Canadian Radio-television and Telecommunications Commission
Conseil de la radiodiffusion et des télécommunications canadiennes

Broadcasting Decision CRTC 2004-28

Ottawa, 21 January 2004

The National Broadcast Reading Service Incorporated
Across Canada

Application 2002-0702-8
Public Hearing in the National Capital Region
26 May 2003

VoicePrint – Licence renewal

In this decision, the Commission **renews** *the broadcasting licence for the English-language audio programming service known as VoicePrint, from 1 March 2004 to 31 August 2010. The Commission* ***approves*** *the licensee's request to increase its monthly maximum wholesale rate by $0.03.*

The application

1. The Commission received an application by The National Broadcast Reading Service Incorporated (NBRS) for the renewal of the broadcasting licence for the national English-language audio programming service known as VoicePrint. The licensee also requested an amendment to VoicePrint's conditions of licence in order to increase the maximum wholesale rate it charges each distributor of the service by $0.03, from $0.01 per subscriber per month to $0.04 per subscriber per month.

2. The Commission received some 1,031 interventions in support of VoicePrint's licence renewal application. Many of these interveners emphasized the importance of VoicePrint's service to Canadians who are blind or who have visual impairments. Thirteen parties filed interventions that opposed NBRS's request for an increase in its maximum wholesale rate. The opposing interventions are discussed in the section entitled "Wholesale rate."

Background

3. VoicePrint's programming is read by volunteers and consists of readings of news articles and features as well as audio theatre. The core national service is produced in Toronto, while local programming is currently produced in two centres, one in Kingston and the other in Niagara Falls, Ontario. VoicePrint also operates regional centres in Ottawa, Winnipeg, Calgary and Vancouver that produce regional programming.

4. Recognizing the value of VoicePrint's unique service, the Commission, in Decision CRTC 2000-380, 11 September 2000, and 2000-380-1, 21 September 2000, issued Distribution Order 2000-1, ordering that the service be distributed by all Class 1 and Class 2 licensees of broadcasting distribution undertakings (BDUs), including multipoint distribution systems (MDS) BDUs, operating in an Anglophone market, and by all direct-to-home (DTH) BDUs.

5. Under Distribution Order 2000-1, Class 1 and Class 2 licensees that operate on an analog basis must distribute VoicePrint on the secondary audio programming (SAP) channel of the specialty television service known as Newsworld.[1] Class 1 and Class 2 licensees that operate on a digital basis and MDS licensees must distribute VoicePrint on an audio channel, ideally one adjacent to a Canadian Broadcasting Corporation (CBC) radio channel. DTH BDUs must distribute VoicePrint on an audio channel, ideally one adjacent to a CBC radio channel, to each subscriber who subscribes to a basic service package which has a preponderance of English-language services.

6. Distribution Order 2000-1 is set out in Appendix I to this decision.

Wholesale rate

The licensee's rationale for the proposed rate increase

7. NBRS stated that the proposed increase in its maximum monthly wholesale rate from $0.01 per subscriber to $0.04 per subscriber would provide more predictable and reliable funding for VoicePrint and enable it to eliminate its reliance on grants, donations and the benefits offered by broadcasters as part of ownership transactions. The licensee submitted that, while the revenues it currently receives from these sources would be sufficient to maintain VoicePrint's current level of service for the next few years, they do not provide adequate funding to expand its programming. It also stated that most of the grants and the benefits from ownership transactions that have been designated to support VoicePrint will expire before the end of the new licence term and may not be replaced. In the licensee's view, its advertising revenues would not be sufficient to make up for this expected shortfall.

8. In its licence renewal application, NBRS stated that the incremental revenues generated by the proposed rate increase would be allocated to programming improvements as well as to new initiatives aimed at providing greater access to the service for some 2.8 million blind, low-vision or print-restricted Canadians. The licensee made a commitment that, over seven years, it would spend:

[1] A SAP channel is carried alongside a television signal as an alternative to the standard audio that accompanies the video portion of a television program. Listeners can choose this secondary audio signal through either a television or stereo VCR equipped to receive SAP or through a special decoder.

- $437,000 to establish centres in 100 communities across Canada using a web-based computer program that would allow it to produce local programming in a cost-effective manner. In each broadcast day of the new licence term, the licensee would devote 60 minutes of the core national service to local programming produced in the local centres. All of the locally-generated programming would be available at VoicePrint's site on the World Wide Web.

- $1,131,000 to increase the amount of regional programming broadcast on VoicePrint during each broadcast day, from 30 minutes to 60 minutes, and to establish a regional centre in Halifax that would provide programming reflecting Atlantic Canada.

- $3,580,000 to increase the amount of original programming aired during each broadcast day, from 8 hours to 12 hours. Most of the original programming would originate in VoicePrint's regional centres.

- $3,201,000 to launch an outreach program to promote greater awareness and use of VoicePrint. The licensee's research revealed that many potential users of VoicePrint are not aware that the service exists. Although the licensee expected that its local program centres would be important outreach vehicles in the communities where they are located, it also plans to hire outreach staff to work with volunteers and organizations in other communities across Canada.

- $5,828,000 to provide SAP receiver packages to some 34,500 blind and low-vision users. During the current licence term, the licensee found that, while the placement of VoicePrint on Newsworld's SAP channel made it easier for its regular and potential users to locate the service, accessing the SAP channel posed significant challenges for them. The licensee explained that most television sets and VCRs equipped to receive the SAP channel employ on-screen menus and, therefore, are not easily accessible to blind or low-vision users. For this reason, the licensee developed a receiver package that allows users to access the SAP channel as well as any other television channel at the touch of a single button. The licensee indicated that those people who can demonstrate that they meet the legal definition of blindness would be eligible to receive the SAP equipment free of charge.

9. In view of the fact that the provision of SAP receivers is not a broadcasting activity[2], the Commission, in a letter dated 3 February 2003, asked the licensee to comment on the appropriateness of using revenues generated by a rate increase to fund this initiative. The licensee responded in a letter dated 19 February 2003 and claimed that: "In the case of VoicePrint, access requires more than simply producing and distributing programs." According to the licensee, SAP receivers are a basic necessity to allow blind, low-vision and print restricted Canadians access to VoicePrint.

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[2] The *Broadcasting Act* defines broadcasting as any transmission of programs, whether or not encrypted, by radio waves or other means of telecommunication for reception by the public by means of broadcasting receiving apparatus, but does not include any such transmission of programs that is made solely for performance or display in a public place.

Concerns of the interveners

10. The Canadian Cable Systems Alliance (CCSA), which represents 90 small and medium-sized cable BDUs across Canada, expressed concern that approval of the proposed increase in VoicePrint's wholesale rate increase would result in substantial new costs for its members without any benefit for their subscribers. According to the CCSA, increasing the price of the service would impede the ability of some cable BDUs to fulfil their obligation under section 3(t) of the *Broadcasting Act* (the Act) " to provide efficient delivery of programming at affordable rates."

11. In individual interventions, numerous distributors or their representatives echoed the concerns raised by the CCSA. Many of these interveners emphasized that the cost of any rate increase must be absorbed by the distributor or the consumer. They also suggested that a rate increase might cause some subscribers to cancel their services. MTS Communications Inc., the licensee of a cable BDU serving Winnipeg and surrounding communities in Manitoba, contended that the proposed rate increase would have a negative impact on its operation as a new entrant into the marketplace, regardless of whether the cost was absorbed by the consumer or the distributor.

12. While the Canadian Cable Television Association (CCTA) did not oppose a rate increase for VoicePrint, it submitted that an increase of only $0.01 would be justified. Both the CCTA and Star Choice Television Network Incorporated, the licensee of a national DTH BDU, alleged that NBRS had underestimated its ability to generate additional revenues from existing sources, such as subscriber fees and advertising revenues. Cogeco Cable Inc. (Cogeco), the owner of various corporate licensees of cable BDUs, contended that NBRS had not properly assessed the potential for growth in VoicePrint's subscribership in the new licence term. The partners of Bell ExpressVu Limited Partnership (Bell ExpressVu), the licensee of a national DTH BDU, also maintained that NBRS had not sufficiently explored other funding sources.

13. Cogeco, Bell ExpressVu and the CCTA submitted that distributors or their subscribers should not be required to subsidize the purchase and distribution of SAP equipment to users at no charge. Cogeco argued that the proposed accessibility initiative is not a broadcasting activity and, therefore, should not be funded from broadcasting revenues. Bell ExpressVu stated that, while all subscribers would be required to pay the higher rate, only cable subscribers would benefit from the SAP receivers because DTH and MDS BDUs employ digital technology and do not need a SAP channel to deliver VoicePrint. The CCTA suggested that NBRS consider an alternative means of making the SAP receivers available to its users, such as the model already established by the Canadian National Institute for the Blind, which provides an easily located point of sale where users can purchase technical aids at cost.

14. Ms Diane Dobson indicated that she did not wish to pay for VoicePrint because she does not use the service. For his part, Mr. Glenn A. Warkentin expressed opposition to broadcasting services that cannot support themselves.

The licensee's reply and proposed amendments to its application

15. In response to the concerns raised by the CCSA and the individual distributors in their interventions, NBRS stated that it had commissioned a survey to determine the views of cable and satellite subscribers on the proposed rate increase. NBRS stated that a majority of respondents to the survey supported an increase of $0.03 to enable VoicePrint to improve its service to blind and print-restricted Canadians.

16. NBRS maintained that its financial and subscriber projections for the new licence term are realistic. It also claimed that the interveners did not substantiate their claims that VoicePrint could generate additional revenues from other sources.

17. In response to the concerns raised by the interveners and the Commission regarding the accessibility initiative described in the application, NBRS proposed an alternative approach to providing better access to VoicePrint on a community-by-community basis. At the hearing, NBRS stated that it would allocate the funds previously designated for the distribution of SAP receivers to initiatives that would expand the role of its proposed local program centres and its outreach program. Rather than relying on volunteers as originally planned, the licensee would hire paid staff to work on a part-time basis in 50 of the proposed local program centres. In each community, these paid staff would organize local volunteers and be responsible for outreach at the local level and liaison with the operators of local BDUs. The paid staff would also make house calls in the community to help users access the SAP channel. The licensee estimated that it would be able to provide access to at least 35,000 households over the licence term if each member of its paid staff visited two households a week.

18. Following the public hearing, NBRS filed a letter dated 27 May 2003 that described the proposed alternative approach in more detail and provided revised expenditure projections. The licensee indicated that, in the first two years of the new licence term, it would establish 50 expanded local program centres to be operated by paid, part-time staff. In the subsequent two years, it would establish 50 basic local program centres to be operated by volunteers, as originally proposed in the application. The licensee projected that, under the alternative proposal, the local program centres would cost $8,156,000 over seven years.

19. During the first three years of the new licence term, the licensee would focus on increasing its outreach activities on a national basis. The licensee explained that it would need to promote awareness of its service in communities across Canada in order to recruit staff and to lease space to accommodate 50 new local program centres. Beginning in the fourth year, the licensee planned to gradually reduce its national outreach efforts because it expected that, by the fifth year, the 50 expanded local program centres would

be able to assume a significant portion of the outreach activities at a local level. The licensee projected that its expanded outreach program would cost $4,505,000 over seven years.

The Commission's analysis and determination

20. In its evaluation of this request, the Commission has taken into consideration the concerns expressed by the interveners with respect to the proposed wholesale rate increase and its potential impact on subscribers. The Commission also recognizes the licensee's difficult financial situation. Most of the grants and benefits from ownership transactions that currently provide a large portion of VoicePrint's funding will expire before the end of the new licence term. Based on its analysis of the licensee's financial projections, the Commission finds that the potential advertising revenues that would likely be available to VoicePrint during the new licence term would not compensate for the loss of revenues from grants and benefits.

21. In the Commission's view, VoicePrint's unique service contributes to the fulfillment of the objectives of section 3(1)(p) of the Act, which states that "programming accessible by disabled persons should be provided within the Canadian broadcasting system as resources become available for the purpose." The Commission, therefore, considers that it is important that VoicePrint have a stable source of funding in order to maintain and improve its service.

22. The Commission finds that the proposed rate increase is justified in order to fund the licensee's proposals to increase the amount of local, regional, and original programming broadcast on VoicePrint as well as to provide persons who are blind or who have visual impairments with easier access to the service through expanded local program centres and an expanded outreach program. The Commission is satisfied that the licensee's alternative approach described at the hearing and in its letter dated 27 May 2003 addresses the concerns about the accessibility program as it was described in the licence renewal application. Under the expanded outreach approach, staff from the local program centres will be available to assist VoicePrint's users in accessing the service and adapting to future changes in technology. Local staff will also actively promote the service in the community. In the Commission's view, this initiative will benefit all VoicePrint users, regardless of how the signal is received.

Conclusion

23. Based on its review of this licence renewal application and having considered the interveners' comments, the Commission **renews** the broadcasting licence for VoicePrint, from 1 March 2004 to 31 August 2010.[3] The licence will be subject to the conditions specified therein and to the conditions set out in Appendix II to this decision.

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[3] In *Administrative renewals*, Broadcasting Decision CRTC 2003-290, 21 July 2003, the Commission granted a six-month administrative renewal for VoicePrint, from 1 September 2003 to 29 February 2004.

24. The Commission also **approves** the licensee's request to amend its conditions of licence in order to increase VoicePrint's maximum monthly wholesale rate by $0.03. Accordingly, commencing 20 April 2004, the Commission authorizes the licensee, by **condition of licence,** to charge:

- each Class 1 and Class 2 licensee and MDS distributing VoicePrint in an Anglophone market a maximum fee of $0.04 per subscriber per month; and

- each licensee of a DTH BDU a maximum monthly fee of $0.04 for each subscriber who subscribes to a basic service package which has a preponderance of English-language services.

The condition of licence is set out in Appendix II to this decision.

25. The Commission expects that the incremental revenues resulting from this increase in VoicePrint's wholesale rate will be spent on the initiatives described by NBRS at the hearing and in its letter dated 27 May 2003.

Employment equity

26. The Commission recognizes the efforts made by the licensee during the current licence term with respect to employment equity. In accordance with *Implementation of an employment equity policy*, Public Notice CRTC 1992-59, 1 September 1992, the Commission encourages the licensee to continue to consider employment equity issues in its hiring practices and in all other aspects of its management of human resources.

Secretary General

This decision is to be appended to the licence. It is available in alternative format upon request, and may also be examined at the following Internet site: http://www.crtc.gc.ca

Appendix I to Broadcasting Decision CRTC 2004-28

Distribution Order 2000-1 issued 21 September 2000

Distribution of the programming service of the National Broadcast Reading Service Inc. (NBRS) by persons licensed to carry on certain types of broadcasting distribution undertakings.

The Commission hereby orders, pursuant to section 9(1)(h) of the *Broadcasting Act*, persons licensed to carry on broadcasting distribution undertakings of the types identified in paragraph (a) below to distribute NBRS's programming service in the manner specified in paragraph (b) below, effective 12 March 2001**,** on the following terms and conditions:

(a) This Order applies to Class 1 and Class 2 distribution undertakings, including multipoint distribution system (MDS) undertakings, and DTH distribution undertakings. These licensees are collectively referred to in this Order as distribution licensees.

(b) Distribution licensees shall distribute NBRS's programming service in the manner specified as follows:

(i) Any Class 1 or Class 2 licensee that distributes services on an analog basis shall distribute NBRS's programming service on CBC Newsworld's secondary audio program channel in anglophone markets;

(ii) Any Class 1 or Class 2 licensee that distributes services on a digital basis, and any MDS licensee, shall distribute NBRS's programming service on an audio channel, ideally one adjacent to a CBC radio channel, in anglophone markets;

(iii) Where a Class 1 or Class 2 licensee distributes services on both an analog and a digital basis, the licensee shall distribute NBRS's programming service in accordance with subparagraph (i); and

(iv) DTH distribution undertaking licensees shall distribute NBRS's programming service on an audio channel, ideally adjacent to CBC radio where possible, to all persons subscribing to any of the undertaking's basic service package that has a preponderance of English-language services.

c) Distribution licensees are authorized to increase the basic monthly fee to be paid by their subscribers by no more than the amount authorized under the terms of NBRS's licence.

For the purposes of this Order, *basic service*, *Class 1 licensee*, *Class 2 licensee*, *DTH distribution undertaking*, *licensed*, *anglophone market,* and *programming service* carry the meanings assigned to them in the *Broadcasting Distribution Regulations*, as amended from time to time.

Appendix II to Broadcasting Decision CRTC 2004-28

Conditions of licence

1. The licensee shall adhere to the provisions of Part 1.1 of the *Radio Regulations, 1986*, as amended from time to time by the Commission.

2. The licensee shall broadcast no more than four (4) minutes of advertising in any clock hour.

3. The licensee is authorized to charge each Class 1 and Class 2 licensee and multipoint distribution undertaking distributing VoicePrint in an Anglophone market a maximum fee of $0.04 per subscriber per month.

4. The licensee is authorized to charge each licensee of a direct-to-home distribution undertaking a maximum monthly fee of $0.04 for each subscriber who subscribes to a basic service package which has a preponderance of English-language services.