



February 26, 2009

Mr. Robert A. Morin
Secretary General
CRTC
Ottawa, ON
K1A 0N2

Online: <http://support.crtc.gc.ca>

Dear Mr. Morin,

CRTC Broadcasting PN: 2008-102-2
**Call for Comments on the proposed framework for the sale of commercial advertising
in the local availabilities of non-Canadian services**

1. This is the submission of the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) in the matter of Broadcasting Public Notice CRTC 2008-102-2.
2. ACTRA welcomes the opportunity to participate in this process on behalf of our 21,000 members and will bring to it the unique perspective of professional performers working in the English-language recorded media in Canada.
3. ACTRA members are a vital part of Canada's \$85 billion cultural industries and have a stake in a robust domestic television, film and new media production, distribution and exhibition system. ACTRA members also believe in the creativity of Canadians; in our capability to tell and perform Canadian stories and in the inherent need for Canadians to be able to see and hear ourselves in all media. We believe it is essential to ensure:
 - i. that Canadian creative resources are predominantly used on the public airwaves; and
 - ii. that there is a reasonable supply of high-quality English-language drama and scripted comedy programs and series in every medium.

Overview

4. ACTRA urges the CRTC to maintain the current restrictions on the sale of local availabilities commercial advertising by Broadcast Distributing Undertakings (BDUs). There is no evidence to indicate that BDUs are in need of an additional source of revenue or that such a move would provide a net benefit to the broadcasting system as a whole.

Alliance of Canadian Cinema, Television and Radio Artists

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5. BDUs have a solid record of financial health with revenues increasing by 64% between 2003 and 2007. Last year, cable companies increased their earnings by 16% from the previous year and for the first time ever earned revenues in excess of \$7 billion.¹ As examples, Rogers Communications Inc's cable division has seen a steady climb in subscribers despite a rise in rates by 3.6% in 2008, and is forecasting revenue gains of as high as 8% in 2009. Even in the current economic turmoil, Rogers announced last week that it is increasing basic rates by 5.2%. Clearly, they are confident that their subscriber base is solid. Shaw's subscriber base also continues to increase and revenues in its cable division were up 11% for the three-month period ending November 30, 2008 over the same period last year. The robust finances of these major players indicate that BDU's are well-positioned to survive the current economic meltdown.
6. In order for the broadcasting system as a whole to benefit, the amount of ad revenue flowing into the system would need to increase. We have yet to see evidence demonstrating that creating more space for ads will bring more money into the system. While ACTRA supports the Commission's desire to encourage "new forms of advertising content," again we do not yet see any evidence that shows changing the style of advertising, be it interactive or targeted, would create a bigger advertising pie. In fact adding more space to advertise on local avails may well cannibalize existing ad revenues.
7. While revenues for conventional and specialty broadcasters are challenged at the moment, they will recover as the economy turns around. (The recovery could come as early as next year with the boost that will be provided by the Vancouver Olympics.) However, given the current short-term challenges, the lack of evidence that new space will bring new revenues and the BDUs' strong subscription base, we do not think it is appropriate to permit BDUs to sell more commercial advertising.
8. ACTRA would also question any change that would take away from the time available to promote Canadian programming services. If anything, the time available to present Canadian programming services should be increased. We encourage the Commission to consider the concerns raised by programming services (in particular small, independent services) about the barriers they face in gaining access to this time. We fully support the Commission's proposal that BDUs offer promotional spots at no cost to programming services. This would provide a net benefit to the broadcasting system by assisting in the promotion of Canadian programming and services, and contribute to the diversity of our broadcasting system.

Conclusion

9. ACTRA does not see how allowing the sale of commercial advertising in the local availabilities of non-Canadian services by BDUs would provide a net benefit to the broadcasting system as whole. We therefore do not believe such a major change in policy would be prudent at this time.

¹ CRTC, Statistical and Financial Summaries 2003-2007, Broadcast and Distribution Class 1, 2 and 3

10. ACTRA thanks the Commission for the opportunity to provide comment on this important issue. We would welcome an invitation to appear at public hearings to provide further input and respond to any questions the Commission may have.

Thank you

A handwritten signature in black ink, appearing to read 'Stephen Waddell', with a horizontal line extending to the right.

Stephen Waddell
National Executive Director
ACTRA

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