



Canadian Association of Broadcasters
Association canadienne des radiodiffuseurs

January 9, 2009

Via Epass

Mr. Robert A. Morin
Secretary General
Canadian Radio-television and Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Dear Mr. Morin:

**Re: Broadcasting Public Notice CRTC 2008-100: Proposal for administration of the Local Programming Improvement Fund (LPIF)
Request for deferral of the submission due date**

1. The Canadian Association of Broadcasters (CAB) is the national voice of Canada's private broadcasters, representing the vast majority of Canadian programming services, including private television and radio stations, networks and specialty, pay and pay-per-view television services.
2. For the reasons set out below, the CAB hereby requests an extension of the January 19, 2009 deadline to submit our plan for the administration of the Local Programming Improvement Fund (LPIF). The CAB submits that our requested extension will serve to benefit all stakeholders while not prejudicing any interested party.
3. In Broadcasting Public Notice CRTC 2008-100 (the Notice), the Commission announced the creation of a fund designed to improve the quality of local programming in non-metropolitan markets. As the majority of local television programming is created by private broadcasters, and most of the LPIF's resources are likely to be utilized by private broadcasters, this Fund is of significant interest to CAB members.
4. In the CRTC Public Notice issued on October 30, 2008, the Commission requested the CAB "to provide, for Commission approval, a detailed plan for the administration of the LPIF" (paragraph 377). The Commission further noted that the plan was to be filed no later than 19 January 2009.

5. CAB members are receptive to the Commission's recognition and support, as the Notice indicates, "for healthy local stations, that will enrich the diversity of information and editorial points of view" (paragraph 348). Achieving this objective requires the collaboration of a number of stakeholders, not least private conventional television stations, which will be the largest category of Fund beneficiaries.
6. The development of the CAB's plan requires significant efforts to reflect the realities and concerns of a wide variety of broadcasters, in French and English, from large and small companies, and from both the private and public sectors. The CAB is mindful of ensuring substantive, meaningful input from the intended beneficiaries of the Fund, which also includes non-member broadcasters – notably the CBC/SRC and Groupe TVA.
7. The timeline imposed by the Commission for the submission of the plan coincides with a number of other important proceedings involving the CAB and its member companies. These proceedings address Canadian broadcasting n new media, broadcasting services to minority official-language groups; the VOD Framework; and the accessibility of telecommunications and broadcasting services to persons with disabilities. In addition, many CAB member companies have been working toward the Commission's January 12, 2009 deadline for the submission of group licence renewal applications.
8. Private conventional television broadcasters wish to ensure that the Fund responds to the current needs of private television stations which are revisiting their business plans in order to adapt to the challenging economic climate. While Canada's economy was until recently considered to be stronger than that of the US, TD Economics notes in its most recent quarterly economic report that Canada will suffer "collateral" damage from shocks to the US economy, damage that will be exacerbated by tumbling commodity prices. TD predicts a contraction in nominal GDP of 3.2% for 2009. Ad spend very closely tracks nominal GDP; consequently, TD's forecast 3.2% decline in nominal GDP translates into a 3.2% decline in ad spend in Canada.
9. Other analysts paint a bleaker picture. For example, in early January 2009, Scotia Capital forecast a drop of 7.7% in conventional television ad revenues and an overall decline of 4.6% in ad revenues for all Canadian media. These observations are borne out in recent data on air time sales. Television ad sales are pacing as much as 23% lower for the coming six months compared to 2007.
10. Arguably, the forecast declines in ad revenue for conventional television are precisely the sort of "unforeseen intervening economic events" (paragraph 382) that the Commission considered when it released the Notice. The development of any incentive for local programming requires a thorough consideration of these economic events and their impact on private conventional broadcasters' ability to make incremental programming expenditures.
11. Given the numerous other proceedings underway, the efforts deployed by members to prepare their group licence renewal applications, and the CAB's desire to consult with member and non-member groups likely to benefit from the Fund, the CAB hereby requests an extension of the deadline to submit our plan for the administration of the LPIF.

12. Recognizing the Commission's desire to launch the Fund and make resources available to its intended beneficiaries in the 2009-10 broadcast year, the CAB proposes an extension of four weeks, to February 17, 2009. This extension will enable the CAB to consult with non-member groups CBC/SRC and TVA, seek cost quotes from a number of potential fund administrators, and develop a realistic proposal that takes into account the context and needs of conventional television stations in non-metropolitan markets.

13. The proposed extension would in no way delay the Commission's introduction of amendments to the *Broadcasting Distribution Regulations* requiring BDUs to contribute 1% of their gross revenues derived from broadcasting activities to a LPIF. The CAB's consultations and planning on the details of the LPIF can take place concurrently with the CRTC's proceeding to amend this aspect of the *Regulations*. In this way, the CAB and the CRTC can jointly ensure that LPIF monies are disbursed and expended by local stations in the 2009-10 broadcast year.

Sincerely,

Original Signed by:

Jay Thomson
Vice-President, Regulatory & Policy

C.C. Hubert Lacroix, CBC/SRC
Pierre Dion, Groupe TVA

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