



**Canadian Media Guild**

**La Guilde canadienne des médias**

CWA/SCA CANADA

September 14, 2009

M. Robert Morin  
Secretary General  
CRTC  
1 Promenade du Portage  
Gatineau, QC K1A 0N2

**Submitted electronically**

Dear M. Morin :

**Re : Supplementary comments on BNC CRTC 2009-411**

1. We are writing to provide a supplementary comment to the brief that we submitted July 31, 2009, in relation to the above-noted hearing. Our comments are restricted to proposals put forward by FreeHD Canada to provide “lifeline” to Canadian TV viewers after the digital OTA transition in Canada.
2. As indicated in our original submission, **we do not believe that a BDU program to provide local TV service, such as Freesat or FreeHD, is an acceptable alternative to digital OTA coverage provided by broadcasters.** Such a solution amounts to a privatization of the public airwaves for some 11 million Canadians who would no longer have access to a terrestrial signal under the current CRTC proposal to serve communities of 300,000 people and more and provincial/territorial capitals.
3. In principle, we have no quarrel with the introduction of this new satellite service. For Canadians who wish to subscribe to satellite, it appears that the FreeHD proposal offers something that the other providers do not: more and better quality HD and a full range of local stations. However, **the proposed service is *not* an antidote to the broadcasters’ apparent deep reluctance to upgrade their OTA infrastructure** to digital, continuing a free terrestrial signal to Canadians with a digital receiver or converter on their TV sets.
4. First, from a viewer perspective, households would need to spend approximately \$300 to \$500 for equipment and installation on a single TV set to receive this “free” service from

FreeHD. The cost for additional household sets would obviously be higher. As the survey we appended to our main submission on CRTC 2009-411 indicates, virtually no one is interested in paying \$500 for equipment, in addition to their TV set to continue receiving “free” channels.

5. Further, the equipment viewers purchased would limit them to the service provided by FreeHD and presumably expose them to efforts aimed at getting them to pay for additional FreeHD services that form the backbone of the proposed BDU’s business plan. As we asked with Freesat, we have to ask of FreeHD: how long will this service be offered free by a company that intends to make its money from selling TV service? If FreeHD decides it can no longer provide the service for free, viewers are stuck with legacy receivers they can’t use (unless they subscribe to a paid service from the same company) and the possibility of no other option to receive their local signals without a paid subscription.
6. Second, the FreeHD program does not make much sense for those many Canadians who can readily receive free US HD signals from border stations using a simple TV receiver and, if their receiver is analogue, a digital converter worth \$60 to \$80. Using the FreeHD receiver, they would have to pay for US stations. Canadian broadcasters – and the Canadian system as a whole – risk losing OTA viewers who live close to the US border and who tune to the true free service provided by US broadcasters and can’t pick up Canadian signals.
7. Third, FreeHD is proposing a program worth more than \$1 billion for coupons to help Canadians buy BDU-specific receivers. FreeHD proposes that the funding come from Heritage Canada, under its mandate to protect Canada’s cultural identity. **We believe such a coupon program should be extremely low on the priority list of the woefully underfunded Heritage Canada.** The program would effectively be about helping to deliver Canadians into commercial arrangements with BDUs, most specifically in the communities that would no longer be served by free OTA signals. We urge the CRTC not to assume such a coupon program is a viable alternative to universal OTA service.
8. As we noted in our original submission, we do not support any coupon program that accompanies a reduction of access to free, OTA signals. FreeHD makes reference to the US coupon program; however, the US coupons helped Americans with analogue TV sets buy relatively cheap converter boxes to access what continues to be a universal service.
9. What we have proposed instead for Canada is a federal program, using funds garnered from the auction of freed-up analogue spectrum, to pay for the upgrade of the analogue repeaters to digital. We have provided a very conservative estimate of the cost of such a program – in the range of \$140 million to \$227 million, or close to one-tenth of the cost of FreeHD’s coupon program. Extending a BDU-agnostic terrestrial system is a much more appropriate use of federal infrastructure funding, in our view.
10. Fourth, the FreeHD plan assumes a reduction in the new BDU’s contributions to the LPIF, which is intended to pay for TV programming and not to subsidize the transition to

digital TV. **As we indicated in our original submission, we do not support the diversion of money from the LPIF to pay for the digital transition.**

11. We request to appear at the public hearing beginning November 16<sup>th</sup>.

12. Thank you very much for your consideration,

Sincerely,

Karen Wirsig  
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