



August 1, 2007

Robert A. Morin  
Secretary General

Submitted via E-Pass

Canadian Radio-television and Telecommunications Commission  
Ottawa, Ontario K1A 0N2

Dear Mr. Morin,

**Re: Broadcasting Notice of Public Hearing CRTC 2007-9, Rogers Media Inc. acquisition of CHUM Limited's Citytv stations**

1. This is the Writers Guild of Canada's written intervention regarding the application by Rogers Media Inc. ("Rogers") to acquire CHUM Limited's five Citytv stations subsequent to the Commission's requirement that CTVglobemedia divest itself of the Citytv channels as a condition of approval of the acquisition of the balance of the CHUM Limited assets. **The WGC wishes to appear** at the public hearing to address any questions the Commission may have on the intervention and to provide further insight on the perspective of Canadian screenwriters.
2. The Writers Guild of Canada (the WGC) is the national association representing more than 1,800 screenwriters working in English-language film, television, radio and digital media production in Canada. The WGC is committed to building a vibrant industry showcasing Canadian imagination and talent.
3. The WGC supports Rogers' acquisition of the Citytv channels. While Rogers does not have a lengthy track record in operating non-ethnic stations it is a well-financed Canadian media company and as such is well placed to enter the market and support this small station group. We are optimistic that with Rogers' resources the Citytv channels can recover from their recent financial instability, grow and become a viable programming alternative to the major Canadian networks.
4. However, the WGC does have a few concerns about the acquisition and its benefits package as set out below.

Programming Diversity and Synergies

5. While the WGC recognizes that any time that a broadcaster expands its network with new stations it will seek to recognize programming synergies by amortizing programming across all stations, there are concerns that such a business practice may reduce the amount of programming diversity on air. In this case the

WGC is not concerned about the ethnic programming that dominates the OMNI schedules but about programming that could easily be aired on both OMNI and Citytv. OMNI recently has fulfilled its priority programming obligations by airing 78 episodes of the half-hour prime time serial "Metropia". "Metropia" reflects the ethnic diversity of the OMNI audience but is a drama in English. However, it is also a very low budget production with a budget of under \$100,000 per half hour when the average budget for a half-hour Canadian drama is \$420,000. By contrast CHUM Limited's reflection of its diverse audience, "Godiva's", was a one-hour drama with a budget of \$1.1 million per episode (average one hour production budget is \$1.2 million). CHUM has increased its investment in Canadian drama with series such as "Blood Ties", "The Collector" and "Across the River to Motor City" while OMNI has continued to meet its priority programming obligations with repeat airings of "Metropia". WGC is concerned that Rogers may want to create programming efficiencies by broadcasting "Metropia" and other low budget programming across all of its stations instead of supporting and increasing Citytv's growth as a broadcaster of high quality drama.

6. The WGC proposed guidelines in the Diversity of Voices hearing<sup>1</sup> that are valid and consistent with past Commission practice and which can be applied here to ensure that there is sufficient programming diversity and to act as safeguards against highly efficient but low cost and low quality programming decisions. **Specifically the WGC recommends no programming overlap in prime time between the Citytv stations and the OMNI stations.**

#### Proposed Benefits Package

7. We are encouraged that Rogers has made the commitment to fulfill the previous benefits packages from the Citytv acquisitions of CKVU-TV and Craig respectively, however we are concerned about the size of the unspent Craig benefits package. In the almost three years since the acquisition of Craig Media was approved November 24, 2004 very little of the \$21.9 million benefits package has been spent<sup>2</sup>.
8. While it is standard for a broadcaster to have the full seven years to spend a benefits package a practice of ignoring the package in the first few years seems to have developed. It would be better for the industry and the broadcasters if the broadcasters had to spend their benefits roughly evenly over the term of the package. **We therefore recommend that in each of the four years left on the Craig benefits package it be a condition that Rogers spend at least 25% of the remaining funds. Further, to prevent this kind of imbalance occurring with the Citytv Benefits Package the WGC recommends that it be a condition that at least 14% of the benefits package be spent in each of the 7 years of the package.**

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<sup>1</sup> Public Notice of Hearing CRTC 2007-5

<sup>2</sup> According to the Supplementary Brief, Appendix 1A-3 to the Application by Rogers Media to acquire the Citytv stations, only \$1,612,493 of the \$21.9 million package, or 7.36% has been spent.

9. The WGC has specific concerns about elements of the Citytv Benefits Package and will address each one in turn.
10. As proposed, 75% of the Allan Waters Canadian Content Initiative is to fund Canadian priority programs. No mention is made of what the balance of 25% will fund, other than the 10% for new media initiatives. As 75% of the entire Allan Waters Canadian Content Initiative is to be spent on independent production then 25% could be spent on in-house production. Rogers could therefore spend that 25% (\$8.125 million) on Breakfast Television, the evening news or other low cost in-house productions and their websites. This would not be a benefit to the Canadian broadcasting system as these formats have little difficulty being financed and produced. It is a core concept behind the benefits package system that the benefits provide a benefit to the Canadian broadcasting system to ensure that transactions do not merely impact the bottom line of shareholders.
11. The Commission instituted the definition of 'priority programming' in order to, among other things, enhance the Canadian star system with the support of Canadian entertainment magazine shows. Citytv has been very successful with entertainment magazine shows such as "Access Hollywood" and "Star Daily". Citytv has demonstrated that it does not need financing in order to produce these shows. Drama however is still in need of financing as was most recently demonstrated by the Commission during its release of the 2007 OTA Broadcast Policy<sup>3</sup> when it commented that the spending by English language OTA broadcasters on Canadian drama had decreased from 4% of revenues in 2001 to 2.3% of revenues in 2006. As mentioned above, the average budget for drama is very high at \$1.2 million per hour. Canadian drama must be produced at this level in order to compete with the even higher budgeted U.S. shows which dominate the Canadian broadcast landscape. This is hard for a much smaller country which is also split between English and French. As well, foreign sales have dropped as more and more international broadcasters are filling their schedules with domestic programming. As a result of these factors Canadian drama is hard to finance and requires assistance. As evidence by the weekly BBM top 30 lists, Canadian audiences want drama and as proven by the success of programs like "Corner Gas" and "Little Mosque on the Prairie" will watch Canadian drama when it is well done, consistently scheduled and promoted.
12. **The WGC therefore recommends that 100% of the Allan Waters Canadian Content Initiative be spent on Canadian priority programming with 80% of that amount allocated to Canadian drama and 100% of the Initiative be allocated for independent productions. The WGC supports the allocation of 10% to new media initiatives that relate to programs funded under the Initiative. 100% programming funded would be licensed for a first window on the Citytv stations.**
13. The WGC welcomes the allocation of \$2 million to Script and Concept Development however as 'criteria and administrative approach' are to mirror the

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<sup>3</sup> Broadcasting Public Notice 2007-53, paragraph 89.

Allan Waters Canadian Content Initiative the WGC makes similar recommendations. For clarity, **Script and Concept development are to be spent 100% on priority programming aimed at broadcast on Citytv with 80% of that spent on Canadian drama with 100% to be allocated to independent production.** Clearly, Rogers should be able to fund its own development of in-house productions.

14. **The WGC further recommends that the Script and Concept Development be patterned after the successful CTV Writer Only development program which is accessible to writers without requiring a producer to be attached.** The Writer Only program has been very successful for CTV in developing high quality, audience-pleasing programs while the writer works directly with the broadcaster who is the ultimate buyer.
15. In conclusion, the WGC is looking forward to watching Rogers develop as an alternative network to CTV, Canwest/Global and CBC. We welcome the opportunities for new programming initiatives provided that safeguards are in place to ensure a diversity of programming voices. The WGC supports the benefits package proposed conditional upon the suggestions made above.
16. We thank you for this opportunity to provide you with our comments.

Yours very truly,



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Executive Director

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Kelly Lynne Ashton, Director Industrial and Policy Research, WGC  
Alain Strati, Vice-President, Business & Regulatory Affairs, Rogers Media

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