



**World's First
National Aboriginal
Broadcaster**

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Filed Electronically

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Valerie Creighton
President and CEO
Canada Media Fund
4-50 Wellington Street East
Toronto, Ontario M5E 1C8

Re: CMF 2016 Working Groups Review

Dear Valerie:

APTN welcomes the opportunity to elaborate on the discussions had during the recent CMF working groups on Performance Envelope and on Eligible Licence Fees, Thresholds and Other Rights. While APTN did participate in these recent working groups and voiced our specific concerns at that time, the intent of this document is to add further emphasis to our views on some key topics and in particular to the proposed changes to CMF funding access under the New Funding Framework (NFF).

APTN approaches its next license renewal in August 2018 with great pride. At our last renewal, the CRTC granted APTN a per subscriber monthly wholesale rate of \$0.31, which came into effect on January 1, 2014. We continued a mandatory distribution service on basic service for Canadian cable and satellite providers as a specialty Category A service, and were the only mandatory distribution broadcaster that received an increase. We feel that the increase reflected the confidence that the CRTC has in APTN's mission, our dedication to complying with our conditions of license, and our importance as the voice of Canada's First Peoples for the Canadian broadcast industry.

As a non-profit entity, we are perhaps unusual in the Canadian television industry in that we are not profit-driven. Of course, we strive to secure funding that will sustain our operations, but we strive equally hard to provide a representation of Aboriginal Peoples and of Canada that will be balanced, inspirational, entertaining and educational. We value audience success not only for the financial implications, but also for the ability to touch the hearts and minds of Canada. And we urge the CMF to also consider at this time that the role of Canadian television is not merely a ratings machine to lull the masses, but also as a mechanism to unify the country, empower the individual, create understanding and drive positive change.

THE NEW FUNDING FRAMEWORK (NFF)



This is a time of great uncertainty within the industry and we commend the CMF for taking the initiative to think outside the box as you investigate how to remain effective in a shifting industry and across an expanding variety of platforms. However, we feel strongly that a broad measure of audience success is not the best way to position CMF funding targets.

Under the current funding system, Performance Envelope allotments are determined by Historic Performance, Regional Production and Digital Media Investment factors as well as Audience Success. However, the CMF has proposed that the NFF will remove Historic Performance and Digital Media Investment factors entirely, and will reduce Regional Production, essentially leaving only Audience Success as the standard by which access to CMF funding will be measured. We believe this change would disproportionately affect APTN's ability to qualify for CMF funding due to issues with the current system of measuring the viewing audience and with issues relating to the position of an independent broadcaster in a vertically integrated broadcast industry.

Audience Measurement:

Over the years, we have frequently discussed with the CMF how APTN faces an ongoing challenge with the current Audience Success factor (55% of the calculation for Performance Envelope). As APTN has stressed repeatedly, standard television ratings by Numeris do not measure Aboriginal audiences or rural audiences. Only a general Canadian audience (primarily non-Aboriginal) in a limited number of urban centers is captured in the data sample size. This inability to sample our audience results in our ratings appearing lower than what we believe they actually are.

We should also note that there have been recent questions raised (at NAB in Atlanta, October 1, 2014 and further at NAB in Las Vegas in April 2015) about the accuracy of Personal People Meters (PPMs) in general, and it has been suggested that noisy real-world environments, changes in voices or even a long pause between words may be sufficient to disrupt the audio codes that the PPM uses to track exposure to media. We understand that Numeris is investigating these claims and we look forward to further information on this issue.

Numeris ratings are the only source of currency data recognized by the CMF and by advertisers. However, with Canada's northern, rural and remote communities not being included as part of the Numeris sampling, this measurement provides an incomplete profile of the Aboriginal audience. The lack of representation of our audience within the sample challenges us in a number of ways. It makes it difficult to attract advertiser revenue, and hampers our ability demonstrate to the CMF that we have the audience to ensure continued access to funding. As well, we cannot reliably use this source of data to ensure a proper analysis of our audience needs, so must conduct extensive audience surveys at our own expense.

APTN's 2015-16 National Viewership Survey of Aboriginal Peoples shows that more than half of the Aboriginal population in Canada watch APTN on a regular basis. Of Canada's 1.4 Million Aboriginal individuals, APTN's main target audience, this amounts to about 700,000 viewers. We also have a significant non-Aboriginal audience that is not captured in our national survey, but which is somewhat evidenced by Numeris. Between January to September 2016, for example, Numeris data shows that 1 in 3 Canadians tuned into APTN at least once during that period.



The CRTC has proposed a new audience measurement system based on data from set-top boxes. APTN applauds this as a major step towards accurate measurement of Canadian viewership. However, this will be a complex initiative that we expect will take several years to launch, and we feel any increased reliance on Audience Success should only be considered once the new ratings mechanism is fully operational and tested.

Vertical Integration:

It is apparent that, even with the current CMF funding system, independent broadcasters such as APTN are severely disadvantaged against broadcasters that are owned by one of the vertically integrated conglomerates. The CRTC's Communications Monitoring Report 2016 illustrated that Canada's television industry is dominated by the largest ownership groups. Companies operating in all five media markets (radio, TV, BDU, specialty and VOD) generated approximately 64% of total Canadian broadcasting revenues. The six largest television groups (Bell, Shaw/Corus, Rogers, Quebecor, Remstar and CBC) accounted for 86% of total commercial television revenues in 2015 and had a combined 92% viewing share. By elimination, this leaves 14% of the commercial TV revenues and 8% of the viewing audience available to smaller conglomerates and independent broadcasters.

The major ownership groups also own most of the national conventional television networks (CTV, CTV Two, Global, City, OMNI, TVA, V), and receive over half of the available CMF funds. These ownership groups are well positioned to build audience success for their television networks – their sheer size gives them an enormous reach across the viewing audience. They have the finances available to commission large-budget programs, can advertise their programs through network avails across numerous other channels within the group, can prioritize placement of their channels on the dial, and can license programs across multiple owned platforms (conventional, specialty, VOD, catch-up, etc...). They can afford to purchase popular foreign programming, and then strategically place their CMF-funded programs next to the foreign program, to carry the audience over across both shows.

In comparison, independent broadcasters must struggle to get their television programs to the Canadian audience. APTN is commissioning quality television programs comparable to what the other national networks broadcast, but we have limited advertising resources to publicize these programs to a national audience, and we have few platforms to exhibit the program in a way that will provide funding for APTN. (We should note that BDU catch-up platforms are available to us, but views on these platforms do not generate revenue for APTN and so do not contribute to sustaining APTN or supporting future seasons of our programs).

The disparity in the ability to reach the Canadian audience was illustrated recently when one of APTN's flagship dramas was acquired for a second window by one of the above-noted top six broadcasters. This show has achieved a respectable 10.5 AMA during its premiere Fall launch airing on APTN, but picked up a 50.7 AMA while airing on the larger broadcaster during summer reruns.

Historic Access and Regional Production:

The CMF has specifically noted in their Performance Envelopes Working Group document of October 11, 2016 that APTN will be significantly impacted by the removal of the Historic Performance and Regional Production factors.



APTN has always commissioned the majority of its on-air content from independent producers, and as the majority of these programs have been CMF-funded this has allowed us to make use of the Historical Performance factor. We commission content because we want to support the production community, but also because we have to: in the larger Canadian broadcast world, there is very little content created each year with any Aboriginal component, and some of what is created is superficial and stereotypical in a way that would frankly be offensive to our audience. Unlike the larger broadcast groups, we have a specific mandate beyond pleasing shareholders, and this mandate to air programs by, for and about Aboriginal Peoples give us very limited options for acquiring general programming content to fill our schedules. Many other independent broadcasters who air programming that actually abides by their service definitions face similar struggles.

Independent broadcasters, with our smaller Performance Envelopes and limited audience reach, can be impacted by one or two low-rated programs in any year in a way that the large ownership groups are not. When the Audience Success factor drops, envelope funding drops, which in a small envelope then makes it even more difficult to commission quality programming for next year, which can then spiral into even more low ratings. Every independent broadcaster is well aware that they are continually swimming against the current, trying to maintain position on what could easily turn into a whirlpool. To some extent, the use of the Historical Access factor has been a hedge against this by allowing the broadcaster to use ratings for shows over a three-year period. We believe that this system have been generally effective at preventing an envelope from dropping too extremely in any one year.

APTN also has traditionally placed an emphasis on regional production, including last year, where 100% of our Performance Envelope-funded programs were regional productions. As Canada's national Aboriginal broadcaster, we have a duty to reflect the diverse First Nations, Inuit and Metis viewers across the country. These groups have much in common, but they also have much that is unique about their languages and cultures. Statistics Canada data confirms that the largest volume of Aboriginal Peoples live in Ontario and the western provinces (Manitoba, Saskatchewan, Alberta, and British Columbia), Aboriginal Peoples also made up the largest shares of the population of Nunavut and the Northwest Territories, and these groups deserve representation on their network. They deserve to hear their languages and to tell their own stories, and the rest of the world deserves to have the opportunity to share in that.

Discussion of regional representation on television also leads to the issue of diversity. While large broadcasters may have specific initiatives that support diversity (the Bell Fund mental health "Let's Talk" for example), their goal with the majority of their programs will be to appeal to the widest audience possible. This goal is not always conducive to supporting diverse programming that reflects Canada's minorities, or regional populations. It is widely believed in the industry that independent broadcasters that are bought by large ownership groups generally lose their unique and diverse programming and become repositories for re-runs of older programs and foreign content. (for example, the former Mystery TV, now rebranded at Crime and Investigation, airs re-runs of US programs, and the former CLT is now OVN and rebranded as a female-focused entertainment and lifestyle channel, in contradiction to its CRTC license as a broadcaster of 'formal and informal education programs').



Independent broadcasters, on the other hand, are frequently creating programs that strive to show diverse peoples' place within the larger Canadian society, and to share that vision with the rest of Canada. Canada's *Broadcasting Act* says that our broadcast industry should serve the needs and interests, and reflect the circumstances and aspirations, of all Canadians. Without Canada's independent broadcasters, this would be a special event, not a daily occurrence. When the larger broadcast groups report to the CRTC on their efforts towards ethnic and cultural diversity, their efforts are packaged in silos – a dozen news clips interviewing minorities on one channel, a membership in SABAR for another channel, and a movie starring Graham Greene on a third channel. However, we, and other independent broadcasters, strive continually to fill our schedules with programs that speak to, for and about our audience, and we hope that those programs will also reach out to the mainstream audience and show them that we are here, every day, not just for 60 seconds in a news clip.

APTN Recommends:

- The CMF explore a tiered approach to calculating funding support, to allow smaller independent broadcasters a separate funding stream than larger broadcasters that have superior budgets and greater audience market shares.
- The CMF redefines 'independent broadcaster', taking as an example the definition employed by the Independent Broadcast Group/Le groupe de diffuseurs indépendants (IBG/GDI): *Independent broadcasters are those broadcasters - in all forms of television, radio, and digital media - that are not owned by or affiliated with one of Canada's large, vertically integrated media and communications companies.*
- Applying further factor weight to Audience Success for independent broadcasters be put on hold, to be revisited once the set top box measurement system is in place.
- The Historical Access factor weight should be retained for independent broadcasters, to allow for adjustment to years when a few low-rated programs would otherwise deplete the broadcaster's envelope.
- The CMF consider how financial incentives might be used to encourage broadcasters to support ethnic and cultural diversity in mainstream programs, in support of the CRTC's Television Policy (Public Notice CRTC 1999-97)

Over the last 9 years alone, APTN has created 3,323 hours of programming, including 1,490 hours of Aboriginal language programs. The Department of Canadian Heritage has acknowledged the importance of promoting, revitalizing and preserving indigenous languages, and APTN is proud to note that our 2015-16 National Viewership Survey of Aboriginal Peoples indicates that one in four APTN viewers watch Aboriginal language programs on our network. Annually, over 90% of our Programming spending goes to commissioning new programming from production companies with majority Aboriginal ownership, and we trigger over \$50,000,000 in television budgets each year. Our programs have won Canada Screen Awards and APTN has been held up as a model for indigenous broadcasting to the world.



However, we cannot do these things without CMF's support. APTN relies on CMF funding to create the original content that enables us to meet our conditions of license. We hope that the CMF will recognize the role that APTN and other independent broadcasters play in bringing their unique perspectives to the Canadian public, and will appreciate that there is a value to this service beyond ratings. Currently, the combined support of the CRTC and CMF allow the Canadian broadcast industry to function not only as a business, but also as an apparatus to build our culture, and we urge the CMF to consider the importance of maintaining this balance.

Sincerely,

**ABORIGINAL PEOPLES TELEVISION
NETWORK INCORPORATED**

Jean LaRose Chief Executive Officer

cc: Stéphane Cardin, VP, Industry and Public Affairs
Nathalie Clermont, Director of Program Management

