

# Automatic cable increases cause consumer outrage

TORONTO — CRTC approval for automatic rate increases by cable television companies is an outrage, a Consumers Association of Canada spokesman says.

David McKendry, director of regulated industry programs for the Consumers Association of Canada (CAC), said his group is considering legal ac-

tion to see if this part of cable regulations announced by the CRTC can be struck down.

But the 428-member Canadian Cable Television Association (CCTA) is applauding the "streamlined cable television regulations" issued Aug. 1 by the federal broadcasting regulator.

Susan Cornell, vice-presi-

dent of public affairs for the cable association, said the regulations are reasonable and will benefit the community, the cable industry and the consumer.

Along with a string of other regulations the CRTC decided to allow cable companies to automatically increase their rates by 80 per cent of the con-

sumer price index once a year.

McKendry said the consumer is faced with a monopoly situation in terms of choice for basic cable service, channels 2 to 13 in most communities, and must therefore be protected by the CRTC. When asked his reaction to the rates decision, McKendry said he was outraged.

"They (the CRTC) have given up in their responsibility to the public to make sure they don't pay excessive rates for cable television," McKendry told *Cinema Canada*.

He said the consumers association doesn't view the cost increases being faced by the cable industry as bearing a relationship to the consumer price index. McKendry said inflation should only be one factor used when new cable rates are set.

The past system that required cable operators to justify rate increases based on their expenses and expected revenue for the year was a better system, McKendry said.

Based on these criteria some applications were turned down, he added. McKendry said eight days before the Aug. 1 announcement, for example, the CRTC denied a rate increase to a Halifax cable television company. Halifax Cablevision Limited applied to increase maximum monthly subscriber fees to \$9.60 from \$8.35, but was denied by the CRTC for reasons including "the high level of profitability of this system."

Cornell termed the new rate system sensible and said that 80 per cent of the consumer price index amounts to less than the average award given by the CRTC in the past.

She added that the CRTC is maintaining its regulatory authority otherwise and has ensured additional protection for consumers through a new requirement that written notice of rate increases be given to subscribers 40 days before the change is to take place.

Cornell said with this notification requirement consumers will have time to present their reactions to the CRTC. She also said that cable television stations now face competition from video cassette recorders and tape rentals as well as satellite dishes.

"There certainly is competition out there. That marketplace will be the best regulator," she said.

She termed many of the consumer association concerns as unrealistic and added the Ottawa-based CCTA, which represents firms serving 96 per cent of Canadian households with cable, is pleased with the general stance the CRTC has adopted toward the industry.

Clint Forster, national chairman of the CCTA, said "We're delighted to see reduced intervention in the marketplace and a more practical, less costly process for administering regulations."

"The stream-lined cable television regulations issued today by the CRTC are going to re-

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→ sult in a broader, more competitive range of consumer services delivered by cable," he said in an August news release.

McKendry said 75 per cent of Canadian households have basic cable service where available. While not passing judgment on whether he thought people needed cable or not, he said it is an important consumer service.

He said a possible alternative to automatic increases would be to set a profit level for the industry based on a return for investment. He also suggested

that smaller cable operators should not be required to provide the same levels of information as larger companies when asking for rate increases.

A cable association newsletter quotes CRTC chairman André Bureau as saying information distributed by the CAC to its members on the automatic increases was "misleading and incorrect."

Three other methods for increasing rates were also outlined in the new CRTC regulations, which replace the first set of cable regulations enacted in 1976. The new ways

of setting rates will be reviewed by the CRTC after two years, Bureau said when announcing the regulations.

The CRTC chairman said the new regulations open up a new era.

"Cable companies have now been provided with a flexible regulatory environment that will allow them to maintain a competitive edge while ensuring that cable subscribers' interests are protected and that they benefit through improved and expanded services."

The CRTC, when announcing the regulations, said it found no evidence that limited forms of advertising would alter the nature of the community channel or have any impact on the revenues of local broadcasters.

David McKendry, a Consumers Association of Canada spokesman, said his group opposes advertising that could interfere with local programming.

"We would have preferred to see advertising left the community channel," he said. McKendry said the consumers association has no objection to advertising on cable television such as classified ads, provided it doesn't interfere with local programming.

Susan Cornell, CCTA vice-president of public affairs, said the alphanumeric channel advertising will be a benefit to the community.

"It creates not only new services... it creates more opportunities for small advertisers," she said.

Cornell said the changes will allow innovation in the cable industry with the creation of services like a classified ads channel. Other possibilities for alphanumeric channels are real estate or automotive sales, entertainment guides or tele-shopping.

"This is great news for small business," Forster said.

"Conventional television ads are priced out of their range, but alphanumeric cable channels are an affordable and effective alternative."

Baker said revenue from the alphanumeric ads does not have to go back into community programming and is a strict business proposition.

OTTAWA - Margaret Lyons has been appointed Director of CBC London effective Sept. 1, 1986.

Vice-president of English Radio since 1983, Lyons succeeds Diana Filer who was recently appointed as Director of International Relations at CBC.

In 1975 as program director for CBC Radio, she commissioned the program *Sunday Morning*.

## Anthony leaves post at CCA

OTTAWA - Brian Anthony, national director of the Canadian Conference of the Arts (CCA), has resigned for a new posting in Charlottetown.

Anthony will become the executive director of the Confederation Centre of the Arts in Charlottetown, effective October 1986.

His resignation as national director after six years with the CCA was announced in Ottawa by CCA president Claudette Fortier.

Anthony joined the CCA as director of information in 1980 after leaving the Arts and

Culture Branch of the federal Department of Communications and in 1983 became National Director of the CCA.

Under his leadership, the CCA has taken public positions on such issues as federal funding cuts to the arts, the arts and the media, broadcasting, copyright and the status of the artist, taxation and the arts, employment and training, the cultural implications of free trade.

At presstime, Anthony's successor had not been announced.



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