

July 16, 2012

Filed electronically

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

Dear Mr. Traversy:

Re Applications by CBC/Radio-Canada to renew broadcasting licences for radio, television, specialty television, and Friends of Canadian Broadcasting Letter of July 12, 2012

1 The Corporation is in receipt of a letter to the Commission dated July 12, 2012 from Mr. Ian Morrison, Spokesperson for the Friends of Canadian Broadcasting.

2 In that letter Mr. Morrison discusses the importance of Hockey Night in Canada to Canadians and to CBC English Television. He notes that the broadcast rights contract between the Corporation and the National Hockey League (NHL) is due to expire in 2014 and he discusses the possible impact that the loss of this programming might have on the Corporation's financial position and its ability to fulfill its mandate. He concludes by urging the Commission to request the Corporation to file on expedited basis the following information:

...Friends recommends that the Commission carefully examine the importance of hockey rights to the overall CBC English Television commercial revenue model, and put on the public record all possible facts and figures which facilitate transparent understanding of this situation without, of course, unduly compromising the CBC's competitive position.

This should include all relevant data, including the direct and indirect audience and revenue “lift” hockey gives to the rest of the schedule, during both the regular and playoff seasons. Various alternative scenarios for replacement programming, and its projected audiences, revenues, and rights and production costs as compared to hockey, should also be part of the picture.

3 The Corporation strongly opposes any such direction. It is simply not possible to put this information on the public file without compromising the Corporation’s competitive position.

4 There are still two hockey seasons to run on the existing contract with the NHL and the Corporation has no intention of losing these rights to its competitors. Public disclosure of the information sought by Mr. Morrison would severely undermine the Corporation’s ability to renew its contract by providing its competitors and the NHL with a blueprint of the economics of broadcasting Hockey Night in Canada, including related positive impacts on other programming. Not only would such information help the Corporation’s competitors to develop more effective competitive bidding strategies, it would better position the NHL to gauge the value of the rights to the Corporation and therefore how much the Corporation might be prepared to pay for renewal. This could only further harm the Corporation’s financial position.

5 Public disclosure of this information would be extremely inequitable to the CBC as it would involve the disclosure of competitively sensitive information that is consistently treated as confidential by the Corporation.

6 Mr. Morrison’s request for alternative programming scenarios and “contingency plans to discharge its mandate and live up to its commitments, in the absence of NHL hockey”, puts the cart before the horse and again seeks highly confidential information.

7 The Corporation has not lost the broadcast rights to Hockey Night in Canada and does not intend to do so. Whatever plans might be developed to address such a contingency are highly confidential as public disclosure would enable competing networks to target their competitive response to any such plans to the further detriment

of the Corporation, and would enable the NHL to better assess the overall value of hockey broadcasting rights to the Corporation. This would thoroughly undermine the Corporation's competitive position.

8 We would note that other broadcasters are not required to publicly disclose alternative programming choices if current programs turn out not to be renewable. While there are certain circumstances in which the Corporation is treated differently as a public broadcaster, this is not one of them. There is no reason to treat the Corporation differently in this regard in the case of programming that is purchased in a competitive commercial market. Clearly, given the importance of such commercial activities for the Corporation's television services, the economic harm from disclosure far outweighs any public interest served by public release of this information.

9 Finally, Mr. Morrison urges the Commission to order the disclosure of "the net value (minus the cost of sales and related promotion, distribution and administration expenses) of the network's remaining advertising activity, in order to be able to reassess the relative business and public policy cases for and against the continued presence of advertising on CBC Television, in the absence of hockey."

10 The issue of whether the Corporation should continue to be permitted to engage in commercial advertising on its television broadcasting service is not an issue in the licence renewal process and ought not to be made one. At a time when its Parliamentary appropriation is being reduced by up to \$115 million annually, and the Commission has not included the Corporation in its value for signal regime, there is simply no option and no plan to abandon commercial advertising. To do so would result in financial catastrophe for CBC/Radio-Canada.

11 For all of these reasons, we urge the Commission not to accede to Mr. Morrison's requests. The Corporation will be publicly providing information on programming expenses broken down by genre, including sports, as we have done in the past. If the Commission is interested in exploring the carriage of Hockey Night in Canada in any greater detail, it may do so using its normal channels for having

confidential information discussed *in camera*, during the course of the upcoming licence renewal hearing.

Yours sincerely,

A handwritten signature in black ink that reads "Kirshenblatt". The signature is written in a cursive, flowing style.

Bev Kirshenblatt
Senior Director, Regulatory Affairs
P.O. Box 3220, Station C
Ottawa, ON K1Y 1E4

cc: Ian Morrison, Friends of Canadian Broadcasting