Canadian Radio-television and Telecommunications Commission

Conseil de la radiodiffusion et des télécommunications canadiennes

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Interested parties are welcome to provide comments for improvements or additions to future editions of the report. You can send your comments to the attention of the Secretary General, CRTC, Ottawa, K1A 0N2.

Executive summary

Access to communications services

Radio and television broadcasting, whether over the air, or over broadcasting distribution undertaking (BDU) networks, such as cable and satellite, is available to virtually to all Canadians. In 2008, approximately 90% of Canadian households subscribed to a BDU for programming services.

Canadians have access to advanced communications services. Approximately 94% of Canadian households can access broadband services using landline facilities. Satellite facilities extend this reach to virtually all households and are only limited by capacity constraints. Canadians can also access broadband mobile services. Approximately 91% of Canadians can access these services using handheld mobile devices.

In 2008, 52% of Canadian households subscribed to landline broadband Internet access services and over 99% of Canadian households subscribed to telephone service, using either landline or mobile devices.

Communications revenue growth

In 2008, these connections generated communications revenues of $54 billion, an increase of 6.0% over the previous year. Broadcasting revenues, representing 26% of this amount, increased 7% to $14 billion, whereas telecommunications revenues increased 6% to $40 billion.

Convergence

The deployment of high-capacity digital networks and the emergence of Internet Protocol (IP) as the standard for data transmission and delivery have facilitated the carriage of multiple types of data on a single network; this has been a major enabler of network convergence. Today's unified data networks are capable of delivering all forms of information, be it voice, data, text or video. In 2008, over 80% of communications revenues were generated by converged companies offering both broadcasting and telecommunications services.

Convergence in the communications industry can be observed through the behaviour of consumers. In 2008, approximately 25% of residential customers subscribed to service bundles that consisted of two or more of the following services: local telephone, Internet access, video, and mobile.

In 2008, excluding mobile revenues, almost 44% of cable companies' revenues were from telecommunications services. Similarly, broadcasting service revenues represented approximately 10% of the incumbent telephone companies' residential communications revenues.

Convergence in the communications industry not only changes the competitive landscape in Canada as companies enter each others' non-traditional markets; it also raises a number of regulatory and legislative concerns.

Competition

The communications service industry generally operates in a competitive environment. The Commission has rate deregulated all but a handful of the BDUs. The Commission has also forborne from economic regulation 77% of residential local exchange lines and 68% of business local exchange lines, representing 75% of all local revenues. With respect to the remaining telecommunications services, the Commission has forborne from economic regulation 94% of long distance, 80% of data and private line, 98% of Internet, and 100% of wireless service revenues. Overall, approximately 90% of total telecommunications revenues were from forborne services.

The alternative telecommunications service providers' (TSPs) share of total wireline telecommunications revenues continued to increase and reached 32% in 2008. The alternative TSPs' market share included the incumbent telephone companies' activities when operating outside of their traditional territories (7%), other facilities-based TSPs such as cable companies and hydro utility companies with telecommunications activities (20%), and resellers (7%).

The large cable companies are major providers of high-speed Internet service, as they have approximately 55% of high-speed residential Internet subscribers in 2008. In 2005, they started to provide local telephone service generally over a managed IP network and by year-end 2008 they captured approximately 22% of local residential lines to become major competitors of the incumbent telephone companies in residential markets.

The competitors of the incumbent telephone companies which include incumbent telephone companies when operating outside of their traditional territories, continued to gain market share primarily due to the dramatic growth in local competition. Competitors had strong growth in their number of residential local lines, essentially cable BDUs, where competitor lines increased 34%. In the local business market, competitor lines decreased 7%.

Broadcasting

Of the $14 billion generated by the broadcasting industry, 11% was from radio broadcasters, 39% from television, and 50% from BDU broadcasting activities. BDU broadcasting revenue growth was 2.0 and 2.3 times greater than that of radio, and television respectively; BDU broadcasting revenues increased 10%; whereas private commercial radio revenues increased 5.2% and television revenues increased 4.4%.

Advertising revenues are a major component of the broadcasting industry. Generally, these revenues account for between 50 and 95% of the broadcasters' total revenues. Over the 2004 to 2008 period, commercial radio and conventional television advertising revenues increased 6.5 and 0.9% respectively; whereas, pay, pay-per-view (PPV), video-on-demand (VOD), and

speciality television advertising revenues increased 9%. Internet advertising revenues however increased 56% over the same period. By 2008, Internet advertising revenues were at the same level as those from radio.

Radio

Private commercial broadcasters, representing 61% of radio and audio services, generated $1.6 billion in 2008, a 5% increase over the previous year. There were 1,213 radio and audio services in Canada in 2008, of which 59 were digital. Seventy-four percent of the radio and audio services were broadcast to English-language Canadians, 22% to French-language Canadians, and the remaining 4% was to third-language Canadians.

National average weekly hours tuned per capita have remained unchanged at 18.3 hours in 2008. On a per-listener basis, average weekly hours tuned declined 1% to 20.0 hours.

Although 45 AM stations were converted to FM since 2004, the average revenues per FM station remained relatively unchanged at approximately $2.6 million per station; whereas the average revenues per AM station increased from $1.6 million in 2004 to over $2.0 million in 2008.

Television

Television revenues in 2008 were approximately $5.5 billion. There were 707 television services. CBC/SRC conventional television, representing 8% of television revenues, had the highest revenue growth in 2008, increasing 16% to $412 million. Pay, PPV, VOD, and specialty services revenues increased 8% to $2.9 billion in 2008 and represented 54% of total television revenues.

Overall viewing of Canadian programs on Canadian English-language services remained relatively unchanged at 43% in 2008, whereas viewing of Canadian programs on French-language services decreased 1% to 64%. While drama & comedy continues to be the most popular type of programming, it is predominantly of non-Canadian content. In 2008, 80% of English-language drama & comedy programs were non-Canadian and 67% of the French-language drama & comedy programs were non-Canadian.

BDU

The cable BDU footprint encompasses over 12.6 million Canadian households. In 2008, approximately 11.1 million or 90% of Canadian households subscribed to a BDU for television service, an increase of 2.8% over the previous year. Of those subscribing to a BDU, 24% subscribed either to a direct-to-home (DTH) or multipoint distribution system (MDS) BDU. The top 4 cable BDUs and the two DTH providers captured 90% of all BDU subscribers in 2008.

BDU programming revenues per subscriber per month[1] increased $3.57 or 7% to $53.36 in 2008.

[1] Revenues per subscriber per month were derived by dividing total revenues by the number of subscribers and by the number of months in the year.

New Media broadcasting

Canadians are benefiting from the wide spread availability of broadband services. A growing number of Canadians both Anglophone and Francophone use the Internet to watch videos (42% and 37%, respectively, in 2008). More Canadians are watching television programming online. The percentage of Canadians watching television programming in a typical week, including clips from television programs, increased 29% for Anglophones and 23% for Francophones.

Telecommunications

The vast majority of the $2.1 billion increase in telecommunications revenues is directly attributable to the 11% and 9% revenue growth of mobile phone and residential high-speed Internet services, respectively. The number of mobile phone subscribers increased 9% in 2008. Canadians continued to embrace technologies including broadband access to the Internet as the number of residential subscribers to high-speed Internet services increased by 9%.

To a lesser extent, overall industry revenues continued to benefit from the revenue growth of the newer data services that meet business customer requirements for increased speed, functionality, and cost-efficiency. These services now represent over 76% of the data protocol revenues, with data services such as Ethernet and IP-based virtual private networks having a combined revenue growth of 19%.

Regulatory developments

The Canadian Radio-television and Telecommunications Commission (Commission) has developed forward-looking policies and procedures in response to the challenges and the economic environment facing the communications companies. The Commission developed a new regulatory framework for BDUs that give the broadcasting system added flexibility while retaining the necessary regulations to achieve the objectives of the *Broadcasting Act*.

In response to the economic downturn, the Commission opted for shorter licence terms to give the large private conventional television broadcasters some flexibility during the current period of economic uncertainty. The Commission will also hold a policy proceeding in the fall of 2009 to address a number of policy issues including, but not limited to, group-based licensing, revenue support for conventional broadcasters, digital transmission issues, and spending requirements on Canadian programming.

The growing popularity of certain Internet applications, such as online video, can lead to network congestion. To address this, the Commission has launched a proceeding to examine the current and potential traffic management practices of Internet service providers operating in Canada.

With respect to telecommunications, the Commission continues with its action plan to review its regulatory measures with a view to ensuring that such measures are implemented in a manner consistent with the Policy Direction.[2]

How Canada compares Internationally

In terms of pricing, Canadian prices for wireline telecommunications service continue to compare favourably with other foreign jurisdictions. For wireless service, at a low-usage level Canadian rates are below those in the United States, but tend to be higher than in other countries surveyed. At a medium- and high-usage level, Canadian wireless rates are within the middle of the group of countries examined. For Internet service, Canada compares favourably for low-use broadband Internet service, and reflects a median price point for medium- and high-use baskets.

Canada has the highest proportion of households with broadband connections among the G7 countries. Broadband to the home in Europe is primarily supplied via digital subscriber line (DSL) technology over fixed telephone lines, whereas in Canada, consumers have more choice as broadband delivery is widely available over both cable and DSL.

Data collection

The data compiled for this report was obtained from a number of sources, the majority of which was collected using the Commission's data collection survey forms. Broadcasting data was generally for the twelve-month period ending 31 August and telecommunications data was for the twelve-month period ending 31 December. The financial data for the broadcasting industry does not reflect the economic downturn that started in the third quarter of 2008.

The Commission collaborates with other government agencies and departments such as Statistics Canada and Industry Canada to minimize the reporting burden on the industry. The data collected for monitoring purposes is also used by Statistics Canada for its national system of accounts. Additional questions are also added to meet these specific needs of Statistics Canada.

In 2009, the Commission also collaborated with Industry Canada to minimize the reporting burden on the industry. The Commission worked with Industry Canada to identify the availability of broadband Internet access service. The data, jointly collected, will assist Industry Canada in the administration of the $225 million broadband deployment initiative that was part of the federal government's economic incentive plan.

Data collection forms are reviewed annually to ensure that only relevant data is collected. The amount of data requested from the industry was reduced for all companies for this collection period. Smaller companies, with revenues less than $10 million generally, had a 50% reduction in the amount of data requested while larger companies, with revenues in excess of $100 million, had a 10% reduction.

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[2] *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006 (the Policy Direction) issued by the Governor in Council.

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1.0 Introduction

1.1 Purpose of the report

This report provides a window on the broadcasting and telecommunications industries and is intended to foster an open and better-informed public discussion of broadcasting and telecommunications policies and issues.

The report contains disaggregated data on the Canadian broadcasting and telecommunications industries and markets. It provides a means to assess the impact of market and technological developments on, among other things, the cultural, social, and economic objectives of the *Broadcasting Act* and the *Telecommunications Act* (the Acts), and the effectiveness of the Canadian Radio-television and Telecommunications Commission's (CRTC or the Commission) regulatory frameworks and determinations in achieving those objectives.

Domestic and global competition, as well as consumer demands for greater control over the communications experience, has spurred rapid corporate and technological convergence in the communications landscape in Canada and abroad. The evolving borderless world of communications is a source of innovation and opportunities for carving out a special place within the broadcasting system for Canadian voices. The Commission invites parties to use this report to enrich their participation in the regulatory process.

In this report

The broadcasting and telecommunications industries are increasingly interwoven. As an example, dial-up Internet access service has given way to high-speed Internet service. This has contributed to and, with the introduction of higher wireline and wireless access speeds, will continue to contribute to the development and evolution of New Media broadcasting, which in turn offers a significant opportunity to further contribute to the broadcasting policy objectives of the *Broadcasting Act*. Communications companies are crossing what have been traditional boundaries between broadcasting and telecommunications.

The report provides a holistic view of the industries and their markets. The performance indicators and trends presented in last year's report have been updated. The report has also been updated to include recent developments in the broadcasting and telecommunications regulatory frameworks. A detailed discussion of the revised procedures that apply to staff-assisted mediation, final offer arbitration, and expedited hearings has also been included in this year's report.

1.2 Data collection and outline of the report

Data collection and reduced regulatory reporting

This report is based on the responses from the industry to the Commission's annual broadcasting returns and telecommunications data collection forms[3] (referred to collectively as “CRTC data collection”), data collected from other sources, including Statistics Canada, Industry Canada, company-specific financial reports, BBM Canada, BBM Nielsen Media Research, BBM Analytics’ Media Technology Monitor (MTM) reports, and information previously filed with the Commission. All broadcasting data in this report, unless otherwise noted, is for the twelve-month period ending August 31 for the years quoted, whereas telecommunications data, including Internet service, is for the twelve-month period ending December 31.

With respect to residential broadband availability data, the Commission has entered into a three-year agreement with Industry Canada to co-operate in the collection of data related to the availability of broadband Internet access service to Canadians. The Commission is also collaborating with the provinces and the territories, as well as other government agencies and departments, in the identification of communities that do not have access to broadband service. The resulting data will assist Industry Canada in the funding of projects that make broadband services available to unserved Canadians. These data collection initiatives minimize the reporting burden on the industry as well as enhance the quality of the data presented in this report.

International comparisons or analyses in this report are made based on data obtained from reports published by international organizations such as the Organisation for Economic Co-operation and Development (OECD), as well as reports or data published by national regulatory agencies (NRAs) in other countries.

Specific elements of the monitoring exercise change over time to take into account regulatory or market developments such as new technologies; changes in the market structure or in domestic or international regulations and agreements; or the introduction of new or evolving services. These changes serve to ensure that the monitoring reports continue to be useful tools for all stakeholders, including regulators, customers, and industry players. Certain figures published in prior years' monitoring reports may be restated to be consistent with data displayed in this report. Other figures may change as a result of service providers resubmitting prior years' data. All revised numbers are identified by means of a number sign (#).

[3] The annual data collection forms are issued jointly by Statistics Canada and the Commission.

Outline of Report

This report is divided into a number of sections and appendices. An overview of the Commission's regulatory frameworks, streamlining initiatives, and recent regulatory and industry developments is provided in Section 2. This section also compares and contrasts the key objectives of the Acts. Section 3 presents the key financial indicators of the communications industry. It addresses the financial landscape of the broadcasting and telecommunications industries by examining key financial indicators including revenue, capital expenditures, and other operational data. As well, it provides an overview of the broadcasters and telecommunications service providers (TSPs). The performance of the Canadian broadcasting system is presented in Section 4, encompassing traditional radio, television and distribution undertaking broadcasting results, and non-traditional New Media broadcasting results. Section 5 discusses the major telecommunications market segments: local & access; long distance; Internet; data and private line; and wireless. The section also reviews the availability of broadband service. Section 6 presents current regulatory developments in other countries and compares Canada's performance in broadcasting and telecommunications to that of those countries.

A description of the data collection methodology and analysis is provided in Appendix 1. A summary of the Canadian telecommunications markets subject to economic forbearance rulings is provided in Appendix 2. Appendix 3 discusses the classification of the TSPs. The status of local forbearance applications in residential and business exchanges is provided in Appendix 4. Appendix 5 lists the pricing assumptions used in the development of the price comparisons of telecommunications services in Canada to that in other countries.

2.0 The CRTC, policies, and regulation

2.1 The CRTC

The CRTC is an independent public authority in charge of regulating and supervising Canadian broadcasting and telecommunications. It serves the public interest and its power and jurisdiction are set out in the Acts. The CRTC reports to Parliament through the Minister of Canadian Heritage. The Governor in Council may issue directions of general application to the Commission on matters with respect to the telecommunications, broadcasting, or regulatory policy objectives set out in the Acts.

The components of broadcasting policy set out in section 3 of the *Broadcasting Act* are directly or indirectly tied to the cultural, social, political, and economic fabric of Canada, while those of the *Telecommunications Act*, as set out in section 7 of that Act, are tied to the social and economic fabric of the country.

Access to Canadian content, in particular its creativity and availability to Canadians, is the underlying principle of the broadcasting objectives. Canadian content must not only exist, it should also be available to all Canadians both as participants in the industry and as members of the audience. To achieve the objectives of the *Broadcasting Act*, the Commission is guided by the regulatory policy objectives set out in subsection 5(2) of that Act, which requires the Commission to regulate and supervise the broadcasting system in a flexible manner that, among other things, takes into account regional concerns, is adaptable to technological developments, and facilitates the provisioning of broadcasting Canadian programs to Canadians.

With respect to telecommunications, pursuant to the *Telecommunications Act*, the Commission strives to ensure the provision of reliable and affordable telecommunications services of high quality accessible to both urban and rural area customers, to foster facilities-based competition, to provide incumbents with incentives to increase efficiencies and be more innovative, and to adopt regulatory approaches, where necessary, that impose the minimum regulatory burden possible.

Since December 2006, the Commission has applied the Policy Direction[4] in the exercise of its powers and the performance of its duties under the *Telecommunications Act*. The Policy Direction mandates the CRTC to rely on market forces to the maximum extent feasible and regulate, where there is still a need to do so, in a manner that interferes with market forces to the minimum extent necessary. The Policy Direction specifies criteria to encourage effective regulation which must be met by any new regulatory measure. The Policy Direction further directs the CRTC to adopt operational practices that promote more efficient, informed, and timely regulation where it is required.

In addition to implementing the policy objectives in its governing legislation, the Commission also seeks to ensure that its regulatory frameworks for the Canadian

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[4] *Order Issuing a Direction to the CRTC on Implementing the Canadian Telecommunications Policy Objectives*, P.C. 2006-1534, 14 December 2006 (the Policy Direction) issued by the Governor in Council.

broadcasting and telecommunications industries are keeping pace with emerging technologies. In all of its activities, the Commission is guided by four basic working principles: transparency, fairness, predictability, and timeliness. Consequently, it endeavours to make and publish its decisions promptly with a clear rationale and to regulate only where necessary, and then in the least intrusive manner possible. To further the transparency of Commission processes, the CRTC prepares each year (a) a summary of its activities related to the Canadian broadcasting and telecommunications industries, and (b) its three-year work plan in consultation with industry stakeholders. These documents are available to the public on the CRTC's website.[5]

[5] http://www.crtc.gc.ca/eng/publications/reports.htm

2.2 Regulatory oversight of broadcasting and telecommunications

Overview

The Commission uses a variety of means to exercise its regulatory powers. Under section 6 of the *Broadcasting Act*, the Commission has the power to establish policy guidelines and statements. These policy guidelines and statements are periodically reviewed to ensure that they are current. When reviewing the guidelines and statements, the Commission consults with the industry and the public by holding public proceedings that can include calls for comments. The Commission also has the power, pursuant to the *Broadcasting Act*, to establish regulations[6] applicable to the broadcasting industry. Under subsection 9(1) of that Act, the Commission has the authority to establish classes of licence and to impose conditions of licence. The Commission imposes conditions of licence when it issues a licence and amends these conditions as necessary when renewing the licence to achieve the Canadian broadcasting policy objectives set out in the *Broadcasting Act*.

Pursuant to section 47 of the *Telecommunications Act*, the Commission must exercise its powers and perform its duties under that Act with a view to implementing the telecommunications policy objectives set out in section 7 and in accordance with any order made by the Governor in Council or any standards prescribed by the Minister of Industry.[7] These objectives include ensuring that the rates charged by Canadian telecommunications carriers are just and reasonable, and in relation to the provision of telecommunications services, Canadian carriers do not discriminate unjustly or accord any undue or unreasonable preference.[8] In addition to regulating the rates, terms and conditions under which telecommunications services are provided, the Commission has the power to forbear from regulating telecommunications services or classes of service where it finds, among other things, that there is sufficient competition to protect the interests of users.[9]

The Commission fulfils its broadcasting and telecommunications regulatory and supervisory responsibilities by means of a number of interrelated activities, which include:

i) establishing, monitoring, assessing, and reviewing, where appropriate, regulatory frameworks to meet its policy objectives;
ii) implementing procedures for the efficient and effective resolution of competitive disputes; and
iii) making determinations on industry mergers, acquisitions, and changes of ownership in the industry.

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6 *Radio Regulations, 1986; Television Broadcasting Regulations, 1987; Broadcasting Information Regulations, 1993; Broadcasting Licence Fee Regulations, 1997; CRTC Rules of Procedure; Broadcasting Distribution Regulations; Pay Television Regulations, 1990; Specialty Services Regulations, 1990,* and in accordance with any order made by the Governor in Council or any standards prescribed by the Minister of Industry

7 Sections 8, 15, and 47 of the *Telecommunications Act*

8 Subsections 27(1) and 27(2) of the *Telecommunications Act*

9 Section 34 of the *Telecommunications Act*

The Commission also monitors the programming and financial obligations of broadcasting undertakings to ensure compliance with regulations and conditions of licence.

Regulatory framework within a competitive environment

In exercising its statutory powers under the Acts and predecessor legislation, the Commission has, where feasible, gradually and in an orderly manner opened up monopoly-based markets to competition to allow consumers multiple means of receiving programming services that include not only traditional cable companies but also satellite, wireless and telephone companies. In Public Notice 1997-25,[10] the Commission established the conditions under which it would forbear from the regulation of Class 1 undertakings.[11] In the process of opening the broadcasting distribution undertaking (BDU) market to competition, the Commission has implemented self-regulating mechanisms in the broadcasting industry where appropriate. The Commission has encouraged industry associations, such as the Canadian Association of Broadcasters (CAB), to develop self-regulating codes of conduct and standards pertaining to their industries.

Similarly, since the early nineties, the Commission has moved toward greater deregulation of the telecommunications market. In Telecom Decision 94-19,[12] the Commission established a three-step process by which it could determine whether a telecommunications market is or is likely to become competitive for the purpose of considering forbearance applications.[13]

As outlined in Appendix 2, since 1994 the Commission has forborne from regulating a number of telecommunications services including mobile services, retail Internet services, long distance and international services, various data and private line services, terminal equipment and inside wiring, satellite services and services provided by non-dominant carriers. In 2006, the frameworks for the forbearance from regulating retail local exchange services were established. The Forbearance Order[14] amend the Commission's framework established in Telecom Decision 2006-15[15] for forbearing from regulating retail local exchange services. In the HSDS Decision,[16] the Commission established a framework for forbearing from regulating high-speed intra-exchange digital network access (high-speed DNA) services and metropolitan wavelength services (MWS). In this decision, the Commission also forbore from regulating Bell Canada's high-speed DNA services in a number of wire centres and from regulating the company's MWS in the Toronto, Montréal and Ottawa census metropolitan areas.

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10 *New regulatory framework for broadcasting distribution undertakings*, Public Notice CRTC 1997-25, 11 March 1997

11 Broadcasting distribution undertakings (BDUs) are classified based on the number of subscribers as follows: Class 1 refers to BDUs with more than 6000 subscribers, Class 2 includes BDUs that have between 2,000 and 6,000 subscribers and Class 3 encompasses BDUs with fewer than 2,000 subscribers.

12 *Review of regulatory framework*, Telecom Decision CRTC 94-19, 16 September 1994.

13 The three steps consisted of (a) identifying the relevant market; (b) determining whether the applicant has market power with respect to the relevant market; and (c) determining whether, and to what extent, forbearance should be granted.

14 *Order varying Telecom Decision CRTC 2006-15*, Order in Council P.C. 2007-532, issued 4 April 2007

15 *Forbearance from the regulation of retail local exchange services*, Telecom Decision CRTC 2006-15, 6 April 2006

16 *Framework for forbearance from regulation of high-speed intra-exchange digital network access services*, Telecom Decision CRTC 2007-35, 25 May 2007

2.3 Diversity and social issues

Part 1 - Broadcasting

For the purposes of this report, the Commission's key social policy objectives can be described under four general headings: (i) diversity, (ii) official languages, (iii) accessibility and (iv) programming standards.

(i) Diversity

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

The Commission's diversity objectives, as they pertain to the Canadian broadcasting system, require

- that the broadcasting system should be a mirror in which all Canadians can see themselves; and
- that 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.[17]

The Commission's objectives are to ensure

- the accurate reflection of the presence (i.e. "who we see" and "who we hear") of ethnocultural minorities, Aboriginal peoples, and persons with disabilities; and
- the accurate, fair, and non-stereotypical portrayal (i.e. "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 broadcasters and the national broadcaster, the Canadian Broadcasting Corporation (CBC).

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

Broadcasting services and community needs

The Commission continues to license services dedicated to serving specific communities such as

- conventional 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 Broadcasting Public Notice 2004-96,[18] which announced a revised approach to the assessment of requests to add non-Canadian third-language television services to the lists of eligible satellite services for distribution on a digital basis. The revised policy, which established a more open-entry approach to the authorization of non-Canadian third-language general interest services, puts a greater emphasis on expanding the diversity and choice in television services available to underserved third-language ethnic communities in Canada.

Subsequently, in Broadcasting Public Notice 2005-104,[19] the Commission established an open-entry approach for general interest third-language ethnic Category 2 pay and specialty services. To expand the diversity and range of services available to underserved communities, the Commission issued Broadcasting Public Notice 2007-33,[20] an exemption order that exempts from regulation certain third-language television undertakings, provided they meet the terms of the exemption order.

Persons with disabilities

In Broadcasting Public Notice 2004-2,[21] the Commission called upon CAB to examine issues surrounding the presence, portrayal, and participation of persons with disabilities in television programming. The CAB submitted its final report in September 2005. 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 Broadcasting Public Notice 2006-77, in response to the CAB's final

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18 *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

19 *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

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

21 *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 2008

report.[22] 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. It expects to see progress in licensees' annual reports on cultural diversity in the following areas:

- 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
- participating in community outreach initiatives involving persons with disabilities and disability organizations.[23]

Cultural diversity corporate plans and annual reports

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

In July 2004, the Task Force for Cultural Diversity on Television (the Task Force), which was formed by the CAB in 2001, published an extensive report.[24] 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 Broadcasting Public Notice 2005-24.[25] The Commission stated that, in addition to overall improvements in the representation and reflection of ethnocultural diversity on television, it expected 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

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22 *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

23 For further details on the CAB's initiatives regarding persons with disabilities, please see the CAB website at www.cab-acr.ca/english/social/diversity/disabilities.shtm.

24 *Reflecting Canadians: Best Practices for Cultural Diversity in Private Television* is available on the CAB website at http://www.cab-acr.ca/english/social/diversity/taskforce/report/cdtf_report_jul04.pdf.

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

- the 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 expected the CAB to report annually on its progress in implementing the industry initiatives recommended by the Task Force. The CAB filed its fourth annual report on diversity on 30 January 2009.

Television broadcasters

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.[26] 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.

Radio broadcasters

In November 2007, the Commission followed up on the *Commercial Radio Policy 2006* by establishing reporting requirements on cultural diversity for commercial radio operators[27] and approving the CAB's best practices for diversity in radio. Like television licensees, large radio operators (with revenues above $50 million) are required to report annually to the Commission, starting 31 January 2009. Medium-sized radio operators (with revenues between $20 million and $50 million) are required to report every five years starting 2 November 2012. Small radio operators (with revenues below $20 million) are exempt from reporting but should be prepared to describe their efforts in implementing the CAB's best practices at the time of their licence renewal.

Diversity of voices

As stated in Broadcasting Public Notice 2008-4 (*Diversity of voices*), the Commission considers that the concept of "diversity" in the Canadian broadcasting system should be approached at three distinct levels: diversity of elements, plurality of editorial voices within the private element, and diversity of programming.[28] In *Diversity of voices*, the Commission established an approach that will preserve the plurality of editorial voices and the diversity of programming available to Canadians, both locally and nationally, while allowing for a strong and competitive industry. The Commission introduced new policies with regard to cross-media ownership; the common ownership of television services, including pay and specialty services; and the common ownership of BDUs. The Commission's existing policies with respect to the common ownership of conventional television and radio undertakings remain in effect.

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

[27] *Canadian Association of Broadcasters' Best Practices for Diversity in Private Radio; Reporting requirements on cultural diversity for commercial radio operators*, Broadcasting Public Notice CRTC 2007-122, 2 November 2007

[28] *Diversity of voices* - Regulatory policy, Broadcasting Public Notice CRTC 2008-4, 15 January 2008

In addition, in Broadcasting Public Notice 2008-5,[29] the Commission conditionally approved the *Journalistic Independence Code* proposed by the Canadian Broadcast Standards Council (CBSC). The Commission directed the CBSC to include a minimum number of journalists on the panels that study complaints and to formalize the process used to select panel members. The CBSC did so, resulting in the Commission's final approval of the *Journalistic Independence Code* in Broadcasting Public Notice 2008-95, to which the final version of the Code is appended.[30] The principles set out in the Code will ensure a diversity of professional editorial voices and will eventually apply to all broadcasters who own a newspaper in the same market.

The national broadcaste

As the national broadcaster, the CBC, pursuant to paragraph 3(1)(*l*) of the *Broadcasting Act*, is required to provide radio and television services incorporating a wide range of programming that informs, enlightens, and entertains. Paragraph 3(1)(*m*) of the *Broadcasting Act* states that the 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.

The Commission requires that the CBC include in its annual reports a description of how it is fulfilling its commitment to more adequately reflect the multicultural and multiracial nature of Canada and the special place of Aboriginal peoples, and to balance on-air representation of racial and cultural minority groups and Aboriginal peoples in a manner that realistically reflects their participation in Canadian society and that help to counteract negative stereotypes.[31]

(ii) Official languages

The *Broadcasting Act* recognizes that "English and French language broadcasting, while sharing common aspects, operate under different conditions and may have different requirements." The *Broadcasting Act* requires that "a range of broadcasting services in English and in French shall be

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29 *Journalistic Independence Code* - Regulatory policy, Broadcasting Public Notice CRTC 2008-5, 15 January 2008

30 *Journalistic Independence Code – Final approval* - Regulatory Policy, Broadcasting Public Notice CRTC 2008-95, 20 October 2008

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

extended to all Canadians as resources become available" and also requires 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."

Pursuant to section 41 of the *Official Languages Act* (OLA), the Commission has the responsibility to take positive measures to enhance the vitality of the Anglophone and Francophone linguistic minority communities in Canada and support and assist their development as well as foster the full recognition and use of both English and French in Canadian society. In addition, because the Commission is a designated agency under section 41 of the OLA, it files a three-year plan to implement section 41 of the OLA and an annual achievement report. The Commission intends to continue its efforts, within the limits of its mandate, in promoting linguistic duality and in strengthening the vitality and fostering the development of the English- and French-language minority communities in Canada.

To this end, the Commission has created a discussion group with representatives of official language minority communities (OLMCs) associations and organizations. The group's mandate is to provide a forum in which the CRTC and OLMCs can identify ways to maximize OLMCs' participation in CRTC public proceedings and ensure that their realities are taken into account in the Commission's decisions. More specifically, these meetings provide opportunities to discuss trends in the areas of broadcasting and telecommunications, inform communities about the Commission's public proceedings that are of interest to them, and discuss tools and methods for improving their interventions at public hearings.[32]

The CRTC *Action Plan 2008-2011* also anticipates awareness and training activities, as well as communication, liaison and coordination, and reporting activities.

On 30 March 2009, the Commission released a report to the Governor in Council on English- and French-language broadcasting services in Anglophone and Francophone linguistic minority communities in Canada. In this report,[33] the Commission examined the television, radio, and new media services available within the Canadian broadcasting system to

- determine whether official-language minority communities have access to an appropriate and equitable number of quality services;
- establish whether those communities are adequately represented in the programming of these services;
- identify deficiencies and challenges related to access to these services and the representation of the communities in their programming; and

[32] Documents related to OLMCs, including the CRTC's Action Plans to implement section 41 of the OLA and its report on results, can be found on the CRTC website.

[33] The complete report is available for download on the Commission's website at www.crtc.gc.ca/eng/backgrnd/language/ol0903-lo0903.htm.

- discuss proposed measures for addressing these deficiencies and meeting these challenges.

The Commission concluded that official-language minority communities have appropriate access to television services. The Commission determined that the CBC and community radio stations play a most important role in official-language minority communities. The Commission found that community reflection in the programming of the services available in the Canadian broadcasting system can be improved.

Among other things, the Commission determines that, in the medium and long term, the new media represent the best solution for ensuring access to a maximum number of services and for allowing a better reflection of official-language minority communities within the Canadian broadcasting system. The Commission is of the view that in order to bring together all Canadians from their local communities, it is important that broadcasting content that represents them be available via new media.

(iii) Accessibility

Paragraph 3(1)(*p*) of the *Broadcasting Act* states that "programming accessible by disabled persons should be provided within the Canadian broadcasting system as resources become available for the purpose." 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 in Canadian society. As a vehicle for entertainment, television also allows Canadians to participate in a shared culture and shared social values.

a) 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.[34] In Broadcasting Public Notice 2007-54,[35] the Commission established a new policy with respect to closed captioning, which requires television broadcasters to caption 100% of their programs over the broadcast day. Recognizing that 100% error-free captioning requirement is impossible, largely due to technical and/or human error, the 100% requirement is subject to exceptions that take into account instances 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 but not patterns of such malfunctions and errors.

As noted in Broadcasting Public Notice 2007-54, the underlying rationale of the new policy applies to all broadcasters, including educational broadcasters and specialty, pay, pay-per-

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[34] Closed captioning provides on screen textual representation of the audio component of a television program. It is generally presented as a banner at the bottom of the screen, showing on screen dialogue and selected sounds in text form.

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

view (PPV) and video-on-demand (VOD) services. Accordingly, the Commission will discuss the application of this policy to such undertakings at the time of their licence renewals.

Recognizing that the quality of captioning is a growing concern, in Broadcasting Public Notice 2007-54, the Commission also stated its expectation that broadcasters focus on improving the quality, reliability, and accuracy of closed captioning, and work with representatives of the deaf and hard of hearing communities to develop and implement measures to improve the quality of closed captioning, including the development of universal standards in English and French. The Commission also 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.

On 7 December 2007, the CAB submitted its *Action Plan for Closed Captioning*, which included the proposed membership of the English- and French-language working groups. The Commission approved the plan on 28 February 2008. Initial results of the working groups were filed with the Commission in December 2008, forming part of the record of the Accessibility Proceeding (described below). The Commission will comment on the working groups' activities as part of its decision arising from the Accessibility proceeding, expected in the summer of 2009.

b) Access for persons who are blind or whose vision is impaired

Access for blind or visually impaired persons is provided through audio description[36] and video description[37] (described video programming). The Commission expects licensees to provide audio description wherever appropriate.

Broadcasters

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 the time of licence renewal or upon initial licensing.

Distributors

In Broadcasting Public Notice 2005-18,[38] the Commission reminded Class 1 cable operators and direct-to-home (DTH) providers of their obligation to pass through all described video

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36 Audio description is the provision of basic voice-overs of textual or graphic information displayed on screen.

37 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.

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

programming being provided to them by programming services. In Broadcasting Public Notice 2006-6,[39] the Commission stated that, while Class 2, Class 3 and exempt 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 analogue basis. The Commission also stated that it finds it appropriate to relieve multi-point distribution sservice (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 BDUs are passing description through to their subscribers.

National reading services

VoicePrint and La Magnétothèque are national reading services that 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 paragraph 9(1)(*h*) of the *Broadcasting Act*.[40] Cable companies distributing VoicePrint on an analogue 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 (SCMO) channels.

In Broadcasting Decision 2007-246,[41] the Commission approved the licensing and mandatory distribution of The Accessible Channel, a national, English-language, digital specialty described video television service that will provide 100% of its programming in open format described video.

c) The Accessibility Proceeding

On 10 June 2008, the Commission issued Broadcasting Notice of Public Hearing 2008-8/ Telecom Public Notice 2008-8, initiating a proceeding to address unresolved issues relating to the accessibility of telecommunications and broadcasting services to persons with disabilities. The oral phase of this proceeding took place in November 2008. The Commission expects to issue its decision on the Accessibility Proceeding in the summer of 2009.

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39 *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

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

41 *New digital specialty described video programming undertaking; Licence amendments; Issuance of various mandatory distribution orders,*Broadcasting Decision CRTC 2007-246, 24 July 2007

(iv) Programming standards

The Commission is required, pursuant to subsection 5(1) of the *Broadcasting Act*, to regulate and supervise the Canadian broadcasting system with a view to implementing the broadcasting policy set out in subsection 3(1) of the *Broadcasting Act*. Subsection 3(1) sets out an extensive declaration of the broadcasting policy for Canada and lists a number of policy objectives that address programming standards. Subparagraph 3(1)(*d*)(i) states that the Canadian broadcasting system should "serve to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada." Subparagraph 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." Subparagraph 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." Paragraph 3(1)(*g*) states that "the programming originated by broadcasting undertakings should be of high standard."

a) Policy achievement

The Commission balances the achievement of the broadcasting policy against the requirement to apply the *Broadcasting Act* in a manner consistent with freedom of expression and the journalistic, creative, and programming independence enjoyed by broadcasting undertakings, as set out in subsection 2(3). Paragraph 3(1)(*h*) of the *Broadcasting Act* states that the broadcasters themselves "have a responsibility for the programs they broadcast."

b) Standards

A key mechanism for achieving these objectives is through self-regulation. The industry must abide by the following industry codes,[42] 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 CBSC or the Advertising Standards Canada (ASC):[43]

- 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 Equitable Portrayal Code[44]

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

43 ASC is a not-for-profit industry body committed to creating and maintaining community confidence in advertising.

44 *Equitable Portrayal Code - Regulatory policy*, Broadcasting Public Notice CRTC 2008-23, 17 March 2008. In this public notice, the Commission approves the *CAB's Equitable Portrayal Code* which replaces *CAB's Sex-Role Portrayal Code for Television and Radio Programming* approved by the Commission in Public Notice 1990-99. The code incorporates standards, not only for the portrayal of women, but also for the portrayal of ethnocultural groups, Aboriginal peoples and persons with disabilities.

- CAB Violence Code[45]
- CBC Guidelines on Sex-Role Portrayal
- Code for Broadcast Advertising of Alcoholic Beverages
- Industry Code of Programming Standards and Practices Governing Pay, PPV, and VOD Services
- Pay Television and PPV Programming Code Regarding Violence
- Radio-Television News Directors Association of Canada (RTNDA Canada) Code of (Journalistic) Ethics
- Journalistic Independence Code

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*.[46] The code includes a comprehensive section specifically addressing adult programming. This section 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.

In Broadcasting 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 groups, Aboriginal peoples and persons with disabilities. The CAB submitted its revised Equitable Portrayal Code on 12 March 2007. This code expands and effectively replaces the CAB Sex-Role Portrayal Code for Radio and Television Programming. The Commission approved the CAB's Equitable Portrayal Code in Broadcasting Public Notice 2008-23.[47] It is a condition of licence for all broadcasters.

c) Complaints and inquiries

Between 1 April 2008 and 31 March 2009, the Commission received 2,013 broadcasting complaints. Most (35%) of the complaints were related to conventional television, followed by those related to radio (24%). Pay television and PPVservices received 404 complaints compared to only 4 complaints in the previous year, almost all of which were related to adult content.

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45 The CBSC requested that the title of the *CAB Voluntary Code Regarding Violence in Television Programming* be changed to the *CAB Violence Code* in August 2008. The Commission approved the title change via letter dated 8 September 2008.

46 *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

47 *Equitable Portrayal Code - Regulatory Policy*, Broadcasting Public Notice CRTC 2008-23, 17 March 2008

The CBSC[48] 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 Violence Code
- CAB Equitable Portrayal Code
- RTNDA of Canada Code of (Journalistic) Ethics
- Journalistic Independence Code
- Industry Code of Programming Standards and Practices Governing Pay, PPV and VOD Services
- Pay Television and PPV Programming Code Regarding Violence

The Commission deals primarily with complaints that are related to broadcasters who are not CBSC members and with issues that do not fall within the parameters of the codes administered by the CBSC.

The 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, the ASC undertakes pre-clearance functions in five industry categories based on applicable legislation, regulations, and/or industry codes and guidelines.

Viewers and listeners may request that the Commission consider their complaints at first instance, or where they are not satisfied with the results of the self-regulatory process.

[48] www.cbsc.ca

Statistical information - Diversity and social issues (Broadcasting)

Table 2.3.1 Broadcasting complaints by sector, by issue

	1 April to 31 March							
	2005-06		2006-07		2007-08		2008-09	
Topic	Complaints received	Referrals to CBSC	Complaints received	Referrals to CBSC	Complaints received	Referrals to CBSC	Complaints received	Referrals to CBSC
Radio								
Abusive comment[a]	108	57	141	64	11	-	26	10
Adult content	28	23	13	5	8	3	19	11
Alcohol advertising	2	2	3	2	-	-	6	-
Gender portrayal	2	2	3	-	-	-	1	1
Offensive comment[b]	250	114	204	127	89	30	397	308
Offensive language[c]	54	22	52	20	24	8	40	23
Conventional television								
Abusive comment	378	105	124	87	5	1	39	5
Adult content	245	123	132	66	84	34	111	47
Alcohol advertising	6	2	9	2	4	-	17	1
Gender portrayal	3	1	10	3	-	-	5	2
Offensive comment	563	317	154	61	107	6	455	61
Offensive language	66	28	47	19	34	14	51	20
Television violence	86	31	110	59	40	9	85	24
Specialty channels								
Abusive comment	15	10	10	8	2	-	10	-
Adult content	109	68	90	55	32	14	82	39
Alcohol advertising	-	-	1	1	1	-	1	-
Gender portrayal	3	2	2	-	-	-	-	-
Offensive comment	44	31	38	25	12	2	212	202
Offensive language	29	20	14	7	7	2	32	23
Television violence	19	10	16	11	14	5	20	14
Pay television and pay-per-view services								
Abusive comment	-	-	-	-	-	-	-	-
Adult content	5	-	14	-	4	-	402	1
Alcohol advertising	-	-	-	-	-	-	-	-
Gender portrayal	-	-	-	-	-	-	-	-
Offensive comment	-	-	-	-	-	-	2	-
Offensive language	1	-	-	-	-	-	-	-
Television violence	1	-	1	-	-	-	-	-
Subscription radio (Satellite)								
Abusive comment	3	3	-	-	-	-	-	-

Notes:
a) Where a complaint alleges that hatred or contempt was incited on-air against one of the groups identified in the television, radio, or specialty regulations
b) Where a complaint alleges offensive humour or other comments that do not fall under the "abusive comment" provision
c) Where a complaint alleges offensive language in song lyrics or in spoken word

Source: CRTC Correspondence Tracking System. (The Rapids tracking system counts multiple contacts from the same client on the same complaint as separate units. The actual number of complaints received should be therefore slightly lower.)

Table 2.3.2 Number of contacts by public

	1 April to 31 March			
	2005-06	2006-07	2007-08	2008-09
Broadcasting related enquiries	17,418	13,947	14,594	7,131
Broadcasting complaints	9,469	7,951	5,581	11,851

Source: CRTC Correspondence Tracking System (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.)

Table 2.3.3 Complaints handled by the CBSC

	2005-06	2006-07	2007-08
Files handled by the CBSC	1,917	1,426	1,498
Referred by the CRTC	1,150	795	979

Source: CBSC annual reports

Table 2.3.4 Complaints handled by the ASC

	2004	2005	2006	2007	2008
Complaints received by the ASC	1,540	1,271	1,040	1,445	1,119
Complaints about television ads	939	579	527	857	528
	(61%)	(46%)	(51%)	(59%)	(47%)
Complaints about radio ads	90	57	73	52	56
	(6%)	(4%)	(7%)	(4%)	(5%)

Source: Ad complaints reports

Part 2 - Telecommunications

The *Telecommunications Act* affirms that telecommunications perform an essential role in the maintenance of Canada's identity and sovereignty. With respect to social issues, Canadian telecommunications policy has the following objectives:

- to facilitate the orderly development throughout Canada of a telecommunications system that serves to safeguard, enrich and strengthen the social and economic fabric of Canada and its regions (paragraph 7(*a*) of the *Telecommunications Act*);
- to render reliable and affordable telecommunications services of high quality accessible to Canadians in both urban and rural areas in all regions of Canada (paragraph 7(*b*) of the *Telecommunications Act*);
- to respond to the economic and social requirements of users of telecommunications services (paragraph 7(*h*) of the *Telecommunications Act*); and
- to contribute to the protection of the privacy of persons (paragraph 7(*i*) of the *Telecommunications Act*).

(i) Connections

The telecommunications network has evolved from a landline twisted-pair based communications network to an interconnected multi-platform network that provides Canadians with both voice and data communications when and where they want it. These connections consist of the traditional wired local exchange service, wireless or mobile service, Internet Protocol (IP) based connections using the underlying Internet, and Internet subscriptions. In 2008, there were approximately 19.3 million residential and business local exchange lines (including voice over IP (VoIP)), 22.1 million residential and business wireless subscribers, and 9.8 million residential Internet subscribers for a total of 51.2 million connections, an increase of approximately 5% over the previous year.

Internet connections allow Canadians to essentially merge their voice and data communications activities. For example, there is the rapid growth of social networking sites and similar services, such as instant messaging, which allows users to communicate with one another in new ways. These media combine elements of both audiovisual content as well as telecommunications (online conversations) in order to allow Canadians to share common experiences and to connect with others who share common interests, languages, and/or cultural values. Over the past year, the changes have been seen through a rise in the use of social networking sites, combined with a decline in instant messaging application usage. Of particular interest is the growth of social networking sites such as Facebook, not just in Canada, but globally as well.

Although how Canadians communicate is changing, penetration rates still provide a useful indicator of consumer access to the public switched telephone network (PSTN). Penetration rates are measured by identifying the percentage of households that subscribe to various local services that use or access the PSTN, such as wireline local telephone service and wireless telephone service.

The penetration rate of wireline and/or wireless services, including VoIP-based local service, remained relatively constant[49] over the 2001 to 2008 period, at approximately 99% of households. Wireline penetration gradually declined over this period from 97.4 to 91.1% of households. In contrast, over the same period, wireless penetration increased from 47.6 to 74.3% of households, and wireless-only households increased more than sixfold from 1.2% in 2001 to 8.0% in 2008.

In Telecom Decision 2008-1,[50] the Commission approved the use of deferral account funds[51] by incumbent local exchange carriers (ILECs) for certain initiatives including improvements to access to telecommunications services for persons with disabilities. The Commission also directed[52] that any balance remaining in the deferral accounts be rebated to residential subscribers in non-high-cost serving areas.[53]

(ii) Price indices and the consumer price index

Price indices provide a useful means to assess the movement of the price for a basket of goods or services. For the Canadian communications industry, Statistics Canada provides three indices: the telephone price index (TPI),[54] the cablevision and satellite services (including pay television) index, and the Internet access services index.[55]

Throughout the 2002 to 2008 period, the TPI and the Internet access services index remained below the consumer price index (CPI). Over the 2002 to 2007 period, telephone prices, on average, increased 1.6%, whereas the price of Internet access services declined 2.6%. In 2008, the TPI increased 4.3%, whereas the price of Internet access services

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49 *June 2008 Affordability Monitoring Report* pursuant to *Modification to the affordability monitoring program for residential telephone service in Canada*, Telecom Decision CRTC 2004-73, 9 November 2004. Data source: Statistics Canada

50 *Use of deferral account funds to improve access to telecommunications services for persons with disabilities and to expand broadband services to rural and remote communities*, Telecom Decision CRTC 2008-1, 17 January 2008

51 In *Disposition of funds in the deferral accounts*, Telecom Decision CRTC 2006-9, 16 February 2006 (Telecom Decision 2006-9), the Commission determined the guidelines for disposition of funds remaining in the deferral accounts for several incumbent TSPs. The deferral accounts were created by *Regulatory framework for second price cap period*, Telecom Decision CRTC 2002-34, 30 May 2002, as amended by Telecom Decision CRTC 2002-34-1, 15 July 2002 (Telecom Decision 2002-34) and *Implementation of price regulation for Télébec and TELUS Québec*, Telecom Decision CRTC 2002-43, 31 July 2002 (Telecom Decision 2002-43). The incumbent TSPs were directed to place into those accounts amounts equal to the revenue reductions that would otherwise have resulted from application of the price cap formula, in order to avoid a negative impact on local competition.

52 Portions of the decision related to, among other things, rebates were stayed until the Supreme Court of Canada decides upon Bell Canada's application for leave to appeal the decision of the Federal Court of Appeal regarding Telecom Decision 2006-9.

53 Companies were directed to file proposals outlining how rebates could be most effectively made both in terms of benefits to customers and minimal disruption to companies.

54 The TPI reflects the price changes experienced by a household for a basket of telephone services. The basket of telephone services reflects a weighted average of consumer expenditures on basic local service, other local services (such as options and features), and long distance, installation, and repair services. They do not, however, include wireless or Internet service expenditures.

55 Statistics Canada Catalogue No. 62-001-XPB 2001-2005

decreased an additional 1.7%. Video distribution services, as captured by the cablevision and satellite services (including pay television) index, increased 22.7% over the 2002 to 2007 period; in 2008, it increased an additional 6%. The CPI increased 11.4% over the 2002 to 2007 period, and an additional 2.7% in 2008.

(iii) The consumer

Statement of consumer rights

The statement of consumer rights provides a guide to help consumers understand their rights with respect to local home phone services.[56] The Commission determined in Telecom Decision 2006-52 that the statement of consumer rights should be limited to telecommunications services as defined under the *Telecommunications Act* and the rights that apply to regulated retail tariff services.

In its earlier decisions on local forbearance, the Commission had established a list of obligations common to all local exchange carriers (LECs).[57] The obligations on the list include issues of customer confidentiality, emergency service obligations, and customer notification and the disconnection of local service for non-payment of long distance service.

Accessibility

Subsection 27(2) of the *Telecommunications Act* prohibits a Canadian carrier from unjustly discriminate or give an undue or unreasonable preference toward any person, including itself, or subject any person to an undue or unreasonable disadvantage in relation to providing a telecommunications service.

Some services for people with disabilities are mandated by the CRTC. These include Message Relay Service, which allows callers unable to use a regular phone to place telephone calls to people who use a regular phone and vice versa; a 50% discount off basic toll rates for telecommunications device for the deaf (TDD) users; alternative billing formats (e.g. braille, large print); free directory assistance; automatic directory assistance call completion; and a teletypewriter upgrade program for pay telephones.

In January 2008, the Commission approved the use of deferral account funds by ILECs for certain initiatives to improve access to telecommunications services for persons with disabilities. These initiatives included the following: establishing a single point of contact for persons with disabilities to receive customer service tailored to the specific needs of the customer; conducting research into the needs of persons with disabilities during the development process of new products and services; establishing accessibility committees; incorporating inclusive design considerations in service development; developing specific

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56 *Statement of consumer rights*, Telecom Decision CRTC 2006-52, 29 August 2006 (Telecom Decision 2006-52)

57 *Forbearance from the regulation of retail local exchange services*, Telecom Decision CRTC 2006-15, 6 April 2006, as amended by Order in Council P.C. 2007-532, 4 April 2007

inclusiveness guidelines; and working with wireless device manufacturers to procure accessible wireless handsets.

Commissioner for Complaints for Telecommunications Services

Following a public proceeding,[58] the CRTC approved the structure and mandate of the Commissioner for Complaints for Telecommunications Services Inc. (CCTS or Agency) subject to certain conditions being met. The CCTS, which began operating on 23 July 2007, provides residential and small business customers with an effective, accessible, and consumer-friendly recourse when they are unable to resolve a disagreement with their TSP. It aims to resolve complaints from residential and small-business subscribers about deregulated services.

TSPs with annual service revenues exceeding $10 million are required to be members of the Agency. Some TSPs, however, have yet to join the CCTS and some TSPs that did join made an application to review and vary Telecom Decision 2007-130, questioning the CRTC's authority to determine the CCTS' membership requirements. The Commission released its decision[59] on the application on 30 May 2008.

The Commission requested that the CCTS report back to it on issues related to the CCTS' operating procedures and public awareness campaign. In March 2008, the CCTS provided some preliminary comments on the progress that it had accomplished to date. The CCTS received 3,731 contacts from consumers and small businesses between 23 July 2007 and 29 February 2008. These contacts included 1,351 complaints that fell within the CCTS' mandate and related to one of its members.

National Do Not Call List (National DNCL)

In June 2006, Bill C-37 came into force. It amended the *Telecommunications Act* to grant the CRTC the powers required to establish a National DNCL. In July 2007, the Commission established the rules of the National DNCL.[60] The rules are part of the unsolicited Telemarketing Rules that cover all aspects of telemarketing calls. These rules are meant to balance the privacy of individuals with the legitimate uses of telemarketing.

There are exemptions set out in the *Telecommunications Act* that will permit certain types of unsolicited calls even though the phone number is on the National DNCL. For

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58 *Establishment of an independent telecommunications consumer agency*, Telecom Decision CRTC 2007-130, 20 December 2007 (Telecom Decision 2007-130)

59 *Applications to review and vary certain determinations in Telecom Decision 2007-130 regarding the establishment of an independent telecommunications consumer agency*, Telecom Decision CRTC 2008-46, 30 May 2008

60 *Unsolicited Telecommunications Rules framework and the National Do Not Call List*, Telecom Decision CRTC 2007-48, 3 July 2007, as amended by Telecom Decision CRTC 2007-48-1, 19 July 2007 (Telecom Decision 2007-48). The National DNCL rules have most recently been updated in *Modifications to some Unsolocited Telecommunications Rules*, Telecom Regulatory Policy CRTC 2009-200, 20 April 2009.

example, calls from registered charities and political parties will be exempted, as well as calls from organizations with which the consumer already has a business relationship.

Organizations that are exempt from the National DNCL are nonetheless required to establish their own internal DNCL, and add to it the phone number of any consumer who does not want to be called by that organization.

The Commission does not manage the National DNCL. After issuing a Request for Proposal, the Commission awarded a five-year contract to Bell Canada for the development, implementation, and operation of the National DNCL in 2008. The National DNCL was launched on 30 September 2008. The National DNCL is funded by fees paid by the telemarketers who subscribe to the National DNCL. As of 19 May 2009,

- over 6.8 million numbers have been registered on the list;
- 6,226 companies have registered as telemarketers; and
- 2,900 subscriptions have been purchased.

The Commission has established a framework for investigating possible violations of the telemarketing rules, including those of the National DNCL. As of 19 May 2009, over 145,000 complaints have been received and over 700 investigations have been investigated. Companies who are found in violation will be subject to administrative monetary penalties.

(iv) Privacy

The Commission has established a number of privacy safeguards and obligations to protect consumers of telecommunications services. These include, for example, confidentiality of consumer information which says that all information regarding the customer, other than the customer's name, address, and listed telephone number is confidential and may not be disclosed to anyone except under certain circumstances. With respect to the distribution of listing information by telephone companies, certain safeguards exist for protecting the privacy of consumers. Consumers with non-published telephone numbers are not included in listings that are provided by ILECs to third parties. Consumers with published telephone numbers can request that their names and numbers be removed from listings sold or rented to third parties. Consumers can also access other services to help them control and protect privacy, such as call blocking.

(v) Emergency services

In Telecom Decision 2005-21,[61] the Commission mandated that all service providers offering local VoIP service must notify their customers, and potential customers, of any service limitations with respect to their 9-1-1 or enhanced 9-1-1 (E9-1-1) service. The Commission requested the CRTC Interconnection Steering Committee (CISC) to develop standard notifications for the implementation of that requirement.

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[61] *Emergency service obligations for local VoIP service providers*, Telecom Decision CRTC 2005-21, 4 April 2005

On 12 August 2005, CISC submitted its report[62] for Commission approval. The Report recommended the minimum requirements for customer notification regarding the availability, characteristics, and limitations of the local VoIP service provider's 9-1-1/E9-1-1 service, as compared to wireline E9-1-1 service.

In Telecom Decision 2005-61,[63] the Commission approved the Report and directed all Canadian carriers offering local VoIP service to abide by the customer notification requirements set out in the Report.

With respect to emergency 9-1-1 services, the Commission notes that it is inappropriate for VoIP service providers to deliver 9-1-1 calls from their fixed/non-native and nomadic VoIP customers to public safety answering points (PSAPs) using low-priority telephone lines or restricted numbers. The Commission considers that zero-dialed emergency call routing service (0-ECRS) is the only available 9-1-1 call routing method on the record that is functionally comparable to basic 9-1-1 service.[64]

The Commission requires all Canadian carriers offering local VoIP service to use 0-ECRS as the interim solution to route fixed/non-native or nomadic VoIP 9-1-1 calls to the PSAPs, pending the development and implementation of a long-term fixed/non-native and nomadic VoIP E9-1-1 solution.

The Commission also has a framework for an emergency community notification service for use by local authorities which allows ILECs to provide E9-1-1 information for a telephone-based community notification service, subject to limitations to its circumstances of use, with appropriate safeguards, notification requirements, and other constraints.[65]

In Telecom Regulatory Policy 2009-40,[66] the Commission established the framework for the technical and operational requirements for the implementation of wireless Phase II E9-1-1 service, which will provide substantial public safety improvements. The Commission mandated all wireless service providers to complete their respective implementation of wireless Phase II E9-1-1 service by 1 February 2010, wherever wireline E9-1-1 service is available across Canada.

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62 Emergency Services Working Group (ESWG) Consensus Report ESRE039D – *Customer Notification Issues re: 9-1-1 calls on VoIP*, 21 July 2005 (the Report)

63 *Follow-up to* Emergency service obligations for local VoIP service providers, *Decision 2005-21 - Customer notification requirements*, Telecom Decision CRTC 2005-61, 20 October 2005

64 *Routing of fixed/non-native and nomadic VoIP 9-1-1 calls to public safety answering points*, Telecom Decision CRTC 2007-44, 15 June 2007

65 *Use of E9-1-1 information for the purpose of providing an enhanced community notification service*, Telecom Decision CRTC 2007-13, 28 February 2007

66 *Implementation of wireless Phase II E9-1-1 service*, Telecom Regulatory Policy CRTC 2009-40, 2 February 2009

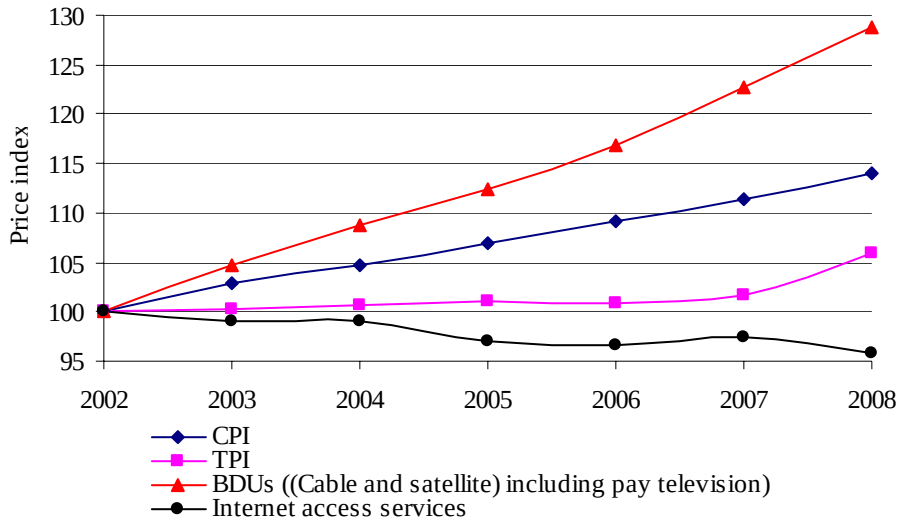
Statistical information - Diversity and social issues (Telecommunications)

Table 2.3.5 Canadian penetration rates - Wireline and wireless subscribers (per 100 households)

Year	Wireline	Wireless	Wireline and/or wireless	Wireless (only)
2001	97.4	47.6	98.6	1.2
2002	97.0	51.6	98.7	1.7
2003	96.3	53.9	98.8	2.5
2004	96.2	58.9	98.9	2.7
2005	94.0	n/a	98.8	4.8
2006	93.6	66.8	98.6	5.0
2007	92.5	71.9	98.8	6.3
2008	91.1	74.3	99.1	8.0

Source: Statistics Canada: (2001 to 2007) Affordability Study, 2008 (Residential Telephone Survey Study (RTSS))
n/a: not available

Figure 2.3.1 Price indices (TPI, BDU (Cable and Satellite (including pay television)), Internet access services, and CPI)



Source: Statistics Canada

2.4 Regulatory frameworks

A) Broadcasting

To achieve the cultural, social, political, and economic objectives of the *Broadcasting Act*, the Commission established a set of policies and regulations that address the unique characteristics of the Canadian broadcasting environment.

i) Regulatory framework - Radio

The Commission has established policies and regulations with respect to radio that encompass:

- Conventional over-the-air radio
  a. Commercial radio[67]
  b. Public radio[68]
  c. Campus radio[69]
  d. Community radio[70]
  e. Aboriginal/Native radio[71]
  f. Digital radio[72]
  g. Ethnic radio[73]
  h. Religious radio[74]

- Multi-channel subscription radio services[75]
  a. Satellite subscription radio services
  b. Terrestrial subscription radio services

- Audio services delivered by BDUs[76]
  a. Specialty audio
  b. Pay audio[77]

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67 *Commercial Radio Policy 2006,* Broadcasting Public Notice CRTC 2006-158, 15 December 2006
68 *Broadcasting Act*
69 *Campus radio policy*, Broadcasting Public Notice CRTC 2000-12, 28 January 2000
70 *Policy framework for community-based media*, Broadcasting Public Notice CRTC 2002-61, 10 October 2002; *Community radio policy*, Broadcasting Public Notice 2000-13, 26 January 2000
71 *Native Broadcasting Policy*, Broadcasting Public Notice CRTC 1990-89, 20 September 1990
72 *Digital radio policy*, Broadcasting Public Notice CRTC 2006-160, 15 December 2006
73 *Ethnic broadcasting policy*, Broadcasting Public Notice CRTC 1999-117, 16 July 1999
74 *Religious Broadcasting Policy*, Broadcasting Public Notice CRTC 1993-78, 3 June 1993
75 *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
76 *New licensing framework for specialty audio programming services*, Broadcasting Public Notice CRTC 2002-53, 12 September 2002
77 *Licensing of four new pay audio undertakings*, Public Notice CRTC 1995-218, 20 December 1995

These policies and regulations address radio programming, levels of Canadian content, and other matters. Content regulations include the levels of Canadian music and French-language vocal music that must be broadcast by licensed radio undertakings.

- Commercial, campus and community radio stations are required to devote at least 35% of their musical selections drawn from content category 2 (popular music) to Canadian selections each week.[78] This minimum level also applies to the 6 a.m. – 6 p.m. period from Monday to Friday on commercial radio stations only.
- French-language stations are required to devote at least 65% of 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 6 a.m. and 6 p.m., from Monday to Friday, in the 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 periods.
- Commercial radio stations are required to devote at least 25% of their musical selections drawn from subcategory 31 (concert music) and 20% of their musical selections drawn from subcategory 34 (jazz and blues) to Canadian selections each week. The *Radio Regulations, 1986* require that stations airing music from other category 3 special interest subcategories broadcast at least 10% Canadian selections in those subcategories each week.
- In *Commercial Radio Policy 1986*, the Commission also indicated that applicants for new licences, licence renewals, and changes in ownership or control of radio stations would be asked to make specific commitments to provide airplay and promotion for emerging Canadian artists and their music.
- In Broadcasting Regulatory Policy 2009-61,[79] the Commission eliminated restrictions on the broadcast of hits by English-language commercial FM radio stations in English-language markets.

Licensing of new radio stations

When issuing licences for new radio stations, the Commission follows a competitive licensing process that allows for the evaluation of competitive commercial licence applications.[80] In Broadcasting Decision 99-480, the Commission outlined the factors that will generally be among those relevant to the evaluation of competitive applications. The factors were: (i) quality of the application; (ii) diversity of news voices in the market; (iii) market impact; and (iv) competitive state of the market. The Commission noted that the relative weight and significance of the factors would vary depending on the specific

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78 Seven consecutive broadcast days (6 a.m. to midnight) beginning on Sunday.

79 *Policy regarding the broadcast of hits by English-language FM radio stations*, Broadcasting Regulatory Policy CRTC 2009-61, 11 February 2009

80 *Introductory statement – Licensing new radio stations*, Broadcasting Decision CRTC 99-480, 28 October 1999

circumstances of the market concerned. The Commission also considers the extent to which approval of the application would further the objectives of the *Broadcasting Act*, particularly with respect to the production of local and regional programming.

Applications for new radio stations in smaller markets are subject to the revised market evaluation process outlined in Broadcasting Public Notice 2006-159.[81] If the Commission's final determination is that the market is incapable of supporting a new radio station, the application will be either returned to the applicant or a public notice will be issued detailing the Commission's conclusions for not proceeding with a call for applications. Where the Commission decides not to issue a call based on unfavourable market conditions or where it decides not to issue a new commercial licence following a call for applications, the Commission will not generally be disposed to accept applications for this market for a period of two years from the date of the decision announcing the Commission's determination.

Commercial radio

The Commission stated in its *Commercial Radio Policy 2006* that, although the radio industry is currently healthy, it was 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. The Commission therefore continues 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 changes in ownership and/or control proceedings about their plans to employ new distribution platforms to the benefit of the Canadian broadcasting system.

Digital radio

In Broadcasting Public Notice 2006-160,[82] the Commission set out its revised policy for digital radio broadcasting. Under this revised policy, the transitional model for L-band digital radio broadcasting (DRB) was replaced with a flexible model allowing for new innovative services. The Commission will now 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. These new digital radio licence holders will fall under the same regulatory framework as existing FM analogue services.

For in-band-on-channel (IBOC) technologies, the Commission stated that, if the Department of Industry authorized IBOC technology (or another technology such as Digital Radio Mondiale (DRM)) for the AM and/or FM bands, the Commission would be prepared to authorize such services given its s powers under the *Broadcasting Act.* The Commission also agreed that Digital Multimedia Broadcasting (DMB), Digital Video Broadcasting-Handheld

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81 *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

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

(DVB-H), and other multimedia technologies could deliver innovative programming provided that the spectrum capacity issues are addressed.

ii) Regulatory framework - Television

The Commission has established policies and regulations with respect to television that encompass:

- Conventional over-the-air television[83]
- Public television[84]
- Digital pay and specialty services[85]

In the 1999 Television Policy, the Commission indicated that one of its goals in developing the policy was to "ensure quality Canadian programs at times when Canadians are watching." The policy also stated that the Commission wished to ensure the availability of a sufficient number of hours of diverse Canadian programming in order to attract audiences during peak viewing periods (i.e. 7 p.m. to 11 p.m.).

In the 1999 Television Policy, "under-represented" Canadian drama, music and dance, and variety programs were 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 broadcasters in connection with transfers of ownership or control.

Over-the-air (OTA) digital television services

In Broadcasting Public Notice 2002-31,[86] the Commission set out a policy framework for over-the-air (OTA) digital television (DTV) services. The Commission's DTV services policies are based on the principle that digital technology will replace analogue technology and are intended to encourage the transition of the Canadian broadcasting system from analogue to digital and high-definition (HD) technology.

Recognizing the need to provide regulatory certainty and encouragement during the transition period, the Commission instituted the regulatory framework for the distribution of digital

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

84 *Broadcasting Act*

85 *Regulatory framework for the licensing and distribution of high definition pay and specialty services*, Broadcasting Public Notice CRTC 2006-74, 15 June 2006

86 *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

OTA services in Broadcasting Public Notice 2003-61.[87] In the meantime, as of 31 December 2008, the Commission has authorized 22 originating and eight rebroadcast OTA transitional digital television licences to help support the transition from analogue to digital.

Transitional DTV licensees are allowed to broadcast a maximum of 14 hours per week of high definition programming that is not duplicated on the analogue 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. This OTA policy was subsequently updated in May 2007 in Broadcasting Public Notice 2007-53[88]

In May 2007, the Commission announced that analogue licences would not be renewed beyond August 2011.[89] The adoption of a shut-down date is expected to provide the television industry with the necessary regulatory certainty to expedite the transition from analogue to digital. The Commission further noted that it would also help advance the production of Canadian HD programming.

To ensure that Canadians are not deprived of OTA television service, the Commission indicated that it was willing to consider, on an exceptional basis, the continuation of analogue OTA service in northern and remote communities where spectrum is not in short supply and where there would be no interference with the transmission of other signals.

Digital pay and specialty services

In Broadcasting Public Notice 2000-6[90] and in Broadcasting Public Notice 2004-8,[91] 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 that are not directly competitive with any analogue pay or specialty or Category 1 services are licensed as Category 2 services.

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87 *The regulatory framework for the distribution of digital television signals*, Broadcasting Public Notice CRTC 2003-61, 11 November 2003

88 *Determinations regarding certain aspects of the regulatory framework for over-the-air television*, Broadcasting Public Notice CRTC 2007-63, 17 May 2007

89 Ibid

90 *Licensing framework policy for new digital pay and specialty services*, Public Notice CRTC 2000-6, 13 January 2000

91 *Revised procedures for processing applications for new digital Category 2 pay and specialty television services*, Broadcasting Public Notice CRTC 2004-24, 8 April 2004

In 2005, 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.[92] In March 2007, the Commission issued a new exemption order respecting certain third-language services.[93]

In Broadcasting Public Notice 2008-100,[94] the Commission announced a new regulatory framework for digital discretionary programming services to replace the framework that was established in 2000 and 2004. This new framework establishes the authorizations and obligations applicable to digital discretionary programming services and generally governs the relationship between these services and the various types of undertakings that distribute them.

In reviewing the rules that affect the obligations and distribution of digital discretionary programming services, the Commission decided to

- retain access rights in the digital environment for existing Canadian analogue and Category 1 pay and specialty services. Services with access rights will be referred to as Category A services. Existing Category 2 services and any new services that the Commission may choose to license without access rights will be referred to as Category B services;
- introduce competition between Canadian services that operate in the genres of mainstream sports and mainstream national news;
- consider competitive applications in other genres, should an applicant demonstrate that the genre met the criteria set out by the Commission;
- simplify and streamline the rules that define a non-competitive service's nature of service and provide greater flexibility with regard to the program categories from which it is permitted to draw programming; and
- maintain the current restrictions on advertising limits (maximum of 12 minutes per hour) for specialty services.

The new policies are applicable to digital services and will take effect on 31 August 2011 to be consistent with the date conventional OTA television in Canada will switch from analogue to digital transmission and to give the industry time to adapt.

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92 *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

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

94 *Regulatory frameworks for broadcasting distribution undertakings and discretionary programming services*, Broadcasting Public Notice CRTC 2008-100, 30 October 2008 (Broadcasting Public Notice 2008-100)

iii) Regulatory framework - BDUs

In Broadcasting Public Notice 2008-100, the Commission also announced a new regulatory framework for BDUs, to replace the framework established in 1997.[95] This new framework establishes the authorizations and obligations applicable to BDUs and generally governs the relationship between these undertakings and the various types of programming services that they distribute.

The Commission developed forward-looking policies that will give the broadcasting system added flexibility while retaining the necessary regulations to achieve the objectives of the *Broadcasting Act*.

In reviewing the rules that affect broadcasting distribution companies, such as terrestrial and satellite providers, the Commission decided to

- exempt from its licensing requirements broadcasting distribution companies with fewer than 20,000 subscribers;
- harmonize as much as possible the rules between satellite and terrestrial distribution companies;
- eliminate most rules governing how channels are packaged;
- modify its approach to dispute resolution for complaints that involve allegations of undue preference or undue disadvantage;
- require broadcasting distribution companies to continue offering a basic service package after the transition to digital; and
- initiate proceedings to explore how new forms of digital and interactive advertising could benefit the broadcasting system as a whole.

As noted above, the majority of the new policies are applicable to digital services and are scheduled to take effect on 31 August 2011 to coincide with the date OTA television in Canada will switch from analogue to digital transmission and give the industry time to adapt. Many of the new policies will require changes to the relevant Commission regulations. Others will be implemented through appropriate conditions of licence or amendments to exemption orders issued pursuant section 9(4) of the *Broadcasting Act*.

Non-Canadian satellite services authorized for distribution in Canada[96]

In addition to Canadian programming services, the Commission also authorizes BDUs to provide a number of non-Canadian programming services. It does so by adding such services to a list of services eligible for distribution in Canada.

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95 In Broadcasting Public Notice 2008-100, the Commission also sets out its determinations with respect to revised policy frameworks for discretionary programming services as well as its policies relating to the distribution by BDUs of distant OTA signals and the issue of a fee for carriage by BDUs of OTA stations.

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

In Broadcasting Public Notice 2004-96,[97] the Commission adopted a more open approach to the entry of non-Canadian, third-language general interest television services, which had previously been subject to a competitiveness test that precluded their addition to the list if they were found to be either partially or totally competitive with Canadian specialty or pay television services. This requirement was changed in order to expand the diversity of television services available to underserved third-language communities in Canada. In so doing, the Commission established conditions for the distribution of non-Canadian, third-language services to ensure that the viability of Canadian third-language services and their ability to meet their obligations under the *Broadcasting Act* was not adversely affected.

In Broadcasting Public Notice 2008-100, the Commission announced that, effective 31 August 2011, it would harmonize its approach for general interest and niche non-Canadian, third-language services, and simplify the rules for packaging non-Canadian with Canadian third-language services. In this public notice, the Commission generally retained its competitiveness test for the authorization of English- and French-language services. That is, such services are generally not added to the lists if they would compete with a Canadian specialty or pay television service. However, as an exception to this approach, the Commission stated that, effective the date of the public notice (30 October 2008), it would be predisposed to authorize non-Canadian English- or French-language news services, absent clear evidence that the service would violate Canadian regulations, such as those regarding abusive comment. This approach was adopted in light of the importance the Commission places on the availability of a diversity of editorial points of view.

Up-to-date lists of services eligible for distribution in Canada are available on the Commission's website. As set out in Broadcasting Public Notice 2006-55,[98] the Commission periodically issues public notices setting out revised lists of satellite services that include references to all amendments that have been made since the previous public notice setting out the lists was issued. These public notices provide a link to the up-to-date version of the lists on the Commission's website.

iv) Regulatory framework – New media broadcasting

Since the Commission first reviewed the new media environment in 1999, and subsequently in 2009, the Commission has exempted from regulation undertakings that provide broadcasting services delivered and accessed over the Internet.

In Telecom Public Notice 99-14/Broadcasting Public Notice 1999-84,[99] the Commission clarified that services consisting predominantly of alphanumeric text and those with the potential for significant user customization do not "involve the transmission of programs for reception by the public and are, therefore, not broadcasting."

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97 *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 (Broadcasting Public Notice 2004-96)

98 *A new approach to revisions to the Commission's lists of eligible satellite services*, Broadcasting Public Notice CRTC 2006-55, 28 April 2006

99 *New Media*, Telecom Public Notice CRTC 99-14 / Broadcasting Public Notice CRTC 1999-84, 17 May 1999

The Commission concluded that those elements of new media that do not consist predominantly of alphanumeric text or have potential for significant user customization fall within the definition of "broadcasting."[100]

In the accompanying 1999 New Media Exemption Order,[101] the Commission determined that with respect to the remaining services that do fall within the scope of the regulations of the *Broadcasting Act*, compliance with Part II of the *Broadcasting Act* and applicable regulations made thereunder by new media broadcasting undertakings providing broadcasting services delivered and accessed over the Internet would not contribute in a material manner to the implementation of the broadcasting policy set out in subsection 3(1) of the *Broadcasting Act*.

The 1999 New Media Exemption Order has since been clarified with respect to Internet retransmission of broadcasting services in Broadcasting Public Notice 2003-2; interpreted to include mobile Internet broadcasting undertakings in Broadcasting Public Notice 2006-47; and supplemented by an exemption order for undertakings that provide television broadcasting services that are received by way of mobile devices in Broadcasting Public Notice 2007-13.[102]

In Broadcasting Public Notice 2007-13, the Commission exempted undertakings that "provide television broadcasting services that are received by way of mobile devices, including cellular telephones and personal digital assistants." It was further clarified that only point-to-point technology was included within the exemption order. The Commission determined at that time that the potential impact of point-to-multi-point broadcast technologies was still uncertain and thus decided not to include them in the exemption order.

In Broadcasting Public Notice 2008-4,[103] the Commission noted that with regard to professional editorial voices, new media platforms largely offer content that was originally produced for licensed radio or television stations or for newspapers. As a consequence, the Commission's approach to ensuring a plurality of editorial voices on traditional media would also benefit the plurality of voices available on new media undertakings. In addition, the Commission recognized the availability on new media

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100 According to the *Broadcasting Act*, "broadcasting" means "any transmission of programs, whether or not encrypted, by radio waves or other means of telecommunication for reception by the public by means of broadcasting receiving apparatus, but does not include any such transmission of programs that is made solely for performance or display in a public place."

101 *Exemption order for new media broadcasting undertakings*, Public Notice CRTC 1999-197, 17 December 1999

102 *Internet retransmission – Report to the Governor in Council pursuant to Order in Council P.C. 2002-1043*, Broadcasting Public Notice CRTC 2003-2, 17 January 2003; *Regulatory framework for mobile television broadcasting services*, Broadcasting Public Notice CRTC 2006-47, 12 April 2006 (Broadcasting Public Notice 2006-47); and *Exemption order for mobile television broadcasting undertakings*, Broadcasting Public Notice CRTC 2007-13, 7 February 2007. The Commission also regulates the BDU operations of the telephone companies over private IP networks (IPTV or "Telco TV") within the BDU licensing framework. The Commission began issuing BDU licences to telephone companies in 1998.

103 Regulatory Policy - *Diversity of voices*, Broadcasting Public Notice 2008-4, 15 January 2008

platforms of an enormous range of user-generated editorial content from Canadian and foreign sources.

In Broadcasting Public Notice 2008-44,[104] the Commission issued a call for comments on the scope of a future proceeding to examine issues pertaining to Canadian broadcasting in new media. Based on the submissions received, the Commission, on 15 October 2008, initiated a public proceeding to review Canadian broadcasting in the new media environment.[105]

In Broadcasting Regulatory Policy 2009-329, the Commission maintained the exempt status of new media broadcasting undertakings and proposed an amendment to the definition of new media broadcasting undertakings to include mobile broadcasting services that provide broadcasting service received by way of mobile devices via point-to-point technology.[106] Further, in Broadcasting Notice of Consultation 2009-330,[107] the Commission proposed amendments to the exemption order for new media broadcasting undertakings for the introduction of reporting requirements and undue preference provisions for new media broadcasting undertakings.

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104 *Call for comments on the scope of a future proceeding on Canadian broadcasting in new media*, Broadcasting Public Notice CRTC 2008-44, 15 May 2008

105 Broadcasting Notice of Public Hearing CRTC 2008-11, 15 October 2008, as amended by Broadcasting Notice of Public Hearing CRTC 2008-11-1, 22 January 2009

106 *Review of broadcasting in new media*, Broadcasting Regulatory Policy CRTC 2009-329, 4 June 2009

107 *Call for comments on proposed amendments to the Exemption order for new media broadcasting undertakings*, Broadcasting Notice of Consultation CRTC 2009-330, 4 June 2009

B) Telecommunications

As the Commission, pursuant to section 34 of the *Telecommunications Act*, forbears from regulating a growing number of telecommunications services, it is regulating an increasingly smaller percentage of telecommunications service revenues and only regulates where competition is not sufficient to protect the interests of consumers. The percentage of revenues that were subject to regulation in 2008 was approximately 10%. Of this amount, approximately 25% was related to wholesale services that are generally provided by the incumbent TSPs to other TSPs.

In Telecom Decision 2008-17,[108] the Commission restructured its regulatory framework for regulated wholesale services provided by the major incumbent carriers to competitors (formerly referred to as competitor services). Existing wholesale services were assigned to one of six new service categories: i) essential; ii) conditional essential; iii) conditional mandated non-essential; iv) public good; v) interconnection; and vi) non-essential subject to phase-out. The Commission also, among other things, determined the pricing principles for each category and the length and terms of phase-out periods for services classified as non-essential subject to phase-out. Further, the Commission approved, on a prospective basis, forbearance with respect to services classified as non-essential subject to phase-out at the end of the phase-out period, and determined that it will review the assignment of all remaining mandated wholesale services six years from the date of that decision. Certain determinations in Telecom Decision 2008-17 are currently under appeal.

Local & access

Local telephone service in the territories of all incumbent TSPs is open to competition. In the case of the large incumbent TSPs, local competition in their territories is open to facilities-based competition and resale of local service. In the territories of the remaining incumbent TSPs, facilities-based competition is on a case-by-case basis, except for the operating territory of Northwestel Inc, where only the resale of local service is permitted. As of 30 June 2009, the Commission has forborne from the regulation of over 77% of the residential lines and 68% of the business lines. In 2008, approximately 75% of local and access revenues were from forborne local services.

In the case of large incumbent TSPs,[109] local services that are still subject to economic regulation include a limited number of local exchange residential and business single-line and multi-line services and associated services such as local calling features and options, pay telephone, digital network access, local channels, and competitor services. These services are subject to price cap regulation.[110]

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108 *Revised regulatory framework for wholesale services and definition of essential service*, Telecom Decision CRTC 2008-17, 3 March 2008 (Telecom Decision 2008-17)

109 These include: Bell Aliant Regional Communications, Limited Partnership (Bell Aliant), Bell Canada, MTS Allstream Inc. (MTS Allstream), Saskatchewan Telecommunications (SaskTel), Télébec, Limited Partnership (Télébec) and TELUS Communications Company (TCC).

110 *Price cap framework for large incumbent local exchange carriers*, Telecom Decision CRTC 2007-27, 30 April 2007 (Telecom Decision 2007-27) and *Follow-up to Decision 2007-27 - Show cause submission related to the application of the price cap regime to Télébec, Limited Partnership,*

In the case of Northwestel, the Commission established a simplified, four-year price cap regime.[111] This framework was intended to provide the company with certainty over the price cap period and significantly reduce Northwestel's regulatory burden.

In the case of the small incumbent TSPs, in Decision 2001-756,[112] the Commission established a simplified price regulation regime which it extended, with minor modifications, in Telecom Decision 2006-14.[113]

Long distance

Competition in the long distance market exists in all of the operating territories of the incumbent TSPs. The Commission has forborne from regulating the long distance market through a series of decisions and orders that addressed various service providers and market segments.[114] Pursuant to Telecom Decision 97-19, the Commission forbore from regulating the incumbents' long distance service rates, with the exception of Northwestel, and imposed certain regulatory constraints on the incumbents' provisioning of long distance services, most notably price ceilings applying to each basic long distance rate schedule. With respect to Northwestel, in Telecom Decision 2007-5, the Commission forbore from regulating all toll services except for toll-free services.

In Telecom Decision 2007-56,[115] the Commission removed the constraints applied to the basic toll schedules in Telecom Decision 97-19 except in relation to registered or certified hearing- or speech-impaired teletypewriter users. In 2008, approximately 94% of long distance revenues were from forborne long distance services.

While the Commission has generally forborne from regulating long distance services, it continues to regulate wholesale services such as access tandem and direct connect. Access tandem and direct connect rates were updated in 2006, resulting in modifications

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Telecom Decision CRTC 2007-60, 30 July 2007, as amended by Telecom Decision CRTC 2007-60-1, 10 August 2007 (Telecom Decision 2007-60)

111 *Price cap regulation for Northwestel Inc.*, Telecom Decision CRTC 2007-5, 2 February 2007

112 *Regulatory framework for the small incumbent telephone companies*, Decision CRTC 2001-756, 14 December 2001 (Decision 2001-756)

113 *Revised regulatory framework for the small incumbent local exchange carriers*, Telecom Decision CRTC 2006-14, 29 March 2006 (Telecom Decision 2006-14)

114 *Review of regulatory framework*, Telecom Decision CRTC 94-19, 16 September 1994; *Forbearance – Services provided by non-dominant Canadian carriers*, Telecom Decision CRTC 95-19, 8 September 1995; *Teleglobe Canada Inc. – Resale and sharing of international private line services*, Telecom Decision CRTC 97-10, 5 May 1997; *Forbearance – Regulation of toll services provided by incumbent telephone companies*, Telecom Decision CRTC 97-19, 18 December 1997, as amended by Telecom Decision CRTC 97-19-1, 9 March 1998 (Telecom Decision 97-19) and *Forbearance for agreements between domestic and foreign common carriers*, Telecom Order CRTC 99-1202, 22 December 1999

115 *Review of the regulatory constraints that apply to the basic toll schedules*, Telecom Decision CRTC 2007-56, 23 July 2007, as amended by Telecom Decision CRTC 2007-56-1, 14 August 2007 (Telecom Decision 2007-56). The determinations apply to Bell Aliant, Bell Canada; MTS Allstream, Ontera, SaskTel, Télébec.

to the rates paid by long distance service providers to the incumbent TSPs for originating and terminating long distance traffic.[116]

Internet

While retail Internet access services are forborne from regulation, the Commission continues to regulate the provision of wholesale Internet access services. In the case of the incumbent TSPs, wholesale Internet access services are subject to price regulation and generally fall within the Competitor Services basket of services under the current price cap regime. Cable BDUs are also required to provide wholesale Internet access services. In 2008, approximately 98% of Internet revenues were from forborne Internet services.

In 1999, in its consideration of an appropriate framework for new media,[117] the Commission found that while some Internet applications fell under the definition of "program" and "broadcasting" under the *Broadcasting Act*, regulation was not necessary to achieve the objectives under that Act.

In Telecom Decision 2008-1,[118] the Commission approved several initiatives to utilize deferral account funds[119] for the deployment of broadband in rural and remote communities, among other initiatives. Bell Canada has applied to the Supreme Court of Canada for leave to appeal the Federal Court of Appeal's judgment in the appeal of Telecom Decision 2006-9 regarding the disposition of funds in the deferral accounts. Portions of Telecom Decision 2008-1, including those regarding the disposition of broadband, are currently stayed.

Data and private line

Competition was first permitted in the data and interexchange (IX) private line market in 1979. The Commission has since forborne from regulating many of the incumbent TSPs' data services as well as their private line services on thousands of IX routes. Telecom Order 99-434[120] directed alternative TSPs to file with the Commission, on 1 April and 1 October of every year, the list of IX private line routes on which they offer or provide service at the

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116 *Aliant Telecom, Bell Canada, MTS Allstream, SaskTel and TCI – Approval of rates on a final basis for Access Tandem service,* Telecom Decision CRTC 2006-22, 27 April 2006, and *Aliant Telecom, Bell Canada, MTS Allstream, SaskTel and TCI – Approval of rates on a final basis for Direct Connection service,* Telecom Decision CRTC 2006-23, 27 April 2006

117 *New Media*, Telecom Public Notice CRTC 99-14 and Broadcasting Public Notice CRTC 1999-84, 17 May 1999

118 *Use of deferral account funds to improve access to telecommunications services for persons with disabilities and to expand broadband services to rural and remote communities,* Telecom Decision 2008-1, 17 January 2008 (Telecom Decision 2008-1)

119 In Telecom Decision 2006-9, the Commission determined the guidelines for disposition of funds remaining in the deferral accounts for several incumbent TSPs. The deferral accounts were created by Telecom Decisions 2002-34 and 2002-43. The incumbent TSPs were directed to place into those accounts amounts equal to the revenue reductions that would otherwise have resulted from application of the price cap formula, in order to avoid a negative impact on local competition.

120 Telecom Order CRTC 99-434, 12 May 1999

equivalent of DS-3 (44.736 Mbps) or greater, using their own terrestrial facilities, or terrestrial facilities leased from a company other than an incumbent TSP or an affiliate of an incumbent TSP. This order also had provisions for the Commission to expedite the forbearance if certain criteria were met. Incumbent TSPs are also free to apply for forbearance at any time.

In 2008, approximately 80% of data and private line revenues were from forborne services. By the end of 30 June 2009, the Commission had forborne from regulating approximately 3,400 private line routes.

X.25 and frame relay services were forborne from regulation under Telecom Order 96-130[121] in February 1996. Wide Area Network (WAN) services were also forborne from regulation in Telecom Order 2000-553[122] in June 2000. The access components of asynchronous transfer mode (ATM) and Ethernet services provided by incumbent TSPs continue to be regulated.

Wireless

Industry Canada has responsibility for the licensing regime governing wireless communications, including the awarding of spectrum licences to companies, and for the terms and conditions for these licences.

In Telecom Decisions 94-15,[123] 96-14,[124] and 98-18,[125] the Commission forbore from regulating mobile wireless services on the basis that such services were sufficiently competitive. In public notices released in early 2006, the Commission ruled that mobile television services which offer television programming accessible through a wireless handset, such as a cell phone, are exempt from regulation.[126] However, the Commission will continue to monitor the developments in this area closely. One hundred percent of wireless revenues were from forborne wireless services.

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121 Telecom Order CRTC 96-130, 19 February 1996

122 *Forbearance granted for telcos' wide area network services*, Order CRTC 2000-553, 16 June 2000

123 *Regulation of wireless services*, Telecom Decision CRTC 94-15, 12 August 1994, as amended by an erratum dated 8 September 1994

124 *Regulation of mobile wireless telecommunications services*, Telecom Decision CRTC 96-14, 23 December 1996

125 *NBTel Inc.–Forbearance from regulating cellular and personal communications services*, Telecom Decision CRTC 98-18, 2 October 1998

126 In reference to Broadcasting Public Notice CRTC 2006-47 and *Call for comments on a proposed exemption order for mobile television broadcasting undertakings*, Broadcasting Public Notice CRTC 2006-48, 12 April 2006, as amended by *Call for comments on a proposed exemption order for mobile television broadcasting undertakings - Extension of the deadlines for the receipt of comments and reply comments*, Broadcasting Public Notice CRTC 2006-48-1, 11 May 2006.

2.5 Contribution and spending regimes

The Commission uses a number of approaches to achieve the cultural, social, and economic objectives set out in the Acts. One such method has been the establishment of contribution and spending regimes.

In 2008, broadcasting and telecommunications providers contributed $3.0 billion towards the achievement of these objectives. Approximately 93% of these funds were for cultural and programming initiatives under the *Broadcasting Act* and the remaining 7% were for the achievement of the social and economic objectives under the *Telecommunications Act*.

A - Broadcasting

In addition to Canadian exhibition and carriage requirements, broadcasters are also generally expected to make contributions towards the promotion, development, creation, and broadcast of Canadian talent and content. These spending and funding activities are intended to ensure the availability of Canadian content within the Canadian broadcasting system.

The Commission sets out its general expectations and policies relating to spending and contribution initiatives for radio, television, and BDUs in various regulatory and policy frameworks which are reviewed every few years. The Commission also reviews contribution requirements and commitments of individual broadcasters and BDUs in terms of

- commitments made during the renewal of existing licences,
- commitments relating to the licensing of new broadcasting and distribution undertakings, and
- additional benefits resulting from change in ownership or control.

In 2008, broadcasters contributed $2.8 billion towards the development, creation, and exhibition of Canadian content and talent.

a) Radio and audio services - contributions towards Canadian content development[127]

Under the *Canadian content development* (CCD) contribution regime, radio stations operating under the Commercial Radio Policy are expected to make a basic annual contribution towards various CCD funds and initiatives. The regime places an 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 to promote emerging Canadian talent.

Radio broadcasters contributed $28.6 million to CCD initiatives in the 2007/08 broadcast year.

i) Commitments made during the renewal of existing radio and audio undertakings

Each radio station holding a commercial radio licence must make basic annual contributions to CCD initiatives. Beginning 1 September 2008, contributions are based on the station's revenues from the previous year.[128]

Pay audio services are required to contribute a minimum of 4% of their gross annual revenues to CCD. Multichannel subscription radio services are required to contribute at least 5% of their gross annual revenues to CCD. The percentage rate increases to 6% if the number of subscribers exceeds a certain level.[129] Half of the contributions are directed to the development of Canadian French-language talent and the other half is directed to the development of Canadian English-language talent.

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127 In *Commercial Radio Policy 2006*, Broadcasting Public Notice CRTC 2006-158, 15 December 2006, the Commission introduced a new funding formula towards the promotion of Canadian talent called Canadian Content Development (CCD). Under this new approach, contributions are based on the radio station's previous year's revenues, rather than on the size of the market in which it operates. CCD replaced to Canadian Talent Development (CTD) effective 1 September 2008. As a transitional measure, all decisions issued after 1 June 2007 have been made in accordance with the revised policy. For the purposes of this report, references to CCD include contributions made under both the CTD and CCD regimes.

128 Methodology and criteria are set out in the 2006 Commercial Radio Policy, *Amendments to the* Radio regulations, 1986 – *Implementation of the* Commercial Radio Policy 2006 and the Digital Radio Policy, Regulatory Policy Broadcasting Public Notice 2008-67, 23 July 2008 and *Clarifications regarding Canadian content development contributions made by commercial radio stations* Broadcasting Information Bulletin CRTC 2009-251, 5 May 2009.

129 See *Satellite subscription radio undertaking – Licence amendment*, Broadcasting Decision CRTC 2006-37, 10 February 2006, relating to Canadian Satellite Radio Inc. (XM Canada), and *Satellite subscription radio undertaking – Licence amendment*, Broadcasting Decision CRTC 2006-38, 10 February 2006, for SIRIUS Canada Inc.

ii) Commitments related to the licensing of new radio undertakings

Applicants for new commercial radio stations, especially those made in the context of a competitive process, often make contribution commitments that exceed the required basic annual CCD contributions. Effective 1 September 2008, no less than 20% of this amount will be allocated to FACTOR[130] or MUSICACTION.[131] The balance may be directed to any eligible CCD initiative, at the discretion of the applicant.

Between 1 January and 31 December 2008, the Commission licensed 23 new radio stations through competitive processes in markets across Canada. The successful applicants made commitments to contribute $47.7 million above the required basic contribution to CCD over their first licence term. In addition, during the same period, there were 20 new radio licences granted without a competitive process. These licensees committed $0.97 million above the basic contributions to CCD.

iii) Benefits resulting from the change in ownership and/or control

In addition to the basic annual contributions required under the CCD contribution regime, applicants for a change in ownership and/or control of profitable commercial radio stations are also required to make commitments that represent a minimum direct financial contribution to CCD of 6% of the value of the transaction. Three percent is to be allocated to the Radio StarMaker Fund/Fonds RadioStar[132] music marketing and promotion fund, two percent to either FACTOR or MUSICACTION and one percent at the discretion of the purchaser to other eligible[133] CCD initiatives. These contributions are usually made over a seven-year period.

Between 1 April 1998 and 31 December 2008, the Commission approved 138 changes in ownership or control involving 518 radio stations. CCD commitments (benefits) from these transactions have totalled $203.7 million.

b) Television - contributions to Canadian programming

The Canadian television sector plays an essential role in ensuring a strong Canadian presence in the Canadian broadcasting system by providing distinct and diverse Canadian programming.

The Canadian programming expenditures (CPE) reported by the Canadian television sector in 2007-08 was $2.43 billion. Conventional television stations reported $1.4 billion, with private conventional television stations accounting for 45% of this amount. pay, PPV, VOD, and specialty services reported approximately $1.1 billion.

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130 Foundation Assisting Canadian Talent on Recordings, website: http://www.factor.ca

131 Website: http://www.musicaction.ca/accueil/index.asp

132 Website: http://www.starmaker.ca/; Fonds RADIOStar: http://www.fondsradiostar.com

133 Refer to CRTC website for examples of qualifying parties and initiatives http://www.crtc.gc.ca/eng/GENERAL/ccdparties.htm

i) Conventional television

The Commission eliminated CPE requirements for the private conventional television sector in 1999.[134] Any concerns relating to expenditure and exhibition contributions towards the production and acquisition of Canadian programming, including local programming, are now reviewed with each licensee at the time of licensing and subsequent licence renewals.

In the 2007 Over-the-Air Television Policy,[135] the Commission noted that, although the English-language conventional television sector had maintained CPE as a percentage of revenues, the continued decline in proportion to the total programming budget was 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 broadcast groups that was scheduled to take place in April 2009.

On 30 January 2009, the Commission announced that in light of concerns raised by the conventional broadcasters relating to the challenges facing the broadcasting environment as well as the current economic climate, it would review and narrow the scope of the April 2009 licence renewal public hearings.

In Broadcasting Decision 2009-279,[136] the Commission announced that it would hold a policy proceeding in the Fall 2009 that would examine among other policy issues, the modalities and conditions for group-based licensing, investigate alternative support mechanisms for local programming and establish the appropriate minimum levels of spending on Canadian programming by English-language television broadcasters and the regulatory mechanism to ensure these levels.

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134 Prior to 1 September 2000, most conventional broadcasters were required to meet minimum CPE levels that were tied to their advertising revenues. In an attempt to provide private conventional television broadcasters with the flexibility necessary to adapt their programming strategies in a complex and highly competitive marketplace, the Commission removed this requirement, in *Building on success – A policy framework for Canadian television*, CRTC Broadcasting Public Notice 1999-97, 11 June 1999 (1999 Television Policy).

135 *Determinations regarding certain aspects of the regulatory framework for over-the-air television*, Broadcasting Public Notice CRTC 2007-53, 17 May 2007 (2007 conventional Television Policy)

136 In *Renewal of the broadcasting licences for private conventional television stations considered at the 27 April 2009 Gatineau public hearing – Initial decisions and scope of subsequent policy proceeding* Broadcasting Decision CRTC 2009-279, 15 May 2009, the Commission also indicated that the following ownership groups do not fall within the scope of the group-based licence renewal process and would be renewed as follows: Rogers' OMNI ethnic stations - six-year renewal term; RNC MEDIA Inc and Télé Inter-Rives ltée French-language conventional stations - seven-year term. Detailed decisions dealing with all of the issues discussed at the April 2009 public hearing would be released during the summer.

In Broadcasting Regulatory Policy 2009-406,[137] the Commission set out determinations on policy issues stemming from the 27 April 2009 public hearing in Gatineau, Quebec.

With respect to the local programming improvement fund (PIF), the Commission determined that for the upcoming broadcast year the appropriate contribution level by BDUs to the fund should be 1.5% of their gross revenues. The Commission also set out an allocation formula and eligibility criteria for accessing the resulting LPIF funding, and established the eligible expenses and the administration of the fund.

As regards appropriate contributions to Canadian programming, the Commission addressed issues related to local, priority, and independently-produced programming. Specifically, the Commission defined what is meant by local programming, introduced and defined the concept of local presence, provided a rationale for the imposition of local programming levels as conditions of licence, and harmonizes these levels for the largest multi-station ownership groups. Further, the Commission generally maintained the existing requirements and definition with respect to priority programming, as well as the current approaches to supporting independently-produced programming.

With respect to the implementation of the distant signal policy, the Commission determined that given that the negotiations related to the distribution of distant signals and those related to the value of local signals concern compensation for the distribution of conventional television stations by BDUs, and given that both sets of negotiations will logically have an impact on one another, it would be appropriate to combine these negotiations.

With respect to digital transition, the Commission identified in the appendix to this policy the major markets where it expects conventional broadcasters to convert their full-power, over-the-air analogue transmitters to digital.

Finally, as regards terms of trade, it is the Commission's view that, at this time, the establishment of appropriate terms of trade agreements is best directly negotiated by the parties involved without Commission intervention by way of mediation or otherwise.

ii) Pay, pay-per-view, video-on-demand and specialty services

In contrast to conventional television stations, most Canadian pay, PPV, VOD and speciality services are required, by condition of licence, to expend on the acquisition of and/or investment in Canadian programs, a minimum percentage of their gross revenues derived from the operation of the service during the previous broadcast year. The amount, imposed at the time of licensing or at licence renewal, is determined on a case-by-case basis. The requirements are based on considerations such as the genre of the services proposed, the availability of Canadian programming falling within that genre, and the applicant's other plans and commitments. The Commission also takes into account the applicant's proposed wholesale fee and the type of distribution by BDUs that the services

[137] *Policy determinations resulting from the 27 April 2009 public hearing*, Broadcasting Regulatory Policy CRTC 2009-406, 6 July 2009 (Broadcasting Regulatory Policy 2009-406)

will receive. In the 2004 licence renewal hearing for specialty services, the Commission required increases in CPE based on historical PBIT[138] levels.

The appropriateness of this approach will be examined in light of the upcoming Spring 2010 conventional and discretionary group-based renewals as well as the related policy process to be held in the Fall of 2009.

iii) Benefits resulting from changes in ownership and/or control[139]

Since competing applications are not solicited in the case of a change in ownership and/or control, the Commission generally expects applicants to make commitments to clear and unequivocal benefits representing a financial contribution of 10% of the value of the transactions, as accepted by the Commission, for television. 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. Television stations that earn less than $10 million in annual revenues and are eligible to receive support from the Small Market Programming Fund are exempted from the application of the benefits test.[140]

The policy was re-examined in 2007 in the context of the Diversity of Voices public proceeding[141] and the Commission determined that it would retain its current policy.

From 11 June 1999 to 31 December 2008, the Commission has approved 62 changes in ownership or control providing $854.2 million in tangible benefits.[142]

c) BDU – Contributions to Canadian programming and local expression

Following a comprehensive review of the regulatory frameworks for broadcasting distribution undertakings and discretionary programming services, the Commission announced changes and new policies intended to prepare the Canadian broadcasting industry for the transition to a fully digital environment. Most of the changes and new policies, set out in Broadcasting Public Notice 2008-100,[143] are scheduled to come into effect on 31 August 2011 and are currently in various stages of consultation and

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138 Profit before interest and taxes

139 The principal components of the Commission's television undertaking policies with respect to benefits resulting from a change in of ownership and/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 set tangible financial contribution benefits of at least 10% of the value of the transaction.

140 This exemption is set out in the 2007 Over-the-Air Television Policy.

141 In September 2007, public hearing proceedings were held to review the Commission's approach to ownership consolidation and other issues related to the diversity of voices in Canada. The Commission's determinations are set out in Broadcasting Public Notice 2008-4.

142 These contributions are usually made over a seven-year period.

143 *Regulatory frameworks for broadcasting distribution undertakings and discretionary programming service* – Regulatory Policy, Broadcasting Public Notice CRTC 2008-100, 30 October 2008; a summary of the new policies is also set out in the CRTC's 30 October 2009 news release.

implementation. This section sets out regulations that were in effect in March 2009, unless otherwise indicated.

i) Contributions to Canadian production funds

Class 1 and 2 cable,[144] DTH and MDS distribution undertakings contribute a minimum of 5% of their gross annual revenues derived from broadcasting activities to support Canadian programming. Contributions to Canadian programming are made through the Canadian Television Fund (CTF)[145] and other independent production funds, as well as through contributions to local expression.

At least 80% of the contributions that are directed to production funds must be made to the CTF. The remaining 20% may be directed to one or more independently administered production funds.[146] In 2007/08, BDUs reported contributions of $207 million to programming funds.

Local Programming Improvement Fund (LPIF)

In October 2008,[147] the Commission announced that it was establishing a Local Programming Improvement Fund (LPIF) to help support local television programming provided by public and private conventional stations. Subsequent to Broadcasting Regulatory Policy 2009-406, the LPIF will be funded by increasing the BDU's annual contribution rate to Canadian programming from 5 to 6.5%. Eligibility and administration criteria are expected to be finalized this summer and the fund is to be operational by September 2009.[148]

ii) Local expression

Although the Commission is of the view that community programming and the broader goal of local expression are important components of the broadcasting system, it removed the requirement to provide an outlet for local expression in Public Notice 1997-25.[149] However, while no longer obliged to do so, class 1 and 2 BDU licensees with fewer than

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144 In Broadcasting Public Notice 2008-100, the Commission announced that it would adopt a single class of licence. In *Call for comments on a proposed exemption order for terrestrial broadcasting distribution undertakings serving fewer than 20,000 subscribers*, Broadcasting Notice of Consultation CRTC 2009-173, 1 April 2009, the Commission issued a call for comments on a proposed exemption for terrestrial BDUs serving less than 20,000 subscribers.

145 On 9 March 2009, it was announced that the CTF and the CNMF (Canada New Media Fund) would be combined to create the Canadian Media Fund (CMF). CMF's mandate will be to ensure the production of quality content and to make it available on multiple platforms. The reformed and integrated fund is expected to be fully implemented and in place by 1 April 2010.

146 The criteria for these independently administered funds are set out in *Contributions to Canadian programming by broadcasting distribution undertakings*, Broadcasting Public Notices CRTC 1997-98 issued 22 July 1997, 2003-38 issued 16 July 2003, and 2004-21 issued 31 March 2004.

147 Broadcasting Public Notice CRTC 2008-100

148 Notices of Consultation 2009-70, 2009-70-1 and 2009-70-2

149 *New Regulatory Framework for Broadcasting Distribution Undertakings*, Public Notice CRTC 1997-25, 11 March 1997

20,000 subscribers[150] are permitted under the BDU Regulations[151] to allocate all of their Canadian programming contributions to local expression. Class 1 licensees with more than 20,000 subscribers may allocate up to 2% of their contributions to local expression.

In 2008, BDUs reported community channel programming expenditures totalling $116 million.

In Broadcasting Public Notice 2008-100, the Commission announced that it would undertake a comprehensive review relating to its community broadcasting policies in 2009-2010. In addition to reviewing issues raised during the BDU regulatory policy review proceeding, it would also consider whether community television would have access to the LPIF.

iii) Benefits resulting from a change in ownership and/or control

The benefits test does not apply in the case of changes in effective control of BDUs.[152]

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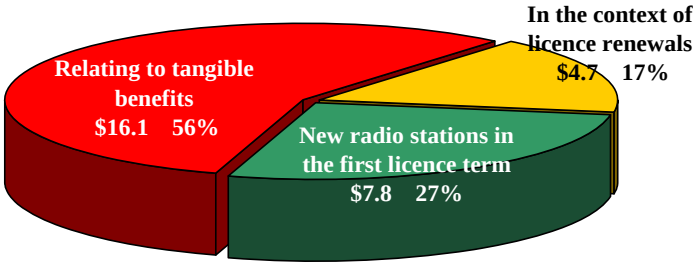
150 Class 1 BDU licensees are generally undertakings with 6,000 subscribers and greater. Class 2 BDU licensees are generally undertakings with 2,000 to less than 6,000 subscribers.

151 *Proposed Broadcasting Distribution Regulations*, Public Notice CRTC 1997-84, 2 July 1997 and *Broadcasting Distribution Regulations*, Public Notice CRTC 1997-150, 22 December 1997 (the BDU Regulations)

152 In Public Notice CRTC 1996-69, the Commission concluded that, as a result of its decision to remove "all or most of the existing licensing restrictions on market entry" and its encouragement of competition in the BDU sector, it would no longer apply the benefits test in the case of changes in the effective control of distribution undertakings. The Commission noted that benefits in these cases had been largely applied to technical upgrades and that a competitive environment would now provide further incentives for BDUs to make the necessary investments.

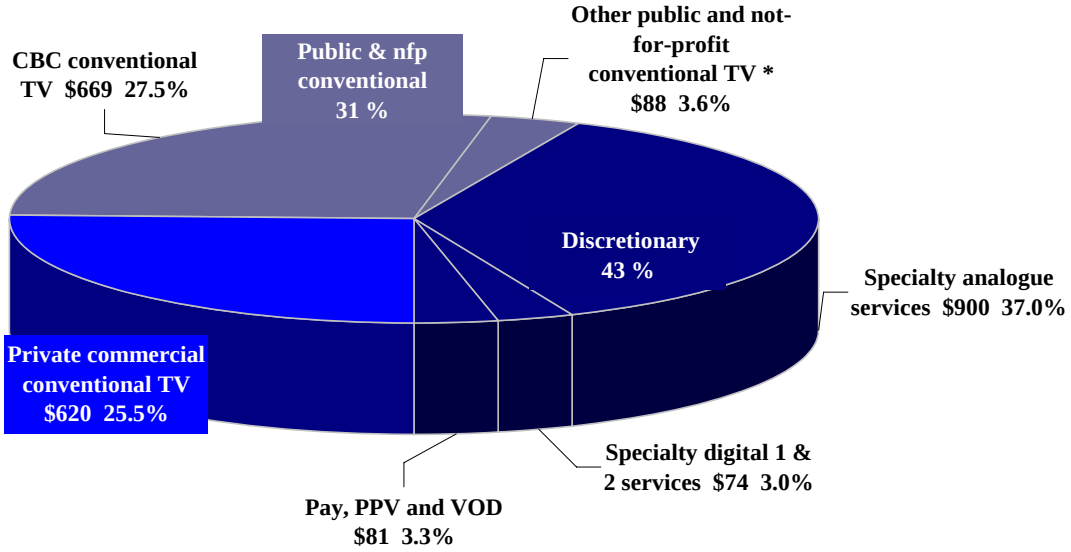
Statistical information: Contribution and spending regimes - Broadcasting[153]

Figure 2.5.1 2008 Contributions to CCD reported by commercial radio & audio services $28.6M



Notes: Minor variances are due to rounding.
Includes contributions made under both the CTD and CCD regimes.
Source: CRTC data collection

Figure 2.5.2 2008 Television CPE $2,431 M



Notes:
(a) Minor variances are due to rounding.
(b) CPE: Includes expenditures on Canadian programs telecast, write-down of Canadian inventory, script and concepts and loss on equity Canadian programs.
(c) Includes expenditures relating to tangible benefits and to commitments made at the time of licensing. Excludes CTF "top-up" reported by private conventional, specialty, pay, PPV, and VOD television services.
(d) CBC conventional television excludes indirect and facility cost allocations. Certain programming related expenses are included as programming costs beginning in 2008 consistent with CRTC guidelines.

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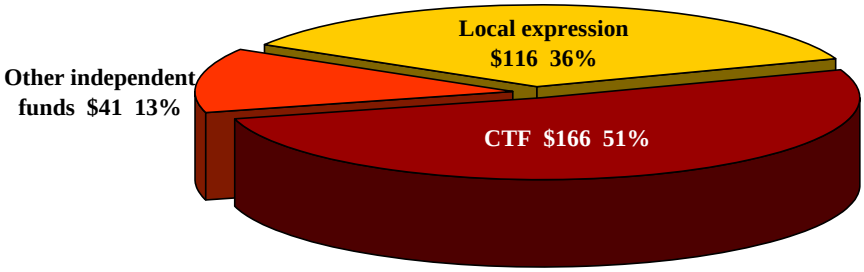
153 Based on the 1 September 2007 to 31 August 2008 broadcast year. Refer to the Broadcasting section of this report for additional statistical information. These charts do not reflect additional funding, incentives or contributions made by private institutions or government bodies towards the development and production of Canadian audio and visual content that are outside of the CRTC's administrative scope and mandate.

* Estimate
Source: CRTC data collection

Figure 2.5.3: 2008 BDU contributions to Canadian programming and local expression $323 M



Note: Minor variances are due to rounding.
Source: CRTC data collection

B - Telecommunications

The Commission implemented a national revenue-based contribution collection mechanism[154] in 2001 to collect the monies required to subsidize the cost of residential telephone service in high-cost serving areas (HCSAs).

Under this contribution mechanism, all TSPs, or groups of related TSPs, with Canadian telecommunications service revenues equal to or greater than $10 million are required to contribute towards the subsidization of residential telephone service in HCSAs. Contribution is collected based upon a TSP's contribution-eligible revenues and the Commission-approved revenue-percent charge. Contribution-eligible revenues are calculated based upon a TSP's Canadian telecommunications service revenues less certain specific deductions, including retail Internet and retail paging revenues. The revenue-percent charge is calculated using the ratio of the national subsidy requirement to the total estimated contribution-eligible revenues of all TSPs who are required to contribute.

In 2008, LECs received approximately $214 million in subsidy and the final revenue-percent charge was 0.87% of contribution-eligible revenues.

The revenue-percent charge has gradually decreased since 2004. The increase in the subsidy paid to the LECs in 2005 was the result of the approval of the costs used to calculate the subsidy rates for two of the smaller incumbent LECs.[155]

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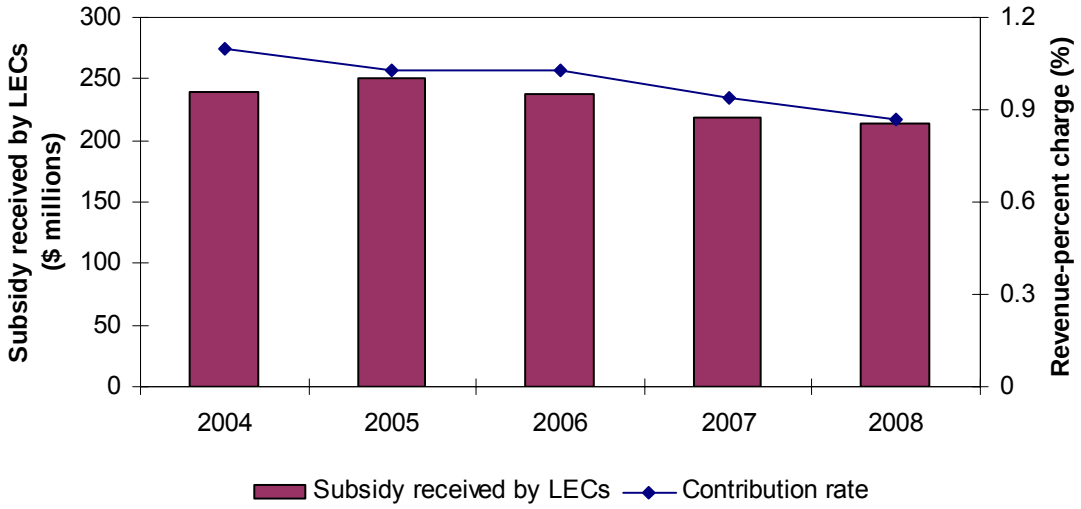
154 *Changes to the contribution regime*, Decision CRTC 2000-745, 30 November 2000

155 *Implementation of competition in the local exchange and local payphone markets in the territories of Société en commandite Télébec and the former TELUS Communications (Québec) Inc.*, Telecom Decision CRTC 2005-4, 31 January 2005

Figure 2.5.4 Subsidy paid to LECs and the revenue-percent charge



Sources: CRTC data collection and decisions

2.6 Simplifying regulation and dispute resolution

The Commission has a wide range of mechanisms for the effective and efficient regulation of the broadcasting and telecommunications industries. These mechanisms relate to simplifying regulation and resolving disputes.

A) Simplifying regulation

i) Exemptions for broadcasting distribution undertakings

In 2001, the Commission began the process to exempt from licensing requirements and associated regulations those cable broadcasting distribution undertakings (BDUs) that serve small and rural communities, and serve fewer than 6,000 subscribers. As of 2008, virtually all former Class 2 and Class 3 cable BDUs have exempt status.

In Broadcasting Public Notice 2008-100[156], the Commission set out forward-looking policies that will give the broadcasting system added flexibility while retaining the necessary regulations to achieve the objectives of the *Broadcasting Act*. In reviewing the rules that affect BDUs, such as cable and satellite providers, the Commission decided, among other things, to exempt from its licensing requirements BDUs with fewer than 20,000 subscribers. On 1 April 2009, the Commission issued Broadcasting Notice of Consultation 2009-173[157] seeking comments on a proposed exemption order for terrestrial BDUs serving fewer than 20,000 subscribers.

ii) Streamlining initiatives

Included in the mechanisms for simplifying regulation are various streamlining initiatives tailored to each of broadcasting and telecommunications.

Streamlining initiatives relating to the broadcasting industry include the following:

- an expedited process whereby the Commission informs applicants of the status of their licence amendment applications within 15 business days of receiving an application;
- measures to reduce the average time it takes to deal with amendment applications;
- the exemption of certain network operations from licensing requirements;
- a review of broadcasting application forms;

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156 *Regulatory frameworks for broadcasting distribution undertakings and discretionary programming services*, Broadcasting Public Notice CRTC 2008-100, 30 October 2008

157 *Call for comments on a proposed exemption order for terrestrial broadcasting distribution undertakings serving fewer than 20,000 subscribers*, Broadcasting Notice of Consultation CRTC 2009-173, 1 April 2009

- a review of the policy concerning the issuance of radio calls for applications in the processing of requests to add foreign third-language services to the *Lists of eligible satellite services*;

- streamlined certain reporting requirements for Class 1 cable distribution undertakings having 20,000 or more subscribers and for television licensees;

- exemption orders for certain third-language television undertakings from licensing requirements;

- new service standards for applications for licence amendments and licence renewals currently processed by public notice, as well as for applications processed using an administrative approach that does not entail a public process;[158] and

- streamlined procedures for consideration of applications that involve change in ownership and/or control of broadcasting undertakings, amendments or extensions of deadlines, and that do not require a public process.[159]

Streamlining initiatives relating to the telecommunications industry include the following:

- expedited processes for retail tariff filings. The Commission recognizes the need for timely disposition of tariff applications by incumbent TSPs for new or amended services. Since 2005, the Commission has streamlined and expedited the processing of retail tariff filings[160] and the processing of applications concerning the withdrawal of services. [161]

- approval of price ranges within which incumbent TSPs can offer certain services such as local exchange and related services[162] as well as Voice over Internet Protocol (VoIP) related services. This permits the incumbent TSPs to respond to market forces by providing pricing flexibility and eliminating the need for regulatory approval of price changes within the range.

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158 *Introduction of service standards for certain broadcasting applications*, Broadcasting Circular CRTC 2006-2, 5 April 2006

159 In regard to the Commission's streamlined approach for applications involving ownership issues, see *Ownership applications granted approval*, Broadcasting Public Notice CRTC 2003-50, 19 September 2003. In regard to the Commission's streamlined approach for applications involving amendments and extensions of deadlines, see *Strealined processes for certain broadcasting applications*, Broadcasting Circular CRTC 2006-1, 27 March 2006.

160 *Introduction of a streamlined process for retail tariff filings*, Telecom Circular CRTC 2005-6, 25 April 2005

161 *New procedures for disposition of applications dealing with the destandardization and/or withdrawal of tariffed services*, Telecom Circular CRTC 2005-7, 30 May 2005

162 *Rate ranges for services other than voice over Internet Protocol services*, Telecom Decision CRTC 2006-75, 23 November 2006 and *Follow-up to Decision 2006-75 – Range-within-a-range proposal*, Telecom Decision CRTC 2007-36, 25 May 2007

- deemed approval of certain inter-carrier agreements filed pursuant to section 29 of the *Telecommunications Act* upon filing with the Commission.[163]

- forbearance from regulation of certain retail tariff filings. In view of an increased level of competition in the local market, the Commission has relaxed a number of regulatory rules with regard to retail tariff filings. The Commission forbore from regulating bundles[164] and promotions[165] that met certain criteria. In Telecom Decision 2008-74,[166] the Commission further determined that it would forbear from approving retail tariff filings that met certain criteria, effective 6 October 2008. In that decision, the Commission also further streamlined the approval mechanism for other retail tariff filings.

To deal with local forbearance applications as expeditiously and fairly as possible, the Commission issued Telecom Circular 2007-13,[167] which sets out the timelines for submissions regarding local forbearance applications. In addition, the Commission issued letters to the incumbent and alternative TSPs to notify them of the type of data and level of detail to be provided in local forbearance applications or proceedings.

The Policy Direction requires the Commission to act in a more efficient, informed, and timely manner to achieve the telecommunications policy objectives set out in section 7 of the *Telecommunications Act*. With greater reliance on market forces, monitoring of the industry will continue to be a valuable tool to assess the extent to which these objectives are being met.

B) Dispute resolution

In Broadcasting and Telecom Information Bulletin 2009-38, [168] the Commission set out, for both broadcasting and telecommunications matters, the procedural steps to be followed and the time limitations that will apply to each of its dispute resolution processes: staff-assisted mediation, final offer arbitration, and expedited hearings.[169] These processes build upon those that the Commission has adopted in the past.[170] An interpretation guide to the revised procedures is provided in Figure 2.6.1.

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163 *Forbearance with respect to certain inter-carrier agreements filed pursuant to section 29 of the* Telecommunications Act, Telecom Decision CRTC 2007-129, 14 December 2007

164 *Bell Canada - Application to modify the rules for mixed Type 2 customer-specific arrangements*, Telecom Decision CRTC 2007-74, 17 August 2007 and *Review of general tariff bundling rules and requirements for market trials*, Telecom Decision CRTC 2007-117, 23 November 2007

165 *Forbearance from the regulation of promotions for retail residential and business local wireline services*, Telecom Decision CRTC 2008-41, 22 May 2008

166 *Approval mechanisms for retail and CLEC tariffs – Regulatory policy*, Telecom Decision CRTC 2008-74, 21 August 2008

167 *Timelines for submissions regarding local forbearance applications*, Telecom Circular CRTC 2007-13, 19 April 2007

168 *Practices and procedures for staff-assisted mediation, final offer arbitration, and expedited hearings*, Broadcasting and Telecom Information Bulletin CRTC 2009-3829 January 2009

169 In addition, the CRTC Interconnection Steering Committee (CISC) process provides a forum for interested parties, with the assistance of Commission staff, to resolve telecommunications related competition issues of a technological, operational or administrative nature.

170 The Commission has consistently sought to implement practices and procedures that bring about the timely resolution of issues arising under the *Broadcasting Act* and the *Telecommunications*

Commission staff conducting staff assisted mediation will be located in a separate unit and divided by an 'ethical wall' from Commission staff conducting final offer arbitration and expedited hearings. While staff-assisted mediation will continue to be available through the Commission's Broadcasting and Telecom Mediation groups, the Commission has created a distinct division within its Policy Development and Research (PDR) sector to deal with final offer arbitration and expedited hearings.

Disputes that involve one issue – or in exceptional cases, several closely related issues – will lend themselves to the Commission's dispute resolution processes if they meet the following criteria:

- the dispute is bilateral or affects only a small number of parties;
- the parties have been unable to resolve the dispute by alternative methods;
- the dispute is relevant to the regulation and supervision of either the Canadian broadcasting or telecommunications system, primarily to matters of interpretation or application of an existing Commission decision, policy or regulation; and
- the resolution of the dispute does not require a new policy or change to an existing policy.

Disputes for which resolution would effectively establish a new policy or change an existing policy will not be considered suitable for the dispute resolution processes. In addition, those disputes that involve a large number of issues or interested parties will not generally be considered suitable for these processes. In these instances, the Commission will rely on other redress mechanisms for resolving disputes.

Where the Commission is not legally required to be involved, parties may resolve their differences through private third-party mediation or arbitration, bilateral negotiations, or other means without Commission participation. The Commission encourages parties to attempt to exhaust these means to resolve outstanding issues in an efficient and effective manner before applying for the dispute resolution processes described in Broadcasting and Telecom Information Bulletin 2009-38.

a) Staff-assisted mediation

Staff-assisted mediation is the method of dispute resolution in which Commission staff assist parties in dispute to reach a consensual resolution of the issues. Where full resolution cannot be achieved, the objective of Commission staff will be to reduce the number of contentious issues in order to clearly identify those that may require further Commission intervention. In staff-assisted mediation, any resolution is non-binding.

Act. For example, the Commission's central objective in issuing *Practices and procedures for resolving competitive and access disputes*, Public Notice CRTC 2000-65, 12 May 2000 was to allow it to reach determinations regarding competitive disputes as expeditiously as possible. In *Expedited procedure for resolving competitive issues*, Telecom Circular CRTC 2004-2, 10 February 2004 and in *Expedited procedure for resolving issues arising under the* Broadcasting Act, Broadcasting Circular CRTC 2005-463, 18 April 2005, the Commission implemented measures regarding the conduct of Commission expedited public hearings.

In bilateral disputes, participation in staff-assisted mediation is mandatory for both parties prior to final offer arbitration or an expedited hearing, unless both parties (i) have participated in third-party mediation or (ii) have an agreed-upon statement of facts and request either final offer arbitration or an expedited hearing.

Any party may request staff-assisted mediation by making a written request to Commission staff in confidence. Commission staff will establish whether the particular matter is appropriate for mediation. In the event that it is not, staff will deny the request and may suggest that it be dealt with through a different redress mechanism.

Staff-assisted mediation may be conducted by Commission staff through direct telephone conversations, conference calls, in-person meetings, or a combination of these methods. During mediation, Commission staff will assist parties in arriving at a consensual resolution by facilitating communication and exchanges, and by focusing the parties on the issues at hand. As it is generally in the best interests of the parties to advance in a timely manner towards resolving the dispute or components of the dispute, Commission staff will establish time limitations – as long as mediation continues to progress. Commission staff may extend these time limitations as required. Should it become apparent that mediation is ineffective, Commission staff will end the mediation process.

When a staff-assisted mediation process has been terminated without resolution of all issues, Commission staff may, if all parties agree, issue a Staff Mediation Report identifying outstanding issues. That report, with the consent of all parties, may form part of the record for consideration in final offer arbitration, an expedited hearing, or another Commission proceeding on issues identified in the report.

b) Final offer arbitration

Final offer arbitration is the method of dispute resolution used for disputes that are exclusively monetary, involve only two parties, and meet the criteria outlined above. It may be used when the parties involved have failed to resolve the dispute through staff-assisted mediation or where both parties (i) have participated in third-party mediation or (ii) have an agreed-upon statement of facts and request final offer arbitration. A Commission panel will act as arbitrator and will choose between the final offers put forward by the parties. Final offer arbitration will result in a binding determination.

Either party (i.e. the applicant or the respondent) may request final offer arbitration by filing a written application with the Commission and serving it on the other party. The application must set out the matter(s) for which a determination by the Commission is requested, include a concise statement of the facts and issues, and explain why the application meets the criteria for final offer arbitration.

After the Commission arbitration panel selects one or the other of the offers in its entirety, the Commission will issue its decision. The Commission intends to release final offer arbitration decisions within 55 days of having accepted a request for final offer arbitration, in those cases where parties have met their filing obligations.

c) Expedited hearing

An expedited hearing is the method of dispute resolution used for those disputes that meet the criteria outlined above, provided that the nature of the dispute is not exclusively monetary. It may be used when the parties involved have failed to resolve the dispute through staff-assisted mediation or where both parties (i) have participated in third-party mediation or (ii) have an agreed-upon statement of facts and request an expedited hearing. The Commission will award the relief requested, in whole or in part, if it finds in the applicant's favour. Under this method of dispute resolution, the Commission will establish Commission panels to conduct brief oral hearings.

Where the Commission has accepted an application for an expedited hearing, parties will be required to attend a brief oral hearing, to which they will be required to bring all relevant documentation and knowledgeable personnel. An adverse inference may be drawn from the failure of a party to bring all relevant documentation and knowledgeable personnel to the oral hearing.

The Commission intends to release its expedited hearing decisions within 70 days of having accepted a request for an expedited hearing, in those cases where the parties have met their filing obligations and where no adjournment has been extended in the oral hearing.

Broadcasting

The disputes handled by the broadcasting alternative dispute resolution (ADR) group generally fall into three categories: (1) disputes between broadcasting distributors and programming services relating to the terms of distribution, including wholesale rates; (2) disputes between competing broadcasting distributors over access to buildings and the end-user; and (3) disputes between programmers regarding programming rights and markets served.

Wherever possible, ADR techniques, such as fact-finding meetings, mediation and staff-opinions, are used to attempt to break deadlocks, identify core issues, and assist disputing parties to directly resolve their disputes. As previously indicated, when these techniques are insufficient the Commission may, where appropriate, render determinations on disputes, generally by way of "final-offer" selection (e.g., under sections 12 to 15 of the *Broadcasting Distribution Undertaking Regulations* (*the Regulations*) or by way of decisions involving allegations of undue preference or disadvantage (e.g., under section 9 of *the Regulations*).

a) Review of existing broadcasting practices and procedures

In the context of the BDU and discretionary programming review of the regulatory frameworks proceedings,[171] the Commission invited comments on its existing practices with regard to competitive disputes and undue preference. The Commission also sought

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

specific comments on whether parties felt a reversal of onus on undue preference matters would be appropriate.

In Broadcasting Public Notice 2008-100, the Commission determined that a reverse onus provision similar to that set out in the *Telecommunications Act* would be appropriate with respect to BDUs. A reverse onus provision would specify that a complainant must demonstrate that a preference and/or disadvantage exists, at which point the BDU would then be required to demonstrate that its actions are not undue.

b) Number, type, trends, and time to closure of broadcasting disputes

For the twelve-month fiscal period ending 31 March 2009, the Commission dealt with three outstanding dispute files from the previous fiscal period and opened six new files. There were two dispute files outstanding at the end of the period, which were received in February and March 2009.

During the same period, the Commission resolved two informal dispute interventions received from the previous fiscal year. In addition, the Commission resolved seventeen of the twenty-two informal interventions received.

A trend of note in the report period is the shift back to more informal interventions. These informal files involved major players and, with one exception, featured disputes between programmers and BDUs. The number of formal files was the same as in the previous year.

Telecommunications

The Commission has strongly encouraged TSPs to pursue independent negotiations to resolve any competitive dispute. However, the Commission has successfully used a number of resolution mechanisms to settle a number of competitive disputes that could not be resolved by mutual agreement between the parties.

The telecommunications competitive disputes handled through alternative dispute resolution generally fall into the following categories: (1) access to support structures, (2) billing and collection service, (3) access to multi-dwelling unit buildings, (4) access to municipal rights-of-way, and (5) interconnection issues.

For the twelve-month period ending 31 March 2009, Telecom staff provided assistance to resolve 23 disputes between carriers. These were mainly competitive issues such as access to support structures and municipal rights-of-way, as well as multi-dwelling units, customer transfers between carriers, billing disputes, and competitor quality of service.

Statistical Information - Simplifying regulation and dispute resolution

Table 2.6.1 Number of dispute files received in 2008/2009

	Disputes/mediation	Final Offer Arbitration/Expedite
Broadcasting	31	1
Telecommunications	23	5
Total	54	6

Note: 1 April 2008 to 31 March 2009

Table 2.6.2 Number of broadcasting dispute files received in 2008/2009

	Formal dispute files	**Informal interventions**
Building access	2	0
Distribution/programming	4	25
Total	**6**	**25**

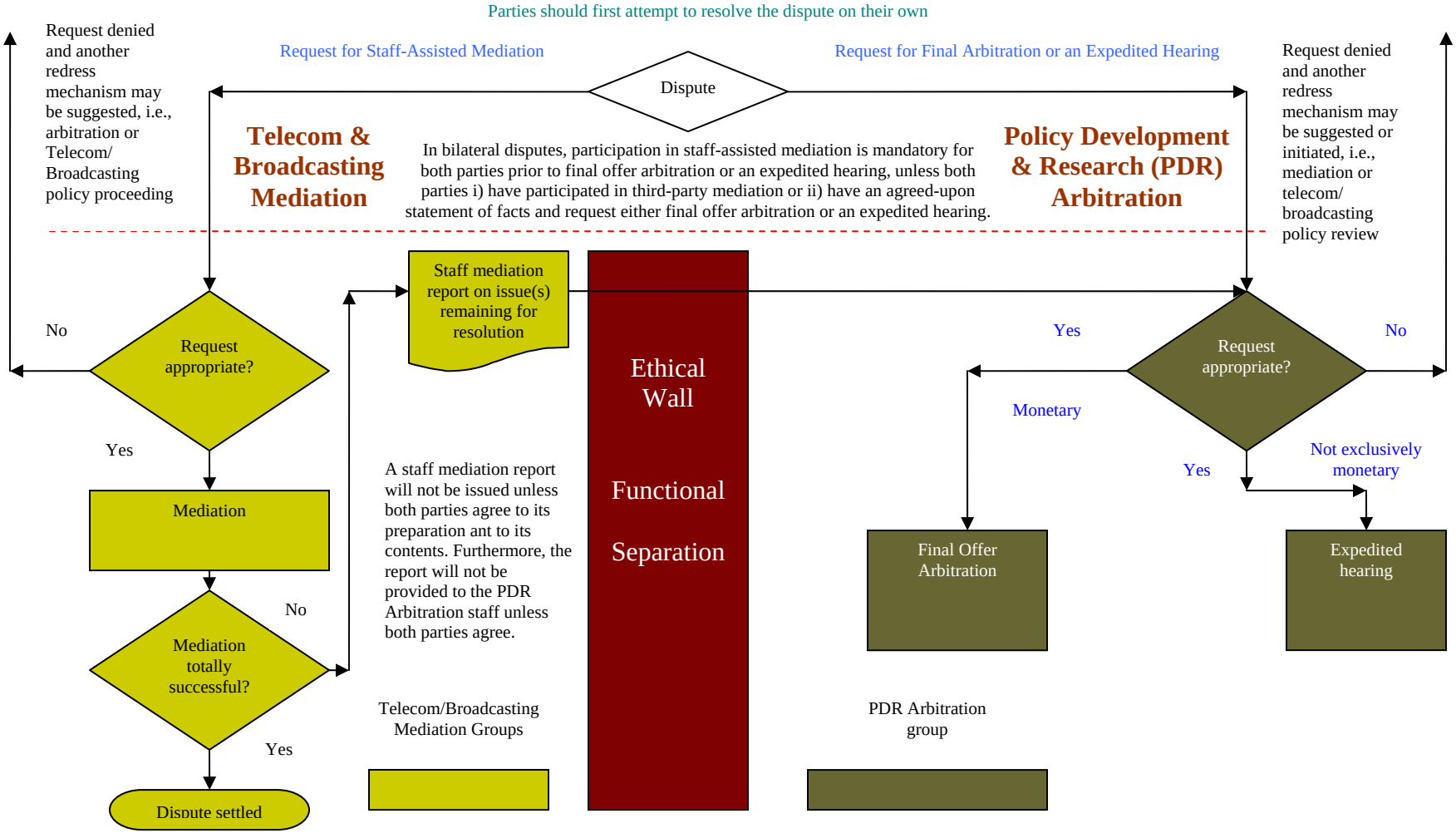
Notes: 1 April 2008 to 31 March 2009

Table 2.6.3 Fiscal year comparisons of the average number of days to resolve broadcasting disputes

Disputes	2006/07	2007/08
Undue preference	89	106
Final offer	53	68

Notes: Excludes informal interventions. Files commenced in one year but concluded in another are included in the calculation for the year of closure. Files can be suspended for various periods of time in order to permit the parties to negotiate. Suspension times are not included in these calculations.

Figure 2.6.1 Interpretation Guide – Practices and procedures for staff-assisted mediation, final offer arbitration, and expedited hearings



2.7 Current major CRTC initiatives

The following is a brief summary of some of the Commission's major initiatives currently underway.

Accessibility proceeding

In November 2008, the Commission held an oral hearing for the proceeding initiated by Broadcasting Notice of Public Hearing 2008-8[172] to address unresolved issues related to the accessibility of telecommunications and broadcasting services to persons with disabilities. The hearing featured a number of accessibility measures, such as closed captioning, appropriate signage, and American Sign Language (ASL) and Langue des signes québécoise (LSQ) interpretation. This proceeding is considering a variety of issues including relay services, access to emergency services, closed captioning, described video, customer service and support, and access to wireless services. A decision is expected to be released in the summer of 2009.

Licence renewal hearings for private conventional television stations

In Broadcasting Decision 2009-279,[173] the Commission announced that it will renew the broadcasting licences for the television stations of the broadcasters for which licence renewal applications were considered at the 27 April 2009 Gatineau public hearing. The licence renewal terms were a one-year licence renewal term, a two-year licence renewal term, a six-year licence renewal, and a full seven-year licence renewal term, depending on the applicant.

In that decision, the Commission indicated that it will hold a policy proceeding in the Fall of 2009 to address, but not necessarily be limited to, the following policy issues:

- determining the modalities and conditions for group-based licensing to be employed at the 2010 public hearing;
- providing revenue support for conventional broadcasters by
    - investigating alternative support mechanisms for local programming;
    - protecting the integrity of Canadian broadcaster signals; and

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172 *Unresolved issues related to the accessibility of telecommunications and broadcasting services to persons with disabilities*, Broadcasting Notice of Public Hearing CRTC 2008-8, 10 June 2008, as amended by Broadcasting Notice of Public Hearing CRTC 2008-8-1, 24 July 2008 and Broadcasting Notice of Public Hearing CRTC 2008-8-2, 17 October 2008 (Broadcasting Notice of Public Hearing 2008-8)

173 *Renewal of the broadcasting licences for private conventional television stations considered at the 27 April 2009 Gatineau public hearing – Initial decisions and scope of subsequent policy proceeding*, Broadcasting Decision CRTC 2009-279, 15 May 2009 (Broadcasting Decision 2009-279)

- exploring a mechanism for establishing, through negotiation, fair market value for the signals of the conventional television stations distributed by BDUs;

- elaborating on further details regarding possible digital transition models; and

- establishing the appropriate minimum levels of spending on Canadian programming by English-language television broadcasters and the regulatory mechanism to ensure these levels.

Community and campus radio proceeding

The Commission has announced its intention to renew the policies governing campus and community radio programming undertakings, which were last reviewed in Public Notice 2000-12[174] and 2000-13,[175] respectively. Given the imminent revision of these policies, the Commission announced in Broadcasting Decision 2009-334[176] that it will renew the licences of a number of campus and community radio programming undertakings set to expire on 31 August 2009 for a period of two years.

Ownership

In early 2009, the Commission implemented Phase I of the Broadcasting Ownership Information Annual Filing (BOIAF), with the selected corporate groups identified in Appendix 1 of Broadcasting Circular 2008-7.[177] This process includes the collection and review of broadcasting ownership data with the objective of providing greater flexibility in the furnishing of ownership information and documents and to ease the administrative burden on both the broadcasters and the Commission as it relates to the filing and the management of such items through an application process. In the winter of 2010, the Commission will implement Phase II of this process, which will extend the filing requirement to other commercial broadcasters.

Internet traffic management

On 3 April 2008, the Canadian Association of Internet Providers (CAIP) filed an application requesting that the Commission issue an order directing Bell Canada to cease and desist from "throttling"[178] its wholesale Asymmetric Digital Subscriber Line (ADSL)

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174 *Campus radio policy*, Public Notice CRTC 2000-12, 28 January 2000, as amended by Public Notice CRTC 2000-12-1, 2 February 2000 (Public Notice 2000-12)

175 *Community radio policy*, Public Notice CRTC 2000-13, 28 January 2000, as amended by Public Notice CRTC 2000-13-1, 2 February 2000 (Public Notice 2000-13)

176 *Various community and campus radio programming undertakings*, Broadcasting Decision CRTC 2009-334, 9 June 2009

177 *Implementation of the Broadcasting Ownership Information Annual Filing*, Broadcasting Circular CRTC 2008-7, 21 November 2008 (Broadcasting Circular 2008-7)

178 "Throttling" has been used by CAIP in reference to traffic management activities implemented by Bell Canada to control traffic flow, delaying some packets in order to meet certain criteria. In its application, CAIP also referred to activities to "shape," "throttle," and/or "choke" traffic. In this

services and, in particular, the wholesale service known as Gateway Access Service (GAS). On 20 November 2008, the Commission issued Telecom Decision 2008-108[179] in response to this application.

In Telecom Decision 2008-108, the Commission denied CAIP's request, stating that its determinations were made solely with respect to Bell Canada's traffic shaping practices in relation to its wholesale GAS tariffs.

The Commission further noted that parties in that proceeding had raised concerns related to existing and emerging Internet traffic management practices that were beyond the scope of the CAIP application. In light of this, the Commission launched Telecom Public Notice 2008-19.[180]

A broad range of issues related to technology, economics, access, and privacy were addressed in Telecom Public Notice 2008-19. In light of the questions posed in that public notice, the following main categories emerged:

i) information related to the growth and characteristics of the Internet;

ii) information about the various technical and economic solutions that are available now and in the future to manage Internet traffic;

iii) notification and disclosure requirements for Internet service providers (ISPs);

iv) privacy concerns;

v) interpreting and applying the *Telecommunications Act* to the traffic management practices employed by ISPs, specifically sections 27, 36, and 47 of the *Telecommunications Act*; and

vi) current initiatives and regulatory measures being examined in other jurisdictions.

The Commission expects to issue a decision related to the Telecom Public Notice 2008-19 proceeding by November 2009. At that time, the Commission intends to pronounce whether Internet traffic management practices are consistent with the

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Report, the terms "throttling" and "traffic shaping" are used interchangeably and are assumed to include all such traffic management activities.

179 *The Canadian Association of Internet Providers' application regarding Bell Canada's traffic shaping of its wholesale Gateway Access Service*, Telecom Decision CRTC 2008-108, 20 November 2008 (Telecom Decision 2008-108)

180 *Review of the Internet traffic management practices of Internet service providers*, Telecom Public Notice CRTC 2008-19, 20 November 2008, as amended by Telecom Public Notice CRTC 2008-19-1, 11 February 2009, Telecom Public Notice CRTC 2008-19-2, 12 February 2009, and Telecom Public Notice CRTC 2008-19-3, 18 March 2009 (Telecom Public Notice 2008-19)

Telecommunications Act, and whether any measures are required to ensure that such practices are in accordance with the *Telecommunications Act.*

Policy Direction

The Commission is required to apply the Policy Direction when exercising its powers and performing its duties under the *Telecommunications Act*.

The Policy Direction requires that the Commission rely on market forces to the maximum extent feasible and when relying on regulation should use measures that satisfy the following criteria:

- specify the telecommunications policy objective that is advanced by those measures and demonstrate their compliance with the Policy Direction;
- if they are of an economic nature, they should neither deter economically efficient competitive entry into the market nor promote economically inefficient entry;
- if they are not of an economic nature, to the greatest extent possible, they are implemented in a symmetrical and competitively neutral manner; and
- if they relate to network interconnection arrangements or regimes for access to networks, buildings, in-building wiring, or support structures, they should ensure the technological and competitive neutrality of those arrangements or regimes, to the greatest extent possible, to enable competition from new technologies and not to artificially favour either Canadian carriers or resellers.

To enable the Commission to act in a more efficient, informed, and timely manner, the Policy Direction also requires the Commission, among other things, to use only tariff approval mechanisms that are as minimally intrusive and as minimally onerous as possible, and to continue to explore and implement new approaches for streamlining its processes.

Accordingly, in Telecom Decisions 2007-51[181] and 2008-34,[182] the Commission established action plans to review the existing economic, non-economic, and social regulatory measures, with a view to ensuring that such measures are implemented in a manner consistent with the Policy Direction.

More information about the Commission's action plans may be obtained from the CRTC's website.

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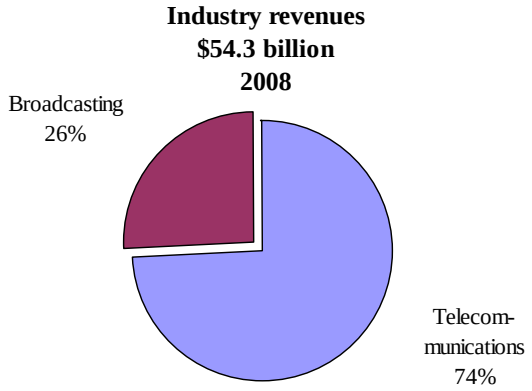
181 *Action plan for the review of Commission regulatory measures in light of Order in Council P.C. 2006-1534*, Telecom Decision CRTC 2007-51, 11 July 2007 (Telecom Decision 2007-51)

182 *Action plan for reviewing social and other non-economic regulatory measures in light of Order in Council P.C. 2006-1534*, Telecom Decision CRTC 2008-34, 17 April 2008 (Telecom Decision 2008-34)

3.0 The Communications service industry

3.1 Financial overview



This section provides a broad overview of the financial performance of the broadcasting and telecommunications industries in Canada (the Canadian communications industry) and briefly examines how convergence is enabling industry participants to offer communications services outside of their traditional core services. The financial performance of individual sectors within broadcasting and telecommunications is found in sections 4 and 5.

Revenue trends

In 2008, communications industry revenues increased 6.0% to $54.3 billion. Broadcasting revenues increased by 7.3% to $14.0 billion, an increase that is about 1.3 times that of telecommunication revenues which increased by 5.5% to $40.3 billion. From 2004 to 2008, their revenues increased annually by 6.8% in the broadcasting industry and 4.7% in the telecommunications industry.

In 2008, communication industry revenues accounted for nearly 4.4% of Canada's gross domestic product (GDP).[183] Broadcasting revenues accounted for approximately one quarter (26%) of that amount and telecommunications revenues accounted for approximately three quarters (74%).

A converging industry

Figure 3.1.6 illustrates the various types of players in the Canadian communications industry and how they deliver their service offerings to consumers. The deployment of high-capacity digital networks and the emergence of Internet protocol (IP) as the standard for data transmission and delivery have facilitated the carriage of multiple types of data on a single network; this has been a major enabler of network convergence. Today's unified data networks are capable of delivering all forms of information, be it voice, data, text, or video.

The capability and capacity of these underlying technologies and the regulatory response of allowing and encouraging competition in formerly non-competitive sectors have encouraged convergence. The blurring of the traditional distinction between a

183 Source: Statistics Canada – the 2008 Canadian GDP figure was approximately $1.2 trillion

telecommunications company and a cable company is manifested by traditional telephony companies offering broadcasting services and cable companies adding telecommunications services, such as Internet and telephony, to their service offerings. Additionally, content providers are increasingly utilizing the Internet to distribute various forms of media and entertainment.

The rationalization of networks and services within the broadcasting industry is demonstrated by the increase of telecommunications service revenues as a share of total revenues (excluding mobile services) reported by the largest cable companies. In 2007, telecommunications service revenues represented approximately 42.5% of total cable company revenues, primarily due to increasing take-up of Internet access services and the inroads made by their residential telephone services. In 2008, telecommunications service revenues increased to 44.3% of total cable company revenues.

A similar magnitude in the proportion of broadcasting revenue to total revenue (excluding mobile services) was not exhibited by the incumbent telephone companies. Although their broadcasting revenues increased by approximately 16% in 2007, these revenues represented just 6.8% of their total wireline revenues. In 2008, this proportion increased to 7.8% as their broadcasting revenues increased 15.2%.

Cable companies, when compared to incumbent TSPs, have been more successful in "up-selling" telecommunications services to their customers.

Figure 3.1.7 represents the revenue makeup and relative revenue magnitude of eight communications companies that provide both broadcasting and telecommunications services. Each company is displayed by a bubble, the size of which represents the magnitude of its revenues. The position of the bubble indicates the extent of each company's telephony versus broadcasting revenues: the closer the bubble is to the "Broadcasting revenue share" axis, the more the company generates revenues through broadcasting activities; the closer the bubble is to the "Telecom revenue share" axis, the more the company generates revenues through telecom activities. Collectively, revenues of these companies account for over 80% of communications revenues.

Figure 3.1.8 sets out various regulatory considerations that must be addressed within a converging industry. From a regulatory perspective, the Commission will need to consider the impact of convergence as it applies to corporate structure, technology and customers. Within this framework lie a number of complex issues including, but not limited to, ownership, interconnection, universal access, affordability, and privacy.

Competition

Service convergence has led to increased competition and has encouraged innovation through offering multiple service bundles to consumers. TSPs providing local service are bundling long distance service with their local service offering. Others, such as the wireless service providers, offer friend and family plans.

In 2008, approximately 25% of residential accounts included service bundles that consisted of two or more of the following services: local, Internet, video, and wireless.[184] This is relatively unchanged from the estimated 25% that was quoted in 2007. The extent to which residential customer accounts contained service bundles varied by TSP, ranging from 15% to in excess of 60%.

[184] Source: CRTC data collection

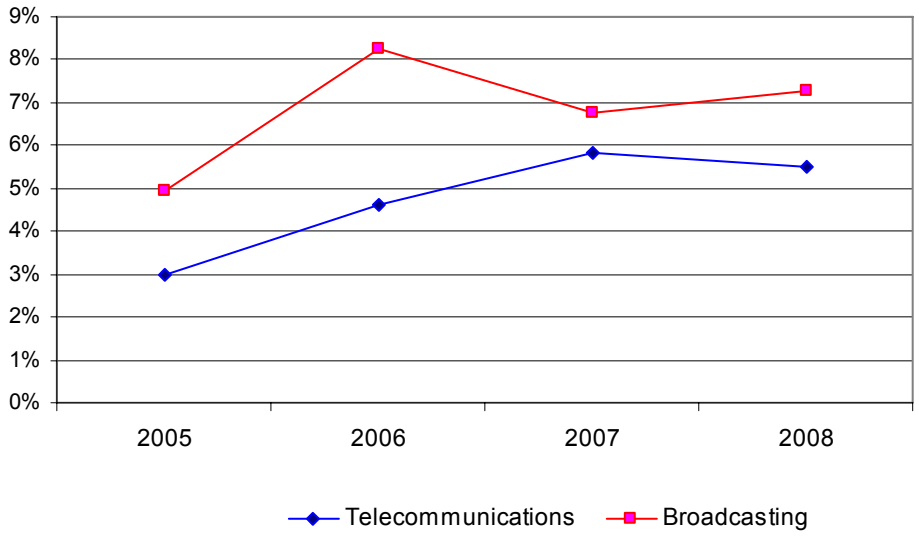
Statistical information – Financial overview

Table 3.1.1 Telecommunications and broadcasting revenues ($ billions)

	2004	2005	2006	2007		2008	*Growth 2007-2008*	*CAGR 2004-2008*
Wireline	24.0	23.5	23.4	23.7	#	24.3	2.5%	0.3%
Wireless	9.5	11.0	12.7	14.5	#	16.0	10.4%	14.0%
Total telecommunications revenues	33.5	34.5	36.1	38.2	#	40.3	5.5%	4.7%
Radio AM/FM	1.2	1.3	1.4	1.5		1.6	5.2%	6.5%
Television	4.5	4.7	5.0	5.3		5.5	4.4%	5.0%
BDU	5.0	5.3	5.8	6.3		7.0	10.2%	8.4%
Total broadcasting revenues	10.8	11.3	12.2	13.1		14.0	7.3%	6.8%
Total telecommunications and broadcasting revenues	44.3	45.8	48.3	51.3	#	54.3	6.0%	5.2%

Source: CRTC data collection

Figure 3.1.1 Broadcasting and telecommunications annual revenue growth rates



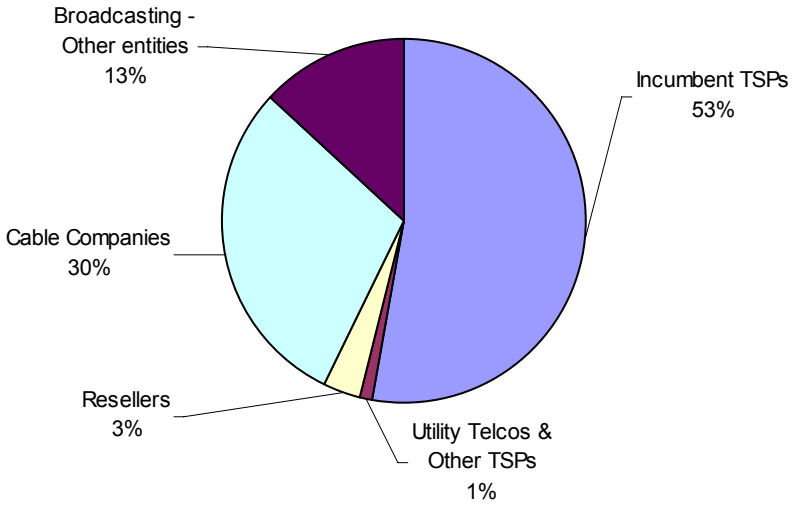
Source: CRTC data collection

Table 3.1.2 Industry revenues, by type of provider ($ thousands)

	2006	2007		2008	*Growth 2007-2008*
Incumbent TSPs					
Telecommunications	26,195.4	26,710.2	#	27,168.2	1.7%
Broadcasting distribution	1,129.8	1,311.0		1,510.0	15.2%
Subtotal	27,325.2	28,021.3	#	28,678.2	2.3%
Utility telcos and other TSPs	343.6	488.1	#	626.2	28.3%
Resellers	1,798.4	1,774.5	#	1,840.4	3.7%
Cable companies					
Telecommunications	7,731.9	9,231.6	#	10,671.1	15.6%
Broadcasting distribution	4,661.5	4,998.3	#	5,443.4	8.9%
Subtotal	12,393.4	14,229.9	#	16,114.5	13.2%
Broadcasting - Other entities	6,448.1	6,758.1	#	7,066.3	4.6%
Total	48,308.7	51,271.9	#	54,325.6	6.0%

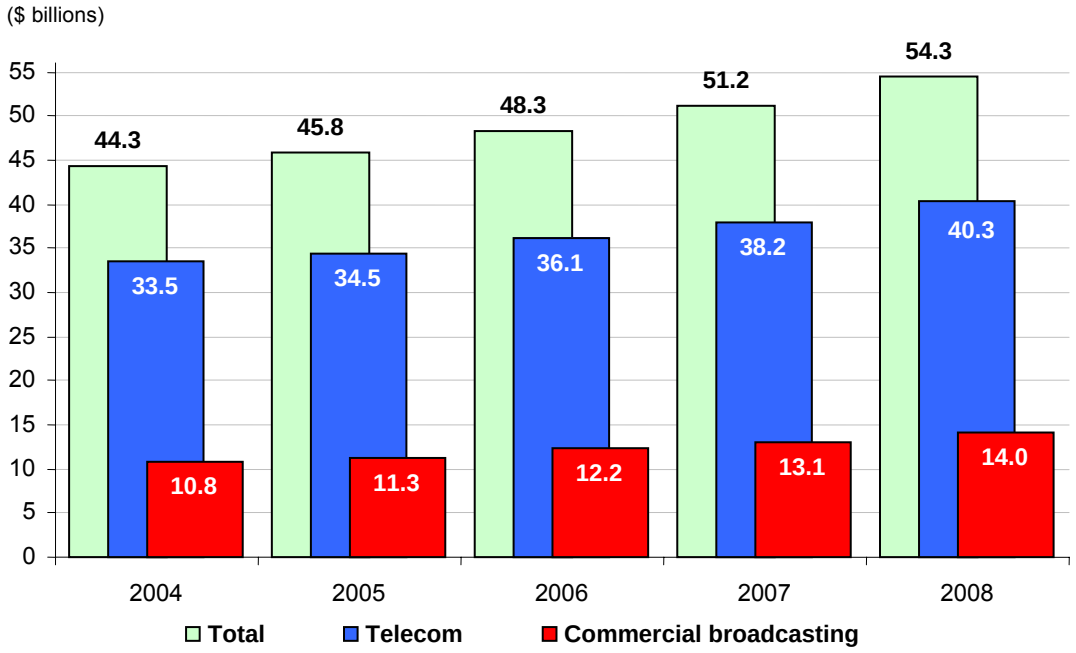
Source: CRTC data collection

Figure 3.1.2 Broadcasting and telecommunications revenues by type of provider (2008)



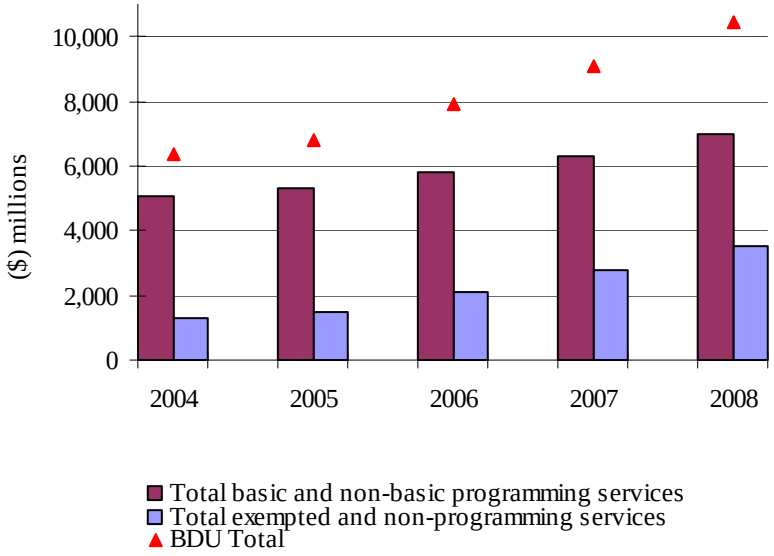
Source: CRTC data collection

Figure 3.1.3 Commercial broadcasting and telecommunications revenues (excluding non-programming and exempt services)



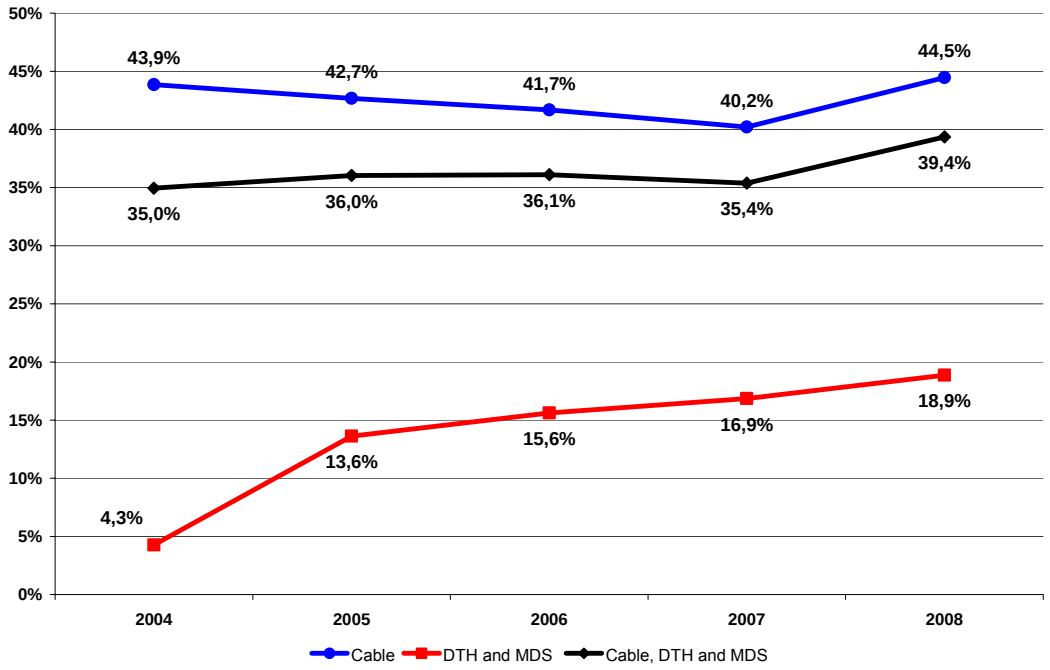
Source: CRTC data collection

Figure 3.1.4 BDU revenues, by service type



Source: CRTC data collection

Figure 3.1.5 BDU – EBITDA margins achieved from all services (programming, exempted, and non-programming services)



Source: CRTC data collection

Figure 3.1.6 Broadcasting and telecommunications operating platforms

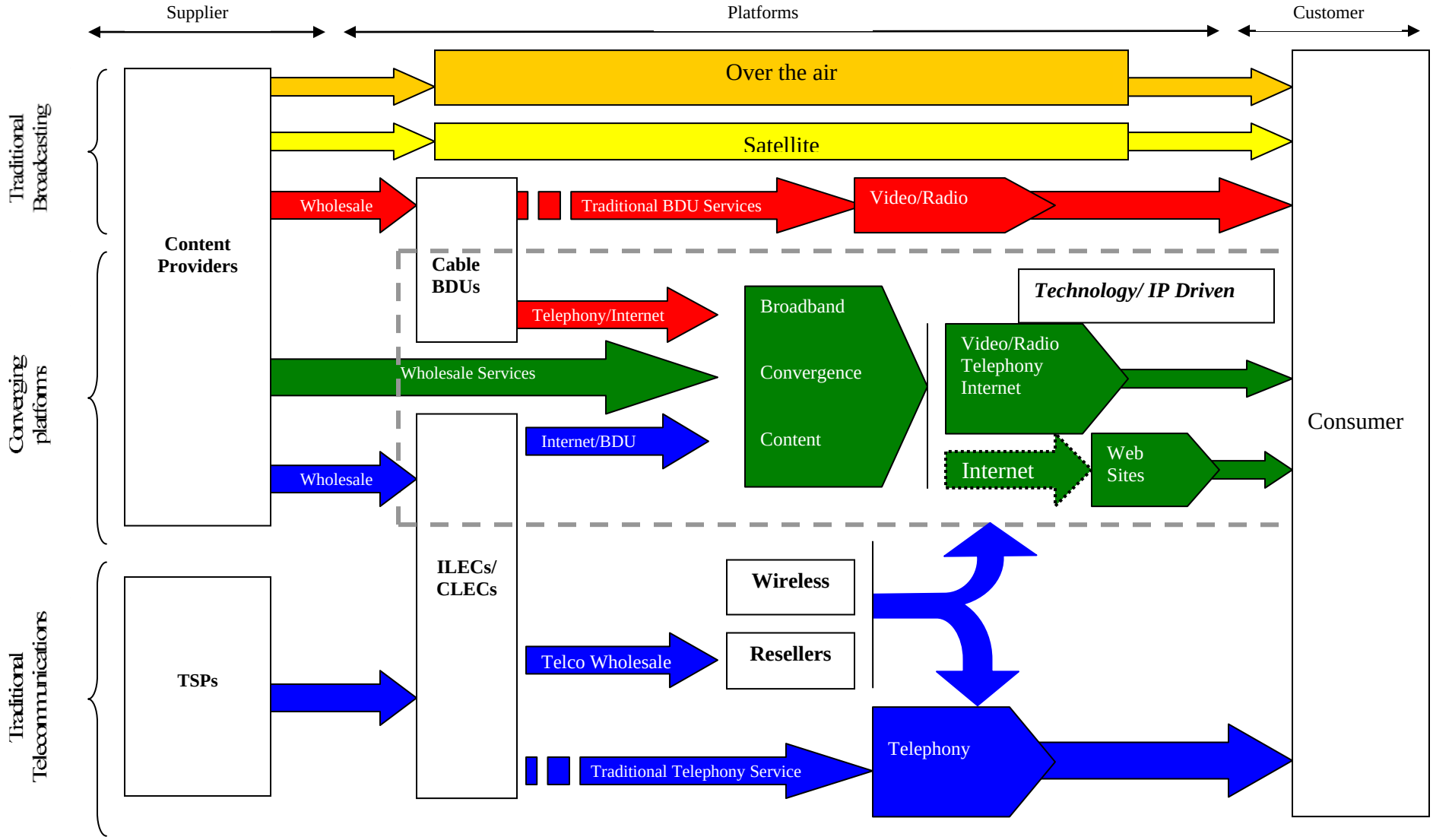
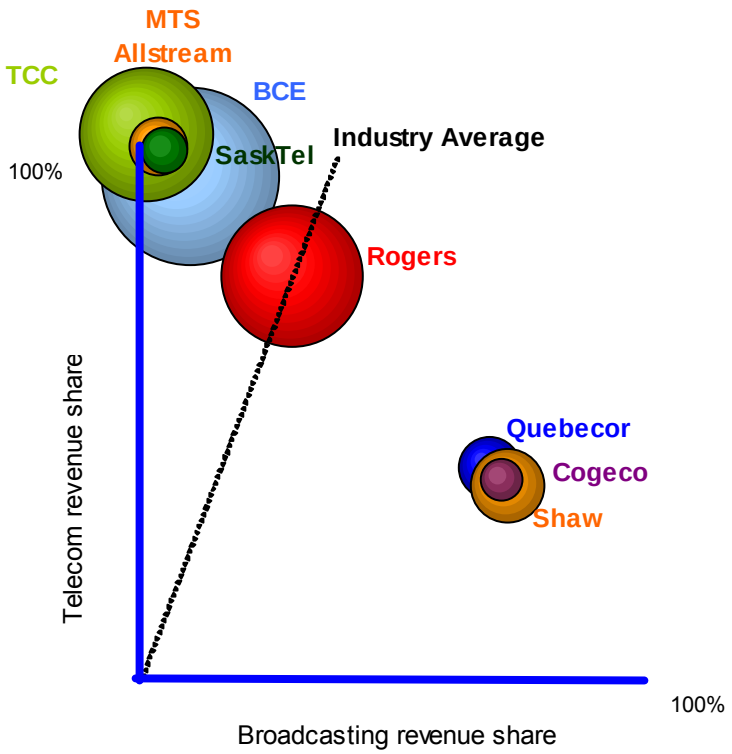
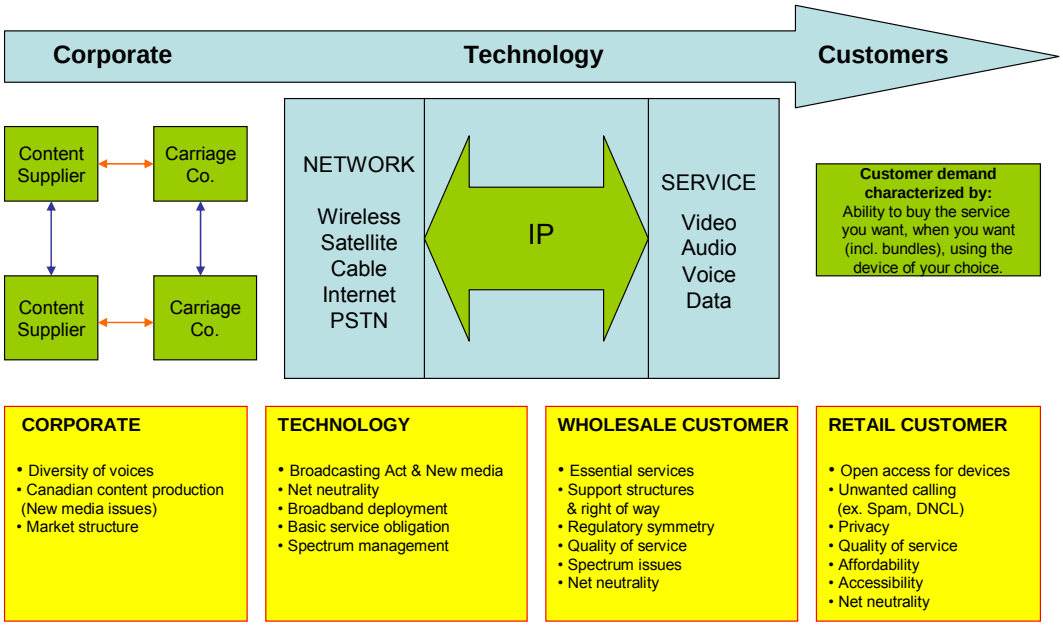


Figure 3.1.7 Select Canadian communications companies revenue composition



Note:
(1) Bubbles represent estimated total telecommunications and broadcasting revenues in 2008.
Source: Company websites and other public annual reports

Figure 3.1.8 Regulatory considerations in a converging industry



4.0 Broadcasting

Overview

There exist three delivery platforms for the broadcasting of radio and television programming:

i) conventional transmission where the licensed broadcasters transmit either radio or television programs to the general public free of charge over assigned frequencies or channels in the appropriate spectrum (AM, FM, VHF, UHF, or L-Band);

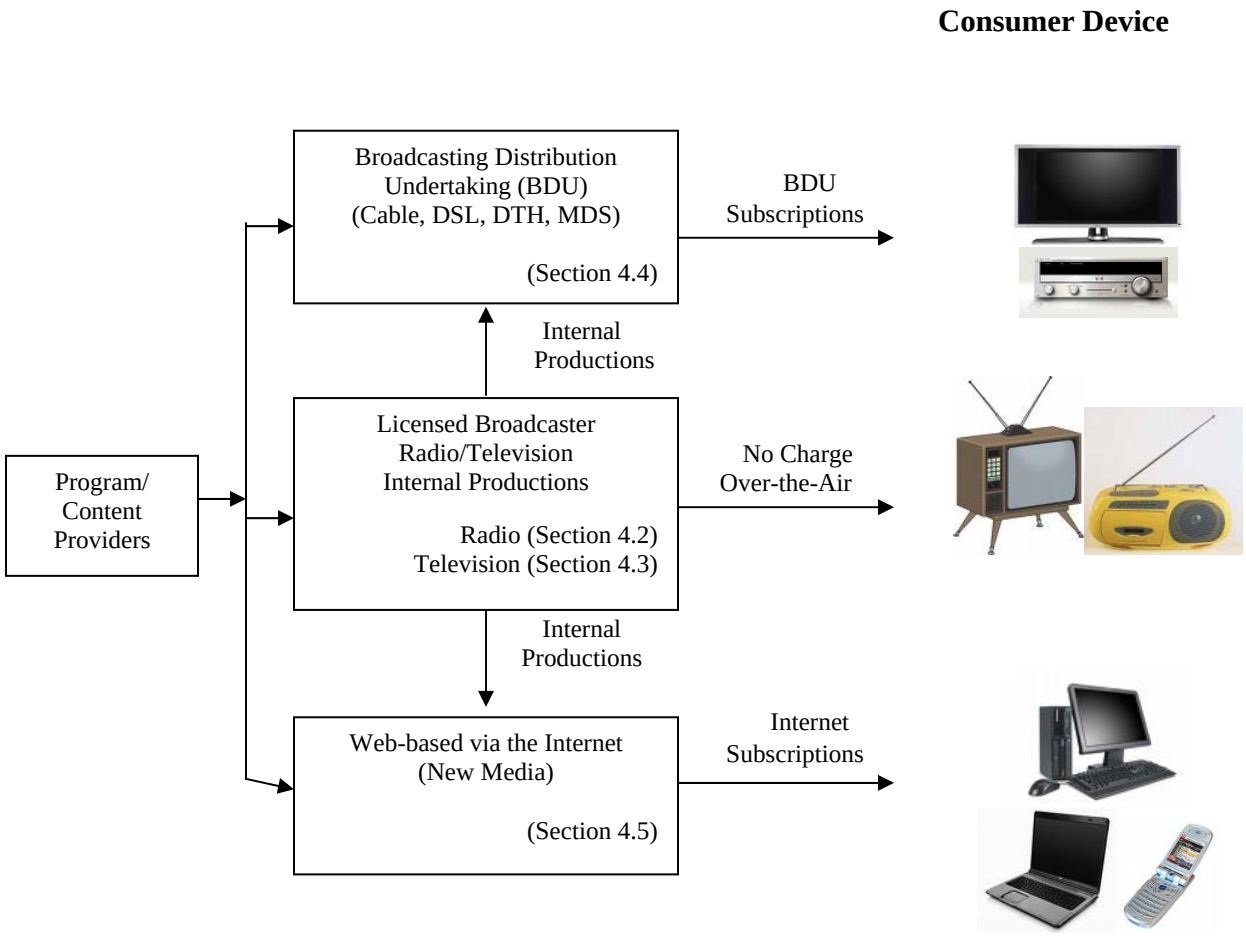
ii) over dedicated landline (cable or DSL) or wireless (satellite, DTH, MDS), facilities of licensed broadcasting distribution undertakings (BDUs) who transmit radio and television programming over their network to subscribers of their service for a monthly subscription fee; and, more recently

iii) via the Internet using web-based facilities or sites to subscribers of high-speed or broadband Internet service.

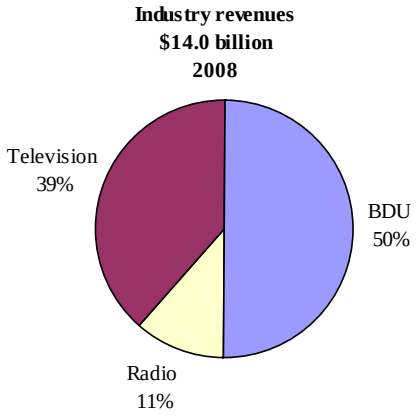
Various models have been developed by the providers to recover the costs of the content that users access via the Internet. These models range from free, as the costs are recovered through advertisements (Joost and Hulu), to subscription based (Jump TV), to pay-per-view (Apple TV).

Broadcasters who produce their own content can broadcast their content over their facilities, use their web-based facilities or use the services of a BDU.

Diagram 4.0.1 Program distribution



4.1 Broadcasting - Financial review



Broadcasting revenues include revenues from radio, television, and BDUs. Radio revenues include AM and FM commercial radio stations. Television revenues include CBC conventional television, private conventional television, and pay, pay-per-view (PPV), video-on-demand (VOD) and specialty services. BDU revenues include cable and Direct-toHome (DTH) / Multipoint Distribution Service (MDS) as well as Internet Protocol television (IPTV) service, but exclude Internet and telephony service revenues.[185] Revenues from the radio, television, and BDU markets are analyzed in greater detail in subsections 4.2, 4.3, and 4.4, respectively.[186]

A) The Industry

In June 2008 there was a change in the effective control of TQS inc. (5 TV stations) from Cogeco to Remstar Diffusion[187] and the CBC acquired the assets of several French-language television programming undertakings in Quebec from TQS inc.[188]

i) Radio

The radio industry had five large companies that collectively had 70% of the commercial radio revenues in 2008. The remaining 30% of commercial radio revenues was captured by a large number of smaller companies.

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185 Internet and telephony services are discussed in section 5 of this report.

186 Additional data relating to financial performance of the private commercial radio broadcasting industry is available on the CRTC website for industry under “Industries at a glance”.

187 In *Change in the effective control of TQS inc. and licence renewals of the television programming undertakings CFJP-TV Montréal, CFJP-DT Montréal, CFAP-TV Québec, CFKM-TV Trois-Rivières, CFKS-TV Sherbrooke, CFRS-TV Saguenay and of the TQS network*, Broadcasting Decision CRTC 2008-129, 26 June 2008 the Commission approved, subject to certain conditions, the acquisition by Remstar Diffusion Inc. of TQS’s network and television stations in Montréal, Québec, Trois-Rivières, Sherbrooke, and Saguenay.

188 In *Canadian Broadcasting Corporation - Acquisition of assets*, Broadcasting Decision CRTC 2008-130, 26 June 2008, the Commission approved the acquisition by CBC of the assets of the French-language television programming undertakings CKSH-TV Sherbrooke, CKTM-TV Trois-Rivières and CKTV-TV Saguenay and its transmitter CKTV-TV-1 Saint-Fulgence, Quebec, from TQS inc

ii) Television

By the end of 2008, the television industry had eight large companies that collectively controlled directly or indirectly over 87% of the television revenues which can be seen in Figure 4.1.2.

iii) Broadcast Distribution

The broadcast distribution industry had five large companies that captured approximately 90% of the broadcast distribution revenues.

B) Revenues

Total revenues from broadcasting services were approximately $14.0 billion in 2008, an increase of 7.3%. Radio revenues increased from $1.5 billion in 2007 to $1.6 billion in 2008, showing an increase of $0.1 billion (5.2%), while television revenues increased from $5.3 billion to $5.5 billion, an increase of $0.2 billion (4.5%), and BDU revenues increased from $6.3 billion to $7.0 billion. Revenue growth in broadcasting came predominantly from the pay, PPV, VOD, and speciality services, and BDUs.

Advertising revenues are a major component of the broadcasting industry. Generally, these revenues account for between 50 to 95% of the broadcaster's total revenues. Over the 2004 to 2008 period, commercial radio and conventional television advertising revenues increased 6.5 and 0.9% respectively; whereas, pay, PPV, VOD, and speciality television advertising revenues increased 9%. Internet advertising revenues however increased 56% over the same period. By 2008, Internet advertising revenues are at the same level as those from radio.

Revenues reported by the pay, PPV, VOD, and specialty services continue to increase annually and since 2005 they have been the largest revenue component of total television revenues. The revenues reported by these services increased $208 million (7.6%) from 2007 to 2008. Since 2004, these services have increased by an average of 9.2% per year which represents the largest growth component of the television market. The number of services reporting financial results over this same period has increased from 123 in 2004 to 182 in 2008. This was largely due to the proliferation of digital services.

Revenues reported by the CBC and private conventional television sector increased by $23 million (0.9%) from 2007 to 2008. Since 2004, these revenues have grown by an average of 1.1% per year. During this same period, CBC and the private conventional television sector garnered 54% of total television revenues reported, but in 2008, this percentage decreased to 46%.

The BDUs experienced the most revenue growth in 2008. As seen in Table 4.1.1, cable and DTH/MDS revenues grew by $0.4 billion (9.9%) and $0.2 billion (11.0%) in 2008, respectively.

i) Radio - revenues

Revenues generated by radio operators were derived mainly through advertising. In 2008, advertising revenues increased $80.0 million (5.5%) over the previous year, slightly below the 6.5% annual growth rate over the 2004 to 2008 period.

ii) Television - revenues

Pay, PPV, and VOD services rely entirely on subscription revenues, while specialty services have both advertising and subscription revenue streams. In 2008, 44% of specialty service revenues were derived from advertising and the remaining 56% was generated through subscription fees. Total television advertising revenues experienced a slight increase in growth of 2.8% from 2007 to 2008 while subscription revenues increased 6.9%.

iii) BDU - revenues

BDU revenues from basic and non-basic programming services increased 10.2% from $6.3 billion in 2007 to $7.0 billion in 2008. BDU revenues represent approximately 50% of total broadcasting revenues in 2008.

C) Earnings Before Interest Taxes and Depreciation (EBITDA) and Profit Before Interest and Taxes (PBIT) margins

i) Radio PBIT

- AM radio reported an $11.2 million (68.3%) increase in profit before interest and taxes (PBIT) from 2007 to 2008. The PBIT margin for AM radio in 2008 was 8.4%.

- FM radio reported a $24.9 million (8.8%) increase in PBIT from 2007 to 2008. The PBIT margin for FM radio in 2008 was 24.6%.

ii) Television PBIT

PBIT and PBIT margins for the private conventional television and pay, PPV, VOD, and specialty services, excluding CBC conventional television, gradually increased from $0.6 billion in 2003 to $0.8 billion in 2005. Since 2005, it has declined by $0.1 billion, resulting in a 13.0% decline.

- The PBIT reported by the private conventional television sector went from $113 million in 2007 to $8 million in 2008. In 2008, the number of private conventional television services reporting financial results increased slightly to 99.

- The PBIT reported by the pay, PPV, and VOD television services increased $38.5 million (6%) to $686 million from 2007 to 2008. The number of pay, PPV and VOD services reporting financial results also increased from 178 in 2007 to 182 in 2008.

Overall television PBIT declined by $66.4 million (8.7%) from 2007 to 2008.

iii) BDU EBITDA

The EBITDA margin for cable undertakings from basic and non-basic programming activities increased from 23.3% in 2007 to 28.1% in 2008. Similarly, the EBITDA margin from basic and non-basic programming activities reported by DTH and MDS undertakings continued to increase from 17.1% in 2007 to 19.0% in 2008.

The combined EBITDA margin for cable, and DTH and MDS undertakings from basic and non-basic programming activities increased from 21.4% in 2007 to 25.3% in 2008.[189]

[189] EBITDA margins for BDUs (basic and non-basic programming) can be found in Figure 4.4.1 in the broadcast undertaking section of the report.

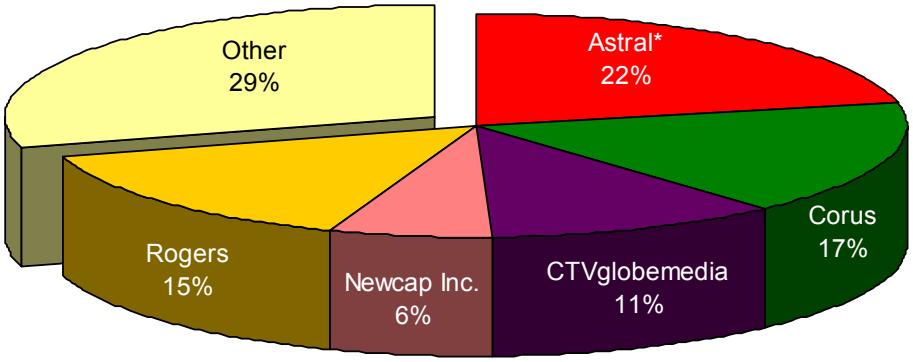
Statistical information - Broadcasting revenues

Table 4.1.1 Broadcasting revenues ($ millions)

	2004	2005	2006	2007	2008	*Growth 2007-2008*	*CAGR 2004-2008*
Radio							
AM	303	306	322	329	329	-0.1%	2.1%
FM	924	1,031	1,093	1,173	1,251	6.6%	7.9%
Radio Total	1,227	1,337	1,415	1,502	1,580	5.2%	6.5%
Television							
CBC conventional television*	375	292	392	356	412	15.7%	2.4%
Private conventional television	2,066	2,147	2,143	2,171	2,138	-1.5%	0.9%
Pay, PPV, VOD, and specialty service	2,065	2,222	2,499	2,725	2,936	7.7%	9.2%
Television Total	4,506	4,661	5,034	5,252	5,487	4.5%	5.0%
BDU							
Cable	3,405	3,522	4,008	4,334	4,762	9.9%	n/m
DTH/MDS undertakings	1,329	1,438	1,641	1,834	2,036	11.0%	n/m
Non-reporting BDUs	306	350	142	142	156	9.9%	n/m
BDU Total	5,039	5,310	5,791	6,309	6,953	10.2%	8.4%
Broadcasting Total	10,773	11,308	12,240	13,064	14,020	7.3%	6.8%

n/m = not meaningful
* CBC revenues include advertising and other commercial revenues. Parliamentary appropriations are not included.
CAGR refers to cumulative annual growth rate
Source: CRTC data collection

Figure 4.1.1 2008 Commercial radio revenues, by broadcaster



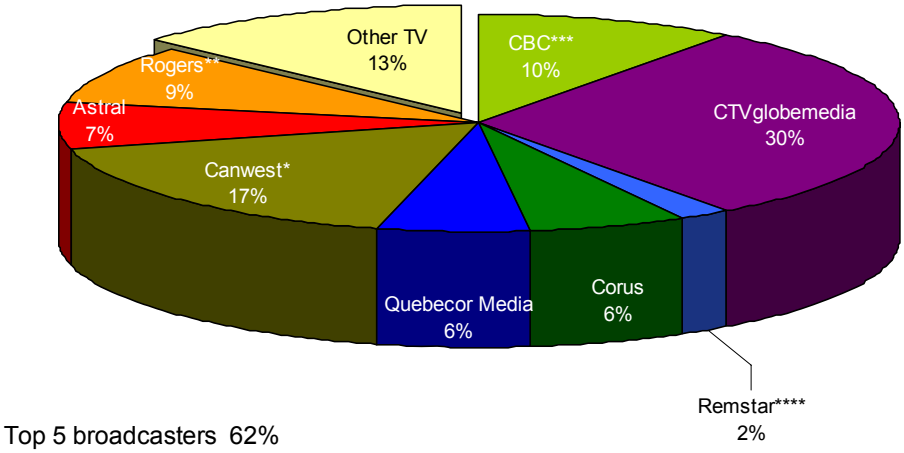
Top 5 broadcasters : 71%

Source: CRTC data collection

* In December 2007, the Commission approved an application by Astral Media Inc. to acquire Standard Broadcasting Corporation Limited's radio assets.

The percentage of total revenue calculation is based on total revenues reported for each service where the broadcaster had greater than 50% direct and indirect voting interest as of 31 August 2008.

Figure 4.1.2 2008 Commercial television revenues, by broadcaster



Source: CRTC data collection

Notes:

* In December 2007, the Commission approved an application by Canwest for authority to change effective control of Alliance Atlantis Broadcasting Inc.'s television specialty services.

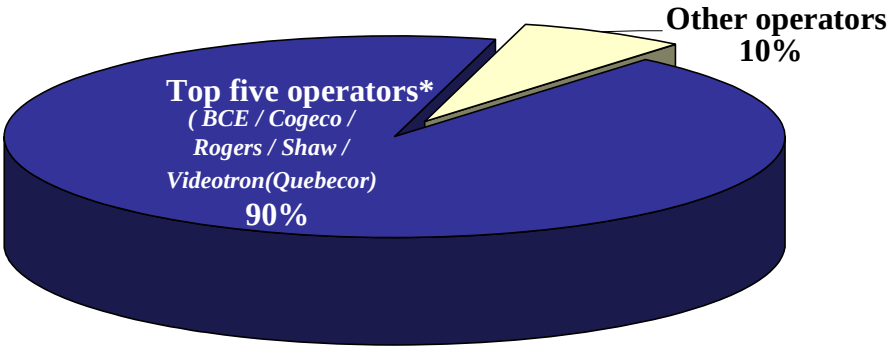
** In September 2007, the Commission approved an application by Rogers Broadcasting Inc. to change effective control of the five OTA Citytv stations previously owned and operated by CHUM Limited.

*** Based on advertising, subscriber and other commercial revenues only and does not include parliamentary appropriations.

**** Includes conventional TQS stations. In June 2008 the Commission approved, subject to certain conditions, the acquisition by Remstar Diffusion Inc. of TQS's network and television stations in Montreal, Quebec, Trois-Rivières, Sherbrooke, and Saguenay. The Commission also approved the acquisition by CBC of the assets of the French-language television programming undertakings CKSH-TV Sherbrooke,
CKTM-TV Trois-Rivières and CKTV-TV Saguenay and its transmitter CKTV-TV-1 Saint-Fulgence, Quebec, from TQS inc.

Percentage of total revenue calculation is based on total revenues reported for each service where the broadcaster had greater than 50% and/or direct and indirect voting interest as at 31 August 2008.

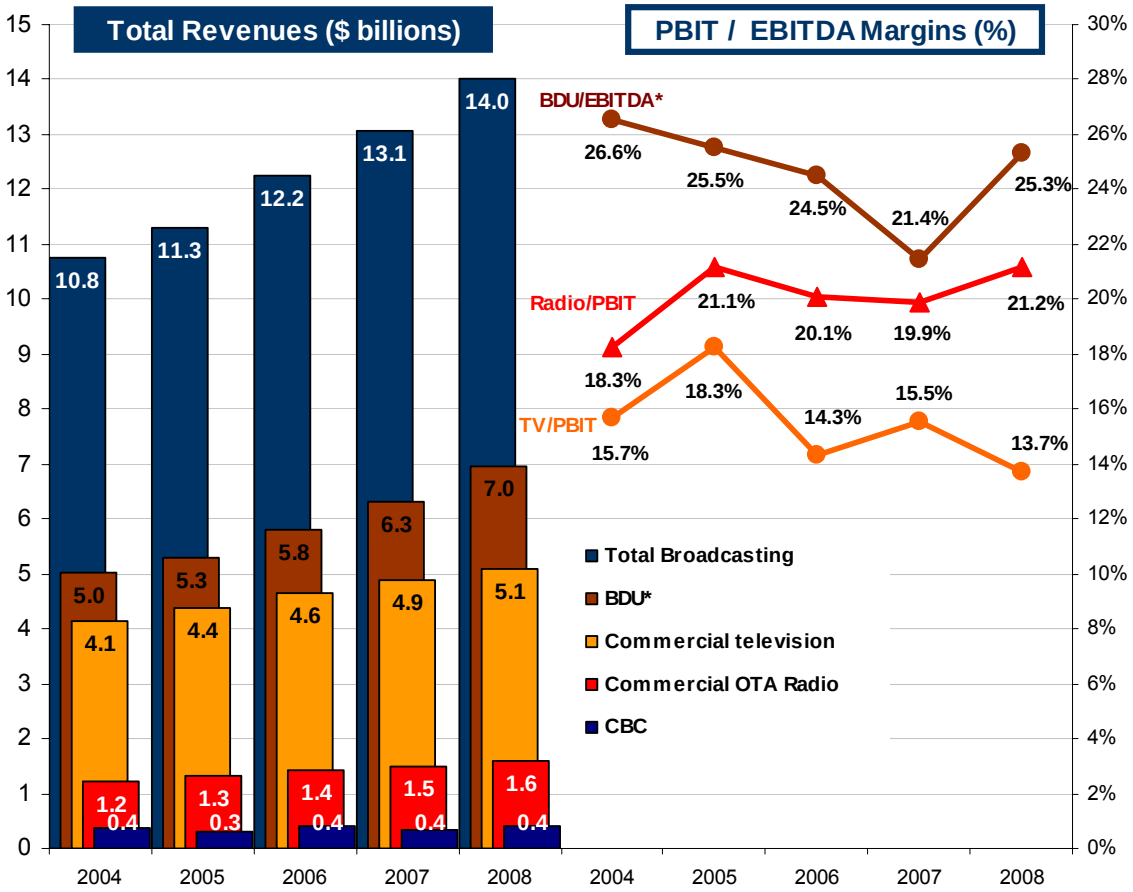
Figure 4.1.3 2008 BDU revenues, by operator



Source: CRTC data collection

Note: * Includes non-reporting BDU revenues

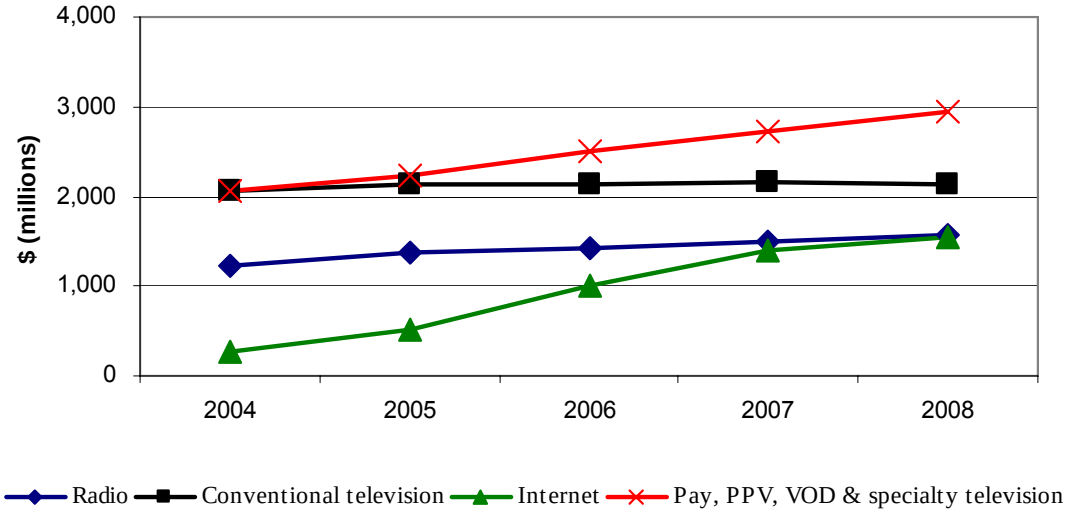
Figure 4.1.4 Total broadcasting revenues and PBIT/EBITDA margins



Source: CRTC data collection

- BDU revenues include non-reporting BDU revenues, but exclude exempt and non-programming services. BDU EBITDA represents only basic and non-basic services.

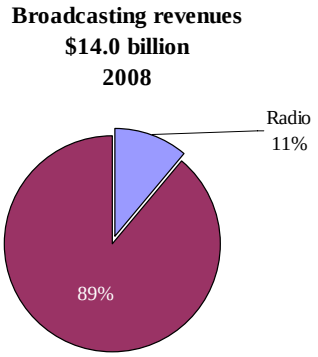
Figure 4.1.5 Canadian advertising revenues



Source: Canadian Marketing Association - *Marketing's Contribution of the Canadian Economy, 2007,* and Interactive Advertising Bureau of Canada and CRTC data collection

4.2 Radio

Overview



As of 31 December 2008, there were 1,213 radio and audio services in Canada. Ninety-eight percent of radio and audio services were over-the-air while the remaining 2% was delivered by BDUs. Canada's national broadcaster, the CBC, accounted for approximately 8.6% of radio and audio services while the private commercial broadcasters accounted for 60.7%. The remaining 28.9% consisted of religious, community, campus, Aboriginal, and other radio and audio services. There were approximately 628 private commercial undertakings operating in 2008 with revenues of approximately $1.6 billion.

Highlights

- As of 31 December 2008, there were 25 private commercial over-the-air ethnic radio stations, 73 radio stations licensed to broadcast religious music, 50 Type B Native radio stations, and 51 campus stations licensed across Canada.
- The private commercial broadcasters, representing 61% of audio and radio services, generated revenues of $1.6 billion in 2008, a 5.2% increase or $78 million over the previous year.
- Average weekly hours tuned per capita have declined by 2% annually since 2004, from 19.5 hours per week to 18.3 hours in 2008. The age groups with the largest declines were the 18 to 24 and 12 to 17 age groups with a 4% annual decrease.
- Weekly hours per listener have declined 1% annually since 2004 from 21.0 hours per week in 2004 to 20.0 hours in 2008.
- FM revenues increased 7% from $1,172 million in 2007 to $1,251 million in 2008. AM revenues remained relatively unchanged at $329 million in 2008.

Industry

Five operators accounted for 72% of the revenues in the English-language market:[190]

- Rogers Broadcasting Limited (18%),
- Astral Media Inc. (17%),
- Corus Entertainment (17%),
- CTVglobemedia Inc. (13%), and
- Newcap Inc. (7%).

[190] Refer to Table 4.2.9 for further details.

The three largest operators in the French-language market accounted for 82% of the revenues in the French-language market:[191]

- Astral Media Inc. (47%),
- Corus Entertainment Inc. (21%), and
- Cogeco Inc. (14%).

Analysis

Revenue and PBIT analysis

Revenues from private commercial radio stations have increased 7% annually from $1.2 billion in 2004 to $1.6 billion in 2008. As displayed in Figure 4.2.5 and Table 4.2.8, over the 2004 to 2008 period, revenues from AM private commercial radio increased 2% annually from $303 million to $329 million in 2008. Revenues from FM private commercial radio stations increased 8% annually from $924 million to $1,251 million. During this period, there was also a steady conversion of AM stations to FM stations. The impact of this conversion on the radio industry is displayed in Figure 4.2.6. Over the 2004 to 2008 period on a per station basis, AM station revenues increased from $1.6 million per AM station to $2.1 million and FM station revenues remained relatively unchanged at $2.6 million per FM station. In addition, over this period the PBIT increased ninefold from $0.02 million per AM station in 2004 to $0.18 million in 2008, whereas the PBIT remained relatively unchanged at $0.6 million per FM station.

Tuning trends

Weekly radio listening levels per capita remained the same at 18.3 hours in 2008. There was, however, a decrease in the weekly listening levels per capita of 12 minutes and 18 minutes among the 18-24 and 35-49 age groups, respectively. This was partially offset by an increase in radio listening among adults aged 50-54 and 65 and over, who increased their radio listening by 18 minutes and 6 minutes, respectively.

Fall weekly tuning trends per listener decreased 1% from 20.2 to 20.0 hours. Private commercial radio captured 79.1% of total tuning. In 2008, the tuning share for the five largest private commercial radio operators remained the same at 54%. The remaining 46% was shared among the other private operators and public broadcasters.

Similar trends were evident in both English- and French-language tuning. With respect to English-language tuning, the five largest private commercial operators maintained their tuning share at 59% of the English-language radio listening hours. Their revenues represented 72% of the total private English radio revenues. These revenues increased 7% from $885 million in 2007 to $945 million in 2008. The top three private operators in the French-language market captured 62% of the listening hours. These operators captured 82% of the total private French-language radio revenues in 2008. These revenues increased 1% from $187 million in 2007 to $190 million in 2008.

[191] Refer to Table 4.2.9 for further details.

Tangible benefits

As of 31 December 2008, tangible benefits were $3.6 million as a result of 12 transactions. The total amount of tangible benefits for the period 1 May 1998 to 31 December 2008 was $203.7 million.

Digital radio

As of 31 December 2008, the Commission renewed 59 transitional digital radio licences, of which 41 were to private commercial radio programming undertakings and 18 were to existing CBC stations. The 41 private commercial licences will expire on 31 August 2009, and the 18 CBC licences will expire on 31 August 2010.

Cultural diversity

As of 31 December 2008, the Commission had authorized 25 private commercial over-the-air ethnic radio stations in the major cities such as Vancouver, Edmonton, Calgary, Winnipeg, Toronto, Montréal, and Ottawa. The Commission directed these stations to provide programming to a number of cultural and linguistic groups.

As of 31 December 2008, there were 73 radio stations licensed to broadcast primarily religious music and/or spoken word; 27 were French-language, 45 were English-language and one was third-language.

In 2008, there were 50 Type B Native radio stations, and three Native network radio licences.

As of 31 December 2008, there were 45 Type A, 58 Type B, and six developmental community stations. Of the Type A community stations, 34 were French-language, 10 were English-language, and one was bilingual. Of the Type B community stations, 28 were French-language, 29 were English-language, and one was multicultural. There were six English-language developmental community stations.

At the end of 2008, there were 51 campus stations licensed across Canada: 41 community-based, of which 34 were English-language stations; five French-language stations; two bilingual stations; and 10 English-language instructional stations.

As of 31 December 2008, the Commission approved 16 specialty audio services, of which 12 were targeted at ethnic communities.

Multi-channel subscription services

In Broadcasting Public Notice 2005-61,[192] 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: these include one authorized service[193] with programming to be delivered by terrestrial transmitters and all channels to be Canadian-produced as well as two other authorized programming services[194] to deliver primarily by satellite with terrestrial transmitters, as required to fill the gaps in coverage. These North American satellite-based services provide a mix of Canadian and non-Canadian channels.

The national public broadcaster

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 is funded by the federal government.

The CBC owned and operated the national pay audio service Galaxie, offering 45 channels of continuous music, without talk, to nearly six million subscribers.[195] Revenues for this bilingual service were derived entirely from subscriber revenues.

The CBC was also a partner in the satellite radio service SIRIUS Canada which was launched in December 2005.

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192 *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, 1 6 June 2005

193 An undertaking to be operated by CHUM, a service that had not been launched as of 31 December 2006.

194 Services delivered by Canadian Satellite Radio Inc. (CSR) and SIRIUS Canada Inc. (Sirius Canada) where CSR offers programming channels 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).

195 *CBC/Radio-Canada Services*, CBC/SRC website, 4 July 2008 http://www.cbc.radio-canada.ca/annualreports/2006-2007/pdf/AR0607_e.pdf

Statistical Information - Radio

Table 4.2.1 Number and type of radio and audio services authorized to broadcast in Canada[1]

	English-language[2]		French-language[3]		Third-language		All languages	
	2007	2008	2007	2008	2007	2008	2007	2008
Over-the-air radio services[4]								
National public broadcaster								
CBC Radio One/Première chaine	36	36	20	20			56	56
CBC Radio 2/Espace Musique	14	14	12	12			26	26
CBC Radio network licences	2	2	2	2			4	4
CBC digital: Radio One/Première chaine[9]	5	5	4	4			9	9
CBC digital: Radio Two/Espace musique[9]	5	5	4	4			9	9
Private Commercial								
AM stations	152	135	15	10	13	13	180	158
FM stations[5]	391	416	92	95	10	12	493	523
AM and FM network licenses[6]	9	7	7	7			16	14
Digital radio (stand-alone and transitional)[9]	32	32	4	4	5	5	41	41
Religious (music and spoken word) [7]	43	45	27	27	1	1	71	73
Community								
Type A stations[8]	10	11	34	34			44	45
Type B stations	26	29	28	28	1	1	55	58
Developmental	10	6					10	6
Campus								
Community-based	36	36	5	5			41	41
Instructional	11	10					11	10
Developmental	1						1	0
Aboriginal - Type B stations[8]	39	39	11	11			50	50
Other (tourist/traffic; Environment Canada; special event, other network licences, etc.)[10]	81	59	9	7	3	2	93	68
Total number of over-the-air Canadian radio services	903	887	274	270	33	34	1,210	1,191
Multi-channel subscription radio services & audio services delivered by BDUs								
Satellite subscription radio service	2	2					2	2
Terrestrial subscription radio service	1						1	0
Specialty audio (commercial/Non-profit, regional/national)	4	4			3	12	7	16
Pay audio (English- and French-language national services)[11]	3	4					3	4
Total number of Canadian radio and audio services	913	897	274	270	36	46	1,223	1,213

Notes:
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. The data reflects services as of 31 December 2008.
2. Includes bilingual (English and French) and English-language Native services
3. Includes French-native services.
4. Excludes radiocommunication 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 expires.
7. Includes commercial and not-for-profit religious radio stations
8. Excludes network licences
9. Number of transitional digital radio stations approved but not necessarily on air. For detailed markets, see Table 4.2.2
10. The decline in these services is mostly due to licences expiring on 31 August 2008. A large part of these licences met the various exemption orders as set out in Broadcasting Public Notice CRTC 2003-35, 10 July 2003, Broadcasting Public Notice CRTC 2004-92, 26 November 2004, and Broadcasting Public Notice CRTC 2006-143, 10 November 2006.
11. The numbers have been restated to reflect current results.

Source: CRTC APP1205 and APP1200 reports – run 2 January 2009

Table 4.2.2 Markets with transitional digital[1] radio stations in Canada[2]

Market, Province[(3)]	Commercial			CBC English		CBC French		Total
	English	French	Ethnic	Radio One	Radio Two	Première chaîne	Espace musique	
Montréal, QC	2	3	-	1	1	1	1	9
Ottawa/Gatineau, ON/QC	-	1	-	1	1	1	1	5
Toronto, ON	15	-	5	1	1	1	1	24
Vancouver, BC	11	-	-	1	1	1	1	15
Windsor, ON	4	-	-	1	1			6
All Canada	32	4	5	5	5	4	4	
	41			18				59

Notes: 1. L-Band - From 1452 to 1492 MHz
2. Number of stations approved but not necessarily on air
3. Based on BBM Radio Markets

Source: CRTC APP1205 and APP1200 reports – run 2 January 2009

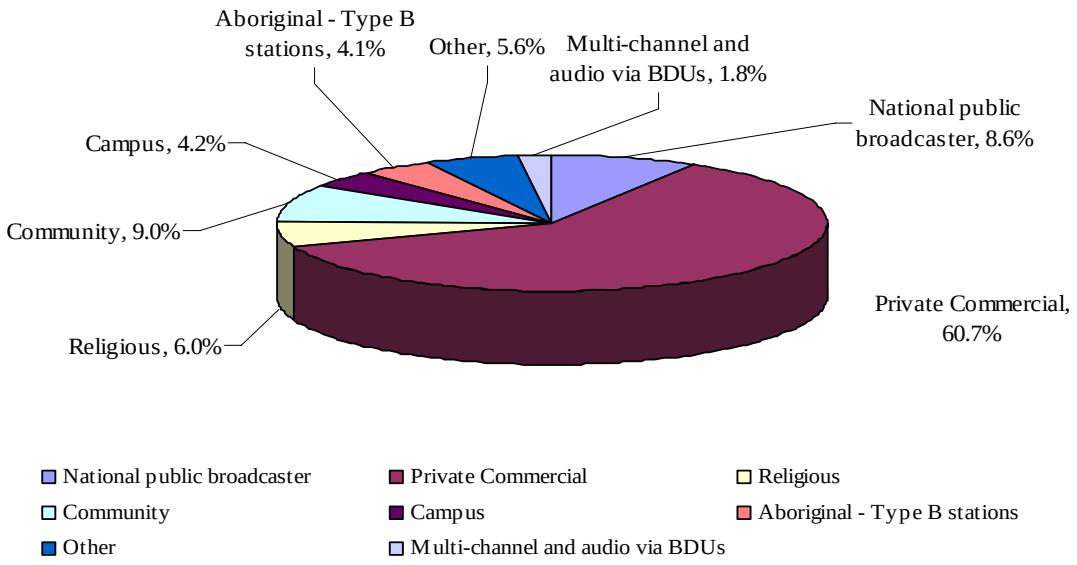
Table 4.2.3 Number of new over-the-air radio stations approved from 1 January 2004 to 31 December 2008

		2004	2005	2006	2007	2008	Total
Number of new over-the-air radio stations approved		***49***	***44***	***72***	***55***	***43***	***263***
Number of stations approved by:							
Language	English-language	43	38	54	46	40	221
	French-language	5	4	16	7	2	34
	Ethnic	1	2	2	2	1	8
Licence category	Commercial	26	33	48	36	34	177
	Community	10	8	13	7	6	44
	Campus	2	-	3	3		8
	Native	2	-	2	4	2	10
	Other	9	3	6	5	1	24
Type	Stand-alone digital	-	-	-	-		0
	Digital radio				2		2
	AM frequency	-	2	4	2		8
	FM frequency	49	42	68	51	43	253
	AM to FM conversions (included in FM)	*4*	*9*	*12*	*13*	*7*	*45*
Process	Competitive	15	9	18	17	23	82
	Non-competitive	34	35	54	38	20	181

Notes: a) Excludes radiocommunication distribution undertakings , rebroadcasters, pay audio, specialty audio services and multi-channel subscription radio services.
b) "Other" includes not-for-profit, CBC, tourist, Environment Canada, etc. radio stations

Sources: CRTC Decisions issued from 1 January 2004 to 31 December 2008

Figure 4.2.1 Type of radio and audio services authorized to broadcast in Canada (2008)



Source: CRTC APP1205 and APP1200 reports – run 2 January 2009

Table 4.2.4 Average weekly hours tuned per capita[1] by age group

	2004	2005	2006	2007	2008
Weekly hours per age group					
All persons 12+	19.5	19.1	18.6	18.3	18.3
Annual Growth	*0.0%*	*-2.1%*	*-2.6%*	*-1.6%*	*0.0%*
Teens 12 - 17	8.5	8.6	7.6	7.2	7.2
Annual Growth	*0.0%*	*1.2%*	*-11.6%*	*-5.3%*	*0.0%*
Adults					
18-24	15.7	15.2	14.1	13.3	13.1
Annual Growth	*-3.7%*	*-3.2%*	*-7.2%*	*-5.7%*	*-1.5%*
25-34	19.3	18.1	18.3	17.4	17.3
Annual Growth	*0.0%*	*-6.2%*	*1.1%*	*-4.9%*	*-0.6%*
35-49	21.5	21.0	20.6	20.2	19.9
Annual Growth	*0.9%*	*-2.3%*	*-1.9%*	*-1.9%*	*-1.5%*
50-54	21.6	21.5	21.0	21.2	21.5
Annual Growth	*-0.9%*	*-0.5%*	*-2.3%*	*1.0%*	*1.4%*
55-64	22.1	21.9	21.1	21.1	21.1
Annual Growth	*0.9%*	*-0.9%*	*-3.7%*	*0.0%*	*0.0%*
65+	22.3	21.6	21.3	21.5	21.6
Annual Growth	*0.0%*	*-3.1%*	*-1.4%*	*0.9%*	*0.5%*

Note: 1) Average weekly hours per capita by age group

Source: BBM Canada Fall Radio Surveys, MicroBBM5 – all persons 12+, Monday to Sunday, 5 a.m. to 1 a.m.

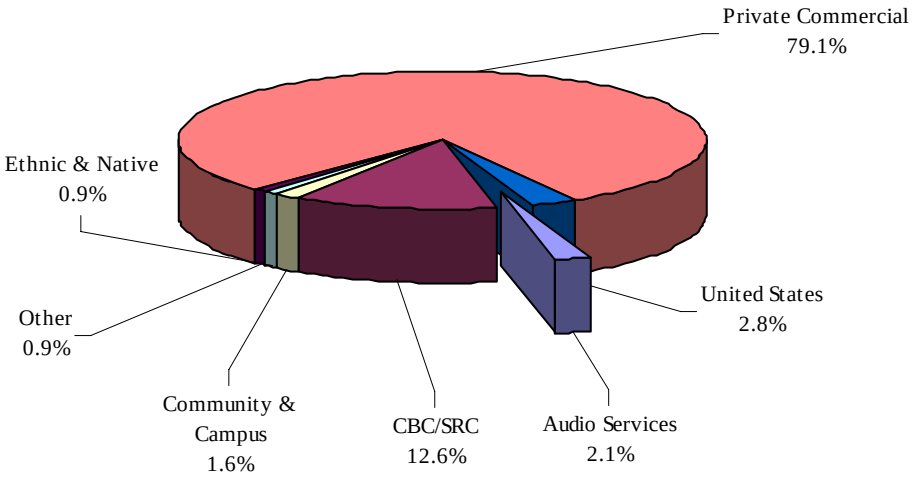
Table 4.2.5 Radio tuning share in an average week and average weekly hours tuned by listener [1] for English and French AM and FM bands

	2004	2005	2006	2007	2008	*Growth 2007-2008*
Percentage of hours tuned						
English AM	21.2	21.0	19.3	19.1	18.7	*-2.1%*
English FM	52.7	52.7	55.0	54.8	54.0	*-1.5%*
Subtotal	*73.9*	*73.7*	*74.3*	*73.9*	*72.7*	
Annual Growth	*-0.5%*	*-0.3%*	*0.8%*	*-0.5%*	*-1.6%*	
French AM	2.1	1.9	1.6	0.9	0.9	*0.0%*
French FM	18.8	18.9	17.9	18.7	19.9	*6.4%*
Subtotal	*20.9*	*20.8*	*19.5*	*19.6*	*20.8*	
Annual Growth	*0.5%*	*-0.5%*	*-6.2%*	*0.5%*	*6.1%*	
Other	5.2	5.6	6.2	6.5	6.5	*0.0%*
Annual Growth	*6.1%*	*7.7%*	*10.7%*	*4.8%*	*0.0%*	
Average weekly hours per listener	21.0	20.7	20.4	20.2	20.0	*-1.0%*
Annual Growth	*0.0%*	*-1.4%*	*-1.4%*	*-1.0%*	*-1.0%*	
Total average national hours (millions)	538.1	531.6	525.5	521.3	530.6	*1.8%*
Annual Growth	*1.6%*	*-1.2%*	*-1.1%*	*-0.8%*	*1.8%*	

Notes:
1. Average weekly hours per listener are determined by dividing the total number of hours tuned by reach.
2. '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 Canada Fall 2004 to Fall 2008 Radio Surveys for all persons 12+, Monday to Sunday, 5 a.m. to 1 a.m. BBM Canada, 2007-2008 Radio Databook

Figure 4.2.2 Radio tuning share in an average week



Note: "Audio Services" includes tuning to: multi-channel subscription (satellite radio) services, pay and specialty audio services, over-the-air radio stations, and video services broadcast on cable and the Internet.

Source: BBM Canada Fall 2008 Radio survey for all persons 12+, Monday to Sunday, 5 a.m. to 1 a.m; and CRTC data collection.

Table 4.2.6 Fall tuning achieved by the largest private commercial radio operators in Canada[1]

Listening hours (thousands) per corporation	2006	2007	2008
Astral Media Inc.[4]	37,681	33,812	91,712
Share of national tuning	*7%*	*6%*	*17%*
Standard Broadcasting Corporation Limited	61,653	60,604	
Share of national tuning	*12%*	*12%*	
Corus Entertainment Inc.	87,258	83,424	83,495
Share of national tuning	*17%*	*16%*	*16%*
Rogers Broadcasting Limited	46,772	47,380	46,053
Share of national tuning	*9%*	*9%*	*9%*
CTVglobemedia Inc.		35,008	38,047
Share of national tuning		*7%*	*7%*
CHUM Limited	34,004		
Share of national tuning	*6%*		
Newcap Inc.	21,724	21,724	25,014
Share of national tuning	*4%*	*4%*	*5%*
Total listening hours for largest private commercial radio operators	289,092	281,952	284,320
Share of national tuning	*55%*	*54%*	*54%*
Total listening hours for Canadian private commercial radio[2]	424,515	417,596	419,639
Share of national tuning	*81%*	*80%*	*79%*
Total listening hours for all radio[3]	525,481	521,335	530,630

Notes:
1. Refer to "Notes to Tables 4.2.6, 4.2.7 and 4.2.9" found under Table 4.2.9.
2. Listening hours include tuning to Canadian private commercial radio service.
3. Listening hours include tuning to public and private Canadian and U.S. radio stations.
4. Astral Media Inc. acquired assets of Standard Broadcasting Corporation Limited as approved in Broadcasting Decision CRTC 2007-359, 28 September 2007.

Source: BBM Canada Fall 2006 to 2008 Radio surveys, 5 a.m. to 1 a.m., all persons 12+; and CRTC APP and CRTC data collection

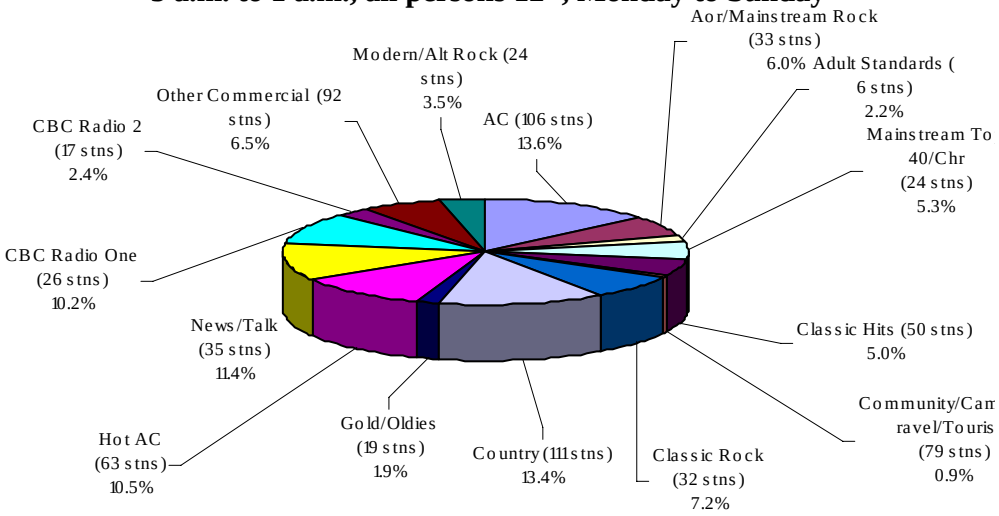
Table 4.2.7 Fall tuning achieved by largest English- and French-language private commercial radio operators in Canada[1]

Listening hours (thousands) per Corporation	2006	2007	2008
Largest Canadian English-language radio			
Corus Entertainment Inc.	64,498	61,834	60,417
Share of tuning to English-language radio	*17%*	*16%*	*16%*
Astral Media: Standard Broadcasting Corporation Limited[3]	61,653	60,604	59,836
Share of tuning to English-language radio	*16%*	*16%*	*16%*
Rogers Broadcasting Limited	46,772	47,380	46,053
Share of tuning to English-language radio	*12%*	*12%*	*12%*
CTVglobemedia Inc.		35,008	38,047
Share of tuning to English-language radio		*9%*	*10%*
CHUM Limited	34,004		
Share of tuning to English-language radio	*9%*		
Newcap Inc.	21,724	21,724	25,014
Share of tuning to English-language radio	*6%*	*6%*	*6%*
Total listening hours for largest private English commercial operators	228,651	226,550	229,365
Share of tuning to English-language radio	*59%*	*59%*	*59%*
Total listening hours for Canadian English-language radio[2]	390,148	385,116	385,823
Largest Canadian French-language radio			
Astral Media Inc.[3]	34,514	30,868	31,876
Share of tuning to French-language radio	*34%*	*30%*	*29%*
Corus Entertainment Inc.	22,760	21,590	23,078
Share of tuning to French-language radio	*22%*	*21%*	*21%*
Cogeco Inc.	10,500	11,634	13,027
Share of tuning to French-language radio	10%	*11%*	*12%*
Total listening hours for largest private French commercial operators	67,774	64,092	67,981
Share of tuning to French-language radio	*66%*	*63%*	*62%*
Total listening hours for Canadian French-language radio[2]	102,817	102,280	110,279

Notes:
1. Refer to "Notes to Tables 4.2.6, 4.2.7, and 4.2.9" following Table 4.2.9
2. Listening hours include tuning to public and private Canadian English-language and French-language stations.
3. Astral Media acquired the assets of Standard Broadcasting Corporation Limited as approved in Broadcasting Decision CRTC 2007-359, 28 September 2007

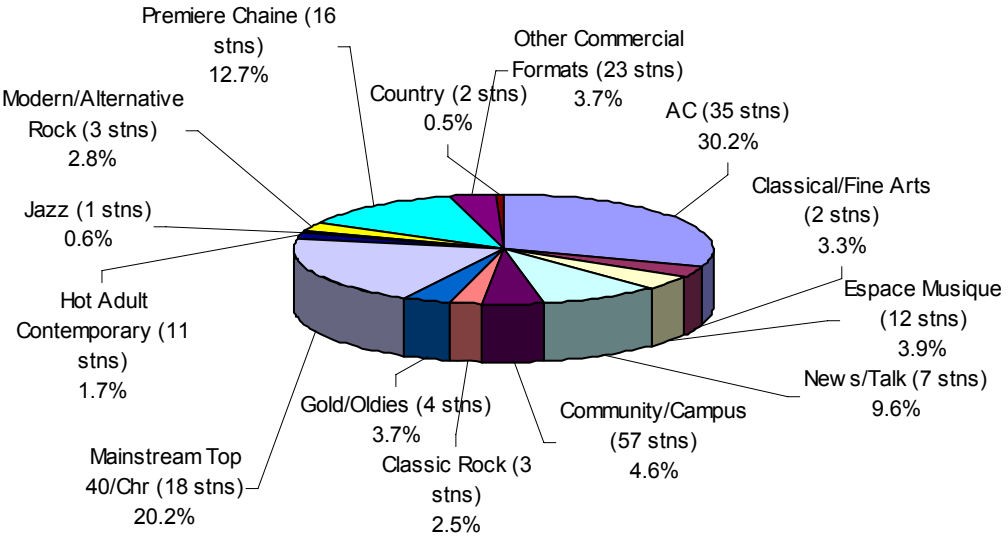
Source: BBM Canada Fall 2006 to 2008 Radio surveys, 5 a.m. to 1 a.m., all persons 12+; and CRTC data collection

Figure 4.2.3 English-language station formats – BBM Canada Fall 2008, 5 a.m. to 1 a.m., all persons 12+, Monday to Sunday



Source: BBM Canada Fall 2008 Radio survey data, and CRTC data collection

Figure 4.2.4 French-language station formats – BBM Canada Fall 2008, 5 a.m. to 1 a.m., all persons 12+, Monday to Sunday



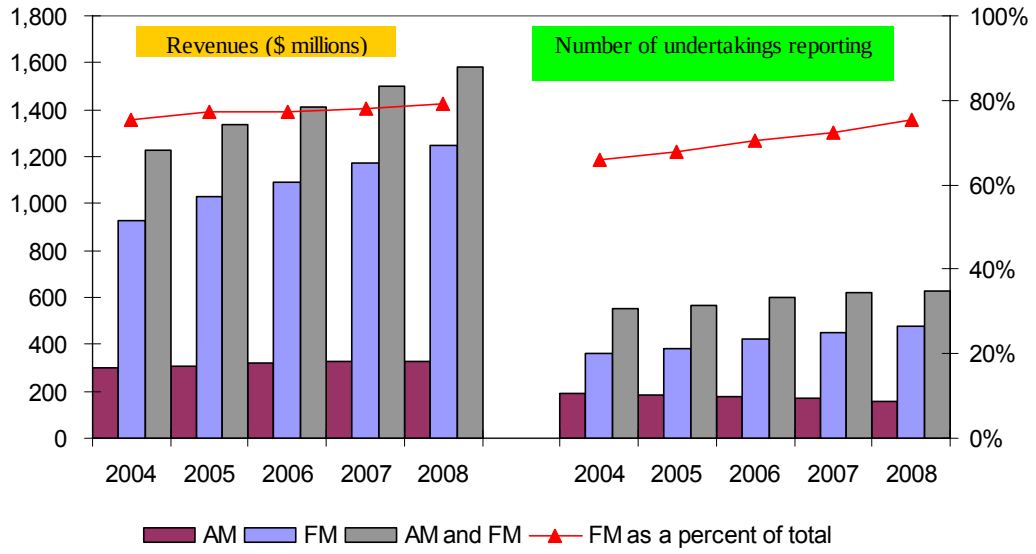
Source: BBM Canada Fall 2008 Radio survey data, and CRTC data collection

Table 4.2.8 Revenues and number of undertakings reporting financial results for private commercial radio stations – English, French, and Ethnic

	2004	2005	2006	2007	2008	*Growth 2007-2008*	*CAGR 2004-2008*
Revenues ($ Millions)							
AM English	259.5	266.1	281.9	291.6	295.2	*1%*	*3%*
AM French	22.8	18.3	18.6	16.2	12.4	*-24%*	*-14%*
AM Ethnic	20.3	21.3	21.1	21.8	21.4	*-2%*	*1%*
AM Total	302.6	305.8	321.5	329.6	329.0		*2%*
Annual Growth		*1%*	*5%*	*2%*	*0%*		
FM English	740.7	826.2	877.1	947.1	1,015.3	*7%*	*8%*
FM French	172.8	191.4	200.7	209.2	218.5	*4%*	*6%*
FM Ethnic	10.6	13.1	15.1	16.1	16.8	*4%*	*12%*
FM Total	924.0	1,030.7	1,092.8	1,172.4	1,250.6		*8%*
Annual Growth		*12%*	*6%*	*7%*	*7%*		
Total revenues	**1,226.7**	**1,336.5**	**1,414.4**	**1,502.0**	**1,579.6**	*5%*	*7%*
Number of undertakings reporting financial results							
AM English	164	158	154	149	136	*-9%*	*-5%*
AM French	16	15	15	13	9	*-31%*	*-13%*
AM Ethnic	8	8	8	10	9	*-10%*	*3%*
AM total	188	181	177	172	154		*-5%*
Annual Growth		*-4%*	*-2%*	*-3%*	*-10%*		
FM English	279	295	331	353	379	*7%*	*8%*
FM French	79	79	81	85	86	*1%*	*2%*
FM Ethnic	6	8	9	9	9	*0%*	*11%*
FM total	364	382	421	447	474		*7%*
Annual Growth		*5%*	*10%*	*6%*	*6%*		
Total number of undertakings reporting	**552**	**563**	**598**	**619**	**628**	*1%*	*3%*

Notes:
(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.
(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.
(c) Minor variances are due to rounding.
Source: CRTC data collection

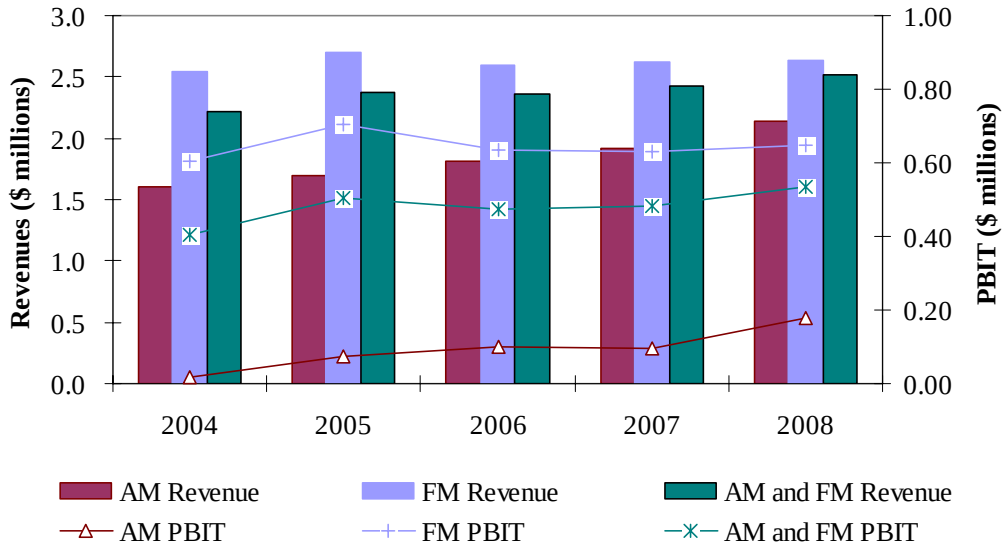
Figure 4.2.5 Revenues - Private commercial radio stations



Source: CRTC data collection

Notes:
(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.
(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.

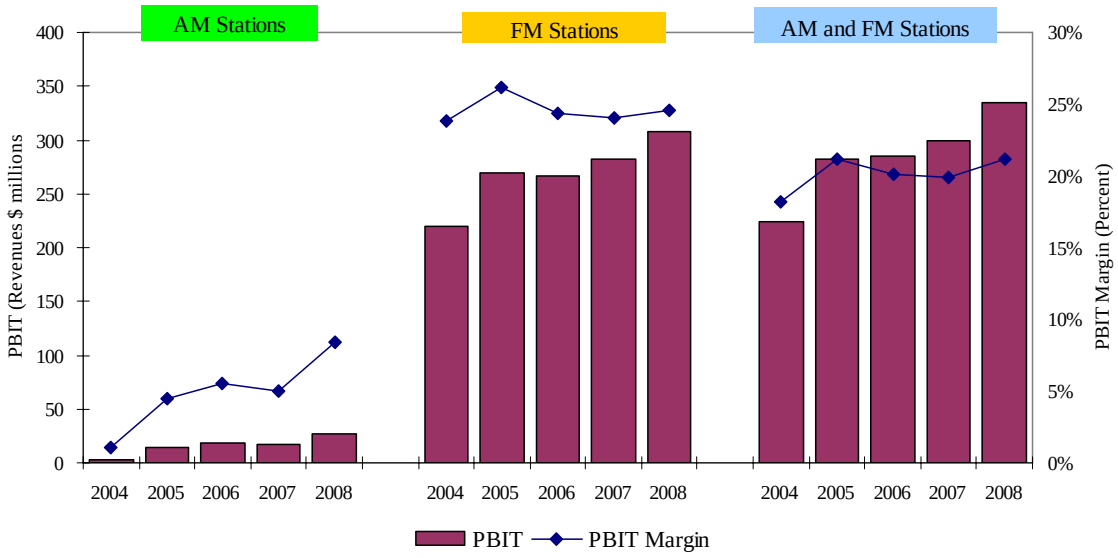
Figure 4.2.6 Average annual revenues and PBIT per station – Private commercial radio stations



Source: CRTC data collection

Notes:
(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.
(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.

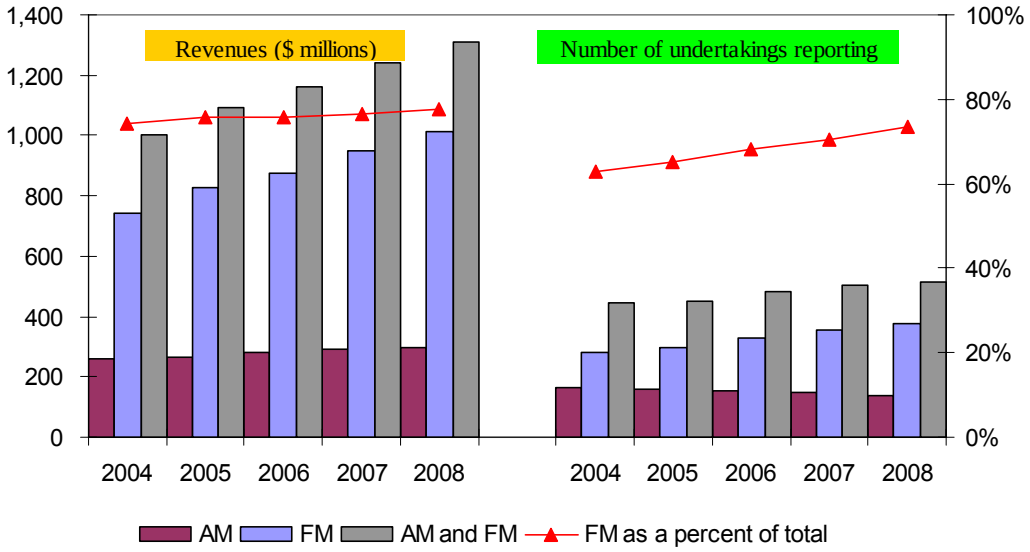
Figure 4.2.7 PBIT and PBIT margin - Private commercial radio stations



Source: CRTC data collection

Notes:
(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.
(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.

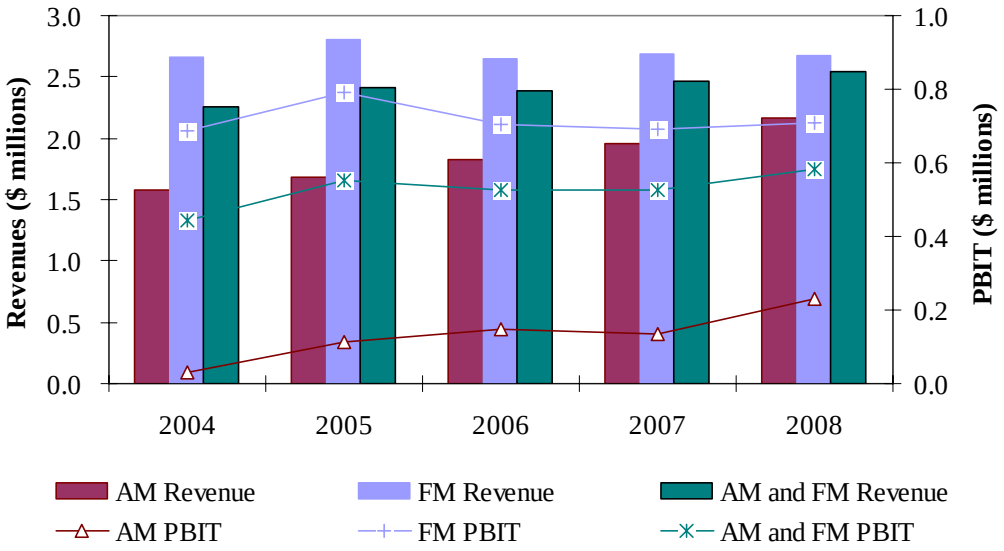
Figure 4.2.8 Revenues – English-language private commercial radio stations



Source: CRTC data collection

Notes:
(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.
(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.

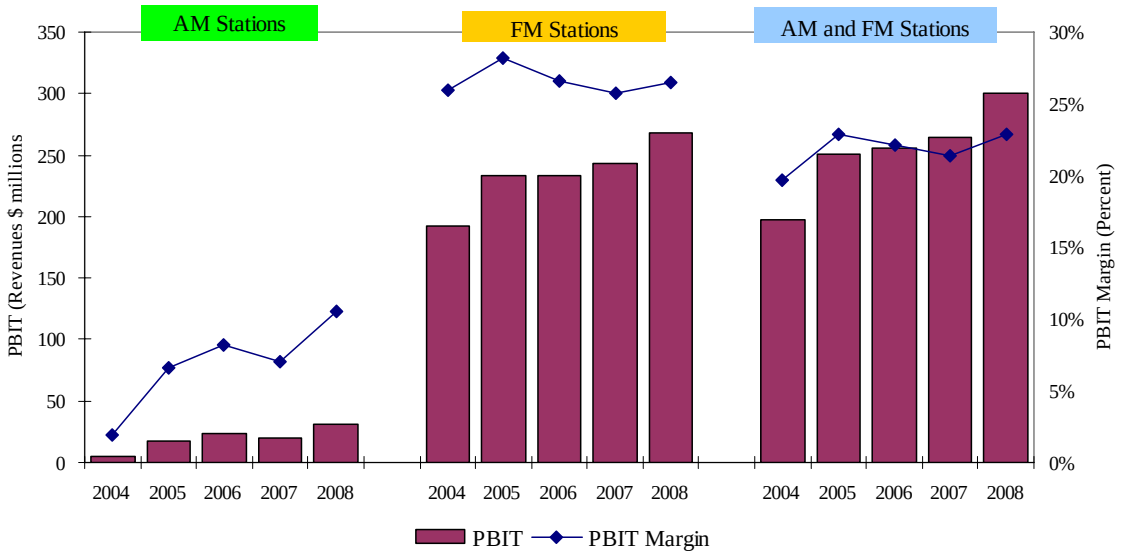
Figure 4.2.9 Average annual revenues and PBIT per station – English-language private commercial radio stations



Source: CRTC data collection

Notes:
(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.
(b) 2004 to 2007 figures have been updated to reflect current August aggregate results

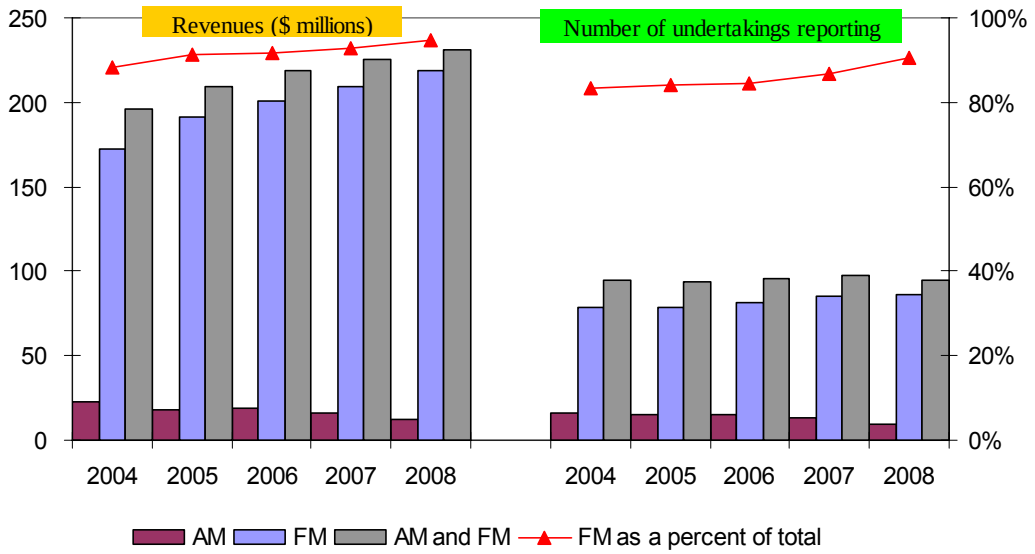
Figure 4.2.10 PBIT and PBIT margin – English-language private commercial radio stations



Source: CRTC data collection

Notes:
(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.
(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.

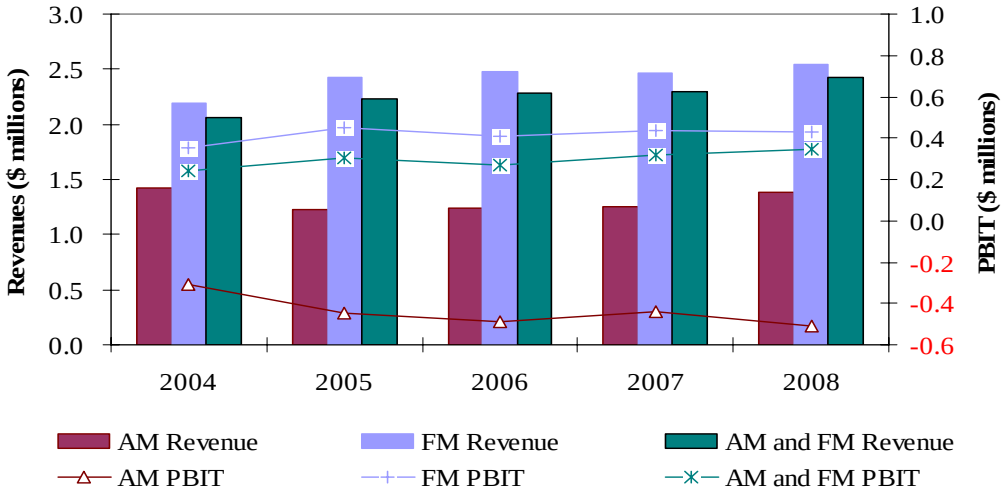
Figure 4.2.11 Revenues – French-language private commercial radio stations



Source: CRTC data collection

Notes:
(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.
(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.

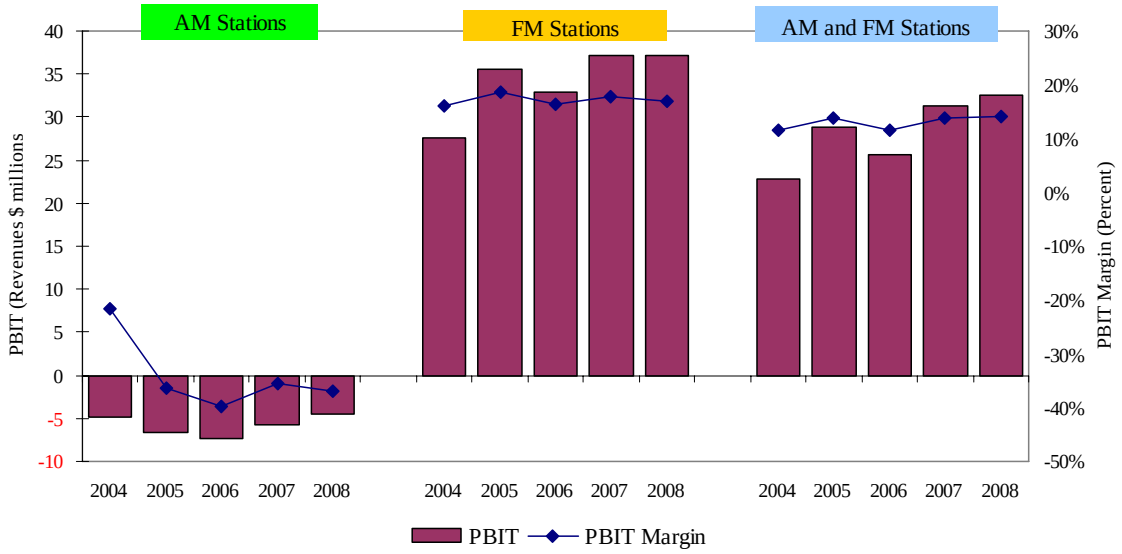
Figure 4.2.12 Average annual revenues and PBIT per station – French-language private commercial radio stations



Source: CRTC data collection

Notes:
(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.
(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.

Figure 4.2.13 PBIT and PBIT margin – French-language private commercial radio stations



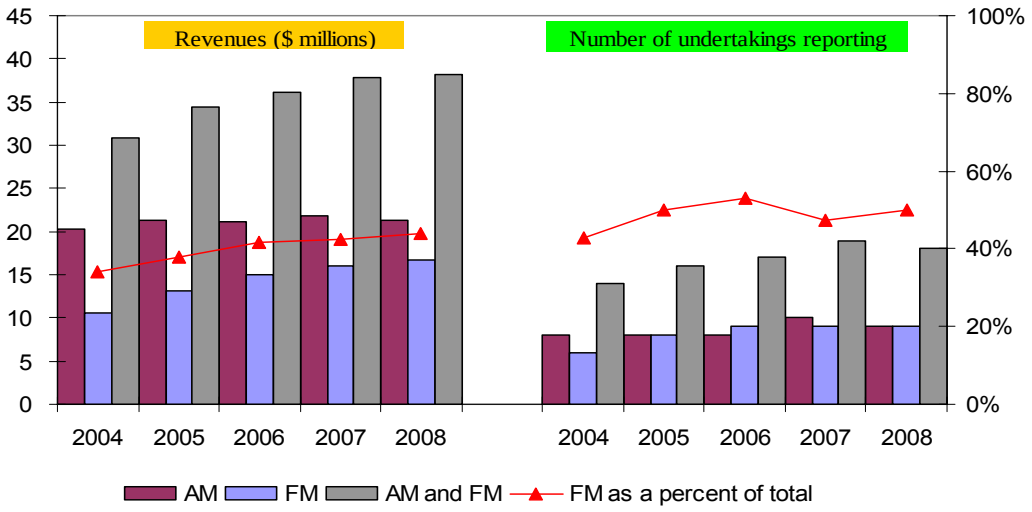
Source: CRTC data collection

Notes:

(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.

(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.

Figure 4.2.14 Revenues – Ethnic private commercial radio stations



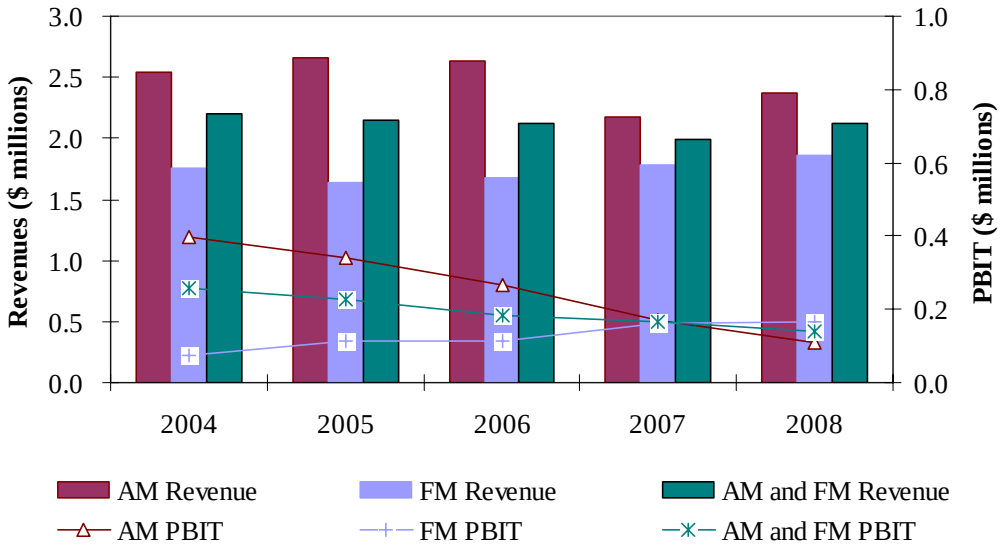
Source: CRTC data collection

Notes:

(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.

(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.

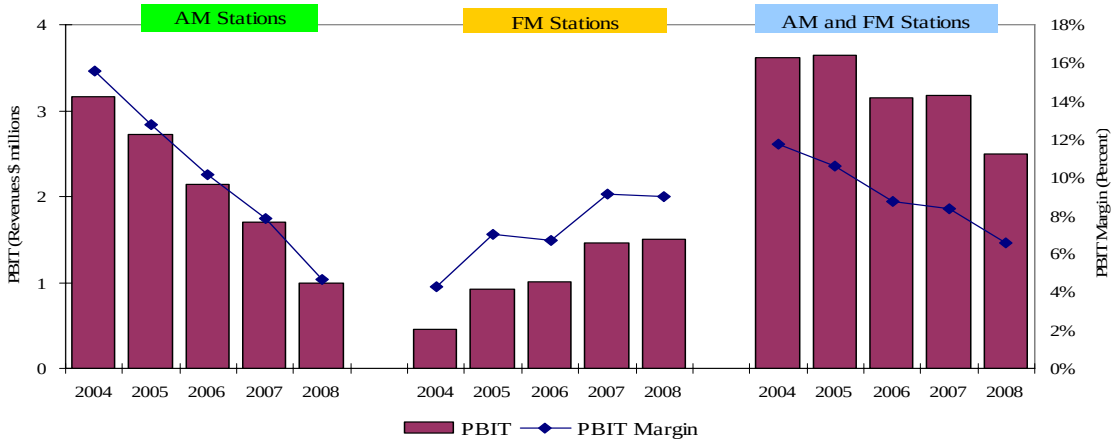
Figure 4.2.15 Average annual revenues and PBIT per station – Ethnic private commercial radio stations



Source: CRTC data collection

Notes:
(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.
(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.

Figure 4.2.16 PBIT and PBIT margin – Ethnic private commercial radio stations



Source: CRTC data collection

Notes:
(a) Includes network results. Excludes pay and specialty audio programming services as well as multi-channel subscription radio services.
(b) 2004 to 2007 figures have been updated to reflect current August aggregate results.

Table 4.2.9 English-language, and French-language radio revenues and number of undertakings reporting for the largest radio operators in Canada[c]

Corporation	Revenues ($ thousands)			Number of radio undertakings reporting			Share of national revenue		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Largest private radio operators									
Astral Media Inc.[4]	114,969	118,677	325,292	31	31	80	8%	8%	21%
Standard Broadcasting Corp Ltd[4]	190,710	197,848		51	51		13%	13%	
Corus Entertainment Inc[5]	248,905	259,961	266,363	50	52	53	18%	17%	17%
Rogers Broadcasting Limited[6]	203,759	233,858	241,667	47	52	50	14%	16%	15%
CTVglobemedia Inc.[7]		153,619	172,131		34	34		10%	11%
CHUM Limited[7]	138,305			33			10%		
Newcap Inc.[8]	80,400	88,219	95,785	54	56	61	6%	6%	6%
Total largest private radio operators	977,048	1,052,182	1,101,238	266	276	278	69%	70%	70%
Total private radio operators[a]	1,414,393	1,501,991	1,579,587	598	619	628	100%	100%	100%
Largest English-language radio operators									
Rogers Broadcasting Limited.[6]	203,759	233,858	241,667	47	52	50	18%	19%	18%
Astral Media Inc.[4]			217,980			59			17%
Standard Broadcasting Corp Ltd[4]	190,710	197,848		51	51		16%	16%	
Corus Entertainment Inc.[5]	201,664	211,907	217,245	38	40	41	17%	17%	17%
CTVglobemedia Inc.[7]		153,619	172,131		34	34		12%	13%
CHUM Limited[7]	138,305			33			12%		
Newcap Inc.[8]	80,400	88,219	95,785	54	56	61	7%	7%	7%
Total English-language largest private radio operators	814,838	885,452	944,808	223	233	245	70%	71%	72%
Total English-language private radio operators[b]	1,159,034	1,238,684	1,310,539	485	502	515	100%	100%	100%
Largest French-language radio corporations									
Astral Media Inc.[4]	105,404	108,751	107,312	23	23	21	48%	48%	47%
Corus Entertainment Inc.[5]	47,241	48,054	49,118	12	12	12	22%	21%	21%
Cogeco Inc.	26,466	30,333	33,174	5	5	5	12%	13%	14%
Total French-language largest private radio operators	179,111	187,138	189,604	40	40	38	82%	83%	82%
Total French-language private radio operators[b]	219,222	225,443	230,912	96	98	95	100%	100%	100%

Notes:
a) Includes private commercial networks and commercial ethnic radio stations
b) Includes private commercial network radio revenues
c) Notes to Tables 4.2.6 – 4.2.7 and 4.2.9

1. The ownership structure reflects transactions authorized by the Commission during the broadcast year, not the closing date of the transaction.
2. An undertaking's entire annual revenue is attributed to the corporation that was deemed to be its owner as of 31 August. Excludes Exempted undertakings.
3. 2006-2007 industry revenue figures have been updated to reflect current August aggregate results.
4. Astral Media acquired the assets of Standard Broadcasting Corporation Limited as in Broadcasting Decision 2007-359
5. Corus's 2008 results reflect the sale of CHRC Québec to 9183-9084 Québec Inc., Broadcasting Decision CRTC 2008-128, 26 June 2008.
6. Rogers' 2008 results reflect the transaction that was approved pursuant to Exchange of radio assets between Rogers (CICX-FM Orillia) and Larche Communications Inc. (CIKZ-FM Kitchener), Broadcasting Decision CRTC 2007-434, 24 December 2007.
7. CTVglobemedia and CHUM Limited's results reflect the *Transfer of effective control of CHUM Limited to CTVglobemedia Inc*., Broadcasting Decision CRTC 2007-165, 8 June 2007. CTV globemedia's 2008 results reflect the acquisition of the *assets of the radio programming undertaking CFBT-FM Vancouver from Beat Broadcasting Corporation*, Broadcasting Decision CRTC 2007-368, 12 October 2007.
8. Newcap's 2008 results reflect the launch of CHFT-AM Fort McMurray, CILB-FM Lac La Biche, CIJK-FM Kentville and CHRK-FM Sydney. Also, Newcap's 2008 results reflect the change in the effective control as of 29 May 2008 of CKUL-FM Halifax, Nova Scotia, as set out in Broadcasting Public Notice CRTC 2008-77.

Source: CRTC data collection

Table 4.2.10 Revenues for Type B Native, community, and campus radio stations

	2004	2005	2006	2007	2008
Native Type B radio stations					
Number of radio undertakings reporting	22	26	27	28	n/a
Revenues ($ thousands)					
Advertising	2,324	3,001	3,166	4,070	n/a
Other[a]	8,400	8,773	12,409	11,766	n/a
Total revenues	10,723	11,774	15,575	15,836	n/a
Other as a percent of total revenues	78.3%	74.5%	79.6%	74.3%	n/a
PBIT margin	3.6%	5.6%	11.4%	6.4%	n/a
Community radio stations					
Number of radio undertakings reporting	57	71	78	85	n/a
Revenues ($ thousands)					
Advertising	8,335	9,217	10,751	11,038	n/a
Other[b]	8,036	8,489	9,950	9,817	n/a
Total revenues	16,371	17,706	20,701	20,856	n/a
Other as a percent of total revenues	49.1%	47.9%	48.1%	47.1%	n/a
PBIT margin	2.5%	4.3%	6.5%	3.3%	n/a
Campus radio stations					
Number of radio undertakings reporting	35	43	44	41	n/a
Revenues ($ thousands)					
Advertising	693	1,043	1,233	1,366	n/a
Other[c]	5,069	5,891	6,308	6,472	n/a
Total revenues	5,761	6,934	7,541	7,838	n/a
Other as a percent of total revenues	88.0%	85.0%	83.7%	82.6%	n/a
PBIT margin	5.7%	2.8%	3.6%	4.6%	n/a

Notes: The 2004 – 2007 figures have been updated to reflect current August aggregate results.
(a) Includes government and band council grants and contributions from other sources
(b) Includes fundraising, grants and other sources
(c) Includes fees, fundraising and grants
n/a= not available

Source: CRTC financial database

Table 4.2.11 Value of radio transactions and corresponding tangible benefits for the period 1 May 1998 to 31 December 2008

RADIO Tangible Benefits ($ millions)	English-language services			French-language services			Total benefits
	# of Trans.	Value of the transaction[a]	Benefits	# of Trans.	Value of the transaction[a]	Benefits	
1 May 98 to 31 Mar. 05	72	1,257	72.1	14	376	21.9	93.9
1 Apr. 05 to 31 Mar. 06	12	24	1.3	2	-	-	1.3
1 Apr. 06 to 31 Dec. 06	5	68	4.1	2	-	-	4.1
1 Jan. 07 to 31 Dec. 07[b]	13	1,675	88.9	6	4	11.8	100.8
1 Jan. 08 to 31 Dec. 08	9	59.5	3.5	3	1.5	.05	3.6
Total	111	3,083.5	169.9	27	381.5	33.8	203.7

Notes: (a) Value determined by the Commission for the purpose of calculating tangible benefits.
(b) Total tangible benefits relating to the Astral / Standard (Broadcasting Decision 2007-359) and CTVglobemedia/CHUM (Broadcasting Decision 2007-165) radio ownership transactions totalled $95.3 million. Of this amount, $11.6 million is to be directed to the support of French-language CCD initiatives.
Minor variances are due to rounding.
Source: CRTC Decisions and Administrative approvals

Table 4.2.12 Summary of annual CCD contributions reported by radio licensees ($ thousands)

RADIO - CCD	2003-04	2004-05	2005-06	2006-07	2007-08	% annual increase / decrease 05/04	06/05	07/06	08/07
i) CCD contributions by new stations during the first licence term									
FACTOR	1,183	1,340	1,552	1,266	972	*13%*	*16%*	*-18%*	*-23%*
MUSICACTION	76	168	191	238	314	*120%*	*14%*	*25%*	*32%*
Music organization	248	205	2,733	586	3,364	*-17%*	*1,236%*	*-79%*	*474%*
Performing arts groups	1,219	1,625	2,840	3,426	3,157	*33%*	*75%*	*21%*	*-8%*
Schools or scholarships	626	580	678	596	0	*-7%*	*17%*	*-12%*	*nm*
StarMaker Fund/Fonds Radio Star	80	130	435	1,019	0	*62%*	*234%*	*134%*	*nm*
Other eligible CTD initiatives	1,312	2,379	572	1,324	0	*81%*	*-76%*	*132%*	*nm*
Total	**4,743**	**6,427**	**9,001**	**8,457**	**7,807**	*36%*	*40%*	*-6%*	*-8%*
ii) CCD contributions reported by radio licensees in the context of licence renewals									
FACTOR	736	761	749	946	1,063	*3%*	*-2%*	*26%*	*12%*
MUSICACTION	330	339	337	343	227	*3%*	*-1%*	*2%*	*-34%*
Music organization	306	319	461	588	1,485	*4%*	*45%*	*27%*	*152%*
Performing arts groups	652	810	753	1,068	1,209	*24%*	*-7%*	*42%*	*13%*
Schools or scholarships	91	140	154	279	362	*53%*	*10%*	*80%*	*30%*
StarMaker Fund/Fonds Radio Star			2	23	0			*nm*	*nm*
Other eligible CTD initiatives	296	50	72	141	362	*-83%*	*46%*	*95%*	*156%*
Total	**2,412**	**2,418**	**2,528**	**3,387**	**4,707**		*5%*	*34%*	*39%*
iii) CCD contributions relating to changes in ownership and/or control									
FACTOR	2,364	2,822	3,132	2,580	4,023	*19%*	*11%*	*-18%*	*56%*
MUSICACTION	1,067	1,373	1,125	1,464	1,809	*29%*	*-18%*	*30%*	*24%*
Music organization	496	476	543	436	14	*-4%*	*14%*	*-20%*	*-97%*
Performing arts groups	310	528	795	529	722	*70%*	*51%*	*-33%*	*36%*
Schools or scholarships	57	111	166	354	91	*96%*	*49%*	*114%*	*-74%*
StarMaker Fund/Fonds Radio Star	5,425	6,425	6,400	5,975	9,433	*18%*		*-7%*	*58%*
Other eligible CTD initiatives	271	592	329	354	0	*118%*	*-44%*	*8%*	*nm*
Total	**9,989**	**12,327**	**12,489**	**11,692**	**16,092**	*23%*	*1%*	*-6%*	*38%*
Total annual CCD contributions i), ii) & iii)	**17,145**	**21,173**	**24,017**	**23,536**	**28,606**	*23%*	*13%*	*-2%*	*22%*

Notes:

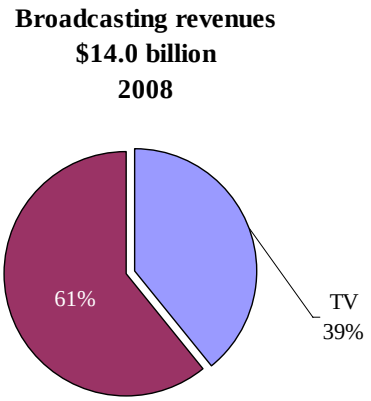
1. Contributions are based on annual disbursements reported by licensees for the period 1 September to 31 August.
2. Includes contributions made under both the CTD and CCD regimes
3. Minor variances are due to rounding.

Source: CRTC data collection

4.3 Television

Overview

In 2008, there were approximately 707 television services offered in Canada with revenues of approximately $5.5 billion. Of these services, 24% were from conventional television services, and 29% were from Canadian speciality, PPV and VOD. The remaining 47% were community-related services and non-Canadian satellite services authorized for distribution.



Highlights

- The television broadcasting industry had revenues of $5.5 billion in 2008, a 4% increase from $5.3 billion in 2007. Pay, PPV, VOD, and specialty services represented the largest segment, increasing 8% or $207 million from $2.7 billion in 2007 to $2.9 billion in 2008.
- As of 31 December 2008, there were 707 television services authorized to broadcast in Canada.

The industry

As of 31 December 2008, the television broadcasting industry was comprised of a number of large ownership groups which represent over 88% of the revenues in the specific service categories: private conventional television, pay, PPV, VOD, and specialty services.

- In the English-language private conventional television[196] market, there were three major ownership groups: CTVglobemedia Inc. (CTVglobemedia) with the largest revenue share of 47%, Canwest Media Inc. (Canwest) with 33%, and Rogers Broadcasting Limited (Rogers) with 14%. In contrast, in the French-language private conventional television market, there were two major players: Quebecor Inc. (Quebecor) with the largest revenue share at 65%, and Remstar (TQS)[197] at 23%.

- In the English-language pay, PPV, VOD & specialty service market, there were five major ownership groups:[198] CTVglobemedia with the largest revenue share of 33%, Corus Entertainment Inc. (Corus) with 17%, Canwest with 16%, Rogers with 13%, and Astral Media Inc. (Astral Media) with 10%. In the French-language pay, PPV, VOD, and specialty service market, there were three major players: Astral Media with the largest revenue share at 48%, CTVglobemedia at 27% and the CBC at 15%.

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196 Refer to Figure 4.3.12 for further details.

197 Refer to Figure 4.3.13 for further details

198 For pay, PPV, VOD, and specialty services, organizations which controlled more than 50% of a service are included to determine revenue share. Refer to Table 4.3.14 for further details.

Analysis

The number and type of television services authorized to broadcast in Canada increased 3% from 686 licensed television services in 2007 to 707 in 2008. English-language television services decreased slightly from 456 stations in 2007 to 453 stations in 2008. French-language television services increased from 103 stations in 2007 to 125 stations in 2008. Third-language stations showed a slight increase from 127 stations in 2007 to 129 stations in 2008.

Viewing trends

National viewing trends

Overall viewing decreased 12 minutes for all persons, aged 2+ for the average weekly viewing hours. This decrease was most notable for ages 12-17 where the weekly hours decreased 66 minutes from 18.5 hours in 2007 to 17.4 hours in 2008.

Viewing trends by program origin and genre

English- and French-language services

Viewing of Canadian programs on Canadian English-language services represented 43.3% of total viewing in 2008 compared to 42.5% in 2007. In 2008, the viewing of English-language News as well as Analysis and Interpretation programming represented 15.1% of total viewing, of which 95.2% was Canadian. However, the Drama and Comedy genre was more popular than the other genres, representing approximately 43.3% of total viewing, of which only 20.4% was Canadian.

In contrast, viewing of Canadian programs on French-language Canadian television services represented 64.1% of total viewing in 2008 as compared to 65.2% in 2007. As in the English-language services, the Drama and Comedy genre was the most popular genre representing 41.7% of total viewing, of which 32.5% was Canadian.

Private conventional services

In 2008, overall viewing of Canadian programs on English-language private conventional services increased slightly to 34.6% of the total viewing. Drama and Comedy continued to have the largest viewing, representing 39.7%, of total viewing of which 11.0% was Canadian. News together with Analysis and Interpretation, however, represented 23.2% of total viewing, of which 97% was Canadian.

In 2008, for the French-language services in the Quebec Francophone market, Canadian programming increased slightly to 71.4% of total viewing. The News and the Analysis and Interpretation genre represented 37.9% of total viewing, of which 100% was Canadian. The Drama and Comedy genre had the second largest representation of total viewing at 34.5%, of which 27.9% was Canadian.

CBC conventional services

For the English-language CBC conventional services, Canadian programming represented 80.9% of the total viewing in 2008 compared to 74.7% in 2007. As a percent of total viewing, Drama and Comedy programming represented 29.2% in 2008 whereas the Sports genre represented 43.5%. The Sports genre, however, had a higher representation of Canadian programming at approximately 100% versus the Drama and Comedy genre at 39.7%.

For the French-language services, Canadian programming represented 87.6% of the total viewing. The Sports genre, however, represented 8.7% of total viewing all of which was Canadian and the Drama and Comedy genre represented 33.1%, of which 63% was Canadian.

Pay and specialty services

For the English-language pay and specialty services, Canadian programming represented 43.1% of the total viewing in 2008 compared to 45% in 2007. The Drama and Comedy genre in 2008 represented 47.5% of total viewing, of which 23.7% was Canadian. The News and Analysis and Interpretation genres represented 10.2% of total viewing, of which 91.3% was Canadian.

For the French-language pay and specialty services, Canadian programming represented 47.5% of total viewing in 2008 versus 52% in 2007. The Drama and Comedy genre represented 50.3%, of total viewing, of which 25% was Canadian.

Viewing trends by ownership group

On 15 January 2008, the Commission issued *Diversity of Voices* –Regulatory Policy, Broadcasting Public Notice CRTC 2008-4, 15 January 2008, the result of a public proceeding held in September 2007. Several new policies were introduced, including one relating to the concentration of ownership within the television sector. Although the Commission decided not to introduce a common ownership policy relating to discretionary services, it was concerned that increased consolidation in the television sector as a whole could result in a reduction of diversity for Canadian viewers. Such consolidation could also result in increased difficulties for independent producers in negotiating reasonable terms of trade for their programming. The Commission introduced a policy intended to guide its decisions relating to changes in effective control of Canadian television services by setting thresholds based on the ownership group's total national viewing share.[199] English- and French-language market audiences are measured separately using BBM/Nielsen data.

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[199] The Commission will not approve a transaction that would result in one party controlling more than 45% of the total audience share, including conventional, pay, and specialty television services. It will also carefully examine transactions that would result in one party controlling between 35% and 45% of the total audience share. Further, assuming there are no other concerns, it will expeditiously approve transactions that would result in one party controlling less than 35% of the total audience share. This policy will not prevent an ownership group from increasing its audience share beyond 45% by operating and growing its existing assets.

CTVglobemedia remained the English-language leader in 2008, garnering a 33.4% share of the Canadian English-language market, down from 34% in 2007. Canwest significantly increased its share of audience in the English-language market, increasing from a 15.3% share in 2006-2007 to 22.8% in 2007-2008. A decline of 1.7% in viewing to Canwest's conventional television stations was more than offset by a 9.3% increase in viewing to Canwest's discretionary television services – a result of the acquisition of the Alliance Atlantis group. Rogers' television services more than doubled their total audience share between 2006-2007 and 2007-2008, due almost exclusively to its acquisition of the Citytv stations.

Quebecor continued its dominance in the Canadian French-language market, capturing 29.7% of total audience, up slightly from the 28.9% share recorded in 2006-2007. Remstar's acquisition of the TQS stations came after they experienced a decline of 2.3 share points from 2006-2007 to 2007-2008, recording an audience share of 8.4% in 2007-2008. Astral held a significant position, essentially maintaining its share of audience with its discretionary services at 17.4%.

Revenue and profit before interest and tax (PBIT) trends

The television broadcasting industry reported revenues of $5.5 billion in 2008, a 4% increase from $5.3 billion in 2007. This increase was partially due to the growth in pay, PPV, VOD and specialty services which grew 8%, or $207 million, from $2.7 billion in 2007 to $2.9 billion in 2008. Since 2004, the revenues for pay, PPV, VOD and specialty services have increased 9% annually. This was partly due to the increase in the number of services reporting financial results as well as a proliferation of digital services from 61 in 2004 to 116 in 2008. In 2008, the total digital revenues were $406 million, or 14%, of total pay, PPV, VOD, and specialty services.

In 2008, 94% of private conventional television revenues were from advertising. However, 98% of pay, PPV, VOD, and specialty service revenues were from advertising and subscription fees. Pay, PPV, and VOD services are mostly subscription based whereas specialty services generate both advertising revenues and subscription fees. In 2008, specialty service advertising revenues, which represented 44% of total specialty revenues, increased $77 million, or 8% to $1,025 million. PPV, VOD, and specialty service subscription revenues increased $120 million, or 7%, to $1,856 million.

The PBIT margins for private conventional television decreased from 5% in 2007 to 0% in 2008. Revenues for private conventional television decreased 2% from $2.2 billion in 2007 to $2.1 billion in 2008. The PBIT margin for pay, PPV, VOD, and specialty services decreased from 24% in 2007 to 23% in 2008. The revenues increased by 8% from $2.7 billion in 2007 to $2.9 billion in 2008. The PBIT margin for digital Category 1 specialty services increased from 2% 2007 to 9% in 2008. Their revenues increased 13% from $79 million in 2007 to $89 million in 2008. Similarly, for Category 2 specialty services, the PBIT margins increased from 1% in 2007 to 8% in 2008 and the revenues increased 20% from $158 million in 2007 to $190 million in 2008.

CBC conventional television

For CBC conventional television, total revenues increased 16% from $356 million in 2007 to $412 million in 2008. Similarly, advertising revenues increased 18% from $310 million in 2007 to $366 million in 2008.

English-, French-, and ethnic or third-language services

Private conventional television

Advertising revenues are the primary source of revenues for conventional television operators. Advertising revenues represent over 90% of the revenues for English-language private conventional television operators. The total revenues decreased 2% from $1,790 million in 2007 to $1,754 million in 2008 and their PBIT margin decreased from 5% in 2007 to -2% in 2008.

Advertising revenues represent over 80% of the revenues for French-language private conventional television operators. Total revenues increased 1% from $381 million in 2007 to $384 million in 2008. Their PBIT margins, however, increased from 8% in 2007 to 10% in 2008.

Pay, pay-per-view (PPV), video-on-demand (VOD) and specialty services

With respect to English-language specialty services, advertising revenues, which represent approximately 45% of total specialty revenues, increased 8%, or $59 million, from $774 million in 2007 to $833 million in 2008. For pay, PPV, VOD, and specialty services, subscription revenues, representing 63% of total pay, PPV, VOD, and specialty services revenues, increased 8% or $106 million from $1,393 million in 2007 to $1,499 million in 2008. This resulted in total revenues for English-language pay, PPV, VOD and specialty services increasing approximately 8% or $175 million from $2,205 million in 2007 to $2,380 million in 2008. The PBIT margins, however, remained relatively unchanged at 23% in 2008.

With respect to French-language specialty services, advertising revenues, representing 38% of total specialty revenues, increased 13% from $139 million in 2007 to $156 million in 2008. For pay, PPV, VOD, and specialty services, subscription revenues, representing 66% of total pay, PPV, VOD, and specialty services revenues, increased 5% from $306 million to $320 million. This resulted in total revenues for French-language pay, PPV, VOD, and specialty services increasing 7% from $450 million in 2007 to $481 million in 2008. However, PBIT margins decreased from 26% in 2007 to 24% in 2008.

With respect to Ethnic and third-language specialty services, advertising revenues, which represent 48% of total specialty services revenues, remained relatively unchanged at $35 million in 2008. Pay digital Category 2 and specialty services subscription revenues, representing 50% of total pay digital Category 2 and specialty services revenues, remained relatively unchanged at $37 million in 2008. Total revenues increased 1% from $74 million in 2007 to $75 million in 2008. PBIT margins, however, increased from 21% in 2007 to 23% in 2008.

Television programming expenditures

For conventional television and pay, PPV, VOD, and specialty services, public and private broadcasters are required to spend a percentage of their revenues on Canadian programming. As set out in Broadcasting Public Notice CRTC 2007-53, the Commission noted that the French-language conventional broadcasters have provided sufficient Canadian content in relation to their expenditures whereas the English-language broadcasters have lagged in this regard, even though they have maintained their programming expenditures in relation to revenues.

Canadian programming expenditures by the CBC/SRC increased 35% from approximately $495 million in 2007 to $669 million in 2008. Conventional private television increased their programming expenditures slightly whereas their non-Canadian programming expenditures increased 7% to $775 million in 2008 from $722 million in 2007. Canadian programming expenditures for pay and specialty services increased 12% from $918 million in 2007 to $1,033 million in 2008 and non-Canadian expenditures increased 10% from $324 million in 2007 to $358 million in 2008. With respect to PPV and VOD there was a decrease of 10% from $24 million in 2007 to $21 million in 2008.

Television cultural diversity

Ethnic programming services

In 2008, the Commission licensed two ethnic conventional television stations for a total of six. There is one station in each of the Montréal, Vancouver, Edmonton, and Calgary[200] markets, and two stations in the Toronto market.

In addition to ethnic conventional services, the Commission has also licensed a number of Canadian ethnic speciality services such as analogue ethnic and Category 2 digital ethnic pay and specialty services. Between 1984 and 1996, the Commission approved five national analog Canadian ethnic specialty services offering in a variety of languages as follows:

- Fairchild Television for Cantonese;
- Telelatino for Italian and Spanish;
- Asian Televison Network for South Asian communities in 15 South Asian languages, predominantly Hindi, and some English;
- Talentvision for Mandarin, Vietnamese, and Korean; and
- Odyssey for the Greek community.

For Category 2 digital ethnic pay and specialty services, as of 31 December 2008, the Commission approved over 194 Canadian ethnic Category 2 digital pay and specialty services. Of these, 28 specialty and 6 pay services were launched. In March 2007, the Commission announced that it will exempt certain television programming undertakings that provide programming services in third-languages to broadcasting distribution undertakings for distribution on a digital basis from the requirements of Part II of the *Broadcasting Act* and

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200 *Ethnic television stations in Calgary and Edmonton*, Broadcasting Decision CRTC 2007-166, 8 June 2007

any regulations made thereunder, provided they fall under the terms of the new exemption order.[201] As of 31 December 2008, there were 81 non-Canadian third-language programming services authorized for distribution.

Religious television services

In 2008, the Commission approved two religious[202] television stations for a total of seven.

Native television services

As of 31 December 2008, there were five originating native television stations in operation including two native television network programming services: Aboriginal Peoples Television Network (APTN) which has mandatory national carriage under an order issued pursuant to subparagraph 9(1)(*h*) of the *Broadcasting Act*; and Wawatay Native Communications.

Community-based television services

There were 12 community based television services licensed in Canada: ten English, one French, and one bilingual. The licensees of these services must be non-profit organizations with membership, management, and programming that is mainly from the community.

Specialty, pay, PPV and VOD services

a) Specialty services

In 2008 there were 49 Canadian analogue specialty services: 28 English-language, 14 French-language, 2 bilingual and 5 ethnic.

There were 18 Category 1 digital specialty services: 15 English-language[203] which have been in service since the fall of 2001 and three French-language services[204] which were launched in the Fall of 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 were approved on a more competitive, open-entry basis. The Commission continued to approve additional Category 2 services. As of 31 December 2008, there were approximately 351 approved Category 2 specialty services, including 141 English-language, 19 French-language, 6 bilingual and 185 ethnic or third-language. Of these

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

202 *Religious television stations in Calgary and Edmonton*, Broadcasting Decision CRTC 2007-167, 8 June 2007

203 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.

204 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.

services, 83 services have been launched: 51 English-language, 3 French-language, one bilingual and 28 ethnic.

b) Pay services

Five English-language and one French-language pay television services were licensed prior to 1995. In May 2006,[205] the Commission approved a new national English-language general interest pay service. The Commission also approved 28 pay services of which 21 were digital Category 2 pay services. As of 31 December 2008, nine digital Category 2 pay services were launched: two English-language, one French-language, and six third-language.

c) PPV services

There were seven terrestrial PPV services: five English-language, one bilingual and one French-language. There were six DTH pay-per-view services: four English-language, one bilingual, and one French-language.

d) VOD services

As of 31 December 2008, there were 25 approved VOD services, 17 of which have been launched.

e) Conventional transitional digital television services

As of 31 December 2008, there were 22 originating stations and eight rebroadcasters held transitional digital conventional television licences.

National public broadcaster

The CBC is Canada's national public broadcaster. Pursuant to subparagraph 3(1)(*l*) of the *Broadcasting Act*, the CBC should provide radio and television services, both conventional and specialty services, incorporating a wide range of programming that informs, enlightens and entertains.

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

[205] *Applications for new pay television services*, Broadcasting Decision CRTC 2006-193, 18 May 2006

With regards to specialty services, the CBC owns and operates a number of 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;
- Bold,[206] a national English-language Category 1 digital specialty service;
- Documentary,[207] a national English-language Category 1 digital specialty service that broadcasts documentary programming on a 24-hour basis (82% owned); and
- ARTV, a national French-language specialty service dedicated to the arts (60.7% owned).

Tangible benefits

As shown in Table 4.3.21 for 2008, tangible benefits were $17.6 million as a result of 11 transactions. The total amount of tangible benefits for the period 11 June 1999 to 31 December 2008 was $854.2 million.

[206] Previously referred to as Country Canada
[207] Previously referred to as Canadian Documentary Channel

Statistical Information – Television

Table 4.3.1 Number and type of television services authorized to broadcast in Canada

	English-language		French-language		Third-language		All languages	
	2007	2008	2007	2008	2007	2008	2007	2008
Canadian conventional television [1]								
National public broadcaster (CBC)								
Owned and operated	15	15	8	11	-	-	23	26
Transitional digital[7]	4	4	3	3	-	-	7	7
Private commercial [8]	75	75	23	20	6	6	104	101
Religious [9]	7	7	-	-	-	-	7	7
Educational	4	4	3	3	-	-	7	7
Aboriginal	7	5	-	-	-	-	7	5
Transitional digital[7]	9	9	3	3	2	3	14	15
Canadian specialty, pay, pay-per-view (PPV) and video-on-demand (VOD)								
Analogue specialty services	30	30	14	14	5	5	49	49
Digital Category 1 specialty services	15	15	3	3	-	-	18	18
Digital Category 2 specialty services[2]	51	52	2	3	28	28	81	83
Pay television services[3]	8	8	2	2	5	6	15	16
PPV services (direct-to-home (DTH) and terrestrial)	11	11	2	2	-	-	13	13
VOD services[4]	17	23	1	2	-	-	18	25
Other Canadian services								
Community channels[5]	101	91	30	48	-		131	139
Community program services	11	11	1	1	-	-	12	12
House of Commons - Cable Public Affairs Channel (CPAC)	1	1	1	1	-	-	2	2
Non-Canadian services[6]								
Satellite services authorized for distribution in Canada	90	92	7	9	81	81	178	182
Total number of television services	456	453	103	125	127	129	686	707

Notes: Excludes radiocommunication distribution undertakings (RDU), re-broadcasters, exempt television services and those specialty services where the authority has expired. Also, excludes some network licences. However, English-language includes bilingual (English and French) and native services.

1. Includes satellite to cable services. 2007 data has been updated to reflect latest results.
2. Includes only digital Category 2 specialty services that have been launched as of 31 December 2008. As of 31 December 2008, the Commission approved 351 digital Category 2 specialty services.
3. Includes only pay services that have been launched as of 31 December 2008: 28 pay services have been approved by the Commission.
4. Number of services approved but not necessarily in operation. 12 English-language, 2 French-language and 11 bilingual VOD services have been approved. Of these, it is estimated that 17 had been launched as of 31 December 2008.
5. Number of BDU Class 1 licensees that reported community channel expenses as of 31 August.
6. Carriage of authorized services is at the discretion of the BDU. Refer to Appendix 2 of *Revised lists of eligible satellite services*, Broadcasting Regulatory Policy CRTC 2009-50, 4 February 2009 for complete listing of eligible services approved to the end of 31 December 2008
7. Number of conventional transitional digital television services approved, but not necessarily in operation. As of 31 December 2008, 22 stations were broadcasting. Refer to Table 4.3.2 for detailed listing.
8. Excludes private commercial religious stations.
9. Includes 5 private commercial conventional television stations.

Source: CRTC APP1205 report dated 31 December 2008, CRTC decisions and CRTC data collection

Table 4.3.2 Conventional transitional digital television

Market	Broadcasting station	Language	Source station		Actual or planned launch date
Montréal		F	CFJP	TQS	-
		F	CBFT	SRC	March 2005
		F	CIVM	Télé-Québec (educational & cultural service)	September 2007
		F	CFTM	TVA	August 2011
		E	CBMT	CBC	March 2005
Québec		F	CBVT	SRC	January 2006
	R	F	CIVM*	Télé-Québec (educational & cultural service)	
Ottawa		F	CBOFT	SRC	September 2006
	R	E	CKXT	Quebecor	September 2008
		E	CBOT	CBC	September 2006
	R	O/E	OMNI 1	Rogers (Toronto ethnic stations)	May 2009
	R	O/E	OMNI 2		May 2009
Toronto	R	F	CBLFT	Rebroad of CBOFT Ottawa station with regional news programming	September 2005
		E	CBLT	CBC	March 2005
		E	CFTO	CTVglobemedia	July 2005
		E	CIII	Canwest	November 2004
		E	CITS	Crossroads (religious programming)	January 2008
		E	CITY	Rogers	January 2003
		E	CKXT	Quebecor	February 2004
		O/E	OMNI 1	Rogers (ethnic station)	June 2008
		O/E	OMNI 2	Rogers (ethnic station)	June 2008
London	R	E	CKXT	Quebecor	September 2008
Hamilton		E	CHCH	Canwest	April 2008
	R	E	CKXT	Quebecor (Toronto station)	February 2004
Calgary		E	CFCN	CTVglobemedia	January 2009
		E	CICT**	Canwest	June 2009
Edmonton		E	CITV**	Canwest	July 2009
Vancouver		E	CBUT	CBC	January 2006
		E	CHAN	Canwest	April 2008
		E	CIVT	CTVglobemedia	July 2005
		O/E	CHNM	Multivan (ethnic station)	-
Victoria	R	O/E	CHNM	Multivan (Vancouver station)	-

Notes: 1. Number of stations approved as of 31 December 2008 but not necessarily in operation.
2. E: English; F: French; O/E: Multi-language/English; R: Rebroadcaster
3. * Approved 25 September 2008
4. ** Approved 5 March 2009.

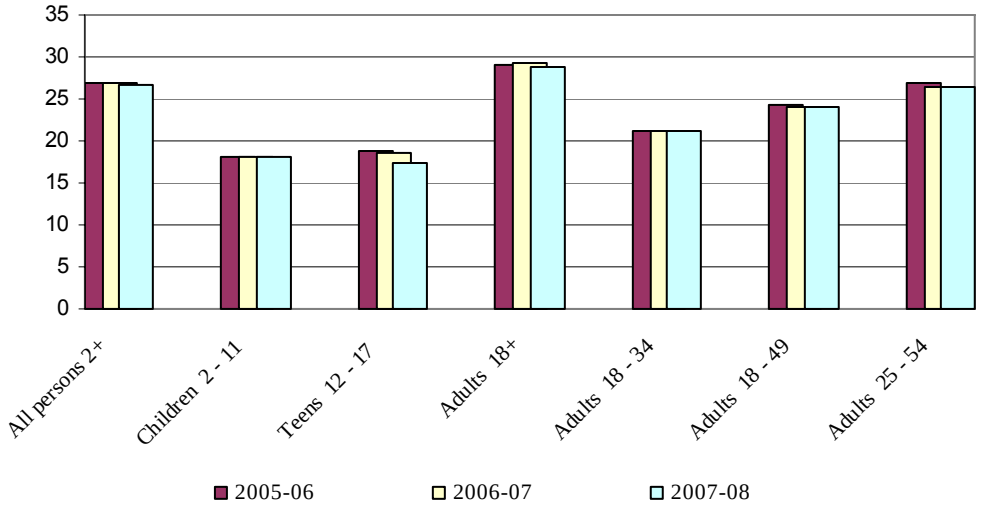
Source: CRTC APP 1205 (31 December 2008) and licensees

Table 4.3.3 National average weekly viewing hours, by age group (All persons 2+, Monday to Sunday, 6 a.m. to 6 a.m.)

	2005-06	2006-07	2007-08
All persons 2+	26.9	26.8	26.6
Annual growth	*3.1%*	*-0.4%*	*-0.7%*
Children 2-11	18.2	18.1	18.2
Annual growth	*1.1%*	*-0.5%*	*0.6%*
Teens 12–17	18.8	18.5	17.4
Annual growth	*0.5%*	*-1.6%*	*-5.9%*
18+	29.0	29.2	28.8
Annual growth	*3.2%*	*0.7%*	*-1.4%*
18–34	21.2	21.2	21.1
Annual growth	*0.0%*	*0.0%*	*-0.5%*
18–49	24.2	24.0	24.0
Annual growth	*3.0%*	*-0.8%*	*0.0%*
25–54	27.0	26.5	26.5
Annual growth	*3.8%*	*-1.9%*	*0.0%*

Source: BBM Canada 2007-2008 TV Meter Databook.

Figure 4.3.1 National average weekly viewing hours by age group (All persons 2+, Monday to Sunday, 6 a.m. to 6 a.m.)



Source: BBM Canada 2007-08 TV Meter Databook.

Table 4.3.4 Viewing share of Canadian and non-Canadian services, by language and type of service – All Canada, excluding the Quebec Francophone market - 2004/2005 – 2007/2008 television seasons[1](Part 1 of 2)

Viewing share (%)	2004-2005	2005-2006	2006-2007	2007-2008	Inc./(Dec.) 2004/2005-2007-2008
Canadian services					
English-language					
CBC	4.9	5.7	5.0	5.4	0.5
Private conventional	28.3	26.9	25.6	23.9	-4.4
Specialty	27.8	28.9	28.4	28.4	0.6
Pay	4.1	4.3	4.8	5.3	1.2
Digital pay and specialty	3.1	2.9	3.4	4.2	1.1
Other services[2]	2.5	2.7	2.7	2.6	0.1
Total English-language	70.6	71.3	69.6	69.8	-0.8
Percent growth		*1%*	*-2%*	*0%*	
French-language					
SRC	0.5	0.5	0.7	0.6	0.1
Private conventional	0.4	0.5	0.6	0.6	0.2
Télé-Québec	0.0	0.0	0.0	0.1	0.1
Other services[3]	0.0	0.0	0.0	0.1	0.1
Specialty	0.4	0.5	0.7	0.6	-0.4
Pay	0.0	0.0	0.1	0.0	0.0
Digital pay and specialty	0.0	0.0	0.0	0.0	0.6
Total French-language	1.4	1.7	2.2	2.0	0.6
Percent growth		*21%*	*29%*	*-9%*	
Other languages					
Private conventional	1.3	1.2	1.2	1.4	0.1
Specialty	0.3	0.3	0.3	0.4	0.1
Digital	0.1	0.0	0.1	0.1	0.0
APTN	0.1	0.1	0.2	0.2	0.1
Total other languages	1.8	1.6	1.7	1.9	0.1
Percent Growth		*-11%*	*6%*	*12%*	
Community services	1.0	0.9	0.9	1.0	0.0
VOD/PPV	0.3	0.4	0.4	0.5	0.2
Total Canadian services	75.1	75.9	74.9	75.3	0.2
Percent Growth		*1%*	*-1%*	*1%*	

Table 4.3.4 Viewing share of Canadian and non-Canadian services by language and type of service – All Canada, excluding the Quebec Francophone market - 2004/2005 – 2007/2008 television seasons[1] (Part 2 of 2)

Viewing share (%)	2004-2005	2005-2006	2006-2007	2007-2008	Inc./(Dec.) 2004/2005-2007-2008
Non-Canadian services					
U.S. conventional	14.5	13.7	12.8	11.8	-2.7
U.S. specialty	8.5	8.4	9.7	9.4	0.9
International	0.2	0.1	0.1	0.2	0.0
Total non-Canadian services	23.2	22.2	22.6	21.4	-1.8
Percent growth		*-4%*	*2%*	*-5%*	
Miscellaneous	1.8	2.0	2.7	3.5	1.7
Percent growth		*11%*	*35%*	*30%*	
Total viewing share	*100*	*100*	*100*	*100*	
Total hours (millions)	623.3	654.0	659.2	644.2	20.9
Percent growth		*5%*	*1%*	*-2%*	

Notes:
1. Television seasons: 2004/05: 30 August 2004 to 28 August 2005; 2005/06: 29 August 2005 to 27 August 2006; 2006/07: 28 August 2006 to 26 August 2007; 27 August 2007 to 31 August 2008. All persons 2+, Monday to Sunday, 6 a.m. to 6 a.m.
2. Includes Access, Knowledge, SCN, TVO, CTS, and CJIL
3. Includes TFO
4. Minor variances are due to rounding.

Source: BBM Nielsen Media Research (InfoSys – run May 2009)

Table 4.3.5 Viewing share of Canadian and non-Canadian services, by language and type of service in the Quebec Francophone market 2004/2005 – 2007/2008 television seasons[1]

Viewing share (%)	2004-2005	2005-2006	2006-2007	2007-2008	Inc./(Dec.) 2004/2005-2007-2008
Canadian services					
French-language					
CBC	14.7	14.5	12.8	13.8	-0.9
Private conventional	40.8	40.4	37.8	35.6	-5.2
Télé-Québec	4.1	3.2	3.1	3.5	-0.6
Other services[2]	0.2	0.2	0.2	0.2	0.0
Specialty	27.7	29.7	34.0	34.4	0.0
Pay	4.6	4.1	4.5	4.5	-0.1
Digital pay and specialty	0.4	0.9	1.3	2.0	0.0
Total French-language	92.5	93.0	93.6	93.9	1.4
Percent growth		*1%*	*1%*	*0%*	
English-language					
CBC	0.5	0.6	0.5	0.5	0.0
Private conventional	2.2	2.0	2.0	1.7	-0.5
Specialty	1.9	1.9	1.7	1.9	0.0
Pay	0.0	0.0	0.0	0.0	0.0
Digital pay and specialty	0.0	0.0	0.0	0.0	0.0
Total English-language	4.6	4.6	4.2	4.2	-0.4
Percent growth		*0%*	*-9%*	*0%*	
Other - languages					
Private conventional	0.3	0.2	0.3	0.1	-0.2
Specialty	0.1	0.1	0.0	0.1	0.0
Digital	0.0	0.0	0.0	0.0	0.0
APTN	0.0	0.0	0.0	0.0	0.0
Total other language	0.4	0.4	0.3	0.2	-0.2
Community services	0.3	0.3	0.3	0.2	-0.1
VOD/PPV	0.0	0.0	0.0	0.0	0.0
Total Canadian services	97.8	98.2	98.5	98.5	0.7
Percent growth		*0.4%*	*0%*	*0%*	
Non-Canadian services					
US conventional	1.4	1.0	0.8	0.8	-0.6
US specialty	0.8	0.8	0.8	0.6	-0.2
International	0.0	0.0	0.0	0.0	0.0
Total non-Canadian services	2.2	1.9	1.6	1.4	-0.8
Percent growth		*-14%*	*-16%*	*-13%*	
Miscellaneous	0.0	0.0	0.0	0.1	0.1
Total viewing share	100	100	100	100	
Total hours (millions)	184.8	189.0	191.2	202.6	
Percent growth		*2%*	*1%*	*6%*	

Notes:
1. Television seasons: 2004/05: 30 August 2004 to 28 August 2005; 2005/06: 29 August 2005 to 27 August, 2006; 2006/07: 28 August 2006 to 26 August 2007; 27 August 2007 to 31 August 2008. All persons 2+, Monday to Sunday, 6 a.m. to 6 a.m.
2. Includes TFO
3. Minor variances are due to rounding.

Source: BBM Canada (InfoSys - run May 2009)

Table 4.3.6 Average weekly viewing hours of Canadian programs distributed by Canadian English- and French-language television services, by program origin, genre, and region (All persons 2+, 6 a.m. to 6 a.m.)

(millions)	English-language services All of Canada (excluding Quebec Francophone market)				French-language services Quebec Francophone market			
	2004-2005	2005-2006	2006-2007	2007-2008	2004-2005	2005-2006	2006-2007	2007-2008
News and analysis and interpretation	59.1	59.4	61.8	59.8	40.0	41.6	38.7	38.7
Percent Canadian	*95.5%*	*95.6%*	*95.7%*	*95.2%*	98.0%	99.0%	99.0%	*99.0%*
Percent of total	16.5%	*14.6%*	*15.3%*	*15.1%*	24.3%	24.7%	22.9%	*21.8%*
Long-form documentary	19.1	20.6	21.9	22.8	8.2	9.3	9.3	9.9
Percent Canadian	*60.6%*	*56.2%*	*53.9%*	*52.0%*	*58.0%*	*54.0%*	*53.2%*	*49.4%*
Percent of total	*5.3%*	*5.1%*	*5.4%*	*5.8%*	*5.0%*	*5.5%*	*5.5%*	*5.5%*
Sports	31.3	52.1	40.8	43.9	6.0	11.6	10.4	14.8
Percent Canadian	*57.2%*	*69.8%*	*68.5%*	*72.4%*	*90.0%*	*80.0%*	*78.3%*	*84.5%*
Percent of total	*8.7%*	*12.8%*	*10.1%*	*11.1%*	*3.6%*	*6.9%*	*6.1%*	*8.3%*
Drama and comedy	155.5	174.6	181.8	171.3	72.5	66.7	72.0	74.3
Percent Canadian	*21.0%*	*21.7%*	*20.0%*	*20.4%*	*35.0%*	*35.0%*	*36.6%*	*32.5%*
Percent of total	*43.3%*	*42.9%*	*45.0%*	*43.3%*	*44.0%*	*39.7%*	*42.5%*	*41.7%*
Music and dance and variety	15.3	16.5	10.8	10.2	4.7	6.0	5.1	4.1
Percent Canadian	*79.3%*	*75.5%*	*53.6%*	*49.7%*	*100.0%*	*100.0%*	*91.7%*	*78.0%*
Percent of total	*4.3%*	*4.0%*	*2.7%*	*2.6%*	*2.9%*	*3.6%*	*3.0%*	*2.3%*
Other	78.9	83.6	87.0	87.3	33.4	32.9	33.9	36.3
Percent Canadian	*28.9%*	*33.8%*	*35.2%*	*34.8%*	*87.0%*	*83.0%*	*82.5%*	*85.3%*
Percent of total	*22.0%*	*20.6%*	*21.5%*	*22.1%*	*20.3%*	*19.6%*	*20.0%*	*20.4%*
Total	359.2	406.7	404.1	395.3	164.8	168.1	169.4	178.1
Percent Canadian	*42.7%*	*45.1%*	*42.5%*	*43.3%*	*65.0%*	*66.0%*	*65.2%*	*64.1%*

Notes:

For English and French-language services:

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

For English-language services:

2. Includes viewing of ethnic stations
3. 2004 to 2007 figures have been revised to reflect a change in methodology

Source: BBM Nielsen Media Research (InfoSys – run May 2009)

For French-language services:

Source: BBM Canada (InfoSys – run May 2009)

Table 4.3.7 Average weekly viewing hours of Canadian programs distributed by Canadian English- and French-language private conventional services by program origin, genre, and region (All persons 2+, 6 a.m. to 6 a.m.)

(millions)	English-language services All of Canada (excluding Quebec Francophone market)				French-language services Quebec Francophone market			
	2004-2005	2005-2006	2006-2007	2007-2008	2004-2005	2005-2006	2006-2007	2007-2008
News and analysis and interpretation	34.1	34.5	33.6	32.5	26.5	28.4	26.1	27.1
Percent Canadian	*97.0%*	*97.5%*	*96.9%*	*97.0%*	100.0%	100.0%	100.0%	*100.0%*
Percent of total	22.0%	*22.1%*	*22.1%*	*23.2%*	35.4%	37.6%	36.5%	*37.9%*
Long-form documentary	2.0	2.0	2.1	2.3	0.9	1.4	0.6	0.5
Percent Canadian	*79.6%*	*80.9%*	*83.9%*	*65.9%*	*100.0%*	*100.0%*	*76.4%*	*86.5%*
Percent of total	*1.3%*	*1.2%*	*1.4%*	*1.6%*	*1.2%*	*1.9%*	*0.8%*	*0.8%*
Sports	3.5	3.5	2.6	2.5	0.8	0.9	0.7	0.9
Percent Canadian	10.9%	6.5%	8.3%	2.8%	100.0%	100.0%	100.0%	100.0%
Percent of total	2.2%	2.2%	1.7%	1.8%	1.1%	1.2%	0.9%	1.3%
Drama and comedy	67.4	68.2	64.0	55.7	28.4	25.5	24.9	24.6
Percent Canadian	*9.7%*	*7.3%*	*8.5%*	*11.0%*	*26.0%*	*25.0%*	*28.7%*	*27.9%*
Percent of total	*43.3%*	*43.6%*	*42.2%*	*39.7%*	*37.9%*	*33.7%*	*34.7%*	*34.5%*
Music and dance and variety	3.4	4.6	4.9	4.4	0.9	2.4	1.4	1.0
Percent Canadian	*34.1%*	*28.3%*	*20.6%*	*17.5%*	*100.0%*	*100.0%*	*97.9%*	*47.2%*
Percent of total	*2.2%*	*2.9%*	*3.2%*	*3.1%*	*1.2%*	*3.2%*	*2.0%*	*1.1%*
Other	45.1	43.8	44.6	42.8	17.4	17.0	18.0	17.3
Percent Canadian	*16.1%*	*19.9%*	*20.6%*	*19.9%*	*88.0%*	*85.0%*	*82.8%*	*88.0%*
Percent of total	*29.0%*	*28.0%*	*29.4%*	*30.6%*	*23.3%*	*22.5%*	*25.1%*	*24.2%*
Total	155.4	156.4	151.9	140.0	74.9	75.6	71.6	71.4
Percent Canadian	*32.2%*	*32.3%*	*33.1%*	*34.6%*	*69.0%*	*71.0%*	*70.7%*	*71.4%*

Notes:

For English and French-language services:

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

For English-language services:

2. Includes viewing of ethnic stations.
3. 2004 to 2007 figures have been revised to reflect a change in methodology.

Source: BBM Nielsen Media Research (InfoSys – run May 2009)

For French-language services:

Source: BBM Canada (InfoSys – run May 2009)

Table 4.3.8 Average weekly viewing hours of Canadian programs distributed by Canadian English- and French-language CBC conventional services by program origin, genre, and region (All persons 2+, 6 a.m. to 6 a.m.)

(millions)	English-language services All of Canada (excluding Quebec Francophone market)				French-language services Quebec Francophone market			
	2004-2005	2005-2006	2006-2007	2007-2008	2004-2005	2005-2006	2006-2007	2007-2008
News and analysis and Interpretation	5.9	4.9	5.3	5.4	7.3	7.8	7.3	6.9
Percent Canadian	*99.1%*	*98.5%*	*100.0%*	*100.0%*	*100%*	*100%*	*100%*	*100%*
Percent of total	*21.7%*	*14.7%*	*17.6%*	*15.5%*	*27.0%*	*28.8%*	*30.0%*	*24.8%*
Long-form documentary	1.4	1.1	1.3	1.4	0.5	0.4	0.5	0.4
Percent Canadian	*87.8%*	*87.6%*	*85.6%*	*86.9%*	*100%*	*100%*	*87.5%*	*91.3%*
Percent of total	*5.0%*	*3.3%*	*4.2%*	*4.0%*	*1.9%*	*1.5%*	*1.9%*	*1.3%*
Sports	4.4	15.3	10.8	15.2	1.0	1.6	0.2	2.4
Percent Canadian	*100.0%*	*100.0%*	*99.9%*	*100.0%*	*100%*	*100%*	*100.0%*	*100%*
Percent of total	*16.2%*	*45.7%*	*35.9%*	*43.5%*	*3.7%*	*5.9%*	*0.8%*	*8.7%*
Drama and comedy	13.8	10.6	10.7	10.2	9.3	8.7	8.8	9.2
Percent Canadian	*33.5%*	*37.1%*	*31.3%*	*39.7%*	*58.0%*	*61.0%*	*62.7%*	*63.0%*
Percent of total	*50.9%*	*31.7%*	*35.3%*	*29.2%*	*34.4%*	*32.1%*	*36.1%*	*33.1%*
Music and dance and variety	0.3	0.3	0.1	0.2	1.0	0.7	0.8	0.8
Percent Canadian	*93.9%*	*95.2%*	*91.1%*	*89.3%*	*100%*	*100%*	*99.8%*	*99.7%*
Percent of total	*1.2%*	*1.0%*	*0.5%*	*0.7%*	*3.7%*	*2.6%*	*3.5%*	*2.8%*
Other	1.4	1.2	2.0	2.5	7.9	7.9	6.8	8.2
Percent Canadian	*80.3%*	*93.4%*	*94.9%*	*88.1%*	*99.9%*	*91.0%*	*99.6%*	*99.8%*
Percent of total	*5.0%*	*3.5%*	*6.6%*	*7.1%*	*29.3%*	*29.2%*	*27.8%*	*29.4%*
Total	27.1	33.4	30.2	34.9	27.0	27.1	24.3	27.9
Percent Canadian	*64.3%*	*79.1%*	*74.7%*	*80.9%*	*85.0%*	*85.0%*	*86.2%*	*87.6%*

Notes:

For English and French-language services:

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

For English-language services:

Source: BBM Nielsen Media Research (InfoSys – run May 2009)

For French-language services:

Source: BBM Canada (InfoSys – run May 2009)

Table 4.3.9 Average weekly viewing hours of Canadian programs distributed by Canadian English- and French-language pay and specialty services by program origin, genre, and region (All persons 2+, 6 a.m. to 6 a.m.)

(millions)	English-language services All of Canada (excluding Quebec Francophone market)				French-language services Quebec Francophone market			
	2004-2005	2005-2006	2006-2007	2007-2008	2004-2005	2005-2006	2006-2007	2007-2008
News and analysis and Interpretation	18.4	19.1	22.2	21.2	5.8	5.1	5.1	4.6
Percent Canadian	*92.0%*	*91.7%*	*92.7%*	*91.3%*	*85.0%*	*88.0%*	*92.7%*	*92.0%*
Percent of total	*11.1%*	*9.4%*	*10.6%*	*10.2%*	*10.5%*	*8.6%*	*7.5%*	*6.4%*
Long-form documentary	14.3	15.7	16.4	17.2	6.0	6.8	7.6	8.4
Percent Canadian	*57.5%*	*53.4%*	*49.3%*	*48.5%*	*50.0%*	*47.0%*	*49.7%*	*45.7%*
Percent of total	*8.6%*	*7.7%*	*7.8%*	*8.3%*	*10.8%*	*11.4%*	*11.3%*	*11.7%*
Sports	23.5	33.4	27.3	26.3	4.2	9.1	9.6	11.6
Percent Canadian	*56.1%*	*62.6%*	*61.8%*	*63.0%*	*59.0%*	*75.0%*	*76.4%*	*79.5%*
Percent of total	*14.1%*	*16.3%*	*13.1%*	*12.6%*	*7.6%*	*15.3%*	*14.2%*	*16.1%*
Drama and comedy	69.2	89.3	100.3	98.9	30.7	29.2	35.0	36.2
Percent Canadian	*29.1%*	*30.9%*	*25.9%*	*23.7%*	*34.0%*	*35.0%*	*34.2%*	*25.0%*
Percent of total	*41.7%*	*43.7%*	*48.0%*	*47.5%*	*55.3%*	*49.2%*	*51.8%*	*50.3%*
Music and dance and variety	11.5	11.4	5.7	5.5	2.5	2.7	2.6	2.1
Percent Canadian	*92.5%*	*94.1%*	*80.6%*	*73.5%*	*83.0%*	*79.0%*	*85.0%*	*81.4%*
Percent of total	*6.9%*	*5.6%*	*2.7%*	*2.7%*	*4.5%*	*4.5%*	*3.9%*	*2.9%*
Other	29.2	35.6	37.1	39.0	6.3	6.5	7.7	9.2
Percent Canadian	*43.9%*	*47.5%*	*48.3%*	*46.1%*	*68.0%*	*69.0%*	*66.6%*	*68.0%*
Percent of total	*17.6%*	*17.4%*	*17.7%*	*18.7%*	*11.4%*	*10.9%*	*11.4%*	*12.7%*
Total	166.2	204.6	209.1	208.2	55.5	59.4	67.5	72.0
Percent Canadian	*49.3%*	*49.9%*	*45.0%*	*43.1%*	*49.0%*	*53.0%*	*52.0%*	*47.5%*

Notes:

For English and French-language services:

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

For English-language services:

2. Includes viewing of ethnic stations and third-language services. The coding of MTV service began 1 May 2006. In 2006-07, Treehouse TV, Family, TMN and Mpix coded programs were included in the data.
3. 2004 to 2007 figures have been revised to reflect a change in methodology.

Source: BBM Nielsen Media Research (InfoSys – run May 2009)

For French-language services:

4. Coding of SuperÉcran started in July 2004

Source: BBM Canada (InfoSys – run May 2009)

Table 4.3.10 Viewing share of Canadian services by ownership group in the English- and French-language markets (Part 1 of 2)

Viewing share (%)	2006-2007			2007-2008		
	Conventional	Discretionary	Total	Conventional	Discretionary	Total
Canadian English-language market All of Canada, excluding the Quebec Francophone market						
CTVglobemedia [9]	18.5	15.6	34.0	17.7	15.7	33.4
English services	*18.5*	*15.4*		*17.7*	*15.6*	
French services		*0.2*			*0.1*	
Canwest [13, 14]	13.1	2.2	15.3	11.4	11.5	22.8
English services	*13.1*	*2.2*		*11.4*	*11.5*	
French services	-	-		-	-	
Corus [8,9, 14]	0.4	9.7	10.1	0.3	9.6	10.0
English services	*0.4*	*9.7*		*0.3*	*9.6*	
French services	-	-		-	-	
CBC[7,11]	7.2	1.7	8.8	7.7	1.9	9.5
English services	*6.2*	*1.4*		*6.9*	*1.7*	
French services	*1.0*	*0.2*		*0.8*	*0.2*	
Rogers [12]	1.5	2.5	3.9	5.6	2.8	8.3
English services	*1.5*	*2.5*		*5.6*	*2.8*	
French services	-	-		-	-	
Astral [14]	-	5.8	5.8	-	6.2	6.2
English services	-	*5.4*		-	*5.9*	
French services	-	*0.4*		-	*0.3*	
Other [11, 14, 15]	7.1	14.8	21.9	3.4	6.3	9.7
English services	*6.3*	*14.5*		*2.5*	*6.0*	
French services	*0.9*	*0.3*		*1.0*	*0.3*	
Total hours (millions)	*225.8*	*246.6*	472.5	*213.8*	*249.5*	*463.4*
Canadian French-language market Quebec Francophone market						
Quebecor [14]	25.5	3.3	28.9	25.6	4.1	29.7
French services	*25.5*	*3.3*		*25.6*	*4.1*	
English services	-	-		-	-	
SRC[7,11]	12.4	4.1	16.5	14.4	3.3	17.7
French services	*11.9*	*4.1*		*13.9*	*3.2*	
English services	*0.5*	*0.0*		*0.5*	*0.0*	
Astral [14]	-	17.3	17.3	-	17.4	17.4
French services	-	*17.3*		-	*17.4*	
English services	-	-		-	-	
Remstar (TQS) [10]	10.7	-	10.7	8.4	-	8.4
French services	*10.7*	-		*8.4*	-	
English services	-	-		-	-	
CTVglobemedia [9]	1.3	6.5	7.8	1.0	7.2	8.2
French services	-	*5.4*		-	*6.1*	
English services	*1.3*	*1.1*		*1.0*	*1.1*	
Other [11, 14]	7.7	11.1	18.9	6.8	11.8	18.5
French services	*6.6*	*10.4*		*6.0*	*10.9*	
English services	*1.1*	*0.6*		*0.8*	*0.8*	
Total hours (millions)	*107.9*	*79.3*	187.2	*111.7*	*86.8*	198.5

Source: BBM Nielsen Media Research/BBM Canada (InfoSysTV - March 19/09)

Table 4.3.10 Viewing share of Canadian services by ownership group in the English- and French-language markets (Part 2 of 2)

Notes:

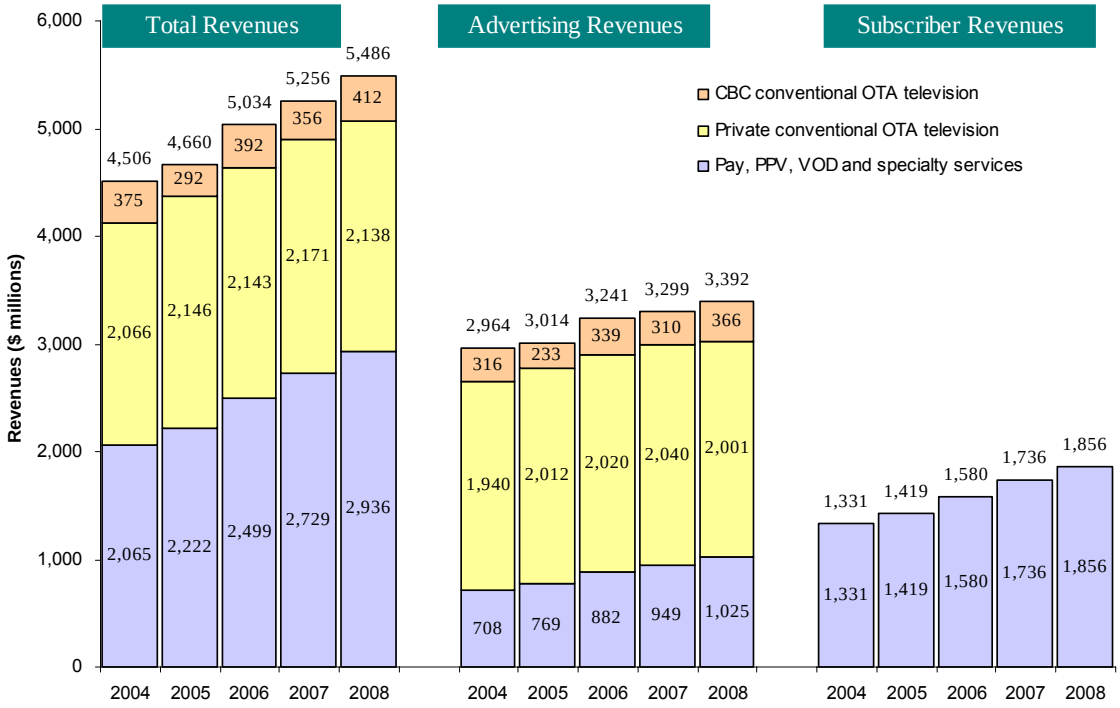
1. The 2006-2007 viewing share for CTVglobemedia, Canwest, Quebecor, Astral, and SRC set out in Broadcasting Public Notice 2008-4 have been restated in order to align the methodology with the one used in this report.
2. Minor variances are due to rounding.
3. Television seasons: 2006/2007: 28 August 2006 to 26 August 2007; 2007/2008: 27 August 2007 to 31-August 2008.
4. Calculations are based on the total average weekly viewing hours to Canadian services, for all persons 2+, Monday to Sunday, 6 a.m. to 6 a.m. Total viewing is based on viewing to all Canadian conventional stations (including ethnic stations) and Canadian discretionary services (specialty, pay, and the on-demand versions of same, excludes PPV services).
5. Canadian French-language market refers to the BBM Canada Québec francophone market. Canadian English-language market refers to the BBM All Canada market minus the Québec Francophone market.
6. Ownership is based on the date of the approval decision, not the official closing date of the transaction. With the exception of the TQS stations in 2006-2007 (see note 10), viewing for the entire television season is attributed to the ownership group holding direct and indirect voting interests greater than 50% on 31 August of each year.
7. Stations owned and operated by the CBC/SRC.
8. Corus: excludes viewing to Telelatino.
9. Viva (formerly Canadian Learning Television) is included with Corus' total for 2007/08 following a change in effective control from CTVgm (Broadcasting Decision 2008-206, issued 22 August 2008).
10. Remstar acquired effective control of TQS inc., licensee of the following stations: CFJP-TV Montréal (including CFJP-DT), CFAP-TV Québec, CFKM-TV Trois-Rivières, CFKS-TV Sherbrooke, CFRS-TV Saguenay and the TQS network (Broadcasting Decision 2008-129, issued 26 June 2008). The 2006/2007 viewing share for these stations has been provided for comparison purposes.
11. SRC's 2007/2008 viewing share includes the CKSH-TV Sherbrooke, CKTM-TV Trois-Rivières, and CKTV-TV Saguenay stations following an acquisition of assets (Broadcasting Decision 2008-130, issued 26 June 2008). These stations are included in "Other" for the 2006/2007 television season.
12. Rogers' total for 2007/2008 *Includes:* Outdoor Life Network following a change in control (Broadcasting Decision 2008-138, issued 7 July 2008); the Citytv stations (CHMI, CKAL, CITY, CKVU and CKEM) following a change in control (Broadcasting Decision 2007-360, issued 28 September 2007); Channel M (CHNM-TV), following an acquisition of assets (Broadcasting Decision 2008-72, issued 31 March 2008). *Excludes:* CHNU-TV Fraser Valley and CIIT-TV Winnipeg stations sold to Christian Channel Inc. (Broadcasting Decision 2008-71, issued 31 March 2008).
13. Canwest's total for 2007/2008 includes the Alliance Atlantis properties following a change in control (Broadcasting Decision 2007-429, issued 20 December 2007).
14. Included in "Other" are the following discretionary services that are held equally between Canadian partners:

Viewing share (%)	Canadian English-language market All of Canada, excluding Quebec Francophone market		Canadian French-language market Quebec Francophone market	
	2006-2007	2007-2008	2006-2007	2007-2008
Astral 50%/Canwest 50%				
• *Historia [Fr.]*	*0.02*	*0.10*	*1.42*	*1.64*
• *Séries + [Fr.]*	*0.02*	*0.02*	*3.32*	*3.69*
Astral 50%/Corus 50%				
• *Teletoon [Eng.]*	*2.18*	*1.83*	*0.07*	*0.09*
• *Télétoon [Fr.]*	*0.03*	*0.04*	*3.51*	*3.18*
• *Teletoon Retro [Eng.]*	*Nm*	*0.39*	*nm*	*nm*
• *Télétoon Rétro [Fr.]*	*As of 31 August 2008, this service had not been launched*			
Canwest 50%/Quebecor 50%				
• *Mystery [Eng.]*	*0.32*	*0.49*	*nm*	*nm*

nm = not meaningful

15. Also included in "Other" for the English-language market in 2006/07 is the viewing to the Citytv stations and Alliance Atlantis discretionary services.

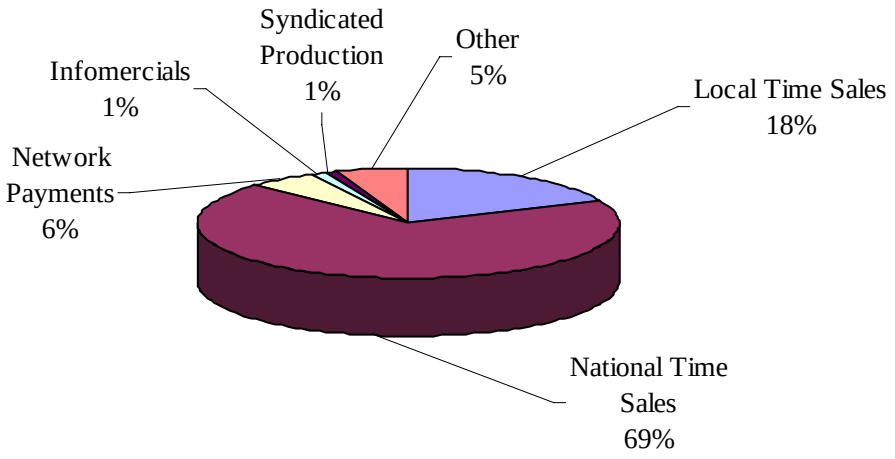
Figure 4.3.2 Television revenues: CBC and private conventional television, pay, PPV, VOD, and specialty services



Source: CRTC data collection

Notes:
1. Advertising revenue includes infomercial sales. Includes CBC commercial revenues only – does not include parliamentary appropriations. Total revenue includes "other revenue."
2. 2004-2007 figures have been updated to reflect current 31 August aggregate results.
3. Minor variances are due to rounding.

Figure 4.3.3 Source of revenues for conventional television (2008)



Source**:** CRTC data collection

Table 4.3.11 Advertising and other revenues: CBC conventional television stations (owned and operated)

Revenues ($ millions)	2004	2005	2006	2007	2008	*CAGR 2004-2008*
CBC conventional television						
Advertising revenues						
English-language stations	223	133	224	203	253	*3%*
Annual growth	*17%*	*-41%*	*69%*	*-10%*	*25%*	
French-language stations	93	100	115	108	113	*5%*
Annual growth	*-8%*	*8%*	*14%*	*-6%*	*5%*	
Advertising total	316	233	339	310	366	*4%*
Annual growth	*9%*	*-26%*	*45%*	*-8%*	*18%*	
Other revenues	60	59	53	45	46	*-6%*
Annual growth	*-4%*	*-1%*	*-10%*	*-15%*	*2%*	
Total	375	292	392	356	412	*2%*
Annual growth	*6%*	*-22%*	*34%*	*-9%*	*16%*	

Notes:

1. "Other revenues" includes commercial revenues only - does not include parliamentary appropriations.
2. Minor variances are due to rounding.

Source: CRTC data collection

Table 4.3.12 Advertising and other revenues: Private conventional television stations

Revenues ($ millions)	2004	2005	2006	2007	2008	CAGR 2004-2008
English-language stations*						
Advertising	1,614	1,683	1,693	1,717	1,679	*1%*
Annual growth	*0%*	*4%*	*1%*	*1%*	*-2%*	
Percentage of subtotal	*95%*	*95%*	*96%*	*96%*	*96%*	
Other	79	81	63	73	75	*-1%*
Annual growth	*8%*	*3%*	*-22%*	*16%*	*3%*	
Percentage of subtotal	*5%*	*5%*	*4%*	*4%*	*4%*	
Subtotal	1,693	1,764	1,756	1,790	1,754	*1%*
Annual growth	*1%*	*4%*	*0%*	*2%*	*-2%*	
French-language stations						
Advertising	325	329	327	323	322	*0%*
Annual growth	*2%*	*1%*	*-1%*	*-1%*	*0%*	
Percentage of subtotal	*87%*	*86%*	*84%*	*85%*	*84%*	
Other	48	54	60	58	62	*7%*
Annual growth	*0%*	*13%*	*11%*	*-3%*	*7%*	
Percentage of subtotal	*13%*	*14%*	*16%*	*15%*	*16%*	
Subtotal	373	383	387	381	384	*1%*
Annual growth	*2%*	*3%*	*1%*	*-2%*	*1%*	
Total						
Advertising	1,940	2,012	2,020	2,040	2,001	*1%*
Annual growth	*1%*	*4%*	*0%*	*1%*	*-2%*	
Percentage of total	*94%*	*94%*	*94%*	*94%*	*94%*	
Other	126	134	123	131	137	*2%*
Annual growth	*5%*	*6%*	*-9%*	*7%*	*5%*	
Percentage of total	*6%*	*6%*	*6%*	*6%*	*6%*	
Total	2,066	2,146	2,143	2,171	2,138	*1%*
Annual Growth	*1%*	*4%*	*0%*	*1%*	*-2%*	

Notes:
1. * Includes revenues from ethnic conventional stations, as a significant portion of their revenues are derived from English-language programming.
2. 2004-2007 figures have been updated to reflect current 31 August aggregate results.
3. Minor variances are due to rounding.

Source: CRTC data collection

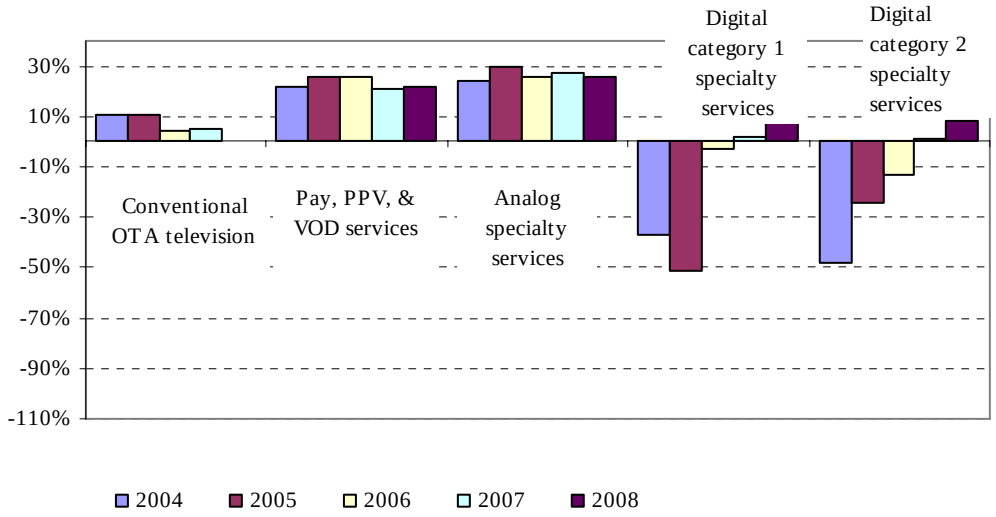
Table 4.3.13 Revenues: Pay, PPV, VOD and specialty analog and digital services

Services	Revenues ($ thousands) 2006	2007	2008	PBIT ($ thousands) 2006	2007	2008	PBIT margin 2006	2007	2008
Specialty services									
*English-language**									
Analogue	1,416,583	1,505,592	1,582,809	361,405	406,865	409,870	25.5%	27.0%	25.9%
Digital category 1	63,429	67,726	74,756	458	1,120	5,967	0.7%	1.7%	8.0%
Digital category 2	117,108	147,337	177,409	-14,766	3,493	16,120	-12.6%	2.4%	9.1%
Subtotal	1,597,120	1,720,654	1,834,974	347,097	411,479	431,957	21.7%	23.9%	23.5%
French-language									
Analogue	345,024	374,889	397,470	88,889	103,905	98,823	25.8%	27.7%	24.9%
Digital category 1	7,404	11,181	14,144	-2,640	186	2,177	-35.7%	1.7%	15.4%
Digital category 2	405	2,338	4,232	-1,636	-976	-1,523	-40.4%	-42.0%	-36%
Subtotal	352,834	388,408	415,847	84,614	103,115	99,476	24.0%	26.5%	23.9%
Ethnic and third-language									
Analogue	58,939	64,129	65,393	15,662	17,577	18,072	26.6%	27.4%	27.6%
Digital category 1									
Digital category 2	7,816	8,545	8,090	701	-1,035	89	9.0%	-12%	1.1%
Subtotal	66,755	72,674	73,483	16,363	16,542	18,161	24.5%	22.8%	24.7%
Total specialty services									
Analogue	1,820,547	1,944,609	2,045,672	465,956	528,348	526,766	25.6%	27.2%	25.8%
Digital category 1	70,833	78,907	88,900	-2,182	1,306	8,143	-3.1%	1.7%	9.2%
Digital category 2	125,329	158,220	189,732	-15,700	1,482	14,686	-12.5%	0.9%	7.7%
Subtotal	2,016,708	2,181,736	2,324,304	448,074	531,136	549,595	22.2%	24.3%	23.6%
Pay, PPV, and VOD services									
Pay services	325,078	349,797	360,103	96,171	93,882	96,557	29.6%	26.8%	26.8%
PPV services-Terrestrial & DTH	103,618	118,951	129,277	22,841	16,850	18,280	22.0%	14.2%	14.1%
VOD	53,629	78,805	122,649	5,795	5,732	21,702	10.8%	7.3%	17.7%
Subtotal	482,325	547,553	612,028	124,807	116,465	136,539	25.9%	21.3%	22.3%
Total	2,499,033	2,729,289	2,936,333	572,881	647,600	686,135	22.9%	23.7%	23.4%

Notes: 1. * Includes bilingual services
2. 2006-2007 figures have been updated to reflect current 31 August 31 aggregate results.

Source: CRTC data collection

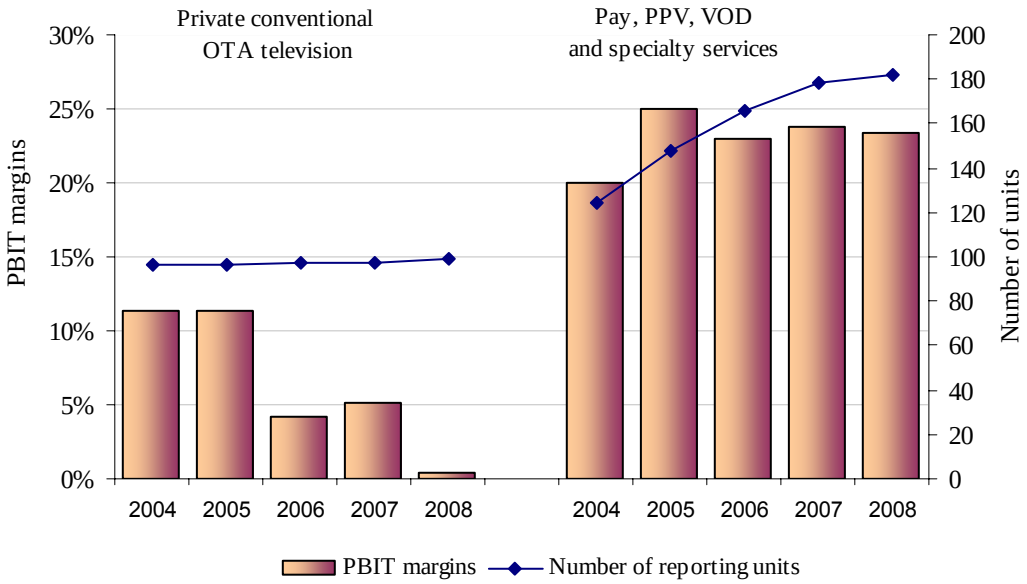
Figure 4.3.4 Aggregrate PBIT margins for private commercial conventional television, pay, PPV & VOD services, analog, digital Category 1 and Category 2 specialty services



Source: CRTC Data Collection

Note: 2004-2007 figures have been updated to reflect current 31 August aggregate results.

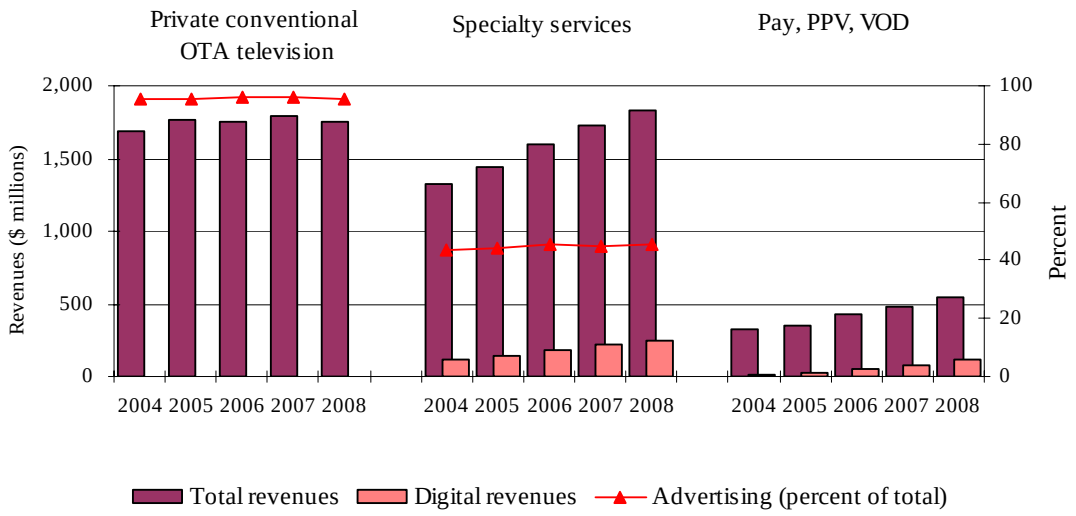
Figure 4.3.5 Aggregate PBIT margins for private conventional television, pay, PPV, VOD, and specialty services



Source: CRTC data collection

Note: 2004-2007 figures have been updated to reflect current 31 August aggregate results

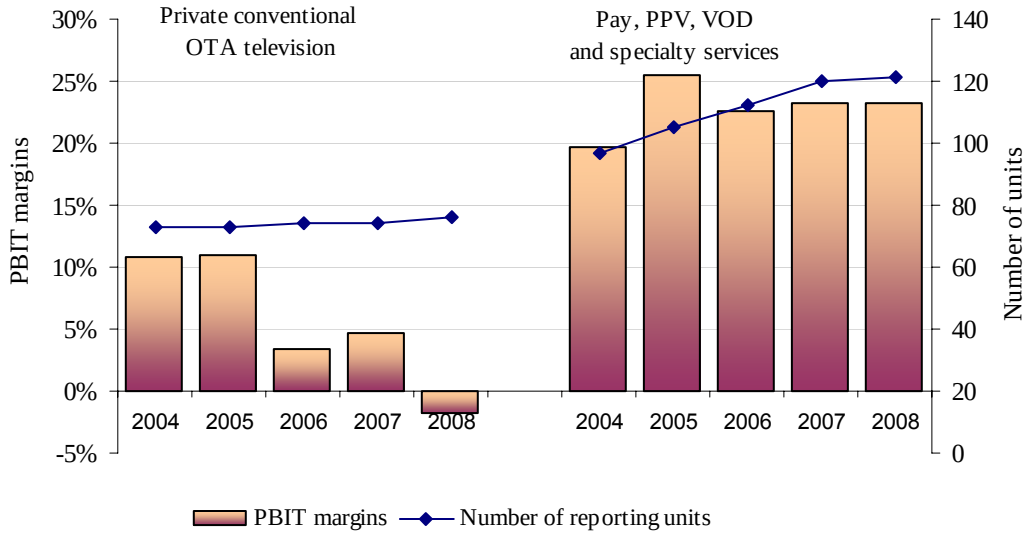
Figure 4.3.6 Revenues of English-language private conventional television, specialty, pay, PPV, and VOD services



Source: CRTC Data Collection

Note: 2004-2007 figures have been updated to reflect current 31 August aggregate results.

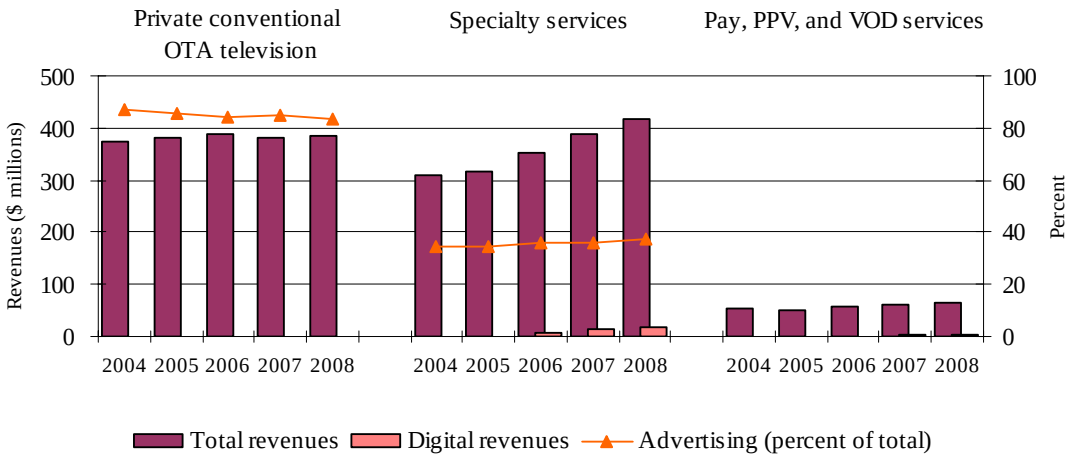
Figure 4.3.7 Aggregate PBIT margins English-language private conventional television, pay, PPV, VOD, and specialty services



Source: CRTC Data Collection

Note: 2004-2007 figures have been updated to reflect current 31 August aggregate results.

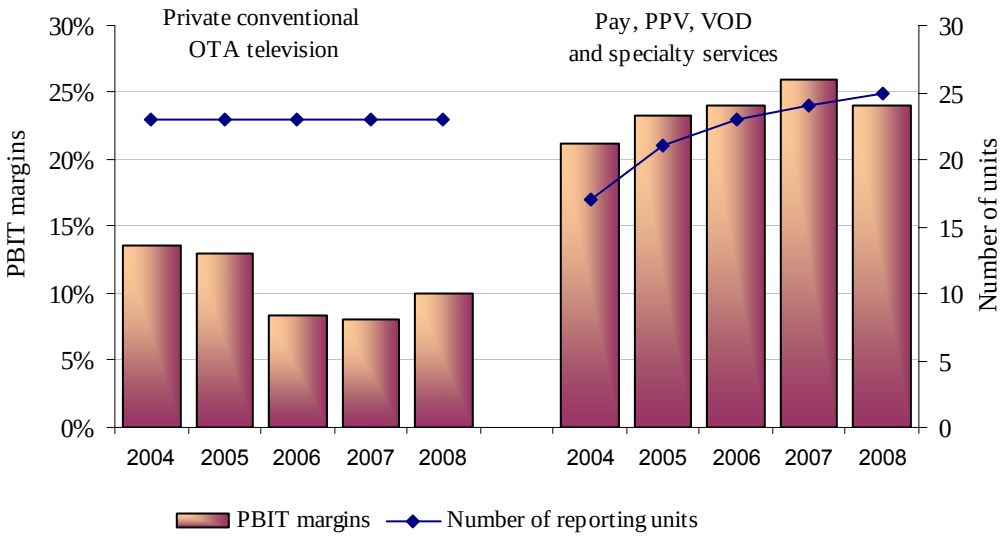
Figure 4.3.8 Revenues of French-language private conventional television, specialty, pay, PPV, and VOD services



Source: CRTC Data Collection

Note: 2004-2007 figures have been updated to reflect current 31 August aggregate results.

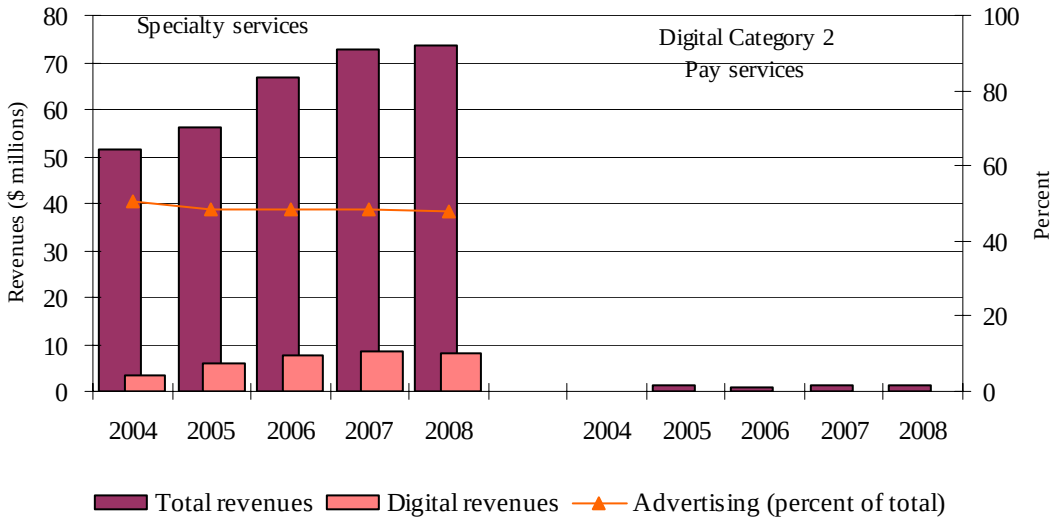
Figure 4.3.9 Aggregate PBIT of French-language private conventional television, pay, PPV, VOD, and specialty services



Source: CRTC Data Collection

Notes: 2004-2007 figures have been updated to reflect current 31 August aggregate results.

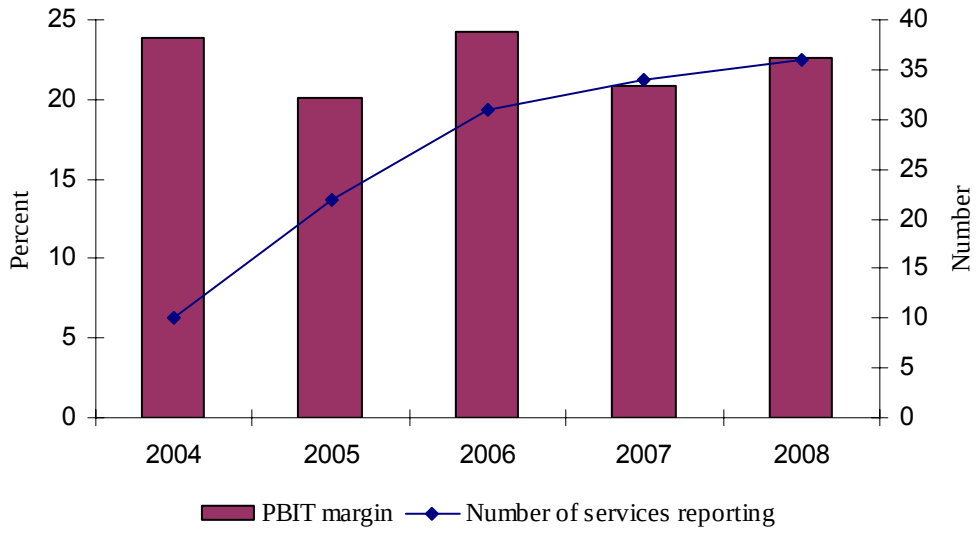
Figure 4.3.10 Revenues of ethnic and third-language specialty and digital Category 2 pay services



Source: CRTC Data Collection

Note: 2004-2007 figures have been updated to reflect current 31 August aggregate results.

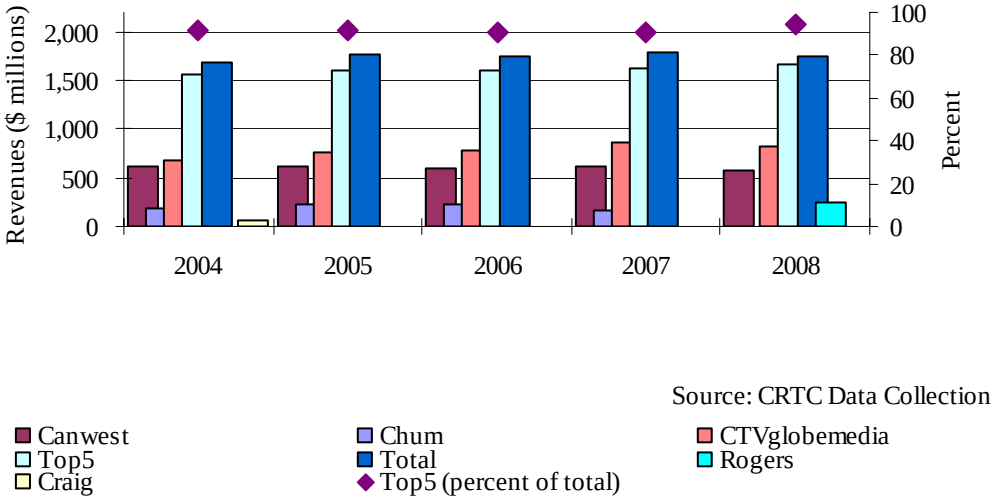
Figure 4.3.11 PBIT margins of ethnic and third-language specialty and digital Category 2 pay services



Source: CRTC Data Collection

Note: 2004-2007 figures have been updated to reflect current 31 August aggregate results.

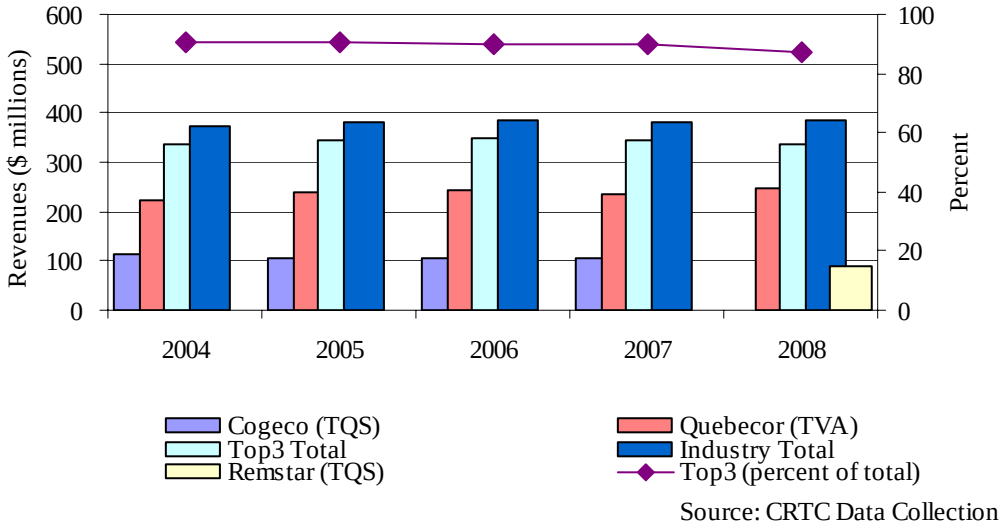
Figure 4.3.12 Revenues of large English-language private conventional television ownership groups



Notes:

1. Based on conventional OTA stations owned or controlled by the ownership group on 31 August of each year. Ownership is based on the date of the approving Decision, not the official closing date of the transaction.
2. The station's entire annual revenue is attributed to the ownership group that was deemed to be its owner as of 31 August.
3. CTVglobemedia and CHUM Limited's results reflect the *Transfer of effective control of CHUM Limited to CTVglobemedia Inc.*, Broadcasting Decision CRTC 2007-165, 8 June 2007.
4. Pursuant to conditions of approval in Broadcasting Decision CRTC 2007-165, CHUM's City-TV stations were held in trust pending their acquisition by a third party, which was approved in *Transfer of effective control of 1708487 Ontario Inc., 1738700 Ontario Inc. and CHUM Television Vancouver Inc. to Rogers Media Inc.*, - Broadcasting Decision CRTC 2007-360, 28 Sept 2007.

Figure 4.3.13 Revenues of large French-language private conventional television ownership groups

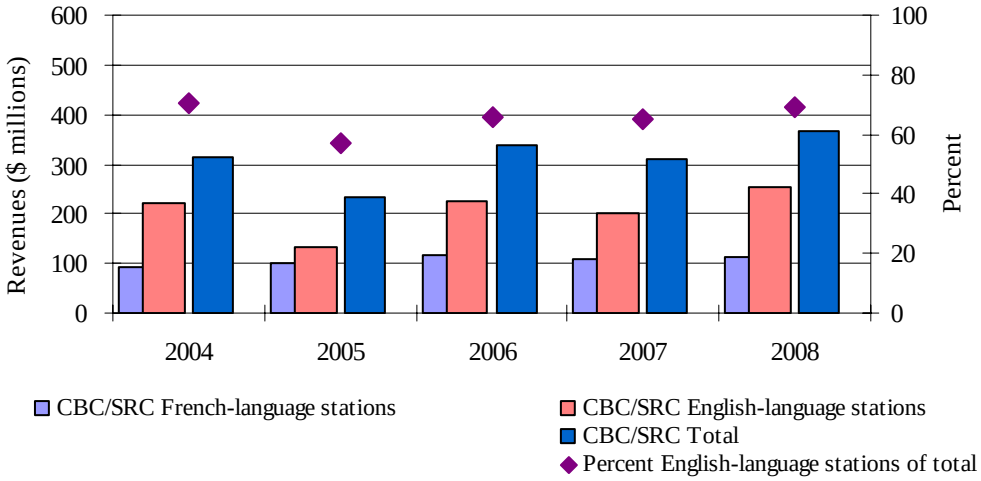


Source: CRTC Data Collection

Notes:

1. Based on conventional stations owned or controlled by the ownership group on 31 August of each year. Ownership is based on the date of the approval 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.
2. In *Change in the effective control of TQS inc. and licence renewals of the television programming undertakings CFJP-TV Montréal, CFJP-DT Montréal, CFAP-TV Québec, CFKM-TV Trois-Rivières, CFKS-TV Sherbrooke, CFRS-TV Saguenay and of the TQS network*, Broadcasting Decision CRTC 2008-129, 26 June 2008, the Commission approved, subject to certain conditions, the acquisition by Remstar Diffusion inc. of TQS's network and television stations in Montréal, Québec, Trois-Rivières, Sherbrooke, and Saguenay.
3. In *Acquisition of assets*, Broadcasting Decision CRTC 2008-130, 26 June 2008, the Commission approved the acquisition by CBC of the assets of the French-language television programming undertakings CKSH-TV Sherbrooke, CKTM-TV Trois-Rivières, and CKTV-TV Saguenay and its transmitter CKTV-TV-1 Saint-Fulgence, Quebec, from TQS inc.

Figure 4.3.14 Advertising revenues: CBC conventional television stations (owned & operated)



Source: CRTC Data Collection

Table 4.3.14 Companies with significant ownership interest in specialty, pay, PPV, and VOD services as of 31 December 2008 (Part 1 of 6)

	Astral Media	Type of service	Language	Direct / indirect voting interest	31 August 2008 financial results (Thousands)			
					# of subscribers	Revenues ($)	PBIT ($)	PBIT Margin
✓	Canal D	Sp. A	f	100%	2,486	34,259	17,366	50.70%
✓	Canal Vie	Sp. A	f	100%	2,117	38,186	15,831	41.50%
	CINÉPOP	Pay 2	f	100%	371	2,923	-2,187	-74.80%
✓	Family Channel, The	Pay	e	100%	5,690	52,125	16,923	32.50%
✓	Mpix (Moviepix!)	Pay	e	100%	1,532	22,694	12,200	53.80%
✓	Super Écran	Pay	f	100%	578	57,464	18,075	31.50%
✓	TMN (Movie Network, The)	Pay	e	100%	1,126	116,848	23,632	20.20%
✓	VRAK-TV	Sp. A	f	100%	2,534	24,406	9,585	39.30%
✓	Ztélé	Sp. A	f	100%	1,866	18,188	5,946	32.70%
	Viewers Choice Canada	PPV**	e	50.10%	1,889	17,938	5,385	30.02%
✓	Historia	Sp. A	f	50%	1,870	15,456	5,603	36.30%
✓	Musimax	Sp. A	f	100%	2,055	9,329	22	0.20%
✓	MusiquePlus	Sp. A	f	100%	2,464	15,782	478	3.00%
✓	Séries+	Sp. A	f	50%	1,872	28,295	16,562	58.50%
✓	Teletoon/Télétoon	Sp. A	b	50%	7,484	81,630	42,102	51.60%
	Teletoon retro English	Sp. D2	e	50%	3,024	1,709	751	43.90%
	Télétoon rétro French *	Sp. D2	f	50%	n/a	n/a	n/a	n/a

* Launched 4 September 2008

BCE*	Type of service	Language	Direct / indirect voting interest	31 August 2008 financial results (Thousands)			
				# of subscribers	Revenues ($)	PBIT ($)	PBIT Margin
Bell ExpressVu	PPV**	b	100%	1,792	51,357	5,440	10.60%
Câblevision du Nord de Québec inc**	VOD	f	100%	13	299	76	25.6%
Vu! On Demand	VOD	b	100%	nm	nm	nm	nm

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

**BCE has a direct and indirect interest of approximately 44%, but has the right to appoint the majority of the Directors of the ultimate parent of Câblevision du Nord de Québec Inc.

nm=non- meaningful

Table 4.3.14 Companies with significant ownership interest in specialty, pay, PPV, and VOD services as of 31 December 2008 (Part 2 of 6)

	Canwest[1]	Type of service	Language	Direct / indirect voting interest	31 August 2008 financial results (Thousands)			
					# of subscribers	Revenues ($)	PBIT ($)	PBIT Margin
	Canwest Media Inc.[1]							
	Cool TV*	Sp. D2	e	100%	n/a	964	-369	-38.2%
	DejaView[2]	Sp. D2	e	100%	1,239	5,925	2,266	38.30%
	Fox Sports World Canada[2]	Sp. D2	e	100%	1,034	4,548	-367	-8.10%
	MovieTime**[2]	Sp. D2	e	100%	1,230	5,925	2,480	41.90%
	Xtreme Sports*	Sp. D2	e	100%	915	3,470	893	25.70%
	TVtropolis (Prime TV)[2]	Sp. A	e	66.67%	6,127	42,064	15,182	36.10%
	Mystery[2]	Sp. D1	e	50%	1,481	10,017	2,999	29.90%
	MenTV[2]	Sp. D1	e	49%	908	4,481	-155	-3.50%
	CW Media Inc.[1] Canwest Media Inc. indirectly holds 66.67% voting interest in CW Media Inc.							
✓	History Television	Sp. A	e	100%	6,873	45,136	16,330	36.20%
	Independent Film Channel Canada	Sp. D1	e	100%	2,398	7,340	-24	-0.30%
✓	Showcase	Sp. A	e	100%	7,329	62,881	-19,778	-31.5%
	Showcase Action	Sp. D2	e	100%	2,556	11,089	4,661	42.00%
	Showcase Diva	Sp. D2	e	100%	2,479	10,480	3,712	35.40%
✓	Slice (Life Network, The)	Sp. A	e	100%	6,209	39,310	1,290	3.30%
	Fine Living	Sp. D2	e	80.24%	1,637	3,559	41	1.20%
✓	HGTV Canada (Home and Garden)	Sp. A	e	80.24%	7,017	64,428	20,920	32.50%
	BBC Canada	Sp. D2	e	80%	2,064	7,775	484	6.20%
	BBC Kids	Sp. D2	e	80%	1,971	4,418	-1,015	-23.00%
	Discovery Health Network	Sp. D1	e	80%	1,895	5,949	658	11.10%
✓	National Geographic Channel	Sp. D2	e	64%	3,448	8,973	862	9.60%
✓	Food Network Canada	Sp. A	e	57.58%	5,555	36,274	13,797	38.00%
✓	Historia	Sp. A	f	50%	1,870	15,456	5,603	36.30%
✓	Séries+	Sp. A	f	50%	1,872	28,295	16,562	58.50%
✓	Scream	Sp. D2	e	49%	1,276	6,442	1,896	29.40%
	One: The Body, Mind & Spirit Channel	Sp. D1	e	37.77%	897	3,684	733	19.90%
✓	The Score	Sp. A	e	21.96%	6,375	33,780	4,149	12.30%

* Cool TV ceased operations 22 July 2008, and Xtreme Sports ceased operations 9 Oct 2008

** Lonestar name changed to MovieTime, 6 October 2008

	CBC	Type of service	Language	Direct / indirect voting interest	31 August 2008 financial results (Thousands)			
					# of subscribers	Revenues ($)	PBIT ($)	PBIT Margin
✓	bold	Sp. D1	e	100%	971	3,599	-257	-7.1%
✓	CBC Newsworld	Sp. A	e	100%	10,405	79,222	13,541*	17.1%
	Galaxie (Pay audio)	Audio	b	100%	n/a	n/a	n/a	n/a
✓	RDI – Réseau de l'information	Sp. A	f	100%	9,531	46,848	547	1.2%
✓	ARTV	Sp. A	f	60.7%	2,029	14,914	-524	-3.5%
✓	Documentary	Sp. D1	e	82%	1,132	4,562	-441	-9.7%

* CBC Newsworld expenses include repayment of capital of $4,445K

Table 4.3.14 Companies with significant ownership interest in specialty, pay, PPV, and VOD services as of 31 December 2008 (Part 3 of 6)

Cogeco	Type of service	Language	Direct / indirect voting interest	31 August 2008 financial results (Thousands)			
				# of subscribers	Revenues ($)	PBIT ($)	PBIT Margin
Cogeco On Demand	VOD	b	100%	n/a	n/a	n/a	n/a

	Corus[7]	Type of service	Language	Direct / indirect voting interest	31 August 2008 financial results (Thousands)			
					# of subscribers	Revenues ($)	PBIT ($)	PBIT Margin
✓	Encore Avenue	Pay	e	100%	2,535	17,020	10,312	60.60%
✓	MovieCentral	Pay	e	100%	891	88,956	18,893	21.20%
	TreeHouse TV	Sp. A	e	100%	7,917	13,457	5,434	40.40%
	W Network	Sp. A	e	100%	7,902	81,789	36,613	44.80%
	YTV	Sp. A	e	100%	10,541	85,315	27,282	32.00%
	CMT (Country Music Television)	Sp. A	e	90%	9,981	28,069	10,748	38.30%
	Discovery Kids	Sp. D2	e	80%	1,089	3,744	407	10.90%
✓	Scream	Sp. D2	e	51%	1,276	6,442	1,896	29.4%
	Leonardo World Canada *	Sp. D2	o	50.50%	.001	4	-11	-247.70%
	Sky TG24 (Network Italia) (Italian)	Sp. D2	o	50.50%	2	87	-13	-15.10%
	Telelatino (Italian & Hispanic/Spanish)	Sp. A	o	50.50%	4,534	21,008	9,843	46.90%
	Video Italia Canada (Italian)*	Sp. D2	o	40.40%	.001	4	-13	-316.90%
✓	Teletoon/Télétoon**	Sp. A	b	50%	7,484	81,630	42,102	51.60%
	Teletoon retro English**	Sp. D2	e	50%	3,024	1,709	751	43.90%
✓	Food Network Canada	Sp. A	e	22.58%	5,555	36,274	13,797	38.00%
	MaxTrax (Pay audio service)***	Audio	b	100%	n/a	n/a	n/a	n/a
	VIVA[3]	Sp. A	e	100%	5,421	17,252	6,935	40.20%
	Cosmopolitan TV****	Sp. D2	e	67%	2,308	946	-2,751	-290.90%
	* Discontinued operations 18 Sept 2007							

**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.

*** Discontinued as of March 2009

**** Launched 14 February 2008

Table 4.3.14 Companies with significant ownership interest in specialty, pay, PPV, and VOD services as of 31 December 2008 (Part 4 of 6)

	CTV globemedia	Type of service	Language	Direct / indirect voting interest	31 August 2008 financial results (Thousands)			
					# of subscribers	Revenues ($)	PBIT ($)	PBIT Margin
✓	CTV Newsnet	Sp. A	e	100%	8,333	22,581	6,041	26.80%
✓	MTV Canada	Sp. A	e	100%	6,254	19,975	-7,573	-37.90%
✓	BNN Business News Network	Sp. A	e	100%	5,589	26,116	9,989	38.30%
✓	TCN (Comedy Network, The)	Sp. A	e	100%	5,960	52,337	15,884	30.30%
✓	travel + escape (CTV Travel)	Sp. D1	e	100%	863	4,614	74	1.60%
	ESPN Classic Canada	Sp. D2	e	80%	901	2,718	199	7.30%
✓	RDS - Réseau des Sports	Sp. A	f	80%	2,740	105,267	18,342	17.40%
	RIS Réseau des Sports	Sp. D1	f	80%	1,140	8,214	2,922	35.60%
✓	TSN (Sports Network, The)	Sp. A	e	80%	8,726	211,271	51,788	24.50%
	Animal Planet	Sp. D2	e	64%	1,300	5,312	1,229	23.10%
✓	Discovery Channel, The	Sp. A	e	64%	7,849	87,591	32,905	37.60%
	Discovery Civilization Channel	Sp. D2	e	64%	1,181	3,514	438	12.50%
✓✓	Discovery HD	Sp. D2	e	64%	734	14,225	10,356	72.80%
	Viewers Choice Canada	PPV**	e	19.96%	1,889	17,938	5,385	30.02%
	NHL Network, The	Sp. D2	e	17.14%	932	9,625	3,217	33.40%
✓	Leafs TV	Sp. D2	e	15.44%	974	9,738	-9,095	-93.40%
✓	Raptors NBA-TV	Sp. D2	e	15.44%	1,802	6,489	780	12.00%
✓	BookTelevision: The Channel	Sp. D1	e	100%	922	3,838	1,119	29.20%
✓	Bravo!	Sp. A	e	100%	6,880	46,435	13,156	28.30%
✓	CourtTV Canada	Sp. D2	e	100%	1,129	4,880	1,619	33.20%
	Drive-In Classics	Sp. D2	e	100%	1,256	4,293	1,986	46.30%
✓	FashionTelevisionChannel	Sp. D1	e	100%	866	4,451	-761	-17.10%
	MuchLoud	Sp. D2	e	100%	183	487	16	3.30%
✓	MuchMoreMusic	Sp. A	e	100%	6,034	19,355	5,269	27.20%
	MuchMoreRetro	Sp. D2	e	100%	199	603	164	27.10%
✓	MuchMusic	Sp. A	e	100%	8,162	47,278	9,412	19.90%
	MuchVibe	Sp. D2	e	100%	573	1,002	542	54.10%
✓	Pulse 24 (CP24)	Sp. A	e	100%	2,789	14,218	3,395	23.90%
	PunchMuch	Sp. D2	e	100%	259	639	70	11.00%
✓	MTV2*	Sp. D1	e	100%	835	4,250	1,041	24.50%
	SexTV: The Channel	Sp. D2	e	100%	767	3,520	773	22.00%
✓	SPACE	Sp. A	e	100%	6,690	46,774	6,080	13.00%
✓	Star! TV	Sp. A	e	100%	5,245	20,553	4,916	23.90%
	TV Land	Sp. D2	e	80.10%	1,022	3,120	351	11.20%

* 1 Aug 2008 Razer rebranded to MTV2.

Table 4.3.14 Companies with significant ownership interest in specialty, pay, PPV, and VOD services as of 31 December 2008 (Part 5 of 6)

	Quebecor Media	Type of service	Language	Direct / indirect voting interest	31 August 2008 financial results (Thousands)			
					# of subscribers	Revenues ($)	PBIT ($)	PBIT Margin
	Videotron							
	Quebecor Media Inc. holds 100% voting interest in Videotron Ltd..							
✓	Illico sur demande	VOD	b	100%	853	13,558	2,203	16.20%
	TVA Group Inc.							
	Quebecor Media Inc. holds 99.92% voting interest in TVA Group Inc..							
	ARGENT	Sp. D1	f	100%	723	2,970	-124	-4.2%
✓	LCN – Le Canal Nouvelles	Sp. A	f	100%	2,143	23,405	7,419	31.70%
✓	Mystère	Sp. D1	f	100%	404	2,961	-621	-21.00%
	Prise 2 (Nostalgie)	Sp. D2	f	100%	384	2,853	-645	-22.60%
	MenTV	Sp. D1	e	51%	908	4,481	-155	-3.50%
	Mystery	Sp. D1	e	50%	1,481	10,017	2,999	29.90%
	Les idées de ma maison	Sp. D2	f	100%	211	876	-566	-64.50%
✓	Canal Indigo[4]	PPV**	f	100%	1,202	4,770	-91	-1.90%
	Canal Évasion	Sp. A	f	8.31%	1,868	8,631	1,651	19.10%

	Rogers Broadcasting Limited	Type of service	Language	Direct / indirect voting interest	31 August 2008 financial results (Thousands)			
					# of subscribers	Revenues ($)	PBIT ($)	PBIT Margin
	Biography Channel, The	Sp. D1	e	100%	1,151	5,748	189	3.30%
	Rogers On Demand	VOD	b	100%	3,541	50,608	9,498	18.80%
✓	Rogers Sportsnet	Sp. A	e	100%	8,668	169,573	40,143	23.70%
✓	Rogers Sportsnet PPV	PPV**	e	100%	29	12,181	1,651	13.60%
	G4TechTV	Sp. D1	e	100%	1,125	6,416	654	10.20%
	Viewers Choice Canada	PPV**	e	24.95%	1,889	17,938	5,385	30.02%
✓	OLN (Outdoor Life Network)[5]	Sp. A	e	100%	5,892	15,510	4,637	29.90%
	TVtropolis (Prime TV)	Sp. A	e	33.33%	6,127	42,064	15,182	36.1%
	Rogers Pay Audio	Sp. A	b	100%	n/a	n/a	n/a	n/a
	Setanta Sports (Canada)[6]	Sp. D2	e	53.40%	n/a	n/a	n/a	n/a

	Shaw	Type of service	Language	Direct / indirect voting interest	31 August 2008 financial results (Thousands)			
					# of subscribers	Revenues ($)	PBIT ($)	PBIT Margin
✓	Shaw Pay-Per-View	PPV**	e	100%	n/a	33,008	5,802	17.58%
	Shaw on Demand	VOD	b	100%	n/a	29,029	17,351	59.80%

Table 4.3.14 Companies with significant ownership interest in specialty, pay, PPV, and VOD services as of 31 December 2008 (Part 6 of 6)

Notes to table 4.3.14:

- Percentage of ownership interest indicated is related to the percentage of direct and indirect voting interest. Table 4.3.14 is based on the date of the approving decision as of 31 December 2008, and not the official closing date of the transaction.
- Includes only Category 2 services that have been launched as of 31 December 2008.

1. Canwest Media Inc. indirectly has 66.67% voting interest in CW Investments Co. CW Investments Co. indirectly has 100% voting interest in CW Media Inc. The services shown under CW Media Inc. reflect *Transfer of effective control of Alliance Atlantis Broadcasting Inc. to CanWest MediaWorks Inc.* Broadcasting Decision CRTC 2007-429, 20 December 2007 and final approval of 18 January 2008.
2. Canwest Media Inc.'s direct interest in these entities was transferred to Canwest Television Limited Partnership, Broadcasting Decision 2008-314, 18 November 2008 with final approval 1 January 2009.
3. In *Change of effective control of 1708484 Ontario*, Broadcasting Decision CRTC 2008-206, 22 August 2008, the Commission approved, subject to certain conditions, the transfer of all shares held by CTV Limited to Corus Entertainment Inc. 1708484 is the licensee of the English-language specialty programming undertaking known as Canadian Learning Television (CLT) which was rebranded to VIVA, 3 November 2008.
4. The Commission approves the application by TVA Group Inc. (TVA), Broadcasting Decision CRTC 2008-144, 18 July 2008 to acquire full ownership of Canal Indigo through the transfer to TVA of the partnership interest held by the other partners in Canal Indigo, a general partnership (Cogeco Radio Television Inc. [20%], TQS inc. [20%] and Viewer's Choice Canada Inc. [40%]).
5. In *Change of effective control of 1163031 Ontario Inc*, Broadcasting Decision CRTC 2008-138, 7 July 2008, the Commission approved, subject to certain conditions, the effective transfer to Rogers Broadcasting Limited of the voting interest held by CTV Inc. (33.34%) and Versus, L.P. (33.33%) in 1163030 Ontario Inc. 1163031 Ontario is the licensee of the English-language specialty television programming undertaking known as Outdoor Life Network (OLN).
6. The Commission approves, the application by Rogers Broadcasting Limited, on behalf of 6878482 Canada Inc, Broadcasting Decision CRTC 2008-142, 15 July 2008 subject to a condition, for a new licence to operate a national, English-language Category 2 specialty service to be known as Setanta Sports (Canada) under the same terms and conditions set out in Broadcasting Decision 2007-384.
7. Shaw Communications Inc. is affiliated with Corus Entertainment Inc. as J.R. Shaw has voting control of both companies.

Legend:

√ Indicates that the service has been authorized to make available an upgraded HD format version. Reflects decisions issued up to 11 December 2008.

√√ Indicates high definition (HD) programming undertaking. Reflects decisions issued up to 11 December 2008.

- Type of service:
  - Sp. A = Specialty analog service
  - Sp. D1 = Specialty digital category 1 service
  - Sp. D2 = Specialty digital category 2 service
  - Pay = Pay analogue 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
  n/a=not applicable or not available

Source: CRTC Ownership records and CRTC data collection

Table 4.3.15 Canadian Programming Expenditure (CPE) - CBC English- and French-language conventional television

Genre ($ Thousands)	2004	2005	2006	2007	2008	Annual growth % 2005	2006	2007	2008
News (category 1)	112,606	108,753	116,559	119,552	132,457	-3%	7%	3%	11%
Other information. (categories 2 to 5)	75,877	76,111	76,908	84,881	94,782	0%	1%	10%	12%
Sports (category 6)	167,059	*	141,489	97,781	189,427	*	*	-31%	94%
Drama and comedy (category 7)	100,841	104,622	116,809	112,132	137,363	4%	12%	-4%	23%
Music and variety (categories 8 & 9)	39,572	28,674	35,514	26,648	27,059	-28%	24%	-25%	2%
Game show (category 10)	1,552	1,349	165	823	13,373	-13%	-88%	399%	1,525%
Human interest (category 11)	31,851	44,367	43,466	53,490	74,584	39%	-2%	23%	39%
Other (categories 12 to 15)	-	-	-	-	-				
Total (categories 1 to 15)	529,358	*	530,910	495,307	669,045	*	*	-7%	35%

Notes:
1. *Sports and Total programming expenditures for 2005 are confidential.
2. Expenditures exclude indirect and facility cost allocations. Certain programming related expenses are included as programming costs beginning in 2008 consistent with CRTC guidelines.
3. Minor variances are due to rounding.

Source: CRTC data collection

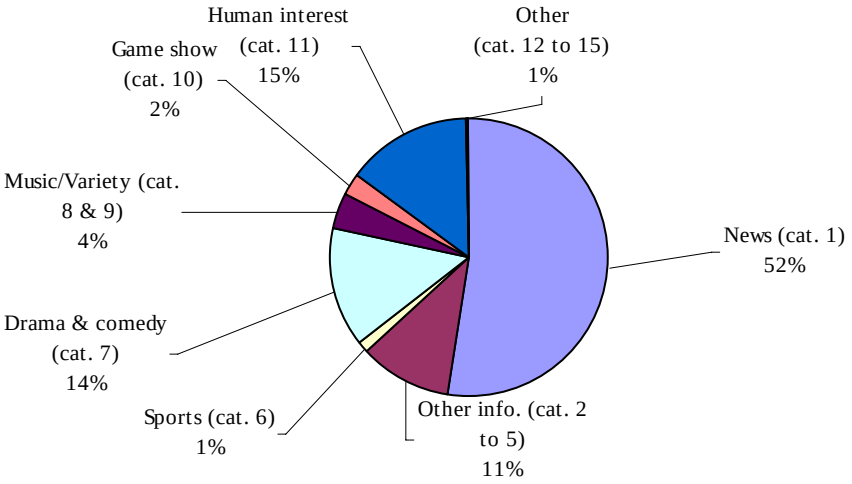
Table 4.3.16 Canadian Programming Expenditure (CPE) - Private conventional television

Genre ($ Thousands)	2004	2005	2006	2007	2008	Annual growth % 2005	2006	2007	2008
News (category 1)	310,990	310,225	328,078	324,772	322,997	0%	6%	-1%	-1%
Other information (categories 2 to 5)	60,464	59,400	66,288	62,014	67,190	-2%	12%	-6%	8%
Sports (category 6)	9,388	8,892	9,336	8,600	7,510	-5%	5%	-8%	-13%
Drama and comedy (category 7)	86,499	86,553	73,857	76,452	88,334	0%	-15%	4%	16%
Music and variety (categories 8 & 9)	18,037	29,156	35,047	23,897	24,706	62%	20%	-32%	3%
Game show (category 10)	6,034	4,909	5,678	12,158	16,559	-19%	16%	114%	36%
Human interest (category 11)	81,386	83,099	101,637	104,473	90,443	2%	22%	3%	-13%
Other (categories 12 to 15)	4,006	4,775	3,827	3,647	1,905	19%	-20%	-5%	0%
Total (categories 1 to 15)	576,805	587,009	623,747	616,013	619,643	2%	6%	-1%	1%
% of total revenue	27.92%	27.35%	29.11%	28.38%	28.98%				

Notes:
1. Amounts include expenditures on Canadian programs telecast, writedowns of Canadian inventory, script and concept and loss on equity Canadian programs.
2. Excludes CTF "top-up" funding reported by OTA stations. Includes expenditures relating to ownership transfer benefits and to commitments made at the time of licensing.
3. Minor variances are due to rounding.

Source: CRTC data collection

Figure 4.3.15 Canadian Programming expenditures (CPE) - distribution by genre for private conventional television (2008)



Source: CRTC data collection

Table 4.3.17 Expenditures on non-Canadian programming - Private conventional television

						Annual growth %			
Genre ($ Thousands)	2004	2005	2006	2007	2008	2005	2006	2007	2008
News (category 1)	2	12	6	10	5	648%	-48%	74%	-48%
Other information (categories 2 to 5)	8,278	9,159	9,340	8,800	11,973	11%	2%	-6%	36%
Sports (category 6)	11,034	10,097	10,419	9,164	11,261	-8%	3%	-12%	23%
Drama and comedy (category 7)	373,106	402,249	480,349	507,689	524,235	8%	19%	6%	3%
Music and variety (categories 8 & 9)	11,936	12,482	21,096	29,123	28,825	5%	69%	38%	-1%
Game show (category.10)	40,683	50,279	35,332	45,112	47,892	24%	-30%	28%	6%
Human interest (category.11)	122,748	125,868	131,588	120,649	151,667	3%	5%	-8%	26%
Other (categories 12 to 15)	3,086	3,077	142	1,380	-619	0%	-95%	872%	-145%
Total (categories 1 to 15)	570,872	613,224	688,273	721,927	775,240	7%	12%	5%	7%
% of total revenues	27.63%	28.57%	32.12%	33.26%	36.25%				

Notes: 1. Amounts include expenditures on non-Canadian programs telecast and writedowns of non-Canadian programming.
2. Minor variances are due to rounding.

Source: CRTC data collection

Table 4.3.18 Expenditures on Canadian and non-Canadian programming by genre reported by pay and specialty services (Part 1 of 2)

Genre ($ Thousands)	Eligible Expenditures on Canadian Programming (CPE)[2]			Expenditures on non-Canadian programming		
	2007	2008	Growth	2007	2008	Growth
Number of services reporting	*103*	*102*		*103*	*102*	
English-language services*						
News (category 1)	105,446	101,691	-4%	555	542	-2%
Other information (categories 2 to 5)	163,885	183,887	12%	27,002	27,027	0%
Sports (category 6)	188,626	222,388	18%	34,848	40,756	17%
Drama and comedy (category 7)	150,165	184,226	23%	192,057	215,349	12%
Music and variety (categories 8 & 9)	30,761	32,231	5%	1,382	1,157	-16%
Game show (category 10)	6,450	4,292	-33%	427	636	49%
Human interest (category 11)	56,549	61,661	9%	14,752	15,408	4%
Other (categories 12 to 15)	19,091	19,451	2%	373	31	-92%
Total (categories 1 to 15)	720,973	809,827	12%	271,396	300,906	11%
Number of services reporting	*21*	*22*		*21*	*22*	
French-language services						
News (category 1)	39,706	42,299	7%	69	54	-23%
Other information (categories 2 to 5)	44,253	48,003	8%	5,398	6,559	22%
Sports (category 6)	41,083	51,396	25%	3,720	4,753	28%
Drama & comedy (category 7)	32,848	34,052	4%	32,113	35,677	11%
Music/Variety (category 8 & 9)	7,053	13,859	97%	1,967	2,309	17%
Game show (category 10)	252	6	-98%	29	27	-7%
Human interest (category 11)	7,542	5,807	-23%	1,041	1,024	-2%
Other (category 12 to 15)	5,286	5,557	5%	465	370	-20%
Total (categories 1 to 15)	178,023	200,979	13%	44,802	50,773	13%
Number of services reporting	*34*	*36*		*34*	*36*	
Ethnic or third-language services						
News (category 1)	2,902	2,685	-7%	410	380	-7%
Other information (categories 2 to 5)	3,293	4,149	26%	889	739	-17%
Sports (category 6)	883	725	-18%	457	179	-61%
Drama and comedy (category 7)	1,305	2,281	75%	3,066	2,884	-6%
Music and variety (categories 8 & 9)	7,809	8,273	6%	1,599	736	-54%
Game show (category 10)	102	30	-71%	76	72	-4%
Human interest (category 11)	3,158	4,198	33%	1,487	740	-50%
Other (categories 12 to 15)	129	55	-58%	151	255	68%
Total (categories 1 to 15)	19,580	22,394	14%	8,136	5,986	-26%

Table 4.3.18 Expenditures on Canadian and non-Canadian programming by genre reported by pay and specialty services (Part 2 of 2)

Genre ($ Thousands)	Eligible Expenditures on Canadian Programming (CPE)[2]			Expenditures on non-Canadian programming		
	2007	2008	Growth	2007	2008	Growth
Number of services reporting	*158*	*160*		*158*	*160*	
Total pay and specialty services						
News (category 1)	148,055	146,675	-1%	1,034	976	-6%
Other information (categories 2 to 5)	211,431	236,039	12%	33,290	34,325	3%
Sports (category 6)	230,592	274,509	19%	39,026	45,688	17%
Drama and comedy (category 7)	184,317	220,559	20%	227,235	253,910	12%
Music and variety (categories 8 & 9)	45,623	54,362	19%	4,948	4,203	-15%
Game show (category 10)	6,804	4,328	-36%	531	736	39%
Human interest (categories 11)	67,249	71,666	7%	17,281	17,172	-1%
Other (categories 12 to 15)	24,506	25,063	2%	989	656	-34%
Total (categories 1 to 15)	**918,576**	**1,033,200**	**12%**	**324,334**	**357,665**	**10%**

Notes: 1 * Includes bilingual services. Number of English-language undertakings includes one Ethnic undertaking.
2 Excludes CTF "top-up" funding reported by pay and specialty services. Includes expenditures relating to tangible benefits and to commitments made at the time of licensing.
3 2007 figures have been updated to reflect current 31 August aggregate results.
Source: CRTC data collection

Table 4.3.19 Canadian programming expenditures (CPE) reported by the PPV and VOD services[1]

Genre ($ Thousands)	Eligible Expenditures on Canadian Programming (CPE)		
	2007	2008	Growth
Number of services reporting	*20*	*22*	
Total PPV and VOD services	23,708	21,350	-10%

Notes: 1. Programming expenditures by genre for PPV and VOD services are not available.
2. Excludes CTF "top-up" funding reported by PPV and VOD services. Includes expenditures relating to ownership transfer benefits and to commitments made at the time of licensing.
Source: CRTC data collection

Table 4.3.20 Number of hours of Canadian priority programming broadcast annually - 7 p.m. to 11 p.m.

This table sets out the number of hours of Canadian priority programming broadcast during the peak viewing period of 7 p.m. to 11 p.m. by CFTO-TV (CTV) Toronto, CIII-TV (Canwest) Toronto, and CFTM-TV (TVA) Montréal for each of the 2003/04 to 2007/08 broadcast years.

(hours)	Broadcast years *					*Annual growth %*			
	03/04	04/05	05/06	06/07	07/08	*05*	*06*	*07*	*08*
CFTM-TV (TVA) Montréal *(French-language station)*									
Long-form documentary (cat. 2b)	54	31	48	22	19	*-43%*	*55%*	*-55%*	*-14%*
Drama and comedy (cat. 7)	274	247	253	270	328	*-10%*	*2%*	*7%*	*21%*
Music and dance (cat. 8a)	20	38	24	6	8	*90%*	*-37%*	*-75%*	*33%*
Variety (cat. 9)	86	30	65	10	8	*-65%*	*117%*	*-84%*	*-20%*
Regionally produced	1	-	-	-	-	*-100%*			-
Entertainment magazine	21	50	42	39	29	*138%*	*-16%*	*-7%*	*-26%*
Total hours	**456**	**396**	**432**	**347**	**392**	*-13%*	*9%*	*-20%*	*13%*
Number of Drama and comedy hours reported as:									
eligible for the 50% time credit	*146*	*129*	*119*	*153****	*142*	*-12%*	*-8%*	*29%*	*-7%*
eligible for the 25% time credit	-	-	-	-	-				-
not eligible for the time credit	*128*	*118*	*135*	*117****	*186*	*-8%*	*14%*	*-13%*	*59%*
CFTO-TV (CTV) Toronto *(English-language station)*									
Long-form documentary (cat. 2b)	62	45	51	53	63	*-27%*	*13%*	*5%*	*19%*
Drama and comedy (cat. 7)	207	196	189	182	204	*-5%*	*-4%*	*-3%*	*12%*
Music and dance (cat. 8a)	1	3	2	2	1	*200%*	*-33%*		*-50%*
Variety (cat. 9)	32	35	32	30	26	*9%*	*-9%*	*-6%*	*-13%*
Regionally produced	2	2	2	2	2				*0%*
Entertainment magazine	122	113	116	105	96	*-7%*	*3%*	*-9%*	*-9%*
Total hours	**426**	**394**	**392**	**375**	**392**	*-8%*	*-1%*	*-4%*	*5%*
Number of Drama and comedy hours reported as:									
eligible for the 50% time credit	*100*	*132*	*120*	*128*	*122*	*32%*	*-9%*	*6%*	*-5%*
eligible for the 25% time credit	*68*	*48*	*31*	*16*	*6*	*-29%*	*-35%*	*-48%*	*-63%*
not eligible for the time credit	*40*	*16*	*38*	*39*	*76*	*-60%*	*138%*	*2%*	*95%*
CIII-TV (Canwest) Toronto *(English-language station)*									
Long-form documentary (cat. 2b)	102	111	92	151	104	*9%*	*-17%*	*64%*	*-31%*
Drama and comedy (cat. 7)	261	245	161	147	207	*-6%*	*-34%*	*-9%*	*41%*
Music and dance (cat. 8a)	6	1	1	-	1	*-83%*	*0%*	*-100%*	-
Variety (cat. 9)	-	-	-	2	-				-
Regionally produced	1	1	4	12	3		*350%*	*166%*	*-75%*
Entertainment magazine	5	3	71	127**	103	*-40%*	*2,283%*	*78%*	*-19%*
Total hours	**375**	**361**	**330**	**438**	**418**	*-4%*	*-9%*	*33%*	*-5%*
Number of Drama and comedy hours reported as									
eligible for the 50% time credit	*14*	*81*	*98*	*34*	*34*	*479%*	*21%*	*-65%*	*0%*
eligible for the 25% time credit	*180*	*88*	*12*	*15*	*11*	*-51%*	*-86%*	*29%*	*-27%*
not eligible for the time credit	*67*	*76*	*51*	*97*	*162*	*13%*	*-33%*	*90%*	*67%*

Notes:

1 * Reflects hours broadcast from 1 September to 31 August.

2 **Entertainment magazine programming hours in 06/07 includes programming required to make up for 05/06 shortfall in qualifying *ET Canada* episodes.

3 The results are based on the definitions of priority programming that came into effect September 2000 (Public Notice CRTC 1999-205, 23 December 1999).

4. *** Reflects updated results

5. Minor variances are due to rounding.

Source: Licensees

Table 4.3.21 Value of television transactions and corresponding tangible benefits for the period 11 June 1999 to 31 December 2008

($ millions)	English-language services			French-language services			Total benefits
	# of Trans.	Value of the transaction*	Benefits	# of Trans.	Value of the transaction*	Benefits	
11 Jun. 99 to 31 Mar. 05	28	4,604	480.0	5	631	63.0	543.0
1 Apr. 05 to 31 Mar. 06	5	18	1.8	-	-	-	1.8
1 Apr. 06 to 31 Dec. 06	3	7	0.7	-	-	-	0.7
1 Jan. 07 to 31 Dec. 07**	9	2,877	287.7	1	34	3.4	291.1
1 Jan. 08 to 31 Dec. 08	7	180.1	17.4	4	31.9***	.20	17.6
Total	52	7,686	787.6	10	696.9	66.6	854.2

Notes:

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

2 ** In 2007, three major ownership transactions (CTVglobemedia/CHUM, Rogers / CHUM's five Citytv stations and Canwest / Alliance Atlantis) (CRTC Broadcasting Decisions 2007-165, 2007-360 and 2007-429) resulted in $286 million in tangible benefits.

3. ***Applicant was prepared to commit $1 M in tangible benefits; however, the Commission exempted the applicant from paying the tangible benefits due to unprofitable operations (Broadcasting Decision 2008-129)

4 Minor variances are due to rounding.

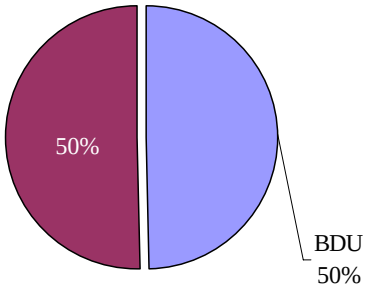
Source: CRTC Decisions and Administrative approvals

4.4 Broadcasting distribution

Overview

This section provides financial and statistical information relating to the distribution of programming service activities[208] provided by BDUs. Financial and statistical information relating to non-programming activities, such as Internet and telephony, is discussed in sections 3.1 and 5.3 of this report.

Broadcasting revenues
$14.0 billion
2008



Highlights

- Programming distribution revenues were $7.0 billion in 2008, an increase of 10.2% from 2007. There were 11.1 million subscribers to these services, a 2.8% increase from 2007.
- Revenues per subscriber per month[209] were approximately $53.36 in 2008, a $3.57, or 7.2%, increase from 2007.
- Approximately 90% of households subscribed to BDUs for programming services in 2008.
- The cable BDU footprint encompasses over 12.6 million Canadian households.[210]
- The industry EBITDA margin was 25.3% in 2008. Cable and IPTV[211] BDUs had a combined 28.1% EBITDA margin in 2008 down from 35.9% in 2004; while DTH and MDS BDUs had a lower margin of 19.0%, a significant improvement from 2.5% in 2004.
- The top four cable BDUs and the two DTH providers captured 90% of all BDU subscribers in 2008.

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208 Referred to as basic and non-basic programming services. This includes the distribution of conventional OTA television stations, radio stations, pay audio services, pay, PPV, VOD and specialty television services.

209 Revenues per subscriber per month were derived by dividing total revenues by the number of subscribers and by the number of months in a year.

210 Source: Statistics Canada 2008, *"Cable, satellite and multipoint distribution systems, 2007"*, 56-209-X, for the August 2007 period.

211 Internet Protocol Television (IPTV) refers to the delivery of programming services utilizing Internet Protocol (IP) technology. Although this technology may be utilized over the public Internet, for purposes of this section, IPTV refers to the delivery of television over private non-Internet IP networks.

The Industry

BDUs provide programming distribution services utilizing cable, satellite, wireless MDS, or IP.[212] The industry consists of approximately 224 cable companies[213] that operate 1,952 cable BDUs,[214] 2 national DTH distributors, and 21 MDS operators. [215] The industry is dominated by 4 major cable operators with 65% of the BDU programming subscribers and two DTH operators with 25% of the subscribers. The remaining 10% are served by the smaller BDUs.

Sector analysis

BDU programming service revenues increased 10.2% in 2008 to $7.0 billion. Approximately 11.1 million Canadian households subscribed to video services from cable and IPTV BDUs, and from satellite (DTH) and MDS BDUs, a 2.8% increase over the previous year. Although revenues have been increasing over the 2004 to 2008 period at an annual rate of 8.4%, the increase in the number of subscribers was 2.6% over the same period. This has resulted in a 5.5% annual increase in the monthly revenues per subscriber, which has increased from $43.00 in 2004 to $53.36 in 2008. These increases can be attributed to increased subscription fees, greater consumption of pay and pay-per-view services and a movement by consumers to higher-priced digital or high definition (HD) services. DTH and MDS BDUs tended to have higher revenues per subscriber. In 2008, they were approximately 25% higher than those of the cable BDUs.

Cable and IPTV BDUs captured 71% of total revenues and 76% of total subscribers, relatively unchanged in 2008 over the previous year. IPTV BDUs reported significant revenue and subscriber increases but, due to their limited footprint, did not have a significant impact on overall national share. Within their footprint, IPTV providers generally reported progress in their deployment of IPTV. For example, MTS Allstream reported a 34% market share in its deployed areas, up from 32% in 2007.[216]

Digital service penetration continued to increase as 62% of BDU subscribers received digital services, up from 58% in 2007. Approximately 47% of cable BDU subscribers received digital services compared to 100% for IPTV and DTH. Most MDS systems were digital except for a small number of systems operating in a number of small rural areas.

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212 Currently Bell Aliant, Bell Canada, MTS Allstream, SaskTel and TCC are licensed as Class 1 BDUs to provide service using this technology.

213 Source : September 2008, Mediastats

214 This number is comprised of approximately 150 systems with 6,000 subscribers or more and approximately 1,802 systems with fewer than 6,000 subscribers. Most systems with fewer than 6,000 subscribers are eligible for exemption from licensing requirements.

215 Sources: September 2008, Mediastats for Class 2 and 3 cable and MDS systems; CRTC APP1205 report dated 31 December 2008 for Class 1 cable and DTH systems

216 Source: MTS Allstream 2008 annual report

BDU EBITDA margins have ranged between 21.46% and 26.6% over the 2004 to 2008 period. In 2007, the margins declined to 21.4% from 24.5% in 2006, and increased to 25.3% in 2008.

In 2008, BDUs contributed $323.0 million to Canadian programming and local expression, an increase of 7.9% over the previous year. In 2008, 51.5% of these funds were directed to the Canadian Television Fund (CTF), 12.7% to other eligible independent programming funds and 35.8% to community channel programming. Approximately 139 Class 1 licensees[217] reported community channel expenses in 2008.

Total payments to program suppliers under the terms of Program Affiliation Agreements[218] were $2.3 billion in 2008, a 9% increase over the previous year. Of these payments, 88% were payments to Canadian affiliates.

In 2008, payments to program suppliers represented 33% of subscriber programming revenues.

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217 Table 4.4.4 outlines the number of Class 1 licensees that reported community channel expenses between 2004 and 2008. The figures do not necessarily represent the actual number of community channels in operation, as some channels are funded by more than one undertaking.

218 A Program Affiliation Agreement specifies the terms under which a BDU broadcasts the programming of pay or specialty services.

Statistical Information - Broadcast distribution undertakings

Table 4.4.1 Broadcast distribution – Basic and non-basic revenues, subscribers, monthly revenues per subscriber, and percent of households subscribing to BDUs (Part 1 of 2)

	2004	2005	2006	2007	2008	*CAGR 2004-2008*
Revenues (millions)						
Cable and IPTV	3,404.8	3,522.3	4,008.2	4,333.7 #	4,761.8	
Percent of total	*67.6%*	*66.3%*	*69.2%*	*68.7% #*	*68.5%*	
Annual Growth		*3.5%*	*-*	*8.1% #*	*9.9%*	
DTH and MDS	1,329.1	1,437.9	1,641.1	1,834.1	2,036.2	
Percent of total	*26.4%*	*27.1%*	*28.3%*	*29.1%*	*29.3%*	
Annual Growth		*8.2%*	*-*	*11.8%*	*11.0%*	
Reporting BDUs subtotal	4,733.9	4,960.2	5,649.3	6,167.7	6,797.9	
Percent of total	*93.9%*	*93.4%*	*97.5%*	*97.8%*	*97.8%*	
Annual Growth		*4.8%*	*-*	*9.2%*	*10.2%*	
Non-reporting BDUs	305.5	349.7	142.0	141.5 #	155.5	
Percent of total	*6.1%*	*6.6%*	*2.5%*	*2.2%*	*2.2%*	
Annual Growth		*14.5%*	*-*	*-0.3% #*	*9.9%*	
Total revenues	5,039.4	5,309.9	5,791.3	6,309.3 #	6,953.5	*8.4%*
Annual Growth		*5.4%*	*9.1%*	*8.9% #*	*10.2%*	
Subscribers (thousands)						
Cable and IPTV	6,856.1	6,862.6	7,484.4	7,691.3 #	7,916.6	
Percent of total	*68.7%*	*67.3%*	*71.1%*	*71.6% #*	*71.6%*	
Annual Growth		*0.1%*	*-*	*2.8% #*	*2.9%*	
DTH and MDS	2,318.4	2,488.6	2,627.7	2,631.0	2,699.3	
Percent of total	*23.2%*	*24.4%*	*25.0%*	*24.5%*	*24.4%*	
Annual Growth		*7.3%*	*-*	*0.1%*	*2.6%*	
Reporting BDUs subtotal	9,174.5	9,351.2	10,112.0	10,322.3	10,615.9	
Percent of total	*91.9%*	*91.7%*	*96.0%*	*96.0%*	*96.0%*	
Annual Growth		*1.9%*	*-*	*2.1%*	*2.8%*	
Non-reporting BDUs and estimates	811.9 #	841.8 #	418.2 #	425.6 #	438.1	
Percent of total	*8.1%*	*8.3% #*	*4.0% #*	*4.0% #*	*4.0%*	
Annual Growth		*3.7%*	*-*	*1.8% #*	*2.9%*	
Total subscribers	9,986.5 #	10,193.1 #	10,530.2 #	10,747.9 #	11,054.0	*2.6%*
Annual Growth		*2.1%*	*3.3%*	*2.1% #*	*2.8%*	

Table 4.4.1 Broadcast distribution – Basic and non-basic revenues, subscribers, monthly revenues per subscriber and percent of households subscribing to BDUs (Part 2 of 2)

Monthly Revenues/Subscriber	2004	2005	2006	2007		2008	*2004-2008*
Cable and IPTV	41.38	42.77	44.63	46.95		50.12	*4.9%*
Annual Growth		*3.4%*	*4.3%*	*5.2%*		*6.8%*	
DTH and MDS	47.77	48.15	52.05	58.09		62.86	*7.1%*
Annual Growth		*0.8%*	*8.1%*	*11.6%*		*8.2%*	
Reporting BDUs subtotal	43.00	44.20	46.56	49.79		53.36	*5.5%*
Annual Growth		*2.8%*	*5.3%*	*7.0%*		*7.2%*	
Subscribing households	88.3%	88.0%	89.3%	88.7%	#	89.8%	

Notes:

1 Based on the 12-month period ending 31 August
2. n/a: not available
3. n/m: not meaningful
4 Minor variances are due to rounding.
5 During the 2002 to 2005 period, pursuant to Broadcasting Decisions CRTC 2002-45, 2002-88 and 2004-382, the Commission exempted a large number of BDU licensees with fewer than 6,000 subscribers. These systems were no longer required to file annual financial returns with the CRTC.
6 In 2006, 2007, and 2008, licensees began reporting on all systems, including exempted system, held by the licensee. Total revenue and subscriber levels for 2006, 2007, and 2008 are therefore not comparable to the previous years.
7 Figures may have been restated for 2004-2007

Source: CRTC data collection, Statistics Canada. Percent of households subscribing to BDUs: Statistics Canada, "*Spending Patterns in Canada*", 62-202-X, 2008 for years 2004-2007, with CRTC projection for 2008

Table 4.4.2 Top Canadian distributors and number of subscribers (thousands)

Corporations	2005	2006	2007	2008	2009	*CAGR 2005-2009*
Rogers Cable Communications Inc[1]	2,249	2,260	2,278	2,295	2,312	*0.7%*
Growth	*-0.8%*	*0.5%*	*0.8%*	*0.7%*	*0.7%*	
Shaw Communications Inc. [2]	2,138	2,179	2,220	2,242	2,274	*1.6%*
Growth	*3.1%*	*1.9%*	*1.9%*	*1.0%*	*1.4%*	
Videotron Ltd.[1]	1,455	1,520	1,583	1,652	1,729	*4.4%*
Growth	*1.9%*	*4.5%*	*4.1%*	*4.4%*	*4.7%*	
Cogeco Cable Inc[2]	831	836	855	859	868	*1.1%*
Growth	*0.2%*	*0.6%*	*2.2%*	*0.5%*	*1.0%*	
Subtotal - Cable	6,673	6,795	6,936	7,048	7,183	*1.9%*
Growth	*1.2%*	*1.8%*	*2.1%*	*1.6%*	*1.9%*	
Star Choice Television Network Inc[2,3]	830	862	873	886	897	*1.9%*
Growth	*2.0%*	*3.9%*	*1.3%*	*1.5%*	*1.2%*	
Bell Canada Enterprises.[1,4]	1,532	1,739	1,824	1,823	1,864	*5.0%*
Growth	*9.2%*	*13.5%*	*4.9%*	*-0.1%*	*2.2%*	
Subtotal – DTH and IPTV	2,362	2,601	2,697	2,709	2,761	*4.0%*
Growth	*6.5%*	*10.1%*	*3.7%*	*0.4%*	*1.9%*	
Total – Top Canadian distributors	9,035	9,396	9,633	9,757	9,944	*2.4%*
Growth	*2.5%*	*4.0%*	*2.5%*	*1.3%*	*1.9%*	
% of All Subscribers	*89.6%*	*90.7%*	*90.6%*	*89.5%*	*n/a*	

Notes:
1. As of 31 March each year
2. As of 28 February each year
3. Star Choice Television Network Inc. is controlled by Shaw Communications Inc.
4. Bell Canada Enterprises includes Bell ExpressVu LLP DTH and Bell Canada VDSL based IPTV.

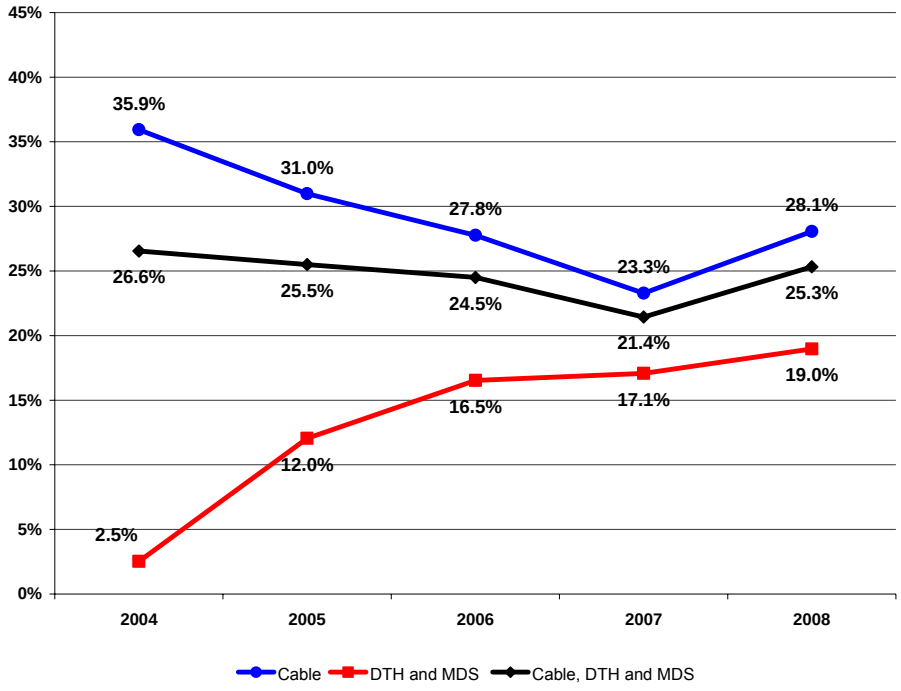
Source: Corporate quarterly reports

Table 4.4.3 Number of subscribers receiving digital services (thousands)

	Cable		DSL		Subtotal		DTH		MDS		Subtotal		Total	
	Number of Subscribers	Percent Growth	Number of Subscribers	Percent Growth	Number of Subscribers	Percent Growth	Number of Subscribers	Percent Growth	Number of Subscribers	Percent Growth	Number of Subscribers	Percent Growth	Number of Subscribers	Percent Growth
September 2008														
English	2,936.4		206.6		3,143.0				13.2					
French	996.2		4.9		1,001.1				5.0					
Total	3,932.6	*17.5%*	211.5	*21.9%*	4,144.3	*17.7%*	2,651.8	*-1.8%*	18.2	*-21.8%*	2,670.0	*-2.0%*	6,814.3	*9.1%*
Share of:														
Digital subscribers	*57.7%*		*3.1%*		*60.8%*		*38.9%*		*0.3%*		*39.2%*		*100.0%*	
All subscribers	*35.6%*		*1.9%*		*37.5%*		*24.0%*		*0.2%*		*24.2%*		*61.6%*	
September 2007														
English	2,523.0		171.8		2,694.8				17.1					
French	825.3		1.8		827.0				6.2					
Total	3,348.3	*12.6%*	173.5	*34.8%*	3,521.9	*13.5%*	2,700.5	*1.6%*	23.2	*-21.7%*	2,723.8	*1.3%*	6,245.7	*7.9%*
Share of:														
Digital subscribers	*53.6%*		*2.8%*		*56.4%*		*43.2%*		*0.4%*		*43.6%*		*100.0%*	
All subscribers	*31.2%*		*1.6%*		*32.8%*		*25.2%*		*0.2%*		*25.4%*		*58.2%*	
September 2006														
English	2,283.8		128.7		2,412.5				16.7					
French	689.2				689.2				13.0					
Total	2,973.0	*13.0%*	128.7	*42.5%*	3,101.8	14.0%	2,658.3	*5.7%*	29.7	-24.6%	2,688.1	*5.2%*	5,789.9	*9.7%*
Share of:														
Digital subscribers	*51.3%*		*2.2%*		*53.6%*		*45.9%*		*0.5%*		*46.4%*		*100.0%*	
All subscribers	*28.2%*		*1.2%*		*29.4%*		*25.2%*		*0.3%*		*25.5%*		*54.9%*	
September 2005														
English	2,116.8		90.3						26.4					
French	514.0								13.0					
Total	2,630.8	*28.1%*	90.3	*87.3%*	2,721.4	*29.5%*	2,514.9	*9.3%*	39.4	*-16.2%*	2,554.4	*8.8%*	5,275.8	*18.5%*
Share of:														
Digital subscribers	*49.9%*		*1.7%*		*51.6%*		*47.7%*		*0.7%*		*48.4%*		*100.0%*	
All subscribers	*25.8%*		*0.9%*		*26.7%*		*24.7%*		*0.4%*		*25.1%*		*51.8%*	
September 2004														
English	1,663.9		48.2		1,712.1				31.7					
French	390.1				390.1				15.3					
Total	2,054.0		48.2		2,102.2		2,301.4		47.0		2,348.4		4,450.6	
Share of:														
Digital subscribers	*46.2%*		*1.1%*		*47.2%*		*51.7%*		*1.1%*		*52.8%*		*100.0%*	
All subscribers	*20.6%*		*0.5%*		*21.1%*		*23.1%*		*0.5%*		*23.5%*		*44.6%*	

Note: English- and French-language subscriber estimates for DTH were not provided from 2004 to 2008.
Source: Mediastats

Figure 4.4.1 EBITDA margins achieved from basic and non-basic programming services



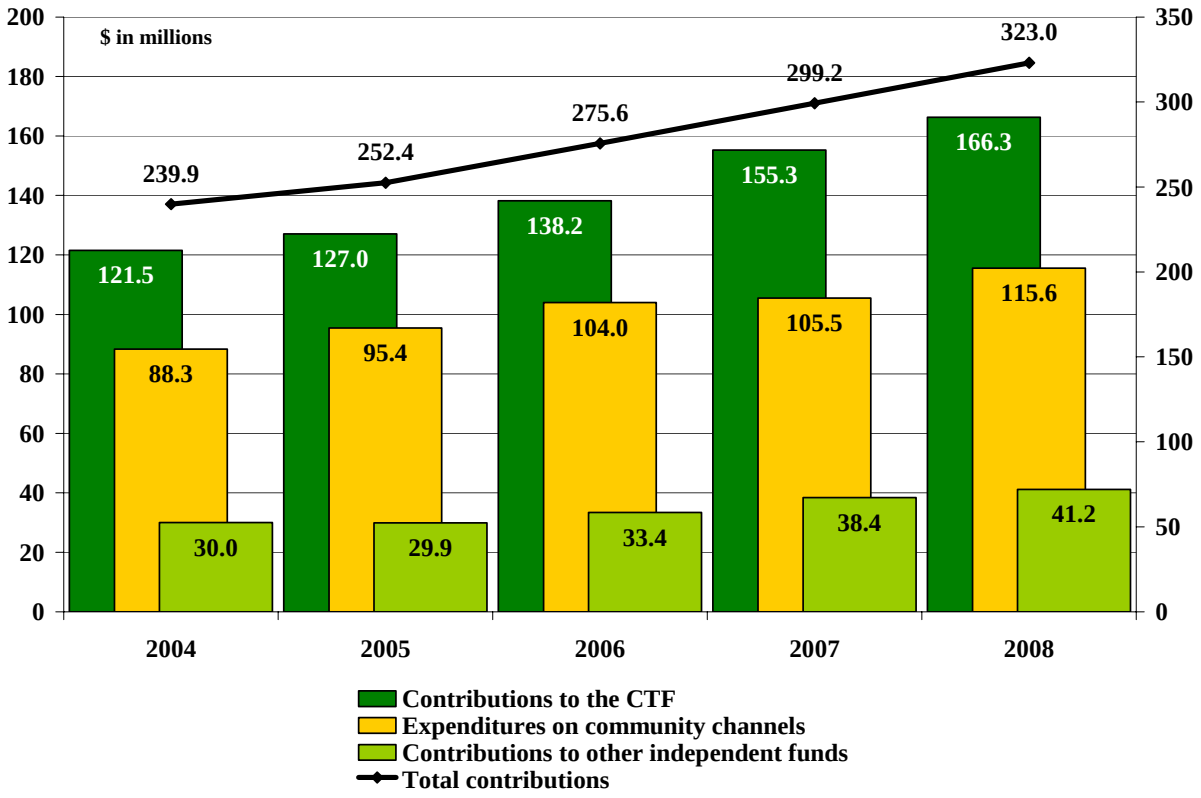
Source: CRTC data collection

Notes:

1 Based on the 12-month period ending 31 August

2 Figures may have been restated for 2004-2007 years.

Figure 4.4.2 Contributions to the CTF, other independent industry funds and expenditures on local expression (community channels) reported by broadcasting distribution undertakings ($ millions)



Source: CRTC data collection

Notes:
1. Based on 31 August of each year.
2. Minor variances are due to rounding.
3. Broadcast distribution undertakings include contributions reported by class 1 cable, DTH, MDS, as well as satellite relay distribution undertakings (SRDU).

Table 4.4.4 Number of cable undertakings contributing to community channels

This table outlines the number of Class 1 licensees that have reported community channel expenses between 2004 and 2008. The figures do not necessarily represent the actual number of community channels in operation, as some channels are funded by more than one undertaking.

	2004	2005	2006	2007	2008
Class 1	137	134	134	131	139

Note: Based on 31 August of each year
Source: CRTC data collection

Table 4.4.5 Affiliation payments made to pay, PPV, VOD, and specialty services (Part 1 of 2)

The following table sets out affiliation payments to Canadian and non-Canadian pay and specialty services reported by BDUs.

($ millions)	2004	% of total	2005	% of total	2006	% of total	2007	% of total	2008	% of total	% annual incr. / decr.			
											05	06	07	08
Payments to Canadian affiliates														
Cable														
Pay	169	87%	202	90%	261	91%	317	92%	342	92%	20%	29%	22%	8%
Specialty	694	88%	693	86%	830	87%	864	84%	963	84%	0%	20%	4%	11%
Total	863	88%	895	87%	1,091	88%	1,182	86%	1,304	86%	4%	22%	8%	10%
DTH and MDS														
Pay	165	99%	138	100%	154	100%	190	100%	200	98%	-17%	12%	24%	5%
Specialty	312	88%	372	91%	415	89%	449	89%	478	89%	19%	11%	8%	6%
Total	477	91%	510	93%	568	92%	639	92%	678	92%	7%	11%	12%	6%
Combined: Cable, DTH, and MDS														
Pay	334	93%	340	94%	415	94%	507	95%	541	94%	2%	22%	22%	7%
Specialty	1,007	88%	1,066	88%	1,245	87%	1,314	85%	1,441	85%	6%	17%	6%	10%
Total	1,341	89%	1,405	89%	1,659	89%	1,821	88%	1,982	88%	5%	18%	10%	9%
Payments to Non-Canadian affiliates														
Cable														
Pay	24	13%	21	10%	24	9%	28	8%	29	8%	-13%	15%	14%	5%
Specialty	97	12%	109	14%	127	13%	168	16%	189	16%	12%	17%	32%	13%
Total	122	12%	130	13%	152	12%	196	14%	219	14%	7%	17%	29%	12%
DTH, and MDS														
Pay	2	1%	0.1	0%	0.2	0%	0.1	0%	3.1	2%	-93%	61%	-64%	3722%
Specialty	44	12%	37	9%	52	11%	57	11%	60	11%	-15%	38%	11%	4%
Total	46	9%	37	7%	52	8%	57	8%	63	8%	-18%	38%	11%	9%
Combined: Cable, DTH and MDS														
Pay	26	7%	21	6%	25	6%	28	5%	32	6%	-19%	15%	13%	16%
Specialty	141	12%	146	12%	179	13%	225	15%	249	15%	4%	22%	26%	11%
Total	167	11%	168	11%	204	11%	253	12%	281	12%	1%	21%	24%	11%

Table 4.4.5 Affiliation payments made to pay, PPV, VOD, and specialty services (Part 2 of 2)

($ millions)	2004	% of total	2005	% of total	2006	% of total	2007	% of total	2008	% of total	% annual incr. / decr.			
											05	06	07	08
Total affiliate payments														
Cable														
Pay	193	54%	223	62%	286	65%	345	64%	371	65%	16%	28%	21%	7%
Specialty	792	69%	802	66%	957	67%	1,032	67%	1,152	68%	1%	19%	8%	12%
Total	985	65%	1,026	65%	1,243	67%	1,378	66%	1,523	67%	4%	21%	11%	11%
DTH and MDS														
Pay	167	46%	138	38%	154	35%	190	36%	203	35%	-17%	12%	23%	7%
Specialty	356	31%	410	34%	466	33%	507	33%	538	32%	15%	14%	9%	6%
Total	523	35%	547	35%	620	33%	697	34%	741	33%	5%	13%	12%	6%
Combined: Cable, DTH, and MDS														
Pay	360	24%	361	23%	439	24%	535	26%	574	25%	0%	22%	22%	7%
Specialty	1,148	76%	1,212	77%	1,424	76%	1,539	74%	1,690	75%	6%	17%	8%	10%
Total	1,508	100%	1,573	100%	1,863	100%	2,074	100%	2,264	100%	4%	18%	11%	9%

Note: Based on 31 August of each year.
Source: CRTC data collection

4.5 New media

Broadcasting in new media involves the migration of digital broadcasting content to mobile and Internet distribution platforms. These platforms are providing Canadians with new programming experiences ranging from services resembling that of television and radio to new, highly interactive services or programs offering greater consumer control and choice.

This section examines this migration as well as the resultant consumer behaviour. It also looks at certain technologies as they relate to Canada's broadcasting and telecommunications sectors. As this is a growing and evolving industry, data contained in this section was gathered primarily from contracted research and publicly available data rather than industry questionnaires. One of the primary data sources was the Media Technology Monitor (MTM) 2008 survey, which examined the media habits and technology usage of 12,000 Canadians, eighteen years and older.

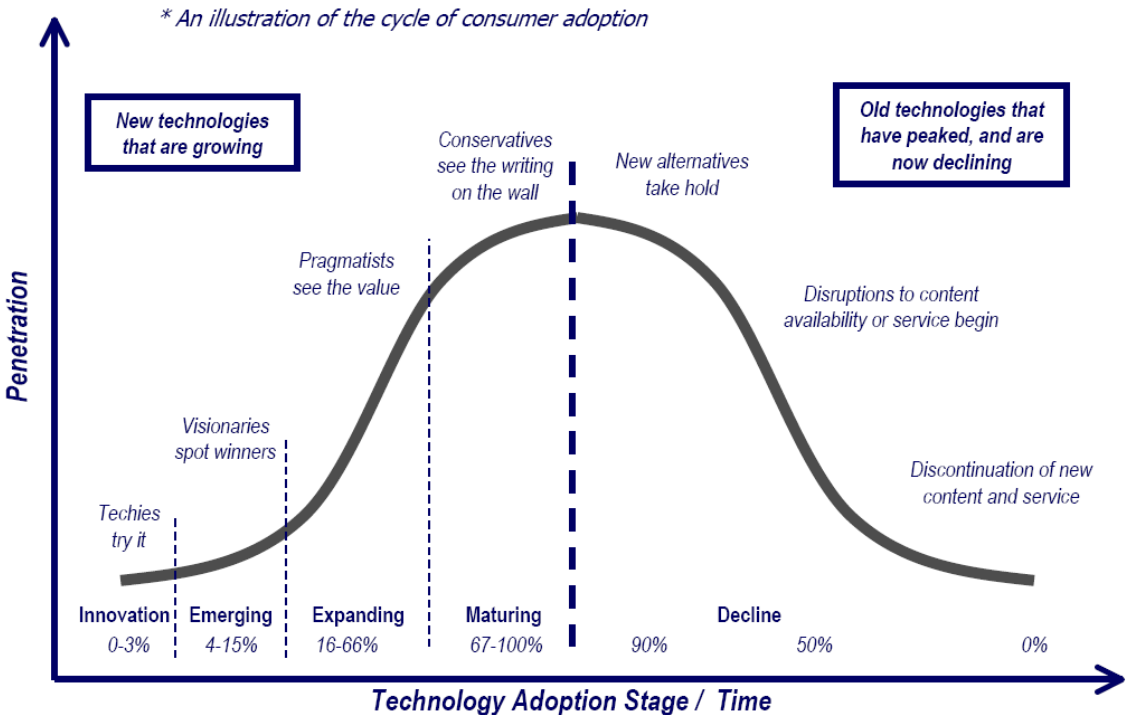
The Commission intends to monitor new media broadcasting through various means. The intent is to arrive at a recurring set of data which can be collected each year in order to present a picture of the new media broadcasting industry in Canada.

As over 95% of households can have access to fixed broadband and over 91% of households can also have access to mobile broadband,[219] Canadians are increasingly demanding access to content, whether audio, video, or data. Spurring this development is the availability of multi-function consumer devices. New media services are generally in the innovation, emerging or expanding stage of the product life cycle, as defined in the figure below.

One indicator for the importance of new media and its role in the lives of Canadians is the level of technology adoption by Canadians. Legacy technologies which have been in use for a decade or more, such as VCR players and portable radios, demonstrate near-ubiquity in Canadian households. However, there are many new devices which allow users to more fully utilize new media broadcasting offerings, and the adoption rate of these devices and services is a good indicator of the usage of these new platforms.

[219] 3G or 3G-equivalent

Figure 4.5.1 Cycle of consumer adoption/Product life cycle



Source: MTM 2008

New Media and the Internet

The general Internet usage trends continue to indicate that Canadians are accessing and using the Internet not only for entertainment, but for day-to-day activities and research. Over a two-year period ending February 2009, comScore reported that the total number of Internet users audience in Canada has grown by about 5%, and that their total time spent online monthly had grown by nearly 9%, although the latter figure declined slightly in 2008.

Table 4.5.1 Website visits by Canadian unique visitors

	Unique Visitors (thousands)			Growth Feb 07-Feb 09	Total Minutes (millions)			Growth Feb 07-Feb 09
	Feb 07	Feb 08	Feb 09	%	Feb 07	Feb 08	Feb 09	%
Total Internet	22,823	23,814	24,143	5.8%	57,524	63,578	62,544	8.7%

Source: ComScore MediaMetrix

Internet usage in Canada continues to grow and change. For example, for the five-year period 2003 to 2008, the annual growth of Internet usage for Canadians aged 50+was approximately 8% for Anglophones, increasing from 48% in 2003 to 70% in 2008, and 10% for Francophones, increasing from 34% in 2003 to 56% in 2008. In both cases, this was approximately twice the annual growth rate for all Canadians.

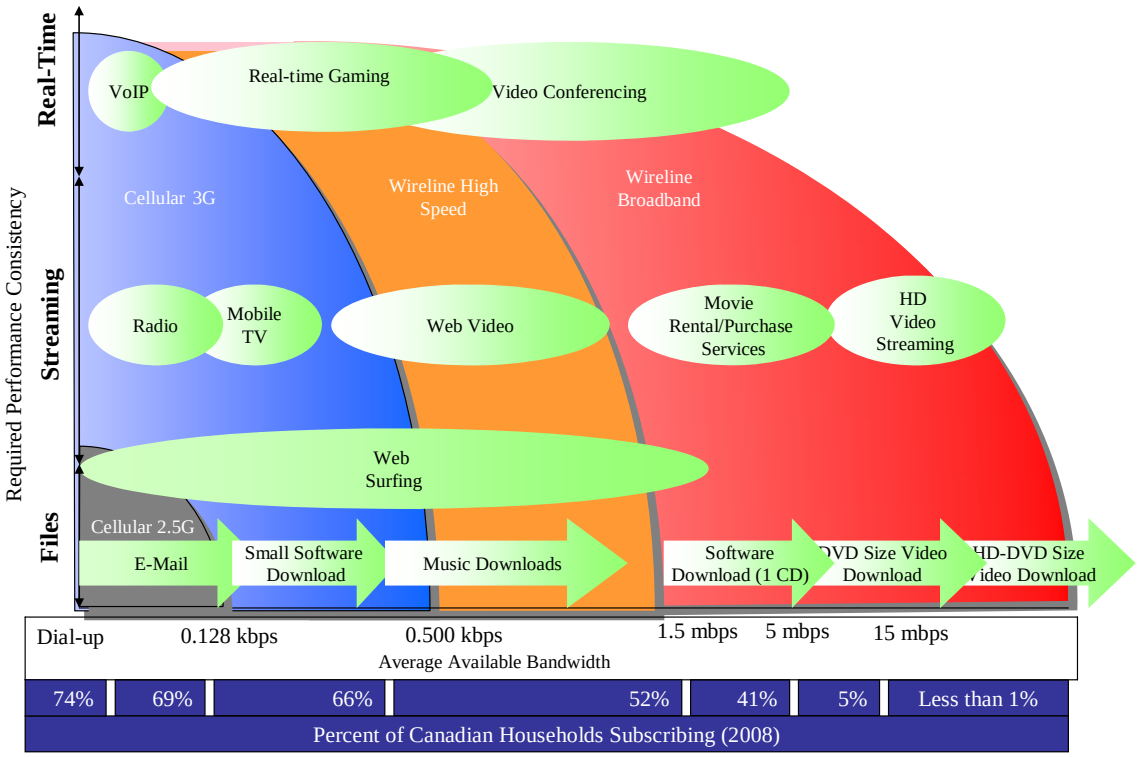
Table 4.5.2 Canadian Internet usage by linguistic group

	2003		2005		2007		2008	
	Anglo	Franco	Anglo	Franco	Anglo	Franco	Anglo	Franco
Overall Usage	68%	58%	77%	65%	81%	71%	83%	75%
18-34	84%	79%	91%	86%	95%	91%	95%	93%
35-49	78%	66%	84%	76%	89%	84%	91%	86%
50+	48%	34%	60%	43%	66%	51%	70%	56%

Source: MTM 2008 (Respondents: All)
Note: Usage in past month

Section 5.3 of this report indicates that the penetration of broadband Internet access in residential homes continues to grow year over year. Broadband services are described as services that are above 1.5 Mbps and have become increasingly popular due to their greater availability as well as the general increase in activities being pursued on the Internet. Figure 4.5.2 illustrates the various bandwidth requirements for activities such as music, video, and high definition (HD) video downloads. These activities require increasingly greater broadband speeds.

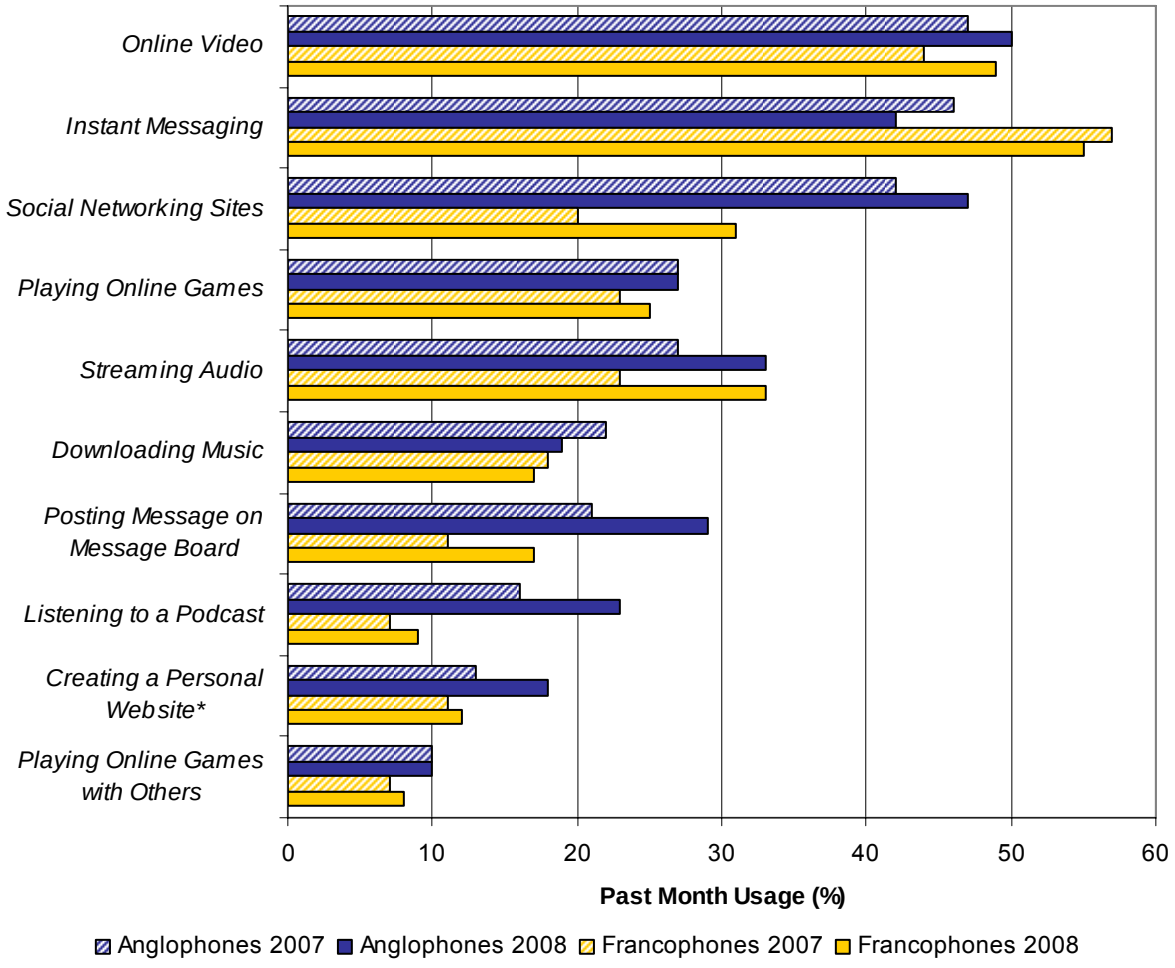
Figure 4.5.2 Internet applications – bandwidth requirements



Source: CRTC

Data presented in Section 5.3 indicates that approximately 55% of Canadian Internet subscribers have a residential Internet connection which is 5 Mbps or greater and allows users to access most new media broadcasting services with relative ease. When asked by MTM about activities related to their usage of the Internet, users indicated high usage of services such as online video and instant messaging, as shown in the following figure.

Figure 4.5.3 Popular Internet activities for Canadian Internet users



Source: MTM 2008 (Respondents: Internet Users)
* Ever created a personal website

Along with the growth of usage of the Internet for an increasing amount of activities, there has been a noticeable growth in the amount of time that people spend online. Weekly time spent using the Internet by Canadians has nearly tripled since 1997 for Anglophones and Francophones.

Table 4.5.3 Average weekly hours spent online by Canadian Internet users

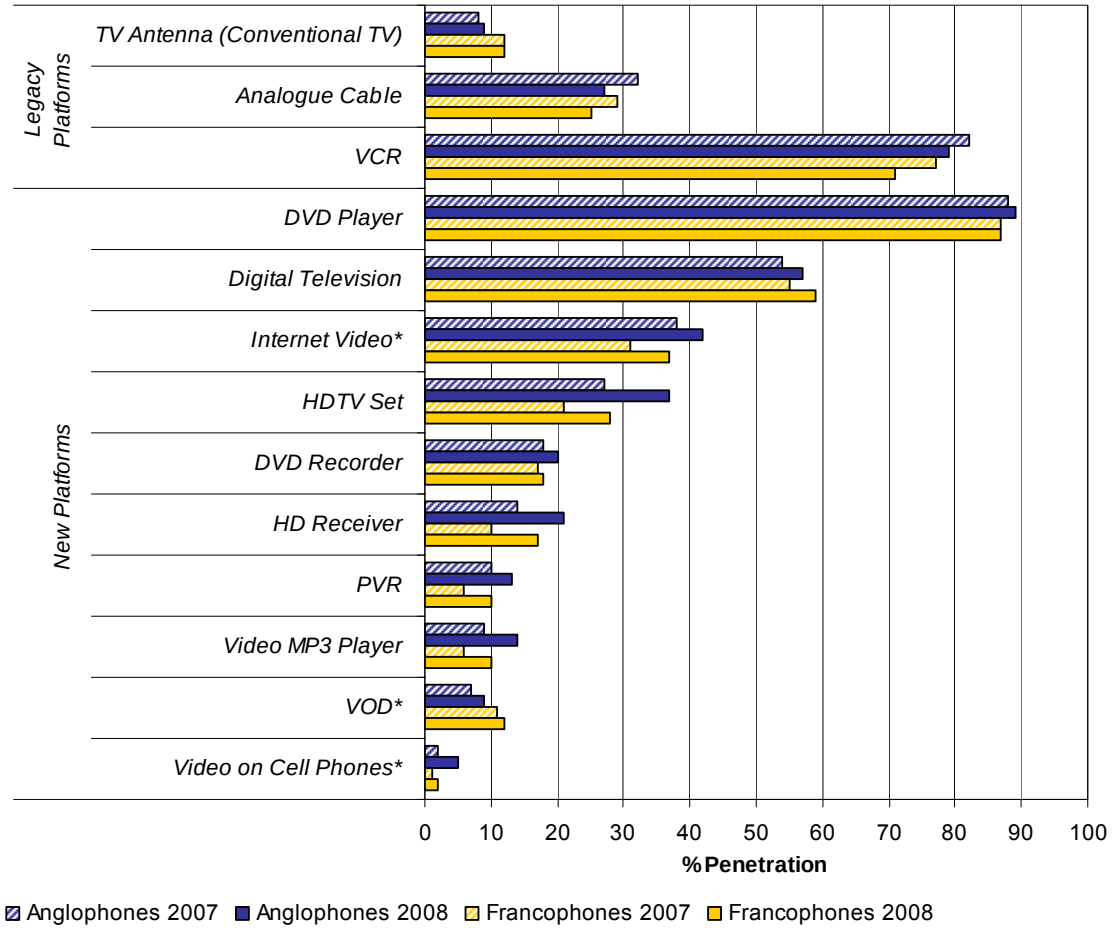
	1997	1999	2002	2005	2007	2008
Anglophone	4.8	5.6	9.3	11.7	13.4	13.8
Francophones	4.1	6.3	7.7	9.1	9.8	11.1

Source: MTM 2008 (Respondents: Internet Users)

Video usage and new media

As they adopt new technology platforms, Canadians are being given a growing number of means by which to consume video content. Each of these new video technologies saw a

Figure 4.5.4 Video technology penetration in Canada

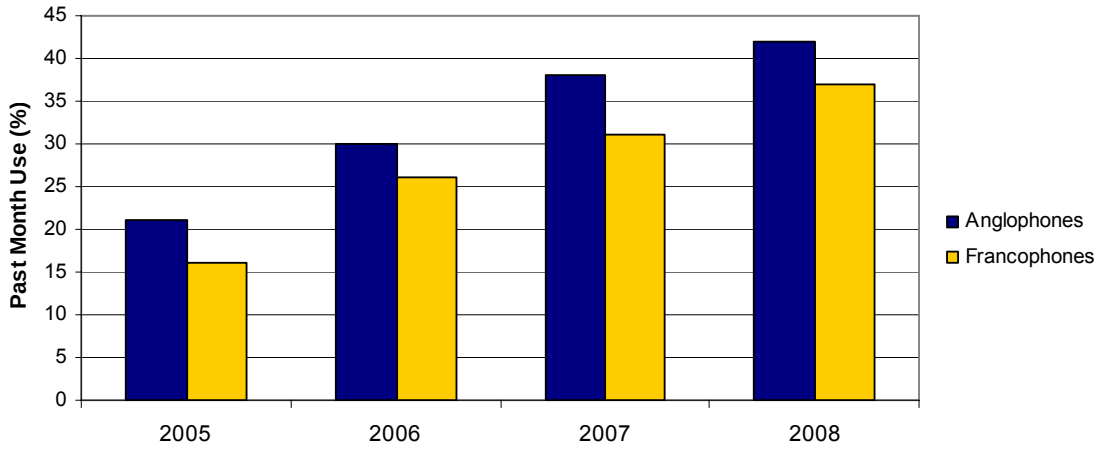


Source: MTM 2008 (Respondents: All)
Note: * Past month use

growth in usage from 2007 to 2008, while usage of legacy technologies remained constant or declined.

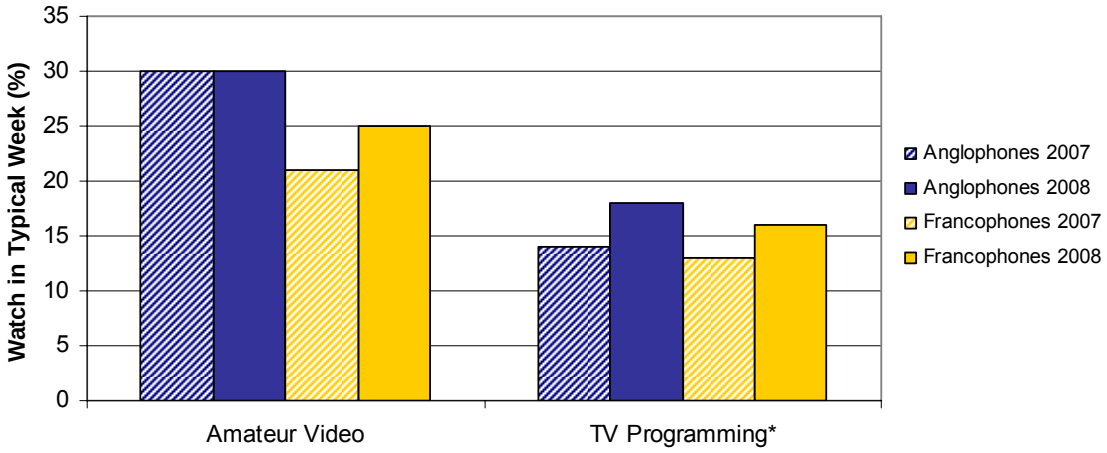
The increase in online video sources is resulting in more Canadians using the Internet to seek out video content. Overall video consumption online has more than doubled over the past 3 years. Amateur, or user-generated content, is currently more popular than professionally produced television content. However, among Anglophones, the viewing of amateur content remained constant from 2007 to 2008, whereas online television content grew in popularity. Among Francophones, both kinds of programming saw increases.

Figure 4.5.5 Internet video viewing, by Canadians



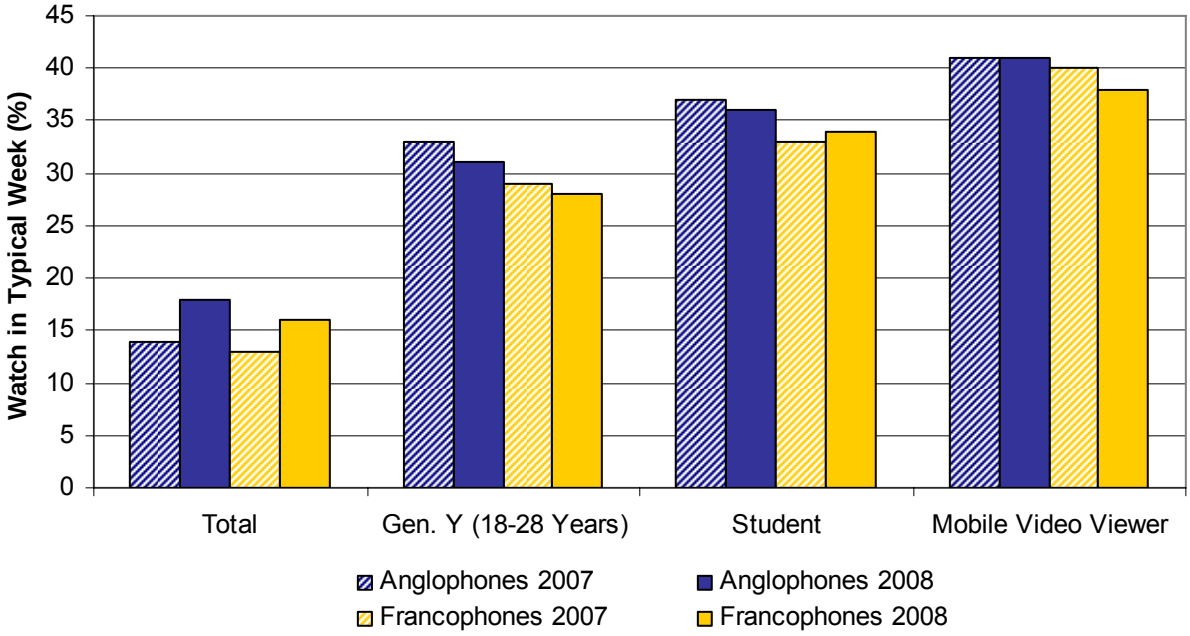
Source: MTM 2008 (Respondents: All)

Figure 4.5.6 Internet video viewing, by Canadians by type



Source: MTM 2008 (Respondents: All)
* Watch a TV program or clip from a TV program available on the Internet

Figure 4.5.7 **Penetration of Internet TV viewers, by selected demographic groups**



Source: MTM 2008 (Respondents: All)

Video on mobile devices

Viewing of video over cell phones has shown slow growth thus far. Services being offered by the large national carriers are still in their infancy and not all handsets are capable of displaying video content. MTM reported that, in 2008, 18% of Anglophone Canadians and 13% of Francophone Canadians owned a video enabled cell phone. Only 5% of Anglophones and 2% of Francophones had viewed video on their cell phones in the past month, although this did represent an increase from 2% and 1%, respectively. All this translates to less than 1% of Canadians having watched television programming on their handsets in the past month.

Video MP3 players, such as the iPod, are also not being used extensively as video viewing platforms. In 2008, 14% of Anglophone Canadians and 10% of Francophone Canadians owned a video-enabled MP3 player, up from 9% and 6%, respectively, in 2007. However, the percentage of these people watching video on this platform in the past month remained steady at 3% and 2%, respectively. As with cell phones, only 1% of all Canadians viewed television/video content on video-enabled MP3 players.

The table below summarizes the trends for several video viewing platforms, and their relative growth over the 2005 to 2007 period.

Table 4.5.4 Adoption and growth rates of various video technologies in Canada

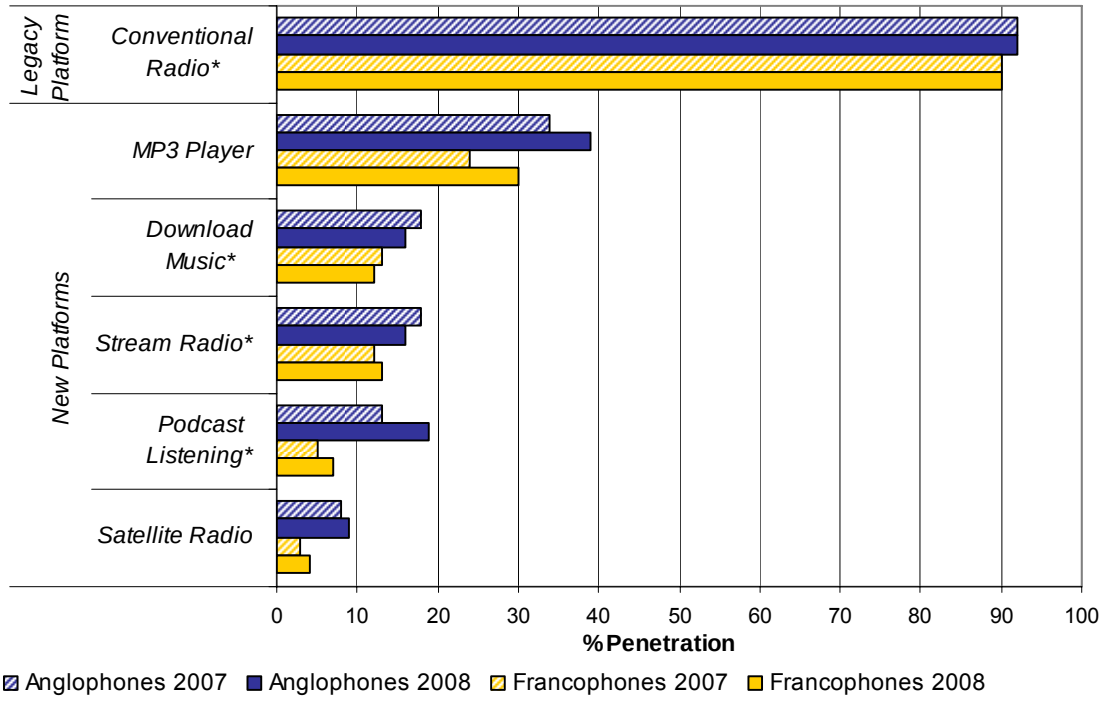
	Adoption				Growth		
	2005	2006	2007	2008	2006	2007	2008
PVR							
Anglophones	4%	6%	10%	13%	50%	67%	30%
Francophones	2%	4%	6%	10%	100%	50%	67%
Watch Video on Demand*							
Anglophones	5%	6%	7%	9%	20%	17%	29%
Francophones	4%	7%	11%	12%	75%	57%	9%
Watch Internet Video*							
Anglophones	21%	30%	38%	42%	43%	27%	11%
Francophones	16%	26%	31%	37%	63%	19%	19%
Watch Video on Cellphone*							
Anglophones	-	-	2%	5%	-	-	150%
Francophones	-	-	1%	2%	-	-	100%

Source: MTM 2008 (Respondents: All)
Note: *Past month use

Audio usage and new media

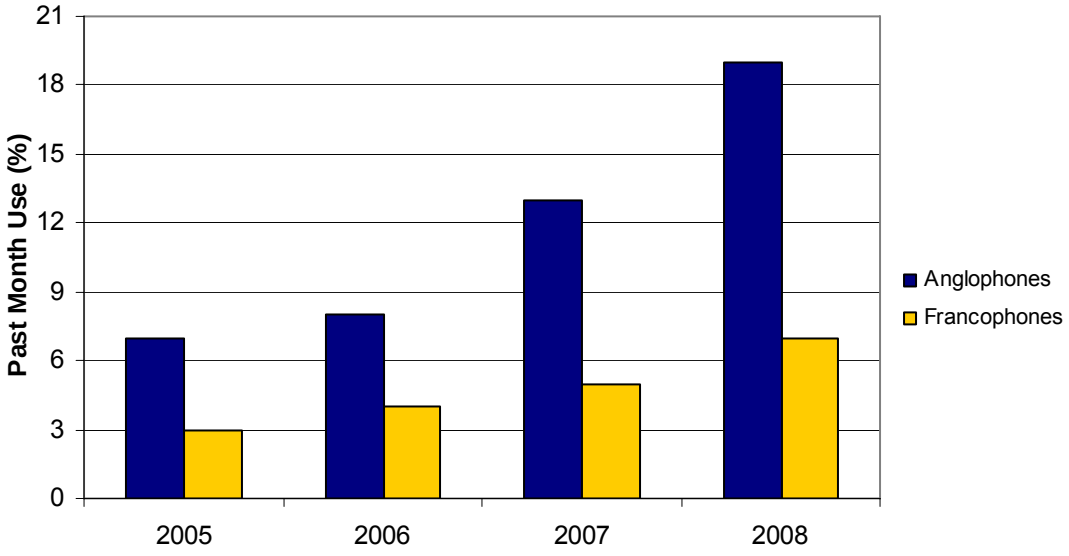
Online services and technologies are also having an impact on how Canadians consume and use audio services. New media has given users more options in accessing audio and popular sources of music which now include activities such as downloading, streaming radio over the Internet and listening to podcasts (pre-recorded audio programs) for use on portable music devices. However, while some newer technologies, particularly music downloads and streamed radio, have begun to stagnate or decline in popularity in recent years, conventional radio has retained its strength. Podcasts is one newer form of audio still showing consistent growth. The following charts illustrate the trends over the past few years for Canadians adopting and using these technologies.

Figure 4.5.8 Audio technology penetration in Canada



Source: MTM 2008 (Respondents: All)
*Past month use

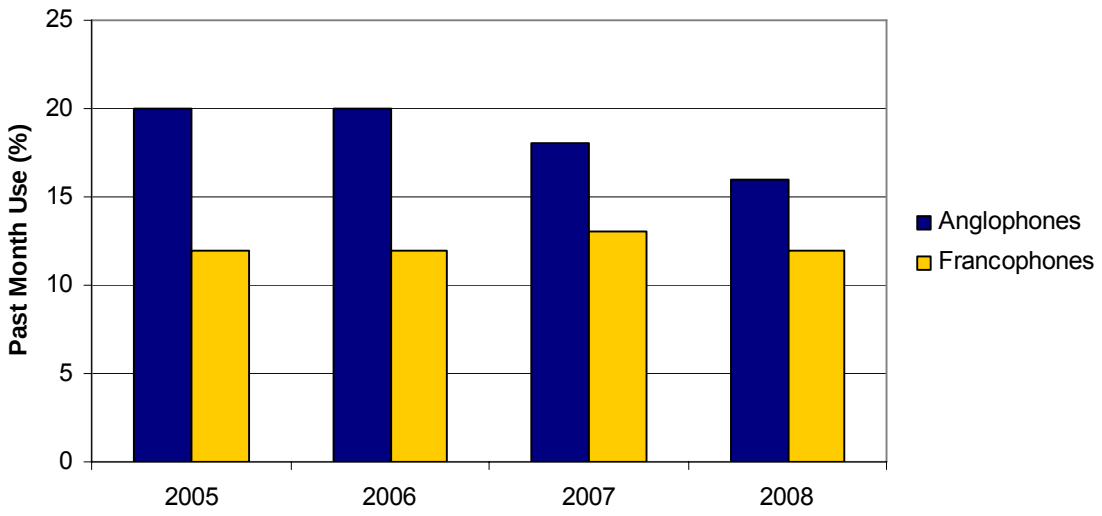
Figure 4.5.9 Podcast usage in Canada



Source: MTM 2008 (Respondents: All)

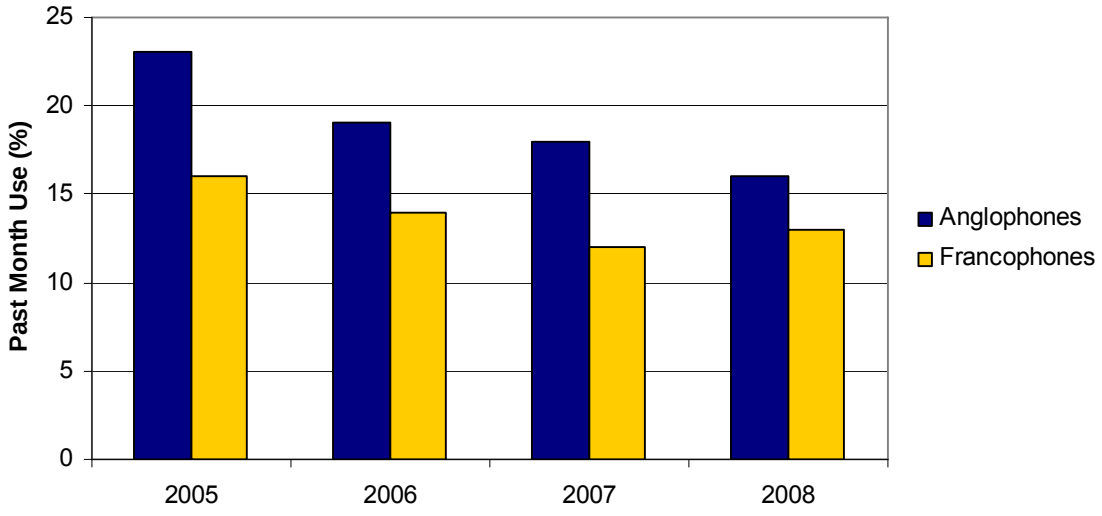
While listening to audio podcasts is an activity which has shown high growth over the past three years, MTM reports that both downloading music and streaming radio over the Internet have shown a steady decline in popularity among Anglophones, and appear to have stagnated among Francophones. MTM infers copyright issues as a probable cause for this lack of growth in downloading music in recent years.

Figure 4.5.10 Downloading music in Canada



Source: MTM 2008 (Respondents: All)

Figure 4.5.11 Streaming radio in Canada



Source: MTM 2008 (Respondents: All)

Note: In this graph streaming radio is the proportion of Canadians that stream AM/FM radio stations.

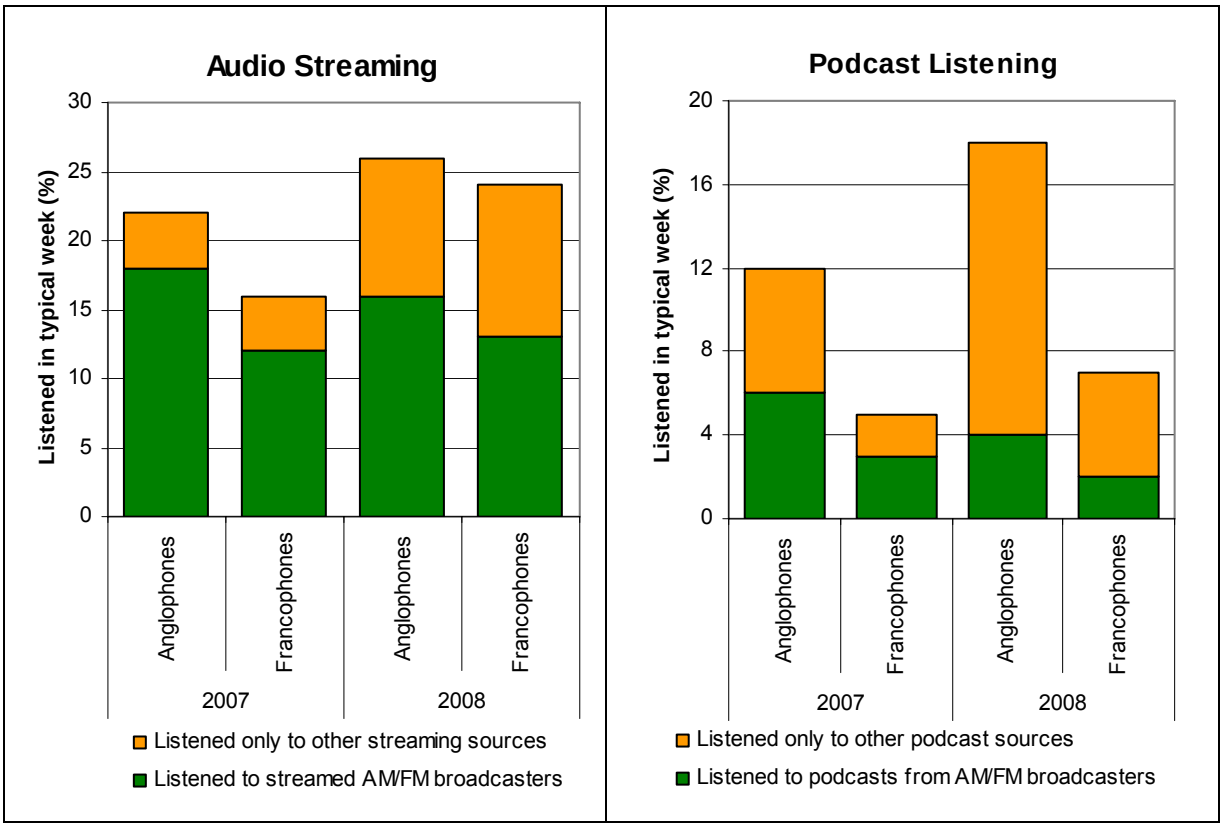
Table 4.5.5 Adoption and growth rates of various audio technologies in Canada

	Adoption				Growth		
	2005	2006	2007	2008	2006	2007	2008
MP3 player ownership							
Anglophones	23%	29%	34%	39%	26%	17%	15%
Francophones	14%	19%	24%	30%	36%	26%	25%
Podcast listening*							
Anglophones	7%	8%	13%	19%	14%	63%	46%
Francophones	3%	4%	5%	7%	33%	25%	40%
Music downloading							
Anglophones	20%	20%	18%	16%	0%	-10%	-11%
Francophones	12%	12%	13%	12%	0%	8%	-8%
Streaming radio							
Anglophones	23%	19%	18%	16%	-17%	-5%	-11%
Francophones	16%	14%	12%	13%	-13%	-14%	8%

Source: MTM 2007 and 2008 (Respondents: All)
Note: *Past month use

Traditional radio broadcasters are also evolving to include new media offerings as part of their business, such as making traditional radio broadcasts available online as either streaming services, or downloadable podcasts. However, while Anglophones in particular have displayed an increased interest in podcasts, showing a growth rate of 46% over the past year, and 170% since 2005, AM/FM broadcasting represents a declining source of audio material for consumers who are Internet-centric in their media consumption. The following charts illustrate the popularity of AM/FM broadcasters as a source for audio content when available as streaming audio and downloaded podcasts.

Figure 4.5.12 AM/FM broadcasters as a source of audio material in streaming audio and downloaded podcasts



Source: MTM 2007 and 2008 (Respondents: Total respondents)

Audience participation in new media

The preceding sections focused on Canadians' adoption and use of various technologies and services being offered that are related to new media generally and new media broadcasting specifically. The adoption of technologies is an important consideration as is their usage. However, traditional media, such as television and radio, are frequently reported in terms of hours of usage in a typical week. Data collection is carried out through well established systems such as meters and/or diary collection. While these methods are well understood and accepted as industry standards, systems are not in place to capture all other media usage in a similar fashion. As such, the MTM uses survey data to estimate the relative amount of time Canadians devote to media on traditional and new platforms. Self-reported estimates of media use, such as those used in surveys, tend to underestimate use and are not directly comparable to the ratings data that is the official currency for TV and radio.

Table 4.5.6 Time spent by Canadian adopters using various technologies

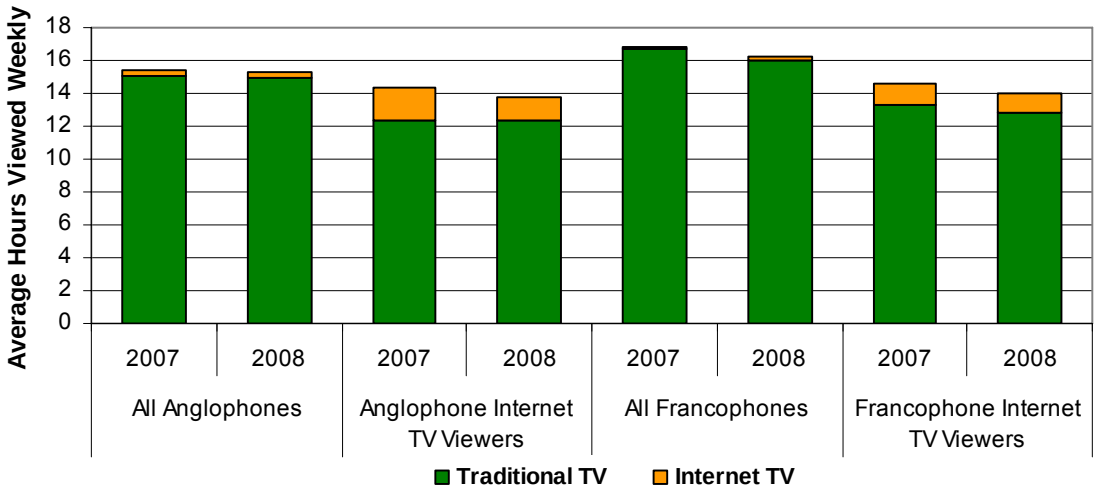
	Hours per week	
	2007	2008
Internet Usage*		
Anglophones	13.4	13.8
Francophones	9.8	11.1
Online TV Viewing		
Anglophones	2.1	1.5
Francophones	1.3	1.2
Streaming Online Audio		
Anglophones	6.0	5.3
Francophones	5.7	5.4
Streaming Online AM/FM Radio		
Anglophones	4.8	4.2
Francophones	5.3	4.6
Podcasting		
Anglophones	2.2	2.2
Francophones	2.6	2.5
Listening to Audio on iPod/MP3*		
Anglophones	6.7	7.1
Francophones	5.7	5.6
Satellite Radio Listening*		
Anglophones	11.0	9.7
Francophones	11.0	10.7

Source: MTM 2007 and 2008 (Respondents: typical week users of each listed technology)
* Past month users

The MTM survey also compares the amount of time Canadians spent using new media platforms to their use of traditional platforms. For example, it examines whether users of Internet video watch more or less traditional television than those who do not use Internet video, as well as the relationship between the amount of time spent on various new audio services and the listenership of traditional radio broadcasts.

Results from the MTM survey indicate that users of Internet TV tend to consume less television content than those who do not use Internet TV.

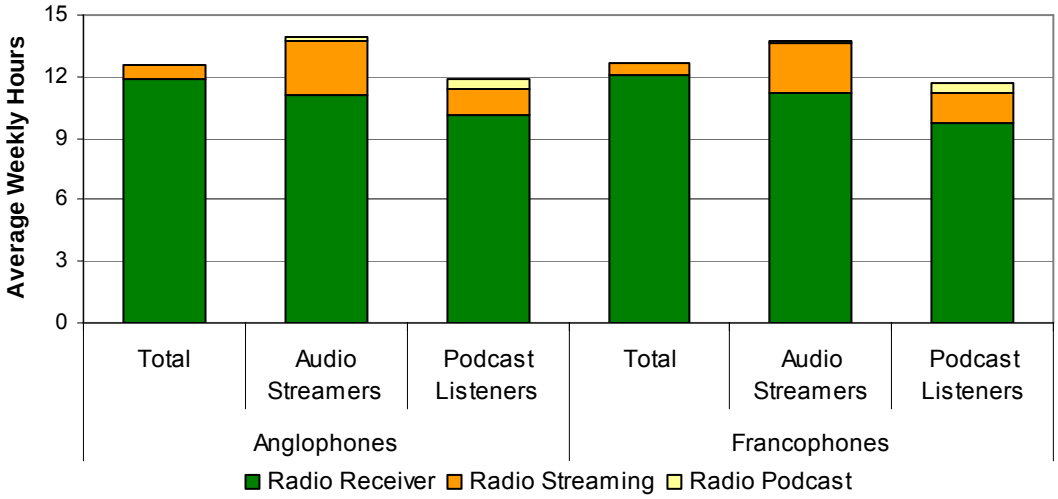
Figure 4.5.13 Time spent watching TV – Average viewing hours of all Canadians as compared to those who report watching TV over the Internet



Source: MTM 2007 and 2008 (Respondents: All)

Contrary to the trend for television content, the following chart indicates that users of some alternative platforms for audio content delivery tend to consume more, not less, content from traditional providers. While both Anglophone and Francophone audio streamers do listen to less AM/FM radio on a conventional radio receiver than the average Canadian, when new media platforms are factored in, both linguistic groups listen to at least one more hour of AM/FM radio per week than the national average. This phenomenon does not hold true for podcast listeners, whose reduced hours of radio consumption on conventional receivers are only partially offset by other sources of AM/FM radio.

Figure 4.5.14 Average hours Canadians spend listening to radio – Comparing average Canadian listening hours to those using the Internet to stream audio or listen to podcasts



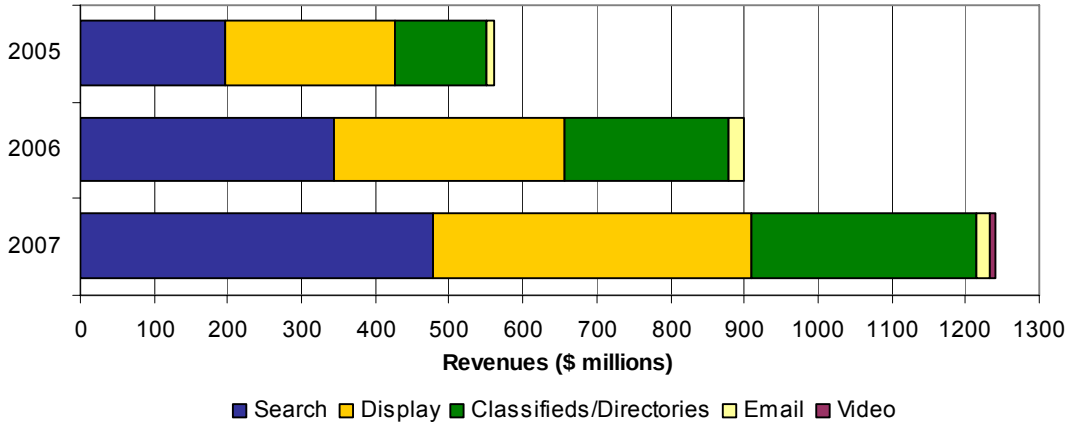
Source: MTM 2008 (Respondents: All)

Economic indicators of new media

New media has caused changes apart from shifts in audience involvement and time spent on other media platforms. Advertising trends and dollars have also shifted over the past several years.

Of particular interest are revenues from advertising on the Internet. The Interactive Advertising Bureau of Canada (IAB) reports online advertising revenues through information gathered directly from the marketing and advertising community in Canada and it separates the results by key categories.

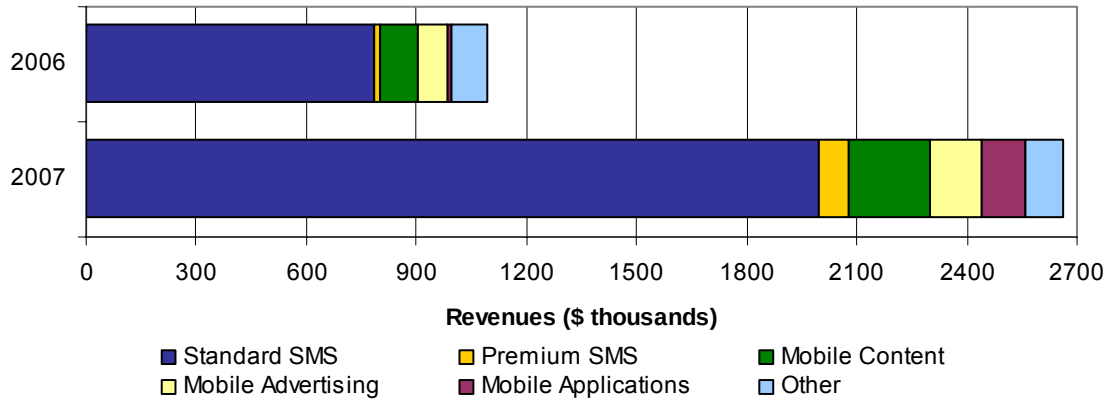
Figure 4.5.15 Canadian online advertising revenues



Source: IAB Canada
Note: 2008 figures not available at time of printing

The IAB has also begun compiling data on mobile advertising revenues, as illustrated below. Mobile advertising is still at a nascent stage, as evidenced by the total $2.7 million of revenue in the sector, compared to the $1.2 billion in online advertising revenue.

Figure 4.5.16 Canadian mobile advertising revenues



Source: IAB Canada
Note: 2008 figures not available at time of printing

A further aspect of new media is the external investments made into new media content development. There are numerous funds available to assist in the development of digital content in Canada. The table below lists some of these funds and their respective contributions to the new media industry in Canada. Producers use these funds for a wide variety of new media projects ranging from online video content, to website development to children's interactive game development, among others.

Table 4.5.7 Various Canadian new media development funds ($ millions)

	2005	2006	2007	2008
Bell Broadcast and New Media Fund[1]	4.1	5.6	8.3	8.4
Telefilm Canada's Canada New Media Fund[2]	14.1	9.6	14.5	14.5
OMDC Interactive Digital Media Fund[3]			0.9	
Canadian Film Centre's Telus Innovation Fund[4]		0.3	0.3	0.3
Quebecor Funds[5]			3.5	4.6
Total Contribution	18.2	15.5	27.5	27.8

Notes:
1 Represents production of Interactive Digital Media projects
2 Represents Product Assistance Grants (Reporting years run April - March)
3 Funding limited to 2007-08. In the 2008-09 fiscal year, the Fund was re-designed and a later program cycle meant that no funding applications were received during the fiscal year. The $1.8 million budgeted for the Fund in 2008-09 will be carried over into the 2009-10 fiscal year.
4 Funding offered for three projects at $100,000 each per year
5 Estimate only for 2007

Source: Fund usage reports from each group

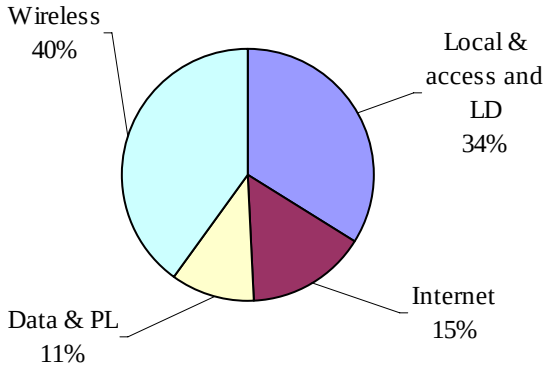
5.0 Telecommunications

5.1 Telecommunications - Financial review

This section provides a broad overview of the financial performance of the telecommunications industry and examines various financial indicators such as revenue trends by market segment and by type of service provider, profitability, and capital intensity.

Telecommunications revenues include revenues from wireline and wireless services. Wireline service revenues include local & access, long distance, data and private line, and Internet service revenues. They exclude revenues from terminal equipment sales and rentals. Wireless service revenues include revenues from mobile and paging services and revenues related to terminal equipment.

Telecommunications revenues
$40.3 billion
(2008)



a) Telecommunications revenues overview

Retail telecommunications revenues increased from $34.8 billion in 2007 to $36.8 billion in 2008, an increase of $2.0 billion, or 5.6%, while wholesale revenues increased from $3.4 billion in 2007 to $3.5 billion in 2008, an increase of $0.1 billion, or 4.2%. Retail revenues as a percentage of total revenues remained relatively unchanged over the previous year at 91.3%. The major contributors to wholesale revenues in 2008 were long distance (23%), local & access (24%), and data and private line (30%).

Over the 2003 to 2004 period, wireless revenue growth continually increased from 14% in 2003 to 18% in 2004. After peaking in 2004, wireless revenue growth declined 10.4% in 2008, resulting in an annual growth over the 2004 to 2008 period of 14.0%. Wireline growth has essentially been flat over this period, increasing slightly in 2008 by $0.6 billion, or 2.5%, from the previous year, resulting in a cumulative annual revenue growth over the 2004 to 2008 period of 0.3%.

b) Revenues by market segment

Wireline voice revenues, consisting of revenues from local & access and long distance services, represented approximately 57% of wireline revenues, a decline of 0.9%, or $0.2 billion, in 2008. Non-voice wireline services such as Internet and data and private line represented 43% of wireline revenues, an increase of 7.3%, or $0.7 billion.

A notable trend exhibited in these results is the continuation of consumer adoption of the newer non-legacy services such as Internet and wireless services, as well as the business customers' preference for the newer data protocol services such as IP-VPN and Ethernet. Between 2004 and 2008, growth was driven from these non-legacy or newer type services while services such as local & access, legacy data and private line, and long distance have continued to decline.

Not surprisingly, non-legacy service revenues represented 58% of the total telecommunications revenues in 2008 compared to 43% in 2004. This change was driven by dynamics such as consumer preferences, service innovations, and technological advancements. Internet and wireless were the major drivers to the significant increase in non-legacy service revenues between 2004 and 2008. The revenues from these two market segments accounted for 55% of total telecommunications revenues in 2008, compared to 41% in 2004.

c) Revenues by type of service provider

Total retail telecommunications revenues in 2008 were approximately $36.8 billion, up 5.6% from 2007. Of these revenues, $15.6 billion, or 42%, were related to wireless services and the remaining $21.2 billion, or 58%, were related to wireline services. Approximately $11.4 billion, or 54%, of these retail wireline revenues were related to residential services, and $9.8 billion, or 46%, were related to business services.[220]

In 2008, the incumbent TSPs generated approximately 56% of the total wireline and wireless revenues from their traditional operating territories. When operating outside of their traditional operating territories, they captured an additional 11% of the telecommunications revenues. Facilities-based, non-incumbent TSPs and resellers had approximately 28 and 5% of the telecommunications revenues, respectively. There was a notable shift in revenues of approximately 2% from incumbent TSPs (excluding out-of-territory) to facilities-based, non-incumbent TSPs between 2007 and 2008.

Figure 5.1.5 summarizes the various types of TSPs and their share of the industry's revenues in 2008. There are two groups of service providers that stand out within this chart. The resellers represented 69% of the service providers, and as a group they captured approximately 5% of the industry's revenues in 2008. At the same time, the large incumbent TSPs (excluding out-of-territory), representing less than 2% of the total number of service providers, captured approximately 55% of the revenues in 2008 which made them the largest group with respect to revenues.

A summary of total telecommunications services revenue, by type of service provider, for the period 2005 to 2008 is provided in Table 5.1.3.[221] As this table demonstrates, the incumbent TSPs' (excluding out-of-territory) share of the total telecommunications revenues steadily decreased from 65% in 2004 to 56% in 2008. Excluding their out-of-territory operations, incumbent TSPs' revenues increased by approximately 1.9% to $22.7 billion. Resellers saw their revenues increase by 3.7%, or $66 million, in 2008. The facilities-based TSPs' revenues increased 11% to $15.8 billion, which was mainly attributed to the cable BDUs' 16% revenue growth in 2008.

With respect to wireline services, as displayed in Table 5.1.4, incumbent TSPs (excluding out-of-territory) had between 63 and 70% of their revenues in the residential, business, and wholesale markets in 2008. One of the most notable results was the 5% shift in residential market share from the incumbent TSPs to the facilities-based, non-incumbent TSPs in 2008. When

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220 Source: CRTC data collection

221 This amount includes estimates that were made for small service providers that were unable to complete the forms on time.

operating outside their traditional operating territory, the incumbent TSPs also saw their business market drop from 15 to 12%, however, they were able to increase their wholesale market slightly by 1% to 19% in 2008.

d) EBITDA and EBITDA margin

The increasing range of communications services that incumbent TSPs and cable BDUs provide are becoming less of a reflection of what their traditional service offerings were but rather a reflection of the convergence trends in the industry. Over the past years, incumbent TSPs have consistently grown their BDU revenues by 15 to 20%, while cable companies have also seen tremendous growth in their telephony service revenues.

With respect to their wireline operations in 2008, which encompassed telecommunications operations as well as programming and non-programming BDU activities, the incumbent TSPs reported a $6.3 billion EBITDA and a 29.1% EBITDA margin, while the cable companies reported a $3.9 billion EBITDA and a 44.6% EBITDA margin.

The wireless industry EBITDA increased from $6.5 billion in 2007 to $7.2 billion in 2008, a 9.9% increase. Of this amount, the incumbent TSPs and cable companies accounted for $4.5 billion and $2.8 billion, respectively.

e) Capital expenditures and capital intensity

Capital expenditures are one of the main costs of providing telecommunications services. These costs are primarily investments in fixed assets such as property, and plant and equipment, and are an important element in the growth strategy of the industry. This section presents the industry capital expenditures and capital intensity ratios (i.e. capital expenditures as a percentage of revenues) over the 2004 to 2008 period.

Capital expenditures

In 2008, incumbent TSP and cable BDU expenditures included, but were not limited to, the purchase of advanced wireless services (AWS) spectrum, enhancements to wireless networks, expansion of fibre-to-the-node (FTTN) facilities, as well as expansion of wireless and DSL capacity and coverage. After rolling out their 3G and 3G-equivalent wireless networks in late 2004 and early 2005, Bell Canada, TCC, and Rogers Communications Inc. (RCI) continued to expand their high-speed mobile network coverage to additional urban centres and various cottage country locations. The incumbent TSPs continued to make expenditures on IPTV.

Total telecommunications capital expenditures, including the 2008 AWS spectrum auction, were $12.0 billion in 2008, an increase of 54.1% from the $7.8 billion in 2007. Wireless capital expenditures increased by 220% to $6.1 billion in 2008 from $1.9 billion in 2007. Wireline capital expenditures, representing approximately 49% of telecommunications capital expenditures, increased slightly from $5.88 billion in 2007 to $5.91 billion in 2008, an increase of 0.5%. Excluding the AWS spectrum expenditures, the total telecommunications capital expenditures decreased slightly from $7.8 billion in 2007 to $7.7 billion in 2008. The wireless capital expenditures decreased by 4.1% to $1.8 billion and wireline capital expenditures represented approximately 76% of telecommunications

capital expenditures in 2008. In 2008, the incumbent TSPs' capital expenditures were approximately 70% of total wireline capital expenditures, compared to 71% in 2007.

The non-incumbent, facilities-based alternative TSPs increased their capital expenditures from $1.6 billion in 2007 to $1.7 billion in 2008.

Capital intensity

Capital expenditures, as a percentage of revenue, varied significantly by type of TSP. In 2008, excluding AWS spectrum expenditures, the wireless providers' capital intensity was 11%, for the wireline incumbent TSPs (including their out-of-territory operations) it was 23%, and for the non-incumbent, wireline facilities-based alternative TSPs it was 35%. Over the 2003 to 2008 period, wireline facilities-based, non-incumbent TSPs consistently increased capital expenditures as a percentage of revenues. By 2008, they had increased this ratio by more than threefold from 11% in 2003 to 35% in 2008.

In 2008, wireless service providers' capital expenditures, including expenditures on AWS spectrum, were over $6.1 billion, resulting in a capital intensity of 38%. These expenditures expanded 3G or 3G-equivalent wireless coverage from 78% of the Canadian population in 2007 to 91% in 2008.

f) Inter-carrier payments

In providing telecommunications services, a TSP can either build its own network by incurring capital expenditures or the TSP can acquire access to the facilities of another TSP. The payments made to acquire access to facilities from another TSP are referred to as inter-carrier payments. These services can be acquired either from incumbent TSPs for services that may or may not have a tariff, or from non-incumbent TSPs. Incumbent TSP services may include unbundled loops, co-location, access tandem, direct connect, Centrex, and private line. Non-incumbent TSP services may include items such as PSTN connections and interexchange private line. In 2008, the Commission identified six categories of competitor services: a) essential, b) conditional essential, c) conditional mandated non-essential, d) public good, e) interconnection, and f) non-essential subject to phase-out.[222]

In 2008, wireline inter-carrier expenses for all TSPs represented approximately 11% of total wireline revenues. During the same period, the reseller inter-carrier expenses were approximately 37% of their revenues versus 42% in 2007, followed by the facilities-based, non-incumbent TSPs at 14%, a decrease from 17% in 2007. The incumbent TSPs remained unchanged at 8%.

[222] In Telecom Decision 2008-17, the Commission revised the definition of an essential service, replacing the definition set out in Telecom Decision 97-8, set out a restructured regulatory framework for wholesale services, and provided rationale for the assignment of key services within each of six new service categories.

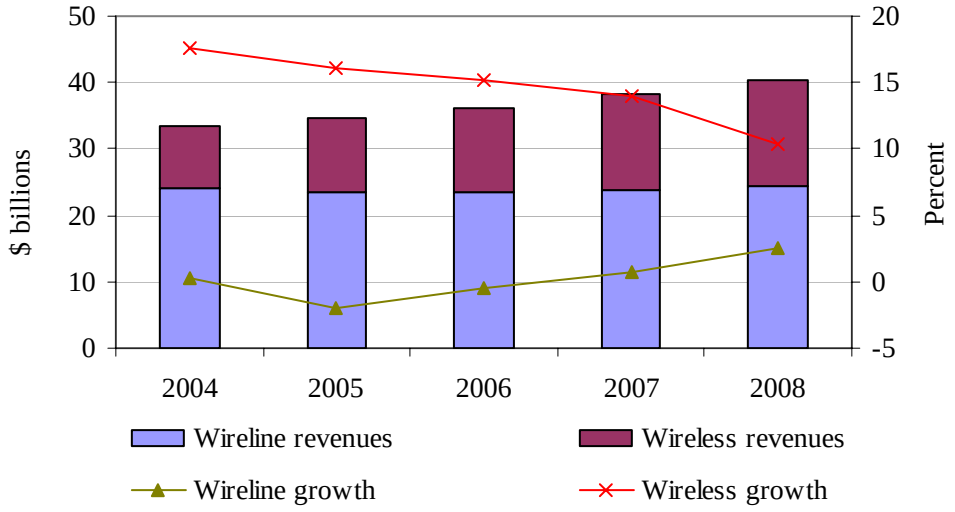
Statistical information – Telecommunications

Table 5.1.1 Retail and wholesale telecommunications revenues[223] ($ billions)

	2004	2005	2006	2007		2008	*Growth 2007-2008*	*CAGR 2004-2008*
Wireline								
Retail	21.1	20.6	20.5	20.8	#	21.2	1.9%	0.2%
Wholesale	2.9	2.9	2.9	2.9	#	3.1	6.4%	1.2%
Wireline total	24.0	23.5	23.4	23.7	#	24.3	2.5%	0.3%
Wireless								
Retail	9.4	10.9	12.2	14.0	#	15.6	11.1%	13.5%
Wholesale	0.1	0.1	0.5	0.5		0.5	-8.0%	*n/a*
Wireless total	9.5	11.0	12.7	14.5	#	16.0	10.4%	14.0%
Retail total	30.5	31.6	32.7	34.8	#	36.8	5.6%	4.8%
Wholesale total	3.0	3.0	3.3	3.4	#	3.5	4.2%	4.0%
Total	33.5	34.5	36.1	38.2	#	40.3	5.5%	4.8%

Source: CRTC data collection
Note: n/a: not available

Figure 5.1.1 Telecommunications revenues and percentage annual growth



Source: CRTC data collection

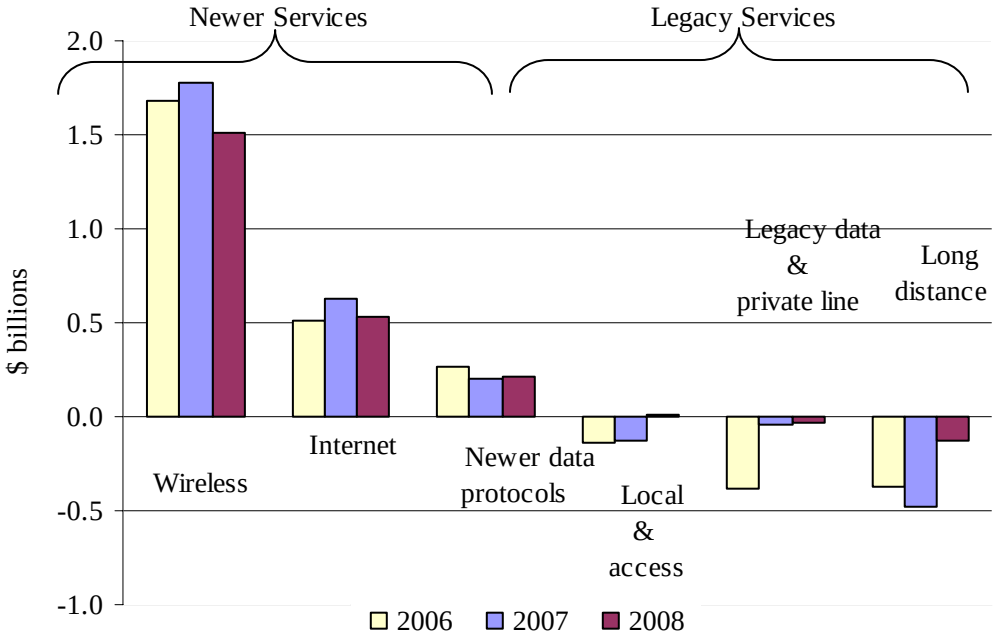
223 Estimates are used to capture the revenues of the smaller service providers that were not required to complete data forms. These estimates are based on the information provided by the service providers in their registration forms.

Table 5.1.2 Telecommunications revenues, by market segment ($ billions)

	2004	2005	2006	2007		2008	*Growth 2007-2008*	*CAGR 2004-2008*
Wireline								
Local and access	9.7	9.8	9.6	9.5	#	9.6	0.1%	-0.4%
Long distance	5.7	5.1	4.7	4.3	#	4.2	-3.1%	-7.5%
Voice subtotal	15.4	14.9	14.4	13.9	#	13.7	-0.9%	-2.8%
Internet	4.2	4.5	5.0	5.7		6.2	9.4%	10.5%
Data and private line								
Newer data protocols	0.6	0.7	0.9	1.1	#	1.3	19.0%	23.0%
Legacy data and private line	3.8	3.4	3.0	3.0	#	3.0	-1.0%	-5.9%
Data and private line total	4.4	4.1	4.0	4.2	#	4.3	4.4%	-0.4%
Non-voice subtotal	8.6	8.6	9.0	9.8	#	10.5	7.3%	5.3%
Wireline total	24.0	23.5	23.4	23.7	#	24.3	2.5%	0.3%
Wireless	9.5	11.0	12.7	14.5	#	16.0	10.4%	14.0%
Total	33.5	34.5	36.1	38.2	#	40.3	5.5%	4.8%

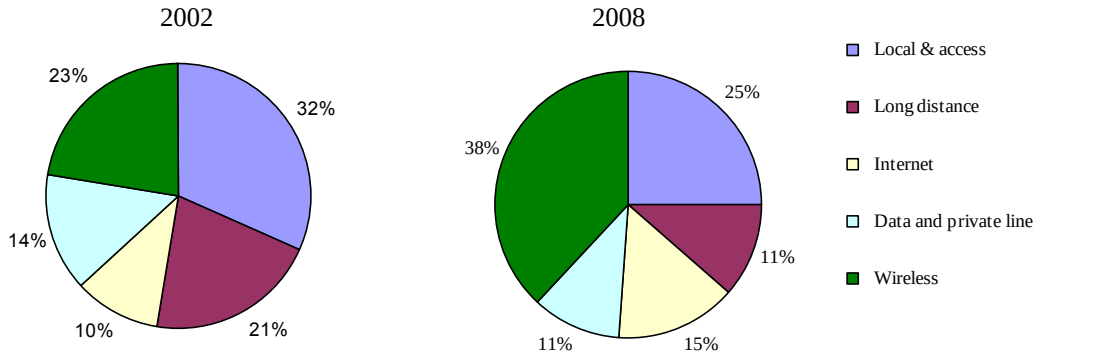
Source: CRTC data collection

Figure 5.1.2 Annual revenue growth, by market segment



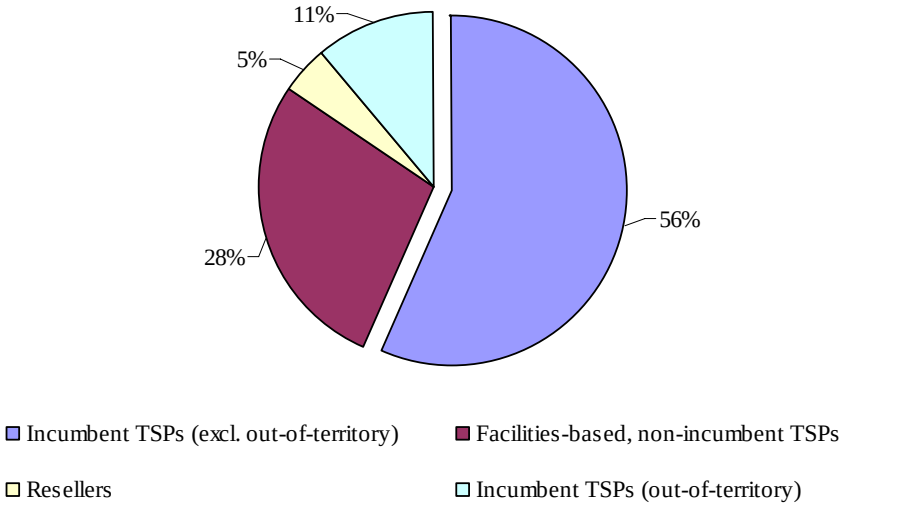
Source: CRTC data collection

Figure 5.1.3 Distribution of telecommunications revenues, by market segment



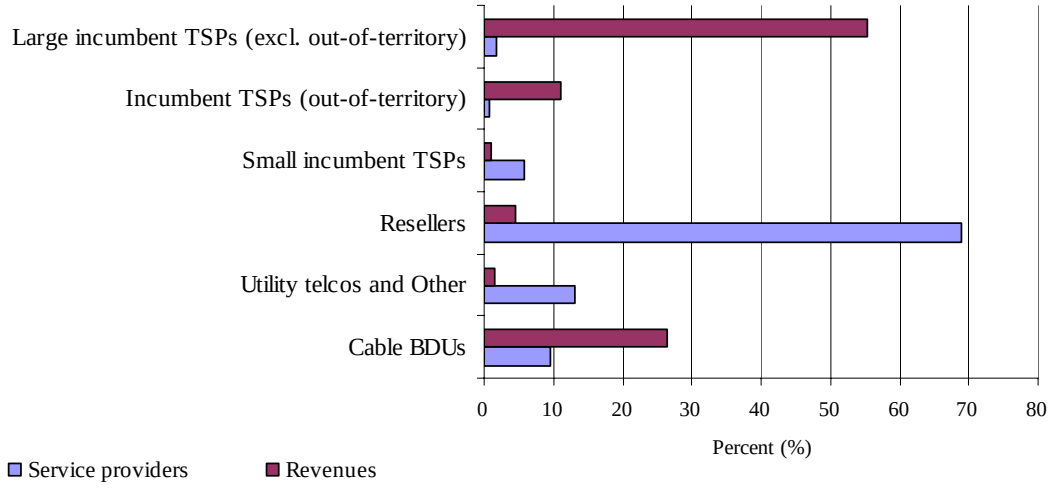
Source: CRTC data collection

Figure 5.1.4 Total telecommunications revenue market share, by type of service provider (2008)



Source: CRTC data collection

Figure 5.1.5 Total telecommunications revenue market share, by type of service provider (2008)



Source: CRTC telecommunications lists and data collection

Table 5.1.3 Total telecommunications revenues, by type of service provider ($ millions)

	2005	2006	2007		2008
Incumbent TSPs					
Large incumbent TSPs	25,617.3	25,822.8	26,245.0		26,728.2
Small incumbent TSPs	367.7	372.5	465.2	#	440.0
Subtotal	25,985.0	26,195.4	26,710.2	#	27,168.2
Less: Incumbent TSPs (out-of-territory)	3,721.6	3,849.0	4,433.7		4,461.0
Incumbent TSPs (excl. out-of-territory)	22,263.4	22,346.4	22,276.5	#	22,707.3
Percent of total	65%	62%	58%	#	56%
Alternative TSPs					
Facilities-based, alternative TSPs					
Incumbent TSPs (out-of-territory)	3,721.6	3,849.0	4,433.7		4,461.0
Cable BDUs	6,583.5	7,731.9	9,231.6	#	10,671.1
Utility telcos and other carriers	152.5	343.6	488.1	#	626.2
Subtotal alternative TSPs	10,457.6	11,924.5	14,153.5	#	15,758.3
Resellers	1,788.5	1,798.4	1,774.5	#	1,840.4
Total facilities-based, alternative TSPs and resellers	12,246.1	13,722.9	15,928.0	#	17,598.6
Percent of total	35%	38%	42%	#	44%
Total	34,509.5	36,069.3	38,204.5	#	40,305.9

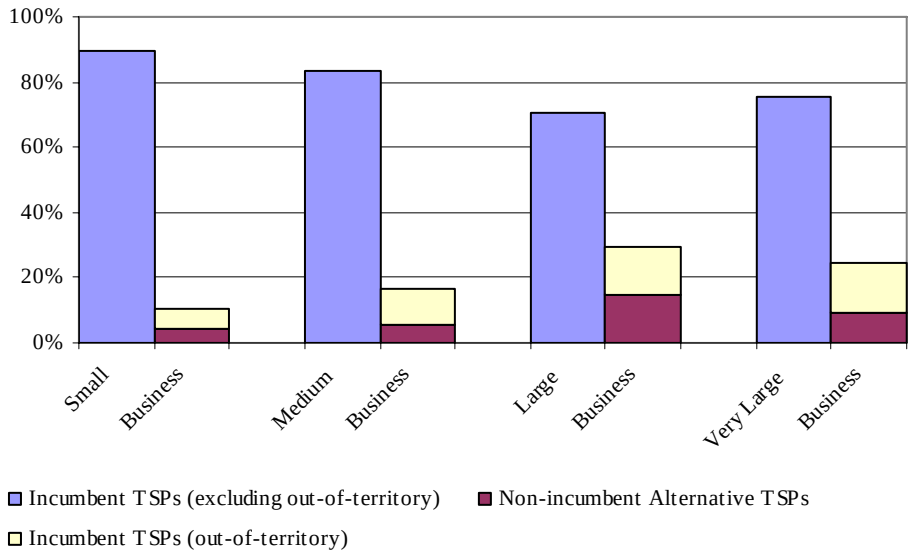
Source: CRTC data collection

Table 5.1.4 Wireline telecommunications revenue market share (%), by type of service provider (2008)

	Retail			Wholesale	Total
	Residential	Business	Total		
Incumbent TSPs (excl. out-of-territory)	62.6	69.2	65.7	68.2	66.0
Alternative TSPs					
Incumbent TSPs (out-of-territory)	0.1	12.1	5.7	19.2	7.4
Facilities-based, non-incumbent TSPs	31.1	10.3	21.4	10.7	20.1
Resellers	6.2	8.4	7.2	1.9	6.5
Alternative TSP subtotal	33.1	31.2	32.2	34.0	32.4

Source: CRTC data collection

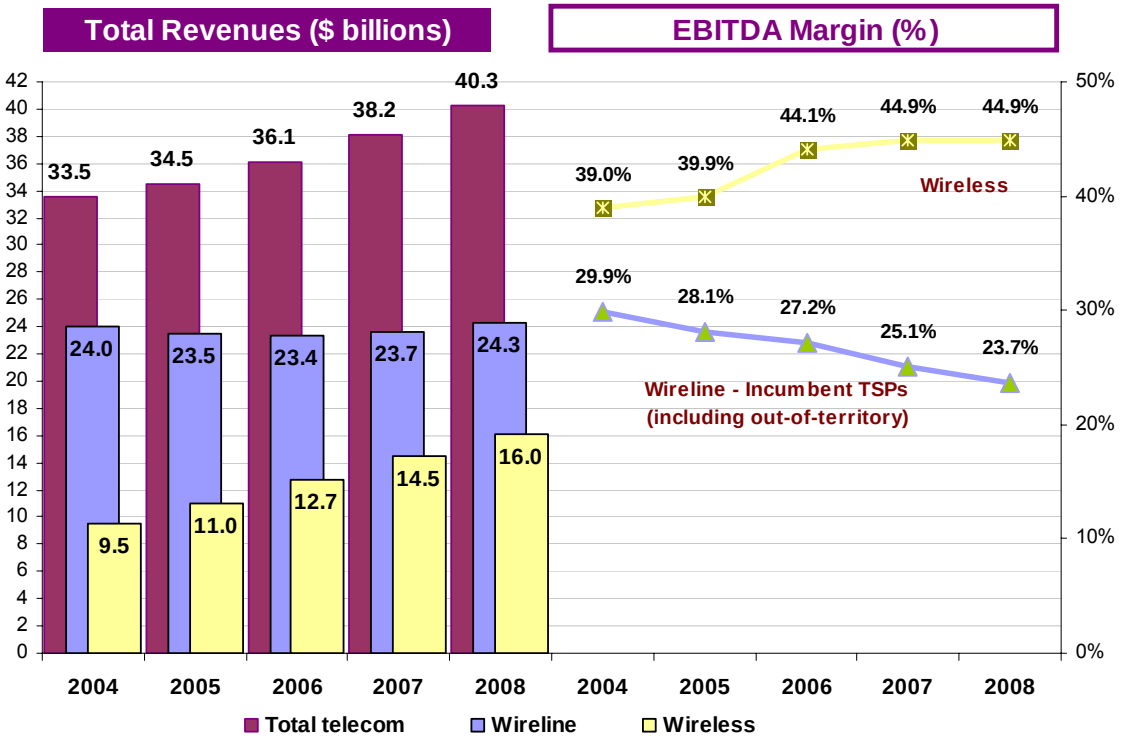
Figure 5.1.6 Total business market wireline revenue[224] distribution, by customer size and type of provider (2008)



Source: CRTC data collection

224 Revenues include wireline revenues from local & access, long distance, and data and private line services.

Figure 5.1.7 Telecommunications revenues and EBITDA margins



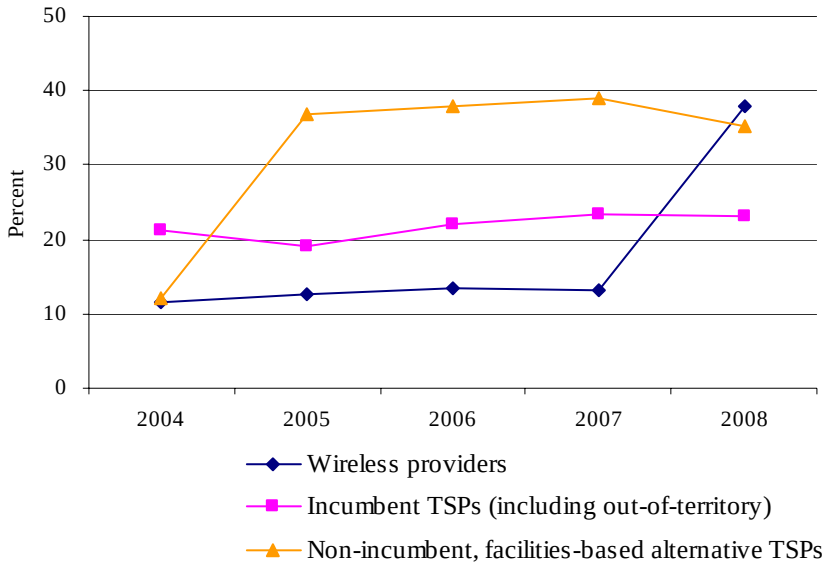
Source: CRTC data collection

Table 5.1.5 Capital expenditures, by type of TSP ($ billions)

	2004	2005	2006	2007		2008	*Growth 2007-2008*	*CAGR 2004-2008*
Wireline								
Incumbent TSPs (including out-of-territory)	4.2	3.6	4.0	4.2	#	4.1	-1.4%	-0.5%
Alternative TSPs								
Non-incumbent, facilities-based alternative TSPs	n/a	0.6	1.2	1.6		1.7	5.6%	na
Resellers	n/a	0.1	0.1	0.1		0.1	-2.5%	na
Alternative TSPs Total	0.4	0.7	1.3	1.7		1.8	5.2%	45.4%
Wireline total	4.6	4.2	5.3	5.9	#	5.9	0.4%	6.5%
Wireless	1.1	1.4	1.7	1.9		6.1	220.2%	53.3%
Wireline and wireless total	5.7	5.6	6.9	7.8	#	12.0	54.1%	20.4%

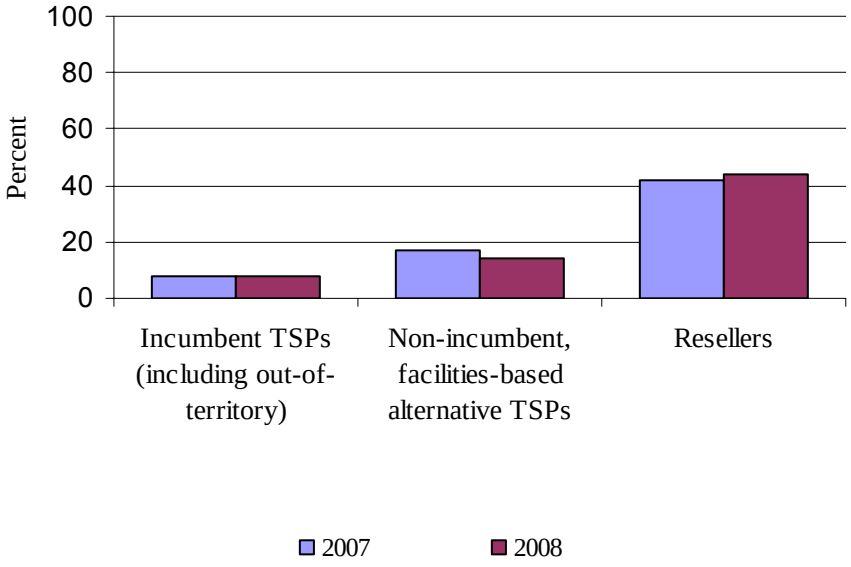
Source: CRTC data collection
n/a: not available

Figure 5.1.8 Capital expenditures as a percentage of revenues, by type of TSP (includes AWS expenditures in 2008)



Source: CRTC data collection

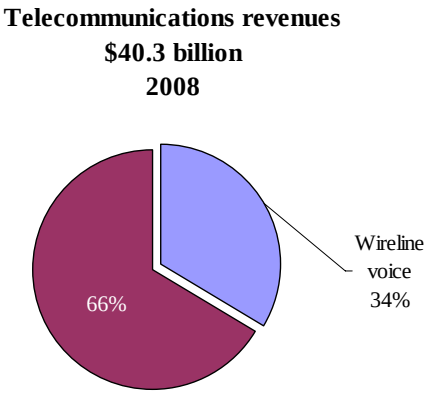
Figure 5.1.9 Wireline inter-carrier expenses as a percentage of revenues, by type of TSP



Source: CRTC data collection

5.2 Local & access and long distance

Overview



Local & access[225] and long distance revenues were $13.5 billion in 2008, with $9.3 billion from local & access revenues and $4.2 billion from long distance[226] revenues. There were over 100 local & access service providers and over 150 long distance service providers. These providers included

- large incumbent TSPs, who provide both local and long distance services, primarily over their own networks;
- small incumbent TSPs, who operate in limited areas of Ontario, Quebec, and British Columbia, and include municipally owned, and public and privately held carriers;
- cable BDUs, who provide network-based local and long distance services; and
- resellers, who do not own their own telecommunications facilities and tend to concentrate on the long distance market by offering dial-around or prepaid card services.

Highlights

- The number of local & access lines increased 0.1% from 20.93 million in 2007 to 20.95 million in 2008.
- Local & access and long distance revenues (excluding contribution) declined 0.8% from $13.6 billion in 2007 to $13.5 billion in 2008:

  i. local & access revenues increased 0.2% from $9.32 billion in 2007 to $9.34 billion in 2008; and
  ii. long distance revenues declined 3.1% from $4.3 billion in 2007 to $4.2 billion in 2008.

- Incumbent TSPs' share of local & access and long distance revenues (excluding out-of-territory) decreased from 78% in 2007 to 76% in 2008:

  i. their local & access revenue market share decreased from 85.2% in 2007 to 82.1% in 2008; and

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225 Telephony services which do not involve connectivity to the public switched telephone network (PSTN) (i.e. computer-to-computer communication) and wireline terminal equipment sales (telephones and private branch exchange (PBX) equipment) are not included.

226 Long distance calls originating from wireless phones are included in the wireless section of this report. Both wireline and wireless long distance calls associated with calling cards are part of the local & access and long distance market.

ii. their long distance revenue market share decreased from 61.8% in 2007 to 61.2% in 2008.

- Residential average monthly local and long distance revenue per line decreased $0.47 from $45.72 in 2007 to $45.25 in 2008, and business average monthly local and long distance revenue per line decreased by $1.80 from $64.56 in 2007 to $62.76 in 2008.

Description of services

Local & access

The local & access sector is comprised of wireline services relating to access and connectivity to the PSTN and includes services used by both retail and wholesale customers.

Local wireline telephone service allows a customer to place unlimited calls within a defined local-calling area for a basic monthly fee. Local service is either access-dependent or access-independent. Access-dependent telephone services include managed wireline access from the TSP to the customer, a connection to the PSTN, and a telephone number. Access-independent telephone services do not include the managed wireline access component. In addition, customers of access-independent telephone services must also have broadband Internet service which serves as the access component.

Local service also includes automated call answering services, business Centrex, Integrated Services Digital Network (ISDN) services, and other ancillary services such as inside wiring, installation and repair, teleconferencing, and miscellaneous local services.

Local & access revenues includes the sale of local services on a wholesale basis and, with the introduction of local competition, has included revenues from access service for interconnection between carriers and other service providers, including switching and aggregation, and unbundled network components.

Long distance

Retail long distance service encompasses wireline voice traffic to locations outside of the local service calling area. Long distance services are sold in a variety of ways such as a standard per-minute charge, a monthly subscription plan, calling cards, or as part of a bundle with other services.

Wholesale long distance service refers to services provided under connection arrangements between facilities-based carriers to transit traffic on behalf of other service providers, as well as the sale of wholesale bulk minutes to resellers of long distance services.

Sector analysis

Local & access and long distance

Local & access and long distance revenues continued their downward trend, declining 0.8% in 2008 from $13.6 billion in 2007 to $13.5 billion. Local & access revenues increased 0.2% in 2008 from $9.32 billion to $9.34 billion, and long distance revenues declined 3.1% from $4.3 billion in 2007 to $4.2 billion in 2008.

Residential average monthly local and long distance revenue per line decreased from $45.72 in 2007 to $45.25 in 2008, mainly due to a decline in long distance revenues which, on a per-line basis, decreased $0.56 per line to $13.94 in 2008. While $45.25 per line represents the average, across all competitors, average monthly local and long distance residential revenue per line for the large incumbent TSPs was $44.18 in 2008, as compared to $36.03 for the large cable BDUs.

Business average monthly local and long distance revenue per line decreased from $64.56 in 2007 to $62.76 in 2008, mainly due to the decrease in long distance revenues which, on a per-line basis, declined from $17.18 per line in 2007 to $15.80 in 2008. Local business revenue per line decreased $0.41 to $46.97.

Local & access segment

Local forbearance

As of 30 June 2009, the Commission forbore from regulating local exchanges representing 77% of all residential lines and 68% of all business lines in Canada. Appendix 4 to this report provides the status of local forbearance by exchange.

Facilities: owned, leased, and resold

In 2008, approximately 73% of the alternative TSP-provided retail lines were provisioned by owned facilities and 18% by leased facilities. Within the residential segment, 87% of alternative TSP-provided local residential lines were provisioned via owned facilities compared to 26% in the business segment.

In terms of revenue, the incumbent TSPs' share of local & access revenues declined from 85.2% in 2007 to 82.1% in 2008, in part due to increased competition from cable BDUs as they continued to make market-share gains, particularly in the local residential market.

The number of residential cable BDU lines increased from 2.3 million in 2007 to 2.9 million in 2008. The cable BDUs' share of residential lines increased from 17.9% in 2007 to 22.5% in 2008, as well as their share of revenues which increased from 13.6% in 2007 to 18.6% in 2008.

The number of access-independent VoIP lines decreased from 161,000 in 2007 to 153,000 in 2008, accounting for 0.8% of local lines in 2008.

In 2008, the incumbent TSPs accounted for 78.1% of lines across all provinces, compared to 81.2% in 2007. The percentage of residential lines held by the incumbent TSPs declined in 2008, both provincially and by major centre.

Long distance segment

Long distance revenues continued to decline while minutes remained relatively stable. Incumbent TSPs' long distance revenues dropped from $2.7 billion in 2007 to $2.6 billion in 2008. The cable BDUs posted the most significant increase in long distance revenues, with residential long distance revenues increasing by 16.8% in 2008 to $226 million.

Declining long distance revenues and increasing long distance minutes over the 2004 to 2008 period have resulted in declining average revenue per minute (ARPM). Most recently in 2008, ARPM dropped from $0.088 in 2007 to $0.083 in 2008 for residential and from $0.058 to $0.051 for business.

Statistical Information – Local & access and long distance

Table 5.2.1 Local & access and long distance revenues, local lines, and long distance minutes

	2004	2005	2006	2007		2008	*CAGR 2004 - 2008*
Total local & access revenues ($ millions)	9,695	9,762	9,618	9,544	#	9,550	*-0.4%*
Annual Growth	*0.0%*	*0.7%*	*-1.5%*	*-0.8%*		*0.1%*	
Less: Contribution revenues ($ millions)	240	251	238	219		209	*-3.4%*
Local & access service revenues ($ millions)	9,455	9,511	9,380	9,324	#	9,342	*-0.3%*
Annual Growth	*0.0%*	*0.6%*	*-1.4%*	*-0.6%*		*0.2%*	
Long distance revenues ($ millions)	5,711	5,109	4,742	4,318	#	4,185	*-7.5%*
Annual Growth	*-5.8%*	*-10.5%*	*-7.2%*	*-8.9%*		*-3.1%*	
Local & access and long distance revenues ($ millions)	15,166	14,620	14,122	13,642	#	13,527	*-2.8%*
Annual Growth	*-2.3%*	*-3.6%*	*-3.4%*	*-3.4%*		*-0.8%*	
Local lines (thousands)	20,563	20,780	21,000	20,926	#	20,947	*0.5%*
Annual Growth	*-0.2%*	*1.1%*	*1.1%*	*-0.4%*		*0.1%*	
Long distance minutes (millions)	60,619	66,696	71,998	72,345	#	73,015	*4.8%*
Annual Growth	*6.0%*	*10.0%*	*7.9%*	*0.5%*		*0.9%*	

Source: CRTC data collection

Table 5.2.2 Local & access and long distance revenues, by service category ($ millions)

		2005	2006	2007		2008	*CAGR 2005 - 2008*
Local							
Residential		5,086	4,947	4,847	#	4,869	*-1.4%*
	Annual Growth	*-0.3%*	*-2.7%*	*-2.0%*		*0.5%*	
Business		3,472	3,514	3,581	#	3,552	*0.8%*
	Annual Growth	*2.1%*	*1.2%*	*1.9%*		*-0.8%*	
Subtotal retail		8,558	8,461	8,428	#	8,421	*-0.5%*
	Annual Growth	*0.7%*	*-1.1%*	*-0.4%*		*-0.1%*	
Wholesale		828	827	814	#	851	*0.9%*
	Annual Growth	*0.7%*	*-0.1%*	*-1.6%*		*4.6%*	
Total local		9,386	9,288	9,242	#	9,272	*-0.4%*
	Annual Growth	*0.7%*	*-1.0%*	*-0.5%*		*0.3%*	
Long Distance							
Residential		2,648	2,411	2,251	#	2,168	*-6.5%*
	Annual Growth	*-9.4%*	*-9.0%*	*-6.6%*		*-3.7%*	
Business		1,550	1,464	1,299	#	1,195	*-8.3%*
	Annual Growth	*-13.4%*	*-5.5%*	*-11.3%*		*-8.0%*	
Subtotal retail		4,198	3,875	3,550	#	3,362	*-7.1%*
	Annual Growth	*-10.9%*	*-7.7%*	*-8.4%*		*-5.3%*	
Wholesale		911	867	768		823	*-3.3%*
	Annual Growth	*-8.8%*	*-4.8%*	*-11.4%*		*7.1%*	
Total long distance		5,109	4,742	4,318	#	4,185	*-6.4%*
	Annual Growth	*-10.5%*	*-7.2%*	*-8.9%*		*-3.1%*	
Local and long distance							
Residential		7,734	7,358	7,098	#	7,037	*-3.1%*
	Annual Growth	*-3.6%*	*-4.9%*	*-3.5%*		*-0.9%*	
Business		5,022	4,978	4,880	#	4,747	*-1.9%*
	Annual Growth	*-3.3%*	*-0.9%*	*-2.0%*		*-2.7%*	
Subtotal retail		12,756	12,336	11,978	#	11,783	*-2.6%*
	Annual Growth	*-3.5%*	*-3.3%*	*-2.9%*		*-1.6%*	
Wholesale		1,739	1,694	1,582	#	1,674	*-1.3%*
	Annual Growth	*-4.5%*	*-2.6%*	*-6.6%*		*5.8%*	
Total		14,495	14,030	13,560	#	13,547	*-2.4%*
	Annual Growth	*-3.6%*	*-3.2%*	*-3.4%*		*-0.8%*	

Source: CRTC data collection

Table 5.2.3 Local & access revenues, by type of TSP ($ millions)

	2005	2006	2007		2008	*CAGR 2005 - 2008*
Residential						
Incumbent TSPs (excluding out-of-territory)	4,837	4,457	4,096		3,827	*-7.5%*
Annual Growth	*-2.4%*	*-7.9%*	*-8.1%*		*-6.6%*	
Incumbent TSPs (out-of-territory)	3	5	6		10	*47.1%*
Annual Growth	*50.0%*	*66.7%*	*12.7%*		*69.4%*	
Non-incumbent, alternative TSPs	246	485	745	#	1,033	*61.3%*
Annual Growth	*73.2%*	*97.2%*	*53.6%*		*38.6%*	
Total residential	5,086	4,947	4,847	#	4,869	*-1.4%*
Annual Growth	*-0.3%*	*-2.7%*	*-2.0%*		*0.5%*	
Business						
Incumbent TSPs (excluding out-of-territory)	2,998	3,023	3,114		3,096	*1.1%*
Annual Growth	*0.1%*	*0.8%*	*3.0%*		*-0.6%*	
Incumbent TSPs (out-of-territory)	316	313	323		309	*-0.7%*
Annual Growth	*6.0%*	*-0.9%*	*3.2%*		*-4.3%*	
Non-incumbent, alternative TSPs	158	178	144	#	147	*-2.4%*
Annual Growth	*46.3%*	*12.7%*	*-19.0%*		*2.0%*	
Total business	3,472	3,514	3,581	#	3,552	*0.8%*
Annual Growth	*2.1%*	*1.2%*	*1.9%*		*-0.8%*	
Retail						
Incumbent TSPs (excluding out-of-territory)	7,835	7,480	7,210		6,923	*-4.0%*
Annual Growth	*-1.5%*	*-4.5%*	*-3.6%*		*-4.0%*	
Incumbent TSPs (out-of-territory)	319	318	329		319	*0.0%*
Annual Growth	*6.3%*	*-0.3%*	*3.4%*		*-5.4%*	
Non-incumbent, alternative TSPs	404	663	889	#	1,180	*42.9%*
Annual Growth	*61.6%*	*64.1%*	*34.1%*		*32.7%*	
Total retail	8,558	8,461	8,428	#	8,421	*-0.2%*
Annual Growth	*0.7%*	*-1.1%*	*-0.4%*		*-0.1%*	
Wholesale						
Incumbent TSPs (excluding out-of-territory)	698	667	664		686	*-0.6%*
Annual Growth	*-2.0%*	*-4.4%*	*-0.4%*		*3.2%*	
Incumbent TSPs (out-of-territory)	104	134	109		114	*3.2%*
Annual Growth	*11.8%*	*28.8%*	*-18.3%*		*4.3%*	
Non-incumbent, alternative TSPs	26	26	40	#	51	*25.2%*
Annual Growth	*52.9%*	*0.0%*	*54.4%*		*27.2%*	
Total wholesale	828	827	814	#	851	*0.9%*
Annual Growth	*0.7%*	*-0.1%*	*-1.6%*		*4.6%*	
Total						
Incumbent TSPs (excluding out-of-territory)	8,533	8,147	7,874		7,609	-3.7%
Annual Growth	*-1.5%*	*-4.5%*	*-3.3%*		*-3.4%*	
Incumbent TSPs (out-of-territory)	423	452	438		433	0.8%
Annual Growth	*7.6%*	*6.9%*	*-3.0%*		*-1.2%*	
Non-incumbent, alternative TSPs	430	689	929	#	1,231	42.0%
Annual Growth	*61.0%*	*60.2%*	*34.9%*		*32.4%*	
Total revenues	9,386	9,288	9,242	#	9,272	-0.4%
Annual Growth	*0.7%*	*-1.0%*	*-0.5%*		*0.3%*	

Source: CRTC data collection

Table 5.2.4 Local lines, by type of TSP (thousands)

	2005	2006	2007		2008	*CAGR 2005 - 2008*
Residential						
Incumbent TSPs (excluding out-of-territory)	11,924	11,104	10,356		9,541	-5.4%
Annual Growth	*-4.3%*	*-6.9%*	*-6.7%*		*-7.9%*	
Incumbent TSPs (out-of-territory)	13	21	26		27	20.2%
Annual Growth	*30.0%*	*61.5%*	*25.4%*		*2.9%*	
Non-incumbent, alternative TSPs	963	1,825	2,544	#	3,422	37.3%
Annual Growth	*130.4%*	*89.5%*	*39.4%*		*34.5%*	
Total residential	12,900	12,950	12,927	#	12,990	0.2%
Annual Growth	*0.1%*	*0.4%*	*-0.2%*		*0.5%*	
Business						
Incumbent TSPs (excluding out-of-territory)	5,336	5,264	5,252		5,268	-0.3%
Annual Growth	*-0.7%*	*-1.3%*	*-0.2%*		*0.3%*	
Incumbent TSPs (out-of-territory)	573	614	640		617	1.9%
Annual Growth	*5.7%*	*7.2%*	*4.2%*		*-3.6%*	
Non-incumbent, alternative TSPs	315	390	438	#	390	5.5%
Annual Growth	*19.3%*	*23.8%*	*12.4%*		*-11.1%*	
Total business	6,224	6,268	6,330	#	6,274	0.2%
Annual Growth	*0.7%*	*0.7%*	*1.0%*		*-0.9%*	
Retail						
Incumbent TSPs (excluding out-of-territory)	17,260	16,368	15,608		14,808	-3.8%
Annual Growth	*-3.2%*	*-5.2%*	*-4.6%*		*-5.1%*	
Incumbent TSPs (out-of-territory)	586	635	666		644	2.4%
Annual Growth	*6.2%*	*8.4%*	*4.9%*		*-3.3%*	
Non-incumbent, alternative TSPs	1,278	2,215	2,983	#	3,812	31.4%
Annual Growth	*87.4%*	*73.3%*	*34.7%*		*27.8%*	
Total retail	19,124	19,218	19,257	#	19,264	0.2%
Annual Growth	*0.3%*	*0.5%*	*0.2%*		*0.0%*	
Wholesale						
Incumbent TSPs (excluding out-of-territory)	458	451	551		623	8.0%
Annual Growth	*-2.1%*	*-1.5%*	*22.1%*		*13.2%*	
Incumbent TSPs (out-of-territory)	303	470	405		405	7.5%
Annual Growth	*134.9%*	*55.1%*	*-13.9%*		0.0%	
Non-incumbent, alternative TSPs	41	48	84	#	97	24.1%
Annual Growth	*20.6%*	*17.1%*	*75.6%*		15.4%	
Total wholesale	802	969	1,040	#	982	5.2%
Annual Growth	*27.1%*	*20.8%*	*7.3%*		-5.5%	
Total						
Incumbent TSPs (excluding out-of-territory)	17,718	16,819	16,159		15,432	-3.4%
Annual Growth	*-3.2%*	*-5.1%*	*-3.9%*		*-4.5%*	
Incumbent TSPs (out-of-territory)	889	1,105	1,071		906	0.5%
Annual Growth	*30.5%*	*24.3%*	*-3.1%*		*-15.4%*	
Non-incumbent, alternative TSPs	1,319	2,263	3,067	#	3,909	31.2%
Annual Growth	*84.2%*	*71.6%*	*35.5%*		*27.5%*	
Total lines	19,926	20,187	20,297	#	20,246	0.4%
Annual Growth	*1.1%*	*1.3%*	*0.5%*		*-0.2%*	

Source: CRTC data collection

Table 5.2.5 Incumbent TSP provincial retail local market share, by line

Province	2006	2007	2008
British Columbia	88.0%	85.0%	80.1%
Alberta	82.3%	79.4%	76.4%
Saskatchewan	99.5%	97.9%	95.9%
Manitoba	92.1%	91.7%	89.7%
Ontario	83.5%	78.9%	77.4%
Quebec	84.6%	78.6%	72.5%
New Brunswick	96.6%	94.2%	92.9%
Nova Scotia	78.9%	75.4%	73.8%
Prince Edward Island	85.1%	84.5%	82.5%
Newfoundland & Labrador	96.1%	92.7%	91.8%
All provinces	85.4%	81.2%	78.1%

Source: CRTC data collection

Table 5.2.6 Incumbent TSP residential and business local market share, by line for major centres[227]

		Residential lines		Business lines	
Province	**Major centre**	**2007**	**2008**	**2007**	**2008**
British Columbia	Vancouver	79.8%	72.4%	74.4%	75.3%
	Victoria	74.8%	66.0%	85.5%	83.5%
Alberta	Calgary	68.5%	62.6%	72.7%	71.7%
	Edmonton	77.4%	71.2%	73.4%	74.8%
Saskatchewan	Saskatoon	90.6%	87.3%	99.6%	99.0%
	Regina	95.8%	88.8%	99.7%	99.5%
Manitoba	Winnipeg	79.7%	75.5%	99.0%	98.6%
Ontario	Toronto	69.2%	66.2%	76.2%	79.5%
	Ottawa-Gatineau	74.7%	69.4%	90.0%	90.9%
	Hamilton	72.3%	67.7%	83.8%	85.8%
	London	71.6%	68.0%	80.3%	80.7%
	Kitchener-Waterloo	72.4%	67.3%	78.8%	79.3%
	St. Catharines-Niagara	82.4%	78.0%	82.5%	86.8%
	Windsor	83.7%	81.3%	77.9%	79.1%
	Oshawa	65.3%	64.8%	86.5%	89.2%
Quebec	Montréal	67.2%	61.5%	80.8%	76.6%
	Québec	70.1%	60.6%	82.2%	74.4%
New Brunswick	Fredericton	84.5%	81.6%	99.6%	99.6%
Nova Scotia	Halifax	56.8%	54.0%	78.6%	81.8%
Prince Edward Island	Charlottetown	66.2%	63.7%	88.3%	89.5%
Newfoundland & Labrador	St. John's	94.0%	89.1%	70.4%	78.4%

Source: CRTC data collection

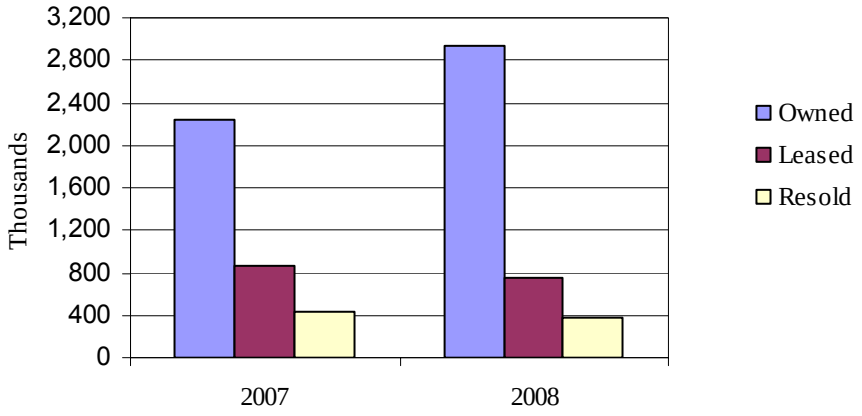
[227] Major centre boundaries are defined using Statistics Canada census metropolitan area and census agglomeration definitions.

Table 5.2.7 Local wholesale revenues, by major component ($ millions)

	2004	2005	2006	2007	2008	*CAGR 2004 - 2008*
Interconnection	333	322	293	273	281	-4.2%
Centrex	123	107	106	104	97	-5.7%
PSTN access	219	237	256	261	280	6.3%
Unbundled loops	84	110	119	120	116	8.4%
Other revenues	62	53	53	45	47	-6.7%
Total	822	829	827	802	821	0.0%

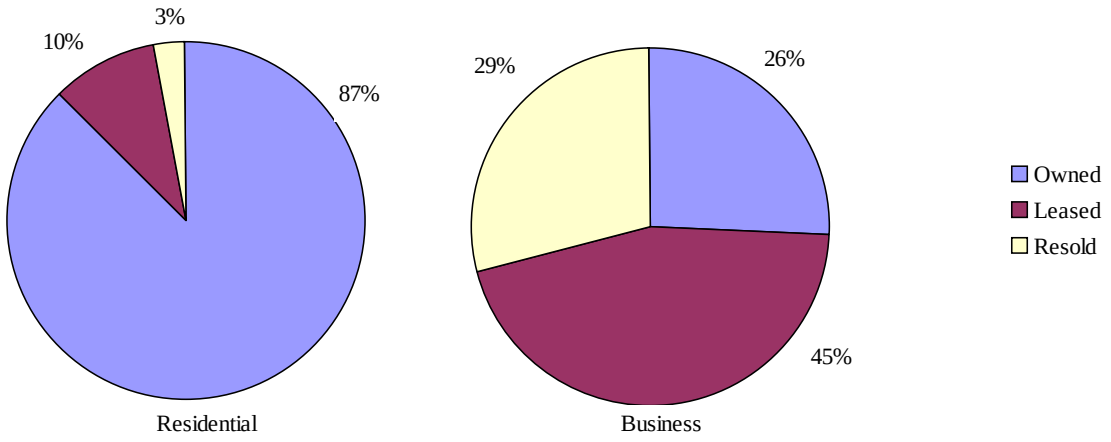
Source: CRTC data collection

Figure 5.2.1 Alternative TSP local retail lines, by type of facility



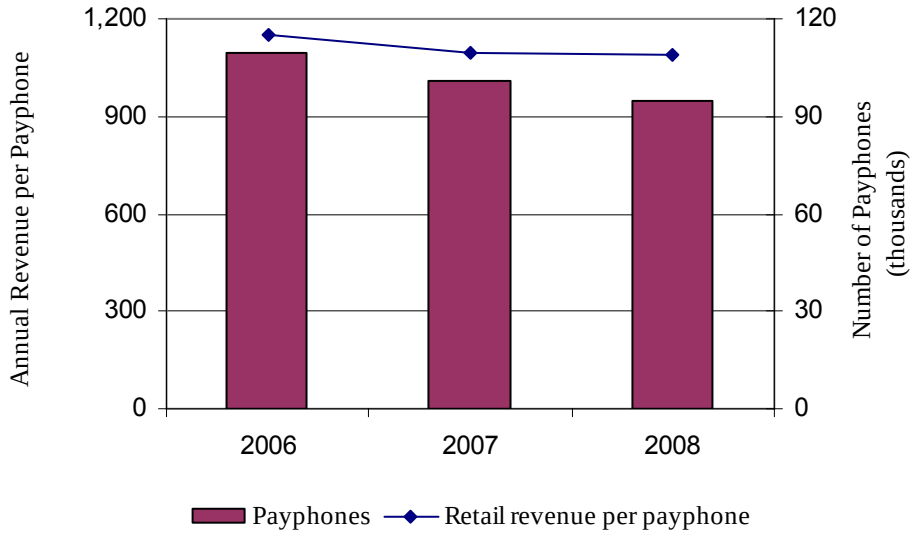
Source: CRTC data collection

Figure 5.2.2 Alternative TSP local residential and business lines, by type of facility (2008)



Source: CRTC data collection

Figure 5.2.3 Large incumbent TSP pay telephone quantities and retail revenue per payphone



Source: CRTC data collection

Table 5.2.8 Long distance revenues, by type of TSP ($ millions)

	2005	2006	2007		2008	*CAGR 2005 - 2008*
Residential						
Incumbent TSPs (excluding out-of-territory)	1,922	1,655	1,505	#	1,442	-9.1%
Annual Growth	*-10.0%*	*-13.9%*	*-9.0%*		-4.2%	
Incumbent TSPs (out-of-territory)	6	5	5		3	-24.1%
Annual Growth	*200.0%*	*-16.7%*	*-0.2%*		-47.5%	
Non-incumbent, alternative TSPs	720	751	741	#	723	0.1%
Annual Growth	*-8.3%*	*4.3%*	*-1.3%*		-2.4%	
Total residential	2,648	2,411	2,251	#	2,168	-6.5%
Annual Growth	*-9.4%*	*-9.0%*	*-6.6%*		-3.7%	
Business						
Incumbent TSPs (excluding out-of-territory)	873	812	750	#	700	-7.1%
Annual Growth	*-18.2%*	*-7.0%*	*-7.6%*		-6.6%	
Incumbent TSPs (out-of-territory)	295	240	212		176	-15.9%
Annual Growth	*-11.1%*	*-18.6%*	*-11.6%*		-17.2%	
Non-incumbent, alternative TSPs	382	412	337	#	319	-5.9%
Annual Growth	*-2.1%*	*7.9%*	*-18.3%*		-5.3%	
Total business	1,550	1,464	1,299	#	1,195	-8.3%
Annual Growth	*-13.4%*	*-5.5%*	*-11.3%*		-8.0%	
Retail						
Incumbent TSPs (excluding out-of-territory)	2,795	2,467	2,255	#	2,142	-8.5%
Annual Growth	*-12.7%*	*-11.7%*	*-8.6%*		-5.0%	
Incumbent TSPs (out-of-territory)	301	245	217		178	-16.0%
Annual Growth	*-9.9%*	*-18.6%*	*-11.4%*		-17.9%	
Non-incumbent, alternative TSPs	1,102	1,163	1,078	#	1,042	-1.9%
Annual Growth	*-6.2%*	*5.5%*	*-7.3%*		-3.3%	
Total retail	4,198	3,875	3,550	#	3,362	-7.1%
Annual Growth	*-10.9%*	*-7.7%*	*-8.4%*		-5.3%	
Wholesale						
Incumbent TSPs (excluding out-of-territory)	469	400	414		420	-3.6%
Annual Growth	*-11.5%*	*-14.7%*	*3.6%*		1.4%	
Incumbent TSPs (out-of-territory)	270	270	217		262	-1.0%
Annual Growth	*0.0%*	*0.0%*	*-19.7%*		20.9%	
Non-incumbent, alternative TSPs	172	197	137		140	-6.5%
Annual Growth	*-13.6%*	*14.5%*	*-30.6%*		2.7%	
Total wholesale	911	867	768		823	-3.3%
Annual Growth	*-8.8%*	*-4.8%*	*-11.4%*		7.1%	
Total						
Incumbent TSPs (excluding out-of-territory)	3,264	2,867	2,670	#	2,563	-7.7%
Annual Growth	*-12.5%*	*-12.2%*	*-6.9%*		-4.0%	
Incumbent TSPs (out-of-territory)	571	515	434		440	-8.3%
Annual Growth	*-5.5%*	*-9.8%*	*-15.7%*		1.4%	
Non-incumbent, alternative TSPs	1,274	1,360	1,214	#	1,182	-2.5%
Annual Growth	*-7.3%*	*6.8%*	*-10.7%*		-2.6%	
Total revenues	5,109	4,742	4,318	#	4,185	-6.4%
Annual Growth	*-10.5%*	*-7.2%*	*-8.9%*		-3.1%	

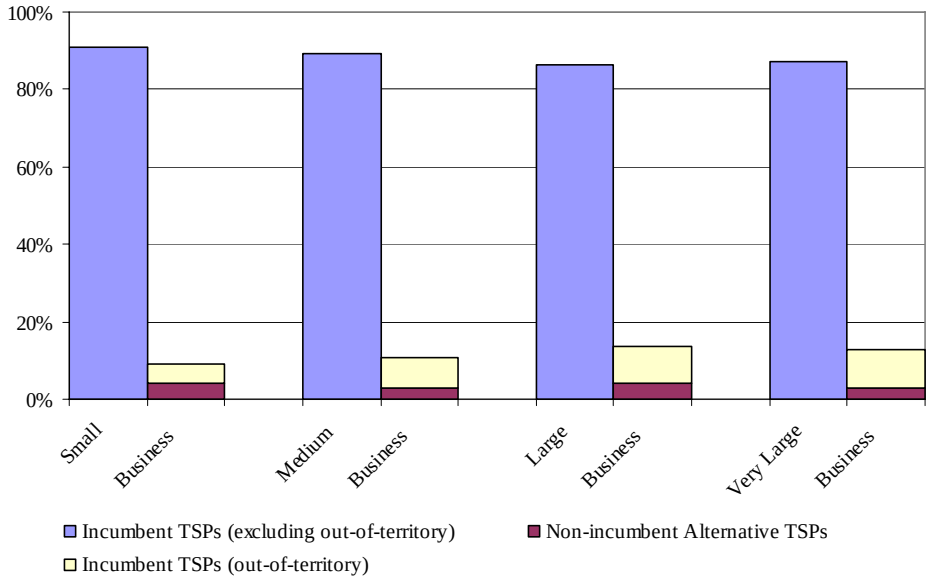
Source: CRTC data collection

Table 5.2.9 Large incumbent TSPs' retail long distance revenue market share, by region

Region	Percent				
	2004	2005	2006	2007	2008
B.C., Alberta	69	68	66	75	73
Saskatchewan	84	84	79	86	85
Manitoba	84	86	84	88	83
Ontario, Quebec	65	61	57	55	56
Atlantic	78	77	79	82	81

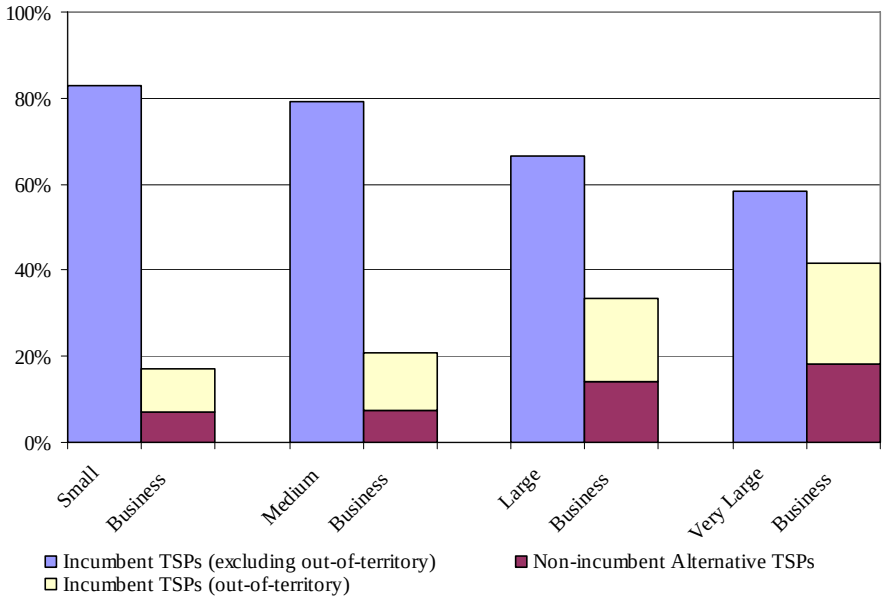
Source: CRTC data collection

Figure 5.2.4 Local business market revenue distribution, by customer size and type of provider (2008)



Source: CRTC data collection

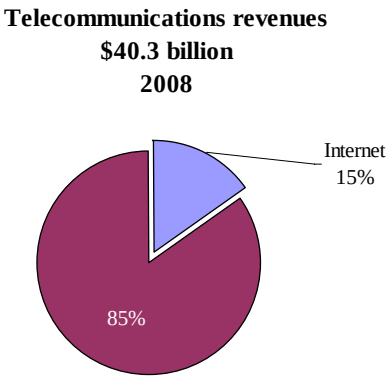
Figure 5.2.5 Long distance business market revenue distribution, by customer size and type of provider (2008)



Source: CRTC data collection

5.3 Internet and broadband availability

Overview



In 2008, Internet revenues were approximately $6.2 billion, or 15%, of telecommunications revenues. Retail Internet access and transport revenues were approximately 80% of total Internet revenues. Of the retail Internet access revenues, approximately 80% were from residential Internet access service.

Internet services are provisioned using various technologies and platforms such as dial-up access lines, digital subscriber line (DSL), cable modem (i.e. coax cable), fibre cable, fixed wireless, and satellite facilities. Internet services are available on a retail and wholesale basis. Revenues from terminal equipment rental and sales, Internet applications, and other Internet-related services are also part of Internet revenues.

Highlights

- The top five Internet service providers (ISPs) were dominant in the Internet access market, capturing 76% of the Internet access revenues in 2008.
- Residential Internet access subscriptions had a lower annual growth rate in 2008 of 5.6%, compared to 6.8% in 2007.
- Approximately 74% of Canadian households[228] subscribed to Internet service, up from 72% in 2007.
- 69% of Canadian households subscribed to high-speed[229] Internet access service, up from 64% in 2007. Broadband[230] services were taken by 52%[231] of all households, up from 48%, while services above 5 megabits per second (Mbps) were taken by 41%, up from 38%.
- Excluding satellite, broadband Internet access service was available to 94% of Canadian households. Virtually all urban households and 78% of rural households can have access to broadband service.

The Industry

The Internet access industry consists of an estimated 500 companies:

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228 The number of Canadian households are 12.99 million in 2007 and 13.19 million in 2008. Source: Statistics Canada 2008, "Spending Patterns in Canada, 62-202-XWE," year 2007 issue, and CRTC estimates.

229 High-speed Internet access service includes speeds at or above 128 kilobits per second (Kbps).

230 Broadband service includes speeds at or above 1.5 Mbps.

231 Based on a sample of incumbent TSPs and cable BDUs.

- 9% are incumbent TSPs, who own the vast majority of the copper twisted pair access links to homes and businesses: these service providers provide Internet access mainly by dial-up, DSL, fibre optic, satellite, and fixed wireless facilities;
- 18% are cable companies who own the coaxial-based television distribution networks serving households and, to a much lesser extent, businesses. They essentially provide Internet access using cable modem, fibre optic, and fixed wireless facilities;
- 19% are utility telcos, municipalities, and other TSPs who own facilities and mainly provide service using dial-up, DSL, fibre optic, satellite, or fixed wireless facilities; and
- the remaining 54% are resellers who essentially rely on facilities-based TSPs to provide them with the facilities on a wholesale basis. Resellers mainly provide dial-up Internet access service, as well as high-speed Internet service using leased DSL, cable modem, and fibre optic facilities.

Sector analysis

Retail Internet access revenues

The five largest Internet access service providers[232] and their affiliates continued to dominate the market for retail Internet access with 76% of the Internet access revenues in 2008.

The incumbent TSPs, excluding their out-of-territory operations, and the cable BDUs are the major providers of Internet access service with revenue market shares in 2008 of approximately 40% and 48%, respectively.

The market share of the incumbent TSPs when operating outside their traditional territories, resellers, utility telcos, and other carriers remained unchanged at approximately 12% in 2008. In 2003, these TSPs had 23% revenue market share, which declined over the years to 12% in 2007.

As displayed in Figure 5.3.1, as a group, incumbent TSPs operating outside their traditional territories, resellers, utility telcos, and other TSPs have a far larger share of the business Internet access revenues than of the residential Internet access revenues. Conversely, the cable BDUs have a far larger share of the residential Internet access revenues than of the business Internet access revenues.

Residential subscribers and the shift to high-speed

As of year-end 2008, 9.8 million residential Internet access subscribers, or approximately 74% of all Canadian households, had an Internet access subscription. Households with high-speed Internet access reached 9.1 million households, or 69% of all Canadian households, up from 64% in the previous year. In 2000, high-speed Internet access subscriptions were 31% of all Internet subscriptions. Since then, high-speed Internet access

[232] The five largest companies are Bell Canada, TCC, Rogers Communications Inc., Vidéotron Ltd., and Shaw Cablesystems G.P. and their affiliates.

has become the dominant means of accessing the Internet, comprising 93% of all residential Internet subscriptions.

As displayed in Table 5.3.2, over the 2004 to 2008 period, the subscriber-based residential market share of the other TSPs (i.e. excluding incumbent TSPs and cable BDUs) declined from 16% in 2004 to 8% in 2008. However, the total number of subscribers in 2008 for these TSPs increased in 2008 for the first time since 2001.

In 2003, cable modem subscriptions were approximately 1.29 times that of DSL. The gap or difference between the number of cable modem subscriptions and the number of DSL subscriptions was steadily narrowing to the point where, by 2004, the gap was 1.2 cable modem subscriptions per DSL subscription. However, by 2006, this trend had stopped and the gap had started to widen, to the point where cable modem subscriptions were 1.31 times that of DSL subscriptions by year-end 2008.

High-speed and broadband

Residential subscribers of high-speed Internet access have been making increasing use of their connections, as discussed in the New Media section of this report. The weighted-average download speed for Canadian subscribers is 5.0 Mbps, compared to 4.2 Mbps in 2007. The weighted-average downloads were 9.1 gigabytes per month, and the weighted-average uploads were 3.2 gigabytes, in 2008.[233] The weighted-average monthly data transfer limit was approximately 42 gigabytes.

Broadband service (i.e. services above 1.5 Mbps) has been increasingly popular, as shown in Figure 5.3.4. The greater popularity or demand for broadband service can be attributed to the greater availability of broadband and the activities pursued on the Internet such as music, video, and high definition (HD) video downloads.

Most Canadians subscribed to broadband plans with an advertised top speed of 5 to 9 Mbps. Plans in the 5 to 9 Mbps range allow the user to download or view online movie rentals or purchases, and may allow for certain low bandwidth forms of HD video. Fifty-nine percent of high-speed subscribers were at or above this capability. The average lowest price for this range of speeds was approximately $43.40 per month.

Lower-speed plans in the 300 to 1400 Kbps range were also available. These speeds would be adequate for web video, gaming, and current virtual world implementations, and should be adequate for use with music downloads and small software downloads. Ninety-six percent of high-speed subscribers were at or above these speeds. The average lowest price was approximately $31.71 per month for these speeds.

The next most popular range of speeds was the 1.5 to 4 Mbps category. At these speeds users can download full compact disk (CD) software. Seventy-six percent of high-speed subscribers were at or above these speeds. The average lowest price for these speeds was approximately $44.29.

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233 This information is based on the weighted-average results from the larger facilities-based service providers.

The most expensive services were those at 10 Mbps or above. These services were considered adequate for most forms of HD video, full DVD downloading, and may be suitable for HD-DVD videos. These services were taken by 9% of subscribers. The average lowest offer for this type of service is approximately $56.83 per month for services between 10 and 15 Mbps, and approximately $79.98 per month for services at or above 16 Mbps.

ISPs also offered “Lite” and wideband services that were at or below 256 Kbps. These speeds are considered sufficient for VoIP services and for some gaming and email and web use. The average lowest price for these speeds was approximately $24.56 per month.

Internet – Statistical Information

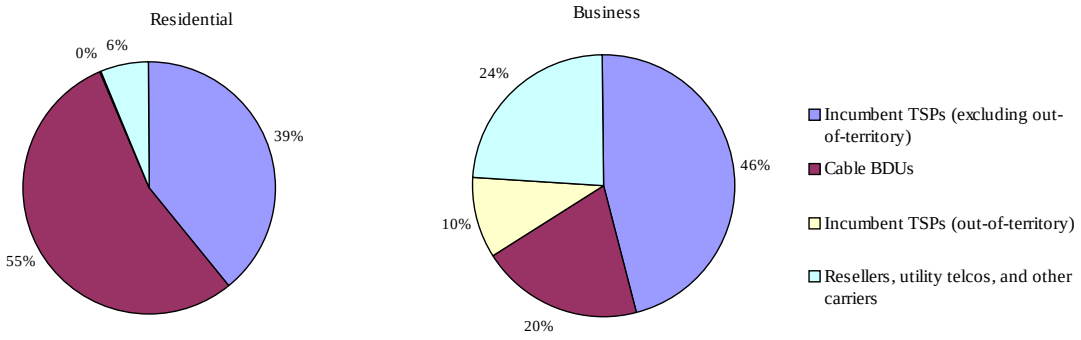
Table 5.3.1 Internet revenues ($ millions)

		2004	2005	2006	2007	2008	*Growth 2007-2008*	*CAGR 2004-2008*
Residential	Incumbent TSPs (excluding out-of-territory)							
	Dial-up	228	192	159	141	116	*-17.2%*	*-15.5%*
	High-speed	813	1,014	1,160	1,331 #	1,406	*5.6%*	*14.7%*
	Subtotal	1,041	1,206	1,319	1,471	1,522	*3.6%*	*10.0%*
	Cable BDUs							
	Dial-up	6	13	8	5	2	*-54.9%*	*-23.7%*
	High-speed	1,212	1,380	1,649	1,935	2,129	*10.0%*	*15.1%*
	Subtotal	1,218	1,393	1,657	1,940	2,131	*9.9%*	*15.0%*
	Incumbent TSPs (excluding out-of-territory) and cable BDUs subtotal							
	Dial-up	234	205	167	145	118	*-18.4%*	*-15.6%*
	High-speed	2,025	2,394	2,809	3,266	3,535	*8.3%*	*14.9%*
	Subtotal	2,259	2,599	2,976	3,411	3,654	*7.2%*	*12.8%*
	Other TSPs							
	Dial-up	199	157	112	83	71	*-14.6%*	*-22.8%*
	High-speed	65	83	103	128 #	175	*36.1%*	*28.0%*
	Subtotal	264	239	215	211	245	*14.9%*	*-1.8%*
	Total							
	Dial-up	433	362	279	228	189	*-17.0%*	*-18.7%*
	High-speed	2,090	2,477	2,912	3,394	3,710	*9.3%*	*15.4%*
	Residential Total	2,523	2,838	3,191	3,622	3,899	*7.6%*	*11.5%*
Business	Incumbent TSPs (excluding out-of-territory)	391	396	406	434	457	*5.1%*	*4.0%*
	Cable BDUs	66	127	134	169	201	*18.7%*	*32.0%*
	Incumbent TSPs (excluding out-of-territory) and cable BDUs subtotal	457	523	540	604	657	*8.9%*	*9.5%*
	Other TSPs							
	Incumbent TSPs (out-of-territory)	106	125	98	112	98	*-12.8%*	*-1.9%*
	Resellers, utility telcos, and other carriers	254	214	236	223	241	*8.4%*	*-1.3%*
	Other TSPs subtotal	360	339	335	335	339	*1.3%*	*-1.5%*
	Business Access Total	816	862	874	938	997	*6.2%*	*5.1%*
	Business Transport Total	46	41	50	73	76	*4.4%*	*13.7%*
	Business Total	862	903	924	1,011	1,073	*6.1%*	*5.6%*
Wholesale Access	Higher capacity access and transport	107	95	77	54	54	*-0.4%*	*-15.9%*
	Lower capacity access	103	111	125	147	161	*9.7%*	*11.7%*
	Wholesale Total	210	206	202	201	215	*7.0%*	*0.5%*
Other	Applications, equipment, and other Internet-related services	569	583	720	835	1,015	*21.6%*	*15.6%*
	Grand Total	4,164	4,530	5,037	5,669	6,202	*9.4%*	*10.5%*

Notes:
1. Wholesale Internet access and transport services are generally sold to ISPs. These services are used by the ISPs to provide Internet access service to their retail customers. Sales to non-ISP entities, such as VoIP service providers, are also included in the wholesale revenues presented in Table 5.3.1 as "higher capacity access and transport" revenues.
2. "Lower capacity access" includes services such as Bell Canada's Gateway Access Service (GAS), TCC's virtual point of presence (VPOP) DSL, and cable BDU-provided third-party Internet access (TPIA) service, as well as satellite capacity, and dial-up bundled with Internet access sold to ISPs.
3. In previous years, modem rental fees for residential service were included with Internet access service revenue. However, they are no longer included as of 2008. They total approximately $121 million in 2008.

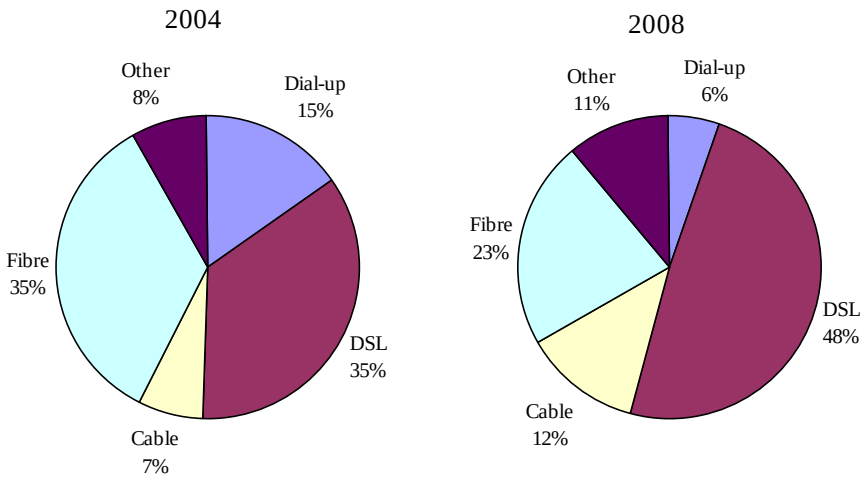
Source: CRTC Data Collection

Figure 5.3.1 Internet access revenue share, by type of entity



Source: CRTC data collection

Figure 5.3.2 Business Internet access revenues, by access technology



Source: CRTC data collection

Note: Other includes the remaining technologies such as, but not limited to, integrated services digital network (ISDN), fixed wireless, and satellite.

Table 5.3.2 Residential Internet subscribers, by type of TSP

	2004		2005		2006		2007		2008			
	Subscribers /1000	Share*	Subscribers /1000	Share*	Subscribers /1000	Share*	Subscribers /1000	Share*	Subscribers /1000	Share*	*Growth 2007-2008*	*CAGR 2004-2008*
Incumbent TSPs (excluding out-of-territory)												
Dial-up	1,010	49.8%	765	48.8%	642	51.8%	566	60.6%	433	59.1%	*-23.5%*	*-19.1%*
High-speed	2,268	41.9%	2,676	41.6%	3,095	41.5%	3,405	40.7%	3,584	39.5%	*5.3%*	*12.1%*
Subtotal	3,277	44.0%	3,441	43.0%	3,736	42.9%	3,971	42.7%	4,017	40.9%	*1.2%*	*5.2%*
Cable BDUs												
Dial-up	38	1.9%	53	3.4%	38	3.1%	18	1.9%	18	2.4%	*1.9%*	*-17.2%*
High-speed	2,933	54.1%	3,467	53.9%	4,041	54.2%	4,573	54.7%	4,990	55.0%	*9.1%*	*14.2%*
Subtotal	2,971	39.9%	3,520	44.0%	4,079	46.9%	4,590	49.5%	5,008	51.1%	*9.1%*	*13.9%*
Incumbent TSPs (excluding out-of-territory) and cable BDUs subtotal												
Dial-up	1,048	51.8%	818	52.2%	680	54.8%	584	62.5%	451	61.6%	*-22.8%*	*-19.0%*
High-speed	5,201	96.0%	6,143	95.6%	7,136	95.6%	7,978	95.5%	8,574	94.5%	*7.5%*	*13.3%*
Subtotal	6,249	84.0%	6,961	87.0%	7,815	89.8%	8,561	92.2%	9,024	92.0%	*5.4%*	*9.6%*
Other TSPs												
Dial-up	977	48.2%	750	47.8%	560	45.2%	350	37.5%	281	38.4%	*-19.7%*	*-26.8%*
High-speed	216	4.0%	286	4.4%	327	4.4%	379	4.5%	503	5.5%	*32.9%*	*23.6%*
Subtotal	1,193	16.0%	1,036	13.0%	886	10.2%	729	7.8%	785	8.0%	*7.6%*	*-9.9%*
Total												
Dial-up	2,025	27.2%	1,568	19.6%	1,239	14.2%	934	10.0%	732	7.5%	*-21.6%*	*-22.5%*
High-speed	5,416	72.8%	6,429	80.4%	7,461	85.8%	8,356	90.0%	9,077	92.5%	*8.6%*	*13.8%*
Grand Total	7,442		7,997		8,700		9,290		9,809		*5.6%*	*7.1%*

Note: (*) Percentages refer to access mode's proportion of all residential Internet subscriptions of its type, except for the total rows, where they are a proportion of total industry residential subscriptions.

Source: CRTC data collection

Table 5.3.3 Residential Internet plans and pricing (part 1 of 2)

	2006	2007	2008
Downstream speed		One-month revenue (%)	
Lite and wideband up to 256 Kbps	6.6	6.8	2.9
Wideband 300 to 1400 Kbps	11.9	12.2	15.1
Broadband			
1.5 to 4 Mbps	14.7	14.0	17.3
5 to 9 Mbps	60.3	58.0	53.6
10 to 15 Mbps	6.3	8.7	10.8
16 to 25 Mbps	0.2	0.2	0.3
Total sample	242.1	268.9	306.4
Downstream speed		Subscribers (%)	
Lite and wideband up to 256 Kbps	10.1	10.0	4.3
Wideband 300 to 1400 Kbps	14.7	15.3	19.8
Broadband			
1.5 to 4 Mbps	15.1	15.3	17.0
5 to 9 Mbps	54.8	52.5	50.1
10 to 15 Mbps	5.2	6.8	8.6
16 to 25 Mbps	0.1	0.1	0.2
Total sample	6,880.3	7,576.6	8,184.4
Downstream speed		Average revenue per subscriber	
Lite and wideband up to 256 Kbps	$22.91	$24.37	$24.86
Wideband 300 to 1400 Kbps	$28.30	$28.29	$28.57
Broadband			
1.5 to 4 Mbps	$34.24	$32.53	$38.22
5 to 9 Mbps	$38.74	$39.26	$40.00
10 to 15 Mbps	$43.17	$45.23	$47.06
16 to 25 Mbps	$81.30	$51.17	$63.06
Total sample	$35.18	$35.50	$37.44
Downstream speed		Weighted-average upload speed (Kbps)	
Lite and wideband up to 256 Kbps	94	118	131
Wideband 300 to 1400 Kbps	306	294	286
Broadband			
1.5 to 4 Mbps	537	537	809
5 to 9 Mbps	619	677	744
10 to 15 Mbps	742	815	862
16 to 25 Mbps	1,006	1,000	1,120
Total sample	514	552	649
Weighted-average download speed	3,826	4,227	4,928

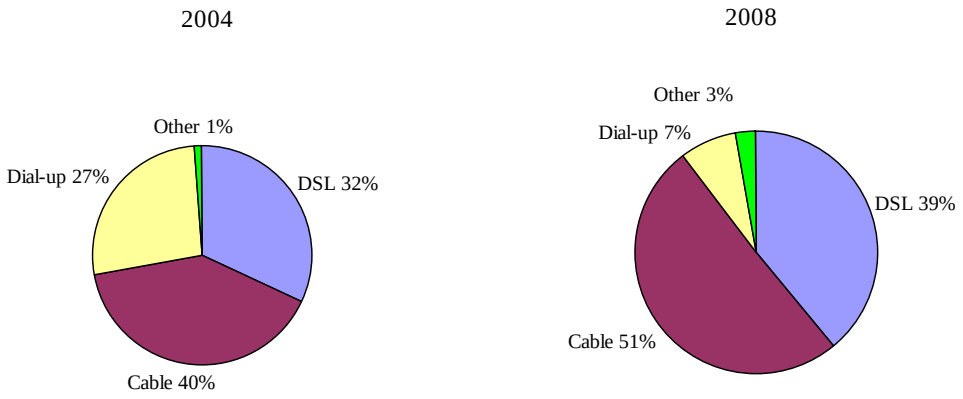
Table 5.3.3 Residential Internet plans and pricing (part 2 of 2)

	2006	2007	2008
Downstream speed	Weighted-average upload/download limit in gigabytes (GB)		
Lite and wideband up to 256 Kbps	-	-	8.50
Wideband 300 to 1400 Kbps	-	-	8.75
Broadband	-		
1.5 to 4 Mbps	-	-	43.25
5 to 9 Mbps	-	-	54.18
10 to 15 Mbps	-	-	80.81
16 to 25 Mbps	-	-	101.91
Total sample	-	-	42.34

Source: CRTC data collection

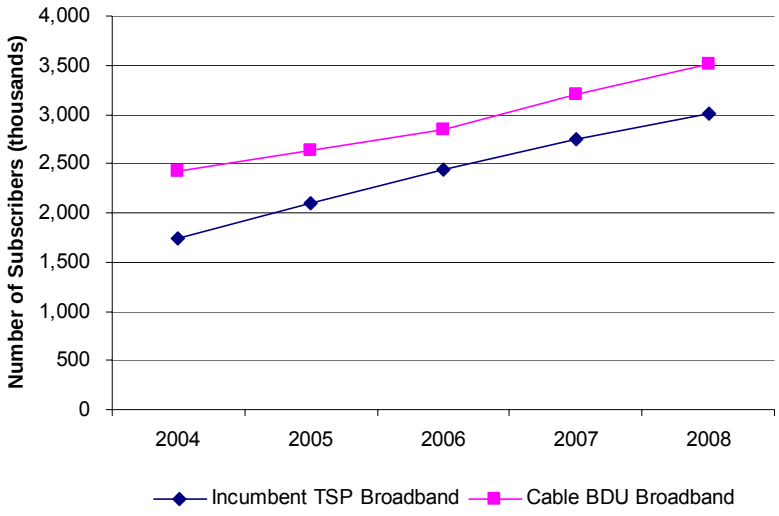
Note: 1. Weighted average download limits are calculated only for those plans that have limits.
2. 2008 data excludes terminal rental revenues.

Figure 5.3.3 Residential Internet access technology mix (2004 v. 2008)



Source: CRTC data collection

Figure 5.3.4 Broadband (greater than 1.5 Mbps) subscriptions



Source: CRTC data collection and estimates

Broadband availability

There are a number of platforms capable of delivering services equivalent to broadband in Canada. These include wireless 3G or equivalent networks, wireline DSL, cable networks, and satellite.

When viewed on a household basis, approximately 94% of Canadian households were located within areas with access to broadband services in 2008. Satellite facilities can extend this reach to virtually all Canadian households and is only limited by capacity constraints. Terrestrial broadband availability ranges from a low of 66% in the North[234] to a high of nearly 100% in Nova Scotia.[235]

The majority of the Canadian population (75%) is located in large urban[236] centres. In 2008, virtually all Canadian households in urban centres could have access to broadband services, versus 78% of households that were in rural areas.

In 2008 DSL-based broadband Internet access service was available to 84% of Canadian households, and cable modem-based broadband Internet access service was available to 80% of households.

The availability of fixed wireless was estimated to be over 75% of households. These systems are typically limited by the distance from the transmitter, the terrain, the availability of spectrum, and the load imposed on the network by other subscribers served by the same transmitter.

Canadians can determine if they can have access to broadband service to their homes by accessing Industry Canada's website[237].

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234 In previous monitoring reports, the availability of broadband was determined at the community level. This was consistent with Industry Canada's BRAND program which considered the North 100% served.

235 In previous years, the availability of broadband service was based on postal code details, supplemented with Industry Canada data where postal code data was unavailable or the postal code structure was not appropriate for the analysis. This methodology was changed this year. All landline facilities-based ISP were requested to provide maps indicating were broadband service was available within their operating territory or, if not available, the location of their broadband enabled facilities. With respect to fixed wireless broadband ISPs, their broadband coverage was extracted from their websites.

236 Urban is defined as a built-up area within CMAs and CAs, being classified as urban cores, urban fringes, and secondary urban cores. Rural includes rural fringes, which are rural areas within CMA/CAs, and urban areas outside of CMA/CAs.

237 Industry Canada has an application on their website where Canadians can enter their address to determine the availability of broadband service within a 25 sq. km geographic area that encompasses the address provided. This application can be found at: www.ic.gc.ca/broadband

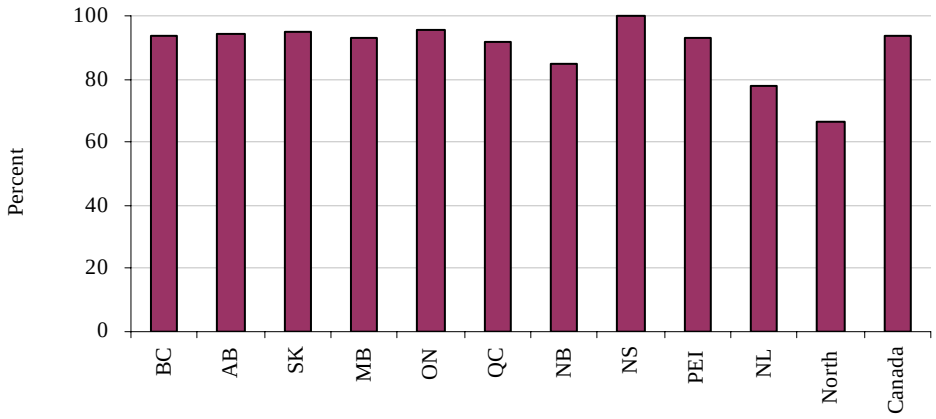
Broadband availability - Statistical information

Table 5.3.4 Key telecommunications availability indicators

Platform	Availability 2005	2006	2007	2008
Wireless	97%	97%	98%	98%
Mobile 3G or equivalent	na	na	78%	91%
DSL	na	na	na	84%
Cable modem	na	na	na	80%
IPTV	n/a	8%	10%	10%
Digital satellite	National	National	National	National

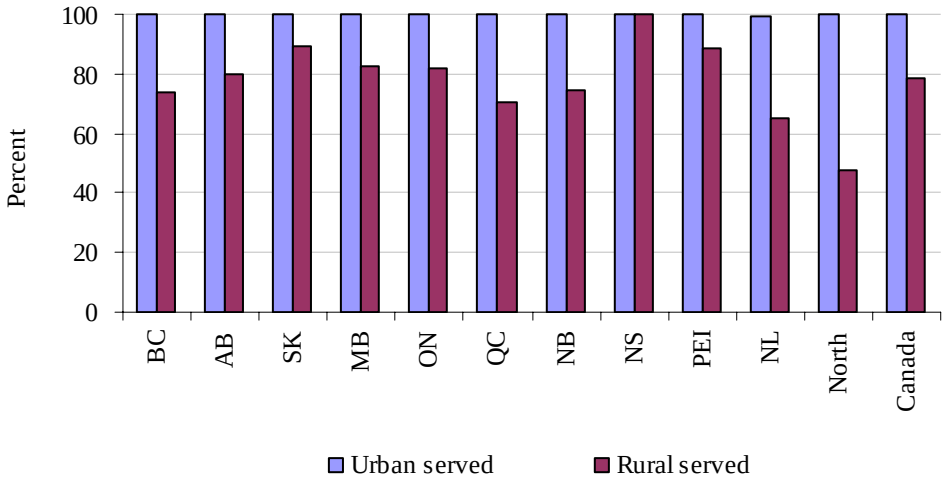
Source: CRTC Data Collection
n/a data not available

Figure 5.3.5 Broadband availability (percentage of households)



Source: Industry Canada and CRTC data collection

Figure 5.3.6 Broadband availability – Urban v. rural (percent of households) (2008)



Source: Industry Canada and CRTC data collection

Figure 5.3.7 High-speed availability v. high-speed subscriptions (2008)

Source: Industry Canada and CRTC data collection

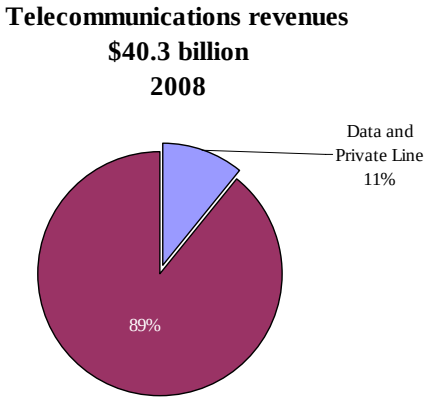
Table 5.3.5 Number of households that can have broadband access (thousands)

Province	2008
British Columbia	1,658
Alberta	1,312
Saskatchewan	389
Manitoba	442
Ontario	4,659
Quebec	3,009
New Brunswick	257
Nova Scotia	387
Prince Edward Island	51
Newfoundland and Labrador	155
North	25
Canada	12,333

Note: Due to the increased granularity of the data and the resulting improvements in the methodology, the 2008 data is not directly comparable to previous years at the provincial level

5.4 Data and private line

In 2008, data and private line revenues were $4.3 billion, or approximately 11% of total telecommunications revenue, making data and private line the smallest telecommunications sector. In 2008, there were approximately 150 companies offering data and private line services. Of these, incumbent TSPs accounted for approximately 40%, and the alternative TSPs, such as cable BDUs, utility telcos, and resellers accounted for the remaining 60%.



Highlights

- Data revenues increased 5.9% to $2.6 billion in 2008, while private line revenues increased 2.1% to $1.7 billion, resulting in an overall increase in data and private line revenues of 4.3%.
- Data protocol services revenue continued to shift towards the new services, IP-VPN (virtual private network) and Ethernet, with these services accounting for $1.3 billion, or 76% of data protocol revenues in 2008, up from 70% in 2007.
- Alternative TSPs' share of data and private line revenues decreased from 36% in 2007 to 31% in 2008.

Description of services

Data services provide managed local area network (LAN) and wide area network (WAN) services for data, video, and voice networks within a metropolitan area or on a broader national or international scale. Data services include legacy protocols such as X.25 (packet switched network), asynchronous transfer mode (ATM); frame relay; newer protocols such as Ethernet and IP-VPN; and the provisioning and management of networks and network equipment.

Private line services provide the capability to link two or more locations over dedicated facilities for the purpose of transporting data, video, or voice traffic. Private line services include high-capacity digital transmission services (at speeds ranging up to gigabit speeds over fibre) and digital data systems, as well as voice-grade and other analogue services. Transmission facilities include copper wire, fibre optic cable, or satellite.

Sector analysis

In 2008, data and private line revenues were $4.3 billion or approximately 1% less than what they were in 2004. Over the 2004 to 2006 period, data and private line revenues were decreasing between 2.0% and 6.5% annually mainly due to the decline in private line and legacy data protocol service revenues. By 2007, private line revenues started to increase and the revenue growth in non-legacy data services exceeded the decline in legacy data protocols. In 2007 and 2008, data and private line revenues increased by 4.6% and 4.3%, respectively.

In 2008, data revenues increased 5.9% to $2.6 billion, and accounted for approximately 60% of total data and private line revenues. Private line revenues, at $1.7 billion, increased 2.1%. The increase in data revenues can be attributed to growth in newer data services such as Ethernet and IP-VPN. Revenues from these services now represent 76% of the data protocol revenues in 2008 as compared to 70% in 2007.

The incumbent TSPs, excluding their out-of-territory operations, were the major providers in the data and private line markets with revenues of $3.0 billion representing 69% of the data and private line revenues in 2008. The remaining $1.3 billion was generated by the alternative TSPs, of which 54% was generated by the incumbent TSPs' out-of-territory operations. The incumbent TSPs' out-of-territory operations share of the data and private line revenues decreased from 20% in 2007 to 14% in 2008, whereas the remaining alternative TSPs' revenue share remained relatively unchanged at 17%.

Data segment

The data protocol revenue market share of the incumbent TSPs, excluding their out-of-territory operations, increased from 53% in 2007 to 60% in 2008. With respect to their out-of-territory operations, their market share decreased from 25% in 2007 to 13% in 2008. The market share of the remaining TSPs increased from 22% in 2007 to 27% in 2008.

Data services are classified into one of three categories: (1) legacy data protocols such as X.25, ATM, and frame relay, (2) newer protocols such as Ethernet and IP-VPN, and (3) other services such as other protocols, network management, and networking equipment. Newer data protocol service revenues increased 23.0% from $1.1 billion in 2007 to $1.3 billion in 2008, whereas legacy service revenues declined 9.2%, decreasing from $478 million in 2007 to $434 million in 2008. Newer data protocol service revenues increased over the 2004 to 2008 period at approximately 23% annually as compared to legacy service revenues which declined by approximately 15% annually over the same period.

These trends are expected to continue given (i) the increased flexibility, capacity, and interoperability that the new generation of IP services provide, and (ii) that revenues from legacy services such as X.25, frame relay, and ATM networks are expected to decline. In addition to capturing revenue from the legacy data services, the newer data services also contributed to the flat growth in private line revenues due to their ability to

cost-effectively replicate the functionality, such as capacity, and security associated with private line services. Newer data protocol revenues have increased to the point where, by 2008, they captured over 76% of the $1.8 billion in data protocol revenues. The newer data protocols generated more revenues in 2008 than the legacy protocols did in 2004.

As noted above, the incumbent TSPs' data protocol revenue market share, when operating within their traditional territory, increased from 53% in 2007 to 60% in 2008. With respect to the newer data protocols, their revenue market share increased from 50% in 2007 to 61% in 2008, while their share of legacy data protocols remained constant at 57%.

Private line segment

Private line revenues were approximately 15% lower in 2008 than they were in 2004. Between 2004 and 2006, private line revenues declined annually by approximately 10%. Since then, private line revenues have started to increase. In 2007 and 2008, they increased annually at approximately 1 to 2%. The decline in private line revenues and the subsequent slow growth in private line revenues, compared to data services, could be attributed to, among other things, the newer data protocols, such as IP-VPN, that can replicate the functionality of private lines.

In 2008, the private line revenue market share for the incumbent TSPs' in-territory operations increased from 73 to 74%, while their market share for their out-of-territory operations decreased from 17 to 16%. The remaining alternative TSPs were unchanged at 10%.

With regard to short- and long-haul private line routes when operating within their traditional territories, the incumbent TSPs' revenue market share for short-haul routes decreased from 84% in 2007 to 82% in 2008; for long-haul routes, it increased from 65% in 2007 to 68% in 2008.

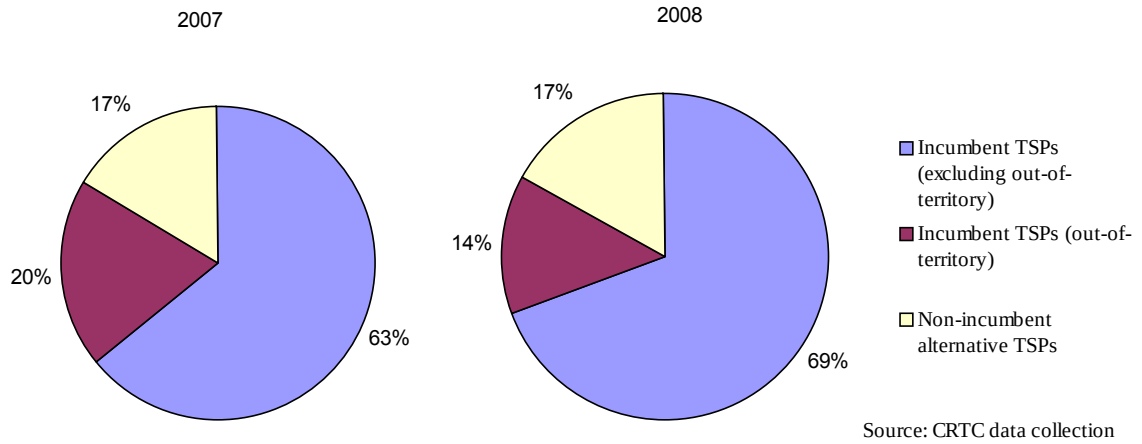
Data and Private Line – Statistical Tables and Charts

Table 5.4.1 Data and private line revenues ($ millions)

	2004	2005	2006	2007	2008	*CAGR 2004-2008*
Data						
Data protocols	1,418	1,354	1,496	1,602 #	1,772	5.7%
Annual Growth	*2.7%*	*-4.5%*	*10.5%*	*7.1%*	*10.6%*	
Other	916	885	809	870	846	-2.0%
Annual Growth	*14.1%*	*-3.4%*	*-8.6%*	*7.6%*	*-2.8%*	
Total data and other	2,334	2,239	2,305	2,472 #	2,618	2.9%
Annual Growth	*6.9%*	*-4.1%*	*2.9%*	*7.3%*	*5.9%*	
Private Line						
Short-haul	890	788	649	717 #	729	-4.9%
Annual Growth	*-5.3%*	*-11.5%*	*-17.6%*	*10.4%*	*1.8%*	
Long-haul	1,151	1,066	1,016	964 #	986	-3.8%
Annual Growth	*-14.0%*	*-7.4%*	*-4.7%*	*-5.2%*	*2.3%*	
Total private line	2,041	1,854	1,665	1,680 #	1,715	-4.3%
Annual Growth	*-10.4%*	*-9.2%*	*-10.2%*	*0.9%*	*2.1%*	
Total data and private line	4,375	4,093	3,970	4,153 #	4,333	-0.2%
Annual Growth	*-2.0%*	*-6.5%*	*-3.0%*	*4.6%*	*4.3%*	

Source: CRTC data collection

Figure 5.4.1 Data and private line revenue market share, by type of TSP



Source: CRTC data collection

Figure 5.4.2 Data revenue market share, by type of TSP

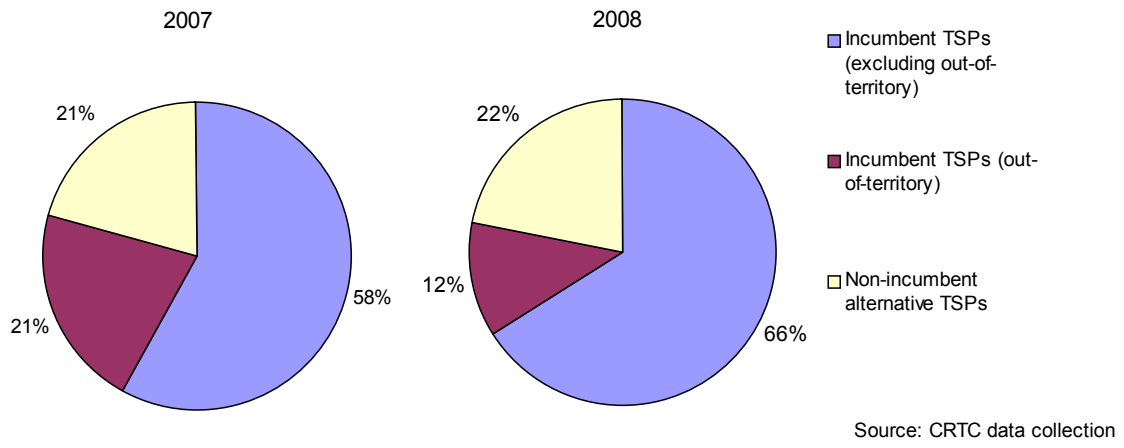


Table 5.4.2 Data protocol revenues, by service category ($ millions)

	2004	2005	2006	2007	2008	*CAGR 2004-2008*
New Protocols						
Retail						
Ethernet	427.4	391.1	469.9	488.5 #	474.1	2.6%
Annual Growth	*21.7%*	*-8.5%*	*20.1%*	*4.0%*	*-2.9%*	
IP-VPN	110.7	221.1	362.9	535.2 #	751.7	61.4%
Annual Growth	*70.6%*	*99.7%*	*64.1%*	*47.5%*	*40.4%*	
Total retail	538.1	612.2	832.8	1,023.7 #	1,225.8	22.8%
Annual Growth	*29.3%*	*13.8%*	*36.0%*	*22.9%*	*19.7%*	
Wholesale						
Ethernet	44.4	49.6	86.7	90.0 #	99.4	22.3%
Annual Growth	*-7.7%*	*11.7%*	*74.8%*	*3.9%*	*10.4%*	
IP-VPN	2.4	2.4	11.0	11.3	13.1	52.9%
Annual Growth	*0.0%*	*0.0%*	*358.3%*	*2.4%*	*16.6%*	
Total wholesale	46.8	52.0	97.7	101.3 #	112.5	24.6%
Annual Growth	*-7.3%*	*11.1%*	*87.9%*	*3.7%*	*11.1%*	
Total new protocols	584.9	664.2	930.5	1,125.0 #	1,338.3	23.0%
Annual Growth	*25.4%*	*13.6%*	*40.1%*	*20.9%*	*19.0%*	
Legacy Protocols						
Retail	732.4	640.6	509.4	415.2 #	373.1	-15.5%
Annual Growth	*-10.1%*	*-12.5%*	*-20.5%*	*-18.5%*	*-10.1%*	
Wholesale	100.2	49.0	55.8	62.4	60.7	-11.7%
Annual Growth	*0.5%*	*-51.1%*	*13.9%*	*11.8%*	*-2.6%*	
Total legacy	832.6	689.6	565.2	477.5 #	433.8	-15.0%
Annual Growth	*-8.9%*	*-17.2%*	*-18.0%*	*-15.5%*	*-9.2%*	
Total data protocols	1,417.5	1,353.8	1,495.7	1,602.5 #	1,772.1	5.8%
Annual Growth	*2.7%*	*-4.5%*	*10.5%*	*7.1%*	*10.6%*	

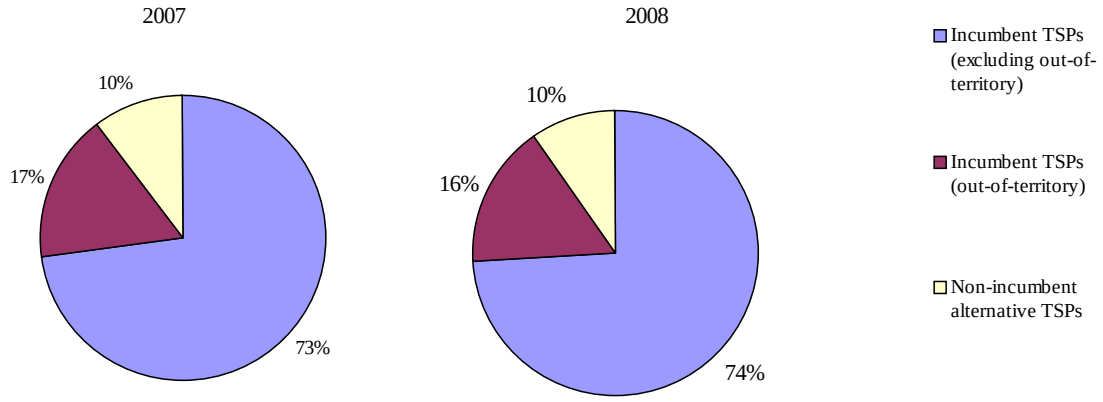
Source: CRTC data collection

Table 5.4.3 Data protocol revenue market share, by service category (%)

	2004	2005	2006	2007	2008
New data					
Incumbent TSPs (excluding out-of-territory)	70	63	57	50	61
Incumbent TSPs (out-of-territory)	14	17	24	29	13
Non-incumbent alternative TSPs	15	21	19	21	26
Legacy data					
Incumbent TSPs (excluding out-of-territory)	54	54	59	57	57
Incumbent TSPs (out-of-territory)	31	28	19	16	12
Non-incumbent alternative TSPs	15	18	23	26	31
Total data protocols					
Incumbent TSPs (excluding out-of-territory)	61	58	58	53	60
Incumbent TSPs (out-of-territory)	24	22	22	25	13
Non-incumbent alternative TSPs	15	19	20	22	27

Source: CRTC data collection

Figure 5.4.3 Private line revenue market share, by type of TSP



Source: CRTC data collection

Table 5.4.4 Private line revenues, by service category ($ millions)

	2004	2005	2006	2007	2008	*CAGR 2004-2008*
Private Line						
Retail						
Short-haul	521	503	431	430 #	348	-9.6%
Annual Growth	*5.0%*	*-3.5%*	*-14.3%*	*-0.3%*	*-19.0%*	
Long-haul	732	660	634	576 #	549	10.4%
Annual Growth	*-0.9%*	*-9.8%*	*-3.9%*	*-9.1%*	*-4.8%*	
Total retail private line	1,253	1,163	1,065	1,006 #	897	0.2%
Annual Growth	*1.5%*	*-7.2%*	*-8.4%*	*-5.6%*	-10.9%	
Wholesale						
Short-haul	369	285	217	287 #	381	-15.1%
Annual Growth	*-16.9%*	*-22.8%*	*-23.9%*	*32.2%*	*32.9%*	
Long-haul	419	406	382	387 #	437	1.1%
Annual Growth	*-30.2%*	*-3.1%*	*-5.9%*	*1.4%*	*12.8%*	
Total wholesale private line	788	691	599	674 #	818	-8.2%
Annual Growth	*-24.5%*	*-12.3%*	*-13.3%*	*12.6%*	*21.3%*	
Total private line	2,041	1,854	1,665	1,680 #	1,715	-4.3%
Annual Growth	*-10.4%*	*-9.2%*	*-10.2%*	*0.9%*	*2.1%*	

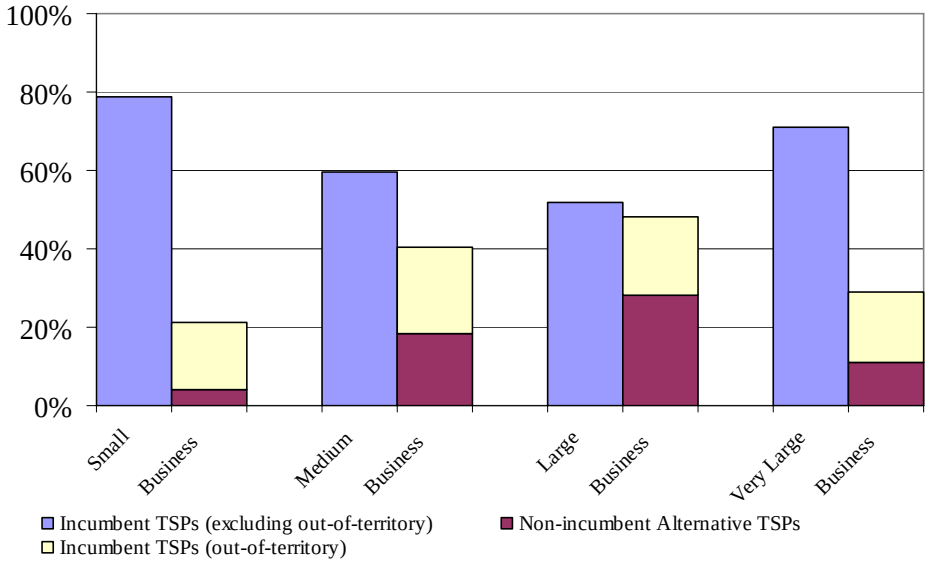
Source: CRTC data collection

Table 5.4.5 Private line - Short-haul and long-haul revenue market share (%)

	2004	2005	2006	2007	2008
Short-haul					
Incumbent TSPs (excluding out-of-territory)	90	73	84	84	82
Incumbent TSPs (out-of-territory)	9	24	14	13	15
Non-incumbent alternative TSPs	1	3	2	3	3
Long-haul					
Incumbent TSPs (excluding out-of-territory)	72	77	78	65	68
Incumbent TSPs (out-of-territory)	20	14	11	20	17
Non-incumbent alternative TSPs	7	10	10	15	15
Total					
Incumbent TSPs (excluding out-of-territory)	80	76	80	73	74
Incumbent TSPs (out-of-territory)	15	17	13	17	16
Non-incumbent alternative TSPs	5	7	7	10	10

Source: CRTC data collection

Figure 5.4.4 Data and private line service revenue distribution, by customer size and type of provider (2008)

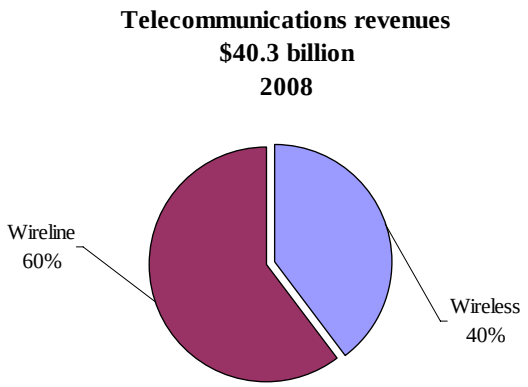


Source: CRTC data collection

5.5 Wireless

Overview

Canada's total mobile revenues, as a percentage of total telecommunications revenues, increased from 38% in 2007 to 40% in 2008 and remained the largest revenue component of Canadian telecommunications revenues.



Market share of the three largest wireless service providers (WSPs) did not change significantly in 2008 and continues to account for over 94% of the wireless market in Canada. Of the top three carriers, Rogers Wireless remained the dominant player with respect to the number of subscribers with a 38% market share, while the Bell Group[238]and TCC each held 27%. The remaining 8% was shared among regional WSPs (MTS Allstream and SaskTel), small incumbent TSPs, and mobile virtual network operators (MVNOs).

Highlights

- In 2008, the wireless industry, excluding paging, grew 10.5% in terms of revenues and 9.0% in terms of the number of subscribers.
- The annual average revenue per user (ARPU) increased approximately 3% from $59 per month in 2007 to $60 per month in 2008.
- Canada's AWS spectrum auction that was conducted by Industry Canada raised over $4.26 billion in 2008.
- Data revenues grew at an annual rate of 35.2% in 2008.

Description of services

The wireless market segment comprises telecommunications services provided via mobile wireless access facilities. These services include mobile telephony, mobile data such as text messaging, roaming, wireless Internet access, and paging services. While satellite private line services are included in the data and private line section of this report, the satellite services associated with mobile telephones are included in this section.

In addition to voice communications over wireless networks, new wireless technologies and applications are enabling users to send text messages from one device to another, as well as multi-media messages which include photos, graphics, videos, and audio clips.

238 The Bell Group of companies consisted of Bell Canada Inc., Northwestel Mobility Inc., Bell Mobility Inc., Télébec, Limited Partnership, and Latitude Wireless Inc.

Inter-carrier text messaging and data sharing between users has been in place for several years and is expected to continue to grow as existing and new carriers forge network agreements, and terminal equipment makers introduce new devices.

Mobile wireless services are generally billed on a usage basis for both voice and data services. Subscribers have a choice of two payment options: prepaid and post-paid. Prepaid plans require the subscriber to purchase the wireless service prior to use, while post-paid plans require payment on a monthly basis after using the service. Customers typically pay a per-minute rate for a prepaid plan, while those subscribing to post-paid plans pay for a service package that includes defined minutes of use, an overage minute rate, data features, and other optional services such as voice mail, call display, and call waiting.

Sector description

Over 99% of Canadians had access to wireless services in 2008, of which approximately 74.3% of households subscribed to them. This puts Canada's wireless penetration rates behind many of the OECD-member countries.[239] Despite low penetration rates in Canada, the mobile wireless sector, excluding paging, had revenues of approximately $15.9 billion in 2008, a 10.5% increase over the previous year. It also had approximately 22.1 million subscribers, representing a 9.0% increase over the previous year. On the other hand, Canada generally has competitive prices for local wireline services and a mature and reliable wireline network with a wireline penetration rate by household of approximately 91%; in 2008; these are some of many supporting arguments that explain why mobile penetration remains lower than that of other OECD-member countries.

Sector analysis

The combined local and long distance average revenue per minute (ARPM)[240] in Canada was $0.11 per minute. This is among the lowest of all the OECD-member countries, which could be attributed to the high-volume minute plans that Canadian providers offered in 2008.

Wireless revenues, excluding paging, continued to increase from $9.3 billion in 2004 to $15.9 billion in 2008, representing an average annual growth rate of 14.3%. Similarly, there has been a continuous increase in the number of subscribers from 15.0 million in 2004 to 22.1 million in 2008, resulting in an average annual growth rate of 10.1%. Pricing plans that focused on certain markets, improved handsets, data services, and innovative service bundles all contributed to the mobile wireless growth in 2008. Since 2005, however, the rate of growth in terms of revenues and number of subscribers has been steadily declining. Revenue growth has declined from 16.5% in 2005 to 10.5% in 2008, whereas subscriber growth has declined more quickly from 13.3 to 9.0%.

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239 Source: Merrill Lynch - Global Wireless Matrix 1Q08

240 ARPM is commonly used to compare prices in the mobile market, and to provide some indication as to the affordability of mobile services relative to other countries.

The provinces that had the highest subscriber growth rate in 2008 were Alberta and Saskatchewan, where the number of subscribers grew at a faster pace than any other province. In terms of ARPU,[241] no province experienced a double-digit ARPU growth rate.

In 2004, the growth rate in wireless revenues was approximately 1.4 times that of the growth in the number of wireless subscribers. In 2007, this ratio increased to 1.8 times which resulted in the gradual increase in the monthly ARPU. However, in 2008, this ratio decreased to 1.2 times which may be an indication that ARPU growth rates are levelling off. The ARPU was $49 per month in 2004 and gradually increased to $59 per month in 2007, but only managed to increase by a dollar to $60 per month in 2008. This 2% increase in ARPU could be attributed to the overall increased use of voice and data services.

Similar to the previous year, the relative mix of the number of subscribers to prepaid and post-paid plans did not change significantly in 2008; however, the growth of basic voice and long distance revenues from prepaid plans was negative while post-paid plans increased 5.2% from the previous year.

A variety of different post-paid plans and options give customers more choices and more services. Most WSPs targeted the post-paid segment of the market in order to retain customers who were generally required to commit to the supplier for a fixed length of time, thus minimizing the churn rate.

One major highlight in 2008 was the completion of Industry Canada's AWS spectrum auction. The auction, which ended on 21 July 2008, generated over $4.26 billion. The AWS spectrum auction has paved the way for two or three potential new entrants in every major market and will provide Canadians with more choices as early as the second half of 2009.[242]

Capital intensity

Total wireless capital expenditures accounted for 24% of total telecommunications spending in 2008, while wireless revenues accounted for 40% of total telecommunications revenues. Average capital expenditure attributed to each mobile user (i.e. average capital expenditure per user (ACEPU)) had been steadily decreasing until 2004. However, in 2005 it started to increase as expenditure growth kept pace with revenue growth. A contributing factor for the increase in capital expenditures throughout this period was the increase in investments to build and provision next generation mobile networks and services. In 2008, ACEPU increased from $7 to $23 per subscriber due to

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241 The Commission calculates ARPU based on an average annual figure, where the average monthly revenue for the year is divided by the number of subscribers at the end of the year; this may differ from other methodologies such as monthly averages and quarterly averages.

242 Additional information on the AWS spectrum auction can be obtained from Industry Canada's website at www.ic.gc.ca.

the AWS spectrum auction. Excluding the AWS spectrum auction results, the ACEPU remained relatively flat in 2008.

Wholesale

Wireless wholesale revenues generally consisted of (a) roaming revenues a company received for processing calls from wireless subscribers of other companies roaming within its territory, and (b) revenues derived from the sale of wireless minutes to MVNOs. Wholesale revenues as a percent of total wireless revenues remained relatively small in 2008 at approximately 3%.

Churn rate

The implementation of national wireless number portability[243] on 14 March 2006 has not had a significant impact on the churn rates[244] of the top three wireless carriers. Their annual monthly average churn rates continued to be relatively low ranging between 1.5 and 1.6% in 2008.

Mobile coverage

The wireless footprint covers approximately 20% of Canada's geographic area. However, it encompasses approximately 99% of Canadians.

Mobile coverage did not expand significantly in 2008. However, the three major service providers have continued to upgrade their networks to third generation (3G)[245] or 3G-equivalent capabilities to improve capacity, and to allow for faster data transmission speeds, and more reliable Internet connections. By the end of 2008, approximately 91% of Canadians were within the 3G wireless footprint.

The first wireless coverage map at the end of this section displays wireless coverage by number of facilities-based WSPs. The second map displays the facilities-based providers' 3G or 3G-equivalent footprint across Canada. The term "facilities-based provider" is used to refer to those providers who own and operate physical transmission facilities such as towers, transmitters/antennas, access trunks, switch centre/equipment, and other equipment and software required to offer mobile services.

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243 *Implementation of wireless number portability*, Telecom Decision CRTC 2005-72, 20 December 2005

244 The churn rate is calculated by dividing the number of disconnected subscriber units by the average number of units.

245 3G mobile wireless services generally encompass services such as video calling, sending and receiving videos, downloading full-length music tracks, watching live telecasts, and other multi-media and data applications on 3G mobile devices. These devices promise to deliver data services and applications at speeds that are supported by network technology standards such as UMTS and EVDO or higher.

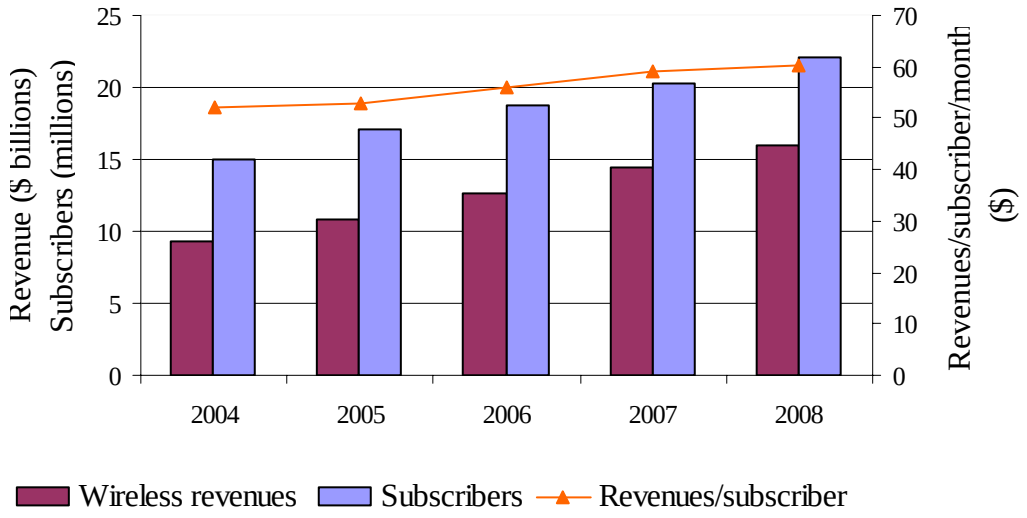
Wireless – Statistical tables and charts

Table 5.5.1 Wireless and paging revenues and number of subscribers

	2004	2005	2006	2007		2008	*Growth 2007-2008*	*CAGR 2004-2008*
Wireless revenues ($ millions)	9,348.8	10,895.5	12,600.1	14,430.0	#	15,940.3	*10.5%*	*14.3%*
Paging revenues ($ millions)	130.3	121.0	96.1	92.8	#	96.1	*3.5%*	*-7.3%*
Total revenues	9,479.1	11,016.5	12,696.2	14,522.8	#	16,036.4	*10.4%*	*14.0%*
Wireless subscribers (thousands)	15,020.0	17,016.6	18,749.1	20,277.4		22,092.5	*9.0%*	*10.1%*
Paging subscribers (thousands)	751.0	616.7	504.6	390.4	#	319.3	*-18.2%*	*-19.3%*

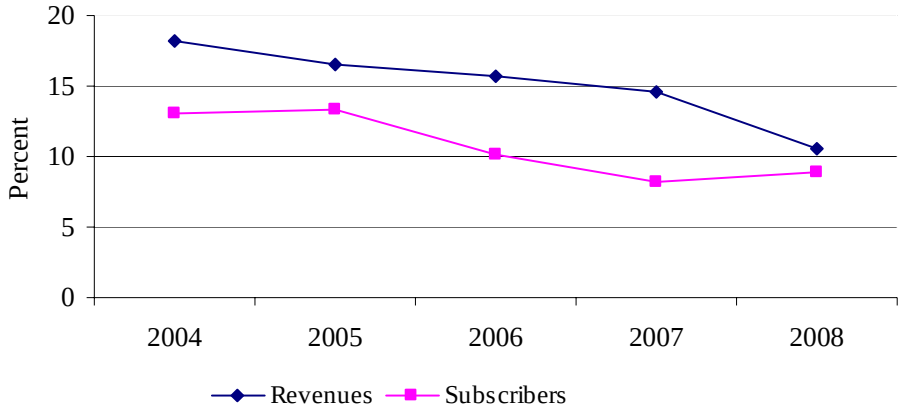
Source: CRTC data collection

Figure 5.5.1 Wireless revenues, subscribers, and revenues per subscriber (excluding paging)



Source: CRTC data collection

Figure 5.5.2 Wireless revenue and subscriber growth rates (excluding paging)



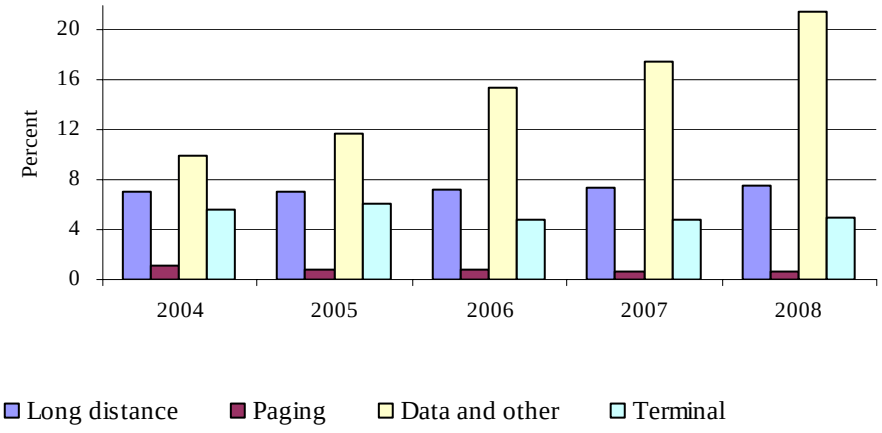
Source: CRTC data collection

Table 5.5.2 Wireless and paging revenue components ($ millions)

	2004	2005	2006	2007		2008	*Growth 2007-2008*	*CAGR 2004-2008*
Basic voice	7,214.4	8,172.1	9,110.1	10,117.0	#	10,481.9	*3.6%*	*9.8%*
Long distance	664.9	771.1	918.8	1,075.7		1,224.0	*13.8%*	*16.5%*
Paging	130.3	121.0	96.1	92.8	#	96.1	*3.5%*	*-7.3%*
Data and other	941.4	1,286.7	1,959.7	2,537.7	#	3,431.4	*35.2%*	*38.2%*
Terminal	528.1	665.6	611.4	699.5		803.0	*14.8%*	*11.0%*
Total	9,479.1	11,016.4	12,696.2	14,522.8	#	16,036.4	*10.4%*	*14.0%*

Source: CRTC data collection

Figure 5.5.3 Revenues by major component (excluding basic voice)



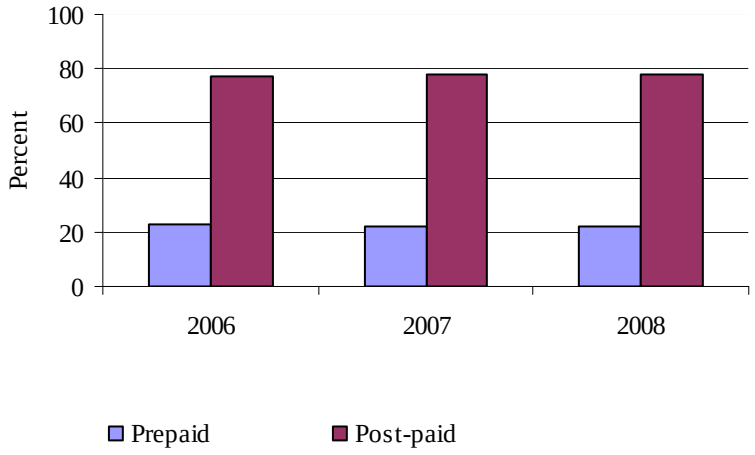
Source: CRTC data collection

Table 5.5.3 Prepaid and post-paid wireless revenues (basic voice and long distance) ($ millions)

	2005	2006	2007		2008	*Growth 2007-2008*
Prepaid	661.6	738.9	934.6		912.9	*-2.3%*
Post-paid	8,244.3	9,235.2	10,211.0	#	10,745.7	*5.2%*
Total	8,905.9	9,974.1	11,145.6	#	11,658.6	*4.6%*

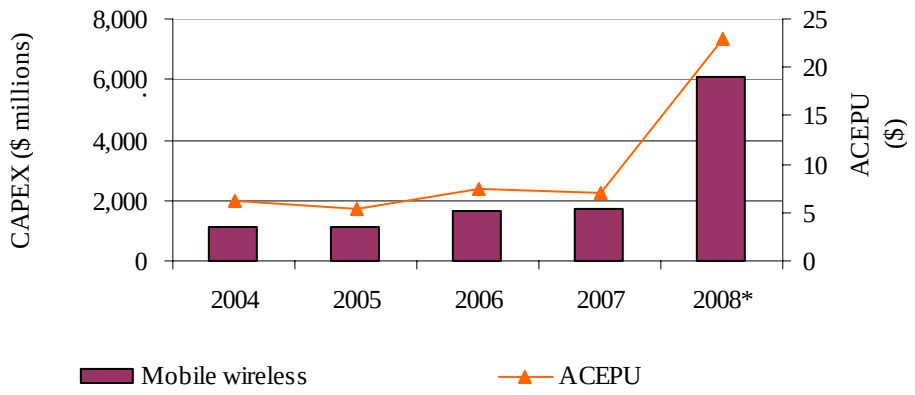
Source: CRTC data collection

Figure 5.5.4 Percent of prepaid and post-paid subscribers



Source: CRTC data collection

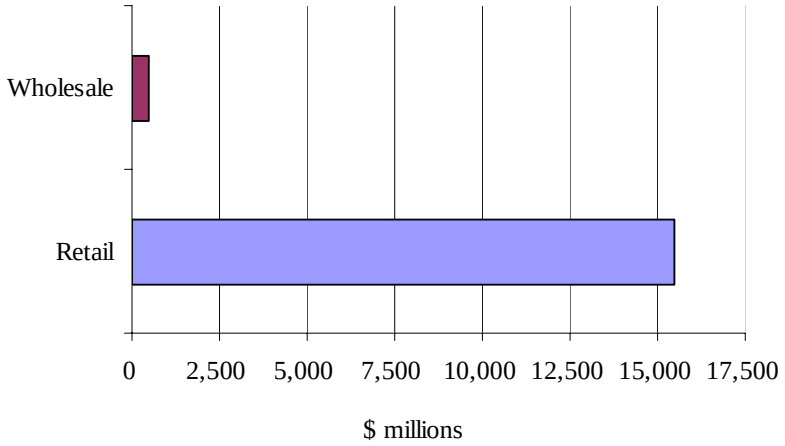
Figure 5.5.5 Capital expenditures (CAPEX) and average capital expenditure per user (ACEPU)



Source: CRTC data collection

Note:
* 2008 CAPEX includes an additional $4.6 billion due to the AWS auction.

Figure 5.5.6 Retail and wholesale revenue split



Source: CRTC data collection

Figure 5.5.7 Wireless TSPs' subscriber market share[246]

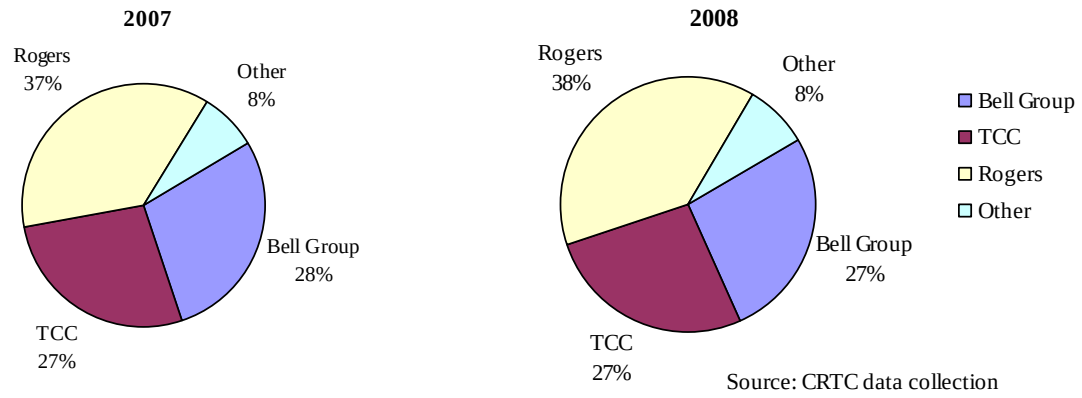
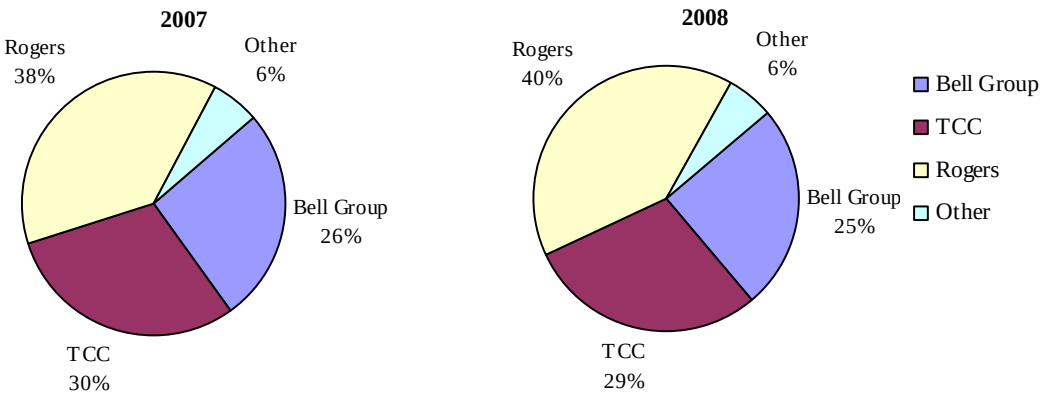


Figure 5.5.8 Wireless TSPs' revenue market share[247]



Source: CRTC data collection

[246] Other includes MTS Allstream, SaskTel, and smaller WSPs.
[247] Other includes MTS Allstream, SaskTel, and smaller WSPs.

Table 5.5.4 Wireless subscriber market share, by province[248] (2008)

Province	Bell Group	TCC	Rogers	Other
British Columbia	13%	41%	43%	3%
Alberta	18%	53%	27%	3%
Saskatchewan	1%	3%	14%	82%
Manitoba	1%	12%	28%	59%
Ontario	28%	19%	48%	5%
Quebec	37%	23%	35%	5%
New Brunswick	64%	12%	21%	3%
Prince Edward Island	66%	13%	17%	3%
Nova Scotia	57%	17%	24%	3%
Newfoundland and Labrador	79%	16%	3%	2%
The North	n/a	n/a	n/a	n/a

Source: CRTC data collection
Note: n/a not available (Wireless subscriber market share data for the North was not derived due to insufficient data.)

Table 5.5.5 Average revenue per user (ARPU), by province (excluding paging)

Province	2005	2006	2007	2008
British Columbia	$53.84	$59.00	$59.10	$63.53
Alberta	$64.17	$70.07	$73.81	$75.26
Saskatchewan	$50.72	$52.74	$55.11	$57.66
Manitoba	$53.63	$54.01	$54.46	$57.05
Ontario	$51.83	$54.40	$59.63	$60.61
Quebec	$44.29	$47.52	$50.21	$50.45
New Brunswick	$47.77	$48.84	$52.87	$50.00
Prince Edward Island	$49.34	$61.10	$63.58	$64.89
Nova Scotia	$54.17	$50.42	$54.59	$52.57
Newfoundland and Labrador	$40.57	$45.37	$50.29	$47.43

Source: CRTC data collection

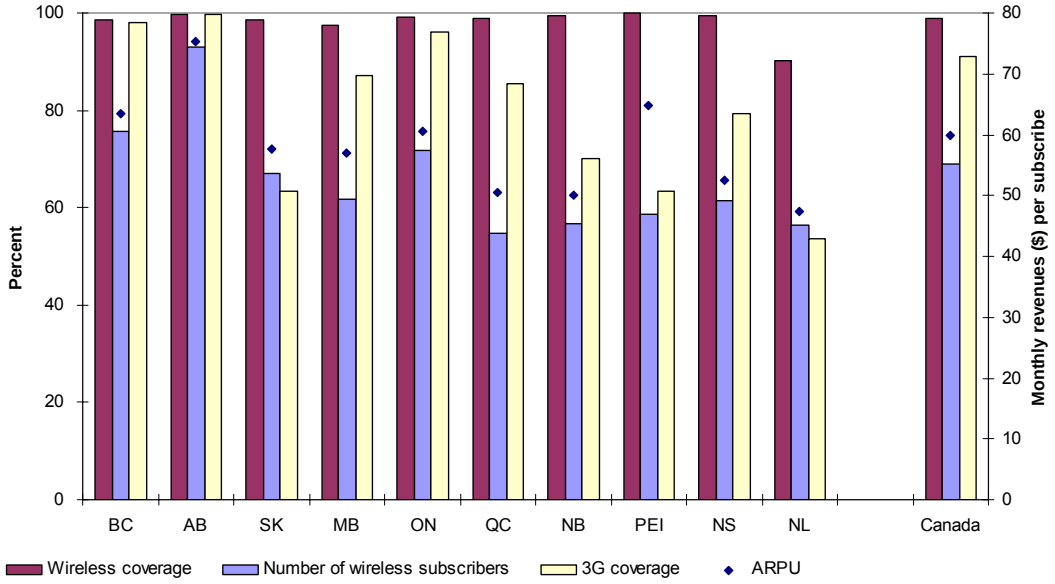
Table 5.5.6 Average monthly churn rates (percent)

	2004	2005	2006	2007	2008
Bell Mobility	1.3	1.6	1.6	1.7	1.6
Rogers	1.8	2.1	1.8	1.6	1.5
TCC	1.4	1.4	1.3	1.5	1.6

Note: Microcell was acquired by Rogers in 2004.
Source: Companies' annual reports and CRTC data collection

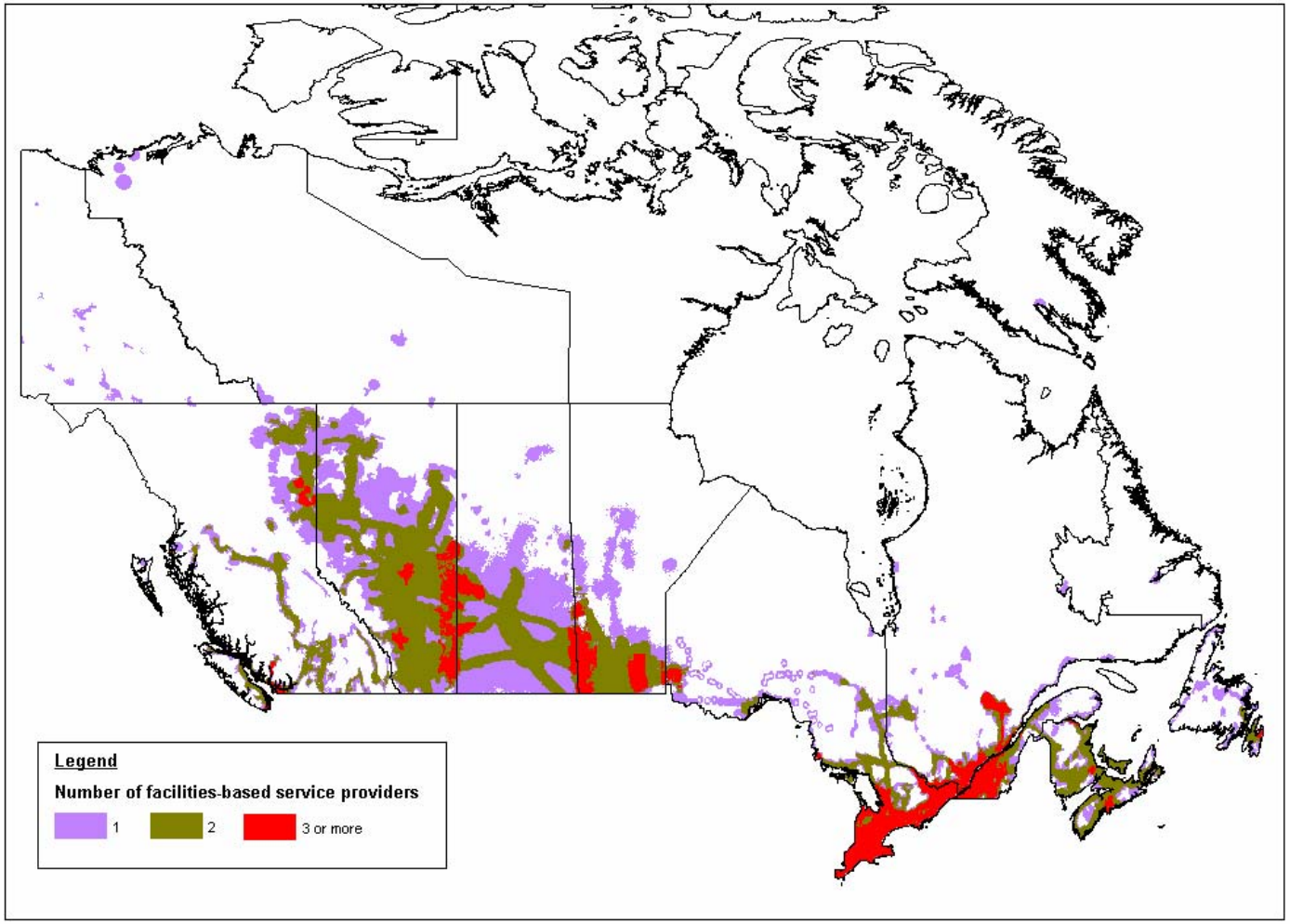
[248] The North includes Yukon, the Northwest Territories, and Nunavut.

Figure 5.5.9 Population coverage and penetration

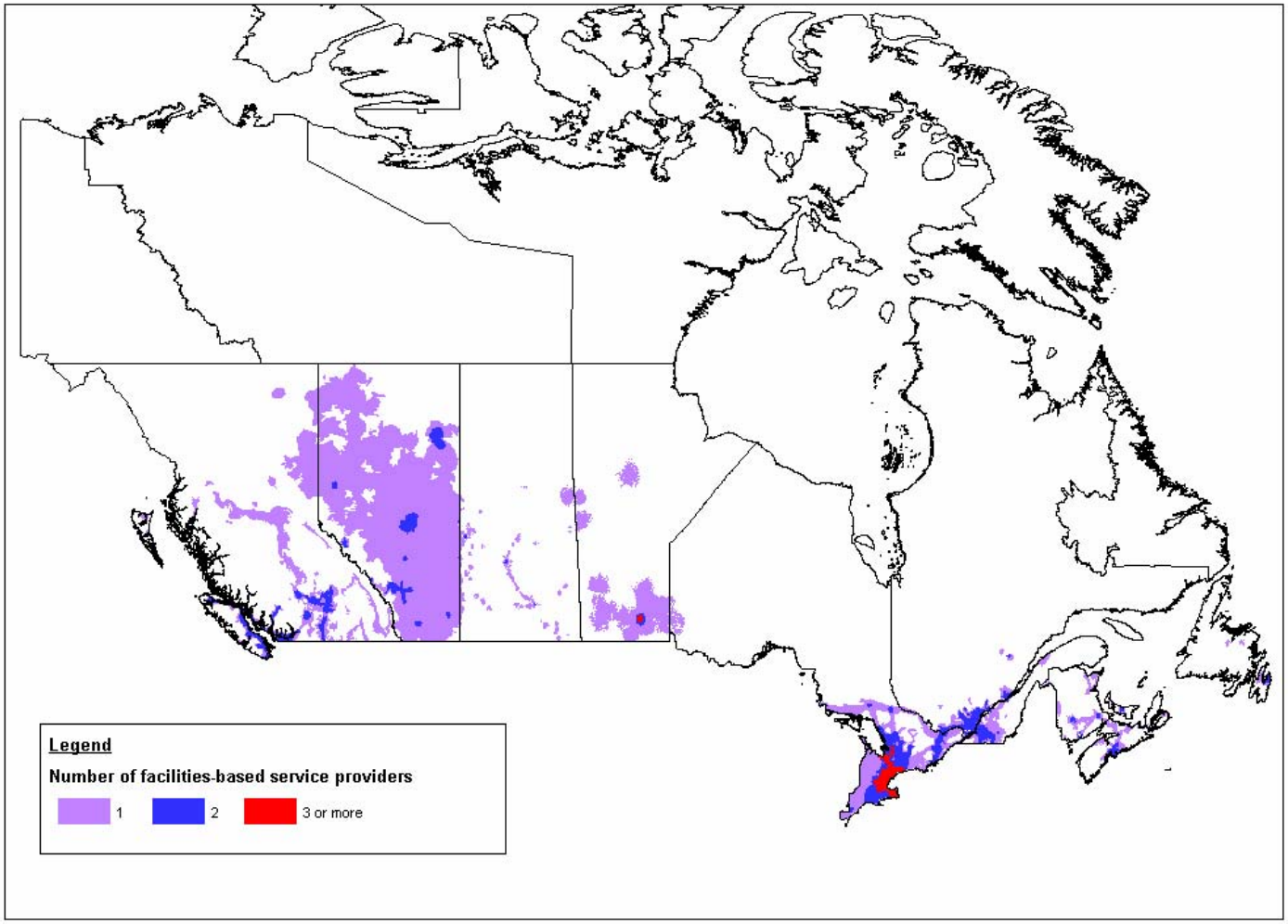


Source: CRTC data collection

Map 5.5.1 Presence of wireless facilities-based service providers



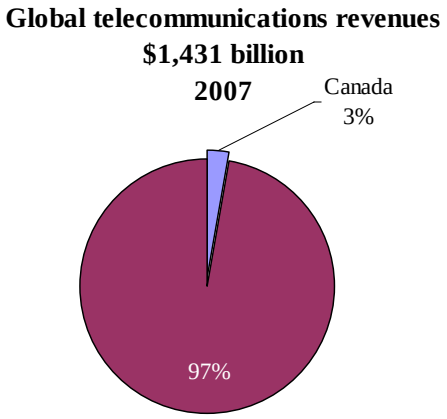
Map 5.5.2 Presence of 3G or 3G-equivalent wireless facilities-based service provider



6.0 International perspective

6.1 Introduction

This section provides a perspective of Canada within the international communications landscape. Areas of discussion include international comparisons of industry pricing, penetration, and revenues[249] for the wireline, wireless, and broadband sectors; wireless and broadband growth and other indicators; broadband speeds and next generation access and network developments; radio and television industry indicators; and the transition to digital broadcasting.



In 2007, Canadian telecommunications revenues were approximately 3% of global telecommunications revenues. With respect to North American telecommunications revenues, Canada's portion was just under 10%.

[249] Revenue figures in this section are expressed in Canadian dollars, unless otherwise noted.

6.2 How Canada compares internationally

Service pricing – individual services and bundled rates

Service providers from both the telecommunications and broadcasting industries continue to offer their traditional core business services, as well as packaging communications services into various bundled offerings combining fixed-line voice telephony, mobile wireless services, broadband Internet access, and television and video services. Price comparisons between Canada and four selected foreign jurisdictions are contained in Table 6.2.1.

Table 6.2.1 International pricing (average price ($Cdn) per month)

	Canada	United States	United Kingdom	France	Australia
Wireline service					
Low-usage	30	39	35	31	45
Medium-usage	50	71	50	56	87
High-usage	62	82	69	67	96
Wireless service					
Low-usage	33	43	24	25	20
Medium-usage	58	66	45	62	37
High-usage	103	133	76	109	93
Broadband service					
Low-usage	31	40	n/a	45	41
Medium-usage	47	58	30	49	64
High-usage	60	70	36	48	78
Bundled services					
Above services plus television	173	213	134	153	190

Note: Figures are in Canadian dollars adjusted for purchasing power parity differences across the countries.

Source: Price comparison study conducted for the CRTC in April 2009 by Wall Communications Inc.; see Appendix 5 for a summary of the assumptions and methodologies used.

Canadian wireline service rates compare favourably with the four selected foreign jurisdictions displayed in Table 6.2.1, especially relative to the United States and Australia. For mobile wireless services at the low-usage level, Canadian rates are below those in the United States, but higher than the other countries examined. At medium- and high-usage levels, Canadian wireless rates fall within the middle of the group.

For broadband, the market has been moving towards providing higher-speed Internet service offerings, with the effect that fewer lower-speed/lower-usage alternatives are available. In terms of international pricing, Canada compares favourably for low-use broadband Internet service, and reflects a median price point for medium- and high-use

baskets. The average advertised speeds for the high-usage broadband offerings considered were as follows: Canada, 12 Mbps; the United States, 13 Mbps; the United Kingdom, 15 Mbps; France, 19 Mbps; and Australia, 25 Mbps. The Canada speed reflects an average of service offerings from generally smaller cities whereas those sampled for the other countries reflect service offerings from larger cities.[250]

For the quadruple service bundle (wireline, wireless, Internet, and television), average Canadian pricing fell within the middle ground of international bundled service rates surveyed for this study. The price for the quadruple bundle of services in Canada compared very favourably with the United States (which showed the highest rate for bundled services of the countries observed), but was significantly higher than in the United Kingdom and France where basic digital television services were provided at no additional cost in the plans surveyed.

Service penetration

Among the countries shown in Figure 6.2.1, Canada has the lowest number of mobile wireless subscriptions per 100 inhabitants. In North America, there are far fewer wireless subscribers (as a proportion of population) than in Europe, with many European Union (EU) member nations continuing to show very high penetration rates.[251] In the countries showing relatively fewer mobile connections per 100 population (Canada, Japan, the United States, and France), the majority of subscriptions are post-paid accounts, and therefore multiple subscription ownership is less prevalent than in countries where prepaid represents a larger proportion of subscriptions.

Canada, at 64%, continues to lead in penetration of broadband connections as a proportion of households, followed by the United States at 62% and the United Kingdom at 60%. Fewer broadband connections per household in conjunction with multiple mobile connections per person in countries such as Germany and Italy are likely a reflection of consumers increasingly using their mobile handsets to access the Internet.

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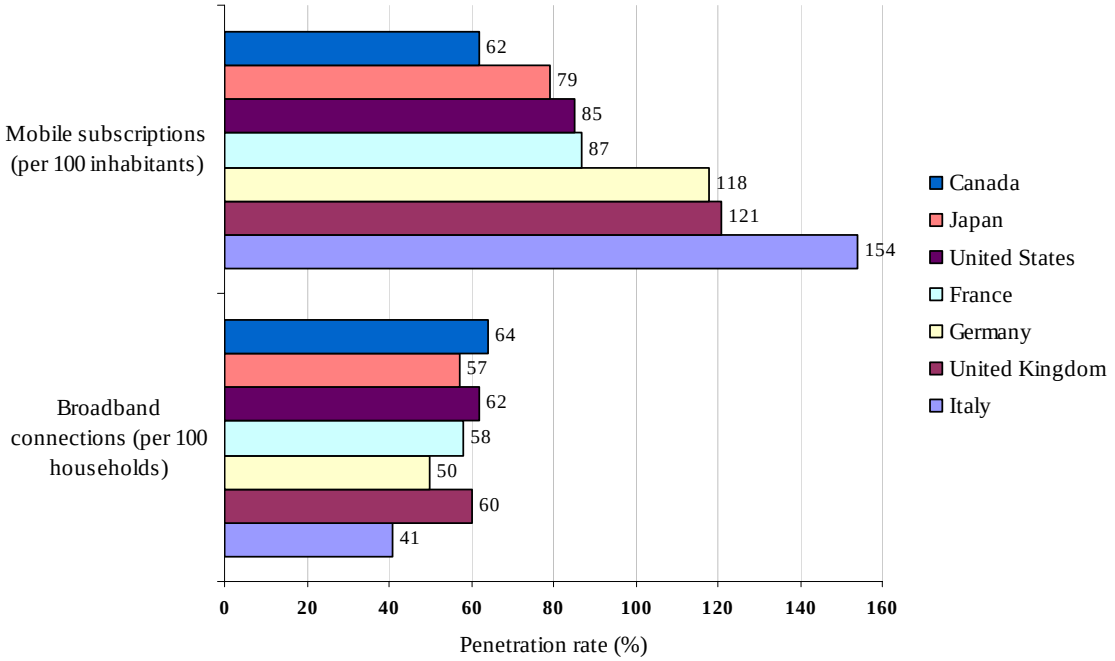
250 Appendix 5 contains the list of cities and service providers surveyed.

251 Mobile take-up rates of over 100% indicate that many European consumers have more than one active account due to the use of multiple subscriber identity module (SIM) cards swapped between their global system for mobile communications (GSM) handsets. By contrast, in Canada, the U.S., and Japan, there are a large number of Code Division Multiple Access (CDMA) handsets, where the identity of the user is tied to the handset rather than to a SIM card, which prevents SIM swapping.

Figure 6.2.1 International penetration (2007)



Source: Ofcom, International Communications Market 2008

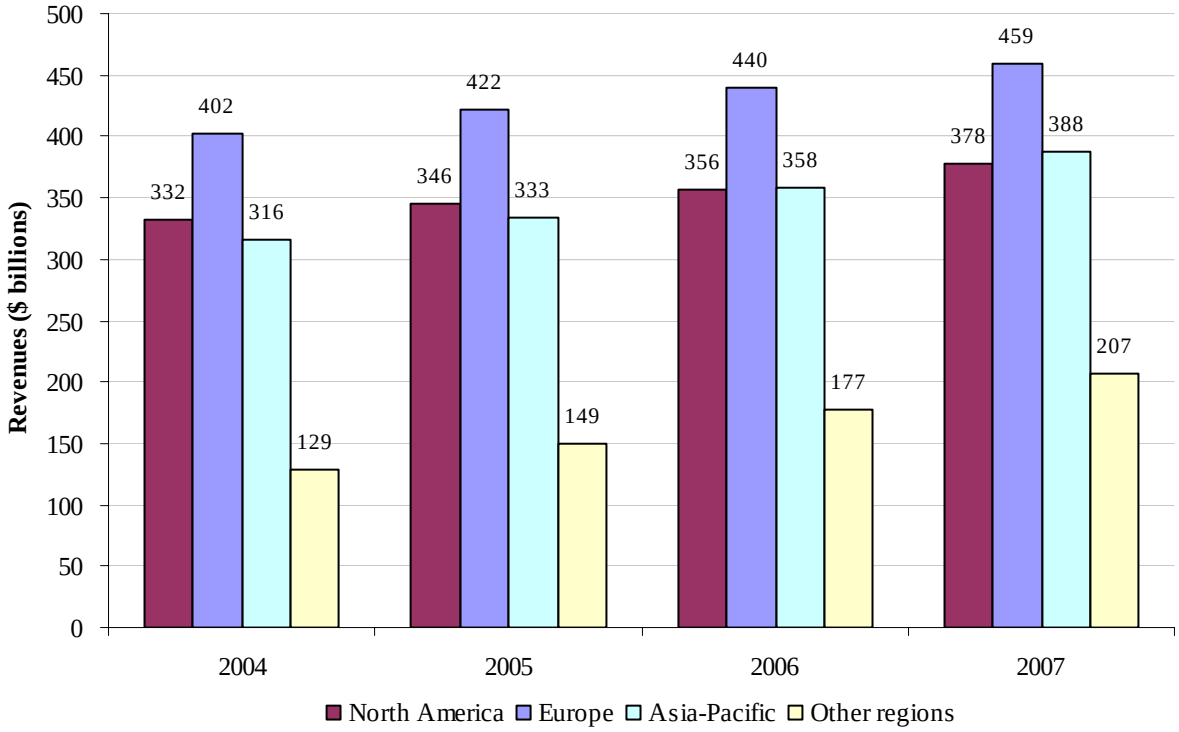
Global telecommunications revenues

With revenues of more than $1.4 trillion in 2007, the value of the global telecommunications services market has experienced average annual growth of 6.6% over the four-year period ending December 2007. The rate of growth in all global regions has steadily increased year over year, with worldwide revenue growth of 7.5% in 2007. The large emerging markets of Asia-Pacific (particularly China and India) account for a majority of the growth, together with emerging nations in other global regions (Latin America, Africa, and the Middle East).

Much of this growth has been spurred by expansion of the customer base in the wireless sector – the number of mobile subscribers surpassed that of fixed lines worldwide in 2002. By the end of 2007 there were over 3.3 billion wireless subscribers around the world, 2.7 times the number of fixed lines.[252]

[252] Source: TeleGeography 2008

Figure 6.2.2 Telecommunications service revenues, by global region



Source: IDATE Digiworld Yearbook 2008

Table 6.2.2 Global telecommunications revenues ($ billions)

	2004	2005	2006	2007	*Growth 2006-2007*	*CAGR 2004-2007*
North America	332	346	356	378	5.9%	4.4%
Europe	402	422	440	459	4.4%	4.5%
Asia-Pacific	316	333	358	388	8.3%	7.0%
Other regions	129	149	177	207	16.4%	16.9%
Global total	1,180	1,251	1,331	1,431	7.5%	6.6%

Note: Canadian dollars shown have been converted from euros using OECD exchange rates adjusted for purchasing power parities for gross domestic product (GDP).
Source: IDATE Digiworld Yearbook 2008

Wireless service

As seen from Table 6.2.3, the number of mobile subscriptions continues to increase, although the rate of growth has been levelling off for most industrialized nations. Across the countries shown, the number of wireless subscriptions grew by 9.4% in 2007, compared to an annual growth rate of 11.6% over the four years ending in 2007. The United States leads in annual wireless subscription growth over the four years, and continues to show strong growth in 2007. Germany has seen annual growth surge in 2007

compared to its annual growth over the four-year period, while year-over-year growth and the annual rate of growth over the same four-year period for Japan, and to a slightly lesser extent for France, have equalized – an indication of market maturation.

Table 6.2.3 Number of wireless subscriptions, by country (millions)

	2003	2004	2005	2006	2007	*Growth 2006-2007*	*CAGR 2003-2007*
United States	139	176	208	233	257	10.2%	16.6%
Italy	57	63	72	81	90	11.6%	12.2%
Canada	13	15	17	19	20	8.6%	11.2%
Germany	65	71	79	85	97	13.8%	10.7%
United Kingdom	53	60	65	70	74	5.3%	8.6%
France	42	45	48	52	55	7.4%	7.3%
Japan	80	86	90	95	101	5.9%	5.9%
Total	448	514	579	634	693	9.4%	11.6%

Source: Ofcom, International Communications Market 2008

In 2007, there were 1.14 billion mobile handsets sold worldwide, 16% more than in 2006 and 36% more than 2005. Of these, the number of 3G ("smartphone") handsets reached 167 million units in 2007, or 15% of total handsets, twice as many as were sold in 2006. In terms of geographical breakdown, Asia-Pacific markets accounted for 45% of global sales volume, with Western Europe at 14% and North America at 13%. In North America and in Europe, more than 90% of sales were to users replacing their old handset, generally with a new higher-end unit. Despite the growth in low-priced under-$US30 models, the North American selling price averaged $US170, well above the overall 2007 average of $US110.[253] In Canada in 2008, the penetration of smartphones nearly doubled, from 12 to 21%, an increase consistent with the trend worldwide.[254]

Table 6.2.4 Wireless industry indicators (2007)

	Wireless penetration (subs/population)	Number of major providers (facilities-based)	Market share (by revenue) of top two players	*ARPU Growth 2006-2007*
Canada	61%	3	68%	4.7%
Japan	82%	3	78%	-5.3%
United States	84%	4	53%	0.5%
France	87%	3	78%	-3.6%
Australia	104%	4	75%	1.9%
Germany	118%	4	72%	-12.7%
United Kingdom	122%	5	50%	2.6%
Italy	151%	4	74%	-11.4%

Source: Merrill Lynch, Global Wireless Matrix 1Q08

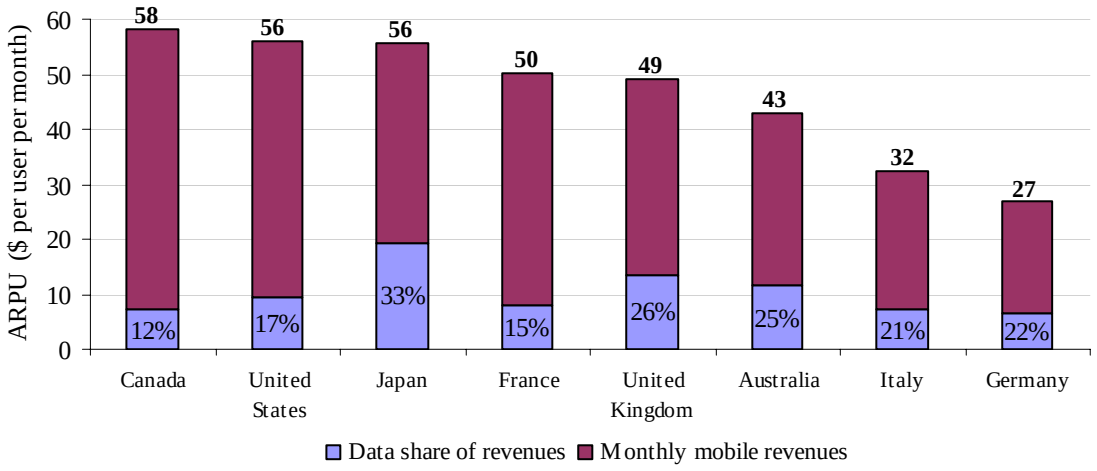
As seen in Table 6.2.4, wireless ARPU growth decreased in Germany, Italy, Japan, and France in 2007 compared to 2006. In the United States, ARPU growth was relatively

[253] Source: IDATE Digiworld Yearbook 2008
[254] Source: TNS Canadian Facts, 9 April 2009

slight, while Australia, the United Kingdom, and Canada experienced varying increases in ARPU growth.

In Figure 6.2.3, Canada's wireless ARPU of $58 per month in 2007 was somewhat higher than the $56 seen in the United States and Japan. Mobile use in 2007 was relatively less expensive in Germany, Italy, Australia, and the United Kingdom, a likely driver of the high mobile penetration rates experienced in these countries. Data's share of mobile revenues has been increasing in all the nations listed in Figure 6.2.3, due to the ongoing popularity of text messaging as well as the development and marketing of mobile broadband services as a fast, mobile way to access the Internet. The surge in smartphone penetration, strongly driven by the iPhone, has been a catalyst for wireless data spending.

Figure 6.2.3 Wireless ARPU – Monthly mobile revenues, including data (2007)



Source: Merrill Lynch, Global Wireless Matrix 1Q08

Broadband connections

The tremendous growth in the number of broadband connections in recent years is seen in the 35.3% average annual growth over the four-year period ending December 2007 for the countries shown in Table 6.2.5, although year-over-year growth is slowing as Internet users worldwide largely complete the shift from dial-up to high-speed access. Slowing growth in the number of broadband connections in recent years as compared to this growth over the four-year period is likely due to increasing numbers of consumers using a mobile connection in place of fixed broadband. Japan, with broadband year-over-year growth in 2007 of 9.7% (the lowest of the countries examined) is showing signs of maturation in a national market generally characterized as early technology adopters.

Table 6.2.5 Broadband connections, by country (millions)

	2003	2004	2005	2006	2007	*Growth 2006-2007*	*CAGR 2003-2007*
United Kingdom	3.1	6.1	9.9	13.0	15.6	20.0%	49.8%
Germany	4.6	7.0	10.7	14.7	19.6	33.3%	43.7%
France	3.7	6.8	9.4	12.7	15.6	22.8%	43.3%
Italy	2.5	4.7	7.0	8.6	9.9	15.1%	41.1%
United States	18.3	35.6	47.1	56.8	71.2	25.4%	40.4%
Japan	13.6	18.6	22.4	25.8	28.3	9.7%	20.1%
Canada	4.5	5.4	6.4	7.5	8.4	12.0%	16.9%
Total	50.3	84.2	112.9	139.1	168.6	21.2%	35.3%

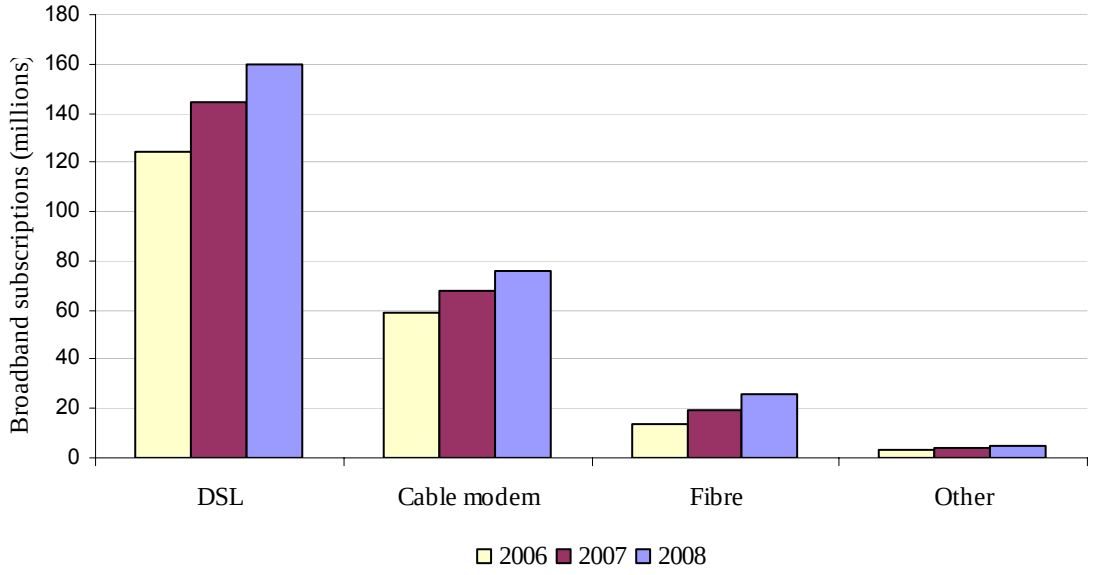
Source: Ofcom, International Communications Market 2008

Bandwidth/broadband speeds

As the number of consumers who download videos and music increases, and online use from both fixed and mobile devices continues to grow rapidly, demand for bandwidth and speed has grown in step. Wireline technology continues to dominate broadband delivery around the world, with high-speed Internet connections made primarily over copper wires, coaxial cables, or fibre-optic strands. Globally, only 2% of subscribers get broadband service via satellite or fixed wireless; these often represent users in rural, remote, or rugged geographical areas.

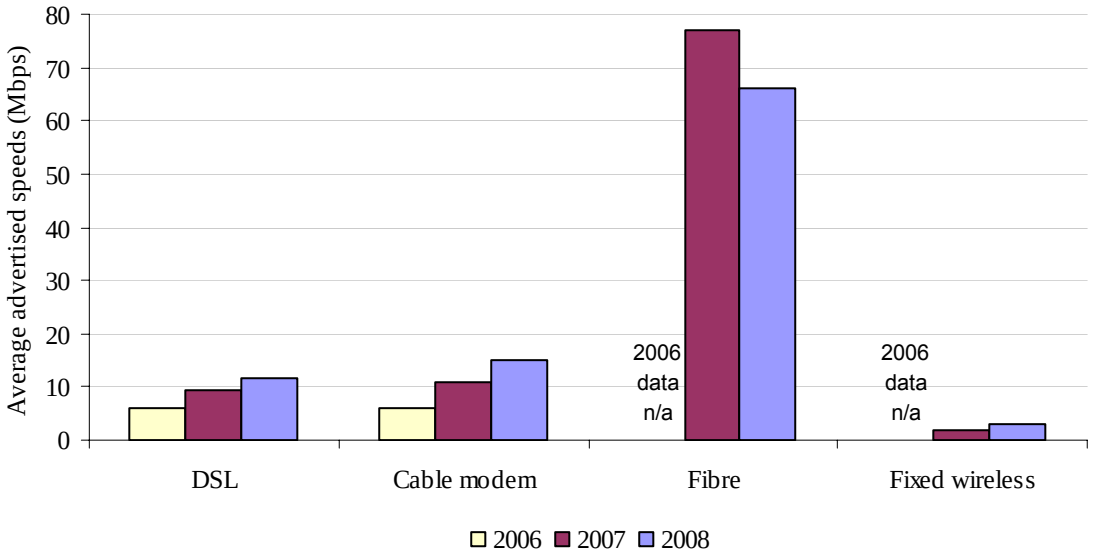
DSL technology was used to provide Internet access to over 228 million users, or approximately 65% of the world's 350 million broadband subscribers in 2007; cable modem technology was used by approximately 77 million users, or 22% of global broadband subscribers; and fibre optics technology was used by approximately 38 million users, or 11% of the world's broadband connections. Fibre-to-the-home (FTTH) is the gold standard in broadband infrastructure, offering the fastest speeds without performance degradation factors such as distance from a switching station (as with DSL) and number of homes sharing the signal (as with cable neighbourhoods). Incumbent telephone operators and cable operators are in the process of upgrading their networks by installing fibre ever closer to consumers, but DSL speeds, even with fibre to the node, are surpassed by current cable offerings, as seen in Figure 6.2.4.

Figure 6.2.4 Broadband subscribers by access technology, OECD countries



Source: OECD broadband portal www.OECD.org

Figure 6.2.5 Broadband speeds by access technology, OECD countries



Source: September 2008 survey of 613 broadband offerings across all OECD countries

In 2006, advertised cable speeds were nearly identical to DSL at 6 Mbps. By 2008, cable's average advertised speed had more than doubled. The average advertised fibre speed shows a decline in 2008 as operators included new entry-level offers at speeds below 100 Mbps.

Internet users in the United Kingdom experience some of the slowest broadband access in the developed world, with average speeds of only 3 to 4 Mbps. As consumers in the United Kingdom increase their use of bandwidth-hungry applications such as iPlayer (a BBC catch-up TV service), broadband speed has become a fierce competitive issue between ISPs. Virgin Media, which has its own fibre-optic network connecting half the homes in the United Kingdom using cable technology, announced the rollout of broadband at 50 Mbps in late 2007. All other broadband providers have to use the incumbent's (i.e. British Telecom) copper lines to connect homes to the Internet; distance limitations of DSL technology means that British Telecom can only offer speeds up to 8 Mbps.

In the United States, cable broadband speeds have been increasing. Typical speeds in 2008 were 10-15 Mbps and, in some markets, up to 50 Mbps compared to an average of 3 Mbps in 2004. The United States regional telephone companies, Verizon Communications, Inc. and, to a lesser extent, AT&T Inc. and Qwest Communications International Inc., continue to roll out fibre to the home, allowing these operators to provide telephone, Internet, and TV services to the subscriber's premises over fibre-optic lines. Thirty-seven million homes in the United States are forecast to have access to fibre in 2009. This is expected to double to 76 million homes by 2015.[255]

Canada has relatively few FTTH households. Broadband access is primarily split between cable and DSL. In recent years, incumbent wireline TSPs have been losing ground to cable operators. In 2008, the share of total residential broadband subscribers was 39.5% for DSL and 55.0% for cable, compared to 40.7% and 54.7%, respectively, in 2007.

Broadband network development

Broadband has been one of the most significant developments in communications technologies in recent years, fundamentally changing how people work, communicate, access information, and consume media services. Operators offer ever faster services while customers increase their use of the applications and online services this speed supports. The move to "super-fast" broadband in support of these services will require investment in physical infrastructure and in new technologies in order to realize these "next generation access" (NGA) networks.

Many countries have embarked on programs to bring affordable broadband access to all of its citizens. Public broadband schemes have the potential to extend the benefits of broadband to underserved and unserved areas which would otherwise be disadvantaged without the connectivity that makes businesses competitive and gives end-users access to high-speed Internet services. A typical situation in support of government intervention occurs where there is a high value to society for the rollout of next generation networks, but the business case for private investor funding is relatively weak. When governments intervene in markets by subsidizing communications networks, there is often a stipulation that the network be "open access." This refers to an arrangement where network

[255] Source: BuddeComm, USA Telecoms, Wireless, Broadband and Forecasts (February 2009)

providers offer capacity or access to all market participants under the same terms and conditions.

France passed legislation in 2008 which instituted the concept of shared access, with the "last mile" portion of incumbent networks being made available to all operators. Measures in support of France's target of 4 million NGA broadband subscribers by 2012 include requirements for duct sharing to reduce engineering costs, and fibre installation for all new builds. France followed up with its Digital 2012 plan (20 October 2008) which announced that "every French citizen, wherever they live shall, by 2010, enjoy the right of access to broadband Internet at affordable prices of around €35 per month, inclusive of the equipment needed for access." Also in 2008, Switzerland's incumbent telephone operator, Swisscom, announced plans for a €5 billion national FTTH rollout, followed by a proposal to Swiss regulator ComCom that FTTH providers should co-operate through duct-sharing and using each other's fibre.

In the United Kingdom, the Digital Britain report proposed a "universal service commitment" to offer broadband at speeds of at least 2 Mbps to virtually all homes.

In the wake of a financial crisis and a global economic slowdown, many countries are tabling recovery spending plans to stimulate economic growth. A common strategy appears to be increased investment in delivery of high-speed Internet, including measures to expand broadband access and to improve connection speeds.

Canada's Economic Action Plan, tabled by the federal government in January 2009, provides $225 million in spending over three years to extend broadband coverage to unserved communities. Canada's provincial governments are active in expanding the availability of broadband Internet service to Canadians.

In April 2009, the Australian government announced that it would create a publicly-owned company that will invest up to $AU43 billion over eight years to build and operate an open access National Broadband Network. The new fibre-based network, projected to provide speeds of up to 100 Mpbs, will cover 90% of Australian homes, schools, and workplaces, while the more remote areas of rural Australia will have access to next-generation wireless and satellite technologies offering speeds of 12 Mbps or more.

As part of the European Economic Recovery Plan, the European Commission announced its aim to achieve 100% high-speed Internet coverage for all citizens of the EU's 27 member states by 2010. The European Commission proposed funding of €1 billion in addition to private investments and various national funding schemes by individual European countries.

The United States' economic stimulus bill passed in early 2009, approving $US7.2 billion to finance projects that "provide the greatest broadband speed possible to the greatest population of users," with priority for rolling out broadband to underserved and unserved areas.

The United States and Switzerland have recognized broadband as a universal access service, while the European Commission, as well as governments in Australia, India, Japan, Malaysia, and Sweden have also defined broadband universal access goals.

Mobile broadband

Mobile web use has skyrocketed – in Japan, one in five users indicate that their mobile handset has supplanted their desktop computer for online browsing. In response to this growing demand for mobile broadband, wireless service providers around the world are embarking on costly network upgrades, in many cases entering into agreements with rival mobile operators in an effort to share technology, engineering, and maintenance costs. In Canada, Bell Canada and TCC have committed to jointly develop a next-generation HSPA[256] wireless network overlay. British mobile operators Vodaphone UK and Orange UK announced plans in March 2009 to integrate both operators' 3G networks in view of cost-sharing benefits; rival wireless providers T-Mobile UK and 3 UK entered into a similar joint venture in 2008.

Broadcasting – Radio industry

Table 6.2.6 Radio industry indicators (2007)

	Total radio industry revenues ($ billions)	Radio revenues per capita	Number of licensed stations	Listening minutes per day per person
Canada	1.81	56	1,252	157
United States	22.78	75	14,124	159
United Kingdom	2.71	45	510	177
France	2.31	37	886	171
Germany	4.96	60	278	186
Italy	2.07	32	202	180
Japan	3.62	28	368	128
Australia	1.15	55	670	148

Source: Ofcom, International Communications Market 2008; Commercial Radio Australia 2007 survey

[256] HSPA (high-speed packet access) is a next-generation technology for mobile phones, allowing high-speed Internet browsing as well as applications such as video chat and live TV.

Broadcasting – Television industry

Table 6.2.7 Television industry indicators (2007)

	Total television industry revenues ($ billions)	Television revenues per capita	Main TV platform* (% of TV homes)	Viewing minutes per day per person
Canada	9.53	290	Acab (35)	223
United States	143.21	475	Dcab (33)	272
United Kingdom	22.45	370	DTT (37)	218
France	14.98	234	DTT (29)	207
Germany	19.93	243	Acab (50)	208
Italy	13.60	234	ATT (40)	230
Japan	38.06	299	Dsat (36)	240
Australia	4.42	210	DTT (42)	181

*TV platforms: ATT = Analogue terrestrial television, i.e., conventional over-the-air; DTT = Digital terrestrial television; Acab = Analogue cable; Dcab = Digital cable; Dsat = Digital satellite

Source: Ofcom, International Communications Market 2008; Australian Communications and Media Authority (ACMA) Broadcasting Financial Results 2006-07; ACMA Communications Report 2007-08; ACMA Annual Report 2007-08; industry data

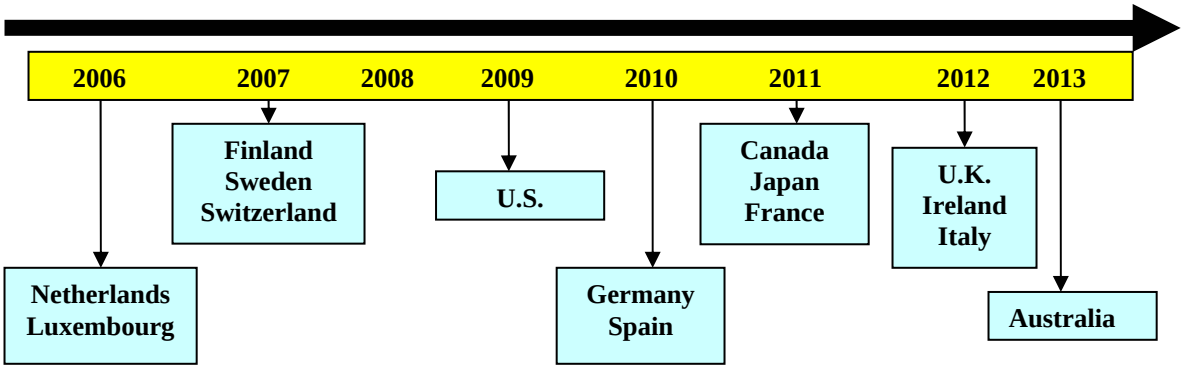
Consumers' preferred television platform varies by nation, depending on historic development within the countries' television industries. Cable is the most popular method of receiving television in Canada, the United States, and Germany. Digital terrestrial service (received via a digital set-top box that decodes the over-the-air signal it picks up by antenna) is taken by more homes in the United Kingdom, France, and Australia than any other platform, with analogue terrestrial service remaining the most common choice in Italy. In Japan, satellite is the most widely used television platform. IPTV services (television signals delivered to viewers using Internet Protocol), although growing in reach and popularity, are not yet widely available in all areas of the countries examined. Notably, France experienced a 6% increase in IPTV take-up during 2007, compared to less than 1% growth in market share among the other nations surveyed.[257]

Transition to digital television

Television broadcasting of over-the-air signals in digital format continues to replace analogue TV technology, with scheduled completion dates varying by country, as seen in Figure 6.2.6.

[257] Source: Ofcom, International Communications Market 2008, pages 171 and 174

Figure 6.2.6 Digital TV switchover completion



Source: Industry data

Digital broadcasting is more efficient than analogue in its use of spectrum frequency. With digital TV, all analogue TV channels can be accommodated in less than a quarter of the original spectrum used, giving rise to the concept of a "digital dividend" as broadcasters around the world transition from analogue to digital platforms. Digital technology also allows broadcasters to provide television programming in high-definition format or use a single broadcast channel for multi-channel multiplexing, as well as provide other services such as multimedia or interactivity.

Worldwide, out of 1.2 billion TV households, 29% are estimated to be digital by the end of 2008. By the end of 2013, half the world's TV households (636 million out of a global estimate of 1.3 billion) can be expected to be receiving digital signals.[258]

Table 6.2.8 Digital television households (2007)

	Digital subscribers (thousands)	Number of TV households (thousands)	Digital share of TV households (%)	Growth in digital subscribers 2007 - 2006
United Kingdom	21,116	25,552	83	12.7%
France	17,574	22,582	78	40.7%
United States	79,149	112,681	70	17.0%
Canada	6,928	13,026	53	15.0%
Australia	3,985	7,591	53	12.3%
Italy	9,375	21,430	44	21.0%
Japan	15,122	43,888	35	30.6%
Germany	11,265	35,055	32	28.8%

Source: TV International, 19 September 2008 and 3 October 2008

In the United States, the Federal Communications Commission (FCC) in November 2008 gave approval for wireless devices to operate in "white spaces" without the need for a spectrum licence. White spaces refer to the unused gaps of spectrum between ultra high frequency (UHF) television channels which will no longer be needed with the transition from analogue to digital broadcasts. Wireless signals moving through this band of

[258] Source: TV International, 19 September 2008

spectrum have superior range than signals using WiFi and other currently available unlicensed spectrum technologies. Availability of new free unregulated spectrum in the form of white spaces is anticipated to create new technologies and new devices, bringing ultra-fast wireless connectivity to the masses.

High-definition television (HDTV) is also poised for mass market adoption. Prices for high-definition sets and set-top boxes have fallen substantially in the last few years; many national free-to-air broadcasters are launching HD services, which will further stimulate take-up. In 2007, there were 25.7 million active[259] HDTV households (i.e. homes watching HDTV channels), with the United States currently predominating the viewership numbers.

Table 6.2.9 Penetration of HDTV, by country (2007)

	Number of HDTV-active households (thousands)	HDTV proportion of digital TV households
United States	17,991	23%
Japan	3,982	26%
Canada	1,428	21%
United Kingdom	604	3%
France	462	3%
Italy	143	2%
Australia	122	3%
Germany	77	1%

Source: TV International, 24 February 2009

[259] "Active" refers to homes actually watching HD channels. Owning an HD-ready set does not automatically mean reception of HD programming. While the number of homes with an HDTV-ready set is estimated to reach 157 million by the end of 2009, only 42% of these are anticipated to subscribe to HD channels.

Data collection and methodology analysis

Data collection

Broadcasting

Data collected through the data collection process from broadcasting licensees, including licensees of radio, television, broadcast distribution, and pay, pay-per-view, video-on-demand and specialty services, establishes a financial performance measure for conventional broadcasters and measures this sector's contribution to the Canadian economy. The key results of the data collection process take the form of detailed information on the revenues, expenditures and operating statistics. The quantity of information collected varies with the size of the company.

The data collection is conducted jointly by Statistics Canada and the Canadian Radio-television and Telecommunications Commission (the Commission) under the authority of the *Statistics Act* and the *Broadcasting Act*. Statistics Canada uses the data to construct industry accounts, and the Commission uses it to monitor the industry's performance and adherence to regulations.

The data collection process targets all broadcasting service providers licensed by the Commission to operate private, public and non-commercial radio, television, broadcast distribution or pay, pay-per-view, video-on-demand and specialty services.

The broadcasting regulations require broadcasting service providers to complete and return the broadcasting survey forms. The forms are mailed to broadcasting companies in mid-October each year and cover the 12-month period ending 31 August of that year. The licensees have until 30 November to complete and return the forms. In 2007, the major distribution companies accessed and submitted the forms electronically using the Commission's secure web-based data collection system (DCS). In 2008, additional broadcasting companies submitted the forms electronically using that same system.

In addition to the broadcasting form, commercial radio broadcasters must submit the Contributions to the Canadian Talent Development (CTD) or Contributions to Canadian Content Development (CCD) Form. Broadcast distribution undertakings must also submit the Financial Contributions to the Creation and Production of Canadian Programming Form. These two additional documents enable the Commission to ensure that the licensees are complying with their conditions of licence relating to their CTD/CCD contributions and to their contributions to the creation and production of Canadian programming.

Telecommunications

The data collection process is also used to maintain and update the data on (i) the telecommunications service providers registration lists, (ii) the contribution regime, (iii) telecommunications fees, and (iv) the telecommunications service industry as part of the Commission's monitoring activities.[260]

All telecommunications service providers are classified into one of two groups. Group 1 service providers generally (i) have significant telecommunications revenues, (ii) file tariffs, or (iii) have international licences. Group 2 service providers generally have lower revenues.

Each service provider is required to complete and submit annually to the Commission a registration form, which is used to update certain basic information about the service provider and determine what additional forms, if any, are to be issued to the service provider. Group 1 service providers access and submit the registration form electronically using the Commission's secure web-based DCS. Each year these service providers are notified by email at the start of the data collection process and are provided with (i) the due dates for submission of the registration form and the subsequent data forms, and (ii) the information needed to access DCS. Group 2 service providers, on the other hand, are mailed a registration form for completion. Once submitted, this generally marks the end of the data collection process for the Group 2 service providers.

Group 1 service providers are required to submit a range of company-specific information, including financial data (e.g. income statement, balance sheet, and capital expenditures), along with detailed telecommunications information focusing on products and on geographic markets. Geographic markets are defined on a national, provincial/territorial, regional, local exchange, or city basis. The data submitted is as of 31 December of each year.

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260 *Telecommunications industry data collection: updating of CRTC registration lists, telecommunications fees, Canadian contribution mechanism fund administration, international licences and monitoring of the Canadian telecommunications industry*, Telecom Circular CRTC 2003-1, 11 December 2003

Data Analysis

Broadcasting

A compliance analysis is performed by the Commission on the financial data from the annual returns submitted by all broadcasting service providers. The objectives of this analysis are as follows:

- to ensure that the summary of financial data for operations connected to the licensee, included in the annual return, corresponds to the data presented in the financial statements required of the licensees in accordance with Circular No. 404;[261]
- to reconcile the actual expenditures on Canadian programming with the expenditures required by licensees' conditions of licence;
- to reconcile the actual contributions to CTD or CCD with the contributions required by licensees' conditions of licence; and
- to proceed with a percentage or ratio analysis of the trends in the major categories of revenue and expenditures presented in the annual forms over a five-year period, particularly with reference to the previous year.

Financial and statistical summaries are then published by the Commission for the four major broadcasting categories, (i.e. commercial radio, conventional television, broadcast distribution, and pay, pay-per-view, video-on-demand and specialty services). The data is also used in the preparation of the *CRTC Communications Monitoring Report.*

Revisions may be made to the financial and statistical summaries. These generally follow late receipt of data, modifications made by the licensees to previously filed data, or errors detected following publication of the data. They generally do not have a major impact on the results of the data collection process.

Telecommunications

The returns are analyzed to ensure that the coverage of telecommunications service providers is as anticipated and that a complete response has been provided. Follow-up is initiated at this stage to resolve or obtain explanations of anomalies identified in the data submitted. The data is then subjected to computerized edits designed to ensure accuracy and internal consistency. For larger enterprises, the reported data is compared to audited financial information, and major discrepancies are investigated. A year-over-year comparison is made to identify any radical or unexplained changes. If necessary, follow-up is initiated with the TSP. Finally, the data is analyzed to determine the validity of the submissions by performing a time series analysis or by comparing the data or its

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[261] *Requirements for the filing of financial statements with the broadcasting annual returns*, Circular No. 404, 23 August 1994

derivatives (such as average revenues per line or minute) against other established benchmarks.

Certain figures published in the monitoring report from previous years may be restated to be consistent with data displayed in this report. Other figures may change as a result of some companies resubmitting previous years' data. In addition, certain data may be reclassified to better reflect the market segments or industry developments. These restatements are identified by means of a number sign (#).

Most of the tables and figures included in the report are derived from data submitted via the DCS while others are derived using Statistics Canada and Department of Industry information. Inconsistencies may arise between the data derived from these sources, given that the companies surveyed, the definitions used and the level of detail requested may be different for each source. The data source is therefore identified for each table and figure contained in the report.

Summary of Canadian telecommunications markets subject to Commission forbearance rulings

Market	Year	Details
Terminal equipment	1994	Sales and rental of terminal equipment.
Satellite services	1994	Telesat's digital video compression services initially; further services offered by Telesat, such as sale/lease of earth stations and RF channels, in subsequent years.
Services provided by non-dominant carriers	1995	Services, such as long distance, data, Internet and private line, provided by non-dominant competitive carriers.
Data and private line	1997	High-speed/Digital Data Services (DDS) interexchange private line services provided by the incumbent telephone companies on a route-specific basis.
Internet services	1997	Incumbent telephone companies' retail Internet services in 1997 and those of cable service providers in 1998.
Long distance	1998	Toll and toll-free services.
International services	1998	Initially excluded Teleglobe; however, certain international services provided by Teleglobe were later forborne from regulation as well.
Data and private line	2004	With some conditions, additional high capacity digital data interexchange private line services forborne from regulation on routes for which competitors of several incumbent local exchange carriers now offer, or provide, services at DS-3 or greater bandwidth.
Local exchange service	2005/ 2006	In 2005, local Voice over Internet Protocol (VoIP) services are part of the same relevant market as circuit-switched local exchange services. As of 2006, the Governor in Council requires the Commission to refrain from regulating retail local access-independent VoIP services.

Market	Year	Details
Local exchange service	2006/ 2007	A framework for forbearance from the regulation of local exchange services established (2006). The framework set out criteria that incumbents must meet for forbearance from regulation of residential or business local exchange service within a defined geographic area. In 2007, the market share loss criterion was replaced with one that emphasized the presence of competitive infrastructure; geographic areas were replaced by incumbent telecommunications service providers (TSP) exchange boundaries; winback rules and the competitive safeguards for promotions were eliminated; and competitor quality of service indicators for forbearance applications were modified. During the second half of 2007, the Commission started to approve applications from incumbent TSPs for forbearance from regulation of residential and business local exchange service.
Data and private line	2007	A framework for forbearing from regulating high-speed intra-exchange digital network access (high-speed digital network access (DNA)) services and metropolitan wavelength services (MWS) was established.
Dark fibre (interexchange)	2007/ 2008	The Commission forbears from the regulation of interexchange dark fibre provided by the large incumbents in their serving territories.
Dark fibre (intra-exchange)	2008/ 2009	The Commission forbears from the regulation of intra-exchange dark fibre provided by Bell Aliant Regional Communications, Limited Partnership; Bell Canada; MTS Allstream Inc.; NorthernTel, Limited Partnership; Saskatchewan Telecommunications; Télébec, Limited Partnership; and Telus Communications Company, in their serving territories.

Classification of Canadian telecommunications service providers

Telecommunications service providers (TSPs) operating in Canada are classified into two broad categories, incumbent TSPs and alternative TSPs, as outlined below. The category into which a given TSP falls may change from one year to the next as a result of consolidation in the industry.

1) ***Incumbent TSPs*** are the telephone companies that provided telecommunications services on a monopoly basis prior to the introduction of competition. For this report, the operating results of these companies from their activities outside their traditional operating territory are included with the alternative TSPs group discussed below.

    a) *Large incumbent TSPs* are those incumbent telephone companies serving relatively large geographical areas, usually including both rural and urban populations, and providing local, long distance, wireless, Internet, data, private line, and other services. The large incumbents include Bell Aliant Regional Communications, Limited Partership, Bell Canada, MTS Allstream Inc., Saskatchewan Telecommunications, and TELUS Communications Company (TCC), as well as Northwestel Inc., Télébec, Limited Parternship, and TELUS Communications (Québec) Inc. (now part of TCC).

    b) *Small incumbent TSPs* are those incumbent telephone companies serving relatively small geographical areas (mostly municipal areas generally located in less densely populated areas) in Ontario, Quebec and, in one instance, British Columbia. Due to the limited size of their serving areas, they typically do not provide facilities-based long distance services. However, they do provide a range of local voice, data, Internet, and wireless services. The small incumbents include companies such as NorthernTel, Limited Partnership and TBayTel.

2) ***Alternative TSPs*** are telecommunications service providers that are not incumbent telephone companies as described in 1) above. However, this group includes incumbent TSP out-of-territory operations, such as Bell Canada's operations in Alberta and British Columbia. Alternative TSPs are subdivided as follows:

    a) *Facilities-based alternative TSPs* are the alternative TSPs that own and operate a telecommunications network. This includes companies such as cable broadcasting distribution undertakings (BDUs) and utility companies. This group is further subdivided into:

        i. Incumbent TSPs (out-of-territory), and
        ii. Facilities-based, non-incumbent TSPs

- *Cable BDUs* include the former cable monopolies that also provide telecommunications services (e.g. Internet, wireless, and voice services). These cable BDUs include such companies as Rogers Communications Inc., Shaw Communications Inc., Le Groupe Vidéotron ltée, Cogeco Inc., and Bragg Communications Incorporated.

- *Utility telcos and other carriers* category encompasses two smaller groups of TSPs: Utility telcos whose market entry into telecommunications services, or whose corporate group's market entry into telecommunications services, was preceded by a group-member company's activity in the electricity, gas or other utility business; and other carriers that own physical transmission facilities (e.g. inter-city, intra-city, or local). These service providers include such companies as Hydro One Telecom Inc., Toronto Hydro Telecom Inc., FibreWired Network, and FCI Broadband (a division of Futureway Communications Inc.).

b) *Non-facilities-based TSPs* are providers of telecommunications services that do not own and operate a telecommunications network. These companies are generally referred to as resellers since they generally acquire telecommunications services from another TSP to either resell the service or they create their own network from which to provide service to their customers. Examples include Primus Telecommunications Canada Inc., Distributel Communications Limited, YAK Communications (Canada) Inc., and many others, including independent Internet service providers (ISPs).

In the classification structure above, wireless companies are classified based on the affiliate relationship with one of the service providers.

Status of local forbearance - Residential and business exchanges (as of 30 June 2009)

Major centre	Number of local exchanges	Number of forborne exchanges		Number of forborne exchanges as a percentage of total exchanges in the major centre	
		Residential	Business	Residential	Business
British Columbia					
Vancouver	19	17	11	90	58
Victoria	4	3	2	75	50
Remaining exchanges	259	33	14	13	5
Alberta					
Calgary	8	3	3	38	38
Edmonton	27	5	1	19	4
Remaining exchanges	303	9	9	3	3
Saskatchewan					
Saskatoon	10	1	1	10	10
Regina	5	1	0	20	0
Remaining exchanges	214	3	3	1	1
Manitoba					
Winnipeg	14	1	0	7	0
Remaining exchanges	230	2	0	1	0
Ontario					
Toronto	50	45	20	90	40
Ottawa-Gatineau	28	19	3	68	11
Hamilton	12	7	5	58	42
London	16	9	1	56	6
Kitchener	8	8	2	100	25
St. Catharines-Niagara	13	7	2	54	15
Windsor	11	2	2	18	18
Oshawa	8	7	2	88	25
Remaining exchanges	531	74	21	14	4
Quebec					
Montreal	40	37	11	93	28
Quebec City	17	8	1	47	6
Remaining exchanges	518	94	17	18	3
New Brunswick					
Fredericton	2	2	0	100	0
Remaining exchanges	86	21	2	24	2
Nova Scotia					
Halifax	16	7	6	44	38
Remaining exchanges	131	44	8	34	6
Prince Edward Island					
Charlottetown	4	1	0	25	0
Remaining exchanges	22	10	2	46	9
Newfoundland & Labrador					
St. John's	6	1	1	17	17
Remaining exchanges	206	0	0	0	0

International pricing assumptions

Below is a summary of the assumptions and methodology used in developing aggregate pricing indices for the international price comparisons shown in Table 6.2.1.

Table A.5.1 Service providers surveyed

City	Service Providers
Canada	
St. John's, NL	Wireline: Bell Aliant, Rogers; Wireless: Bell Mobility, TELUS Mobility, Rogers Wireless
Halifax, NS	Wireline: Bell Aliant, Eastlink; Wireless: Bell Mobility, TELUS Mobility, Rogers Wireless
Charlottetown, PE	Wireline: Bell Aliant, Eastlink; Wireless: Bell Mobility, TELUS Mobility, Rogers Wireless
Saint John, NB	Wireline: Bell Aliant, Rogers; Wireless: Bell Mobility, TELUS Mobility, Rogers Wireless
Montréal, QC	Wireline: Bell Canada, Vidéotron; Wireless: Bell Mobility, TELUS Mobility, Rogers Wireless
Toronto, ON	Wireline: Bell Canada, Rogers; Wireless: Bell Mobility, TELUS Mobility, Rogers Wireless
Winnipeg, MB	Wireline: MTS Allstream, Shaw; Wireless: MTS Mobility, TELUS Mobility, Rogers Wireless
Regina, SK	Wireline: SaskTel, Access Communications; Wireless: SaskTel Mobility, TELUS Mobility, Rogers Wireless
Calgary, AB	Wireline: TCC, Shaw; Wireless: Bell Mobility, TELUS Mobility, Rogers Wireless
Vancouver, BC	Wireline: TCC, Shaw; Wireless: Bell Mobility, TELUS Mobility, Rogers Wireless
United States	
Boston, MA	Stand-alone & Bundles: Verizon and Comcast (e.g. wireless)
Kansas City, MO	Stand-alone & Bundles: AT&T and Time Warner (e.g. wireless)
Seattle, WA	Stand-alone & Bundles: Qwest and Comcast (e.g. wireless) Wireless (all cities): AT&T, Verizon, and Sprint
United Kingdom	
London	Stand-alone & Bundles: BT (e.g. wireless), Virgin, Sky Wireline: Talk Talk; Internet: Orange, O2; Wireless: Vodaphone, Orange, O2
Australia	
Sydney	Stand-alone & Bundles: Telstra and Optus
France	
Paris	Stand-alone & Bundles: France Telecom (Orange) and Neuf Cegetel

Canadian prices were compared to those in the U.S., U.K., France, and Australia for wireline, wireless, and broadband services at three different usage levels. International prices for a bundle of four services (wireline, wireless, broadband, as well as a basic digital television package) at a medium usage level were also compared.

Prices were collected from the three or four largest service providers in each country, and then weighted by the market share of each provider. Sales taxes (provincial sales tax (PST), goods and services tax (GST)) and value-added tax (VAT) have been excluded, as have one-time service installation charges. Recurring charges (such as for 9-1-1, or network access fees) have been included. Prices were converted into Canadian dollars using purchasing power parity (PPP) translators published by the OECD.

Table A.5.2 Wireline service baskets definition

Local minutes of use (per month)	Low-volume User	Medium-volume User	High-volume User
Outgoing (55%)	220	550	880
Incoming (45%)	180	450	720
Total minutes	400	1,000	1,600
Outgoing by time of day/week			
Peak (40%)	88	220	352
Off-peak (60%)	132	330	528
Outgoing long distance	10% of total	20% of total	30% of total
National minutes	16	70	150
U.S. minutes	6	30	80
Other international minutes		10	34
Total minutes	22	110	264
Outgoing to mobile	15% of total	15% of total	15% of total
Local	33	60	100
National		22.5	32
International			
Total	33	82.5	132
Average call length (minutes)	3	3	3
Optional features			
Voice mail		Yes	Yes
Caller identification (ID)		Yes	Yes
Other			Yes (bundled, if available)

Note: Wireline pricing reflects flat-rate unlimited local calling in Canada and the U.S,; in the U.K. and France, wireline is priced on a per-minute metered basis; in Australia, wireline local calling is priced on a per-call basis, but is otherwise unmetered.

Table A.5.3 Wireless service baskets definition

Minutes of use/month	Low-usage	Medium-usage	High-usage
Outgoing (60%) Incoming (40%) Total	90 60 150	270 180 450	720 480 1,200
Time of Day/Week Peak (40%) Off-peak (60%)	 60 90	 180 270	 480 720
Long Distance National U.S. Other Total	10% of total 9 9	10% of total 21 6 27	15% of total 90 18 108
Calls to Mobile On-net Off-net Total	50% of total 30 15 45	50% of total 135 67.5 202.5	50% of total 350 175 525
Average Call Length	3 min.	3 min.	3 min.
Features			
Voice mail Caller ID Other		Yes Yes	Yes Yes Yes
Data			
Short Message Service (SMS) Multi-media Messaging Services (MMS)		40	100 5
Data Service			5 Mb

Note: Low-volume users are assumed to purchase prepaid wireless packages, whereas medium and high volume users are assumed to be using post-paid plans (generally based on two-year contract rates). Handset costs are not reflected in these usage price comparisons.

Table A.5.4 Broadband (Internet access) service baskets definition

Elements	Low-Usage	Medium-Usage	High-Usage
Transmission Speed	Lite Services $\leq$ 1 Mbps	High-speed ~ 5 Mbps (2 – 8 Mbps)	Very high-speed > 10 Mbps
Usage Allowance	25 Gb	60 Gb	100 Gb
Modem	Rental/24-month amortization	Rental/24-month amortization	Rental/24-month amortization