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September 21, 2012

Mr. John Traversy
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
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Dear Mr. Traversy:

Re: Broadcasting Notice of Consultation CRTC 2012-370-2, Item #1 – Application No. 2012-0516-2 by BCE Inc., on behalf of Astral Media Inc. – Final written comments

1. These are the final reply comments of the Directors Guild of Canada ("DGC") to the above referenced notice. The DGC is pleased to provide these final comments in this important proceeding.
2. The DGC is a national labour organization that represents key creative and logistical personnel in the film, television, and digital media industries. Its membership includes over 3,800 individuals drawn from 47 different occupational categories covering all areas of direction; production; editing; and design of film, television, and digital media production in Canada.
3. These final comments will focus on the proposed television tangible benefits package submitted by BCE on the last day of the hearing. A package which remains deficient to compensate for the reduction in the diversity of voices that will result from approval of this transaction as well as failing to adhere to longstanding practices adopted for television benefits packages over the years.
4. First, BCE's revised package falls far short of the typical 85%/15% split between on-screen benefits and social benefits. Once the support of Canadian film festivals initiative is properly categorized as a social benefit rather than an on-screen benefit, the percentage of the benefits funds flowing to on-screen initiatives is at a paltry 72%.¹

¹ This includes the \$20 million for a French-language Cat. C service as on-screen though BCE have not been clear on this initiative. If these funds are meant for capital expenditures, on-screen programming drops to 61% of the benefits package.

5. The DGC acknowledges that the Commission has made exceptions in the recent past for lowering the percentage of benefits to onscreen initiatives when a pressing policy concern for the broadcasting industry is being addressed. While BCE has attempted to frame their proposed package as deserving of such an exception, they have failed to put forward any compelling argument as to why the Commission should do so in this transaction.

The "Digital Future" initiative does not benefit the broadcasting system as a whole

6. As we stated at the hearing, the DGC strongly objects to the NorthwesTel Network Modernization initiative (now called 'Digital Future' in the revised package) for which BCE has allocated \$40 million. Simply put, this proposal has no direct link to the Canadian broadcasting system, and therefore, will not benefit the system as a whole.
7. In fact, this proposal is nothing more than a wholly self-serving corporate subsidy for one of BCE's subsidiaries designed to further telecommunications policy objectives. It is worth noting that in a letter dated September 14, 2012 answering Commission questions, BCE stated that "...the benefit of the NorthwesTel proposal is that customers would also get mobile wireless and updated telephony structure." This statement, together with the fact that BCE balked at putting the proposed \$40 million into a fund which could be accessed by competitors to improve broadband services, clearly indicates BCE is attempting to use its benefits obligations to strengthen its position in telecommunications services in Canada's north.
8. Extending broadband to Canada's north is certainly a worthy policy goal, but it should not be funded out of a television benefits package.
9. The DGC was pleased to hear that, although BCE left this proposal in their revised package, they did acknowledge in their final appearance that the Commission could see it as inadmissible and, in such a case, have committed to reallocate the \$40 million to on-screen projects as well as increasing the contribution to the Harold Greenberg Fund.
10. We strongly urge the Commission to reject the Digital Future proposal and recommend reallocating the lion's share of the \$40 million to the production of Canadian feature film, an extremely important and underfunded genre of programming.

A new French-language Cat. C service is not an appropriate use of benefits funds

11. The DGC also does not believe BCE's proposal for a new French-language Category C news service is an appropriate use of benefits funds. In fact, we are not sure how to categorize this initiative under the benefits policy. BCE's revised package seems to categorize it as an on-screen benefit though we've seen no indication that the allocated \$20 million is indeed for programming, nor indeed how extra news programming for an all news channel would be incremental.
12. If the \$20 million is for capital costs to set up the new service, this would seem to be outside of the benefits policy - under which capital expenditures are normally not permitted. Incrementality is a problem under this scenario as well. As we noted at the hearing, it seems

incredible that BCE's strategy for competing in the French-language market with Quebecor, one of the key rationales for this transaction, would not have included launching a French-language news service to compete with Quebecor's existing service.

13. In any case, approval of this benefit would set a dangerous precedent whereby acquiring companies would seek to use benefits funds to subsidize new television channels launches which may be firmly in their competitive interests and already contemplated without benefits monies.
14. We urge the Commission to reject this initiative and reallocate the funds to on-screen programs.
15. For as the Commission's policy and past practices recognize through the expectation of 85% of benefits funds for on-screen initiatives, incremental Canadian programming is the most effective benefit arising from the transfer of licences without a competitive process. It benefits the system as a whole - broadcasters who air the programming, BDUs who carry the services airing the content, independent producers and the creative community who make it, and Canadian audiences, who enjoy a greater selection of quality, domestic programming on their screens.
16. We urge the Commission to maximize the benefits of this transaction by ensuring an appropriate level of on-screen programming is derived from the benefits package. We would also recommend that the Commission include the details of the final package and payment schedule in its decision for public awareness and for interested stakeholders to track the benefits spending.
17. All of which is respectfully submitted

Sincerely,



Gerry Barr
National Executive Director & CEO
Directors Guild of Canada

c.c. BCE Inc. (bell.regulatory@bell.ca)

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