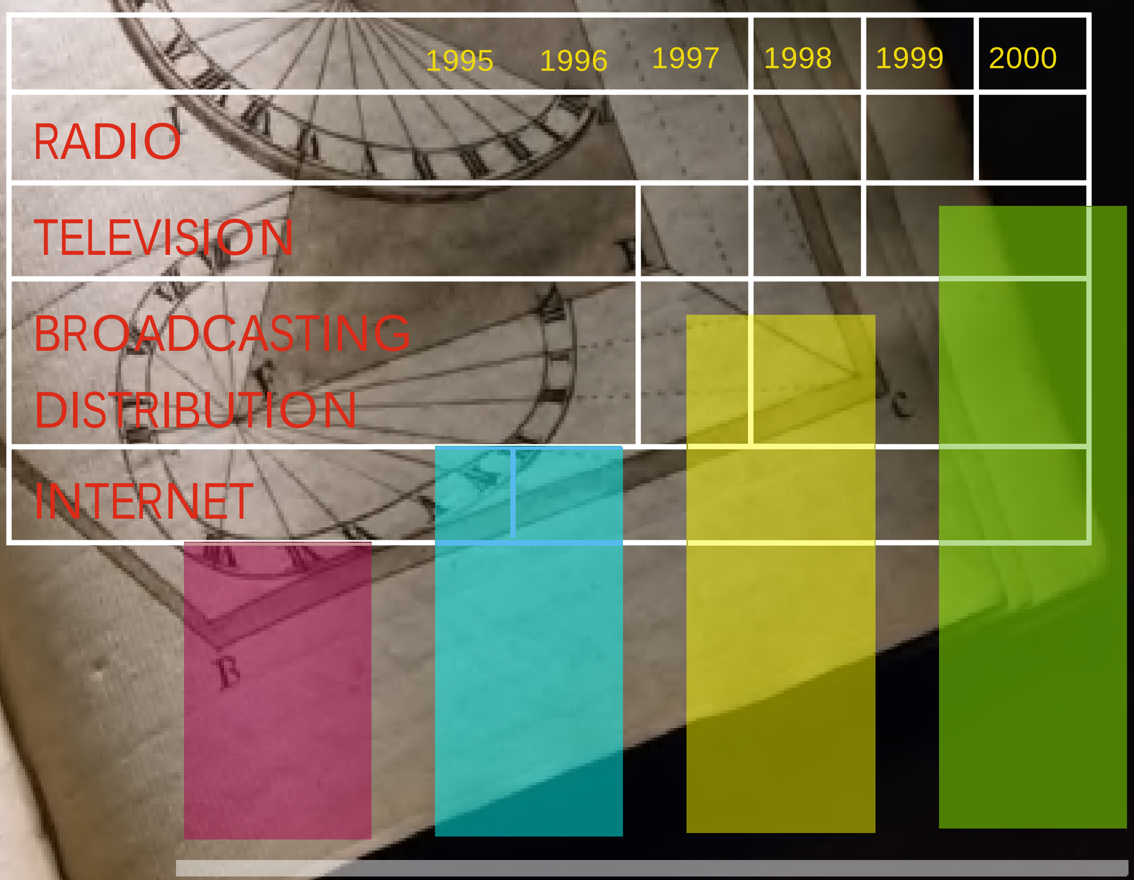
Broadcasting Policy Monitoring Report 2001



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

inside cover

October 29, 2001

Introduction

This second edition of the CRTC's Broadcasting Policy Monitoring Report provides a number of performance indicators that the CRTC uses in its on-going assessment of the impact of broadcasting regulations, policies and decisions. We hope that publishing this report will help to foster a more open and better-informed public discussion of broadcasting policy in Canada.

The CRTC released its first Broadcasting Policy Monitoring Report at the annual convention of The Canadian Association of Broadcasters held in Calgary, Alberta in November of 2000. The report was in response to the many new regulatory frameworks and policies that had been implemented by the CRTC in the previous few years. The monitoring report was intended to measure the results and effectiveness of CRTC policies and identify policy areas that may require further review or adjustment.

The 2001 report updates the performance indicators from the first edition and provides new indicators for policies implemented and decisions taken in the past year.

The performance indicators and data provided in this report take into consideration a number of policies and decisions, including the following:

- New Regulatory Framework for Broadcasting Distribution Undertakings – Public Notice CRTC 1997-25
- Commercial Radio Policy – Public Notice CRTC 1998-41
- New Media – Broadcasting Public Notice CRTC 1999-84 and Telecom Public Notice CRTC 99-14
- A Policy Framework for Canadian Television – Public Notice CRTC 1999-97
- Ethnic Broadcasting Policy – Public Notice CRTC 1999-117
- Licensing Framework Policy for New Digital Pay and Specialty Services – Public Notice CRTC 2000-6
- Campus Radio Policy – Public Notice CRTC 2000-12
- Community Radio Policy – Public Notice CRTC 2000-13
- A Policy to Increase the Availability to Cable Subscribers of Specialty Services in the Minority Official Language – Public Notice CRTC 2001-26
- Licence Renewals for the French-language National Television Network TVA and for the French–language Television Programming Undertaking CFTM-TV Montréal – Decision CRTC 2001-385
- Licence Renewals for the Television Stations Controlled by CTV – Decision CRTC 2001-457
- Licence Renewals for the Television Stations Controlled by Global – Decision CRTC 2001-458

The report is sub-divided in four sections: Radio, Television, Broadcasting Distribution and the Internet.

Interested parties wishing to provide comments for improvements or additions to future editions of the report can do so by forwarding them to the attention of the Secretary General, CRTC, Ottawa, K1A 0N2 or electronically at info@crtc.gc.ca.

The Broadcasting Policy Monitoring Report is also available electronically at www.crtc.gc.ca/ENG/publications/reports.htm

Ce document est également disponible en français.

Table of contents

Radio

Television

Broadcasting Distribution

Internet

Radio

I. Radio Tuning and relationship with other media

A. Tuning Trends

- The following charts and tables outline the total hours tuned to radio in an average week during the fall surveys of 1995-2000. Chart and table 1 provide the total hours tuned over the entire day, while chart and table 2 include the total hours tuned between 6 a.m. and 6 p.m.

- The intent of tables 1 and 2 is to monitor the on-going use of radio by Canadians.

Table 1: Radio Tuning in an Average Week
Total Hours Tuned ("THT") (000's)
All persons 12+, 5 a.m. to 1 a.m.

	1995		1996		1997		1998		1999		2000	
	THT ('000)	%	THT ('000)	%	THT ('000)	%	THT ('000)	%	THT ('000)	%	THT ('000)	%
English AM	163,704	31	146,937	29	143,274	28	138,986	25	133,316	25	126,419	24
English FM	226,945	43	231,903	45	233,510	45	269,081	49	268,211	49	267,612	50
French AM	32,075	6	31,208	6	29,219	6	24,052	4	20,536	4	15,990	3
French FM	81,606	15	76,944	15	79,684	15	91,160	17	91,898	17	92,743	17
Other*	27,408	5	29,202	5	30,877	6	29,523	5	30,675	5	29,025	6
Total	531,738	100	516,194	100	516,564	100	552,802	100	544,636	100	531,789	100

* Note: Other is principally tuning to U.S. stations
Source: BBM Fall 1995 to Fall 2000

Table 2: Radio Tuning in an Average Week
6 a.m. to 6 p.m. Total Hours Tuned ("THT")(000's)
All persons 12 +

	1995		1996		1997		1998		1999		2000	
	THT ('000)	%	THT ('000)	%	THT ('000)	%	THT ('000)	%	THT ('000)	%	THT ('000)	%
English AM	135,400	31	122,188	29	119,794	28	116,767	26	111,626	25	105,086	24
English FM	181,130	42	185,920	44	188,027	45	217,845	48	216,287	49	216,335	50
French AM	27,793	6	26,886	6	25,102	6	20,788	5	17,381	4	13,466	3
French FM	67,271	16	64,042	15	67,068	16	77,075	17	77,225	17	77,812	18
Other	20,140	5	21,065	6	22,819	5	22,041	4	23,026	5	21,963	5
Total	431,734	100	420,101	100	422,810	100	454,516	100	445,545	100	434,662	100

Source: BBM Fall 1995 to Fall 2000

- The total average weekly hours tuned in fall 2000 declined by 2% from fall 1999 both over the entire day (5 a.m. to 1 a.m.) and the 6 a.m. to 6 p.m. period.

- The following charts, generated from Tables 1 and 2, compare the tuning levels of AM and FM stations in fall 2000, and clearly demonstrate the predominance of FM radio.

Chart 1: Total Hours Tuned in an Average Week, Fall 2000

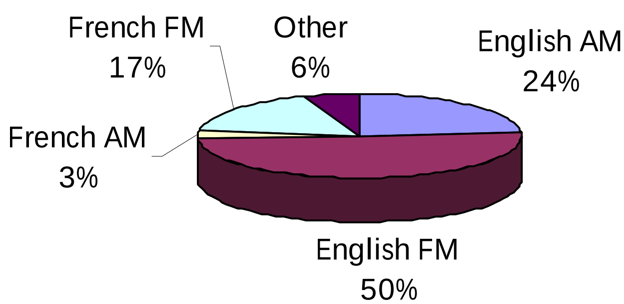
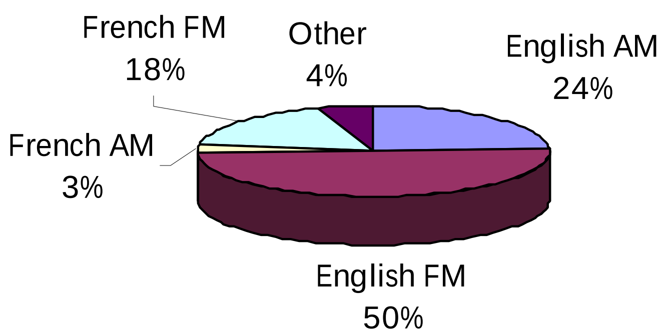


Chart 2: Total Hours Tuned in an Average Week, 6 a.m. to 6 p.m., Fall 2000



- In the Fall of 2000, 93.2% of Canadians aged 12 and over listened to the radio for at least 15 minutes in an average week, as compared to 94.9% in 1995. The average hours per week tuned per listener have remained in the 22 hours per week range since 1995. (Source: BBM Radio Databooks)

B. Advertising

Table 3: Advertising revenue by media ($ millions)

Media	1995	1996	1997	1998	1999	2000	2001[1]
Television [3]	1,876	1,994	2,104	2,321	2,350	2,430	2,472
Daily Newspaper [2]	1,323	1,399	1,644	1,698	1,734	1,951	1,979
Radio	769	798	848	920	952	1 000	1,055
Magazine	621	611	647	707	721	805	865
Weekly Newspaper	615	634	673	765	765	788	808
Billboard	167	200	220	246	269	293	300
Internet	-	1.5	9.8	24.5	55.5	109.0	142.0
Total	5,371	5,638	6,146	6,682	6,847	7,376	7,621
% Annual Increase	7.6%	5%	9%	8.7%	2.5%	7.7%	3.3%

Source: Carat Expert, Panorama Publicitaire 2001
Notes: (1) Carat Expert Projections
(2) Excludes classified ads.
(3) Includes conventional TV and specialty services

Chart 3: Share of advertising revenue by media, 2000

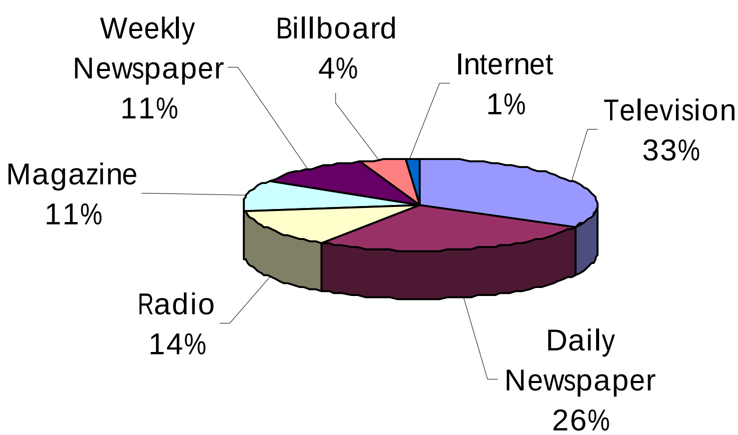


Table 4: Share of Advertising Revenue by Media (%)

Media	1995	1996	1997	1998	1999	2000	2001[1]
Television [3]	34.9	35.4	34.2	34.7	34.3	32.9	32.4
Daily Newspaper [2]	24.6	24.8	26.7	25.4	25.3	26.5	26.0
Radio	14.3	14.2	13.8	13.8	13.9	13.6	13.8
Magazine	11.6	10.8	10.5	10.6	10.5	10.9	11.4
Weekly Newspaper	11.5	11.2	11.0	11.4	11.2	10.7	10.6
Billboard	3.1	3.5	3.6	3.7	3.9	4.0	3.9
Internet	-	0.0	0.2	0.4	0.8	1.5	1.9

Source: Carat Expert, Panorama Publicitaire 2001
Notes: (1) Carat Expert Projections
(2) Excludes classified ads.
(3) Includes conventional TV and specialty services

- Total commercial radio advertising revenues have increased annually from 1995 to 2000.

- Radio's share of the advertising pie has gradually declined from 1995 to 2000.

C. Digital Radio

- The Commission issued Public Notice CRTC 1995-184 "A policy to govern the introduction of digital radio" on 29 October 1995.

- As of July 2001, 56 licences for transitional digital radio undertakings (DRUs) had been granted. Of these licences, 42 were issued to existing commercial radio stations and 14 to existing CBC stations.

- These 56 stations are located in 4 different markets:

  Montreal: 12, Toronto: 24, Vancouver: 14 and Windsor: 6

- To find out more about digital radio, you can visit the following website at http://www.digitalradio.ca

  or for more information on how DAB is performing worldwide at

  http://www.magi.com/~moted/dr/
  http://www.wohnort.demon.co.uk/DAB/

II. Ownership

A. The Top 10 Ownership Groups

- In revising its ownership policy in Public Notice CRTC 1998-41 "Commercial Radio Policy 1998" the Commission focused on developing a model that would allow for some measure of consolidation, while taking into account its general concerns for preserving a diversity of news voices and maintaining competition.

- Tables 5 and 6 monitor ownership consolidation in the radio industry.

Table 5: Ten Largest Radio Operators
Radio Revenue & National Share

Corporations:	# of radio undertakings			Radio Revenue (000s)			National share of Revenue (%)		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
Corus Entertainment Inc.	11	11	43	51,524	51,568	166,656	5	5	16
Télémédia Inc.	25	28	76	68,558	78,717	125,311	7	8	12
Rogers Inc.	19	25	29	85,355	108,820	120,719	9	11	12
CHUM Limited	25	27	28	78,125	89,342	98,491	8	9	10
Standard Broadcasting Corp. Ltd.	14	13	12	81,737	88,379	90,879	9	9	9
Astral Media Inc. (prev. Radiomutuel)	12	12	12	41,621	39,825	40,845	4	4	4
Métromédia CMR Broadcasting Inc.	5	7	6	25,555	32,490	33,419	3	3	3
Newcap Broadcasting Inc.	12	13	20	19,906	23,700	32,202	2	2	3
Maritime Broadcasting Ltd.	-	19	19	-	23,103	23,222	-	2	2
Rawlco Entreprises Ltd.	13	-	8	46,229	-	17,162	5	-	2
WIC – Western International Com. Ltd.	12	12	-	73,506	79,869	-	8	8	-
TOTAL	148	167	253	572,116	615,813	748,906	61	63	73
TOTAL – ALL PRIVATE RADIO	486	486	493	940,068	973,754	1,023,439	100	100	100

Sources: CRTC Internal Report 'Ownership August 1999', August 2000 & CRTC Financial Database.

- The revenue increases by the largest operators can be attributed to both general economic expansion and acquisitions.
- Both the number of stations operated by the top 10 radio operators and their national share of revenues continue to rise.

B. "Top 10" by Total Hours Tuned

Table 6: Ten Largest Radio Operators Tuning

Corporations:	Listening Hours (000's)			All Radio Share (%)		
	1998	1999	2000	1998	1999	2000
Corus Entertainment Inc.	25,411	22,628	70,130	5	4	13
Télémédia Inc.	40,357	38,401	53,385	7	7	10
Rogers Inc.	34,648	46,662	45,910	6	9	9
Standard Broadcasting Corp. Ltd	46,962	43,277	40,540	8	8	8
CHUM Limited	38,196	40,663	39,667	7	7	7
Metromedia CMR Broadcasting Inc.	22,490	24,055	18,995	4	4	4
Astral Media Inc. (prev. Radiomutuel)	19,023	20,191	18,827	3	4	4
Newcap Broadcasting Inc.	-	11,477	12,191	-	2	3
Maritime Broadcasting Ltd	10,241	10,697	10,145	2	2	2
Radiomédia Inc.	-	-	9,136	-	-	2
WIC – Western International Com.	39,249	38,293	-	7	7	-
Rawlinson Group	14,073	-	-	3	-	-
TOTAL	290,650	296,344	318,926	53	54	61
TOTAL PRIVATE RADIO	466,091	459,198	435,794	-	-	-
TOTAL ALL RADIO – CANADA	552,798	544,637	531,789	100	100	100

Source: CRTC Internal Report 'Ownership August 2000', July 2001
BBM, Fall 1998 to 2000

- Changes in the total number of hours tuned by group are related primarily to acquisitions.

- The ten largest radio groups attracted 61% of the audience and 73% of radio industry revenues in 2000, significantly higher than the 1999 results of 54% and 63% respectively.

III. Competitive licensing

- In the 1998 commercial radio policy the Commission determined that in order to encourage competition and choice it would no longer apply the criteria outlined in the radio market policy. The elimination of the radio market policy, combined with the revised common ownership policy, has resulted in numerous competitive processes for new FM stations in markets across Canada.

- In Decision CRTC 99-480, 28 October 1999, the Commission outlined the factors that will generally be among those relevant to the evaluation of competitive applications. The decision also noted that the relative weight and significance of the factors will vary depending on the specific circumstances of the market concerned.

- The following table reveals the factors that have contributed to successful competitive commercial applications since the introduction of the 1998 commercial radio policy.

Table 7: Factors contributing to successful applications for commercial radio licences considered by competitive processes following PN 1998-41

Application	Canadian Content	CTD	Business Plan	Competitive Balance	Diversity of voices
Victoria – O.K. Radio		X	X		
Victoria – Rogers		X	X		
Victoria - Seacoast		X	X	X	
Duncan - CKAY			X		
London - CHUM		X	X		
Saskatoon - Hildebrand	X	X	X	X	
Lloydminster - Peace River	X	X	X		X
Hamilton/Burlington -Kirk/Roe		X	X		X
Barrie - Rock 95	X	X	X	X	
Belleville - Zwig			X	X	
Toronto - Milestone			X		X
Toronto - AVR		X	X		X
Toronto - PrimeTime		X	X		X
Moncton - Losier			X		X
Moncton - Maritime				X	
Moncton - Atlantic			X	X	
Saint-John - NBBC				X	
Kingston - Wright		X	X		X
Calgary – Standard	X		X	X	
Calgary – Telemedia *			X		X
Calgary – AVR					X
Vancouver – Focus		X	X		X
Vancouver – CBC *					X
Vancouver – AVR *					X
Vancouver – SFU Community *					X
Ottawa/Hull – Newcap	X	X	X		X
Ottawa/Hull – AVR					X
Ottawa/Hull – CHIN		X	X		X
Ottawa/Hull – Radio Nord *		X	X		X
Total (29 stations)	5	15	22	8	17

Source: CRTC Decisions
* Approvals in principle
Notes: CTD – Canadian talent development
Business Plan includes the proposed format

IV. Canadian Talent Development (CTD)

The Commission reviews radio licensee contributions to CTD in the following circumstances:

A) Applications for new radio stations
B) Transfers of control or ownership (benefits)
C) Renewal of radio licences

A. Applications for new radio licences

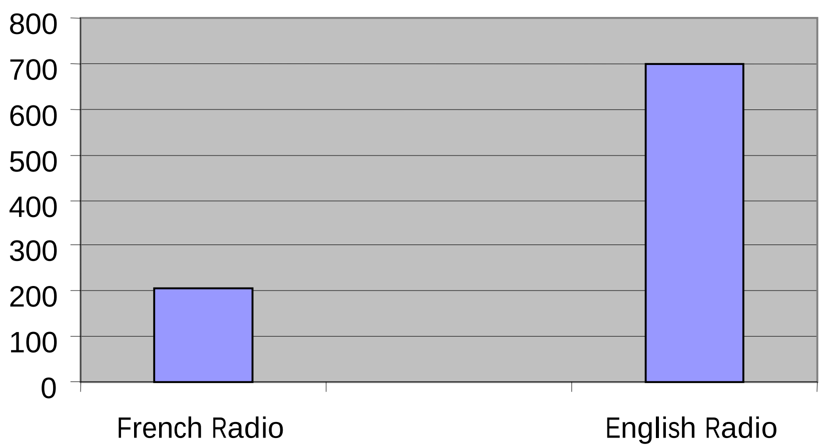
- Since the introduction of the new commercial radio policy through to September 2001, the Commission has licensed 29 new radio stations (including 3 native type B stations and one CBC station) through competitive processes in markets across Canada. These stations combined committed to spend more than $16 million on CTD initiatives over a 7-year period.

- In addition, 15 new radio licences were granted without a competitive process. These stations combined committed $236,000 towards CTD initiatives.

B. Transfers of control or ownership (benefits)

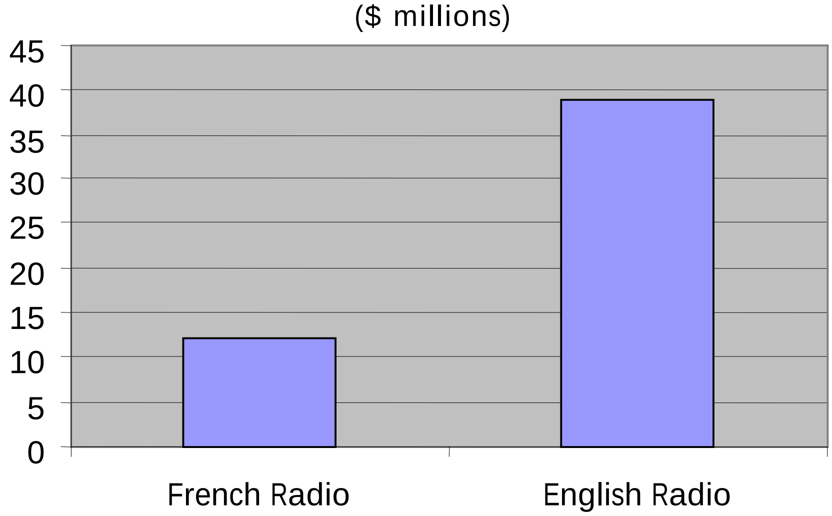
- As outlined in the Commercial Radio Policy applicants for the transfer of ownership or control of radio stations must make commitments to benefits that represent a minimum direct financial contribution to Canadian Talent Development of 6% of the value of the transaction. Three percent is to be allocated to the Star Maker/RadioStar music marketing and promotion funds two percent to either FACTOR or MusicAction, and one percent at the discretion of the purchaser.
- Since the adoption of the new Commercial Radio Policy, there have been 53 Commission approved control and/or ownership transactions involving 194 radio stations.
- CTD benefits from these transactions have totalled $51.4 million.

Chart 4: Value of radio transactions
($ millions)



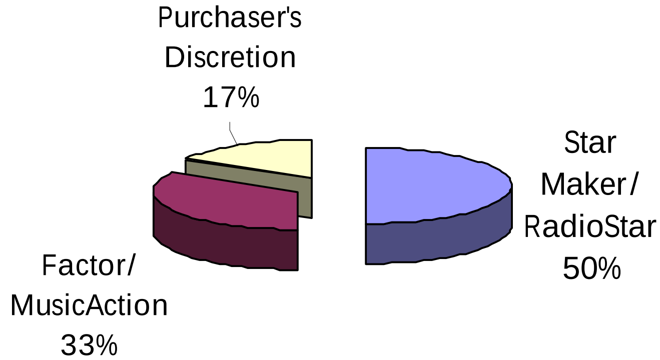
Source: CRTC Decisions and Administrative Approvals, as of July 10, 2001.

Chart 5: Value of transfer benefits
($ millions)



Source: CRTC Decisions and Administrative Approvals, as of July 10, 2001.

Chart 6: Breakdown of transfer benefits



Source: CRTC Decisions and Administrative Approvals, as of July 10, 2001.

C. Renewal of radio licences

- As part of their licence renewal applications, all licensees of private commercial radio stations are asked to make an annual financial commitment to Canadian talent development.
- In Public Notice CRTC 1995-196 "Contributions by radio stations to Canadian talent development – a new approach," the Commission, in conjunction with the industry, established an approach which would ensure a minimum annual payment of $1.8 million to eligible third parties for CTD.
- The following table indicates the amount of money contributed to CTD initiatives in the context of licence renewals.

Table 8: CTD Annual Contributions – Licence Renewals

(dollars)	1997	1998	1999	2000
FACTOR	991,847	981,457	965,043	835,074
MusicAction	354,508	358,530	287,800	269,599
Other:				
- Music Organizations	N/A	N/A	406,588	505,888
- Performing Arts Groups	N/A	N/A	408,672	109,836
- Schools or Scholarships	N/A	N/A	137,837	124,590
Total – Other	1,121,691	598,714	953,097	740,314
Total 3rd party Contributions	2,468,046	1,938,701	2,205,940	1,844,987
Local Initiative Contributions	33,500	774,305	614,068	657,487
TOTAL – CTD Contributions	2,501,546	2,713,006	2,820,008	2,502,474

Source: CRTC Financial Database, Annual Returns

V. Diversity of Formats

- In the development of the 1998 commercial radio policy the broadcasting industry submitted that an increase in consolidation in markets would lead to an increase in the diversity of formats.
- The following tables (9-12) compare the diversity of radio formats available in a sample of markets from across Canada, 1998-2000.
- Overall, the number of distinct radio formats available in the sample of markets has generally remained at the same level since the introduction of the 1998 policy.

Table 9: Formats of market stations for Vancouver, Kelowna, Calgary, and Regina

format of market stations	Market											
	Vancouver			Kelowna			Calgary			Regina		
	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
Adult Contemporary (AC)	1	1	1	-	1	2	2	1	1			
AC Light Rock	-	-	1	-	-	-			1			
AC /Oldies												1
Adult Rock									1			1
Album-Oriented Rock (AOR)	-	1	2	1	-	1	1	1	1	2	2	1
Contemp. Album Rock (CAR)	1	-	-	-	-	-						
Contemp. Hit Radio (CHR)	2	2	1	-	-	-	1	1				1
CHR/Dance	-	-	-	-	-							
Classic Rock	1	1	-		1			1				
Country	1	1	1	1	2	1	1	1	1	2	2	1
Country Gold	-	-	-	-	-		1	1	1			
Ethnic	2	2	2	-	-							
Ethnic Specialty	1	1	1	-	-			1	1			
Gospel Specialty	-	-	-	-	-		1	1	1			
News	1	1	1	-	-							
News/Talk	1	1	3	1		1	1	1	1	1	1	
Nostalgia	1	1	-	-	-		1	1				
Oldies	1	1	1	1			1	1	1	1	1	
Soft AC	1	1	-	1	1							
Talk	1	1	1	-	-							
Talk/AC	1	1	-	-	-							
True Oldies			1						1			1
Total # of stations	16	16	16	5	5	5	10	11	11	6	6	6
# of distinct formats	14	14	12	5	4	4	9	11	11	4	4	6

Sources: CRTC Research

Table 10: Formats of market stations for Sudbury, London, Toronto, and Ottawa-Hull

format of market stations	Market											
	Sudbury			London			Toronto			Ottawa-Hull		
	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
AC	2	1	1	1	1	3	4	4	4	2	2	2
AC/News/ Talk				1	1							
Adult Rock						1						
Alternative									1			
AOR	1	1	1						1			
CAR				1	1		1	1		1	1	2
CFA Specialty							1	1	1			
CHR							1	1	1	3	2	1
CHR/Dance						1		1	1			
Classic Rock				1	1					1	1	1
Country	1	1	1	1	1	1	1			1	1	1
Easy listening									1			
Ethnic							3	3	3			
Ethnic Specialty							2	2	2			
Gold										1	1	
Modern Rock							1	1				
News/Talk	1					1	2	2	3	2	2	2
News/Talk Sports					1							
Nostalgia				1	1							
Oldies		1	1	1			1	1	1			1
Oldies/Sports/Talk						1						
Soft AC		1	1									
Sports											1	
Talk							1	1				
Talk/Sports							1	1	1			1
Total # of stations	5	5	5	7	7	8	19	19	20	11	11	11
# of distinct formats	4	5	5	7	7	6	12	12	12	7	8	8

Sources: CRTC Research

Table 11: Formats of market stations for Montréal, Québec, Chicoutimi-Jonquière, and Halifax

format of market stations	Market											
	Montréal			Québec			Chicoutimi-Jonquière			Halifax		
	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
AC	3	3	3	3	3	4	1	1	1	1	1	1
AOR		1	1				1	1				
CAR	1		1									
CFA Specialty	1	1	1									
CHR	3	3	1						1	1		1
Classic Rock										1	1	
Country										2	2	2
Ethnic	1	1	1									
Gold				1	1							
Hot AC											1	
MOR	1	1	1	1	1							
News/Talk	3	3	4	1	1	1	1	1	1	1	1	1
Oldies		1	2			1				1	1	2
Talk	2	1										
Total # of stations	15	15	15	6	6	6	3	3	3	7	7	7
# of distinct formats	8	9	9	4	4	3	3	3	3	6	6	5

Sources: CRTC Research

Table 12: Formats of market stations for St. John's

Format of market station	St. John's 1998	1999	2000
AC			1
AC/Country	2	2	
AC/Oldies			1
AOR/CHR	1	1	1
Country	1	1	1
Gold	1	1	
Light Rock			1
Religion	2	2	2
Total # of stations	7	7	7
# of distinct formats	5	5	6

Sources: CRTC Research

VI. Popularity of Formats

Table 13: Total Hours tuned (THT) By Format – All Canada ('000)

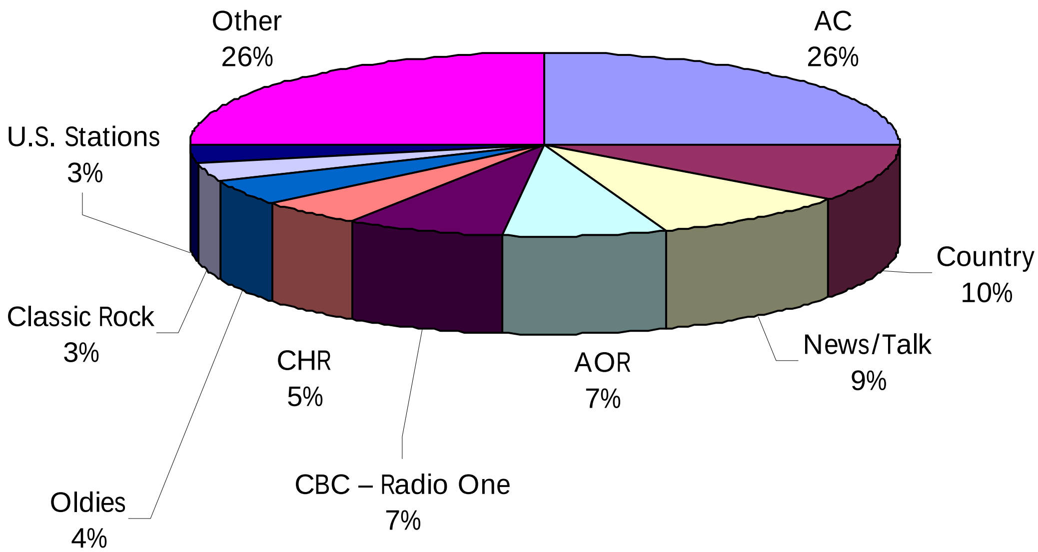
Format	Canada 1997	1998	1999	2000
AAA (Album Adult Alternative)	852	812	968	
AC (Adult Contemporary)	134,329	136,821	125,313	132,480
AC Christian	336	268	186	62
AC/Country	5,686	6,588	6,050	3,772
AC/Country/ CBC		80	71	81
AC/Country/ Folk		81		
AC/Gold	948	411	175	
AC/News/ Talk	1,747	1,556	1,422	2,954
AC/Oldies			640	12,875
AC/Talk		2,188	2,801	
AOR (Adult Oriented Radio)	17,938	19,480	25,845	39,763
CAR (Contemporary Album Rock)	19,680	22,404	11,872	13,625
CBC – Chaîne Culturelle	2,708	2,150	1,840	1,951
CBC – Première Chaîne	6,143	6,388	7,216	2,520
CBC – Radio One	29,671	33,195	33,622	39,119
CBC – Radio Two	9,257	11,027	10,129	11,600
CFA (Classic Fine Arts)	578	957		
CFA Specialty	3,745	8,549	9,909	11,245
CHR (Contemporary Hit Radio)	34,679	56,365	55,090	24,429
CHR/Dance	5,280		5,533	443
Christian Specialty	151		263	499
Classic Hits			257	
Classic Rock	18,483	18,275	20,758	18,329
Community / Campus	5,438	6,574	6,948	6,628
Country	62,628	64,435	58,576	55,398
Country Gold	454	658	799	573
Dance	3,354	191		6,878
Educational	843	909	1,010	1,334
Easy Listening	2,977	2,595	2,815	8,819
Ethnic	2,502	2,998	3,886	2,556
Ethnic Specialty	1,532	1,665	2,242	1,613
Full Service	4,267	7,189	6,933	
Gold	3,372	2,645	3,270	
Gospel		420	367	527

Format	1997	1998	1999	2000
Gospel Specialty		140	381	291
Hot AC	3,456	3,316	6,772	1,234
Jazz				357
Modern Rock	6,029	5,430	5,967	1,140
MOR (Middle of the Road)	10,806	13,764	11,268	8,736
Native	231	801	896	1,073
News	2,210		1,528	
News/Talk	57,251	48,555	47,968	48,138
News/Talk Sports			411	
Nostalgia	1,809	2,652	3,413	
News		2,436		433
Oldies	12,937	15,619	16,564	23,597
Oldies/Talk	469	430	414	360
Religion	409	327	395	382
Religion Specialty	333	438	309	628
Rock	894	770	608	2,170
Soft AC	8,464	7,636	10,930	12,649
Soft AC Specialty			94	
Sports			383	
Talk	3,165	4,939	3,019	3,032
Talk/AC	844	766		
Talk/Country	365			
Talk/Sports	2,947	2,903	2,733	3,128
Unknown	6,278	5,157	5,312	6,576
U.S. Stations	18,089	18,849	18,465	17,621
Total Hours Tuned	516,564	552,802	544,636	531,789

Source: CRTC Research

- Chart 7 illustrates the ten most popular formats in Canada in 2000.

Chart 7: Ten most popular formats in Canada, 2000



VII. Number of Commercial Radio Stations in Canada

Table 14: Number of Commercial Radio Stations in Canada
AM & FM – All Languages

	1996	1997	1998	1999	2000
Newfoundland	16	16	16	16	17
Prince Edward Island	4	4	4	4	4
Nova Scotia	23	23	23	22	22
New Brunswick	18	18	19	18	19
Quebec	89	89	91	90	86
Ontario	146	146	142	142	148
Manitoba	22	22	23	23	24
Saskatchewan	25	25	25	25	25
Alberta	54	55	54	57	58
BC & Territories	82	80	89	89	90
TOTAL	479	478	486	486	493

Source: CRTC Financial Database (includes stations that file annual returns as of August 31st of each year).

VIII. Promotion of a financially sound sector

- One of the Commission's objectives in developing the Commercial radio policy in 1998 was to ensure a strong, well-financed radio industry that is able to achieve its obligations under the Act.

A. Financial Performance

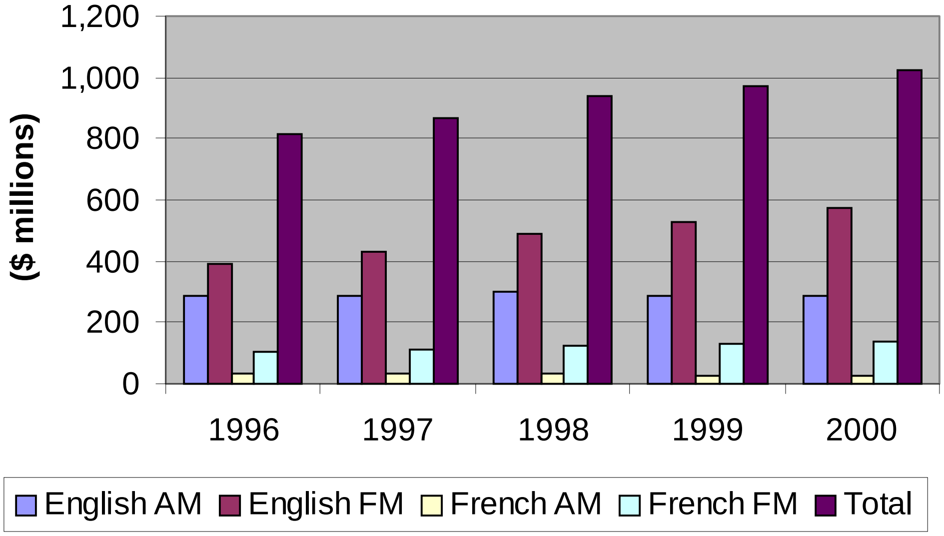
1. Total Revenues – AM and FM

Table 15: Radio revenues in Canada
1996-2000

RADIO TYPE	TOTAL REVENUES ($000's)				
	1996	1997	1998	1999	2000
English AM	287,586	288,003	297,629	286,257	288,397
English FM	390,295	432,950	489,155	531,368	571,253
Total - English	677,881	720,953	786,784	817,625	859,650
French AM	33,118	34,313	31,689	28,135	26,460
French FM	103,244	113,497	121,595	127,994	137,329
Total – French	136,362	147,810	153,284	156,129	163,789
TOTAL - Canada	814,243	868,763	940,068	973,754	1,023,439

Note: Ethnic stations are included under English Radio.
Source: FDB Financial Summary Reports

Chart 8: Radio Revenues



- Total revenues for English FM radio continue to increase with 7.5% growth in 2000. Revenues for English AM radio stations have remained relatively constant since 1996.

- French FM radio has also reported a steady increase in total annual revenues since 1996, with an average annual growth rate of 6.6%. Revenues for French AM stations continue to decline with a 6% decrease in 2000. In 2000, there were a total of 23 French AM stations, as compared to 39 in 1996.

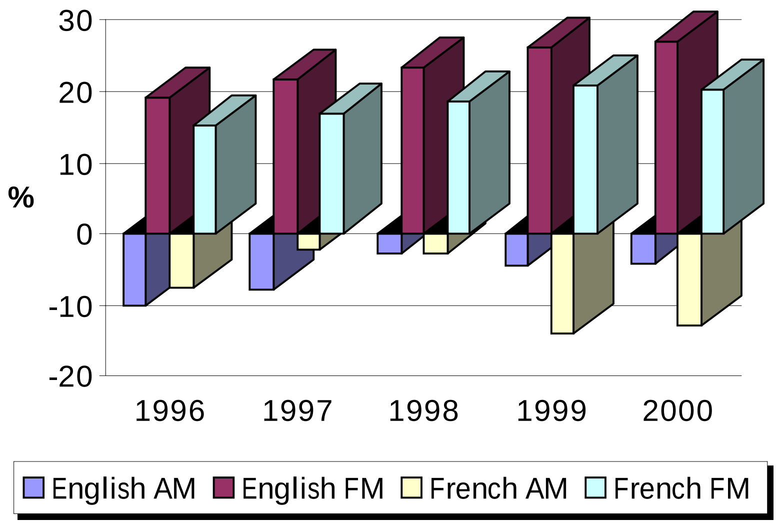
2. PBIT Margins

Table 16: PBIT Margins – AM and FM
(%)

RADIO TYPE	1996	1997	1998	1999	2000
English AM	-10.07	-7.85	-2.59	-4.48	-4.03
English FM	19.06	21.81	23.50	26.18	27.00
Total – English	6.70	9.97	13.63	15.45	16.59
French AM	-7.64	-2.14	-2.70	-13.99	-12.72
French FM	15.13	16.83	18.65	20.91	20.18
Total – French	9.60	12.43	14.24	14.62	14.86
Total - Canada	7.19	10.38	13.73	15.32	16.31

Note: Ethnic stations are included under English Radio.
Source: FBD Financial Summary Reports 1996-2000

Chart 9: Radio PBIT Margins



3. Jointly Operated AM Stations

- Many AM stations are jointly operated with at least one other FM station in their market. When viewed as a combined entity, these joint operations, both English and French, are profitable.
- Stand-alone English AM stations are also profitable, achieving a PBIT margin of 12% in 2000, as compared to a loss of 4% for all English AM stations combined.

Table 17: Jointly Operated & Stand Alone AM stations

(in Canada)	1999	2000
ENGLISH RADIO		
# of English AM Stations	223	211
# of English AM stations jointly operated with at least one other FM station	137	134
% of English AM stations jointly operated with other stations	61%	64%
Average PBIT margin for the combined AM/FM results	17%	18%
Stand-alone:		
# of English AM stand-alone stations	86	77
Average PBIT Margin of the stand-alone stations	9%	12%
FRENCH RADIO		
# of French AM Stations	27	22
# of French AM stations jointly operated with at least one other FM station	14	9
% of French AM stations jointly operated with other stations	52%	41%
Average PBIT margin for the combined AM/FM results	15%	21%
Stand-alone:		
# of French AM stand-alone stations	13	13
Average PBIT Margin of the stand-alone stations	-18%	-26%

Source: CRTC Financial Database
Note: English Radio includes ethnic stations.

IX. Promoting the airplay of Canadian and French vocal music

Table 18: Fulfilment of Canadian Content and French Vocal Music Requirements

Requirement (# of stations analyzed)	% meeting requirement – all day	% meeting requirement – 6 a.m. to 6 p.m.
35% Canadian content weekly – English (35)	100%	100%
65% French vocal music weekly (8)	75%	-
55% French vocal music weekly – 6 a.m. to 6 p.m. (8)	-	75%

Note: Radio stations are routinely analyzed for compliance to their regulated Canadian music and French vocal music requirements. The above results are based on a limited sample of stations.
Source: CRTC, evaluation of licence renewal applications during 2000

X. Campus Radio

- As stated in Public Notice CRTC 2000-12 "Campus radio policy," there are two types of campus radio stations, community-based campus and instructional. A community-based campus station's programming is primarily produced by volunteers, who are either students or community members. The primary objective of an instructional campus station is the training of professional broadcasters.
- There are currently (July 2001) 43 campus stations licensed across Canada, 35 community-based and 8 instructional. Twenty-five of these stations submitted financial returns for 2000.
- The majority of campus radio revenues come from sources other than advertising. For example, revenues come from the educational institution they are associated with, grants, the local community, fund-raising, etc.

Table 19: Revenues for Community-Based Campus Radio Stations

	1996	1997	1998	1999	2000
# of stations reporting	15	23	26	29	19
Local Advertising	$393,914	$370,266	$494,412	$736,776	$435,596
National Advertising	18,956	24,063	53,765	83,510	37,674
Other	1,983,728	2,882,213	3,238,828	3,801,269	2,741,410
Total - Revenues	2,396,598	3,276,543	3,919,019	4,621,556	3,214,620

Sources: CRTC Financial Database
CRTC Licence Application System

Table 20: Revenues for Instructional Campus Radio Stations

	1996	1997	1998	1999	2000
# of stations reporting	2	2	4	5	6
Local Advertising	$107,835	$166,092	$234,453	$151,997	$104,613
National Advertising	-	-	-	-	-
Other	189,283	230,951	125,750	178,042	216,713
Total - Revenues	297,118	397,043	360,203	330,039	321,326

Sources: CRTC Financial Database
CRTC Licence Application System

XI. Community Radio

- As stated in Public Notice CRTC 2000-13 “Community radio policy,” there are two kinds of community radio stations: Type A and Type B. A community station is a Type A station if, at the time of licensing, no other radio station other than the CBC is operating in the same language in all or part of its market. A community station is a Type B station if, at the time of licensing, there is at least one station, other than the CBC, operating in the same language in all or in part of the same market.

- In addition to advertising revenues, community radio stations receive revenues from fund-raising, grants, and other sources.

- There are currently 33 Type A and 29 Type B community stations. Not all community stations have filed financial returns with the Commission. The partial results are as follows:

Table 21: Revenues for Type A Community Stations
($‘000)

	1996	1997	1998	1999	2000
# of stations reporting	20	20	23	22	21
Local Advertising	$1,839	$1,826	$2,009	$2,090	$2,053
National Advertising	293	427	365	472	529
Other Revenues	3,400	2,915	2,710	2,705	2,188
Total - Revenues	5,532	5,168	5,084	5,267	4,770

Source: CRTC Financial Database

Table 22: Revenues for Type B Community Stations
($’000)

	1996	1997	1998	1999	2000
# of stations reporting	18	21	21	21	19
Local Advertising	$2,406	$2,887	$3,220	$2,852	$2,132
National Advertising	444	532	449	538	596
Other Revenues	2,717	2,572	2,911	2,781	2,851
Total - Revenues	5,567	5,991	6,580	6,171	5,579

Source: CRTC Financial Database

XII. Ethnic Radio

- The Commission revised its ethnic broadcasting policy in Public Notice CRTC 1999-117. There are 13 licensed ethnic radio stations currently broadcasting in Canada. The following tables outline the languages of programming broadcast by each of these stations. The stations are grouped by the markets they are licensed to serve. The information comes from each individual station's programming schedule, as of August 2001.

- On October 4, 2001 the Commission licensed a new ethnic station in Ottawa (Decision CRTC 2001-625).

Table 23: Ethnic Broadcasting, Vancouver Ethnic Radio

	Weekly # of Broadcast Hours			
Language	CHKG-FM	CHMB-AM	CJVB-AM	Total
Arabic	0.3			0.3
Bosnian			0.5	0.5
Cambodian	1			1
Chinese – Cantonese	18	94	93.5	205.5
Chinese – Mandarin	54	13	1	68
Croatian			2	2
Danish			0.5	0.5
Dutch			3	3
English	31.25 *	4.5	1.5	37.25
Fijian	0.4			0.4
French	0.2			0.2
German			3	3
Greek		0.5	2	2.51
Hawaiian	0.4			0.4
Hindi	0.5	0.5	0.5	1.5
Indonesian	1		1	2
Italian	5	1		6
Japanese		5		5
Korean			5	5
Laotian			1	1
Lingala	0.3			0.3
Macedonian			1	1
Malaysian			1	1
Norwegian			0.5	0.5
Persian			1.5	1.5
Philipino–Tagalog		1		1
Polish			0.5	0.5
Portuguese		3		3
Punjabi	2.25	0.5	1.5	4.25
Romanian			1	1
Samoan	0.4			0.4
Serbian			1	1
Spanish	10.2		2	12.2
Swedish			0.5	0.5
Tahitian	0.4			0.4
Tamil		0.5		0.5
Thai			1	1
Togan	0.4			0.4
Ukrainian		0.5		0.5
Vietnamese		2		2
TOTAL	126	126	126	378

* Of the 31.25 hours of English language programming, 21 hours serve ethnic groups.

Table 24: Ethnic Broadcasting, Edmonton, Calgary, Winnipeg

Language	Weekly # of Broadcast Hours		
	Edmonton (CKER-FM)	Calgary (CHKF-FM)	Winnipeg (CKJS)
Arabic	2.5	1.5	
Bosnian		0.5	
Cambodian		1	
Caribbean		5	1.25
Chinese – Cantonese	23.5	109.75	2
Chinese – Mandarin	2.5	5.25	
Croatian	1		
Dutch	3	1	
English		5.5	
German	7.75	2	5.75
Greek	1		
Hindi	6	3	1
Hungarian	2	1	0.5
Indonesian		1	
Irish			1
Italian	3.92		5
Japanese			0.5
Jewish			1
Korean	0.5		
Laotian		1	
Macedonian		1	
Malaysian		1	
Philipino – Tagalog	2		27.75
Polish	5.5	1	12
Portuguese	1.5		4.5
Punjabi	2.5	5	1
Romanian	1		
Russian	0.5		1
Serbian	0.5	1	
Spanish	9.5	13.5	3.5
Ukrainian	9.5	5	7
Urdu	1.5	2	
Thai		1	
Vietnamese	1		1
TOTAL	88.67	168	75.75

Table 25: Ethnic Broadcasting, Toronto Ethnic Radio

	Weekly # of Broadcast Hours						
Language	**CHIN AM**	**CHIN FM**	**CHKT AM**	**CIAO AM**	**CIRV FM**	**CJMR AM**	**Total**
Afghani			10	1.5			11.5
Albanian		1					1
Arabic	0.5					0.5	1
Bengali	1					0.5	1.5
Bosnian			0.5				0.5
Brasilian					0.95		0.95
Bulgarian	1						1
Cambodian			2				2
Caribbean			2	24	0.5	8.5	35
Chinese – Cantonese	17.5	25.5	56		21.4		120.4
Chinese – Mandarin	2.5	0.5	10		7		20
Croatian	1.5	5	1.5	1		2.5	11.5
Czech				5			5
Dutch						1.5	1.5
English	7	8			3	0.5	18.5
German		2.5		20			22.5
Greek	12.5	5	5	3			25.5
Hindi		13	5	1.5		4.5	24
Hungarian				2			2
Indonesian			1				1
Irish – Gaelic			1				1
Islamic				1			1
Italian	61.5	24.5		7.5		26	119.5
Korean			10	10			20
Laotian			1				1
Lithuanian	0.5						0.5
Macedonian	2.5	0.5	1			0.5	4.5
Malaysian			2				2
Montenegri		0.5					0.5
Oromo	0.5						0.5
Pashto/Dari	1			4			5
Philipino-Tagalog	1						1
Persian			7				7
Polish		15		13	0.95	25	53.95
Portuguese		12		32	63.25	5.5	112.75
Punjabi		7.5	6	34	7.15	31.5	86.15
Romanian	0.5		1				1.5
Russian	2.5				2.45		4.95
Serbian		1				1	2
Serbo-Croatian	0.5	1					1.5
Serbo/Chetnic		1					1
Slovenian		1					1
Somali	2						2
Spanish	2.5			4	11.75	10	28.25
Swiss		0.5					0.5
Tamil	1		42				43
Thai			2				2
Turkish	1.5						1.5
Ukrainian	2.5				7.6	4.5	14.6
Urdu	2.5	1		1.5		1.5	6.5
Vietnamese			2				2
TOTAL	126	126	168	165	126	124	835

Table 26: Ethnic Broadcasting, Montreal, CFMB

Language	**Weekly # of Broadcast Hours**
African – Lingala	0.5
African – Bambar	0.25
Arabic	4
Cambodian	1
Chinese – Cantonese	0.5
Chinese – Mandarin	1
Creole	4
German	0.5
Greek	20.75
Hebrew	0.5
Hindi	1
Italian	77
Lithuanian	0.5
Polish	2.75
Portuguese	3
Punjabi	2.25
Romanian	0.5
Russian	0.5
Spanish	26
Ukrainian	1.5
Vietnamese	1
Yiddish	1
TOTAL	150

XIII. Low Power Radio

- A Commission review of the licensing policy for low power radio (Public Notice CRTC 1993-95) was announced in Public Notice CRTC 2001-19 " Review of community channel policy and low power radio broadcasting policy."
- The following tables outline the number of low power radio stations in Canada as of August 31, 2001, by type:

Table 27: Number of originating low power English radio stations in Canada by type

Tourist/ Travel	Native Type B	Religious	Commu-nity		Campus		Total
	English/ Native		Type A	Type B	Commu-nity	Instruc-tional	
38	13	10	3	4	7	3	78

Table 28: Number of originating low power French radio stations in Canada by type

Tourist/ Travel	Native Type B	Religious	Commu-nity		Campus		Total
	English/ Native		Type A	Type B	Commu-nity	Instruc-tional	
3	3	20	2	5	-	-	33

Source: CRTC Economic Analysis and Research

Television

I. Advertising Revenue by Media in Canada

Table 1: Advertising revenue by media

Media ($ millions)	1995	1996	1997	1998	1999	2000	2001[1] Projected
Television [3]	1,876	1,994	2,104	2,321	2,350	2,430	2,472
Daily Newspaper [2]	1,323	1,399	1,644	1,698	1,734	1,951	1,979
Radio	769	798	848	920	952	1 000	1,055
Magazine	621	611	647	707	721	805	865
Weekly Newspaper	615	634	673	765	765	788	808
Billboard	167	200	220	246	269	293	300
Internet	-	1.5	9.8	24.5	55.5	109.0	142.0
Total	5,371	5,638	6,146	6,682	6,847	7,376	7,621
% Annual Increase	7.6%	5%	9%	8.7%	2.5%	7.7%	3.3%

Source: Carat Expert, Panorama publicitaire 2001
Notes: (1) Carat Expert projections; (2) Excludes classified ads; (3) Includes conventional TV and specialty services

Table 2: Share of Advertising Revenue by Media

Media (%)	1995	1996	1997	1998	1999	2000	2001[1] Projected
Television [3]	34.9	35.4	34.2	34.7	34.3	32.9	32.4
Daily Newspaper [2]	24.6	24.8	26.7	25.4	25.3	26.5	26.0
Radio	14.3	14.2	13.8	13.8	13.9	13.6	13.8
Magazine	11.6	10.8	10.5	10.6	10.5	10.9	11.4
Weekly Newspaper	11.5	11.2	11.0	11.4	11.2	10.7	10.6
‘Billboard	3.1	3.5	3.6	3.7	3.9	4.0	3.9
Internet	-	0.0	0.2	0.4	0.8	1.5	1.9

Source: Carat Expert, Panorama publicitaire 2001
Notes: (1) Carat Expert projections; (2) Excludes classified ads; (3) Includes conventional TV and specialty services

- Total media advertising revenues increased by 7.7%, or $530 million, from 1999 to 2000. Daily newspapers garnered 41%, or $217 million, of this increase, followed by magazine and television at 16% and 15% respectively.

- Television advertising revenues increased by $80 million, or 3.4%, from 1999 to 2000.

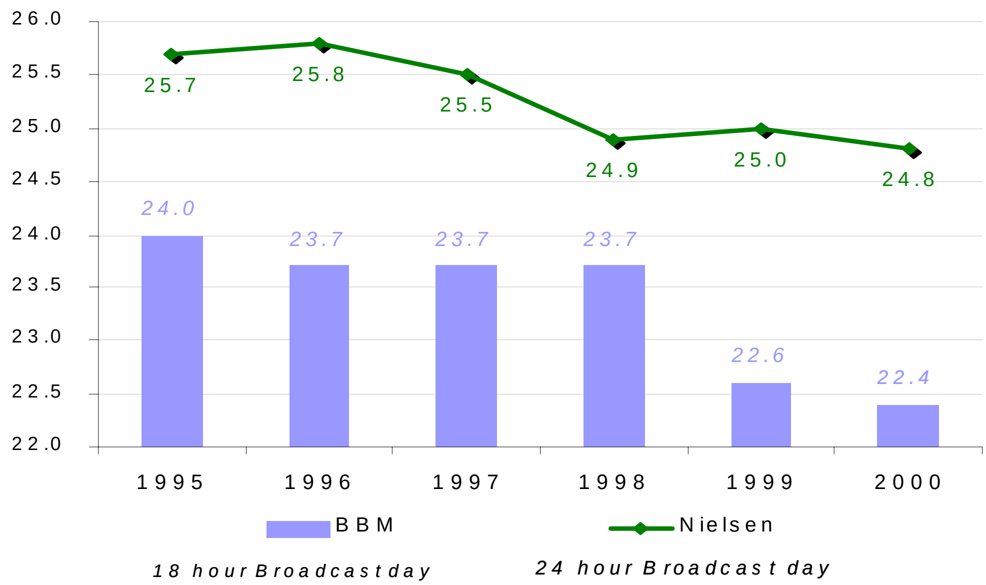
- Television’s share of the advertising pie has declined by approximately 3% since 1994.

II. Audience

A. Average Weekly Hours Per Viewer

- BBM data indicates that the average total weekly hours per viewer 2+ has gradually declined from 1995 to 2000.
- Nielson data shows a similar trend.

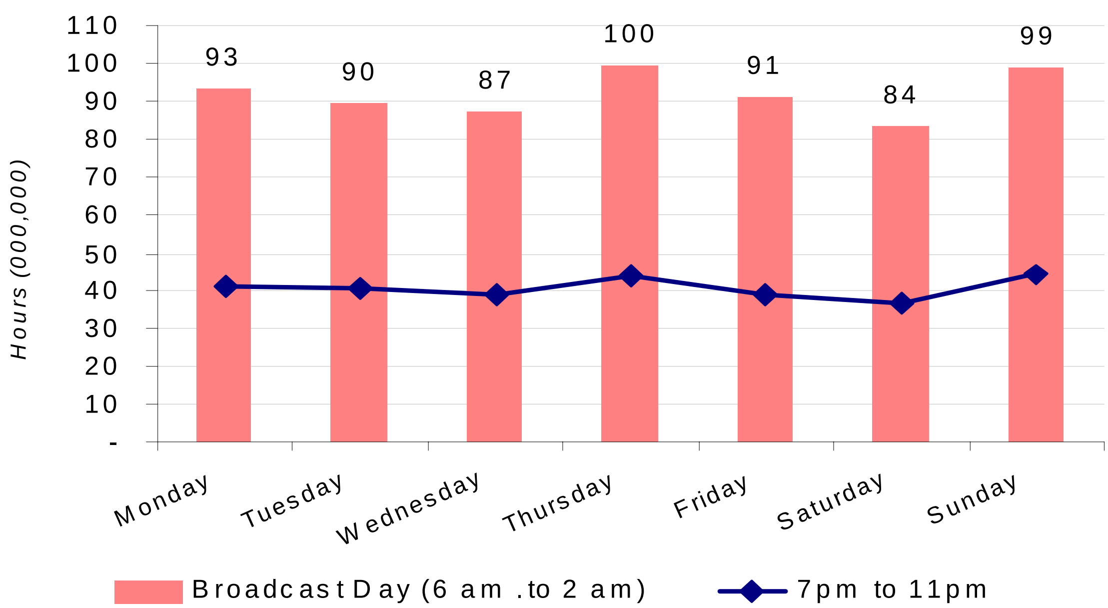
Chart 1: Average weekly hours per viewer – all persons 2+



Sources: BBM: 2000-2001 Television Data Book
Nielsen Media Research: CBC Research

B. Average Daily Viewing Hours

Chart 2: Average daily viewing hours - all persons 2+ - BBM Fall 2000



C. Viewing Share by Station Group – All Regions Excluding Quebec

Table 3: Fall 1993 to Fall 2000 for All Persons 2+
All Regions Excluding Quebec
Monday to Sunday, 6 a.m. to 2 a.m.

STATION GROUP	Viewing Share % - Fall								Growth
	1993	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	93 to 00
English Language									
Canadian Services:									
- Private Conventional	45.3	44.4	43.8	42.3	39.6	37.5	37.6	35.9	(9.4)
- TVO	0.8	1.0	1.0	1.1	1.2	1.3	1.2	1.3	0.5
- CBC	12.9	13.2	12.0	11.5	10.6	9.1	7.5	7.5	(5.4)
- Pay & Specialty	6.2	5.9	9.0	9.6	13.0	14.7	16.9	19.5	13.3
Total Cdn. Services	*65.3*	*64.5*	*65.7*	*64.5*	*64.5*	*62.6*	*63.2*	*64.2*	(1.1)
U.S. Services:									
- Conventional	17.8	17.4	16.6	16.2	13.5	14.2	13.2	12.4	(5.4)
- PBS	2.8	2.5	2.3	2.4	2.3	1.8	1.7	1.9	(0.9)
- Pay & Specialty *	5.5	6.5	5.9	6.8	7.4	9.4	10.2	11.5	6.0
Total U.S. Services	*26.1*	*26.5*	*24.8*	*25.4*	*23.2*	*25.5*	*25.1*	*25.8*	(0.3)
Total English	**91.4**	**90.9**	**90.5**	**89.9**	**87.7**	**88.1**	**88.3**	**90.0**	**(1.3)**
French Language									
- Private Conventional	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.6	(0.1)
- SRC	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.5	(0.1)
- Pay & Specialty	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.1
Total French	**1.3**	**1.2**	**1.3**	**1.3**	**1.3**	**1.3**	**1.2**	**1.3**	**0.0**
Other Language									
- Independent	0.0	0.0	0.0	0.0	0.9	1.1	1.0	0.9	0.9
- Pay & Specialty	0.1	0.2	0.4	0.4	0.5	0.5	0.7	0.8	0.6
Total Other	**0.1**	**0.2**	**0.4**	**0.4**	**1.4**	**1.6**	**1.7**	**1.7**	**1.6**
Provincial **	0.3	0.3	0.2	0.3	0.3	0.3	0.4	0.4	0.1
Cable ***	0.3	0.4	0.4	0.4	0.5	0.4	0.3	0.4	0.1
Other	0.9	1.0	1.0	1.3	2.8	2.5	2.3	1.1	0.2
VCR	5.7	5.9	6.1	6.3	6.0	5.8	5.8	5.1	(0.6)
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**-**
Total Hours (000)	*448,541*	*471,494*	*488,749*	*486,246*	*488,769*	*503,072*	*478,576*	*471,198*	22,657

* Includes viewing to non-U.S. pay & specialty service -- 'Deutsche Welle'.
** Other Educational and Provincial
*** Includes viewing to House of Commons (CPAC), Provincial Legislatures, Cable Community Channel
Note: As of Fall 1997, moved CFMT from Independent English-language to Independent Other-language.

Source: MicroBBM Fall 1990 to Fall 2000
Economic Analysis and Research, Broadcasting Directorate, CRTC

- BBM reports[1] that Canadian English-language pay and specialty services have increased their share of total viewing by over 13% since 1993, reaching a 19.5% share of viewing in fall 2000 in all regions excluding Quebec.
- Nielsen Research[2] data reports that the share of Canadian English pay and specialty services in all regions excluding Quebec averaged 25.7% over the period of October 30 to November 26, 2000.
- The total viewing share for Canadian English-language television services, in all regions excluding Quebec, has remained relatively constant at 64% since 1993.

Table 4: Fall 1993 to Fall 2000 for All Persons 2+
Province of Quebec
Monday to Sunday, 6 a.m. to 2 a.m.

STATION GROUP	*Viewing Share % - Fall*								Growth
	1993	***1994***	***1995***	***1996***	***1997***	***1998***	***1999***	***2000***	**93 to 00**
English Language									
Canadian Services:									
- Private Conventional	6.4	6.4	6.0	6.2	6.5	6.3	6.0	5.9	(0.5)
- CBC	2.1	2.3	2.1	2.1	1.9	1.6	1.2	1.3	(0.9)
- Pay & Specialty	0.9	0.9	1.3	1.4	2.1	2.0	2.3	2.6	1.7
Total Cdn. Services	*9.3*	*9.5*	*9.4*	*9.6*	*10.5*	*9.9*	*9.4*	*9.7*	*0.4*
U.S. Services:									
- Conventional	6.2	6.7	5.7	5.6	4.7	4.5	4.6	4.4	(1.8)
- PBS	1.1	1.2	0.9	0.9	0.7	0.7	0.6	0.7	(0.5)
- Pay & Specialty *	0.2	0.2	0.6	0.6	0.9	1.0	1.1	1.4	1.2
Total U.S. Services	*7.5*	*8.1*	*7.3*	*7.0*	*6.2*	*6.2*	*6.3*	*6.5*	*(1.0)*
Total English	**16.9**	**17.6**	**16.6**	**16.6**	**16.7**	**16.1**	**15.7**	**16.3**	**(0.6)**
French Language									
- Private Conventional	47.6	47.7	44.9	44.7	46.1	44.9	45.0	46.1	(1.5)
- SRC	22.8	20.4	22.7	21.6	19.8	21.1	20.0	17.5	(5.3)
- Télé-Québec	2.6	3.3	2.4	1.5	1.1	1.3	2.0	2.0	(0.7)
- Pay & Specialty	5.6	5.6	8.4	10.0	10.4	10.5	11.2	13.5	7.9
Total French	**78.6**	**77.0**	**78.4**	**77.7**	**77.4**	**77.8**	**78.2**	**79.1**	**0.5**
Other Language									
- Independent	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
- Pay & Specialty	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.2
Total Other	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.2**	**0.3**	**0.3**	**0.3**
Provincial **	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Cable ***	0.3	0.3	0.3	0.4	0.2	0.2	0.3	0.3	0.0
Other	0.6	0.7	0.7	0.8	1.3	1.4	1.7	0.9	0.3
VCR	3.6	4.3	4.0	4.4	4.2	4.2	3.8	3.2	(0.5)
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**-**
Total Hours (000)	*174,533*	*187,524*	*190,479*	*190,299*	*189,195*	*188,637*	*181,056*	*173,099*	*(1,434)*

* Includes viewing to non-U.S. pay & specialty service -- 'Deutsche Welle'.

** Other Educational and Provincial

*** Includes viewing to House of Commons (CPAC), Provincial Legislatures, Cable Community Channel

Note: As of Fall 1997, moved CFMT from Independent English-language to Independent Other-language.

Source: MicroBBM Fall 1993 to Fall 2000
Economic Analysis and Research, Broadcasting Directorate, CRTC

- BBM reports[1] that Canadian French-language pay and specialty services have increased their share of total viewing by about 7.9% since 1993, reaching a 13.5% share of viewing in fall 2000 in the province of Québec.

- Nielsen Research[2] data reports that the share of French-language pay and specialty services in the province of Quebec averaged 18.9% over the period of October 30 to November 26, 2000.

- The total viewing share for Canadian French-language television services in Quebec has remained relatively constant at 79% since 1993.

[1] BBM = 20 hour broadcast day – 6 a.m. to 2 a.m.
[2] Nielsen = 24 hour broadcast day – 6 a.m. to 6 a.m.

D. Viewing Share by Ownership Group

- In Public Notice CRTC 1999-97 “Building on Success – A Policy framework for Canadian Television” the Commission decided to consider the renewal of all conventional television licences held or controlled by the same group at the same hearing.

- This approach gives the Commission the opportunity to make a strategic assessment of the contribution of all aspects of a licensee’s operations to the broadcasting system.

- The following table sets out the combined viewing share of conventional and specialty services controlled by the large conventional English and French language TV ownership groups. This table reflects only services in which the large groups have a 50% or greater ownership interest.

Table 5: Combined viewing share of conventional and specialty services controlled (50%, or greater) by large conventional English and French language TV ownership groups

			All Regions *(Excl. Quebec)*				Province of Quebec			
			Fall				Fall			
	Control	Lang.	97	98	99	00	97	98	99	00
BCE / Bell Globemedia Inc										
- CTV Conventional			15.9	14.3	15.0	14.2	0.7	0.6	1.0	0.9
- Newsnet	100%	e	0.1	0.3	0.3	0.4	-	-	-	-
- TalkTV	100%	e				-				-
- TSN (Sports Network)	80%	e	2.4	2.3	3.1	2.3	0.5	0.5	0.5	0.4
- RDS	80%	f	-	-	-	-	1.6	1.3	1.6	1.6
- TCN - Comedy Network	65%	e	0.4	0.3	0.3	0.4	-	-	-	-
- Discovery	64%	e	0.5	0.6	0.6	0.9	0.2	0.2	0.2	0.2
- Évasion	50.1%	f				-				0.2
Total - BCE / BGM			19.3	17.8	19.3	18.2	3.0	2.6	3.3	3.3
Global Television Network Inc.										
- Global Conventional			9.1	8.1	7.4	13.5	1.7	1.8	1.5	1.6
- Prime TV	100%	e	0.1	0.5	0.8	1.1	-	-	-	-
Total - Global Television			9.2	8.6	8.2	14.6	1.7	1.8	1.5	1.6
CHUM Limited										
- CHUM Conventional			4.1	4.2	4.3	4.4	0.2	0.2	0.1	0.1
- Bravo!	100%	e	0.4	0.4	0.3	0.5	0.1	0.1	0.1	0.1
- MuchMore Music	100%	e		0.2	0.2	0.2		-	-	-
- MuchMusic	100%	e	0.5	0.4	0.4	0.4	-	-	-	0.1
- Space	100%	e	0.7	0.7	0.6	0.9	-	0.1	0.1	0.2
- Star-TV	100%	e				-			-	-
- Pulse 24	70.1%	e		0.1	0.1	0.2		-	-	-
- CLT - Cdn. Learning TV	60%	e			-	-			-	-
- MusiquePlus	50%	f	-	-	-	-	0.3	0.3	0.3	0.3
- MusiMax	50%	f	-	-	-	-	0.2	0.2	0.2	0.2
Total CHUM Limited			5.7	6.0	5.9	6.6	0.8	0.9	0.8	1.0
CBC/SRC										
- Conventional - English Stations			8.4	7.2	6.0	6.1	1.9	1.6	1.2	1.3
- Newsworld	100%	e	0.9	0.9	0.7	1.0	0.2	0.1	0.1	0.1
Subtotal - English Language			*9.3*	*8.1*	*6.7*	*7.1*	*2.1*	*1.7*	*1.3*	*1.4*
- Conventional - French Stations			0.6	0.6	0.6	0.5	14.6	15.7	15.2	13.6
- RDI	100%	f	0.1	-	0.1	0.1	1.1	1.5	1.2	1.2
Subtotal - French Language			*0.7*	*0.6*	*0.7*	*0.6*	*15.7*	*17.2*	*16.4*	*14.8*
Total - CBC/SRC			10.0	8.7	7.4	7.7	17.8	18.9	17.7	16.2
TVA										
- TVA Conventional			0.1	0.1	0.1	0.1	33.7	32.5	31.2	30.4
- LCN	100%	f	-	-	-	-	0.1	0.3	0.5	0.6
Total TVA			0.1	0.1	0.1	0.1	33.8	32.8	31.7	31.0
TQS										
- TQS Conventional			-	-	-	0.1	7.0	6.6	8.1	9.5
Total Viewing Share			44.3	41.2	40.9	47.3	64.1	63.6	63.1	62.6

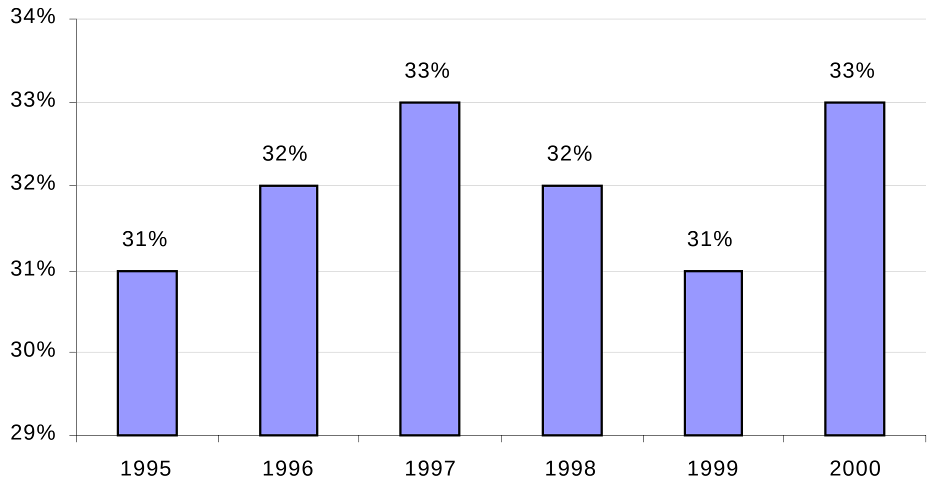
Sources: MicroBBM Fall 1997 to 2000; Economic Analysis and Research, Broadcasting Directorate, CRTC; CRTC Ownership & Industry Analysis Division

E. Viewing to Canadian programming[3]

1. % Viewing to Canadian Programming – 6 a.m. to 2 a.m.

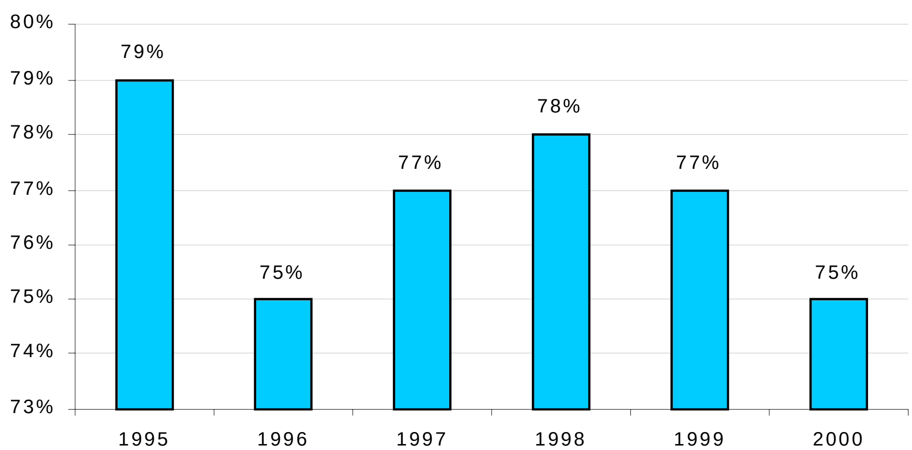
Charts 3 and 4 outline the level of viewing to Canadian programs as a percentage of all viewing to both foreign and Canadian programs.

Chart 3: Viewing to English-language Canadian programs as a percentage of all English-language programs



Source: BBM and CRTC Research

Chart 4: Viewing to French-language Canadian programs as a percentage of all French-language programs



Source: BBM and CRTC Research

[3] Preliminary results only for year-2000 (Charts 3 to 16 inclusive).

2. Distribution of Viewing by Program Type

- Charts 5 through 16 compare the viewing levels to Canadian and Foreign programs distributed by Canadian broadcasters by program type.
- The source for these charts is BBM and CRTC Research.

a) English-Language – Canadian Private Conventional TV

Chart 5: Broadcast day – 6 a.m. to 2 a.m.

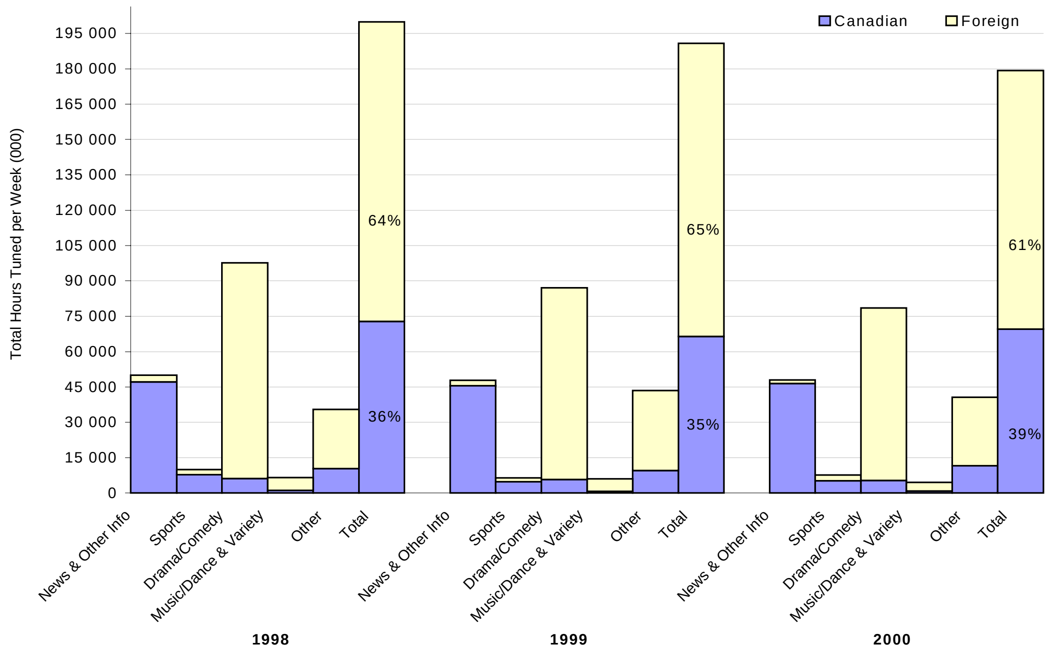
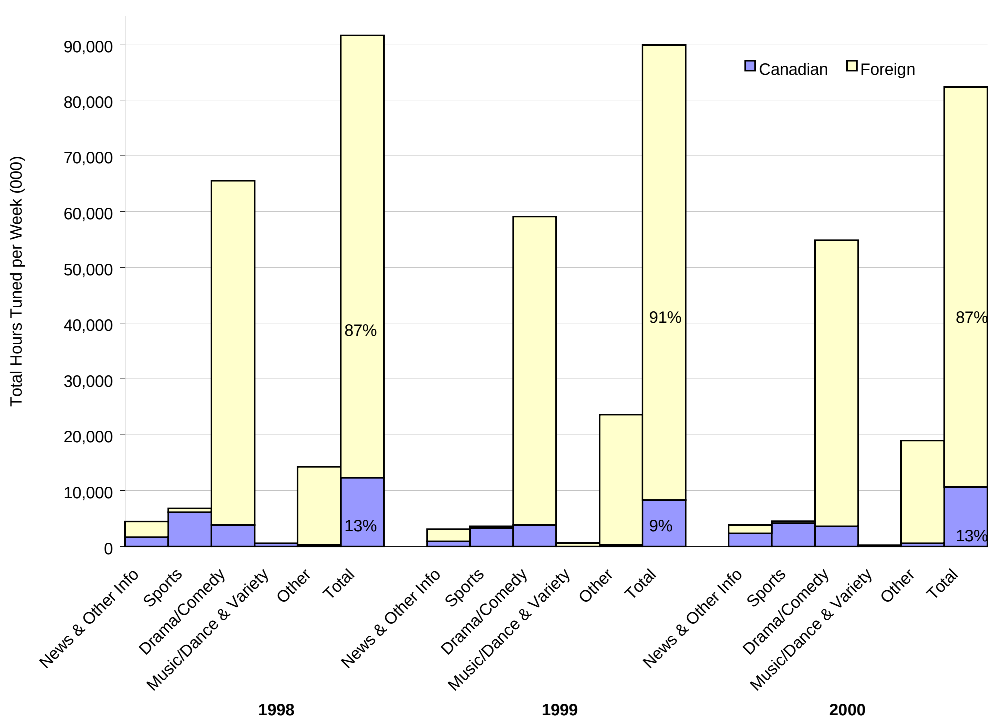


Chart 6: Peak viewing period – 7 p.m. to 11 p.m.



b) English-language – CBC (owned & operated) and affiliates

Chart 7: Broadcast day – 6 a.m. to 2 a.m.

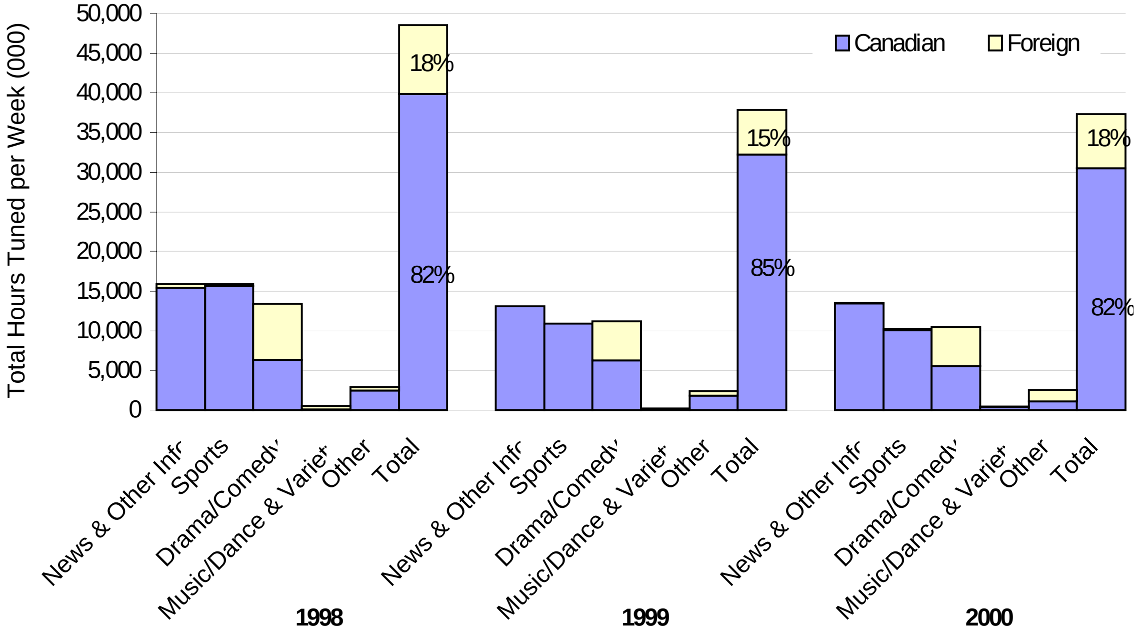
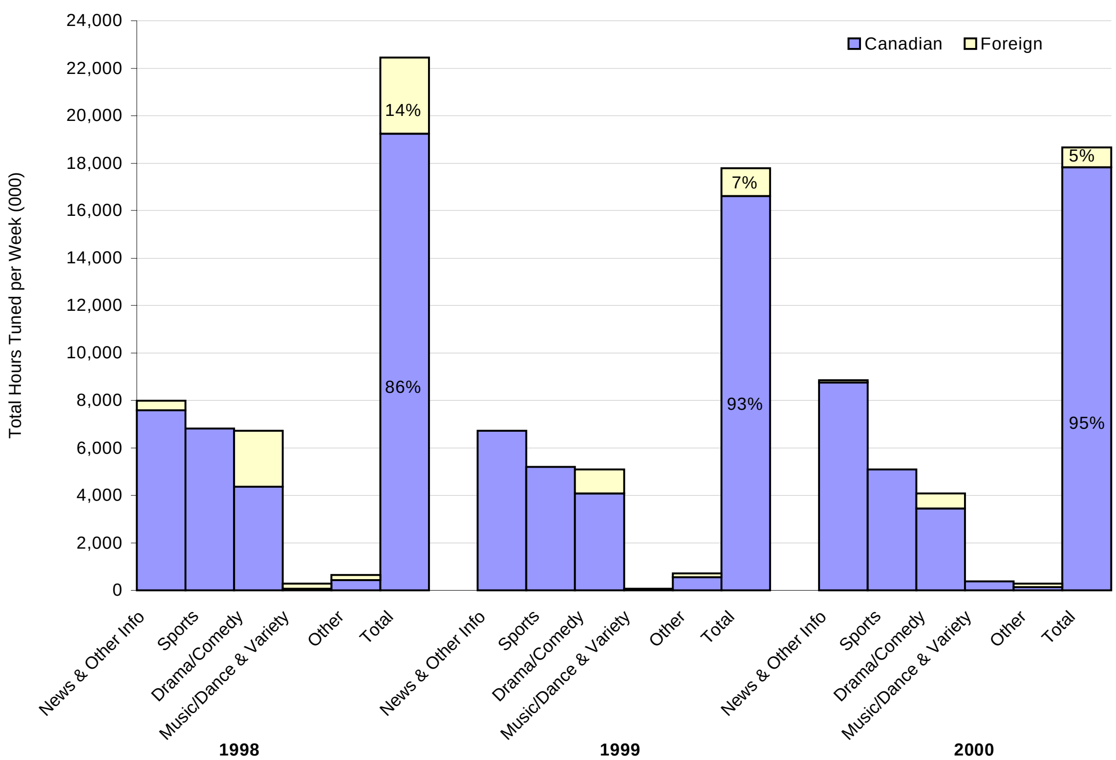


Chart 8: Peak viewing period – 7 p.m. to 11 p.m.



c) English-language – Canadian Pay & Specialty Services

Chart 9: Broadcast day – 6 a.m. to 2 a.m.

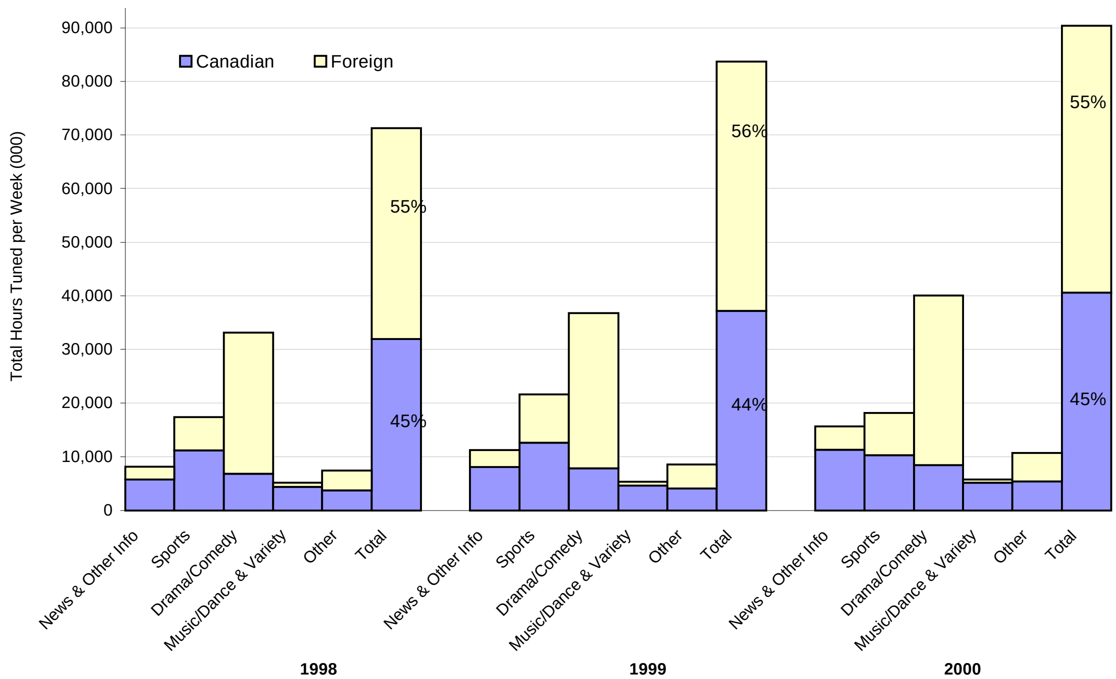
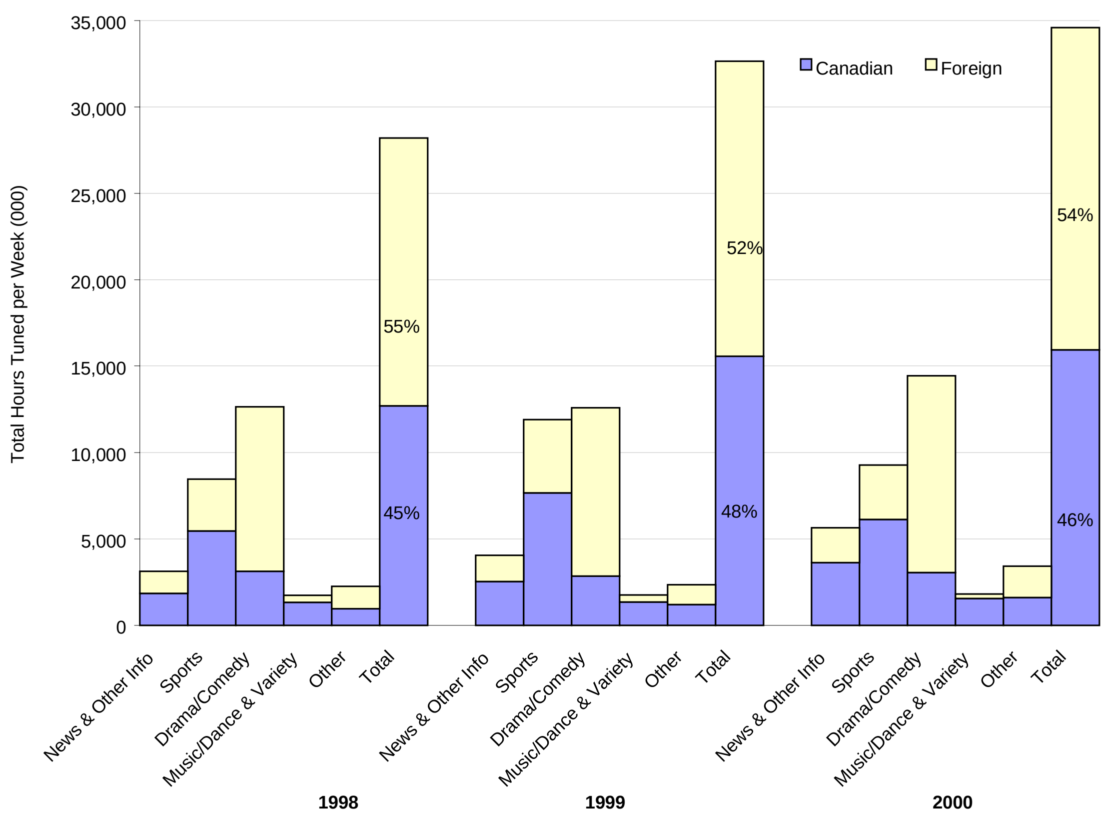


Chart 10: Peak viewing period – 7 p.m. to 11 p.m.



d) French-language – Canadian private conventional TV

Chart 11: Broadcast day – 6 a.m. to 2 a.m.

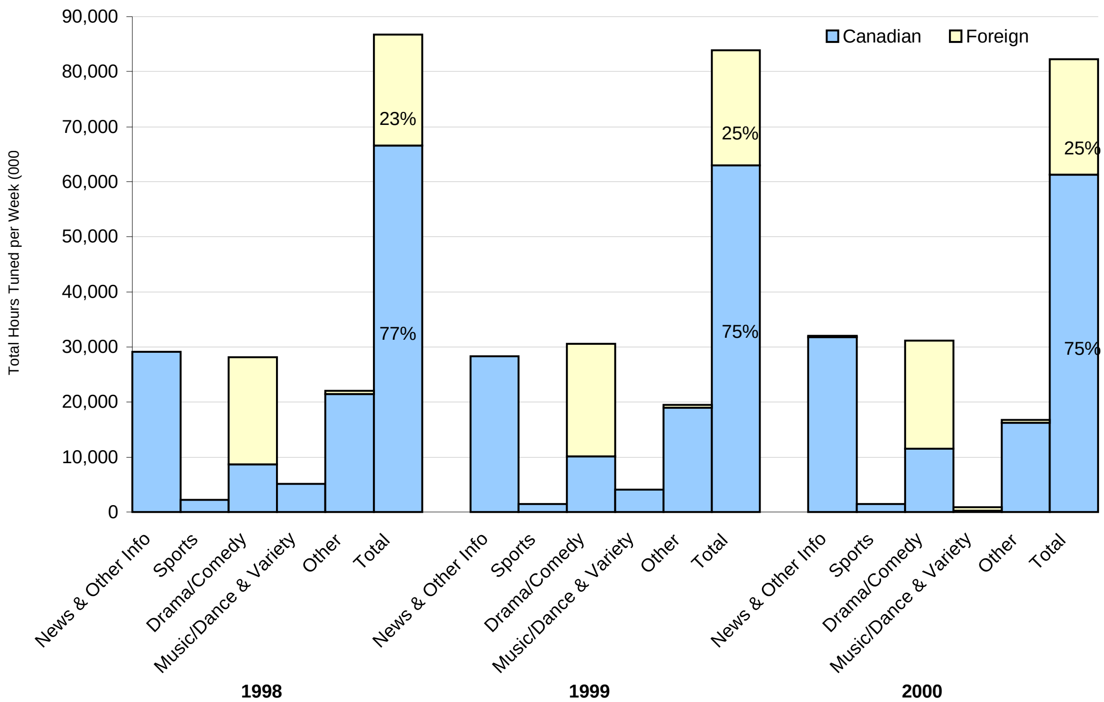
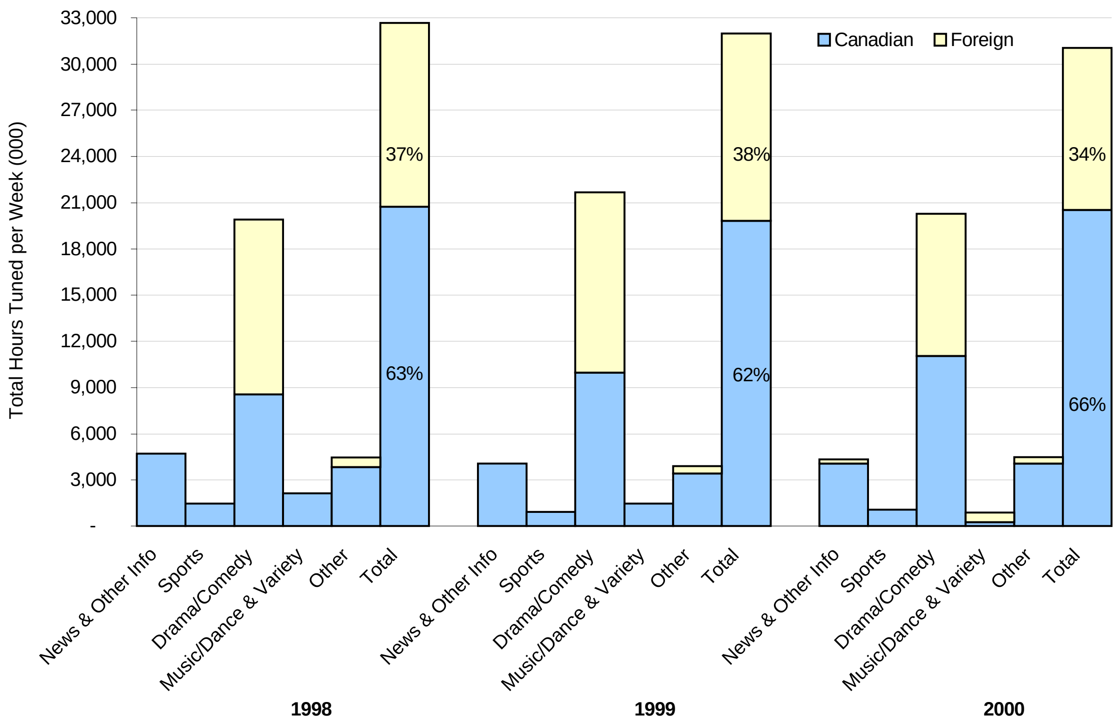


Chart 12: Peak viewing period – 7 p.m. to 11 p.m.



e) French-language – SRC (owned & operated) and affiliates

Chart 13: Broadcast day – 6 a.m. to 2 a.m.

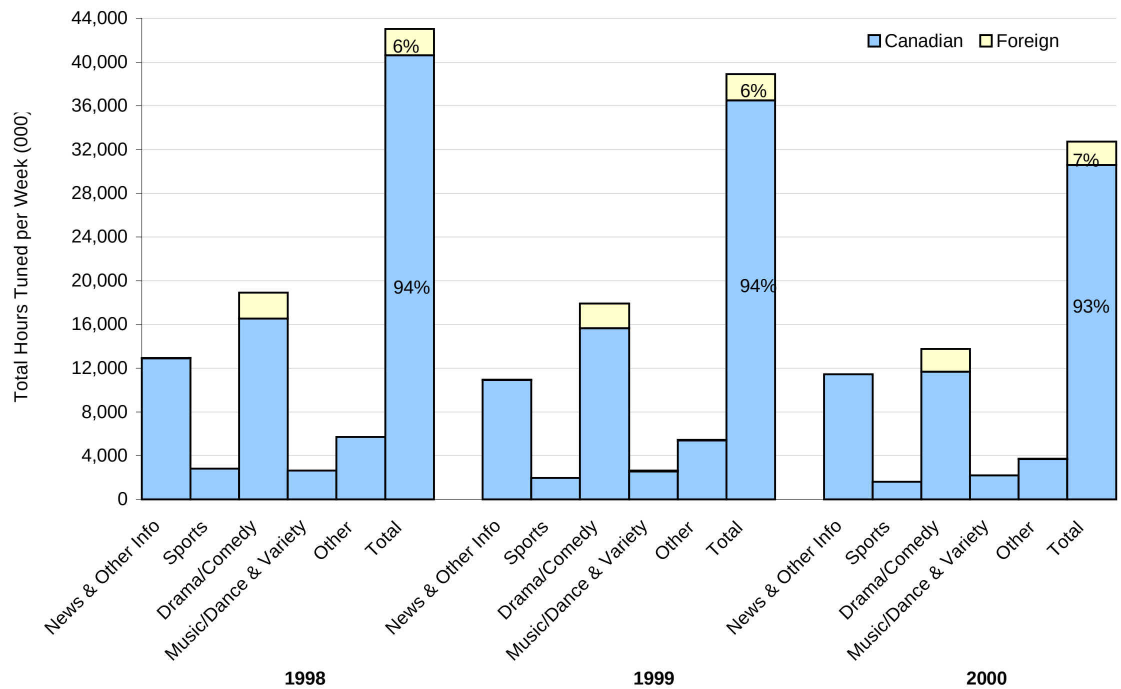
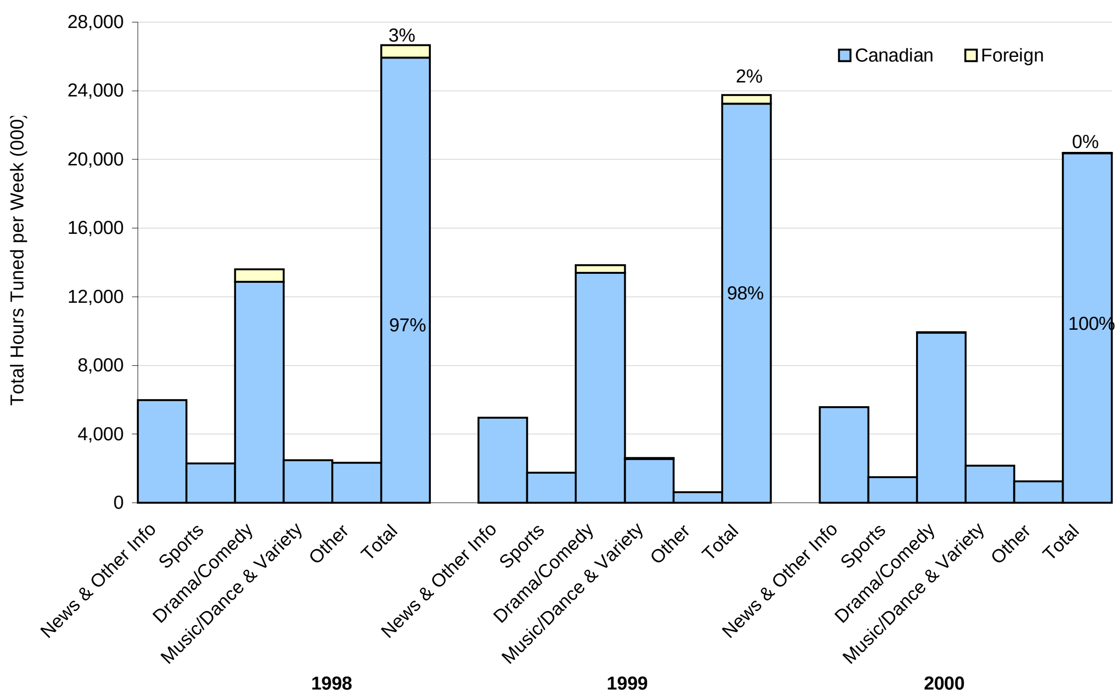


Chart 14: Peak viewing period – 7 p.m. to 11 p.m.



f) French-language – Canadian Pay & Specialty Services

Chart 15: Broadcast day – 6 a.m. to 2 a.m.

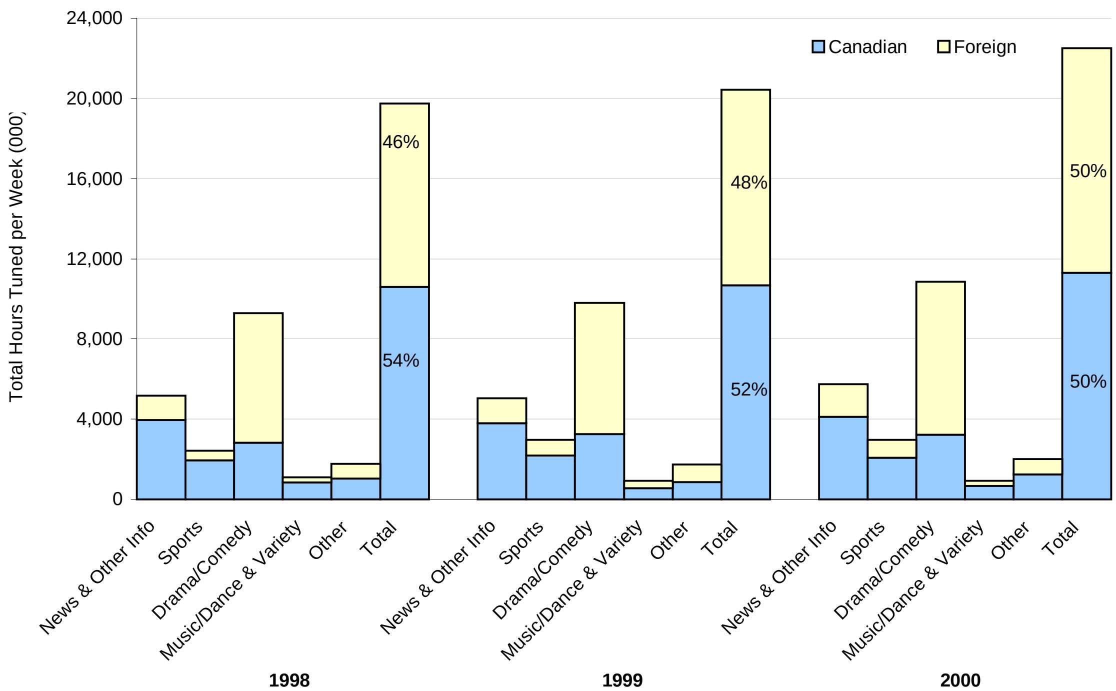
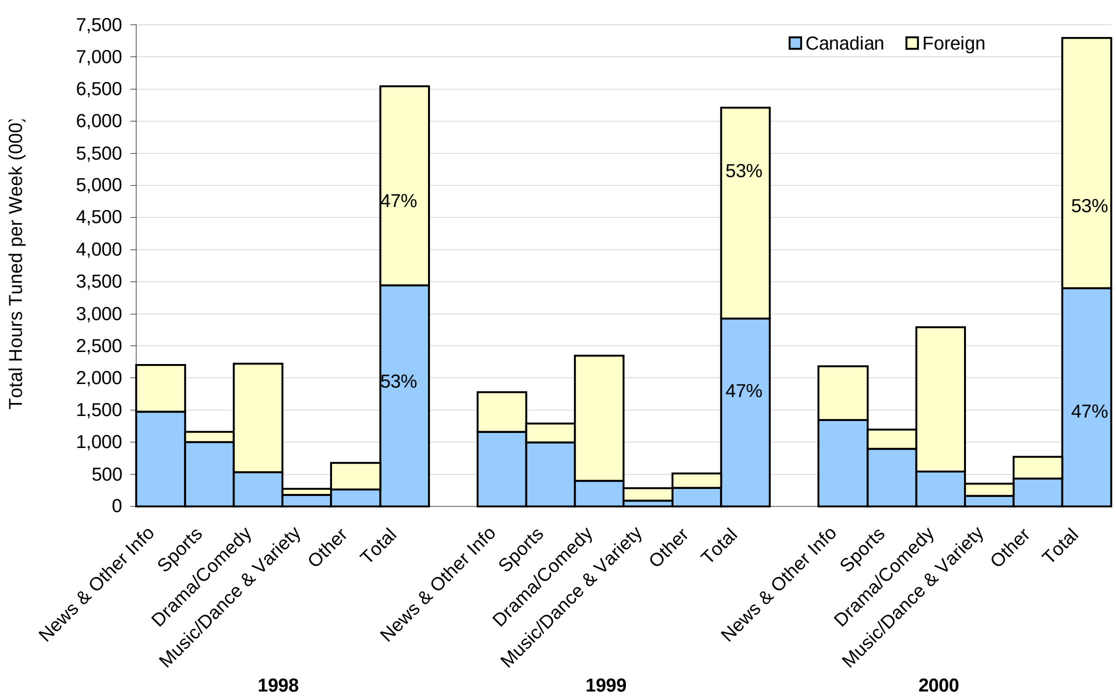


Chart 16: Peak viewing period – 7 p.m. to 11 p.m.



III. Scheduling and Viewing of Canadian Priority Programming[4]

- In Public Notice CRTC 1999-97 "Building on Success – A Policy Framework for Canadian Television" the Commission indicated that one of its goals in developing the policy is to "ensure quality Canadians programs at times when Canadian are watching".

- The 1999 policy states that the Commission wishes to ensure the availability of a range of diverse programming in a sufficient number of hours to attract audiences to Canadian programming during peak viewing periods (7 p.m. to 11 p.m.).

- "Under-represented Canadian programming" (drama, music and variety programs) was redefined as "priority programming" and expanded to include long-form documentaries, regionally produced programs and entertainment magazine programs.

- The policy also required that the largest "multi-station ownership groups" offer as a minimum, in each broadcast year, an average of eight hours per week of priority Canadian programming during the 7 p.m. to 11 p.m. peak viewing period. This requirement is in addition to any benefit commitments made by these broadcasters in connection with transfers of ownership or control. Currently, CTV, Global and TVA meet the Commission's definition of large multi-station ownership groups.

- The majority of the television stations controlled by these large broadcasters were renewed in 2001[5]. In its renewal decisions, the Commission indicated that it would be monitoring and evaluating Canadian priority programming scheduling practices and related audience levels, in order to test whether the goals of the Television Policy were being achieved.

- The 2001 renewal decisions for TVA and CTV also outlined the significant recent transfer benefits related to priority programming that the groups were required to fulfill during their next licence term:

  Decision CRTC 2000-747 "Transfer of effective control of CTV Inc. to BCE Inc." requires the licensee to broadcast a minimum of 175 hours of original Canadian priority programming over the licence term (in addition to the base level of eight hours per week), and a minimum total incremental expenditure of $140 million over the licence term on the benefits-related priority programming.

  Decision CRTC 2001-384 "Transfer of effective control of TVA to Québecor Média Inc." requires the licensee to expend a minimum of $39.8 million of the benefits on

---

[4] 200 Preliminary results only.
[5] Decisions: CRTC 2001-457; 2001-385; 2001-458

priority programming, incremental to a base level of priority programming expenditures as outlined in the decision.

- The priority programming benefits for both TVA and CTV commence in the 2001/2002 broadcast year.

- The following charts set out the average total weekly hours of Canadian priority programming scheduled and the average weekly hours tuned to these programs, during the peak viewing period of 7 p.m. to 11 p.m., as reported by BBM and CRTC Research, during Fall 2000 for all the CTV, Global and TVA conventional television stations.

CTV Television priority programming – 7 p.m. to 11 p.m.

Chart 17: CTV – Total average hours tuned per week – BBM Fall 2000

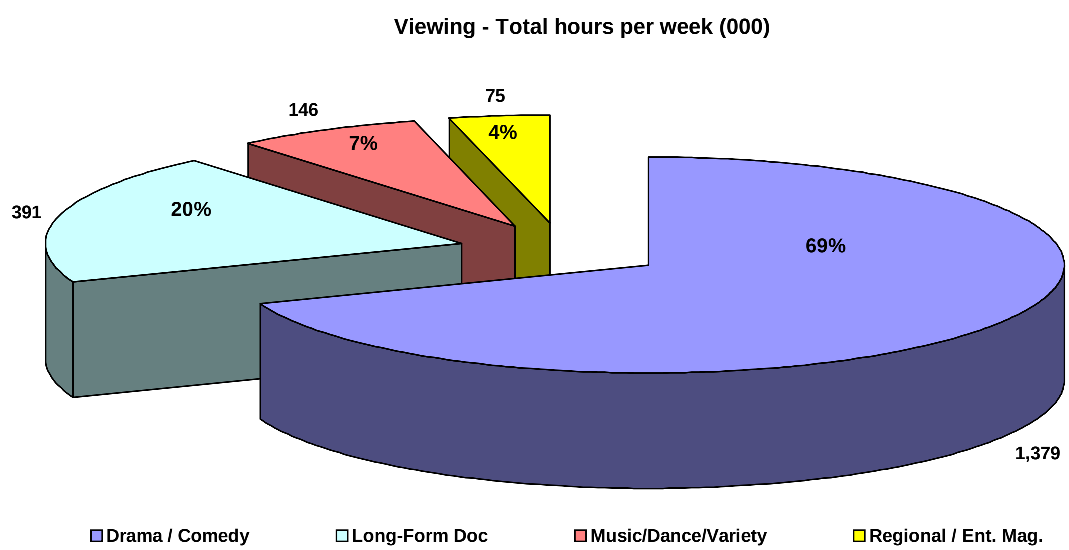
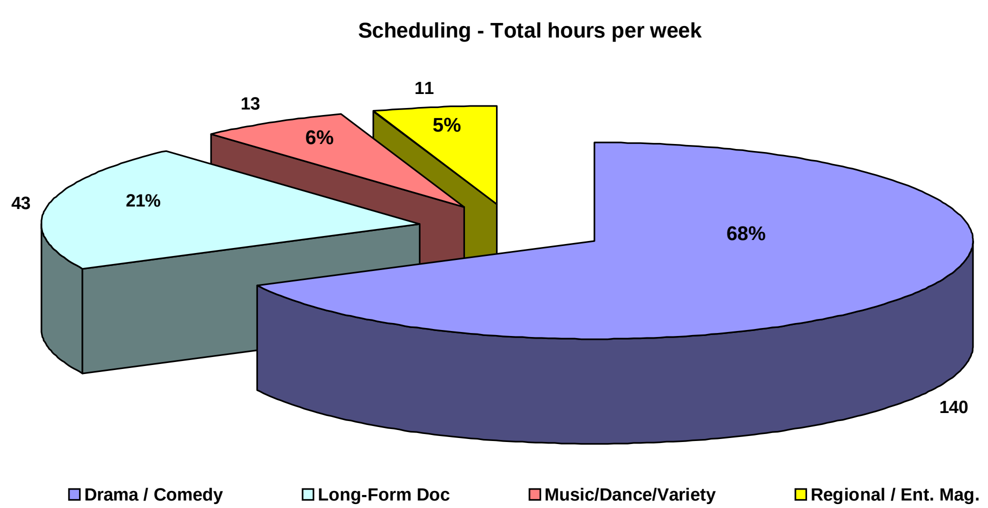


Chart 18: CTV – Total average hours scheduled per week – BBM Fall 2000



CanWest / Global Television priority programming – 7 p.m. to 11 p.m.

Chart 19: CanWest / Global – Total average hours tuned per week – BBM Fall 2000

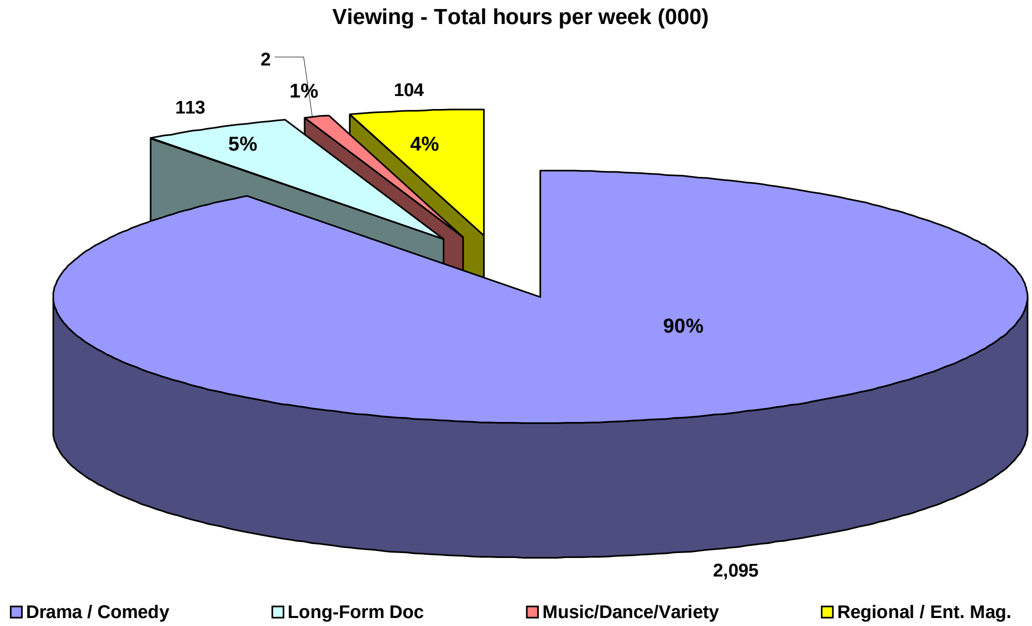
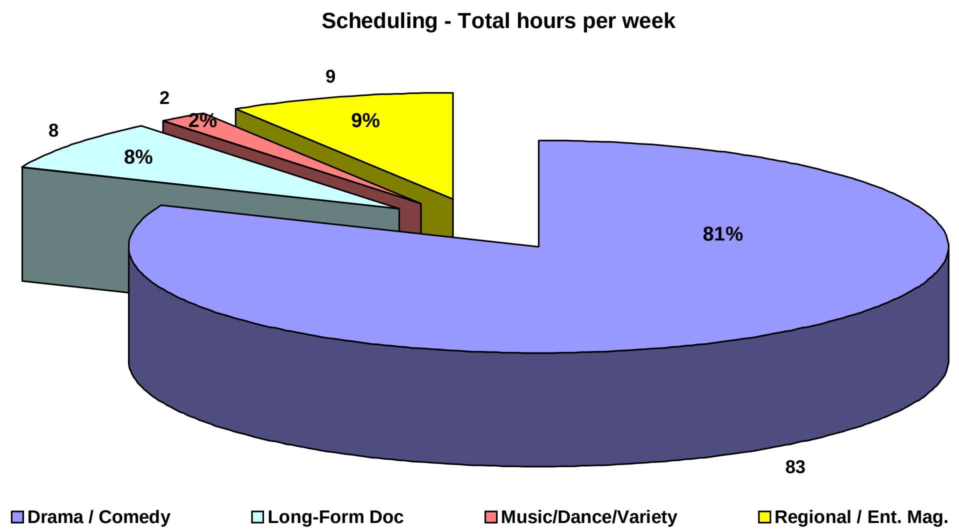


Chart 20: CanWest / Global -Total average hours scheduled per week – BBM Fall 2000



TVA Television priority programming – 7 p.m. to 11 p.m.

Chart 21: TVA – Total average hours tuned per week
– BBM Fall 2000

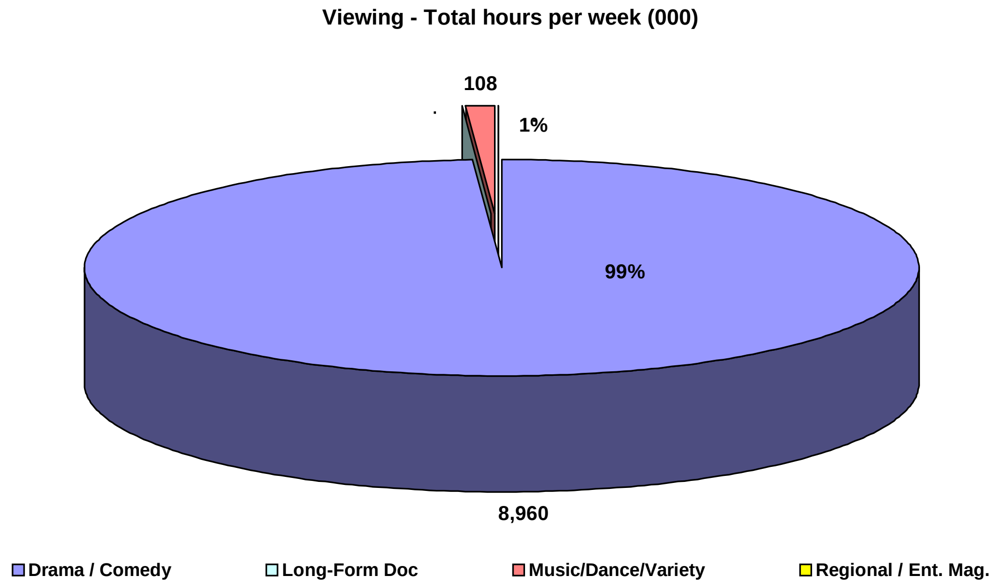
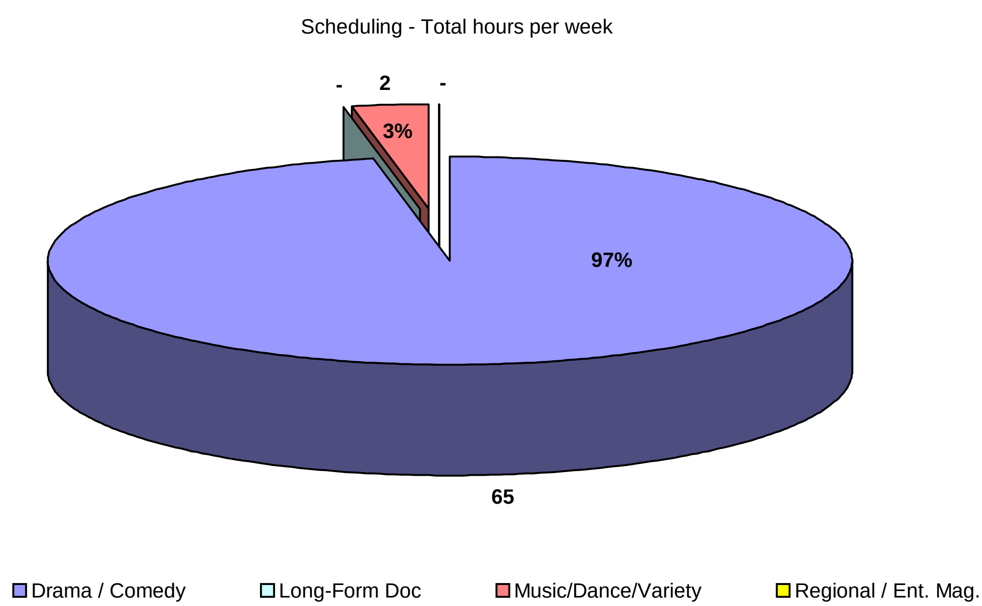


Chart 22: TVA – Total average hours scheduled per week
– BBM Fall 2000

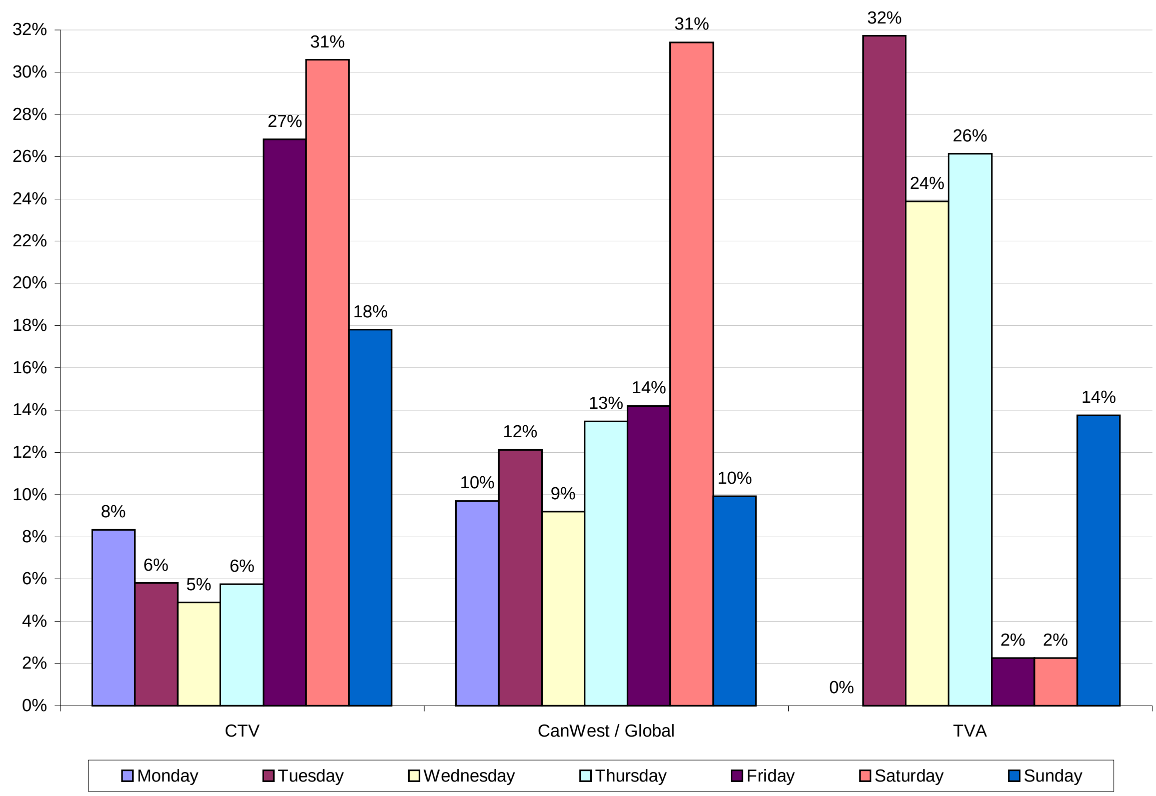


Daily Scheduling of Television priority programming – 7 p.m. to 11 p.m.

- In its renewal decisions of CTV, CanWest/Global and TVA licences, the Commission emphasized that Canadian programming should be available to Canadians, when Canadians are watching television – both on a weekly and seasonal basis.

- The following chart sets out the daily percentage of the total average weekly hours of Canadian priority programming scheduled during the peak viewing period of 7 p.m. to 11 p.m., as reported by BBM and CRTC Research, during Fall 2000 for all the CTV, Global and TVA conventional television stations. (Percentages correspond to the total average hours scheduled per week indicated in charts 18, 20 and 22.)

Chart 23

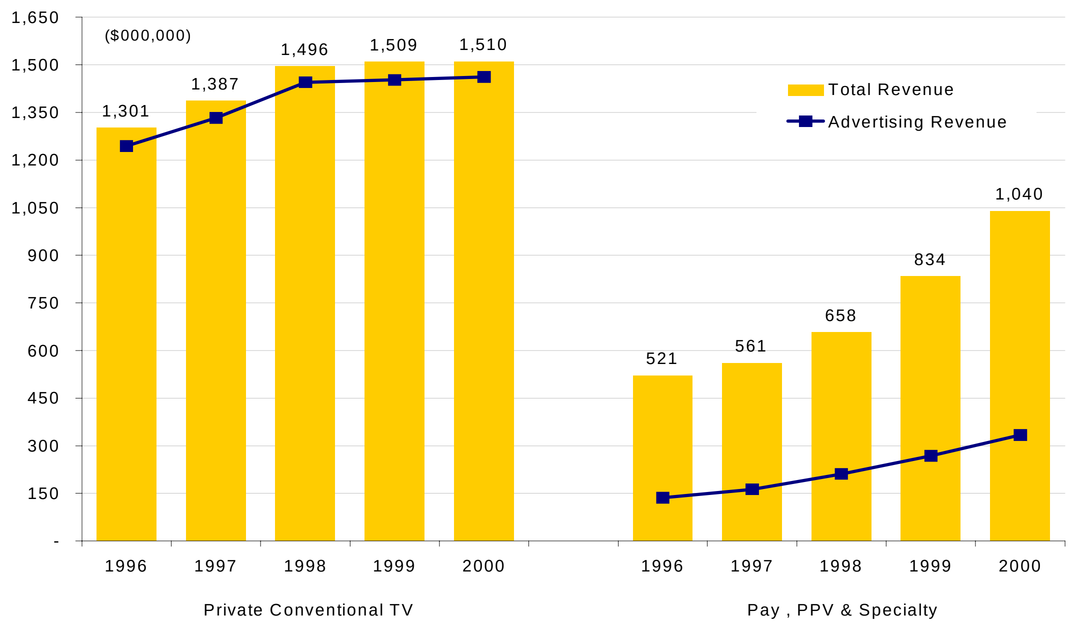


IV. Financial Performance

A. Total Revenues

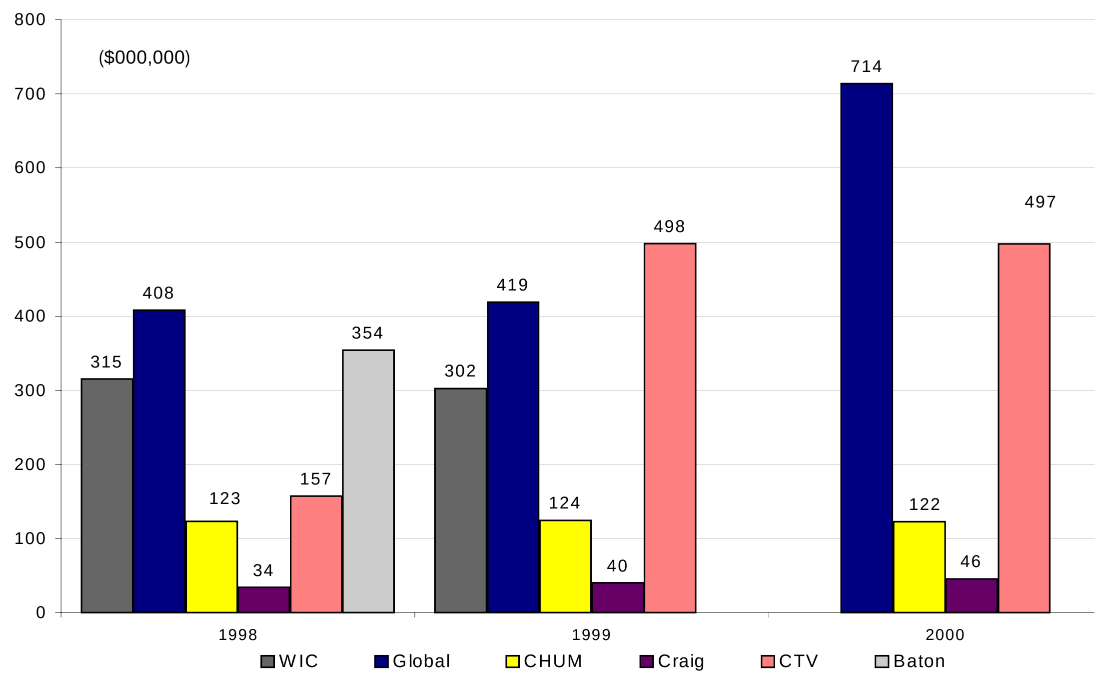
1. Canadian English-language services

Chart 24: Revenues: private conventional TV & pay, PPV and specialty services



Includes ethnic & bilingual services
Source: CRTC Financial Database

Chart 25: Revenues of private conventional TV services by group



Source: CRTC Financial Database

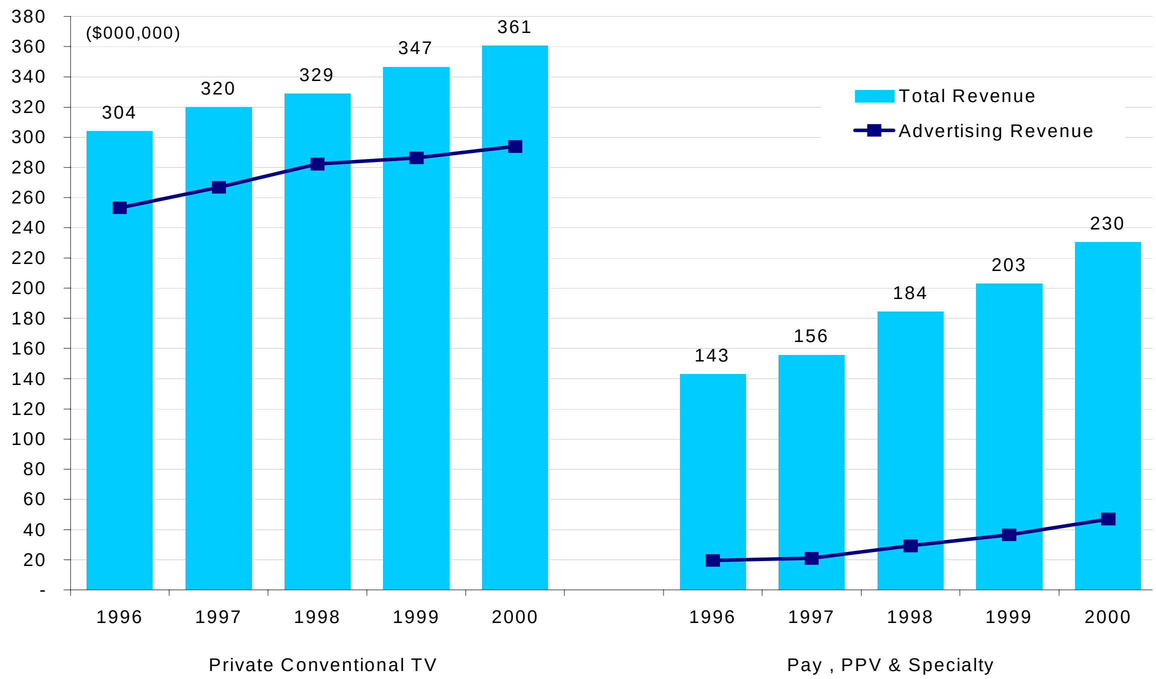
- Global acquired control of WIC 6 July 2000 CRTC 2000-221. In 2001 the Commission approved applications to transfer ownership of CF television in Montreal and CKVU-TV in Vancouver, from Global to CTV and CHUM respectively.

- Baton acquired control of CTV Network on 1 September 1998. Baton changed its name to CTV on 18 December 1998.

- CTV revenues for 1998 include the CTV network only. CTV revenues for 1999 and 2000 includes the CTV network plus CTV stations, less the network payments to CTV affiliates

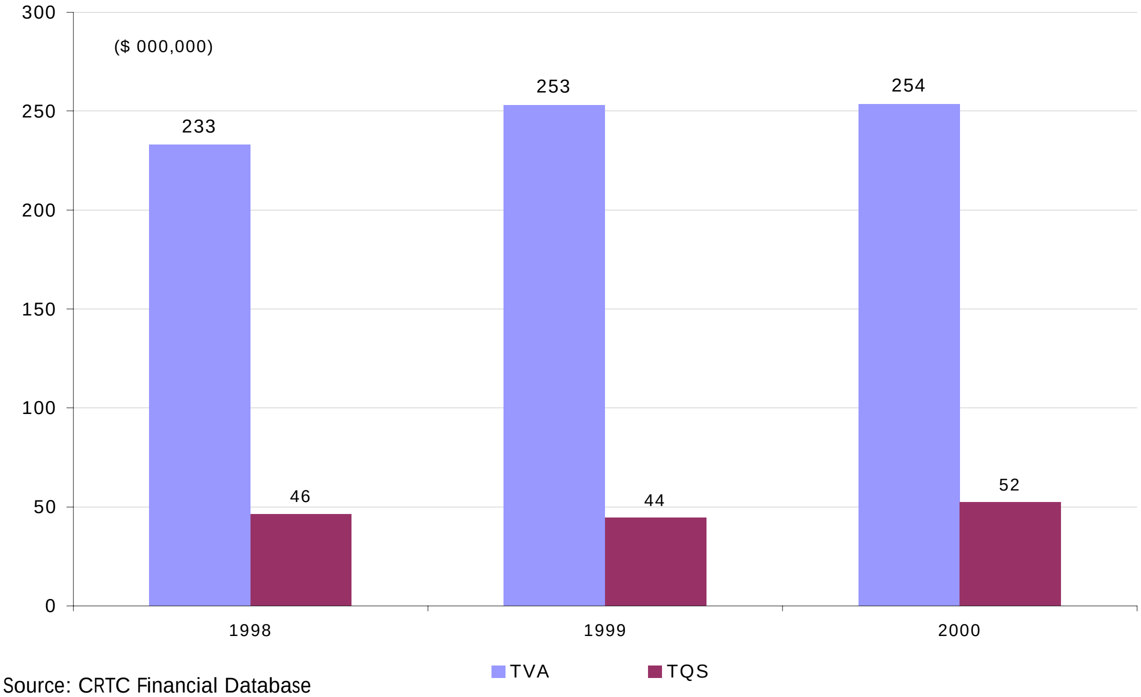
2. Canadian French-language services

Chart 26: Revenues – private conventional TV & pay, PPV and specialty services



Excludes bilingual services
Source: CRTC Financial Database

Chart 27: Revenues of private conventional TV services by group

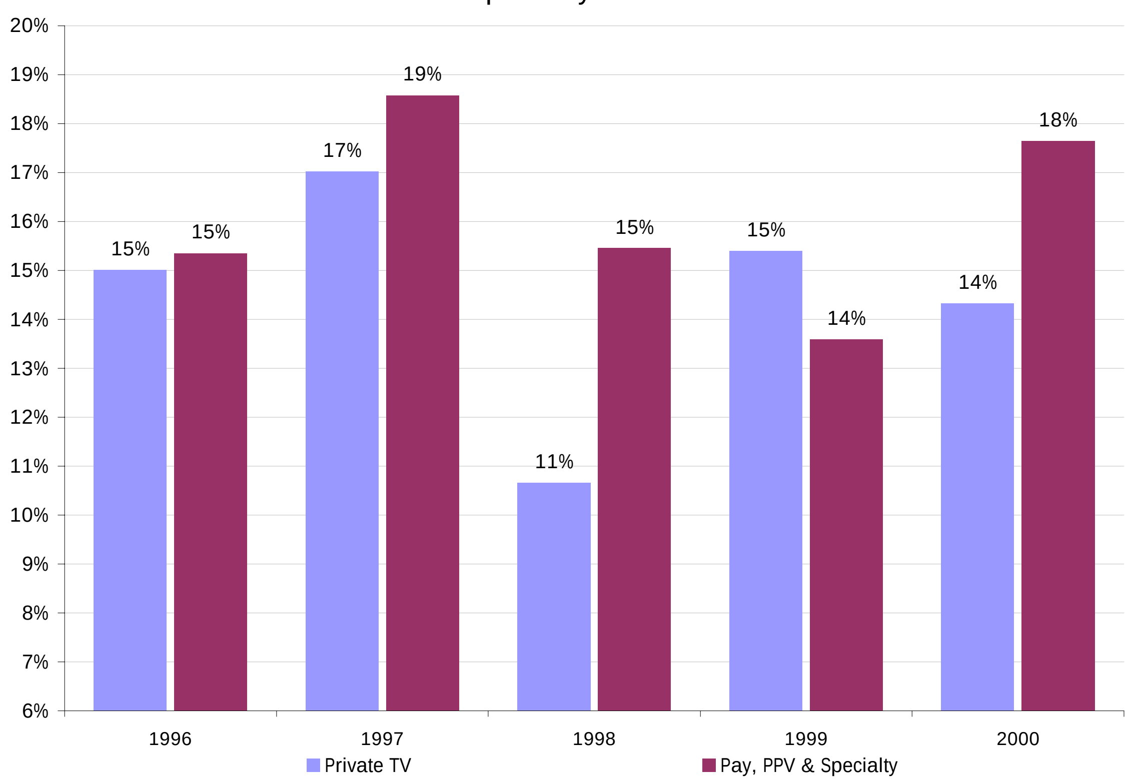


Source: CRTC Financial Database

B Aggregate Profits Before Interest and Taxes (PBIT) Margins (%)

1. English-Language Services

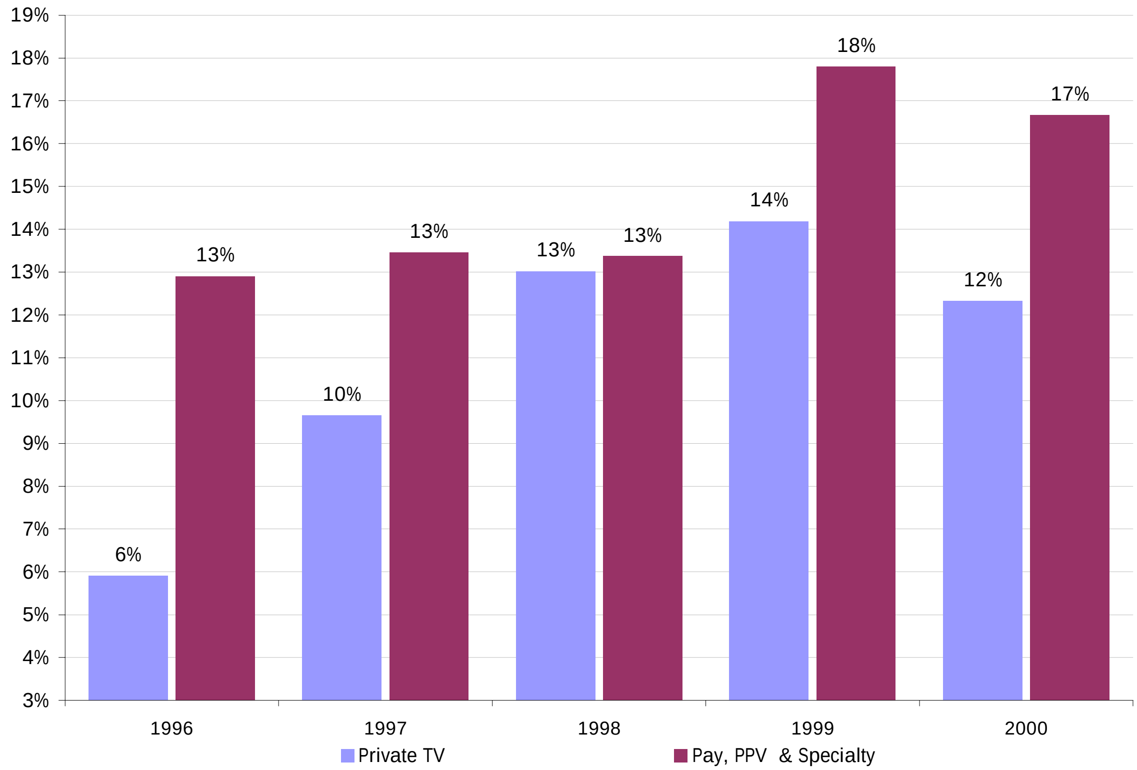
Chart 28: Aggregate PBIT margins: private conventional TV & pay, PPV and specialty services



Source: CRTC Financial Database

2. French-Language Services

Chart 29: Aggregate PBIT margins: private conventional TV & pay, PPV and specialty services



Source: CRTC Financial Database

V. Eligible Expenditures on Canadian Programming (CPE)

A. English-language

Table 6: Private conventional television

Genre ($ 000)	1997	1998	1999	2000	Annual % Growth 98	99	00
News (Cat. 1)	218,621	229,512	237,223	229,931	5%	3%	-3%
Other Info. (Cat. 2 to 5)	24,277	26,427	27,080	26,174	9%	2%	-3%
Sports (Cat. 6)	36,281	31,426	29,901	26,727	-13%	-5%	-11%
Drama & Comedy (Cat. 7)	47,576	85,211	74,450	80,229	79%	-13%	8%
Music/Variety (Cat. 8 & 9)	4,561	7,979	5,727	5,520	75%	-28%	-4%
Game Show (Cat. 10)	217	179	220	41	-18%	23%	-81%
Human Interest (Cat. 11)	35,639	36,781	28,777	25,017	3%	-22%	-13%
Total (Cat 1 to 11)	367,172	417,516	403,377	393,638	14%	-3%	-2%

Includes ethnic stations & funding from the CTF *Source: CRTC Financial Database*

Table 7: CBC television

Genre ($ 000)	1997	1998	1999	2000	Annual % Growth 98	99	00
News (Cat. 1)	30,719	53,790	97,606	100,047	75%	81%	3%
Other Info. (Cat. 2 to 5)	28,314	52,605	48,079	40,086	86%	-9%	-17%
Sports (Cat. 6)	77,935	119,302	128,455	95,031	53%	8%	-26%
Drama & Comedy (Cat. 7)	35,945	35,325	62,016	62,407	-2%	76%	1%
Music/Variety (Cat. 8 & 9)	14,134	19,166	12,218	8,156	36%	-36%	-33%
Game Show (Cat. 10)	-	-	-	-	-	-	-
Human Interest (Cat. 11)	17,008	31,167	4,667	18,568	83%	-85%	298%
Total (Cat 1 to 11)	204,055	311,355	353,041	324,295	53%	13%	-8%

Excludes funding from CTF *Source: CBC Annual Returns*

Table 8: Pay, PPV and specialty services

	1997	1998	1999	2000	Annual % Growth 98	99	00
Specialty Services:							
Number of Services	*13*	*22*	*25*	*28*	*69%*	*14%*	*12%*
CPE ($ 000)	181,608	211,716	302,571	345,421	17%	43%	14%
Pay & PPV Services:							
Number of Services	*7*	*9*	*9*	*10*	*29%*	*0%*	*11%*
CPE ($ 000)	17,131	14,720	18,349	29,382	-14%	25%	60%
Total Pay, PPV & Specialty Services							
Number of Services	*20*	*31*	*34*	*38*	*55%*	*10%*	*12%*
CPE ($ 000)	198,739	226,436	320,920	374,803	14%	42%	17%

Includes bilingual services & funding from the CTF *Source CRTC Financial Database*

B. French-language

Table 9: Private conventional television and SRC

Genre ($ 000)	1997	1998	1999	2000	Annual % Growth 98	99	00
News (Cat. 1)	67,906	70,876	96,726	111,698	4%	36%	15%
Other Info. (Cat. 2 to 5)	44,539	48,132	49,469	53,645	8%	3%	8%
Sports (Cat. 6)	27,219	24,118	22,430	20,674	-11%	-7%	-8%
Drama & Comedy (Cat. 7)	53,659	59,941	57,974	59,800	12%	-3%	3%
Music/Variety (Cat. 8 & 9)	32,623	32,573	38,104	37,792	0%	17%	-1%
Game Show (Cat. 10)	3,567	2,817	3,112	2,241	-21%	11%	-28%
Human Interest (Cat. 11)	25,021	29,195	36,173	44,012	17%	24%	22%
Total (Cat 1 to 11)	254,534	267,653	303,989	329,863	5%	14%	9%

Includes funding from the CTF reported by Private conventional TV

Source: CRTC Financial Database & CBC Annual Returns

Table 10: Pay, PPV and specialty services

	1997	1998	1999	2000	Annual % Growth 98	99	00
Specialty Services:							
Number of Services	*6*	*9*	*9*	*13*	*50%*	*0%*	*44%*
CPE ($ 000)	54,654	71,797	76,849	81,878	31%	7%	7%
Pay & PPV Services:							
Number of Services	*2*	*3*	*3*	*3*	*50%*	*0%*	*0%*
CPE ($ 000)	6,015	5,734	5,516	6,798	-5%	-4%	23%
Total Pay, PPV & Specialty Services							
Number of Services	*8*	*12*	*12*	*16*	*50%*	*0%*	*33%*
CPE ($ 000)	60,669	77,531	82,365	88,676	28%	6%	8%

Includes funding from the CTF - Excludes bilingual services *Source CRTC Financial Database*

C. Ethnic specialty services

Table 11: Specialty services

Specialty Services	1997	1998	1999	2000	Annual % Growth 98	99	00
Number of Services	*3*	*4*	*4*	*4*	*33%*	*0%*	*0%*
CPE ($ 000)	5,718	7,350	7,842	8,346	29%	7%	6%

Includes funding from the CTF *Source CRTC Financial Database*

VI. Canada's Independent Production Companies

- Table 12 below lists Canada's top independent production companies ranked by their total production and development expenditures in 2000. Table 13 provides the total production and development expenditures of all Canadian Independent production companies.

Table 12: Top Canadian Independent Production Companies in 2000

Company	1998 ($ 000)		1999 ($ 000)		2000 ($ 000)		*Growth 98 to 00*
1. Alliance Atlantis *(1)*	300,217		258,600		292,395		*-3%*
2. Fireworks Entertainment	74,036		142,797		203,624		*175%*
3. G.F.T. Entertainment	27,350		38,100		103,914		*280%*
4. Lions Gate Entertainment	35,202		94,873		96,155		*173%*
5. Peace Arch Entertainment *(2)*	53,042		49,952		91,169		*72%*
6. Cinar	75,450		90,000	*	80,000	*	*6%*
7. Nelvana	77,600		81,712		79,000	*	*2%*
8. Muse Entertainment *(3)*	-		-		55,100		-
9. Telescene Film Group	76,500		76,500		55,000	*	*-28%*
10. Zone3 *(3)*	-		-		50,000		-
11. Salter Street Films	41,550		46,906		44,900		*8%*
12. Sextant Entertainment *(3)*	-		-		37,700		-
13. Sullivan Entertainment	34,500	*	54,000	*	31,425	*	*-9%*
14. Catalyst Entertainment	19,600		24,075		26,910		*37%*
15. Imax Corporation	35,300		25,000		26,866		*-24%*

Source: Playback © 1999, 2000 and 2001 Brunico Communications Inc. (Website: www.playbackmag.com)

Table 13: All Canadian Independent Production Companies

	1998		1999		2000		*Growth*
	($ 000)	*#*	*($ 000)*	*#*	*($ 000)*	*#*	*98 to 00*
Companies with expenditures totalling $25,000+	**1,240,926**	**19**	**1,231,354**	**17**	**1,274,158**	**15**	*3%*
% of Total	*73%*	*16%*	*71%*	*13%*	*70%*	*13%*	
Companies with expenditures totalling less than $25,000	**458,841**	**99**	**496,002**	**115**	**557,225**	**101**	*21%*
% of Total	*27%*	*84%*	*29%*	*87%*	*30%*	*87%*	
Total Production & Development Expenditures	**1,699,767**	**118**	**1,727,356**	**132**	**1,831,383**	**116**	*8%*

Source: Playback © 1999, 2000 and 2001 Brunico Communications Inc. (Website: www.playbackmag.com):
- Who spent what in 2000, Canadian production takes a leap, & Independent Production Companies, May 14, 2001 Issue
- Who spent what in '99, Animation, TV docs on the rise, & Independent Production Companies, May 15, 2000 Issue.
- Production Companies by Volume - Independent Production, Production holds steady in 1998, May 17, 1998 Issue

Notes: Expenses are reported on a calendar year basis.
* Denotes Playback estimate
(1) Alliance and Atlantis were separate companies in 1998. 1998 Expenditures, for these companies, were combined.
(2) Peace Arch Entertainment expenditures were reported under the title of Vidatron Entertainment Group in 1998.
(3) New companies on the scene: Muse Entertainment, established June 1998; Sextant Entertainment Group, established 1999; Zone3, established 2000

VII. Specialty, Pay, PPV, VOD and Digital Services

Specialty Services

- There are currently 49 licensed Canadian specialty services (excluding digital only services): 28 English-language, 14 French-language, 2 bilingual (English & French) and 5 third-language.

Pay Services

- There are currently six pay television services: five English-language and one French-language.

PPV Services

- There are four (terrestrial) pay-per-view services: three English-language and one French-language.

- There are currently seven (DTH) pay-per-view services: five English-language, one bilingual, and one French-language.

VOD Services

- In 1997, the Commission granted five licences for video-on-demand programming undertakings. None of these services are in operation yet.

Newly Licensed Digital Services

- On November 24th, 2000 the Commission issued decisions granting authorities to the following:

  - 16 English and 5 French-language Category 1 specialty services which must be carried by all distributors who make use of digital technology. These services were approved following a competitive hearing. Category 1 services are licensed on a one-per-genre basis.
  - 262 Category 2 services, which may be distributed on digital, but do not have guaranteed access, including 186 English specialty, 19 French specialty, 42 ethnic specialty, 6 bilingual specialty, 7 English pay and 2 French pay television services. Category 2 services operate on a more competitive, open-entry basis;
  - two pay-per-view, one bilingual and one English, and one DTH pay-per-view service in English;
  - four new video-on-demand services.

- The Commission is reviewing new Category 2 applications on an ongoing basis and, to date, has approved 13 additional category 2 services (9 English and 4 third language).

A. Specialty, Pay & PPV services Listed by Launch Date

- The following tables list specialty, pay and PPV services by language and the year the service was launched. They also provide year-2000 revenues, PBIT and PBIT margins reported for each service.

Table 14: English-language speciality services (Includes bilingual services (b))

				August 31, 2000		(000)		
Launched	Service	Genre		# of Subscr.		Total Revenue $	PBIT $	PBIT Margin
Sep-84	- MuchMusic	Music Video - Rock/Altern./Rap		6,845		37,793	9,305	25%
	- TSN - The Sport Ntwk	Sports		7,725		165,426	38,074	23%
			Average	*7,285*	*2*	*101,610*	*23,689*	23%
Sep-88	- YTV	Kids/Teens/Family		8,256		73,903	22,291	30%
	- Weather/Météomédia *(b)*	Information - Weather		8,790		32,191	5,950	18%
	- VisionTV	Religious (non-profit)		7,063		14,527	481	3%
Jul-89	- Newsworld	News & Information (non-profit)		8,549		59,401	6,881	12%
			Average	*8,165*	*4*	*45,005*	*8,901*	*20%*
Jan-95	- Showcase	Drama & Film		5,161		28,787	10,907	38%
	- Bravo!	Perform. & Visual Arts		5,285		22,307	6,197	28%
	- Discovery	Nature/Science & Tech.		6,626		47,978	11,488	24%
	- WTN - Women TV. Ntwk.	Lifestyle - Women		5,948		33,397	7,838	23%
	- CMT - Country Music TV	Music Video - Country		7,579		12,968	2,441	19%
	- Life	Doc. & Information		5,351		29,165	3,148	11%
			Average	*5,992*	*6*	*29,100*	*7,003*	*24%*
Fall 97	- Space	Science Fiction		4,158		23,827	9,813	41%
	- Teletoon *(b)*	Animated Programming		5,480		42,108	15,927	38%
	- History Television	Information - History		4,447		17,596	6,696	38%
	- HGTV	Lifestyle - House & Garden		4,283		17,258	4,582	27%
	- Comedy Network	Comedy		4,079		24,031	6,925	29%
	- Outdoor Life Network	Info - Adv./Outdoor/Recreat.		4,249		8,311	1,847	22%
	- Prime TV	Lifestyle - 50+		3,915		14,176	1,804	13%
	- Newsnet	News - Headlines		6,433		10,137	(2,129)	-21%
	- The Score	Sports - Video Highlights		4,620		10,701	(5,935)	-55%
Mar-98	- Cable Pulse 24	News & Inf. - Reg. Ont.		2,295		3,819	(3,216)	-84%
			Average	*4,396*	*10*	*17,196*	*3,631*	*21%*
Fall 98	- MuchMoreMusic	Music Video - Adult Contemp.		5,766		7,558	2,638	35%
	- TreeHouse TV	Children		4,814		7,767	1,892	24%
	- Sportsnet	Sports		6,643		67,184	(5,830)	-9%
			Average	*5,741*	*3*	*27,503*	*(433)*	*-2%*
Fall 99	- CLT - Cnd. Learning TV	Learning / Education		2,330		3,981	1,174	29%
	- Star-TV	Entertainment Info		1,821		4,820	(380)	-8%
	- ROBTV - Report on Bus.	News - Business		3,239		6,100	(2,594)	-43%
			Average	*2,463*	*3*	*4,967*	*(600)*	*-12%*
	TOTAL - Specialty Services - English & Bilingual				**28**	**827,216**	**158,215**	**19%**
			Average	*5,420*		*29,543*	*5,651*	
Fall 00	- Food Network Canada	Lifestyle - Food		*n/a*		*n/a*	*n/a*	*n/a*
	- Talk-TV	Information - Talk		*n/a*		*n/a*	*n/a*	*n/a*

Source: CRTC Financial Database

Table 15: French-language speciality services

Launched	Service	Genre	# of Subscr.		Total Revenue $	PBIT $	PBIT Margin
			August 31, 2000 (000)				
Sep-88	- VRAK (Canal Famille)	Children / Family Progr.	2,209		15,398	5,498	36%
	- RDS	Sports	2,503		53,072	12,698	24%
	- MusiquePlus	Music Video	2,139		13,551	1,473	11%
	- TV5	Cdn./ Intern. Franc. Progr. (Non-Profit)	6,149		14,214	20	0%
	- Météomédia/Weather *(b)*	Information - Weather	*n/a*		*n/a*	*n/a*	*n/a*
		Average	*3,250*	*4*	*24,059*	*4,922*	*20%*
Jan-95	- Canal D	Doc / Films / Series / Perf. Arts	1,881		20,235	5,454	27%
	- RDI	News & Information (Non-Profit)	7,736		35,699	3,574	10%
		Average	*4,808*	*2*	*27,967*	*4,514*	*16%*
Sep-97	- LCN - Le Canal Nouvelles	News & Information	1,603		12,073	4,930	41%
	- Canal Vie	Lifestyle / Health	1,670		21,393	5,014	23%
	- Musimax	Music Video - All Forms	1,593		5,920	157	3%
	- Teletoon *(b)*	Animated Programming	*n/a*		*n/a*	*n/a*	*n/a*
		Average	*1,622*	*3*	*13,128*	*3,367*	*26%*
Jan-00	- Séries+ (Canal Fiction)	Cdn. & Intern. Drama Progr.,	440		1,000	(1,009)	-101%
	- Canal Z	Science/Tech/Sc.Fiction	440		1,050	(1,201)	-114%
	- Historia (Canal Histoire)	History	440		794	(1,790)	-226%
	- Canal Évasion	Tourism / Adv. / Travel	439		1,167	(3,153)	-270%
		Average	*440*	*4*	*1,003*	*(1,788)*	*-178%*
	TOTAL - Specialty Services - French			**13**	**195,566**	**31,664**	**16%**
		Average	*2,249*		*15,044*	*2,436*	
Fall 01	- ARTV (Télé des arts)	Arts	*n/a*		*n/a*	*n/a*	*n/a*

Source: CRTC Financial Database

Table 16: Ethnic specialty services

Launched	Service	Language	# of Subscr.		Total Revenue $	PBIT $	PBIT Margin
			August 31, 2000 (000)				
1984	- Telelatino	Italian / Hispanic	2,939		10,670	3,854	36%
1984	- Fairchild TV	Chinese -Predominately Cantonese	291		19,948	2,264	11%
1992	- Talentvision	Chinese -Predominately Mandarin	15		2,106	(319)	-15%
1997	- South Asian TV	South Asian - Principally Hindi	22		1,003	(75)	-8%
	TOTAL - Specialty Services - Ethnic			**4**	**33,726**	**5,724**	**17%**
			Average		*8,432*	*1,431*	
1999	- Odyssey	Greek *(Approved 1996)*	*n/a*		*n/a*	*n/a*	*n/a*

Source: CRTC Financial Database

Table 17: English and French language pay & PPV services

Launched	Name	Lang./Type		August 31, 2000 (000) # of Subscr.	Total Revenue $	PBIT $	PBIT Margin
1983-4	- The Movie Network (TMN-East)	*e*	*PAY*	611	54,785	10,114	18%
	- Superchannel (West)	*e*	*PAY*	411	34,081	5,764	17%
	- Super Écran	*f*	*PAY*	308	29,750	6,912	23%
1988	- Family Channel, The	*f*	*PAY*	3,991	33,604	7,130	21%
1992	- Viewers' Choice	*e*	*PPV*	544	10,756	876	8%
	- Home Theatre (HT)	*e*	*PPV*	233	7,564	2,315	31%
1995	- Moviepix (East)	*e*	*PAY*	938	11,168	4,766	43%
	- MovieMax! (West)	*e*	*PAY*	295	7,982	4,748	59%
1997	- Canal Indigo	*f*	*PPV*	312	4,285	(443)	-10%
	- Canal Indigo	*f*	*DTH PPV*	70	729	257	35%
	- Viewers' Choice	*e*	*DTH PPV*	245	3,003	1,101	37%
	- Home Theatre / Viewer Choice	*e*	*DTH PPV*	163	3,614	1,027	28%
	Substotal (Services launched 1983 to 97)				***201,321***	***44,567***	***22%***
2000	- Bell ExpressVu	*b*	*DTH PPV*	564	12,348	(18,303)	-148%
2001	- Bell ExpressVu	*b*	*PPV*	*n/a*	*n/a*	*n/a*	*n/a*
	Total Pay & PPV Services - Eng & French				213,669	26,264	12%

Source: CRTC Financial Database

B. Companies with significant ownership interest in specialty, pay, PPV and category 1 digital services

Table 18: (does not include category 2 digital services)

Corporation	Service	L	Ownership Interest
BCE / Bell Globemedia Inc.	Specialty Services:		
	Newsnet	e	100%
	Talk TV	e	100%
	The Sports Network (TSN)	e	80%
	Le Réseau des Sports (RDS)	f	80%
	The Comedy Network	e	65%
	The Discovery Channel	e	64%
	Canal Évasion	f	50.1%
	Sportsnet (In Trust) (Note 1)	e	40%
	Outdoor Life Network (OLN)	e	33.3%
	History Television	e	12%
	ARTV (formerly Télé des Arts)	f	16%
	PPV Services:		
	Bell ExpressVu – PPV / DTH PPV	b	100%
	CTV Direct (Sports/Specials) PPV / DTH PPV	e	60%
	Viewer's Choice Canada Inc. PPV / DTH PPV	e	19.96%
	Canal Indigo PPV / DTH PPV	f	7.98%
	Category 1 Digital Services::		
	- Le Réseau Info Sports	f	80%
	- WTSN	e	80%
	- CTV Travel	e	100%
	- Télé Ha!Ha! (Note 2 and 5)	f	19.9%
	- LCN Affaires (Note 3 and 5)	f	19.9%
TVA / Québecor	Specialty Services:		
	Le Canal Nouvelles (LCN)	f	100%
	Pulse 24	e	29.9%
	Canal Évasion	f	10%
	PPV Services:		
	Canal Indigo PPV / DTH PPV	f	20%
	Category 1 Digital Services:		
	- Télé Ha! Ha! (Note 2 & 3)	f	60.2%
	- MenTV	e	51%
	- LCN Affaires (Note 2 & 3)	f	50.1%
	- Mystery (13th Street) (Note 2)	e	45.05%
	- Mystère (13ieme rue) (Note 2 & 3)	f	45.05%
CHUM Limited	Specialty Services:		
	Bravo	e	100%
	MuchMusic	e	100%
	MuchMoreMusic	e	100%
	SPACE	e	100%
	Star-TV	e	100%
	Pulse24	e	70%
	Canadian Learning Television (CLT)	e	60%
	MusiquePlus	f	50%
	MusiMAX	f	50%
	Category 1 Digital Services:		
	- FashionTelevision	e	100%
	- BookTelevision	e	60%
	- Perfecto, La chaîne (Note 3)	f	50%
CanWest Global	Specialty Services:		
	Prime TV	e	100%
	Category 1 Digital Services::		
	- MenTV	e	49%
	- Mystery (13th Street) (Note 2)	e	45.05%
	- Mystère (13ième rue) (Note 2 & 3)	f	45.05%

Corporation	Service	L	Ownership Interest
CBC / SRC	Specialty Services:		
	Newsworld	e	100%
	RDI	f	100%
	ARTV (Télé des Arts)	f	37%
	Category 1 Digital Services:		
	- Country Canada (Land & Sea)	e	30%
	- Canadian Documentary Channel	e	29%
Rogers Communications Inc.	Specialty Services:		
	Outdoor Life Network	e	33.3%
	Sportsnet (Note 1)	e	29.99%
	Pay & PPV Services:		
	Viewers Choice (PPV / DTH PPV)	e	24.95%
	Canal Indigo (PPV / DTH PPV)	f	9.98%
	Category 1 Digital Services:		
	- Biography Channel	e	40%
	- TechTV	e	33.33%
	- Mystery (13th Street) (Note 2)	e	9.9%
	- Mystère (13ieme rue) (Note 2 & 3))	f	9.9%
Corus Entertainment Inc.	Specialty Services:		
	YTV	e	100%
	TreeHouse	e	100%
	CMT – Country Music TV	e	90%
	Teletoon	b	40%
	Telelatino (Ethnic Service)	o	20%
	The Comedy Network	e	14.95%
	Food Network Canada	e	10%
	Pay & PPV Services:		
	Super Channel (Pay)	e	100%
	MovieMax (Pay)	e	100%
	Home Theatre (PPV / DTH PPV)	e	100%
	Category 1 Digital Services:		
	- Country Canada (Land & Sea)	e	70%
	- Canadian Documentary Channel	e	53%
Astral	Specialty Services:		
	VRAK (Canal Famille)	f	100%
	Canal D	f	100%
	Canal Vie	f	100%
	Canal Z	f	100%
	Historia (Canal Histoire)	f	50%
	Séries+ (Canal Fiction)	f	50%
	MusiquePlus	f	50%
	MusiMAX	f	50%
	Teletoon	b	40%
	The Comedy Network	e	14.95%
	Pay & PPV Services:		
	MoviePIX (Pay)	e	100%
	The Movie Network (Pay)	e	100%
	Super Écran (Pay)	f	100%
	Familly Channel (Pay)	e	100%
	Viewers Choice PPV / DTH PPV	e	50.1%
	Canal Indigo PPV / DTH PPV	f	20.01%
	Category 1 Digital Services:		
	- Perfecto, La chaîne (Note 3)	f	50%

Corporation	Service	L	Ownership Interest
Alliance Atlantis Communications Inc.	Specialty Services:		
	Life	e	100%
	Showcase	e	100%
	History Television	e	88%
	HGTV (House & Garden TV)	e	80.24%
	Food Network Canada	e	70.2%
	Séries+ (Canal Fiction)	f	50%
	Historia (Canal Histoire)	f	50%
	The Score	e	39.91%
	Category 1 Digital Services:		
	- Discovery Health Network (Health Network)	e	80%
	- PrideVision	e	39.91%
	- One: The Body, Mind & Spirit (Wisdom)	e	29.9%

Sources: CRTC Ownership and Industry Analysis Division and CRTC Decisions

Notes:
(1) Rogers Broadcasting Limited, filed an application with the Commission in July 2001, to acquire effective control of CTV Sportsnet.
(2) Ownership interest taken from Decisions CRTC 2000-467, 468 and 469.
(3) The implementation date has been extended to September 30, 2002 (Decisions CRTC 2001-526 and 528).

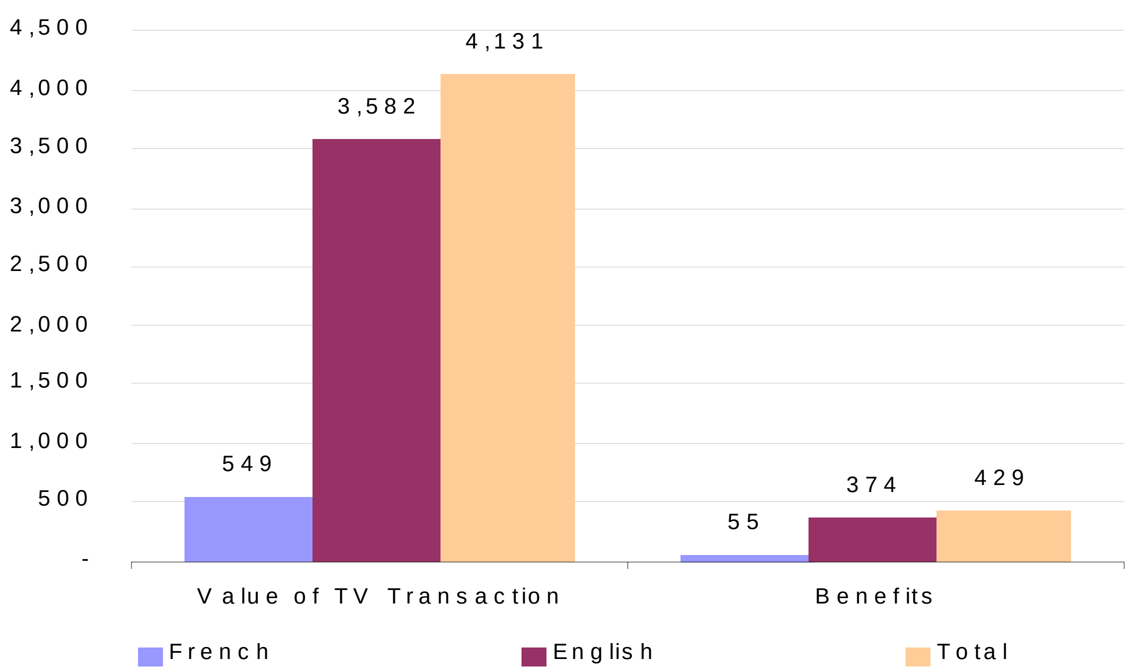
VIII. Tangible benefits resulting from the transfers of ownership or control of television broadcasting undertakings

- In the June 11, 1999 policy framework for Canadian television, Public Notice CRTC 1999-97, the Commission amended its tangible benefits policy in respect of transfers of ownership or control involving television broadcasting undertakings. The June 1999 policy generally requires the applicant to make commitments to clear and unequivocal tangible benefits representing a financial contribution of 10% of the value of the transaction.

- In the period June 11, 1999 to July 31, 2001, there were 11 transfers of ownership or control of television broadcasting undertakings resulting in total tangible benefits in excess of $429 million.

Chart 30: Value of television transactions and corresponding transfer benefits

For the period June 11, 1999 to July 31, 2001
($000,000)



IX. Ethnic Television Stations

- The Commission revised its ethnic broadcasting policy in Public Notice CRTC 1999-117.

A. Over-the-air ethnic television stations

- There are two over-the-air ethnic television stations operating in Canada.

- In Public Notice CRTC 2001-32 the Commission issued a call for applications from interested parties wishing to obtain a broadcasting licence to provide an over-the-air ethnic television service to Vancouver. A public hearing is planned to commence October 15, 2001 in Vancouver to hear 2 competing applications.

- The following table outlines the languages of programming broadcast by each station. This information was provided by each station and reflects one week of broadcasting.

Table 19: Third language programming

Hours per week	CJNT – TV Montreal	CFMT-TV Toronto	Total
Arabic	7.0	0.5	7.5
Armenian		0.5	0.5
Chinese - Cantonese	3.0	17.0	20.0
Chinese - Mandarin	3.0	2.0	5.0
Creole	3.0		3.0
Dutch	3.0		3.0
German		0.5	0.5
Greek	6.0	3.0	9.0
Hindi	4.0		4.0
Italian	14.0	14.0	28.0
Japanese		1.0	1.0
Korean		1.0	1.0
Macedonian		0.5	0.5
Maltese		1.0	1.0
Persian - Farsi	3.0	1.0	4.0
Filipino – Tagalog		1.0	1.0
Polish	3.0	2.5	5.5
Portuguese	7.0	14.5	21.5
Punjabi	3.0		3.0
Romanian	3.0		3.0
Russian		3.0	3.0
Spanish	7.0	1.0	8.0
Tamil		1.0	1.0
Ukrainian		3.0	3.0
Vietnamese	6.0	0.5	6.5
Total	75.0	68.5	143.5

Source: CJNT-TV Forecast for September 2001; CFMT-TV April 30 - May 7, 2001

B. Ethnic Specialty Services

- There are currently five Canadian ethnic specialty services offering programming in a variety of languages:

- **Fairchild TV**, a national specialty service, offers programming predominantly in the Cantonese language, complemented by Mandarin. The service is distributed either on a stand-alone basis or as part of a package with other discretionary services, and is available to subscribers for a fee in addition to the basic monthly fee.

- **Talentvision**, a national specialty service, provides programming predominantly in Mandarin, complemented by some programming in the Vietnamese and Korean languages. The service is distributed either on a stand-alone basis or as part of a package with other discretionary services, and is available to subscribers for a fee in addition to the basic monthly fee.

- **SATV**, a national specialty service, serves South Asian communities in 15 South Asian languages, principally Hindi, supplemented by programming in English. The service is provided exclusively as a discretionary service.

- **Odyssey**, a national specialty service, provides predominantly Greek language programming. The service is provided exclusively as a discretionary service.

- **Telelatino**, a national specialty service, provides programs directed to Italian and Hispanic/Spanish audiences. The service is available on a discretionary basis for a fee in addition to the basic monthly fee.

- The Commission has authorised 44 ethnic category 2 specialty and pay services in a variety of languages.

Broadcasting Distribution

I. Promoting Effective Competition

- Prior to 1995, cable television undertakings enjoyed a virtual monopoly within the broadcasting distribution undertaking (BDU) marketplace.

- With Public Notice CRTC 1995-183, the CRTC took its first official step towards removing competitive restrictions in the BDU marketplace.

- The Commission continued to develop its policies promoting competition among BDUs with Public Notices 1997-25, 1997-84, 1997-150 and its Broadcasting Distribution Regulations, which came into effect January 1, 1998. Since that time the BDU industry has been experiencing a fundamental shift towards increased competition.

A. Subscriber Levels of Cable and Other BDU Delivery Systems

Table 1: All Subscribers across Canada

	NUMBER OF BASIC SUBSCRIBERS AND MARKET SHARE (%)							
DISTRIBUTION TYPE	**1997**		**1998**		**1999**		**2000**	
	Basic Subscribers	Market Share	Basic Subscribers	Market Share	Basic Subscribers	Market Share	Basic Subscribers	Market Share
Class 1	6,801,227	85.6	6,866,793	83.5	6,925,540	80.7	6,951,259	77.5
Class 2	402,390	5.1	411,595	5.0	373,160	4.3	369,475	4.1
Class 3	729,695	9.2	711,752	8.7	727,665	8.5	683,401	7.6
Sub-total Cable	7,933,312	99.9	7,990,140	97.2	8,026,365	93.5	8,004,135	89.2
MDS	3,912	0.0	10,894	0.1	31,489	0.4	83,801	0.9
DTH	N/A	N/A	216,111	2.6	519,376	6.1	880,092	9.8
STV	5,573	0.1	4,848	0.1	3,882	0.0	2,546	0.0
Total	**7,942,797**	**100**	**8,221,993**	**100**	**8,581,112**	**100**	**8,970,574**	**100**

Source: CRTC Financial Database

- Table 1 reveals that the BDU industry has enjoyed stable overall growth since 1997, with particularly strong growth in 2000, with about 390,000 new subscribers.

- As shown in the table above, the growth in new Class 1 subscribers is declining with an increase of 25,719 subscribers in 2000, compared to 58,747 in 1999 and 65,566 in 1998. Class 1 BDUs continue to maintain the bulk of subscriber market share, although it is decreasing. Class 1 market share has fallen by approximately 8% since the introduction of direct-to-home (DTH) and Multipoint Distribution Systems (MDS).

- The approximate 9 million subscribers to the basic service in Canada represent nearly 80% of all Canadian private households, (total households from Statistics Canada's 1996 Census).

- The DTH industry accounted for approximately 70% of the increase in total subscriptions in 2000. The market share for DTH services grew by 3.7% in 2000 for a share of 9.8%. DTH growth is coming from all existing cable classes and new subscribers in areas that do not have access to cable service.

- STV or subscription television undertakings provide over-the-air television service to small (rural or remote) communities in underserved areas. These undertakings broadcast their signals in an encoded or scrambled mode by means of low-power (about 20 watts) transmitters.

- The following table presents the breakdown of cable subscribers by province. MDS and DTH operators have licences extending over several regions and provinces, they do not report a provincial breakdown to the Commission.

Table 2: Cable Subscribers by Regions - Provinces

	NUMBER OF BASIC SUBSCRIBERS AND MARKET SHARE (%)							
	1997		**1998**		**1999**		**2000**	
	Basic Subscribers	Market Share	Basic Subscribers	Market Share	Basic Subscribers	Market Share	Basic Subscribers	Market Share
Atlantic	**617,553**	**7.8**	**616,892**	**7.7**	**627,178**	**7.8**	**648,518**	**8.1**
Nfld. & P.E.I.	173,221	2.2	163,314	2.0	176,899	2.2	213,532	2.7
N.B. & N.S.	444,332	5.6	453,578	5.7	450,279	5.6	434,986	5.4
Quebec	**1,920,985**	**24.2**	**1,939,722**	**24.3**	**1,976,890**	**24.6**	**1,960,961**	**24.5**
Ontario	**3,017,043**	**38.0**	**3,031,215**	**37.9**	**3,011,333**	**37.5**	**3,002,009**	**37.5**
Prairies	**1,187,634**	**15.0**	**1,218,153**	**15.2**	**1,225,212**	**15.3**	**1,212,550**	**15.1**
Manitoba	283,056	3.6	278,942	3.5	278,881	3.5	276,063	3.4
Saskatchewan	208,200	2.6	211,007	2.6	210,949	2.6	206,196	2.6
Alberta	696,378	8.8	728,204	9.1	735,382	9.2	730,291	9.1
B.C. & Territories	**1,196,186**	**15.1**	**1,189,006**	**14.9**	**1,182,689**	**14.7**	**1,182,643**	**14.8**
B.C.	1,179,915	14.9	1,172,903	14.7	1,182,689	14.7	1,168,861	14.6
Total	**7,939,401**	**100**	**7,994,988**	**100**	**8,023,302**	**100**	**8,006,681**	**100**

Source: CRTC Financial Database

B. Rate Deregulation of Incumbent BDUs

- With the introduction of the Broadcasting Distribution Regulations in 1998, the Commission introduced a process allowing for deregulation of basic rates of Class 1 distribution systems. (New entrants are not rate regulated, nor are Class 2 and Class 3 systems.)

- Class 1 systems can qualify for rate deregulation if they meet a two-pronged test: 1) if a licensed competitor is accessible to 30% of households in the incumbent's service area, (which is currently deemed to exist through DTH services) and b) if the cable incumbent can demonstrate that it has lost 5% or more of its basic subscribers since the competition entered its service area.

- Based on the Commission's financial database, about 10 Class 1 systems appear to have lost more than 5% of their basic subscribers between September 1, 1997 and August 31, 2000. Applications for rate deregulation submitted by Rogers Communications, for its St.Thomas and Woodstock systems, and Regional Cablesystems, for its Sudbury and Timmins systems, have recently been approved by the Commission.

II. Promoting contributions to Canadian programming and local expression

- The 1998 BDU regulations require that all Class 1 and Class 2 terrestrial distribution undertakings, as well as all DTH and MDS distribution undertakings, contribute a minimum of 5% of gross annual revenues derived from broadcasting activities to the creation and presentation of Canadian programming.

A. Contributions to Programming Funds

Table 3: Contributions to Programming Funds

CONTRIBUTIONS TO PROGRAMMING FUNDS ($ 000s)							
CLASS AND SUBSCRIBER LEVEL	1997	1998		1999		2000	
		CTF	Others	CTF	Others	CTF	Others
Class 1 > 20k	42,831	50,753	3,353	60,786	6,463	66,206	7,715
Class 1 < 20k	3,179	3,975	217	4,569	486	4,559	512
Class 2	20	35	0	128	0	114	0
MDS				375	38	1,172	36
DTH		1,711	250	5,784	598	14,127	3,410
Total	46,030	56,474	3,820	71,642	7,585	86,178	11,673

Source: CRTC Financial Database

- The BDU regulations require that a minimum of 80% of the required contribution must be directed to the Canadian Television Fund (CTF) and up to 20% to one or more independently-administered production funds, other than the CTF, provided that the funds meet the criteria specified in Public Notice CRTC 1997-98.

B. Total Community Channel Expenses

Table 4: Community Channel Expenses

	TOTAL COMMUNITY CHANNEL EXPENSES ($000)			
CLASS AND SUBSCRIBER LEVEL	1997	1998	1999	2000
Class 1 > 20k	62,166	54,971	54,879	58,540
Class 1 < 20k	10,838	11,585	12,579	13,169
Class 2	5,083	6,522	6,795	8,021
Total	78,087	73,078	74,253	79,730

Source: CRTC Financial Database

- Public Notice CRTC 1997-25 introduced flexibility for cable licensees in regard to the manner in which they contribute to Canadian programming and local expression, formerly required through investment in a community channel.
- Large Class 1 cable distributors have decreased their community channel expenses since the introduction of the 1998 BDU regulations. Small Class 1 and Class 2 operators have increased spending on the community channel since the introduction of the new BDU Regulations in 1998.
- The Commission is currently reviewing its policy approach to the community channel (Public Notice CRTC 2001-19).

C. Number of Systems Maintaining a Community Channel

Table 5: Cable Systems Contributing to Community Channels

	NUMBER OF CABLE SYSTEMS CONTRIBUTING TO COMMUNITY CHANNELS			
CLASS AND SUBSCRIBER LEVEL	1997	1998	1999	2000
Class 1 > 20k	69	69	68	72
Class 1 < 20k	69	70	71	74
Class 2	100	99	101	99

Source: CRTC Financial Database

- The 1998 BDU regulations do not require licensees to operate a community channel.
- The table above outlines the number of class 1 and class 2 cable undertakings that have reported community channel expenses between 1997 and 2000. The figures do not necessarily represent the actual number of community channels in operation, as some channels are funded by more than 1 undertaking.

- There does not appear to have been any significant change in the number of systems operating a community channel since the introduction of the 1998 regulations.

III. Affordability of Basic Service Rates

- The following table presents the average basic service monthly rates for the last four years for cable. The basic service rates are regulated for only Class 1 cable systems.

Table 6: Average Cable Basic Service Monthly Rates ($)

DISTRIBUTION TYPE	1997	1998	1999	2000
Class 1	18.70	18.51	19.02	19.50
Class 2	20.80	20.88	21.64	21.78
Class 3	25.32	25.52	24.01	24.23
STV	23.10	24.28	25.16	25.02
Average	19.38	19.29	19.60	20.00

Source: CRTC Financial Database

- The average rates are calculated from the rates noted in the annual returns provided by the distributors and are weighted to account for subscriber numbers.

- Since 1998, rate increases for Class 1 systems have been limited to approved pass-through rate increases for specialty services and the addition of new specialty services on basic.

- The basic rate of Class 2 systems has increased at an average annual rate of 1.5% since 1997 and the basic rate of Class 3 systems has decreased by 4% since 1997. The changes to the basic rates of Class 2 and 3 systems since 1997 likely reflect the introduction of competition.

Table 7: Cable - Average Class 1 Basic Service Monthly Rates by Province

Province	1997	1998	1999	2000
Newfoundland	19.26	19.26	19.74	19.82
P.E.I.	19.95	19.95	20.29	20.72
N.S.	15.75	15.99	14.60	16.54
N.B.	17.66	18.02	19.23	19.10
Quebec	22.62	21.24	21.32	21.64
Ontario	18.16	18.36	18.95	19.48
Manitoba	13.22	13.34	14.62	14.92
Saskatchewan	17.11	17.45	17.89	18.39
Alberta	16.50	16.68	17.57	18.54
B.C.	17.08	17.22	17.98	18.38

Source: CRTC Financial Database

- The monthly basic service rates in Quebec have historically been higher than the rates in other provinces due to a) the lower penetration levels for cable services in Quebec (67% in 2000 as compared to Canadian average of 73%) and b) the carriage of more specialty services as part of the basic tier.

IV. Promoting a Financially Strong Sector

A. Total Revenues

Table 8: Total Revenues

	TOTAL REVENUES ($ 000s)			
DISTRIBUTION TYPE	1997	1998	1999	2000
Class 1	2,370,384	2,592,162	2,875,841	3,154,361
Class 2	142,571	151,560	149,736	154,516
Class 3	262,498	270,525	276,484	273,248
MDS	1,414	4,525	11,314	29,837
DTH	N/A	38,570	154,270	358,862
STV	1,683	1,626	1,574	1,033
Total	**2,778,550**	**3,058,968**	**3,469,219**	**3,971,857**
Class 1 Breakdown Between Basic and Non-Basic				
Basic	1,625,349	1,653,312	1,681,605	1,709,989
Non-Basic	745,035	938,850	1,194,236	1,444,372

Source: CRTC Financial Database

- The BDU industry as a whole has been enjoying strong growth. In 2000, total revenues increased by over $500 million. Class 1 BDUs realized revenue growth in 2000 of almost 10% over 1999.

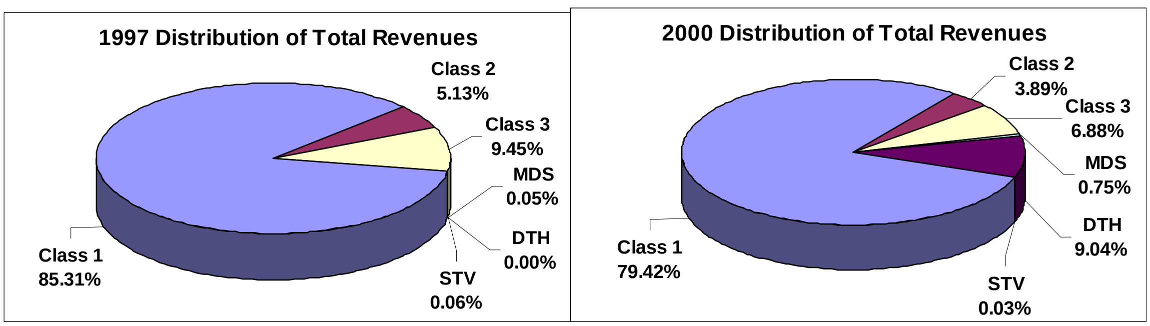
- The growth in Class 1 revenues since 1997 has been almost entirely related to non-basic services. Since 1997, non-basic revenues have grown by nearly 94%, as compared to slightly over 5% for basic revenues. Non-basic revenues contributed 46% of total Class 1 revenues in 2000.

- MDS providers reported strong growth in 2000, with a revenue increase of approximately 164% over 1999.

- DTH providers reported increased revenues of almost 133% in 2000.

- The charts below illustrate the changes in the share of total BDU revenues from 1997 to 2000.

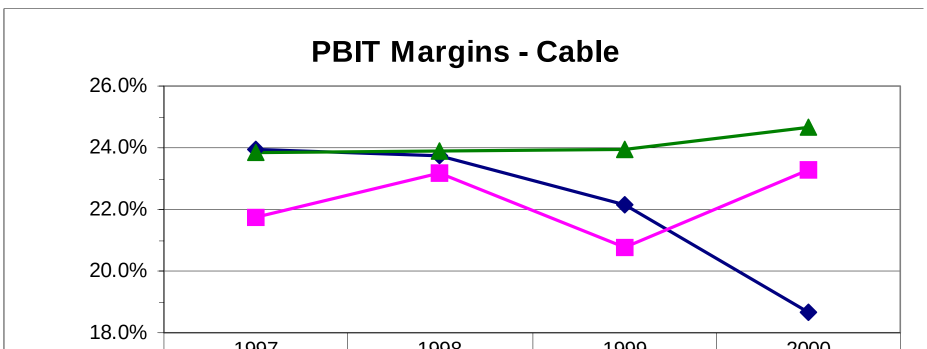
Chart 1: Distribution of Total Revenues



Source: CRTC Financial Database, July 2001

B. Profit before Interest and Taxes (PBIT) Margins

Chart 2: Profit before Interest and Taxes Margins



	1997	1998	1999	2000
Class 1	23.9%	23.7%	22.2%	18.7%
Class 2	21.7%	23.2%	20.8%	23.3%
Class 3	23.9%	23.9%	24.0%	24.7%

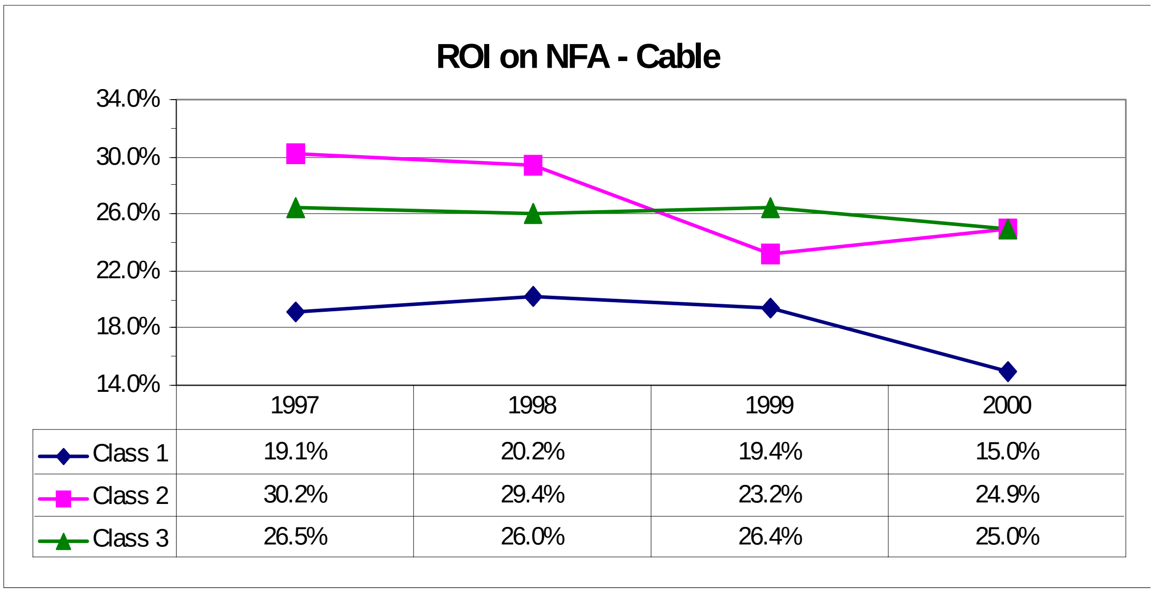
Source: CRTC Financial Database, July 2001

- The table above shows the PBIT margins for Class 1, 2 and 3 systems based on the reported results from all services (basic and non-basic).

- The PBIT margins for Class 2 and 3 cable systems remained within the 20-25% range between 1997-2000. The PBIT margin for Class 1 cable systems has decreased below 19% in 2000 due to higher affiliation payments and technical expenses on discretionary services, and increased depreciation expenses due to significant increases in fixed assets investment.

C. Return on Investment (R.O.I.)

Chart 3: Return on Investment on Average Net Fixed Assets



Source: CRTC Financial Database, July 2001

- The decrease in the ROI on Net Fixed Assets for all cable Class providers in 1999 and/or 2000 is a result of the significant capital expenditures incurred by cable providers to upgrade their systems to roll out digital services.

V. Concentration / Vertical Integration

A. Top 5 Cable Corporations by Total Basic Subscribers

Table 9: Top 5 Cable Distributors by Total Basic Subscribers

CORPORATIONS: BY RANK	2000 Subscribers	2000 National Share
Rogers Communications Inc.	2,222,137	28%
Shaw Cablesystems Ltd. – cable	1,803,763	23%
Vidéotron Ltée.	1,551,877	19%
Cogeco Inc.	833,138	10%
Moffat Communications	314,063	4%

Sources: CRTC Internal Report 'Ownership August 2000' and CRTC Financial Database

- As per Decision CRTC 2001-186, dated 23 March 2001, the CRTC has approved the transfer of effective control of Moffat Communications to Shaw Communications.

B. Pay & specialty services owned by top six Distributors

- In Public Notice CRTC 2001-66, the Commission amended its policy with respect to cable ownership of analog pay and specialty programming services. The Commission decided, as a matter of broadcasting policy, to allow cable companies to purchase controlling interests in Canadian analog pay and specialty services.

Table 10: Ownership of pay & specialty services by top six distributors

Corporation	Service Type	Service	Number of Subscribers (Year 2000)	Percentage of owner-ship
Rogers	Specialty	Sports Net (Note 1)	6,642,916	29.99%
		Outdoor Life Network	4,248,903	33.30%
	PPV	Viewer's Choice DTH PPV	245,000	24.95%
		Viewer's Choice PPV	544,000	24.95%
		Canal Indigo DTH PPV	69,728	9.98%
		Canal Indigo PPV	312,000	9.98%
	Digital Category 1	Mystery (13th Street)	N/A	9.90%
		The Biography Channel	N/A	40.00%
		TechTV Canada	N/A	33.33%
		Mystère (13ième Rue)	N/A	9.90%

Corporation	Service Type	Service	Number of Subscribers (Year 2000)	Percentage of ownership
Shaw	Specialty	CMT (Country)	7,578,872	90.00%
		The Comedy Network (TCN)	4,079,027	14.95%
		Telelatino (Ethnic Service)	2,938,835	20.00%
		TELETOON	5,479,763	40.00%
		TreeHouse	4,813,676	100.00%
		YTV Canada	8,255,990	100.00%
		Food Network	N/A	10.00%
	Pay & PPV	SuperChannel	410,679	100.00%
		MovieMax!	295,347	100.00%
		Home Theatre – PPV	232,942	100.00%
		Star Choice DTH PPV	163,098	100.00%
	Digital Category 1	The Biography Channel	N/A	40.00%
		The Canadian Documentary Channel	N/A	53.00%
		Country Canada (Land & Sea)	N/A	70.00%
		TechTV Canada	N/A	33.33%
Quebecor	Specialty	Pulse 24	2,295,323	29.90%
		Le Canal Nouvelles (LCN)	1,603,334	100.00%
		Canal Évasion	439,142	10.00%
	PPV	Canal Indigo DTH PPV	69,728	20.00%
		Canal Indigo PPV	312,000	20.00%
	Digital Category 1	Mystery (13th Street)	N/A	45.05%
		MenTV	N/A	51.00%
		Mystère (13ième Rue)	N/A	45.05%
		LCN Affaires	N/A	50.10%
		Télé Ha! Ha!	N/A	60.20%
Cogeco	PPV	Canal Indigo DTH PPV	69,728	20.00%
		Canal Indigo PPV	312,000	20.00%
	Digital Category 1	i Channel	N/A	49.00%
BCE	Specialty	NewsNet	6,433,376	100.00%
		Sports Net (Note 1)	6,642,916	40.00%
		The Discovery Channel	6,625,680	64.00%
		Canal Évasion	439,142	50.10%
		Outdoor Life Network	4,248,903	33.30%
		Réseau Des Sports (RDS)	2,502,538	80.00%
		The Comedy Network (TCN)	4,079,027	65.00%
		The Sports Network (TSN)	7,724,961	80.00%
		History Television (H&E)	4,446,864	12.00%
		Talk TV	N/A	100.00%
		ARTV (Télé des Arts)	N/A	16.00%
	PPV	Bell – DTH PPV	563,529	100.00%
		Bell – PPV	N/A	100.00%
		CTV Direct (Sports/Specials) DTH PPV / PPV	N/A	60.00%
		Viewer's Choice DTH PPV	245,000	19.96%
		Viewer's Choice PPV	544,000	19.96%
		Canal Indigo DTH PPV	69,728	7.98%
		Canal Indigo PPV	312,000	7.98%
	Digital Category 1	CTV Travel	N/A	100.00%
		WTSN (Note 2)	N/A	80.00%
		LCN Affaires	N/A	19.90%
		Réseau Info Sports (RIS)	N/A	80.00%
		Télé Ha! Ha!	N/A	19.90%
Moffat (Shaw)	Specialty	Lifestyle Television (WTN) (Note 3)	5,947,644	100.00%

Source: CRTC Ownership and Industry Analysis Divisions, CRTC Decisions 2000-449 to 2000-469 (Digital Category 1 services), and CRTC Financial Database

Notes:
1. In July 2001, an application was submitted by Rogers Broadcasting Limited to acquire the effective control of CTV Sports Net Inc.
2. Women Television Sports Network (WTSN) is owned through TSN
3. Currently owned (in trust) by Shaw Communications Inc.
4. Digital Category 2 servcices are not included.

VI. Promoting Digital Technology

Number of Subscribers Receiving Digital Services

Current Estimates

Table 11: Number of Digital Subscribers - May-August 2001

	NUMBER OF DIGITAL SUBSCRIBERS AND SHARE (%)					
DISTRIBUTION TYPE	English		French		Total	
Digital Cable	611,087	33%	123,565	30%	734,652	32%
DTH	1,190,971	64%	251,833	61%	1,442,804	64%
MDS	54,400	3%	35,135	9%	89,535	4%
Total	1,856,458	100%	410,533	100%	2,266,991	100%

Source: Cable, DTH and MDS Industry information releases, May-August 2001

- DTH providers are currently leading the way among digital service providers, with an estimated total market share of 64% of subscribers. Digital cable providers have a 32% share, and MDS providers have 4%.

- According to information from the CCTA's 2000-2001 Annual Report, digital cable services are currently available to approximately 93% of cable TV subscribers.

VII. Distribution of Specialty Services in the Official Language of the Minority

- As of September 1, 2001, cable systems were required to add certain services in the official language of the minority as per the obligations stipulated in Public Notice CRTC 2001-26. The table below provides some statistics on existing Class 1 cable systems with a nominal bandwidth of 750 MHz or higher and Class 1 systems with less than 750 MHz.

Table 12: Number of Systems and Subscribers

	English Markets		French Markets	
Distribution Type	Number of Systems	Number of subscribers	Number of Systems	Number of subscribers
Class 1 >20,000 Subscribers:				
Bandwidth of 750 MHz or higher	5	421,812	5	967,811
Bandwidth of less than 750 MHz	50	3,984,369	6	327,318

Source: CRTC Cable Capacity Reports of April 30, 2001

Note: The current Cable Capacity Reports only provide information for Class 1 Cable systems with over 20,000 subscribers. The Commission is revising its annual returns to include cable capacity statistics.

- The new policy requires that all Class 1 and Class 2 cable distributors using high-capacity digital technology (750 MHz nominal or more) offer all Canadian English- and French-language specialty services and at least one pay television service in each language except Category 2 digital specialty services and pay-per-view television services.

- All Class 1 and Class 2 cable distributors using lower-capacity digital technology (less than 750 MHz nominal) are required to offer at least one Canadian specialty service in the official language of the minority in either analog or digital mode for every 10 (Canadian or non-Canadian) programming services distributed in the official language of the majority.

- All Class 3 cable distributors using medium-capacity or high-capacity digital technology (550 MHz or more) are required to distribute at least one Canadian specialty service in the official language of the minority for every 10 (Canadian or non-Canadian) programming services distributed in the official language of the majority. Furthermore, a Class 3 system which is fully interconnected to another system will be required to provide the same number of Canadian services in the official language of the minority as the system to which it is interconnected, unless it does not have the technical capacity to do so in spite of the interconnection.

Internet

I. Internet Use

A. Canada and the Internet

The longest running Internet host survey is conducted every six months by the Internet Software Consortium (ISC), most recently in January 2001. For the purposes of the survey, the ISC defines a host as a domain name that has an IP address record associated with it. This would be any computer system connected to the Internet, i.e. www.crtc.gc.ca. The results of this survey are as follows:

Table 1: The 12 Most Used Top-Level Domain Names, by 2001 Ranking

domain Name	number of hosts		hosts / 1,000 inhabitants	
	Jan. 2000	Jan. 2001	Jan. 2000	Jan. 2001
.com (generic)	24,863,331	36,352,243	-	-
.net (generic)	16,853,655	30,885,116	-	-
.edu (generic)	6,085,137	7,106,062	-	-
.jp (Japan)	2,636,541	4,764,838	20.8	37.6
.ca (Canada)	1,669,664	2,364,014	53.6	75.9
.uk (United Kingdom)	1,901,812	2,291,369	32.3	38.9
.us (United States)	1,875,663	2,267,089	6.7	8.1
.de (Germany)	1,702,486	2,163,326	20.7	26.3
.mil (generic)	1,751,866	1,844,369	-	-
.it (Italy)	658,307	1,630,526	11.5	28.5
.au (Australia)	1,090,468	1,615,939	57.7	85.6
.nl (Netherlands)	820,944	1,309,911	52.0	83.0
Internet Total	72,398,092	109,574,429	-	-

Note: The majority of generic domain names are used by U.S. hosts.
Sources: ISC Internet Domain Survey, January, 2001.
United Nations Population Division.

- Top-level domain names come in two forms, those that have been assigned to particular countries (i.e. .ca for Canada, .fr for France) and generic names which are not country-specific (i.e. .com, .net). Canadian web sites can, and many do, use a generic top-level domain name instead of .ca. Nevertheless, a country specific top-level domain name is one of the best means available to estimate a country's Internet presence.

- In November 2000 the Canadian Internet Registration Authority (CIRA) became the administrative authority for the .ca domain registry. CIRA has set out Canadian presence requirements for those wishing to register for a .ca domain name. Those who can apply are Canadian citizens, permanent residents or their legal representatives; federal, provincial, or territorial corporations, organizations, and institutions; and owners of a registration under the Trade-marks Act of Canada or persons protected by that Act.[1]

- The January 2001 survey counted 109,574,429 hosts over the entire Internet, of which 2,364,014 (2.2%) used a .ca top-level domain name.

- The second most popular country domain name is Canada's .ca, ranking Canada as one of the most Internet-developed countries in the world.

B. Computer Ownership by Canadian Households

Table 2: PC Ownership Rates of Canadian Households

	1997	1998		1999		2000		2001
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Mar
Household PC Ownership Rate	46%	49%	51%	52%	52%	57%	58%	63%

Source: Cyber Trends, ComQUEST Research Inc.

- Income was a determining factor in computer ownership. In March 2001, 88% of households with an income of over $80,000 owned computers while 37% of households with an income of under $20,000 owned computers.

- In March 2000, only 26% of households with an income of under $20,000 owned computers.

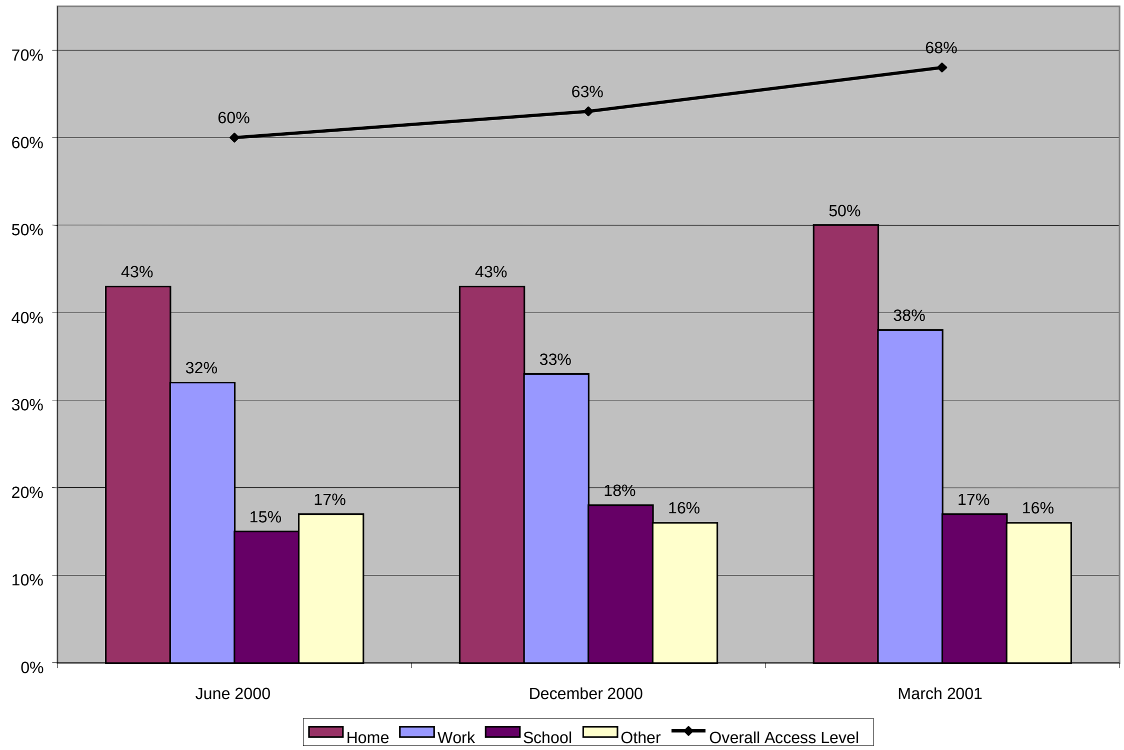
- By March of 2001, over a quarter (27%) of all households reported owning more than one computer.

[1] CIRA web site, August 2001. "Canadian Presence Requirements for Registrants".

C. Internet Access

i. Internet Access by Location

Chart 1: Internet Access by Location



Source: Cyber Trends, ComQUEST Research Inc.

- Access to the Internet from home, work, school or elsewhere continues to rise, with 68% of Canadians having access to the Internet from one or more of these locations as of March 2001.

ii. Internet Access in Canadian Households

Table 3: Internet Access by Household Income (%)

Income ($ 000)	Home June 2000	Home March 2001	Work June 2000	Work March 2001	School June 2000	School March 2001	Overall June 2000	Overall March 2001
< 20	14	22	7	15	14	17	29	44
20-40	31	36	22	26	10	13	50	56
40-60	48	55	36	41	16	15	71	77
60-80	64	67	48	52	16	13	79	81
80 <	73	81	66	70	20	25	88	93
All	43	50	32	38	15	17	60	68

Source: Cyber Trends, ComQUEST Research Inc.

- As with computer ownership, in March 2001 the lower income groups were the least likely to have access to the Internet. Lower income groups are nevertheless demonstrating the fastest growth in Internet access.

Table 4: Internet Access by Education (%)

Education	Home		Work		School		Overall	
	June 2000	March 2001	June 2000	March 2001	June 2000	March 2001	June 2000	March 2001
< High School	10	22	5	8	4	10	20	31
High School	34	41	19	23	11	15	50	59
Some College/ University	53	58	37	43	20	21	73	81
Post Secondary	61	64	53	55	21	21	83	83
Post Graduate	68	70	63	72	17	18	81	89
All	43	50	32	38	15	17	60	68

Source: Cyber Trends, ComQUEST Research Inc.

- Rates of Internet access are also related to education levels. 89% of Canadians with a post graduate education had access to the Internet in March 2001.

Table 5: Internet Access by Age of Head of Household (%)

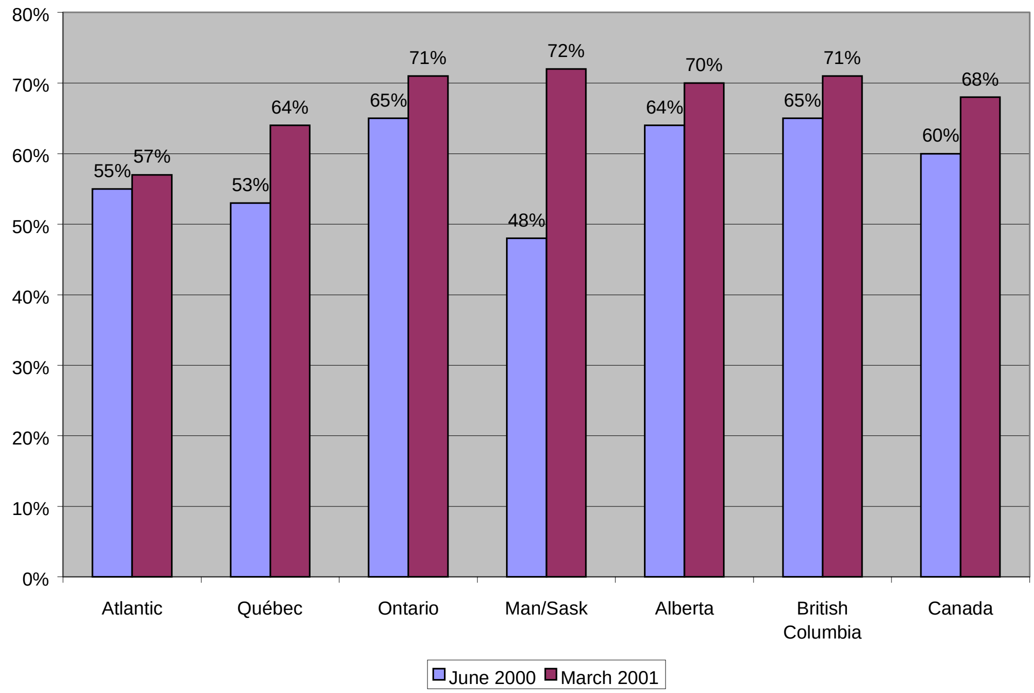
Age	Home		Work		School		Overall	
	June 2000	March 2001	June 2000	March 2001	June 2000	March 2001	June 2000	March 2001
18-34	51	56	39	41	30	34	78	83
35-44	52	65	46	49	14	17	71	80
45-54	49	56	37	50	11	15	62	74
55-64	35	54	18	31	4	5	44	58
65+	11	17	2	3	0	0	16	22
All	43	50	32	38	15	17	60	68

Source: Cyber Trends, ComQUEST Research Inc.

- As a new medium the Internet has been adopted earlier by young households. In March 2001, 83% of households with a head between the ages of 18 and 34 had access to the Internet.

- Households led by senior citizens have not yet adopted the Internet in significant numbers.

Chart 2: Penetration Rates by Region

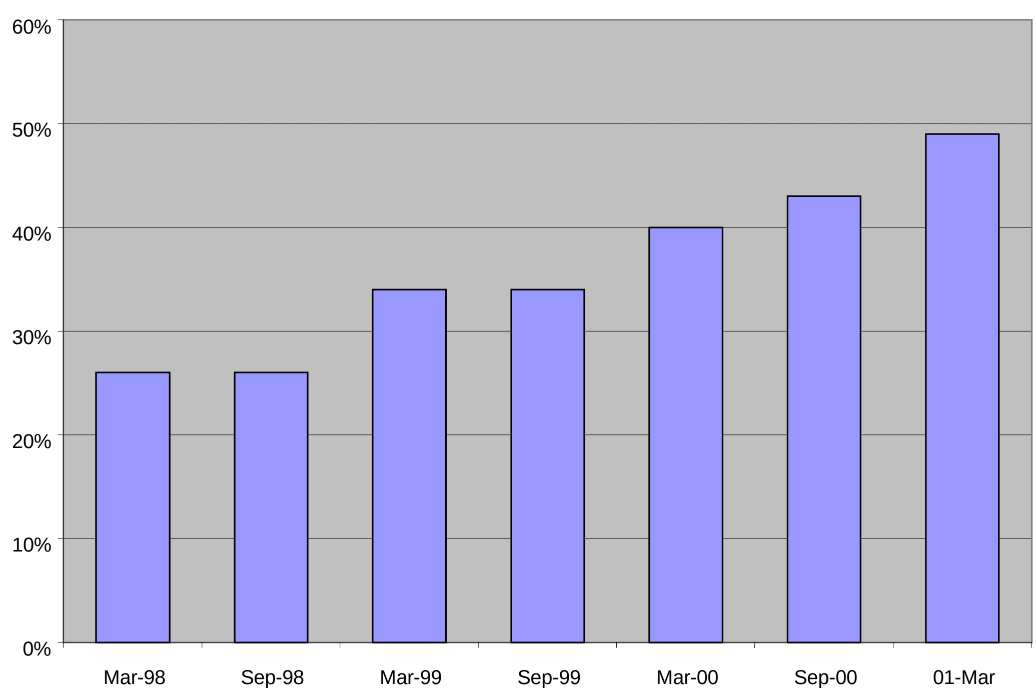


Source: Cyber Trends, ComQUEST Research Inc.

- All areas of Canada have improved their Internet access rates, most notably Manitoba/Saskatchewan and Québec.

iii. Frequency and Duration of Internet Use

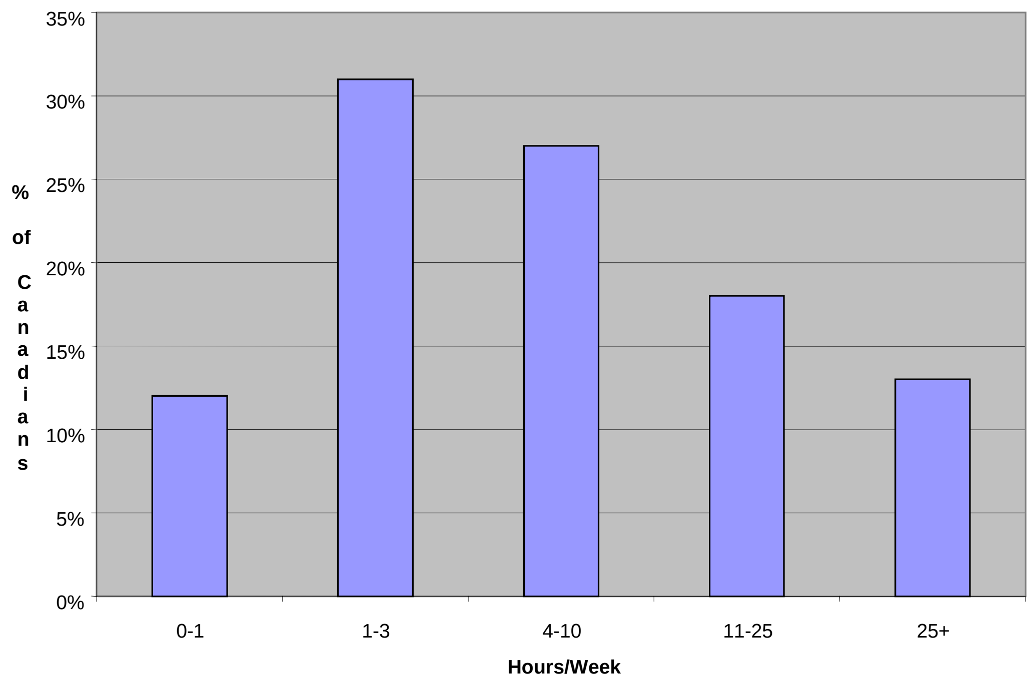
Chart 3: % of all Canadian Adults Using the Internet in a Given Week



Source: Cyber Trends, ComQUEST Research Inc.

- 68% of all Canadians reported having access to the Internet in March of 2001: 60% of Canadians used the Internet once a month, and 48% used it once a week.

Chart 4: Time Spent by Canadian Adults with Internet Access on the Internet in a Given Week (March 2001)

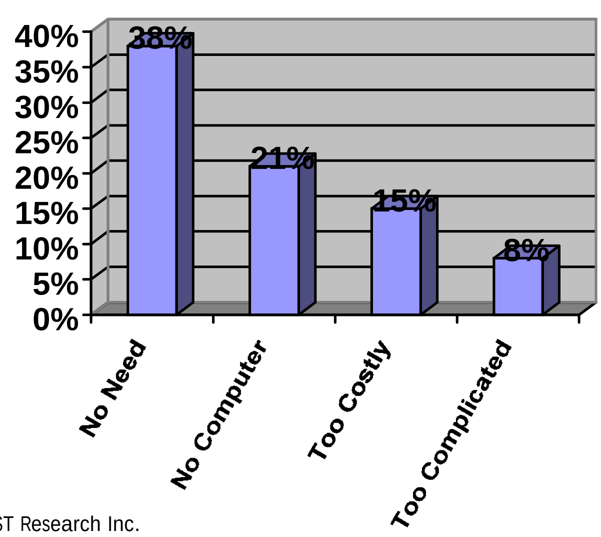


Source: Cyber Trends, ComQUEST Research Inc.

The average Canadian with Internet access connects to the Internet 13 times a week for an average of 12 hours of Internet use a week.

iv. Profile of Canadians Without Internet Access

Chart 5: Major Reasons for not Having Access to the Internet



Source: Cyber Trends, ComQUEST Research Inc.

- Over a third of Canadians that do not have access to the Internet don't feel they need it or are not interested in it.

- This lack of interest was distributed relatively evenly across households of different incomes.

- The cost of Internet access does not appear to be a major deterrent.

- The same percentage, 18%, of households with incomes of under $20,000 and incomes of over $80,000, cited cost as a concern.

v. Internet Activities

- The most common Internet activity is e-mail, followed by visits to specific sites of interest.

Table 6: On-line Activities of Canadians, March 2001

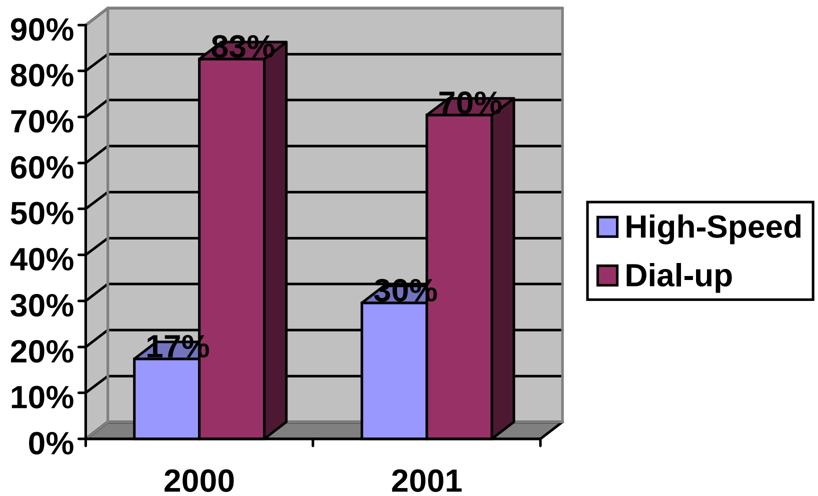
	% of Canadian adults who connected to the Internet once a month	
Activity	Most of the Time	Some of the Time
E-Mail	67	22
Specific sites of interest	62	27
Search for specific information	58	31
Surf or browse	19	37
Music Related	13	22
Downloading	12	30
Chat	5	12
Online Gaming	5	8
Listen to radio	4	12
Watch video	2	17

Source: Cyber Trends, ComQUEST Research Inc.

- 67% of Canadians who connected to the Internet in March of 2001 used e-mail most of the time.

vi. Type of Internet Access Used at Home

Chart 6: Dial-up and High-speed Internet Access at Home

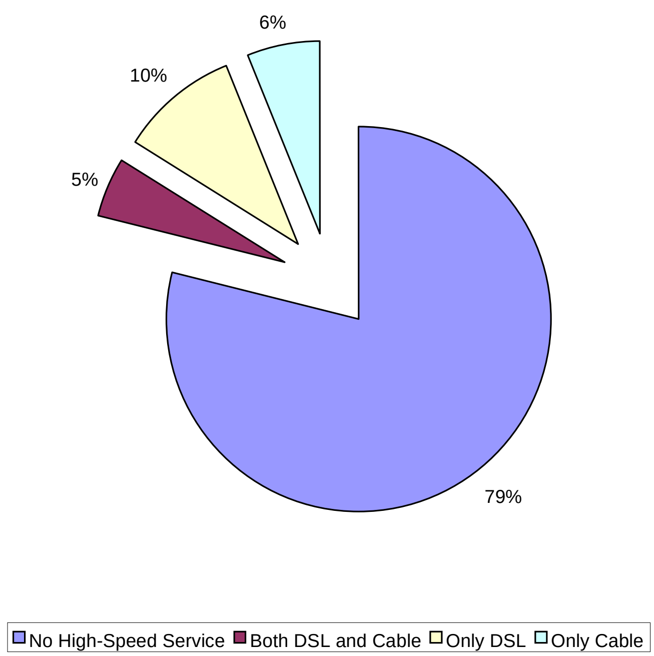


Source: Cyber Trends, ComQUEST Research Inc.

- The data from March 2000 and March 2001 indicate that high-speed Internet access in Canadian homes is growing, almost doubling its share of the market.

- The National Broadband Taskforce was established by Industry Canada to develop a strategy for ensuring that broadband services are available to businesses and residents in every Canadian community by 2004. A community is defined as a Statistics Canada Census Sub-division.

Chart 7: Availability of High-speed Internet Services in Canadian Communities



Source: The New National Dream: Networking the Nation for Broadband Access, National Broadband Task Force

- According to a report of the National Broadband Task Force "The New National Dream: Networking the Nation for Broadband Access," approximately three-quarters of Canadians have access to high speed Internet services, with half having a choice between cable and DSL high-speed Internet services.

- Canadians with access to high speed Internet services live in 1,203 of the 4,781 communities present in Canada. The remaining three-quarters of Canadian communities have no access to high-speed Internet services.

- Most urban and sub-urban communities have high-speed access to the Internet, with outlying and remote communities making up the bulk of unserved communities.

The Canadian Internet Service Provider (ISP) Industry

Table 7: Residential Subscribers of the Largest ISP's, 2nd quarter 2001

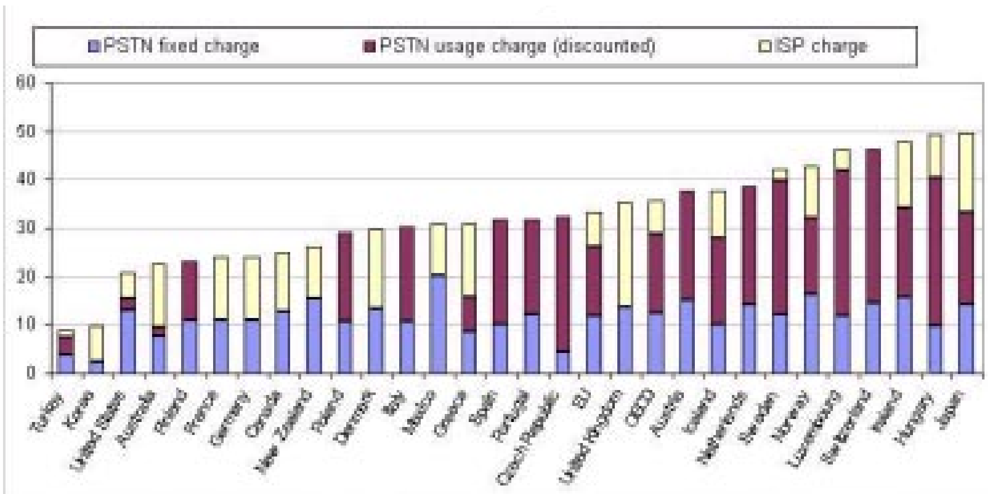
	Dial-up subscribers (000)	High-speed subscribers (000)	Total subscribers (000)
Bell	968	529	1,497
Cybersurf (3web)	600	-	600
Telus	440	127	567
Shaw	-	509	509
Rogers	-	379	379
AOL (Compuserve)	350	-	350
Quebecor (Vidéotron)	-	183	183
Look	169	9	178
AT&T	175	-	175
Sprint	116	-	116
Cogeco	-	101	101
Technovision (Uniserve)	60	1	61
TOTAL	2,878	1,838	4,716

Notes: All results are as of June 30, 2001, except for Shaw and Cogeco (May 31, 2001) and Look (March 31, 2001). These results do not include the entire ISP industry, only the largest players.
Sources: Quarterly financial reports, corporate press releases.

vii. Internet Access Rates, Canada and the World

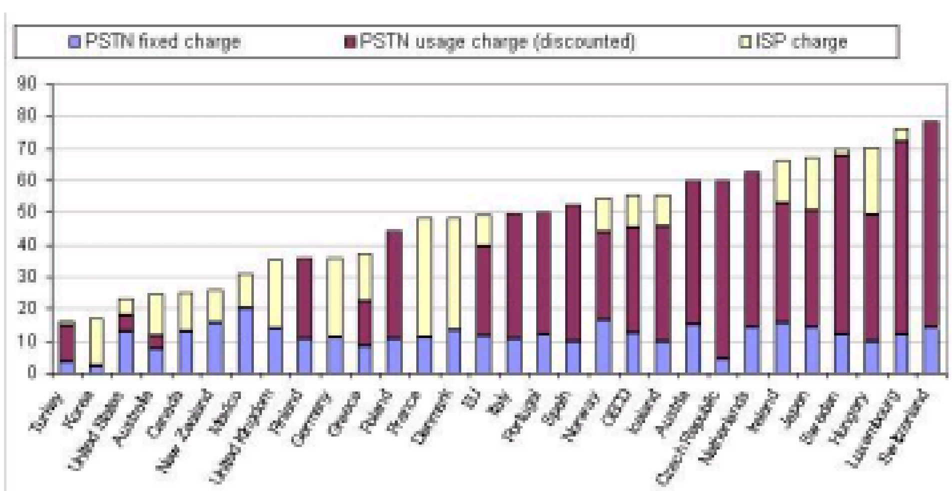
- Canadians enjoy some of the lowest Internet access rates in the world, due in large part to the comparatively low local calling fees. Canada is one of the few countries where local calls are based on a flat monthly fee and not on a per use charge.

Chart 8: OECD Internet Access Basket for 20 hours at peak times
using discounted PSTN rates, August 2001,
in US$, including VAT



Notes: OECD = Organization for Economic Cooperation and Development; PSTN = public switch telephone network; VAT = value-added taxes. PSTN fixed charges include monthly rental fee. The basket includes 20 one-hour calls. In some countries, ISP and PSTN usage charges are bundled and included under either the ISP or the PSTN charge.
Source: OECD, http://www.oecd.org

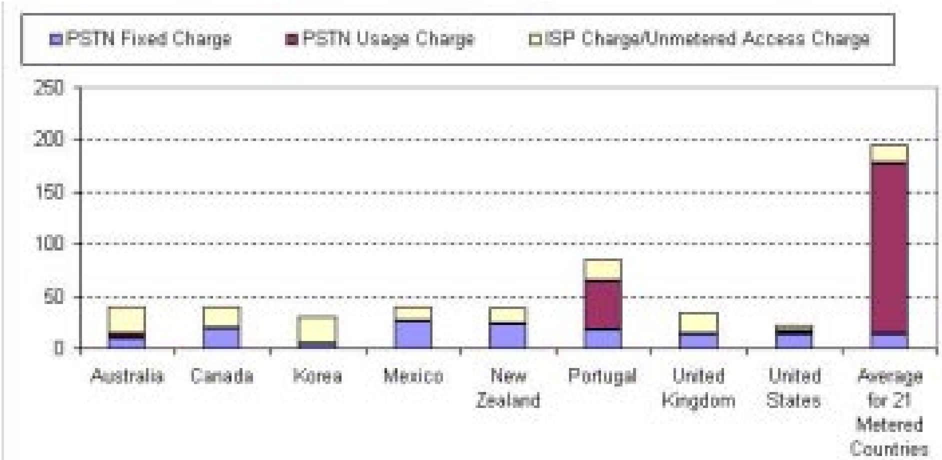
Chart 9: OECD Internet Access Basket for 40 hours at peak times
using discounted PSTN rates, August 2001,
in US$, including VAT



Notes: OECD = Organization for Economic Cooperation and Development; PSTN = public switch telephone network; VAT = value-added taxes. PSTN fixed charges include monthly rental fee. The basket includes 40 one-hour calls. In some countries, ISP and PSTN usage charges are bundled and included under either the ISP or the PSTN charge.
Source: OECD, http://www.oecd.org

- Canada is also one of the few countries in the world that offers unlimited dial-up or "always on" DSL access. When compared to an average cost for countries which only offer metered Internet access, the cost to Canadians for Internet access becomes even more advantageous.

Chart 10: OECD "Always On" Internet Access Basket at peak times, August 2001, in US$ (PPP), including VAT



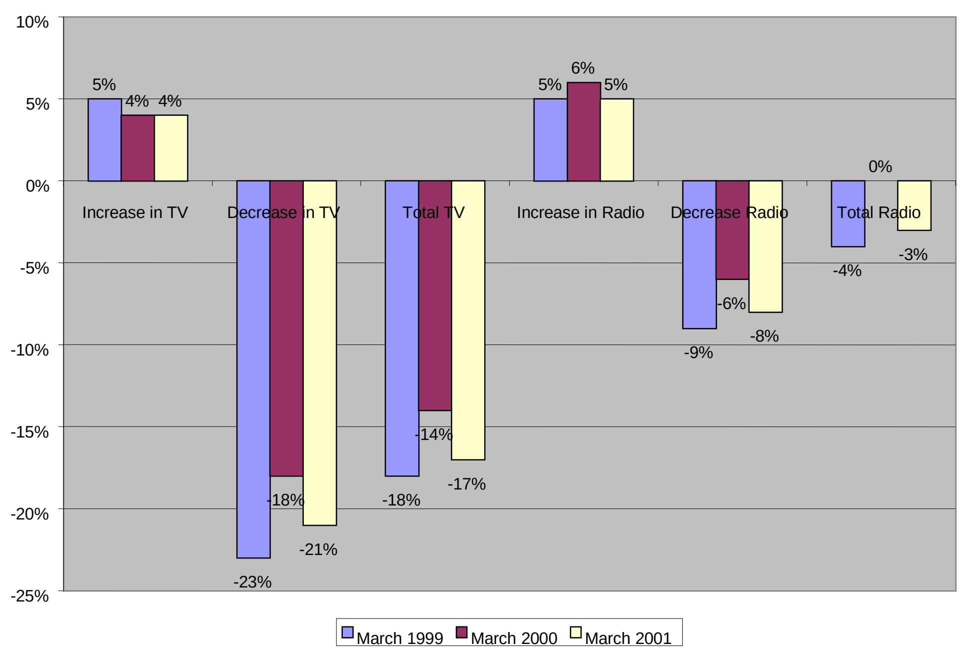
Notes: OECD = Organization for Economic Cooperation and Development; PSTN = public switch telephone network; VAT = value-added taxes. PSTN fixed charges include monthly rental fee. The basket includes 30 one-hour calls, for a total of 150 hours of Internet access per month. "Average" includes all OECD countries with metered telecommunication charges for Internet access.
Source: OECD, http://www.oecd.org

Note: These figures apply only to Internet access via telephone lines.

D. The Effect of Internet Use on Broadcast Media

- Cybertrends has reported that the rapid increase in Internet use has influenced some Canadians to decrease or increase their use of broadcast media. Overall there has been a net decrease in the use of broadcast media, particularly television, commensurate with the increase in Internet use.

Chart 11: % of Canadians Reporting an Effect of Internet Use on Broadcast Media

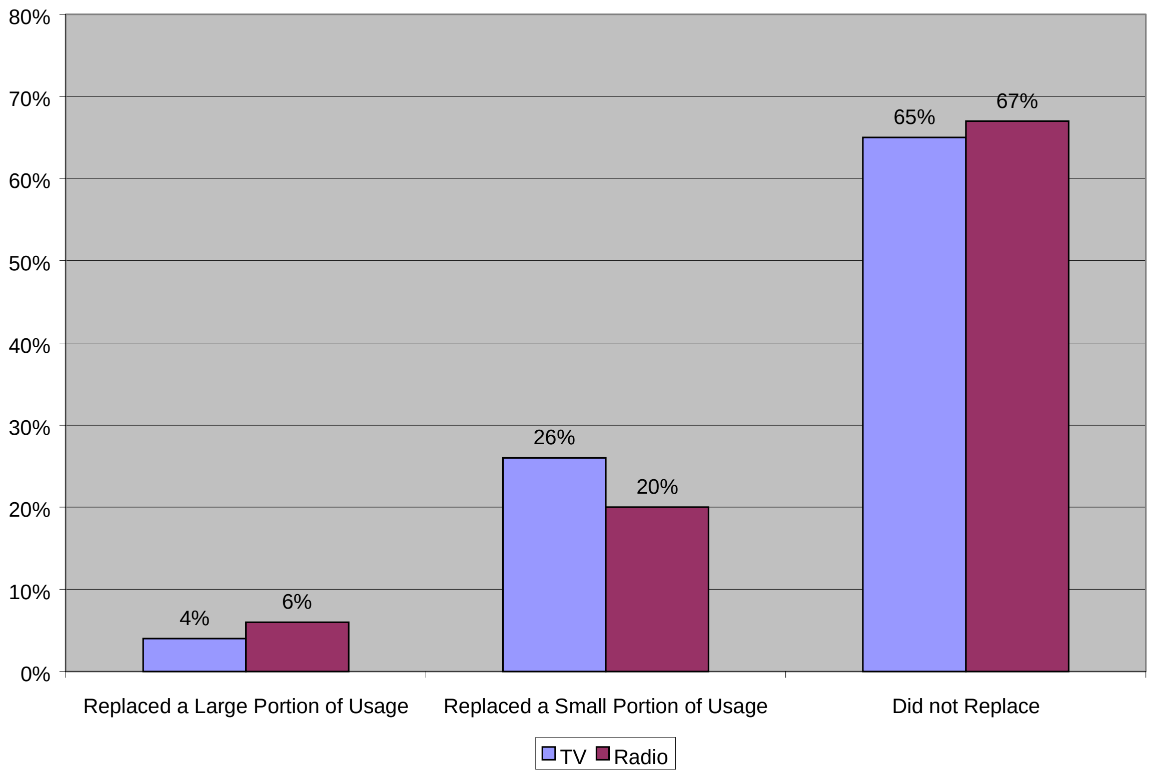


Source: Cyber Trends, ComQUEST Research Inc.

- In 35% of Canadian homes, the TV and computer are in the same room. As a result, 15% of Canadians use the Internet while also watching TV. These Canadians spent an average of 26% of their total TV viewing time simultaneously using the Internet.

- A May 2001 study by Arbitron and Coleman in the United States looked specifically at the effect on broadcast media of streaming media, video and audio.

Chart 12: The Effect of Video Streaming on TV Usage and of Streaming Audio on Radio Usage



Source: Broadband Revolution 2, Arbitron Webcast Services, Coleman

E. Trends in Internet Advertising

- Internet advertising revenues in Canada virtually doubled in 2000 to $109 million from $55.5 million in 1999, representing 1.5% of overall advertising revenues in Canada.[2]

- Despite the economic slowdown, Internet advertising is still expected to grow by about 30% in 2001.

[2] Panorama Publicitaire 2001, Carat Expert.

- The United States is still the world leader in Internet advertising, with 6% of all U.S. advertising revenues coming from Internet advertising. The United Kingdom and France are closer to Canada at about 2%.

- Internet advertising continues to take new shapes and forms as technology advances. The banner ad has been joined by pop-up window ads and ads featuring streaming video and audio. E-mail marketing is also a popular form of Internet advertising, and as many as 10% of e-mails received in 2000 were of an advertising nature.

- The majority, 56%, of Canadian Internet users are exposed to Internet advertising when they go on-line. Only approximately 18% have actually clicked on an ad, a figure that has remained steady over the past two years.[3]

- The type of connection seems to be a significant factor affecting Internet advertising, with high-speed users being 55% more likely to have clicked on an Internet ad than the Canadian average.

F. E-commerce

- Global Internet commerce amounted to CDN$195 billion in 1999, CDN$404 billion in 2000, and is expected to reach $4 trillion by 2004.[4]

- E-commerce in Canada amounted to $11 billion in 1999, and is expected to reach $152 billion by 2004, accounting for 3.9% of world e-commerce.

- As of March 2001, 19% of Canadians reported having made a purchase on-line, although only 14% reported being very comfortable buying on-line.[5]

- 88% of Canadians prefer to purchase from retail stores whereas only 13% indicated that they preferred shopping over the Internet.

- The two most prominent reasons why Canadians don't want to shop on-line were related to concerns over security and privacy. The third most frequent reason is that Canadians want to see a product before purchasing it.

- Half of all Canadians with Internet access, however, used the Internet to search for product information.

- According to an International study[6] Canadians were the eighth most frequent Internet shoppers, with 18% of all Canadian Internet users having purchased on-line.

---

[3] Cyber Trends, ComQUEST Research Inc.
[4] Canadian Internet Commerce Statistics Summary Sheet, Industry Canada.
[5] Cyber Trends, ComQUEST Research Inc.
[6] Global eCommerce Report 2001, Taylor Nelson Sofres Interactive.

- Americans are the world’s most frequent Internet shoppers, with a third of all U.S. Internet users having made a purchase over the Internet. The global average was 15%.

- Globally, the most popular items purchased over the Internet are books and music.