Introduction

The CRTC Action Plan 2000-2003 included the establishment of a broadcasting monitoring framework based on performance indicators to measure the results and effectiveness of CRTC policies and identify policy areas that may require further review or adjustment.

This first edition outlines the initial performance indicators that the CRTC will use in its on-going assessment of the impact of CRTC broadcasting policies and decisions.

In the past few years, most of the major broadcasting policies have been revised. These policies were used as the starting point to develop the performance indicators:

- 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

The CRTC will report on the performance indicators annually and will amend its broadcasting monitoring framework to reflect changes to the broadcasting environment and CRTC policies. The framework is sub-divided in four sections:

- Radio
- Television
- Broadcasting distribution
- New media.

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Broadcasting Distribution

New Media

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 for the years 1994-1999. 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.

Table 1: Radio tuning in an average week
total hours tuned ("THT")
(000s)

	1994		1995		1996		1997		1998		1999	
	THT (000)	%	THT (000)	%	THT (000)	%	THT (000)	%	THT (000)	%	THT (000)	%
English AM	169,305	32	163,704	31	146,937	29	143,274	28	138,986	25	133,316	25
English FM	219,084	41	226,945	43	231,903	45	233,510	45	269,081	49	268,211	49
French AM	36,280	7	32,075	6	31,208	6	29,219	6	24,052	4	20,536	4
French FM	82,363	15	81,606	15	76,944	15	79,684	15	91,160	17	91,898	17
Other	26,075	5	27,408	5	29,117	5	30,877	6	29,523	5	30,675	5
Total	533,107	100	531,738	100	516,109	100	516,564	100	552,802	100	544,636	100

Note: Other is principally tuning to U.S. stations.
Source: BBM Fall 1994 to Fall 1999

Table 2: Radio tuning in an average week
6 a.m. to 6 p.m., total hours tuned ("THT")
(000s)

	1994		1995		1996		1997		1998		1999	
	THT (000)	%	THT (000)	%	THT (000)	%	THT (000)	%	THT (000)	%	THT (000)	%
English AM	139,823	32	135,400	31	n/a	n/a	119,794	28	116,767	26	111,626	25
English FM	175,401	40	181,130	42	n/a	n/a	188,027	45	217,845	48	216,287	49
French AM	31,575	7	27,793	6	n/a	n/a	25,102	6	20,788	5	17,381	4
French FM	68,269	16	67,271	16	n/a	n/a	67,068	16	77,075	17	77,225	17
Other	19,035	5	20,140	5	n/a	n/a	22,819	5	22,041	4	23,026	5
Total	434,103	100	431,734	100	n/a	n/a	422,810	100	454,516	100	445,545	100

Source: BBM Fall 1994 to Fall 1999, BBM data for 1996 is unavailable for this time period

- Both tables reveal the continued importance of radio to Canadians. Average weekly hours have increased over both the entire day and between 6 a.m. and 6 p.m. from 1994-1999.

- Tuning to AM stations, both English and French, declined annually from 1994 to 1999, while tuning to FM stations increased.

- The following charts compare the tuning levels of AM and FM stations in 1999, and clearly demonstrate the predominance of FM radio.

Chart 1: Total hours tuned in an average week, 1999

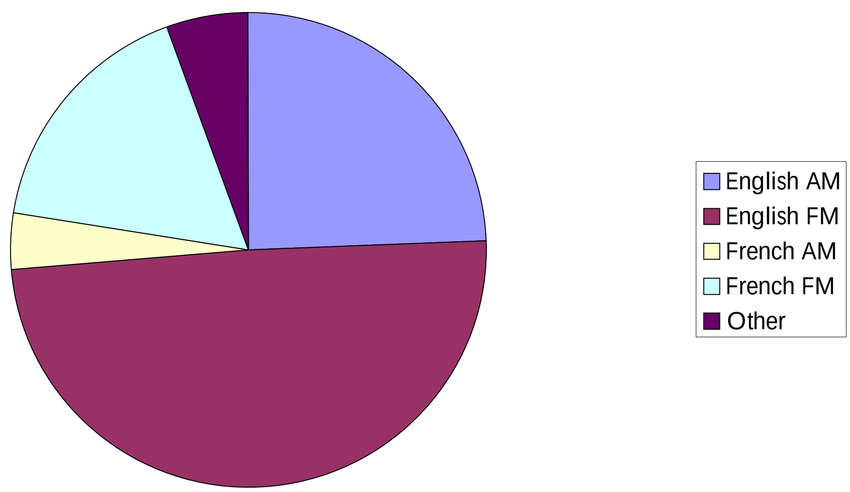
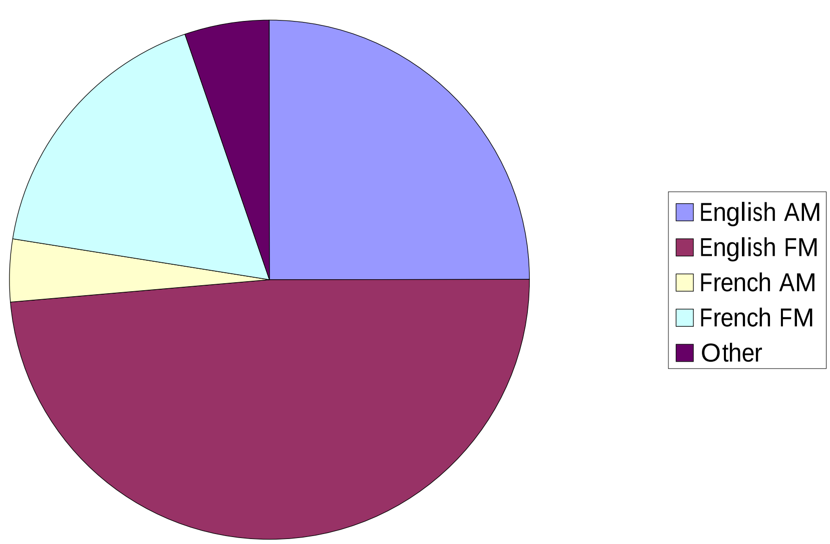


Chart 2: Total hours tuned in an average week, 6 a.m. to 6 p.m., 1999



B. Advertising

Table 3: Advertising revenue by media
($ million)

Media	1994	1995	1996	1997	1998	1999
Television	1,788	1,876	1,994	2,104	2,321	2,358
Daily Newspaper	1,220	1,323	1,399	1,644	1,698	1,734
Radio	742	769	798	848	920	952
Magazine	531	621	611	647	707	747
Weekly Newspaper	579	615	634	673	765	788
Billboard	132	167	200	220	250	287
Internet	-	-	1.5	9.8	24.5	55.5
Total	4,992	5,371	5,638	6,146	6,686	6,922

Note: Daily newspaper revenues exclude classified ads.
Source: Carat Expert, Panorama Publicitaire 2000

Chart 3: Share of advertising revenue
by media, 1999

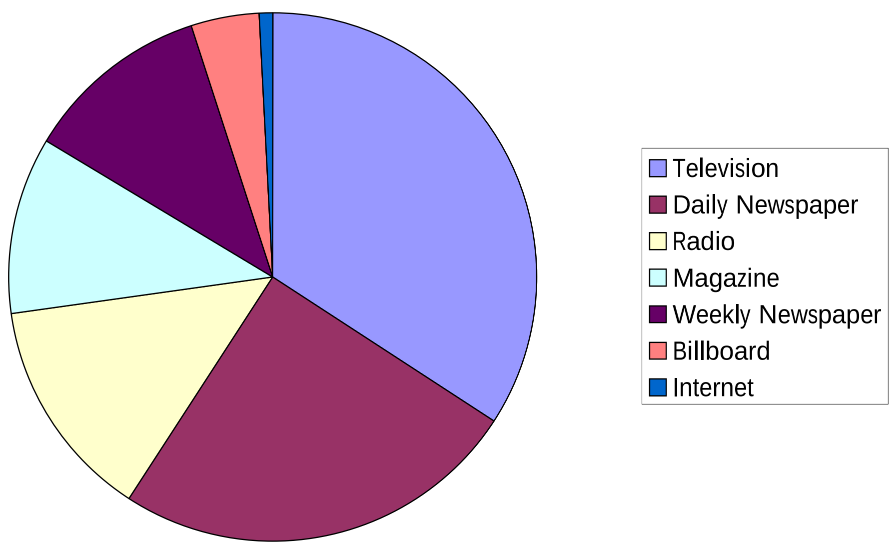


Table 4: Share of advertising revenue by media
(%)

Media	1994	1995	1996	1997	1998	1999
Television	35.8	34.9	35.4	34.2	34.7	34.1
Daily Newspaper	24.4	24.6	24.8	26.7	25.4	25.1
Radio	14.9	14.3	14.2	13.8	13.8	13.8
Magazine	10.6	11.6	10.8	10.5	10.6	10.8
Weekly Newspaper	11.6	11.5	11.2	11.0	11.4	11.4
Billboard	2.6	3.1	3.5	3.6	3.7	4.1
Internet	-	-	0.0	0.2	0.4	0.8

Source: Carat Expert, Panorama Publicitaire 2000

- Total commercial radio advertising revenues have increased annually from 1994 to 1999.

- Radio's share of the advertising pie has gradually declined from 1994 to 1999.

C. Digital radio

- As of July 2000, 53 licences for transitional digital radio undertakings (DRUs) had been granted. Of these licences, 41 went to existing commercial radio stations and 12 to existing CBC stations.

- In addition, three licence amendments to add digital radio broadcasting transmitters (DRBs) had been granted. These amendments are temporary measures which allow the licensee to simulcast its conventional station digitally while the licensee's application for a DRU is being processed. Of the DRBs, one belonged to a private commercial station and two to the CBC.

II. Ownership

A. The top ten ownership groups

Table 5: Ten largest radio operators
Radio revenue & national share
by 1999 ranking

	# of radio undertakings			Radio revenue ($ 000s)			National share of revenue (%)		
Corporations:	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**
Rogers Communications Inc.	20	19	25	77,948	85,355	108,820	9	9	11
CHUM Limited	25	25	27	69,662	78,125	89,342	8	8	9
Standard Broadcasting Corp. Ltd.	13	13	12	70,203	81,676	88,204	8	9	9
WIC - Western International Com. Ltd.	12	12	12	69,298	73,506	79,869	8	8	8
Télémédia Inc.	30	25	28	66,050	68,558	78,717	8	7	8
Shaw Communications	11	11	11	48,589	51,524	51,568	6	5	5
Radiomutuel Inc.	12	12	12	39,763	41,621	39,825	5	4	4
Métromédia CMR Broadcasting Inc.	5	5	7	22,456	25,555	32,490	3	3	3
Newcap Broadcasting Inc.	12	12	13	19,210	19,906	23,700	2	2	2
Maritime Broadcasting Ltd.	11	15	19	-	-	23,103	-	-	2
Total	151	149	166	483,179	525,826	615,638	56	56	63
Total – all private radio	479	487	487	868,772	940,077	972,443	100	100	100

Notes: WIC's radio assets were acquired by Corus Entertainment Inc., Decision CRTC 2000-222 (July 6th, 2000), and Shaw Communications' radio assets were transferred to Corus Entertainment Inc. Radiomutuel was acquired by Astral Communications Inc., Decision CRTC 2000-5 (Jan. 12th, 2000).
Sources: CRTC Internal Report 'Ownership August 1999', August 2000 & CRTC Financial Database

- The majority of corporations in the top ten by revenue experienced a steady increase in radio revenues between 1997 and 1999. The revenue increases can be attributed to both general economic expansion and acquisitions.

- Both the number of stations operated by the top ten and their national share of revenues are on the rise.

B. Top ten by total hours tuned

Table 6: Ten largest radio operators tuning by 1999 ranking

	Listening hours (000s)			All radio share (%)		
Corporations:	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**
Rogers Communications Limited	32,639	34,648	46,662	6	6	9
Standard Broadcasting Corp. Ltd.	43,543	47,068	43,275	8	9	8
CHUM Limited	37,116	38,196	40,663	7	7	7
Télémédia Communications Inc.	37,789	40,357	38,401	7	7	7
WIC – Western International Com. Ltd.	37,337	39,249	38,293	7	7	7
Métromédia CMR Broadcasting Inc.	21,239	22,490	24,055	4	4	4
Shaw Communications Inc.	24,401	25,411	22,628	5	5	4
Radiomutuel Inc.	19,382	19,023	20,191	4	3	4
Newcap Broadcasting Limited	-	-	11,477	-	-	2
Maritime Broadcasting System Limited	-	10,241	10,697	-	2	2
Rawlinson Group	15,115	14,073	-	3	3	-
Radiomédia Inc.	9,158	-	-	2	-	-
Total	277,719	290,756	296,342	54	53	54
Total private radio	436,935	466,091	459,198	—	—	—
Total all radio – Canada	516,564	552,798	544,637	100	100	100

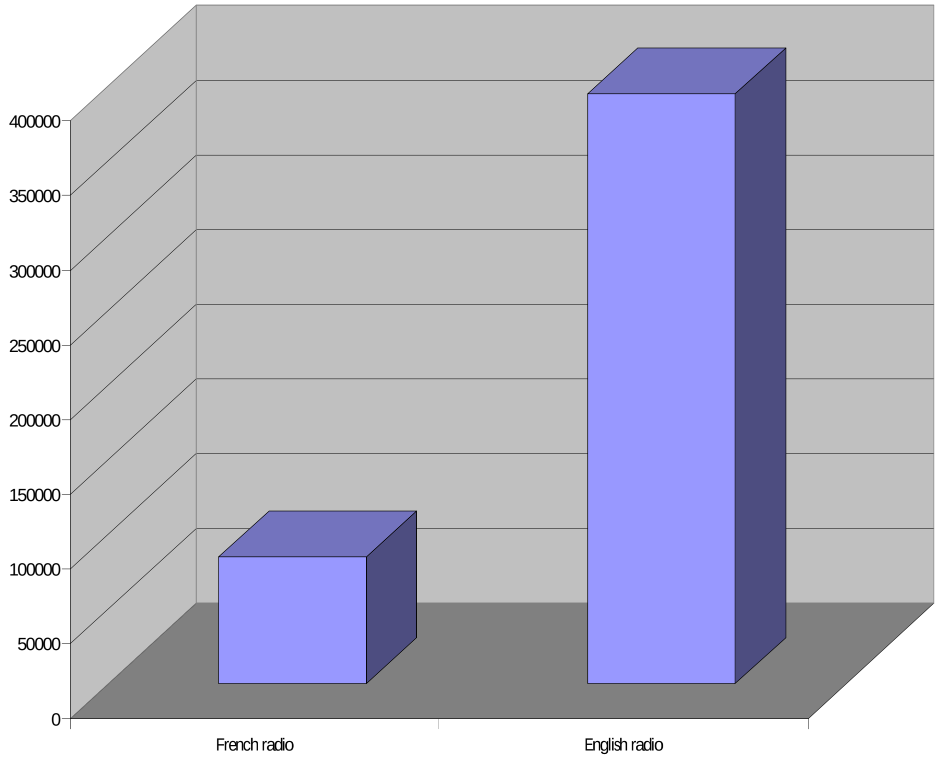
Source: CRTC Internal Report ‘Ownership August 1999’, August 2000

- Changes in the total number of hours tuned by group are related primarily to acquisitions.
- The ten largest radio groups attracted 54% of the audience and 63% of radio industry revenues in 1999. The stations owned by these groups are generally located in larger markets.

C. Transfers of control and competitive licensing

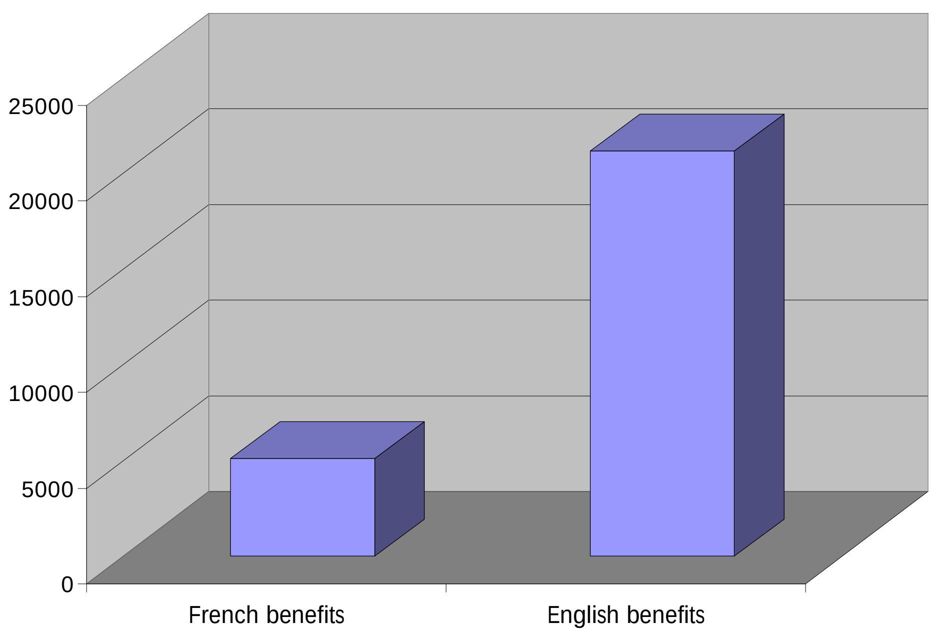
- Between the April 1998 issuance of Public Notice CRTC 1998-41 of the new Commercial Radio Policy and September 2000, there have been 43 transfers of control transactions involving 166 radio stations.
- Transfer benefits from the above transactions amounted to $26.3 million.

Chart 4: Value of radio transactions
($ 000s)



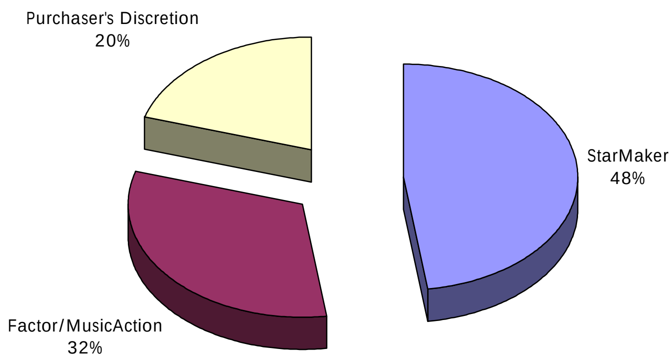
Source: CRTC Decisions and Administrative Approvals

Chart 5: Value of transfer benefits
($ 000s)



Source: CRTC Decisions and Administrative Approvals

Chart 6: Breakdown of transfer benefits



Source: CRTC Decisions and Administrative Approvals

- Since the introduction of the new Commercial Radio Policy, the Commission has licensed 18 new FM stations through competitive processes in medium and large markets.

Table 7: Factors contributing to successful applications for commercial radio following Public Notice CRTC 1998-41

Application	Canadian content	Canadian talent development	Business plan	Competitive balance	Diversity
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
Total	3	11	16	7	7

Source: CRTC Decisions

III. Diversity of formats

- The following tables (8-11) compare the diversity of radio formats available in a sample of markets from across Canada, 1997-1999.

Table 8: Formats of market stations for Vancouver, Kelowna, Calgary and Regina

	Market											
	Vancouver			Kelowna			Calgary			Regina		
Format	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**
Adult Contemporary (AC)	1	1	1			1	2	2	1			
AC Christian	1											
Album-Oriented Rock (AOR)			1	1	1			1	1	1	2	2
Contemp. Album Rock (CAR)	1	1					1					
Contemp. Hit Radio (CHR)	1	2	2					1	1			
CHR/Dance	1											
Classic Rock	1	1	1			1	1		1			
Country	1	1	1	1	1	2	1	1	1	2	2	2
Country Gold							1	1	1			
Ethnic	2	2	2									
Ethnic Specialty		1	1						1			
Gold										1		
Gospel Specialty								1	1			
Hot AC										1		
News	1	1	1									
News/Talk	1	1	1	1	1		1	1	1		1	1
Nostalgia		1	1				1	1	1			
Oldies	1	1	1	1	1		1	1	1	1	1	1
Soft AC	1	1	1	1	1	1						
Talk	1	1	1									
Talk/AC	1	1	1									
Total	15	16	16	5	5	5	9	10	11	6	6	6

Sources: -BBM
-CRTC Research

Table 9: Formats of market stations for Sudbury, London, Toronto and Ottawa-Hull

	Market											
	Sudbury			London			Toronto			Ottawa-Hull		
Format	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**
AC	2	2	1	1	1	1	5	4	4	3	2	2
AC/News/ Talk				1	1	1						
AOR	1	1	1							1		
CAR				1	1	1	1	1	1		1	1
CFA Specialty							1	1	1			
CHR								1	1	2	3	2
CHR/Dance									1			
Classic Rock					1	1				1	1	1
Country	1	1	1	1	1	1	1	1		1	1	1
Ethnic							2	3	3			
Ethnic Specialty							2	2	2			
Gold										1	1	1
Modern Rock				1			1	1	1			
News/Talk	1	1					2	2	2	2	2	2
News/Talk Sports						1						
Nostalgia				1	1	1						
Oldies			1	1	1		1	1	1			
Soft AC			1									
Sports												1
Talk							1	1	1			
Talk/Sports							1	1	1			
Total	5	5	5	7	7	7	18	19	19	11	11	11

Sources: -BBM
-CRTC Research

Table 10: Formats of market stations for Montréal, Québec, Chicoutimi-Jonquière and Halifax

	Market											
	Montréal			Québec			Chicoutimi-Jonquière			Halifax		
Format	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**
AC	3	3	3	3	3	3	1	1	1	1	1	1
AOR	1		1				1	1	1			
CAR		1										
CFA Specialty		1	1									
CHR	3	3	3							1	1	
Classic Rock										1	1	1
Country										2	2	2
Ethnic	1	1	1									
Gold				1	1	1						
Hot AC												1
MOR	1	1	1	1	1	1						
News/Talk	3	3	3	1	1	1	1	1	1	1	1	1
Oldies			1							1	1	1
Talk	2	2	1									
Total	14	15	15	6	6	6	3	3	3	7	7	7

Sources: -BBM
-CRTC Research

Table 11: Formats of market stations for St. John's

	Market		
	St. John's		
Format	**1997**	**1998**	**1999**
AC/Country	2	2	2
CHR	1	1	1
Country	1	1	1
Gold	1	1	1
Religion	2	2	2
Total	7	7	7

Sources: -BBM
-CRTC Research

- In most markets, the number of distinct formats available has either risen or stayed constant since the introduction of the new Commercial Radio Policy.

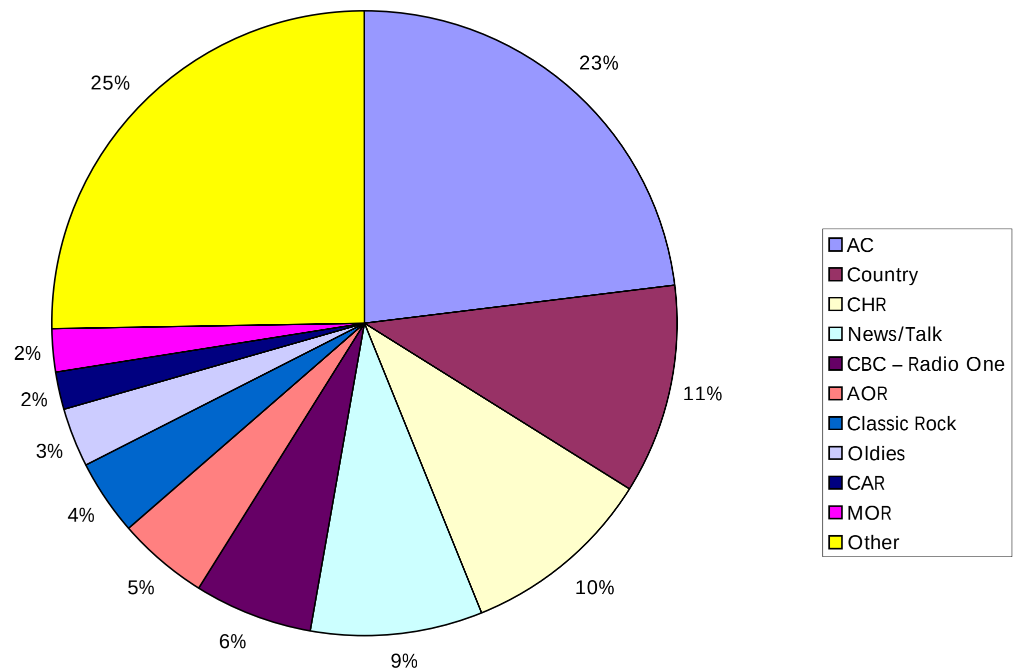
IV. Popularity of formats

Table 12: Total hours tuned (THT) by format for Canada (000s)

Format	1997	1998	1999
AAA	852	812	968
AC	134,329	136,821	125,313
AC Christian	336	268	186
AC/Country	5,686	6,588	6,050
AC/Country/CBC		80	71
AC/Country/Folk		81	
AC/Gold	948	411	175
AC/News/Talk	1,747	1,556	1,422
AC/Oldies			640
AC/Talk		2,188	2,801
AOR	17,938	19,480	25,845
CAR	19,680	22,404	11,872
CBC – Chaîne Culturelle	2,708	2,150	1,840
CBC – Première Chaîne	6,143	6,388	7,216
CBC – Radio One	29,671	33,195	33,622
CBC – Radio Two	9,257	11,027	10,129
CFA	578	957	
CFA Specialty	3,745	8,549	9,909
CHR	34,679	56,365	55,090
CHR/Dance	5,280		5,533
Christian Specialty	151		263
Classic Hits			257
Classic Rock	18,483	18,275	20,758
Community/Campus	5,438	6,574	6,948
Country	62,628	64,435	58,576
Country Gold	454	658	799
Dance	3,354	191	
Educational	843	909	1,010
EL	2,977	2,595	2,815
Ethnic	2,502	2,998	3,886
Ethnic Specialty	1,532	1,665	2,242
Full Service	4,267	7,189	6,933
Gold	3,372	2,645	3,270
Gospel		420	367
Gospel Specialty		140	381
Hot AC	3,456	3,316	6,772
Modern Rock	6,029	5,430	5,967
MOR	10,806	13,764	11,268
Native	231	801	896
News	2,210		1,528
News/Talk	57,251	48,555	47,968
News/Talk Sports			411
Nostalgia	1,809	2,652	3,413
News		2,436	
Oldies	12,937	15,619	16,564
Oldies/Talk	469	430	414
Religion	409	327	395
Religion Specialty	333	438	309
Rock	894	770	608
Soft AC	8,464	7,636	10,930
Soft AC Specialty			94
Sports			383
Talk	3,165	4,939	3,019
Talk/AC	844	766	
Talk/Country	365		
Talk/Sports	2,947	2,903	2,733
Unknown	6,278	5,157	5,312
U.S. Stations	18,089	18,849	18,465
Total	516,564	552,802	544,636

Source: BBM

Chart 7: Ten most popular formats in Canada, 1999



Source: BBM

V. Promotion of a financially sound sector

A. Financial performance

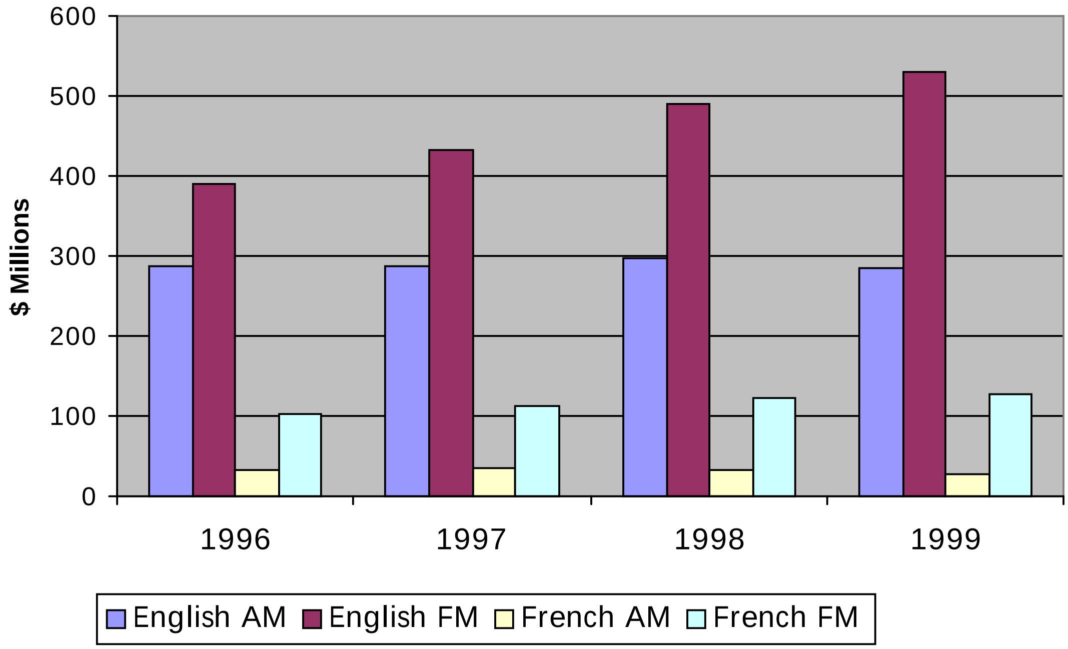
1. Total revenues – AM and FM

Table 13: Radio revenues

	Total revenues ($ 000s)				
	1995	1996	1997	1998	1999
English AM	302,791	287,586	288,003	297,629	286,466
English FM	353,665	390,295	432,960	489,164	530,591
French AM	33,482	33,118	34,313	31,689	28,135
French FM	93,152	103,244	113,497	121,595	127,251

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

Chart 8: Radio revenues



Source: CRTC Financial Database

- Total revenues for English FM radio have experienced a 10.3% average annual growth rate between 1995 and 1999.

- French FM radio has also seen a steady increase in total annual revenues over this period, with an average annual growth rate of 7.2%. There has been an increase in the number of French-language FM stations, which has compensated for the fall in average annual revenues per station for French FM radio since 1997.

2. Profit before interest and tax (PBIT) margins

Table 14: PBIT margins – AM and FM
(%)

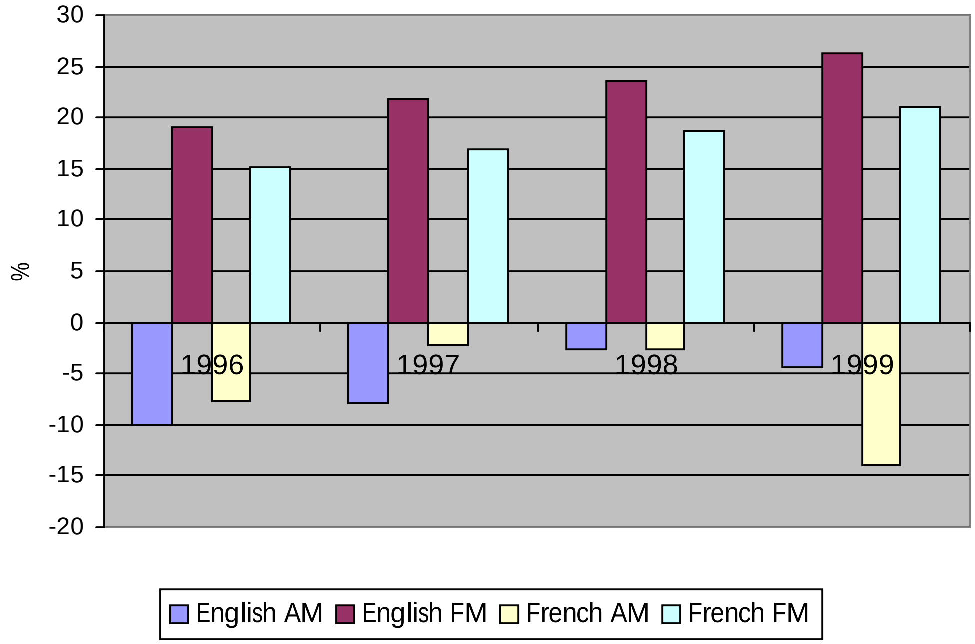
	1995	1996	1997	1998	1999
English AM	-8.70	-10.07	-7.85	-2.59	-4.45
English FM	19.35	19.06	21.81	23.50	26.21
French AM	-24.38	-7.64	-2.14	-2.70	-13.99
French FM	11.84	15.13	16.83	18.65	21.03

Note: Ethnic language stations are included under English radio.
Source: FBD Financial Summary Reports

- Profit before interest and tax (PBIT) margins for both English- and French-language FM stations have improved steadily from 1996 to 1999.

- Revenue decreases in both English- and French-language AM stations resulted in increased losses in 1999.

Chart 9: Radio PBIT margins



Source: CRTC Financial Database

3. Jointly operated AM stations

- Many AM stations share joint operations with at least one other FM or AM station in their market. When viewed as a combined entity, these joint operations tend to be much more profitable than AM stations viewed alone.

- 137 or 61% of English commercial AM stations were jointly operated with at least one other AM or FM station in 1999. The aggregate PBIT margin of these joint operations averaged 17% in 1999.

- The remaining 86 English commercial AM stations operating on a stand-alone basis in 1999 had combined revenues of $88 million and an aggregate PBIT margin of 9%.

- 14 of the 27 French commercial AM stations were operated jointly with at least one other AM or FM station in 1999. The aggregate PBIT margin of these joint operations averaged 15% in 1999.

- The remaining 13 stand-alone French commercial AM stations had combined revenues of $6.9 million and an aggregate PBIT margin loss of –18%.

VI. Promoting the airplay of Canadian and French vocal music

Table 15: Satisfaction 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 (33)	100	97
65% French vocal music weekly (20)	85	-
55% French vocal music weekly (20)	-	90

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: RAP Unit, evaluation of licence renewal applications during 1999

VII. Campus radio

- There are currently (August, 2000) 37 campus radio stations across Canada: 31 community-based and six instructional. Thirty of these stations submitted financial returns for 1999.
- 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.
- The majority of campus radio revenues come from sources other than advertising. For example, revenues from the educational institute they are associated with, grants, the local community, fund-raising, etc.

Table 16: Revenues for community-based campus radio stations ($ 000s)

	1995	1996	1997	1998	1999
Number of stations reporting	20	15	22	24	26
Local advertising	461	312	408	475	618
National advertising	66	19	24	54	84
Other	2,889	1,762	2,380	2,948	3,036
Total revenues	3,416	2,093	2,812	3,477	3,738

Sources: CRTC Financial Database
CRTC Licence Application System

Table 17: Revenues for instructional campus radio stations ($ 000s)

	1995	1996	1997	1998	1999
Number of stations reporting	1	1	1	3	4
Local advertising	59	81	129	186	115
National advertising	0	0	0	0	0
Other	267	140	180	85	117
Total revenues	326	221	309	271	232

Sources: CRTC Financial Database
CRTC Licence Application System

VIII. Community Radio

- There are two kinds of community radio stations, Type A and Type B. A community radio 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 Type B station is one where, 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.

- There are currently 34 Type A and 27 Type B community radio stations. Not all community radio stations have filed financial returns with the Commission. The partial results are as follows:

Table 18: Revenues for Type A community radio stations
($ 000s)

	1995	1996	1997	1998	1999
Number of stations reporting	20	20	20	23	22
Local advertising	1,855	1,839	1,826	2,009	2,090
National advertising	149	293	427	365	472
Other revenues	2,676	3,400	2.915	2,710	2,705
Total revenues	4,680	5,532	5,168	5,084	5,267

Source: CRTC Financial Database

Table 19: Revenues for Type B community radio stations
($ 000s)

	1995	1996	1997	1998	1999
Number of stations reporting	21	18	21	21	21
Local advertising	2,569	2,406	2,887	3,220	2,852
National advertising	293	444	532	449	538
Other revenues	2,941	2,717	2,572	2,911	2,781
Total revenues	5,803	5,567	5,991	6,580	6,171

Source: CRTC Financial Database

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

IX. Ethnic radio

- There are 13 licensed ethnic radio stations 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 2000.

Table 20: Ethnic language broadcasting, Vancouver

	Weekly # of broadcast hours			
Language	CHKG-FM	CHMB-AM	CJVB-AM	**Total**
Cambodian	1		1	**2**
Chinese – Cantonese	18	94	92.5	**204.5**
Chinese – Mandarin	54	13	1	**68**
Croatian			1	**1**
Danish			0.5	**0.5**
Dutch			3	**3**
Fijian	0.4			**0.4**
German			3	**3**
Greek		0.5	2	**2.5**
Gujarati	0.4			**0.4**
Hawaiian	0.4			**0.4**
Hindi	0.9	0.5	0.5	**1.9**
Indonesian	1			**1**
Italian	5	1		**6**
Japanese		5		**5**
Korean			5	**5**
Laotian			1	**1**
Macedonian			1	**1**
Malaysian			1	**1**
Norwegian			0.5	**0.5**
Persian			1.5	**1.5**
Philippino – Tagalog		1		**1**
Polish			0.5	**0.5**
Portuguese		3	0.5	**3.5**
Punjabi	1	0.5	1.5	**3**
Romanian			1	**1**
Samoan	0.4			**0.4**
Serbian			1	**1**
Spanish	10		1	**11**
Swahili	0.4			**0.4**
Swedish			0.5	**0.5**
Tahitian	0.4			**0.4**
Tamil	0.4	0.5		**0.9**
Thai			2	**2**
Togan	0.4			**0.4**
Ukrainian		1		**1**
Urdu	0.4			**0.4**
Vietnamese		2		**2**
Total	**94.5**	**122**	**122.5**	**339**

Table 21: Ethnic language broadcasting, Edmonton, CKER-FM

Language	Weekly # of broadcast hours
Arabic	3
Chinese – Cantonese	33
Chinese – Mandarin	2.5
Croatian	1
German	8
Greek	1.5
Hindi	7.5
Hungarian	1
Italian	4
Korean	0.5
Philippino – Tagalog	2
Polish	5.5
Portuguese	1.5
Punjabi	2.5
Romanian	1
Russian	0.5
Serbian	0.5
Spanish	10
Ukrainian	10
Urdu	1
Vietnamese	1
Total	97.5

Table 22: Ethnic language broadcasting, Calgary, CHKF-FM

Language	Weekly # of broadcast hours
Arabic	0.5
Cambodian	1
Caribbean	5
Chinese – Cantonese	111.25
Chinese – Mandarin	5.25
Danish	0.5
Dutch	2.5
Estonian	0.5
Finnish	0.5
German	2
Hindi	3
Hungarian	1
Icelandic	0.5
Indonesian	1
Laotian	1
Macedonian	1
Malaysian	1
Norwegian	0.5
Philippino – Tagalog	1
Polish	1
Punjabi	2
Serbian	1
Spanish	10.5
Swahili	0.5
Swedish	0.5
Thai	1
Ukranian	6.5
Urdu	1
Total	163

Table 23: Ethnic language broadcasting, Winnipeg, CKJS

Language	Weekly # of broadcast hours
Chinese – Cantonese	2
German	5.75
Hindi	1
Hungarian	0.5
Italian	5
Philippino – Tagalog	27.75
Polish	14.5
Portuguese	4.5
Punjabi	1
Russian	1
Spanish	3
Ukranian	7.5
Vietnamese	1
Yiddish	1
Total	75.5

Table 24: Ethnic language broadcasting, Toronto

Language	Weekly # of broadcast hours						
	CHIN-AM	CHIN-FM	CHKT-AM	CIAO-AM	CIRV-FM	CJMR-AM	Total
Afghan			10				**10**
Albanian		0.5					**0.5**
Arabic	0.5	0.5				1	**2**
Bengali	1					0.5	**1.5**
Bosnian			0.5				**0.5**
Bulgarian		0.5					**0.5**
Cambodian			2				**2**
Caribbean			2		0.5		**2.5**
Chinese – Cantonese	17.5	25.5	56		28.5		**127.5**
Chinese – Mandarin	2.5	0.5	10				**13**
Croatian	1.5	5	1.5	5		2.5	**15.5**
Dutch						1.5	**1.5**
German		3		21			**24**
Greek	12.5	5	5	6.5			**29**
Hebrew						5	**5**
Hindi		13	5			8	**26**
Hindi/Urdu				3			**3**
Hungarian				2			**2**
Indonesian			1				**1**
Irish – Gaelic			1				**1**
Italian	61.5	24.5		12		1	**99**
Japanese	0.5						**0.5**
Korean			10	7.5			**17.5**
Laotian			1				**1**
Lithuanian	0.5						**0.5**
Macedonian	2.5	0.5	1			1	**5**
Malaysian			2				**2**
Montenegri		0.5					**0.5**
Oromo	0.5						**0.5**
Pashto/Dari	1			3			**4**
Philippino – Tagalog	1					0.5	**1.5**
Persian	0.5		7				**7.5**
Polish		15		15	1	9.5	**40.5**
Portuguese	0.5	11.5		2.5	64.25	6	**84.75**
Punjabi		7.5	5	12	7	28.5	**60**
Punjabi/Hindi				18.5			**18.5**
Romanian	1		1				**2**
Russian					2.5		**2.5**
Serbian		2					**2**
Serbo – Croatian	0.5	1					**1.5**
Slovenian		1					**1**
Somali	1						**1**
Spanish	2.5			4	11.75		**18.25**
Tamil	2.5		42			1	**45.5**
Thai			2				**2**
Turkish	1.5						**1.5**
Ukrainian	2.5				7.5	4.5	**14.5**
Urdu	2.5	1				4.5	**8**
Vietnamese			3				**3**
Total	118	118	168	112	123	75	714

Table 25: Ethnic language broadcasting, Montréal, CFMB

Language	Weekly # of broadcast hours
African – various	1
Arabic	4
Cambodian	1
Chinese – Cantonese	0.5
Chinese – Mandarin	1
German	0.5
Greek	9
Haitian	4
Hindi	1
Italian	76
Jewish (Yiddish and Hebrew)	2
Lithuanian	0.5
Pakistani	0.5
Polish	2
Portuguese	3
Punjabi	1
Romanian	0.5
Russian	0.5
Spanish	9
Ukrainian	1.5
Vietnamese	1
Total	119.5

Television

I. Advertising revenue by media

Table 1: Canada
Advertising revenue by media
($ million)

Media	1994	1995	1996	1997	1998	1999
Television	1,788	1,876	1,994	2,104	2,321	2,358
Daily newspaper	1,220	1,323	1,399	1,644	1,698	1,734
Radio	742	769	798	848	920	952
Magazine	531	621	611	647	707	747
Weekly newspaper	579	615	634	673	765	788
Billboard	132	167	200	220	250	287
Internet	-	-	1.5	9.8	24.5	55.5
Total	4,992	5,371	5,638	6,146	6,686	6,922

Note: Daily newspaper revenues exclude classified ads.
Source: Carat Expert, Panorama publicitaire 2000

Table 2: Canada
Share of advertising revenue by media
(%)

Media	1994	1995	1996	1997	1998	1999
Television	35.8	34.9	35.4	34.2	34.7	34.1
Daily newspaper	24.4	24.6	24.8	26.7	25.4	25.1
Radio	14.9	14.3	14.2	13.8	13.8	13.8
Magazine	10.6	11.6	10.8	10.5	10.6	10.8
Weekly newspaper	11.6	11.5	11.2	11.0	11.4	11.4
Billboard	2.6	3.1	3.5	3.6	3.7	4.1
Internet	-	-	0.0	0.2	0.4	0.8

Source: Carat Expert, Panorama publicitaire 2000

- Television advertising revenue includes conventional and specialty television. The under 2% growth achieved in 1999 by the television sector was its lowest annual growth rate in the 1990s.

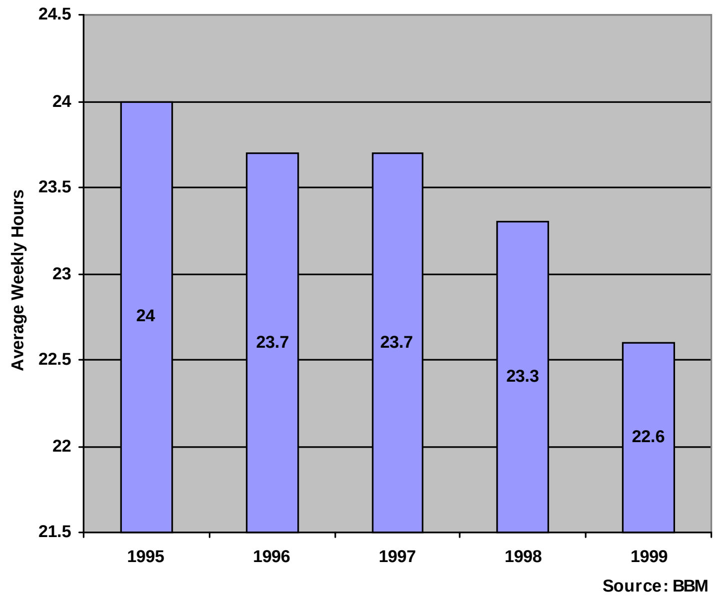
II. Audience

A. Average hours per viewer

- Average weekly hours per viewer 2+ has gradually declined from 1995 to 1999.

- In 1999, on average, women 18+ spent 26.5 hours per week watching television, compared with 22.0 hours for men 18+.

Chart 1: Average hours per viewer 2+



B. Viewing share by station group

Table 3: Fall 1992 to fall 1999 — all persons 2+, all regions excluding Quebec

Station group	Fall 1992	Fall 1993	Fall 1994	Fall 1995	Fall 1996	Fall 1997	Fall 1998	Fall 1999	Diff. + or (-)
English-language									
CBC	12.6	12.9	13.2	12.0	11.5	10.6	9.1	7.5	(5.1)
Canadian private conventional	44.9	45.3	44.4	43.8	42.3	39.6	37.5	37.7	(7.2)
TVO (E)	0.7	0.8	1.0	1.0	1.1	1.2	1.3	1.2	0.5
Pay & specialty (E)	5.7	6.2	5.9	9.0	9.6	13.0	14.7	16.9	11.2
U.S. Total	27.2	26.1	26.5	24.8	25.4	23.2	25.5	25.1	(2.1)
U.S. Conventional	19.0	17.8	17.4	16.6	16.2	13.5	14.2	13.2	(5.8)
U.S. PBS	2.7	2.8	2.5	2.3	2.4	2.3	1.8	1.7	(1.0)
U.S. Pay & specialty*	5.5	5.5	6.5	5.9	6.8	7.4	9.4	10.2	4.7
Total - English	91.1	91.4	90.9	90.5	89.9	87.7	88.1	88.3	(2.8)
French-language									
SRC	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.6	(0.1)
Canadian private conventional	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.1
Pay & specialty (F)	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1
Total - French	1.2	1.3	1.2	1.3	1.3	1.3	1.3	1.2	0.0
Other-language									
Independent						0.9	1.1	1.0	0.1
Pay & specialty (O)	0.2	0.1	0.2	0.4	0.4	0.5	0.5	0.7	0.5
Total - Other	0.2	0.1	0.2	0.4	0.4	1.4	1.6	1.7	1.5
VCR	6.0	5.7	5.9	6.1	6.3	6.0	5.8	5.8	(0.2)
Other	0.8	0.9	1.0	1.0	1.3	2.8	2.5	2.3	1.5
Prov**	0.4	0.3	0.3	0.2	0.3	0.3	0.3	0.4	0.0
Cable**	0.3	0.3	0.4	0.4	0.4	0.5	0.4	0.3	0.0
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Total hours (000)	454,103	448,541	471,494	488,749	486,246	488,769	503,072	478,576	

*Includes viewing to non-U.S. pay & specialty service — 'Deutsche Welle'.
**Includes viewing to House of Commons (CPAC), Provincial Legislatures, Cable Community Channel; APTN; CJIL; and other educational.
Note: As of Fall 1997, moved CFMT from Independent English-language to Independent Other-language.
Sources: MicroBBM Fall 1990 to Fall 1999
Economic Analysis and Research, Broadcasting Directorate, CRTC

- BBM reports that Canadian English pay and specialty services have increased their share of total tuning by over 11% since 1992, reaching a 16.9% share of tuning in fall 1999.

- Nielsen Research data, as provided by CBC Research, reports that the share of Canadian English pay and specialty services on English-language television for all households averaged 26.8% over the period of August 28 to October 8, 2000.

Table 4: Viewing share by station group
fall 1992 to fall 1999 — all persons 2+
Quebec

Station group	Fall 1992	Fall 1993	Fall 1994	Fall 1995	Fall 1996	Fall 1997	Fall 1998	Fall 1999	Diff. + or (-)
English-language									
CBC	2.3	2.1	2.3	2.1	2.1	1.9	1.6	1.2	(1.1)
Canadian private conventional	7.6	6.4	6.4	6.0	6.2	6.5	6.4	5.9	(1.7)
Pay & specialty (E)	1.0	0.9	0.9	1.3	1.4	2.1	2.0	2.3	1.3
U.S. Total	8.5	7.5	8.1	7.3	7.0	6.2	6.2	6.3	(2.2)
U.S. Conventional	7.1	6.2	6.7	5.7	5.6	4.7	4.5	4.6	(2.5)
U.S. PBS	1.4	1.1	1.2	0.9	0.9	0.7	0.7	0.6	(0.8)
U.S. Pay & specialty*	0.1	0.2	0.2	0.6	0.6	0.9	1.0	1.1	1.0
Total - English	19.4	16.9	17.6	16.7	16.6	16.7	16.1	15.8	(3.6)
French-language									
SRC	22.0	22.8	20.4	22.7	21.6	19.8	21.1	20.0	(2.0)
Canadian private conventional	44.1	47.5	47.7	44.9	44.7	46.1	44.9	45.1	1.0
RQ	3.7	2.6	3.3	2.4	1.5	1.1	1.3	2.0	(1.7)
Pay & specialty (F)	6.3	5.6	5.6	8.4	10.0	10.4	10.5	11.2	4.9
Total – French	76.1	78.6	77.0	78.4	77.7	77.4	77.8	78.2	2.1
Other-language									
Independent						0.1	0.1	0.1	0.0
Pay & specialty (O)	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.1
Total – Other	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.3	0.2
VCR	3.7	3.6	4.3	4.0	4.4	4.2	4.2	3.8	0.1
Other	0.5	0.6	0.7	0.7	0.8	1.3	1.4	1.7	1.2
Prov**	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Cable**	0.3	0.3	0.3	0.3	0.4	0.2	0.2	0.3	0.0
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Total hours (000)	165,029	174,533	187,524	190,479	190,299	189,195	188,637	181,056	

*Includes viewing to non-U.S. pay & specialty service — 'Deutsche Welle'.
**Includes viewing to House of Commons (CPAC), Provincial Legislatures, Cable Community Channel; APTN; CJIL; and other educational.
Note: As of Fall 1997, moved CFMT from Independent English-language to Independent Other-language.
Sources: MicroBBM Fall 1990-1999
Economic Analysis and Research, Broadcasting Directorate, CRTC

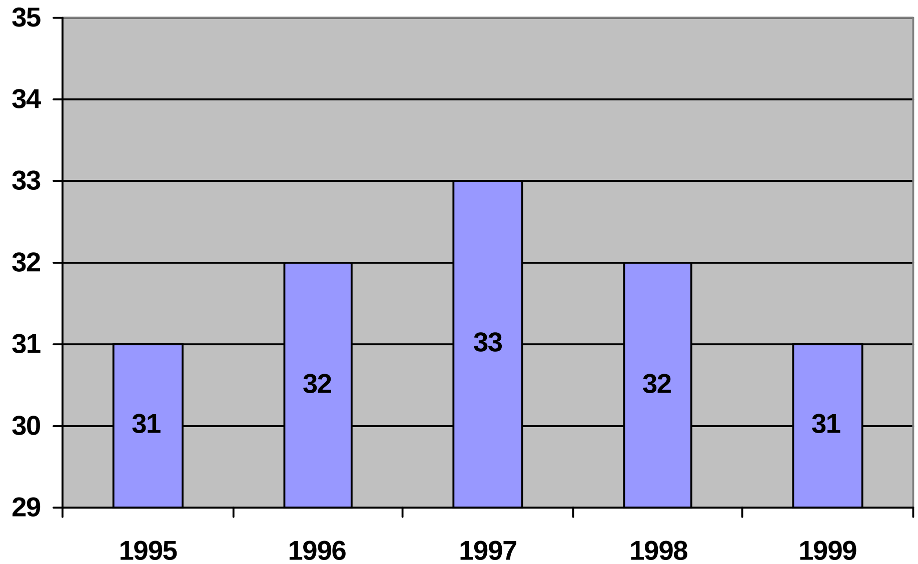
- BBM reports that Canadian French-language pay and specialty services have increased their share of total tuning by about 4.9% since 1992, reaching an 11.2% share of tuning in fall 1999 in Québec.

- Nielsen Research data, as provided by CBC Research, reports that the share of Canadian French-language pay and specialty services on French-language television for all households averaged 25.2% over the period of August 28 to October 8, 2000.

C. Viewing to Canadian programming[1]

1. Canadian programming – all English services & all French services

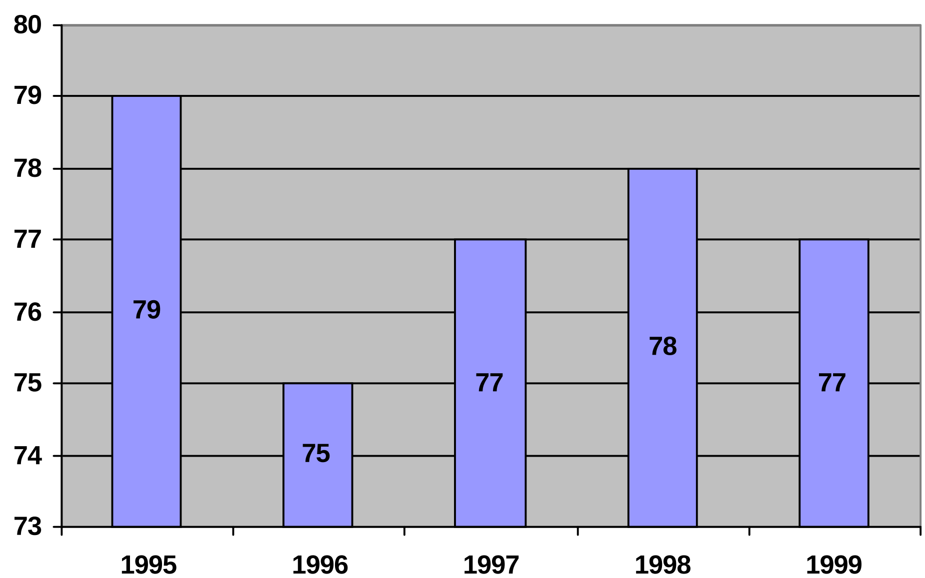
Chart 2: % viewing to Canadian programs
all English-language services – 6 a.m. to 2 a.m.



Note: Percentage calculated excludes viewing to programs where Canadian content and program type could not be identified.
Source: BBM

- This table outlines the levels of tuning to Canadian English programs as a percentage of all viewing to English-language services in the system, both foreign and Canadian operated.

Chart 3: % viewing to Canadian programs
all French-language services – 6 a.m. to 2 a.m.



Note: Percentage calculated excludes viewing to programs where Canadian content and program type could not be identified.
Source: BBM

[1] 1999 results are preliminary in Charts 2 to 15.

- This table outlines the tuning levels to French-language Canadian programs as a percentage of all viewing to French-language programming services in the system.

2. Distribution of viewing by program type

Chart 4: Distribution of viewing by program type
Canadian English-language private conventional TV – 6 a.m. to 2 a.m.

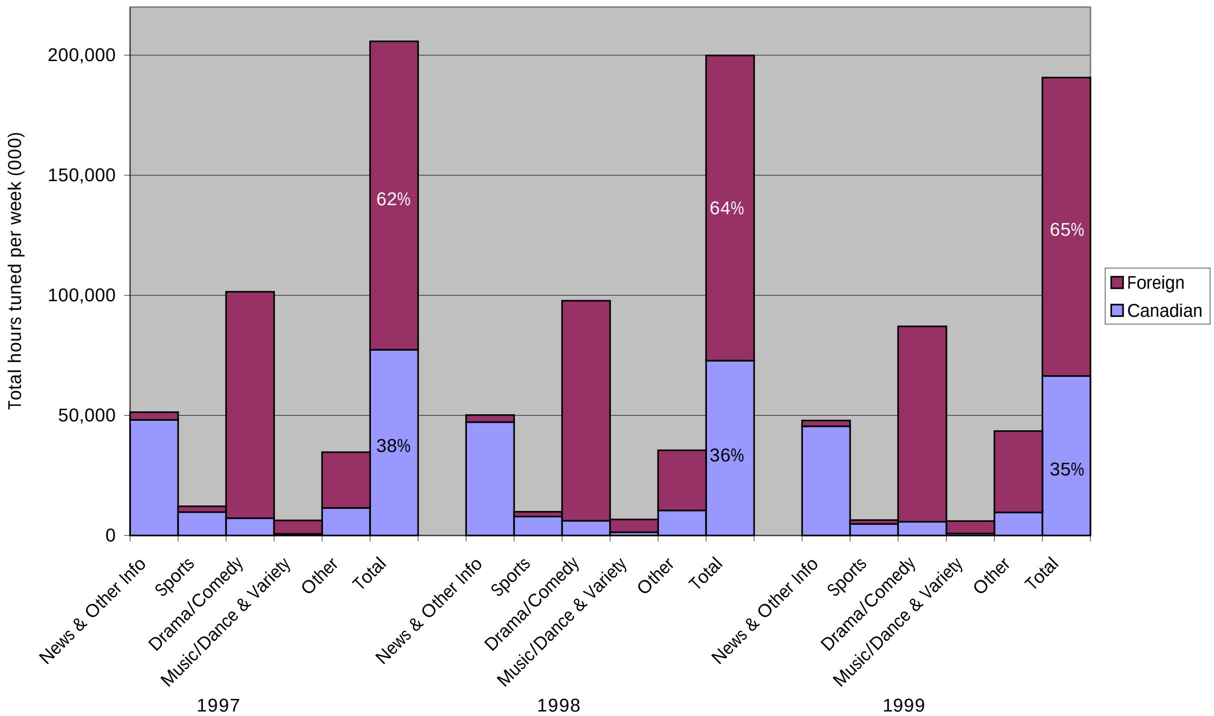


Chart 5: Distribution of viewing by program type
Canadian English-language private conventional TV – 7 p.m. to 11 p.m.

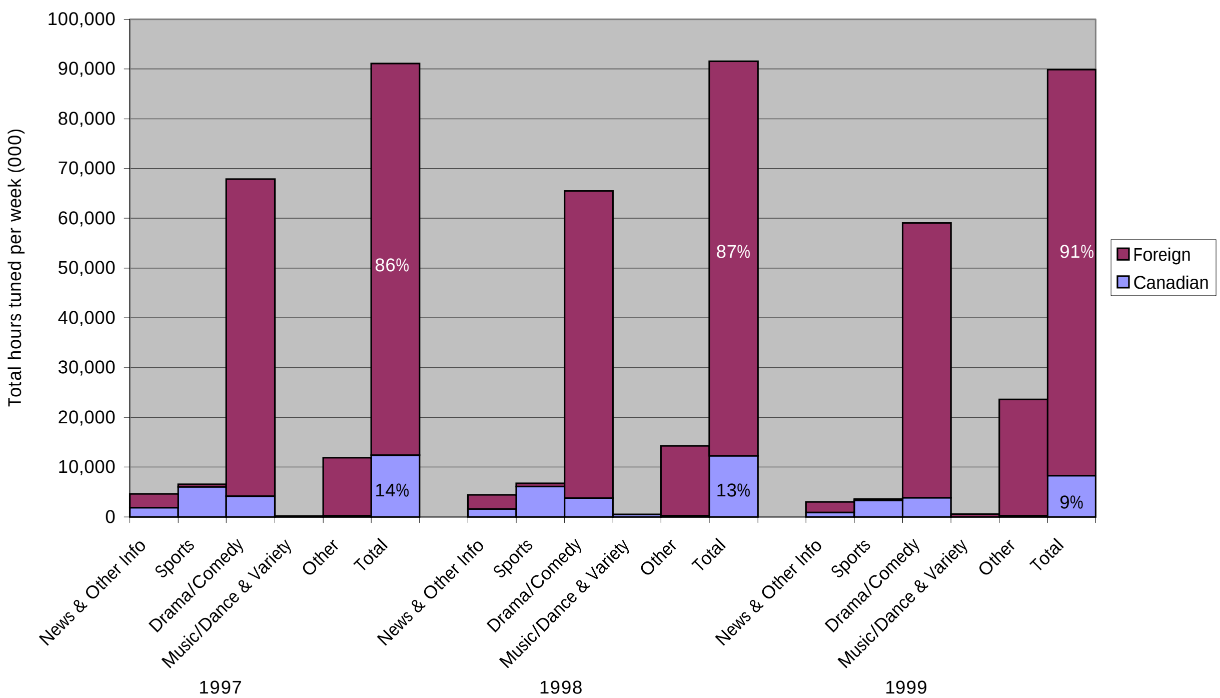


Chart 6: Distribution of viewing by program type
CBC (owned & operated) and affiliates – 6 a.m. to 2 a.m.

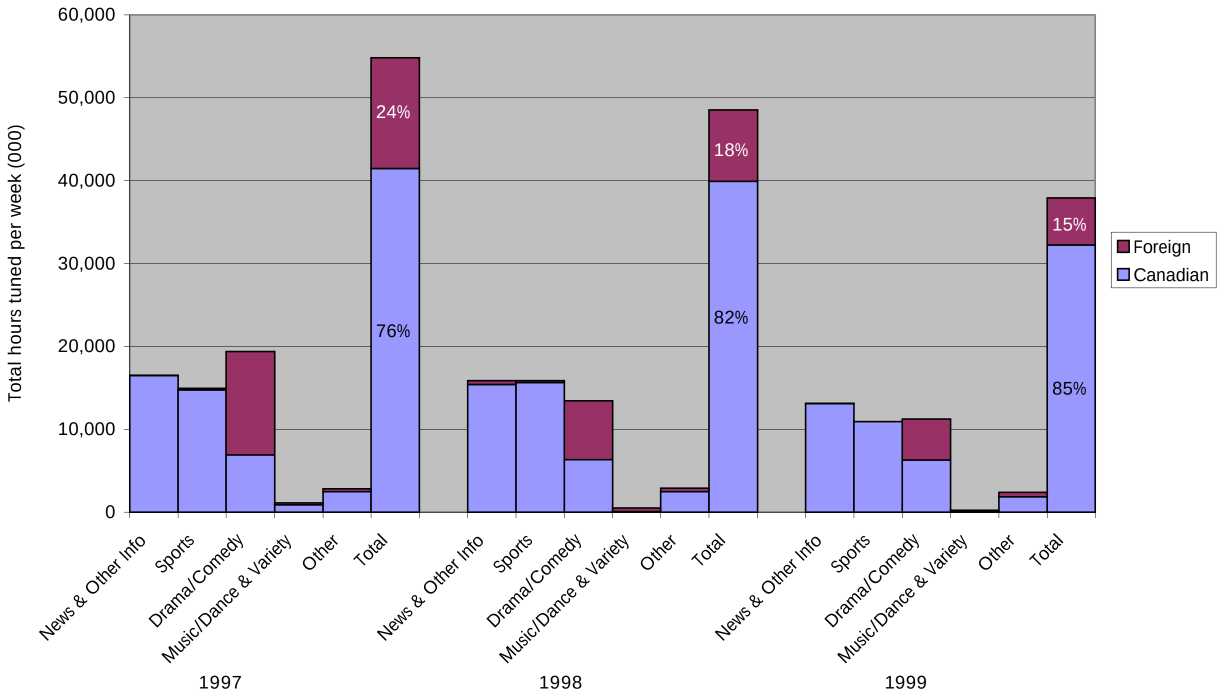


Chart 7: Distribution of viewing by program type
CBC (owned & operated) and affiliates – 7 p.m. to 11 p.m.

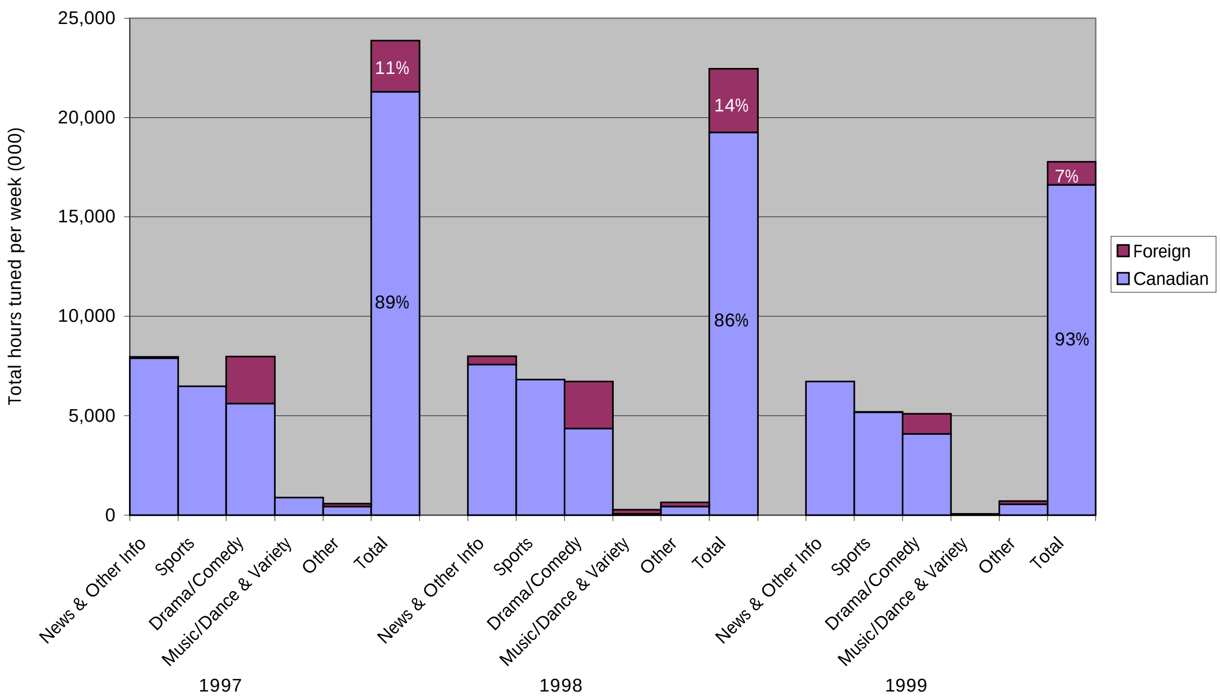


Chart 8: Distribution of viewing by program type
Canadian English-language pay & specialty services – 6 a.m. to 2 a.m.

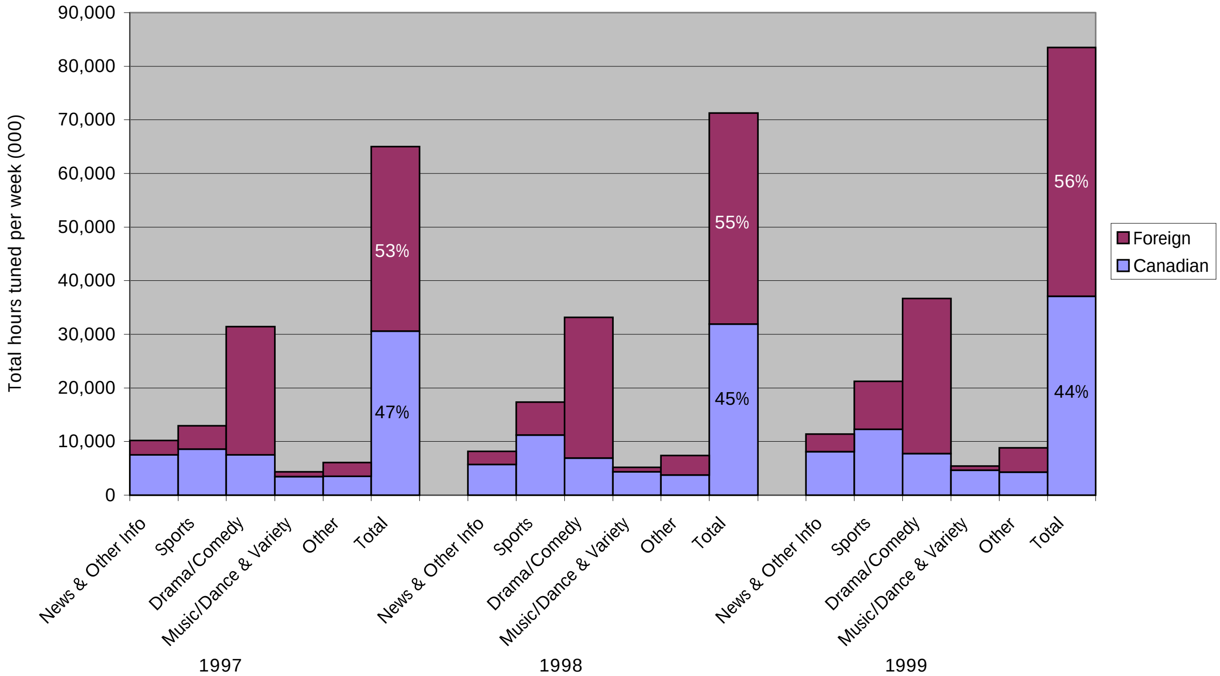


Chart 9: Distribution of viewing by program type
Canadian English-language pay and specialty services – 7 p.m. to 11 p.m.

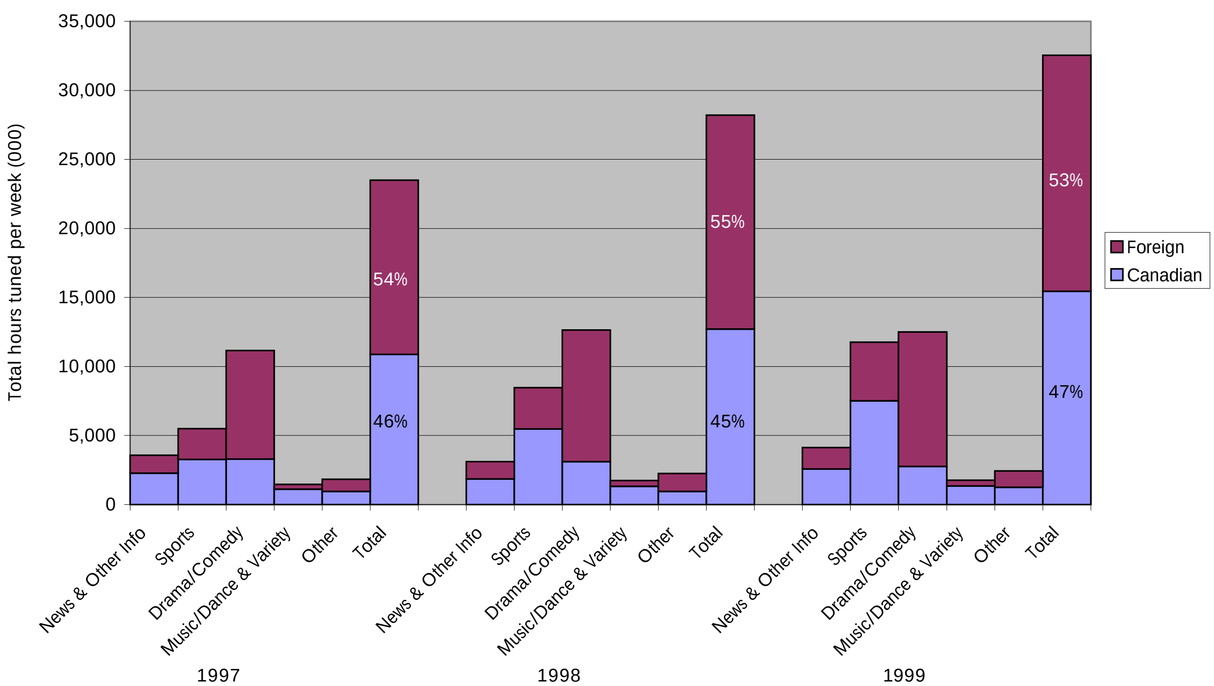


Chart 10: Distribution of viewing by program type
Canadian French-language private conventional TV – 6 a.m. to 2 a.m.

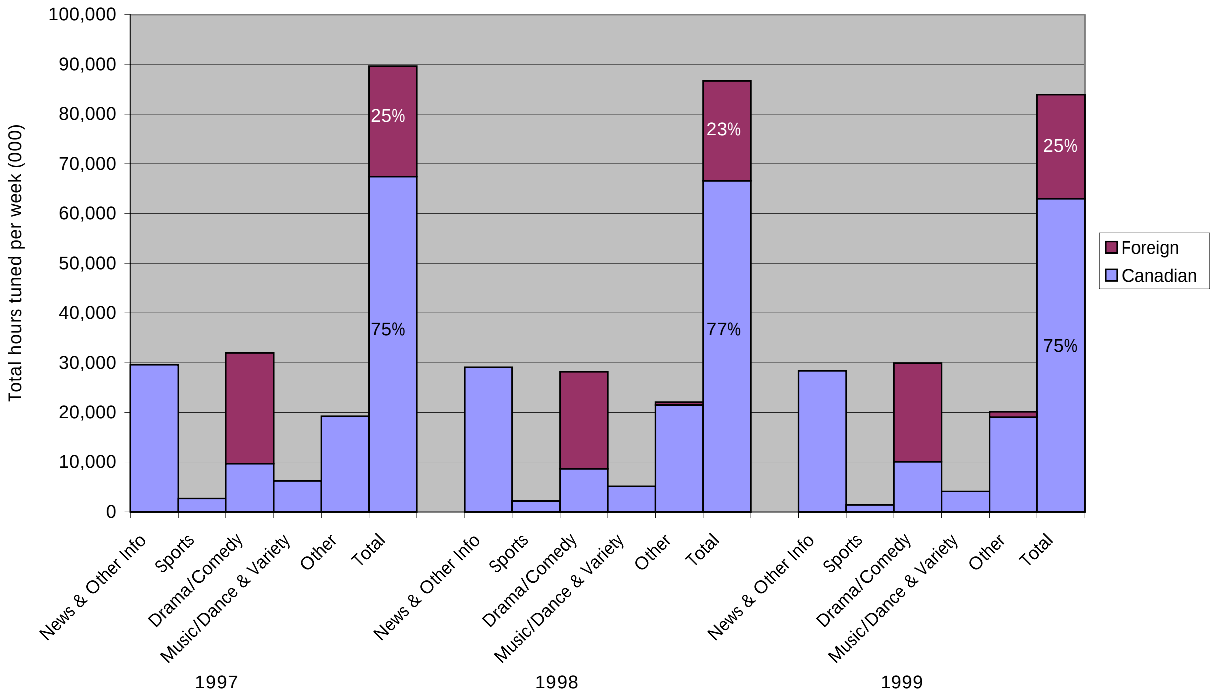


Chart 11: Distribution of viewing by program type
Canadian French-language private conventional TV – 7 p.m. to 11 p.m.

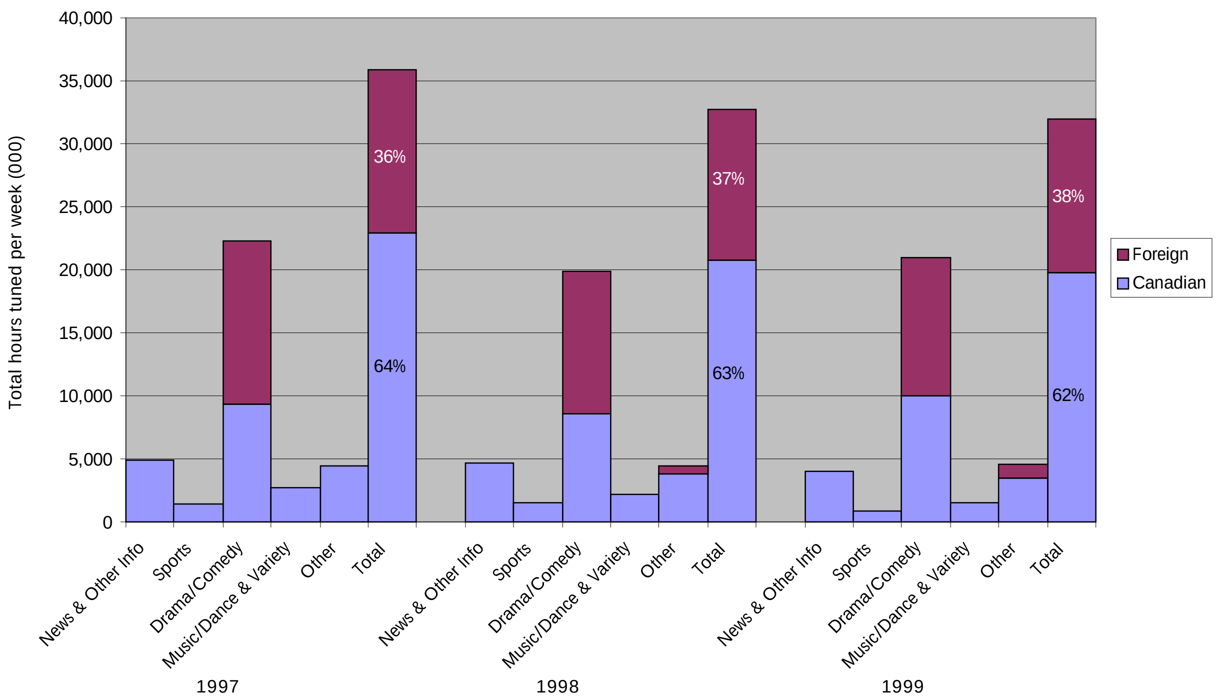


Chart 12: Distribution of viewing by program type
SRC (owned & operated) and affiliates – 6 a.m. to 2 a.m.

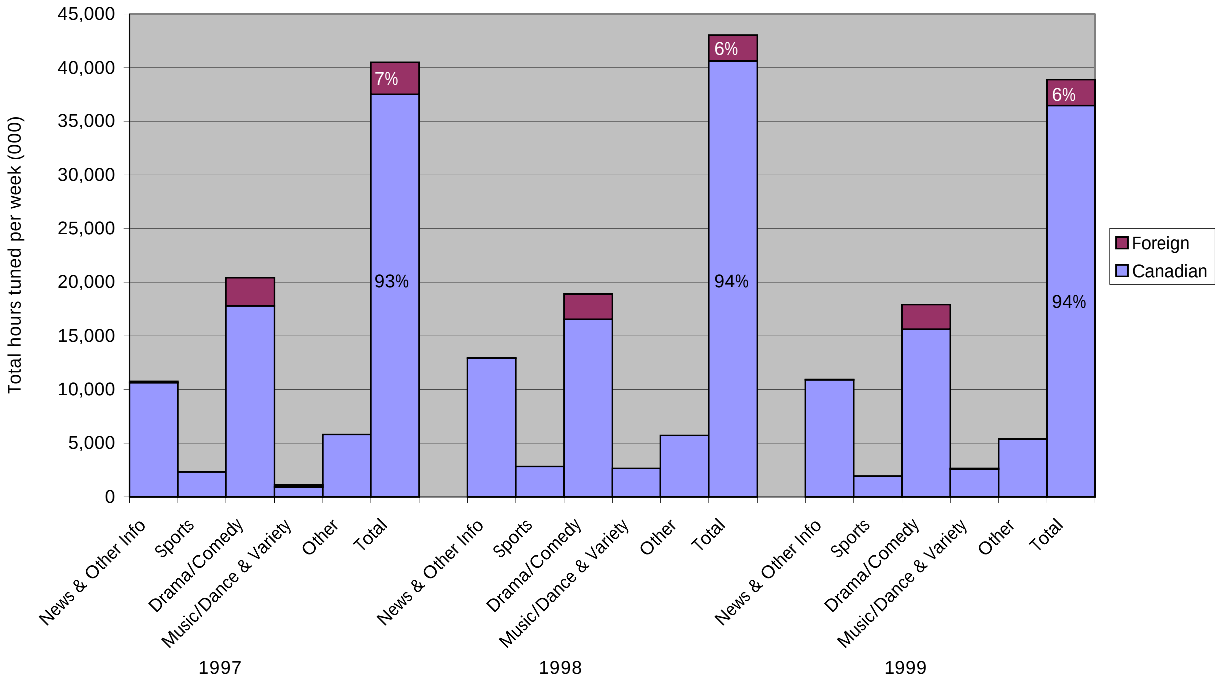


Chart 13: Distribution of viewing by program type
SRC (owned & operated) and affiliates – 7 p.m. to 11 p.m.

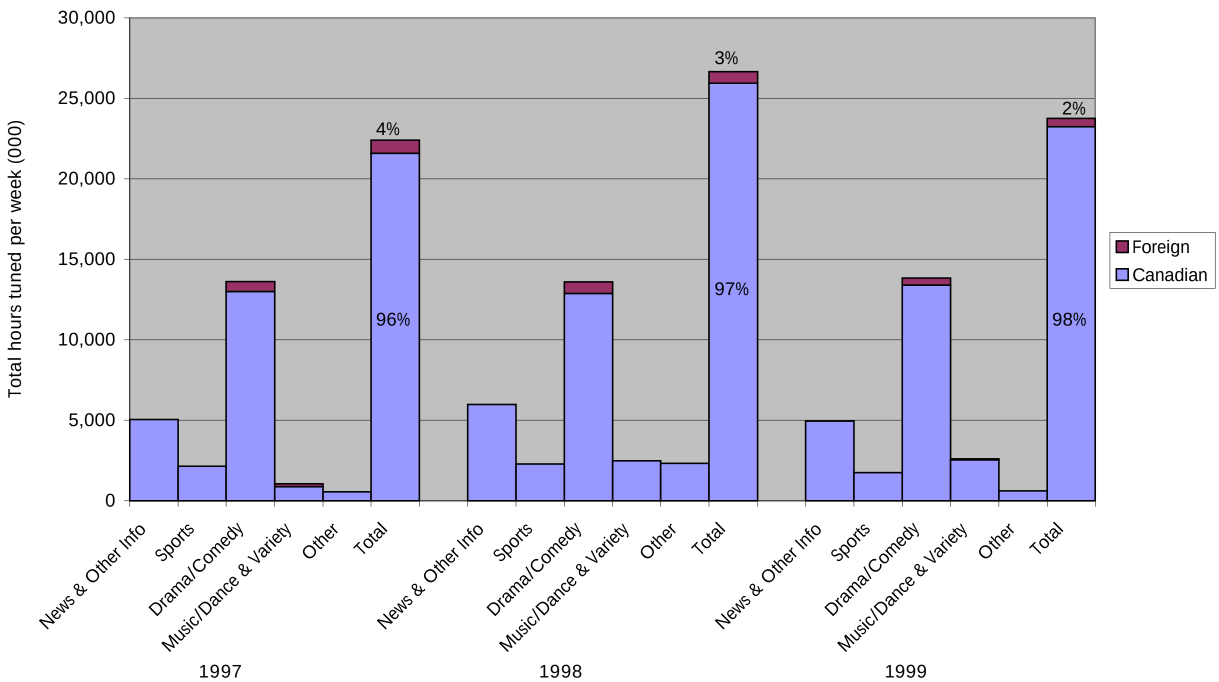


Chart 14: Distribution of viewing by program type
Canadian French-language pay & specialty services – 6 a.m. to 2 a.m.

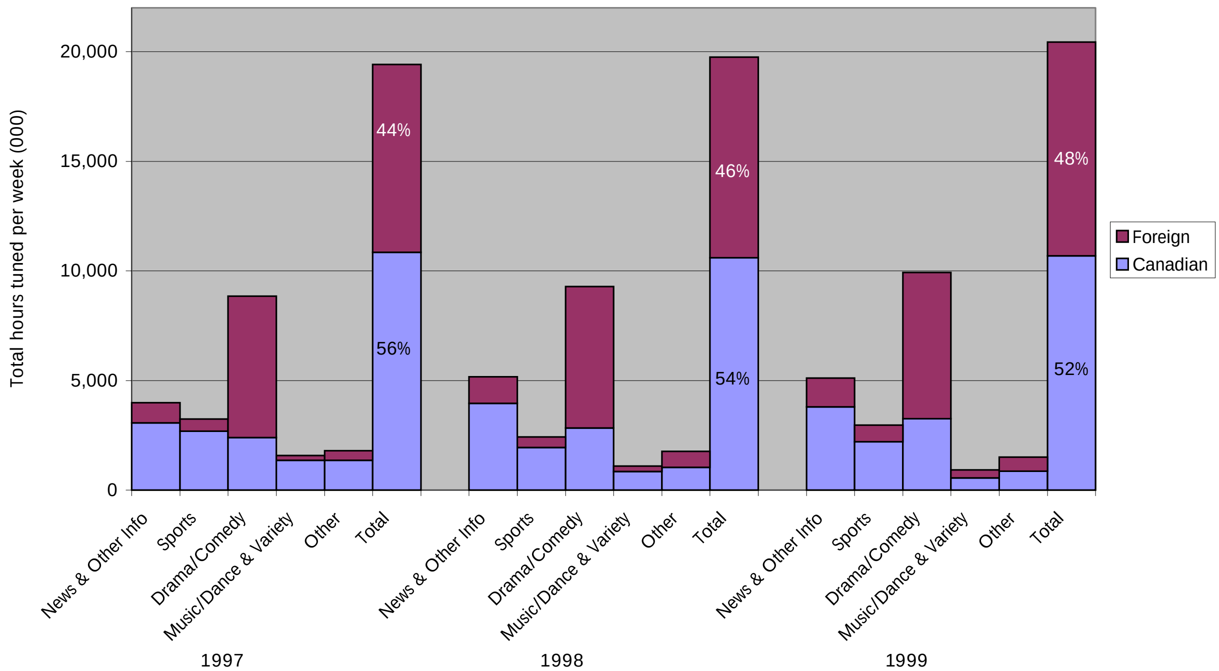
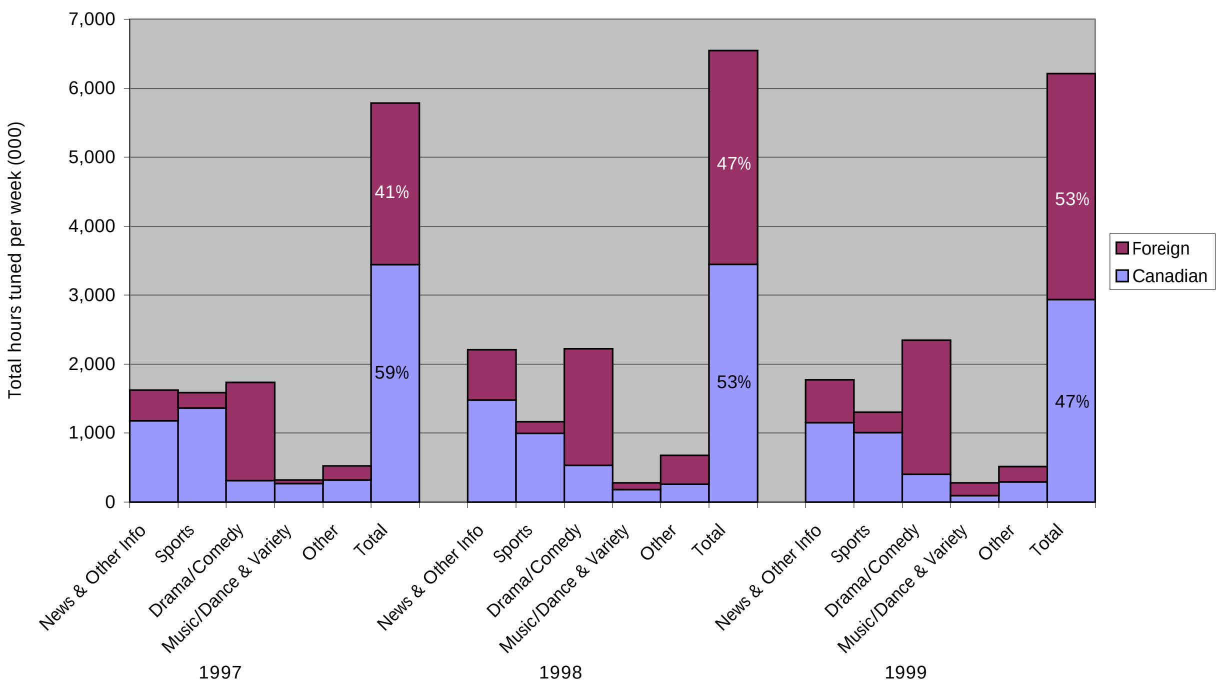


Chart 15: Distribution of viewing by program type
Canadian French-language pay & specialty services – 7 p.m. to 11 p.m.



3. Viewing to Canadian programs – Summary

a) All English services – Canadian and foreign

- Overall tuning to English Canadian programs as a percentage of all viewing to English-language services, both foreign and Canadian, has remained at 32% in recent years.

(1) Canadian English-language private conventional TV

- Overall tuning levels have increased since the early 1990s to 1999 from about 32% to 37% on English private conventional TV stations.

- The bulk of tuning to news and sports programming over the entire day continues to be Canadian. Tuning to drama/comedy and to music, dance and variety programming is predominantly to foreign programs.

- The average number of weekly hours tuned to Canadian drama/comedy programming in prime time is on the increase. In 1994, Canadians watched an average of 2.3 million hours a week of Canadian drama/comedy programming on private conventional stations between 7 p.m. - 11 p.m. From 1997 to 1999, this average had increased to approximately 4 million hours a week.

(2) CBC - English TV

- During prime time, the CBC has very high tuning levels to Canadian programming in basically all program categories.

- The distribution of tuning to Canadian programs on the CBC is also on the rise, with overall Canadian tuning increasing from 76% in 1997 to 85% in 1999. In 1994, overall tuning to Canadian programs on the CBC was 63%.

- Viewing to Canadian drama/comedy programming over the entire day has also improved in recent years, going from 27% in 1996 to 56% of total tuning in the category in 1999.

- From 1997 to 1999, Canadians watched an average of over 4 million hours a week of Canadian drama/comedy programming on the CBC between 7 p.m. - 11 p.m.

(3) Canadian English pay and specialty services

- In 1994, the average weekly hours tuned to Canadian English pay and specialty services was in the 30 million-hour range. By 1999, average weekly hours had increased to 85 million.

- The overall proportion of tuning to Canadian programs on English pay and specialty services remains relatively high. Over the entire broadcast day, tuning to Canadian programs is currently in the 44% range.

- The proportion of tuning to Canadian programs during prime time on the pay and specialty is in the same range as the entire day, about 46% from 1997 to 1999.

b) French – All services

(1) Canadian French-language private conventional TV

- Tuning to all program categories, with the exception of drama/comedy, is entirely to Canadian programs.

- Tuning to Canadian programs over the entire day over the 1997-1999 period was around 75%, decreasing to about 62% in prime time.

- Viewing to Canadian drama/comedy programs increased to 34% over the entire day in 1999. In 1998, viewing to Canadian drama/comedy programs in prime time was approximately 43% increasing to approximately 47% in 1999.

(2) SRC – French TV

- Viewing to Canadian programs increased to 94% of total viewing over the entire day in 1999. In prime time, viewing to Canadian programs reached 98% in 1999.

(3) French-language pay and specialty services

- Tuning to Canadian programs over the entire day to French-language pay and specialty services has remained at around the 50-55% from 1997-1999. Viewing to Canadian programs in prime time was about 47% in 1999.

- In 1994, average weekly hours tuned to French-language pay and specialty services was 10.9 million hours. By 1999, average weekly hours had increased to 21 million a week.

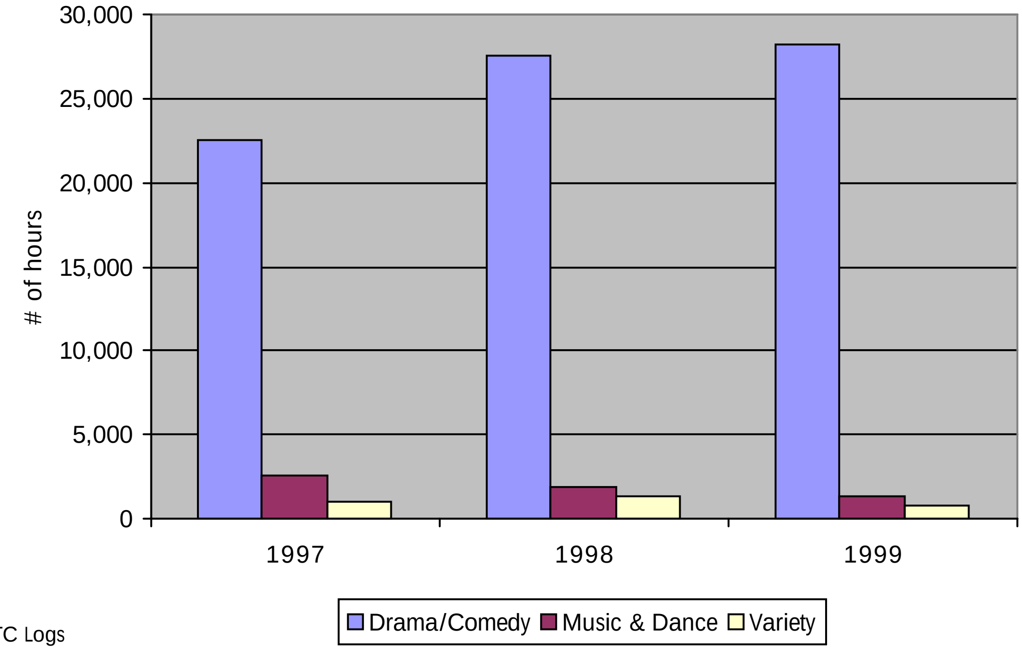
- Viewing to Canadian programs contributes the bulk of tuning to all program categories, with the exception of drama/comedy.

- About 47% of total hours tuned to French-language pay and specialty services is to the drama/comedy category, with tuning to Canadian programs in this category improving to 33% in 1999.

III. Scheduling of Canadian programming in peak viewing hours

A. English-language services

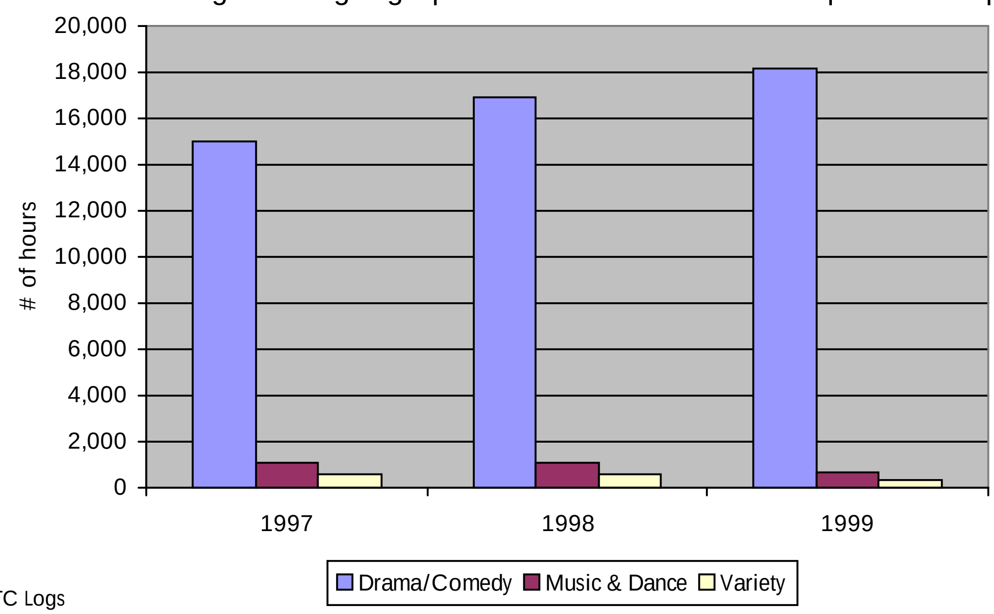
Chart 16: Scheduling of Canadian programming
All English-language Canadian services – 7 p.m. to 11 p.m.



Source: CRTC Logs

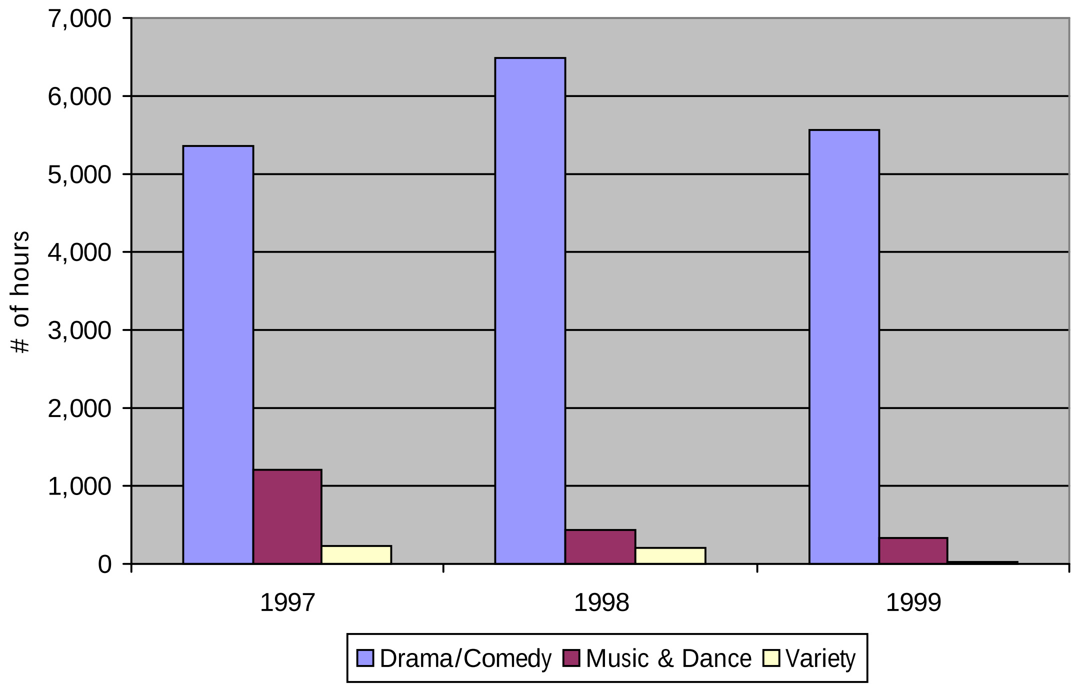
- The number of hours scheduled of drama/comedy programming in peak viewing hours on English-language television has increased throughout the 1990s.
- The new priority program categories will be included commencing in 2000.

Chart 17: Scheduling of Canadian programming
Canadian English-language private conventional TV – 7 p.m. to 11 p.m.



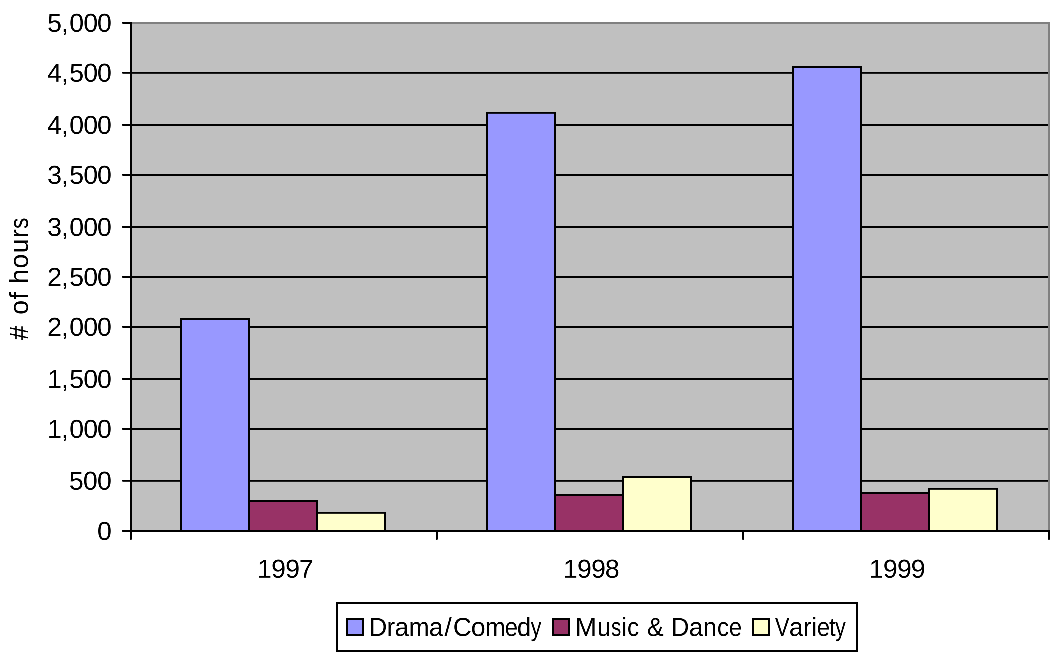
Source: CRTC Logs

Chart 18: Scheduling of Canadian programming
CBC (owned & operated) – 7 p.m. to 11 p.m.



Source: CRTC Logs

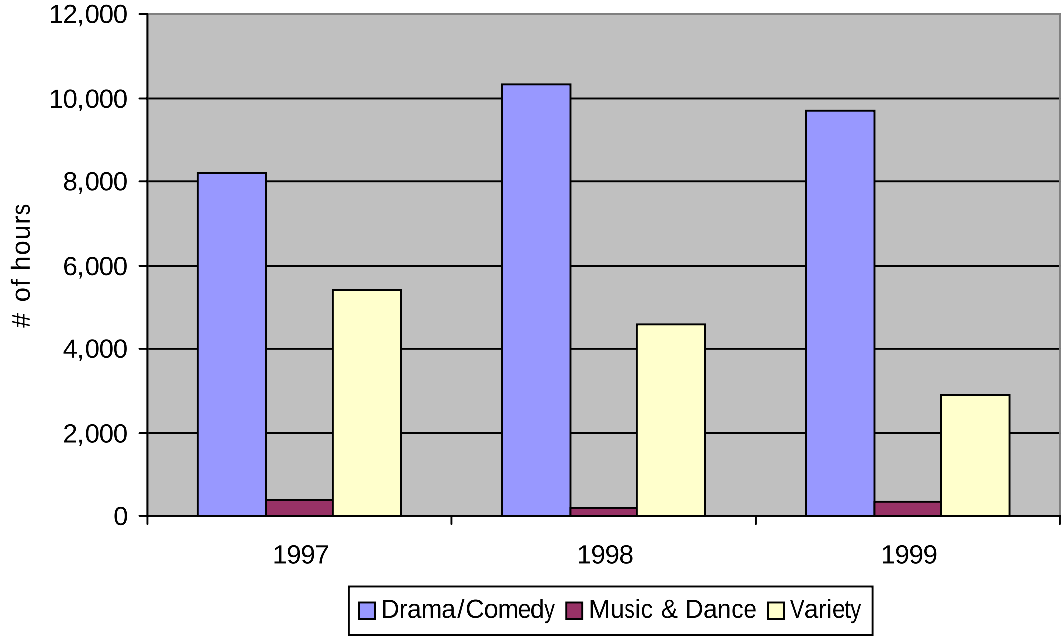
Chart 19: Scheduling of Canadian programming
Canadian English-language specialty services – 7 p.m. to 11 p.m.



Source: CRTC Logs

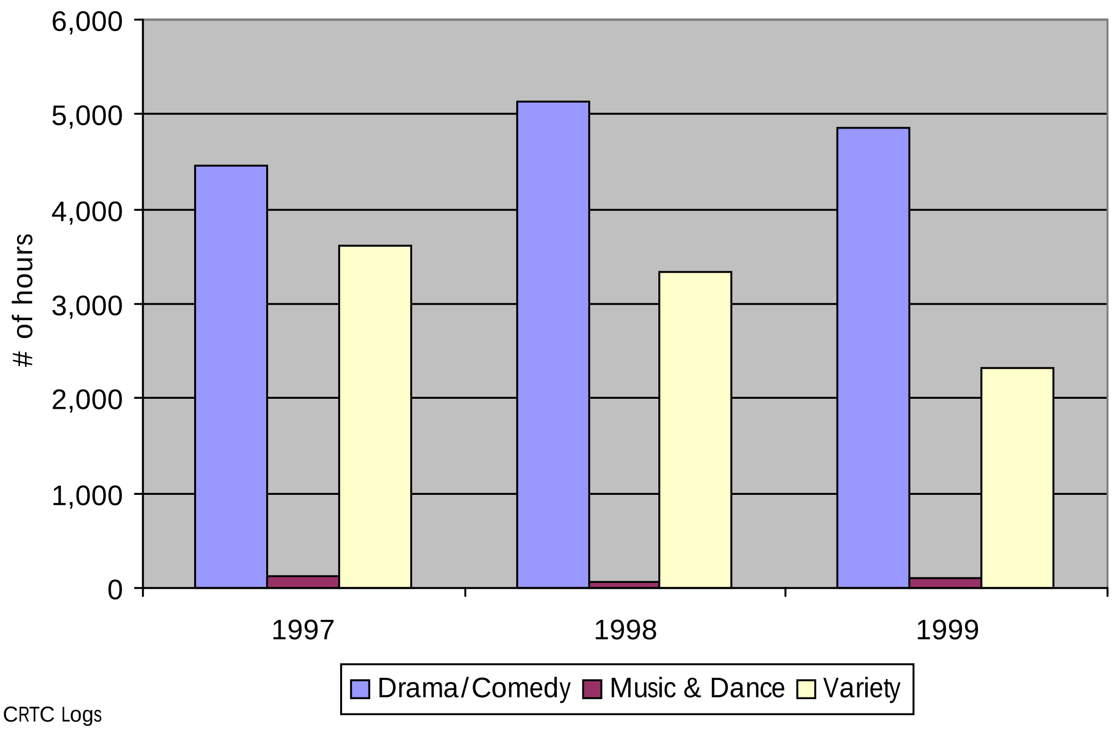
B. French-language services

Chart 20: Scheduling of Canadian programming
All French-language Canadian services – 7 p.m. to 11 p.m.



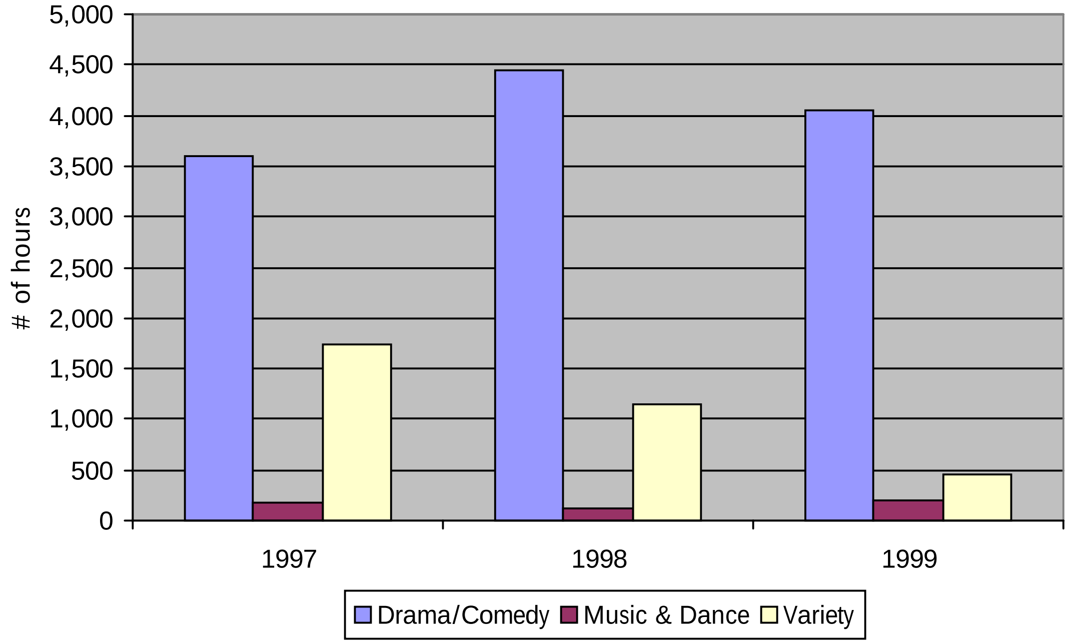
Source: CRTC Logs

Chart 21: Scheduling of Canadian programming
Canadian French-language private conventional – 7 p.m. to 11 p.m.



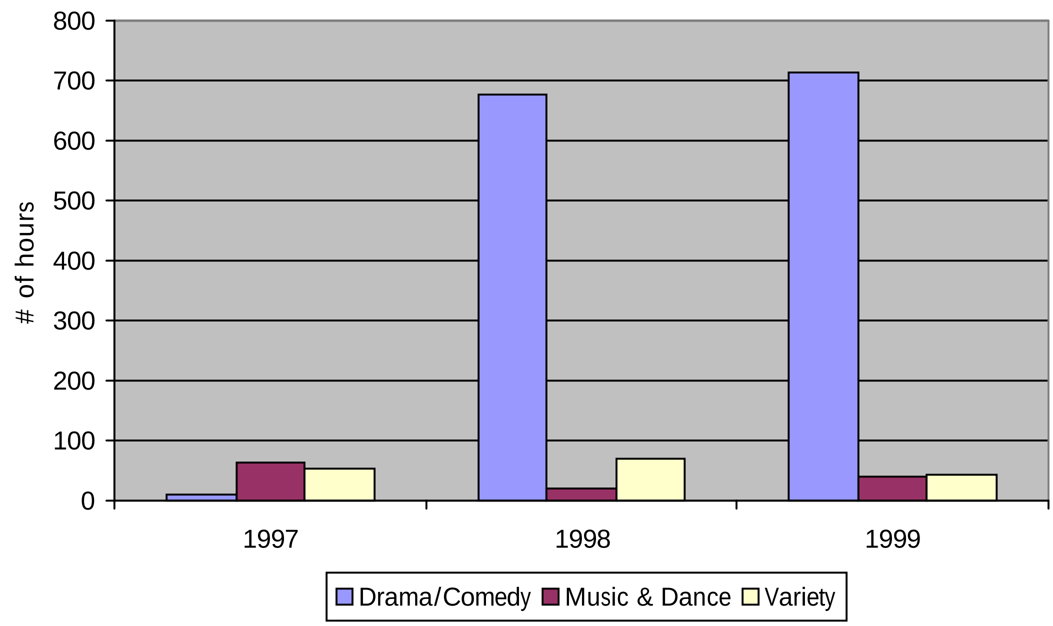
Source: CRTC Logs

Chart 22: Scheduling of Canadian programming
SRC (owned & operated) – 7 p.m. to 11 p.m.



Source: CRTC Logs

Chart 23: Scheduling of Canadian programming
Canadian French-language specialty services – 7 p.m. to 11 p.m.



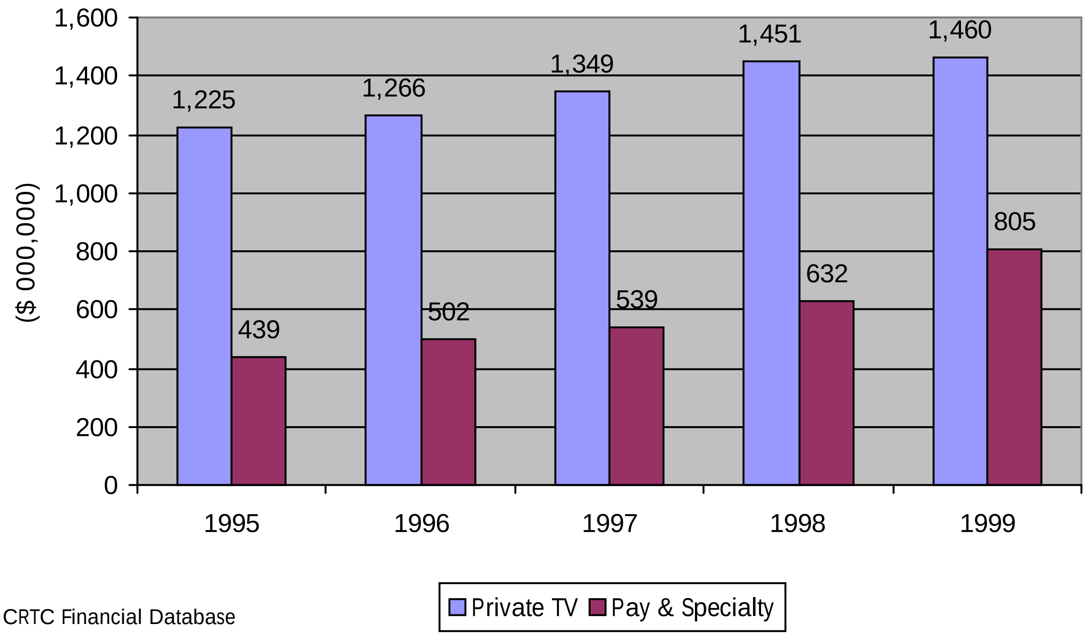
Source: CRTC Logs

IV. Financial performance

A. Total revenues

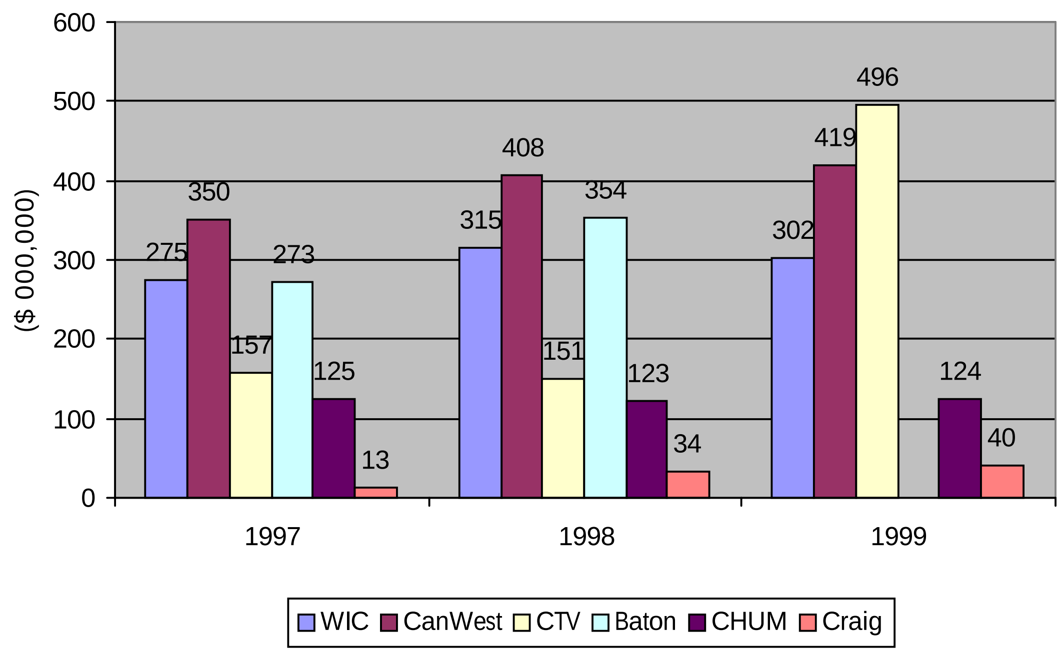
1. English-language services

Chart 24: Total English-language revenues
Private conventional TV & pay and specialty services



Source: CRTC Financial Database

Chart 25: Revenues of private conventional
English-language TV services by group

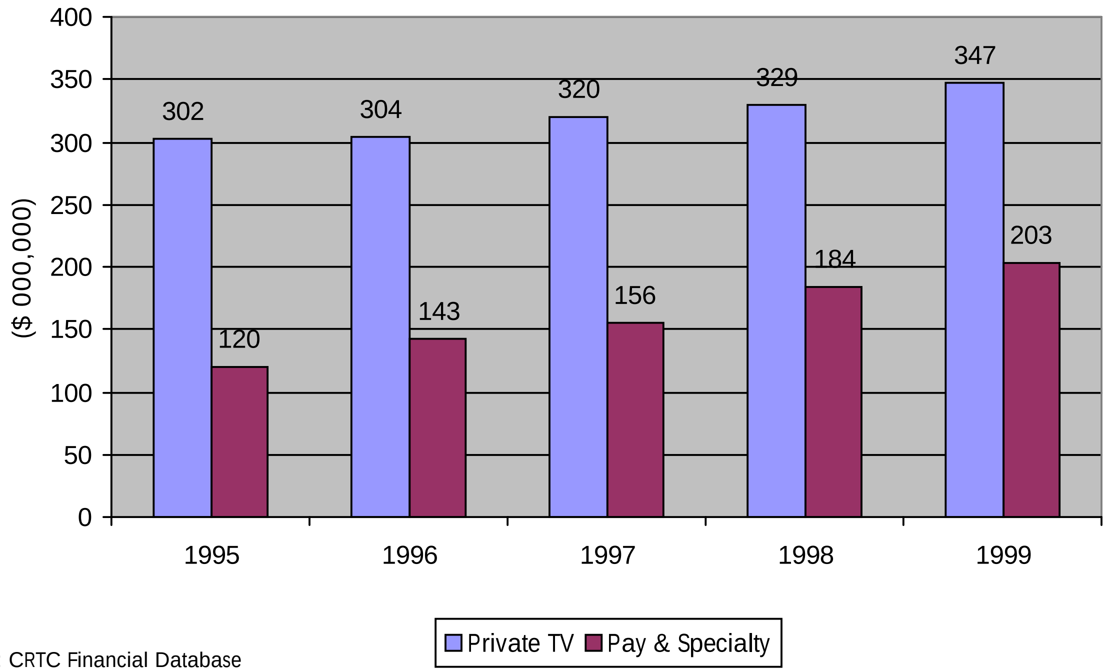


Note: Baton acquired control of CTV Network on 1 September 1998. Baton changed its name to CTV on 18 December 1998.
Source: CRTC Financial Database

- CTV revenues for 1997 and 1998 include the CTV network only.
- 1999 CTV revenues include the CTV network plus CTV stations, less the network payments to these stations.

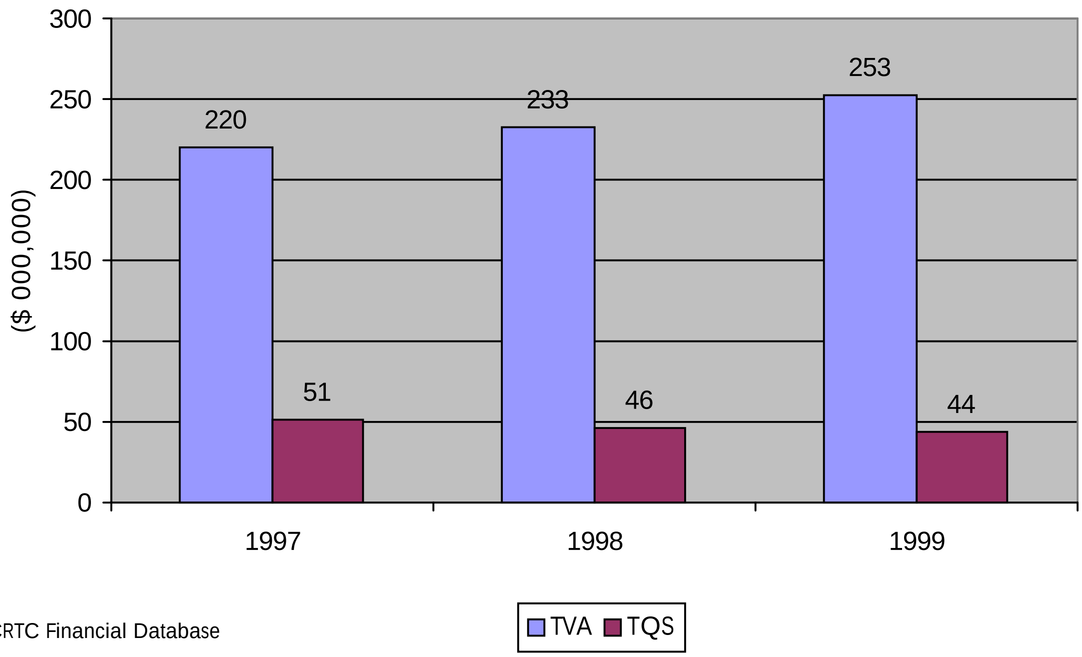
2. French-language services

Chart 26: Total French-language revenues
Private conventional TV & pay and specialty services



Source: CRTC Financial Database

Chart 27: Revenues of private conventional
French-language TV services by group

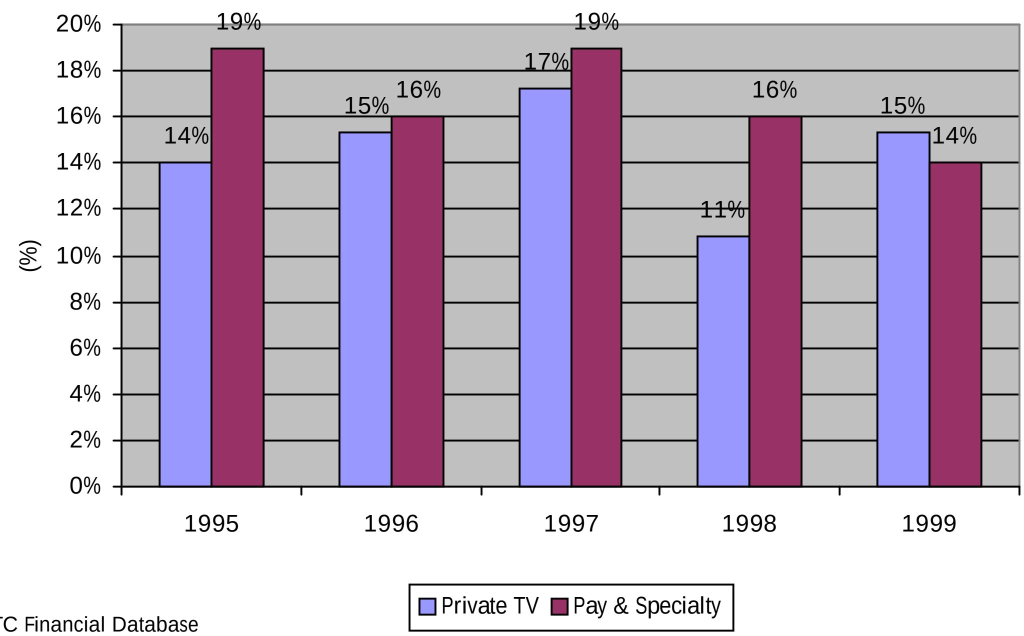


Source: CRTC Financial Database

B. Aggregate profit before interest and taxes (PBIT) margins (%)

1. English-language services

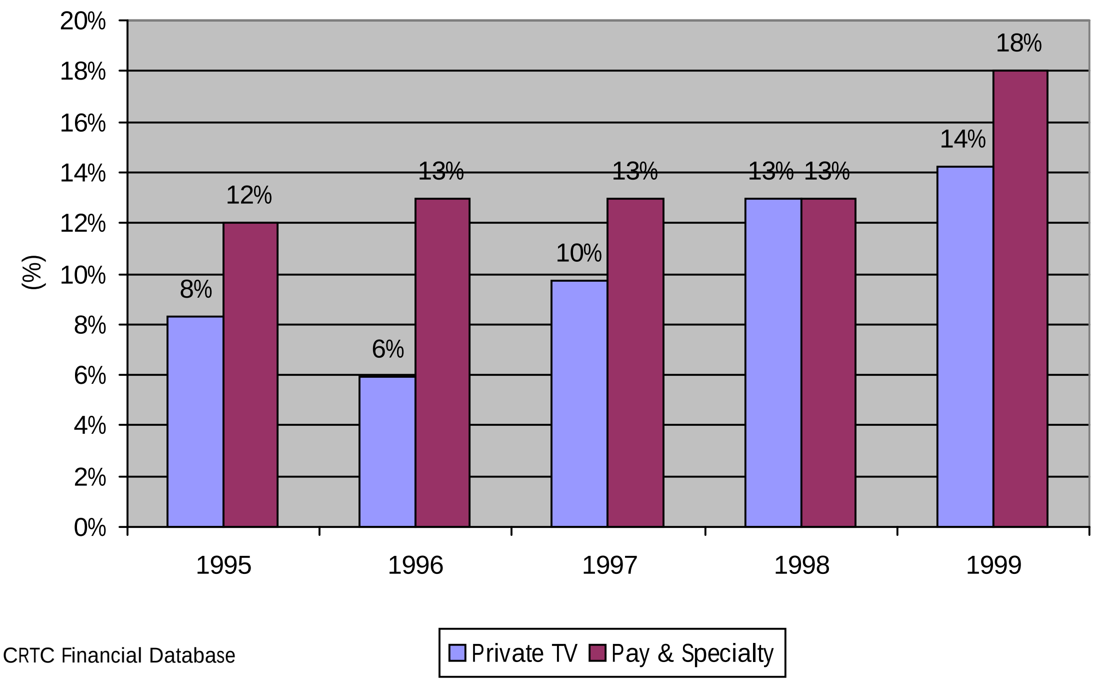
Chart 28: Aggregate English-language PBIT margins
Private conventional TV & pay and specialty services



Source: CRTC Financial Database

2. French-language services

Chart 29: Aggregate French-language PBIT margins
Private conventional TV & pay and specialty services



Source: CRTC Financial Database

V. Funding of Canadian productions

A. English-language Canadian program expenditures

Table 5: Eligible Canadian program expenditures (CPE) English-language private conventional television 1997 through 1999 ($ 000s)

Genre	1997	1998	1999	% Growth 1997 to 1999
News (Cat. 1)	193,759	199,873	212,725	9.8
Other Info. (Cat. 2 to 5)	44,027	21,534	21,526	(51.1)
Sports (Cat. 6)	26,710	21,732	20,386	(23.7)
Drama (Cat. 7)	32,872	55,482	55,743	69.6
Music/Variety (Cat. 8 and 9)	2,824	5,447	4,393	55.6
Game Shows (Cat. 10)	216	179	220	1.9
Human Interest (Cat. 11)	22,343	23,540	21,128	(5.4)
Total (Cat. 1 to 11)	322,751	327,787	336,121	4.1

Source: CRTC Financial Database

Table 6: Canadian program expenditures (CPE) English-language CBC television 1998 through 1999 ($ 000s)

Genre	1998	1999	% Growth 1998 to 1999
News (Cat. 1)	53,790	97,606	81.5
Other Info. (Cat. 2 to 5)	52,605	48,079	(8.6)
Sports (Cat. 6)	119,302	128,455	7.7
Drama (Cat. 7)	35,325	62,016	75.6
Music/Variety (Cat. 8 and 9)	19,166	12,218	(36.3)
Game Shows (Cat. 10)	0	0	-
Human Interest (Cat. 11)	31,167	4,667	(85.0)
Total (Cat. 1 to 11)	311,355	353,041	13.4

Note: 1997 expenditures are not available
Source: CRTC Financial Database

Table 7: Canadian program expenditures English-language pay and specialty services 1997 through 1999 ($ 000s)

	1997	1998	1999	% Growth 1997 to 1999
# of stations	20	31	34	
Total Canadian Program Expenditures ($)	196,218	220,613	306,379	56

Source: CRTC Financial Database

B. French-language Canadian program expenditures

Table 8: Eligible Canadian program expenditures
French-language private conventional television and SRC
1998 through 1999
($ 000s)

Genre	1998	1999	% Growth 1998 to 1999
News (Cat. 1)	67,369	95,262	41
Other Info. (Cat. 2 to 5)	56,769	58,528	3
Sports (Cat. 6)	24,118	22,430	-7
Drama (Cat. 7)	62,870	58,894	-6
Music/Variety (Cat. 8 and 9)	32,610	46,254	42
Game Shows (Cat. 10)	3,696	4,287	16
Human Interest (Cat. 11)	49,297	37,916	-23
Total (Cat. 1 to 11)	296,729	323,571	9

Source: CRTC Financial Database

Table 9: Canadian program expenditures
French-language pay and specialty services
1997 through 1999
($ 000s)

	1997	1998	1999	% Growth 1997 to 1999
# of stations	8	12	12	
Total Canadian program expenditures ($)	60,669	74,798	79,004	30

Source: CRTC Financial Database

VI. Canada's top independent production companies

Table 10: Canada's top independent production companies ranked by 1999 total expenditures ($ 000s)

Company	1996	1998	1999	Growth % 1996 to 1999
Alliance Atlantis	256,000	300,217	250,000	(2.3)
Fireworks Ent.	-	74,036	141,297	-
Motion International	-	-	99,126	-
Lions Gate Ent.	-	35,202	94,323	-
Cinar Corp.	66,600	75,450	90,000	35.1
Nelvana	44,000	77,600	81,712	85.7
Telescene Film Group	21,000	76,500	74,900	256.7
Sullivan Ent.	31,500	34,500*	54,000	71.4
Peace Arch Ent.	-	-	49,852	-
Salter Street Films	26,500	41,550	46,906	77.0
Filmline International	36,163	53,372	43,242	19.6
G.F.T. Ent.	-	-	37,200	-
CineGroupe	-	-	37,000	-
Mainframe Ent.	-	20,000*	35,000	-
Sarrazin Couture Ent.	300	10,163	26,000	85.67
Total: Top independent production companies	482,063	798,590	1,160,558	
Total: All Companies	983,600	1,699,767	1,727,356	75.6

* denotes Playback estimate

Notes: 1. Alliance and Atlantis separate companies prior to 1999. Individual company totals combined for 1996 and 1998.
2. Expenses reported on a calendar year basis.

Source: Playback

VII. Pay and specialty services owned by the largest conventional TV groups

Table 11

Corporation	Control of specialty services	
	Service	Control (%)
CTV	CTV NewsNet	100
	CTV SportsNet	40
	Talk TV	100
	History	12.5
	The Comedy Network	65
	Outdoor Life Network	33
	Sports/Specials PPV	60
	The Sports Network (TSN)	80
	The Discovery Channel	80
	Le Réseau des sports (RDS)	80
	Viewers Choice	24.95
CanWest Global (includes WIC)	Prime TV	100
	ROBTv	26
CHUM	Bravo	100
	MuchMoreMusic	100
	MuchMusic	100
	SPACE	100
	Star-TV	100
	MusiMax	50
	MusiquePlus	50
	Pulse 24	70.1
	Canadian Learning Television	60
TVA	Canal Indigo	20
	PPV	
	PPV DTH	
	VOD	
	Canal Évasion	10
	Le Canal Nouvelles	100
TQS (Québecor)	Canal Indigo	20
	PPV	
	PPV DTH	
	VOD	

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 CRTC 1997-25, 1997-84, 1997-150 and its new *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 incumbent and alternative BDU delivery systems

Table 1: All subscribers across Canada

	Number of basic subscribers			
Distribution type	1996	1997	1998	1999
Class 1	6,728,598	6,801,227	6,866,793	6,925,540
Class 2	402,396	402,390	411,595	373,160
Class 3	720,822	729,695	711,752	727,665
MDS	446	3,912	10,894	31,489
DTH	N/A	N/A	216,111	519,376
STV	6,037	5,573	4,848	3,882
Total	7,858,299	7,942,797	8,221,993	8,581,112
Telco Systems	14,900	20,811	130,562	326,483

Source: FDB3 Financial Summary Reports, September 14, 2000

- Table 1 reveals that the BDU industry has enjoyed stable overall growth since 1996, with particularly strong growth in 1999 in the form of about 360,000 new subscribers.

- Class 1 providers have had stable growth of approximately 60,000 subscribers per year as a result of population growth and new housing starts.

- The direct-to-home (DTH) industry accounted for 85% of the increase in total subscriptions in 1999.

- Prior to 1998, the BDU industry had a subscriber growth rate averaging about 1% per year. The annual growth rates for 1998 and 1999 were 3.5% and 4.4% respectively. The increased growth in 1998 and 1999 is a result of the DTH industry bringing new subscribers into the system.

- On an overall basis, annual cable subscriber growth was about 1% prior to 1998. In 1999, it was 0.35%.

- 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 Telco Systems line represents the number of subscribers of cable, multipoint distribution systems (MDS) and DTH systems in which telephone companies have an ownership interest. The majority of the 1998 and 1999 subscribers are Bell ExpressVu's DTH.

- 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			
	1996	1997	1998	1999
Atlantic	**611,519**	**617,553**	**616,892**	**627,178**
Nfld & P.E.I.	170,664	173,221	163,314	176,899
N.B. & N.S.	440,855	444,332	453,578	450,279
Quebec	**1,891,189**	**1,920,985**	**1,939,722**	**1,976,890**
Ontario	**2,999,764**	**3,017,043**	**3,031,215**	**3,011,333**
Prairies	**1,180,436**	**1,187,634**	**1,218,153**	**1,225,212**
Manitoba	286,221	283,056	278,942	278,881
Saskatchewan	200,804	208,200	211,007	210,949
Alberta	693,411	696,378	728,204	735,382
B.C. & Territories	**1,175,019**	**1,196,186**	**1,189,006**	**1,182,689**
B.C.	1,161,619	1,179,915	1,172,903	1,182,689
Total	**7,857,927**	**7,939,401**	**7,994,988**	**8,023,302**

Source: FDB3 Financial Summary Reports, June 01, 2000

B. Relative market share of incumbent and alternative BDU delivery systems

Table 3: All subscribers across Canada

	Market share by subscriber levels (%)			
Distribution type	1996	1997	1998	1999
Class 1	85.6	85.6	83.5	80.7
Class 2	5.1	5.1	5.0	4.3
Class 3	9.2	9.2	8.7	8.5
MDS	0.0	0.0	0.1	0.4
DTH	N/A	N/A	2.6	6.0
STV	0.1	0.1	0.1	0.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

Source: FDB3 Financial Summary Reports, June 28, 2000

- Class 1 BDUs maintain the bulk of subscriber market share, although it is decreasing. Class 1 market share has fallen by almost 5% since the introduction of DTH and MDS services.

- Market share for DTH services grew by 3.4% of total subscribers in 1999 for a share of over 6% in only 2 years.

- The above table indicates that DTH growth is coming from all existing cable classes and new subscribers in areas not previously having access to cable service.

Table 4: Cable subscribers by regions - Provinces

	Number of basic subscribers (%)			
	1996	1997	1998	1999
Atlantic	**7.8**	**7.8**	**7.7**	**7.8**
Nfld & P.E.I.	2.2	2.2	2.0	2.2
N.B. & N.S.	5.6	5.6	5.7	5.6
Quebec	**24.1**	**24.2**	**24.3**	**24.6**
Ontario	**38.2**	**38.0**	**37.9**	**37.5**
Prairies	**15.0**	**15.0**	**15.2**	**15.3**
Manitoba	3.6	3.6	3.5	3.5
Saskatchewan	2.6	2.6	2.6	2.6
Alberta	8.8	8.8	9.1	9.2
B.C. & Territories	**14.9**	**15.1**	**14.9**	**14.7**
B.C.	14.8	14.9	14.9	14.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

Source: FDB3 Financial Summary Reports, June 01, 2000

C. Rate deregulation of incumbent BDUs

- With the introduction of the new *Broadcasting Distribution Regulations*, the Commission initiated a process for basic service rate deregulation of Class 1 distribution systems. (New entrants are not rate regulated, nor are Class 2 and Class 3 systems.)

- Cable 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 from DTH services); and 2) if the cable incumbent can demonstrate that it lost 5% or more of its basic subscribers since the competition entered its service area.

- To date, no Class 1 licensee has availed itself of this process. Based on the Commission's financial database, about eight Class 1 systems appear to have lost more than 5% of their basic subscribers between September 1, 1997 and August 31, 1999.

II. Promoting contributions to Canadian programming and local expression

A. Contributions to programming funds

Table 5: Contributions to programming funds

Class and subscriber level	Contributions to programming funds ($ 000s)					
	1996	1997	1998		1999	
			CTF	Others	CTF	Others
Class 1 > = 20k	39,657	42,831	50,753	3,353	60,786	6,463
Class 1 < 20k	3,396	3,179	3,975	217	4,569	486
Class 2	17	20	35	0	128	0
MDS					375	38
DTH			1,711	250	5,784	598

Source: FDB, August 24, 2000

- The Cable Production Fund (CPF) began receiving money from cable distributors in January 1995. On September 9, 1996, the Minister of Canadian Heritage announced the creation of the Canada Television and Cable Production Fund (CTCPF). The CTCPF incorporated the CPF and Telefilm's Broadcast Fund, and was supplemented by new government funding.

- The new 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.

- The above table presents the growth of contributions to the CTCPF (now the Canadian Television Fund (CTF)) and to other eligible funds. (Contributions to local expression are examined in the following section.)

B. Total community channel expenses

Table 6: Community channel expenses

Class and subscriber level	Total community channel expenses ($ 000s)			
	1996	1997	1998	1999
Class 1 > = 20k	62,107	$62,166	54,971	$54,879
Class 1 < 20k	11,514	$10,838	11,585	$12,579
Class 2	4,627	$5,083	6,522	$6,795

Source: FDB3 Financial Summary Reports, June 28, 2000 and August 21, 2000

- Public Notice CRTC 1997-25 introduced flexibility to cable licensees in regard to the manner in which they contributed to Canadian programming and local expression.

- Large Class 1 cable distributors have generally decreased (by over 11% in 1998) their community channel expenses. Small Class 1 and Class 2 operators have increased spending on their community channel since the introduction of the new BDU Regulations in 1997.

C. Number of systems maintaining a community channel

Table 7: Cable systems contributing to community channels

	Number of cable systems contributing to community channels			
Class and subscriber level	1996	1997	1998	1999
Class 1 >= 20k	69	69	69	68
Class 1 < 20k	70	69	70	71
Class 2	100	100	99	101

Source: FDB, August 25, 2000

- The table above outlines the number of Class 1 and Class 2 cable undertakings that have reported community channel expenses between 1996 and 1999. The figures do not necessarily represent the actual number of community channels in operation, as some channels are funded by more than one 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 new regulations.

III. Affordability of basic service rates

Comparison of Commission-authorised basic service rates to those charged by alternative BDUs

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

Table 8: Average basic service monthly rates

	Basic service monthly rates ($)			
Distribution type	1996	1997	1998	1999
Class 1	18.12	18.70	18.51	19.02
Class 2	19.49	20.80	20.88	21.64
Class 3	24.23	25.32	25.52	24.01
MDS	23.40	20.63	20.77	20.77
DTH	N/A	N/A	21.62	21.05
STV	20.83	23.10	24.28	25.16
Average	18.71	19.38	19.29	19.60

Source: FDB3 Financial Summary Reports, June 29, 2000

- 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.

- The basic packages differ between systems, therefore value is not being compared.

- MDS and DTH systems offer a variety of basic and non-basic packages. Their prices may or may not include the decoder equipment. The web sites of the major new entrants report the following rates for basic service packages: SkyCable, $14.99; LOOK Communications, $21.95; Star Choice, [English Bronze $14.99] and [French Bronze $8.99]; and ExpressVu, [English (locals and U.S. networks) packages $15.90] and [French (French and English locals and U.S. networks) packages $17.85].

- As MDS and DTH services attempt to attract new subscribers and increase market penetration, they are offering various promotional discounts for equipment and program packages. These discounts may not be reflected in noted rates for these services.

- A Price Waterhouse study[1] commissioned by the CCTA analysed the cost, quantity and variety of programming of cable service in Halifax, Toronto, Calgary and Vancouver, and compared it to that offered in New York and Los Angeles.

- The study found that subscribers in the four Canadian cities have as much or more choice as those in the U.S. cities, yet American subscribers pay as much as 60% more for the "full cable service"[2].

- The study found that the average price of the four Canadian cities was CAN$28.68, whereas the average price of the two U.S. cities was CAN$47.58.

IV. Promoting a financially strong sector

A. Total revenues

- The evolution of total revenues is presented in the following table.

Table 9: Total revenues

	Total revenues ($ 000s)			
Distribution type	1996	1997	1998	1999
Class 1	2,293,591	2,370,384	2,592,162	2,875,841
Class 2	133,126	142,571	151,560	149,736
Class 3	248,525	262,498	270,525	276,484
MDS	208	1,414	4,525	11,314
DTH	N/A	N/A	38,570	154,270
STV	1,911	1,683	1,626	1,574
Total	**2,677,361**	**2,778,550**	**3,058,968**	**3,469,219**
Class 1 breakdown between basic and non-basic				
Basic	1,575,892	1,625,349	1,653,312	1,681,605
Non-basic	717,699	745,035	938,850	1,194,236

Source: FDB3 Financial Summary Reports, June 28, 2000

[1] Dated May 14, 1998.
[2] Includes the basic service and the majority of specialty services. Pay and PPV services are not included. Exchange rate is taken into account.

- The BDU industry as a whole has been enjoying strong growth, particularly in 1999 when total revenues increased over $400 million. Class 1 BDUs realized strong revenue growth in 1999 of almost 11% over 1998, and captured 83% of total BDU revenues.

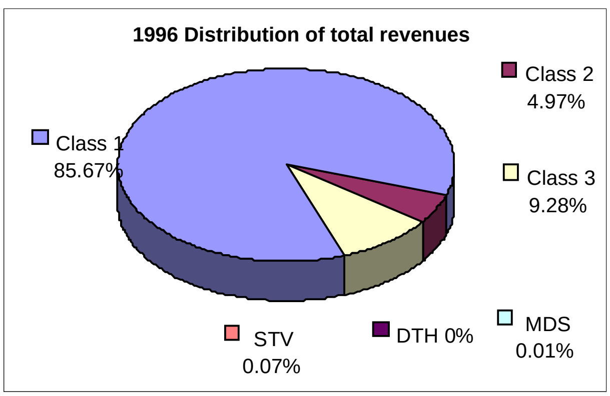
- The growth in Class 1 revenues since 1996 has been almost entirely related to non-basic services. Since 1996, non-basic revenues have grown 66%, as compared to 7% for basic revenues. Non-basic revenues contributed 42% of total Class 1 revenues in 1999.

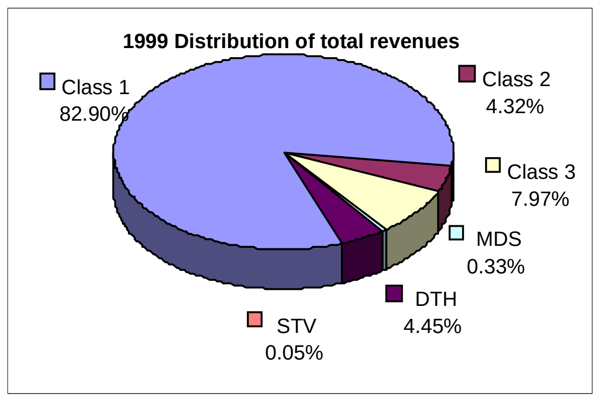
- While MDS providers have shown strong growth with a revenue increase of 150% in 1999, they continue to maintain a very small portion of total revenues.

- DTH providers increased 1999 revenues by almost 300% over 1998. Rapid DTH growth is expected to continue in 2000.

- The charts below illustrate the evolution of the shares of total revenue from 1996 to 1999. DTH's share has grown to 4.45%. While cable's share is declining, it still has about 95% of total BDU revenue.

Chart 1: Distribution of total revenues

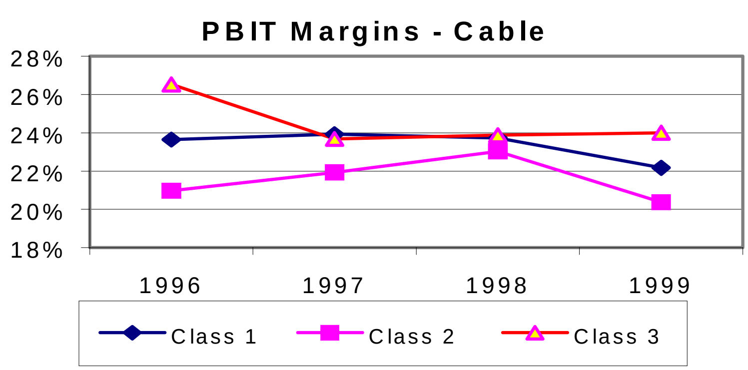




Source: FDB3 Financial Summary Reports, September 22, 2000

B. Profit before interest and taxes (PBIT) margins

Chart 2: Profit before interest and taxes margins

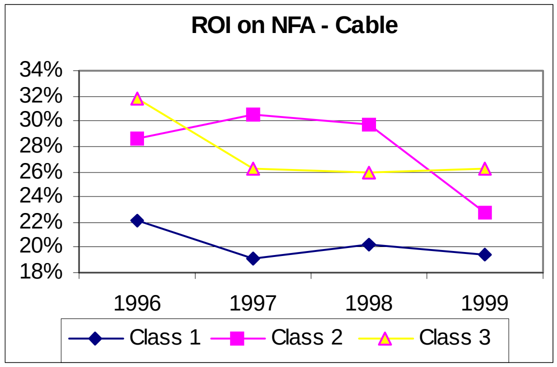


Source: FDB3 Financial Summary Reports, September 14, 2000

- The PBIT margins for Class 1, 2, and 3 cable systems remained within the 20-26% range between 1996-1999.

C. Return on investment (ROI)

Chart 3: Return on investment on net fixed assets (NFA)



- The slight decrease in the ROI for Class 1 and 2 providers in 1999 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 six distributors by total basic subscribers

- The following rankings have been the same since 1998. In 1997, Shaw Cablesystems Ltd. was in second place by the number of basic subscribers, but were surpassed by Vidéotron Ltée in 1998.

Table 10: Top six distributors by total basic subscribers

	Top six by total basic subscribers	
Corporations: by rank	1999 subscribers	1999 national share
Rogers Communications Inc.	2,213,855	26%
Vidéotron Ltée.	1,549,731	18%
Shaw Cablesystems Ltd. – cable only	1,532,877	18%
Star Choice (Shaw) – DTH only	241,438	3%
Cogeco Inc.	765,155	9%
Moffat Communications	322,607	4%
Bell ExpressVu	277,938	3%

Sources: CRTC Internal Report ‘Ownership August 1999’, August 2000 and FDB data

B. Pay & specialty services owned by top six

Table 11: Ownership of pay & specialty services by top six distributors

Corporation	Control of specialty services: Service	Percentage
Rogers Communications	CTV SportsNet	29.99%
	Outdoor Life	33.30%
	Viewer's Choice	24.95%
Vidéotron Ltée	Le Canal Nouvelles (LCN)	100%
	Canal Évasion	10%
	Canal Indigo	20%
Corus (Shaw)	CMT (Country)	90%
	MovieMax!	100%
	SuperChannel	100%
	Telelatino	20%
	TELETOON[1]	20%
	The Comedy Network	14.95%
	TreeHouse	100%
	YTV Canada	100%
	Family Channel[2] (Intrust)	50%
	Food Network	10%
	Home Theatre	100%
Cogeco	Canal Indigo	20%
Moffat Communications Ltd	Lifestyle (WTN)	100%
BCE Media	Canal Évasion	50.1%
	Télé des Arts	16%

Notes: [1]Owned 20% through YTV Inc.
[2]Currently 50% held by Corus Premium Corporation in trust with Keith Campbell (required to divest as a condition of approval to acquire remaining WIC Radio assets).
Source: CRTC Ownership and Industry Analysis Divisions

VI. Promoting digital technology

Number and proportion of subscribers receiving digital services

Current estimates

Table 12: Number of digital subscribers

Distribution type	Number of digital subscribers: English (Jan-00)	French (Jan-00)	Total (Mar-00)
Digital cable	210,000	25,000	286,100
DTH	636,235	163,667	827,000
MDS	29,000	13,000	55,000

Source: Cable, DTH and MDS Industry estimates, March 2000

- As can be seen from the table above, DTH providers are currently leading the way among digital service providers with a market share of near 71% of subscribers. Digital cable providers lag behind with a 24% share, and MDS providers with 5%.

Forecasts

- As can be seen from the tables provided below, both the cable and DTH industries are predicting large increases in their digital subscriber bases.

Table 13: DTH subscriber projections

	Subscribers to licenced DTH service providers		
Forecast period	Bell ExpressVu & Star Choice	English-language	French-language
December 31, 2000	1.2 Million	85%	15%
December 31, 2001	1.8 Million	85%	15%
December 31, 2002	2.1 Million	85%	15%
December 31, 2004	2.4 Million	85%	15%

Source: Bell ExpressVu Ltd, March 2000

- The cable industry has provided digital projections that differ by over 100% under two different scenarios. The pessimistic scenario assumes the denial of applications for additional feeds of 4+1 and other Canadian distant signals, and that newly-licensed services are either unattractive to consumers, or they are not attractively priced. The optimistic projections assume that the applications by cable companies for expanded service are approved, and that attractive and affordable new programming services are approved for a September 2001 launch.

Table 14: Digital cable subscriber projections

	Digital cable market					
	Number of digital subscribers		Digital capable households		Capable as % of basic subscribers	
Forecast period	Pessimistic	Optimistic	English	French	English	French
January 2000			4,104,474	1,233,600	69	65
September 2001	486,486	1,066,316	4,888,056	1,373,650	82	72
September 2003	872,258	1,802,548	5,199,786	1,449,500	86	72
September 2005	1,269,997	2,536,394	5,366,258	1,533,670	88	78

Source: Long Range Digital Forecast for Cable Distribution Undertakings, CCTA, March 10, 2000

- The MDS industry is predicted to grow to over 312,000 subscribers by September 2005.

Table 15: MDS subscriber projections

	Multipoint distribution system market – English & French		
	September 2001	September 2003	September 2005
MDS subscribers	156,000	234,000	312,000

Source: PriceWaterhouse Cooper study filed by the Craig's with "The Met" application

New Media

I. Usage of New Media

A. Canada and the Internet

- The longest running Internet host survey is one carried out every six months by the Internet Software Consortium (ISC), most recently in January 2000. For the purposes of the survey, the ISC defines a host as a domain name that has an Internet Protocol (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

Domain name	Number of hosts	Hosts / 1,000 inhabitants
.com (generic)	24,863,331	-
.net (generic)	16,853,655	-
.edu (generic)	6,085,137	-
.jp (Japan)	2,636,541	20.8
.uk (United Kingdom)	1,901,812	32.3
.us (United States)	1,875,663	6.7
.mil (generic)	1,751,866	-
.de (Germany)	1,702,486	20.7
.ca (Canada)	1,669,664	53.6
.au (Australia)	1,090,468	57.7
.org (generic)	959,827	-
.nl (Netherlands)	820,944	52.0
Top 12 total	62,211,394	
Internet total	72,398,092	-

Note: The majority of generic domain names are used by U.S. hosts.
Source: ISC Internet domain survey, January 2000

- 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, .org). A web site with the .ca code is not necessarily run by a Canadian or located in Canada and Canadian web sites can, and many do, use a generic top-level domain name instead of .ca. Nevertheless, it is one of the best means available to estimate a country's Internet presence.

- The January 2000 survey counted 72,398,092 hosts over the entire Internet, of which 1,669,664 (2.3%) used a .ca top-level domain name.

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

- In November 2000, the Canadian Internet Registration Authority (CIRA) will become 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 *Trademarks Act of Canada* or persons protected by that Act.[1]

B. Characteristics of New Media services

i. PC ownership in Canada

Table 2: PC ownership rates of Canadian households

	1997	1998	1999
Household PC ownership rate	40%	45%	45%[1]
Average annual spending on computer equipment and supplies	$1,000	$1,000	unavailable

Sources: Statistics Canada Daily, Dec. 13, 1999
[1]Statistics Canada, Household Internet Use Survey 1999

- Computer ownership rate of Canadian households rose 5% from 1997 to 1998, and remained flat from 1998 to 1999 according to Statistics Canada surveys. In 1993, PC ownership rates in Canadian households were 23%. By comparison, ownership rates of most other household equipment measured by these surveys were stable.

- The other items of household equipment which demonstrated the most increased ownership rates were also related to new media:
  - cellular telephones, from 22% in 1997 to 26% in 1998.
  - modems, from 25% in 1997 to 32% in 1998.

- Income was a determining factor in computer ownership. In 1998, 74% of households in the highest income group owned computers while only 18% of households in the lowest income group owned computers.

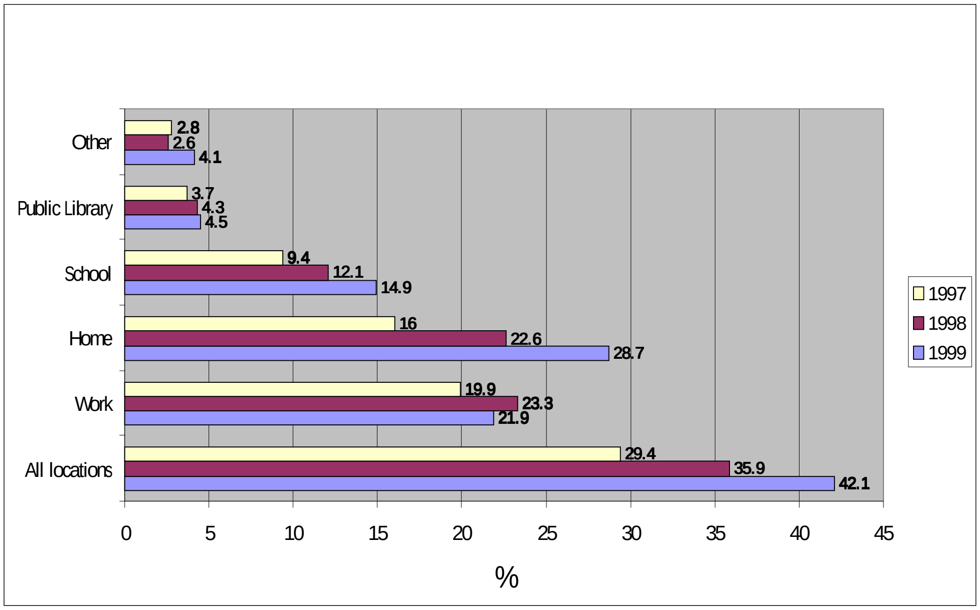
ii. Internet connectivity

- The large increases in computer and modem ownership have led to increasing household use of the Internet[2], such that home use has recently surpassed work use.

- Canadians are increasingly using the Internet from all major locations, home, work, school, and public libraries. As with computer ownership, Internet access is related to income. Other factors which affected Internet access were education, location, and age.

[1] CIRA web site, September 17, 2000. "Canadian Presence Requirements for Registrants".
[2] Note: The 1997 and 1998 Household Internet Use Survey measured computer communications use, which measured Internet use but also included workplace Intranet and dial-up banking use. For the purposes of this report, these figures will be used as indicators of Internet use.

Chart 1: Proportion of all households using computer communications



Source: Statistics Canada -Service indicators, 1st quarter 1999
-Household Internet use survey 1999

C. Internet access

1. Internet access and household income

- As household income increases so does Internet connectivity from all locations. Households in the top income quartile are almost five times more likely to have Internet access than those in the bottom quartile.

Table 3: Internet access by household income
(%)

	Home			Work			School			Library			Overall		
Quartile	97	98	99	97	98	99	97	98	99	97	98	99	97	98	99
Bottom	5.5	7.1	10.9	4.9	4.1	4.3	5.8	6.1	8.6	1.8	2.7	3.2	12.4	13.2	19.0
Second	8.8	13.6	18.0	10.3	12.1	10.9	5.9	7.9	9.7	2.5	3.2	3.1	18.4	23.6	29.4
Third	17.1	24.4	32.4	22.2	26.3	24.5	9.7	13.1	15.8	4.1	4.9	5.0	32.8	41.5	48.4
Top	32.5	45.1	53.5	42.3	50.4	47.8	16.1	21.0	25.5	6.2	6.6	6.7	53.7	65.1	71.4
All	16.0	22.6	28.7	19.9	23.3	21.9	9.4	12.1	14.9	3.7	4.3	4.5	29.4	35.9	42.1

Source: Statistics Canada - Service indicators, 1st quarter 1999
- 1999 household Internet use survey

- A small (1.9%) number of Canadian households no longer use the Internet on a regular basis. The main reason (34%) people stopped using the Internet was that they had no need of it. This was double the number of people (17%) who stopped using the Internet for reasons of cost, the second most important reason people stopped using the Internet.

- As noted in Table 3, Internet penetration rates at the workplace actually fell from 1998 to 1999. One reason for this could be the use of the Internet for non-work related activities during office hours.

2. Internet access by education

- Given the strong positive relationship between education and income, it is not surprising to discover that they share similar patterns in Internet access. Households whose head has achieved a university degree are almost five times as likely to have access to the Internet than households whose head did not finish high school.

Table 4: Internet access by education level of head of household
(%)

	Home			Work			School			Library			Overall		
Education	97	98	99	97	98	99	97	98	99	97	98	99	97	98	99
Did not finish high school	3.9	6.6	9.6	4.7	5.6	4.8	3.2	5.3	6.3	1.2	1.8	1.7	9.0	12.6	16.3
High school/ college	16.0	23.1	30.2	19.9	23.0	21.9	10.4	13.0	16.6	3.9	4.3	4.9	31.0	37.4	45.4
University degree	37.5	46.7	54.3	47.0	52.5	49.1	16.9	19.9	23.2	3.9	4.3	7.9	59.6	68.1	72.6
All	16.0	22.6	28.7	19.9	23.3	21.9	9.4	12.1	14.9	3.7	4.3	4.5	29.4	35.9	42.1

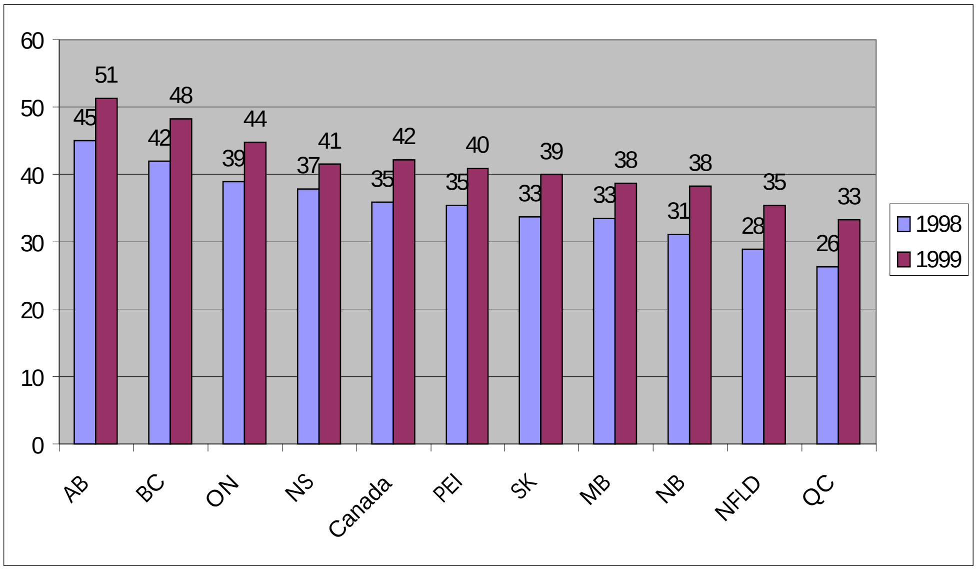
Source: Statistics Canada -Service indicators, 1st quarter 1999
-Household Internet use survey 1999

3. Internet access by location

- Urban households are more likely to have access to the Internet than rural households. Penetration rates for households living in Canada's 15 largest Census Metropolitan Areas (CMAs) were 46.5% in 1999, up from 40.4% in 1998. For those living in the rest of the country, penetration rates were 36.3% in 1999, compared with 30.1% in 1998.

- A comparison of the growth rates of rural and urban access indicates that the gap is narrowing. From 1997 to 1998, penetration rates increased more rapidly for those outside the 15 largest CMAs (28%) than those living in them (19%). A similar trend occurred in 1999, with penetration rates for those living outside the 15 largest CMAs growing by 21% and by 15% for those living in them.

Chart 2: Penetration rates by province (%)



Source: Statistics Canada - Service indicators, 1st quarter 1999
- Household Internet use survey 1999

- There are also different levels of Internet use by province. Alberta had the highest penetration rate, 51%. Quebec had the lowest, 33%.

4. Internet access by age

- Younger Canadians are much more likely to have adopted the Internet than older Canadians. The age of the head of the household makes a significant difference in the probability of that household having Internet access.

Table 5: Internet penetration by age of household head

	Internet penetration (%)		
Age of household head	1997	1998	1999
Less than 35	37.9	45.3	53.3
35-54	38.8	46.9	55.3
55-64	21.1	27.5	32.9
65+	5.5	7.2	10.23
All households	29.4	35.9	42.1

Source: Statistics Canada, Service indicators, 1st quarter 1999

- The 35-54 age group makes up the bulk (63%) of the top income quartile, the income quartile with the greatest access to Internet.

5. Kinds of Internet access used at home

- In 1999, the vast majority of Canadians accessed the Internet from home through the telephone line, and virtually all used their computer to surf.

Table 6: Types of connections used by households to access the Internet

Connection type	% of Internet households
Telephone to computer	87.91
Cable to computer	12.26
Telephone to television	0.42
Other	0.20

Source: Statistics Canada, Household Internet survey 1999

- The fastest growing connection type is high-speed access. From the end of 1999 to the end of June 2000, the number of residential high-speed Internet users increased from 566,000 to 850,000. This represents an increase of 67% in six months.

- Currently, high-speed access is dominated by cable connections. The high-speed Rogers@Home cable Internet service doubled its number of subscribers to 265,000 in one year (July 1999 to July 2000). In the three-month period ending July 2000, Rogers@Home added 50,000 subscribers. During fiscal 1999, Shaw's high-speed cable service, Shaw@Home, also grew significantly, adding almost 85,000 subscribers. As of June 22, 2000, Shaw@Home had 250,000 subscribers.[3]

- Telephone companies are also promoting their own high-speed access services. Bell Canada's Sympatico is the largest Internet service provider in Canada, with 800,000 subscribers. Of these, approximately 100,000 are high-speed users, and Bell predicts that over 70% of Ontario and Quebec homes will be able to access high-speed Internet through telephone lines by the end of year 2000.[4]

6. How often and how long Canadians use the Internet from home

- In 1999, 28.7% of Canadian households were regularly using the Internet from home, up from 22.6% in 1998 and 16.0% in 1997. Of those households, 65% used it every day in 1999, up from 62.2% in 1998.

- Over two-thirds (67%) of households spent at least 10 hours on-line a month in 1999, up from 63.1% in 1998.

[3] Shaw web site, Shaw.ca
[4] Toronto Star, July 24, 2000. "Internet Access Providers Slugging it Out".

Table 7: Profile of regular Internet users

	% of households that regularly use the Internet from home, 1999
Average frequency of use	
1 time/day	65
1time/week	30
< 1time/week	3
Average amount of time spent on-line (monthly)	
20+ hours	47
10-20 hours	20
5-9 hours	16
1-4 hours	12
< 1 hour	3

Source: Statistics Canada, Household Internet use survey 1999

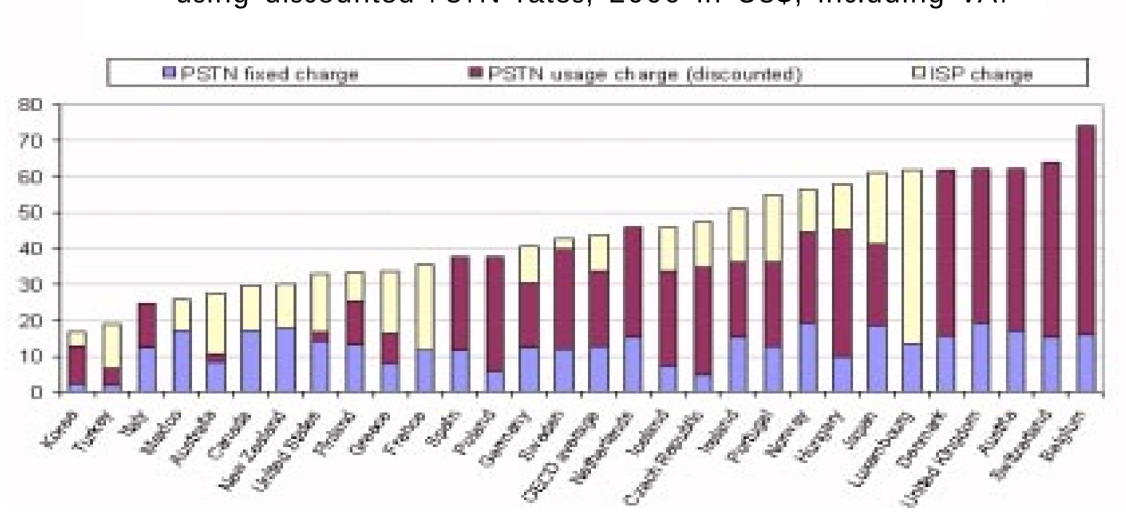
7. Internet access rates, Canada and the world

- Canada continues to enjoy some of the lowest Internet access rates in the world. Furthermore, only Canada, Australia, Mexico, New Zealand, the United Kingdom and the United States currently offer the possibility of Internet access where users are not charged according to the amount of time spent on-line.

- Internet users in Canada, Australia, Mexico, New Zealand and the United States have the additional advantage that local calls are based on a flat fee and do not depend on duration.

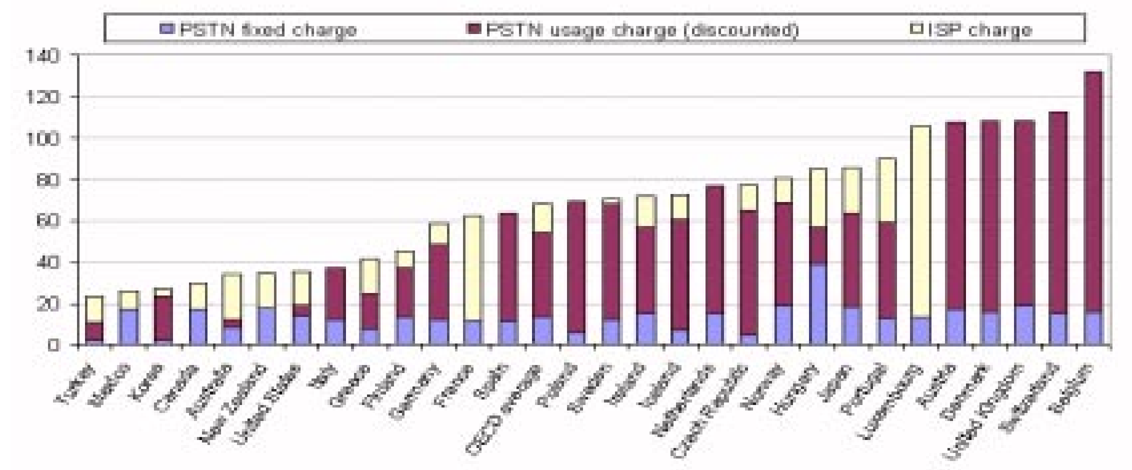
- The following charts demonstrate how Canadian rates compare favourably with those of other countries when all charges relating to Internet connectivity are included. This advantage increases dramatically as the amount of time spent on-line increases.

Chart 3: OECD Internet access basket for 20 hours at peak time using discounted PSTN rates, 2000 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 and additional monthly charges related to discount plans, if applicable. The basket includes 20 one-hour calls. In France and Luxembourg, ISP and PSTN usage charges are bundled and included under the ISP charge.
Source: OECD, http://www.oecd.org/dsti/sti/it/cm/

Chart 4: OECD Internet access basket for 40 hours at peak times using discounted PSTN rates, 2000 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 and additional monthly charges related to discount plans, if applicable. The basket includes 40 one-hour calls. In France and Luxembourg, ISP and PSTN usage charges are bundled and included under the ISP charge.
Source: OECD, http://www.oecd.org/dsti/sti/it/cm/

D. Internet use by television viewers

- Studies[5,6] conducted in the United States show that although the Internet has had an effect on household television viewing habits, it does not currently seem to be cannibalizing television usage. Internet homes watch 10-15% less television than non-Internet homes, but are also lighter television viewers to begin with.

- The Internet is increasingly the first choice for news and information for the young. Over two-thirds (68%) of Americans aged 18-24 gather key information on-line, compared to a national average of 46%. A majority of Americans aged 18-24 find the Internet a more useful source of information than newspapers (59%) or television (53%).

- The young are also much more likely to search for answers to specific questions on the Internet, consulting the Internet over a newspaper 68% of the time and over the television 67% of the time. This group also finds that the Internet is relevant to their work, with 73% having used the Internet to retrieve work-related information.

- Certain patterns of Internet use appear to have been transferred from television viewing habits. For example, Nielsen research demonstrated that Internet users tend to visit about 12 unique sites per month, very similar to the 13 channels that television households actually watch every month.

- The Internet also has a growing presence on television, as Internet companies are increasingly advertising their products and services on television.

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[5] Nielsen Media Research, May 1999. “TV Viewing in Internet Households”.
[6] Round Table Group, April 2000.

- Conversely, there are many broadcast and cable networks that now produce Internet content. World-Wide Internet TV (www.wwitv.com) lists 309 Internet TV stations as of September 2000, which includes both traditional stations broadcasting their content on-line as well as Internet-only broadcasters.

E. Uses of New Media

- The number of uses Canadians are finding for computer communications from the home is rapidly increasing. Only three uses were measured by Statistics Canada in 1997, 10 in 1998, and 14 in 1999. The additional categories relate to specific on-line activities.

- A regular user household is one in which any household member uses the Internet (from any location) in a typical month. In 1999, 42% of Canadian households were regular user households, compared with 35.9% in 1998 and 29.4% in 1997.

Table 8: Uses of New Media by Canadian households

	Penetration rates					
	% of all households			% of regular user households		
Purpose of use	1997	1998	1999	1997	1998	1999
E-mail	13.3	19.3	26.3	83.1	85.6	91.7
Electronic banking	3.1	5.5	8.0	19.6	24.4	27.7
Purchasing	1.5	2.5	5.5	9.2	10.9	19.0
Search for medical info	-	9.6	15.6	-	42.5	54.2
Education/Training	-	6.8	9.2	-	30.0	32.0
Look for Government info	-	8.2	12.7	-	36.4	44.1
Look for other specific info	-	15.3	24.4	-	67.9	85.1
General browsing	-	17.6	24.3	-	78.1	84.7
Playing games	-	7.8	12.3	-	34.4	42.7
Chat groups	-	5.7	7.5	-	25.4	26.2
Obtain and save music	-	-	7.8	-	-	27.1
Listen to the radio	-	-	5.0	-	-	17.5
Schedule/Watch TV	-	-	0.2	-	-	0.8
Other Internet services	2.2	2.6	5.1	13.7	11.6	17.6

Sources: Statistics Canada, Service indicators – 1st quarter 1999
Statistics Canada, Household Internet use survey 1999

- Web-radio.com lists over 4000 radio stations that are available on-line, including both traditional stations and Internet-only stations.

II. The Canadian Internet service provider (ISP) industry

- Industry Canada estimates that as of November 2000, there were as many as 1,000 ISPs operating in Canada. An ISP is defined as an organization that provides Internet access to the public.

- There was an estimated 700+ ISPs operating in Canada in October 1999.[7]

[7] The Globe and Mail, October 7, 1999. "On your mark, get set, spend!"

- The vast majority of ISPs are relatively small, with less than 5,000 subscribers each. The larger industry players, listed in the following tables, have the bulk of the subscribers.

Table 9: Subscriber estimates for the largest paid ISPs, November 2000

ISP	Dial-up subscribers (000)	High-speed subscribers (000)	Total subscribers (000)
Bell	900	212	1,112
Telus	355	80	435
Rogers**	-	350	350
Shaw**	-	345	345
AOL (Compuserve)	*	*	250
Sprint**	*	*	250
Technovision (Uniserve)	*	*	220
Look**	207	8	215
AT&T	*	*	165
Vidéotron**	76	88	164
Cogeco	-	75	75

Notes: *Unable to differentiate between dial-up and high-speed. **Projections based on CRTC calculations.
Sources: Globe and Mail, Edmonton Journal, Vancouver Sun, Toronto Star, National Post, Commerce, www.shaw.ca, www.telus.ca, www.tvs.net, www.aol.com, www.look.ca, www.sprintcanada.ca, www.videotron.ca, www.attcanada.com, www.cybersurf.ca

- While telephone companies are dominant in providing overall access, the cable companies currently lead in the number of high-speed subscribers.

Table 10: Subscriber estimates for free ISPs, November 2000

ISP	Dial-up subscribers (000)	High-speed subscribers (000)	Total subscribers (000)
1stUp	800	-	800
Cybersurf (3web)	400	-	400
Funcow	10	-	10

Sources: Toronto Star, www.cybersurf.ca, www.1stUp.com

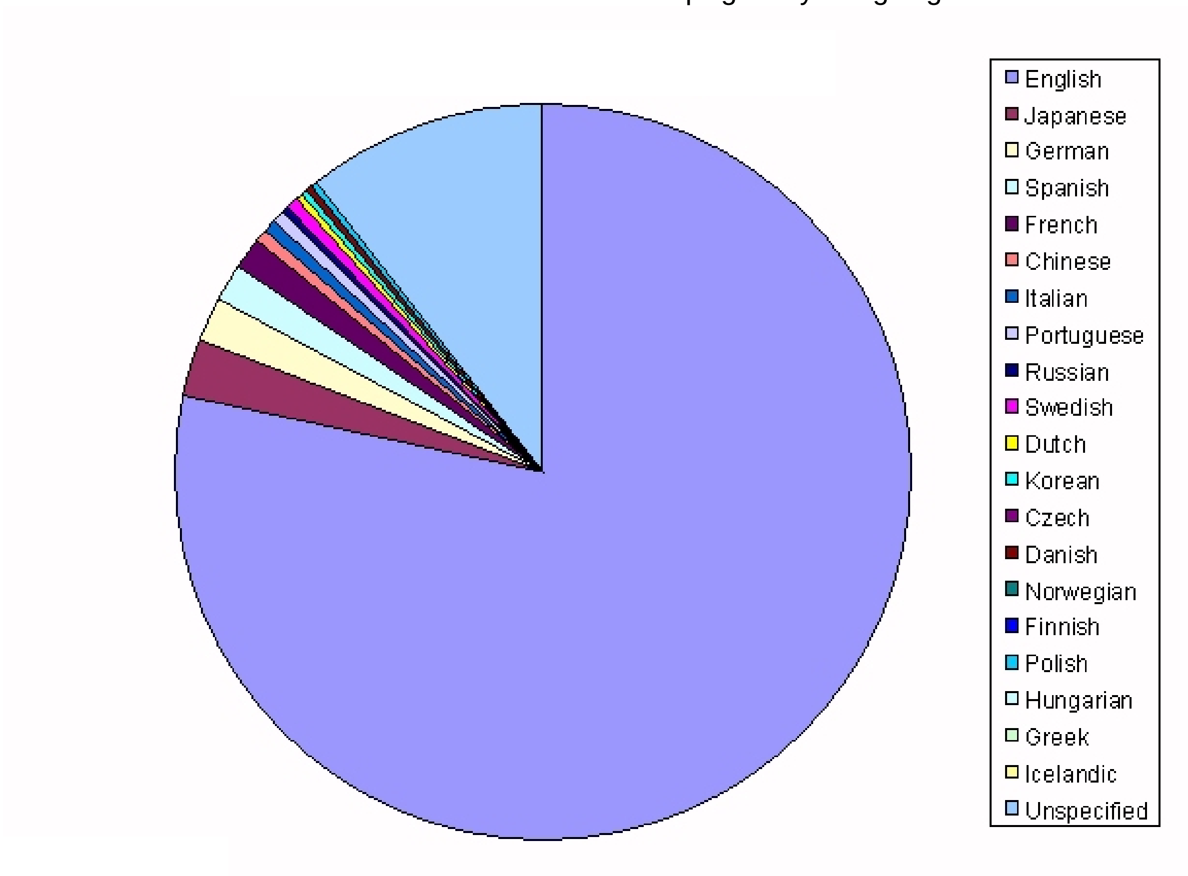
- Free Internet access is relatively new in Canada and according to a recent press release 1stUp is the largest ISP providing the service in Canada. 1stUp also claims to have over 5.5 million subscribers in the United States.

- Netzero, another large American free ISP with 5.7 million users in the United States, just introduced its service in Canada in the fall of 2000. Cybersurf and Funcow are Canadian companies, their services are only offered in Canada.

- The free ISP business model is based on the idea of recouping access costs through advertising and sponsorship. The free ISP subscriber must use a special browser that is constantly displaying advertisements.

III. Language and the Internet

Chart 5: Breakdown of web pages by language



Source: OECD

- Well over three-quarters of web pages are in English, according to an OECD survey. French is the fifth most popular language on the Internet, accounting for about 2% of all web pages. A lack of French content might be one factor explaining why Quebec continues to have the lowest Internet penetration rate of all the provinces.

- Approximately 15% of all .ca web pages are in French.

IV. Canadian presence in New Media

A. Initiatives for Canadian New Media content

- There are numerous programs that make funds available to the Canadian multimedia industry. In addition to programs aimed mainly at the multimedia industry, many existing support programs for the development of cultural content now include support for multimedia projects.

- Canadian Heritage has compiled a non-exhaustive database of programs available to the Canadian multimedia industry as of June 2000. It lists 41 organizations that offer 75 programs across the country.

B. Canadian multimedia industry

- In December 1999, AC Nielsen·DJC Research conducted a study on the Canadian multimedia industry for Canadian Heritage, Human Resources Development Canada, Industry Canada and Foreign Affairs and International Trade. AC Nielsen·DJC Research compiled a list comprising the entire universe of multimedia companies in Canada (1,080 organizations).

- Just over half (53%) of the 152 multimedia companies surveyed reported being profitable in the previous year. 47% of these companies derived all of their revenue from multimedia-related activities.

- The majority of multimedia firms that were not profitable at the time of the study expected to be profitable by the end of fiscal 2000. Over three-quarters (77%) of Canadian multimedia companies are small (less than 10 employees), and have revenues of less than $1 million. Only 19% reported revenues of $1 million or more.

- The industry is very optimistic concerning its future. Only 32% expected revenues to remain below $1 million by 2001.

- Difficulties in developing international markets, obtaining copyright clearance, finding suitable talent, and developing multimedia titles are all issues of concern to the industry.

V. New Media advertising trends

i. Growth of New Media advertising

- Internet advertising revenue in the United States grew from US$2 billion in 1998 to US$2.6 billion in 1999, accounting for most of the US$3.3 billion in world-wide revenues in 1999.[8,9]

- In Canada, Internet advertising in 1999 amounted to only $55.5 million, a figure which is expected to double in 2000. Internet advertising in French amounted to $7 million, or 14.5% of Canadian Internet advertising in 1999.

ii. Streaming video

- One area where the Internet is moving into a broadcasting environment is streaming video, high quality video content being delivered through the Internet. It is also referred to as webcasting.

- In 1999, the top ten webcasts each attracted over half a million viewers. The biggest webcast of 1999, a Paul McCartney concert, was streamed to over 5 million viewers and would have translated to a Nielsen rating of 5.00 in the United States.[10] That is similar to a television show with a weekly ranking of 50th to 100th. Over 98 million people have downloaded RealNetworks, the most commonly used streaming video player.

VI. E-commerce

- Global Internet commerce amounted to US$111 billion in 1999, a figure which is projected to grow to US$1.9 trillion by 2003. Canadian Internet commerce for 1999 totalled CAN$11.02 billion and is projected to grow to CAN$93.67 billion by 2003. In Canada, 87% of Internet commerce in 1999 was business-to-business, with the remaining 13% being business-to-consumer.[11] Consumer retail on-line expenditures in Canada were $688 million in 1998, 0.28% of total retail spending.[12]

- Fully one-quarter of Canadian home Internet users made an on-line purchase of goods or services in 1999, a significant increase over the 17% who did so in 1998. This is significantly less than the 42% of American home Internet users who shopped on-line in 1998.

- In 1999, 14% of Canadian companies were selling on-line, compared with 44% of U.S. companies.

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[8] Multimedia Strategy Group. “Canadian Internet Advertising 2000: A Message for the Medium”.
[9] Nielsen Media Research, May, 1999. “TV Viewing in Internet Households”.
[10] McKinsey Quarterly, 2000 Number 3. “The End of Broadcast?”
[11] Industry Canada, Task Force on Electronic Commerce.
[12] Multimedia Strategy Group. “Canadian Internet Advertising 2000: A Message for the Medium”.

Table 11: % of Canadian households making a purchase on-line

	1996	1997	1998	1999
Home users making an on-line purchase	11%	13%	17%	25%

Source: AC Nielsen, The Canadian Internet Survey, 1996, 1997, 1998, 2000