

**Broadcasting  
Policy  
Monitoring  
Report  
2007**

**Radio  
Television  
Broadcasting distribution  
Diversity and social issues  
New media**

Canadian Radio-television and  
Telecommunications Commission (CRTC)  
Les Terrasses de la Chaudière  
Central Building  
1 Promenade du Portage  
Gatineau, Quebec

Mailing Address:  
CRTC  
Ottawa, Ontario  
Canada  
K1A 0N2

Telephone: 1 (877) 249-2782 (toll-free)  
TDD: 1 (877) 909-2782 (toll-free)

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## Introduction

This is the eighth edition of the CRTC's Broadcasting Policy Monitoring Report, which provides an on-going assessment of the impact of CRTC regulations, policies and decisions<sup>1</sup> on the achievement of the objectives of the *Broadcasting Act*. The 2007 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 2007 edition updates the performance indicators and continues the trends outlined in previous reports.

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 Canada (diary radio data and metered data for francophone audiences in Quebec) and BBM Nielsen Media Research (national metered data); (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, BBM Analytics.

The report is sub-divided into six sections: Overview, Radio, Television, Broadcasting Distribution, 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 On-Line Services located on our website at [www.crtc.gc.ca](http://www.crtc.gc.ca).

The Broadcasting Policy Monitoring Report is also available electronically at [www.crtc.gc.ca/eng/publications/reports.htm](http://www.crtc.gc.ca/eng/publications/reports.htm)

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<sup>1</sup> *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 undertaking*, 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;

*Achieving a better balance: Report on French-language broadcasting services in a minority environment*, Public Notice CRTC 2001-25, 12 February 2001;

*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;

*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;

*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;

*Small cable systems – Digital migration policy*, Broadcasting Public Notice CRTC 2001-130, 21 December 2001;

*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;

*Exemption order respecting radiocommunication distribution undertakings (RDUs)*, Broadcasting Public Notice CRTC 2002-45, 12 August 2002;

*New licensing framework for specialty audio programming services*, Broadcasting Public Notice CRTC 2002-53, 12 September 2002;

*Policy framework for community-based media*, Broadcasting Public Notice CRTC 2002-61, 10 October 2002;

*Internet retransmissions, Report to the Governor General in Council pursuant to Order in Council P.C. 2002-1043*, Broadcasting Public Notice CRTC 2003-2, 17 January 2003;

*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 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;

*Exemption order respecting certain network operations*, Broadcasting Public Notice CRTC 2006-143, 10 November 2006;

*Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006;

*Revised policy concerning the issuance of calls for radio applications and a new process for applications to serve small markets*, Broadcasting Public Notice CRTC 2006-159, 15 December 2006;

*Digital radio policy*, Broadcasting Public Notice CRTC 2006-160, 15 December 2006;

*Exemption order for mobile television broadcasting undertakings*, Broadcasting Public Notice CRTC 2007-13, 7 February 2007;

*Exemption order respecting certain third-language television undertakings*, Broadcasting Public Notice CRTC 2007-33, 30 March 2007;

*Determinations regarding certain aspects of the regulatory framework for over-the-air television*, Broadcasting Public Notice CRTC 2007-53, 17 May 2007;

*A new policy with respect to closed captioning*, Broadcasting Public Notice CRTC 2007-54, 17 May 2007;

*Diversity of Voices Proceeding*, Broadcasting Notice of Public Hearing CRTC 2007-5, 13 April 2007;

*Review of the regulatory frameworks for broadcasting distribution undertakings and discretionary programming services*, Broadcasting Notice of Public Hearing CRTC 2007-10, 5 July 2007.

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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.
- 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 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.
- 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 and supervisory 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.
- In all its activities, the Commission is guided by four basic working principles: transparency; fairness; predictability; timeliness. The Commission recognizes that time

has a value in the business world and each regulation bears a cost. Consequently, it endeavours to make its decisions promptly and regulate only where necessary and in the least intrusive manner possible.

- A summary of the Commission's activities relating to the Canadian broadcasting industry during the 2006-2007 fiscal year is provided in *CRTC Accomplishments 2006-2007*.<sup>1</sup>
- The CRTC also presents its three year work plan for the 2007 to 2010 period in *3 Year Work Plan 2007-2010*.<sup>2</sup> The Commission finalized this plan subsequent to consultations held with industry stakeholders.

## **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,
  - (iii) include educational programs and community programs,
- To implement this policy objective, 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.
- Tables 2.1 and 3.1 located in the Radio and Television sections of this report provide a listing of the types of radio, audio and television regulated services authorized to broadcast in Canada.

## **C. Streamlining activities**

### **1. Streamlining broadcasting processes**

- In *Streamlined processes for certain broadcasting applications*, Broadcasting Circular CRTC 2006-1, 27 March 2006 (Circular 2006-1), the Commission announced an expedited process whereby it would inform applicants of the status of their licence

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

<sup>2</sup> A copy of this report can be obtained on the CRTC website noted above

amendment applications within 15 business days of receiving an application. The Commission estimated that, in the absence of any significant or unresolved issues or concerns surrounding the applications in question, the processing time could be reduced by approximately half for licence amendment applications processed administratively or by a written public proceeding.

- In 2006-07,<sup>3</sup> the Commission has indeed reduced the average time it takes to deal with amendment applications by 50 percent compared to the 2005-06 fiscal year.
- The Commission continued reviewing broadcasting processes in 2006-07 in the following areas: processing of requests to add foreign third-language services to the Lists of Eligible Satellite Services; exempting certain network operations from licensing requirements; reviewing broadcasting application forms; and reviewing the policy concerning the issuance of radio calls for applications. The Commission has also set out measures to streamline certain reporting requirements for Class 1 cable distribution undertakings having 20,000 or more subscribers and for television licensees, and has issued an exemption order for certain third-language television undertakings from licensing requirements.

## 2. 2007/08 Streamlining initiatives

- The Commission has undertaken an exhaustive review of the processing of applications using the public hearing route and significant measures have been identified to streamline and expedite this process. These streamlining initiatives should be announced in fiscal year 2007-2008.

## 3. 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 quarterly and annual statistics for the period 1 April 2006 to 31 March 2007<sup>4</sup> show that the Commission has either met or surpassed these standards.

## D. Broadcasting dispute resolution

- The Broadcasting Directorate's dispute resolution 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

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<sup>3</sup> Quarterly statistics for the period 1 April 2006 to 31 March 2007 are available on the CRTC website: [http://www.crtc.gc.ca/eng/publications/reports.htm#quart\\_report](http://www.crtc.gc.ca/eng/publications/reports.htm#quart_report)

<sup>4</sup> Available on the CRTC website : [http://www.crtc.gc.ca/eng/publications/reports.htm#quart\\_report](http://www.crtc.gc.ca/eng/publications/reports.htm#quart_report)

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.
- Wherever possible, 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*.<sup>5</sup>
- 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 or informal meetings with minimal actual Commission intervention.

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<sup>5</sup> *Expedited procedure for resolving competitive issues*, Telecom Circular CRTC 2004-2, 10 February 2004

## 1. Number and type of disputes

**Table 1.1: Number of dispute files received in 2006/07<sup>(1)</sup>**

Dispute issues	Formal dispute files Type of disputes			Informal interventions
	Undue preference or disadvantage <sup>(2)</sup>	Dispute resolution <sup>(3)</sup>	Total	Total
Building access	1	-	1	-
Distribution / programming	-	4	4	14
<b>Total</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>14</b>

(1) 1 April 2006 to 31 March 2007

(2) Section 9 of the Broadcasting Distribution Regulations

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

- Between 1 April 2006 and 31 March 2007, the Commission dealt with four outstanding dispute files from the previous period and opened five new files. There were four dispute files outstanding at the end of the period – one of these files has been suspended at the request of the parties, and the remaining three were received in the second half of the review period.
- During the same period, the Commission also resolved seven of the 14 informal dispute interventions undertaken. Of the remaining seven informal dispute files, two have been suspended at the request of the parties and five were active as of 31 March 2007.

## 2. Time taken to resolve disputes

- The following table compares the average time taken to resolve disputes over each of the last three 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 1.2: Fiscal year comparisons of the average number of days to resolve disputes**

Disputes	2004/05	2005/06	2006/07
Undue preference	142	135	89
Sections 12 to 15	152	86	53
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.

### 3. Discretionary services and BDU regulation review processes

- In preparation for the BDU regulations review process scheduled for 2007/08, the Commission conducted preliminary industry consultations in November and December 2006. Dispute resolution was among the issues identified as important for the Commission's regulatory framework going forward. It is anticipated that the Commission's role in broadcasting dispute resolution will be an important part of the regulatory review process.

## E. Diversity of voices proceeding

- In order to implement the objectives of the Act, the Commission has established regulations and policies designed to ensure that the broadcasting system offers a diversity of voices and that programming reflecting the concerns of all Canadians has reasonable access to the system.
- In *Diversity of Voices Proceeding*, Broadcasting Notice of Public Hearing CRTC 2007-5, 13 April 2007 (Public Notice 2007-5), the Commission announced that in light of the current wave of consolidation in the Canadian broadcasting industry, it would be holding a public hearing in September 2007 to review its approach to ownership consolidation and other issues related to the diversity of voices in Canada.
- The objective of this hearing is to conduct a comprehensive review of the CRTC's policies with respect to diversity of voices. The Commission wishes to ensure that the system provides Canadians with the greatest possible diversity of voices, including editorial voices while taking into consideration the increasing integration of all elements in the system. The topics under review will include:
  - existing regulatory framework
  - common ownership of broadcasting undertakings
  - concentration of ownership
  - cross-media ownership or horizontal integration
  - vertical integration
  - the benefits policy
  - licence trafficking
  - ownership of new media undertakings
  - ensuring broadcast voices that represent and reflect Canada's diversity
  - relationship with the Competition bureau.

## II. Radio

### A. Radio and audio services available in Canada

#### 1. Number and type of radio and audio services authorized to broadcast in Canada

- The following table provides a summary of the various types of radio and audio services licensed to broadcast in the Canada as of 31 December 2006.

**Table 2.1: Canadian radio and audio services authorized<sup>(1)</sup>**

	English language <sup>(2)</sup>	French language <sup>(3)</sup>	Third language	Total
<b>Over-the-air radio services<sup>(4)</sup></b>				
National public broadcaster				
CBC Radio One / Première chaîne	36	20	-	56
CBC Radio 2 / Espace Musique	14	12	-	26
CBC Radio 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	157	15	12	184
FM stations <sup>(5)</sup>	367	89	9	465
AM and FM network licences <sup>(6)</sup>	26	9	-	35
Digital radio (stand-alone and transitional)	42	9	7	58
Religious (music and spoken word) <sup>(7)</sup>	42	26	1	69
Community				
Type A stations <sup>(8)</sup>	11	34	-	45
Type B stations	23	26	1	50
Developmental	10	-	-	10
Campus				
Community based	36	5	-	41
Instructional	9	-	-	9
Developmental	1	-	-	1
Aboriginal – Type B stations <sup>(9)</sup>	36	10	-	46
Other (tourist/traffic; Environment Canada; special, special event, other network licences, etc.)	97	21	3	121
<b>Total number of over-the-air Canadian radio services</b>	<b>919</b>	<b>286</b>	<b>33</b>	<b>1,238</b>
<b>Multi-channel subscription radio services</b>				
Satellite subscription radio service	2	-	-	2
Terrestrial subscription radio service <sup>(9)</sup>	1	-	-	1
<b>Audio services delivered by BDUs</b>				
Specialty audio (commercial / Non-profit, regional / national)	5	-	4	9
Pay audio (English and French national services)	2	-	-	2
<b>Total number of Canadian radio and audio services</b>	<b>929</b>	<b>286</b>	<b>37</b>	<b>1,252</b>

(1) Number of services approved, but not necessarily broadcasting. Unless a request for an extension of time is approved by the Commission, most undertakings must be operational within 24 months of the decision date.

- (2) Includes bilingual (English and French) and English-native services.  
(3) Includes French-native services.  
(4) Excludes radicomunication distribution undertakings (RDU), rebroadcasters and exempted radio services.  
(5) Approval of a new FM radio station resulting from an AM to FM band conversion will result in station double counting until the AM licence is surrendered by the licensee - roughly three months after AM and FM simulcast transition period.  
(6) Most of the commercial network licences noted here fall under *Exemption order respecting certain network operations*, Broadcasting Public Notice CRTC 2006-143, 10 November 2006 and will not need to be renewed after their current licence term expire.  
(7) Includes commercial and not-for-profit religious radio stations.  
(8) Excludes network licences.  
(9) Not in operation.  
Sources: CRTC APP1205 and APP1200 reports - run 4 January 2007

## 2. Licensing of over-the-air radio stations

- The following table sets out, by language, licence category, type and process the number of radio applications approved by the Commission during the past four years.

**Table 2.2: Number of new over-the-air radio stations approved from 1 January 2003 to 31 December 2006**

		2003	2004	2005	2006	Total
<i>Number of new over-the-air radio stations approved</i>		68	49	44	72	233
Number of stations approved by:						
Language	English-language	51	43	38	54	186
	French-language	12	5	4	16	37
	Ethnic	5	1	2	2	10
Licence category	Commercial*	36	26	33	48	143
	Community	11	10	8	13	42
	Campus	4	2	-	3	9
	Native	7	2	-	2	11
	Other*	10	9	3	6	28
Type	Stand-alone digital	1	-	-	-	1
	AM Frequency	3	-	2	4	9
	FM Frequency	64	49	42	68	223
	AM to FM Conversions (included in FM)	9	4	9	12	34
Process	Competitive	17	15	9	18	59
	Non-Competitive	51	34	35	54	174

Notes: Excludes radicomunication distribution undertakings (RDU), rebroadcasters, pay audio, specialty audio services and multi-channel subscription radio services.

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

\* 2003 and 2004 figures have been restated.

Sources: CRTC Decisions issued from 1 January 2003 to 31 December 2006

## B. Tuning trends

- The following tables set out the percentage of hours tuned to radio and audio services in an average week during the BBM Fall surveys from 1999 to 2006.



**Table 2.3: Average weekly hours tuned per capita<sup>1</sup> by age group**

BBM Fall survey	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
2006	18.6	7.6	14.1	18.3	20.6	21.0	21.1	21.3
Growth / Decline* between								
2005 to 2006	-0.5	-1.0	-1.1	0.2	-0.4	-0.5	-0.8	-0.3
1999 to 2006	-1.9	-3.7	-3.2	-3.0	-1.0	-0.6	-2.1	-1.4

\* In average hours

Source: BBM Radio Fall Surveys, MicroBBM – All persons 12+, Monday to Sunday, 5 a.m. to 1 a.m.

- The overall per capita weekly radio listening levels decreased by 1/2 hour from 2005 to 2006. With the exception of adults aged 25 to 34, listening levels in all demographics decreased over the same time period. This decrease was most notable in the teen demographics and for adults aged from 18 to 24 and 55 to 64, where weekly listening levels decreased by approximately one hour.
- Since 1999, the overall per capita weekly radio listening levels decreasing by almost two hours. The most notable decreases have been in the teen demographics and for adults aged from 18 to 34, where weekly listening levels have decreased three to four hours.

**Table 2.4: Radio tuning share in an average week and average weekly hours tuned by listener<sup>2</sup>**

BBM Fall Survey	Percentage (%) of hours tuned								Average weekly hours per listener	Total average national hours (000,000)
	English language stations			French language stations			Other	Total		
	AM	FM	Total	AM	FM	Total				
1999	24.5	49.2	73.7	3.8	16.9	20.7	5.6	100	21.8	544.6
2000	23.8	50.3	74.1	3.0	17.4	20.4	5.5	100	21.8	531.8
2001	23.7	50.1	73.8	2.9	17.7	20.6	5.6	100	21.7	532.9
2002	22.6	51.1	73.7	2.7	18.4	21.1	5.2	100	21.7	540.5
2003	22.2	52.1	74.3	2.4	18.4	20.8	4.9	100	21.0	529.6
2004	21.2	52.7	73.9	2.1	18.8	20.9	5.2	100	21.0	538.1
2005	21.0	52.7	73.7	1.9	18.9	20.8	5.6	100	20.7	531.6
2006	19.3	55.0	74.2	1.6	17.9	19.6	6.2	100	20.4	525.5

Increase/decrease in average weekly hours from: 2005 to 2006 -0.3  
1999 to 2006 -1.4

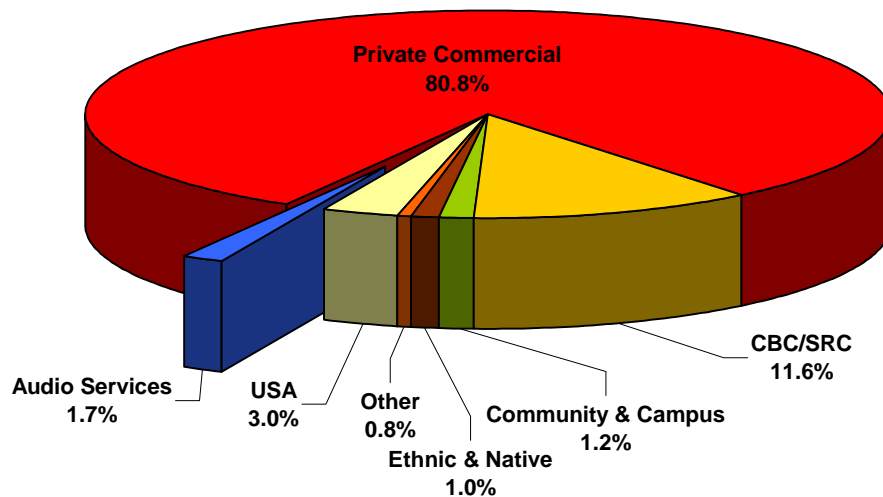
Note: Minor variances are due to rounding. "Other" is principally over-the-air tuning to U.S. border stations. "Other" also includes tuning to Internet radio that is not attributed to Canadian over-the-air radio stations, multi-channel subscription (satellite radio) services, pay and specialty audio services, over-the-air and video services available on cable and unknown. Source: BBM Fall 1999 to Fall 2006 for all persons 12+, Monday to Sunday, 5 a.m. to 1 a.m., BBM Canada, 2006-07 Radio Databook.

<sup>1</sup> Average weekly hours per capita is determined by dividing the total number of hours tuned by the population.

<sup>2</sup> Average weekly hours per listener is determined by dividing the total number of hours tuned by the number of listeners (reach).

- AM radio continues to decline in total average hours tuned, while FM recuperates these hours. In 2006, approximately 73% of the tuning to Canadian radio stations was through the FM band.
- In Fall 2006, the average hours tuned per listener was 20.4 hours per week, 20 minutes less than the previous year.
- According to BBM:<sup>3</sup>
  - 91.2% of Canadians aged 12 and over listened to the radio for at least 15 minutes per week in Fall 2006, as compared to 94% in 1998.
  - In Fall 2006, 47% of the total hours tuned by Canadians was from home, 28% from a vehicle, 23% from work and 2% was from other sources.
  - 40% of Canadians surveyed reported listening to the radio for more than 16.5 hours in an average week, accounting for approximately 80% of the total hours tuned.
- The following pie chart shows the percentage of hours tuned in an average week to over-the-air (OTA) radio and audio services.

**Chart 2.1:** Radio tuning share in an average week, 5 a.m. to 1 a.m.,  
BBM Fall 2006



"Audio Services" includes tuning to: multi-channel subscription (satellite radio) services; pay & specialty audio services; OTA radio stations & video services broadcast on cable; the internet.  
Minor variances are due to rounding.

<sup>3</sup> Unless otherwise indicated, BBM Fall 2006, All persons 12+, Monday to Sunday, 5:00am to 1:00 am.

**Table 2.5: Listening to radio stations via the internet, pay & specialty programming services delivered by broadcasting undertakings and multi-channel subscription radio services**

Share of total tuning (%)				
BBM Fall survey	Internet	Pay & specialty programming services delivered by broadcasting undertakings	Multi-channel subscriptions radio services (satellite radio)	Combined tuning share
2005	0.3	0.4	Not applicable	0.7
2006	0.3	0.4	1.0	1.7

Minor variances are due to rounding.

Source: MicroBBM, Fall 2006, All Canada, Persons 12+ Monday to Sunday, 5 a.m. to 1 a.m.

- The Fall 2006 survey indicates that the tuning to Canadian radio stations via the Internet, pay audio and satellite radio is still small.
- After less than one year in operation, satellite radio tuning share has surpassed the combined tuning share of the Internet, pay and specialty programming services.
- A primary target for satellite radio is the automobile market. CSR and Sirius Canada have both concluded agreements with various Canadian automotive partners to have satellite radios installed in their vehicles. Satellite radio will also be expanding its market through carriage on cable, direct-to-home (DTH) and mobile wireless carriers placing satellite radio services in direct competition with pay audio for its target audience in these formats.
- According to the CBC,<sup>4</sup> approximately 20% of BDU subscribers listened to pay audio services in 2005. CBC states that while pay audio has enjoyed reasonable success, its lack of portability and convenience of wireless audio services combined with direct competition from satellite radio services distributed by BDUs may threaten the future of pay audio services. The CBC predicts that the pay audio service providers may need to partner with wireless operators in the future in order to retain their subscribers in a “mobile” world.
- The following table shows that tuning to the radio via the Internet and satellite radio is highest among adults aged from 25 to 49. Tuning to pay audio is highest among adults aged from 35 to 39 and 55 to 64.

<sup>4</sup> Page 26 from the comments filed with the CRTC in response to Broadcasting Public Notice CRTC 2006-72, *Call for comments on a request by the Governor in Council pursuant to Section 15 of the Broadcasting Act to prepare a report examining the future environment facing the Canadian Broadcasting System.*

**Table 2.6: Distribution of tuning to radio stations via the internet, pay & specialty programming services delivered by broadcasting undertakings and multi-channel subscription radio services by age group**

BBM Fall 2006 survey	Share of total tuning (%)	Distribution of tuning by age group (%)						
		Teens 12-17	Adults					
			All persons 12+	18-24	25-34	35-49	50-54	55-64
Internet	0.3	1.6	13.2	31.1	37.4	7.5	6.7	2.5
Pay & specialty programming services delivered by broadcasting undertakings	0.4	2.0	9.3	10.0	25.1	11.7	26.7	15.2
Multi-channel subscriptions radio services (satellite radio)	1.0	2.8	7.7	21.1	46.4	10.6	7.7	3.7

Minor variances are due to rounding.

Source: MicroBBM, Fall 2006, All Canada, Persons 12+, Monday to Sunday, 5 a.m. to 1 a.m.

## 1. Tuning to the top private commercial radio ownership groups

- The following tables set out the tuning achieved by the largest private commercial radio operators in 2004, 2005 and 2006.

### a) All Canada

**Table 2.7: Tuning to the largest private commercial radio operators in Canada<sup>(1)</sup>**

Corporation	Listening hours (000) BBM Fall			Share of national tuning		
	2004	2005	2006	2004	2005	2006
Corus Entertainment Inc.	85,391	91,725	87,258	16%	17%	17%
Standard Broadcasting Corporation Limited	64,526	65,643	61,653	12%	12%	12%
Rogers Communications Inc.	44,732	48,243	46,772	8%	9%	9%
Astral Media Radio inc.	48,189	38,139	37,681	9%	7%	7%
CHUM Limited	36,019	36,116	34,004	7%	7%	6%
Newcap Inc.	20,039	21,224	21,724	4%	4%	4%
Total largest private commercial radio operators	298,896	301,090	289,091	56%	57%	55%
Total Canadian private commercial radio <sup>(2)</sup>	437,181	442,123	424,515	81%	83%	81%
Total all radio <sup>(3)</sup>	538,202	531,607	525,481	100%	100%	100%

Minor variances are due to rounding.

(1) Refer to "Notes to tables 2.7 to 2.12" following Table 2.12.

(2) Listening hours includes tuning to private commercial.

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

Sources: BBM Fall 2004 to 2006 surveys, 5 a.m. to 1 a.m., all persons 12+; and CRTC APP and financial databases

- The tuning share by the largest radio groups has remained about the same since 2002.

## b) English-language stations

**Table 2.8: Tuning to the largest English-language private commercial radio operators in Canada<sup>(1)</sup>**

Corporation	Listening hours (000) BBM Fall			Share of tuning to English-language radio		
	2004	2005	2006	2004	2005	2006
Corus Entertainment Inc.	70,167	67,880	64,498	18%	17%	17%
Standard Broadcasting Corporation Limited	64,526	65,643	61,653	16%	17%	16%
Rogers Communications Inc.	44,732	48,243	46,772	11%	12%	12%
CHUM Limited	36,019	36,116	34,004	9%	9%	9%
Newcap Inc.	20,039	21,224	21,724	5%	5%	6%
<b>Total</b>	<b>235,483</b>	<b>239,106</b>	<b>228,650</b>	<b>59%</b>	<b>61%</b>	<b>59%</b>
<b>Total Canadian English-language radio<sup>(2)</sup></b>	<b>397,409</b>	<b>391,468</b>	<b>390,148</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Minor variances are due to rounding.

(1) Refer to "Notes to tables 2.7 to 2.12" following Table 2.12.

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

Sources: BBM Fall 2004 to 2006 surveys, 5 a.m. to 1 a.m., all persons 12+; and CRTC APP and financial databases

## c) French-language stations

**Table 2.9: Tuning to the largest French-language private commercial radio operators in Canada<sup>(1)</sup>**

Corporation	Listening hours (000) BBM Fall			Share of tuning to French-language radio		
	2004	2005	2006	2004	2005	2006
Astral Media Radio inc.	45,317	35,212	34,514	40%	32%	34%
Corus Entertainment Inc.	15,224	23,846	22,760	14%	22%	22%
Cogeco Inc.	9,345	10,881	10,500	8%	10%	10%
<b>Total</b>	<b>69,886</b>	<b>69,938</b>	<b>67,775</b>	<b>62%</b>	<b>63%</b>	<b>66%</b>
<b>Total Canadian French-language radio (2)</b>	<b>112,508</b>	<b>110,559</b>	<b>102,817</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Minor variances are due to rounding.

(1) Refer to "Notes to tables 2.7 to 2.12" following Table 2.12.

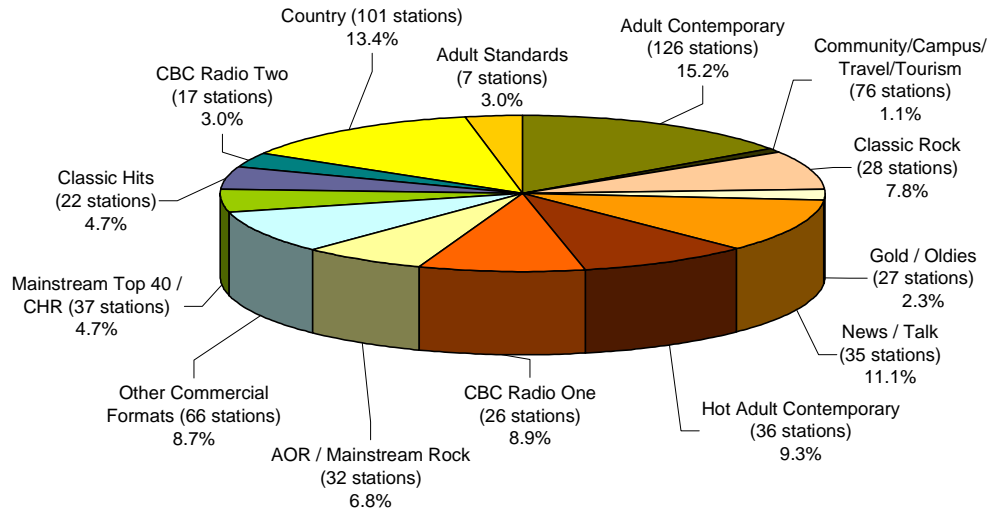
(2) Listening hours include tuning to public and private Canadian French-language stations.

Sources: BBM Fall 2004 to 2006 surveys, 5 a.m. to 1 a.m., all persons 12+; and CRTC APP and financial databases

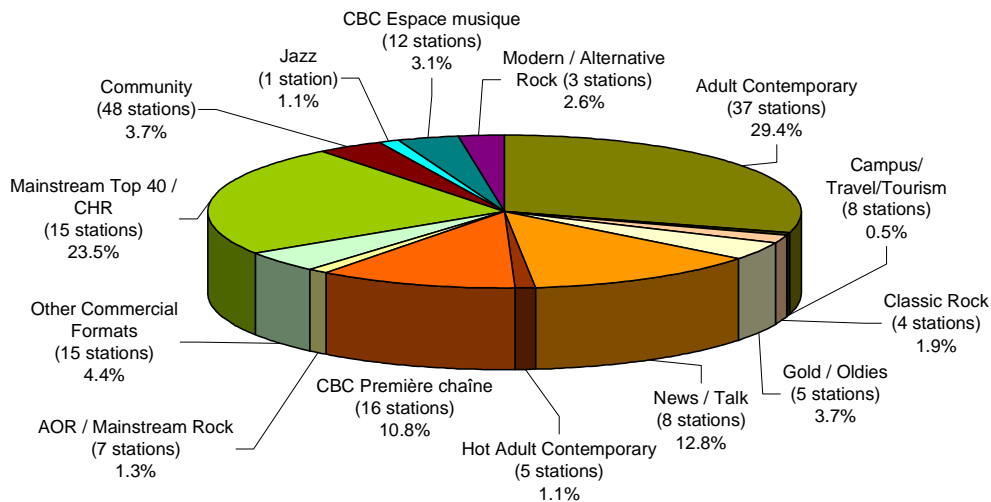
## 2. Popularity of formats

- Charts 2.2 and 2.3 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 partially based on BBM Fall 2006 data and excludes tuning to Internet, ethnic, bilingual and U.S. stations.

**Chart 2.2: English-language station formats – BBM Fall 2006<sup>5</sup>**



**Chart 2.3: French-language station formats – BBM Fall 2006<sup>6</sup>**



## C. Financial performance of private commercial radio stations<sup>7</sup>

- One of the Commission's overall objectives of the 2006 Commercial Radio Policy is to develop policies that assist in the creation of conditions for a strong, well-financed commercial radio sector that is capable of contributing to the fulfillment of the objectives set out in the Act.

<sup>5</sup> BBM Fall 2006, 5 a.m. to 1 a.m., all persons 12+, Monday to Sunday - Canadian English-language stations.

<sup>6</sup> BBM Fall 2006, 5 a.m. to 1 a.m., all persons 12+, Monday to Sunday - Canadian French-language stations.

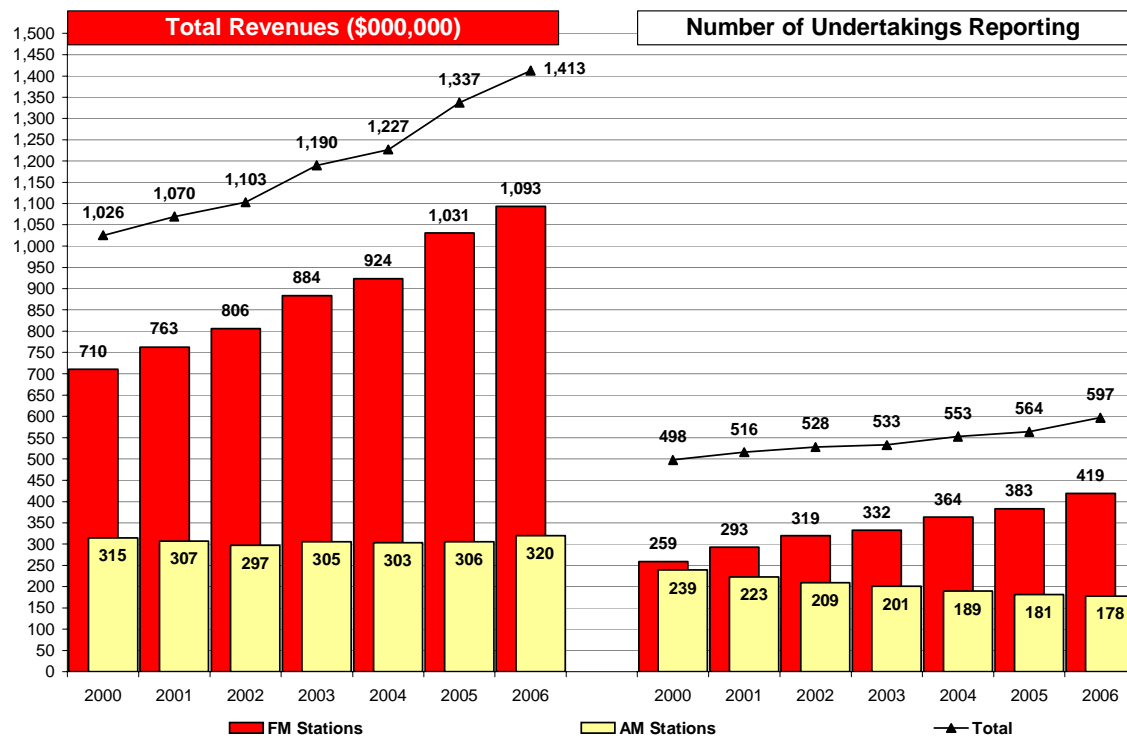
<sup>7</sup> Pay and specialty audio programming services as well as multi-channel subscription radio services are not included in these financial results.

- This section provides a brief overview of the financial performance of the Canadian commercial radio industry.<sup>8</sup> The following charts show the revenues, profits before interest and taxes (PBIT) and PBIT margins achieved by private commercial radio stations in Canada.

## 1. Revenues and profits before interest and taxes (PBIT) – 2000 to 2006

### a) All Canada

Chart 2.4: Revenues – Private commercial radio stations



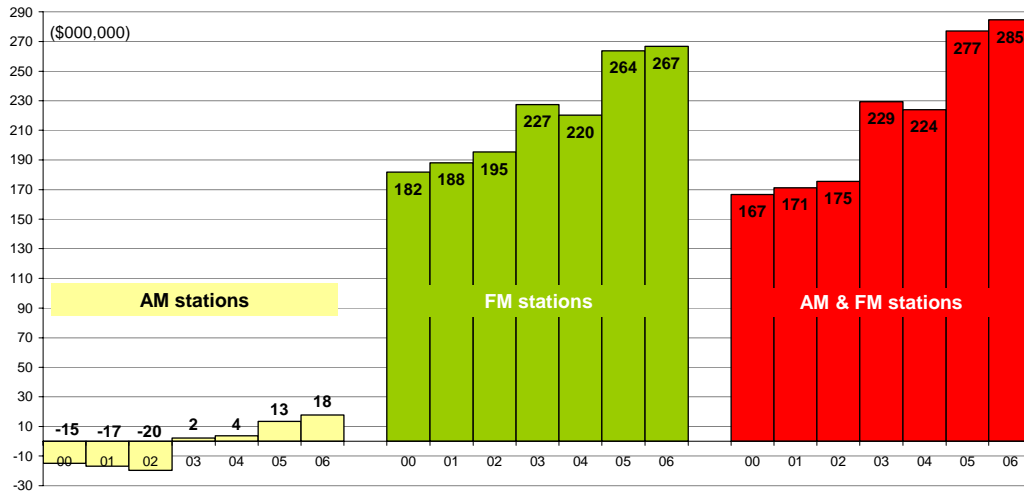
Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding.  
Source: CRTC financial database

- Total revenues reported by private commercial radio stations increased 5.7% or \$75.9 million from 2005 to 2006. There were 33 additional radio stations reporting financial results in 2006 compared to 2005.
- Since 2000, combined AM and FM revenues have increase by an average of 5.5% per year. During this same period, the revenues reported by FM radio stations increased by an average of 7.4% per year while AM radio stations increased by an average of 0.3% per year.

<sup>8</sup> Additional data relating to financial performance of the private commercial radio broadcasting industry is available on the CRTC website for industry. <http://www.crtc.gc.ca/eng/stats.htm>

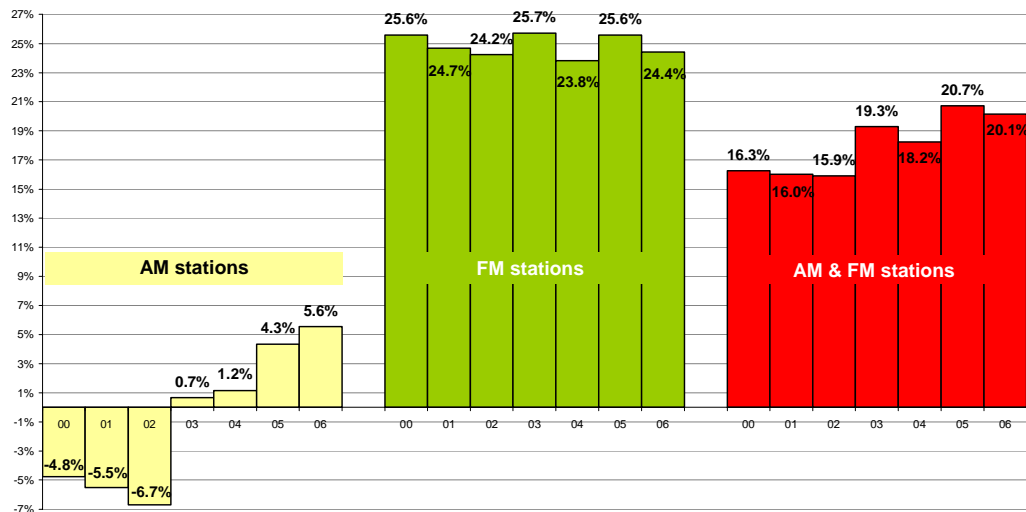
- From 2000 to 2006, the number of radio stations reporting financial results has increased by 20% or 99 stations. The number of FM radio stations reporting financial results has increased by 62% or by 160 stations, while the number of AM stations has decreased by 26%, or by 61 stations. Approximately 38% of the new FM radio stations reporting financial results involved AM stations converting to FM frequencies.

**Chart 2.5: PBIT – Private commercial radio stations**



Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding.  
Source: CRTC financial database

**Chart 2.6: PBIT Margin – Private commercial radio stations**



Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding.  
Source: CRTC financial database

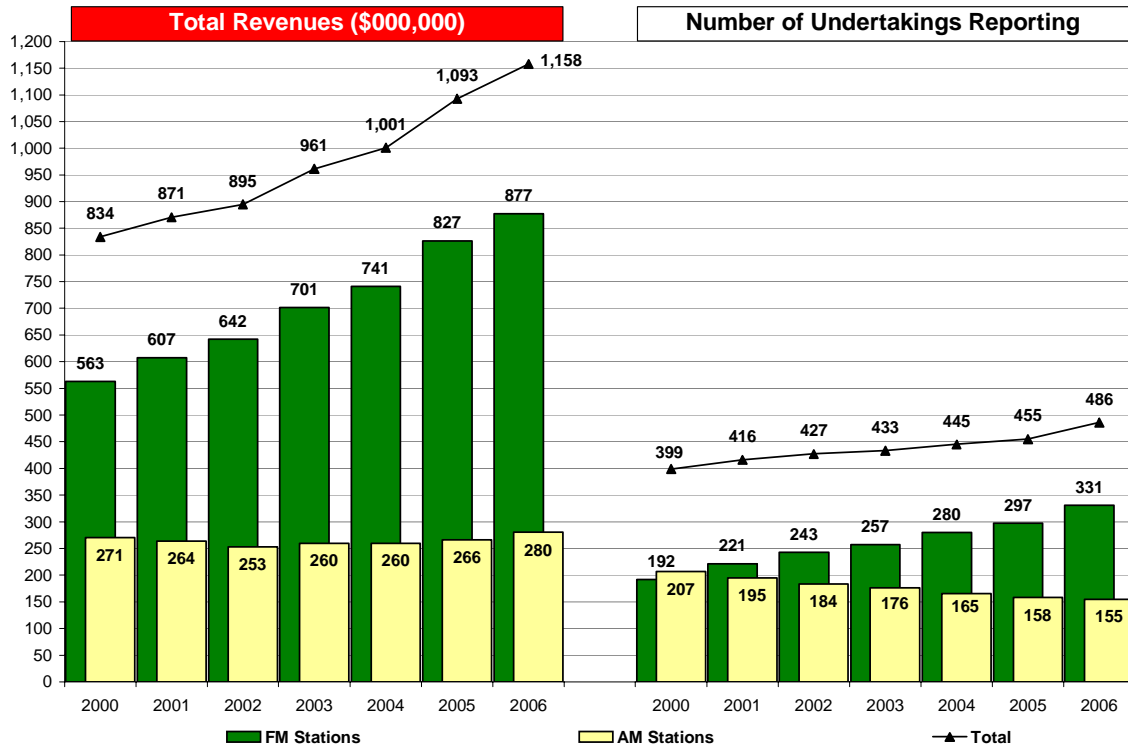
- PBIT increased by \$7.5 million or 2.7% from 2005 to 2006. PBIT margins for the last four years remain in the 20% range.



- FM radio stations continue to achieve PBIT margins in the 24% range.
- While still low, the PBIT margins reported by AM radio stations have increased annually since 2003. PBIT increased \$4.5 million, or 33.7%, from 2005 to 2006.

## b) English-language stations

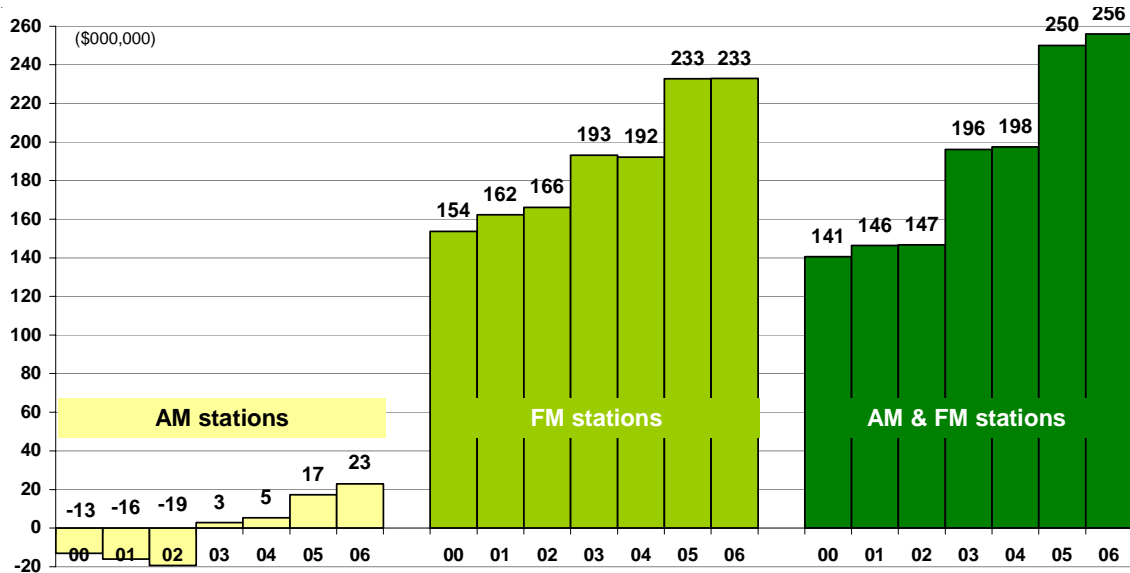
**Chart 2.7: Revenues – English-language private commercial radio stations**



Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding.  
Source: CRTC financial database

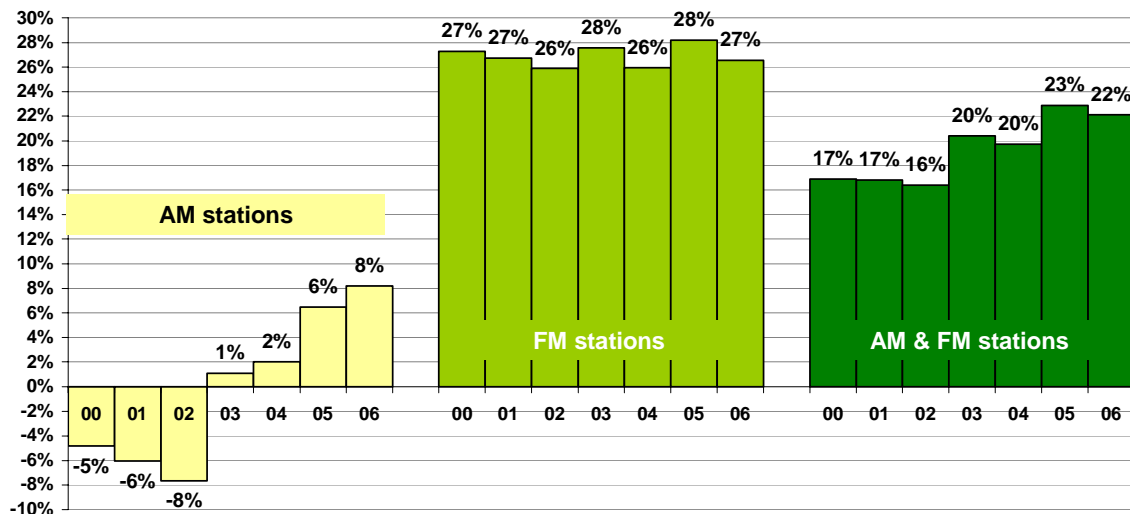
- English-language FM radio revenues increased by 6.1% from 2005 to 2006. Since 2000, FM revenues have increased by an average of 7.7% per year.
- English-language AM radio revenues increased by 5.3% from 2005 to 2006.
- Combined English-language AM and FM radio revenues increased by 5.9% from 2005 to 2006 achieving an average annual increase of 5.6% since 2000.
- The number of English-language radio stations continues to increase annually. Roughly 23% of the new English-language FM stations reporting in 2006 were by licensees who had converted their AM frequencies to FM frequencies.

**Chart 2.8: PBIT – English-language private commercial radio stations**



Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding.  
Source: CRTC financial database

**Chart 2.9: PBIT Margins – English-language private commercial radio stations**



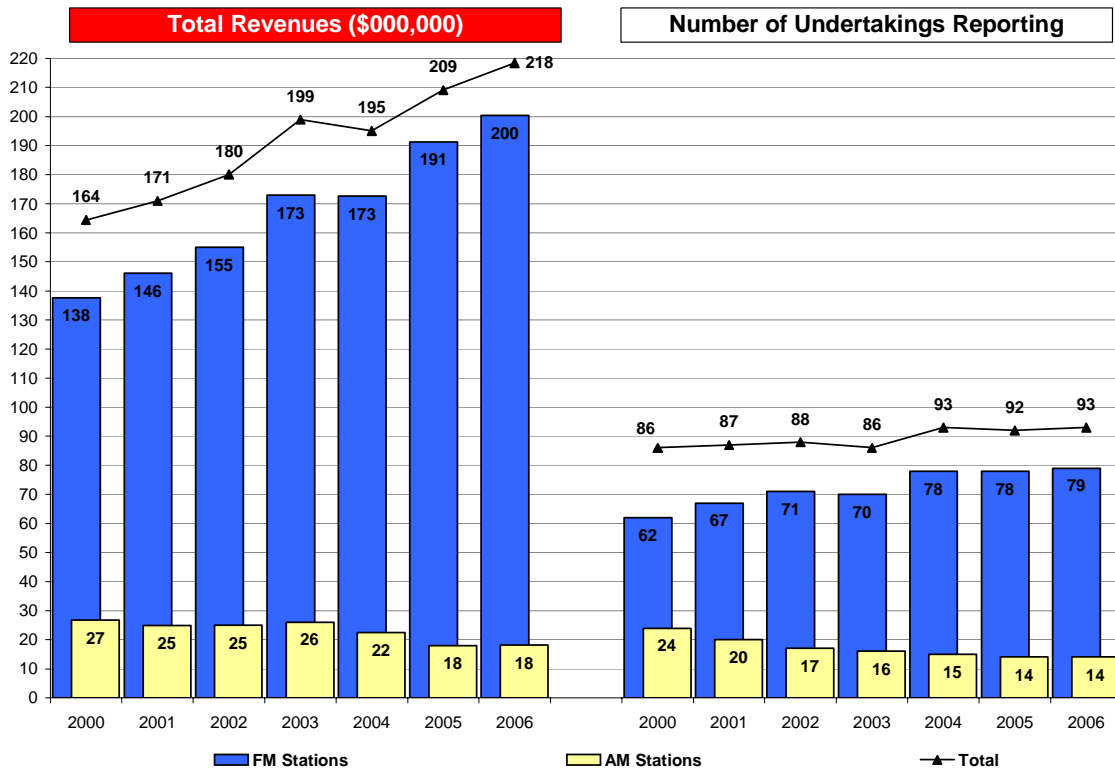
Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding.  
Source: CRTC financial database

- English-language radio stations report increased PBIT of \$5.8 million, or 2.3%, from 2005 to 2006. 2006 PBIT margins held at 2005 levels. Since 2000, the PBIT for English radio stations has increased by an average of 10.5% per year.

- PBIT results for English-language FM radio stations matches 2005 levels. Since 2000, the PBIT for French-language radio stations has increased by an average of 7.2% per year.
- PBIT for English-language AM radio stations continues to improve, increasing by \$5.8 million (33.4%) from 2005 to 2006.

### c) French-language stations

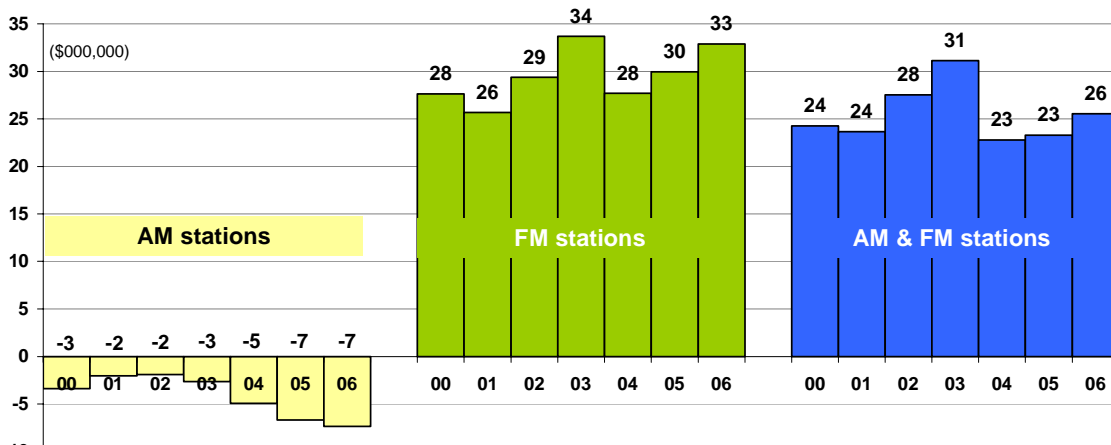
**Chart 2.10: Revenues – French-language private commercial radio stations**



Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding.  
Source: CRTC financial database

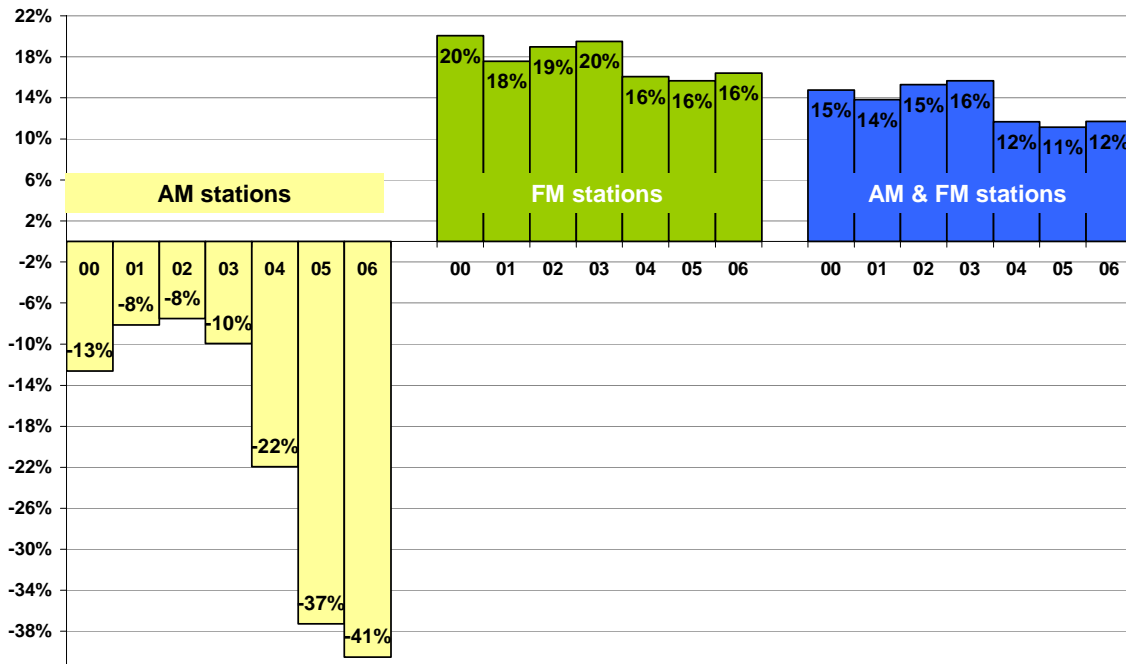
- Revenues for French-language FM radio increased by 4.8% from 2005 to 2006. Since 2000, FM revenues have increased by an average of 6.4% per year.
- Revenues for French-language AM radio increased by 1.4% from 2005 to 2006. AM revenues have decreased by an average of 6.2% per year, since 2000.
- Overall revenues for French-language radio increased by 4.5% from 2005 to 2006. French-language radio has experienced an average annual increase of 4.9%, since 2000.

**Chart 2.11: PBIT – French-language private commercial radio stations**



Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding.  
Source: CRTC financial database

**Chart 2.12: PBIT Margins – French-language private commercial radio stations**



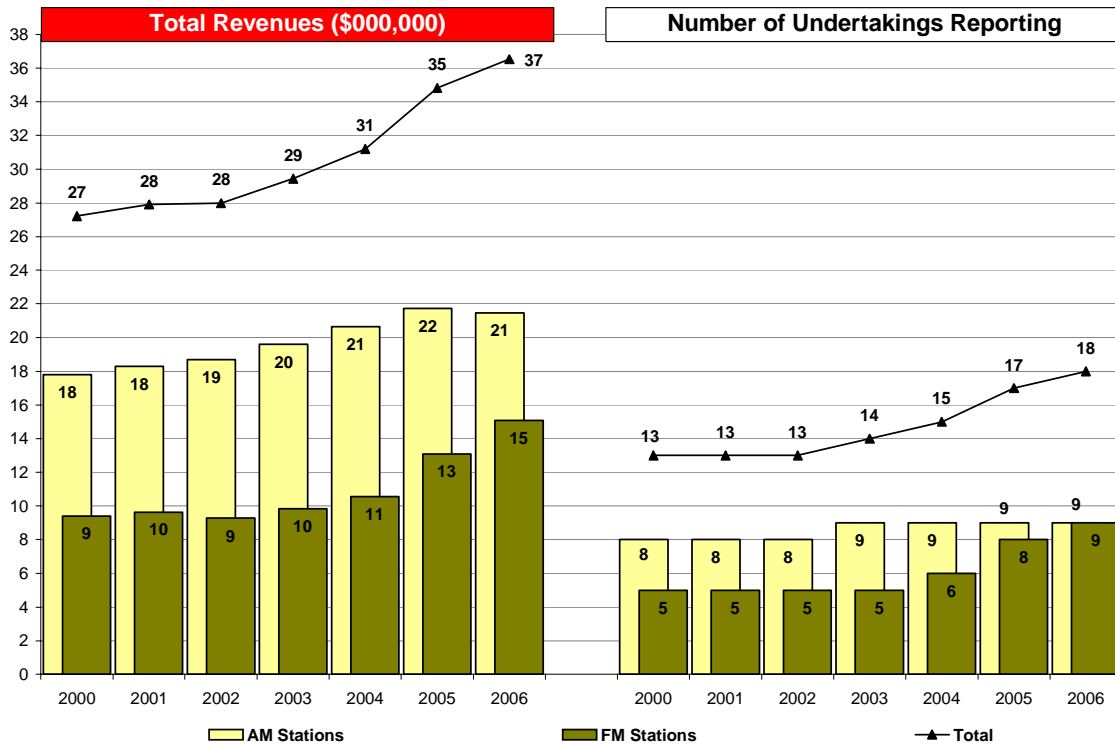
Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding.  
Source: CRTC financial database

- French-language radio stations report a 9.8% increase in PBIT from 2005 to 2006. The 2006 PBIT margin is holding at 2004 and 2005 levels. Since 2000, the PBIT for French-language radio has increased by an average of 0.9% per year.

- From 2000 to 2006, the PBIT of French-language FM radio stations has increased by an average of 3% per year while French-language AM radio stations have reported average annual losses of 13.8% per year.

#### d) Ethnic stations

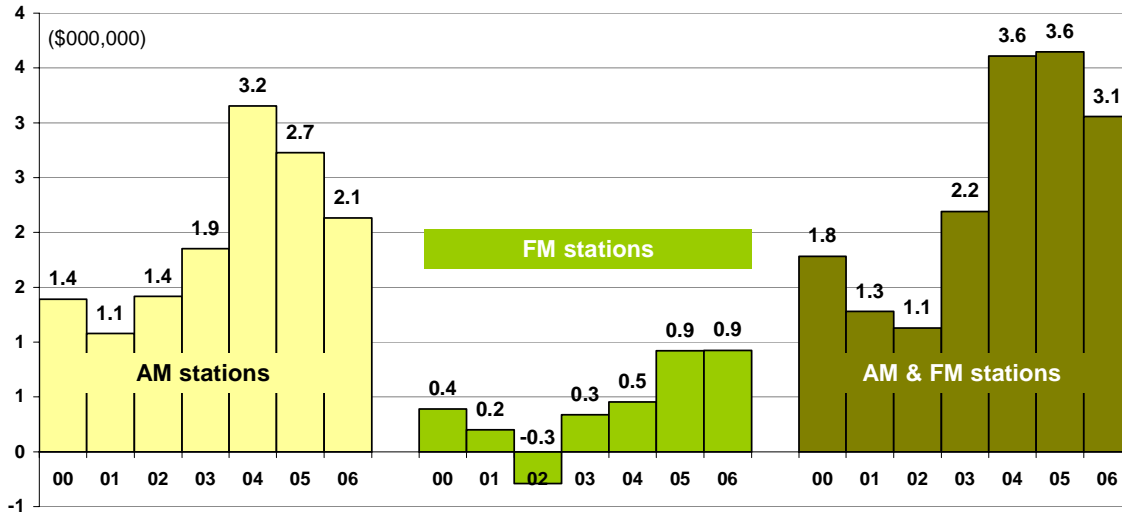
**Chart 2.13: Revenues – Ethnic private commercial radio stations**



Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding. Source: CRTC financial database

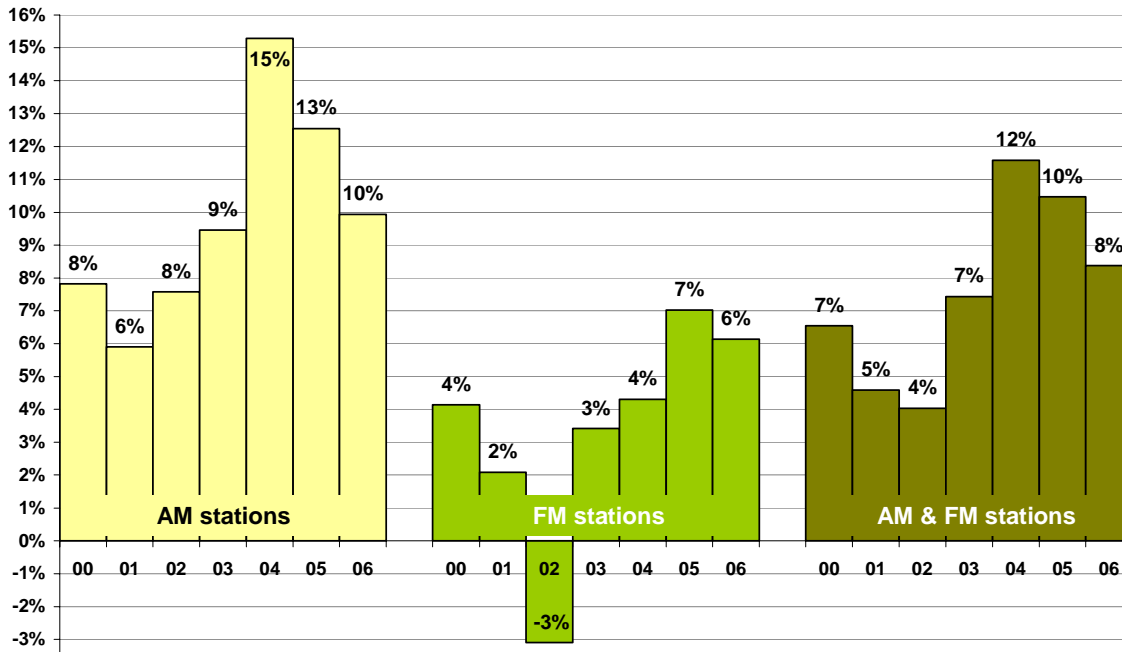
- Ethnic radio stations derive approximately 94% of their advertising revenues from local sources, compared to 76% for English-language and 63% for French-language stations.
- Total revenues for ethnic radio increased 4.9% from 2005 to 2006. A significant portion of this increase is due to a new FM radio station (CKYE-FM Vancouver) reporting for the first time in 2006. Since 2000, total revenues achieved by ethnic radio stations have increased by an average of 5% per year.

**Chart 2.14: PBIT – Ethnic private commercial radio stations**



Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding.  
Source: CRTC financial database

**Chart 2.15: PBIT Margins – Ethnic private commercial radio stations**



Note: Includes network results; 2000 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results. Minor variances are due to rounding.  
Source: CRTC financial database

- Since 2000, the PBIT for Ethnic AM and FM radio stations has increased by an average of 7.4% and 15.5% per year respectively. On a combined basis, PBIT has increased by an average of 9.4% per year.

## 2. Revenues of the top private commercial radio ownership groups

- The following tables set out the revenues and national revenue share achieved by the largest private commercial radio operators in 2004, 2005 and 2006.

### a) All Canada

**Table 2.10: Radio revenues of the largest radio operators<sup>(1)</sup>**

Corporation	Number of radio undertakings reporting			Radio revenue (\$ 000)			Share of national revenue		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
Corus Entertainment Inc.	50	50	50	216,119	237,380	248,905	18%	18%	18%
Rogers Communications Inc.	42	43	47	177,178	192,667	203,759	14%	14%	14%
Standard Broadcasting Corporation Limited	51	51	51	162,884	180,533	190,710	13%	14%	13%
CHUM Limited	30	33	33	121,144	132,771	138,305	10%	10%	10%
Astral Media Radio inc.	34	31	31	119,928	112,583	114,969	10%	8%	8%
Newcap Inc.	41	46	54	58,012	73,355	80,400	5%	5%	6%
<b>Total</b>	<b>248</b>	<b>254</b>	<b>266</b>	<b>855,265</b>	<b>929,289</b>	<b>977,047</b>	<b>70%</b>	<b>70%</b>	<b>69%</b>
<b>TOTAL Canada (private radio revenues)<sup>(2)</sup></b>	<b>553</b>	<b>564</b>	<b>597</b>	<b>1,226,998</b>	<b>1,336,901</b>	<b>1,412,767</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(1) Refer to "Notes to tables 2.7 to 2.12" following Table 2.12.

(2) Includes private commercial networks and commercial ethnic radio stations. Minor variances are due to rounding. Source: CRTC financial database

- Although the number of programming undertakings along with the total revenues reported by the largest radio operators continues to increase annually, their share of total national revenues has held at approximately 70% since 2002.

### b) English-language stations

**Table 2.11: Radio revenues of the largest English-language radio operators<sup>(1)</sup>**

Corporation	Number of radio undertakings reporting			Radio revenue (\$ 000)			Share of English radio revenue		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
Rogers Communications Inc.	42	43	47	177,178	192,667	203,759	18%	18%	18%
Corus Entertainment Inc.	40	38	38	184,281	192,055	201,664	18%	18%	17%
Standard Broadcasting Corporation Limited	51	51	51	162,884	180,533	190,710	16%	17%	16%
CHUM Limited	30	33	33	121,144	132,771	138,305	12%	12%	12%
Newcap Inc.	41	46	54	58,012	73,355	80,400	6%	7%	7%
<b>Total</b>	<b>204</b>	<b>211</b>	<b>223</b>	<b>703,499</b>	<b>771,381</b>	<b>814,837</b>	<b>70%</b>	<b>71%</b>	<b>70%</b>
<b>Total private commercial English-language radio<sup>(2)</sup></b>	<b>445</b>	<b>455</b>	<b>486</b>	<b>1,000,751</b>	<b>1,092,957</b>	<b>1,157,747</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(1) Refer to "Notes to tables 2.7 to 2.12" following Table 2.12.

(2) Includes private commercial network revenues. Minor variances are due to rounding. Source: CRTC financial database

## c) French-language stations

**Table 2.12: Radio revenues of the largest French-language radio operators<sup>(1)</sup>**

Corporation	Number of radio undertakings reporting			Radio revenue (\$ 000)			Share of French radio revenue		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
Astral Media Radio inc.	26	23	23	110,797	102,572	105,404	57%	49%	48%
Corus Entertainment Inc.	10	12	12	31,838	45,324	47,241	16%	22%	22%
Cogeco Inc.	5	5	5	15,250	19,637	26,466	8%	9%	12%
<b>Total</b>	<b>41</b>	<b>40</b>	<b>40</b>	<b>157,885</b>	<b>167,533</b>	<b>179,111</b>	<b>81%</b>	<b>80%</b>	<b>82%</b>
<b>Total private commercial French-language radio<sup>(2)</sup></b>	<b>93</b>	<b>92</b>	<b>93</b>	<b>195,053</b>	<b>209,127</b>	<b>218,482</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(1) Refer to "Notes to tables 2.7 to 2.12" below.

(2) Includes network radio revenues.

Minor variances are due to rounding.

Source: CRTC financial database

Notes to tables 2.7 to 2.12:

- 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 corporation that was deemed to be its owner as of 31 August.
- In some instances, the 2004 and 2005 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.
- 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 station from Big Pond Communications 2000 Inc. and CKSA-FM Lloydminster from Sask-Alta Broadcasters Limited. The 2006 results also reflect four new stations (CILV-FM Ottawa-Gatineau, CFRK-FM Fredericton, CJEG-FM Bonnyville and CIXF-FM Brooks) and four stations acquired through the transfer of ownership or control (CFXW-FM Whitecourt, CKJS and CKFE-FM Winnipeg and CFCW-FM Camrose).
- 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.
- CHUM's 2005 results include the new Edmonton station as well as CFAX Victoria and CHBE-FM acquired from Seacoast Communications Group Inc.
- Rogers' 2006 results include three new stations (CHNI-FM Saint John, CJNI-FM Halifax and CKNI-F Moncton) as well as a new network radio undertaking.



## D. Airplay and financial support for Canadian music, including French-language vocal music

- The Canadian radio sector has an important role to play in showcasing the work and contributing to the development and promotion of Canadian artists. It does this in two ways.
  - The first is through the airplay of Canadian music, including French-language vocal music.
  - The second is through financial contributions towards the development of Canadian talent and content. These development initiatives help ensure the availability and promotion of high quality Canadian music, and other creative material for broadcast.

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

- Unless otherwise indicated in their radio licence, AM and FM radio licensees must broadcast the levels of Canadian music and French-language vocal music set out in section 2.2 of the Radio Regulations.<sup>9</sup>
- Commercial, campus and community radio stations are required to devote at least 35% of its vocal popular musical (category 2) selections to Canadian selections each week.<sup>10</sup> This minimum level also applies to the 6 a.m. – 6 p.m. period from Monday to Friday on commercial stations only.
- French-language stations are required to devote at least 65% vocal musical selections from category 2 to musical selections in the French language each week. Commercial French-language radio stations are also required to broadcast at least 55% of their category 2 vocal selections between the 6 a.m. – 6 p.m. period from Monday to Friday in French-language.
- Stations that broadcast ethnic programming have the flexibility to choose to program either a minimum of 35% Canadian music over the entire broadcast week or to provide at least 7% Canadian music during ethnic programming periods and at least 35% during the non-ethnic programming.
- In the 2006 Commercial Radio Policy, the Commission increased the minimum requirements for Canadian concert music (subcategory 31) to 25% and jazz and blues music (subcategory 34) to 20%. The revised Canadian content levels of concert music and jazz and blues is expected to come into effect by way of amendments to the Radio Regulations later in 2007. The Radio Regulations require that all other category 3 special interest music subcategories broadcast at least 10% Canadian selections each week.

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<sup>9</sup> *Radio Regulations, 1986* as amended from time to time.

<sup>10</sup> Seven consecutive broadcast days (6am to midnight) beginning on Sunday.

- In the 2006 Commercial Radio Policy, the Commission also indicated that applicants for new licences, licence renewals and transfers of ownership or control of radio stations would be asked to make specific commitments to provide airplay for and to promotion for emerging Canadian artists and their music.
- The following table shows the number of radio stations that were in compliance with their Canadian content and French-language vocal music requirements in 2006. The results are based on a limited sample of stations analyzed from 1 January 2006 to 31 December 2006 and are not necessarily representative of the radio industry as a whole. The Commission's approach to instances of non-compliance is outlined in *Practices regarding radio non-compliance*, Circular No. 444, 7 May 2001.

**Table 2.13: Canadian content and French-language vocal music**

Canadian content requirements relating to:	Number of stations analyzed in 2006	Stations meeting minimum content requirements <sup>(1)</sup>	
		All day & weekly	6 a.m. to 6 p.m. Monday to Friday
<b>Canadian musical selections (English &amp; French-language stations)</b>			
<b>Popular (category 2)</b>			
Private commercial stations	22	20	21
Not-for-profit stations*	4	3	not applicable
<b>Special interest (category 3)</b>			
Private commercial stations	3	3	not applicable
Not-for-profit stations*	5	5	not applicable
<b>French-language vocal music</b>			
Private commercial stations	8	6	8
Not-for-profit stations*	1	1	not applicable

(1) As per the Radio Regulations or set out as part of the licensee's condition of licence.

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

Source: CRTC, Evaluation of licence renewal applications from 1 January 2006 to 31 December 2006

## 2. Financial support for the development of Canadian talent and content

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

### a) Canadian content development (CCD) to replace Canadian talent development (CTD)

- In 2006 Radio Commercial Policy the Commission introduced a new approach to the Canadian talent development (CTD) called Canadian content development (CCD).

- CCD places a greater emphasis on the creation and promotion of audio content for broadcast through the development of Canadian musical and spoken word talent, including journalists. This approach is expected to help increase the amount of high-quality Canadian music and spoken word material, and promote emerging Canadian talent.
- Under this new approach, the Commission has also established a contribution system based on the radio station's revenues, rather than on the size of the market in which it operates.
- The new CCD policy will replace the existing CTD regulations and is expected to come into effect 1 September 2007.

## **b) Over-the-air radio stations**

- The Commission reviews radio broadcasters' contribution commitments in the context of: i) applications for new radio stations; ii) renewal of radio licences; and iii) transfers of control or ownership (benefits)

### **i) Applications for new radio stations**

- Between 1 January 2003 and 31 December 2006, the Commission licensed 59 new radio stations through competitive processes in markets across Canada. The successful applicants have committed over \$51.2 million to CTD initiatives over their initial licence terms.
- In addition, there were 174 new radio licences or AM to FM conversions granted without a competitive process between 1 January 2003 and 31 December 2006. These licensees committed a combined \$5.6 million towards CTD initiatives.

### **ii) 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 2005-06, these radio stations contributed \$8.7 million towards CTD initiatives.

### **iii) Transfers of control or ownership (benefits)**

- As outlined in the 2006 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. Three percent is to be allocated to the Radio StarMaker Fund/Fonds

RADIOStar<sup>11</sup> music marketing and promotion fund, two percent to either FACTOR<sup>12</sup> or MUSICACTION<sup>13</sup> and one percent at the discretion of the purchaser to other eligible CTD initiatives.

- From the adoption of the Commercial Radio Policy to 31 December 2006, the Commission has approved 107 changes in ownership or control involving 388 radio stations.
- CTD commitments (benefits) from these transactions have totalled \$99.3 million.

**Table 2.14: Value of radio transactions and corresponding transfer benefits for the period 1 May 1998 to 31 December 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. 2004	68	1,243.6	71.6	13	353.8	21.2	92.8
1 Sep. 04 to 31 Mar. 2005	4	13.7	0.5	1	22	0.7	1.1
1 Apr. 05 to 31 Mar. 2006	12	23.9	1.3	2	-	-	1.3
1 Apr. 06 to 31 Dec. 2006	5	67.6	4.1	2	-	-	4.1
<b>Total</b>	<b>89</b>	<b>1,348.8</b>	<b>77.5</b>	<b>18</b>	<b>376.5</b>	<b>21.9</b>	<b>99.3</b>

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

Minor variances are due to rounding.

Source: CRTC Decisions and Administrative approvals

#### iv) Summary of annual CTD contributions reported by over-the-air 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 2.15: Annual CTD contributions reported by radio licensees (\$000)**

	2002	2003	2004	2005	2006
i) CTD contributions by new stations during the first licence term					
FACTOR	312	441	1,183	1,261	1,506
MUSICACTION	3	9	63	129	205
Music Organization	41	174	247	176	2,636
Performing Arts Groups	378	663	1,216	1,554	2,679
Schools or Scholarships	353	573	622	557	655
Radio StarMaker Fund	-	-	74	130	435
Other eligible CTD initiatives	361	913	1,312	2,348	572
<b>Total contributions</b>	<b>1,448</b>	<b>2,774</b>	<b>4,717</b>	<b>6,157</b>	<b>8,686</b>

<sup>11</sup> Radio StarMaker Fund, website: <http://www.starmaker.ca/>; site de Fonds RADIOStar: <http://www.fondsradiostar.com>

<sup>12</sup> Foundation Assisting Canadian Talent on Recordings, website: <http://www.factor.ca/>

<sup>13</sup> MUSICACTION, website: <http://www.musicaction.ca/accueil/index.asp>

	2002	2003	2004	2005	2006
ii) CTD contributions reported by radio licensees in the context of licence renewals					
FACTOR	829	750	736	829	805
MUSICACTION	281	246	330	338	341
Music Organization	272	282	313	342	567
Performing Arts Groups	735	637	655	843	777
Schools or Scholarships	111	95	92	139	147
Radio StarMaker Fund	-	2	-	-	2
Other eligible CTD initiatives	122	189	296	81	64
Total contributions	2,351	2,201	2,422	2,571	2,702
iii) CTD contributions relating to transfers of control or ownership					
FACTOR	2,338	3,728	2,364	2,822	3,131
MUSICACTION	663	1,447	1,067	1,373	1,125
Music Organization	927	1,015	496	476	433
Performing Arts Groups	229	678	310	528	795
Schools or Scholarships	167	194	57	111	166
Radio StarMaker Fund	4,881	5,816	5,425	6,375	6,382
Other eligible CTD initiatives	68	251	271	592	439
Total contributions	9,272	13,130	9,989	12,276	12,470
Total annual CTD contributions i), ii) & iii)	13,071	18,105	17,129	21,004	23,857

Following an internal review, some of the contribution amounts may have been reclassified or restated.

Minor variances are due to rounding.

Source: CRTC Annual returns and financial database run 26 June 2007

### c) Other 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 level.<sup>14</sup> 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.

## E. Digital radio

- In *Digital radio policy*, Broadcasting Public Notice CRTC 2006-160, 15 December 2006 (2006 Digital Radio Policy), the Commission introduced amendments to its policy<sup>15</sup> that will hopefully encourage and enhance the prospects of digital radio broadcasting in Canada.

<sup>14</sup> 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.

<sup>15</sup> A *policy to govern the introduction of digital radio*, Public Notice CRTC 1995-184, on 29 October 1995.

- The new policy eliminates transitional digital licences. Under the revised policy, the Commission will accept applications to obtain permanent digital licences from applicants wishing to develop whatever broadcast services they believe will be of greatest interest to the listening public. New digital radio licence holders will fall under the same regulatory framework as existing FM analogue services.
- As of 31 December 2006, there were 76 licences for transitional digital radio programming undertakings authorized to broadcast. 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. 74 of these licences will expire on 31 August 2007. The remaining two expire in 2009.

**Table 2.16: Markets with transitional digital<sup>(1)</sup> radio stations in Canada<sup>(2)</sup>**

Market, Province <sup>(3)</sup>	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 <sup>(4)</sup>	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) L-Band – from 1452 to 1492 MHz.

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

(3) Based on BBM Radio Markets.

(4) Includes a stand-alone ethnic digital radio station located in Toronto (has not commenced operation).

Source: CRTC APP 1205 report – run 4 January 2007

## F. Over-the-air ethnic radio

- The Commission's ethnic broadcasting policy is set out 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 programming<sup>16</sup> and at least 50% of all programming broadcast must be third-language programming.<sup>17</sup>

<sup>16</sup> 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.

<sup>17</sup> Third-language programming is programming in languages other than English and French or those of Aboriginal peoples of Canada.

- 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.
- As of 31 December 2006, there were 21 private commercial over-the-air ethnic radio stations authorised to broadcast in Canada. The following is a listing of 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 as well as the minimum number of third languages that they must broadcast.

### 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 to 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.
- CJSA-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 other than English, French or Canadian Aboriginal language.

## G. Religious radio

- The Commission's policy on religious broadcasting is set out in *Religious Broadcasting Policy* 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. The balance policy seeks to ensure 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 31 December 2006, there were 69 radio stations licensed to broadcast primarily religious music and/or spoken word. Of these 69 stations, 26 are French-language, 42 are English-language and one is third-language.

## H. 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 46 Type B Native radio stations and seven native network radio licenses.

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

(\$ 000)	2002	2003	2004	2005	2006
<i>Number of radio undertakings reporting</i>	<u>17</u>	<u>17</u>	<u>18</u>	<u>21</u>	<u>22</u>
Local advertising	1,574	2,085	1,608	2,025	2,361
National advertising	181	223	91	102	203
Other*	8,387	9,239	8,626	8,134	12,820
Total revenues	10,142	11,548	10,324	10,261	15,385
% of Non-advertising revenues	83%	80%	84%	79%	83%
PBIT margin	-7.8%	9.7%	3.5%	5.7%	14.8%

Notes: 2002 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results.

Minor variances are due to rounding.

\* Includes government and band council grants and contributions from other sources.

Source: CRTC financial database

## I. 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.
- Community radio stations are owned and controlled by not-for-profit organizations, 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 31 December 2006, there are 45 Type A, 50 Type B and ten Developmental community stations authorized. Of the Type A community stations, 34 are French-language, 10 are English-language and one is bilingual. Of the Type B community stations, 26 are French-language, 23 are English-language and one is multicultural. There are nine English-language and one bilingual Developmental community stations.

**Table 2.18: Revenues and PBIT margins of community radio stations**

(\$ 000)	2002	2003	2004	2005	2006
<i>Number of radio undertakings reporting</i>	<u>44</u>	<u>54</u>	<u>48</u>	<u>62</u>	<u>74</u>
Local advertising	5,667	7,030	6,544	7,846	8,945
National advertising	1,214	1,834	1,338	1,624	2,267
Other *	6,325	7,459	7,065	7,553	9,309
Total revenues	13,205	16,323	14,947	17,024	20,522
% of non-advertising revenues	48%	46%	47%	44%	45%
PBIT margin	2.3%	4.0%	1.5%	3.5%	7.2%

Notes: 2002 to 2005 figures have been updated to reflect current August 31<sup>st</sup> aggregate results.

Minor variances are due to rounding.

\* Includes fundraising, grants and other sources.

Source: CRTC financial database

## J. Campus radio

- A campus radio stations is a not-for-profit organization that is associated with a post-secondary educational institution. 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 51 campus stations licensed across Canada: 41 Community-Based campus stations, nine Instructional and one Developmental campus station.
- 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 2.19: Revenues for campus radio stations**

(\$ 000)	2002	2003	2004	2005	2006
<i>Number of radio undertakings reporting</i>	<u>28</u>	<u>29</u>	<u>32</u>	<u>38</u>	<u>41</u>
Local advertising	563	698	520	906	1,138
National advertising	55	94	55	52	73
Other*	3,287	4,042	4,389	5,191	6,039
Total revenues	3,906	4,834	4,964	6,149	7,250
% of non-advertising revenues	84%	84%	88%	84%	83%

Notes: 2002 to 2005 figures have been updated to reflect current August 31 aggregate results.

Minor variances are due to rounding.

\* Includes fees, fundraising, grants.

Source: CRTC financial database

## K. 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 broadcasting distribution undertaking and are specialized with respect to their content and/or target audience.
- There are no carriage rights associated with their operation. Nor are there limits to the amount of advertising that may be broadcast on these services and licensees can negotiate a subscriber fee with distribution undertakings.
- As of 31 December 2006, the Commission has approved nine specialty audio services (one regional and eight national) targeting three ethnic communities and five Christian communities.

## 2. Pay audio programming services

- In 1995,<sup>18</sup> following a competitive process, the Commission approved two national pay audio programming services, namely Galaxie and Max Trax. These services offer more than 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 revenue source for these services.

## L. 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.

### 1. Subscription radio via terrestrial transmitters

- The programming of one of the authorized services<sup>19</sup> (an undertaking to be operated by CHUM) will be delivered entirely by terrestrial transmitters and all channels will be Canadian-produced.

### 2. Subscription radio via satellite radio services

- The remaining two programming services authorized, Canadian Satellite Radio Inc. (CSR) and SIRIUS Canada Inc. (Sirius Canada), are delivered primarily by satellite, with terrestrial transmitters, as required, to fill the gaps in coverage. Each of these

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<sup>18</sup> *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.

<sup>19</sup> As of 31 December 2006 this service had not yet been launched.

North American satellite-based services provides a mix of Canadian and non-Canadian produced channels. CSR offers programming channels that are provided by U.S.-based XM Satellite Radio Inc. (XM) and Sirius Canada offers programming channels provided by U.S.-based SIRIUS Satellite Radio inc (SIRIUS).

- The CSR and Sirius Canada services were launched in December 2005. As of 28 February 2007, CSR reported that it had 237,000 subscribers, and as of 22 November 2006, Sirius reported that it had over 200,000 subscribers.<sup>20</sup>
- In *Distribution of satellite subscription radio services*, Broadcasting Decision CRTC 2006-650, 28 November 2006, the Commission approved, subject to certain provisions, an application from Rogers Cable Communications Inc. (Rogers) to carry licensed satellite subscription radio on a digital basis.
- As of 28 February 2007, the Commission has approved similar amendments to the broadcasting licences of other cable broadcasting distribution undertakings (Bell Canada, TELUS, Vidéotron and Cogeco).<sup>21</sup>
- In March 2007,<sup>22</sup> the Commission also authorized, subject to certain provisions, DTH satellite services to carry satellite subscription radio on a digital basis.

## M. The national public broadcaster

- The CBC is Canada's national public broadcaster. As such, pursuant to section 3(1)(l) of the Act, it should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains. Section 3(1)(m) of the Act states that CBC's programming should:
  - (i) be predominantly and distinctively Canadian,
  - (ii) reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions,
  - (iii) actively contribute to the flow and exchange of cultural expression,
  - (iv) be in English and in French, reflecting the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities,
  - (v) strive to be of equivalent quality in English and French,
  - (vi) contribute to shared national consciousness and identity,
  - (vii) be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose, and
  - (viii) reflect the multicultural and multiracial nature of Canada.

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<sup>20</sup> The Future Environment Facing the Canadian Broadcasting System, A report prepared pursuant to section 15 of the *Broadcasting Act*.

<sup>21</sup> See Broadcasting Decisions 2006-693 to 2006-695 and 2007-64(2007-64-1).

<sup>22</sup> *Distribution of satellite subscription radio services*, CRTC Broadcasting Decisions 2007-82 and 2007-85, issued on 13 March 2007 and 16 March 2007 respectively.

## 1. Over-the-air radio stations

- The CBC operates four national radio network services: Radio One and Radio 2 in English, and La Première Chaîne and Espace musique in French. Additionally, the CBC provides a unique radio service serving Canada's northern communities, broadcasting in English, French and eight Aboriginal languages. The CBC also operates Radio-Canada International, an international radio service broadcasting in nine languages.
- The 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, offering 45 channels of continuous music, without talk, to nearly six million subscribers.<sup>23</sup> The revenues for this bilingual service are derived entirely from subscriber revenues.

## 3. Satellite subscription radio undertaking

- The CBC is also a partner<sup>24</sup> in the satellite radio service SIRIUS Canada, which was launched in December 2005.

## N. Competitive licensing

- 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. Decision 99-480 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 approval of radio applications dealt with in a competitive process, as set out in decisions issued from 1 January 2003 to the 31 December 2006.

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<sup>23</sup> *CBC/Radio-Canada Services*, CBC/SRC website, 22 March 2007: <http://www.cbc.radio-canada.ca/submissions/2007-pa.shtml>

<sup>24</sup> 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.

**Table 2.20: Factors contributing to successful applications for radio licences considered in competitive processes from 1 January 2003 to 31 December 2006**

Market / Company	Decision number	Language / Type			Quality of the application					
					Local programming and benefits to the community	Canadian content <sup>(1)</sup>	CTD	Business plan	Competitive balance	Diversity of news voices
<i>Toronto, PN 2003-20 (17 September 2002 PH - 17 applications considered)</i>										
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		✓				✓
<i>Kitchener-Waterloo, PN 2003-25 (28 October 2002 PH - 11 applications considered)</i>										
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						✓
<i>Newfoundland (10 December 2002 PH - 2 applications considered)</i>										
St. John's, Newman/Bell	2003-171	e	C	MF, FM	✓				✓	✓
<i>Québec, PN 2003-33 (3 February 2003 PH - 26 applications considered)</i>										
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		✓	✓		✓	✓
<i>Alberta, PN 2004-23 (18 June 2003 PH - 13 applications considered)</i>										
Red Deer, CBC	2004-116	e	NC	CBC2, FM (rebroad)						✓
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		✓	✓	✓		✓
<i>Atlantic, PN 2004-91 (1 March 2004 PH - 25 applications considered)</i>										
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						✓	
Fredericton, Newcap	2004-522	e C MF, FM			✓	✓		✓	
Fredericton, Ross Ingram	2004-523	e C SpMF (Christian), FM		✓				✓	
<i>National Capital Region, PN 2005-64 (1 December 2004 PH – 16 applications considered)</i>									
Ottawa, Newcap	2005-253	e C MF, FM	✓	✓	✓		✓		
Ottawa, 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					✓		
<i>British Columbia, PN 2005-68 (28 February 2005 PH – 11 applications considered)</i>									
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		✓		✓	✓		
<i>Ontario, PN 2005-85 (6 June 2005 PH – 6 applications considered)</i>									
Woodstock, Byrnes Communications Inc.	2005-431	e C MF, FM	✓			✓		✓	
Tillsonburg, Tillsonburg Broadcasting	2005-432	e C MF, FM (Flip)					✓		
<i>Atlantic, PN 2006-34 (3 October 2005 PH – 8 applications considered)</i>									
New Glasgow, Hecor Broadcasting	2006-87	e C MF, FM (Flip)						✓	
Charlottetown, Newcap	2006-88	e C MF, FM (Flip)						✓	
Charlottetown, Maritime Broadcasting	2006-89	e C MF, FM (Flip)			✓			✓	
Charlottetown, Newcap	2006-90	e C MF, FM						✓	
<i>Moose Jaw, Saskatchewan - PN 2005-49 (16 January 2006 Non-Appearing PH – 3 applications considered)</i>									
Moose Jaw, Golden West Broadcasting	2006-190	e C MF, FM		✓				✓	
<i>Alberta, PN 2006-97 and 2006-98 (21 February 2006 PH – 18 applications considered)<sup>(2)</sup></i>									
Calgary, Harvard Broadcasting	2006-321	e C MF, FM		✓				✓	
Calgary, Rawlco Radio	2006-322	e C SpMF(Folk), FM		✓				✓	
Calgary, Newcap Inc.	2006-323	e C MF, FM		✓	✓			✓	
Calgary, CHUM Limited	2006-324	e C MF, FM			✓			✓	
Airdrie, Tiessen Media	2006-325	e C MF, FM	✓	✓	✓			✓	
Lethbridge, 1182743 Alberta Ltd.	2006-328	e C MF, FM		✓	✓			✓	
<i>Québec, PN 2006-101 (20 March 2006 PH – 10 applications considered)<sup>(3)</sup></i>									
Québec, 9147-2605 Québec inc. (Radio Classique)	2006-348	f C SpMF(Classical), FM		✓				✓	
<i>Alberta, PN 2006-144 &amp; 2006-145 (19 June 2006 PH – 19 applications considered)</i>									
Grande Prairie, Bear Creek Broadcasting Ltd.	2006-621	e C MF, FM	✓	✓				✓	
Grande Prairie, Vista Radio Ltd.	2006-622	e C MF, FM	✓					✓	
Grande Prairie, Allan Hunsperger (OBCI)	2006-623	e C SpMF(Rel), FM						✓	
Fort McMurray, Harvard Broadcasting Inc.	2006-627	e C MF, FM		✓				✓	

Market / Company	Decision number	Language / Type	Quality of the application				Competitive balance	Diversity of news voices
			Local programming and benefits to the community	Canadian content <sup>(1)</sup>	CTD	Business plan		
Fort McMurray, Newcap Inc. Fort McMurray, King's Kids	2006-628	e C MF, FM					✓	✓
Promotions Outreach Ministries Inc.	2006-629	e C SpMF(Religious), Not-for-profit, LP, FM	✓				✓	✓

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

Legend: PN = Public Notice; PH = Public Hearing; *Languages*: e = English-language, f = French-language, e/n = English & Aboriginal, f/n = French & Aboriginal, m = 3<sup>rd</sup> 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.

(2) In decision 2006-327, the Commission also approved technical amendments to the licence of CJTS-FM Lethbridge which resulted in changes the station's status from a low-power unprotected service to a regular Class B FM station.

(3) In decisions 2006-349 and 2006-350, the Commission also approved changes to the licences of two existing French-language stations, CKNU-FM Donnacona and CFEL-FM Montmagny, operating in markets adjacent to the Quebec market.

## O. 2006 Commercial Radio Policy Review

- In 2006 the Commission reviewed its commercial radio policy.
- In *Review of the Commercial Radio Policy*, Broadcasting Notice of Public Hearing CRTC 2006-1, 13 January 2006, the Commission invited the public and interested parties to participate in its commercial radio policy review. The Commission received 194 written comments and 48 parties made oral presentations at a public hearing which took place in May 2006.
- On 15 December 2006, the Commission issued revisions to its commercial and digital radio policies. Also resulting from this process, were amendments to the Commission's policy relating to the issuance of calls for radio applications.

### 1. Commercial Radio Policy 2006, Broadcasting Public Notice CRTC 2006-158, 15 December 2006 (2006 Commercial Radio Policy)

- In the 2006 Commercial Radio Policy the Commission sets out its revised policy for commercial radio. Areas addressed include the airplay and financial support for Canadian music and French-language vocal music, cultural diversity, local management agreements and local sales agreements, and local programming and infomercials. A new approach to Canadian content development (CCD) initiatives

which will replace the existing Canadian talent development (CTD) policy effective 1 September 2007 is also announced.

- With respect to the future impact of new technologies on conventional radio, the Commission states that although the radio industry is currently healthy, it is entering a period of uncertainty as it comes to grips with the challenges and opportunities that will be provided by new technologies for the distribution of audio programming. As such, the Commission will continue to monitor how new distribution technologies for audio programming are affecting the radio industry.
- The Commission also noted that many radio broadcasters are exploring ways of using new distribution platforms to complement the service provided by their conventional radio stations. The Commission therefore indicated its intention to question radio licensees, at licence renewal and in new licensing and ownership transfer proceedings, about their plans to employ new distribution platforms to the benefit of the Canadian broadcasting system.

## ***2. Digital radio policy, Broadcasting Public Notice CRTC 2006-160, 15 December 2006 (Public Notice 2006-160)***

- In this public notice, the Commission sets out its revised policy for digital radio broadcasting.

## ***3. Revised policy concerning the issuance of calls for radio applications and a new process for applications to serve small markets, Broadcasting Public Notice CRTC 2006-159, 15 December 2006 (Public Notice 2006-159)***

- The objective in issuing calls for radio applications is to ensure that the best possible application is licensed and that applications are dealt within an efficient manner. In Public Notice 2006-159, the Commission sets out changes to its call policy with the objective of introducing greater certainty into this process.

### **a) Revised radio call policy for markets with populations up to 250,000**

- In response to the challenging environment faced by broadcasters in smaller radio markets (where the population aged 12 and above does not exceed 250,000), the Commission modified its policy relating to the issuance of calls for small market radio applications.
- Applications for new radio stations in smaller markets will be subjected to the revised market evaluation process outlined in Public Notice 2006-159. If the Commission's final determination is that the market is incapable of supporting a new radio station, the application will be returned to the applicant and, in some cases, a public notice will be issued detailing the Commission's conclusions for not proceeding with a call for applications.

**b) Two-year pause in processing applications after the issuance of a decision following a call for applications (all markets)**

- Where the Commission decides not to issue a call based on unfavourable market conditions or after the issuance of a decision following a call for applications, the Commission will not generally be disposed to accepting applications for this market for a period of two years from the date of the public notice announcing the Commission decision.

**c) Further consultations with interested parties**

- The Commission also indicated that it would continue to explore further possible streamlining approaches related to the issuance of calls for applications with interest parties.
- In order to provide the broadcasting industry with current and meaningful data on the health of individual radio markets, the Commission indicated its intention to release aggregate data on small, medium and large markets on an annual basis. The Commission will first have to meet with CAB and other interested parties in order to address the issues of confidentiality of financial information in these markets. The Commission feels that this measure will contribute to enhanced transparency, the reduction of applications in markets experiencing slower growth and to the prevention of over licensing.

# III. Television

## A. Diversity of television services available in Canada

- The following table provides a summary of the various types of Canadian and non-Canadian television services that are authorized to broadcast in Canada as of 31 December 2006.

**Table 3.1: Television services available in Canada**

	English language*	French language	Third language	Total
<b>Canadian conventional (over-the-air) (OTA)<sup>(1)</sup></b>				
National public broadcaster (CBC)				
- Owned and operated	15	8	-	23
- Transitional digital <sup>(7)</sup>	4	3	-	7
Private commercial <sup>(8)</sup>	74	23	4	101
Religious <sup>(9)</sup>	5	-	-	5
Educational	4	3	-	7
Aboriginal	7	-	-	7
Transitional digital <sup>(7)</sup>	8	3	3	14
<b>Canadian specialty, pay, pay-per-view (PPV) and video-on-demand (VOD)</b>				
Analog specialty services	30	14	5	49
Digital category 1 specialty services	15	3	-	18
Digital category 2 specialty services <sup>(2)</sup>	51	2	26	79
Pay television services <sup>(3)</sup>	7	2	4	13
PPV services (direct-to-home (DTH) and terrestrial)	11	2	-	13
VOD services <sup>(4)</sup>	15	1	-	16
<b>Other Canadian services</b>				
Community channels <sup>(5)</sup>	102	32	-	134
Community programming services	11	1	-	12
House of Commons – Cable PublicAffairs Channel (CPAC)	1	1	-	2
<b>Non-Canadian services<sup>(6)</sup></b>				
Non-Canadian satellite services authorized for distribution in Canada	85	6	71	162
<b>Total number of television services</b>	<b>445</b>	<b>104</b>	<b>113</b>	<b>662</b>

Excludes radicomunication distribution undertakings (RDU), rebroadcasters, exempt television services and those specialty services where the authority has expired. Also excludes some network licences.

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

(1) Includes satellite to cable services.

(2) Includes only digital category 2 specialty services that have been launched as of 31 December 2006. As of 31 December 2006, the Commission has approved 292 digital category 2 specialty services.

(3) Includes only pay services that have been launched as of 31 December 2006. 26 pay services have been approved by the Commission.

(4) Number of services approved but not necessarily in operation. Two English-language, one French-language and 13 bilingual VOD services have been approved. Of these, it is estimated that, as of 31 December 2006, nine had been launched.

(5) Number of channel reported by BDU licensees as of 31 August 2006. Excludes class 2 and 3 BDUs.

(6) Carriage of authorized services is at the discretion of the broadcast distribution undertaking. Refer to Appendix II of *Revised lists of eligible satellite services*, Broadcasting Public Notice CRTC 2007-2, 2 January 2007 for complete listing of eligible services approved as of 31 December 2006.

(7) Number of over-the-air transitional digital television approved, but not necessarily in operation. As of 31 December 2006, 16 stations were broadcasting. Refer to Table 3.16 for detailed listing.

(8) Excludes private commercial religious stations.

(9) Includes three commercial conventional OTA television stations.

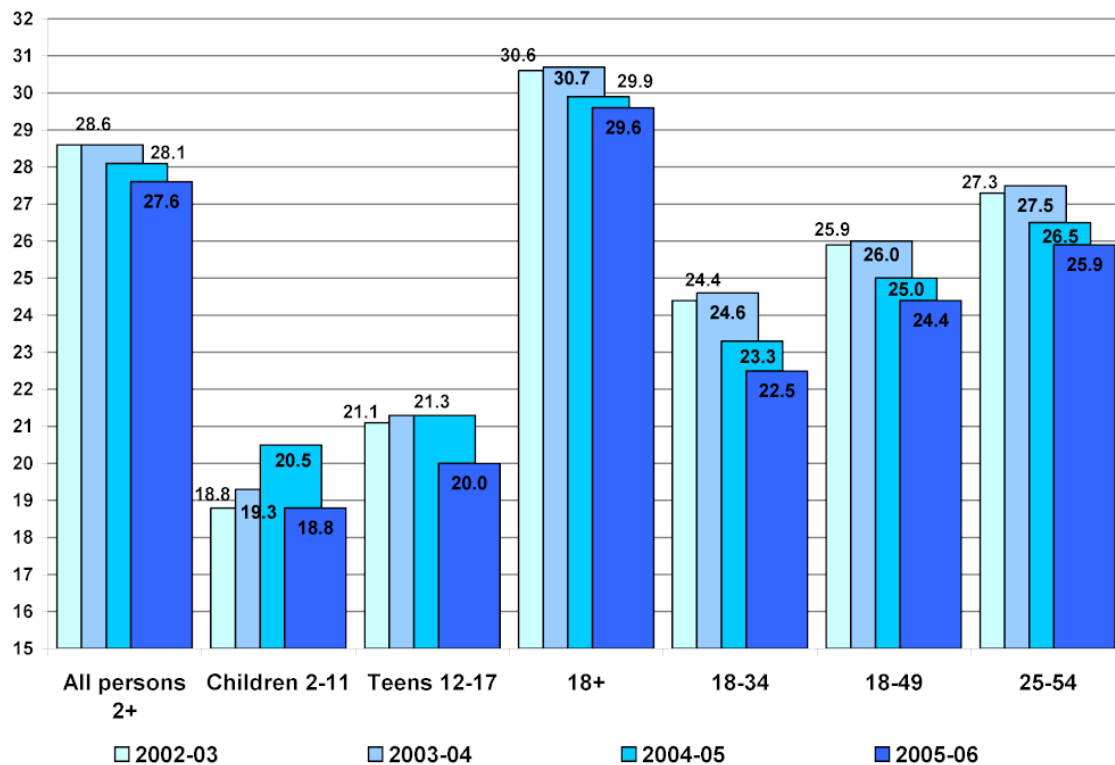
Sources: CRTC APP1205 report dated 31 December 2006, CRTC decisions and CRTC Financial database system as of 31 August 2006

## B. Audience

### 1. National average weekly viewing hours by age group

- The following chart shows the national average weekly viewing hours in Canada by age group for the 2002-03 to 2005-06 television seasons,<sup>1</sup> using BBM/NMR<sup>2</sup> national metered data for all persons 2+, Monday to Sunday, 6 a.m. to 6 a.m.

**Chart 3.1: Per viewer<sup>3</sup> average weekly viewing hours by age group**



Note: Results have been restated using BBM/NMR national metered data. In previous editions of the BPMR this data was based on BBM Metered data.

Source: BBM Canada, TV Meter Databook, 1 September 2005 to 27 August 2006 issue

- The average weekly viewing hours for all persons aged 2+ has decreased by one hour since 2002/03. This decrease is most notable for teens 12 to 17 and adults aged 18 to 34.
- According to BBM, Sunday continues to be the most popular television viewing day of the week.

<sup>1</sup> Television seasons: 2002/03: 1 September 2002 to 31 August 2003; 2003/04: 1 September 2003 to 29 August 2004; 2004/05: 30 August 2004 to 28 August 2005; 2005/06: 29 August 2005 to 27 August 2006.

<sup>2</sup> BBM Canada / Nielsen Media Research.

<sup>3</sup> Average number of hours that the viewer spends watching television in an average week (total viewing minutes divided by average weekly reach).

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

**Table 3.2: Viewing share of Canadian and non-Canadian services by language and type of service**

### All Canada

BBM/NMR\* national metered data – 2002-03, 2003-04, 2004-05 and 2005-06 broadcast years<sup>(1)</sup>  
for all persons 2+, Monday to Sunday, 6 a.m. to 6 a.m.

Viewing share %	2002-2003*	2003-2004*	2004-2005*	2005-2006	02/03-05/06 Inc./Dec.
<b>Canadian services</b>					
<i>English-language</i>					
CBC conventional OTA & affiliates	4.4	5.1	4.0	4.6	0.3
Private conventional OTA	22.2	23.2	23.6	22.4	0.2
Pay & specialty	23.5	24.3	25.3	26.6	3.1
Digital pay & specialty	1.6	1.9	2.6	2.3	0.7
Other services <sup>(2)</sup>	1.2	1.2	1.3	1.4	0.2
<b>Total English-language</b>	<b>52.9</b>	<b>55.7</b>	<b>56.7</b>	<b>57.4</b>	<b>4.5</b>
<i>French-language</i>					
SRC conventional OTA & affiliates	3.0	3.0	3.3	3.1	0.0
Private conventional OTA	9.7	9.7	9.4	9.0	-0.7
Télé-Québec OTA	0.6	0.7	0.7	0.6	-0.1
Pay & specialty	7.6	7.0	6.7	7.1	-0.4
Digital pay & specialty	0.0	0.0	0.1	0.2	0.2
Other services <sup>(3)</sup>	0.1	0.1	0.1	0.1	0.0
<b>Total French-language</b>	<b>21.0</b>	<b>20.4</b>	<b>20.2</b>	<b>20.1</b>	<b>-1.0</b>
<i>Other-languages</i>					
Private conventional OTA	0.8	1.0	1.1	1.0	0.1
Pay & specialty (incl. digital)	0.3	0.2	0.2	0.1	-0.2
APTN	0.1	0.1	0.1	0.1	0.1
<b>Total Other-languages</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>	<b>1.2</b>	<b>0.0</b>
<b>Total Canadian services</b>	<b>75.2</b>	<b>77.5</b>	<b>78.3</b>	<b>78.7</b>	<b>3.6</b>
<b>Non-Canadian services</b>					
US conventional OTA (incl PBS)	13.5	12.4	11.7	11.2	-2.2
Pay & specialty	8.7	7.5	7.4	7.3	-1.4
<b>Total non-Canadian services</b>	<b>22.2</b>	<b>19.9</b>	<b>19.2</b>	<b>18.5</b>	<b>-3.6</b>
<b>Other services</b>					
VCR / DVD	8.7	8.8	9.7	9.1	0.4
<b>Total viewing share</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	
<b>Total hours (000,000)</b>	<b>791.4</b>	<b>795.2</b>	<b>780.2</b>	<b>809.8</b>	<b>18.4</b>

Notes: Minor variances are due to rounding

\*Results have been restated using BBM/NMR national metered data. In previous editions of the BPMR this data was based on BBM Metered data.

(1) Television seasons: 2002/03: 1 September 2002 to 31 August 2003; 2003/04: 1 September 2003 to 29 August 2004; 2004/05: 30 August 2004 to 28 August 2005; 2005/06: 29 August 2005 to 27 August 2006.

(2) Includes Access, Knowledge, TVO and CTS.

(3) Includes TFO.

Source: BBM/NMR metered data, BBM InfoSys – run May 2007

- Canadian English-language public and private conventional OTA services achieved a 27% share of total viewing in 2006, a level that is consistent with the previous few years.
- Canadian English-language pay and specialty services, including digital, achieved a 28.9% viewing share in 2006. The trending is still going up, but at a slower pace, for viewing to pay and specialty services.

**Table 3.3: Viewing share of Canadian and non-Canadian services by language and type of service in the Quebec Franco market**

### Quebec Franco Market<sup>(3)(4)</sup>

BBM/PPM metered data - 2004-05 and 2005-06 television seasons<sup>(1)</sup>  
for all persons 2+, Monday to Sunday, 2 a.m. to 2 a.m.

Viewing share %	2004- 2005	2005- 2006	02/03 - 05/06 Inc./Dec.
<b>Canadian services</b>			
<i>French-language</i>			
SRC conventional OTA & affiliates	14.7	14.5	-0.3
Private conventional OTA	40.8	40.3	-0.5
Télé-Québec OTA	4.0	3.2	-0.8
Pay & specialty	32.3	33.8	1.5
Digital pay & specialty	0.4	0.9	0.5
Other services <sup>(2)</sup>	0.5	0.4	0.0
<b>Total French-language</b>	<b>92.8</b>	<b>93.2</b>	<b>0.4</b>
<i>English-language<sup>(5)</sup></i>			
CBC Montreal (CBMT-TV)	0.5	0.6	0.2
Private conventional OTA	2.1	1.9	-0.2
Pay & specialty (incl. digital)	1.9	1.8	-0.1
<b>Total English-language</b>	<b>4.5</b>	<b>4.4</b>	<b>-0.1</b>
<b>Total Canadian services</b>	<b>97.2</b>	<b>97.6</b>	<b>0.4</b>
<b>Non-Canadian services<sup>(5)</sup></b>			
US conventional OTA (incl PBS)	1.4	1.0	-0.4
Pay & specialty	0.8	0.8	0.1
<b>Total non-Canadian services</b>	<b>2.2</b>	<b>1.9</b>	<b>-0.3</b>
<b>Total viewing share</b>	<b>100</b>	<b>100</b>	
<b>Total hours (000,000)</b>	<b>184.9</b>	<b>189.0</b>	<b>4.1</b>

Notes: Minor variances are due to rounding

(1) Television seasons: 2004/05: August 30, 2004 to August 28, 2005; 2005/06: August 29, 2005 to August 27, 2006.

(2) Includes cable services and provincial services.

(3) The Quebec Franco Market consists of all viewing in Quebec by individual who have indicated French as the language most spoken at home.

(4) 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.

(5) Based on limited number of English-language and non-Canadian services.

Source: BBM/PPM metered data, BBM InfoSys



- In the Quebec Franco market, French-language CBC, private and Télé-Québec conventional OTA services viewing share decreased 1.6 share points to 58%. French-language pay and specialty services, including digital, improved their position to 34.7%.
- Viewing share to Canadian services in the Quebec Franco market increased slightly in 2005/06.

### 3. Distribution of viewing by program genre<sup>4</sup>

- 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-NMR metered audience data for the 2004/05 and 2005/06 television seasons.<sup>5</sup>
- 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.

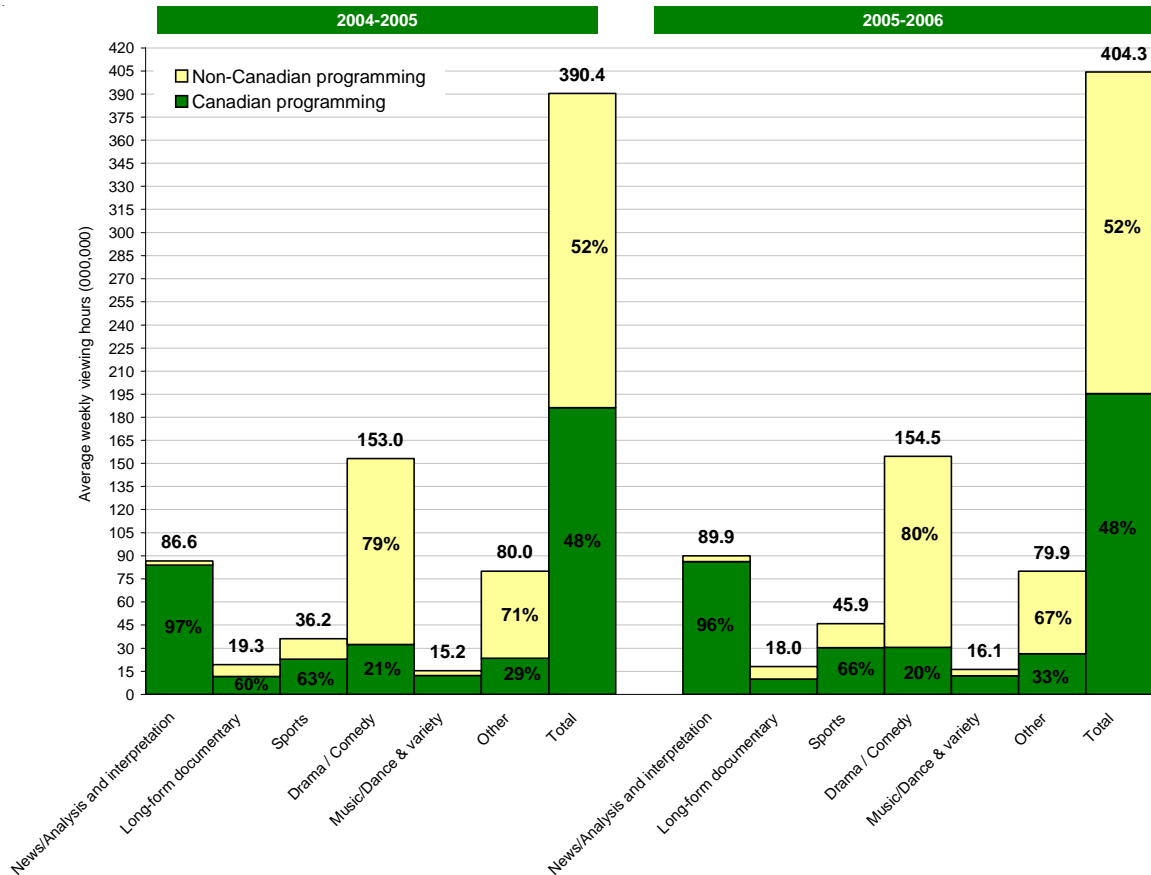
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<sup>4</sup> Program genre or type is based on the definitions set out in the *Television Broadcasting Regulations, 1987* and *Specialty Services Regulations, 1990*. The “Other” program type includes Religious (cat. 4), Educational (cat. 5a & 5b),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

<sup>5</sup> Television season is equal to 52 broadcast weeks: 2004-05 runs from 30 August 2004 to 28 August 2005 and 2005-06 runs from 29 August 2005 to 27 August 2006.

## a) English-language Canadian services

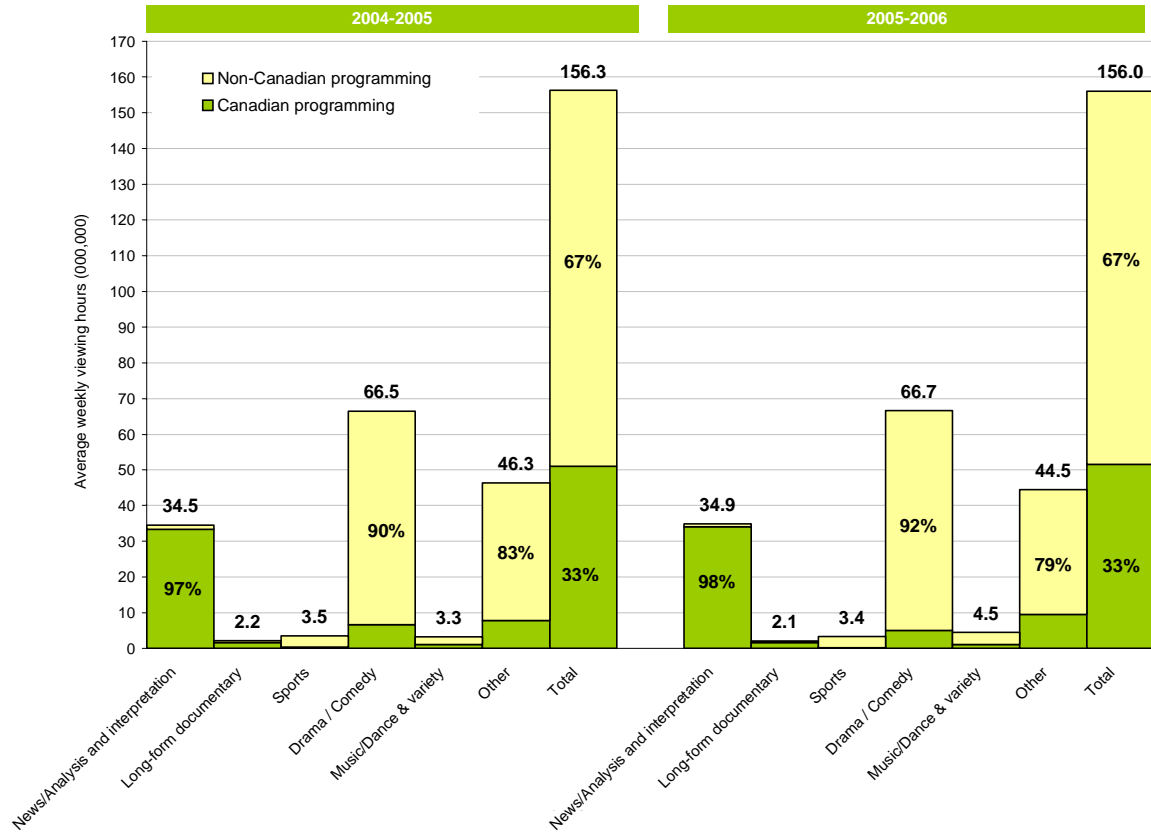
**Chart 3.2:** Viewing of Canadian and non-Canadian programs distributed by English-language Canadian television services by program origin and genre – All Canada, persons 2+, 6 a.m. to 6 a.m. – BBM-NMR metered data – Average weekly hours (000,000)



Based on Canadian services with available program level data that incorporates country of origin and program genre. Includes viewing to ethnic stations. "Other" is principally "General entertainment & human interest" 59% and "Informal education" 25%. InfoSys (Total hours averaged over 52 weeks)

- 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 and general entertainment & human interest programming is predominantly to non-Canadian programs.
- The overall viewing of Canadian programs on Canadian English-language services in 2005/06 television season was 48% of the total viewing.

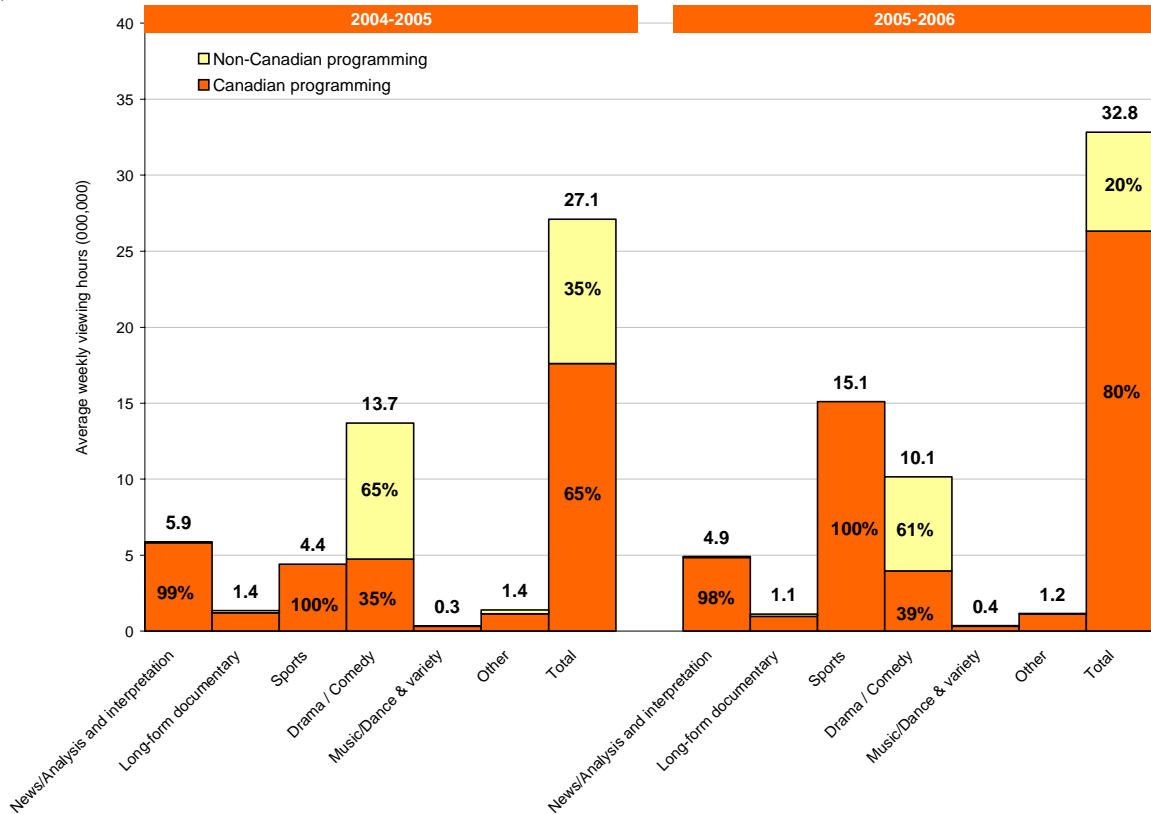
**Chart 3.3: Viewing of Canadian and non-Canadian programs distributed by Canadian English-language private conventional services by program origin and genre – All Canada, persons 2+, 6 a.m. to 6 a.m. – BBM-NMR metered data – Average weekly hours (000,000)**



Based on Canadian services with available program level data that incorporates country of origin and program genre. Includes viewing to ethnic stations. InfoSys (Total hours averaged over 52 weeks)

- The overall viewing of Canadian programs on English-language private conventional services in 2005/06 television season was 33% of the total viewing.
- Viewing to Canadian drama/comedy programs represented 8% of the total viewing to the genre in 2005-06.

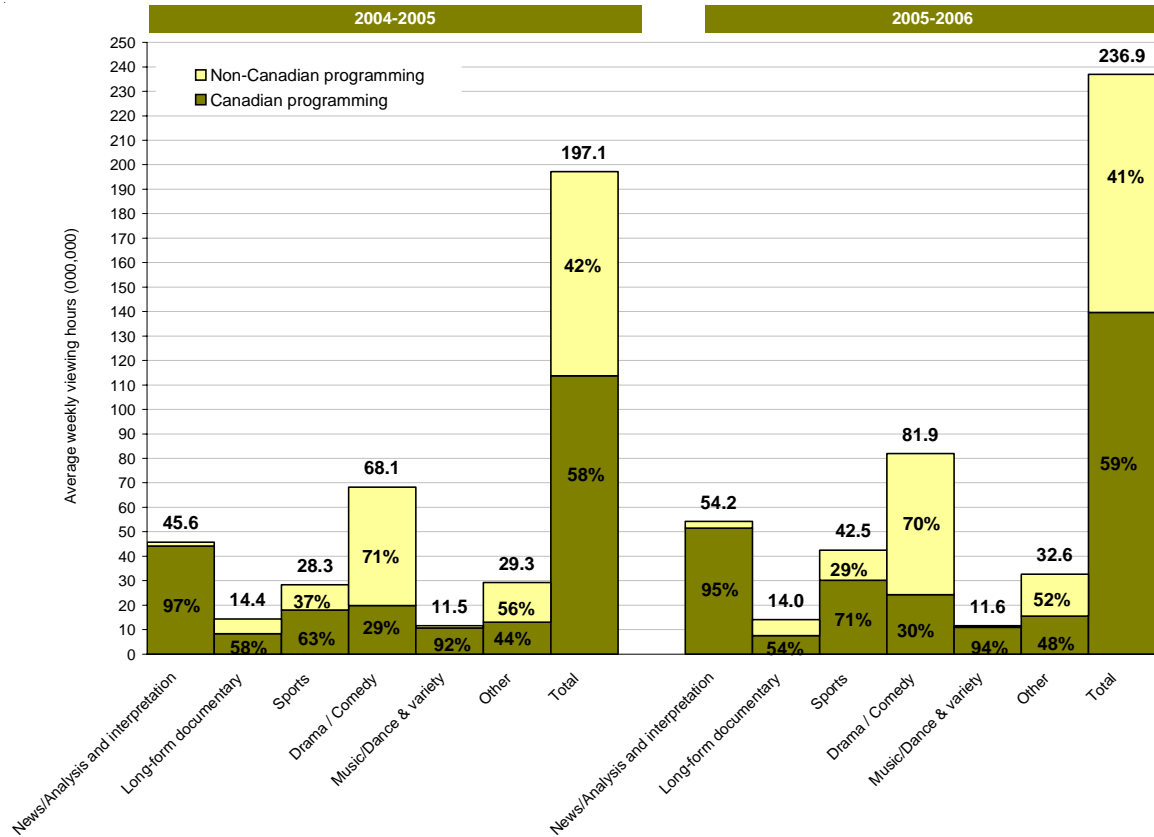
**Chart 3.4: Viewing of Canadian and non-Canadian programs distributed by English-language CBC conventional services by program origin and genre – All Canada, persons 2+, 6 a.m. to 6 a.m. – BBM-NMR metered data – Average weekly hours (000,000)**



Based on Canadian services with available program level data that incorporates country of origin and program genre. InfoSys (Total hours averaged over 52 weeks)

- In the 2005/06 television season, 80% of the overall viewing on CBC English-language conventional services was to Canadian programming.
- Viewing to Canadian drama/comedy programming represented 39% of the total viewing to the genre in 2005/06.

**Chart 3.5: Viewing of Canadian and non-Canadian programs distributed by English-language Canadian pay and specialty services by program origin and genre – All Canada, persons 2+, 6 a.m. to 6 a.m. – BBM-NMR metered data – Average weekly hours (000,000)**

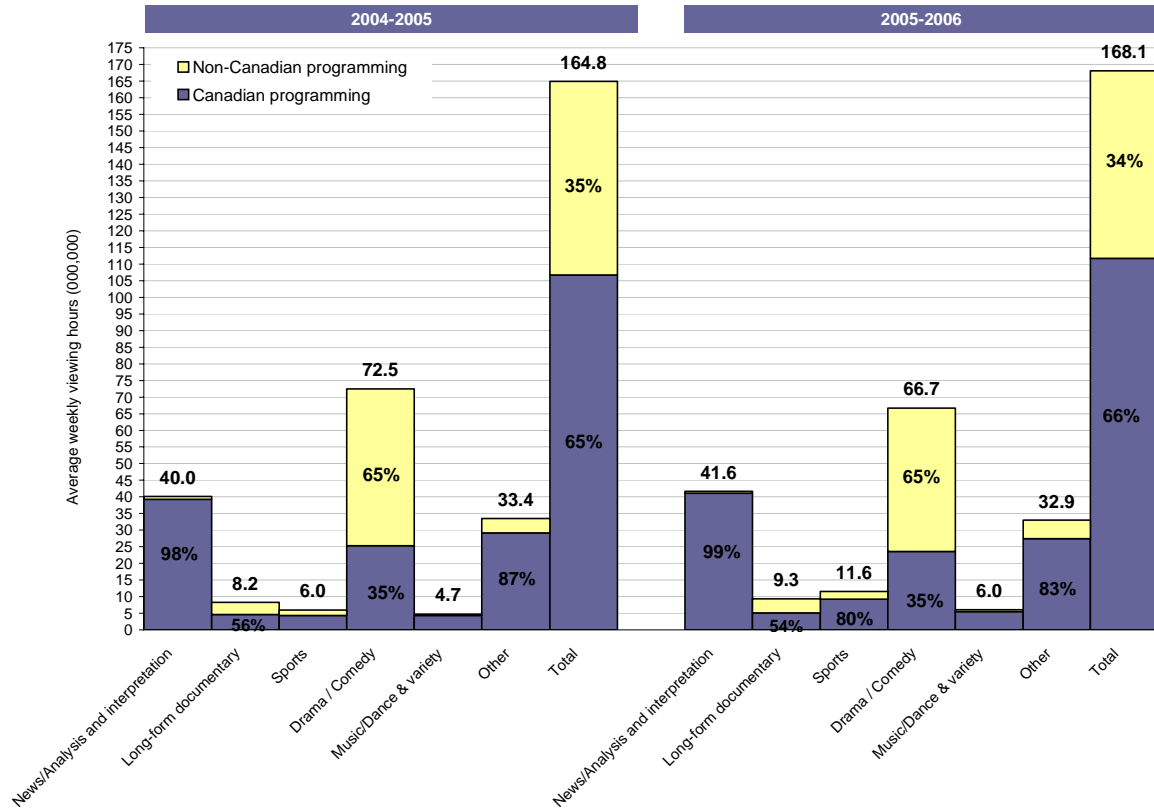


Based on Canadian services with available program level data that incorporates country of origin and program genre. Includes viewing to ethnic and third-language services. Coding of Treehouse TV, Family, TMN and Mpix services started 27 February 2006. The coding of the MTV service began 1 May 2006. InfoSys (Total hours averaged over 52 weeks)

- The overall viewing of Canadian programs on English-language pay and specialty services in 2005/06 television season was 59% of the total viewing.
- The viewing of Canadian drama/comedy programming in 2005/06 was 30% of total viewing to drama/comedy programming.

## b) French-language Canadian services

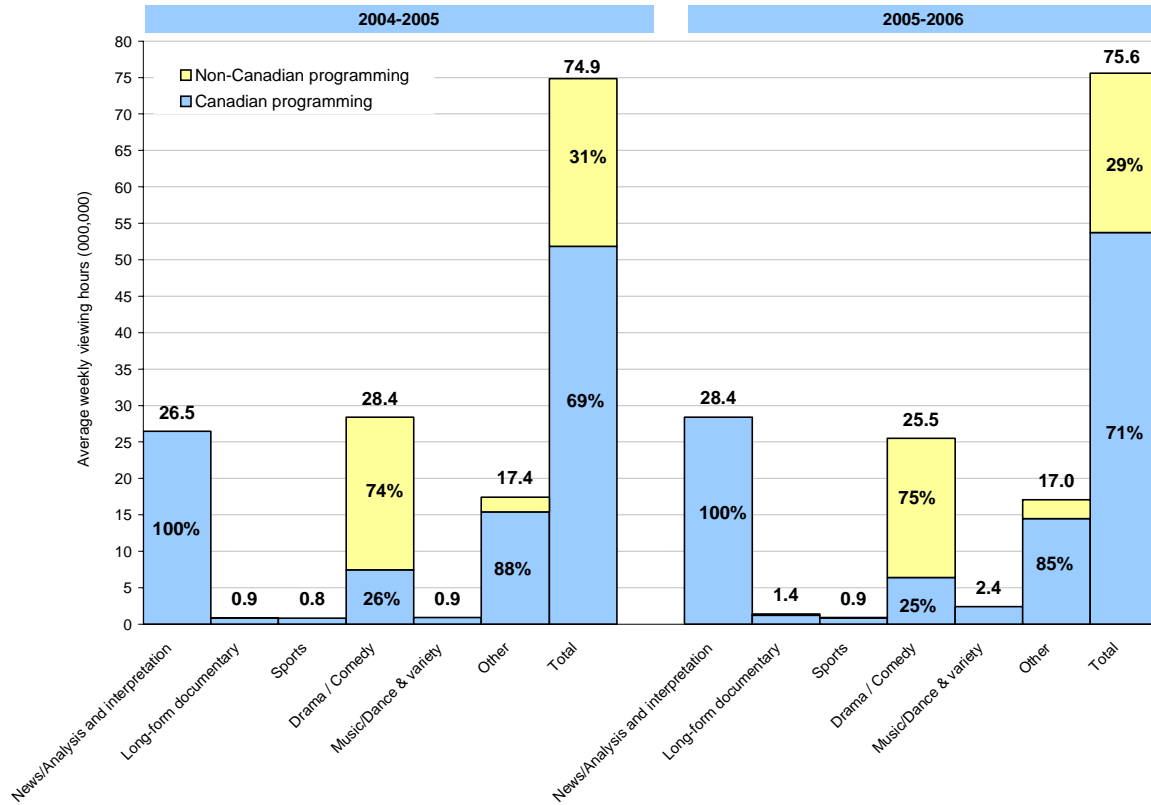
**Chart 3.6:** Viewing of Canadian and non-Canadian programs distributed by French-language Canadian television services by program origin and genre – Quebec Franco Market, persons 2+, 2 a.m. to 2 a.m. – BBM-PPM metered data – Average weekly hours (000,000)



Based on Canadian services with available program level data that incorporates country of origin and program genre. "Other" is principally "General entertainment & human interest" 62% and "Informal education" 20%. InfoSys (Total hours averaged over 52 weeks)

- Drama/comedy programming is the most popular genre on French-language services, followed by news and analysis and interpretation and general entertainment and human interest 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.

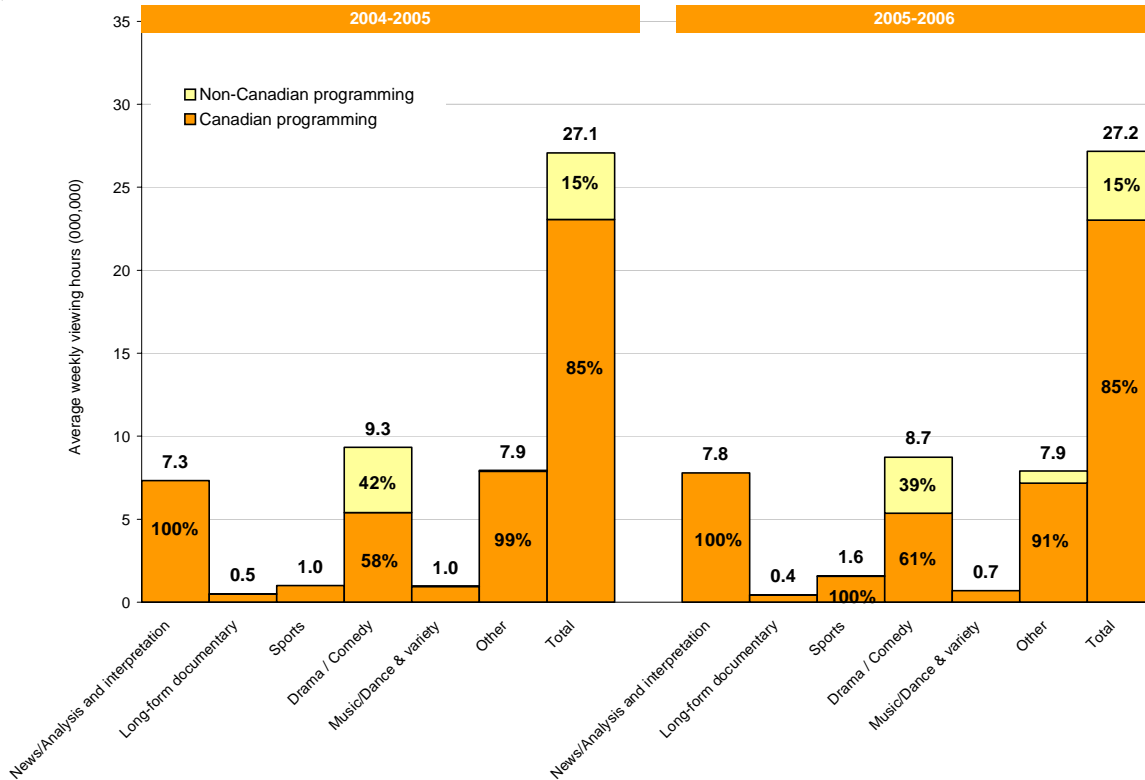
**Chart 3.7: Viewing of Canadian and non-Canadian programs distributed by Canadian French-language private conventional OTA television services by program origin and genre – Quebec Franco Market, persons 2+, 2 a.m. to 2 a.m. – BBM-PPM metered data – Average weekly hours (000,000)**



Based on Canadian services with available program level data that incorporates country of origin and program genre InfoSys (Total hours averaged over 52 weeks)

- The overall viewing of Canadian programs on French-language private conventional services in 2005/06 television season was 71% of the total viewing.
- Viewing to Canadian drama/comedy programs represented 25% of the total viewing to the genre in 2005-06.

**Chart 3.8: Viewing of Canadian and non-Canadian programs distributed by Canadian French-language SRC conventional services by program origin and genre – Quebec Franco Market, persons 2+, 2 a.m. to 2 a.m. – BBM-PPM metered data – Average weekly hours (000,000)**

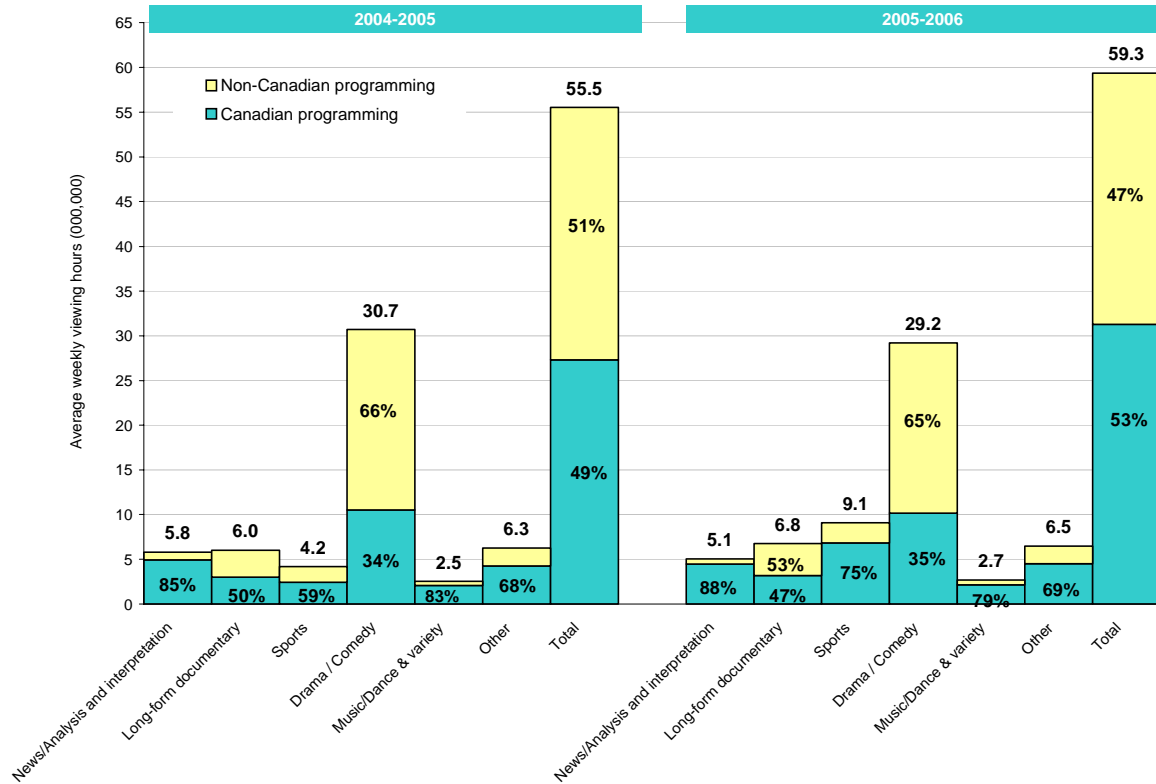


Based on Canadian services with available program level data that incorporates country of origin and program genre. InfoSys (Total hours averaged over 52 weeks)

- In the 2005/06 television season, 85% of the overall viewing on CBC French-language conventional services was to Canadian programming.
- Viewing to Canadian drama/comedy programming represented 61% of the total viewing to the genre in 2005/06.



**Chart 3.9: Viewing of Canadian and non-Canadian programs distributed by Canadian French-language pay and specialty services by program origin and genre – Quebec Franco Market, persons 2+, 2 a.m. to 2 a.m. – BBM-PPM metered data – Average weekly hours (000,000)**



Based on Canadian services with available program level data that incorporates country of origin and program genre. Coding of SuperÉcran started in July 2004. InfoSys (Total hours averaged over 52 weeks)

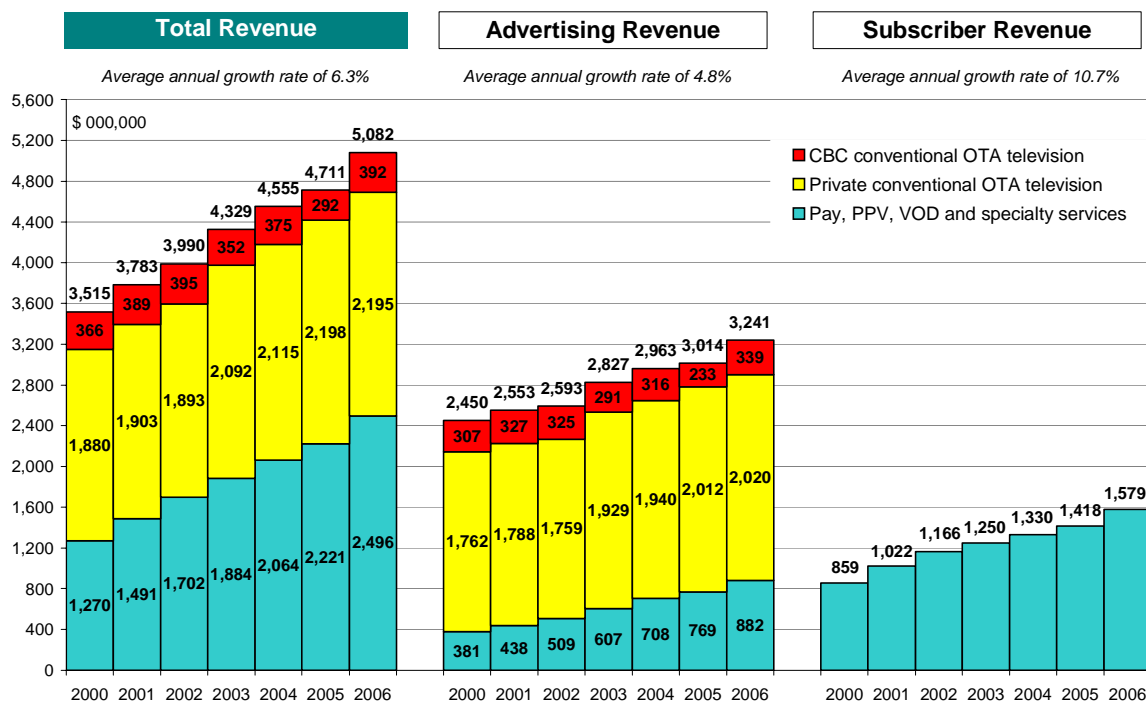
- The overall viewing of Canadian programs on French-language pay and specialty services in 2005/06 broadcast year was 53% of the total viewing.
- The viewing of Canadian drama/comedy programming in 2005/06 was 35% of total viewing to drama/comedy programming.

## C. Financial performance<sup>6</sup>

- This section provides a brief overview of the financial performance of the Canadian commercial television industry.<sup>7</sup>
- The following charts and tables show the revenues, profits before interest and taxes (PBIT) and PBIT margins achieved by private conventional OTA television, pay, PPV, VOD and specialty services. Chart 3.10 also includes commercial advertising revenues garnered by CBC conventional OTA television stations.

### 1. All Canada

**Chart 3.10: Television revenues: CBC and private conventional OTA television, pay, PPV, VOD and specialty services**



Notes: Advertising revenue includes infomercial sales. Includes CBC commercial revenues only – does not include parliamentary appropriations. Total revenue includes “other revenue”.

Source: CRTC financial database

- The television sector reported revenues totalling \$5.1 billion in 2006. This represents a 7.9% (\$372 million) increase over 2005.

<sup>6</sup> Based on services reporting to the CRTC for the period September 1<sup>st</sup> to August 31<sup>st</sup>.

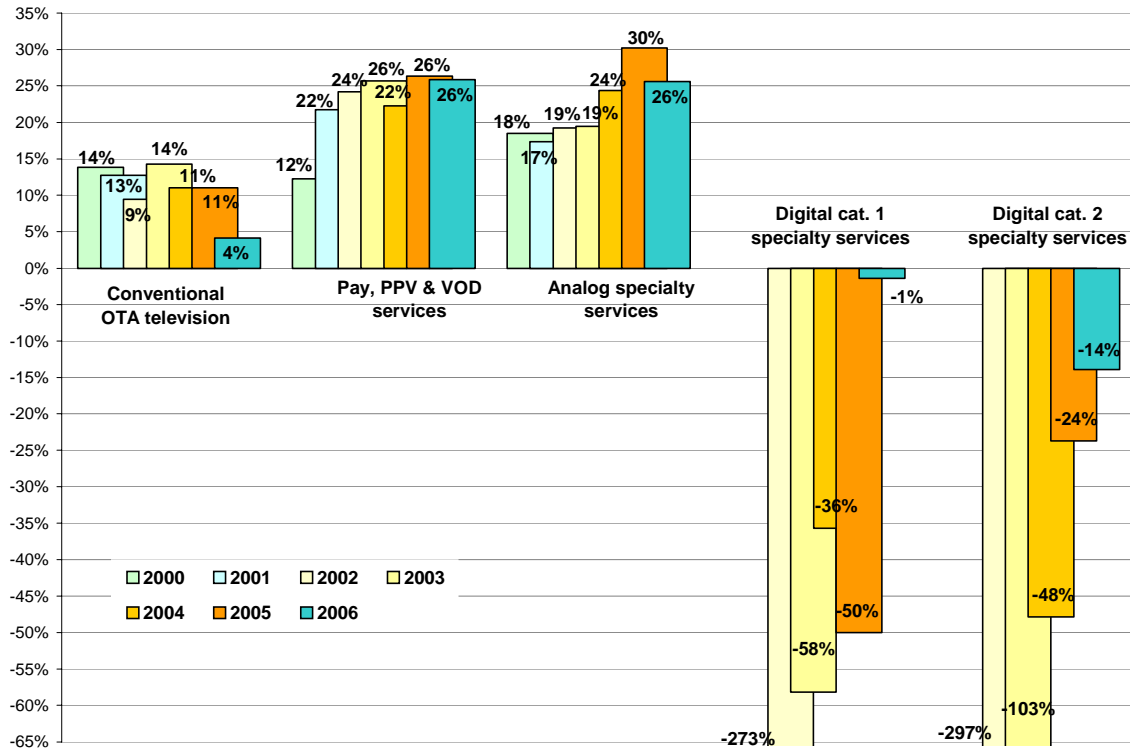
<sup>7</sup> Additional statistical and financial information relating to financial performance of the television broadcasting industry is available on the CRTC website for industry. <http://www.crtc.gc.ca/eng/stats.htm>

- Revenues reported by the pay, PPV, VOD and specialty television sector continue to increase annually. Total revenues reported by this sector increased 12.4% (\$275 million) from 2005 to 2006. Since 2000, revenues for this sector have increased by an average of 11.9% per year. The number of services reporting financial results over this same period has also increased from 59 in 2000 to 163 in 2006. This is largely due to the proliferation of digital<sup>8</sup> services: 49 digital services began reporting financial results in 2002 increasing to 99 in 2006.
- Despite the large number of digital services in operation, total revenues garnered by these services represented only 5% (\$248 million) of total revenues reported by the television sector in 2006. Digital services garnered only 1% (\$32 million) of total advertising revenues and 13% (\$201.5 million) of total subscriber revenues during this same period.
- Subscriber revenue reported by the pay, PPV, VOD and specialty television sector increased 11.3% (\$160.7 million) in 2006 compared to 2005. Since 2000, subscriber revenues garnered by this sector have increased by an average of 10.7% per year.
- Pay, PPV and VOD services rely entirely on subscription revenues. Specialty television services, on the other hand, have both advertising and subscription revenue streams. In 2006, 44% of their total revenue was derived from advertising revenues.
- Advertising revenues reported by the specialty services increased 14.7% (\$113.3 million) in 2006 compared to 2005. Since 2000, advertising revenues garnered by specialty services have increased by an average of 15% per year.
- Revenues reported by the CBC and private conventional OTA television sector increased \$97 million or 3.9% from 2005 to 2006. Since 2000, revenues garnered by this sector have increased by an average of 2.4% per year.
- In 2000, the CBC and private conventional OTA television garnered 64% of total revenues reported by the television sector. In 2006, this percentage has decreased to 51%. Conventional OTA television's advertising revenue share has also decreased from 84% to 73% over the same period.

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<sup>8</sup> Digital services include: specialty digital category 1 (16 in 2002 and 17 in 2006), specialty digital category 2 (33 in 2002 and 70 in 2006), pay digital category 2 (7 in 2006) and VOD (5 in 2006) services.

**Chart 3.11: Aggregate PBIT margins achieved by private commercial OTA conventional television, pay, PPV & VOD services, analog, digital category 1 and category 2 specialty services**



New PPV service reported first year losses in 2000 is responsible for the combined 12% PBIT margin.  
Source: CRTC financial database

- The PBIT reported by the private conventional television sector decreased \$151.2 million (62%) to \$90.9 million from 2005 to 2006. This was mainly due to flat revenue growth combined with a 10% (\$131.5 million) increase in programming expenses. \$75 million of this increase was to non-Canadian programming expenditures.
- The PBIT reported by the combined Pay, PPV and VOD television services increased \$16.8 million (15.6%) to \$124.8 million from 2005 to 2006. The number of Pay, PPV and VOD services reporting financial results also increased from 22 in 2005 to 27 in 2006.
- In 2006 the results for the analog specialty services reflect \$465.9 million in profits, a 7% drop from 2005 returning the PBIT margin for this sector to just above 2004 level. There were 49 analog specialty services reporting financial results 2006. This number has remained the same since 2002.
- The overall profitability of the 17 digital category 1 specialty services improved in 2006. Combined losses for this group decreased almost 100% from \$28.7 million to \$1 million. Most of the services in this group reported improved PBIT or showed reduced losses in 2006.
- The number of digital category 2 specialty services reporting positive PBIT increased from 17 in 2005 to 26 in 2006.

## 2. 2005 and 2006 financial results for individual specialty, pay, PPV and VOD analog and digital services sorted by type and language

- The following tables show the 2005 and 2006 financial results for individual specialty, pay, PPV and VOD analog and digital services sorted by type and language.

**Table 3.4: Financial results for individual specialty analog and digital services – English-language services**

	2006				2005				
	(thousands)	# of subscr.	Revenues	PBIT Margin	# of subscr.	Revenues	PBIT Margin		
<b>Analog services</b>									
1	BNN - Business News Network	5,139	20,564	4,104	20.0%	4,830	18,920	3,908	20.7%
2	Bravo!	6,529	40,727	11,948	29.3%	6,141	43,658	13,530	31.0%
3	CLT (Canadian Learning Television)	4,648	15,377	6,786	44.1%	4,339	13,293	5,202	39.1%
4	CMT (Country Music Television)	8,387	24,103	8,506	35.3%	8,094	21,518	7,639	35.5%
5	CTV Newsnet	7,962	19,226	1,412	7.3%	7,583	17,665	2,629	14.9%
6	Discovery Channel, The	7,405	85,615	33,148	38.7%	7,057	80,962	33,283	41.1%
7	Food Network Canada	4,882	27,712	8,110	29.3%	4,525	25,118	7,796	31.0%
8	HGTV Canada	6,422	46,716	15,348	32.9%	5,724	42,893	16,336	38.1%
9	History Television, The	6,289	36,306	12,465	34.3%	5,896	33,134	10,570	31.9%
10	MTV Canada (TalkTV)	5,107	8,626	-11,579	-134.2%	4,390	5,101	2,026	39.7%
11	MuchMoreMusic	6,662	19,215	6,783	35.3%	6,480	18,486	6,564	35.5%
12	MuchMusic	7,884	53,254	13,277	24.9%	8,224	54,835	16,048	29.3%
13	Newsworld (non-profit)	10,034	76,773	-3,005	-3.9%	9,709	75,337	10,988	14.6%
14	OLN - Outdoor Life Network	5,571	15,580	5,291	34.0%	5,222	13,857	4,271	30.8%
15	Pulse24 (CP 24)	3,169	11,365	-18	-0.2%	3,056	10,382	-1,274	-12.3%
16	Rogers Sportsnet	8,261	141,517	25,350	17.9%	7,654	109,105	31,571	28.9%
17	Score, The	5,913	28,190	4,606	16.3%	5,666	25,063	3,779	15.1%
18	Showcase	6,685	59,525	13,066	22.0%	6,318	53,943	19,839	36.8%
19	Slice (Life Network, The)	5,869	34,405	-402	-1.2%	5,685	35,510	-2,310	-6.5%
20	SPACE: The Imagination Station	5,785	48,756	18,404	37.7%	5,814	44,238	8,705	19.7%
21	StarTV!	4,739	19,304	5,201	26.9%	4,439	17,609	3,158	17.9%
22	TCN (Comedy Network, The)	5,541	45,122	14,201	31.5%	5,309	45,126	17,100	37.9%
23	Teletoon / Télétoon *	6,967	81,664	41,202	50.5%	6,498	71,712	36,237	50.5%
24	Treehouse TV	6,671	10,484	4,240	40.4%	6,399	10,238	4,202	41.0%
25	TSN (Sports Network, The)	8,438	201,270	48,582	24.1%	8,104	173,864	72,092	41.5%
26	TVtropolis (Prime TV)	5,754	25,543	4,548	17.8%	5,419	28,116	7,949	28.3%
27	VisionTV (non-profit)	8,725	20,377	1,263	6.2%	8,265	20,621	3,177	15.4%
28	W Network (Women)	6,781	65,671	25,497	38.8%	6,581	57,203	21,125	36.9%
29	Weather / Météomédia *	10,233	44,964	11,813	26.3%	9,809	42,298	12,431	29.4%
30	YTV	8,782	88,634	31,254	35.3%	8,464	83,032	31,045	37.4%
Total analog services			1,416,583	361,405	25.5%		1,292,836	409,614	31.7%
<b>Digital category 1 services</b>									
1	Biography Channel, The	981	4,824	-51	-1.1%	832	4,159	-777	-18.7%
2	Book Television: The Channel	919	3,228	448	13.9%	671	2,833	-138	-4.9%
3	Canadian Documentary Channel, The	981	4,239	-584	-13.8%	871	3,602	-792	-22.0%
4	Country Canada (Land and Sea)	859	3,210	182	5.7%	718	2,743	58	2.1%
5	Discovery Health Network	982	6,088	-1,149	-18.9%	936	4,185	-4,104	-98.1%
6	FashionTelevisionChannel	882	4,016	687	17.1%	789	3,422	-148	-4.3%

Table 3.4 (cont'd)

	2006				2005			
	(thousands)	# of subscr.	Revenues	PBIT Margin	# of subscr.	Revenues	PBIT Margin	
7 G4TechTV		945	5,298	384 7.2%	807	4,457	94 2.1%	
8 iChannel		835	2,805	-390 -13.9%	713	2,406	-1,729 -71.9%	
9 Independent Film Channel, The		1,350	5,992	-985 -16.4%	1,111	5,270	-4,426 -84.0%	
10 MenTV		872	4,317	1,188 27.5%	793	3,773	-494 -13.1%	
11 Mystery		1,264	5,678	1,148 20.2%	991	4,651	420 9.0%	
12 One: The Body, Mind, Body & Spirit Channel		879	3,678	418 11.4%	907	3,612	49 1.4%	
13 Razer (MTV Canada)		896	4,704	388 8.2%	804	7,174	-12,149 -169.3%	
14 travel + escape (CTV Travel)		763	4,180	-14 -0.3%	648	3,927	612 15.6%	
Total digital category 1 services			62,256	1,668 2.7%		56,213	-23,523 -41.8%	
<b>Digital category 2 services</b>								
1 Animal Planet		1,222	4,295	532 12.4%	1,204	3,862	248 6.4%	
2 AOV Maleflicxxx (AOVMF)		1	130	-17 -12.8%	1	50	-41 -81.4%	
3 AOV Movie (Adult)		2	141	-136 -96.5%	2	72	-105 -145.4%	
4 AOV XXX Action Clips		1	101	-167 -164.6%	1	63	-108 -172.0%	
5 BBC Canada		1,075	6,333	-513 -8.1%	931	5,198	-1,733 -33.3%	
6 BBC Kids		1,050	4,591	-2,081 -45.3%	990	3,762	-2,270 -60.3%	
7 BITE Television (Short TV)		97	446	-151 -34.0%	66	115	-223 -193.7%	
8 BPM:TV		528	746	-271 -36.3%	507	669	-287 -42.8%	
9 CGTV Canada (Gaming Channel, The)		1,800	837	-2,132 -254.7%	-	-	-	
10 Christian Channel (The)		-	1,296	-794 -61.3%	-	-	-	
11 Cool TV		152	627	-1,052 -167.7%	86	228	-2,157 -948.0%	
12 CourtTV Canada		1,359	5,543	1,951 35.2%	1,083	5,161	1,081 21.0%	
13 DejaView		1,022	3,907	-772 -19.8%	875	3,575	-188 -5.3%	
14 Discovery Civilization Channel		977	3,091	196 6.4%	809	2,594	-378 -14.6%	
15 Discovery HD		140	152	-107 -70.3%	-	-	-	
16 Discovery Kids		996	3,103	-86 -2.8%	887	2,656	-271 -10.2%	
17 Drive-In Classics		1,297	3,114	984 31.6%	789	2,261	217 9.6%	
18 ESPN Classics Canada		758	2,296	-144 -6.3%	572	1,888	-492 -26.0%	
19 Fine Living		607	3,096	513 16.6%	54	825	-1,319 -160.0%	
20 Fox Sports World Canada		885	3,485	-477 -13.7%	667	2,733	-1,591 -58.2%	
21 Gol TV (Soccer net, The)		1,700	71	-2,469 -3,454%	-	-	-	
22 HPIV (Racing Network, The)		370	1,424	-830 -58.3%	289	1,104	-1,163 -105.4%	
23 Hustler TV		41	2,846	620 21.8%	36	2,008	286 14.3%	
24 Leafs TV		223	3,837	-3,759 -98.0%	107	927	-3,438 -371.0%	
25 Lonestar		1,031	4,256	1,164 27.4%	869	3,750	760 20.3%	
26 Moviola		910	3,029	202 6.7%	685	2,403	353 14.7%	
- MSNBC Canada			no longer in operation		-	317	-109 -34.4%	
27 MuchLoud		265	538	-58 -10.8%	154	396	-290 -73.4%	
28 MuchMoreRetro		271	559	174 31.1%	156	217	-41 -19.1%	
29 MuchVibe		581	918	20 2.2%	511	900	12 1.4%	
30 National Geographic		1,123	5,643	-3,778 -66.9%	908	4,284	-2,463 -57.5%	
31 NHL Network, The		785	6,007	1,268 21.1%	581	4,183	186 4.4%	
32 Oasis HD		120	208	-348 -167.7%	-	-	-	
33 Pet Network, The		76	267	-213 -79.5%	40	37	-280 -756.8%	
34 PunchMuch		526	899	-190 -21.1%	397	596	-518 -87.0%	
35 Raptors NBA-TV		531	3,923	-897 -22.9%	415	2,785	-1,963 -70.5%	
36 Red light District TV		5	942	110 11.7%	1	649	35 5.4%	
37 Scream		1,194	5,208	595 11.4%	1,070	3,620	-350 -9.7%	
38 SexTV: The Channel		1,157	2,272	-116 -5.1%	617	2,103	-640 -30.5%	
39 Showcase Action		1,491	8,435	2,259 26.8%	1,262	7,726	-850 -11.0%	
40 Showcase Diva		1,413	7,462	1,167 15.6%	1,159	6,759	-2,137 -31.6%	
41 Silver Screen Classics		189	873	90 10.3%	36	359	87 24.4%	
42 TFN-Fight (Fight Network)		173	538	-2,933 -545.0%	-	-	-	

(thousands)	2006				2005			
	# of subscr.	Revenues	PBIT	PBIT Margin	# of subscr.	Revenues	PBIT	PBIT Margin
43 Treasure HD	120	208	-289	-139.35	-	-	-	-
44 TV Land	1,045	3,944	67	1.7%	929	3,259	-571	-17.5%
45 Wild TV	21	473	144	30.4%	-	-	-	-
46 WFN-TV (World Fishing Ntwk)	1,300	19	-2,608	-13,468%	-	-	-	-
47 Xtreme Sports	782	2,926	405	13.9%	592	2,258	-820	-36.3%
Total digital category 2 services		115,054	-14,923	-13.0%	-	86,351	-23,530	-27.2%
Total English-language specialty services		1,593,894	348,149	21.8%	-	1,435,400	362,562	25.3%

\*Includes bilingual services  
Source: CRTC financial database

**Table 3.5: Financial results for individual specialty analog and digital services – French-language\*\* services**

(thousands)	2006				2005			
	# of subscr.	Revenues	PBIT	PBIT Margin	# of subscr.	Revenues	PBIT	PBIT Margin
<b>Analog services**</b>								
1 ARTV	1,865	13,096	153	1.2%	1,690	12,751	363	2.9%
2 Canal D	2,347	29,267	15,938	54.5%	2,217	27,464	12,913	47.0%
3 Canal Évasion	1,626	6,905	1,336	19.3%	1,395	6,474	1,316	20.3%
4 Canal Vie	2,016	36,245	17,871	49.3%	1,850	34,761	15,129	43.5%
5 Historia	1,639	11,648	3,247	27.9%	1,402	10,543	2,165	20.5%
6 LCN - Le Canal Nouvelles	1,974	19,730	6,414	32.5%	1,793	18,201	5,566	30.6%
7 Musimax	1,907	9,427	933	9.9%	1,748	9,417	1,063	11.3%
8 MusiquePlus	2,332	19,047	2,817	14.8%	2,192	18,251	3,200	17.5%
9 RDI - Réseau de l'information (non-profit)	8,998	45,839	422	0.9%	9,379	44,791	-2,449	-5.5%
10 RDS - Réseau des Sports	2,514	86,938	18,368	21.1%	2,338	68,258	21,894	32.1%
11 Séries+	1,638	20,910	10,946	52.3%	1,399	20,531	10,089	49.1%
12 TV5 (non-profit)	6,495	12,945	13	0.1%	6,302	12,766	133	1.0%
13 VRAK-TV	2,433	17,681	5,972	33.8%	2,309	16,876	5,860	34.7%
14 Zélé	1,637	15,345	4,461	29.1%	1,405	13,495	2,152	15.9%
Total analog services		345,024	88,889	25.8%	37,418	314,580	79,394	25.2%
<b>Digital category 1 services</b>								
1 ARGENT	471	1,394	-2,273	-163.0%	-	284	-1,664	-586.7%
2 Mystère	201	1,285	-1,954	-152.1%	-	321	-2,586	-804.6%
3 RIS Info Sports	785	4,725	1,587	33.6%	479	630	-972	-154.4%
Total digital category 1 services		7,404	-2,640	-35.7%	-	1,235	-5,223	-423.0%
<b>Digital category 2 services</b>								
1 Avis de Recherche	600	16	-294	-1,817%	500	61	-234	-381.6%
2 Prise 2 (Nostalgie)	198	389	-1,342	-344.9%	-	-	-	-
Total digital category 2 services		405	-1,636	-403.6%	-	61	-234	-381.6%
Total French-language specialty services		352,834	84,614	24.0%	-	315,876	73,937	23.4%

\*\*Financial results for bilingual services *Météomédia* and *Télétoon* are reported with *Weather* and *Teletoon* English-language services  
Source: CRTC financial database

**Table 3.6: Financial results for individual specialty analog and digital services – Ethnic and third-language services**

(thousands)	2006				2005			
	# of subscr.	Revenues	PBIT	PBIT Margin	# of subscr.	Revenues	PBIT	PBIT Margin
<b>Analog services</b>								
1 Asian Television Network (ATN/SATV)	68	5,020	1,120	22.3%	49	3,347	854	25.5%
2 Fairchild TV	363	28,143	5,360	19.0%	359	25,739	5,595	21.7%
3 Odyssey	16	1,623	561	34.6%	13	1,338	132	9.8%
4 Talentvision	247	4,805	-309	-6.4%	227	4,472	-464	-10.4%
5 Telelatino	3,424	19,347	8,930	46.2%	3,532	15,192	5,673	37.3%
Total analog services	-	58,939	15,662	26.6%	-	50,088	11,789	23.5%
<b>Digital category 2 services</b>								
1 All TV	7	765	9	1.2%	7	1,187	125	10.5%
2 Festivil Portuguese Television	9	1,369	176	12.9%	6	1,124	-313	-27.8%
3 SSTV	10	680	35	5.2%	9	601	30	5.0%
4 ABU Dhabi TV (Arabic TV)	2	102	-99	-97.3%	2	52	-137	-266%
5 ATN Alpha ETC Punjabi	12	470	182	38.7%	9	625	160	25.5%
6 ATN ARY (ATN Urdu)	7	470	125	26.6%	6	399	102	25.5%
7 ATN Tamil Channel (Jaya TV)	4	133	-52	-39.1%	2	168	43	25.5%
8 ATN Zee Gujarati	1	37	10	28.4%	-	-	-	-
9 Channel 5 (InterTv)	2	86	-110	-127.9%	1	42	-172	-410.1%
10 ERT sat (Odyssey II)	9	611	-75	-12.2%	7	525	-23	-4.4%
11 Israeli Network, The	3	112	-55	-49.2%	-	-	-	-
12 ITN-Iran TV Network	0	-	-10	-	-	-	-	-
13 Leonardo World Canada	1	38	-73	-190.2%	-	-	-	-
14 Mabuhay Channel, The	2	116	-89	-76.8%	2	48	-145	-301.7%
15 ProSieBenSat.1 (German TV)	1	24	-32	-131.6%	-	-	-	-
16 RTVi (Russian TV1)	5	575	172	30.0%	5	297	-1	-0.4%
17 RTVi+ (RussianTV2)	2	201	-21	-10.3%	2	61	-115	-187.5%
18 Salt & Light*	-	1,837	-414	-22.5%	-	3,774	1,471	39.0%
19 SBTN (Vietnamese TV)	2	115	-89	-77.6%	2	44	-144	-324.3%
20 Sky TG24 Canada (Network Italia)	2	42	-103	-248.4%	0	-	-138	-
- Tamil1	-	-	-	-	-	991	247	24.9%
21 Video Italia Canada	1	38	-57	-147.7%	0	-	-82	-
Total digital category 2 services	-	7,819	-568	-7.3%	-	9,939	907	9.1%
Total Ethnic and third-language specialty services	-	66,758	15,094	22.6%	-	60,027	12,696	21.2%

\*In October 2006 the Commission approved an application to amend Salt & Light's nature of service from a national ethnic category 2 specialty television service to a national English-language category 2 specialty television service (Broadcasting Decision CRTC 2006-608).

Source: CRTC financial database



**Table 3.7: Financial results of individual Pay, PPV and VOD services**

(thousands)	Language	2006				2005				
		# of subscr.	Revenues	PBIT	PBIT Margin	# of subscr.	Revenues	PBIT	PBIT Margin	
<b>Pay services</b>										
1	Encore Avenue	e	372	9,856	6,289	63.8%	340	8,713	1,827	21.0%
2	Family Channel, The	e	5,323	48,687	16,506	33.9%	5,022	46,360	16,220	35.0%
3	MovieCentral	e	826	82,616	22,427	27.1%	748	74,662	26,178	35.1%
4	Mpix (Moviepix!)	e	1,395	21,046	10,810	51.4%	1,244	18,801	8,939	47.5%
5	Super Écran	f	510	51,492	15,453	30.0%	479	47,423	12,558	26.5%
6	TMN (Movie Network)	e	1,081	109,820	25,836	23.5%	1,026	100,874	22,413	22.2%
7	ATN Aashta	2 m	2	34	-5	-14.2%	-	-	-	-
8	ATN Asian Sports Network (ASN)	2 e	1	11	-9	-85.6%	-	-	-	-
9	ATN B4U Movie	2 m	16	577	3	0.6%	17	1,126	287	25.5%
10	ATN Bangla	2 m	1	42	3	6.2%	-	-	-	-
11	ATN Caribbean (CBN)	2 m	9	494	283	57.3%	2	267	68	25.5%
12	ATN Zee Cinema	2 m	3	50	-27	-54.2%	-	-	-	-
13	CINÉPOP	2 f	192	352	-1,399	-397%	-	-	-	-
Total pay services			-	325,078	96,171	29.6%	-	298,225	88,489	29.7%
<b>PPV services – Terrestrial (T) and DTH</b>										
1	Bell ExpressVu (DTH)	b		41,274	11,455	27.8%		30,268	5,177	17.1%
2	Breakaway (T & DTH)	e		5,851	-	-		6	-	-
3	Canal Indigo (T & DTH)	f		4,945	-274	-5.6%		4,345	-1,016	-23.4%
4	PPV Sports (T)	e		6,241	45	0.7%		2,754	-787	-28.6%
5	Shaw PPV (T & DTH)	e		20,615	4,181	20.3%		18,018	3,402	18.9%
6	Viewer's Choice Canada (T & DTH)	e		24,692	7,435	30.1%		24,904	6,390	25.7%
Total PPV services				103,618	22,841	22.0%		80,293	13,166	16.4%
<b>VOD services</b>										
1	Illico sur demande	b		8,042	-1,801	-22.4%		6,030	-54	-0.9%
2	Max Front Row	e		897	-160	-17.8%		414	-61	-14.8%
3	Rogers on Demand	b		30,209	1,104	3.7%		20,571	4,747	23.1%
4	Videon CableSystem	b		14,337	9,715	67.8%		4,228	2,792	66.0%
5	TELUS Communications	b		144	-3,064	-2,130%		33	-1,096	-3,371%
Total VOD services				53,629	5,795	10.8%		31,276	6,328	20.2%
Total Pay, PPV and VOD services				482,325	124,807	25.9%		409,795	107,983	26.4%

e = English-language service, f = English-language service; m = ethnic or third-language service; b = bilingual service;  
 2 = digital category 2 pay service  
 Source: CRTC financial database

**Table 3.8: Financial results for specialty, pay and PPV analog and digital services – summary totals**

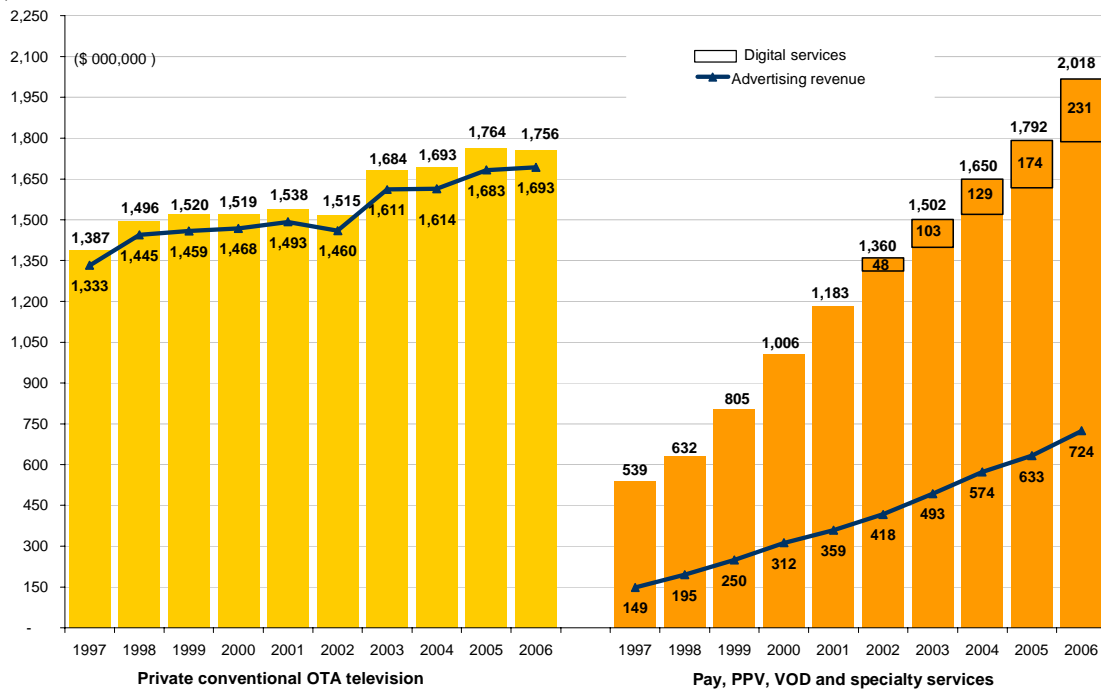
	2006				2005			
	Number of units reporting	Revenues (\$000)	PBIT (\$000)	Margin	Number of units reporting	Revenues (\$000)	PBIT (\$000)	Margin
Specialty analog	49	1,820,547	465,956	25.59%	49	1,657,504	500,797	30.21%
Specialty digital category 1	17	69,660	-972	-1.40%	17	57,448	-28,746	-50.04%
Specialty digital category 2	70	123,279	-17,127	-13.89%	57	96,351	-22,856	-23.72%
<b>Total specialty</b>	<b>136</b>	<b>2,013,486</b>	<b>447,857</b>	<b>22.24%</b>	<b>123</b>	<b>1,811,302</b>	<b>449,195</b>	<b>24.80%</b>
Pay, PPV and VOD services	27	482,325	124,807	25.88%	22	409,795	107,983	26.35%
<b>Total specialty, pay, PPV and VOD services</b>	<b>163</b>	<b>2,495,811</b>	<b>572,664</b>	<b>22.95%</b>	<b>145</b>	<b>2,221,097</b>	<b>557,178</b>	<b>25.09%</b>

Source: CRTC financial database

### 3. Financial results by language of service

#### a) English-language private conventional OTA television, pay, PPV, VOD and specialty services

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

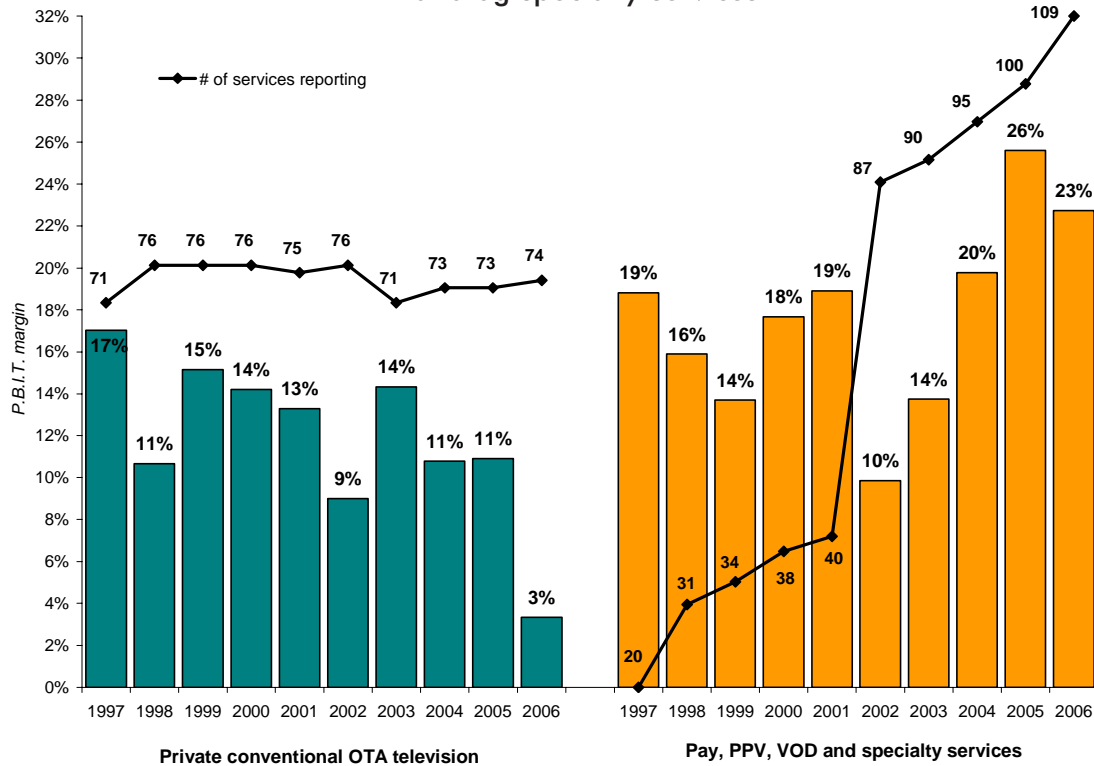


Notes: Private conventional OTA television includes revenues from ethnic conventional OTA television stations as a significant portion of their revenues are derived from English-language programs. The financial results of ethnic and third-language pay and specialty services are shown in a separate chart. Bilingual services are combined with English-language Pay, PPV, VOD and specialty services. Private conventional OTA television and Pay, PPV, VOD and specialty revenues have been updated to reflect current August 31 aggregate results.

Source: CRTC financial database

- English-language private conventional OTA television sector revenues held at 2005 levels. Advertising revenues also held at 2005 levels over the same period.
- Total revenues reported by the English-language pay, PPV, VOD and specialty services increased 12.6% (\$226.2 million) from 2005 to 2006. Advertising and subscription revenues also increased 14.5% (\$91.6 million) and 11.7% (\$133.4 million) respectively.

**Chart 3.13: Aggregate PBIT<sup>9</sup> margins of English-language private conventional OTA television & pay, PPV, VOD and analog specialty services**



Notes: Private conventional OTA television includes ethnic conventional OTA television stations, as a significant portion of their revenues are derived from English-language programming. The financial results of ethnic and third-language pay and specialty services are reported in a separate chart. Bilingual services are combined with English-language Pay, PPV and specialty services. Private conventional OTA 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 and CIIT-TV Winnipeg began reporting in 2006.

English-language digital services began reporting in 2001/02 broadcast year.

Source: CRTC financial database

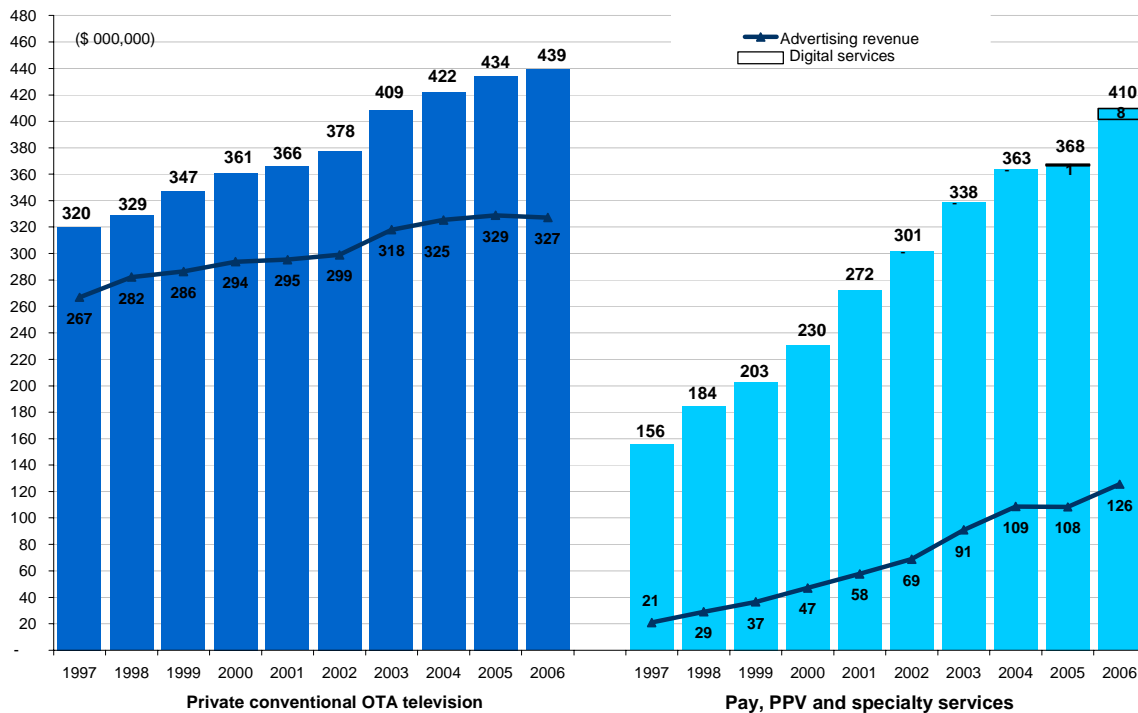
- The drop in profitability in 1998 for private conventional OTA television stations was due to five new services reporting first year losses. A large one-time write-off by one of the large broadcasters also contributed to the downturn.

<sup>9</sup> Profit before interest & taxes (PBIT)

- Flat revenue growth combined with a 9.4% increase in programming expenditures contributed to the overall decline in PBIT margin reported by English-language private conventional OTA television stations in 2006. Expenditures on Canadian and non-Canadian English-language programming increased 4.6% and 12.9% respectively from 2005 to 2006.
- The number of pay, PPV, VOD 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. 46 digital services began reporting financial results in 2002. This number has increased to 67 in 2006.
- The 2006 pay, PPV, VOD & specialty results reflect:
  - \$110.8 million in profits from the pay, PPV and VOD services with a combined PBIT margin of 26.1%. Profits from this group increased 15% from 2005.
  - \$361.4 million in profits from the analog specialty services with a PBIT margin of 25.5%.
  - \$1.7 million in profits from the digital category 1 specialty services with a PBIT margin of 2.7%.
  - \$14.9 million in losses from the digital category 2 specialty services with a PBIT margin of -13%.

**b) French-language private conventional, pay, PPV and specialty services**

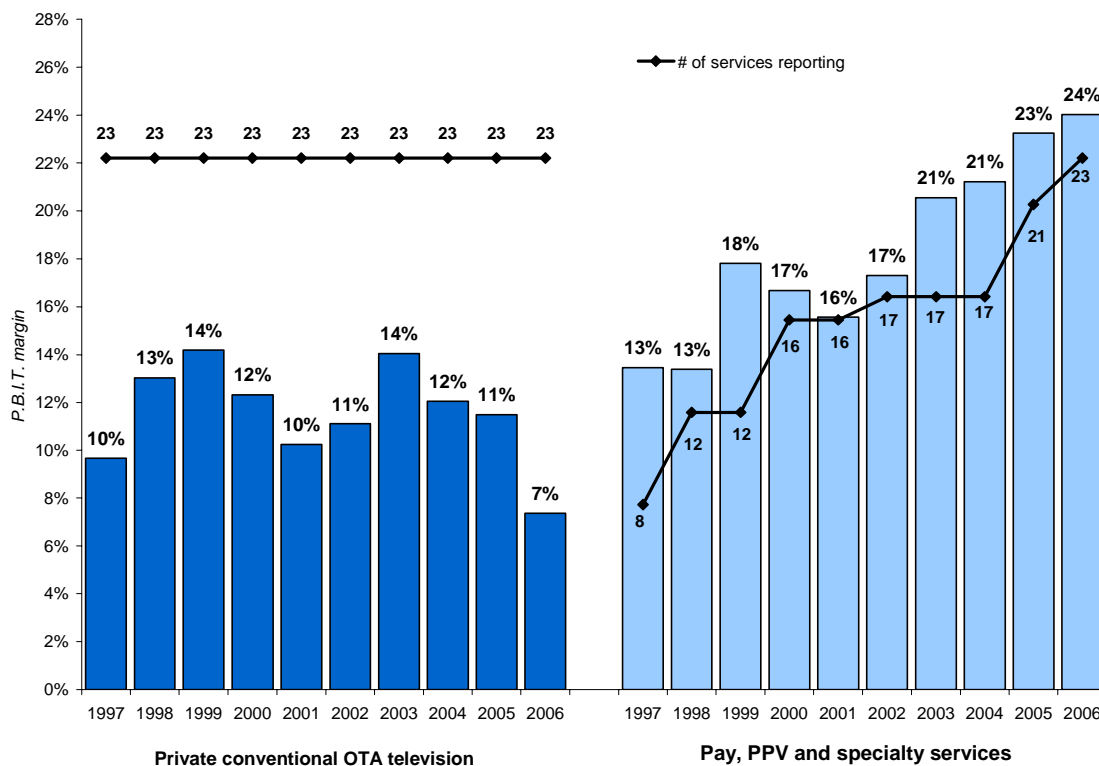
**Chart 3.14: Revenues of French-language private conventional OTA television & pay, PPV and specialty services**



Notes: Excludes bilingual services. Private conventional OTA television and Pay, PPV and specialty results have been updated to reflect current August 31 aggregate results. French-language digital services began reporting in 2004/05 broadcast year. Source: CRTC financial database

- French-language private conventional OTA television sector revenues have held at 2005 levels. The number of stations has remained unchanged since 1993.
- French-language pay, PPV and specialty services have achieved strong revenue growth. Since 1997, the number of these services has increased from eight to 23 in 2006. In 2005, four digital specialty services reported first-year revenues totalling \$1.3 million. This number has increased to 6 digital services with revenues totalling \$8.2 million in 2006.
- Since 2000, advertising revenues garnered by French-language pay, PPV and specialty services have increased by an average of 17.8% per year.

**Chart 3.15: Aggregate PBIT margins of private French-language conventional OTA television & pay, PPV and specialty services**



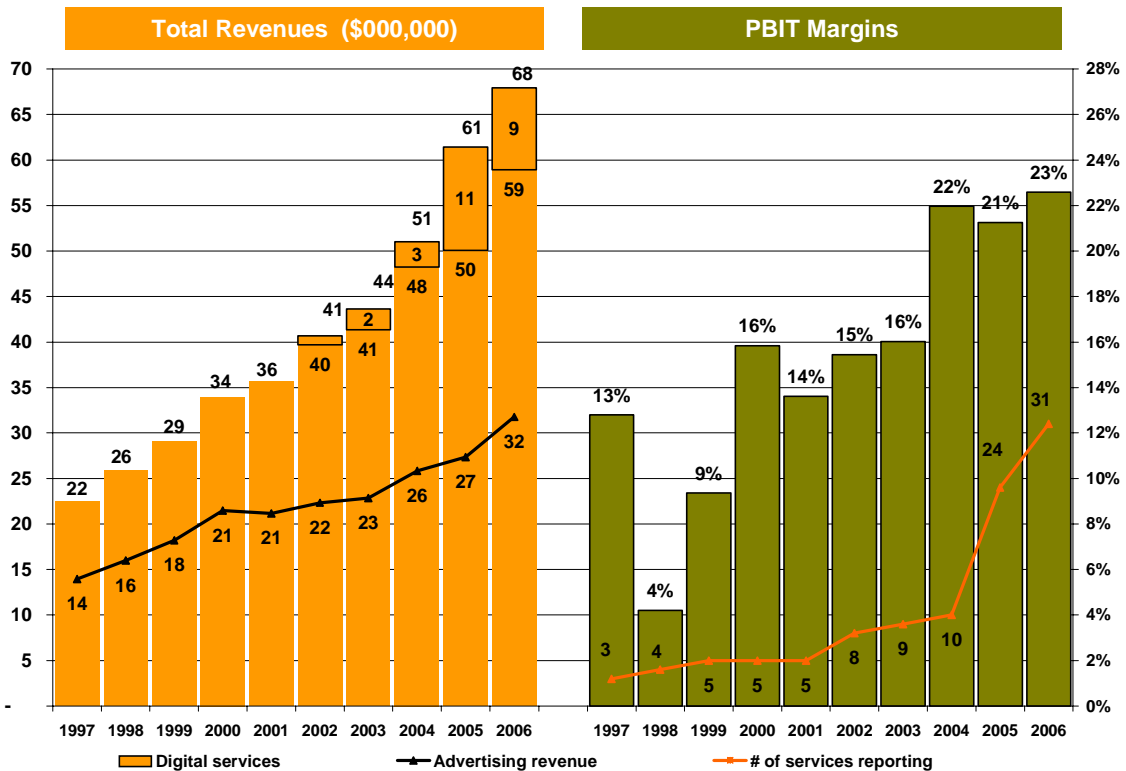
Notes: Excludes bilingual services. Private conventional OTA television and Pay, PPV and specialty results have been updated to reflect current August 31 aggregate results. French-language digital services began reporting in 2004/05 broadcast year. Source: CRTC financial database

- Flat revenue growth combined with a 13% increase in programming expenditures contributed to the overall decline in PBIT margin reported by French-language private conventional OTA television stations in 2006. Expenditures on Canadian French-language programming increased 17.1 million, or 11% from 2005 to 2006. Expenditures on non-Canadian programming represented only 8% of their total programming expenditures.
- The 2006 pay, PPV and specialty results reflect:
  - \$88.9 million in profits from the analog specialty services with a PBIT margin of 25.8%. Profits from this group increased 12% from 2005.

- \$13.8 million in profits from the pay and PPV services with a combined PBIT margin of 24.3%. Profits from this group increased 19% from 2005.
- \$4.3 million in losses from the digital category 1 and 2 specialty services with a combined PBIT margin of – 54.7%

### c) Ethnic & third-language pay and specialty services

**Chart 3.16: Revenues and aggregate PBIT margins of ethnic and third-language pay and specialty services**



Notes: Results have been updated to reflect current August 31 aggregate results. The 2006 financial results are also restated to correct a language code posting error in the CRTC's financial database. The World Fishing Network, an English-language digital category 2 specialty service had been coded as an ethnic service. The 2006 aggregate PBIT and PBIT margin for ethnic and third-language pay and specialty services therefore increased from \$12.7 to \$15.4 million and from 18.75% to 22.59% respectively. Ethnic and third-language digital services began reporting in 2001/02 broadcast year.  
Source: CRTC financial database

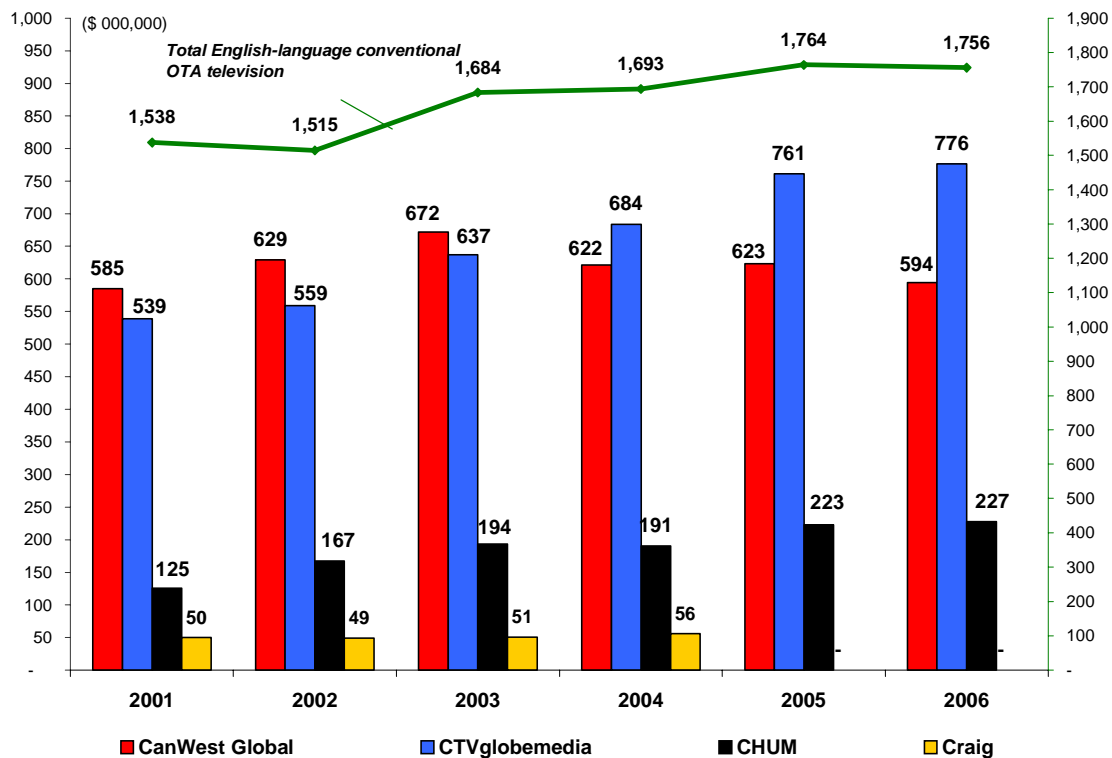
- Ethnic and third-language pay and specialty revenues continue to increase steadily. Total revenues increased \$6.5 million or 10.6% from 2005 to 2006.
- Ethnic and third-language pay and specialty revenues have increased by an average of 12.2% per year since 2000. Advertising and subscribers revenues increased an average of 6.7% and 18.5% per year over the same time period.
- The number of digital pay and specialty services reporting financial results has increased from 3 in 2002 to 26 in 2006.
- The 2006 pay, PPV and specialty results reflect:
  - \$15.7 million in profits from the analog specialty services with a PBIT margin of 26.6%. Profits from this group increased 33% from 2005.

- \$0.3 million in profits from the pay services with a combined PBIT margin of 21.5%.
- \$0.6 million in losses from the digital category 2 specialty services with a combined PBIT margin of -7.3%

#### 4. Financial results for large ownership groups

##### a) Private conventional OTA television ownership groups

**Chart 3.17: Revenues of large English-language private conventional OTA television ownership groups**



Source: CRTC financial database

- Based on conventional OTA stations owned or controlled by the ownership group on August 31<sup>st</sup> 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 Vancouver<sup>10</sup> station and launched CIVI-TV Victoria<sup>11</sup> 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 Craig<sup>12</sup> 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 CHUM<sup>13</sup> and its Toronto conventional television station to Quebecor Media<sup>14</sup> in November 2004.

<sup>10</sup> Transfer of control of CKVU-TV Vancouver, Decision CRTC 2001-647, 15 October 2001

<sup>11</sup> New television station on Vancouver Island, Decision CRTC 2000-219, 6 July 2000

<sup>12</sup> Decision CRTC 2004-502

<sup>13</sup> Decision CRTC 2004-502

<sup>14</sup> Decision CRTC 2004-503

- Large private conventional OTA television ownership groups account for approximately 91% of the total revenues reported by private English-language conventional OTA television stations.
- CTVglobemedia, through CTV Television owns and operates twenty-one<sup>15</sup> English-language conventional OTA 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%<sup>16</sup> of English-speaking Canadians. In June 2007, the Commission approved the transfer of effective control of CHUM Limited, including CHUM's conventional OTA television stations to CTVglobemedia with the condition of approval that CHUM's five CityTV<sup>17</sup> stations be divested to a third party purchaser.

CTVglobemedia, through CTV Television also holds a 40% voting interest in TQS Inc. TQS Inc. owns and operates eight French-language Canadian conventional OTA television stations.

- CanWest Global owns and operates nineteen English-language conventional OTA television stations as well as an independent conventional ethnic station located in Montréal. Its network operation reaches more than 94%<sup>18</sup> of English-speaking Canadians.
- CHUM owns and operates 12 English-language conventional OTA television stations located in Ontario (six), Manitoba (two), Alberta (two) and British Columbia (two). CHUM's combined stations reach approximately 85%<sup>19</sup> of English-speaking Canadians. In *Transfer of effective control of CHUM Limited to CTVglobemedia Inc.*, Broadcasting Decision CRTC 2007-165, 8 June 2007, the Commission approved, subject to the fulfillment of certain conditions, the transfer of effective control of CHUM Limited to CTVglobemedia.

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<sup>15</sup> Does not include CFRN-TV-3 Whitecourt, CFRN-TV-4 Ashmont, CFRN-TV-5 Red Deer and CKCO-TV-3 Oil Springs

<sup>16</sup> CTV website June 2007: <http://www.ctv.ca>

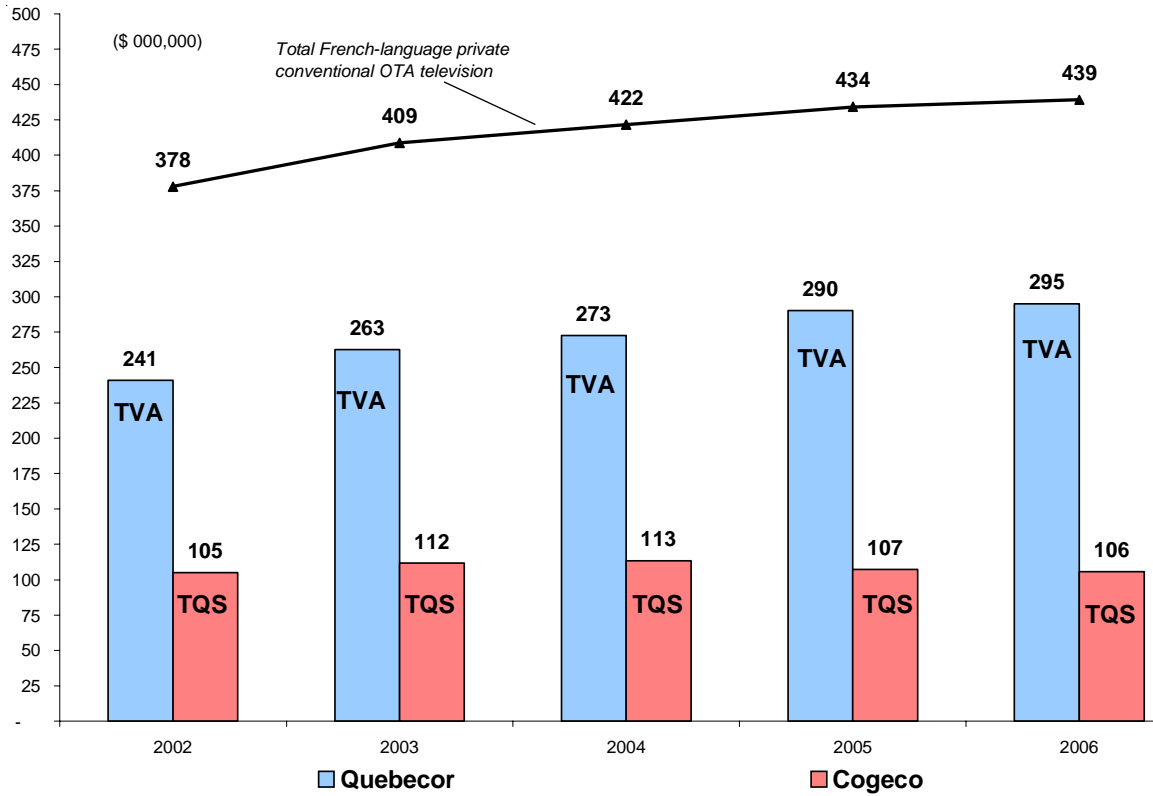
<sup>17</sup> These stations are CKVU-TV Vancouver; CKAL-TV Calgary; CKEM-TV Edmonton, CHMI-TV Portage La Prairie/Winnipeg; and CITY-TV (including CITY-DT Toronto).

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

<sup>19</sup> Decision CRTC 2004-502



**Chart 3.18: Revenues of large French-language private conventional OTA television ownership groups**

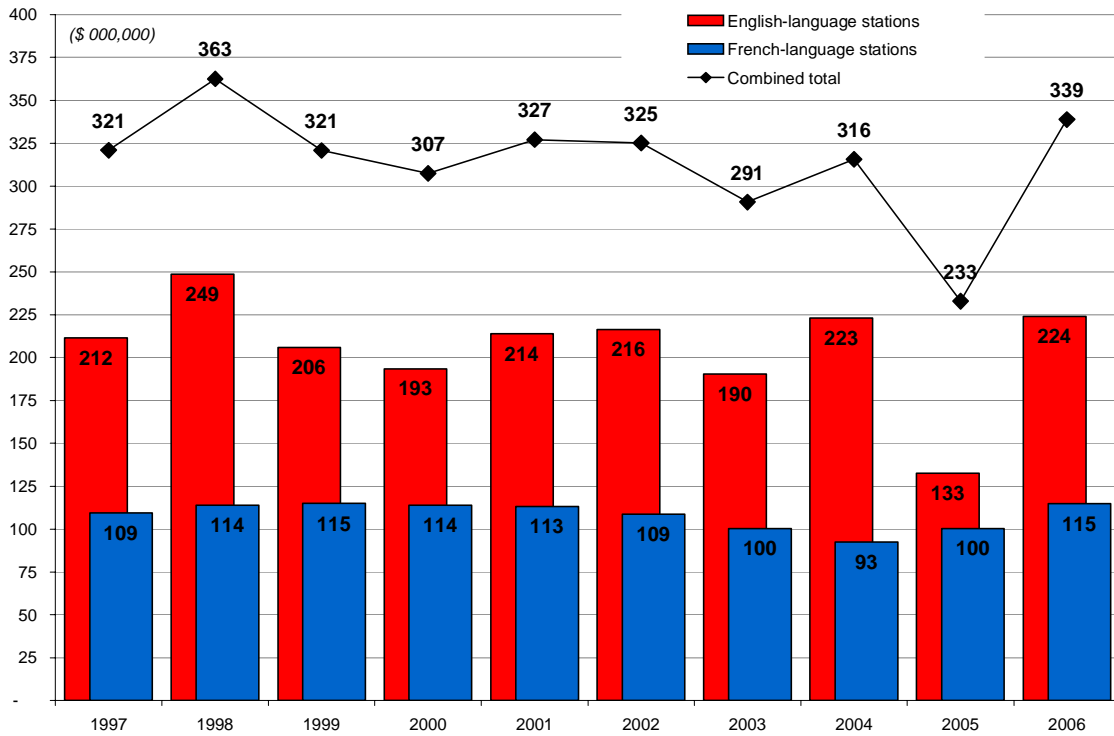


Note: Based on conventional OTA stations owned or controlled by the ownership group on August 31st of each year. Ownership is based on the date of the approving Decision, not the official closing date of the transaction. The station's entire annual revenue is attributed to the ownership group that was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

- Quebecor and Cogeco accounted for 91% of the total revenues reported by private French-language conventional OTA television in 2006.
- TVA is the largest private French-language conventional OTA 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.

b) National public broadcaster – CBC (Canadian Broadcasting Corporation) conventional OTA television stations

**Chart 3.19:** Advertising revenues: CBC conventional OTA television stations (owned & operated)



Source: Annual financial return filed with the CRTC

- The advertising revenues of CBC’s English-language conventional OTA television stations represented 12% of the total advertising dollars achieved by CBC and private English-language conventional OTA television stations in 2006. In 1997, its share was 14%.
- The advertising revenues of CBC’s French-language conventional OTA television stations represented 26% of the total advertising dollars achieved by CBC and private French-language conventional OTA television stations in 2006. In 1997, its share was 29%.

c) 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 3.9: Companies with significant ownership interest in specialty, pay, PPV and VOD services as of 31 December 2006**

Alliance Atlantis <sup>(1)</sup>	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
✓ History Television, The	Sp. A	e	100%	6,289	36,306	12,465	34.3%
Independent Film Channel, The	Sp. D1	e	100%	1,350	5,992	- 985	-16.4%
✓ Showcase	Sp. A	e	100%	6,685	59,525	13,066	22.0%
Showcase Action	Sp. D2	e	100%	1,491	8,435	2,259	26.8%
Showcase Diva	Sp. D2	e	100%	1,413	7,462	1,167	15.6%
✓ Slice (Life Network, The)	Sp. A	e	100%	5,869	34,405	-402	-1.2%
Fine Living	Sp. D2	e	80.24%	607	3,096	513	16.6%
✓ HGTV Canada	Sp. A	e	80.24%	6,422	46,716	15,348	32.9%
BBC Canada	Sp. D2	e	80%	1,075	6,333	-512	-8.1%
BBC Kids	Sp. D2	e	80%	1,050	4,591	-2,081	-45.3%
Discovery Health Network	Sp. D1	e	80%	982	6,088	-1,149	-18.9%
✓ National Geographic Channel	Sp. D2	e	64%	1,123	5,643	-3,778	-66.9%
✓ Food Network Canada	Sp. A	e	57.58%	4,882	27,712	8,110	29.3%
✓ Historia	Sp. A	f	50%	1,639	11,648	3,247	27.9%
✓ Séries+	Sp. A	f	50%	1,638	20,910	10,946	52.3%
Scream	Sp. D2	e	49%	1,194	5,208	595	11.4%
One: The Body, Mind & Spirit Channel	Sp. D1	e	37.77%	879	3,678	418	11.4%
✓ The Score	Sp. A	e	22.3%	5,913	28,190	4,606	16.3%

Astral Media	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
✓ Canal D	Sp. A	f	100%	2,347	29,267	15,938	54.5%
✓ Canal Vie	Sp. A	f	100%	2,016	36,245	17,871	49.3%
CINÉPOP	Pay 2	f	100%	192	352	-1,399	-397.0%
Family Channel, The	Pay	e	100%	5,323	48,687	16,506	33.9%
✓ Mpix (Moviepix!)	Pay	e	100%	1,395	21,046	10,810	51.4%
✓ Super Écran	Pay	f	100%	510	51,492	15,453	30.0%
✓ TMN (Movie Network, The)	Pay	e	100%	1,081	109,820	25,836	23.5%
✓ VRAK-TV	Sp. A	f	100%	2,433	17,681	5,972	33.8%
✓ Ztélé	Sp. A	f	100%	1,637	15,345	4,461	29.1%
Viewers Choice Canada	PPV**	e	50.1%	2,594	24,692	7,435	30.1%
✓ Historia	Sp. A	f	50%	1,639	11,648	3,247	27.9%
✓ Musimax	Sp. A	f	50%	1,907	9,427	933	9.9%
✓ MusiquePlus	Sp. A	f	50%	2,332	19,047	2,817	14.8%
✓ Séries+	Sp. A	f	50%	1,638	20,910	10,946	52.3%
✓ Teletoon / Télétoon	Sp. A	b	50%	6,967	81,664	41,202	50.5%
Canal Indigo	PPV**	f	20.04%	949	4,945	-274	-5.6%

BCE*	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
Bell ExpressVu	PPV**	b	100%	n/a	41,274	11,455	27.8%
Vu! On Demand	VOD	b	100%		Not in operation		

\*BCE Inc. holds 15% voting interest in CTVglobemedia Inc.

CanWest <sup>(1)</sup>	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
Cool TV	Sp. D2	e	100%	152	627	-1,052	-167.7%
DejaView	Sp. D2	e	100%	1,022	3,907	-772	-19.8%
Fox Sports World Canada	Sp. D2	e	100%	885	3,485	-477	-13.7%
Lonestar	Sp. D2	e	100%	1,031	4,256	1,164	27.4%
Xtreme Sports	Sp. D2	e	100%	782	2,926	405	13.9%
TVtropolis	Sp. A	e	66.7%	5,754	25,543	4,548	17.8%
Mystery	Sp. D1	e	50%	1,264	5,678	1,148	20.2%
MenTV	Sp. D1	e	49%	872	4,317	1,188	27.5%

CBC/SRC	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
Country Canada	Sp. D1	e	100%	859	3,210	182	5.7%
CBC Newsworld	Sp. A	e	100%	10,034	76,773	-3,005	-3.9%
Country Canada	Sp. D1	e	100%	859	3,210	182	5.7%
Galaxie (Pay audio)	Audio	b	100%	na			
RDI – Réseau de l'information	Sp. A	f	100%	8,998	45,839	422	0.9%
ARTV	Sp. A	f	37%	1,865	13,096	153	1.2%
Canadian Documentary Channel, The <sup>(2)</sup>	Sp. D1	e	29%	981	4,239	-584	-13.8%

CHUM <sup>(2)</sup>	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
✓ BookTelevision	Sp. D1	e	100%	919	3,228	448	13.9%
✓ Bravo!	Sp. A	e	100%	6,529	40,727	11,948	29.3%
CLT (Canadian Learning Television)	Sp. A	e	100%	4,648	15,377	6,786	44.1%
✓ CourtTV Canada	Sp. D2	e	100%	1,359	5,543	1,951	35.2%
Drive-In Classics	Sp. D2	e	100%	1,297	3,114	984	31.6%
✓ FashionTelevisionChannel	Sp. D1	e	100%	882	4,016	687	17.1%
MuchLoud	Sp. D2	e	100%	265	538	-58	-10.8%
✓ MuchMoreMusic	Sp. A	e	100%	6,662	19,215	6,783	35.3%
MuchMoreRetro	Sp. D2	e	100%	271	559	174	31.1%
✓ MuchMusic	Sp. A	e	100%	7,884	53,254	13,277	24.9%
MuchVibe	Sp. D2	e	100%	581	918	20	2.2%
✓ Pulse 24 (CP24)	Sp. A	e	100%	3,169	11,365	-18	-0.2%
PunchMuch	Sp. D2	e	100%	526	899	-190	-21.1%
✓ Razer (MTV Channel)	Sp. D1	e	100%	896	4,704	388	8.2%
SexTV: The Channel	Sp. D2	e	100%	1,157	2,272	-116	-5.1%
✓ SPACE: The Imagination Station	Sp. A	e	100%	5,785	48,756	18,404	37.7%
✓ Star!	Sp. A	e	100%	4,739	19,304	5,201	26.9%
TV Land	Sp. D2	e	80.1%	1,045	3,944	67	1.7%
✓ Musimax	Sp. A	f	50%	1,907	9,427	933	9.9%
✓ MusiquePlus	Sp. A	f	50%	2,332	19,047	2,817	14.8%

Cogeco	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
Canal Indigo*	PPV**	f	32%	949	4,945	-274	-5.6%
Cogeco On Demand	VOD	b	100%	No data	#N/A	#N/A	#N/A

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

Corus <sup>(4)</sup>	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
Encore Avenue	Pay	e	100%	372	9,856	6,289	63.8%
✓ MovieCentral	Pay	e	100%	826	82,616	22,427	27.1%
TreeHouse TV	Sp. A	e	100%	6,671	10,484	4,240	40.4%
W Network	Sp. A	e	100%	6,781	65,671	25,497	38.8%
YTV	Sp. A	e	100%	8,782	88,634	31,254	35.3%
CMT (Country Music Television)	Sp. A	e	90%	8,387	24,103	8,506	35.3%
Discovery Kids	Sp. D2	e	80%	996	3,103	-86	-2.8%
Canadian Documentary Channel, The <sup>(2)</sup>	Sp. D1	e	53%	981	4,239	-584	-13.8%
Scream	Sp. D2	e	51%	1,194	5,208	595	11.4%
Leonardo World Canada (Sitcom Canada) (Italian)	Sp. D2	o	50.5%	1	38	-73	-190.2%
Sky TG24 (Network Italia) (Italian)	Sp. D2	o	50.5%	2	42	-103	-248.4%
Teletatino (Italian & Hispanic/Spanish)	Sp. A	o	50.5%	3,424	18,066	7,649	42.3%
Video Italia Canada (Italian)	Sp. D2	o	40.4%	1	38	-57	-147.7%
✓ Teletoon / Télétoon*	Sp. A	b	50%	6,967	81,664	41,202	50.5%
✓ Food Network Canada	Sp. A	e	22.58%	4,882	27,712	8,110	29.3%
MaxTrax (Pay audio service)	Audio	b	100%	na			

\* 20% of the 50% 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.

CTVglobemedia <sup>(3)</sup>	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
CTV Newsnet	Sp. A	e	100%	7,962	19,226	1,412	7.3%
MTV Canada (TalkTV)	Sp. A	e	100%	5,107	8,626	-11,579	-134.2%
BNN Business News Network (ROBTV)	Sp. A	e	100%	5,139	20,564	4,104	20.0%
TCN (Comedy Network, The)	Sp. A	e	100%	5,541	45,122	14,201	31.5%
travel + escape (CTV Travel)	Sp. D1	e	100%	763	4,180	-14	-0.3%
ESPN Classic Canada	Sp. D2	e	80%	758	2,296	-144	-6.3%
✓ RDS - Réseau des Sports	Sp. A	f	80%	2,514	86,938	18,368	21.1%
RIS Info Sports	Sp. D1	f	80%	785	4,725	1,587	33.6%
✓ TSN (Sports Network, The)	Sp. A	e	80%	8,438	201,270	48,582	24.1%
Animal Planet	Sp. D2	e	64%	1,222	4,295	532	12.4%
✓ Discovery Channel, The	Sp. A	e	64%	7,405	85,615	33,148	38.7%
Discovery Civilization Channel	Sp. D2	e	64%	977	3,091	196	6.4%
❖ Discovery HD	Sp. D2	e	64%	140	152	-107	-70.3%
OLN (Outdoor Life Network)	Sp. A	e	33.34%	5,571	15,580	5,291	34.0%
Viewer's Choice Canada	PPV**	e	19.96%	2,594	24,692	7,435	30.1%
NHL Network, The	Sp. D2	e	17.14%	785	6,007	1,268	21.1%
ARTV	Sp. A	f	16%	1,865	13,096	153	1.2%
Canal Indigo*	PPV**	f	15.98%	949	4,945	-274	-5.6%
✓ Leaf TV	Sp. D2	e	15.44%	223	3,837	-3,759	-98.0%
✓ Raptors NBA-TV	Sp. D2	e	15.44%	531	3,923	-897	-22.9%

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

Quebecor Media	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
<b>Archambault Group Inc.</b>							
Quebecor Media Inc. hold 100% voting interest in Archambault Group Inc.							
Illico sur demande	VOD	b	100%	567	8,042	-1,801	-22.4%
<b>TVA Group Inc.</b>							
Quebecor Media Inc. hold 99.9% voting interest in TVA Group Inc.							
ARGENT	Sp. D1	f	100%	471	1,394	-2,273	-163.0%
LCN – Le Canal Nouvelles	Sp. A	f	100%	1,974	19,730	6,414	32.5%
Mystère	Sp. D1	f	100%	201	1,285	-1,954	-152.1%
Prise 2 (Nostalgie)	Sp. D2	f	100%	198	389	-1,342	-344.9%
MenTV	Sp. D1	e	51%	872	4,317	1,188	27.5%
Mystery	Sp. D1	e	50%	1,264	5,678	1,148	20.2%
Canal Indigo	PPV**	f	20%	949	4,945	-274	-5.6%
Canal Évasion	Sp. A	f	8.31%	1,626	6,905	1,336	19.3%

Rogers Communications	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
Biography Channel, The	Sp. D1	e	100%	981	4,824	-51	-1.1%
Rogers On Demand	VOD	b	100%	3,183	30,209	1104	3.7%
✓ Rogers Sportsnet	Sp. A	e	100%	8,261	141,517	25,350	17.9%
✓ Sports/Specials Pay-per-View	PPV**	e	100%	22	6,241	45	0.7%
G4TechTV	Sp. D1	e	66.67%	945	5,298	384	7.2%
Viewers Choice Canada	PPV**	e	24.95%	2,594	24,692	7,435	30.1%
OLN (Outdoor Life Network)	Sp. A	e	33.33%	5,571	15,580	5,291	34.0%
TVtropolis (Prime TV)	Sp. A	e	33.33%	5,754	25,543	4,548	17.8%
Canal Indigo	PPV**	f	9.98%	949	4,945	-274	-5.6%

Shaw <sup>(4)</sup>	Type of service	Language	Direct/indirect voting interest	31 August 2006 financial results (000)			
				# of subscribers	Revenues (\$)	PBIT (\$)	PBIT Margin
Shaw Pay-Per-View	PPV**	e	100%	1,007	20,615	4,181	20.28%
Videon CableSystem - regional	VOD	b	100%		Not in operation		

Notes to table 3.9

- 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 31 December 2006.
- (1) On 25 May 2007, the Commission announced its intention to review CanWest's application to transfer effective control of Alliance Atlantis' regulated broadcasting properties at a public hearing in late summer 2007.
- (2) In Broadcasting Decision CRTC 2007-201, dated 22 June 2007, the Commission approved an application by the CBC to acquire Corus' 53% interest in this service transferring effective control to CBC and increasing its interest in this service from 29% to 82%.
- (3) In *Transfer of effective control of CHUM Limited to CTVglobemedia Inc.*, Broadcasting Decision CRTC 2007-165, 8 June 2007, the Commission approved, subject to certain conditions, the transfer of effective control of CHUM Limited to CTVglobemedia. On 22 June 2007, the Commission confirmed CTVglobemedia's fulfillment of these conditions.
- (4) Shaw Communications Inc. is affiliated with Corus Entertainment Inc. as J.R. Shaw has voting control of both companies.

Legend:

- PPV\*\* indicates that the licensee holds both a terrestrial and DTH PPV licence.
- ✓ Indicates that the service has been authorized to make available an upgraded high definition (HD) format version. Reflects decisions issued up to the 31<sup>st</sup> of May 2007.
- ❖ Indicates high definition (HD) programming undertaking. Reflects decisions issued up to the 31<sup>st</sup> of May 2007.
- Type of service: Sp. A = Specialty analog service; Sp. D1 = Specialty digital category 1 service; Sp. D2 = Specialty digital category 2 service; Pay = Pay analog service; Pay 2 = Pay digital category 2 service; DTH = Direct to home; PPV = Pay-per-view; PPV\*\* = Holds both a terrestrial and DTH PPV licence; VOD = Video-on-demand
- Language: e = English; f = French; o = Other; b=English/French

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

## D. Contribution to Canadian programming

### 1. Conventional OTA television

- The conventional OTA television sector plays an essential role in the Canadian broadcasting system and is a dominant force contributing to the production and provision of Canadian programming.
- In *Determinations regarding certain aspects of the regulatory framework for over-the-air television*, Broadcasting Public Notice CRTC 2007-53, 17 May 2007 (2007 OTA television policy), the Commission commended French-language OTA television broadcasters for their commitment and contributions to the production and acquisition of Canadian programming.
- With respect English-language conventional OTA television licensees, the Commission noted that although they had maintained Canadian programming expenditures as a percentage of revenues, the continued decline in proportion to total programming expenditures is a cause for concern. In order to ensure that an appropriate proportion of financial resources are allocated towards the production and acquisition of Canadian programming, the Commission indicated that it would review this matter during the licence renewal process for the major OTA broadcast groups scheduled to take place in Spring 2008.
- The following tables sets out programming expenditures by genre reported by the CBC and private commercial conventional OTA television in the 2001-02 to 2005-06 broadcast years.

#### a) Eligible expenditures on Canadian programming (CPE)<sup>20</sup>

**Table 3.10: CBC English- and French-language conventional OTA television**

Genre (\$ 000)	2002	2003	2004	2005	2006	Annual growth %			
						03	04	05	06
News (cat. 1)	104,445	104,097	112,606	108,753	116,559	-0%	8%	-3%	7%
Other info. (cat. 2 to 5)	74,238	83,361	75,877	76,111	76,908	12%	-9%	0%	1%
Sports (cat. 6)	161,398	101,418	167,059	*	141,489	-37%	65%	*	*
Drama & comedy (cat. 7)	84,347	102,271	100,841	104,622	116,809	21%	-1%	4%	12%
Music/Variety (cat. 8 & 9)	24,401	38,094	39,572	28,674	35,514	56%	4%	-28%	24%
Game show (cat. 10)	2,012	1,483	1,552	1,349	165	-26%	5%	-13%	-88%
Human interest (cat. 11)	33,733	29,364	31,851	44,367	43,466	-13%	8%	39%	-2%
Other (cat. 12 to 15)	-	-	-	-	-				
Total (cat. 1 to 15)	484,574	460,088	529,358	*	530,910	-5%	15%	*	*

Notes: Excludes indirect and facility cost allocations. Minor variances are due to rounding.

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

Source: CRTC financial database

<sup>20</sup> Excludes Canadian Television Fund (CTF) reported by stations and services. Includes expenditures relating to ownership transfer benefits and to commitments made at the time of licensing.

**Table 3.11: Private conventional OTA television**

Genre (\$ 000)	2002	2003	2004	2005	2006	Annual growth %			
						03	04	05	06
News (cat. 1)	290,624	300,143	310,990	310,225	328,078	3%	4%	-0%	6%
Other info. (cat. 2 to 5)	54,813	55,695	60,464	59,400	66,288	2%	9%	-2%	12%
Sports (cat. 6)	25,536	19,125	9,388	8,892	9,336	-25%	-51%	-5%	5%
Drama & comedy (cat. 7)	83,478	99,541	86,499	86,553	73,857	19%	-13%	0%	-15%
Music/Variety (cat. 8 & 9)	24,504	11,024	18,037	29,156	35,047	-55%	64%	62%	20%
Game show (cat. 10)	6,792	4,259	6,034	4,909	5,678	-37%	42%	-19%	16%
Human interest (cat. 11)	38,789	51,659	81,386	83,099	101,637	33%	58%	2%	22%
Other (cat. 12 to 15)	2,266	3,862	4,006	4,775	3,827	70%	4%	19%	-20%
<b>Total (cat. 1 to 15)</b>	<b>526,802</b>	<b>545,307</b>	<b>576,805</b>	<b>587,009</b>	<b>623,747</b>	<b>4%</b>	<b>6%</b>	<b>2%</b>	<b>6%</b>
% of total revenue	27.8%	26.1%	27.3%	26.7%	28.4%				

Note: 2002 to 2005 figures have been updated to reflect current aggregate results. Minor variances are due to rounding. Amounts include expenditures on Canadian programs telecast, write-down of Canadian inventory, script and concept and loss on equity Canadian programs.

Source: CRTC financial database - run April 4 2007

## b) Expenditures on non-Canadian programming

**Table 3.12: Private conventional OTA television**

Genre (\$ 000)	2002	2003	2004	2005	2006	Annual growth %			
						03	04	05	06
News (cat. 1)	304	2	2	12	6	-99%	-29%	648%	-48%
Other info. (cat. 2 to 5)	14,591	11,191	8,278	9,159	9,340	-23%	-26%	11%	2%
Sports (cat. 6)	9,999	11,595	11,034	10,097	10,419	16%	-5%	-8%	3%
Drama & comedy (cat. 7)	367,795	382,471	373,106	402,249	480,349	4%	-2%	8%	19%
Music/Variety (cat. 8 & 9)	4,162	9,423	11,936	12,482	21,096	126%	27%	5%	69%
Game show (cat. 10)	39,389	35,007	40,683	50,279	35,332	-11%	16%	24%	-30%
Human interest (cat. 11)	66,419	92,224	122,748	125,868	121,713	39%	33%	3%	-3%
Other (cat. 12 to 15)	65	3,012	3,086	3,077	10,017	4,507%	2%	-0%	226%
<b>Total (cat. 1 to 15)</b>	<b>502,723</b>	<b>544,924</b>	<b>570,872</b>	<b>613,224</b>	<b>688,273</b>	<b>8%</b>	<b>5%</b>	<b>7%</b>	<b>12%</b>
% of total revenues	26.6%	26.0%	27.0%	27.9%	31.4%				

Note: 2002 to 2005 figures have been updated to reflect current aggregate results. Minor variances are due to rounding. Amounts include expenditures on non-Canadian programs telecast and write-downs of non-Canadian programming.

Source: CRTC financial database - run April 4 2007

## 2. Pay, PPV, VOD and specialty services

### a) Pay and specialty services

- The following table sets out programming expenditures by genre reported by the pay and specialty services in the 2004-05 and 2005-06 broadcast years.



### 3.13: Pay and specialty analog and digital services

Genre (\$000)	Eligible expenditures on Canadian programming (CPE) <sup>21</sup>			Expenditures on non-Canadian programming		
	2005	2006	Inc./Dec.	2005	2006	Inc./Dec.
<b>English-language services*</b>						
Number of services reporting	<u>87</u>	<u>97</u>		<u>87</u>	<u>97</u>	
News (cat. 1)	87,389	104,634	20%	512	592	16%
Other info. (cat. 2 to 5)	163,023	167,780	3%	26,415	27,352	4%
Sports (cat. 6)	98,474	180,807	84%	28,015	35,660	27%
Drama & comedy (cat. 7)	129,745	138,310	7%	151,082	165,935	10%
Music/Variety (cat. 8 & 9)	24,027	29,700	24%	1,552	1,101	-29%
Game show (cat. 10)	2,307	3,497	52%	425	262	-38%
Human interest (cat. 11)	33,609	48,998	46%	12,961	13,199	2%
Other (cat. 12 to 15)	21,336	26,580	25%	1,316	624	-53%
Total (cat. 1 to 15)	559,911	700,307	25%	222,278	244,723	10%
<b>French-language services</b>						
Number of services reporting	<u>19</u>	<u>21</u>		<u>19</u>	<u>21</u>	
News (cat. 1)	39,051	42,494	9%	0	25	
Other info. (cat. 2 to 5)	40,616	40,902	1%	5,912	5,778	-2%
Sports (cat. 6)	17,866	39,958	124%	4,879	4,631	-5%
Drama & comedy (cat. 7)	31,658	30,275	-4%	26,998	29,234	8%
Music/Variety (cat. 8 & 9)	7,936	4,965	-37%	880	1,313	49%
Game show (cat. 10)	140	9	-94%	45	1	-98%
Human interest (cat. 11)	8,451	9,283	10%	366	1,558	326%
Other (cat. 12 to 15)	3,251	5,995	84%	431	910	111%
Total (cat. 1 to 15)	148,970	173,881	17%	39,510	43,449	10%
<b>Ethnic or third-language services</b>						
Number of services reporting	<u>21</u>	<u>31</u>		<u>21</u>	<u>31</u>	
News (cat. 1)	2,046	2,151	5%	833	413	-50%
Other info. (cat. 2 to 5)	2,410	2,960	23%	961	614	-36%
Sports (cat. 6)	513	398	-22%	216	810	275%
Drama & comedy (cat. 7)	1,095	1,357	24%	2,254	2,458	9%
Music/Variety (cat. 8 & 9)	6,401	6,462	1%	546	753	38%
Game show (cat. 10)	14	0	-100%	15	90	491%
Human interest (cat. 11)	2,976	2,821	-5%	617	789	28%
Other (cat. 12 to 15)	381	161	-58%	14	76	456%
Total (cat. 1 to 15)	15,835	16,309	3%	5,457	6,003	10%
<b>Total pay and specialty services</b>						
Number of services reporting	<u>127</u>	<u>149</u>		<u>127</u>	<u>149</u>	
News (cat. 1)	128,486	149,279	16%	1,345	1,030	-23%
Other info. (cat. 2 to 5)	206,050	211,643	3%	33,289	33,744	1%
Sports (cat. 6)	116,854	221,163	89%	33,111	41,101	24%
Drama & comedy (cat. 7)	162,499	169,942	5%	180,334	197,626	10%
Music/Variety (cat. 8 & 9)	38,365	41,127	7%	2,978	3,166	6%
Game show (cat. 10)	2,460	3,506	43%	485	353	-27%
Human interest (cat. 11)	45,036	61,102	36%	13,944	15,545	11%
Other (cat. 12 to 15)	24,967	32,736	31%	1,761	1,609	-9%
Total (cat. 1 to 15)	724,715	890,497	23%	267,245	294,175	10%

\*Includes bilingual services.

Source: CRTC financial database

<sup>21</sup> Excludes Canadian Television Fund (CTF) reported by stations and services. Includes expenditures relating to ownership transfer benefits and to commitments made at the time of licensing.

## b) PPV and VOD services

- The following table sets out CPE reported by the PPV and VOD services<sup>22</sup> in the 2004-05 and 2005-06 broadcast years.

**Table 3.14: PPV and VOD services**

Genre (\$000)	Eligible expenditures on Canadian programming (CPE) <sup>23</sup>		
	2005	2006	Inc./Dec.
<i>Number of services reporting</i>	<i>14</i>	<i>14</i>	
Total PPV and VOD services	7,418	20,129	171%

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 1999 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.
- In the 2007 conventional OTA television policy, the Commission further amended its policy to exempt those television stations earning less than \$10 million in annual revenues and who are, or could be, eligible to receive support from the Small Market Programming Fund from the application of the benefits test. The Commission also

<sup>22</sup> Programming expenditures by genre for PPV and VOD services are not available.

<sup>23</sup> Excludes Canadian Television Fund (CTF) reported by stations and services. Includes expenditures relating to ownership transfer benefits and to commitments made at the time of licensing.

stated that it would further examine the benefits policy in the context of the Diversity of Voices public proceeding to be held in September 2007.<sup>24</sup>

- 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 December 2006.

**Table 3.15: Value of television transactions and corresponding transfer benefits for the period 11 June 1999 to 31 December 2006**

(\$000,000)	English-language services			French-language services			Total benefits
	# of trans.	Value of the trans-action*	Benefits	# of trans.	Value of the trans-action*	Benefits	
11 Jun 99 to 31 Aug. 04	25	4,333	452.9	5	631	63.0	516.0
1 Sep. 04 to 31 Mar. 05	3	271	27.1	-	-	-	27.1
1 Sep. 05 to 31 Mar. 06	5	18	1.8	-	-	-	1.8
1 Apr. 05 to 31 Dec. 06	3	7	0.7	-	-	-	0.7
<b>Total</b>	<b>36</b>	<b>4,629</b>	<b>482.5</b>	<b>5</b>	<b>631</b>	<b>63.0</b>	<b>545.6</b>

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

## F. Canadian television programming

### 1. Canadian priority programming

- In the 1999 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 1999 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 1999 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 1999 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

<sup>24</sup> *Diversity of Voices Proceeding*, Broadcasting Notice of Public Hearing CRTC 2007-5, 13 April 2007 sets out the scope for the public hearing proceedings scheduled to beginning on Monday 17 September 2007. The purpose of this hearing is to review the Commission’s approach to ownership consolidation and other issues related to the diversity of voices in Canada.

broadcasters in connection with transfers of ownership or control. Currently, CTV, Global, TVA and CHUM<sup>25</sup> 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.<sup>26</sup>
- The majority of the television stations controlled by CTV and Global were renewed in 2001.<sup>27</sup> TVA's network television licence and its mother station CFTM-TV Montréal were also renewed in 2001.<sup>28</sup> TVA's five regional stations were renewed in 2004.<sup>29</sup> 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 1999 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 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.

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<sup>25</sup> 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).

<sup>26</sup> 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.

<sup>27</sup> 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.

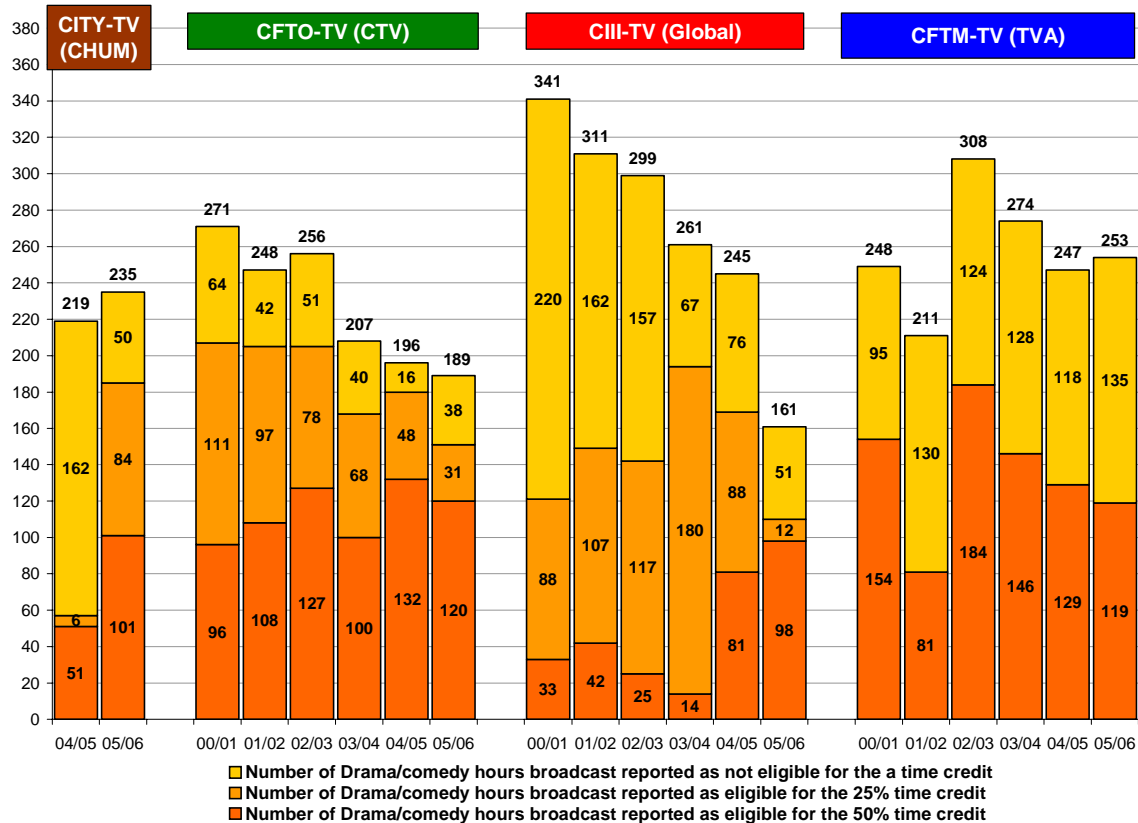
<sup>28</sup> Licence renewals for the French-language national television network TVA and for the French-language television programming undertaking CFTM-TV Montréal, Decision CRTC 2001-385, 5 July 2001.

<sup>29</sup> 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.

## Scheduling of Canadian priority programs during peak viewing period

- Charts 3.20 and 3.21 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 2005/06 broadcast years.
- The charts also indicate the hours of Canadian priority programs scheduled by CITY-TV (CHUM) Toronto for the 2004/05 and 2005/06 broadcast years. 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 broadcast 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.

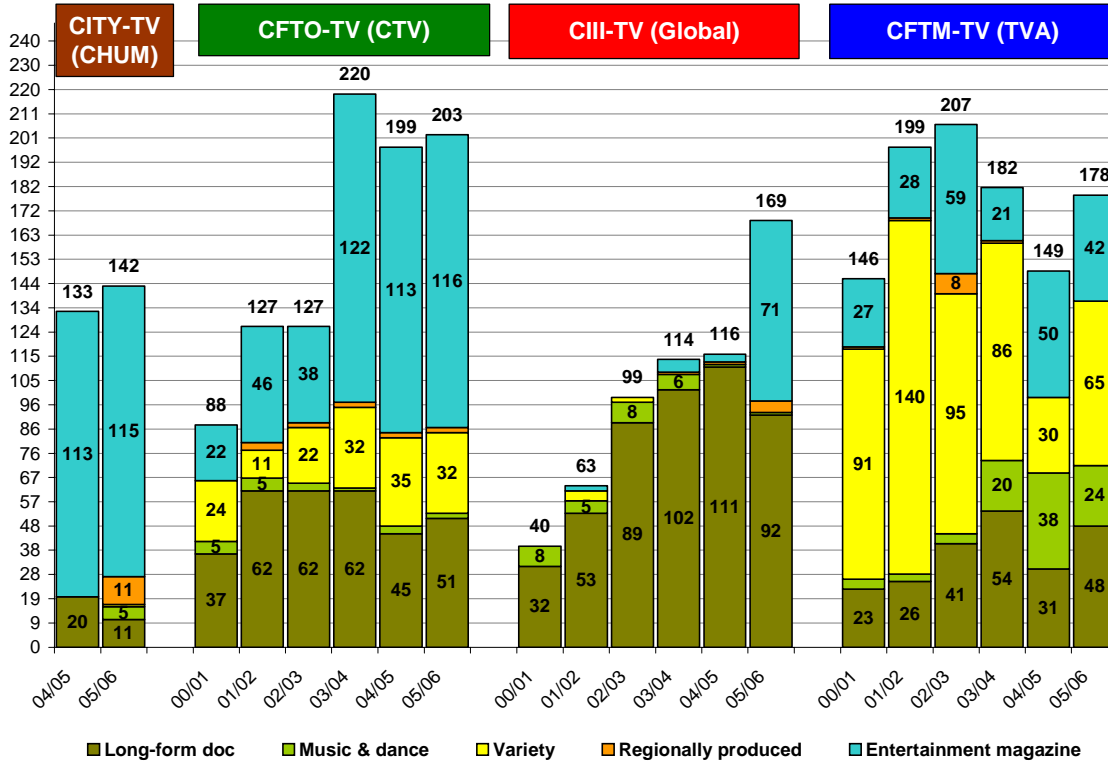
**Chart 3.20: Number of hours of drama/comedy priority programming broadcasted annually – 7 p.m. to 11 p.m.**



Note: Reflects hours broadcast from September 1<sup>st</sup> to August 31<sup>st</sup>. Minor variances are due to rounding.  
 Minor variances are due to rounding.  
 Source: Licensees

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

**Chart 3.21: 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 1<sup>st</sup> to August 31<sup>st</sup>.  
 Minor variances are due to rounding.  
 Source: Licensees

## 2. Incentives for original Canadian television drama<sup>30</sup>

- 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 French-language and English-language television drama.
- In *Incentives for French-language Canadian television drama*, Broadcasting Public Notice CRTC 2005-8, 27 January 2005, 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 (7 p.m. to 11 p.m.).

<sup>30</sup> Drama and comedy programming.

- 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 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.
- In the 2007 OTA television policy, the Commission announced that it was phasing in the removal of the restrictions on advertising time limits so that effective 1 September 2009 there would be no restrictions on advertising time. These changes will affect the drama incentive programs eventually making it no longer effective or relevant. In the interim, the Commission has removed the 14 minute per hour cap on advertising that may be broadcast through the use of the drama credits, for broadcasters who wish to continue benefiting from the drama incentive programs in the interim.
- Each licensee participating in these incentive programs is required to file annual reports detailing the use of these incentives. Copies of these reports are available on the CRTC’s website.<sup>31</sup>

## 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.<sup>32</sup>
- There are also 18 category 1 digital specialty services: 15 English-language<sup>33</sup> have been in service since the Fall 2001 and three French-language<sup>34</sup> 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 approved on a more competitive, open-entry basis. The Commission continues to approve additional category 2 services. As of 31 December 2006, there were approximately 292 approved category 2 specialty services, including 105 English-language, 14 French-language, 166 ethnic or third-

<sup>31</sup> Copies of these reports are available on the CRTC’s website [http://www.crtc.gc.ca/eng/BCASTING/ann\\_rep/annualrp.htm](http://www.crtc.gc.ca/eng/BCASTING/ann_rep/annualrp.htm)

<sup>32</sup> Languages other than English and French or those of Aboriginal Canadians.

<sup>33</sup> 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.

<sup>34</sup> 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.

language and seven bilingual. Approximately 79 of these services, 50 English-language, two French-language, one bilingual and 26 third-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 2006,<sup>35</sup> the Commission approved a new national English-language general interest pay service.
- The Commission has also approved 26 digital category 2 pay services. As of 31 December 2006, seven (two English-language, one French-language and four third-language services) have been launched.

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

- There are seven (terrestrial) pay-per-view services: five 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 31 December 2006, there were 16 licensed video-on-demand programming undertakings, nine of which have been launched.

## **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.

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<sup>35</sup> Applications for new pay television services, Broadcasting Decision CRTC 2006-193, 18 May 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 a language of the Aboriginal peoples of Canada.

## 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 one each in the Montreal and Vancouver markets and two in the Toronto market. In *Ethnic television stations in Calgary and Edmonton*, Broadcasting Decision CRTC 2007-166, 8 June 2007, the Commission has also approved two new ethnic OTA television stations to serve the Edmonton and Calgary markets.

## 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.
  - 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.<sup>36</sup>
- 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.
- 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 31 December 2006, the Commission has approved over 189 Canadian ethnic category 2 digital pay and specialty services. Of these, 26 specialty and 4 pay services have been launched. In March 2007, the Commission announced that it will now exempt third-language services, provided they fall under the terms of the new exemption order.<sup>37</sup>

## 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. As of 31 December 2006 there are 71 third-language programming services authorized for distribution.

## 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.

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

<sup>37</sup> *Exemption order respecting certain third-language television undertakings*, Broadcasting Public Notice CRTC 2007-33, 30 March 2007.

- As of 31 December 2006 there were seven originating and 95 rebroadcasting native television stations in operation. The Commission has also licensed two native television network programming services:
  - Aboriginal Peoples Television Network (APTN) which has mandatory national carriage under an order issued pursuant to section 9(1)(h) of the Act;
  - Wawatay Native Communications.

## 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.
- As of 31 December 2006, there were five over-the-air religious television stations broadcasting in Canada.
- In *Religious television stations in Calgary and Edmonton*, Broadcasting Decision CRTC 2007-167, 8 June 2007, the Commission also approved two new over-the-air religious television stations to serve the Calgary and Edmonton markets.

## 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.

### 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 (82%).

## 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 policy<sup>38</sup> 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 community programming known as “community-based television programming undertakings.”<sup>39</sup> 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<sup>40</sup> 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

<sup>38</sup> 1991 *Community Channel Policy*, Public Notice CRTC 1991-59, 5 June 1991.

<sup>39</sup> The licensing framework for community-based television programming undertakings includes two sub-categories: community-based low-power television undertakings and community-based digital services.

<sup>40</sup> 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.

Commission's web site.<sup>41</sup> 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 any proceeding relating to the addition of English- or French-language non-Canadian services to the Lists, the Commission relies on the comments filed to identify the Canadian pay and specialty services with which non-Canadian services might compete and should therefore be involved in the competitiveness assessment of service.
- 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 services and their ability to meet their obligations under the Act, including the opportunity to make a contribution to that diversity.
- Since the issuance of the 2006 Broadcasting Policy Monitoring Report, the Commission has approved 26 third-language and two English-language non-Canadian services to the digital Lists.
- As of 31 December 2006,<sup>42</sup> there are 162 non-Canadian services, broadcasting in 25 languages from approximately 32 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.

## **N. Canadian digital television services**

- The Commission's policies are based on the principle that digital technology will replace analog technology and are intended to encourage the transition of the Canadian broadcasting system from analog to digital and high definition technology.
- Recognizing the need to provide regulatory certainty and encouragement during the transition period, the Commission instituted regulatory frameworks for the licensing and distribution of digital over-the-air services in 2002, 2003 and updated them in

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<sup>41</sup> For an up to date listing of the revised Lists of eligible satellite services, refer to the Commission's website. From the home page click on "Industries at a Glance" followed by Revised lists of eligible satellite services.

<sup>42</sup> Refer to Appendix II of *Revised lists of eligible satellite services*, Broadcasting Public Notice CRTC 2007-2, 2 January 2007 for complete listing of eligible services approved as of 31 December 2006.

2007. In 2006, it established the regulatory framework relating to the licensing and carriage of high definition pay and specialty services.

- Further, the Commission has launched a proceeding to review the regulatory frameworks of cable broadcasting distribution undertakings, discretionary programming services, and for the distribution of HD services by DTH distribution undertakings. The Commission will hold a public hearing to discuss these matters early in 2008.

## 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.
- 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.
- 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 the 2007 OTA television policy, the Commission announced its decision to adopt a shut-down date for the analog television transmission of 31 August 2011. The Commission noted that the adoption of a shut down date would provide the television industry with the necessary regulatory certainty to expedite the transition from analog to digital. The Commission further noted that it would also help advance the production of Canadian HD programming.
- To ensure that Canadians are not needlessly deprived of OTA television service, the Commission indicated that it was willing to consider, on an exceptional basis, the continuation of analog service in northern and remote communities where no digital OTA service is provided.
- In *Call for applications for a broadcasting licence to carry on an over-the-air digital/high definition (HD) television programming undertaking to serve locations across Canada*, Broadcasting Public Notice CRTC 2007-62, 11 June 2007, the Commission issued a call<sup>43</sup> for applications from parties wishing to obtain OTA digital/HD broadcasting licences in markets across Canada.

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<sup>43</sup> This call was issued in response to an application from HDTV Networks Incorporated for a broadcasting licence to carry on an over-the-air digital/HD television programming undertaking to serve Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Ottawa, Montreal and Halifax markets.

- As of 31 December 2006, there were 21 originating stations and five rebroadcasters authorized transitional digital OTA television licences.

**Table 3.16: Over-the-air transitional digital television<sup>(1)</sup>**

Market		Language	Source station		Actual or planned launch date
Montréal		F	CFJP	TQS	-
		F	CBFT	SRC	March 2005
		F	CIVM	Télé-Québec ( <i>educational &amp; cultural service</i> )	September 2007
		F	CFTM	TVA	-
		E	CBMT	CBC	March 2005
Québec		F	CBVT	SRC	January 2006
Ottawa		F	CBOFT	SRC	September 2006
		E	CBOT	CBC	September 2006
	R	O/E	OMNI 1	Rogers ( <i>Toronto ethnic stations</i> )	June 2007
	R	O/E	OMNI 2	Rogers ( <i>Toronto ethnic stations</i> )	June 2007
Toronto	R	F	CBLFT	<i>Rebroad of CBOFT Ottawa station with regional news programming</i>	September 2005
		E	CBLT	CBC	March 2005
		E	CFTO	CTV	July 2005
		E	CIII	Global	November 2004
		E	CITS	<i>Crossroads (religious programming)</i>	-
		E	CITY	CHUM	January 2003
		E	CKXT	Quebecor	February 2004
		O/E	OMNI 1	Rogers ( <i>ethnic station</i> )	October 2006
		O/E	OMNI 2	Rogers ( <i>ethnic station</i> )	October 2006
		Hamilton	R	E	CHCH
E	CKXT			Quebecor ( <i>Toronto station</i> )	February 2004
Vancouver		E	CBUT	CBC	January 2006
		E	CHAN	Global	February 2008
		E	CIVT	CTV	July 2005
		O/E	CHNM	<i>Multivan (ethnic station)</i>	-
Victoria	R	O/E	CHNM	<i>Multivan (Vancouver station)</i>	-

(1) Number of stations approved as of 31 December 2006 but not necessarily in operation.

E: English; F: French; O/E: Multi/English; R: Rebroadcaster

Source: CRTC APP 1205 (31 December 2006) and licensees

## 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 have been 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 adopted a more open entry approach to applications proposing new third-language ethnic Category 2 pay and specialty services in 2005.<sup>44</sup> In March 2007, the Commission announced that it will now exempt third-language services, provided they fall under the terms of the new exemption order.<sup>45</sup>

### 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

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<sup>44</sup> 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.

<sup>45</sup> Exemption order respecting certain third-language television undertakings, Broadcasting Public Notice CRTC 2007-33, 30 March 2007.



characterized by the absence of analog services. Instead, BDUs would offer a mix consisting predominantly of low definition digital services with some high definition 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 framework 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 7 June 2007, the Commission has approved, either by way of licence amendment or new services, 58 Canadian services (52 specialty, five pay and one PPV) for distribution in the HD format.

- In the spring 2007, it is estimated that there were at least 385,000 subscribers to discretionary HD services<sup>46</sup> in Canada.

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<sup>46</sup> 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.

## IV. Broadcasting distribution

### A. Number of Canadian broadcasting distribution undertaking (BDUs)

**Table 4.1: Number of Canadian broadcasting distribution undertakings (BDUs)**

Cable	
Cable class 1	147
Cable class 2 (including comparable exempt systems)	104
Cable class 3 (including comparable exempt systems)	1,704
Sub-total cable	1,955
DTH	2
MDS	22
Total number of broadcasting distribution undertakings	1,979

Cable class 1: generally undertakings with over 6,000 subscribers

Cable class 2: generally undertakings with 2,000 to less than 6,000 subscribers

Cable class 3: generally undertakings with less than 2,000 subscribers

Sources: September 2006, Mediastats for Class 2 and 3 cable and MDS systems; CRTC APP1205 report dated 31 December 2006 for Class 1 cable and DTH systems

- Most class 2 and 3 cable undertakings are eligible for exemption from licensing requirements.<sup>1</sup>

### B. Subscriber levels of incumbent and alternative BDU delivery systems

**Table 4.2: Number of subscribers (000)**

31 August	Cable*		DTH and MDS		Total	
2002	7,249	78.2%	2,017	21.8%	9,266	100%
2003	7,074	76.3%	2,202	23.7%	9,275	100%
2004	6,849	74.7%	2,317	25.3%	9,166	100%
2005	6,801	73.2%	2,489	26.8%	9,290	100%
2006	7,350	73.7%	2,628	26.3%	9,978	100%

\*The 2002 to 2005 broadcast years include subscribers to all (non-exempt) class 1, 2 and 3 cable systems.

The 2006 broadcast year includes exempted and class 1, 2 and 3 systems owned by licensees of cable systems.

Minor variances are due to rounding.

Digital Subscriber Line (DSL) results are included with cable results.

2002 to 2005 figures have been updated to reflect current aggregate August 31 results.

Source: CRTC financial database

<sup>1</sup> 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.

- Cable licensees continue to maintain the bulk of subscriber market share. Competition, primarily from direct-to-home (DTH), has reduced the overall share of cable licensees from 78% in 2002 to approximately 74% in 2006.
- DTH subscribership increased 5.6% from 2005 to 2006.
- 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 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.

## C. Top Canadian distributors

**Table 4.3: Top Canadian distributors and number of subscribers**

Corporations	Number of subscribers (000)			
	2004	2005	2006	2007
Rogers Cable Inc. <sup>(1)</sup>	2,266	2,249	2,260	2,278
Shaw Communications Inc. <sup>(2)</sup>	2,074	2,138	2,179	2,220
Bell ExpressVu LLP <sup>(1)</sup>	1,403	1,532	1,739	1,824
Vidéotron Ltée <sup>(1)</sup>	1,428	1,455	1,520	1,583
Star Choice Television Network Inc. <sup>(2)(3)</sup>	814	830	862	873
Cogeco Cable Inc. <sup>(2)</sup>	829	831	836	955
<b>Total – Top Canadian distributors</b>	<b>8,814</b>	<b>9,035</b>	<b>9,396</b>	<b>9,732</b>

Minor variances are due to rounding

(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. Ensuring a financially strong sector<sup>2</sup>

### 1. Revenues

**Table 4.4: Revenues (\$ 000,000)**

	2002	2003	2004	2005	2006
<b>Programming services (basic and non-basic)</b>					
<i>Revenue obtained from the basic and non-basic programming packages provided by distributors</i>					
Cable*	3,285	3,360	3,401	3,490	3,943
DTH and MDS	930	1,167	1,329	1,437	1,641
<b>Total</b>	<b>4,215</b>	<b>4,527</b>	<b>4,729</b>	<b>4,927</b>	<b>5,584</b>
<b>Exempted and non-programming services</b>					
<i>Revenue obtained derived from exempt services and non-programming services such as the Internet</i>					
Cable*	688	1,056	1,273	1,437	2,059
DTH and MDS	17	37	29	31	86
<b>Total</b>	<b>704</b>	<b>1,093</b>	<b>1,302</b>	<b>1,467</b>	<b>2,145</b>
<b>Total revenue</b>					
<i>Includes revenue derived from programming &amp; non-programming services</i>					
Cable*	3,973	4,416	4,674	4,926	6,001
DTH and MDS	946	1,204	1,357	1,468	1,728
<b>Total</b>	<b>4,919</b>	<b>5,620</b>	<b>6,031</b>	<b>6,395</b>	<b>7,729</b>

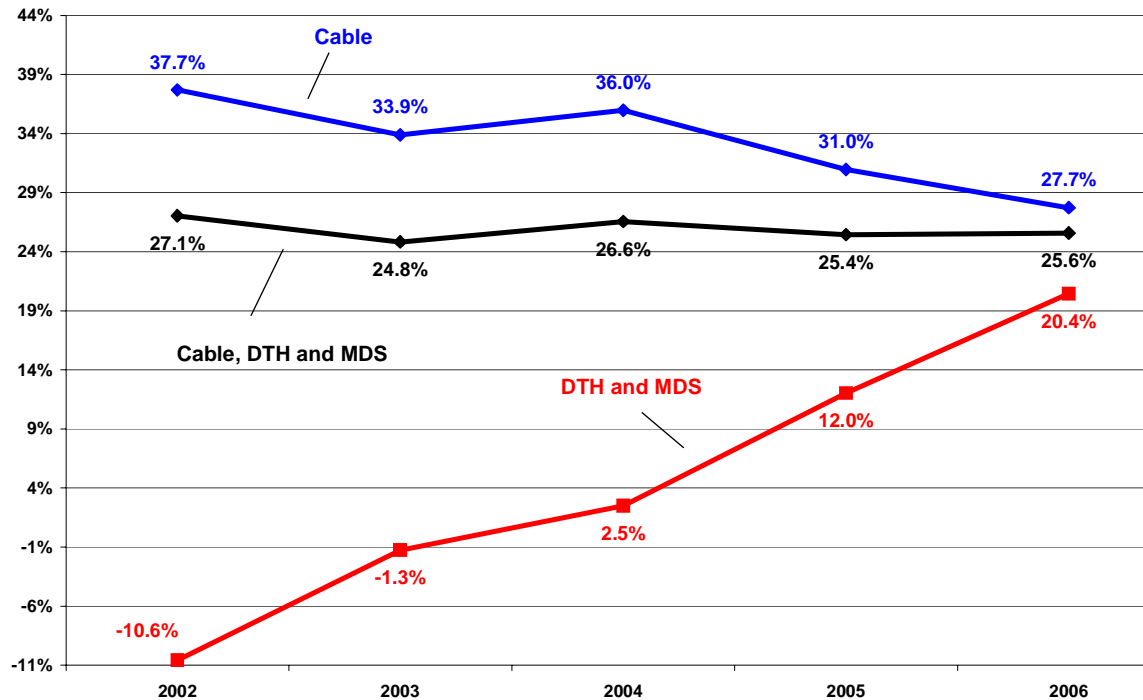
\*The 2002 to 2005 broadcast years include subscribers to all (non-exempt) class 1, 2 and 3 cable systems. The 2006 broadcast year includes exempted as well as class 1, 2 and 3 (non-exempt) systems owned by licensees of cable systems. Minor variances are due to rounding. Source: CRTC financial database

- The BDU industry as a whole has continued to grow with total revenues reaching \$7.7 billion in 2006.
- DTH and MDS reported increased revenues of 17.7% in 2006.
- In 2006, 66% of total revenues reported by cable related to regulated broadcasting programming services. In 2002, this percentage was 83%, indicating the growing importance of non-programming services to cable revenues.

<sup>2</sup> Additional statistical and financial data available on the CRTC website: <http://www.crtc.gc.ca/eng/stats.htm>

## 2. Earnings before interest, taxes, depreciation and amortization (EBITDA) margins for cable and DTH and MDS undertakings

**Chart 4.1: EBITDA margins achieved from basic and non-basic programming activities**



Excludes exempted and non-programming services  
Source: CRTC financial database

- The EBITDA margin for cable undertakings from basic and non-basic programming activities continues to decrease from 31% in 2005 to 27.7% in 2006. In contrast, the EBITDA margin from basic and non-basic programming activities reported by DTH and MDS undertakings continues to increase to 20.4% in 2006.
- The combined EBITDA margin for cable, DTH and MDS undertakings from basic and non-basic programming activities has been relatively stable.

## E. Ensuring contributions to Canadian programming and local expression

- The *Broadcasting Distribution Regulations*<sup>3</sup> (the BDU Regulations) require that all Class 1 and Class 2 cable licensees, as well as all DTH and MDS distribution undertakings, contribute a minimum of 5% of their gross annual revenues derived from

<sup>3</sup> Proposed *Broadcasting Distribution Regulations*, Public Notice CRTC 1997-84, 2 July 1997, and *Broadcasting Distribution Regulations*, Public Notice CRTC 1997-150, 22 December 1997.

broadcasting activities to support Canadian programming. Contributions to Canadian programming are made through the Canadian Television Fund (CTF) 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 Notices,<sup>4</sup> set out the criteria to be met by such independently administered funds.

### 1. CRTC Task Force on the Canadian Television Fund

- On 20 February 2007, the Commission established the CRTC Task Force on the Canadian Television Fund (the Task Force) to investigate issues related to the funding of Canadian programming and the governance of the Canadian Television Fund (CTF).
- Following extensive consultations with all sectors of the television broadcasting industry, the Task Force released a report with its findings and conclusions. The Task Force made a number of recommendations to increase the efficiency and effectiveness of the CTF, to encourage greater participation by broadcasting distribution undertaking (BDU) representatives, and to clarify the roles of the Board and the CTF staff.
- In the report, the Task Force affirms the important role played by the CTF and the independent production sector in producing quality Canadian television programs. However, given the increasingly competitive environment facing Canadian broadcasting, the Task Force also recommends that the current objectives of the CTF be broadened to include more support for Canadian television programs that succeed with Canadian audiences.
- In order to achieve this goal, the Task Force proposed, among other things, that the Commission amend its BDU Regulations so that the funds contributed by BDUs are allocated to a more flexible and market-oriented private sector funding stream. The Task Force also proposed that the CTF allocate a portion of its funds to the development of productions for new media platforms.
- It is the preliminary view of the Commission that it is in agreement with the recommendations of the Task Force. Accordingly, it intends to implement those recommendations that fall within its powers. To this end, the Commission has issued a call for comments<sup>5</sup> seeking comments from interested parties on the Task Force Report.

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<sup>4</sup> *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.

<sup>5</sup> *Call for comments on the Canadian Television Fund (CTF) Task Force Report*, Broadcasting Public Notice CRTC 2007-70, 29 June 2007.

## 2. Contributions to programming funds

**Table 4.5: Contributions to programming funds  
(\$ 000,000)**

	CTF					Independent Funds					Total CTF & Other Funds				
	02	03	04	05	06	02	03	04	05	06	02	03	04	05	06
Class 1	66	68	68	70	77	16	16	17	16	19	82	84	85	85	95
DTH, MDS & SRDU*	38	47	54	57	61	10	12	13	14	15	47	59	67	71	75
Total	103	115	122	126	137	26	29	30	30	33	129	143	152	156	171

Notes: Based on August 31 of each year. An internal review resulted in a reclassification of some of the contributions from 2001-2005.

Minor variances are due to rounding.

\*SRDU: Satellite Relay Distribution Undertaking

Source: CRTC financial database

- The BDU Regulations permit Class 1 licensees with fewer than 20,000 subscribers to allocate all of their Canadian programming contributions to local expression.
- As Class 2 cable systems have largely been granted exempt 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.

## 3. Total community channel expenses

**Table 4.6: Community channel expenses for class 1 cable**

	Total community channel expenses (\$ 000)				
	2002	2003	2004	2005	2006
Class 1	85,965	81,274	88,321	94,151	100,929

Notes: Based on August 31 of each year. 2001 to 2005 figures have been updated to reflect current aggregate August 31 results. Minor variances are due to rounding. 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 entirely through investment in a community channel.

#### 4. 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 2006. 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**

	2002	2003	2004	2005	2006
Class 1	143	143	137	135	134

Note: Based on August 31 of each year. 2001 to 2005 figures have been updated to reflect current aggregate August 31 results.

Source: CRTC financial database

## F. Promoting digital technology

**Table 4.8:** Number of subscribers receiving digital services

Number of digital subscribers (000)							
Distribution type	Total			English		French	
	Number	% of Total	Growth	Number	Growth	Number	Growth
<b>Sept. 2006</b>							
Digital cable	2,973.0	51%	13%	2,283.8	8%	689.2	34%
DTH*	2,658.3	46%	6%	n/a *	n/a *		
MDS	29.7	1%	-25%	16.7	-37%	13	0%
DSL	128.7	2%	42%	128.7	42%	-	
Total	5,789.7	100%	10%				
<b>Sept. 2005</b>							
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%	26.4	-17%	13.0	-15%
DSL	90.3	2%	87%	90.3	87%	-	-
Total	5,275.4	100%	19%				
<b>Sept. 2004</b>							
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%				
<b>June 2004</b>							
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%	-15%	32.0	-10%	16.4	-23%
DSL	40.9	1%	n/a	40.9		-	
Total	4,284.5	100%	19%				
<b>June 2003</b>							
Digital cable	1,550.4	43%	34%	1,295.6	31%	254.9	53%
DTH	1,987.5	55%	9%	1,458.6	9%	528.9	9%
MDS	56.7	2%	-19%	35.5	-16%	21.2	-23%
Total	3,594.6	100%	18%				
<b>June 2002</b>							
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 from 2004 to 2006.

Source: Mediastats

## **G. Review of the regulatory frameworks for broadcasting distribution undertakings and discretionary programming services**

- In *Review of the regulatory frameworks for broadcasting distribution undertakings and discretionary programming services*, Broadcasting Notice of Public Hearing CRTC 2007-10, 5 July 2007 (Notice of Public Hearing 2007-10), the Commission announced that it would hold a hearing in January 2008 to consider matters as part of a review of the regulatory frameworks for broadcasting distribution undertakings and discretionary programming services and invited written comments and proposals from the industry and interested parties.
- In Notice of Public Hearing 2007-10, the Commission indicated that BDUs and programmers must be able to respond to the evolving expectations, tastes and demographics of Canadian viewers. In order to meet the challenges of the years ahead, licensees will need to have the flexibility to react quickly and creatively to the opportunities and challenges they encounter, and not be burdened by detailed or unnecessary regulations.
- To this end, the Commission has indicated that it would like to take a revitalized approach to both distribution and discretionary programming undertakings that would aim to reduce regulation to the minimum necessary to achieve the objectives of the Act, relying instead on market forces wherever possible. In particular, the Commission is seeking to:
  - develop forward-looking regulatory frameworks that are strategic, straightforward, flexible, and equitable;
  - ensure a strong Canadian presence in the broadcasting system in the form of distinct and diverse Canadian programming and services; and
  - recognize the increasing autonomy of audiences and consumers, providing them with the greatest possible choice of services at affordable prices.
- This proceeding will also finalize the regime to apply to direct-to-home (DTH) distributors with respect to the distribution of HD services.



# 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) recognizes 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 "reflect the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities" so as "to be of equivalent quality in English and in French."
- The steps taken by the Commission to implement the objectives of the Act concerning linguistic duality are reported in the CRTC Action Plan 2006-2009 for the Implementation of section 41 of the *Official Languages Act*.<sup>1</sup> The plan describes the activities the CRTC will conduct to address the needs and priorities of the official language minority communities.
- In the wake of the audit report of the Office of the Commissioner of Official Languages published in February 2007,<sup>2</sup> the Commission is committed to updating its 2006-2009 three-year action plan in order to ensure the necessary follow-up to the proposed recommendations.
- Over the next several years, the Commission intends to continue its efforts to promote linguistic duality, which are aimed at strengthening the vitality of the English and French language minority communities in Canada and fostering their development, within the limits of its mandate.

## 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

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<sup>1</sup> The report is available on the Commission's Web site at: <http://www.crtc.gc.ca/eng/BACKGRND/language/plan2006.pdf>  
The 2005-2006 Achievement Report for the Implementation of section 41 of the *Official Languages Act* is also available on the Commission's Web site: [http://www.crtc.gc.ca/eng/BACKGRND/language/result2005\\_06.pdf](http://www.crtc.gc.ca/eng/BACKGRND/language/result2005_06.pdf)

<sup>2</sup> The report is available on the Web site of the Office of the Commissioner of Official Languages: [www.ocol-clo.gc.ca](http://www.ocol-clo.gc.ca)

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:<sup>3</sup>
  - 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.
- The Commission authorizes non-Canadian third-language services for distribution in Canada, subject to certain criteria. In December 2004, the Commission issued Public Notice 2004-96,<sup>4</sup> which announced a revised approach to the assessment of requests

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<sup>3</sup> *Building on success – A policy framework for Canadian television*, Public Notice CRTC 1999-97, 11 June 1999.

<sup>4</sup> *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.

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 sixty-one (61) third-language services have been authorized.<sup>5</sup>

- Further to Public Notice 2005-104,<sup>6</sup> 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, the Commission issued Public Notice 2007-33,<sup>7</sup> an exemption order that exempts from regulation certain third-language television undertakings, provided they meet the terms of the exemption order.

## 2. Private television broadcasters

### Employment Equity

- The Commission requires broadcasters to describe their plans and activities with respect to the equitable employment<sup>8</sup> 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.<sup>9</sup> Since 2004, the Commission has required that these plans also include persons with disabilities.<sup>10</sup> As of 31 March 2007, the Commission has received plans from:
  - Alliance Atlantis Broadcasting Inc.
  - Astral Broadcasting Group Inc.<sup>11</sup>
  - Cable Public Affairs Channel Inc.
  - Canal Évasion Inc.
  - CanWest MediaWorks Inc.
  - CHUM Limited

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<sup>5</sup> The number of authorized third-language services quoted here represents the number that was authorized as of 17 April 2007.

<sup>6</sup> *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.

<sup>7</sup> *Exemption order respecting certain third-language television undertakings*, Broadcasting Public Notice CRTC 2007-33, 30 March 2007.

<sup>8</sup> Licensees with 100+ employees report on employment equity directly to Department of Human Resources and Social Development.

<sup>9</sup> Broadcasters' corporate plans for cultural diversity are available on the Commission's diversity public file.

<sup>10</sup> *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.

<sup>11</sup> Teletoon/Télétoon adheres to the plan filed by Astral Broadcasting Group Inc.

- Consortium de télévision Québec Canada inc.
  - Corus Entertainment Inc.
  - CTV Television Inc.
  - 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.<sup>12</sup>

### **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.<sup>13</sup> 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.<sup>14</sup> 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.
- 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 and its second report on 3 May 2007.

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<sup>12</sup> [http://www.crtc.gc.ca/eng/BCASTING/ann\\_rep/annualrp.htm](http://www.crtc.gc.ca/eng/BCASTING/ann_rep/annualrp.htm)

<sup>13</sup> *Reflecting Canadians: Best Practices for Cultural Diversity in Private Television*, is available on the CAB website ([http://www.cab-acr.ca/english/social/diversity/taskforce/report/cdtf\\_report\\_jul04.pdf](http://www.cab-acr.ca/english/social/diversity/taskforce/report/cdtf_report_jul04.pdf))

<sup>14</sup> *Commission's response to the report of the Task Force for Cultural Diversity on Television*, Broadcasting Public Notice CRTC 2005-24, 21 March 2005.



## Persons with Disabilities

- In response to Public Notice 2004-2,<sup>15</sup> wherein the Commission called upon the CAB to examine issues surrounding the presence, portrayal and participation of persons with disabilities in television programming, the CAB submitted, in September 2005, its final report. Entitled *The Presence, Portrayal and Participation of Persons with Disabilities in Television Programming*, the report 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. On 19 June 2006, the Commission issued its response to the CAB's final report in Public Notice 2006-77.<sup>16</sup> The Commission concluded that it expects progress to be made by both the CAB and broadcasters in addressing the key gaps identified in the research. In addition to the review of industry codes (see below), the Commission indicated its expectation to see progress in the following area:
  - increasing knowledge of the needs and abilities of persons with disabilities at all corporate levels;
  - implementing measures to increase the presence and participation of persons with disabilities, both on-air and behind the camera in terms of access and accommodation; and
  - community outreach initiatives involving persons with disabilities and disability organizations.<sup>17</sup>

## Review of Industry Codes

- In Public Notice 2005-24, the Commission 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 did so in 2005 and concluded that a new code would be developed to establish industry standards for the portrayal of ethnocultural and Aboriginal groups and persons with disabilities. The CAB submitted its revised *Equitable Portrayal Code* on 12 March 2007. 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. The Commission expects to respond to the proposed code in Spring 2007.

## 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 2000-1<sup>18</sup> to more

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<sup>15</sup> *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.

<sup>16</sup> *Commission's response to the Canadian Association of Broadcasters' final report on the presence, portrayal and participation of persons with disabilities in television programming*, Broadcasting Public Notice CRTC 2006-77, 19 June 2006.

<sup>17</sup> For further details on the CAB's initiatives regarding persons with disabilities, please see CAB's website at: [www.cab-acr.ca/english/social/diversity/disabilities.shtm](http://www.cab-acr.ca/english/social/diversity/disabilities.shtm)

<sup>18</sup> *A distinctive voice for all Canadians: Renewal of the Canadian Broadcasting Corporation's licences*, Public Notice CRTC 2000-1, 6 January 2000.

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

- As part of the commercial radio policy review undertaken in 2006, the CAB proposed a set of best practices for radio licensees, 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.<sup>19</sup> As requested by the Commission, the CAB filed its revised “*Best Practices for Diversity in Private Radio*” on March 2007. The CAB is also expected to file a reporting strategy for small commercial radio stations in June 2007. The Commission expects to respond to both filings in Fall 2007.

### 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.”
- In particular, the Commission considers that improved accessibility to television service is clearly a key tool for social integration. Television is an essential source of information for Canadians, enabling them to involve themselves, knowledgeably and effectively, as members of Canadian society. As a vehicle for entertainment, television also allows Canadians to participate in a shared culture and shared social values.

#### 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 television 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.
- In Public Notice 2007-54,<sup>20</sup> the Commission set out a new policy with respect to closed captioning. Under this new policy, over-the-air television broadcasters will be required to caption 100% of their programs over the broadcast day.
- Recognizing that 100% error-free captioning is impossible, largely due to technical and/or human error, the 100% requirement is subject to exceptions that take into account instances, but not patterns of equipment/technical malfunctions and human errors that are beyond the broadcaster’s control, or exceptional circumstances beyond the broadcaster’s control where captioning may not be available.

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<sup>19</sup> *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006.

<sup>20</sup> *A new policy with respect to closed captioning*, Broadcasting Public Notice CRTC 2007-54, 17 May 2007.

- The Commission indicated in Public Notice 2007-54 that the underlying rationale of this new policy applies equally to all broadcasters, including educational broadcasters and specialty, pay, pay-per-view and video-on-demand services, and that it will discuss the application of the policy to such undertakings as part of their licence renewals.
- The Commission also indicated its expectation that broadcasters 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.
- Recognizing that the quality of captioning is a growing concern, in Public Notice 2007-54, the Commission called upon the industry to establish working groups in each of the English- and French-language markets to develop and implement universal standards and to propose and implement concrete solutions with respect to other aspects of captioning quality, including mechanisms aimed at reducing errors and technical malfunctions.
- The Commission has asked the Canadian Association of Broadcasters to coordinate the establishment of the working group that will include CBC and the educational broadcasters. The association is expected to file an Action Plan for the Commission's approval in November 2007.
- In the meantime, the Commission indicated its expectation that all broadcasters take the necessary steps to be more vigilant in the monitoring of the quality of the captioning they broadcast and to demonstrate even greater responsiveness in responding to complaints from viewers.

## 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 and 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

#### Broadcasters

- All broadcasters are generally expected to broadcast described versions of their programming, wherever available.

- In addition, the Commission imposes conditions of licence on individual broadcasters at licence renewal or upon initial licensing.
- Effective September 2006, all of the stations owned by CTV, Global and CHUM are required to provide an average of 4 hours a week. TVA is expected to achieve similar levels.
- 13 specialty services renewed since 2001 now have conditions of licence requiring them to provide certain minimum amounts of described video, generally starting at 2 hours a week, increasing to 3 or 4 hours by the end of the licence term.

### Distributors

- In Public Notice 2005-18,<sup>21</sup> 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,<sup>22</sup> 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.
- The Commission is monitoring the activities of Class 1 and DTH BDUs to assess the extent to which these distribution undertakings are passing description through to their subscribers.

### 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.<sup>23</sup> Cable companies distributing VoicePrint on

<sup>21</sup> *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.

<sup>22</sup> *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.

<sup>23</sup> Distribution Order 2000-1 set out in Decision CRTC 2000-380, 11 September 2000 and Decision CRTC 2000-380-1, 21 September 2000.

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).

## 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) or the Advertising Standards Canada (ASC):<sup>24</sup>
  - 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

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<sup>24</sup> Links to these codes are available on the Commission's website [www.crtc.gc.ca](http://www.crtc.gc.ca) under Industries at a Glance.

- 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
- As noted above, in response to Public Notice 2005-24, the CAB has submitted a new portrayal code in March 2007 that incorporates standards, not only for the portrayal of women, but also for the portrayal of ethnocultural groups, Aboriginal peoples and persons with disabilities.<sup>25</sup>
  - The Commission has indicated its expectation that any discretionary service broadcasting adult programming 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*.<sup>26</sup> 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 April 2003 to 31 March 2007.

**Table 5.1: Number of contacts by public**

	1 April to 31 March			
	2003-04	2004-05	2005-06	2006-07
Broadcasting related enquiries	16,810	19,493	17,418	13,947
Broadcasting complaints	8,825	9,880	9,469	7,951

Source: CRTC Correspondence Tracking System<sup>27</sup>

<sup>25</sup> This code would replace the CAB's *Sex-Role Portrayal Code for Television and Radio Programming*.

<sup>26</sup> *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.

<sup>27</sup> The Rapids tracking system counts multiple contacts from the same client on the same complaint as separate units, therefore the actual number of complaints received should be slightly lower.

- The following table provides representative samples of the types of broadcasting complaints that the CRTC received from 1 April 2003 to 31 March 2007, 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.

**Table 5.2: Broadcasting complaints by sector, by issue**

Topic	1 April to 31 March							
	2003-04		2004-05		2005-06		2006-07	
	Com-plaints received	Referrals to CBSC	Com-plaints received	Referrals to CBSC	Com-plaints received	Referrals to CBSC	Com-plaints received	Referrals to CBSC
<b>Radio</b>								
Abusive comment <sup>28</sup>	111	48	64	27	108	57	141	64
Adult content	36	20	26	14	28	23	13	5
Alcohol advertising	1	-	-	-	2	2	3	2
Gender portrayal	4	4	3	1	2	2	3	-
Offensive comment <sup>29</sup>	359	255	367	197	250	114	204	127
Offensive language <sup>30</sup>	33	17	43	18	54	22	52	20
<b>Conventional television</b>								
Abusive comment	142	40	260	60	378	105	124	87
Adult content	397	264	286	138	245	123	132	66
Alcohol advertising	17	2	21	3	6	2	9	2
Gender portrayal	34	27	26	2	3	1	10	3
Offensive comment	572	119	348	144	563	317	154	61
Offensive language	49	26	56	23	66	28	47	19
Television violence	93	34	113	36	86	31	110	59
<b>Specialty channels</b>								
Abusive comment	20	4	129	4	15	10	10	8
Adult content	159	87	135	76	109	68	90	55
Alcohol advertising	2	-	1	-	-	-	1	1
Gender portrayal	2	2	-	-	3	2	2	-
Offensive comment	31	25	59	31	44	31	38	25
Offensive language	10	1	32	4	29	20	14	7
Television violence	10	8	19	16	19	10	16	11
<b>Pay television and pay-per-view services</b>								
Abusive comment	-	-	-	-	-	-	-	-
Adult content	12	-	5	-	5	-	14	-
Alcohol advertising	-	-	-	-	-	-	-	-
Gender portrayal	-	-	-	-	-	-	-	-
Offensive comment	-	-	-	-	-	-	-	-
Offensive language	-	-	-	-	1	-	-	-
Television violence	1	-	4	-	1	-	1	-
<b>Subscription Radio (Satellite)</b>								
Abusive comments	-	-	-	-	3	3	-	-

Source: CRTC Correspondence Tracking System<sup>31</sup>

<sup>28</sup> Where a complaint alleges that hatred or contempt was incited on-air against one of the groups identified in the Television, Radio, and Specialty Regulations.

<sup>29</sup> Where a complaint alleges offensive humour or other comments that do not fall under the "abusive comment" provision.

<sup>30</sup> Where a complaint alleges offensive language in song lyrics or in spoken word.

<sup>31</sup> The Rapids tracking system counts multiple contacts from the same client on the same complaint as separate units, therefore the actual number of complaints received should be slightly lower.

## 2. Canadian Broadcast Standards Council (CBSC)

- The CBSC<sup>32</sup> 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	2,103	1,725	3,754	1,873	2,369	1,924
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)

- ASC<sup>33</sup> 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.

<sup>32</sup> [www.cbsc.ca](http://www.cbsc.ca)

<sup>33</sup> [www.adstandards.com](http://www.adstandards.com)



**Table 5.4: Complaints handled by ASC**

	2000	2001	2002	2003	2004	2005	2006
Complaints received by ASC	1,143	1,164	1,828	1,133	1,540	1,271	1,040
Complaints about television ads	595 (52%)	549 (47%)	591 (32%)	588 (52%)	939 (61%)	579 (46%)	527 (51%)
Complaints about radio ads	48 (4%)	57 (5%)	50 (2.7%)	51 (5%)	90 (6%)	57 (4%)	73 (7%)

Source: Ad complaints reports



# VI. New media

## A. New media broadcasting undertakings

- The term new media includes the provision of audiovisual services delivered and accessed over the Internet and other non-traditional networks such as mobile phones.
- The new media environment is characterized by rapid technological innovation. In the past year alone we have seen the emergence of new online services, such as Apple TV and Joost, that promise to compete with conventional broadcasting models by offering similar television experiences. These and other online broadcasting and telecommunications services are introducing new business models, that are targeting advertising and subscription, as well as shaping new consumer behaviour in the way they access, use, exchange and interact with content and each other.
- The CRTC issued its first policy on new media in 1999.<sup>1</sup> At that time, it defined new media broadcasting undertakings as those that provided broadcasting services delivered and accessed over the Internet. It was considered that, until it became feasible to deliver high-quality video over the Internet, such services would not offer any serious competition for traditional broadcasters. In issuing its 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.
- On 8 June 2006, the Governor in Council issued an Order in Council (the OIC)<sup>2</sup> requesting that the Commission provide a factual report on the future environment facing the Canadian broadcasting system. In the OIC, the Governor in Council noted that the evolution of audio-visual technologies were profoundly changing how Canadians communicate, express themselves and interact with various media. The OIC stated that the Canadian broadcasting system and its use of various audio-visual technologies must remain relevant in a global digital environment. It further stated that Canada should continue to play a leading role in the development and usage of world class communication technology while fostering Canadian cultural choices and broadening public access to local, regional, national and international information and programming.
- In response, the Commission issued a *Call for comments on a request by the Governor in Council pursuant to section 15 of the Broadcasting Act to prepare a report*

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<sup>1</sup> *New Media*, Broadcasting Public Notice CRTC 1999-84, 17 May 1999 (New Media report). The Commission has also issued: *Exemption order for new media broadcasting undertakings*, Broadcasting Public Notice CRTC 1999-197, 17 December 1999 (New media exemption order); *Regulatory framework for mobile television broadcasting services*, Broadcasting Public Notice CRTC 2006-47, 12 April 2006 (Public Notice 2006-47); *Exemption order for mobile television broadcasting undertakings*, Broadcasting Public Notice CRTC 2007-13, 7 February 2007.

<sup>2</sup> Pursuant to section 15 of the *Broadcasting Act* (the Act), which provides that the Governor in Council may request that the Commission hold hearings or make reports on any matter within its jurisdiction under this Act, the Governor in Council issued Order in Council P.C. 2006-519.

examining the future environment facing the Canadian broadcasting system, Broadcasting Public Notice CRTC 2006-72, 12 June 2006. The purpose of the call was to gather information from the public addressing the points set out in the OIC. The Commission received 52 submissions from individuals, consumer groups, broadcasters, distributors and industry associations and on 14 December 2006 it issued a factual report called *The Future Environment Facing the Canadian Broadcasting System, A report prepared pursuant to section 15 of the Broadcasting Act*<sup>3</sup> (Section 15 Report).

- In its concluding observations, the Commission indicated that policy decisions needed to be based on the most relevant and accurate data available and that detailed ongoing monitoring of developments in the evolution, contribution and impact of audio-visual technologies is vital.
- To ensure that the Canadian broadcasting and telecommunications system is responsive to the needs of Canadians, the Commission has established a *New Media Project Initiative* with the aim of examining this rapidly evolving landscape. The purpose of this Initiative is to provide a solid basis for policy development in the new environment. The issues to be explored by this initiative include:
  - Emerging economic and business models
  - Monitoring the changes in behaviour and expectation of Canadian audiences, and the needs of consumers
  - Following trends in technology and services, and
  - Exploring legal issues
- Building on the Section 15 Report, the Commission expects to release its first report in Spring 2008.

## **B. Internet**

- This section provides a brief overview of how Canadians are accessing and using the Internet.
- The results presented in this section are taken from CyberTRENDS Reports,<sup>4</sup> BBM Analytics. The data is based on national surveys of Canadian adults. Unless otherwise indicated, results refer to the CyberTRENDS December 2006 national survey.
- 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*.<sup>5</sup> This annual report provides information relating to Canadian telecommunications markets and

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<sup>3</sup> Copies of this report as well as the submissions received by the parties of record, in-house information and studies commissioned by Commission are available on the following Internet site: [www.crtc.gc.ca](http://www.crtc.gc.ca)

<sup>4</sup> CyberTRENDS, BBM Analytics, Website: <http://www.bbmanalytics.ca> Margin of error on the total survey sample was +/-2.5%, 19 times out of 20. The survey fieldwork was completed between December 6 and 12, 2006.

<sup>5</sup> Copies of these annual reports are located on the CRTC website [http://www.crtc.gc.ca/dcs/eng/pub\\_arch.htm](http://www.crtc.gc.ca/dcs/eng/pub_arch.htm)

includes data and analysis relating to Canadian Internet, broadband and wireless services, as well as new technologies. The 2007 edition of this report is scheduled to be released at the end of July 2007.

## 1. Canadian advertising on the Internet

**Table 6.1: Advertising revenues trends 2002 to 2007**

Canadian online advertising revenue (\$000,000)					Forecasted
2002	2003	2004	2005	2006	2007
176	237	364	562	1,010	1,337
% increase	37%	54%	54%	80%	32%

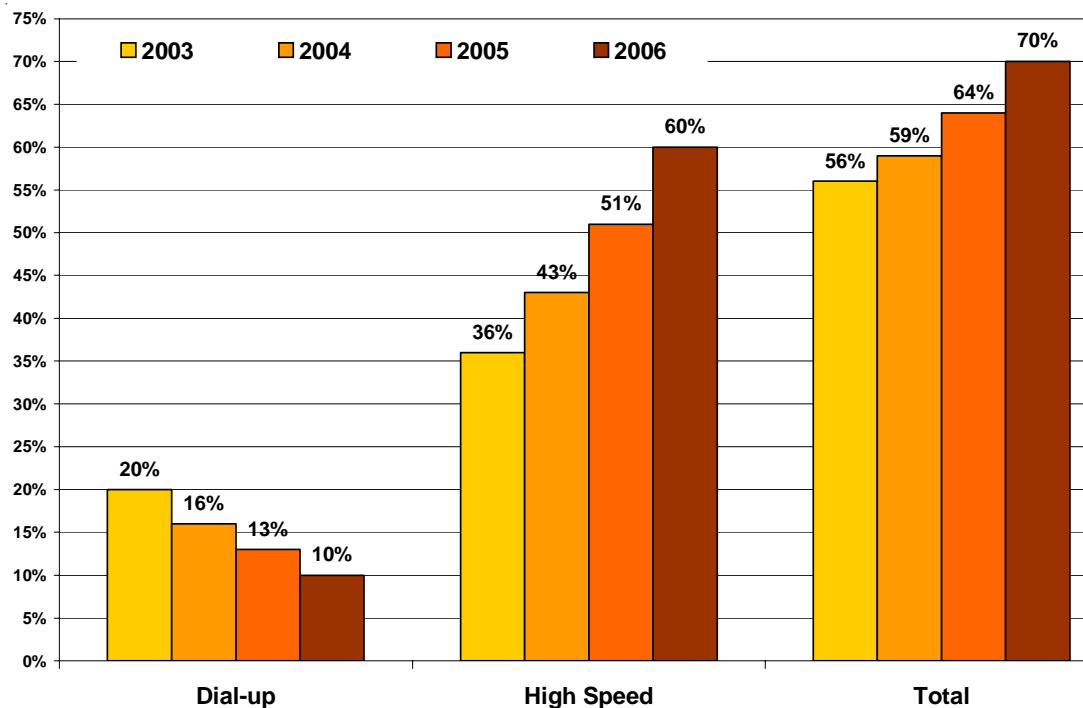
Source: Interactive Advertising Bureau of Canada: [www.iabcanada.com](http://www.iabcanada.com)

- In 2006, advertising on the Internet almost doubled compared to 2005, increasing from \$560 million to \$1 billion.
- French-language advertising increased 68% from \$124 million in 2005 to \$208 million in 2006.

## 2. Internet access by Canadians

### a) Percentage of Canadian households with Internet

**Chart 6.1: Percentage of Canadian households with Internet subscriptions**



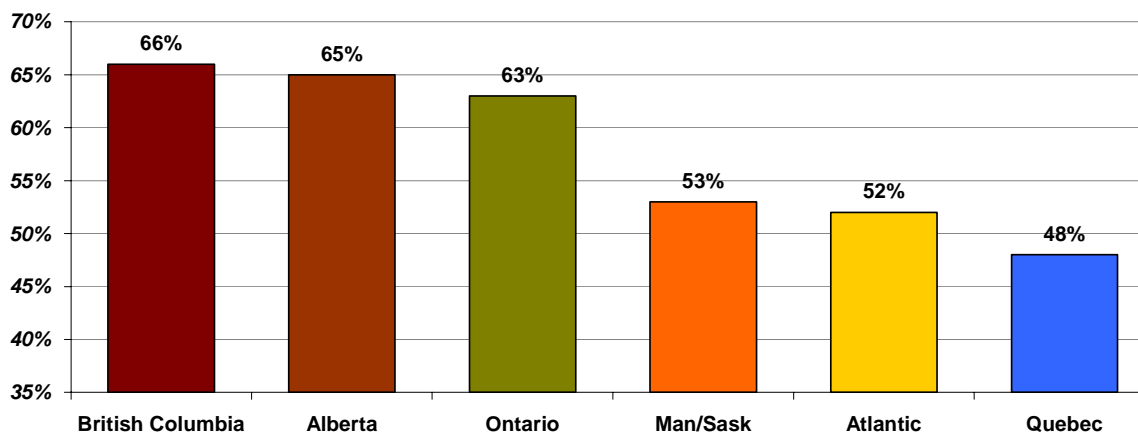
CRTC data collection

- Internet subscriptions have increased steadily over the period from 2002 to 2006 reaching 70% of households in 2006.
- High speed access has increased over the four years from 36% to 60% while dial-up access has decreased from 20% to 10%.

### b) Frequency and duration of Internet use

- In December 2006, approximately 48% of Canadian adults with Internet access connected for up to ten hours of Internet use per week.
- In December 2006, approximately 30% of Canadian adults with Internet access connected for more than ten hours of Internet use per week. This percentage increases to 52% for young Canadian adults aged 18 to 24.

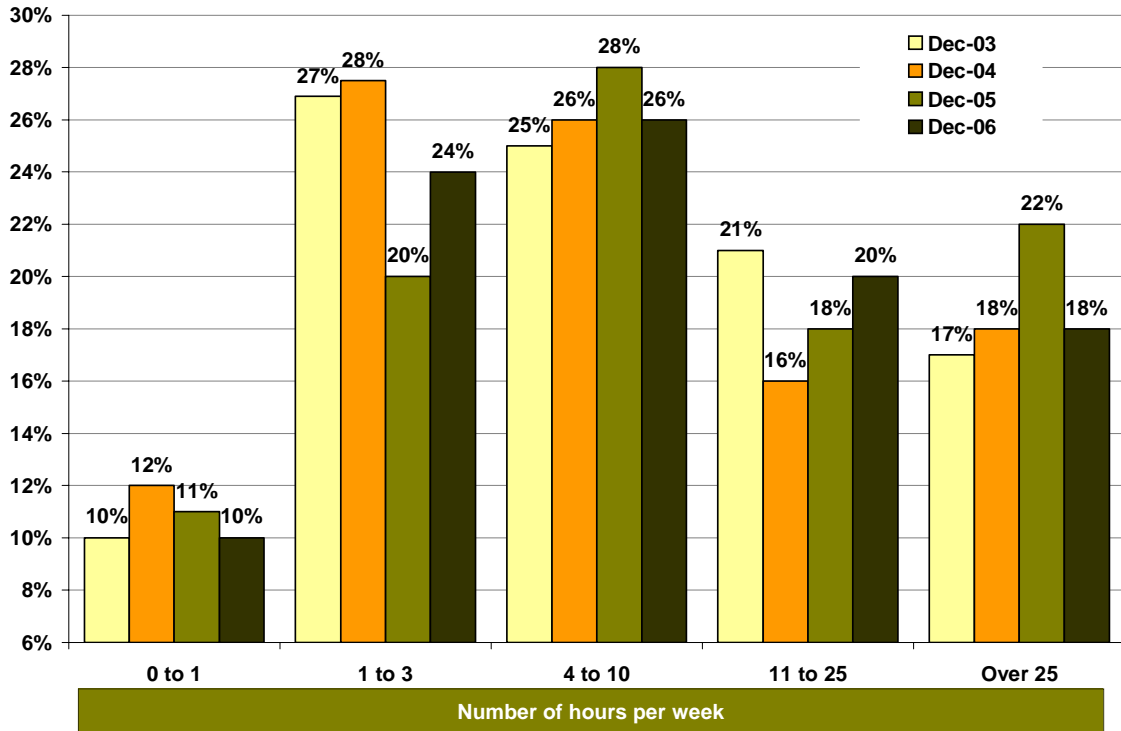
**Chart 6.2: Percentage of Canadians using the Internet at least once in a given week – by region**



Source: CyberTRENDS, BBM Analytics, December 2006 edition

- Of the Canadians surveyed, a greater percentage of those located in British Columbia, Alberta and Ontario reported accessing the Internet at least once a week.

**Chart 6.3: Time spent by Canadians on the Internet in a given week**



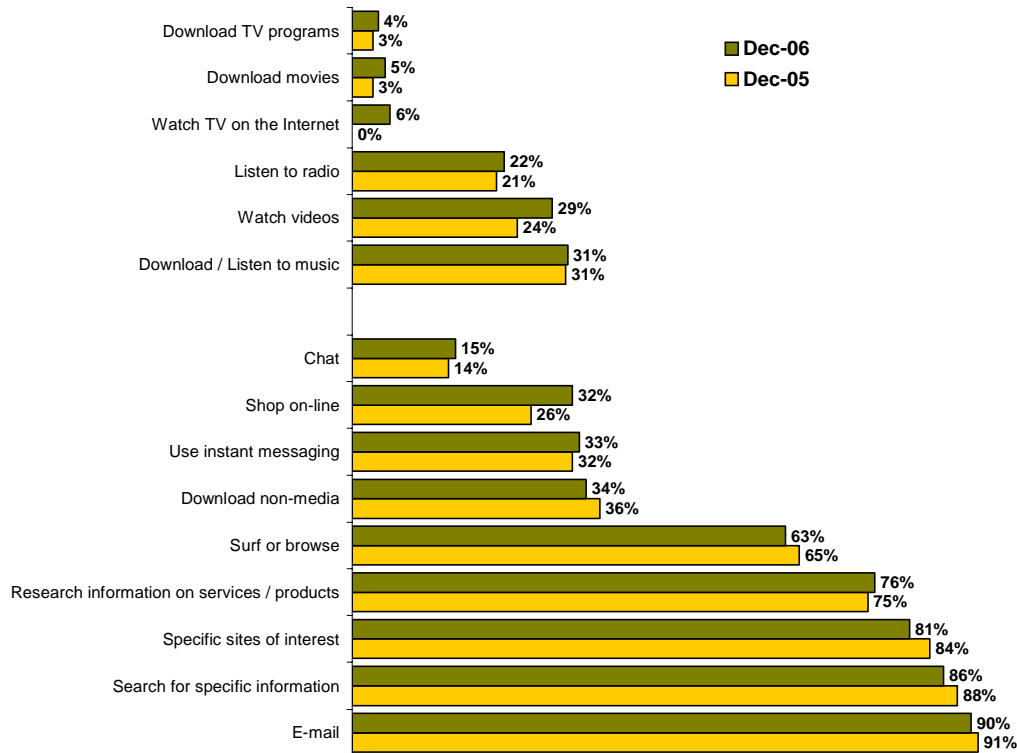
Source: CyberTRENDS, BBM Analytics, December 2006 edition

- The percentage of Canadians who reported having spent between one to three and 11 to 25 hours on the Internet in a given week increased in December 2006.
- The percentage of Canadians spending less than one hour, four to ten hours, and over 25 hours per week on the Internet have returned to December 2003 and 2004 levels.

### c) Internet activities

- The December 2006 survey indicates that the average Canadian Internet user spends approximately 54% of their time visiting Canadian websites.

**Chart 6.4: On-line activities of Canadians**

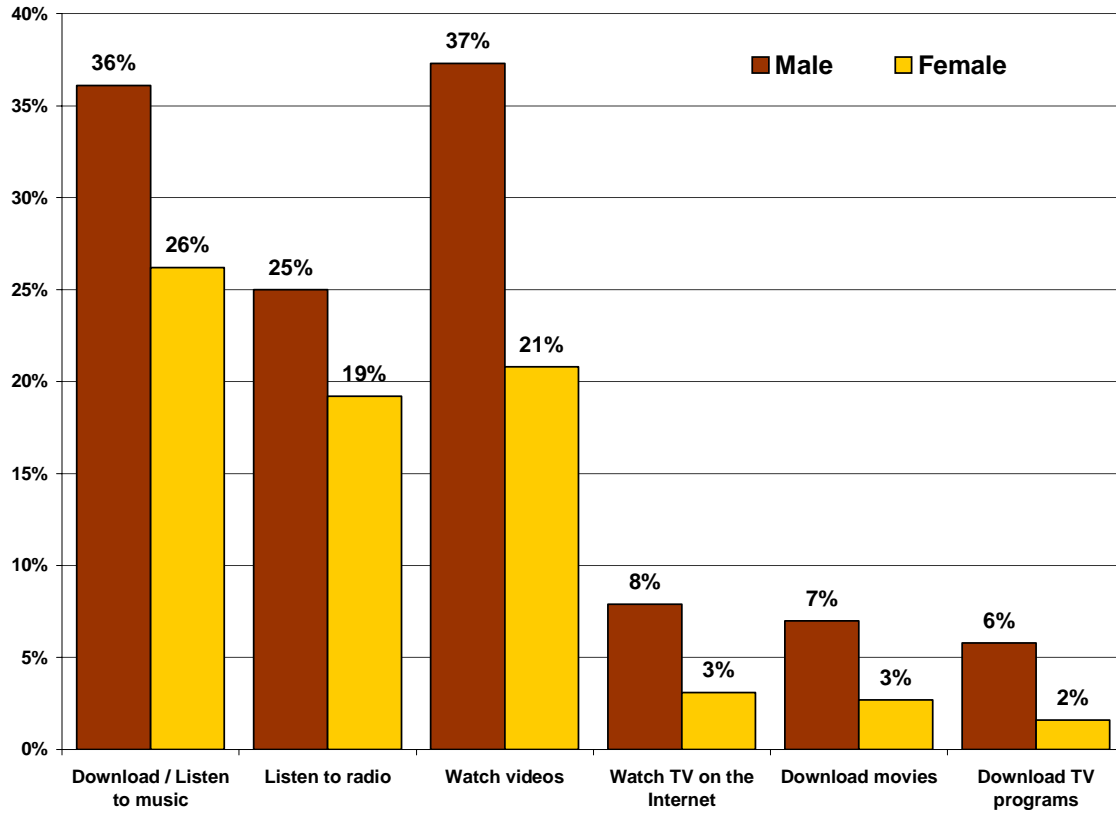


Source: CyberTRENDS, BBM Analytics, December 2006 edition

- The percentage of Canadian adults reporting having watched or downloaded television, videos or movies from the Internet increased in 2006 compared to 2005.
- The types of programming watched on the Internet are television shows (40%), news (38%), sports (21%), music videos (21%), movies (20%), weather (10%) and comedy (10%).



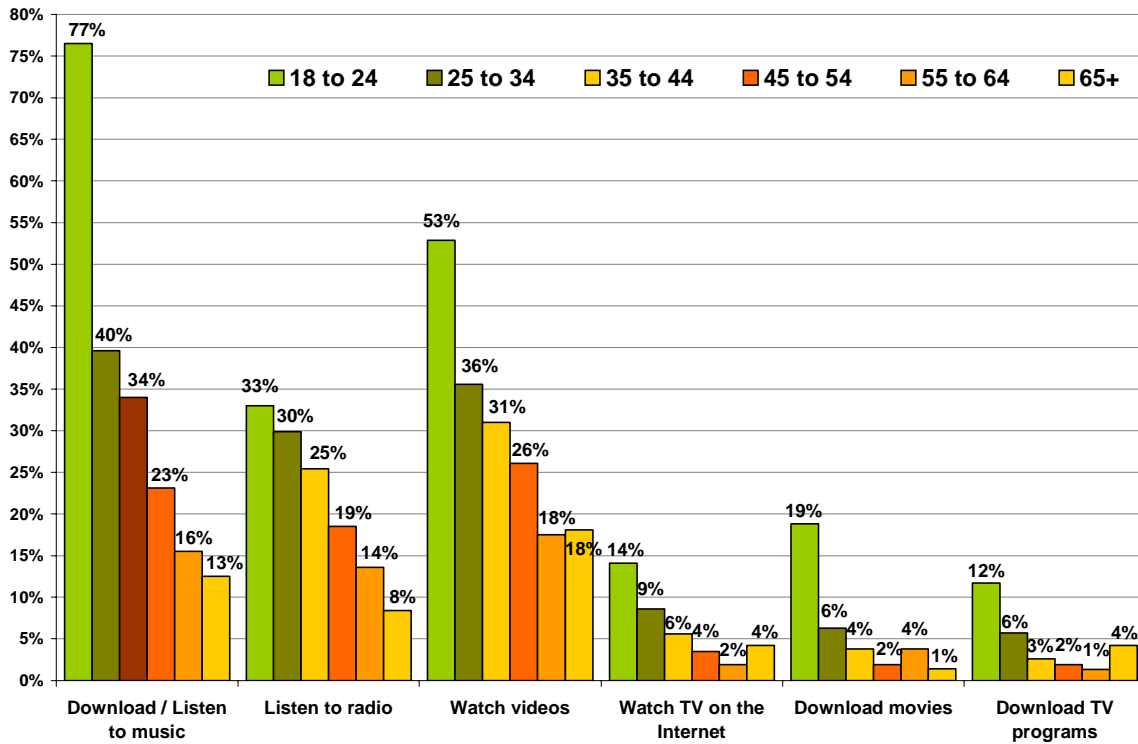
**Chart 6.5: On-line audio and video activities of Canadians by gender**



Source: CyberTRENDS, BBM Analytics, December 2006 edition

- In December 2006, of those Canadian adults who reported sometimes listened to the radio on the Internet:
  - 38% indicated that they listened to local Canadian stations 91% to 100% of the time. 22.5% indicated that they did not listen to local Canadian stations.
  - 31% indicated that they listened to national Canadian stations sometimes (1% to 100% of the time).
  - 44% indicated that they listened to international stations sometimes (1% to 100% of the time). 47% indicated that they did not listen to international stations.

**Chart 6.6:** On-line audio and video activities of Canadians adults surveyed by age



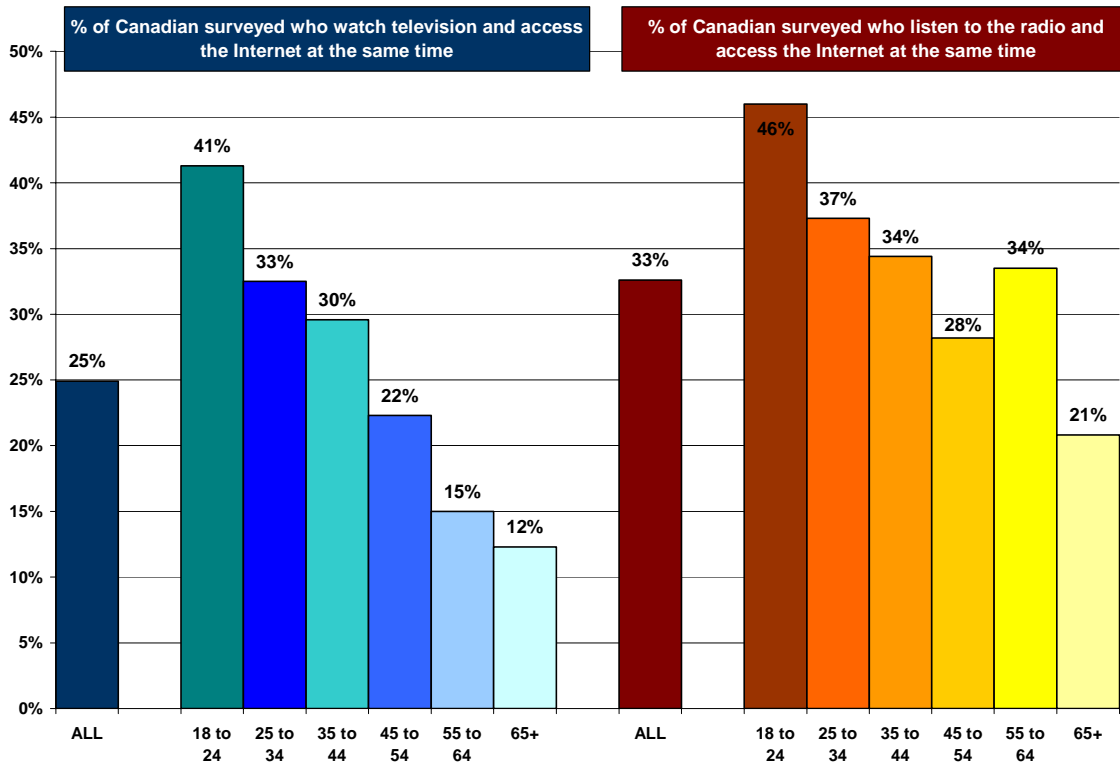
Source: CyberTRENDS, BBM Analytics, December 2006 edition

- Canadian adults aged 18 to 24 have the highest take-up rate of new audio and visual technologies available on the Internet.

### 3. Effect of Internet use and other new audio-visual technologies on broadcast media

- The following chart shows the percentage of Canadian adults having Internet access who also watch television or listen to the radio while accessing the Internet.

**Chart 6.7: Percentage of Canadians who do other activities while accessing the Internet (often or sometimes)**



Source: CyberTRENDS, BBM Analytics, December 2006 edition

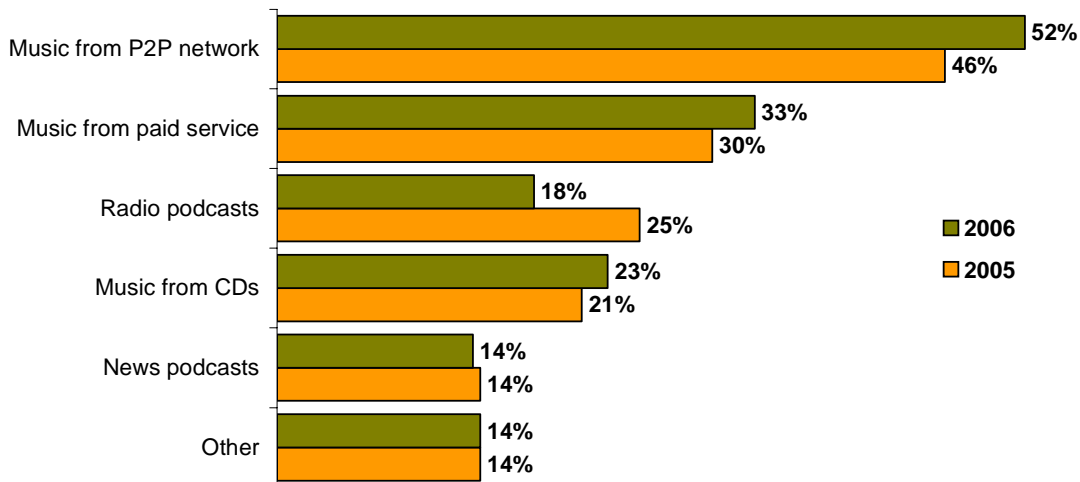
**Table 6.2: Percentage of Canadians who reported using the following devices in December 2006**

Devices		% of device users who are	
		Male	Female
Cell phones	58%	53	47
MP3 Player	14%	62	38
Webcam	9%	64	36
iPod	7%	58	42
PDA	5%	75	25
BlackBerry	4%	64	36
Percentage of cell phone, BlackBerry or PDA owners who used these devices to:			
Take pictures	23%	58	42
Record video	8%	73	27
Obtain news or weather	6%	78	22
Obtain sports scores	4%	87	13
Watch television	2%	59	41

Source: CyberTRENDS, BBM Analytics, December 2006 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.

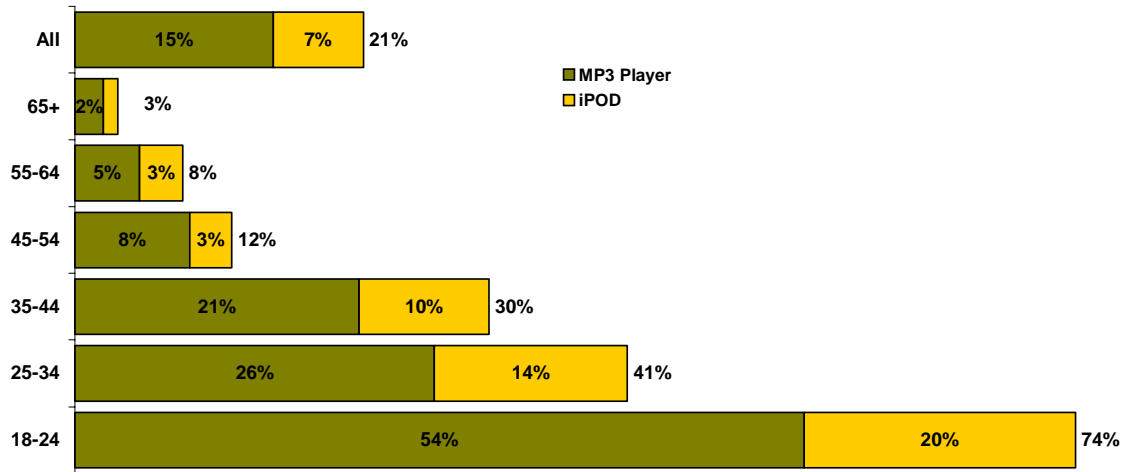
- Men are the predominant users of BlackBerry, PDA, digital music players and webcams devices.

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



Source: CyberTRENDS, BBM Analytics, December 2005 and 2006 editions  
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.

**Chart 6.9:** Percentage of Canadians who use iPod and MP3 players by demographics



Minor variances are due to rounding.

Source: CyberTRENDS, BBM Analytics, December 2006 edition

- 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: <a href="http://www.adstandards.com">www.adstandards.com</a> )
BBM	BBM Canada (website: <a href="http://www.bbm.ca">www.bbm.ca</a> )
BDU	Broadcasting distribution undertaking
CAB	Canadian Association of Broadcasters (website: <a href="http://www.cab-acr.ca">www.cab-acr.ca</a> )
Cancon	Canadian content
CASST	Coalition Against Satellite Signal Theft (website: <a href="http://www.casst-ccvss.ca">www.casst-ccvss.ca</a> )
CBC	Canadian Broadcasting Corporation (Société Radio-Canada) (website: <a href="http://www.cbc.ca">www.cbc.ca</a> )
CBSC	Canadian Broadcast Standards Council (website: <a href="http://www.cbsc.ca">www.cbsc.ca</a> )
CC	Closed captioning
CCD	Canadian content development
CCTA	Canadian Cable Telecommunications Association (website: <a href="http://www.ccta.com">www.ccta.com</a> )
CPE	Canadian programming expenditures
CRTC	Canadian Radio-television and Telecommunications Commission (website: <a href="http://www.crtc.gc.ca">www.crtc.gc.ca</a> )
CTD	Canadian talent development
CTF	Canadian Television Fund (website: <a href="http://www.canadiantelevisionfund.ca">www.canadiantelevisionfund.ca</a> )
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
OTA	Over-the-air
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: <a href="http://www.src.ca">www.src.ca</a> )

SRDU	Satellite relay distribution undertaking
STV	Subscription television systems
VOD	Video on demand