

January 11, 2011

Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Attention: Secretary-General

Re: Application 2010-1506-6 - Application by BCE Inc. (BCE), on behalf of CTVglobemedia Inc. (CTVgm) and its licensed broadcasting subsidiaries, for authority to change the effective control of CTVgm's broadcasting entities to BCE

As outlined in the CRTC's **Broadcasting Notice of Consultation CRTC 2010-926**, we are submitting this intervention in relation to BCE's application to take effective control of CTVgm's broadcasting entities. This submission is being filed on behalf of the Canadian Media Production Association-BC Producers' Branch (CMPA-BC) and British Columbia Film (BC Film).

While we **do not oppose** BCE's application, we have serious concerns regarding its proposed benefits package. Additionally, we are concerned with the Commission's overall lack of direction in the area of regional production and diversity of voices in the Canadian broadcasting system.

We **do not** wish to appear at the hearing.

Background:

British Columbia Film is an independent, not-for-profit society established by the provincial government in 1987. It has the mandate to expand and diversify the film, television and digital media sector in British Columbia. Its core responsibilities are to:

- support the development and marketing of high quality, commercially viable British Columbia film, television and digital media projects;
- sustain and grow a competitive BC owned and controlled film and television industry;
- enable British Columbia production companies to foster existing, and to establish new, relationships with national and international co-financing partners;
- enhance the ability of British Columbia production companies to secure development and production financing;
- effectively administer provincial tax credit programs to ensure that BC remains competitive as a production centre and continues to attract private sector investment; and
- assist in the development of the creative talent necessary to sustain industry growth.

Canadian Media Production Association (CMPA-BC) is a provincial chapter of a national trade association representing over 85 member companies across British Columbia engaged in the production and distribution of television programs, feature films, and interactive media content. We are significant employers of BC creative talent and we assume the financial and creative risk of developing our stories and original content for Canadian and international audiences. Our members create content for distribution on traditional film and television, internet and mobile wireless platforms.

Our concerns regarding this application focus on two areas: the BCE benefits package and the CRTC's mandate regarding diversity of voices in Canadian programming.

1. The BCE Proposed Benefits Package:

We support the position of the national Canadian Media Production Association and concur that in this application BCE intends to move from a minority ownership of 15% of the voting shares to 100% of voting shares, which represents an effective change of ownership and control of CTVgm. Accordingly, this transaction requires the payment of tangible benefits consistent with CRTC policy.

The recent benefits package approved for Shaw's takeover of CanWest Global was for reasons specific to that application, and we believe does not provide a precedent that would require the Commission to ignore its policy for BCE in that company's desire to fully own and control CTVgm.

The CRTC must adhere to its established policy, which includes ensuring that the total value of tangible benefits represents a minimum of 10% of the value of the broadcasting assets being acquired. Specifically, this includes the requirement that at least 85% of those benefits should go to on-screen initiatives and that a minimum of 75% of on-screen initiatives should be of direct benefit to the Canadian independent production sector.

We **strongly urge** the Commission in reviewing the proposed benefits package to ensure that it meets the policy's minimum requirements. The Canadian broadcasting system is now dominated by a few large corporations which directly impact the livelihood of Canadian independent producers. When allowing such dominant positions, the CRTC must ensure that benefits accrue to the broadcasting system as a whole. So far, the proposed BCE benefits are, in our opinion, lacking in commitment to on-screen Canadian programming initiatives and, instead, directly benefit BCE's on-going infrastructure requirements.

2. Diversity of Voices and Production in British Columbia

Our members and clients represent a broad cross-section of the Canadian independent production industry in British Columbia. Underlying this submission is our frustration with the lack of CRTC understanding regarding the situation that BC producers, and indeed all producers based outside of Toronto, are currently facing.

Catalyzed by the financial crisis of 2008, major structural changes have taken place that have fundamentally changed the dynamic of English Canadian independent production. The structural problems currently being faced in Canadian production, primarily the increased consolidation of the broadcasting industry and production activity in Toronto, are not the result of the ebb and flow of a dynamic and healthy industry, but an unprecedented reaction to short term financial challenges.

Recent data from the Canada Media Fund (CMF) supports these structural shifts and are staggering in this regard. In 2008, the economic downturn resulted in English Canadian broadcasters reducing their commitments to Canadian production, most severely affecting BC, which dropped from its historical 5-year CMF access of 22% to less than 7%, from \$33 million in 2007-08 in CMF funding to less than \$13 million in 2008-09.

Alternatively, during this period, Toronto saw its English CMF funding increase from its 5-year average of 46% to almost 65%, or from \$83 million in 2007-08 to \$117 million in 2008-09. Even in 2009-10, with the help of the CMF's small Production Incentive Program, BC is still averaging only 14% of CMF English funding with Toronto averaging 60% access at an increased level of \$121 million of the Fund.

In turn, there is an additional effect happening as part of this structural shift, to the further detriment of BC producers. By not being able to access the CMF due to lack of broadcaster license fees, BC producers cannot trigger other key funds for their projects, such as BC Film, the Shaw Rocket Fund, the Rogers Documentary Fund or the Bell Broadcast and New Media Fund.

The CMF is struggling with the issue of decreased levels of English-language production from outside Toronto. Its Contribution Agreement with the Department of Canadian Heritage requires that *the Corporation (CMF) must also ensure funding support to regional television convergent productions*. Yet the CMF seems to have limited flexibility, as the majority of its funds are distributed to broadcasters through envelopes that have no regional requirements. The only entity that can influence Canadian English broadcaster performance, and indeed the one mandated with this regulatory responsibility, is the CRTC.

Under the Broadcasting Act, the CRTC is responsible for ensuring that Canadian broadcasters encourage the development of Canadian expression by providing a wide range of programming that reflects Canadian attitudes, opinions, ideas, values and artistic creativity... and that this programming be drawn from local, regional, national and international sources.

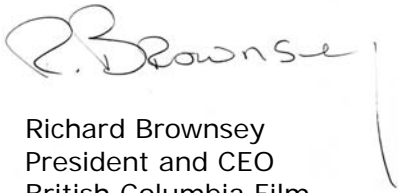
Moving forward, the CRTC must act to stabilize production activity across the country. The CRTC needs to recognize that pan-Canadian production activity must be sustained to truly have a diversity of voices represented in our Canadian television programs.

Conclusion:

The CRTC did not appear to consider diversity of voices in its review of the Shaw benefits transaction, and so we felt it essential to bring this issue to the Commission's attention and remind it of the critical necessity for the CRTC to act in support of diversity in Canadian programming. It is our intention to bring this matter forward at the broadcaster group licensing hearings in the spring of 2011.

A true copy of this submission has been sent to BCE Inc.

Sincerely,



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British Columbia Film



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