and their ability to contribute to that diversity.
- Since the issuance of the 2005 Broadcasting Policy Monitoring Report, the Commission has removed one multilingual service⁴² from the Lists and approved 27 new non-Canadian services to the digital Lists.

⁴⁰ The licensing framework for community-based television programming undertakings includes two sub-categories: community-based low-power television undertakings and community-based digital services.

⁴¹ See CRTC website: <http://www.crtc.gc.ca> under "Industries at a Glance."

⁴² The Scandinavian Channel was removed from the Lists since it is no longer in service (Revised lists of eligible satellite services, Broadcasting Public Notice CRTC 2005-128, 8 August 2005).

- There are currently 134 non-Canadian services, broadcasting in 22 languages from approximately 31 countries, authorized for distribution in Canada by digital distributors. Of these services, 75 are also authorized for distribution by broadcasting distribution undertakings on an analog basis.
- The following table lists the non-Canadian satellite services that are authorized for distribution in Canada in May 2006⁴³.

Table 3.20: Non-Canadian satellite services authorized in Canada

Country of origin/Non-Canadian service name	Principal Language	Authorized for	
		Analog & digital	Digital only
Australia			
Network TEN	English		✓
Europe			
France, Eurochannel	Spanish / French / English / Italian / Portuguese		✓
France, EuroNews	English / French		✓
France, Eurosportsnews	English		✓
France, KTO	French		✓
France, Mezzo	French		✓
France, Paris-Première	French		✓
France, Planète	French		✓
+ France, Radio-France outre-mer (RFO1)	French	✓	
France, Trace TV (formerly Tropic)	French		✓
+ Germany, Deutsche Welle	German	✓	
+ Germany, German TV **	German		✓
Germany, ProSiebenSat.1 Welt	German		✓ ❖
Great Britain, BBC World	English	✓	
+ Great Britain, Muslim Television Ahmadiyya	Arabic/Chinese/French/Russian/Spanish/Swahili/Urdu		✓
Ireland, TV3 Republic of Ireland	English		✓
Italy, RAI International 2	Italian		✓
+ Netherlands, BVN-TV	Dutch		✓
Poland, Polsat 2 International	Polish		✓ ❖
+ Poland, TV Polonia	Polish	✓	
Portugal, ITVN	Polish		✓ ❖
Portugal, Radio Television Portugal International (RTPI)	Portuguese		✓ ❖
+ Romania, Romanian Television International (RTVI)	Romanian		✓
+ Spain, Grandes Documentales de TVE	Spanish		✓
Spain, TVE Internacional	Spanish		✓ ❖
+ Yugoslavia, RTV Palma	Hungarian/Serbian		✓

⁴³ Carriage of non-Canadian eligible satellite services is at the discretion of the BDU. In some cases, distribution is authorized under specific terms or conditions.

Country of origin/Non-Canadian service name	Principal Language	Authorized for	
		Analog & digital	Digital only
Asia			
Bangladesh, NTV Bangla	Bengali		✓ ❖
Bangladesh, ETV Bangla	Bengali		✓ ❖
China, ET-Global Channel	Chinese (Mandarin)		✓ ❖
India, Sahara One	Hindi		✓ ❖
India, Sun TV	Tamil		✓ ❖
+ Japan, TV Japan	Japanese	✓	
Pakistan, GEO TV	Urdu		✓ ❖
Pakistan, Indus Vision	Urdu		✓ ❖
Philippines, PMA Pinoy TV	Filipino		✓ ❖
Russia, Channel One Russia Worldwide TV (Channel One)	Russian		✓ ❖
Central and Latin America⁴⁴			
Argentina, TELEFE Internacional	Spanish		✓ ❖
+ Argentina, Utilisima	Spanish		✓
Brazil, TV Globo Internacional (TV Globo)	Portuguese		✓ ❖
Chile, TV Chile	Spanish		✓ ❖
Colombia, TV Colombia	Spanish		✓ ❖
Dominican Republic, Supercanal Caribe	Spanish		✓ ❖
+ Latin America, Canal SUR	Spanish		✓
+ Latin America, CineLatino	Spanish		✓
Mexico, Azteca 13 International	Spanish		✓ ❖
Mexico, Canal de las Estrellas Latinoamérica	Spanish		✓ ❖
Mexico, Canal 52 MX	Spanish		✓ ❖
Middle East & North Africa			
+ Qatar, Al Jazeera	Arabic		✓
Saudi Arabia, Art Movies	Arabic		✓
New Zealand			
TV3 Television Network	English		✓
TV4 Television Network	English		✓
United States			
ABC – 8 independent stations*	English	✓	
CBS – 9 independent stations*	English	✓	
FOX – 7 independent stations*	English	✓	
NBC – 8 independent stations*	English	✓	
PBS – 7 independent stations*	English	✓	
KSTW-TV, Tacoma/Seattle (independent)	English	✓	
WUAB-TV, Cleveland (independent)	English	✓	
7 Superstations*	English	✓	
American Movie Classics	English	✓	
+ ART America	Arabic	✓	
Arts and Entertainment Network (A&E), The	English	✓	
Black Entertainment Television (BET)	English	✓	
Bloomberg Television	English	✓	
Bridges TV	English		✓
Cable News Network (CNN)	English		✓ ❖
Cable Satellite Public Affairs Network (C-Span)	English	✓	
Comedy Central	English	✓	

⁴⁴ From a variety of Latin American countries including Mexico, Argentina, Columbia, Chile, Venezuela and Peru

Country of origin/Non-Canadian service name	Principal Language	Authorized for	
		Analog & digital	Digital only
Consumer News and Business Channel (CNBC)	English	✓	
Court TV	English	✓	
CNN Headline News (CNN-2)	English	✓	
Discovery Wings ***	English		✓
Eternal Word Television Network (EWTN)	English		✓
+ Filipino Channel, The	Tagalog (Filipino)	✓	
Fox News	English		✓
Game Show Network	English	✓	
Golf Channel, The	English	✓	
Learning Channel, The	English	✓	
- Lifetime Television	English	✓	
MSNBC	English		✓
New Tang Dynasty Television (NTDTV)	Chinese (Mandarin)		✓ ❖
NFL Network	English		✓
Oxygen Network	English		✓
Phoenix North American Chinese Channel (PNACC)	Chinese (Mandarin)		✓ ❖
Playboy TV	English	✓	
PTV-Prime USA (PTV)	Urdu		✓ ❖
Silent Network, The	English	✓	
Speed Channel	English	✓	
Spike TV	English	✓	
Sony Entertainment Television Asia (SET Asia)	Hindi		✓ ❖
Weather Channel (TWC), The	English	✓	
Turner Classic Movies	English	✓	
TV Land	English		✓
+ WMNB-TV: Russian-American Broadcasting Company	Russian	✓	

* For a listing of each station refer to Appendix A of the most recent Revised lists of eligible satellite services, which are available on the Commission's website.

** In Call for comments on the proposed addition of Baby TV to the eligible lists of satellite services for distribution on a digital basis, and on the removal of German TV, Public Notice CRTC 2006-38, 30 March 2006, the Commissions stated that it was its understanding that German TV ceased to operate on on 31 December 2005 and proposed to delete German TV from the digital Lists.

*** In Distribution of The Military Channel – Call for comments, Broadcasting Public Notice CRTC 2005-91, 19 September 2005, the Commission called for comments on a request to amend the Lists to reflect a name change to The Military Channel.

+Denotes a third-language service that was on the Lists prior to 16 December 2004.

❖ New authorization.



IV. Broadcasting distribution

A. Promoting effective competition

- The Commission's policy to promote competition among broadcasting distribution undertakings (BDUs) was first set out in *New regulatory framework for broadcasting distribution undertakings*, Public Notice CRTC 1997-25, 11 March 1997 (Public Notice 1997-25). The *Broadcasting Distribution Regulations*¹ (the BDU Regulations) serving to implement this policy came into effect 1 January 1998. The BDU industry has been experiencing a fundamental shift towards increased competition since the adoption of the regulatory framework in 1997 and the Commission has made a number of changes to its regulatory framework in response to this new environment.
- The Commission exempted small BDUs under certain conditions to allow them to operate with increased efficiency and reduced expenses in order to compete more effectively in *Exemption order respecting cable systems having fewer than 2,000 subscribers*, Public Notice CRTC 2001-121, 7 December 2001 (Public Notice 2001-121), *Exemption order respecting radiocommunication distribution undertakings (RDUs)*, Broadcasting Public Notice CRTC 2002-45, 12 August 2002 (Public Notice 2002-45), *Exemption of cable broadcasting distribution undertakings that serve between 2,000 and 6,000 subscribers*, Broadcasting Public Notice CRTC 2003-23, 30 April 2003, and *Exemption order respecting cable broadcasting distribution undertakings that serve between 2,000 and 6,000 subscribers; and Amendment to the Broadcasting Distribution Regulations*, Broadcasting Public Notice CRTC 2004-39, 14 June 2004 (Public Notice 2004-39).
- In Public Notice 2001-121, the Commission identified 1,583 cable distribution undertakings having fewer than 2,000 subscribers. To date, 1,479 Class 3 cable licensees have been granted exemption status.
- Of the 103 cable distributors serving between 2,000 and 6,000 subscribers that might be eligible for exemption from licensing and regulation identified in Public Notice 2004-39, all but 27 had been granted exemption status as of 30 May, 2006. In addition, five Class 1 cable distribution undertakings having fewer than 6,000 subscribers had also been granted exemption status as of the same date.
- Subscription Television systems (STV) provide over-the-air television service to small (rural or remote) communities in underserved areas. These undertakings broadcast signals in an encoded or scrambled mode by means of low-power (about 20 watts) transmitters. In Public Notice 2002-45, the Commission issued an exemption order affecting most of these undertakings.

¹ Proposed *Broadcasting Distribution Regulations*, Public Notice CRTC 1997-84, 2 July 1997, and *Broadcasting Distribution Regulations*, Public Notice CRTC 1997-150, 22 December 1997.

- In August 2004, the Commission concluded a review of its winback rules that prohibit the targeted marketing by incumbent cable companies of customers who have cancelled basic cable service. In *Changes to the winback rules for broadcasting distribution undertakings*, Broadcasting Public Notice CRTC 2004-62, 13 August 2004, the Commission determined that the winback rules would be more effective if they were focused on areas where a truly competitive broadcasting distribution market has yet to emerge. Accordingly, the Commission eliminated the winback rules for single-unit dwellings and for cable systems that have fewer than 6,000 subscribers. The Commission also introduced additional winback rules to govern the conduct of incumbent BDUs with 6,000 or more subscribers in their dealings with residents of multiple-unit dwellings.
- In *Auditing of distributor subscriber information by programming services*, Broadcasting Public Notice CRTC 2005-34, 18 April 2005, the Commission issued a set of guidelines to ensure that programming services are able to obtain reasonable access to information held by BDUs regarding subscribers to their services.

1. Subscriber levels of incumbent and alternative BDU delivery systems

Table 4.1: Number of basic subscribers (000)

	Cable, class 1*		DTH		MDS & STV		Total	
2001	6,857	81.0%	1,520	18.0%	87	1.0%	8,465	100.0%
2002	6,704	76.9%	1,960	22.5%	57	0.7%	8,723	100.0%
2003	6,581	74.9%	2,152	24.5%	50	0.6%	8,783	100.0%
2004	6,642	74.1%	2,277	25.4%	39	0.4%	8,958	100.0%
2005**	6,607	72.7%	2,455	27.0%	32	0.4%	9,094	100.0%

* In this instance and throughout the document references to class 1 BDUs and class 1 cable BDUs include Digital Subscriber Line (DSL) results. Also note that as a result of PN 2004-39 a few class 1 cable systems have been exempted from reporting requirements.

** In this instance and throughout the document 2005 CRTC financial database results are preliminary.

Note: 2001 to 2004 figures have been updated to reflect current aggregate August 31 results.

Source: CRTC financial database

- Class 1 cable licensees continue to maintain the bulk of subscriber market share. Competition, primarily from direct-to-home (DTH), has reduced the overall share of Class 1 cable licensees from 81% in 2001 to 73% in 2005.
- Statistics Canada figures for 2004 indicate that there was a total of 7.6 million cable subscribers, meaning that in 2004, there were approximately 1 million subscribers to exempt cable systems.²
- DTH subscribership increased by 178,000 in 2005. This represents an increase of 7.8% in 2005 for a total market share of 27.0%.
- Digital Subscriber Line (DSL) undertakings distribute programming to subscribers through a telephone line or "copper twisted-pair." Digital modulation techniques permit the transmission of voice, high-speed data and video on the same copper

² Statistics Canada, *Broadcasting and Telecommunications Service Bulletin*, Catalogue No. 56-001-XIE.

twisted-pair. Currently Aliant Telecom Inc. (Aliant), Bell Canada (Bell), MTS Communications Inc. (MTS), Saskatchewan Telecommunications (SaskTel) and Telus Communications Inc. (TCI) are licensed as Class 1 BDUs to provide service using DSL technology.

B. Ensuring a financially strong sector

1. Revenues

Table 4.2: BDU revenues (\$ 000,000)

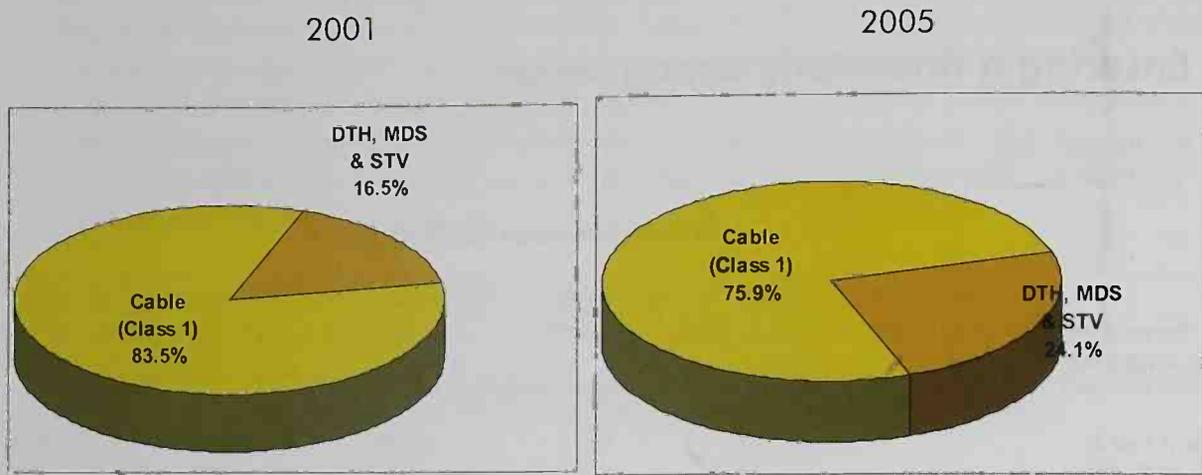
	2001	2002	2003	2004	2005
Basic programming revenue					
Revenue obtained from the basic programming service packages provided by distributors.					
Cable (Class 1)	1,693	1,664	1,709	1,810	1,843
DTH, MDS, STV	91	280	356	458	505
Total	1,784	1,944	2,065	2,268	2,348
Non-Basic programming revenue					
Revenue derived from discretionary programming service packages provided by distributors (programming services not on the basic service).					
Cable (Class 1)	1,295	1,360	1,394	1,475	1,538
DTH, MDS, STV	575	650	811	871	931
Total	1,869	2,009	2,205	2,346	2,469
Non-programming revenue					
Revenue derived from exempt services and non-programming services such as the Internet.					
Cable (Class 1)	440	685	1,053	1,270	1,188
DTH, MDS, STV	13	16	36	28	32
Total	453	702	1,089	1,298	1,220
Total revenue					
Includes revenue derived from programming and non-programming services.					
Cable (Class 1)	3,427	3,709	4,156	4,555	4,569
DTH, MDS, STV	679	946	1,204	1,357	1,468
Total	4,106	4,656	5,360	5,912	6,037

Source: CRTC financial database

- The BDU industry as a whole has continued to grow. In 2005 total revenues increased by over \$100 million.
- DTH, MDS and STV providers reported increased revenues of 8.2% in 2005.

- The charts below illustrate the changes in the share of total BDU revenues from 2001 to 2005.

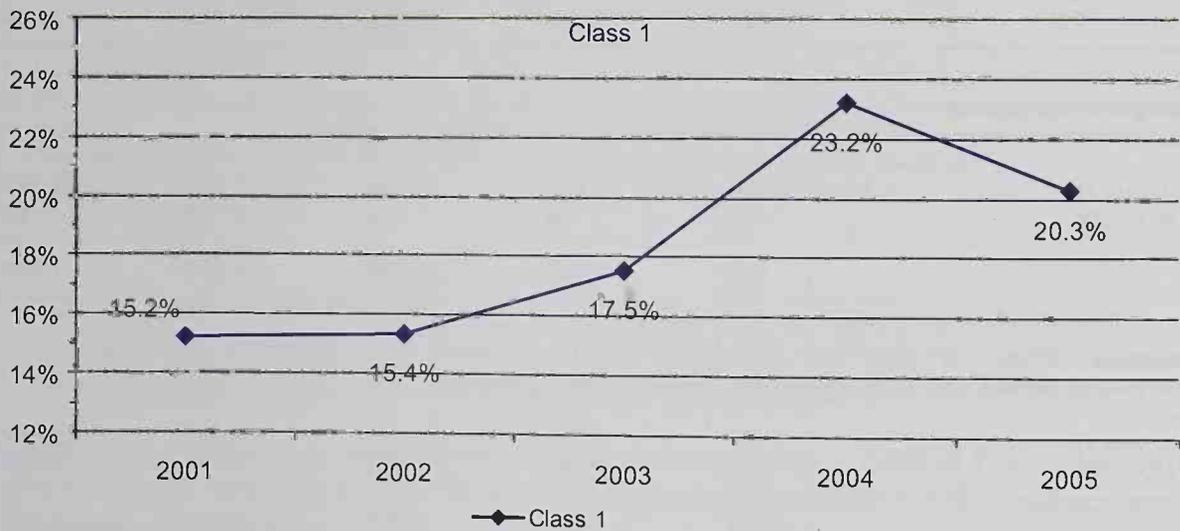
Chart 4.1: Distribution of total revenues



Source: CRTC financial database

2. Profit before interest and taxes (PBIT) margins, Class 1 undertakings

Chart 4.2: PBIT margins

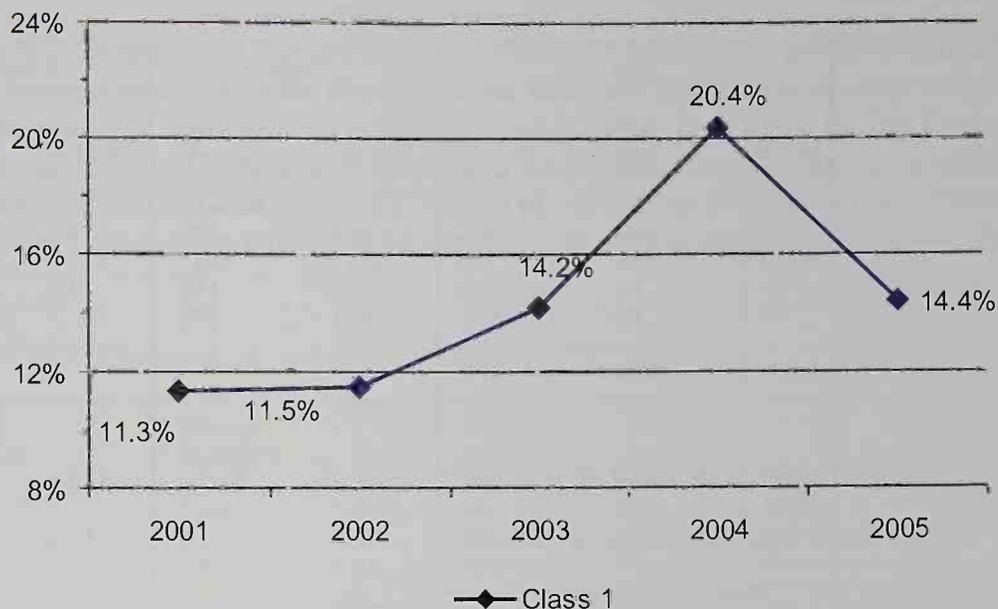


Source: CRTC financial database

- The chart above shows the PBIT margins for Class 1 undertakings based on the reported results from all programming and non-programming services.
- The PBIT margin for Class 1 undertakings decreased slightly to 20.3% in 2005.

3. Return on investment – Class 1 undertakings

Chart 4.3: Return on average net fixed assets (RANFA)



Source: CRTC Financial Database

- A significant increase in the amount of average net fixed assets of class 1 cable undertakings led to a decrease in the RANFA in 2005.

C. Top Canadian distributors

Table 4.3: Top Canadian distributors and number of basic subscribers

Corporations	Number of subscribers (000)		
	2004	2005	2006
Rogers Cable Inc. ⁽¹⁾	2,266	2,249	2,260
Shaw Communications Inc. ⁽²⁾	2,074	2,138	2,179
Bell ExpressVu LLP ⁽¹⁾	1,403	1,532	1,739
Vidéotron Ltée ⁽¹⁾	1,428	1,455	1,520
Star Choice Television Network Inc. ^(2,3)	814	830	862
Cogeco Cable Inc. ⁽²⁾	829	831	836
Total – Top Canadian distributors	8,814	9,035	9,396

(1) As of March 31 each year.

(2) As of February 28 each year.

(3) Star Choice Television Network Inc. is controlled by Shaw Communications Inc.

Sources: Corporate Quarterly Reports

D. Promoting digital technology

Table 4.4: Number of subscribers receiving digital services

Number of digital subscribers (000)							
Distribution type	Total			English		French	
	Number	% of Total	Growth	Number	Growth	Number	Growth
Sept. 2005			<i>04 to 05</i>		<i>04 to 05</i>		<i>04 to 05</i>
Digital cable	2,630.8	50%	28%	2,116.8	27%	514.0	32%
DTH *	2,514.9	48%	9%	n/a *	n/a *	-	-
MDS	39.4	1%	-16%	26.2	-17%	13.2	-14%
DSL	90.3	2%	87%	90.3	87%	-	-
Total	5,275.4	100%	19%				
Sept. 2004			<i>June 03 to Sept. 04</i>		<i>June 03 to Sept. 04</i>		<i>June 03 to Sept. 04</i>
Digital cable	2,054.0	46%	6%	1,663.9	7%	390.1	4%
DTH *	2,301.4	52%	2%	n/a *	n/a *	-	-
MDS	47.0	1%	-3%	31.7	-1%	15.3	-7%
DSL	48.2	1%	18%	48.2	18%	-	-
Total	4,450.6	100%	4%				
June 2004			<i>03 to 04</i>		<i>03 to 04</i>		<i>03 to 04</i>
Digital cable	1,937.8	45%	25%	1,561.7	21%	376.1	48%
DTH *	2,257.4	53%	14%	n/a *	n/a *	-	-
MDS	48.4	1%	-14%	32.0	-10%	16.4	-23%
DSL	40.9	1%	n/a	40.9		-	-
Total	4,284.5	100%	19%				
June 2003			<i>02 to 03</i>		<i>02 to 03</i>		<i>02 to 03</i>
Digital cable	1,550.4	43%	34%	1,295.6	31%	254.9	53%
DTH	1,987.5	55%	9%	1,458.6		528.9	
MDS	56.7	2%	-19%	35.5	-16%	21.2	-23%
Total	3,594.6	100%	18%				
June 2002							
Digital cable	1,155.6	38%		989.3		166.3	
DTH	1,825.0	60%		1,339.4		485.6	
MDS	69.9	2%		42.4		27.5	
Total	3,050.5	100%					

* English- and French-language subscriber estimates for DTH were not provided in 2004 or 2005.
Source: Mediastats

E. Ensuring contributions to Canadian programming and local expression

- The BDU Regulations require that all Class 1 and Class 2 cable licensees³, as well as all DTH and MDS distribution undertakings, contribute a minimum of 5% of their

³ Includes Digital Subscriber Line (DSL)

gross annual revenues derived from broadcasting activities to support Canadian programming. Contributions to Canadian programming are made through the Canadian Television Fund (CTF)⁴ and other independent production funds, as well as through contributions to local expression.

- The BDU Regulations require that a minimum of 80% of the gross revenues that must go to production funds be directed to the CTF, with up to 20% directed to one or more independently administered production funds, other than the CTF. The Commission's *Contributions to Canadian Programming by Broadcasting Distribution Undertakings*, public notice CRTC 1997-98, 22 July 1997, as well as two subsequent Public Notices⁵, set out the criteria to be met by such independently administered funds.

1. Contributions to programming funds

Table 4.5: Contributions to programming funds

Class & subscriber level	Contributions to programming funds (\$ 000,000)														
	CTF					Independent Funds					Total CTF & Other Funds				
	01	02	03	04	05	01	02	03	04	05	01	02	03	04	05
Class 1 > 20,000	63	61	64	67	66	15	15	16	17	15	78	76	80	84	81
Class 1 < 20,000	4	5	3	1	0	1	1	1	0	0	5	6	4	1	0
DTH, MDS & SRDU*	25	38	47	54	57	8	10	12	14	15	33	47	59	67	71
Total	92	103	115	122	123	24	26	29	31	30	116	129	143	152	153

Notes: Based on August 31 of each year. An internal review resulted in a reclassification of some of the contributions from 2001-2004.

SRDU: Satellite Relay Distribution Undertaking

Source: CRTC financial database

- As Class 2 cable systems have largely been granted exemption status, they are not required to file annual returns reporting their contributions to programming funds to the Commission.
- Several Class 1 cable systems passed the 20,000 subscriber mark in 2004 and some Class 1 cable systems serving fewer than 6,000 subscribers were exempted and ceased to file annual returns in 2004, accounting for the difference in CTF contributions reported between 2003 and 2004.

⁴ The CTF is the successor to the Canadian Television and Cable Production Fund.

⁵ *Contributions to Canadian programming by broadcasting distribution undertakings*, Broadcasting Public Notice CRTC 2003-38, 16 July 2003, and *Contributions to Canadian programming by broadcasting distribution undertakings*, Broadcasting Public Notice CRTC 2004-21, 31 March 2004.

2. Total community channel expenses

Table 4.6: Community channel expenses for class 1 cable

Total community channel expenses (\$ 000)					
	2001	2002	2003	2004	2005
Class 1 > 20,000	56,680	65,812	64,288	69,493	71,331
Class 1 < 20,000	13,970	20,152	16,986	18,828	17,797
Total	70,651	85,965	81,274	88,321	89,128

Notes: Based on August 31 of each year. 2001 to 2004 figures have been updated to reflect current aggregate August 31 results. Class 1 BDU must comply with Section 29 of the Broadcasting Distribution Regulations, which requires them to pay a contribution of 5% of its gross revenues derived from broadcasting activities to Local Expression and Canadian Programming. The eligible amount for Local Expression is explained in Public Notice CRTC 1991-59, Community Channel Policy, and includes the depreciation relating to direct expenditures.

Source: CRTC financial database

- Public Notice 1997-25 introduced flexibility for cable licensees in regard to the manner in which they contribute to Canadian programming and local expression, formerly required through investment in a community channel.
- The BDU Regulations permit Class 1 licensees with fewer than 20,000 subscribers to allocate all of their Canadian programming contributions to local expression.

3. Number of systems maintaining a community channel

- The BDU Regulations no longer require class 1 and 2 licensees to operate a community channel. Apart from its benefits to the public through local reflection, the community channel provides cable operators with a highly effective medium to establish a local presence and to promote a positive corporate image. Accordingly, many continue to offer one.
- The following table outlines the number of Class 1 licensees that have reported community channel expenses between 2001 and 2005. The figures do not necessarily represent the actual number of community channels in operation, as some channels are funded by more than one undertaking.

Table 4.7: Cable undertakings contributing to community channels

	2001	2002	2003	2004	2005
Class 1 > 20,000	70	68	66	68	69
Class 1 < 20,000	75	75	77	69	66

Note: Based on August 31 of each year. 2001 to 2004 figures have been updated to reflect current aggregate August 31 results.

Source: CRTC financial database

V. Diversity and social issues

The Commission's key social policy objectives can be described under four general headings:

- A. Official languages
- B. Diversity
- C. Accessibility
- D. Programming standards

A. Official languages

- The *Broadcasting Act* (the Act) acknowledges that "English and French language broadcasting, while sharing common aspects, operate under different conditions and may have different requirements". The Act requires that "a range of broadcasting services in English and in French shall be extended to all Canadians as resources become available" and that CBC programming shall reflect the "particular needs and circumstances of English and French linguistic minorities" and be "of equivalent quality in English and French".
- Furthermore, the CRTC is required, pursuant to section 41 of the *Official Languages Act* (OLA), to develop, following consultations with minority official languages communities, an action plan on official languages.
- The steps taken by the Commission to support the *Broadcasting Act's* objectives related to linguistic duality are set out in the CRTC's *2004-2005 Official Languages Action Plan*.¹ This plan reflects CRTC activities falling within the scope and limits of its mandate while addressing the needs and priorities of the minority official languages communities.
- The Commission is currently preparing a three-year action plan regarding the implementation of section 41 of the OLA and is completing a Statement of Achievements for the past year. Both documents will be available on the CRTC website in early Summer 2006.
- The Commission will continue to actively support initiatives to encourage linguistic duality, to help foster the recognition and use of both English and French in Canada. It will also continue, within the limits of its mandate, to support the enhancement of the vitality of English- and French-language minority communities in Canada and assist them in their development.

¹ A copy of this report is available on the CRTC's website <http://www.crtc.gc.ca/eng/BACKGRND/language/plan2004.htm>.

B. Diversity

- The Commission's objective with regard to diversity is to ensure all broadcasters contribute to a system that accurately reflects the presence in Canada of ethnocultural minorities, Aboriginal peoples and persons with disabilities. Consistent with section 3(1)(d)(iii) of the Act, the Canadian broadcasting system should

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.

- Accordingly, the Commission expects all licensees to reflect the diversity of the markets they serve.
- The Commission has identified two clear objectives for the Canadian broadcasting system with respect to diversity:²
 - The broadcasting system should be a mirror in which all Canadians can see themselves.
 - The broadcasting system should be one in which producers, writers, technicians and artists from different cultural and social perspectives have the opportunity to create a variety of programming and to develop their skills.
- In practical terms, the Commission's objectives are to ensure:
 - the accurate reflection of the presence ("who we see" and "who we hear") of ethnocultural minorities, Aboriginal peoples and persons with disabilities; and
 - the accurate, fair and non-stereotypical portrayal ("how we see" and "how we hear") of such groups.
- The Commission is achieving its objectives by licensing services that target specific communities and through expectations with regard to private television broadcasters, private radio broadcasters and the Canadian Broadcasting Corporation (CBC).

1. Services targeted to specific communities

- The Commission continues to license services dedicated to serving specific communities such as:
 - over-the-air ethnic radio and television services;
 - ethnic specialty and pay services;
 - native radio and television undertakings; and
 - The Aboriginal Peoples Television Network.

² *Building on success – A policy framework for Canadian television*, Public Notice CRTC 1999-97, 11 June 1999.

- The Commission authorizes non-Canadian third-language services for distribution in Canada, subject to certain criteria. In December 2004, the Commission issued Public Notice 2004-96³, which announced a revised approach to the assessment of requests to add non-Canadian third-language television services to the lists of eligible satellite services for distribution on a digital basis. The revised policy, which established a more open-entry approach to the authorization of non-Canadian third-language general interest services, puts a greater emphasis on expanding the diversity and choice in television services available to underserved third-language ethnic communities in Canada. Since the announcement of the revised policy, a total of twenty-five (25) third-language services have been authorized.⁴
- In November 2005, the Commission issued Public Notice 2005-104⁵, which announced the establishment of an open-entry approach for general interest third-language ethnic Category 2 pay and specialty services in order to expand the diversity and range of services available to underserved communities. Thirteen (13) Canadian third-language ethnic Category 2 services have been approved under the revised policy and several applications are currently under review.⁶

2. Private television broadcasters

Employment Equity

- The Commission requires broadcasters to describe their plans and activities with respect to the equitable employment⁷ and on-air representation of the four designated groups: visible minorities, Aboriginal persons, women and persons with disabilities.

Cultural Diversity Corporate Plans

- Since August 2001, the Commission has required television licensees to develop and file detailed corporate plans that include specific commitments to corporate accountability, the reflection of diversity in programming, and the solicitation of effective feedback from viewers.⁸ Since 2004, the Commission has required that these plans also include persons with disabilities.⁹ As of 31 March 2006, the Commission has received plans from:

³ *Improving the diversity of third-language television services – A revised approach to assessing requests to add non-Canadian third-language television services to the lists of eligible satellite services for distribution on a digital basis*, Broadcasting Public Notice CRTC 2004-96, 16 December 2004.

⁴ The number of authorized third-language services quoted here represents the number that was authorized as of the publication of this report.

⁵ *Revised approach for the consideration of broadcasting licence applications proposing new third-language ethnic Category 2 pay and specialty services*, Broadcasting Public Notice CRTC 2005-104, 23 November 2005.

⁶ The number of approved Canadian third-language ethnic Category 2 services quoted here represents the number that was approved as of the publication of this report.

⁷ Licensees with 100+ employees report on employment equity directly to Department of Human Resources and Social Development.

⁸ Broadcasters' corporate plans for cultural diversity are available on the Commission's diversity public file.

⁹ *Introduction to Broadcasting Decisions CRTC 2004-6 to 2004-27 renewing the licences of 22 specialty services*, Broadcasting Public Notice CRTC 2004-2, 21 January 2004.

- Alliance Atlantis Broadcasting Inc.
 - Astral Broadcasting Group Inc.¹⁰
 - Cable Public Affairs Channel Inc.
 - CHUM Limited
 - Consortium de télévision Québec Canada inc.
 - Corus Entertainment Inc.
 - CTV Television Inc.
 - Global Communications Limited
 - Groupe TVA inc.
 - Learning & Skills Television of Alberta Limited
 - MusiquePlus inc.
 - Pelmorex Communications Inc.
 - Rogers Broadcasting Limited
 - The Score Television Network Limited
 - TQS Inc.
 - Vision TV
- As a key tool for monitoring progress in this respect, the Commission also requires television licensees to file annual reports outlining progress made to achieve the stated goals and any new initiatives undertaken. These reports are available on the Commission's website.¹¹

Task Force for Cultural Diversity on Television

- In July 2004, the Task Force for Cultural Diversity on Television, which was formed by the CAB in 2001, published an extensive report.¹² The report includes the results of a landmark quantitative and qualitative study of the state of representation on private Canadian television as well as a recommended set of best practices and industry initiatives.
- The Commission issued its response to the report in Public Notice 2005-24.¹³ The Commission stated that, in addition to overall improvements in the representation and reflection of ethnocultural diversity on television, it expects progress to be made by broadcasters in addressing the key gaps identified by the research, namely:
 - the virtual absence of Aboriginal peoples in all genres of programming;
 - the significant under-representation of Asian Canadians in all genres of programming; and,
 - the lack of visible minorities and Aboriginal peoples in French-language news, in lead roles in English-language news programming, and in primary roles in English-language drama.

¹⁰ Teletoon/Télétoon adheres to the plan filed by Astral Broadcasting Group Inc.

¹¹ http://www.crtc.gc.ca/eng/BCASTING/ann_rep/annualrp.htm

¹² *Reflecting Canadians: Best Practices for Cultural Diversity in Private Television*, is available on the CAB website (http://www.cab-acr.ca/english/culturaldiversity/report/cdff_report_jul04.pdf)

¹³ *Commission's response to the report of the Task Force for Cultural Diversity on Television*, Broadcasting Public Notice CRTC 2005-24, 21 March 2005.

- The Commission stated that it expects the CAB to report annually on its progress in implementing the industry initiatives recommended by the Task Force. The CAB filed its first report on 28 April 2006.

Persons with Disabilities

- In Public Notice 2004-2¹⁴, the Commission also called upon the CAB to develop and file a plan outlining its proposed process to examine issues surrounding the presence, portrayal and participation of persons with disabilities in television programming. The CAB filed an action plan on 16 August 2004.
- The CAB's final report, entitled *The Presence, Portrayal and Participation of Persons with Disabilities in Television Programming*, was filed with the Commission in September 2005. It included the results of a three-part qualitative research project on the state of the presence, portrayal and participation of persons with disabilities on Canada's privately-owned television services, as well as proposed initiatives, tools and recommendations for both the CAB, its members and its industry partners. The Commission is expected to issue its response to the CAB's final report in Spring 2006.

Review of Industry Codes

- In Public Notice 2005-24, the Commission further directed the CAB to review its broadcasting industry codes to determine whether they address concerns identified in the research findings regarding reflection and portrayal. The CAB filed a report with the Commission on 23 December 2005. The CAB reported that it plans to submit a new code to the Commission in June 2006 that establishes industry standards for the portrayal of ethnocultural and Aboriginal groups and persons with disabilities. It is the CAB's intention that this code will expand and effectively replace the CAB Sex-Role Portrayal Code for Radio and Television Programming.

3. The Canadian Broadcasting Corporation (CBC)

- The Commission requires that the CBC include in its annual reports a description of how it is fulfilling its commitment as noted in Public Notice CRTC 2000-1¹⁵ to more adequately reflect the multicultural and multiracial nature of Canada and to balance their representation on the air in a manner that realistically reflects their participation in Canadian society, and that help to counteract negative stereotypes.

4. Private radio broadcasters

- In Public Notice 1998-41¹⁶, the Commission encouraged radio broadcasters to reflect the cultural diversity of Canada in their programming and employment practices, especially with respect to news, music and promotion of Canadian artists.

¹⁴ *Introduction to Broadcasting Decisions CRTC 2004-6 to 2004-27 renewing the licences of 22 specialty services*, Broadcasting Public Notice CRTC 2004-2, 21 January 2004.

¹⁵ *A distinctive voice for all Canadians: Renewal of the Canadian Broadcasting Corporation's licences*, Public Notice CRTC 2000-1, 6 January 2000.

¹⁶ *Commercial Radio Policy*, Public Notice 1998-41, 30 April 1998.

- As part of the current policy review announced in Notice of Public Hearing 2006-1¹⁷, the Commission is exploring ways to ensure that the commercial radio sector reflects the multicultural and multiracial nature of Canadian society and the special place of Aboriginal peoples within society, as well as reflection of persons with disabilities.

C. Accessibility

- Section 3(1)(p) of the Act states that “programming accessible by disabled persons should be provided within the Canadian broadcasting system as resources become available for the purpose.”

1. Access for persons who are deaf or hard of hearing

- Access for persons who are deaf or hard of hearing is provided through closed captioning, which provides on-screen textual representation of the audio component of a program. Closed captioning is generally presented as a banner at the bottom of the screen, showing on-screen dialogue and selected sounds in text form.
- The Commission is committed to improving service to viewers who are deaf or hard of hearing, and has consistently encouraged broadcasters to increase the amount of closed-captioned programming they broadcast.
- The Commission generally requires English-language conventional television and specialty and pay services to caption 90% of their programming, including 100% of their news, by condition of licence.
- In Public Notice 1999-97¹⁸, the Commission stated that French-language television broadcasters should be subject to requirements similar to those imposed on English-language television broadcasters. Increased obligations are being imposed on French-language broadcasters at individual licence renewals.
- The Commission also expects the broadcasters to focus on improving the quality, reliability and accuracy of closed captioning, and to work with representatives of the deaf and hard of hearing community to ensure that captioning they provide continues to meet their needs.
- The Commission encourages the private television English-language broadcasters to use the closed captioning manual developed by the CAB entitled “Closed Captioning Standards and Protocol Manual for English-Language Broadcasters”.
- In addition, the CBC/SRC has developed and uses *The CBC Captioning Style Guide* and the *Normes de sous-titrage*.

¹⁷ Review of the Commercial Radio Policy, Broadcasting Notice of Public Hearing CRTC 2006-1, 13 January 2006.

¹⁸ Building on Success – A Policy Framework for Canadian Television, Broadcasting Public Notice CRTC 1999-97, 11 June 1999.

- Following the licence renewals of 21 French-language television stations in 2004, the Commission required that SRC, TVA and TQS report annually to the Commission on the progress made toward improving the quality and quantity of closed captioning. The Commission also required TVA and TQS to file their internal standards on caption quality with the Commission, and to work with the CAB to develop standards and procedures respecting closed captioning for French-language television broadcasters.
- As part of its on-going role in monitoring and assessing its approach to closed captioning, the Commission met with the Canadian Association of the Deaf and the CAB in November 2005 to discuss concerns relating to the quantity and quality of captioning.

– 2. Access for persons who are blind or whose vision is impaired

- Access for persons who are blind or whose vision is impaired is provided through audio description or video description (or described video programming).
- Audio description is the provision of basic voice-overs of textual or graphic information displayed on screen. The Commission expects licensees to provide audio description, wherever appropriate.
- Described video programs have narrated descriptions of key visual elements that are timed to occur during lapses in dialogue. Description is normally provided on the secondary audio programming (SAP) channel. Programming such as drama, documentary and children's programs best lend themselves to described video.

Current requirements to provide described video programming

- Major conventional television stations are:
 - Required, by condition of licence, to describe a minimum amount of Canadian programming, generally starting at two hours per week and eventually reaching four hours per week.
 - expected to broadcast described versions of programming, wherever available.
- Pay and specialty services renewed since 2001 are:
 - expected to broadcast described versions of programming, wherever available.
 - six of the specialty services renewed in January 2004 are required, by condition of licence, to describe a minimum of two hours per week (starting 1 September 2005), increasing to three hours per week (beginning 1 September 2008).¹⁹
 - two of the French-language specialty services renewed in August 2005 are required, by condition of licence, to describe a minimum of two hours per week

¹⁹ History Television, Space: The Imagination Station, The Comedy Network, Teletoon/Télétoon, Treehouse TV, and Prime TV. See *Introduction to Broadcasting Decisions 2004-6 to 2004-27 renewing the licences of 22 specialty services*, Public Notice CRTC 2004-2, 21 January 2004.

(starting 1 September 2007 or 1 September 2008), increasing to a minimum of three hours per week (starting 1 September 2010 or 1 September 2011)²⁰ and two others are required, by condition of licence, to describe a minimum of two hours per week (starting 1 September 2009).²¹

- Distributors:
 - In Public Notice 2005-18,²² the Commission reminded Class 1 cable operators and direct-to-home (DTH) providers of their obligation to pass through all described video programming being provided to them by programming services.
 - Subsequently, in Public Notice 2006-6,²³ the Commission stated that, while Class 2, Class 3 and exempt broadcasting distribution undertakings (BDUs) are required to pass through video description of all programming services on a digital basis, it would be prepared to relieve exempt BDUs and certain Class 2 and Class 3 BDUs of the requirement to pass through video description on an analog basis. The Commission also stated that it finds it appropriate to relieve multipoint distribution system (MDS) BDUs of the pass through requirements due to difficulties experienced in the existing competitive environment.

3. National reading services

- VoicePrint and La Magnétothèque are national reading services which were licensed in 1990 to provide programming of benefit to persons who are blind, whose vision is impaired or who are print-restricted. These services provide full-text reading of stories, information, news and features published by a variety of newspapers, magazines and periodicals.
- VoicePrint has mandatory carriage in English-language markets pursuant to an order issued under section 9(1)(h) of the Act.²⁴ Cable companies distributing VoicePrint on an analog basis distribute it on CBC Newsworld's SAP channel. MDS licensees, DTH satellite distributors and cable companies distributing Voiceprint on a digital basis distribute it on an audio channel located near a CBC channel.
- La Magnétothèque is provided by cable undertakings as background audio on alphanumeric channels or as audio services on audio channels of their undertakings. It is also offered to FM radio station licensees for broadcast on Subsidiary Communications Multiplex Operation Channels (SCMO).

²⁰ Canal D – Licence renewal, Broadcasting Decision CRTC 2005-441, 31 August 2005; *Séries+* – Licence renewal, Broadcasting Decision CRTC 2005-444, 31 August 2005.

²¹ *Ztélé* – Licence renewal, Broadcasting Decision CRTC 2005-442, 31 August 2005; *Historia* – Licence renewal, Broadcasting Decision CRTC 2005-443, 31 August 2005.

²² *Commission requirements for the pass-through of video description - Call for comments on the obligations of smaller broadcasting distribution undertakings*, Public Notice CRTC 2005-18, 25 February 2005.

²³ *Distribution of video description by Class 2, Class 3 and exempt cable distribution undertakings (BDUs) and by multipoint distribution system BDUs*, Broadcasting Public Notice CRTC 2006-6, 19 January 2006.

²⁴ Distribution Order 2000-1 set out in Decision CRTC 2000-380, 11 September 2000 and Decision CRTC 2000-380-1, 21 September 2000.

D. Programming standards

- The Commission is required, pursuant to section 5(1) of the Act, to regulate and supervise the Canadian broadcasting system with a view to implementing the broadcasting policy set out in section 3(1) of the Act. Section 3(1) sets out an extensive declaration of the broadcasting policy for Canada, listing a number of policy objectives that speak to programming standards. Section 3(1)(d)(i) declares that the Canadian broadcasting system should “serve to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada.” Section 3(1)(d)(ii) states that the Canadian broadcasting system should “encourage the development of Canadian expression by providing a wide range of programming that reflects Canadian attitudes, opinions, ideas, values and artistic creativity.” Section 3(1)(d)(iii) states that the Canadian broadcasting system should through its programming and 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.” Section 3(1)(g) states that “the programming originated by broadcasting undertakings should be of high standard.”
- The Commission is required to balance the achievement of these objectives against the requirement to apply the Act in a manner consistent with freedom of expression and journalistic, creative and programming independence enjoyed by broadcasting undertakings as set out in section 2(3) of the Act. Section 3(1)(h) of the Act states that the broadcasters themselves “have a responsibility for the programs they broadcast.”
- A key mechanism for achieving these objectives is through self-regulation. The industry must abide by the following industry codes, some of which apply as a result of the Commission’s regulations, some by condition of licence and some as a result of membership in the Canadian Broadcast Standards Council (CBSC), Advertising Standards Canada (ASC) or the Cable Television Standards Council (CTSC):²⁵
 - ASC Canadian Code of Advertising Standards
 - Broadcast Code for Advertising to Children
 - Cable Television Community Channel Standards
 - Cable Television Customer Service Standards
 - CAB Code of Ethics
 - CAB Sex-Role Portrayal Code for Television and Radio Programming
 - CAB Voluntary Code Regarding Violence in Television Programming
 - CBC Guidelines on Sex-Role Portrayal
 - Code for Broadcast Advertising of Alcoholic Beverages
 - Industry Code of Programming Standards and Practices Governing Pay, Pay-Per-View and Video-on-Demand Services
 - Pay Television and Pay-Per-View Programming Code Regarding Violence
 - Radio-Television News Directors Association of Canada (RTNDA Canada) Code of Ethics

²⁵ Links to these codes are available on the Commission’s website www.crtc.gc.ca under Industries at a Glance.

- As noted above, in response to Public Notice 2005-24, the CAB intends to submit a new portrayal code in June 2006 that incorporates standards, not only for the portrayal of women, but also for the portrayal of ethnocultural groups, Aboriginal peoples and persons with disabilities.²⁶
- The Commission expects any discretionary service broadcasting adult programming to adhere to the adult programming provisions contained in *Industry Code of Programming Standards and Practices Governing Pay, Pay-Per-View and Video-on-Demand Services*.²⁷ The Code includes a comprehensive section specifically addressing adult programming that provides clear guidance for broadcasters regarding the classification and scheduling of adult films. Furthermore, the Commission expects all licensees that distribute adult programming to develop internal policies for the broadcast of adult programming to be submitted at the time of licensing, licence renewal or in the event of a complaint.

1. Complaints and enquiries

- The Commission frequently receives requests for information, comments on procedural issues and complaints by the public, via e-mail, telephone and letter. The following table provides a breakdown of contacts related to broadcasting enquiries in general and broadcasting complaints that the Commission received on an annual basis from 1 September 2002 to 31 August 2005, and during the 6-month period from 1 September 2005 to 31 March 2006.

Table 5.1: Number of contacts by public

	1 September to 31 August			1 Sep. to 31 Mar.
	2002-03	2003-04	2004-05	2005-06
Broadcasting matters	24,770	18,273	23,848	12,531
Broadcasting complaints	11,581	10,575	9,604	5,644

Source: CRTC Correspondence Tracking System²⁸

- The following table provides representative samples of the types of broadcasting complaints that the CRTC received during the same time periods, with respect to radio, television, specialty, pay and PPV services. The table also provides the number of referrals that were made by the CRTC to the CBSC for complaints that fell within the CBSC's mandate.

²⁶ This code would replace the CAB's *Sex-Role Portrayal Code for Television and Radio Programming*.

²⁷ *Industry code of programming standards and practices governing pay, pay-per-view and video-on-demand services*, Broadcasting Public Notice CRTC 2003-10, 6 March 2003.

²⁸ The tracking system counts multiple contacts by the same client on the same complaint as separate units. The actual number of complaints received would, therefore, be slightly lower.

Table 5.2: Broadcasting complaints by sector, by issue

	1 September to 31 August						1 Sep. to 31 Mar.	
	2002-03		2003-04		2004-05		2005-06	
	Com-plaints received	Referrals to CBSC	Com-plaints received	Referrals to CBSC	Com-plaints received	Referrals to CBSC	Com-plaints received	Referrals to CBSC
Radio								
Abusive comment ²⁹	148	57	81	39	93	48	56	31
Adult content	46	23	32	16	28	17	21	17
Alcohol advertising	-	-	1	-	1	1	1	1
Gender portrayal	39	27	1	1	1	1	2	2
Offensive comment ³⁰	408	255	291	165	331	156	129	52
Offensive language ³¹	74	24	27	8	58	24	26	13
Conventional television								
Abusive comment	87	31	195	34	370	84	199	78
Adult content	303	145	441	286	270	120	158	86
Alcohol advertising	19	3	17	1	13	1	2	1
Gender portrayal	51	32	14	-	14	2	2	1
Offensive comment	203	62	660	158	389	161	369	218
Offensive language	91	59	48	21	49	19	49	20
Television violence	84	27	99	34	90	32	63	25
Specialty channels								
Abusive comment	25	18	10	2	130	9	8	4
Adult content	110	59	102	62	138	84	69	43
Alcohol advertising	4	-	1	-	-	-	-	-
Gender portrayal	6	4	-	-	-	-	3	2
Offensive comment	35	19	38	21	59	35	20	15
Offensive language	15	7	8	1	42	14	14	9
Television violence	12	9	11	11	19	12	13	8
Pay television and pay-per-view services³²								
Abusive comment	-	-	-	-	-	-	-	-
Adult content	11	-	14	-	5	-	3	-
Alcohol advertising	-	-	-	-	-	-	-	-
Gender portrayal	-	-	-	-	-	-	-	-
Offensive comment	-	-	-	-	-	-	-	-
Offensive language	-	-	-	-	1	-	-	-
Television violence	1	-	5	-	-	-	1	-
Subscription Radio (Satellite)								
Abusive comments	-	-	-	-	-	-	3	3

Source: CRTC Correspondence Tracking System

²⁹ Where a complaint alleges that comments that tend or are likely to expose to hatred or contempt persons or groups of persons from one of the groups identified in the Television Broadcasting Regulations, Radio Regulations, Specialty Services Regulations and Broadcasting Distribution Regulations.

³⁰ Where a complaint alleges offensive humour or other comments that do not fall under the "abusive comment" provision.

³¹ Where a complaint alleges offensive language in song lyrics or in spoken word.

³² Since none of the pay and pay-per-view services are CBSC members, there are no referrals to the CBSC.

2. Canadian Broadcast Standards Council (CBSC)

- The CBSC³³ administers specific codes of broadcast conduct and provides a means of recourse for members of the public regarding the application of the standards set out in the following codes:
 - CAB Code of Ethics
 - CAB Voluntary Code Regarding Violence in Television Programming
 - CAB Sex-Role Portrayal Code for Television and Radio Programming
 - Radio and Television News Directors Association of Canada Code of Ethics
- The Commission deals with complaints that are related to non-member broadcasters who are not CBSC members and with issues that do not fall within the parameters of the Codes administered by the CBSC.

Table 5.3: Complaints handled by the CBSC

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Files handled by the CBSC	620	873	924	1,395	1,492	1,526
Referred by the CRTC	283	443	635	941	1,066	1,013

Source: CBSC annual reports

- The CBSC files annual reports about its activities with the Commission.
- It is important to note that, while not a censor, the Commission is always the final arbiter on matters regarding programming standards. Viewers and listeners may always ask the Commission to consider their complaints either directly, or where they are not satisfied with the results of the self-regulatory process.

3. Advertising Standards Canada (ASC)

- ASC³⁴ is a not-for-profit industry body committed to creating and maintaining community confidence in advertising. ASC responds to complaints by consumers and special interest groups regarding advertising with respect to all media subject to the Canadian Code of Advertising Standards, the principal instrument of advertising self-regulation. In addition, ASC undertakes pre-clearance functions in five industry categories based on applicable legislation, regulations, and/or industry codes and guidelines.

³³ www.cbsc.ca

³⁴ www.adstandards.com

Table 5.4: Complaints handled by ASC

	1999	2000	2001	2002	2003	2004	2005
Complaints received by ASC	1,075	1,143	1,164	1,828	1,133	1,540	1,271
Complaints about television ads	554 (51%)	595 (52%)	549 (47%)	591 (32%)	588 (52%)	939 (61%)	579 (46%)
Complaints about radio ads	51 (5%)	48 (4%)	57 (5%)	50 (2.7%)	51 (5%)	90 (6%)	57 (4%)

Source: Ad complaints reports

4. Cable Television Standards Council (CTSC)

- The CTSC³⁵ dealt with complaints with respect to cable service, such as concerns about quality of service and billing until 12 April 2006, when this organisation ceased operation. Since then, complaints filed with the Commission about quality of service and billing are forwarded to the appropriate licensee for resolution. The Commission continues to process complaints regarding simultaneous signal substitution, quality of signal and carriage of mandatory signals. For the 2004/2005 broadcast year, the CTSC processed 456 complaints, of which 135 were referred to the CTSC by the CRTC.

³⁵ www.ctsc.ca



VI. New media

A. New media broadcasting undertakings

- New Media broadcasting undertakings are those undertakings that provide broadcasting services delivered and accessed over the Internet in accordance with the interpretation of "broadcasting" set out in *New Media*, Broadcasting Public Notice CRTC 1999-84, 17 May 1999 (New Media report).
- In the New Media report, the Commission considered that new media were making a positive contribution to the objectives of the Act by enhancing opportunities for Canadian expression. The Commission also found that a significant amount of Canadian content was present on the Internet and that this content was created and made available in the absence of regulation. Further, the Commission found that local Canadian content was important to the development of Canadian new media businesses.
- In *Exemption order for new media broadcasting undertakings*, Broadcasting Public Notice CRTC 1999-197, 17 December 1999 (New media exemption order), the Commission exempted new media broadcasting undertakings that operate in whole or in part in Canada from regulation. The exemption does not apply to the licensed broadcasting activities of a company that also operates new media broadcasting undertakings.
- In issuing the exemption order, the Commission noted that conditions in the new media market were changing rapidly and that the exemption would enable continued growth and development of the new media industries in Canada, thus contributing to the achievement of the broadcasting policy objectives, including access to these services by Canadians.
- The Commission also noted that key technological developments would be required before new media services could compete directly with conventional broadcasting services or impede traditional broadcasters from fulfilling their obligations under the Act.
- In April 2006, the Commission set out a regulatory framework for mobile television broadcasting services. In *Regulatory framework for mobile television broadcasting services*, Broadcasting Public Notice CRTC 2006-47, 12 April 2006 (Public Notice 2006-47) the Commission concluded that certain mobile broadcasting services that were both delivered and accessed over the Internet fell within the scope of the New media exemption order. The Commission also proposed to issue an additional exemption order¹ that would apply to mobile television broadcasting services that are not delivered and accessed over the Internet. In so doing, the Commission stated that

¹ Call for comments on a proposed exemption order for mobile television broadcasting undertakings, Broadcasting Public Notice CRTC 2006-48, 12 April 2006

mobile television broadcasting services share many of the same characteristics as those discussed in the New Media report.

- The Commission will continue to monitor the impact of new media broadcasting undertakings on the Canadian broadcasting industry and licensed broadcasters.

B. Internet

- This section provides a brief overview of how Canadians are accessing and using the Internet.
- Most of the results presented in this section are taken from CyberTRENDS, ComQUEST Research Reports². The data is based on national surveys of Canadian adults.
- For additional information relating to the Canadian Internet, broadband and wireless services, the reader may also refer to the *CRTC Telecommunications Monitoring Report, Status of Competition in Canadian Telecommunications Markets and Deployment/Accessibility of Advanced Telecommunications Infrastructure and Services*³. This annual report provides information relating to Canadian telecommunications markets and includes data and analysis relating to Canadian Internet, broadband and wireless services, as well as new technologies.

1. Computer ownership by Canadian households

Table 6.1: Personal computer ownership rates of Canadian households

			March				December	
1998	1999	2000	2001	2002	2003	2004	2004	2005
49%	53%	55%	63%	64%	64%	68%	71%	74%

Source: CyberTRENDS, ComQUEST Research: March 1998 to 2004 and December 2004 to 2005 editions

- Overall, personal computer ownership rate increased 3 percentage points from December 2004 to December 2005. According to CyberTRENDS, significant ownership increases were noted among individuals between 55 to 64 years of age (7 percentage points) and those 65 years of age or greater (12 percentage points).
- Income continues to be a determining factor in computer ownership. In December 2005, 96% of households with an income over \$80,000 owned computers while 49% of households with an income under \$20,000 owned computers.

² CyberTRENDS, ComQUEST Research, Research Dimensions, Website: <http://www.researchdimensions.com>

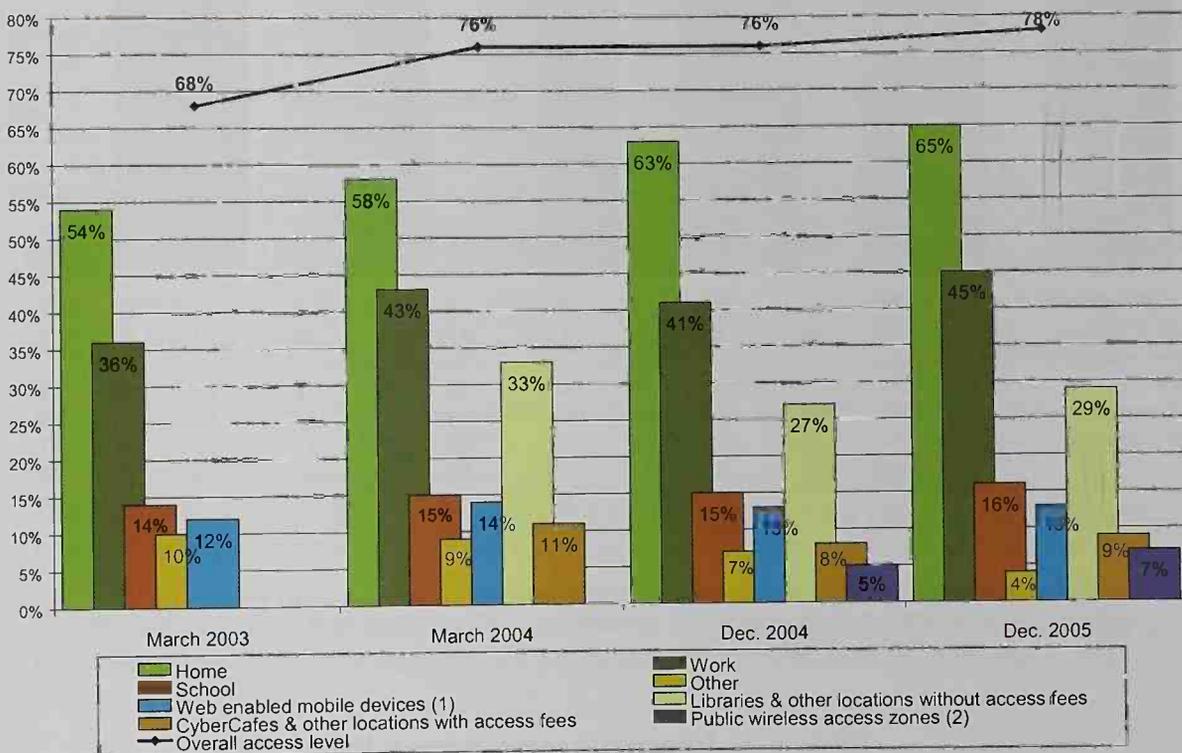
³ Copies of these annual reports are located on the CRTC website http://www.crtc.gc.ca/dcs/eng/pub_arch.htm

2. Internet access by Canadians

a) Percentage of Canadians having Internet access

- The following chart shows the overall percentage of Canadians who have access to the Internet.
- The clustered columns in this chart set out the percentage of Canadians having access to the Internet from various devices or locations. Since many Canadians access the Internet from more than one source, these percentages reflect multiple responses.

Chart 6.1: Overall Internet access and Internet access by location



Notes: (1) Such as BlackBerry, cell phone or Personal digital assistant (PDA) (2) Sometimes referred to as Hotspots
 Source: CyberTRENDS, ComQUEST Research: March 2003 and 2004, and December 2004 and 2005 editions

- The percentage of Canadians accessing to the Internet has increased only slightly since March 2004.
- The decline in the "Other" category from March 2003 to December 2005 can be attributed to the introduction of new and separate categories such as "Libraries & other locations without access fees" and "CyberCafes and other locations with access fees" in March 2004, and "Public wireless access zones" in December 2004.

Table 6.2: Internet access by household income (%)

Income (\$ 000)	Home			Work			School			Overall		
	March 2004	December 2004	2005									
< 20	31	34	36	12	12	11	20	11	15	54	55	54
20-40	45	51	50	23	26	30	16	13	12	65	67	67
40-60	62	69	68	50	43	44	13	13	11	84	85	83
60-80	75	78	78	65	58	64	13	19	21	93	90	91
> 80	78	88	91	74	74	78	14	19	24	91	97	98
All	58	63	65	43	42	45	15	15	16	76	76	78

Source: CyberTRENDS, ComQUEST Research: March 2004, December 2004 and December 2005 editions

- As with computer ownership, lower income groups continue to be the least likely to have access to the Internet. Overall Internet access is generally stable, showing only slight variations.

Table 6.3: Internet access by education (%)

Education	Home			Work			School			Overall		
	March 2004	December 2004	2005									
< High school	28	27	26	13	9	11	8	6	5	41	37	37
High school	50	54	59	29	25	31	11	10	10	71	70	73
Some college/ University	66	74	75	45	49	48	23	22	22	85	88	89
Post secondary	68	78	80	61	61	65	14	19	17	88	92	93
Post graduate	83	84	76	70	72	73	21	16	27	93	95	91
All	58	63	65	43	41	45	15	15	16	76	76	78

Source: CyberTRENDS, ComQUEST Research: March 2004, December 2004 and December 2005 editions

- Except for the post graduate, access to the Internet increases with the level of education.

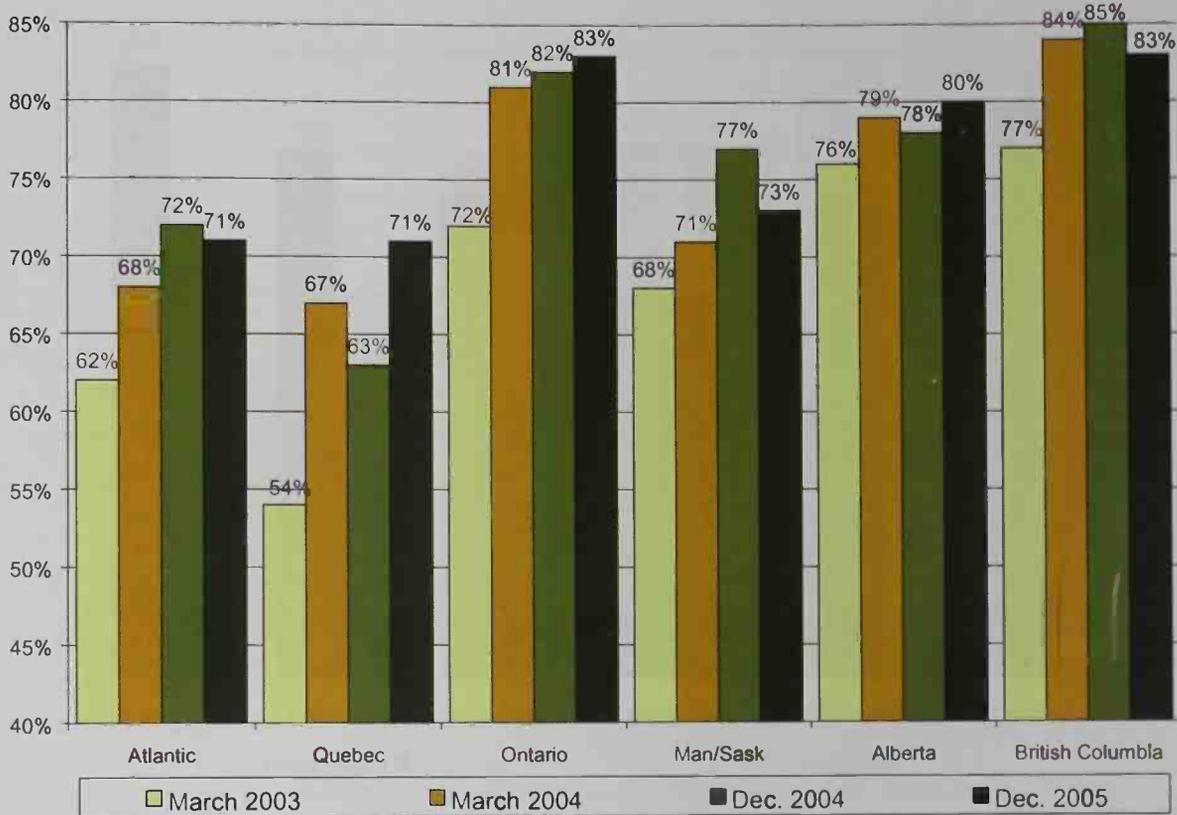
Table 6.4: Internet access by age (%)

Age	Home			Work			School			Overall		
	March 2004	December 2004	2005									
18-34	69	73	72	50	53	56	33	28	30	92	91	92
35-44	70	72	76	57	54	62	14	19	20	88	86	91
45-54	62	68	70	58	52	56	11	13	17	82	82	82
55-64	51	63	66	33	32	34	8	5	7	66	73	76
65+	32	27	35	6	3	5	0	1	1	40	34	41
All	58	63	65	43	42	45	15	15	16	76	76	78

Source: CyberTRENDS, ComQUEST Research: March 2004, December 2004 and December 2005 editions

- Younger households adopt the Internet more readily than other age groups.

Chart 6.2: Percentage of Canadians having access to the Internet by region

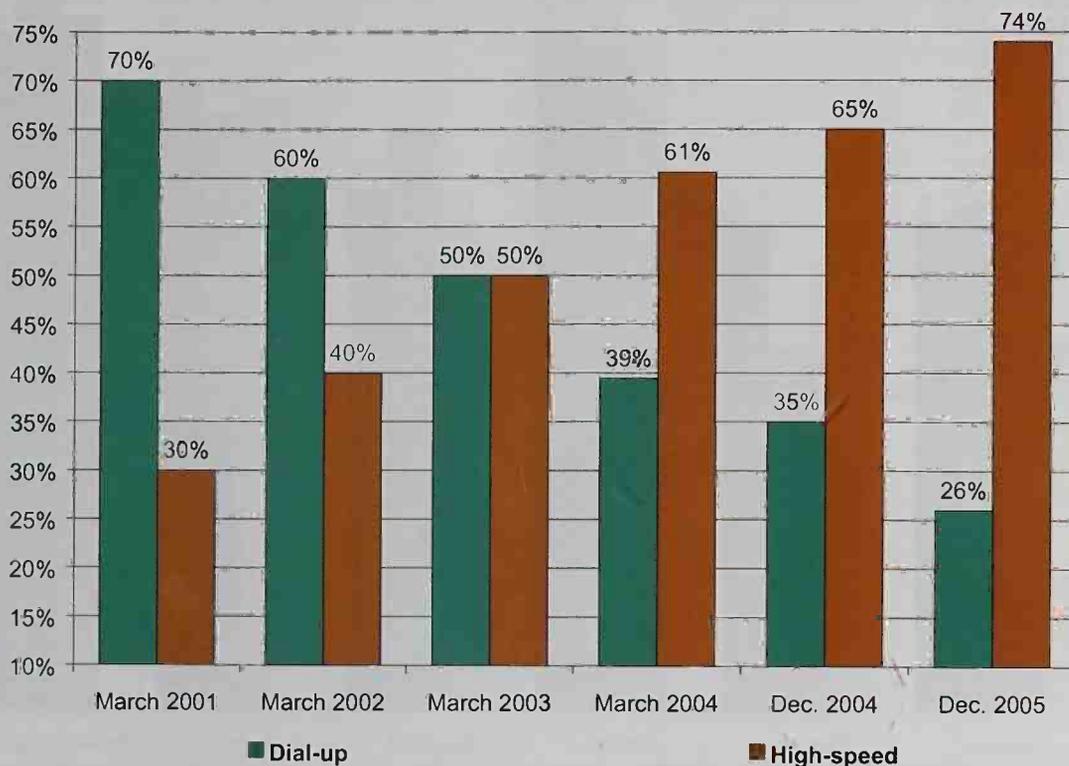


Source: CyberTRENDS, ComQUEST Research: March 2003 and 2004, and December 2004 and 2005 editions

- The number of Canadians in the province of Quebec having access to the Internet has increased significantly from 63% in December 2004 to 71% in December 2005.
- On the other hand, the number of Canadians having access to the Internet in the Manitoba and Saskatchewan region decreased from 77% to 73% over the same period.
- Access levels in the remaining regions varied only slightly.

b) Type of Internet access used at home

Chart 6.3: Dial-up and high-speed Internet access at home



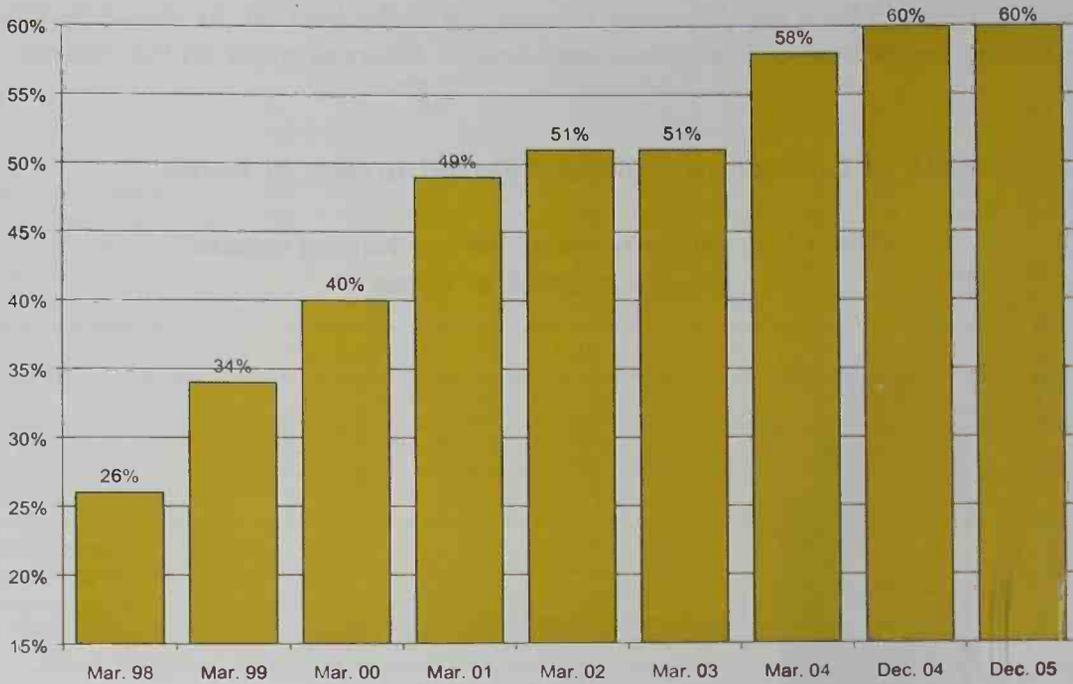
Source: CyberTRENDS, ComQUEST Research: December 2004 and 2005 editions, and March 2001 to 2004 editions

- The percentage of Canadians choosing high-speed rather than dial-up Internet access at home continues to increase.
- According to CyberTRENDS, gender, household income and marital status do not appear to be factors influencing the selection of broadband versus dial-up Internet access. Dial-up users are more likely to be infrequent or short-term users.
- The 9 percentage point increase in high-speed Internet access from December 2004 to 2005 is due, in part, to a refinement in the December 2005 survey questionnaire that now includes DSL resellers.

c) Frequency and duration of Internet use

- According to CyberTRENDS:
 - In December 2005, the average Canadian with Internet access connected for an average of 16 hours of Internet use per week.
 - On average, men spent 142 minutes more on the Internet per week than women.

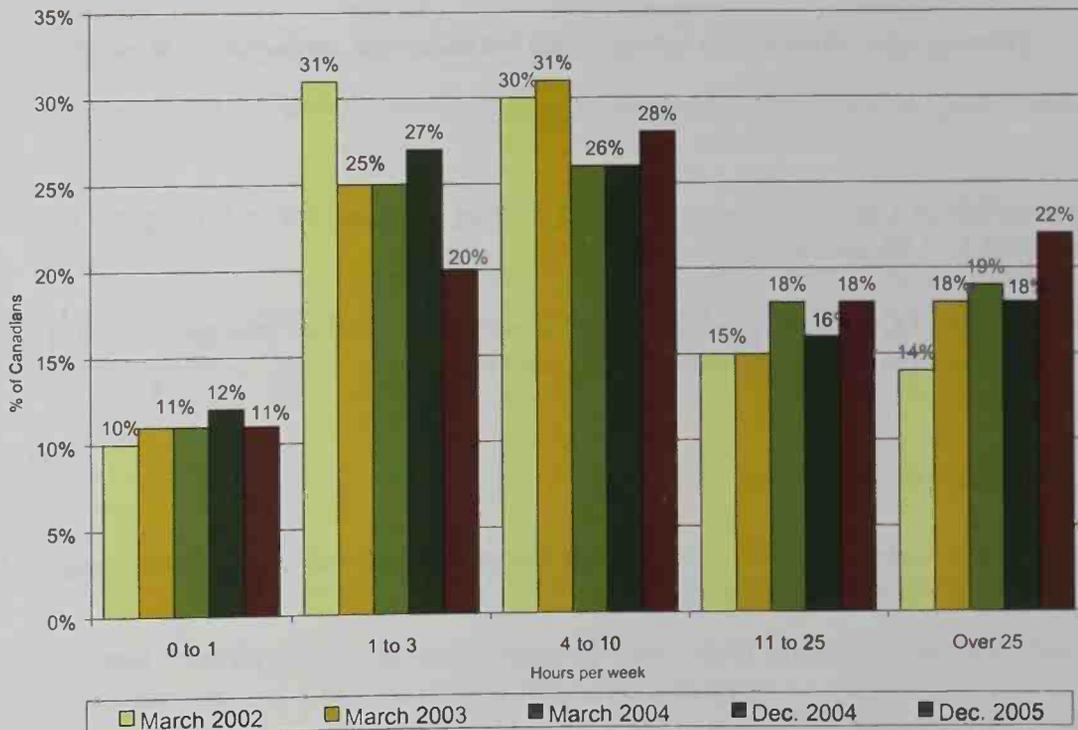
Chart 6.4: Percentage of Canadians using the Internet at least once in a given week



Source: CyberTRENDS, ComQUEST Research: March 1998 to 2004 and December 2004 to 2005 editions

- The number of Canadians who reported using the Internet, at least once a week, remained constant at 60% from December 2004 to December 2005.

Chart 6.5: Time spent by Canadians on the Internet in a given week

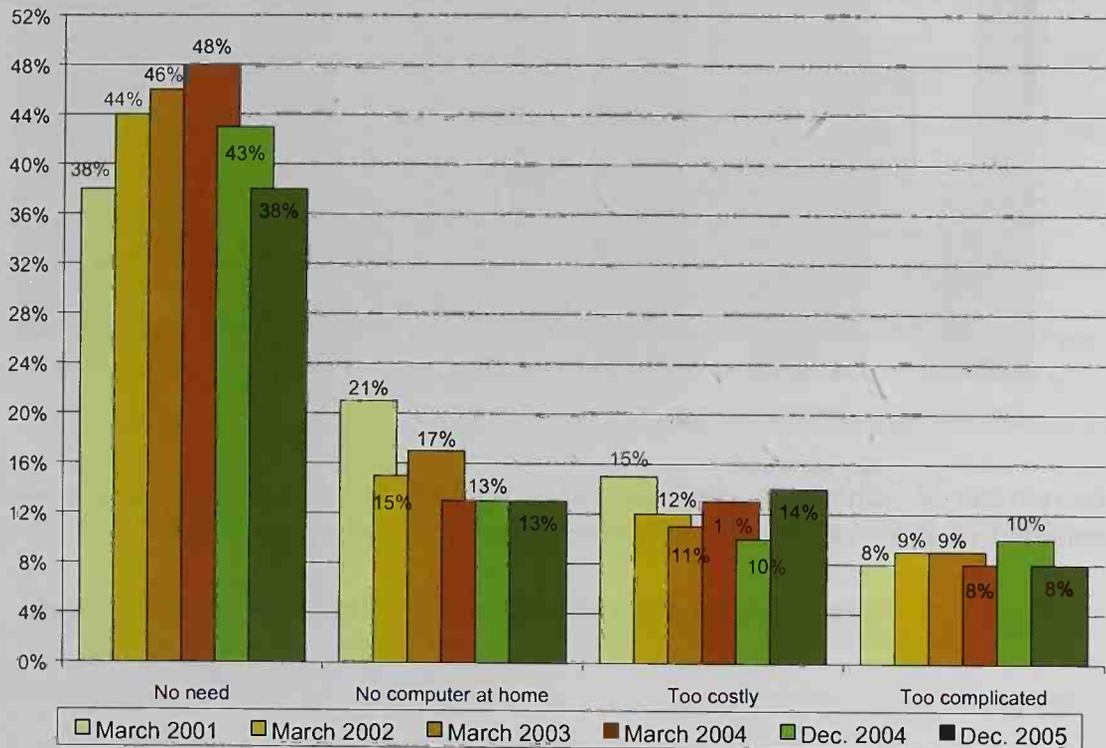


Source: CyberTRENDS, ComQUEST Research: December 2004 and 2005 editions, and March 2002 to 2004 editions

- The percentage of Canadians spending less than one hour on the Internet in a given week remains stable.
- There appears to be a trend towards heavier use of the Internet, as shown by the increasing percentage of Canadians spending 11 hours or more on the internet.

d) Profile of Canadians without Internet access at home

Chart 6.6: Major reasons for not having access to the Internet at home



Source: CyberTRENDS, ComQUEST Research: December 2004 and 2005 editions, and March 2001 to 2004 editions

- The number of Canadians who indicated cost as a reason for not using the Internet increased to 14% in December 2005.
- The number of Canadians indicating the absence of need or interest in having Internet access in the home continues to decline.

e) Internet activities

- According to CyberTRENDS, the average Canadian Internet user spends roughly 50% of their time visiting Canadian websites.

Table 6.5: On-line activities of Canadians

Activity	% of Canadian adults who connected to the Internet at least once a month											
	Most of the time						Some of the time					
	'01	March			December		'01	March			December	
	'02	'03	'04	'04	'05	'01	'02	'03	'04	'04	'05	
E-mail	67	69	71	71	70	70	22	21	17	18	21	20
Specific sites of interest	62	58	61	57	50	51	27	32	29	30	35	33
Search for specific information	58	52	55	54	48	47	31	39	37	38	41	41
Research information on services /products	-	25	29	30	27	25	-	51	47	47	49	50
Surf or browse	19	21	28	25	25	23	37	41	38	38	37	42
Use instant messaging	-	-	-	-	19	17	-	-	-	-	17	15
Download / Listen to music	13	13	16	9	10	9	22	19	24	17	23	22
Download files or software	12	12	15	9	6	6	30	34	31	28	31	30
Chat	5	5	8	5	5	5	12	9	11	12	10	8
On-line gaming	5	3	6	7	4	5	8	8	7	9	11	7
Listen to radio	4	3	4	4	5	6	12	11	12	14	19	16
Shop on-line	-	2	2	2	4	3	-	14	17	21	24	24
Watch videos	2	1	4	3	2	3	17	14	18	16	19	22
Download movies	-	-	-	-	1	1	-	-	-	-	4	2
Download TV programs	-	-	-	-	1	1	-	-	-	-	3	2

Source: CyberTRENDS, ComQUEST Research: March 2001 to 2004 and December 2004 to 2005 editions

- The percentage of Canadian adults who reported listening to music or the radio on the Internet decreased by four percentage points in 2005 compared to 2004.
- The percentage of Canadian adults indicating that they watched or downloaded videos, movies or television programming from the Internet increased by only one percentage point in 2005 compared to 2004.

Table 6.6: On-line activities of high-speed users vs. dial-up users

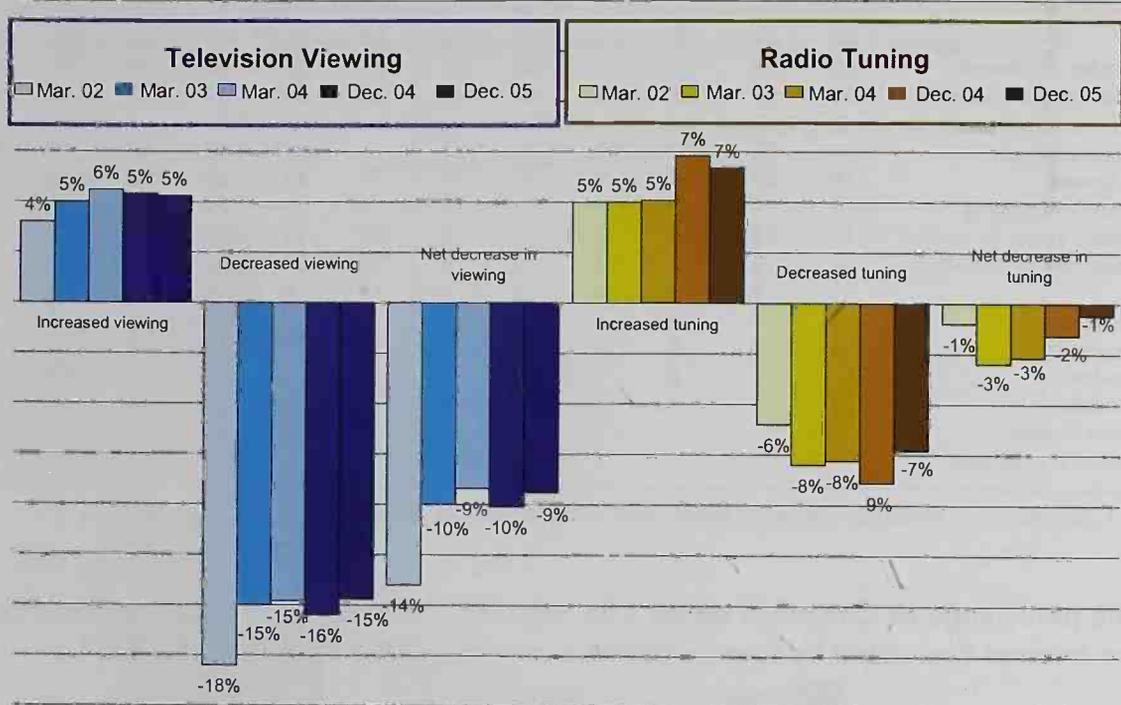
Activity	% of Canadian adults who connected to the Internet at least once a month most or some of the time							
	High-speed				Dial-up			
	March		Dec.		March		Dec.	
	2003	2004	2004	2005	2003	2004	2004	2005
Download / Listen to music	53	32	41	37	32	21	25	18
Downloading files or software	54	41	46	40	46	37	35	35
Chat	26	20	17	14	16	15	11	14
Watch video	29	27	27	29	17	11	13	13
Listen to radio	20	23	30	26	12	13	16	11
Shop on-line	25	28	32	30	16	21	26	27
Download movies	-	-	7	4	-	-	3	2
Download TV programs	-	-	5	5	-	-	2	1

Source: CyberTRENDS, ComQUEST Research: March 2003 to 2004 and December 2004 to 2005 editions

- High-speed Internet users take advantage of faster data transfer rates, spending more time than dial-up users on bandwidth-intensive activities.

C. Effect of Internet use and other new technologies on broadcast media

Chart 6.7: Percentage of Canadians reporting an effect of Internet use on their use of broadcast media



Source: CyberTRENDS, ComQUEST Research: March 2002 to 2004 and December 2004 to 2005 editions

- In some instances, the Internet has influenced Canadians to decrease or increase their use of broadcast media. Overall, there has been a net decrease in the use of television viewing. Radio appears to be minimally effected by Internet use.
- CyberTRENDS also reports that 40% of Canadian households with Internet access had a computer in the same room as the TV in December 2005. Of the households having a computer and TV in the same room, 57% watch TV while using the Internet either sometimes (25%) or often (30%).

Table 6.7: Listening to the radio via the Internet

Fall survey	Total hours tuned via the Internet (000)	Share of total tuning (%)
1997	8	0.0
1998	94	0.0
1999	279	0.1
2000	454	0.1
2001	634	0.1
2002	942	0.2
2003	778	0.1
2004	1,285	0.2
2005	1,728	0.3

Source: MicroBBM, Fall 1997 to Fall 2005, All Canada, Persons 12+

- Data from the BBM Fall surveys indicates that the amount of tuning to Canadian radio stations via the Internet, although still insignificant, continues to increase annually.

Table 6.8: Percentage of Canadians who reported using the following devices in December 2005

Devices		% of device users who are	
		Male	Female
Cell phones	59%	52	48
BlackBerry	3%	75	25
PDA	7%	66	34
MP3 Player	12%	60	34
iPod	4%	70	30
Webcam	8%	60	40

Percentage of cell phone, BlackBerry or PDA owners who used these devices to:			
Watch television	2%	72	28
Take pictures / record video	3%	75	25
Obtain news or weather	7%	72	28
Obtain sports scores	4%	97	3

Source: CyberTRENDS, ComQUEST Research: December 2005 edition

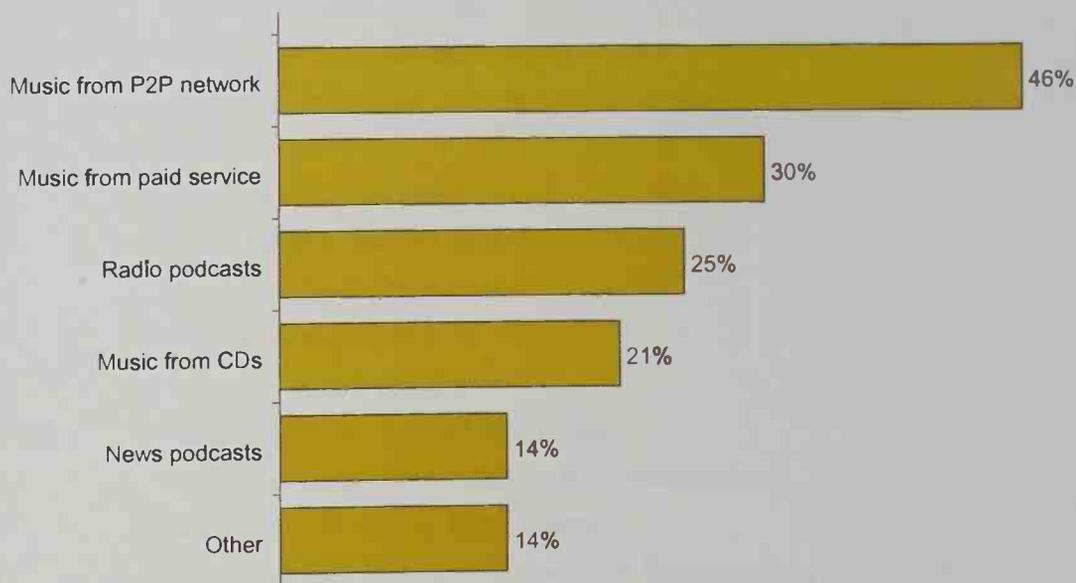
PDA is a pocket size device that combines computing, telephone/fax, Internet, and networking features used as a personal organizer.

iPod and MP3 players are also referred to as digital music players.

Webcam is a video camera, usually attached directly to a computer, which sends periodic images or continuous frames to a Web site.

- Men are the predominant users of BlackBerry, PDA, digital music players and webcams devices.

Chart 6.8: Major uses of iPod and MP3 players as reported by those with access to the Internet



Source: CyberTRENDS, ComQUEST Research: December 2005 edition

P2P (peer to peer) refers to file sharing network on the Internet where users can share any kind of files for free.

Podcasts refer to music, news or information programs posted on websites for users to download.

Table 6.9: iPod and MP3 players: percentage of ownership by demographics

	2003	2004	2005	2006 Projected (1)
Canada	11	16	19	30
Male	14	19	22	34
Female	8	14	16	26
12-14	15	25	42	68
15-19	19	30	53	71
20-29	11	24	28	44
30-49	13	19	15	27
50+	5	6	7	12

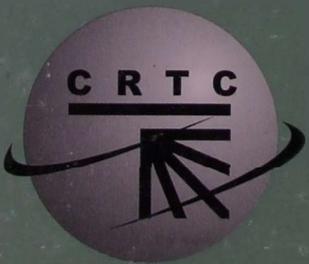
(1) Projection is based on percentage of survey respondents indicating that they intended to purchase a digital music player within the next twelve months.

Source: FASTFORWARD Digital Life – Home and Mobile Technologies 2005, Solutions Research Group, website: www.srgnet.com, All Canada, persons 12+

- Although ownership of digital music players is increasing among all age groups, the highest take-up rates are among teenagers.

Glossary

ASC	Advertising Standards Canada (website: www.adstandards.com)
BBM	BBM Canada (website: www.bbm.ca)
BDU	Broadcasting distribution undertaking
CAB	Canadian Association of Broadcasters (website: www.cab-acr.ca)
Cancon	Canadian content
CASST	Coalition Against Satellite Signal Theft (website: www.casst-ccvss.ca)
CBC	Canadian Broadcasting Corporation (Société Radio-Canada) (website: www.cbc.ca)
CBSC	Canadian Broadcast Standards Council (website: www.cbsc.ca)
CC	Closed captioning
CCTA	Canadian Cable Telecommunications Association (website: www.ccta.com)
CPE	Canadian programming expenditures
CRTC	Canadian Radio-television and Telecommunications Commission (website: www.crtc.gc.ca)
CTD	Canadian talent development
CTF	Canadian Television Fund (website: www.canadiantelevisionfund.ca)
CTSC	Cable Television Standards Council (website: www.ctsc.ca)
DSL	Digital subscriber line
DTH	Direct-to-home
DTV	Digital television
HDTV	High definition television
ISP	Internet service provider
MDS	Multipoint distribution systems
NTSC	National Television Standards Committee
P2P	Peer to peer
Pay	Pay television service
PBIT	Profit before interest and taxes
PDA	Personal digital assistant
PPV	Pay-per-view service
PVR	Personal video recorder
RANFA	Return on average net fixed assets
RDU	Radiocommunication distribution undertaking
SAP	Secondary audio programming
SRC	Société Radio-Canada (Canadian Broadcasting Corporation) (website: www.src.ca)
SRDU	Satellite relay distribution undertaking
STV	Subscription television systems
VOD	Video on demand



Canadian Radio-television and
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télécommunications canadiennes
