



Canadian Media Guild

La Guilde canadienne des médias

CWA/SCA CANADA

August 23, 2010

Mr. Robert A. Morin
Secretary General
CRTC
Ottawa, Ontario
Canada K1A 0N2

Submitted electronically

Dear Mr. Morin:

Re: Shaw Communications purchase of Canwest Global – CRTC 2010-498

1. The Canadian Media Guild (CMG) is a national union with 6,000 members across the country, including broadcast operations employees at CW Media in Toronto. We are pleased to note that CW Media is still a major Canadian broadcasting success and the key strength in the Canwest Global broadcasting assets, despite the ownership changes and uncertainty over the last three years. Our members look forward to contributing their considerable skills and creativity as the company evolves under new ownership.
2. The CMG recognizes that a sale of assets was inevitable in this case. While a transfer of the assets to Shaw Communications will result in further concentration of ownership in Canadian broadcasting requiring strong regulation, we are cautiously optimistic that the Canwest Global assets will flourish under the “stable ownership” of a “committed long-term investor” that ensures “the strengths of the acquired company are preserved.” (Shaw, Supplementary Brief, Application No. 2010-0550-5). Our members, who have been at the front lines of the cable specialty success story since the days of Alliance Atlantis, look forward to participating in the development of “innovative new business models” – an everyday reality and necessity in our industry.
3. While we do not oppose the application by Shaw Communications, there are two elements that we believe must be amended prior to approval: **ownership concentration** and **public benefits**.
4. **Concentration of media ownership**
The purchase of the Canwest Global assets by Shaw Communications represents further ownership concentration in an industry already dominated by a declining number of big

players that boast significant vertical and horizontal integration. The dangers of concentration have been well documented and include:

- reduced viewing choice, reduced diversity of views and perspectives within programming,
 - limits on access to both displaying and viewing of programming,
 - unfair advantage in negotiating advertising rates,
 - job losses.
5. Given that Shaw Communications controls a large proportion of the broadcast distribution and telecommunications business in Canada and is affiliated with another major broadcaster, Corus Entertainment Inc., it is prudent to establish conditions of licence that reduce the potential impact of this ownership concentration. **The CMG recommends that the Commission establish a condition of licence for the current application that prohibits Shaw Communications from merging the Canwest Global operations with those of Shaw's corporate affiliates, most notably with Corus Entertainment Inc.**
 6. **New digital infrastructure must provide tangible public benefit**
The Commission's policy on benefits requires that 10% of the value of a transfer of assets be earmarked for tangible and incremental public benefits, beyond the regular cost of doing business. In taking over Canwest Global, Shaw is acquiring a very lucrative stable of Canadian specialty cable channels and the second-largest private conventional network in Canada.
 7. We understand the value of the transaction is a little over \$2 billion. We agree with the Canadian Media Producers Association and others that the \$200 million in incremental benefits should not include the \$95 million that Canwest still owes on the benefits package it committed to when it purchased the Alliance Atlantis specialty stations. The Shaw package should be 10% of the value of the current transaction, or \$200 million, in addition to the \$95 still outstanding from the Canwest-Alliance Atlantis deal.
 8. **The CMG is of the view that Shaw Communications must provide a benefits package of 10% of the true value of the transaction over seven years.**
 9. We generally support the elements that Shaw is proposing thus far as tangible benefits, including new morning local newscasts in five communities, development of new scripted Canadian programming and digital infrastructure upgrades.
 10. In particular, we support the general direction that Shaw Communications proposes to take in upgrading Global's over-the-air (OTA) transmission facilities to digital as part of the overall Canadian transition to digital TV. Improving access to free, local OTA TV in smaller Canadian communities is clearly beneficial and the CMG is on the record in several recent proceedings making the very same argument.
 11. Shaw has proposed to upgrade Global TV's existing analogue transmitters in communities that are not among the 32 cities where digital OTA is mandatory and to

share the transmission *towers* in those communities with other broadcasters. However, **to ensure that Shaw's infrastructure investment represents a truly public benefit, beyond simply a capital expenditure to bring its own equipment up to date, we recommend that Shaw be required to go further and become the pioneer of shared digital OTA TV in the communities that would otherwise be left behind by the digital transition.**

12. Digital transmission provides a number of opportunities, including clearer picture for the viewer, energy efficiency for the broadcaster and, most of all, the potential for several broadcasters to share the same transmitter. The CMG has placed research on the public record in several recent proceedings showing that a single digital transmitter, equipped with a multiplexer, can broadcast up to six standard-definition channels on one frequency. This represents an efficient way for broadcasters to implement the digital transition and has the potential of increasing OTA choice and access to public and community broadcasting for viewers. However, up to now no broadcaster has committed to using the new technology to maintain and improve service in smaller communities.
13. The Shaw Communications benefits package presents an ideal opportunity to create a digital multiplex model for smaller communities that preserves and enhances viewer choice. **The CMG recommends that, as part of its public benefits commitments, Shaw be required to equip the new digital transmitters in the non-mandatory markets with multiplexers and to offer capacity on those transmitters to other broadcasters.** This digital capacity, in the form of standard-definition sub-channels, should be made available to all broadcasters with analogue transmitters within the particular community and to public and provincial broadcasters. In addition, one sub-channel in each community should be allocated to or reserved for, if one does not yet exist, an independent community station. The participating broadcasters would be responsible for providing their signal to Shaw and could be charged, on a cost-recovery basis, for the ongoing shared operating costs such as maintenance and power.
14. Here is an example of what viewers equipped with a digital receiver or converter for their analogue TV set could receive for free in a small Ontario town, assuming Global was allotted channel X in that community:
 - X.1 – Global
 - X.2 – local private station
 - X.3 – CBC
 - X.4 – Radio-Canada
 - X.5 – TVO
 - X.6 – local community station
15. We note that the Commission has encouraged broadcasters to take advantage of multiplexing opportunities to expand the transition to non-mandatory markets (CRTC 2009-406) and has stated it will consider applications for multiplexing on a case-by-case basis (CRTC 2009-615). We further urge the Commission to assist Shaw in discussions with potential broadcast partners and in securing the licences necessary to implement the

new model.

16. In addition, Shaw should be required to make space on their towers and/or sites available, on a cost-recovery basis, to other broadcasters who apply for their own digital frequencies in the area of the tower.
17. The Spectrum Expert report placed on the record by the Commission at CRTC 2009-113-2 estimates that the average cost of upgrading a transmitter to digital is \$253,000. The hard costs of upgrading the 66 Global transmitters in the non-mandatory communities can therefore be estimated at \$16.7 million, leaving room in Shaw's proposed \$23 million budget for the additional costs associated with establishing multiplexes in those communities.
18. **Conclusion**
The Canadian Media Guild does not oppose the application by Shaw Communication Inc. for control of the Canwest Global assets providing key amendments are made. Our members at CW Media are committed to the company and to the high standards they have consistently brought to their work. They look forward to participating in the development of new and innovative business models.
19. The modifications we seek in the application are:
 - a condition of licence requiring a separation of operations between Canwest Global and Corus Entertainment Limited
 - a public benefits package that represents a full 10% of the real value of the Shaw-Canwest transaction
 - the development and implementation of a shared digital multiplex model for non-mandatory communities as part of the benefits package.
20. **We request to appear at the hearing** as we represent a key stakeholder group in the transaction, the employees of CW Media. Appearing will also provide an opportunity to further explain our recommendations, if necessary, and to respond to any new information that becomes available in the meantime.

Sincerely,

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