



## Broadcasting Decision CRTC 2016-238

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Reference: 2016-64

Ottawa, 22 June 2016

### **Vice Network Canada Inc.**

Across Canada

*Applications 2015-1338-3 and 2015-1403-4, received 4 December 2015*

*Public hearing in Vancouver, British Columbia*

*16 May 2016*

## **VICELAND – Acquisition of assets (corporate reorganization) and licence amendments**

### **Acquisition of assets (corporate reorganization)**

1. The Commission **approves** an application (2015-1338-3) by Rogers Media Inc. (RMI), on behalf of Vice Network Canada Inc. (VNC), for authority to acquire from RMI, as part of a corporate reorganization, the assets of the national, specialty Category A service VICELAND,<sup>1</sup> as well as for a new broadcasting licence to continue the operation of the undertaking. The Commission did not receive any interventions regarding this application.
2. The transaction will be effected in two steps, as set out below.

#### **Step 1**

Vice Holdco, a corporation to be incorporated, will, upon its incorporation, acquire the assets of VICELAND from RMI. Vice Holdco will be owned by RMI (70.1%) and Vice Media Canada Inc. (29.9%). RMI will therefore control VNC. RMI is controlled by Rogers Communications Inc. (RCI). Upon surrender of the current licence, the Commission will issue a new broadcasting licence to Vice Holdco, expiring 31 August 2017, the current licence expiry date.<sup>2</sup> The terms, **conditions of licence**, expectations and encouragements are set out in the appendix to this decision.<sup>3</sup>

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<sup>1</sup> On 29 February 2016, the national, specialty Category A service known as The Biography Channel was rebranded VICELAND.

<sup>2</sup> The Commission administratively renewed the broadcasting licence for this service from 1 September 2016 to 31 August 2017 in Broadcasting Decision 2016-7.

<sup>3</sup> These replace the current terms, conditions of licence, expectations and encouragements for the service set out in Appendix 5 to Broadcasting Decision 2014-399. The **conditions of licence** set out in Appendix 3 to Broadcasting Decision 2014-399 will continue to apply.

## Step 2

VNC, a wholly-owned subsidiary of Vice Holdco, will acquire the assets of VICELAND. Following completion of the transaction, VNC will therefore become the licensee of VICELAND. Upon surrender of the licence granted through Step 1, the Commission will issue a new broadcasting licence to Vice Network Canada Inc., expiring 31 August 2017, the current licence expiry date. The terms, **conditions of licence**, expectations and encouragements are set out in the appendix to this decision.

3. RMI must inform the Commission once each step of the transaction has been completed.
4. In addition, the Commission directs RMI to file, within 30 days of the date of this decision, executed copies of all corporate documents (including but not limited to partnership agreements, partnership registrations, certificates and articles of incorporation, bylaws, certificates and articles of dissolution, and certificates and articles of amalgamation).

## Licence amendments

5. The Commission also **approves** the application (2015-1403-4) by RMI to amend the broadcasting licence for VICELAND by deleting certain of the service's current nature of service conditions of licence and adding a condition of licence limiting the amount of live professional sports programming that it may broadcast. The Commission did not receive any interventions regarding this application.
6. In Broadcasting Regulatory Policy 2015-86, the Commission stated that it would eliminate its genre exclusivity policy, which limited programming services to offering certain types of programming (that is, a "nature of service") and precluded other services from offering that programming. Consequently, it no longer enforces conditions of licence relating to nature of service, with certain exceptions, such as the condition of licence relating to the broadcast of live professional sports programming by services other than mainstream sports services. In regard to the present case, the Commission finds that the amendments to VICELAND's nature of service conditions of licence, as proposed by the applicant, are consistent with Broadcasting Regulatory Policy 2015-86.
7. Accordingly, the Commission deletes the following conditions of licence for VICELAND:
  2. (a) The licensee shall provide a national, English-language specialty Category A service consisting of fact-based biographical and related programming.
  - (c) During each broadcast month, not more than 10% of all programming broadcast shall be drawn from program category 2(b) Long-form documentary, with the exception of programming of a biographical nature.

(d) During each broadcast week, not more than 20% of all programming broadcast shall be drawn from program category 7(d) Theatrical feature films aired on TV.

(e) During each broadcast month, not more than 10% of all programming broadcast shall be drawn from program category 6(a) Professional sports.

(f) During each broadcast month, not more than 10% of all programming broadcast shall be drawn from program category 7(e) Animated television programs and films.

(g) During each broadcast month, not more than 10% of all programming broadcast shall be drawn from program categories 8(b) Music video clips and 8(c) Music video programs combined.

8. Further, the Commission adds the following **condition of licence**:

The licensee shall devote not more than 10% of the programming broadcast during the broadcast month to live professional sports programming, which falls under program category 6(a) Professional sports.

9. Finally, the following **condition of licence** (currently, 2(b)) has been retained:

The licensee may draw programming from all the categories set out in Item 6 of Schedule I to the *Specialty Services Regulations, 1990*, as amended from time to time.

10. As set out in Broadcasting Regulatory Policy 2015-86, licensees must provide the Commission with a name and a brief description of the service, to be listed on the Commission's website, and update this name and description any time it changes. This will allow both Canadians and the Commission to continue having basic information about the discretionary services in operation. Pursuant to that requirement, RMI provided the following description for VICELAND:

The licensee shall provide a national, English-language Category A discretionary service targeted to Millennials focused on lifestyle, documentary and information programming.

Secretary General

### Related documents

- *Administrative renewals*, Broadcasting Decision CRTC 2016-7, 12 January 2016
- *Let's Talk TV – The way forward – Creating compelling and diverse Canadian programming*, Broadcasting Regulatory Policy CRTC 2015-86, 12 March 2015
- *Rogers Media Inc. – Group-based licence renewals*, Broadcasting Decision CRTC 2014-399, 31 July 2014

*\*This decision is to be appended to the licence.*

## Appendix to Broadcasting Decision CRTC 2016-238

### Terms, conditions of licence, expectations and encouragements for the specialty Category A service VICELAND

#### Terms

The Commission will only issue a licence for this undertaking once the applicant has satisfied the Commission, with supporting documentation, that an eligible Canadian corporation has been incorporated in accordance with the application in all material respects.

The licence will expire 31 August 2017.

#### Conditions of licence

1. The licensee shall adhere to the conditions of licence set out in Appendix 3 to *Rogers Media Inc. – Group-based licence renewals*, Broadcasting Decision CRTC 2014-399, 31 July 2014.
2. The licensee shall adhere to the standard conditions of licence for specialty Category A services set out in *Standard conditions of licence, expectations and encouragements for specialty and pay television Category A services*, Broadcasting Regulatory Policy CRTC 2011-443, 27 July 2011, except for condition of licence 5, which shall be replaced by the following:

Consistent with *Accessibility of telecommunications and broadcasting services*, Broadcasting and Telecom Regulatory Policy CRTC 2009-430, 21 July 2009, the licensee shall:

- (a) ensure that advertising, sponsorship messages and promos in the English and French languages are closed captioned by no later than the first year of the licence term;
- (b) adhere to the quality standards on closed captioning developed by television industry working groups, as amended from time to time and approved by the Commission; and
- (c) implement a monitoring system to ensure that, for any signal that is closed captioned, the correct signal is captioned, the captioning is included in its broadcast signal and this captioning reaches the distributor of that signal in its original form. “Original form” means, at a minimum, that the captioning provided by the licensee reaches the distributor unaltered, whether it is passed through in analog or in digital, including in high definition.

3. The licensee may draw programming from all the categories set out in Item 6 of Schedule I to the *Specialty Services Regulations, 1990*, as amended from time to time.
4. The licensee shall devote not more than 10% of the programming broadcast during the broadcast month to live professional sports programming, which falls under program category 6(a) Professional sports.
5. The licensee shall devote not less than 50% of all programming broadcast during both the broadcast day and the evening broadcast period to the exhibition of Canadian programs.
6. Except as provided for in conditions of licence 7 and 11 and in accordance with *A group-based approach to the licensing of private television services*, Broadcasting Regulatory Policy CRTC 2010-167, 22 March 2010, the licensee shall in each broadcast year devote to the acquisition of or investment in Canadian programming 40% of the previous year's gross revenues of the undertaking.
7. The licensee may count expenditures made for the acquisition of or investment in Canadian programming by one or more specialty services or conventional television stations of the Rogers Media group in the same broadcast year towards fulfilling the requirement in condition of licence 6 as long as these expenditures are not used by those specialty services or conventional television stations towards fulfilling their own Canadian programming expenditure requirements.
8. Except as provided for in conditions of licence 9, 10 and 11 and in accordance with *A group-based approach to the licensing of private television services*, Broadcasting Regulatory Policy CRTC 2010-167, 22 March 2010 (Broadcasting Regulatory Policy 2010-167), the licensee shall in each broadcast year devote to the acquisition of or investment in programs of national interest, as defined in paragraphs 71 to 73 of Broadcasting Regulatory Policy 2010-167, 5% of the previous year's gross revenues of all specialty services and conventional television stations of the Rogers Media group.
9. The licensee may count expenditures made for the acquisition of or investment in programs of national interest by one or more specialty services or conventional television stations of the Rogers Media group in the same broadcast year towards fulfilling the requirement in condition of licence 8 as long as these expenditures are not used by those specialty services or conventional television stations towards fulfilling their own programs of national interest requirements.
10. At least 75% of the expenditures on programs of national interest required in condition of licence 8 must be made to an independent production company.
11. In regard to Canadian programming expenditures and expenditures on programs of national interest:

- (a) In each broadcast year of the licence term, excluding the final year, the licensee may expend an amount on Canadian programming and/or on programs of national interest that is up to 5% less than the minimum required expenditure for that year calculated in accordance with conditions of licence 6 and 8, respectively; in such case, the licensee shall expend in the next broadcast year of the licence term, in addition to the minimum required expenditure for that year, the full amount of the previous year's under-expenditure.
  - (b) In each broadcast year of the licence term, excluding the final year, where the licensee expends an amount for that year on Canadian programming or programs of national interest that is greater than the minimum required expenditure, the licensee may deduct that amount from the minimum required expenditure in one or more of the remaining years of the licence term.
  - (c) Notwithstanding paragraphs (a) and (b) above, during the licence term, the licensee shall expend on Canadian programming and on programs of national interest, at a minimum, the total of the minimum required expenditures calculated in accordance with conditions of licence 6 and 8.
12. Not less than 25% of all Canadian programs broadcast by the licensee, other than news, sports and current affairs programming (program categories 1 News, 2(a) Analysis and interpretation, 6(a) Professional sports and 6(b) Amateur sports), shall be produced by independent production companies.

For the purposes of these conditions of licence:

“Rogers Media group” is defined as all of the conventional television stations and specialty Category A services that are operated and included in Rogers Media Inc.'s designated group.

“broadcast day,” “broadcast month,” “broadcast year” and “evening broadcast period” shall have the same meanings as those set out in the *Television Broadcasting Regulations, 1987*.

“broadcast week” shall have the same meaning as that set out in the *Radio Regulations, 1986*.

For the purposes of condition of licence 7, 8 and 9, “specialty services” excludes mainstream sports and news services, and specialty Category B services with less than one million subscribers.

For the purposes of conditions of licence 10 and 12, an “independent production company” is defined as a Canadian company carrying on business in Canada, with a Canadian business address, owned and controlled by Canadians, whose business is the production of film, videotape or live programs for distribution and in which the licensee and any company related to the licensee owns or controls, directly or indirectly, in aggregate, less than 30% of the equity.

### **Expectations**

The standard expectations applicable to this licensee are set out in Appendix 1 to *Standard conditions of licence, expectations and encouragements for specialty and pay television Category A services*, Broadcasting Regulatory Policy CRTC 2011-443, 27 July 2011.

### **Encouragements**

The standard encouragements applicable to this licensee are set out in Appendix 1 to *Standard conditions of licence, expectations and encouragements for specialty and pay television Category A services*, Broadcasting Regulatory Policy CRTC 2011-443, 27 July 2011.