



CRTC – Let’s Talk TV (LTTV)

Overview and Corus Entertainment’s Perspective

November 30, 2015





The Salient Policy Changes

1. Content
 - Genre eliminated
 - CanCon volume and spending
2. Carriage
 - Skinny Basic and rate
 - Carriage and packaging
 - Access and licensing
 - Linkage Rules



Elements of Carriage Rights and Success

A mix of rules, technology and history

1. Access rights
2. Channel placement
3. Packaging



Carriage Rules in Force Today – The Basic Service

Have carriage right of access:

- Local OTA CBC
- Local OTA Educational
- Local OTA – Others
- Regional OTA CBC & Others
- Other Language OTA
- S. 9(1)(h) – e.g. APTN, CBC News
- Community
- Legislature

Basic can be larger

Equipment costs extra

No price regulation in place for past 13 years

Other channels carried

Status Quo



CRTC stated that consumers can keep what they have now. The status quo is an option throughout the introduction of new rules.

The new Cable rules also provide for a “First Tier Offering” that resembles the status quo.



New Rule:

Types of Linear TV Licences at *March 1, 2016*

1. Basic services – **must carry on basic**
 - Over the Air conventional TV stations (OTA)
 - Educational TV
 - Local cable community
 - Section 9(1)(h)
2. Discretionary – **no access or carriage rights, except for linkage and preponderance**
 - Pay and Specialty
3. On-demand services – **no carriage or access rights**
 - Pay per view (PPV) and Video On Demand (VOD)



The New Skinny Basic as at March 2016

The same list as before except the price will be regulated at \$25. Plus it mandates US 4+1.

- Local OTA CBC
- Local OTA Educational
- Local OTA – Others
- Regional OTA CBC & Others
- Other Language OTA
- S. 9(1)(h) – e.g. APTN, CBC News
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Key change is price

Will still be equipment cost

Limit on local problematic



Carriage Access Rights Rules in Force Today: Discretionary Channels

Cable – English markets – access rights

- All Category A services (these have carriage rights – YTV, MC, etc.)
- One English pay per view
- One French Category A, B, or C for every 10 English
- Ethnic Category A if it was operating on October 30, 2008 or 10% of the population speaks that language (TLN)
- Linkage: For each related Category B they must carry three unrelated Category Bs



Carriage & Tier Structure

- **No change at this time.** Status quo will be allowed throughout.
- **March 1, 2016**
 - **Skinny Basic** must be offered at \$25 or less.
 - BDUs must offer à la carte **OR** bundles of up to 10
 - CRTC has stated a “**First Tier**” is acceptable. “**STATUS QUO**”
- **December 1, 2016**
 - BDUs must offer à la carte **AND** bundles of up to 10



And

- Some vestiges of **access** remain that are great for Corus:
 - Linkage ratio: 1:1 BDU must carry (offer) one non-related for every related carried as of **March 1, 2016**. There is no longer a barrier for Shaw to carry Corus channels and we become channels that other BDUs, like Bell, can use to meet their obligations.
 - Preponderance: must carry (offer) more Canadian channels than foreign.
 - Ethnic preponderance: Must carry (offer) one Canadian ethnic for every foreign ethnic.



Genre Protection

1. This ended on **March 12, 2015** for Canadian services
2. CRTC asks that we file a simple statement of Nature of Service (NOS) to change it
3. Foreign service access remains the **same**

We are now a brand and programming driven business as anyone can get a licence

Disney Launches

- CRTC will not licence anything unless it is launched and has over 200,000 subscribers.
- All new services start with “exempt” status.
- CRTC licence issued about 12 months after launch.
- This means that for approximately the first year a service has reduced Canadian Content at 15% and no Canadian Programming Expenditures (CPE).





Corus CanCon (broadcast day/prime time) TODAY

- Over the Air conventional TV stations (OTA): 60/50
- Category A – regular and ethnic hybrids: W 70/60 OWN 60/50
TLN 30/15 TT 60/60 CMT 60/50/40 (music)
- Category B – regular 35 and ethnic 15
- Pay (Category A) – 25/30
- Exempt – 15% - new as of March 12th



Corus CanCon in 2017

1. Basic Services – must carry on Basic
 - Over the Air conventional TV stations (OTA) –
50% prime time only
2. Discretionary
 - Pay and Specialty **35%** – Broadcast Day, no prime time obligation

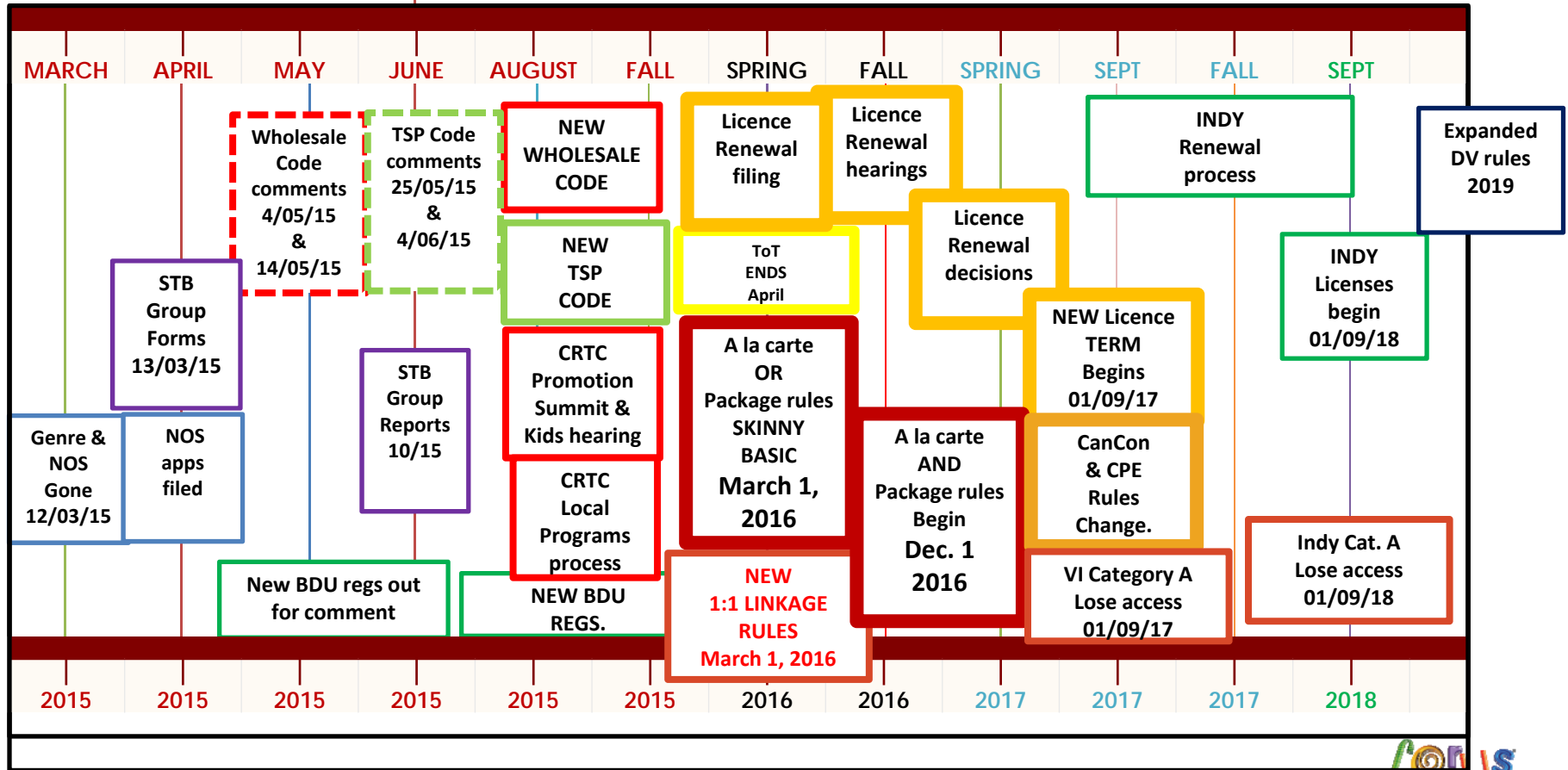
This provides increased flexibility on Canadian Content



Canadian Program Expenditures (CPE)

- Group-based licensing continues. A win.
- CPE is status quo. A win.
- CPE applies to all services – basic, discretionary, and on demand.
A win.

New CRTC Policy Timeline





Summary

- Genre rule change has paved the way for Disney and for channel adaptations.
- Exempt status launches allow us a maximum of flexibility.
- Linkage was a barrier to growth, now it can be an incentive.
- CanCon and CPE changes help too.
- Foreign rule helps to preserve the distinct Canadian market.
- Loss of access is not a major factor per se and the package, channel placement and rate structure are issues that we have always dealt with.
- The unbundling rules are still **four** months away and pure a la carte is **13** months away.