



January 23, 2008

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 Notices of Public Hearing CRTC 2007-18 and CRTC 2007-18-3

**Application by Christian Channel Inc., in its capacity as Trustee of the S-VOX Trust, on behalf of a corporation to be incorporated (S-VOX), to acquire from Rogers Broadcasting Limited the assets of the two religious television stations CHNU-TV and CIIT-TV.
Application No. 2007-1622-7**

1. This is the submission of the Alliance of Canadian Cinema Television and Radio Artists (ACTRA) in the matter of the application by Christian Channel Inc. to acquire from Rogers Broadcasting Limited the two religious television stations, CHNU-TV and CIIT-TV which provide services to Vancouver, Victoria, the Fraser Valley and Winnipeg. ACTRA does not wish to appear at the public hearings.
2. ACTRA would support this application provided that the CRTC policy on the quantum of tangible benefits to be committed in the case of transfer of ownership applies fully to the transaction. This will require the applicant to provide a new package of tangible benefits in the amount of 10% of the purchase price (i.e. \$600,000), as well as to fulfill all outstanding tangible benefits it has assumed from Rogers (i.e. \$1.5 million in respect of the Rogers' acquisition of these stations and \$350,000 in respect of the CRTC approval of the Rogers' application for a Victoria transmitter).
3. ACTRA urges that, since the existing Rogers' benefits are heavily focused on providing benefits to the communities served, the CRTC should require that all of the new benefits be allocated to the acquisition of Canadian content drama programs that fall within the Commission's definition of "religious," which is "anything directly related to, inspired by, or arising from an individual's relationship to divinity, including related moral and ethical issues." This will be in the best interests of the broadcasting system as a whole.
4. ACTRA does not object to a revised timetable for the payment of the outstanding benefits, providing that all benefits are expended within seven years of the acquisition.

Alliance of Canadian Cinema, Television and Radio Artists

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5. ACTRA takes no position with respect to the applicant's request to amend certain conditions of licence imposed when Rogers acquired these stations.
6. ACTRA and its predecessor organizations have represented the interests of professional performers working in the English-language media in every region of Canada for more than 60 years. ACTRA bargains collectively on behalf of 21,000 performers whose performances in movies, television programs, sound recordings and digital media entertain, educate and inform Canadians and global audiences. In addition, ACTRA represents the interests of thousands of singers and musicians through the work of the ACTRA Performers' Rights Society, Sound Recording Division, which collects and distributes royalties from the public performance of musical recordings.
7. 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.

Positive Aspects to the Application

8. ACTRA believes this application could further the objectives of the *Broadcasting Act* to ensure there is diversity of programming choices and diversity of ownership in Canada's broadcasting system if new and inherited tangible benefits obligations are honoured.
9. As the application itself states, since it is the entity which holds the interests in Canada's Vision-TV group of companies, S-VOX "is well positioned to use its solid experience as Canada's multi-faith religious broadcaster to bring both stability and synergies to these stations." Further, ACTRA notes that Vision-TV has a positive track record of "telling powerful and relevant stories of spirituality reflecting Canada's diversity of cultures, beliefs and points of view."
10. ACTRA also observes that, with this transaction, these stations will be operated for the benefit of a registered charity. This charity has a mandate "to advance religion in Canada by promoting the production and distribution of multi-faith media by and about Canadians."

Tangible Benefits

11. In many recent interventions to the CRTC, ACTRA has reviewed the importance of the Commission policy on the requirement that tangible benefits be paid when the ownership of broadcasting licences changes hands. These packages play an increasingly important role in program production activities and we have argued that the rules and regulations should increasingly favour the production of television drama since this genre is the most under-represented in the broadcasting system at the present time.
12. The applicant was well aware of the policy when it entered into discussions with Rogers. ACTRA must assume that, as experienced broadcasters and as responsible custodians of a charity, S-VOX took into account its requirements to fulfill both existing and new benefits obligations when it negotiated the purchase arrangement. The applicant has stated that "As part of the Purchase Agreement, and typical of such agreements, S-VOX assumes certain contracts, such as religious programming agreements...." It also clearly assumed Rogers' obligations to provide tangible benefits.

13. ACTRA rejects the arguments put forward by the applicant in seeking relief from providing an additional package of tangible benefits and from a portion of outstanding benefits inherited from Rogers.
14. The first argument used by the applicant in seeking special status is “Overall (conventional television) industry revenues are stalled, if not declining.” In its submission earlier this year in CRTC Public Notice 2007-3, CTVglobemedia’s acquisition of CHUM, ACTRA made the following point:

According to figures received from the Association of Canadian Advertisers, total advertising revenues of conventional television rose from \$2.096 billion in 2001 to \$2.226 billion in 2005. While the growth of 6.2% is modest, it can hardly be considered as a migration from conventional television. What is true is that specialty channels are enjoying considerably greater growth, rising in this same period by 75.3%, from \$0.438 billion to \$0.768 billion. Overall, television advertising revenues in Canada increased by 18.0% between 2001 and 2005, a not unreasonable year over year increase. It is also true that advertisers are moving into new fields, as they always have when a new media emerges, and are now exploiting Internet opportunities as ACTRA and others have been predicting for many years that they would.

15. Most industry analysts expect advertising revenues for conventional television broadcasters will continue to grow, albeit at a modest pace. PriceWaterhouseCoopers’ *Global Entertainment and Media Outlook: 2006-2010* forecasts that advertising revenues for Canada’s private OTA broadcasters will grow by an average of 1.9% each year in that timeframe.
16. Further, in some ways, it may be more accurate to assess the advertising prospects of religious stations in light of the continuing rapid growth in revenues for specialty channels. That growth is fueled by two factors: increasing subscriber numbers and the ability of the broadcaster to deliver a specialized audience for which an advertiser is prepared to pay a premium. ACTRA submits that the second factor applies equally to religious broadcasters which can deliver a specialized audience that may be valuable to certain advertisers.
17. The other argument used by the applicant to support its request is that “costs, particularly for foreign programming, continue to escalate as increasingly large broadcast conglomerates battle for the (by definition) limited number of top shows.” While this is true, and ACTRA has expressed serious concerns about the implications of this development for the broadcasting system, the fact is that this will have little effect on Vision-TV and the two stations involved in this application. By its own admission, S-VOX “can be little more than a 7th tier purchaser of ‘popular’ programming.”
18. Furthermore, there are two factors which far outweigh any increase in the costs of foreign programming. The first of these is that, by adding these two stations to its stable of media interests, the applicant can amortize the costs of purchases across a broader base of viewers. Also, the rise in the value of the Canadian dollar relative to the U.S. dollar and other international currencies more than offsets any increase in the costs of the kind of programming that S-VOX will be acquiring as a “7th tier purchaser.”
19. ACTRA would be extremely concerned if the CRTC varies its policy for this applicant. Such a decision may become a precedent others will use to seek equivalent relief of what is a fundamental obligation. We cannot stress strongly enough our view that purchasers of

broadcasting assets are entering into agreements fully aware of their obligations to provide a package of tangible benefits and these do form part of the overall financial arrangements.

20. The CRTC policy requires that an applicant seeking permission to transfer ownership of a broadcasting licence “is expected to propose a specific package of significant and unequivocal benefits that will yield measurable improvements to the communities served by the broadcasting undertaking and to the Canadian broadcasting system.” ACTRA observes that the benefits assumed from Rogers are heavily focused on the communities served by the two stations. Given the ongoing crisis in Canadian television drama, a crisis that is increasingly being acknowledged by the Commission, ACTRA urges that the applicant be required to allocate all of the \$600,000 in new benefits (10% of the \$6 million purchase price) to the acquisition of dramatic programming for the Vision-TV stations.

21. We thank the Commission for this opportunity to provide our comments.

All of which is respectfully submitted.



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