

CBC/Radio-Canada Fact Sheet

Establishing Eligibility for Subscription Revenue

On September 27th, CBC/Radio-Canada filed its submission to the CRTC Television Policy Review. One of the key recommendations in our submission is that public and private conventional television broadcasters be made eligible to receive subscription revenues.

There are currently two sources of revenue for Canadian television broadcasters:

1. Advertising
2. Subscription revenue

While specialty services charge cable and DTH providers a subscription fee for the right to distribute their content, conventional broadcasters provide their services free of charge.

Canada's conventional broadcasters are the only group of television broadcasters solely dependent on advertising to sustain their operations.

Until recently, advertising has been a strong, reliable, and sufficient source of revenue for conventional broadcasters. With fewer Canadians watching television over-the-air, audience fragmentation, and the development of new media platforms being new global realities, the traditional advertising revenue model is changing. The bottom line for conventional TV advertising revenues is not good.

For CBC/Radio-Canada, the effects of this changing environment are only compounded by the fact that it has been more than 30 years since we received a permanent increase in our Government operating funding. In 1985, our Government operating funding was worth \$1.3 billion dollars in today's dollars. Today, our funding is worth \$335 million dollars less.

As such, there is a need to develop a regulatory framework that will provide a sustainable financial model for conventional television.

In order to provide Canada's conventional television broadcasters with a broader financing model that pays them for the content they supply, CBC/Radio-Canada is recommending that subscription revenue be applicable to conventional broadcasters – both public and private – and should be established during their licence renewals.

The revenues garnered would be applied to attaining specific and unique public policy or programming goals, such as original Canadian HD programming, original local programming, or original Canadian programming in specific genres, and would be set accordingly.

With the rapidly changing broadcasting environment, subscription revenues, instead of causing a growing economic disparity between specialty and conventional broadcasters, would enable conventional broadcasters to continue to meet their public policy goals, and produce more Canadian programming.