

Toward a future for Canadian conventional TV

Comments by the **Canadian Media Guild**
Re: **CRTC 2009-113**

March 30, 2009

Introduction

1. The Canadian Media Guild respectfully submits the following comments on the proceeding to renew private TV licences. The Canadian Media Guild is a union that represents 6,000 workers at several media outlets across Canada.
2. We have a very important perspective to share on the state of the conventional television system in Canada. We request to appear before the Commission at the hearing beginning April 27 to provide further input based on information that comes to light in the intervening weeks and to answer questions about the detailed research on the digital transition that we are placing on the public record as Appendix A of this submission.
3. In our second last section, we address the broadcaster applications before you in this proceeding and indicate our support for and opposition to the various proposals they contain. In addition, we make the following recommendations to the Commission:
 - 1) Hold a public hearing no later than the fall of 2009 specifically on the joint issues of free, over-the-air digital broadcasting and local programming in smaller markets. This hearing would be an opportunity for the public and industry stakeholders to examine the future of small-market local broadcasting, which risks being left behind in the current economic and regulatory climate.
 - 2) Establish interim rules for the Local Program Improvement Fund immediately to enable access in this fiscal year by broadcasters committed to small-market local news. The rules and funding mechanisms for local program improvement can be further examined in the hearing proposed in our Recommendation 1 above, after which final rules can be established.
 - 3) Proceed with the planned full-term renewals for the broadcasting groups in the spring of 2010 and, at that time, ask the groups specifically to outline a vision for national and local conventional broadcasting over the next decade.

The future of conventional TV

4. A consensus has emerged that the Canadian conventional TV system is “broken.” If this is indeed true, we submit that it is in no small part because of the flawed approach taken to conventional television over the last decade or so. We note that workers in the industry – actors, technicians, directors, writers, producers, journalists – have been sounding the alarm longer than most other groups about the state of the sector. Since the last round of licence renewals following the release of the 1999 conventional TV policy, we have been concerned about the lack of quality Canadian programming, from news and current affairs to drama,

being produced and aired on our conventional networks. We have expressed concern that the growth of broadcasting ownership groups has meant little for long-term and ongoing contributions to Canadian programming. In fact, commitment to Canadian programming has fallen and – based on the current licence renewal submissions – stands to weaken even further with few exceptions.

5. With the partial exception of the Citytv submission, we are disappointed with the utter lack of vision for the sector outlined in the proposals by large ownership groups seeking full-term licence renewals: Canwest, TVA and Rogers. Their main strategy to contend with the challenges appears to be a reduction in the rules of the game.
6. We don't believe that it is a coincidence that the biggest crisis ever to hit Canadian conventional television comes after a period of declining commitment to quality Canadian programming.
7. The recent precipitous drop in advertising revenue and operating profits has created an incontrovertible crisis in a system that was already long troubled. However, we believe that it will not be possible to fix the system by further deregulation of the kind that the private ownership groups are seeking. Less original, quality Canadian content – including scripted programming and local news – will only deepen the identity crisis of the conventional networks and speed up the race to the bottom.
8. The primary strategy in English Canada, most evidenced in the Canwest application, appears to be: Give us more access to revenue and gut the rules so that we are better able to compete for eyeball-catching Hollywood programming and the shrinking pie that is national TV advertising revenue.
9. **We implore you not to buy into this flawed strategy.**
10. What is the advantage to Canadians of enhancing the networks' reliance on US programming when those same networks are reducing Canadian news, documentary and drama programming? It is not as if we don't have other ways of viewing US programming; it's the original Canadian programming that appears to be at risk of disappearing.
11. How does this strategy further the objectives of the *Broadcasting Act*, namely to “serve to safeguard the development of Canadian expression by providing a wide range of programming that reflects Canadian attitudes, opinions, ideas, values and artistic creativity, by displaying Canadian talent in entertainment programming and by offering information and analysis concerning Canada and other countries from a Canadian point of view”?

12. We submit that it would be wrong to conclude that the bare existence alone of the Canadian networks is enough to satisfy Canadians and public policy objectives.
13. The Canadian networks were built on the use of public airwaves. Their market positions were protected by the regulatory regime that limits use of the airwaves, and therefore competition. Yes, regulatory protection has been undermined by new platforms; however, conventional networks continue to command the lion's share of TV audiences. With the digital transition, the networks now have access to potentially more valuable spectrum, which allows for additional uses beyond the transmission of a single, high-quality television signal. Canwest has asked explicitly for flexibility to use this additional capacity in the large markets where it intends to preserve free, over-the-air broadcasting, to develop new business models with the hope of increasing revenue (pages 85-6 of Canwest's Supplementary Brief). In our view, there should be a clear public benefit associated with the use of the expanded capacity.
14. TV viewing in the US has reached new heights at 151 hours per month, according to The Nielsen Company (as reported on CARTT.ca on February 25). This is in addition to the audiovisual content they view on the Internet and on mobile devices. **That data supports the notion that Canadian conventional networks will continue to use public airwaves to make their businesses tick. And for that privilege, they should be required to provide quality Canadian programming.**
15. We are increasingly persuaded that the future of conventional television lies precisely in the ability to deliver place-specific and time-sensitive programming that reflects the diversity of concerns, interests and perspectives in the place being served by the broadcast, whether that is local, regional or national in scale. Live and local programming of good quality is precisely what viewers can't find anywhere else. Television is still the main way to reach a mass, geographically-defined audience at a given time to create a sense of "event" television that underscores the importance of the medium. Linkages between TV programming and interactive and user-generated content online will also be an increasingly important element of broadcasting to make audiences more an active participant in the programming and to provide further opportunities for viewers to connect with each other, using the programming as a springboard.
16. We submit, as we have in virtually every CRTC proceeding since 2006, that local news and information are crucial to the broadcasting system, are increasingly at risk, and must be supported through regulation and industry funding mechanisms. We note with interest that the overall thrust of the Citytv application supports this contention, at least for major Canadian TV markets.

17. In addition, we would be remiss if we did not highlight the crucially important role played by the CBC and Radio-Canada in the country's conventional TV sector. While undergoing a profound funding crisis of their own, rooted in the substantial cuts to the parliamentary appropriation in the 1990s and worsening this year, CBC and Radio-Canada remain the only truly national broadcasters with local depth. It is in the public interest, and in the interest of the objectives of the *Broadcasting Act*, for the national public broadcaster to be supported in every way possible to provide quality local, regional and national programming. We urge the Commission to maintain that priority as it makes decisions on the sector that will have an impact on CBC and Radio-Canada.

Over-the-air television

18. When the Canadian Media Guild became aware in 2006 of the broadcasters' lack of enthusiasm for fully replacing their analogue OTA transmission systems with digital systems, we commissioned research on the possibilities and costs of providing Canadians, no matter where they live, with continued access to free television service. We are now placing that research on the public record in Appendix A.

19. Our research estimates that the broadcasters are poised to abandon some 977 analogue transmitter locations across Canada after the switch to digital. The research study in Appendix A outlines the technical assumptions used to reach that figure.

20. We note that only Canwest and Rogers have presented detailed plans for the transition to digital. Based on these, it is fair to assume that a range of free digital television will be available in Canada's major cities after the analogue shut-off in 2011. In our view, the conclusions drawn in the research continue to be valid.

21. Based on the Rogers and Canwest plans and some of the partial data from the other applicants, the number of communities that are expected to lose OTA television service in 2011 will likely be in the same range as the study estimate. Detailed transition plans from CTVglobemedia, TVA, CBC, Radio-Canada, the educational broadcasters and the smaller private stations will be required before it will be possible to produce a final tally of OTA transmitters slated to be shut off. The hearing on small market television that we are proposing for this fall would be an ideal opportunity to review the digital transition plans of all broadcasters at the same time to produce a full picture of the impact on local communities.

22. There is sufficient data to establish a reasonable range for the numbers of Canadians that would benefit from access to OTA digital television after 2011 and those who would be left out, based on the transition plans submitted and other commentary on the record. Under these scenarios, we estimate that between 21

million and 24 million Canadians would have access to Canadian digital OTA signals, **leaving between 9 million and 12 million Canadians without the option of free television service.**

23. Without action, and in the context of threats and announcements by CTVglobemedia and Canwest to close stations and abandon OTA transmitters, **there is a real risk that an urban-rural divide will be created in Canada when it comes to access to free local/regional television services.** Furthermore, full reliance on BDUs to provide access to television service would likely serve to close the door on future local/regional initiatives, given the strain on capacity that already exists with respect to carriage of local stations. This is especially a risk for those areas that would be fully dependent on satellite service.
24. We take issue with two key points that broadcasters are making about the transition: the level of OTA viewing and the costs of upgrading to digital.
25. OTA viewing numbers
26. One of the key statistics quoted in the applications as part of the rationale for abandoning most of the OTA transmitter infrastructure in Canada is the percentage of Canadians that rely solely on free OTA television rather than subscribing to a BDU service offering: 8%. In addition to those households, as noted in the Canwest submission in footnote 48 on page 47, “(t)here will be some secondary and tertiary television sets in BDU households that will be inoperable and without an OTA signal unless and until those sets are attached to a BDU.” Some of these sets are not attached to the BDU service so that they can receive local over the air programming.
27. The commission recognized the importance of determining actual OTA viewing numbers in asking “How can we ascertain the number of people in each market who only receive television by OTA?” One corollary to that question could be: “How many people receive OTA in order to watch local news programs not carried by their BDU?”
28. A number of studies that have looked at aspects of this question are already on the record. There are significant differences in the OTA viewing percentage by Province and by City. For example, a 2005 survey indicated that more than 30% of viewers in Windsor, Ontario, watch TV over the air (Canadian Media Research Inc., November 2006). At the very least, it would seem prudent not to make a shut-down decision in a particular market without looking at the specifics of the OTA viewing in that market. Furthermore, to what extent do we know whether Canadians in markets that are not currently well served by OTA television would be interested in making the switch to OTA – in other words, making a BDU shut-off in their household – if they were provided access to additional and high-

quality digital signals for free? We are not aware of any research in this area in Canada.

29. There is much to learn from the US experience of switching from analogue to digital two years ahead of us. A media watcher in the US recently told us that “(d)igital TV has been a success where it has been deployed. People love the ability to obtain programming in different languages. The picture is gorgeous. And you should understand that the digital transition means more terrestrial channels, not less. For example, KCTS, the Seattle PBS channel, now broadcasts three channels instead of one: the ‘broadcast’ channel; a DIY, gardening, and nature channel; and a Spanish-language channel that has both dubbed English programs as well as original programs.”
30. Once people in the Canadian border areas get a sense of what is available for free from the US, it is quite possible their viewing habits may change. In fact, *Globe and Mail* columnist John Barber has already exhorted Toronto-area viewers to wean themselves off cable and get a digital receiver and antenna in order to pick up all the new services available for free, over the air, from Buffalo (December 6, 2008).
31. Studies in the US regarding OTA viewing led to a government-subsidized program for digital converter boxes to allow viewers to receive digital signals on their analogue TV sets. NBC executive Glenn Reitmeier noted in a session at the CAB convention in November 2008 that the coupon program for converter boxes was very popular and that there were more OTA viewers than they originally thought.
32. As the analogue cutoff deadline of February 17, 2009, approached in the US, the demand for digital set top boxes increased until there was a waiting list in the millions for the government coupons. At that point, the Administration and Congress decided to delay the cutoff until June 12, 2009 so that millions of OTA viewers would not be left in the dark. Meanwhile, Home Stations Installations reported in early March (CARTT.ca, March 4, 2009) that the TV converter box and digital antenna business was booming and that it had opened a new call centre to deal with the demand for free digital TV.
33. Despite the studies, we believe OTA viewing and interest in the US was clearly underestimated. If that is the case in Canada, the consequences will be more severe as it will not be a matter of delaying the cutoff until the set top boxes or new antennas can be delivered. Under the current scenario, it would simply be too late for millions of Canadians because there will be no signal available to them.
34. If existing studies do not provide enough detailed information on viewer habits in Canada, as well as the potential for increased OTA adoption if service and quality

were improved, then we suggest that new and relevant research should be commissioned.

35. Costs

36. We have several observations on the assumed costs of building out a comprehensive digital transmission system in Canada. First, we have concerns about the estimates that the applicants have presented for the costs of the transition. While the cost of upgrading a transmitter may approach \$1 million or even more in larger markets, our research indicates that the cost is substantially lower in smaller markets. In fact, based upon quotes we sought from suppliers for transmitter upgrades in four smaller markets, we believe the average cost is approximately \$156,000, including a multiplexer that would allow sharing of the signal – and therefore the costs – among more than one broadcaster.
37. In the Canwest submission in the Table on page 84 the lowest transmitter cost is \$600,000 and the highest is \$2.2 Million. Some cost categories were identified in the report as not being included, however the cost differential is clearly more than would normally be expected between the lowest Canwest estimate of \$600,000 and the \$156,000 in the report. No further comment can realistically be made without seeing a similar level of cost detail as is included in the report for the Canwest transmitter estimates.
38. Canwest uses a comparison of their capital costs of converting 104 transmitters to their 2008 EBITDA to show that it is inordinately expensive in light of the number of OTA viewers. We find this a meaningless comparison. Firstly, EBITDA includes Depreciation and Amortization of the very equipment for which they are expending capital. Capital expenditures are depreciated over a period of years to reflect the fact that they have a long-term useful period of service.
39. Our research also indicates that digital transmission infrastructure could be shared among broadcasters to lower the cost to each, and used to enhance access to television and other wireless services using the expanded capacity of digital infrastructure. This is true in other jurisdictions such as the US, Europe and Australia and the possibilities should be examined seriously for Canada before access to free TV is simply abandoned in communities across the country.
40. In the US, 80-90% of all digital transmitters provide multiple services using multiplexing, a process described in Appendix A. In the US, it is the broadcaster providing these multiple services with their various programming resources. Canwest recognizes this potential with the digital platform and have requested permission to utilize this capability. The model is somewhat different in Europe, where multiplexing is used to share the digital capacity among different

broadcasters. We are proposing the European approach for smaller markets in Canada to help minimize the cost to broadcasters through sharing of the digital facilities.

41. We believe the future of free, over-the-air television in smaller markets in Canada requires concerted attention and recommend that the Commission launch a public proceeding on this issue by the fall of 2009. Such a hearing would also provide an opportunity for the public to hear directly from the ownership groups with stations in smaller markets not involved in the current proceeding on plans and obstacles to providing free digital television.

Local programming

42. Local programming is vital to the conventional TV system. We believe that local programming, truly reflective and representative of the communities it serves, is crucial to the survival of television itself. Rogers appears to take this view for its Citytv and Omni stations, which are located in large markets. We note that Rogers is proposing twice the amount of local programming for those large markets as Canwest (a minimum of 20 hours per week, compared with 10) and we generally support that direction. CTVglobemedia, while giving few indications of what it will put forward at the licence hearings now proposed for 2010, appears strongly in favour of local programming even as it suggests it has “onerous regulatory obligations” that contribute to losses at its conventional stations. CTV raises the alarm about the A-Channel stations and announces the closure of three small-market stations: Brandon, Windsor and Wingham.
43. It is clear that smaller markets are at real risk. Canwest is proposing a paltry 5 hours per week of local programming for its small market stations, some of which are apparently threatened with closure if no buyer is found. We note there is hope on the horizon for at least one of the Canwest stations, CHCH in Hamilton, where station employees and civic leaders have been developing a community-ownership model to take over the station and provide almost exclusively local programming (see story in CARTT.ca from February 26, 2009). The Hamilton initiative will depend on access to the Local Programming Improvement Fund, announced by the Commission in CRTC 2008-100.
44. We have consistently made the argument that the large ownership groups have not served local programming and local news well. There has been a pattern of centralization and local job cuts that undermine quality local newsgathering and broadcasting. We believe that the new LPIF, which we support wholeheartedly, should be used primarily to support initiatives, such as the one at CHCH Hamilton, intended to boost local programming and local news. The LPIF was created for small markets because there was not enough local news already, even before the recent round of threats by the large ownership groups.

45. We have examined the formula proposed by the CRTC for the LPIF in 2009-113-1. In our assessment, the formula would not require incremental spending on local programming, but would encourage it. In general, we believe it is workable for the interim, with the addition of an element providing an immediate bonus to broadcasters that do plan incremental spending on local programming.
46. As we understand the formula, it would divide the full amount available in the LPIF by market. Each market's allotment would be divided by the rolling local spending per station in that market.
47. The bonus could be derived, for example, by removing a portion – say 10% - of the total available funds. The amount, approximately \$6 million, would be divided among the stations who promise to use 100% of their formula allotment for incremental spending. The proportion of the bonus given to each station would be based on their individual spending. If a station didn't end up using the LPIF for incremental spending, the bonus could be deducted from that station's base allotment for the following year.
48. We must also express strong disagreement with the contention made by several licensees that CBC/Radio-Canada should not be allowed to access the LPIF. The point is to support broadcasters who make a commitment to local programming and serve smaller communities, regardless of where they stand on the public-private continuum that is Canadian television broadcasting.
49. We urge the CRTC to move ahead to implement the LPIF in time for the 2009-10 fiscal year. The rules and structure of the fund could be re-examined during the proposed proceeding on small-market television. **Assuming the community ownership model goes forward for CHCH Hamilton, we urge the Commission to ensure that LPIF funds can flow to that initiative as soon as possible.** The entire broadcast system would benefit from a successful local redesign of the CHCH station, which would stand as a shining example of the value of the fund.

Canadian programming and expenditure

50. We are concerned by the apparent consensus among national conventional broadcasters that they should no longer be expected to air original Canadian scripted programming in prime time. The conventional broadcasters are the ones able to reach a mass audience. They already do that with their US scripted programming, which we note they are eager to continue, and should be expected to do the same with Canadian programming. It is not acceptable to leave scripted programming to specialty channels.

51. Further, we support a threshold for spending on Canadian programming. We leave it to more knowledgeable interveners as to whether a 1:1 expenditure requirement is adequate.

Licence terms

52. We support the idea of one-year administrative renewals for all of the large ownership groups, in order to proceed with full group licence renewals in 2010.

53. We strongly urge you not to grant full-term licences during this proceeding that would set long-term conditions and commitments based on the current information from licensees and with the cloud of the economic crisis obscuring our vision. As noted above, we are disappointed in the lack of vision for the sector communicated in the applications and we suggest that the large ownership groups be asked to flesh out how they imagine their full media businesses, and the industry as a whole, will proceed over the next decade. Setting long-term rules in a climate of panic and without taking into consideration the various businesses the broadcasters are in would be inappropriate. As well, we don't believe any licence terms should go beyond August 31, 2011 unless it is on the basis of the provision of a digital signal after the analogue shut-off.

54. We hope for timely financial disclosure from the large ownership groups in the 2010 licence renewal proceeding.

Comments on specific applications

51. Canwest:

55. Canwest's submission to the CRTC is nothing short of disturbing. It paints a very bleak picture for the future of Canadian conventional broadcasting and we find little in it that can be supported.

56. In particular, we do not support:

- the request for seven-year licence terms, as noted above, in this limited proceeding.
- the stark reduction in commitments to local news in small (5 hours per week) and large (10 hours per week) markets.
- the watering down of the LPIF so that it becomes a pale version of fee for carriage, available to all stations in all markets and entirely devoid of requirements, or even incentives, for incremental spending on local programming.

- the elimination of priority programming obligations (scripted shows) in favour of “reality programming and certain game shows” and any other “new popular concept” that may come along (p. 53). As we noted above, conventional TV stations have the ability to reach mass audiences with quality Canadian dramatic and documentary programming and they should continue to be required to do so. Furthermore, it is inconceivable that a large ownership group such as Canwest, that can spread its programming cost over a large stable of conventional and specialty stations, could not be expected to air priority programming in prime time on conventional stations.
- the flat refusal to ensure closed-captioning for third-language programming. If there is a need to hire and train closed-captioners capable of working in third languages, this is an excellent opportunity for broadcasters and producers to participate in broadening the diversity of people trained to work in our industry. It is troubling to assume that people who are hard of hearing should not be able to enjoy programming in a third language in Canada.
- the contention that Canwest should continue to enjoy benefits of mandatory BDU carriage and simultaneous substitution in markets where it does not provide an over-the-air signal. The basis of conventional TV regulation and licensing in Canada is through the over-the-air licence to serve a particular market. If Canwest is no longer a licensee in the Saint John, Kelowna or Kamloops markets, would it produce any local programming for those locations? If it's not a licensee in a market, on what basis would the BDUs in those locations be required to do anything for the Canwest network in that market? Would it not have the status of a distant signal? Sun TV points out that it pays national rights for programs, although Sun only has mandatory carriage and substitution in the Toronto, London and Ottawa markets in which it is licensed. More public deliberation is needed before adopting the carriage and substitution requirements, or – from the other point of view – benefits, that Canwest is proposing. Again, this is perhaps something that could be examined at a proceeding on small-market television, such as the one we have proposed, since the issue appears to affect those small markets primarily. Canwest itself recognizes the primacy of the local licensing system in applying to change its Quebec and Ontario regional licences to local ones.

57. CTVglobemedia :

58. There is very little detail in the CTVglobemedia submission, presumably in keeping with the company's request for a one-year administrative renewal with no change in licence conditions.

59. We are troubled about the planned closure of the stations in Windsor, Wingham and Brandon. We encourage the CRTC to explore alternatives with the

broadcaster or to help find a community solution to keeping the stations open and providing local programming.

60. We are disappointed in the lack of detail concerning the company's plans for the transition to digital transmission in smaller markets. The deadline for the analogue shutoff is fast approaching and full plans must be presented to the public so that we have a good idea of what our television system will look like after 2011. That is one of the key reasons we are proposing a proceeding on small market television for the fall of 2009.

61. Quebecor:

62. Quebecor's approach to future programming for TVA appears somewhat contradictory: local/regional programming is very important, but there is no commitment to provide a signal, and therefore the programming, in the smaller markets after 2011. Again, this is an issue that needs to be explored more fully in a proceeding devoted to small-market TV.

63. We do not support TVA and Sun TV's applications for 7-year licence terms, as noted above.

64. We also don't support the call for elimination of priority programming requirements in prime time, for the same reasons noted above.

65. In addition, we are concerned with the lack of detail provided for the transition to digital TV.

66. Rogers:

67. We generally support the approach Rogers is proposing for its Citytv stations in emphasizing local programming, and its commitment to third-language news at the OMNI stations.

68. We also appreciate the complete report from Rogers on its plans for the digital transition.

69. As noted above, we do not support the elimination of priority programming requirements, especially given the company's desire to continue purchasing and airing US programming in prime time. We urge the CRTC to encourage Citytv to pursue priority programming that makes sense for its local approach.

Conclusions

70. We support administrative one-year renewals, with few or no changes of condition, for the stations in the large private ownership groups. We look forward to a proceeding in 2010 that brings in the discretionary elements of their TV businesses.

71. In addition, we call for:

- a public hearing no later than the fall of 2009 specifically on the joint issues of free, over-the-air digital broadcasting and local programming in smaller markets. This hearing would be an opportunity for the public and industry stakeholders to examine the future of small-market local broadcasting, which risks being left behind in the current economic and regulatory climate.
- immediate interim rules for the Local Program Improvement Fund enable access in this fiscal year by broadcasters committed to small-market local news. The rules and funding mechanisms for local program improvement can be further examined in the hearing proposed in Recommendation 1, after which final rules can be established.

72. We would like to appear during the oral phase of this proceeding to clarify our proposals and research in light of any new information that may arise before then, including the study that the Heritage Committee is currently undertaking on the evolution of the TV industry and the impact on local programming.

Free TV in Canada: Frequently Asked Questions

1. What is free TV?

Free TV is what you can watch using an aerial antenna or rabbit ears. You don't have to pay for cable or satellite to receive free TV.

2. What is happening to change free TV in Canada?

Television around the world is in the midst of a transition from analogue to digital production and broadcasting. If you watch U.S. stations, you've probably seen announcements about the change. Analogue transmitters will be shut down south of the border on February 17, 2009. In Canada, many broadcasters in the largest cities now send out signals using both analogue and digital transmitters. Broadcasters in larger Canadian centres will be required to turn off their analogue transmitters by August 31, 2011.

3. I live in a large city. What will it mean for me?

If you live in a large centre, you are likely to have reasonable access to free digital TV in the future. You will need either a new TV set with a digital receiver or a converter box that can receive the digital signal and allow your existing analogue TV set to display it.

Because the transition to digital is further advanced in the United States and elsewhere, digital converter boxes are already available in some areas, especially those close to the U.S. border. If you want to continue being able to receive both local Canadian stations, many of which are still analogue, and U.S. stations, which will be digital-only starting in February 2009, make sure to get a converter box that can receive both digital and analogue signals.

4. I live in a small town. What will it mean for me?

Little is known about broadcasters' plans for smaller cities and rural areas in Canada. Broadcasters told the Canadian regulator, the CRTC, in 2006 that they are not eager to replace all of their analogue transmitters with digital ones. Some argued the transition to digital is too costly and, given that the majority of Canadians already receive TV through cable or satellite, broadcasters shouldn't have to replace their transmitters in every location. Although the broadcasters' actual plans are not known, it is likely that smaller power transmitters and repeaters would not be a priority for replacement. We estimate that as many as 977 transmitter sites, many serving more than one community, could be mothballed. **That would end Free TV in those communities.** An end to free, local TV would also likely mean that no new local stations could emerge in smaller centres and rural areas. So far, the CRTC has not set any timeline for smaller communities.

5. Is there any alternative to the loss of free TV in smaller cities and rural areas?

Yes. The CMG has commissioned research into the options offered by digital and how much they might cost. For example, a digital transmitter is able to deliver six signals on a single frequency. This is called multiplexing and it is already being used to expand free TV in Europe, the U.S., Australia and New Zealand.

Multiplexing could be the answer for smaller cities and rural areas. You can see what's available for free in the U.K. by visiting <http://www.freeview.co.uk/home>.

6. Why is multiplexing a good idea?

First of all, it's cheaper to set up and to operate for each participating broadcaster. Secondly, it would increase Free TV choices in most smaller cities and rural areas in Canada, where viewers would be able to watch up to six stations for free.

Multiplexing allows broadcasters to share the costs, up to six ways, to install and operate a single transmitter.

7. What is HD?

HD stands for High Definition digital television. The level of definition, ranging from standard to high, depends on the amount of data used to transmit the TV signal and determines the quality of the picture you see on your TV set. Current technology permits multiplexing of up to six SD (standard definition) signals, or one HD signal with up to three SD signals, on a single digital transmitter.

Standard definition TV is already better quality than analogue TV. And current HD over the air is usually higher quality than HD via cable or satellite.

8. Doesn't everybody have cable or satellite anyway? Why do we need Free TV?

Some 10% of Canadian TV viewers do not subscribe to cable or satellite and rely on their local over-the-air stations for TV programming. That amounts to more than 3 million people – a number similar to the population of the Vancouver region, or the City of Toronto.

With Free TV, you have a choice beyond your local cable company and one or two satellite providers. Free TV choices are fairly limited right now in most small towns and rural areas. However, multiplexing would provide a decent alternative to cable and satellite – especially if you value local and Canadian programming – since you would be able to get up to six channels for free, even with a single transmitter in your community.

9. What would I be able to watch for free in my community?

It depends on which broadcasters would be willing to participate. In principle, we see a local multiplex as a partnership among public and private broadcasters that already have a presence in and around your area. For example: CBC, Radio-

Canada, a provincial broadcaster (if one exists), Global, CTV and a local station (if one exists).

10. Aren't broadcasters competing with each other? Why would they share a transmitter?

Broadcasters may be competitors, but they already partner with each other when it comes to sending out their signals. In fact, they already share a tower in 80% of the communities where there is more than one local broadcaster. Right now, they share the real estate and the tower. Under a shared multiplex, they would add a transmitter and a multiplexer to the list. That means they would also share installation, energy and maintenance costs. Their ongoing costs would be lower than they are today.

For more information, visit www.cmg.ca or call 1-800-465-4149.

December 2008