



February 15, 2012

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

Filed Electronically

Dear Mr. Traversy:

**Re: Broadcasting Notice of Consultation CRTC 2011-788 (the “Notice”) – Review of the Local Programming Improvement Fund (“the Fund”)**

1. The Writers Guild of Canada (“WGC”) is the national association representing more than 2000 professional screenwriters working in English-language film, television, radio and digital media production in Canada. The WGC is actively involved in maintaining a strong and vibrant Canadian broadcasting system containing high quality Canadian programming delivered by profitable programming and distribution entities.
2. The WGC welcomes the opportunity to comment on this evaluation of the Local Programming Improvement Fund (“LPIF”). We were highly involved in the 2007 regulatory review of BDU and discretionary services which led to its creation<sup>1</sup>. While the operation of the LPIF does not impact our membership in a direct way, there are fundamental issues at play which have wider implications for Canadian programming as a whole.
3. In its Notice, the Commission outlined five topics for consideration, including the possibility of eliminating the LPIF. We will confine our comments to one—the contributions of broadcast distribution undertakings (“BDUs”)—and respond to the Commission’s question:

*“In the event that the LPIF is discontinued, should the BDU’s 1.5% contribution be reallocated? If so, how?”*

4. In our approach, we continue to be guided by the *Broadcasting Act*, specifically section 3(1)(e) which states that “each element of the Canadian broadcasting system shall contribute in an appropriate manner to the creation and presentation of Canadian programming”. It is this principle that led the Commission to increase BDU contributions from 5% of their gross revenues to 6% in 2008. It also underlies the

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<sup>1</sup> Broadcasting Notice of Public Hearing CRTC 2007-10, Review of the Regulatory Frameworks for Broadcasting Distribution Undertakings and Discretionary Programming Services.

Commission's decision to direct the additional 1% to the creation of the LPIF and then subsequently raise it to 1.5%<sup>2</sup> to address the dire impact of the economic downturn on local programming. Based on the robust financial situation of BDUs, the Commission determined that these entities could comfortably meet this new minimum requirement.

5. The WGC believes that the 6.5% contribution level is appropriate and should remain in force, regardless of whether the Commission decides that the LPIF should continue in its current form, be modified or abandoned altogether. Although the increases were originally directed towards the LPIF, the possible elimination of the fund should not justify a reduction of this new standard. Rather, it is the appropriateness of the contribution to the Canadian broadcasting system that is the determining factor.
6. As we can see by the Commission's 2011 Communications Monitoring Report, the story of the BDUs' aggregated finances is one of steady revenue growth and healthy bottom lines, even through the economic downturn. From 2006 to 2010, BDU revenues grew by an average of 8.8% to stand at \$8.1 billion in 2010. EBITDA margins ranged from 16.5% to 28.1% at various times during those five years and averaged 25% in 2010. Their subscriber numbers have also grown by an average of 2.2% to 11.5 million, with monthly revenue per subscriber rising by more than 6.5%. Given this sector's historic performance, we are optimistic that BDUs will continue to operate successfully with the ability to navigate future industry challenges.
7. As we know, the regulations that protect these entities have enabled them to thrive unhindered in Canada to generate such healthy revenue and profit levels. They have become major players in the Canadian economy, representing a significant portion of the broadcasting industry's financial picture. In exchange, broadcasting distributors have regulatory and statutory obligations to contribute their fair share to support Canadian programming. This is the *quid pro quo* of our system. With strong Canadian BDUs contributing 6.5% of their gross revenues to the creation of Canadian programming, our Canadian talent pool can create the high quality content that can successfully compete with foreign programming to draw significant numbers of Canadian viewers.
8. Affirming the appropriateness of this contribution level brings us to the question of the LPIF's future. On this point, we leave it to the Commission to determine whether or not the evidence supports the ongoing operation of the fund.
9. If the decision is to discontinue the LPIF, we do recommend that the Commission direct the 1.5% to the Canada Media Fund ("CMF"), rather than allowing it to return to the BDUs to simply boost their profit margins and benefit their shareholders. By transferring the allocation to the CMF, those funds would continue to serve the Canadian broadcasting system as a whole. With its experience and track record, the CMF has enabled producers to finance Canadian projects with the high production

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<sup>2</sup> Broadcasting Regulatory Policy CRTC 2009-406.

values that audiences expect from their favourite TV programs and which BDUs earn revenues from carrying.

10. Some of the most popular shows in Canada are supported by the CMF, making it a good place for additional BDU funding. The highly acclaimed *Bomb Girls*, a Shaw Media miniseries, brought in 1.6 million viewers for its series premiere, averaged more than 1.2 million viewers over the course of its six episodes and is being renewed for another season based on its ratings. Bell Media's taut drama *Flashpoint* averaged 1.5 million each week last year. And although, CBC is a stand-alone broadcaster, the 1 million viewers that shows like *Arctic Air* and the half-hour comedy, *Mr. D*, each pull in demonstrate the attractiveness of Canadian programming.
11. Without the CMF, these programs might never have been made. On the strength of the BDU sector and its ability to contribute its fair share to this well-performing fund, we can provide viewers with more and more of the Canadian programming they clearly want and continue to build a sustainable domestic television industry. It's an all-round win for viewers, creators and the BDUs.
12. We thank the Commission for this opportunity to provide you with our comments. The WGC does not wish to appear at the public hearing scheduled to commence on April 16, 2012.

Sincerely,

A handwritten signature in black ink, appearing to read 'Maureen Parker', with a stylized, cursive script.

Maureen Parker  
Executive Director

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