



Broadcasting Decision CRTC 2005-521

Ottawa, 21 October 2005

TVA Group Inc.
Across Canada

Application 2005-0298-1
Public Hearing in the National Capital Region
15 August 2005

Télé-Services – Category 2 specialty service

*In this decision, the Commission **approves** an application for a broadcasting licence to operate a new Category 2 specialty programming undertaking.*

The application

1. The Commission received an application from TVA Group Inc. (TVA) for a broadcasting licence to operate a national, French-language Category 2¹ specialty programming undertaking to be known as Télé-Services.
2. The applicant proposed to offer a service devoted to manual labour, such as construction, renovation, repairs, gardening, landscaping, decorating, interior design, mechanics and hobbies. All programming will be drawn from the following categories, as set out in Schedule I to the *Specialty Services Regulations, 1990*: 2(a) Analysis and interpretation; 2(b) Long-form documentary; 3 Reporting and actualities; 5(b) Informal education/Recreation and leisure; 7(a) Ongoing drama series; 7(b) Ongoing comedy series (sitcoms); 7(c) Specials, mini-series or made-for-TV feature films; 7(d) Theatrical feature films aired on TV; 9 Variety; 10 Game shows; 11 General entertainment and human interest; 12 Interstitials; 13 Public service announcements; and 14 Infomercials, promotional and corporate videos. The applicant also indicated that a maximum of 10% of all programming aired during each broadcast week would be drawn from categories 7(a), 7(b), 7(c) and 7(d).

Interventions

3. The Commission received interventions in connection with this application. Les Chaînes Télé Astral inc. (Astral), a division of Astral Broadcasting Group Inc., expressed concern that this application had been submitted by TVA, which is a subsidiary of Québecor Média Inc. (QMI). QMI controls Vidéotron ltée (Vidéotron), the largest cable distributor serving Francophone markets in Canada.

¹ Category 2 services are defined in *Introductory statement – Licensing of new digital pay and specialty services*, Public Notice CRTC 2000-171, 14 December 2000.

4. Astral expressed concern about the distribution of services not affiliated with QMI. In Astral's view, licensees of non-affiliated French-language Category 2 services "[Translation] could have no guarantee that their services will receive fair treatment in terms of access in Francophone markets versus affiliated French-language services." Astral submitted that, since the access rule formulated by the Commission whereby the distributor must distribute five non-affiliated Category 2 services for each affiliated service applies to English-language and French-language markets, Vidéotron could choose to distribute the affiliated French-language service proposed by TVA as well as five non-affiliated English-language digital services. Consequently, while adhering to the policy established by the Commission, Vidéotron could refuse to distribute any French-language Category 2 digital service licensed by the Commission that is not affiliated with it.
5. Astral noted that the goal identified by the Commission in *Licensing framework policy for new digital pay and specialty services*, Public Notice CRTC 2000-6, 13 January 2000 (Public Notice 2000-6) and in *Introductory statement – Licensing of new digital pay and specialty services*, Public Notice CRTC 2000-171, 14 December 2000 (Public Notice 2000-171) has been achieved in the English-language broadcasting sector, as there is an abundant number of Category 2 services that are operated by a broad range of licensees, whereas there are still no French-language Category 2 digital services in operation at this time.
6. According to Astral, in order for the "[Translation] goals of the *Licensing framework policy for new digital pay and specialty services* to be met in French-language broadcasting as they have been in English-language broadcasting," the Commission should impose the following condition of licence on the licensee:

For each French-language or bilingual Category 2 service of an affiliated programming undertaking that it distributes, the licensee shall distribute at least five French-language or bilingual Category 2 services of non-affiliated undertakings.

Applicant's reply

7. In reply to Astral's intervention, TVA stated that Astral "[Translation] has no reason to fear any undue preference on the part of the distribution undertaking affiliated with TVA," and noted that a distribution agreement has been entered into by Vidéotron and Astral for the distribution of its Category 2 service, Ciné-Pop. TVA added that, if the Astral services were rejected by an affiliated distributor in favour of the applicant's services, Astral could file a complaint under section 9 of the *Broadcasting Distribution Regulations*.

8. With respect to the access rule, TVA submitted that the ratio proposed by Astral was too high because there is no French-language Category 2 specialty service currently in operation. TVA did not consider it should be subject to the condition of licence proposed by Astral because the Commission has never imposed such conditions of licence on the distribution undertakings affiliated with Bell Globemedia Inc. or Corus Entertainment Inc., two companies that are also licensees of specialty programming undertakings.
9. TVA added that it was “[Translation] in the interest of the distributors serving Francophone markets to distribute the maximum number of digital services available to them in order to serve their own interests and to meet the needs of their subscribers,” and that the more French-language specialty services there are, “[Translation] the better will be the supply to the Francophone market and the faster the migration to digital will take place.”

Commission’s analysis and determination

10. In Public Notice 2000-6, the Commission implemented a competitive open-entry approach to the licensing of Category 2 services. In Public Notice 2000-171, the Commission adopted a case-by-case approach in determining whether a proposed Category 2 service should be considered directly competitive with an analog pay or specialty service or existing Category 1 service, although not with an existing Category 2 service. The Commission examines each application in detail, taking into consideration the nature of the proposed service and the unique circumstances of the genre in question.
11. In this case, the applicant stated that Télé-Services will place emphasis on construction, renovations, repairs, gardening, landscaping, decorating, interior design, mechanics and hobbies. The Commission further notes that in its application, the applicant indicated that some French-language specialty services include programs similar to those that will be presented by Télé-Services, but that they represent less than 10% of its programming.
12. The Commission is therefore of the view that the nature of the proposed service for Télé-Services is sufficiently specific to ensure that it will not be directly competitive with any existing analog pay or specialty or existing Category 1 service.
13. The Commission recognizes the special circumstances of the French-language market, in particular the need on the part of distributors and the Francophone public to have access to French-language digital specialty services. The Commission considers that the distribution of French-language Category 2 specialty services will serve the public interest, as well as the interests of broadcasters and distributors.
14. The Commission notes that any refusal by a distributor to distribute a non-affiliated Category 2 service in favour of an affiliated Category 2 service could be subject to review pursuant to section 9 of the *Broadcasting Distribution Regulations*.

15. The Commission is satisfied that the application is in conformity with all applicable terms and conditions announced in *Introductory statement – Licensing of new digital pay and specialty services – Corrected Appendix 2*, Public Notice CRTC 2000-171-1, 6 March 2001 (Public Notice 2000-171-1). Accordingly, the Commission **approves** the application by TVA Group Inc. for a broadcasting licence to operate the national, French-language Category 2 specialty programming undertaking, Télé-Services.
16. The licence will expire 31 August 2012 and will be subject to the **conditions** set out in Public Notice 2000-171-1 as well as to the **conditions** set out in the appendix to this decision.

Issuance of the licence

17. A licence will be issued once the applicant has satisfied the Commission, with supporting documentation, that the following requirements have been met:
 - the applicant has entered into a distribution agreement with at least one licensed distributor; and
 - the applicant has informed the Commission in writing that it is prepared to commence operations. The undertaking must be operational at the earliest possible date and in any event no later than 36 months from the date of this decision, unless a request for an extension of time is approved by the Commission before 21 October 2008. In order to ensure that such a request is processed in a timely manner, it should be submitted at least 60 days before that date.

Secretary General

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

Appendix to Broadcasting Decision CRTC 2005-521

Conditions of licence

1. The licence will be subject to the conditions set out in *Introductory statement – Licensing of new digital pay and specialty services – Corrected Appendix 2*, Public Notice CRTC 2000-171-1, 6 March 2001.
2. The licensee shall provide a national, French-language Category 2 specialty programming undertaking offering programming devoted to manual labour such as construction, renovations, repairs, gardening, landscaping, decorating, interior design, mechanics and hobbies.
3. The programming shall be drawn exclusively from the following categories, as set out in Schedule I to the *Specialty Services Regulations, 1990*, as amended from time to time:
 - 2(a) Analysis and interpretation
 - (b) Long-form documentary
 - 3 Reporting and actualities
 - 5(b) Informal education/Recreation and leisure
 - 7(a) Ongoing drama series
 - (b) Ongoing comedy series (sitcoms)
 - (c) Specials, mini-series or made-for-TV feature films
 - (d) Theatrical feature films aired on TV
 - 9 Variety
 - 10 Game shows
 - 11 General entertainment and human interest
 - 12 Interstitials
 - 13 Public service announcements
 - 14 Infomercials, promotional and corporate videos
4. The licensee shall devote no more than 10% of all programming broadcast during the broadcast week to programs drawn from categories 7(a), 7(b), 7(c) and 7(d).

For the purposes of the conditions of this licence, including condition of licence No. 1, *broadcast day* refers to the 24-hour period beginning each day at midnight, or any other period approved by the Commission.