



Broadcasting Regulatory Policy CRTC 2010-582

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Reporting requirements for new media broadcasting undertakings

In this regulatory policy, the Commission announces its approach to establishing reporting requirements for new media broadcasting undertakings (NMBUs). Initially, the Commission will request relevant financial information from NMBUs that are affiliates of licensed broadcasting undertakings. The Commission will also work with the industry in the development of appropriate definitions and metrics for reporting on new media activities via the establishment of a New Media Reporting Working Group.

Introduction

1. In its review of broadcasting in new media, set out in Broadcasting Regulatory Policy 2009-329, the Commission decided to maintain the exempt status of new media broadcasting undertakings (NMBUs). However, the Commission considered that the measurement and monitoring of new media broadcasting is necessary to ascertain its growing importance and significance in the Canadian broadcasting system. Accordingly, in Broadcasting Order 2009-660, the Commission amended the exemption order for NMBUs (the New Media Exemption Order),¹ and imposed, as a condition of exemption, the requirement for NMBUs to submit information, upon request, that is required by the Commission in order to monitor the development of broadcasting in new media.
2. Recognizing the need to balance the scope and depth of information that NMBUs should be required to report with the burden associated with such reporting, the Commission issued Broadcasting Notice of Consultation 2010-97. In that notice, the Commission sought comments on new media reporting requirements relating to the type of information that should be collected, who should provide such information, the confidentiality of information to be collected, and reporting frequency.
3. The Commission received comments and final replies to those comments from various parties, including companies who operate conventional broadcasting undertakings and NMBUs, as well as industry associations representing content creators. The comments and the final replies to the comments can be found on the Commission's website at www.crtc.gc.ca under "Public Proceedings."

¹ The original exemption order was set out in Public Notice 1999-197.

4. In the sections that follow, the Commission sets out its determinations on reporting requirements for NMBUs, as they relate to the following:
 - the type of information to be collected from NMBUs;
 - the establishment of a New Media Reporting Working Group (NMRWG);
 - parties that are to provide required reporting information;
 - confidentiality of information provided; and
 - reporting frequency

Type of information to be collected from new media broadcasting undertakings

5. As set out in Broadcasting Notice of Consultation 2010-97, the Commission requested comment on the type of information that would be relevant and necessary for understanding trends in Canadian broadcasting in new media. Proposed reporting metrics included revenues, expenditures, the availability of new media broadcasting content, and the consumption of such content.

Positions of parties

6. Most associations representing content creators agreed with the Commission's proposal to collect information on the number of audio and audio-visual programs broadcast as well as the total number of hours of new media broadcasting content. The Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) suggested including information on the number of episodes per program as a means of measuring the depth of content available and the number of views each program receives. It further suggested that NMBUs should be subject to financial reporting, including revenues and programming expenditures. The Canadian Independent Music Association (CIMA) submitted that the value of acquired versus produced materials from either domestic or foreign sources should also be reported. Both ACTRA and CIMA supported reporting based upon the categorization of content in terms of the type, origin, genre, accessibility, and language of such content. However, neither of these parties offered specifics on definitions for particular metrics or on how such information might effectively be collected.
7. A number of companies that operate conventional broadcasting undertakings as well as NMBUs, including Bell Aliant Regional Communications, Limited Partnership and Bell Canada, Quebecor Media Inc., and Rogers Communications Inc. (Rogers), stated that the Commission should simply collect, from third-party sources, information on high-level trends regarding the availability and consumption of Canadian content in new media (sources could include, for example, comScore Inc., BBM Canada, Nielsen Wire, PricewaterhouseCoopers, Interactive Advertising Bureau Canada, Television Bureau of Canada, Radio Marketing Bureau, Solutions Research Group,

Convergence Consulting, and the Media Technology Monitor). They submitted that collecting information from individual NMBUs would be burdensome and that the information collected would not be representative of the entire new media industry. Rogers further specified that no financial or advertising data relating to new media activities should be collected, as any revenues associated with new media broadcasting are negligible compared with revenues derived from its licensed activities.

8. The Independent Broadcasters Group (IBG) stated that the information the Commission proposes to collect is far too detailed, and that software that can categorize new media content in the same way that broadcast logs are kept does not yet exist. Shaw Communications Inc. contended that the Commission's proposed approach is unnecessarily interventionist and argued that no information is relevant or necessary to the operation of the Exemption order for new media broadcasting undertakings.

Commission's analysis and determinations

9. Information concerning audio and audio-visual broadcasting in new media is essential for understanding the growing importance and significance of broadcasting in new media, for assessing its impact on the conventional broadcasting system, and for monitoring the extent to which broadcasting in new media is contributing to fulfilling the objectives of the *Broadcasting Act*.
10. In particular, the Commission considers that the ability to follow revenue trends and identify industry investment is critical in evaluating the importance of broadcasting in new media within the Canadian broadcasting system. For instance, the ability to track revenues from sources such as advertising and subscriptions will allow the Commission to assess the growth of the new media broadcasting industry, and make comparisons with the traditional broadcasting system. Furthermore, the Commission considers that the ability to assess the profitability of NMBUs is essential to understanding whether viable business models have become established in the new media environment. While it supports the use of third-party research, the Commission considers that specific details such as financial information must be obtained directly from NMBUs.
11. Accordingly, the Commission determines that it is necessary and appropriate to collect, from the subset of NMBUs described below, information regarding revenues and expenditures relating to broadcasting in new media. To that end, the Commission will establish a limited number of baseline metrics relating to revenues (e.g., advertising, subscription, and other revenues) and expenditures (e.g., those relating to administration, to general and technical costs, and to costs relating to program rights and production costs) from that subset of NMBUs. The Commission's intent is that the metrics be used to develop the data form that these NMBUs will be required to complete on an annual basis and that will initially be sent to the NMBUs in the first quarter of 2011.

12. The Commission considers that the collection of information regarding revenues and expenditures constitutes an important first step in fulfilling its objective to understand the growing importance and significance of broadcasting in new media. Further, given the limited scope of information requested, the Commission considers that the regulatory burden for reporting NMBUs is mitigated.
13. In order to fully understand the growing importance of and demand for broadcasting content, in particular Canadian content, in new media, an examination regarding the amount of all broadcasting content being made available to and being consumed by Canadians would be required. The Commission considers that it may become necessary in the future for NMBUs to file reports providing information regarding the availability and consumption of broadcasting content in new media. The Commission notes that the audience tools currently used for traditional broadcasting undertakings are not applicable to new media platforms, and therefore considers that, in order for NMBUs to be able to file informative reports regarding the availability and consumption of broadcasting in new media, appropriate metrics will have to be developed. As discussed below, these metrics will be developed in consultation with the industry, who will be able to provide input on the most efficient and effective metrics that should be used.

Establishment of a New Media Reporting Working Group

14. Current challenges relating to the collection of new media data, as noted by most companies representing conventional broadcasting undertakings and NMBUs, include the lack of both technical and industry standards. This speaks to the quality of the data that may be collected and the need to encourage the industry to move forward on the development of measurement tools and standards in the new media environment. For example, certain parties submitted that new media broadcasting programs of interest to the Commission cannot be identified in a reliable and systematic way as there is currently no electronic tagging or classification system in place.
15. The Commission notes that many parties supported a collaborative approach towards the development of new media reporting requirements, via the establishment of an NMRWG that would explore and resolve issues relating to new media reporting standards and measures.
16. The Commission recognizes that the pace of change, the continual realignment of new media business models, and the lack of standard metrics, definitions and measurement tools pose challenges for both the industry and the Commission.
17. In light of the comments received, the Commission views an NMRWG as a viable and collaborative option for defining new media reporting requirements. Such an initiative would allow the industry to assist the Commission in the development of appropriate definitions and metrics, and would facilitate the development of standardized metrics and measurement tools by the industry.

18. Accordingly, the Commission determines that it will consult with the industry by establishing an NMRWG. The first objective of the working group will be to reach common agreement on the components to include in the definitions of revenues and expenditures of NMBUs, in order to establish a baseline report to be sent in the first quarter of 2011 (for the 2009-2010 broadcast year). Second, the NMRWG will contribute toward the development of metrics that could be used to monitor the consumption and availability of broadcasting content in new media. To that end, the Commission calls upon the industry to participate in the working group, which should include representatives from both NMBUs that are affiliates of licensed broadcasting undertakings and unaffiliated NMBUs, as well as associations representing content creators.
19. The Commission expects the working group to convene during a period of up to one year. Persons interested in participating in the NMRWG should submit their written request to do so to the Secretary General by 31 August 2010 and include an explanation of the basis of their interest in the development of reporting requirements for NMBUs. Following this, the Commission will review all requests and extend invitations in the fall of 2010.

Parties that are to provide required reporting information

20. In Broadcasting Notice of Consultation 2010-97, the Commission also requested comment on the parties that should provide the information relevant and necessary for understanding trends in Canadian broadcasting in new media. In that notice, the Commission proposed two general categories of parties: i) NMBUs affiliated with a broadcasting undertaking that is not subject to the New Media Exemption Order (e.g., a conventional television undertaking); and ii) unaffiliated NMBUs.

Positions of parties

21. Most industry associations representing content creators agreed that all affiliated NMBUs should be subject to reporting. As for unaffiliated NMBUs, ACTRA submitted that professional and commercially motivated undertakings whose activities relate predominantly to broadcasting in new media should submit data. The Association québécoise de l'industrie du disque, du spectacle et de la vidéo (ADISQ) defined NMBUs as those that solicit advertising in Canada and that offer a significant volume of content. The Directors Guild of Canada (DGC) stated that all NMBUs that receive funds for the production of new media broadcasting content should be required to file reports. Some industry associations also stated that all unaffiliated NMBUs should be encouraged to do so on a voluntary basis.
22. Most companies representing conventional broadcasting undertakings and NMBUs argued that the Commission should not gather company-specific information but instead aggregated industry data through secondary and qualitative research techniques. They argued that affiliated NMBUs represent a small subset of all new media broadcasting content available to Canadians. Similarly, TELUS

Communications Company submitted that no reasonable conclusions could be drawn from data solicited solely from affiliated NMBUs.

23. IBG stated that it would be inappropriate and harmful to require all broadcaster-affiliated NMBUs to comply. Astral Media Inc. agreed that monitoring is necessary, but suggested that the Commission join with the industry in the development of an objective system for the measurement of broadcasting usage on a cross-platform basis.
24. Finally, TV5 Québec suggested that it is sufficient to collect information on a small number of undertakings, the activities of which represent 80% of revenues or viewership.

Commission's analysis and determinations

25. The Commission considers that, to obtain a complete picture of the broadcasting in new media environment, information from both affiliated and unaffiliated, foreign and domestic, NMBUs would be required. However, as a starting point, the Commission considers that it would be appropriate to collect information only from NMBUs that are affiliates of licensed broadcasting undertakings. While this information will not provide a complete picture of broadcasting in new media, affiliated NMBUs are a significant source of professionally-produced content available to Canadians, especially Canadian content available in new media. Further, the Commission considers that the information from affiliated NMBUs will not only provide an appropriate gauge of the importance of new media to traditional broadcasting undertakings, but will assist the Commission in understanding the growing importance and significance of broadcasting in new media as part of the Canadian broadcasting system. As the new media environment evolves, the Commission may decide to extend reporting requirements to unaffiliated NMBUs, as appropriate.
26. Accordingly, the Commission determines that NMBUs that are affiliates of licensed broadcasting undertakings will be required at this time to report to the Commission their revenues and expenditures.

Confidentiality

27. Some parties, including associations representing content creators, supported full disclosure of data filed, while other parties highlighted the need to grant confidentiality in an effort to protect the business models of this evolving environment.
28. The Commission is cognizant that the business models used by NMBUs are evolving and that a "standard" business model is not employed across the industry. The Commission agrees that a detailed public reporting on individual NMBUs' initiatives in the early stages of development may cause undue harm. It therefore determines that it will publicly report information on an industry aggregate level of data collection

(e.g., total revenues generated in new media, total number of hours of programming available, etc.).

Frequency of reporting

29. In Broadcasting Notice of Consultation 2010-97, the Commission proposed annual reporting requirements. With the exception of Rogers, which recommended a five-year reporting cycle, and of DGC, which suggested a semi-annual reporting process, parties that supported filing requirements also supported the requirement to report on an annual basis, coinciding with the broadcast year. Accordingly, the Commission determines that reporting by NMBUs, as required pursuant to this regulatory policy, will be done annually, which is consistent with Commission practices relating to reporting requirements for other types of broadcasting undertakings.

Secretary General

Related documents

- *Call for comments on the reporting requirements for new media broadcasting undertakings*, Broadcasting Notice of Consultation CRTC 2010-97, 18 February 2010
- *Amendments to the Exemption order for new media broadcasting undertakings (Appendix A to Public Notice CRTC 1999-197); Revocation of the Exemption order for mobile television broadcasting undertakings*, Broadcasting Order CRTC 2009-660, 22 October 2009
- *Call for comments on proposed amendments to the Exemption order for new media broadcasting undertakings*, Broadcasting Notice of Consultation CRTC 2009-330, 4 June 2009
- *Review of broadcasting in new media*, Broadcasting Regulatory Policy CRTC 2009-329, 4 June 2009
- *Exemption order for new media broadcasting undertakings*, Public Notice CRTC 1999-197, 17 December 1999