



**Part 1 Application**

**Reallocation of Tangible Benefits**

*Broadcasting Decision CRTC 2010-782*

**Reference number 2018-0936-0**

**November 8<sup>th</sup>, 2018**

**Supplementary Brief**

1. In *Broadcasting Decision CRTC 2010-782* (“Decision 2010-782”), the Canadian Radio-television and Telecommunication Commission (“CRTC” or “Commission”) approved Shaw Communications Inc. (“Shaw”), application for authority to change the effective control of Canwest Global’s licensed broadcasting subsidiaries.
2. In that same Decision, the Commission approved a tangible benefits package which included \$23 million to be allocated to the conversion of 67 analog transmitters located outside mandatory markets to digital (“DTV”).<sup>1</sup>
3. And, in *Broadcasting Decision CRTC 2016-110* the Commission approved an application by Shaw and its licensed subsidiaries, for authority to effect a multi-step corporate reorganization by transferring all of Shaw’s shares in Shaw Media Inc. to Corus Entertainment Inc. (“Corus”).
4. In *Broadcasting Regulatory Policy CRTC 2015-24* (“BRP 2015-24”) the Commission determined that broadcasters may elect to shut down transmitters. Consequently, Corus is electing to decommission the rebroadcasting transmitters listed in Appendix “A” and accordingly remove them from the associated Corus television licenses. These transmitters are all located in small markets that are predominantly served by originating transmitters in adjacent larger markets, and none of the transmitters deliver programming that differs from that which is delivered by the originating transmitters. As such, the rebroadcasting transmitters generate no incremental revenue, and attract little to no added viewership for Corus. They are also costly to maintain, and we expect expenses to increase as a result of the Government of Canada’s re-allotment plan for the 600 MHz band. In light of the challenges faced by Corus’s conventional broadcasting business, and the minimal disruption to viewers in the affected communities, this plan is sensible from a business perspective and upholds Corus’s commitment to its audiences.
5. Approximately 1.5 million Canadians live within the contours of the transmitters to be shut down. Corus estimates that less than 20,000 viewers will be impacted, assuming viewers are using outdoor antennas in the affected, rural markets. Subscribers of terrestrial and satellite BDUs would not be affected by the removal of these transmitters.
6. BRP 2015-24, states that in electing to shut down transmitters broadcasters may lose certain regulatory privileges – distribution on the basic service, and the ability to request simultaneous substitution. Corus is fully aware of these potential consequences. Corus is also aware that it retains an obligation to pay the remaining tangible benefits of Decision 2010-782 relating to some of the impacted transmitters.

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<sup>1</sup> Broadcasting Decision CRTC 2010-782 paragraph 35

7. In December 2014, the Department of Innovation, Science and Economic Development Canada (“ISED”) announced a moratorium on processing new applications for channels in the television broadcasting bands, due to a planned repurposing of the 600MHz frequency band that would result in a new over-the-air channel allotment plan.
8. Since the Commission approved the Shaw/Canwest acquisition, consistent progress was made toward converting the 67 analog transmitters to digital in the non-mandatory markets. Prior to the ISED moratorium the initiative was on track to meet the obligations by the end of the 2015/2016 broadcast year.
9. As a result of the moratorium, however, Shaw was not able to complete the conversions within the timeline set out in Decision CRTC 2010-782. Consequently, Shaw filed an application requesting that the deadline be extended until August 31st, 2019. This request was granted in *Broadcasting Decision CRTC 2016-91* (Decision 2016-91).
10. On November 30<sup>th</sup>, 2017 Corus filed with the Commission an annual Benefits Report as part of the 2017 CRTC Annual Return. This report included the following information with respect to the remaining benefits monies from Decision 2010-782:

*To date, conversions have been completed in 47 locations. Of the 20 remaining sites, almost all serve small or very small populations.*

*As set out in the Appendix to Broadcasting Decision 2010-782, Shaw Media Inc. (now Corus Entertainment Inc.) committed to spending \$23 million for the DTV conversions. As of August 31, 2017 \$20.1M [20,112,509] had been spent.*

*With the ISED moratorium now ended, and a new channel plan issued, Corus plans to complete the remaining 20 sites as expeditiously as reasonably possible, considering other requirements that may result from the issuance of the new channel plan.*

<b>TRANSMITTER MARKET</b>	<b>CALL LETTERS</b>	<b>DTV ON-AIR</b>
<i>Midland</i>	<i>CIII-DT-7</i>	<i>August 2011</i>
<i>Fort Erie</i>	<i>CIII-DT-41</i>	<i>August 2011</i>
<i>Kelowna</i>	<i>CHKL-DT</i>	<i>October 2012</i>
<i>Penticton</i>	<i>CHKL-DT-1</i>	<i>October 2012</i>
<i>Vernon</i>	<i>CHKL-DT-2</i>	<i>October 2012</i>
<i>Kelowna</i>	<i>CHBC-DT</i>	<i>October 2012</i>
<i>Penticton</i>	<i>CHBC-DT-1</i>	<i>October 2012</i>
<i>Vernon</i>	<i>CHBC-DT-2</i>	<i>October 2012</i>
<i>Sarnia - Oil Springs</i>	<i>CIII-DT-29</i>	<i>November 2012</i>
<i>Owen Sound</i>	<i>CIII-DT-4</i>	<i>December 2012</i>
<i>Peterborough</i>	<i>CIII-DT-27</i>	<i>January 2013</i>
<i>Sudbury</i>	<i>CFGC-DT</i>	<i>January 2013</i>
<i>North Bay</i>	<i>CFGC-DT-2</i>	<i>February 2013</i>
<i>Sault Ste. Marie</i>	<i>CIII-DT-12</i>	<i>February 2013</i>
<i>Timmins</i>	<i>CIII-DT-13</i>	<i>February 2013</i>
<i>Red Deer</i>	<i>CITV-DT-2</i>	<i>August 2013</i>
<i>Prince George</i>	<i>CIFG-DT-2</i>	<i>October 2013</i>
<i>Kamloops</i>	<i>CHKM-DT</i>	<i>December 2013</i>
<i>Minnedosa</i>	<i>CKND-DT-2</i>	<i>April 2014</i>
<i>Mulgrave</i>	<i>CIHF-DT-16</i>	<i>May 2014</i>
<i>New Glasgow</i>	<i>CIHF-DT-8</i>	<i>June 2014</i>
<i>Yarmouth</i>	<i>CIHF-DT-10</i>	<i>June 2014</i>
<i>Antigonish</i>	<i>CIHF-DT-15</i>	<i>June 2014</i>
<i>Sydney</i>	<i>CIHF-DT-7</i>	<i>July 2014</i>
<i>Shelburne</i>	<i>CIHF-DT-9</i>	<i>July 2014</i>
<i>St. Stephen</i>	<i>CIHF-DT-12</i>	<i>July 2014</i>
<i>Miramichi</i>	<i>CIHF-DT-14</i>	<i>August 2014</i>
<i>Bridgewater</i>	<i>CIHF-DT-6</i>	<i>August 2014</i>
<i>Truro</i>	<i>CIHF-DT-4</i>	<i>August 2014</i>
<i>Woodstock</i>	<i>CIHF-DT-11</i>	<i>August 2014</i>
<i>Chilliwack</i>	<i>CHAN-DT-1</i>	<i>August 2014</i>
<i>Wilson Creek</i>	<i>CHAN-DT-6</i>	<i>August 2014</i>
<i>Wolfville</i>	<i>CIHF-DT-5</i>	<i>January 2015</i>
<i>Courtenay</i>	<i>CHAN-DT-4</i>	<i>July 2015</i>
<i>Pritchard</i>	<i>CHKM-DT-1</i>	<i>August 2015</i>
<i>Williams Lake</i>	<i>CITM-DT-1</i>	<i>August 2015</i>
<i>Quesnel</i>	<i>CITM-DT-2</i>	<i>August 2015</i>
<i>Grand Forks</i>	<i>CISR-DT-1</i>	<i>August 2015</i>
<i>Brackendale</i>	<i>CHAN-DT-5</i>	<i>August 2015</i>
<i>Squamish</i>	<i>CHAN-DT-3</i>	<i>August 2015</i>
<i>Whistler</i>	<i>CHAN-DT-7</i>	<i>August 2015</i>
<i>100 Mile House</i>	<i>CITM-TV</i>	<i>June 2016</i>

<i>Taghum</i>	<i>CKTN-TV-2</i>	<i>June 2016</i>
<i>Bowen Island</i>	<i>CHAN-TV-2</i>	<i>July 2016</i>
<i>Santa Rosa</i>	<i>CISR-TV</i>	<i>July 2016</i>
<i>Revelstoke</i>	<i>CHRP-TV-2</i>	<i>August 2016</i>
<i>Revelstoke</i>	<i>CHKL-TV-3</i>	<i>August 2016</i>

11. After November 30<sup>th</sup>, 2017, and during the previous broadcast year, Corus spent an additional \$346,717 of the benefits monies and this amount will be identified in our 2018 Tangible Benefits report.<sup>12</sup> We have allocated another \$175,000 from these benefits monies to complete conversions in Wolfville NS and Trail BC, and this work will occur in the current broadcast year. This means that \$2,365,774 of the \$23 million originally allocated to the conversion of transmitters as identified in Decision 2010-782 remains unspent.
12. In Decision 2016-91, at paragraph 22, the Commission informed Shaw that should it not be able to spend the entirety of its tangible benefits relating to the analog to digital conversions, it should submit, in a timely manner, an alternate proposal to expend the required tangible benefits contributions in a manner consistent with the tangible benefits policy in place at the time of submission.
13. The Commission's tangible benefits policy – *Broadcasting Regulatory Policy CRTC 2014-459* ("BRP 2014-459") – requires that tangible benefits be incremental and non-self-serving. At paragraph 31 the policy provided the following revised list of eligible discretionary initiatives as a guideline to applicants:
- *independent production, which may include contributions to the CME, any CIPF or regional production initiatives;*
  - *digital media content production;*
  - *funds that benefit consumers, including the Broadcasting Accessibility Fund and the Broadcasting Participation Fund;*
  - *direct grants and contributions to schools that offer educational programs focusing on broadcasting-related studies, including communications and journalism, so long as these grants and contributions are unrelated to the training of persons employed by either the purchaser or the undertaking to be purchased;*
  - *broadcasting industry-related training and conferences operated by third parties so long as the contributions are not used to subsidize the attendance of persons employed by the purchaser or the undertaking to be purchased;*
  - *other broadcasting-related social benefits such as:*
    - *third-party research on consumer trends and needs with regard to media;*
    - *initiatives that support the participation of the four identified employment equity groups in the broadcasting industry (women, visible minorities, persons with disabilities and Aboriginals), including, for example, film festivals and contributions to organizations such as Women in Communications and Technology and the Foundation for Women in Film;*
    - *media literacy organizations such as MediaSmarts; and*

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<sup>2</sup> 100 Mile House BC, Creston BC, Trail BC, Oliver BC, Revelstoke BC, Wolfville NS, Minnedosa MB

- *archival initiatives such as contributions to the Canadian Broadcast Museum Foundation or the Canadian Communications Foundation.*

Consistent with this guidance, Corus proposes to reallocate the remaining tangible benefits imposed in Decision 2010-782 in the manner proposed in Appendix “C”.

14. Following the acquisition of Shaw Media in April 2016, Corus undertook a review of the industry organizations that were being supported at that time by both companies to ensure there was a strategic focus going forward that supported the business and its industry stakeholders. This review resulted in difficult decisions being made to decrease or wind down its commitments to some industry organizations. In that time, Corus has supplemented its industry support where possible through in-kind assistance but recognizes that monetary funding is instrumental in ensuring Canadian-based industry organizations are seen as leaders and influencers in what is now a global content environment.
15. We will work with the proposed organizations to ensure that we continue to support the Canadian screen-based media industry through programs/initiatives that meet the business needs of industry constituents, content creators and producers in what we all recognize as a dynamic and ever-evolving industry.
16. While the benefits will be spent in full by August 31, 2019, we propose allocating the benefits amounts in a manner that will support these organizations for a five-year period to ensure there is sustainable support over time which is key in ensuring continuity among both established and up-and-coming creators.
17. The landscape has changed and it is incumbent on Corus to be a visible supporter and contributor to the media industry and nurture our Canadian talent so that we see success not only within our borders but also abroad. We believe these groups do important work for our industry at large. Now more than ever, co-operation on both the content and distribution sides of the business is required. The following are the list of proposed recipient organizations which would not otherwise receive the proposed level of support from Corus:

**Academy of Canadian Cinema & Television (ACCT)** - A key Canadian industry organization that supports and celebrates Canadian content creation through its annual Canadian Screen Awards. In May of 2016 the level of support by Corus to the ACCT was significantly cut back. Beyond the current reduced contribution, the proposed benefit allocation would provide for the development of a new or a sponsored existing program through ACCT. This proposed allocation meets the criterion in the Commission’s benefits policy, as it is a: “broadcasting industry related training and conferences operated by third parties so long as the contributions are not used to subsidize the attendance of persons employed by the purchaser or the undertaking to be purchase”.

**Canadian Media Producers Association (CMPA)** - Corus proposes for additional funds to support CMPA's stakeholder outreach programs to allow it to focus on addressing issues and challenges for Canadian content creators. This proposed allocation meets the criterion in the Commission's benefits policy, as it would be directed to a: "broadcasting industry-related training and conferences operated by third parties so long as the contributions are not used to subsidize the attendance of persons employed by the purchaser or the undertaking to be purchased". The proposed benefit would allow for Corus to provide significantly increased support beyond the current in-kind support provided.

**Content Canada** - Corus is a founding partner of this conference which is important to a global content business. In 2018, we sponsored a panel that featured successful Canadian women creators of globally-recognized series such as *Vikings*, *Mary Kills People*, *Private Eyes*, *Ransom*, etc. Currently Corus provides in-kind support to this important organization. An allocation of benefits will provide for significant funding to sponsor a panel at the annual conference, a key industry event given the North American and International representation. This proposal allocation meets the criterion in the Commission's benefits policy, as it would be directed to an: "initiative that support the participation of the four identified employment equity groups in the broadcasting industry (women, visible minorities, persons with disabilities and Aboriginals), including, for example, film festivals and contributions to organizations such as Women in Communications and Technology and the Foundation for Women in Film."

**WIFT-T** - In May of 2016, Corus' support to WIFT-T was also cut back. While Corus has been able to continue to provide some sponsorship of WIFT-T the proposed allocation would ensure that we continue to support the advancement of women in the screen-based industry through the Media Management Accelerator program. This program provides business fundamental training to mid-level managers looking to grow their careers in media, film, television and digital industries. This proposed allocation meets the criterion in the Commission's benefits policy, as it would be directed to an: "initiatives that support the participation of the four identified employment equity groups in the broadcasting industry (women, visible minorities, persons with disabilities and Aboriginals), including, for example, film festivals and contributions to organizations such as Women in Communications and Technology and the Foundation for Women in Film".

**Real Screen Summit** - An industry event of importance to the independent production community. Corus does not currently provide funding for this key industry event and is proposing an allocation of benefits for content development for the kid's panel. This proposed allocation meets the criterion in the Commission's benefits policy, as it would be directed to a: "broadcasting industry-related training and conferences operated by third parties so long as

the contributions are not used to subsidize the attendance of persons employed by the purchaser or the undertaking to be purchased”.

**Kidscreen Summit** - An industry event of importance to the independent production community in the kid’s space. Corus does not currently provide funding for this key industry event and is proposing an allocation of benefits for content development for a panel. This proposed allocation meets the criterion in the Commission’s benefits policy, as it would be directed to a: “broadcasting industry-related training and conferences operated by third parties so long as the contributions are not used to subsidize the attendance of persons employed by the purchaser or the undertaking to be purchased”.

18. In addition, Corus proposes to provide benefits that would be used exclusively to support journalism and broadcast technology-related education at the respective post-secondary institutions. Precise uses would be determined in consultation with the identified programs. Examples could include the provision of student scholarships, capital contributions to the acquisition of broadcast technology for use in education, or direct funding of student investigative journalism initiatives. This proposed allocation meets the criterion in the Commission’s benefits policy, as it would be use to “direct grants and contributions to schools that offer educational programs focusing on broadcasting-related studies, including communications and journalism, so long as these grants and contributions are unrelated to the training of persons employed by either the purchaser or the undertaking to be purchased.”
19. Corus Entertainment will work with receiving institutions to ensure monies are not diverted to training for related professions such as public relations and corporate communications. Once an appropriate use is determined, funds would be dispersed and administered solely by the colleges and universities, all of which are Canadian public institutions. Corus proposes to submit to the Commission by April 1<sup>st</sup>, 2019 a detailed report on how each of the institutions will utilize the benefit dollars.
20. And finally, Corus proposes to allocate \$50,000 in benefits support amongst four key broadcast and digital industry organizations for the specific purposes of encouraging professional development, youth engagement and career opportunities. The funds, directed to the Ontario, Western and British Columbia associations of broadcasters, as well as the Radio-Television and Digital News Association of Canada, would be allocated for the following purposes:
  - Allowing student delegates to attend their respective conventions at a greatly reduced or complimentary rate.
  - Staging of “Career Day” activities that allow aspiring student broadcasters to interact with industry leaders.
  - Provision of professional development courses for member broadcasters specifically in the area of supporting local news and information as it attempts to modernize to compete with international digital competition.

21. To be clear, Corus Entertainment is a long-time supporter of all four of these organizations through employee attendance at their respective gatherings as well as submission of paid entries for their annual awards celebrating broadcast and journalistic excellence. However, the funds allocated as part of a benefits package would be fully incremental and not used to offset any costs for Corus to have delegates attend association functions or submit awards entries. Corus would work with the organizations to provide full transparency to the Commission for the spending of the benefits funds.
  
22. Corus believes its proposal achieves a balance that serves the public interest and is entirely consistent with the CRTC's Tangible Benefits policy. The tangible benefits outlined above and within Appendix "C" are indeed incremental and non-self-serving. We therefore respectfully request that the reallocations contained in this application be approved as proposed.

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