



Via *GCK*Key

May 10, 2023

Mr. Claude Doucet
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Dear Mr. Doucet:

Re: Corus Entertainment Inc. request for confirmation of its eligibility to participate in the Independent Local News Fund

Introduction

1. Corus Entertainment Inc. (“**Corus**”) appreciates the opportunity to file this request. Given Rogers Communications Inc.’s (“**Rogers**”) recent acquisition of Shaw Communications Inc. (“**Shaw**”), Corus seeks confirmation from the Canadian Radio-television and Telecommunications Commission (“**CRTC**” or “**Commission**”) that our local Global Television stations are eligible to participate in the Independent Local News Fund (“**ILNF**”). Absent that confirmation, Corus’ 15 Global stations will soon be the only private, conventional local news broadcasters without access to regulated funding under the Commission’s local and community television policy.
2. In this submission, we will address the following points:
 - The current regulated financial supports for private local news production
 - Global Television stations will be the only private conventional news broadcasters in Canada without access to regulated local news funding
 - Corus has been left with no alternative but to pursue ILNF funding
 - Denying or delaying this request would undermine regulatory policy
 - Regulated funding must be equitably distributed among all private conventional local news broadcasters
3. Corus’ entry to the ILNF will best serve regulatory policy and represent the fairest solution. Conversely, denying or delaying this request would leave local Global



Television stations across Canada in a precarious and unduly disadvantaged position, which could impact their news operations. We acknowledge the Commission’s stated intention to review the structure of the ILNF,¹ and would welcome that policy discussion in due course. But amidst competing regulatory priorities, we suspect that discussion could take several months (or even years) to conclude, and this situation cannot be allowed to persist for an extended period. Timely action is required. We elaborate further below.

The current regulated financial supports for private local news production

4. In 2016, the CRTC released Broadcasting Regulatory Policy CRTC 2016-224 (“**BRP 2016-224**”), its policy framework for community and local television.² Central to the new policy were the Commission’s findings that “supporting the production by conventional television stations of local news and analysis is important not only to the overall health of the broadcasting system but also to that of the local news and information ecosystem,”³ and “private local television stations are in need of support if they are to continue to offer high-quality, locally reflective news.”⁴
5. To that end, the Commission established new local news funding financial supports, which leveraged the scale and resources of distributor/broadcaster vertical integration and directly supported local news produced by private conventional broadcasters unaffiliated with broadcasting distribution undertakings (“**BDUs**”).
6. First, the policy allowed vertically integrated BDUs to transfer portions of ‘local expression’ funding that had historically been earmarked for community channels to local news delivered on related local television stations. Second, it established the ILNF to support the production of local news on independent conventional stations and funded it through separate mandatory BDU contributions. The Commission intended for “[a]ll independent local stations [to] be designated to receive contributions to local news.”⁵

Global Television stations will be the only private conventional news broadcasters in Canada without access to regulated local news funding

7. Following BRP 2016-224, Corus began receiving funds from Shaw’s BDU licensees out of the pool that had previously been earmarked to community programming, just as Rogers Media Inc., Bell Media Inc. (“**Bell**”) and Groupe TVA began

¹ Broadcasting Decision CRTC 2022-76, para 101 (“**BD 2022-76**”).

² Broadcasting Regulatory Policy CRTC 2016-224, Policy framework for local and community television (“**BRP 2016-224**”).

³ BRP 2016-224, para 25.

⁴ BRP 2016-224, para 76.

⁵ BRP 2016-224, para 90.



receiving funds from their related BDUs. In parallel, licensed, independent local broadcasters began receiving funds from the ILNF.

8. Soon after Rogers announced its acquisition of Shaw, it confirmed that it would redirect Shaw’s approximately \$13 million annual local expression funding from 15 Corus-owned Global Television stations to six competing Rogers-owned Citytv stations.⁶ Corus raised concerns about the impact of losing these funds in the CRTC’s Rogers/Shaw proceeding,⁷ but the Commission approved Rogers’ application to acquire Shaw’s licensed broadcasting assets, nonetheless.
9. The Rogers/Shaw transaction closed on April 3, 2023, and we expect Rogers to discontinue Shaw’s local expression funding to Global Television shortly. To our knowledge, Global stations – in Halifax, Saint John, Montréal, Kingston, Peterborough, Oshawa, Toronto, Winnipeg, Regina, Saskatoon, Calgary, Lethbridge, Edmonton, Kelowna, and Vancouver – will soon be the only private conventional stations in the country that deliver locally reflective news but cannot access regulated local news funding under the local and community television policy.

Corus has been left with no alternative but to pursue ILNF funding

10. In its 2017 decision to renew the television licences of the large English-language broadcasting groups, the Commission assessed the resources available to the groups – including resources to support local news – when establishing their Canadian programming expenditure (“CPE”) obligations. The CRTC concluded that a standard 30 percent requirement would provide “the groups the ability to compete on an equal footing and to adapt in a more competitive marketplace.”⁸
11. Losing access to Shaw’s local expression funding has placed Corus (and Global stations across the country) at an undue, financial disadvantage *vis-à-vis* the other large broadcasting groups (and their competing, affiliated local stations) who continue to access regulated local news funding. At the same time, Corus continues to shoulder the same CPE requirements as the other large groups, which were administratively extended to August 31, 2024.
12. Indeed, Corus has even *higher* Canadian programming requirements than the other large English groups when accounting for our higher Programs of National

⁶ Rogers, “DM#4062331 - Réponse-Response - 14 July 2021 - Abridged - Response to CRTC Questions - Rogers 29Jul2021.doc”, Application No: 2021-0228-4, para 5.

⁷ Intervention of Corus Entertainment Inc., Broadcasting Notice of Consultation 2021-281, September 13, 2021, para 9.

⁸ Broadcasting Decision CRTC 2017-148, para 28.



Interest (“PNI”) spending obligations.⁹ As has frequently been noted, most English-language Canadian produced scripted programs (i.e. PNI) cannot generate sufficient revenues in the Canadian market to allow broadcasters to fully recoup their investments in them.¹⁰

13. Losing access to regulated local news funds has also deepened Global’s disadvantages with competing, publicly funded local Canadian Broadcasting Corporation (“CBC”) stations and over-the-top digital streaming services, which continue to operate outside the broadcasting regulatory framework. Both the CBC and foreign streamers compete with Global for audiences and revenues.
14. On numerous occasions, the CRTC has acknowledged that the economics of local news are most precarious in small and mid-sized television markets. However, the Commission should also note that the \$13 million formerly allocated to 15 Global stations will soon shift to just six competitor stations, all of which operate in metropolitan markets. Corus acknowledges Rogers’ legitimate interest in supporting its affiliated Citytv stations, but notes with concern that Global newsrooms operating in the same markets – to say nothing of vertically integrated CTV stations and publicly funded CBC stations – will operate at an undue competitive disadvantage.
15. Traditionally, over-the-air stations were able to deliver news as a public service based on internal cross-subsidies. Broadcasters could afford to lose money on news coverage to build their relevance to local audiences, knowing those losses could be recouped from advertising revenues generated across the rest of their delivery system – primarily through prime-time programming. But in recent years these internal supports have collapsed.
16. As the Commission has observed, conventional television revenues and profits have declined sharply over the last decade.¹¹ These declines have been driven primarily by pressures on advertising revenues – the traditional backbone of the conventional television business. Case in point: from September 1, 2022 to February 28, 2023, Corus’ advertising revenues declined by 9 percent over the same period in the previous year.¹²
17. To address these challenges, our company is undergoing an enterprise-wide cost review extending to all business units. Already in a difficult financial situation,

⁹ Corus’ designated English-language group is required to spend 8.5 percent of prior year’s gross revenues on PNI. By contrast, Bell and Rogers’ designated English-language groups are required to spend 7.5 and 5 percent respectively.

¹⁰ See for example Broadcasting and Telecommunications Legislative Review Panel, “Canada’s Communication Future: Time to Act,” January 29, 2020, page 138.

¹¹ See for example CRTC 2019 Communications and Monitoring Report, Television Sector Data, Infographic 1 and Figure 1 and Conventional Television Statistical and Financial Summaries 2017-2021, Private Conventional Television, page 1.

¹² Corus Entertainment Inc. Fiscal 2023 Second Quarter Report to Shareholders, page 6.



local Global stations can ill-afford to lose regulated support for news. The roughly \$13 million obtained annually from Shaw represented nearly ten percent of Global News’s total annual operating budget, and more than the news budgets of our five smallest market stations combined. These reductions are clearly meaningful for a business segment with already negative operating margins.

18. Against this backdrop, Corus has been left with no alternative but to pursue funding from the ILNF. To be sure, our company remains dedicated to local programming in Canadian communities, and Global News’s commitment to high-quality, public service journalism is unquestioned. We are proud that at the 2023 Canadian Screen Awards Global News was recognized as providing the Best Local Newscast and Best National Newscast, and as featuring the Best National Anchor. In an era of rising polarization and misinformation we view this work as a public service with immense cultural significance and want to continue doing it long into the future, but our ability to do so is in jeopardy. In the short-to-medium term, without access to regulated funding – or alternative regulatory relief – it will not be possible to sustain generally unprofitable news programming at current levels in 15 local markets.

Denying or delaying this request would undermine regulatory policy

19. In the Rogers/Shaw decision, the Commission confirmed that Corus would become an “independent programming undertaking” for regulatory purposes following the close of the transaction.¹³ As a private, “independent programming undertaking” whose stations “do not benefit from the resources and synergies available to VI stations,”¹⁴ and which provide locally reflective news and information,¹⁵ Corus should clearly and expeditiously be deemed eligible for the ILNF.
20. Denying or delaying this request would perpetuate the current unfair situation indefinitely and make it challenging for Global stations to sustain news operations at current levels. That outcome would plainly undermine the CRTC’s local and community television policy, which affirmed that “private local television stations are in need of support if they are to continue to offer high-quality, locally reflective news.”¹⁶

Regulated funding must be equitably distributed among all private conventional local news broadcasters

21. As we acknowledged in the Rogers/Shaw proceeding, Corus’ entry to the ILNF could affect the amount of monies disbursed to existing recipients of the fund

¹³ BD 2022-76, para 91.

¹⁴ BRP 2016-224, para 94.

¹⁵ See Appendix 1 to BRP 2016-224.

¹⁶ BRP 2016-224, para 76.



absent some incremental investment in the fund. Indeed, some ILNF recipients echoed those concerns during their appearances at the Rogers/Shaw hearing.

22. To be clear, Corus does not intend to negatively impact other local broadcasters or their capacity to deliver local news. We share their mission to provide Canadians with timely, fact-based, professional journalism that informs and reflects their communities, and we believe regulatory policy should support news delivery from diverse sources. But against the backdrop of falling advertising revenues, rising foreign programming costs and unregulated, large scale foreign competition, our company – to say nothing of the Global News journalists we employ – cannot shoulder responsibility alone for supporting Canada’s local news and information ecosystem. Some meaningful relief is required.

23. We also acknowledge the Commission’s stated intention to review the structure of the ILNF,¹⁷ and would welcome that broader policy discussion in due course. But, amidst competing regulatory priorities, we suspect that discussion could take several months (or years) to conclude. And, in the interim, Global Television, among the largest spenders on local journalism in Canada, cannot be expected to operate the only private local television stations in the country without access to regulated local news funding.

24. We would also highlight that the ILNF will benefit from a one-time infusion of \$4.35 million in tangible benefit monies this year, as a condition of approval for Rogers’ acquisition of Shaw. That addition will help partly mitigate impacts on existing recipients once Corus is deemed eligible and provide the Commission with the time necessary to consider broader structural matters relating to the ILNF.

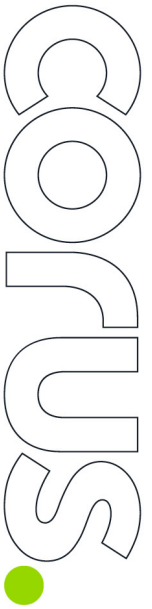
25. Finally, to be clear, Corus does not mean to suggest that the funding tools established in BRP 2016-224 (including the ILNF) provide a complete, sustainable solution for local broadcast news in Canada. Broader policy reforms including greater flexibility for broadcasters to maintain internal cross-subsidies are needed. However, in the short term, stable and equitable access to regulated local news funding remains necessary to maintain consistent levels of news production across Canada.

Conclusion

26. To our knowledge, Corus will soon be the only private conventional broadcaster in Canada that delivers locally reflective news but cannot access regulated local news funding. That will unfortunately place local Global stations in Halifax, Saint John, Montréal, Kingston, Peterborough, Oshawa, Toronto, Winnipeg, Regina, Saskatoon, Calgary, Lethbridge, Edmonton, Kelowna, and Vancouver in a precarious and disadvantaged position.

¹⁷ BD 2022-76, para 101.





27. Against the backdrop of falling advertising revenues, rising foreign programming costs and unregulated, large scale foreign competition, our company – to say nothing of the Global News journalists we employ – cannot shoulder responsibility alone for supporting Canada’s local news and information ecosystem. Some meaningful relief is required.
28. Confirming Corus’ eligibility for the ILNF would clearly serve regulatory policy, which aims to ensure that “[a]ll independent local stations [are] designated to receive contributions to local news.” To minimize impact on news operations, we respectfully ask the CRTC to do this expeditiously. Corus thanks the Commission for considering this request.

Yours truly,

[FILED ELECTRONICALLY]

Matt Thompson
VP and Associate General Counsel,
Regulatory, Privacy and Public Policy
Corus Entertainment Inc.

cc. Michael Craig, CRTC
Kevin Desjardins and Tandy Yull, Canadian Association of Broadcasters
ILNF Recipients

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