

**Appendix 2 to the CMPA's intervention
to Broadcasting Notice of Consultation
CRTC 2010-926:**

**Excerpts from the CMPA's 23 August 2010 Submission
in response to Broadcasting Notice of Consultation CRTC 2010-498
Item #2 (Shaw-Canwest Transaction)**

Excerpts from the CMPA's 23 August 2010 Submission in response to Broadcasting Notice of Consultation CRTC 2010-498 Item #2 (Shaw-Canwest Transaction)

105. The CMPA also urges the Commission to be mindful of the improving global and Canadian advertising markets and the better overall economic environment in international and Canadian broadcasting when assessing Shaw's claims that Canwest will still be on shaky ground financially following approval of the transaction.
106. Globally, for example, Informa Telecoms & Media predicts net TV advertising to grow by 3.7% in 2010 from the previous year.²⁴ In the U.S., CBS' local television stations saw revenues increase 31% to \$337.9 million in CBS Corporation's fiscal 2010 second quarter ended June 30, 2010 from the same period last year "due to the improved advertising marketplace across many key categories."²⁵
107. The economic environment appears to be equally buoyant for Canadian broadcasters. According to one news report, Canadian conventional TV networks were asking media buyers for upwards of 10% increases in ad pricing in the recent "upfront" sales process. When asked to comment on this year's negotiating environment, CTV's Executive Vice-President of Sales and Marketing, offered the following comment: "The upfront market for conventional TV is buoyant, and specialty has been strong as well, with inventory moving earlier and faster than last year."²⁶
108. Moreover, Group M, a division of WPP, predicts that TV's share of the Canadian advertising market will grow to 27.8% in 2010 from 27.1% in 2009.
109. Indeed, all evidence suggests 2010 is shaping up to be a good rebound year for Canadian broadcasters. For example, the Commission should consider the following:
- Canwest reported increased revenue and operating profit for its television operations for its fiscal third quarter ended May 31, 2010. Excluding results from the company's discontinued E! network from the previous year, revenue was up 14% and operating profit increased 39% to \$101 million in this year's quarter compared to the same period last year.²⁷
 - CTVgm shareholder Torstar Corporation recently highlighted improved financial results reflecting higher revenues and EDITDA for CTVgm in reporting its fiscal second quarter financial results ended June 30, 2010.²⁸
 - In reporting its fiscal second quarter financial results ended June 30, 2010, Rogers noted that its Media division saw an increase in revenue, reflecting improvements in prime-time TV ratings, increased subscriber fees, a better advertising market, and an increase in consumer discretionary spending.²⁹
 - Corus' Television segment saw revenue increase by 13% in the company's fiscal third quarter ended May 31, 2010, reflecting a 13% increase in subscriber revenues and "a return to strong growth in advertising revenues with an increase of 11%." Segment profit increased by 17% in Q3 and 11% year-to-date.³⁰

- Astral Media's Television division saw advertising revenue increase by 17% in the company's fiscal third quarter ended May 31, 2010 compared to the same quarter the previous year.³¹

110. The CMPA, therefore, urges the Commission to take into account the increasing evidence that the advertising market is rebounding and the overall economic situation is improving in the broadcasting industry when assessing Shaw's claims that Canwest's financial position will remain delicate following approval of the transaction.

NOTES

- 24 Global TV Advertising Forecasts – Extract, Informa Telecoms & Media, www.informatm.com/gntv.
- 25 CBS Corporation news release, "CBS Corporation Reports Second Quarter 2010 Results," August 3, 2010.
- 26 Bailey, Katie. "2010 upfronts 'fast and furious,' buyers say," Media in Canada. June 28, 2010.
- 27 Canwest news release, "Canwest Global Communications Corp. Reports Third Quarter 2010 Results," July 15, 2010.
- 28 Torstar Corporation Interim Management's Discussion and Analysis for the three and six months ended June 30, 2010 and 2009, July 27, 2010.
- 29 Rogers news release, "Rogers Reports Second Quarter 2010 Financial and Operating Results," July 27, 2010.