



October 7, 2004

Ms. Diane Rhéaume  
Secretary General  
Canadian Radio-television and  
Telecommunications Commission  
Ottawa, Ontario K1A 0N2

VIA Email [procedure@crtc.gc.ca](mailto:procedure@crtc.gc.ca)

Dear Ms. Rhéaume,

**Re: Application by the Canadian Cable Television Association (CCTA) to Amend the Commission's Policy Regarding the Use of Local Availabilities – Call for comments  
Broadcasting Public Notice CRTC 2004-47**

1. This is the submission of the Alliance of Canadian Cinema Television and Radio Artists (ACTRA) in the matter of Public Notice CRTC 2004-47 and the application by the Canadian Cable Television Association (CCTA) to amend the Commission's policy regarding the use of local availabilities.
2. ACTRA and its predecessor organizations have represented the interests of professional performers working in the English language media in every region of Canada for over sixty years. ACTRA's principal function is looking after the collective bargaining needs of the more than 21,000 members and others, whose performances in movies, television programs, sound recordings and digital media entertain, educate and inform Canadians and global audiences.
3. ACTRA members have a vital stake in Canada's cultural future and benefit professionally when work opportunities are strong. They also believe passionately that Canada needs a strong Canadian presence wherever entertainment and information services are created and however these are provided to Canadians. We believe in our own creativity; our capability to tell and perform our own stories. It is this belief that motivates ACTRA's participation in the public processes about the future of Canadian television, film and other media that make up the cultural industries.
4. ACTRA urges the Commission to adhere to its local avails policy and opposes the CCTA application.

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**Alliance of Canadian Cinema, Television and Radio Artists**

**ACTRA National Office**

625 Church Street · Suite 300 · Toronto ON M4Y 2G1  
Toll free 1-800-387-3516 · Tel (416) 489-1311  
Fax (416) 489-8076 · E-mail [national@actra.ca](mailto:national@actra.ca) · [www.actra.ca](http://www.actra.ca)

Affiliated with the Canadian Labour Congress (CLC)  
and the International Federation of Actors (FIA)

**Branch Offices:** Vancouver · Edmonton · Calgary · Regina · Winnipeg  
Toronto · Ottawa · Montreal · Halifax · St. John's

5. In the past four years, ACTRA and its members have been in the forefront of the campaign to reverse the precipitous decline in the availability of domestically produced English language television drama. We have raised this issue publicly, with politicians and with the Commission. There is an ongoing crisis that requires urgent and immediate action. Reversing the Commission's policy in respect of broadcast distribution undertakings (BDUs), notwithstanding the CCTA proposal to allocate 25% of revenues to the CTF, would not benefit the broadcasting system as a whole and would not provide any measurable assistance to stem the crisis in English language television drama. To the contrary it would likely contribute to a further decline in English language Canadian television drama.
6. The Commission's policy has been to limit the use of local avails for the insertion of commercial advertisements by BDUs. If the Commission were to accept the CCTA application, there would be no significant benefit to the broadcasting system as a whole and to the development of Canadian programming that would justify such a departure from existing Commission policy.
7. Permitting BDUs to use local avails on U.S. services for commercial advertisements will add new inventory to an existing market for television advertising. The effect will be to lower advertising rates charged by Canadian conventional and specialty broadcasters and displace advertising sales, limiting their ability to contribute to the system. There would be a reduced capacity to trigger CTF funding that would lead to a net loss to independent production in Canada resulting in even fewer Canadian dramas.
8. No new funding for Canadian drama will be added to the system even though the CCTA has proposed to direct 25% of revenues from local avails to the CTF. The CRTC licence fee top-up policy has the net effect that it actually reduces the expenditures on drama programming otherwise required to be made by the Canadian conventional, pay or specialty broadcasters. New money given by BDUs to the CTF, is allocated to the license fee top ups and not to the equity program. The result is that money given to the CTF by BDUs is as license fee top ups and therefore simply replaces money that otherwise would have been required to be spent by Canadian broadcasters.
9. Should the Commission reverse the licence fee top-up policy, which ACTRA along with the Directors Guild of Canada and others urge the Commission to do, the proportion of revenue proposed by the CCTA to be directed to the CTF is still inadequate. A comparison of the actual spending on Canadian content by English language specialty services and the proposal put forward by the CCTA illustrates this point. In 2003 Canadian specialty services spent more than 42% of total revenues on Canadian content while the CCTA proposes to direct only 25% of the advertising revenues from local avails to the CTF. The proportion of revenues to be directed towards the production of Canadian Drama programming must be much higher than 25% even if the licence fee top up policy were repealed.
10. The CCTA has not shown that its members need a reversal of the local avails policy in order to be economically viable, to respond to competition in the marketplace, to offset its regulatory obligations, or U.S. affiliation payments. The Commission's 2003 Policy Monitoring Report reveals that the cable industry has enjoyed strong growth in revenues since 1999. In 2002 revenues increased by nearly 403 million dollars. Similarly, the CRTC's Statistical and Financial Summaries from 1999-2003 show that revenues of BDUs have risen from \$3 billion in 1999 to \$4 billion in 2003. Profits have increased proportionately over the same period. In recent years regulatory amendments have benefited BDUs. They no longer are required to make payments of benefits on transfers of ownership of BDUs and BDUs also enjoy an exemption for low subscription for class 1 BDUs from obligations to contribute to program funding under the Broadcasting distribution regulations (Public Notice CRTC 1996-69 and Public Notice CRTC 2002-61 respectively). In respect of U.S. affiliation payments the CCTA did not disclose sufficient financial information to support their members' claim to 75% of the revenue increase they would enjoy from a reversal of the Commission's local avails policy.

11. ACTRA supports the submission made by the Directors Guild of Canada in this Call for Comments in addition to the out line of points ACTRA has made above.
12. We thank the Commission for this opportunity to provide our comments in respect to this matter and would be pleased to reply to any further questions raised by the Commission.
13. All of which is respectfully submitted.



Stephen Waddell, National Executive Director, ACTRA

c.c  
Michael Hennessy  
President  
Canadian Cable Television Association (CCTA)  
360 Albert Street, Suite 1010  
Ottawa, Ontario K1R 7X7

Telephone: (613) 232-2631  
Facsimile: (613) 232-2137

[ccta@ccta.com](mailto:ccta@ccta.com)

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