



July 18, 2007

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

On-line: <http://support.crtc.gc.ca>

Dear Mr. Morin,

**Broadcasting Notice of Public Hearing CRTC 2007-5  
Diversity of Voices**

**Introduction and Summary**

1. This is the submission of the Alliance of Canadian Cinema Television and Radio Artists (ACTRA) in the matter of Public Notice CRTC 2007-5 to review the Commission's approach to how media consolidation and other issues related to ownership affect the diversity of voices in the broadcasting system.
2. ACTRA requests an opportunity to appear before the Commission at the public hearing commencing September 17, 2007. ACTRA will bring to this process the particular perspective of English-language performers and the need to ensure that both Canadian creative resources are predominantly used on the public airwaves and that there is a reasonable supply of high quality English-language drama programs and series in every medium.
3. 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 60 years. ACTRA's principal function is bargaining collectively on behalf of our 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.
4. ACTRA members have a vital stake in Canada's cultural future. ACTRA members benefit professionally when work opportunities are more abundant. ACTRA members 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 the creativity of Canadians; in our capability to tell and perform our own stories. We also believe that a healthy democracy needs diversity in programming choices and editorial opinions. It is these beliefs that motivate ACTRA's participation in the CRTC public process.
5. The *Broadcasting Act* and various government and CRTC policies mandate that the broadcasting system must provide high quality Canadian programs in every medium, in every timeslot and in every genre. Diversity is thus about ensuring that when Canadians turn on

**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

their television sets or use their computers to watch entertainment programs, they have a wide choice, with access to high quality Canadian dramas (including comedy and other scripted fiction programming). The broadcasting system does not currently provide such access and this is its greatest failing.

6. Canada has the talent and the infrastructure to produce high quality drama programs and movies that will attract large audiences. However, despite billions of dollars of public investment over many decades and many incentives for producers, distributors and broadcasters, Canada's broadcasting system does not provide the diversity that Canadians should have and that statutes and policies mandate.
7. ACTRA approaches this CRTC process with a straightforward position. We accept that "a well-resourced Canadian company is best positioned to facilitate high quality Canadian content and to take the kinds of risks with content that smaller players cannot afford," as CTVgm put it in its application to acquire the assets of CHUM. We subscribe as well to the CRTC position: "Concentration of ownership within the broadcasting system is not itself necessarily of concern to the Commission, provided that there continues to be an effective degree of diversity of ownership and of programming sources to ensure that the objectives of the *Act* are met."
8. The only way to ensure that these larger companies devote adequate resources to the task of producing and promoting Canadian drama programming is through substantive and meaningful CRTC regulations. Market forces alone will not guarantee an adequate supply of Canadian drama.
9. Canadian private broadcasters continue to be permitted to use the public airwaves for private profit and continue to benefit from a myriad of other public programs that protect their position in the Canadian market. In exchange, large Canadian private broadcasters must be required to provide programming diversity for Canadians including the production, promotion and appropriate scheduling of more Canadian drama.

#### **Continuing Crisis in Drama Production**

10. For the past seven years, ACTRA and its members have been leaders in 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. We continue to believe that strong actions must be taken.
11. The Commission has on numerous occasions acknowledged the crucial role that dramatic programs play in our broadcasting system, and in our lives. In Public Notice CRTC 2003-54 it was expressed in this way: "it is through television drama that most Canadians participate in their national culture and share in the evolution of social values and stories of human passion. Canadian drama should be a cornerstone of the Canadian broadcasting system." In Public Notice CRTC 2004-32, the Commission added the following observation: "It is the Commission's preliminary view that effective measures to increase the availability of, and viewing to, Canadian drama programs are needed at this time and that such measures would further the objectives of the *Broadcasting Act*." The CRTC has introduced incentives to try to encourage more drama production, but these have proven inadequate to reverse the decline in Canadian English language drama programming.
12. While drama remains the most popular form of programming, audiences for English-language Canadian drama are very low. According to the 2002 BBM Fall data, only 5% of all viewing of drama on English-language private conventional television stations was spent watching Canadian drama programs (CRTC 2004-3). BBM reported for that same period that prime time viewing of all drama on private, conventional English-language television stations

represented 70% of all viewing.

13. After reaching a peak of \$1.11 billion in 1999/2000, the volume of production of English-language fiction programs (drama and scripted comedy) declined to only \$713 million in 2002/03. It has since risen to \$861 million in 2005/06, still more than 20% lower than the peak year (Profile 2007).
14. Producing high quality drama programs requires more creative, technical and financial resources than any other programming genre. Drama production trains, develops and employs Canadian writers, actors, directors, editors, technicians and other key creative individuals. It is also by far the most expensive genre of programming.
15. There are a number of reasons for the decline including the shift to inexpensive reality-based television programs, the CRTC 1999 Television Policy which de-emphasized drama, the collapse of the foreign television market for Canadian producers and the uncertainty of government (and cable company) funding support, particularly through the Canadian Television Fund.
16. But the core reason for the current state of drama production is the woefully inadequate support provided by Canada's private conventional broadcasters, and this development has been aided and abetted by the CRTC's reluctance to put into place effective regulatory measures that will ensure Canadian English-language drama programming is available to Canadians.
17. A 2004 study, *Through the Looking Glass*, confirms that Canada's broadcast license fees paid by Canada's private broadcasters are substantially lower than those in other countries. The study, commissioned by the Directors' Guild of Canada, the CRTC and several government departments reports that domestic license fees in the United States cover on average 81% of the costs of a television production, in the United Kingdom they can cover between 70% and 115%, while in Australia, they can cover between 35% and 85%. License fees in French Canada cover an average of 38%.
18. In English-Canada the broadcast license fees paid by broadcasters are among the lowest in the world and are as low as only 18.4% of the costs of a television production. Thus, the producer must look to other markets and public sources for close to 82% of the financing. While the 2004 study was based on earlier data, we expect the situation has not changed in the intervening years.
19. On 28 March 2007, the CRTC reported on the financial performance of television broadcasters for 2006. The results show that broadcasters decreased their spending on home grown drama and increased their spending on foreign drama. In total, Canadian broadcasters spent more than \$685 million acquiring foreign programs in 2006, up 12.2% from the previous year. Of this amount, more than \$478 million was spent on foreign drama, an increase of 19.2% from the previous year. In the same year, Canadian broadcasters spent only \$618 million on all of their Canadian programs and just under \$71 million on Canadian drama. Spending on home grown drama dropped by 13.7% from the previous year. This state of affairs begs for the CRTC to restore balance to the broadcasting system in respect of priority programming by exercising its regulatory power to put in place effective measures for Canadian drama programming expenditures and scheduling requirements to ensure Canadians have access to Canadian drama programming.
20. ACTRA is concerned about the present state and future of Canadian drama programs in television and other media. We are concerned about the level of investment; the on-air placement; the lack of adequate promotion; and the type of Canadian dramatic programs being made.

21. Based on research conducted through the Coalition of Canadian Audio-visual Unions (CCAU), ACTRA believes that private broadcasters should be required by the CRTC to allocate 7% of their gross advertising revenues to drama, and that this should be a minimum level, complemented by incentives that will reward broadcasters that meet or exceed that level. This 7% minimum level of support would finally ensure that Canada's private conventional broadcasters play a role in curtailing the current drama decline. Spending on Canadian drama would increase from \$71 million in 2006 to \$130-134 million in 2009 if such a measure were put in place by the CRTC.
22. The use of a simple "percentage of revenue" requirement to support Canadian drama has many advantages. Using a ratio automatically adjusts to new revenue levels, benefiting producers if ad revenue goes up but reducing the amount required to be spent by broadcasters if revenue goes down. A common ratio also puts all broadcasters on a level playing field. By setting a simple expenditure quota for drama, broadcasters are also given more flexibility to focus on fewer high-cost productions or more lower-cost productions, since in the end the "cost" to them will be the same. An expenditures quota also allows broadcasters the flexibility to decide whether they want to focus on series drama, children's drama, miniseries, theatrical movies, made-for-TV movies, animation, comedy, or other forms of scripted drama. A dollar spent would count towards the quota no matter which genre of Canadian drama is supported.
23. Thus, ACTRA urges the CRTC to signal now its intention to require, when their respective licences come up for renewal, that all large private broadcasters allocate 7% of their gross advertising revenues on Canadian drama and to require each to schedule a minimum of two additional hours of such dramas in prime time. This is the only way to guarantee there can be a real diversity of voices in the broadcasting system.

#### **Foreign Ownership**

24. While this issue is not covered in Notice of Public Hearing CRTC 2007-5, the spectre of foreign ownership and control is now haunting the Canadian broadcasting system, highlighted by the Goldman Sachs acquisition of CanWest Global and Alliance Atlantis. ACTRA believes it is relevant to touch on this issue in this hearing.
25. The Canadian broadcasting system now has some very large players. CTVglobemedia, CanWest Global (with Alliance Atlantis Communications), Astral Media (with Standard Broadcasting) and Corus Entertainment dominate in the over-the-air and discretionary broadcasting field. Rogers and Shaw have grown from their roots as Broadcasting Distribution Undertakings with a publicly enforced monopoly to become large, vertically integrated communications companies. Each of these corporations has benefited from Canadian public policies and often from public investment. As they have become larger, they have become increasingly attractive to foreign investors. ACTRA believes that the pressure on Canada's ownership rules will grow as a result of further acquisitions and political developments.
26. For ACTRA, Canadian ownership and control is a line in the sand and we will vigorously oppose all efforts to loosen the restrictions in broadcasting and cable. We will do this because we know that if the ownership rules are allowed to erode, so to will the ability of Canadians and their government to regulate the system.

## Specific Issues for Consideration

### OTA TV Issues

#### Common Ownership of Broadcasting Undertakings

27. *What criteria should the Commission use in order to evaluate the impact of ownership transactions on the diversity of voices in a market?*

The key criterion should be the degree to which the ownership transaction will bring more Canadian programming choices and increase the supply of high quality Canadian drama. There are other elements which are important, such as maintaining a local and regional presence, promotion of the editorial diversity and protection of employment and jobs, but the foremost consideration should be a commitment to Canadian drama.

28. *The Commission has approved several exceptions to the existing policy of generally one station, per owner, per market. Should this policy be retained, modified or abolished?*

ACTRA congratulates the Commission for its decision in the recent application of CTVgm to acquire CHUM to require the divestiture of the CityTV stations. We are pleased that the CRTC supported the position put forward by ACTRA. ACTRA supports the existing policy since it restricts the concentration of ownership in a given market and permits exceptions only in very limited and specific circumstances, including where there are concerns about the financial viability of the undertaking in question or where the exception will ensure editorial diversity.

ACTRA believes that if the Commission considers any further exceptions, it should do so only with concomitant additional regulatory requirements related to Canadian drama programming content.

#### Discretionary TV Issues

29. *The Commission currently has no policy limiting the common ownership of discretionary services. Is such a policy necessary? If so, why?*

ACTRA notes that three companies will soon control the bulk of specialty channels. While Corus Entertainment has thusfar not acquired over-the-air television stations, the other two large players, CTV Globemedia and CanWest Global (including Alliance Atlantis discretionary services), are also the dominant players in the conventional television market. ACTRA believes it would be unhealthy for there to be fewer owners of discretionary services, since there would a risk that successful programs, which typically are the popular U.S. shows, would find their way onto additional discretionary services.

Our concern is heightened where there is cross-ownership between over-the-air channels and discretionary services, since the larger companies prosper by seeking to amortize the high costs of their purchases of U.S. shows across more channels. This rationale was used explicitly by CTVgm in its recent application to acquire CHUM. Indeed, directors of public companies have an obligation to maximize shareholder value and it is thus a strong obligation on company directors to adopt such strategies.

A high profile example of our concern is the decision of Alliance Atlantis Broadcasting to program "CSI New York" on History Television, multiple times in its weekly schedule. We reject categorically the position of the company that this program is somehow historically significant. The Commission appears to be powerless to do anything about this flagrant

transgression of conditions of licence which is contrary to principles of diversity in the broadcasting system.

Consequently, ACTRA would support regulatory requirements that limit concentration of ownership of discretionary services, and prevent these services from becoming a dumping ground for the recycling of popular U.S. drama programs.

### **Radio Issues**

30. *The Commission reviewed its common ownership policy for radio in 2006. Are there any reasons to consider changes to the policy set out in Public Notice [2006-158](#)?*

ACTRA believes there is insufficient diversity between genres of music and, within each genre, not enough exposure of new emerging recording artists. However, despite these challenges, ACTRA believes that the Canadian radio system is far more diverse than television. Even with these challenges in the radio broadcasting system, Canadians generally have a wide choice of programming styles, musical genres, as well as news and information. Canon rules have ensured the flourishing of Canadian creative talent and other CRTC regulations ensure the diversity of genres. ACTRA would have few concerns about greater concentration of ownership in radio, as long as two or more competitors remain and providing further that the Commission maintains the rules and regulations which have given rise to this diversity.

Essentially, what ACTRA seeks in television is for the CRTC to introduce regulations to achieve the same rich diversity as we see in radio.

### **Distribution Issues**

31. *The Commission has permitted, subject to specific safeguards, the common ownership of broadcasting distribution undertakings. In light of the evolution of the BDU sector, is this policy still appropriate?*

Distribution undertakings play a critical role in the broadcasting system since they provide Canadians with access to the programming services. Because of the high cost of providing the distribution infrastructure, cable companies were given a geographical monopoly. In return, the CRTC has developed regulations which ensure that cable companies treat programming service providers and consumers fairly. The Commission also requires cable and satellite companies to make a contribution to program production. As a consequence, issues of common ownership play out differently.

However, ACTRA does not see how further concentration of ownership in distribution services would provide greater diversity in the broadcasting system, nor do we see how it would benefit consumers. Thus, we believe the Commission should restrict any further consolidation in the sector, unless there is evidence that a proposed merger or takeover would provide such diversity or benefits.

32. *Are safeguards such as those set out in Decision [2002-84](#) effective? If not, what alternative measures would be more effective?*

*In Decision 2002-84*, the Commission modified licence conditions designed to prevent Shaw Communications from exercising undue preference and advantage that it could confer, due to its dominant position in the cable distribution sectors and its vertically- and horizontally-integrated corporate structure which includes programming, satellite and cable distribution arms. In this case the Commission concluded that the maintenance of separate sales, marketing and customer service functions combined with the confidentiality of affiliation agreements with programmers and strengthened confidentiality procedures were sufficient to

address the concerns that gave rise to the previous conditions of licence relating to structural separation.

ACTRA maintains that the Commission should continue to monitor similar circumstances and act to ensure a diversity of voices in the broadcasting system.

33. *Does common ownership of distribution undertakings raise concerns with respect to diversity of voices? If so, how should these concerns be addressed?*

Further common ownership of distribution services could create a situation in which the dominant player would be able to dictate unduly the terms of trade with respect to the programming services. This could in turn influence the resources those services, both over the air and discretionary, may have available for programs. In this way, common ownership may restrict the diversity of voices.

### **Concentration of Ownership**

34. *How should the Commission balance the need to encourage strong broadcast undertakings capable of contributing to the objectives of the Act with the need to ensure a diversity of voices in the broadcasting system?*

ACTRA understands that the Canadian system needs financially strong broadcast undertakings which have the resources needed to invest in drama, the most expensive genre of programming. ACTRA notes that consolidation and common ownership are not the only way for broadcasters to achieve the size and strength needed. ACTRA strongly believes that what is missing at the moment is an appropriate and strong regulatory regime which requires that the larger players actually to use a reasonable share of their resources for the production, promotion and scheduling of Canadian dramas. ACTRA contends that such regulations are long overdue and would constitute the “balance” between encouraging strong players and ensuring diversity of voices. That has been the missing link since 1999.

### **Cross-media Ownership or Horizontal Integration**

#### **Broadcasting and newspapers**

35. *The Commission established, in 2000, policies and safeguards with respect to the cross-media ownership of television undertakings and newspapers. These are set out in conditions on the relevant licences. Have these conditions of licence been effective in dealing with concerns over diversity of editorial voices?*

ACTRA’s primary interest is focused on ensuring there is a rich diversity of high quality Canadian programming choices available to Canadians in all of the recorded media. However, we share the concerns expressed by others about how cross ownership between television and newspapers has negatively affected editorial diversity. We therefore support the strongest possible conditions of licence to ensure the independence of editorial content between the different media.

### **Vertical Integration**

#### **Programming undertakings and distribution undertakings**

36. *The Commission has permitted the ownership, by one entity, of both distribution and programming undertakings. To what extent, if any, has this affected the diversity of voices in the broadcasting system?*

37. *What, if any, limits on this type of vertical integration should the Commission impose?*

Distribution undertakings are the gatekeepers controlling which programming services have access to Canadian audiences, and under what terms. ACTRA believes there is a great risk to diversity if vertical integration is permitted, since the distribution undertaking will ordinarily provide privileged access and more favourable terms to programming undertakings which it owns. Indeed this is an obligation it would have to its shareholders. ACTRA therefore supports prohibitions against this form of vertical integration.

Should the CRTC consider any exceptions to such a prohibition, it should do so only if the end result will be more high quality Canadian drama programs being produced.

38. *What measures would be most effective in addressing the impact of this type of vertical integration?*

The CRTC would need appropriate regulations governing access and terms of trade which ensure fairness for all programming services, whether owned by the distribution services or otherwise.

39. *Currently, the Commission requires BDUs to carry five non-related services for each affiliated Category 2 service that they carry. Does this policy adequately safeguard against undue preference on the part of BDUs?*

ACTRA supports the 5-1 rule as a necessary way to prevent self-dealing to the detriment of specialty services operated by parties that are unrelated to the distribution undertaking.

#### **Programming undertakings and production companies**

40. *Television licensees are permitted to own television production companies, subject to certain safeguards. Have these safeguards been effective in dealing with concerns of preferential treatment?*

41. *Has the above approach been effective in promoting a strong Canadian independent production sector?*

42. *Are measures related to this type of vertical integration necessary to further the objectives of the Act? If so, what measures would be most effective?*

43. *Are concerns regarding vertical integration intensified when a single entity controls programming undertakings, production companies and distribution undertakings? Should the Commission consider measures to encourage greater diversity of voices in such situations? If so, what measures might be effective?*

ACTRA has significant concerns about vertical integration between programming undertakings and production companies. We support the *Broadcasting Act* mandate that “the programming provided by the Canadian broadcasting system should include a significant contribution from the Canadian independent production sector.” We also support the current CRTC regulation that 75% of priority programming broadcast by the major broadcast groups be sourced from independent producers.

ACTRA is a vocal proponent of increased funding for Canadian dramas and we believe this requires a strong Canadian independent production sector. ACTRA’s view is that an independent production sector that depends largely on public funding to survive, lives from project to project and has a profitability level that is not conducive to the achievement of the



objective of ensuring there is an adequate supply of high quality Canadian drama. It is for this reason that ACTRA urges the Commission to introduce a regulation that broadcasters be required to allocate 7% of gross advertising revenues to drama and develop incentives for expenditures beyond this level.

ACTRA asserts there is no evidence to suggest that, if private broadcasters are allowed to source programming primarily from production companies that they own, they will produce the high quality Canadian drama programming that is urgently needed. Thus, ACTRA agrees with the producers' associations that any loosening of restrictions on vertical integration of programming undertakings and production companies would greatly damage the Canadian independent production sector and the prospect of increasing Canadian drama productions.

### **The Benefits Policy**

44. *How does the Commission's benefits policy further the diversity of voices in the broadcasting system?*

ACTRA acknowledges that the CRTC Benefits Policy has had a positive impact and has resulted in the production of some high quality drama programs. We note and are pleased that funding for drama has consistently been part of the key packages. The problem, of course, is that Benefits Policy expenditures are time-limited. When they expire, there is no incentive for the broadcasters to continue to spend the money required to produce drama.

45. *How might changes to the benefits policy increase the diversity of voices?*

ACTRA urges the Commission to signal that it will require future benefits packages to concentrate on drama productions, with a minimum of 2/3 of the package being allocated for such productions.

ACTRA believes the Commission must take a far stricter interpretation of what is an incremental benefit, particularly in the area of operating expenditures. We have argued and continue to assert that many of the expenditures claimed by broadcasters are normal business expenses that they would need to incur, and should therefore not qualify as "incremental."

ACTRA also suggests that the Commission should signal that in future, the value of the transaction should be determined as the price paid for all of the regulated assets. The value of each transaction is based on a variety of complex and intersecting factors, and each transaction is unique. ACTRA submits that the benefits package should be based on the final outcome of the negotiations, since this figure is fixed, firm and public. It should not be discounted in any way and should include the full value of the debt acquired. Each contingent subsequent transaction should also similarly require an appropriate benefits package.

### **Licence Trafficking**

46. *Is it necessary for the Commission to develop a more formal policy with respect to licence trafficking? If so, how should "licence trafficking" be defined?*

ACTRA has no comments.

### **Ownership of New Media**

47. *The Commission has no policies with respect to the cross-ownership of licensed broadcasting undertakings and new media undertakings. Is such a policy necessary or appropriate? If so, why? If not, why not?*

Given the continuing failure of the CRTC to regulate programming transmitted via the Internet and other computer networks, ACTRA finds questions about ownership of new media to be strange. It is our understanding that the Commission intends to conduct a New Media policy review hearing in the spring of 2008. Such a public process is far over due. ACTRA argues that the Commission should in the first instance develop and implement appropriate and effective regulations to ensure there is an adequate supply of high quality Canadian programming choice, including drama, on the Internet broadcasters, mobile television and other means of new media distribution. Such regulations should include availability of Canadian materials, requirements for placement and promotion, and requirements for Internet Service Providers to support program production.

48. *Should the Commission actively encourage existing broadcasting licensees to own new media undertakings in order to ensure a Canadian presence on these new platforms?*

The presence of Canadian broadcasters on any platform is not *per se*, “a Canadian presence.” A Canadian presence is achieved when Canadian programs are available on that platform. ACTRA submits that this is a profound difference. Global Television may have a presence on the Internet, but if it is only promoting its U.S. entertainment shows, this is not “a Canadian presence,” which can only be achieved through effective regulations that ensure programming content is Canadian.

49. *Does the cross-ownership of licensed broadcasting undertakings and new media undertakings further the objectives of the Act? If not, should the Commission intervene? If the Commission should intervene, what form should the intervention take?*

The function of the broadcaster is to take programming, add value to it through scheduling and promotion, and make it available to audiences. The method of delivery should be irrelevant. ACTRA believes it is logical for broadcasters to own new media undertakings.

### **Ensuring Broadcast Voices that Represent and Reflect Canada’s Diversity**

50. *Should the Commission’s policies encourage the ownership participation of minority group representatives in the broadcasting system? If so, how?*

ACTRA continues to support all policies which encourage the active participation of minority communities and aboriginal nations in all parts of Canada’s broadcasting system, from ownership of broadcasters to on-air portrayal.

### **51. Summary of Issues**

- Well financed and larger companies are better able to facilitate the production of high quality Canadian drama programming provided that there are regulatory measures that will ensure that there is a diversity of programming such as a programming expenditure of 7% of revenues for Canadian drama and scheduling requirements to ensure that the new original dramas are accessible by Canadian audiences in prime time.
- Foreign ownership rules have not been addressed by the Commission in this policy review. ACTRA maintains that the foreign ownership rules are essential to ensure the diversity of voices in the broadcasting system.

#### **Common ownership of Broadcasting undertakings**

- ACTRA supports the current policy for diversity of voices in over the air television and recommends maintaining the current limited exceptions to ownership of a

single channel in a region or market recognizing that large well-funded corporations are best able to support higher levels of high quality Canadian drama.

- ACTRA would support a new policy that would limit the concentration of ownership of discretionary services recognizing that large well-funded corporations are best able to support higher levels of high quality Canadian drama.
- Television regulations should achieve the same rich diversity of Canadian drama programming as the Radio regulations with respect to Cancon have achieved.
- The Commission should restrict any further consolidation of distribution undertakings to ensure mergers or acquisitions in this sector provide diversity within the system or benefits for diversity programming within the broadcasting system.

#### **Concentration of Ownership**

- ACTRA recognizes that concentration of ownership contributes to financially strong broadcasting undertakings that can afford the cost of program expenditures for Canadian drama but providing such limited consolidation requires that there be adequate Canadian drama expenditure requirements imposed through regulations or conditions of license.

#### **Cross Media**

- ACTRA supports conditions of license that will ensure independent editorial content among different media.

#### **Vertical Integration**

- ACTRA recommends only limited vertical integration necessary to ensure adequate financial support for high quality drama programs.
- ACTRA supports measures governing access and terms of trade fairness for all programming services and supports retaining the 5 to 1 rule for Broadcasting Distribution Undertakings.
- ACTRA believes that it is necessary to maintain a policy for program undertakings to access 75% of programming content from independent producers which is complementary to drama program expenditures set out in regulations or as a condition of license at a minimum 7% of gross revenues.

#### **Benefits**

- The benefits policy should be maintained to support the production of high quality Canadian drama programs recognizing that benefits are not a substitute for regulatory drama programming expenditures.
- The Commission must impose a stricter interpretation of 'incremental' to ensure that benefits packages are truly additional financial inputs to the system.
- Benefits packages must be based on the final outcome of the transaction and should reflect the true value of the acquisition including the acquisition of debts.

#### **New Media**

- The Commission must expedite a new media policy hearing and review of the new media exemption.

- Regulation is necessary to ensure a Canadian presence in new media and diversity and ownership issues must be reviewed at that time.

**Ensuring Broadcast Voices that Represent and Reflect Canada's Diversity**

- ACTRA fully supports policies that encourage minority, ethnic and first nations presence in the broadcasting system.

We thank you for this opportunity to provide you with our further comments. We will be pleased to appear before the Commission at a public hearing.

Thank you.



Stephen Waddell, National Executive Director, ACTRA

-End of Document -