CBC Radio-Canada

July 15, 2005

Mrs. Diane Rhéaume
Secretary-General
Canadian Radio-Television &
Telecommunications Commission
Ottawa, Ontario
K1A ON2

Re: <u>Application to Amend Country Canada's Nature of Service Condition of Licence</u>

Dear Mrs. Rhéaume:

1. CBC is the licensee of the Category 1 digital specialty programming service Country Canada. CBC requests the following changes to the conditions of licence of Country Canada, originally licensed in *Land and Sea – a new Specialty channel*, Decision CRTC 2000-453, 14 December 2000 ("Decision 2000-453"):
    a. An amendment to Country Canada's condition of licence to permit measurement of the 10% limitation on sports programming over the broadcast year; and
    b. The removal of the reference to Country Music Television ("CMT") within Country Canada's condition of licence.

2. The reasons for our request are outlined in greater detail below.

<u>Approval of the request will not change Country Canada's nature of service</u>

i) Country Canada's nature of service

3. Country Canada is licensed to provide "… a national English-language Category 1 specialty television service for rural Canadian families, with a focus on adults 25-54."

4. The condition of licence defining Country Canada's nature of service set out in Decision CRTC 2000-453 authorized the licensee to schedule

programming drawn exclusively from a range of programming categories. In fact, Country Canada's schedule offers a wide range of programming genres for its audience, including entertainment, sports, news and factual programming.

5. The Commission also imposed conditions of licence limiting the amount of programming from certain programming subcategories that may be broadcast during each broadcast week. Country Canada's conditions of licence limit the amount of sports programming (professional sport, subcategory 6a and amateur sport, subcategory 6b) that Country Canada is permitted to broadcast to no more than 10% of the broadcast week. A "broadcast week" is defined as seven consecutive broadcast days, beginning on Sunday. In the case of Country Canada, the broadcast day is 18 hours. This ceiling of 10% a week thus represents a limit of 12.6 hours a week of sports programming.

6. CBC is not requesting any change to the programming categories or sub-categories it is permitted to broadcast. Instead, CBC is requesting a refinement in how programming is measured within the permitted sub-categories which are already prescribed. The requested amendment will not change Country Canada's program niche since it is still guided by its *nature of service* description.

7. In CBC's view, the 10% limitation on sports programming measured on a broadcast week is neither a practical nor a useful mechanism to ensure that County Canada continues to operate within the format for which it was licensed. Approval of the proposed amendment would provide Country Canada with the flexibility to more effectively schedule event-based sports programs and improve the attractiveness of the service to subscribers while maintaining the total amount of sports that is permitted to be broadcast throughout the year.

ii) Country Canada must evolve to meet viewer's needs

8. Sports programming is event and calendar based. Live sports events are by their very nature unpredictable. The current limitations on sports programming that Country Canada is permitted to broadcast, measured on a weekly basis, makes it difficult to cover sports programming in a manner that satisfies our viewers.

9. CBC is proud of the television exposure that Country Canada provides to Canadian amateur sports. In fact, nearly all of the sports programming broadcast by Country Canada is amateur sports. Approval of this request would enable Country Canada to schedule live distribution of Canadian amateur sports events at times that are convenient and attractive to viewers. This in turn could help raise the profile of amateur sports and our athletes amongst Canadian viewers

10. The 10-week period covering 2005 Championship Curling season (the "2005 Season") illustrates the unnecessarily restrictive nature of weekly measurement in sports. The duration of the three main curling tournaments, The Scott Tournament of Hearts, The Tim Horton's Brier and the Ford World's Men's Championship covers nine calendar days. Practically speaking, this meant that during the 2005 curling finals, Country Canada could bring, at most, three games to viewers plus a few segments or highlights from other games in a given week. In some cases, game coverage was truncated to ensure the weekly limit was not exceeded.

11. Our experience has shown that the restrictions contained in the current conditions of licence are subscriber unfriendly. During the 2005 Season, it became clear to CBC that both viewer and scheduling needs would be better served by measuring the 10% limitation on sports programming on an annual basis. In other words, approval of this application will enable Country Canada to cover sporting events in a manner that is more appealing to the sports associations with which we contract and in a way that is more convenient and attractive for our viewers.

iii) No impact on other services

12. CBC is requesting a licence amendment to permit Country Canada to make programming decisions measured over the full broadcast year while maintaining the mandate of its current licence. The proposed change will simply provide Country Canada with flexibility to schedule sports programming in a manner that properly mirrors the nature of sports events and satisfy our viewers.

13. For the following reasons, this approach is consistent with the intention of the current Category 1 licence and ensures that, if approved, there would be no impact any existing pay, specialty or Category 1 services:

- The aggregate amount of sports that could be broadcast on Country Canada would not increase throughout the broadcast year.[1] The requested amendment to the condition of licence would maintain the total amount of sports programming permitted to be aired over the broadcast year and simply permit flexibility in scheduling live sporting events.
- Since the overall volume of sports on Country Canada would not change, there is no competitive impact on any sports-based specialty services that has not already been absorbed by the Commission's initial licensing decision.

14. The CRTC has a history of being responsive to the needs of specialty services to have the flexibility to effectively schedule within their prescribed nature of service condition of licence and make minor amendments to their *nature of service* condition of licence in order to:
    - More effectively program their services;
    - Adapt to a changing competitive environment; and
    - Better serve their audiences within their program niches.

15. Country Canada competes for the attention of viewers amidst a wide array of viewing choices. The ability to measure compliance with the 10% limitation on sports on an annual basis rather than a weekly basis will enable Country Canada to schedule sports programming in a manner that satisfies its target audience, improves the overall quality of the service and allows the service to continue to contribute to the Canadian broadcast system.

16. For the reasons outlined above, CBC proposes that the condition be amended to read:

    No more than 10% of all programming broadcast during each broadcast year shall be drawn from subcategories 6a and 6b.

Request to remove reference to Country Music Television

17. As a minor administrative matter, Country Canada is also requesting the removal of the reference to Country Music Television (CMT) within its *Nature of service* condition of licence.

[1] Country Canada is permitted to broadcast up to 657 hours of sports programming each year (18 hours/day x 10% x 365 days) under its current condition of licence.

18. Country Canada's condition of licence, as set out in Decision 2000-453, states that:

> *No more than 10% of all programming broadcast during each broadcast month shall also be broadcast on either the CBC or the specialty service Country Music Television during the same broadcast month.*

19. The reference to the Corus-owned service CMT was appropriate at the time of the original licensing decision as Corus maintained a 70% ownership interest in Country Canada. However, pursuant to Decision CRTC 2002-336, 24 October 2002. Corus transferred all of its shares in Country Canada to CBC. As a result, CBC owns and controls the licensee. Therefore, the reference to CMT in the *nature of service* condition of licence is no longer relevant or necessary. We propose that the condition be amended to read:

> *No more than 10% of all programming broadcast during each broadcast month shall also be broadcast on the CBC during the same broadcast month.*

20. We would be pleased to address any questions you have concerning this application.

Yours truly,

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