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## Mandate a digital-only date for OTA: McEwen

NORMA REVELER

**Canadian Digital Television (CDTV)** has fallen by the way side just as debate heats up over the migration of over-the-air (OTA) television to digital.

The not-for-profit TV industry organization dedicated to providing expert information on making the transition to high-definition television (HDTV) – with members including broadcasters, hardware manufacturers, content producers and satellite TV and cable distributors – disbanded at the end of the summer, just months before written comments were due in the **CRTC's** ongoing review of conventional TV.

The CDTV board put the kibosh on the organization because it felt its transitional digital TV work had been completed, and the remaining business and policy regulation questions could be dealt with by the members on their own. One major issue that still must be dealt with on the regulatory front is whether

free over-the-air (OTA) networks should be forced to convert their transmitters to digital TV and, if so, whether a firm deadline should be imposed as is the case in the United States and Europe, states former CDTV president Michael McEwen.

"It's very clear that Canada is a long ways behind [other countries] in terms of OTA digital transmission," says McEwen, who submitted a report to the CRTC that looked at the digital TV policies of the United States, Mexico, Australia, United Kingdom, France and Germany. When McEwen talks about digital TV, he means primarily HD – a key focus of his now-defunct organization – but his comments are applicable to the broader topic of digital television as a whole.

"Based on almost a decade of play in this playpen, I think there has to be a policy discussion about the future of OTA broadcasting," he says. "And if it is decided that yes, OTA will continue to be a

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## THE TRANSITION TO DIGITAL TERRESTRIAL TV IN EUROPE: A SAMPLING

Country	Final Deadline	Estimated Number of Households Affected	Switchover Progress
France	January 1, 2011	5.5 million	58% of France's population will have access to DTT coverage.
Germany	2008	2.5 million	Timeline determined at local state level. Berlin has completed switchover, followed by four other areas.
Italy	2012	10.6 million	The first phase of switch-off in Sardinia and Valle d'Aosta regions was delayed until 2008.
Netherlands	November 26, 2006	74,000	More than 160,000 households have DTT coverage.
Portugal	2010	3.2 million	Re-launch of DTT service planned for 2006.
Spain	April, 2010	7.4 million	Re-launch of DTT service in November 2005; now 80% of the country is covered.
Sweden	March 1, 2008	350,000	First analog transmitter turned off in September 2005.
United Kingdom	2012	5.5 million	Border area will be first to switch to full digital broadcasting in the second half of 2008.

Source: DVB.org, national regulatory authorities, Parks Associates

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**Digital migration — Continued from page 1**

viable way of getting service to Canadian citizens and viewers, then I think what has to happen is that there has to be a regulated or legislated transition framework, where there are milestones that spell out what has to be completed by when, with an eventual analog shutdown date.”

“If you look at the six countries that I looked at and even beyond that, they all have a plan with mandated analog shutdown, either through the regulator or a combination of the regulator and the government. For example, Europe is going to be shutting down in a phased-out way beginning in 2008 right through to 2012. The Americans are shutting off in February 2009...I would probably set a shut-off date of 2012 for Canada.”

The CRTC’s current digital transition policy for conventional television is market-based and imposes no deadlines on Canada’s broadcasters. However, the commission’s regulatory framework issued in November 2003 indicated it would fast-track licences for digital versions of over-the-air analog stations (CCR, Nov. 22/03). The framework also requires TV distributors to carry the digital versions of conventional TV stations along with their analog signal. When 85% of their viewers are capable of receiving digital TV, then distributors can apply to the CRTC for permission to drop analog.

McEwen says many broadcasters are dragging their feet because of the cost of upgrading the transmitters across the country needed for OTA delivery of network TV signals. However, the OTA digital conversion discussion McEwen says is necessary has begun to take place in the CRTC’s review of conventional TV.

The **Canadian Broadcasting Corp.**, for one, tells the CRTC in that process that it doesn’t have the money to upgrade all of its towers to digital-capable. “The transition to digital/HD television will continue to be extremely costly and lacks a supporting business case,” stated the CBC in its September 27 submission to the CRTC. The CBC proposes a hybrid distribution system – using over-the-air infrastructure in major markets where there are more viewers to free TV, but doing away with the transmitters and forcing Canadians in less populated

areas to subscribe to either cable or DTH to receive its network TV signals.

The CBC has 480 TV transmitters across Canada, with 39 serving 14 core markets that air local TV programming, and the French-language side of the public broadcaster has 182 transmitters across the country, with 13 serving eight core markets. It noted that only 12% of Canadians receive their TV service over-the-air and that conventional viewing represents just 7% of total TV viewing in the country.

The CBC though concurs with McEwen that a mandated analog shut-off date should be implemented “in the interests of making the most efficient use of scarce spectrum.” The CBC suggests the commission work with **Industry Canada** to establish an August 31, 2011 mandated shut-off deadline.

**Rogers Communications Inc.** also recommends that the CRTC impose deadlines. “...To keep pace with other jurisdictions, the commission should establish a fixed date in 2010 for the shut-off of analog transmission,” Canada’s largest cableco – and over-the-air broadcaster in such markets as Toronto and Vancouver – states in its September 27 submission to the CRTC.

Noting the conversion of all its transmitters to HD would cost about \$61 million plus \$38 million in operating costs over ten years, **CanWest MediaWorks Inc.** recommends an analog cut-off date of 2011. The broadcaster wants the commission to ask broadcasters for their OTA high-definition roll-out plans at their upcoming licence renewals.

“While the commission’s market-driven approach ... has been sound, we believe that a mandatory cut-off date for analog OTA transmission following the US will become necessary in order to maintain an orderly marketplace,” stated the CanWest submission. “In addition to ensuring competitive parity between broadcasters, this approach will also allow time for broadcasters to plan future capital needs in anticipation of an eventual cut-off date for analog.”

**CHUM Ltd.** though tells the CRTC that initially the digital transition should not involve OTA transmission. “Investing

# Ad rules shouldn't apply to product placement, CRTC told in OTA review

Canadian broadcasters used the over-the-air television review to press for a redesign of the rules governing television advertising. But while there was little appetite for increasing the hourly limit on conventional spot advertising, product placement is a whole new ball game.

In a bid to create a flexible policy that would provide broadcasters with the financial leeway to maximize their Canadian production spending requirements, the **CRTC** solicited comments on the current rules governing advertising as part of *Public Notice 2006-5*. In particular, it asked whether or not the current 12-minutes-per-hour maximum should be restricted to standard advertising “breaks” or “spots”.

While **Corus Entertainment Inc.**'s submission urged the commission to maintain the current 12-minutes-per-hour maximum in order to preserve the value of advertising inventory, it takes pains to note that product placement should fall outside that limit. “The regulations should be amended to clarify that the current 12-minute restriction will apply only to traditional commercial messages. Restrictions on product placement are punitive on producers.” In addition, Corus pressed for a speedy resolution of the federal government's review of pharmaceutical advertising restrictions, a move presumably motivated by its ownership of the **W Network** and the possibilities of direct-to-consumer advertising of drugs aimed at women.

Other media firms with OTA interests voiced the same sentiment as Corus. “[**Québecor Media Inc.**] calls on the CRTC to remove all constraints on media placements other than traditional advertising messages,” an English-language submission by Québecor's VP of regulatory affairs Édouard Trépanier reads. “The regulatory system in effect limits commercials to 12 minutes per hour. This restriction should be lifted. General interest TV broadcasters do not need this

limit anymore. The market imposes its own limit.”

With a review of the pay and specialty programming policy looming some time in 2007, **Alliance Atlantis Communications Inc.** took the opportunity to reiterate its stance that any changes made to ease the pressures facing the OTA broadcasting system should also be reflected in next year's review. “Product placement is an excellent example of an area where advertising trends and opportunities are evolving, and where it is critical that both sectors compete on an equal footing,” reads the submission by Elizabeth Duffy-MacLean, VP of public and regulatory affairs. “If one were favoured, the other would immediately lose revenue as advertisers sought to take advantage of this growing trend.”

Canada's main advertiser group also weighed in with its thoughts. “Consumers have always been in control, but with DVRs they can now command and dominate,” the **Association of Canadian Advertisers'** VP of policy and research Robert Rheume writes. “Advertisers have reacted by emphasizing more program-integrated styles of advertising such as sponsorships, product placement and branded entertainment, and de-emphasizing commercials in pods.... Given the importance of advertising revenues to the system, we urge the commission to refrain from any attempt to reclassify this non-traditional program-integrated type of advertising as part of the 12-minute per hour limitation.”

In April, **Decima Research** surveyed an online panel of more than 1,500 English-speaking Canadians to measure the effectiveness of automotive product placements in popular US dramas (CCR, April 21/06). The survey found that about two-thirds (65%) of those who said they regularly or sometimes watched *CSI: Miami* could identify **General Motors'** Hummer H2 as the vehicle featured in the program, while nearly half (47%) of *The Apprentice* viewers correctly identified the

## ccrbriefs

### CRTC wants input on new preview policy

With the ever-increasing pace of third-language specialty services being licensed for distribution in Canada as well as the mounting importance of digital programming, the **CRTC** is revisiting its restrictions on previewing pay and specialty channels. In *Public Notice 2006-136*, the commission notes that existing policy forbids the airing of previews during national ratings periods, so as to not unduly influence viewership of certain shows. In addition, there are restrictions on the length and nature of previews that can be shown on a BDU's promotional or “barker” channel. The CRTC is soliciting input on the matter and wants submissions by November 20.

“In the commission's view, there are sound arguments in favour of authorizing BDUs to present previews of such services, whether those services are authorized for analog and digital distribution, or for digital distribution only, and whether or not the preview is presented on an analog or digital channel,” the call for comments reads. “The commission notes that such previews of non-Canadian, non-US digital services, especially when distributed on analog channels, could assist in the roll-out of digital technology and services, which is a longstanding commission objective.”

### Raptors Sirius about satellite radio

The **Toronto Raptors**, Canada's only **National Basketball Association** franchise, has entered into an exclusive multi-year sponsorship and marketing agreement with **Sirius Canada Inc.** The partnership will see Sirius become the official satellite radio partner of the Raptors and builds on Sirius' existing relationship as the official satellite radio provider of the NBA, which includes broadcasting more than 1,000 live games. “Fans consume sports in many ways and satellite radio is quickly becoming an important medium that NBA fans are choosing to get their basketball fix,” said Tom Anselmi, executive VP of Raptors' ownership group **Maple Leaf Sports and Entertainment Ltd.**, in a news release. Sirius will receive exclusive rights to use the Raptors logo in marketing and promotional activities as well as on-court and special event promotions during Raptors games as part of the agreement.

Product placement — Continued on page 7

**Alliance Atlantis launches two new HD channels**

Aiming to keep up with licensees such as **High-Fidelity HDTV Inc.** and **CTV Inc.** in answering the **CRTC's** call for more HD channels as soon as possible (CCR, July 4/06), **Alliance Atlantis Communications Inc.** announced the launch of two all-HD versions of its popular National Geographic and Showcase services. The two new channels, National Geographic Channel HD and Showcase HD, will launch on December 19; both will feature content familiar to viewers such as *Seconds From Disaster*, *Megastructures* and *Dog Whisperer* from National Geographic, and *CSI*, *CSI: Miami* and *Weeds* on Showcase. Also making its debut in HD on the latter channel is an original series, *Rent-A-Goalie*. "The time is right to bring these two leading networks to the high-definition screen," said executive VP of content Norm Bolen in a media release. "Canadians are quickly embracing the HDTV format and demanding the best quality content to fill it."

**JumpTV picks up first Chinese partner**

Internet rebroadcaster **JumpTV Inc.** of Toronto has inked a deal with **Television Broadcasts Ltd.** (TVB), the world's largest producer of programming in Chinese languages. Although the multi-year deal gives JumpTV the rights to all TVB programming on the Internet in a variety of formats, the Canadian firm will initially bundle together and stream two channels: TVB's European satellite service, TVBS-E, as well as TVB Xing He. Together, they cover the gamut of genres, from comedy to drama and general entertainment. "The Chinese diaspora is one of the largest in the world and represents a massive potential market for our Internet television offering," Kaleil Isaza Tuzman, president and CEO of JumpTV, said in a release announcing the deal. Executives from TVB were equally enthused. "It was very important to TVB to choose an organization with the technology and ability to reach a global audience to burnish our brand and grow our international revenue streams," said TVBS-E assistant GM Lawrence Ma. "In connection to the partnership with JumpTV, global Chinese viewers will be able to watch the quality programming that people in the Asia-Pacific region have been enjoying for years," Sherman Lee, controller of the channel operation division at TVB Xing He echoed. The two new channels will be programmed in Cantonese and Mandarin, and the bundle will cost \$38 monthly.

**SaskTel, MTS both have HDTV – so where's Bell, analyst asks?**

Television over Internet Protocol (IPTV) took another step in its march to become a viable competitor to cable TV last week when **SaskTel** launched 27 high-definition channels on its Max digital TV service. And as the first provider in North America to deploy HD over IPTV, SaskTel is leading the telco TV charge from the Canadian Prairies.

The launch of HDTV from SaskTel means that two high-definition telco TV offerings have become available in Central Canada in a period of less than two months; Manitoba's **MTS Allstream Inc.** introduced its HDTV service at the end of August. While MTS' offering isn't exactly IPTV – it delivers television over an Asynchronous Transfer Mode (ATM) architecture – it's nonetheless a wired HD television service from a telco, something that **Bell Canada** and **Telus Corp.**, Canada's two largest incumbent telcos, don't yet offer.

"In some ways it's a bit of a mystery why MTS and SaskTel are so ahead of everybody else in doing this," says Jon Arnold, principal of independent IP communications analysis and marketing consulting firm **J Arnold & Associates**. "These two markets are not hotbeds of innovation, but at the same time they have their own distinct drivers that push them there. And both carriers have been very progressive in terms of rolling out services, not just in TV, but across the whole spectrum of multimedia."

Indeed, while many carriers are set on establishing the triple- or quadruple-play, MTS and SaskTel offer subscribers a quintuple play of home phone, Internet, television, wireless and home security. While Greg Burch, MTS' public affairs coordinator, consumer markets, says the telco didn't launch its HD service just to keep up with competing cableco **Shaw Cablesystems G.P.**, it likely factored in the decision. "Generally speaking, whether its cell phones, TV or whatever business we're in, we want to give customers what they want, and there's definitely demand for HDTV," he says. "People are increasingly buying the flat-screen, plasma-screen type monitors and they want the type of signal that will let them get the most out of their home entertainment system."

MTS currently offers seven high-definition channels, which Burch says were selected based on what the company thought customers would want to watch. Not surprisingly, it's a fairly obvious lineup of **CBC**, **ABC**, **CBS**, **Fox**, **NBC**, **PBS** and **Rogers Sportsnet**. The timeline for adding more channels to that list depends on the uptake. "We'll see how the market develops and see what the response is and then go and get more channels as there's capacity in the market," says Burch. However, up to this point the question with deploying high-definition over IPTV has been more about capacity on the network, not in the market.

To those in the industry who had doubted that bandwidth-eating high-definition

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**SaskTel and MTS Allstream: shares in the telco TV market**

	SaskTel	MTS
Total digital TV channels offered	220	225
High-definition channels offered	27	7
TV subscribers year-end 2005	42,000	51,561
TV subscribers year-end 2006 (projected)	60,000	65,000
TV subscribers year-end 2007 (projected)	80,000	85,000

**SOURCE:** *The Digital Domain: Consumer Attitudes on Digital Television Services, Benefits and Features in Canada*; Decima Research, November 2006

# Heritage plans to gauge non-theatre distribution in both French and English

It's an idea that's been around since the turn of the millennium, but the **Department of Canadian Heritage** is now starting to get serious about finding ways to capture viewership numbers for Canadian films exhibited to audiences outside of movie theatres.

"Everybody agreed then, and everybody agrees now, it's a good idea," says Marc Séguin, VP of feature film and new technology at the **Canadian Film and Television Production Association**.

Last month, Heritage released its response to a report from Parliament's *Standing Committee on Canadian Heritage* which outlined proposed changes to the 2000 Canada Feature Film Policy to fine-tune it and bring it up to date with the current environment. In the Heritage response, it agreed with the committee that distribution of filmed entertainment — like other media — had fragmented to encompass not just theatrical releases but broadcast television through pay, pay-per-view and specialty services, DVD sales and rentals and, increasingly, downloads over the Internet.

"It's something that's going to take some work to define adequately, that's for sure," agrees Douglas Chow, deputy director of strategic communications at **Telefilm Canada**, the Crown corporation and funding agency set up to foster audio-visual production. He notes that as is the case with television, the film industry is very much cognizant of the realities of the multi-platform digital era. "Taking that into account...Telefilm is looking at re-examining its definition of box office, not just ticket sales at theatres," he says.

But many pay, pay-per-view and specialty broadcasters already have a system in place for trapping viewership figures for Canadian movies. "At this point I don't know if we'd need to pull anything incremental,

because that information is already there," says Michelle Marion, director of original production at **Astral Media Inc.**'s **Astral Television Networks** division. She notes that all broadcasting licensees submit Canadian programming figures to the **Canadian Television Fund**, which compiles the information in its database, a process put into place in 2003-2004. "They can track it on a title-by-title basis," she adds.

When its licence was last renewed in 2001, Astral's **The Movie Network** was mandated to spend a minimum of \$9.1 million on "script and concept development." In addition to contributions from The Movie Network and **Super Écran**, there's also Astral's two production funds operating in both official languages: the **Harold Greenberg Fund**, which provides capital for English-language productions, and the **Fonds Harold Greenberg** for franco-phone films. As a result, it's possible for Astral to invest in a film production three different ways, as was the case with recent films such as *Beowulf and Grendel*, which received equity investment and pre-buy money from The Movie Network and Super Écran as well as script development and equity investment by the Harold Greenberg Fund, and *C.R.A.Z.Y.*, which garnered equity investment and pre-buy by Super Écran and The Movie Network and equity investment from the Fonds Harold Greenberg.

Interestingly, it's only recently that a system for capturing box-office receipts has been put into place in Canada. Séguin, a former Heritage policy manager, was one of the architects of the 2000 Canadian Feature Film Policy and helped implement a national theatrical audience reporting system that came online in 2001. Previously, Canada's film policy makers had used distributor data, which didn't break the markets down by language, so English- versus French-language audiences were, at best, rough estimates. "We knew for years that there was a big difference between French and English television," he says, but only after two years' worth of box office data became

Film audiences — Continued on page 6

## Canada and Spain renew co-pro treaty

The **Department of Canadian Heritage** and the Government of the Kingdom of Spain have renewed a 20-year-old international co-production treaty. Although the 1985 version of the treaty governs what's been somewhat stuffily called "cinematographic relations" between the two countries, the updated 2006 treaty also includes television productions. So far, the treaty between Canada and Spain has yielded four bilateral productions and the same number of multilateral productions totalling approximately \$61 million. Spain is one of 53 countries Canada has a formal co-production treaty with.

## Global adds more US content to online portal

*Survivor: Cook Islands* is the latest US television franchise to be added to **Global Television's** Internet streaming content menu, the television network recently reported. The show joins the Howie Mandel-hosted *Deal or No Deal* as well as home-grown offerings such as *Global National with Kevin Newman*, *Global Currents*, *Falcon Beach* and *The Jane Show* on Global's website, the content of which is viewable through an embedded player. Global Television — part of the **CanWest MediaWorks Inc.** group — says the additional content represents a step further in the rollout of its free, advertiser-supported broadband offering.

## Mindready releases Universal Radio Tester

Montreal-based **Mindready Solutions Inc.** has announced the release of its Universal Radio Tester (URT), a solution for generating analog and digital radio signals including AM, FM, RDS, XM, Sirius, HD radio and digital audio broadcast. The Mindready URT is based on **National Instruments** LabView, NI TestStand™ and the latest PXI modular instruments, and includes an audio analyzer for testing the audio outputs of the radio. "The URT will provide automotive radio manufacturers with a flexible platform to test multiple radio standards," said Joseph Kovacs, National Instruments' RF and communications marketing manager, in a news release.

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**Hockey Night returns to Cineplex in West**

**Cineplex Entertainment LP** has announced that it will again be broadcasting live **Edmonton Oilers**, **Calgary Flames** and **Vancouver Canucks National Hockey League** games in its theatres. Oilers fans can take in 10 regular season games at theatres in Edmonton, Saskatoon and Prince Albert SK. Flames faithful can watch 12 games in Calgary, Lethbridge AB and Red Deer AB. And Canucks backers can see 13 games in cities throughout BC. All of the regular season games scheduled to be shown are not available on cable television.

**Second season of Lunar Jim ready for liftoff**

The second season of kids' stop-motion animation space series *Lunar Jim* has been picked up by broadcasters both in Canada and abroad. The **CBC**, **Radio-Canada** and **BBC Kids Canada** have all signed on for the 40 episodes making up season two of the show, while CBeebies, the BBC's channel aimed at preschoolers in the UK, has done so as well. The first season of *Lunar Jim*, a co-production of **DHX Media Ltd.**'s **Halifax Films** division and **Alliance Atlantis Communications Inc.**, has also been sold to broadcasters in such countries as Australia, Germany, Finland, Turkey, Mexico, New Zealand, Thailand and Bulgaria.

**Global tees up PGA Tour events**

A newly expanded broadcast rights deal between **PGA Tour Inc.** and **CanWest MediaWorks Inc.** will see the Canadian network host 26 major professional golf events annually. A major component of the agreement is the new FedExCup, a competition running throughout the golf season which will culminate in the first-even FedExCup playoffs next year. Other major tournaments included in the deal are the World Golf Championships, the Canadian Open, and the Players Championship. The 2007 season gets underway on Global on January 26, 2007 with the final rounds of the Buick Invitational.

**Film audiences — Continued from page 5**

available did Heritage and Telefilm realize the magnitude of the gulf between cinema in both of Canada's official languages.

And true to the old notion of the "two solitudes," the Francophone film market — mostly contained within Quebec — has managed to tap into a wellspring of support that has thus far eluded English-Canadian filmmakers. In Telefilm's 2005-2006 annual report released on October 18, the funding agency noted that all Canadian films garnered a 5.3% audience share in Canada, besting its target of 5% set at the beginning of the period. But those figures disproportionately reflect the successes

of French-language filmmakers, who accounted for 26.6% of theatrical viewing in the Francophone market, up from 21.2% in 2004. English-language Canadian film actually lost market share, falling to 1.1% from 1.6% last year.

But despite the disparities between production in both official languages, there's optimism that Canada's film industry is ascendant, even going by theatre receipts alone. "I know it doesn't translate into market share exactly, [but] certainly in 2006 we are more solid, and more Canadians are seeing Canadian films than five years ago," says Séguin. ■

**IP HDTV — Continued from page 4**

programming could be delivered over an IPTV network, SaskTel's announcement of a 27-channel launch must have come as a surprise. Although an interview with SaskTel couldn't be arranged by press time, a backgrounder issued by the telco last year explained how it was ramping up its network to accommodate HDTV. The company identified that it needed to reduce maximum loop length from 2.5 kilometres to 900 metres which would increase downstream bandwidth from 16 Mbps to 22 Mbps and allow it to upgrade to compression technologies like MPEG4. With earlier compression technologies like MPEG2, a single HD channel required about 20 Mbps of bandwidth, but MPEG4 needs only half that.

Arnold suggests that the relatively small size of MTS' and SaskTel's subscriber bases (see chart on p.4) have helped them beat the large telcos to the TV market. "The scale of their needs is much smaller than what Bell would have to worry about here," he says. "There's less risk involved in terms of different segments doing different things."

But he offers other reasons why there is no Bell IPTV service yet, one being that the telco contracted **Microsoft Corp.** to deliver the platform for the service. "[Bell's] not alone in this one as Microsoft has had concerns about scaling anywhere, for any large partnership scenario they've been involved in," says Arnold. "So that raises a

lot of questions with people: [namely,] if a software-based solution like this can scale to mass market needs." And as more people question Bell about the future availability of IPTV, Arnold says they continue to say they're not going to come to market until they get it just right.

What is just right? At this point in time, could Bell, or any other telco for that matter, come to market with a TV service that doesn't include high definition? "I don't see why not," answers Arnold. With HD penetration still relatively low in Canada the biggest incentive for telcos to get a TV service in the market is stop the churn of their phone service to cablecos that have a telephone offering. Of course, Bell already offers satellite TV through its **Bell ExpressVu** subsidiary. Although satellite doesn't bundle as nicely because it doesn't interconnect with phone and Internet, it still gives them an existing quadruple-play.

So just because MTS and SaskTel have already taken the second step in telco TV by rolling out HD, it doesn't mean Bell is under any significant pressure to catch up. The nature of broadcast distribution in Canada is such that an incumbent like Bell need only concern itself with what the likes of **Vidéotron ltée** and **Cogeco Cable Inc.** are doing to its subscriber base. But at the very least, telcos from the Prairies are showing the rest of the country — and the continent — just what is possible on the IPTV front. ■

## Digital migration — Continued from page 2

hundreds of millions of dollars for a very minimal percentage of the population is not a wise investment for a system that is already suffering from finite resources,” stated CHUM president and CEO Jay Switzer in the broadcaster’s submission.

“Even if the sector was experiencing healthy profitability, investing in over-the-air transmission would take important resources out of the system with no discernable business purpose, and with no sound public policy justification,” the submission signed by Switzer reads. “While there may be an over-the-air business that evolves over time, there is nothing that can be foreseen in the next six-10 years (the next licence term of group licensees). It is clear the vast majority of Canadians are receiving their programming services via BDUs.”

**CTV Inc.** also wants the regulator to allow its networks to transition to digital and HD “without the obligation to provide digital over-the-air transmission facilities and to gradually phase out analog transmitters.” CTV estimates the capital cost of upgrading its 25 main station transmitters and its 89 rebroadcast transmitters to be more than \$200 million, plus another \$15 million in annual operating costs, according to CTV senior VP of corporate and public affairs Paul Sparkes. “This level of investment would be required to reach an increasingly small number of Canadians who rely on

over-the-air transmission to receive their broadcast signals,” he writes.

**Aboriginal Peoples Television Network** (APTN) also voiced concerns about a mandated move to digital, particularly since it is a service that operates 96 over-the-air terrestrial transmitters in Canada’s North in addition to being carried on DTH and cable. “Simply put, APTN cannot afford, on its own, to replace its terrestrial network with digital transmitters,” reads the submission from APTN president and CEO Jean LaRose, who pegs the cost of such an upgrade at close to \$9 million.

But it’s not just the broadcasters themselves who are reticent to consider investing in OTA digital broadcasting technology, McEwen charges. In *A Report to the CRTC on Digital Transition Strategies in a Number of Different Countries*, he sums up: “Government has, to date, shown no inclination to make any change to its policy of a market-driven approach ... To be blunt there seems to be no political will to take the necessary actions to create an effective digital take-up in the over-the-air spectrum for conventional broadcasters.”

He adds, “Not to make a decision about the digital transition and eventual analog shut off is in fact making a decision that may have irrevocable negative impacts on public policy and the industry and viewers that the current policy, legislation, and regulation supports.” ■

## Product placement — Continued from page 3

car in that show as the **Pontiac** Solstice and more than one-third (37%) of respondents who watched *24* could identify the featured SUV as a **Ford**.

While the Decima survey focused on US-produced shows, at least one Canadian broadcaster airing such shows has reacted by taking matters into their own hands. Earlier this year, **CanWest MediaWorks Communications Corp.** blocked out a sponsor logo on the roof of a cab in its simulcast of *The Apprentice* and replaced it with a virtual ad for Casino Rama. CanWest MediaWorks president and CEO Leonard Asper has voiced concerns in the past about the loss of Canadian advertising opportuni-

ties when US producers and advertisers embed products in their programming (CCR, June 24/05).

Other broadcasters, however, have decided their best option is to get into the game themselves by cutting product placement deals with domestic producers. For instance, **CTV Inc.** has pursued product placement dollars with its deal with **Sears Canada Inc.**, with retailer’s Wish Book catalogue appeared in a holiday episode of *Corner Gas* last year (CCR, Nov. 7/05). CTV-owned specialty programmer **Discovery Channel** has also written product placements from sponsors **Mazda** and **Castrol** into its new auto racing reality show, *Star Racer*. ■

## ccrpeople

Veteran broadcast journalist **Eric Sorensen** has been appointed Washington Bureau Chief for Global News, effective November 1. Sorensen spent the past 14 years reporting for CBC’s *The National*, where he has covered the world’s major stories including the Swissair crash in Nova Scotia and Princess Diana’s death in London. He was also the first Canadian to receive the Benton Fellowship in broadcast journalism from the University of Chicago.

Espial IPTV, a provider of IPTV middleware and applications, has named **Bob Daly** as CFO. Daly brings more than 20 years of experience to Espial, where he will be responsible for ensuring strong financial controls and accounting practices. Over the past four years Daly has been a consultant and president of Business Planning Associates. Prior to that he was the VP of finance for JDS Uniphase, CFO for Oprel Technologies and controller for Cognos Inc.

**Mary Powers** has been appointed senior VP corporate communications at Bell Globemedia. Powers joins BGM after a long career with CHUM Ltd. where she most recently directed all corporate and divisional communications in both the domestic and international marketplace as the VP of communications. Although the acquisition of CHUM by BGM is pending regulatory approval, Powers’ appointment is permanent. “However, if the regulators approve the CHUM transaction, an added benefit of her presence at BGM will be to aid in the integration of the two companies,” said Ivan Fecan in a press release announcing Powers’ hiring.

**Nancy Lee**, a 20-year veteran of CBC, has been appointed COO of Olympic Broadcast Services, where she will be responsible for the broadcast operations for the 2010 Winter Olympic Games in Vancouver. Lee was most recently the executive director of CBC Sports, which had broadcast the Olympic Games since 1996 but did not secure the Canadian broadcast rights for the 2010 and 2012 games. OBS is a Swiss-based agent of the International Olympic Committee that delivers broadcast feeds from the games to audiences worldwide. **David Masse** has been named acting executive director of CBC Sports until Lee’s fulltime successor is found.

The recent over-the-air television review has served to highlight a lot of the pressing issues that broadcasters, producers, regulators and other parties must deal with to ensure a future for Canadian broadcasting.

One of the most important, of course, is the financial viability of private television. After all, cultural and social policies can be tweaked, but a money-losing firm soon finds itself starved for capital and unable to compete. Not surprising, then, that various aspects of the broadcasting business model were debated and deliberated upon during the public consultation process.

But while there was some disagreement between OTA and specialty broadcasters as to whether the 12-minute-per-hour limit on conventional spot advertising should stand – conventional broadcasters want it abolished, specialty programmers want it to stand, and some in both camps argue that ads promoting foreign programming should be exempt from that cap – all of them agree that product placement should be left out of the regulation equation altogether.

While the jury is still out on product placement's effectiveness vis-à-vis traditional advertising (the results of a Decima survey earlier this year notwithstanding – see story, p. 3), it's seen as a near-panacea by all involved in the television value chain: producers look to it to help recoup production costs; broadcasters pray that it'll prove enticing for ad agencies besieged by data showing a drop in effectiveness for traditional 30-second spots; and advertisers hope it'll engage and reach an increasingly jaded and cynical audience with one collective finger perpetually on the fast-forward button of their digital video recorders.

But product placement may be a stop-gap cure for what ails private television. It certainly will exhaust itself eventually: what will broadcasters do then? They'd better start thinking up a solution now.

—JAMES LEWIS, EDITOR

## CAB asks CRTC to quash Star Choice's multi-address account policy

Earlier this year, DTH and cable BDUs squared off over **Star Choice Communications Inc.**'s policy of allowing subscribers to access its service at multiple addresses (CCR, May 5/06). Last week, after weighing input from both sides as well as the **Canadian Association of Broadcasters**, the **CRTC** ruled the practice violates the *Broadcasting Distribution Regulations*. Below is an excerpt from the CAB's reply to Star Choice's initial comments.

The CAB does not agree...that the commission should accept account stacking as a proper marketing and billing practice. The practice is not contemplated and is not authorized in affiliation agreements between programmers and BDUs, and there are some situations where a subscription-based programming service that depends on a monthly wholesale fee does not have a formal affiliation agreement at all. In cases where there is no affiliation agreement, or where an existing agreement does not include specific provisions to the contrary, subscription-based services may be deprived of legitimate affiliation payments with no recourse to the commission....

Were the commission ultimately to permit the practice...it would be critical to ensure that, as suggested by [Bell] ExpressVu, any BDU engaging in such a practice have the prior written consent of all licensed subscription-based programming services that it distributes, whether or not they have formal affiliation agreements.

Finally, Star Choice argues that the practice of account stacking, or what it refers to as "second address service", does not harm programmers and that therefore there are no grounds to prohibit the practice....In

practical terms, however, the way in which Star Choice implements second address service does not reflect the underlying premise outlined above....

Thus, the only criterion for eligibility for second address service is that the subscriber be able to demonstrate ownership of a second residence, not that such a residence necessarily be the family's vacation property, or even that it be a residence occupied by other members of the same family. This eligibility criterion would, for example, permit an individual who has purchased multiple properties for the purpose of generating rental income to provide all such rental properties with "second address service" on a single subscription, clearly an abuse of the stated intent of the policy. Even where the second residence is a legitimate vacation property, it is entirely possible that it could be rented out to third parties for lengthy periods of time, again contradicting Star Choice's own premise for authorizing the practice.

All of this reinforces the point made in the CAB's original submission that Star Choice has no mechanism to control or address such situations. The CAB notes that Rogers raises a similar concern with respect to Star Choice's ability to monitor even the requirement that a single subscriber must own both residences receiving service....

In summary, the CAB submits that the account stacking approach practiced by Star Choice is premised on faulty logic, can be subject to abuse, cannot be properly monitored or enforced and, if authorized by the commission, would set a precedent that would inevitably result in licensed specialty and pay services being deprived of legitimate subscription revenues.

For all these reasons, and for the reasons further elaborated in the CAB's original submission, the CAB urges the commission to confirm that account stacking is not a legitimate marketing and billing practice and must therefore be discontinued. ■