Cable Association outlines plan for broadcasting policy changes

TORONTO – The Canadian Cable Television Association has called for sweeping changes in the regulatory environment governing the industry. The changes were documented in the industry's strategic planning document, Project 90, released at the opening of the CCTA's annual convention which took place April 9-11.

Project 90 pointed to an erosion of cable revenues since 1979, increased competition from home videos and unlicensed satellite distribution systems and regulatory uncertainty as destabilizing factors within the industry.

The document stated the major changes will have to be instituted to encourage the investment needed to keep up with advancing technology.

The cable industry would like to see more flexible rate regulation. They want cable to be allowed to move toward market-based rates for all services. As an interim step the CRTC should recognize the requirements to earn sufficient profits to attract capital ; provide built-in incentives for operating efficiency ; and allow rate adjustments on a timely basis.

The industry would like to see cable participate in the ownership and operation of other broadcasting, content production or distribution entities.

On the programming side, the industry called for an increase in the number of U.S. originated discretionary services ; basic service to be defined by local market conditions ; and cable provision of programming services such as pay-per-view and video downloading.

The document suggested that reduced Canadian content on pay-TV would increase its marketability. Although overall premium services are not expected to contribute more than 20% of cable's total return on investment by 1990. Other pay-TV recommendations included more flexibility in cable service packaging ; the introduction of a second, complementary pay-TV service ; Canadian programming expenditures geared to new production rather than old titles ; and direct access to the Broadcast Fund for pay-TV.

The industry would also like to see the introduction of non-programming services on cable such as classified advertising. The industry demanded that there should be no requirement for licensing of non-programming services ; no rate regulation of these services ; and no regulatory interference with the arrangements between cable operators and content or service providers.

The industry is opposed to distant signal copyright fees as imposed in the United States. A new copyright bill is presently under discussion in Parliament. The major American distributors have been pressing the government for changes in the copyright act to allow for royalties on retransmitted signals. The cable industry argued that U.S. border stations would be the primary distant signals affected but would not likely be dropped by the cable industry. Canadian distant signals, which are often affiliates of CBC or CTV, would more likely be dropped. Copyright funds directed to a copyright tribunal would face the questions of how and to whom would the funds be allocated. The document pointed to the 6% tax for the Broadcast Fund and said no further charge or tax should be implemented in the guise of copyright protection. It argued that the marketplace will sort out the rights issue. "If rights holders want more revenue from broadcasters distributing their service to distant markets, then it will be up to the broadcaster to elect to buy the right, not to buy them or reduce his coverage."

At the CCTA convention Phil Lind, senior vice-president of Rogers Cable, called on his cable colleagues to enlist public support for cable's demands. He told a gathering of cable marketers and programmers, "we need a lot of public support to move the political people. We need the support of the people to deal with the competitive threat. We are going to have pay-per-view and other services." He added, "we have to ban forever the curious Swedish notion of the separation of carrier and content."

Project 90 was prepared by a CCTA steering committee with communications consulting firm Nordicity.

Rogers gross

TORONTO – Rogers Cablesystems on Apr. 22 released its results for the six months ended Feb. 28.

Gross revenue rose to $171.7 million from $142.5 million in the same period the year before. Operating income increased by 42% to $59.9 million for the period compared with $42.2 million the year before. The loss from continuing operations was $9.7 million compared with $9.5 million in 1984. A loss from discontinued operations of $2.5 million brought the 1984 loss to $12.1 million. There was no comparable item in 1985. The net loss per share was $0.49 in 1985 compared with a loss of $0.49 from continuing operations and a final loss of $0.61 in the prior year.

The prior year's results are restated to account for the company's operations in Syracuse, New York, and California which are being carried as "discontinued operations." In the current period there is no impact from these operations.

Basic cable subscribers increased by 58,000 in the first half to 1,970,000. During the same period, the number of discretionary services subscribed for increased by 109,000 to end the first half at 1,045,000 units.