



2 Carlton St., Suite 1709
Toronto, Ontario M5B 1J3
Tel.: (416) 977-8154
Fax: (416) 977-0694
e-mail: bellfund@ipf.ca
www.bellfund.ca

4200, boulevard Saint-Laurent
Bureau 503
Montréal (Québec) H2W 2R2
Tél.: (514) 845-4418
Télé.: (514) 845-5498
Courriel: fondsbell@ipf.ca
www.fondsbell.ca

Mr. Charles Dalfen
Chairperson
CRTC
Ottawa, ON. K1A 0N2

Friday, July 18, 2003

Dear Mr. Dalfen,

The recent decision by the CRTC to relieve Bell ExpressVu of its program deletion conditions of licence *as long as it provides funding for a new local programming Fund*, will have a very serious, if unintended, impact on the Bell Broadcast and New Media Fund (CRTC 2003-257 and 2003-37 and 2003-38). We are extremely shocked that the CRTC believes that nearly half of the work that the Bell Fund undertakes is of less importance than 2% of the work of the CTF.

Because the Commission did not “consider it appropriate to permit the diversion of DTH contributions from the CTF to provide financial assistance to small market stations”, the resulting implication is that the 1% of revenues which Bell ExpressVu presently contributes to the Bell Fund is reduced to .6%. Effective immediately. In short, this reduces the value of the Bell Fund to the television and new media industry from a projected \$7.5 M to \$4.5 M annually, a reduction of 40%.

The Bell Fund is a creation of the CRTC. It is a success story. With \$7 M a year, it has made an enormous impact on Canada’s television industry and the phenomenal success of new media digital content production associated with television programming. There is no other funding source like it. Like the CTF, the Bell Fund supports the Canadian television industry and priority programming. Like the CTF, it is oversubscribed. Unlike the CTF, it operates efficiently and effectively with widespread support from all sectors of the industry. We find it unfortunate that the CRTC would inflict such a devastating reduction on a Fund that is a model for all, particularly as there was no discussion or explanation as to why this was done.

There are very few sources of funding for Canada’s struggling new media production industry, which works with Canadian broadcasters and television producers. This is not only our view. The CAB has told the CRTC that interactive television is one of the keys to the future of Canadian broadcasting. Needless to say, this huge cut to the Bell Fund’s financing will have a major impact on this sector of the industry. The CRTC has effectively ordered a 40% cut to the Bell Fund revenues. This is no “modest, short-term effect”. This is not funding which is replaceable. There are “no other contributions expected to meet the demand for funding assistance.” A \$3.6M cut to the CTF (which has other sources of funding to offset this), is a 2% cut to the CTF.

Productions that have received CTF funding often rely on the Bell Fund to complete their financial structures. This will no longer be possible for a significant number of projects that count on Bell Fund support. The impact of your decision cannot be underestimated. This is particularly difficult to understand when DTH companies already contribute considerably more on a percentage basis to the CTF than cable (4% of gross revenues vs 2.6%). Why have you diverted much-needed *new media* financing dollars to the support of local television programming?

We urge you to please, recognize the impact of your decision and its ramifications, and review alternative methods of financing local programming.

If we are forced to accept this decision as it stands, we ask that you at least review the formula on which the decision was based. Is the new local Fund intended to match 50% of station-produced programming (estimated by you at \$3.6M), or is the new local Fund intended to receive .4% of DTH revenues? In fact, it should be noted that .4% of DTH revenues may well be approximately \$5M in 2003/2004. Should the percentage contribution be lowered? Or should there be a cap placed on the maximum amount available to the local programming Fund? What happens to the calculations if one (or more) of the 17 small, independently owned station is bought by a larger broadcast ownership group, or goes out of business?

Is it possible to recalculate the contributions required to support a local programming Fund? Is the CRTC open to exploring other ways to establish the levels of contribution required? In other words, and in the final analysis, is there any way to minimize the impact your Decision has had on the Bell Fund revenues?

The Bell Fund is halfway through its calendar 2003 funding year. Our funding allocations, commitments to programs and planning for 2003 have been dramatically impacted by your Decision of July 16 which was effective immediately. Your urgent attention to a review of this Decision is essential. We await your reply.

Yours sincerely,

A handwritten signature in black ink that reads "Paul Hoffert". The signature is written in a cursive, slightly slanted style.

Paul Hoffert, Chair, on behalf of the Board

Cc : Judith LaRocque, Susan Peterson, Heritage Canada
Michael Binder, Larry Shaw, Industry Canada
Linda Gervais, Bell Government Affairs
Guy Mason, CFTPA
Nick Ketchum, CRTC