



# CRTC Licence Renewal Decision 2013

<b>TO:</b>	Board of Directors / Committee xyz...
<b>MEETING:</b>	June 19 2013
<b>FROM:</b>	Steven Guiton, Vice-President and Chief Regulatory Officer Media Technology Services and Regulatory Affairs
<b>PURPOSE:</b>	An information item summarizing CBC/Radio-Canada's licence renewal decision issued on May 28, 2013. This note was previously sent to Board members the day the decision was issued.
<b>DATE:</b>	3 June 2013

## SIGNIFICANT POINTS:

- The decision covers CBC Television and la Télévision de Radio-Canada (network and stations, Radio One, Radio, 2 Première Chaîne and Espace musique (network and stations), CBC News Network, RDI, ARTV and documentary.
- The licence term runs from September 1, 2013 to August 31, 2018.
- Significant points are provided in the briefing note.



# CRTC Licence Renewal Decision 2013

## **CRTC renews CBC/Radio-Canada's Licences for a five -year term, grants partial approval of ads on radio for three years**

In a lengthy decision released on May 28, 2013, the CRTC has renewed the licences for CBC/Radio-Canada's conventional television, radio and specialty services. The five-year licence term will run from September 1, 2013 until August 31, 2018.

This landmark decision provides revenue opportunities on our music radio services, maintains CBC News Network's and RDI's mandatory distribution orders on digital basic and grants the public broadcaster programming flexibility across all its regulated platforms to evolve to meet Canadians' needs. The decision endorses the Corporation's digital media strategy and supports the ongoing implementation of our 2015 Strategic Plan. It also strongly recognizes the financial challenges facing the Corporation.

Approval to introduce national advertising on Radio 2 and Espace musique has been granted for a trial period of three years, until August 31, 2016. If the Corporation wishes to continue to broadcast advertising after that period, it will have to apply to the Commission. The Corporation will be required to demonstrate that advertising has not had an undue negative impact on the advertising markets, that advertising has not been unduly disruptive to listeners, the Corporation has maintained its level of investment in radio and that variety and diversity in programming has not been diminished.

The Commission will impose a number of conditions of licence that support and reaffirm the Corporation's independence to make programming decisions that are consistent with our mandate and the *Broadcasting Act*. For example, the national news and information programming on our English- and French-language television and radio services must "reflect the country's regions and Official Language Minority Communities (OLMCs), and promote respect and understanding between them". Our English- and French-language television stations must present "a reasonably balanced schedule that is drawn from diverse categories of programming".

In return for enhanced programming flexibility, CBC/Radio-Canada must file detailed annual reports with the Commission relating to our programming including regional, OLMC and independent production. We will also be required to hold a formal consultation once every two years in OLMCs and report on these consultations. These enhanced reporting requirements will be addressed in a follow-up note.

The key issues addressed in the decision are the following:



# CRTC Licence Renewal Decision 2013

## Our Radio Services

- **Radio 2** and **Espace musique** will be permitted to sell national advertising for three years, capped at 4 minutes per clock hour. Programming can be interrupted for advertising no more than twice an hour;
- To ensure that **Radio 2** and **Espace musique** continue to provide diverse programming to Canadians, Radio 2 will be required to broadcast at least 2,800 distinct musical selections and Espace musique will be required to broadcast at least 3,000 such selections in each broadcast month.
- With the exception of CBEF Windsor, our Radio services have no conditions of licence respecting local programming. **CBEF Windsor** must broadcast 15 hours of local programming during each broadcast week.
- On French Radio, the Commission has accepted our proposal to maintain the requirement that 85% of music played must be French and to replace the 5% limitation on English-language music with a requirement that 50% of the non-French vocal music be Canadian.

## Our Television Services

- **CBC Television** and **la Télévision de Radio-Canada** have been granted programming flexibility. The services will be required to broadcast minimums of certain types of programming:
  - English language television stations must broadcast a minimum of 14 hours per week of local programming in metropolitan markets and 7 hours per week in non-metropolitan markets. In metropolitan markets, one of the fourteen hours must be non-news local programming. The stations must also broadcast 9 hours weekly of programs of national interest i.e. Canadian drama, documentaries and award shows, 15 hours weekly of programming directed to children under 12 years of age and one Canadian feature film per month.
  - French-language television stations must broadcast a minimum of 5 hours per week of local programming, aired 7 days a week (excluding holidays). For the stations outside Quebec, the five hours of local programming may be averaged across the entire broadcast year. The stations must also broadcast 7 hours weekly of programs of national interest i.e. Canadian drama, documentaries, award shows and dance, music and variety programming, 15 hours weekly of programming directed to children under 12 years of age. The stations are also required to broadcast five hours of regional productions per week (i.e. the regions are defined as Atlantic, Ontario, the West, the North, and Quebec (excluding Montreal)).



# CRTC Licence Renewal Decision 2013

- Both English and French-language conventional television networks have conditions of licence respecting the use of independent producers.
- English and French-language conventional television networks must each devote 6% of their annual Canadian programming expenditures to Canadian independent production in Quebec and outside Montreal, respectively. In addition, English conventional television must allocate 10% of its annual programming development expenditures to English-language independent production in Quebec.

## **RDI and CBC News Network: Mandatory Distribution at Current Wholesale Rates**

- Renewal of the mandatory distribution orders for **RDI** (in English-language markets \$0.10) and **CBC News Network** (in French-language markets \$0.15) on the digital basic service until August 31, 2018.
- The standard conditions of licence for mainstream national news services will apply to both these services, with one exception. RDI must also ensure that 1/3 of original programs and program segments come from the regions of the Atlantic, Ontario, the West, the North and Quebec (excluding Montreal).
- RDI and CBC News Network have no guaranteed distribution in their principal language markets, are open to competition from other news services and have no set subscriber rates.

## **Flexibility for ARTV and documentary**

- The Commission accepted our proposal that in each broadcast year, at least 50% of Canadian programming broadcast by **ARTV** shall come from Canadian independent producers.
- The Commission maintained the requirement that 20% of ARTV's annual budgets for original Canadian production be expended on programs produced outside Quebec. Half of this amount must be allocated to independent production outside Quebec, to ensure that the objectives of the Act are met while providing significant flexibility to ARTV in a time of financial uncertainty.
- The request for mandatory distribution outside Quebec is being considered in another hearing.
- The Commission accepted our proposal granting **documentary** programming flexibility that is consistent with the limits placed on other Category A services.
- The Commission accepted our proposal regarding a condition on exhibition of original Canadian programming by independent producers.



# CRTC Licence Renewal Decision 2013

## Terms of Trade Agreements

- Our Television and Specialty services will be required to enter into **Terms of Trade agreements** with the associations representing independent producers, the CMPA and the APFTQ, by **May 28, 2014**.
- In the decision, the Commission recognized the distinctiveness of the public broadcaster in comparison to private broadcasters and has concluded that it is unacceptable for the CMPA to force a Terms of Trade Agreement that is identical to the privates. The Commission has invited the Corporation to seek an amendment to this condition of licence if the MFN is being unfairly applied to it notwithstanding its distinctiveness.
- Until an agreement is concluded, our television and specialty services must file monthly reports on the status of negotiations.

## Other issues addressed in the decision

- The Office of the Ombudsman has been formally enshrined into the licences of our television, radio and news specialty services.
- Implementation of industry standard obligations on accessibility i.e. closed captioning, audio description and described video for our Television and Specialty services.
- Implementation of a public alerting system across all of the Corporation's radio stations by December 31, 2014.