



**Canadian
Association of
Broadcasters**

**L'Association
canadienne des
radiodiffuseurs**

February 19, 2008

Mr. Robert A. Morin
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Via Epass

Dear Mr. Morin,

**Re: Broadcasting Notice of Public Hearing CRTC 2007-15: Proceeding
on the Canadian Television Fund (CTF) Task Force Report -
Response to Undertakings and Follow-up Comments**

1. The Canadian Association of Broadcasters ("CAB") is pleased to provide the following information in response to undertakings we made during our appearance at the above-noted Public Hearing, as well as to provide the following follow-up comments.

Undertakings

2. In response to questions from Vice Chair Arpin during our February 4, 2008 appearance at the CTF hearing, the CAB undertook to provide the following information:
 - 1) The current percentage of CTF funds allocated to private TV broadcasters relative to the percentage allocated to public and educational TV broadcasters in English Canada; and
 - 2) The current percentage of CTF funds allocated to not-for-profit private TV broadcasters relative to the percentage allocated to for-profit private TV broadcasters in all of Canada.

The CAB's answers are as follows:

- 1) Approximately 61% of the funds in the CTF's English Broadcaster Performance Envelopes in 2007/08 is allocated to private broadcasters; approximately 39% of those funds is allocated to public and educational broadcasters [Source: CTF Figures].
- 2) Approximately 2.3% of the funds in the CTF's English and French Broadcaster Performance Envelopes in 2007/08 is allocated to not-for-profit private TV broadcasters (APTN, S-VOX, TV5) in all of Canada; approximately 41% of those funds is allocated to for-profit private TV broadcasters. These figures do not reflect any funding allocations under the CTF's "Special Initiatives" [Source: CTF Figures].

Follow-up Comments

3. As presented in our written submission and reinforced during our oral appearance, the CAB strongly agrees with the Task Force that the CTF plays a critical role in supporting the funding of Canadian programming, and we strongly support those Task Force recommendations that will ensure the stability and continuity of CTF contributions by all broadcasting distribution undertakings ("BDUs"), without exception, on a going-forward basis.
4. The following comments, submitted as a follow-up to the February 4, 2008 Public Hearing respecting the CTF Task Force Report, address the following five issues:
 1. Funding Streams
 2. Measuring Audience Success
 3. Structure of the CTF Board
 4. 8/10 points vs. 10/10 points
 5. Funding New Media

Funding Streams

5. CAB continues to support the Task Force's recommendation respecting one CTF Board and two funding streams.
6. The CAB notes that some parties at the hearing expressed concerns regarding the administration of this two-stream model, including concerns that it would be unwieldy and that it would ghettoize "cultural" programming. The CAB submits these concerns are unfounded.
7. As presented in our oral remarks at the hearing, the CAB proposes a very clear and entirely objective demarcation of the two funding streams, whereby the money derived from BDU contributions would be directed in one stream to private broadcaster envelopes while the contributions from the Department of Canadian Heritage would be directed in the other stream to public and not-for-profit broadcasters

and to what are currently called CTF “Special Initiatives”. In this way, the model would be easy to administer as the direction of each funding stream would be entirely dependent on the nature of the recipient, and not the nature of the programming. This would thus eliminate any necessity to make potentially difficult subjective determinations respecting such matters as the extent to which certain programs do or do not meet specific cultural objectives.

8. Similarly, the CAB submits that parties should not fear that the two-stream model would ghettoize “cultural” programming. As the Task Force proposed, approved projects would have to “reflect Canadian experiences”. Moreover, private broadcasters realize that, to achieve audience success (another criterion recommended by the Task Force and supported by the CAB), their CTF-funded Canadian programs will have to appeal to and resonate with Canadian viewers. Taken together, these criteria mean that private broadcasters will still need to utilize their access to CTF funds to provide programming which will have a cultural component to it, for example programming that “reflects Canadian attitudes, opinions, ideas, values and artistic creativity” (see s. 3(1)(d)(ii) of the *Broadcasting Act*).
9. In this respect, the CAB agrees with those who argued that programs which meet cultural objectives and those which achieve audience success need not be mutually exclusive.

Measuring Audience Success

10. The Task Force has recommended that the primary criteria for continued funding from the private sector funding stream would be “audience success”. The Commission panel as well as some parties at the hearing questioned how “audience success” could or should be measured.
11. In keeping with our desire to promote administrative efficiency while reflecting the realities of the television marketplace, the CAB submits that the CTF must take into account the different approaches to audience measurement used by the private sector recipients of this stream. Thus audience success for conventional TV broadcasters would be measured according to average minute audience while cumulative audience would be used to evaluate audience success for specialty and pay services. The CAB notes that some of its members proposed different measurement approaches.
12. The CAB does not see a need for, or value in, establishing artificial audience success benchmarks. In this respect the CAB notes the CTF’s concern that benchmarks would not be realistic, as separate ones would be required for every genre, language and type of broadcaster.

Structure of the CTF Board

13. Many parties at the hearing were asked whether the CTF Board should be structured differently. The CAB maintains its support for the current Board structure. As we stated during our appearance at the hearing, the current Board structure remains adequate and

appropriate. In our view, adding voices around the table will not in itself ensure better decision-making. The CAB supports the Board's current double majority rule which we regard as an effective protection against potential conflicts of interest as it ensures that the independent committee always votes in addition to the Board itself on significant financial or policy matters.

8/10 points vs. 10/10 points

14. The CAB supports the Task Force's recommendation that programs qualifying for the private sector funding stream would need to meet a minimum of 8 of 10 points using the CAVCO scale.
15. The CAB submits that building this added flexibility into the rules for the private sector stream will still ensure the "Canadianness" of resulting programs while allowing private sector broadcasters and independent producers some added leeway in the use of creative inputs in order to be responsive to changing audience interests and market demand. The CAB emphasizes that, notwithstanding this flexibility, qualifying programs would still be required to "reflect Canadian experiences."

Funding New Media

16. The CAB sees merit in diverting some of the CTF funds to new media projects having a direct link to programs triggered by broadcasters which are already eligible to access the CTF. However, the CAB shares the concerns expressed by various parties at the hearing that diverting CTF funds to new media productions would mean less money available to help fund traditional programming at a time when demands on the CTF already exceed available supply. In the CAB's view, the primary function of the CTF must continue to be the provision of funding support for traditional programming, and support should be extended to new media projects only when and if the CTF becomes the recipient of new and additional funds, whether from existing or new sources.
17. The CAB appreciates the opportunity to provide these comments as a follow-up to the recent CTF hearing.

Sincerely,

Original signed by Glenn O'Farrell

Glenn O'Farrell
President and CEO