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## PRESIDENT'S MESSAGE

by Ferne Downey

### Blame greed for your cable bill blues

August 25, 2009 - Like millions of other Canadians, I recently opened a growing stack of bills to find that my cable company is adding yet another new fangled charge to my monthly tab.

Rogers has been blaming the rate hike on a new "CRTC LPIF" fee. The fact is this fee doesn't exist. It's something the Rogers marketing department seems to have invented. While it's true the CRTC has created a new fund to support local programming in smaller markets, it's NOT true that the CRTC told cable companies to pass the buck on to consumers. In fact, the CRTC has said cable companies are doing very well, thanks, and can afford to cover the costs of the LPIF:



*"In light of the performance levels of the BDU sector and the benefits accruing to BDUs as a result of other changes being made to the regulatory framework, the Commission is of the view that there is no justification for BDUs to pass along any increased costs relating to the LPIF - estimated to be on average approximately \$0.50 per month - to their subscribers."*

ACTRA agrees. Deregulation of cable fees has served the cable cos pretty well. Since 2002 Rogers has increased the basic cable rates an average of 85% (in Ottawa West rates shot up by 109%). Shaw customers are paying an average 68% more (90% for the fine citizens of Winnipeg East). The result? Cable companies made over \$8 billion in revenues last year which is a 16% increase - pretty impressive during a global economic downturn.

So why are they choosing to pass their regulatory obligations on to you? I might suggest it's 50% old fashioned greed and 50% a 'warning shot across the bow'.

Recently the CRTC gave over-the-air broadcasters the nod to go ahead and start negotiating with the cable companies 'fee-for-carriage' aka 'value-for-signal'. Cable companies pay specialty channels a fee in order to be able to offer their services as part of their cable packages. Over-the-air broadcasters argue that they too should be getting money from the cable companies. Obviously, cable companies aren't keen to start paying for something they've been getting for free so they are fighting back. Bell launched a complaint against the CRTC in Federal Court, but then retreated when the CRTC agreed to have a fulsome discussion of fee-for-carriage at the upcoming fall hearings on broadcasting policy.

So in that context, one could deduce that the cable companies' reaction to LPIF is essentially saying "Hey, slap on a fee-for-carriage and we'll pass the cost on to customers and the blame on to the CRTC and broadcasters."

I don't know about you, but here at ACTRA, we're getting a little tired of the back and forth-ing between cable and broadcasters. We don't think the cost of regulatory obligations should be passed on to consumers. It is only fair, and in conformity with the *Broadcasting Act*, that those profiting most from the system should be contributing back to its ongoing vitality.

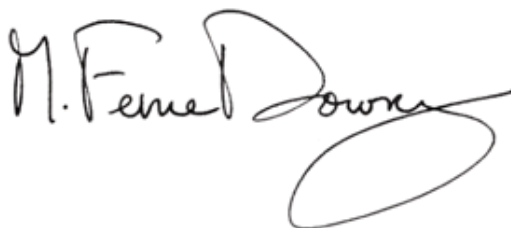
To us, the most important conversation - the one that isn't being heard - is about content. The rules say you should be getting a good selection of Canadian programming from your cable companies and broadcasters - including drama and local news. But for years we haven't been getting what we're paying for with our cable fees or our taxes. And now cable companies are passing the buck on down consumers while making millions

in profits.

But we can't let the private broadcasters totally off the hook either. All of this discussion of fee-for-carriage and the 'crisis in local programming' has conveniently pushed the issue of Canadian drama off the table. A cynic might suggest that private broadcasters want us to forget that they are spending 61% more on foreign programming than on Canadian drama - \$739.7 million versus \$452.8 million in 2008. The fact is Canadian TV drama has been all but wiped off our prime time schedules since the rules for how much broadcasters have to spend and air were relaxed in 1999.

It's clear to ACTRA that we need more Canadian content and that **both** private broadcasters and cable companies need to do more to support it. At this fall's CRTC policy hearings, we'll be telling the regulator to end the free ride for big cable and broadcasters and make them earn the money Canadian consumers give them, by giving something back. And to do it without foisting the bill on to Canadians.

In solidarity,



Ferne Downey  
President, ACTRA National

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