

**Broadcasting Notice of Consultation  
CRTC 2009-614**

**Call for comments following a request by the Governor  
in Council to prepare a report on the implications and  
advisability of implementing a compensation regime for  
the value of local television signals**

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**Comments of  
Canadian Broadcasting Corporation/Radio-Canada  
2 November 2009**

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## **Executive Summary**

For many years, cable and satellite companies have been raising their rates, increasing their revenues, and enhancing their profitability at the expense of Canadian consumers and Canadian local television stations.

There is no meaningful competition to protect consumers from repeated price increases by cable and satellite companies. And there is no mechanism in place to prevent cable and satellite companies from free-riding on local television broadcasters by using their signals without paying for them.

As a consequence, Canadian consumers are being gouged. And local television broadcasters are financially handicapped to such an extent that the future of local television in Canada is threatened.

There is a simple solution to this problem.

The CRTC should require cable and satellite companies to offer consumers a small, all Canadian basic package which would include all local television stations plus a few other licensed services. The rate for this small basic package would not exceed a maximum rate established by the CRTC. This would ensure the affordability of television service for all Canadians.

Consumers would be free to purchase – but would not be required to purchase – any additional services they may want that are not included in the small basic package. The cable and satellite companies would negotiate with broadcasters to determine the compensation payable for the services they distribute – including the local television services in the basic package. The CRTC would act as arbitrator in any situations where the parties could not agree.

This simple approach – a small, all Canadian basic service – would redress the imbalance that has developed in the Canadian broadcasting system.

Consumers would receive an affordable basic service and enhanced choice for additional services. Local broadcasters would be put on a sustainable financial footing and could continue to provide the local programming Canadians want and enjoy.

And, cable and satellite companies could earn a fair return on their investments and would have significant freedom to package and price their service offerings beyond the small, all Canadian basic service.

## **I. The Current Review**

1 The problem of cable and satellite free-riding has become a major public issue over the past several months as the dismal future for local television stations – a future that has been predicted repeatedly in recent years – is becoming a reality.

2 The public has become aware of and is getting engaged in this issue. They are now beginning to understand that their cable and satellite rates keep going up for one and only one reason – to make the cable and satellite companies richer.

3 In light of the growing public profile of this issue, on 16 September 2009, the Governor in Council (GIC) directed the Commission to investigate and report on a possible compensation regime for the value of local television signals. The GIC indicated that the Commission should take into account public comment, affordability issues and the potential impact on other components of the communications industry in its analysis and report.

4 In response to the GIC directive the Commission issued Broadcasting Notice of Consultation CRTC 2009-614 (BNC 2009-614) on 2 October 2009. In BNC 2009-614 the Commission requested comments from the public on two broad areas related to a possible compensation regime:

- 1) affordability issues; and
- 2) the impact of such a regime on various components of the industry.

5 The Commission also invited comments on “other matters” provided they are within the Commission’s jurisdiction and they are discussed within the context of the GIC directive.

6 These comments of CBC/Radio-Canada follow the structure set out in

BNC 2009-614: i) affordability; ii) overall impact on the industry; and, iii) other matters. As a preliminary matter, the next section provides an overview of the current economic situation for cable companies, cable consumers, and local broadcasters.

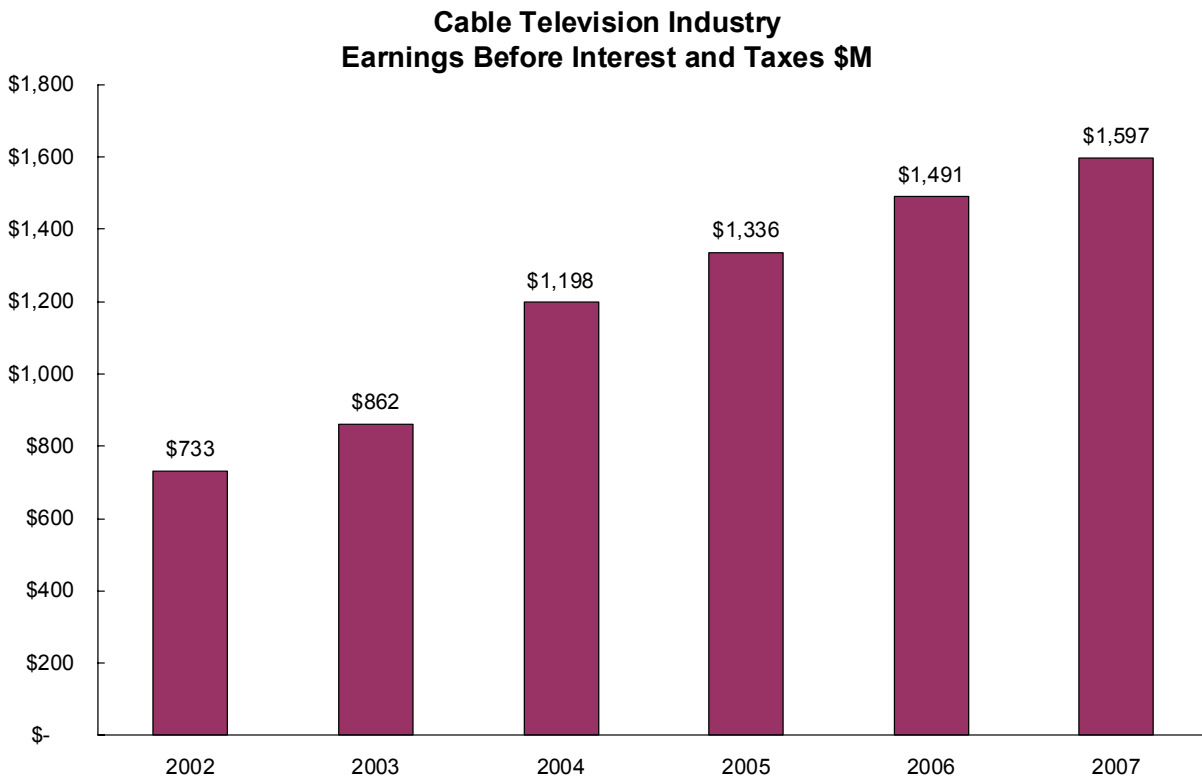
## II. The Current Economic Imbalance

*I believe it's time for the CRTC to protect consumers like me by regulating basic cable rates. This will prevent cable companies from increasing my basic cable bill whenever they wish.*

Ann-Marie Dube  
Mississauga, ON

7 The future of local television is in danger.

8 Cable and satellite companies are making hundreds of millions of dollars selling local television signals to Canadian consumers but passing none of that money through to the television broadcasters. Instead, the cable and satellite companies are keeping all of the money for themselves. They are free-riding on local television and enjoying huge profits.



9 The major sources of these profits are no secret: 1) constantly rising rates for consumers (and hence constantly rising revenues for cable and satellite companies); and, 2) free-riding on local television broadcasters.

10 The cable companies are not shy in proclaiming to their shareholders that their revenues keep rising because they can raise cable rates at will. For example, in its recent 2009 financial results, Shaw stated:

Twelve month service revenue in the Cable division was up 11% to \$2.63 billion. **The improvement was primarily driven by customer growth and rate increases.** Twelve month service operating income before amortization improved 10% to \$1.27 billion.<sup>1</sup>

11 Shaw's forecast for the coming year is no different. Just a few weeks ago, the company happily told its shareholders that its view for the coming year is again outstanding, with the expectation of "a 14% or more increase in operating earnings before amortization"<sup>2</sup> for 2010.

12 Shaw is not unique. For the 2009 financial year to date, Rogers also announced 7% growth in cable revenues and 8% growth in cable operating income. Rogers' 2009 cable revenue and profit results were so positive that the company was pleased to announce that its cable segment was driving increased profitability: "Cable drives continued margin expansion and healthy growth in cash flow..."<sup>3</sup>

13 In a year with the worst economic recession in decades, when the average Canadian has had to endure severe financial difficulties, the cable industry has continued to push its profit levels ever higher, in large part through repeated cable rate increases which squeeze consumers even more.

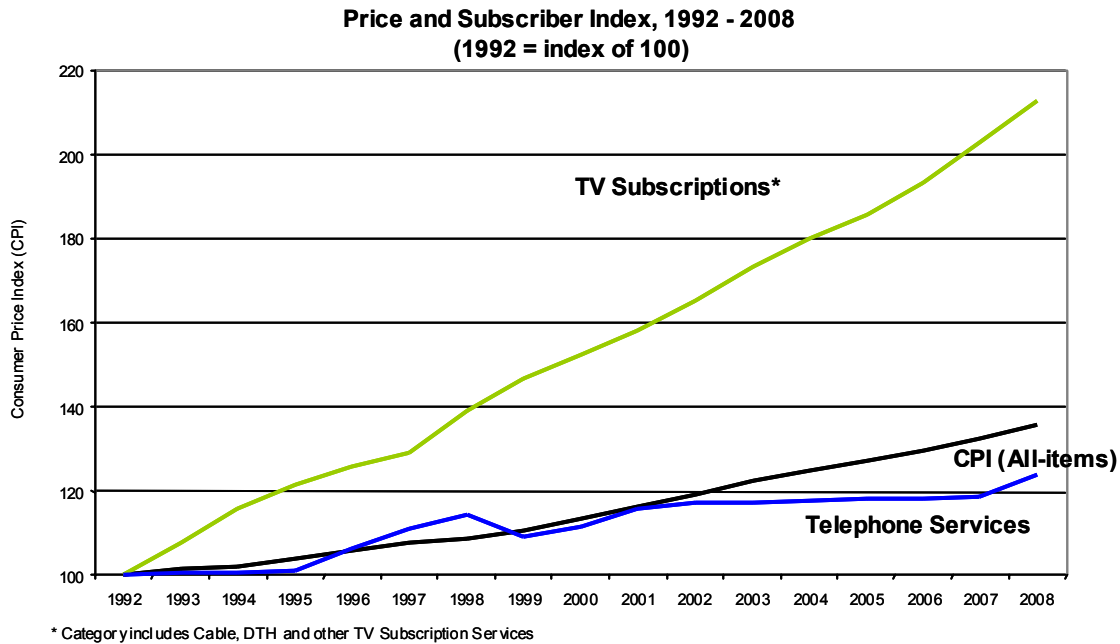
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<sup>1</sup> Shaw Communications FY2009 Financial Results Release (October 23, 2009).

<sup>2</sup> Ibid.

<sup>3</sup> Rogers Communications 3QFY2009 Financial Results Release (October 27, 2009).

14 But this is not simply a one-time or recent phenomenon. Over the last 16 years, the price for cable television has more than doubled – increasing by approximately 112% – while the average price for all goods and services in Canada has increased by only a third. In other words, as shown below, cable prices have risen more than three times faster than the average of all prices in Canada. Consumers are being gouged.

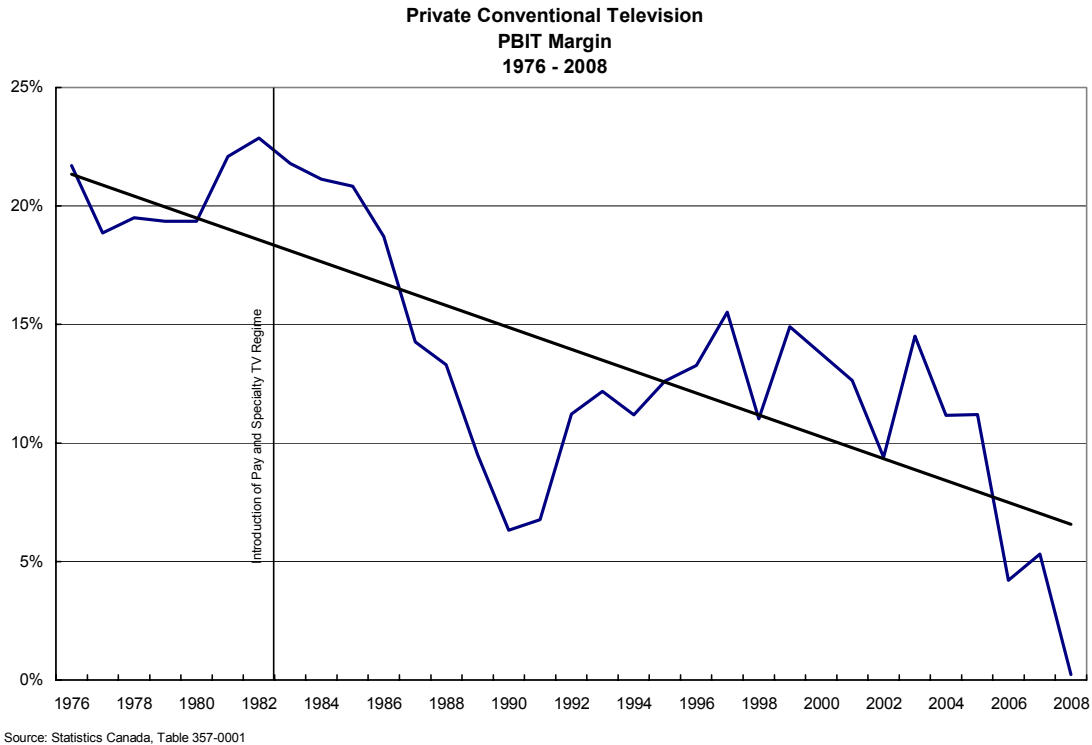


15 What has happened to local television broadcasters during this period?

16 The introduction of the Internet and dozens of new specialty television services has fragmented the advertising market dramatically over the past two decades. This has undercut the financial basis for local television – both public and private – which has been forced to rely heavily, if not exclusively, on advertising revenues to fund operations.

17 The following graph clearly demonstrates that the financial crisis in local broadcasting is not a recent event, and is not at all related to the recent

recession. The financial health of local broadcasting has been getting steadily worse for some time.

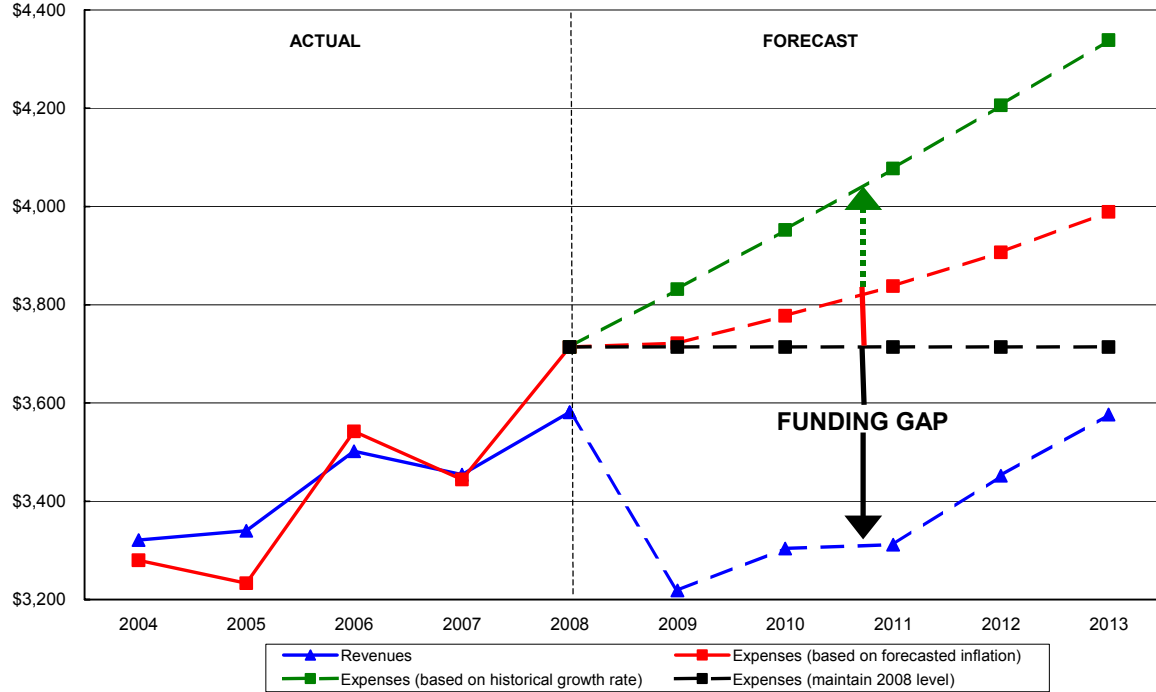


18 As a result, for years, both public and private broadcasters have been telling the CRTC and Government that this situation is unsustainable.

19 Local broadcasters have said repeatedly that cable companies should be required to compensate them for the programs that are taken from them. For years they have said that the free-riding of cable and satellite has to stop. These companies should be required to pay for what they use, just like everyone else. Otherwise there will not be a future for local television in Canada.

20 Now industry analysts are forecasting that local broadcasting, and conventional broadcasting generally, may never recover. The combination of specialty services, the Internet, and the recent recession have all combined to push the industry to the brink.

**Forecast Funding Gap - Revenue vs Expenses**  
**Private conventional television and Public television**  
 (\$ millions)



Source: Statistics Canada, PricewaterhouseCoopers, TD Economics, CBC

21 Forecasts from industry analysts, illustrated in the graphs above, call for a 13% decline in public and private conventional TV advertising revenues for the 2009 broadcast year. These revenues are forecasted not to return to pre-recessionary levels for another 5 years. Clearly, without the ability to obtain fair compensation for their services, conventional broadcasters will be forced to reduce their costs by over 25% in the next few years, in order to keep their businesses afloat.

22 PricewaterhouseCoopers now forecasts that public and private conventional television's share of total television advertising revenues may not ever return to its previous levels, and will continue to shrink, dropping to below 67% by 2013, down from 80% in 2003.

23 Local television is in crisis, and without an end to free-riding by cable companies, its future will be grim and short-lived.

## The Future is Now

24 All of the major television networks in Canada have made job and budget cuts in the last twelve months. CBC/Radio-Canada has cut approximately 800 jobs in 2009, and has had to cut costs by \$171 million. CTVgm, Canwest, and Rogers have all been forced to incur major cuts and write-downs. These cuts reflect a profound problem with this segment of the broadcasting industry.

25 In 2009 CTVgm – the largest private television broadcaster in Canada – put up three television stations for sale at a price of \$1 each. Shaw Communications – the Calgary-based cable giant – loudly proclaimed it would buy them but then quietly backed out of the deal once it had reviewed the financial books. After the Shaw deal fell through, CTVgm closed one television station and indicated that it intends to close the other two in 2010 if the free-riding problem is not solved. CTVgm has also indicated that the future of several other local television stations is in jeopardy.

26 In the past six months, Canwest has sold a number of its local television stations – not for millions of dollars, not even for thousands of dollars. Canwest was only able to obtain a few dollars for each one of these stations. These sale prices more than anything illustrate the financial unattractiveness of local television.

27 Local television networks are simply unable to make this business work if they are not provided fair compensation for their programming.

### III. Affordability

28 The affordability of cable and satellite services is the central issue in this proceeding.

29 This issue has been raised by CBC/Radio-Canada before. In the process leading to Broadcasting Public Notice CRTC 2008-100 (BPN 2008-100) – which established a revised regulatory regime for cable and satellite undertakings – the Corporation argued that the Commission should consider a small basic package at an affordable rate, in order to give consumers a low-cost entry point to the Canadian broadcasting system, and provide them with enhanced choice.

30 The Commission disagreed with CBC/Radio-Canada's suggestion, stating instead that:

...BDU competition will be sufficient to ensure that rates are affordable.<sup>4</sup>

31 Unfortunately, the CRTC was overly optimistic on this point.

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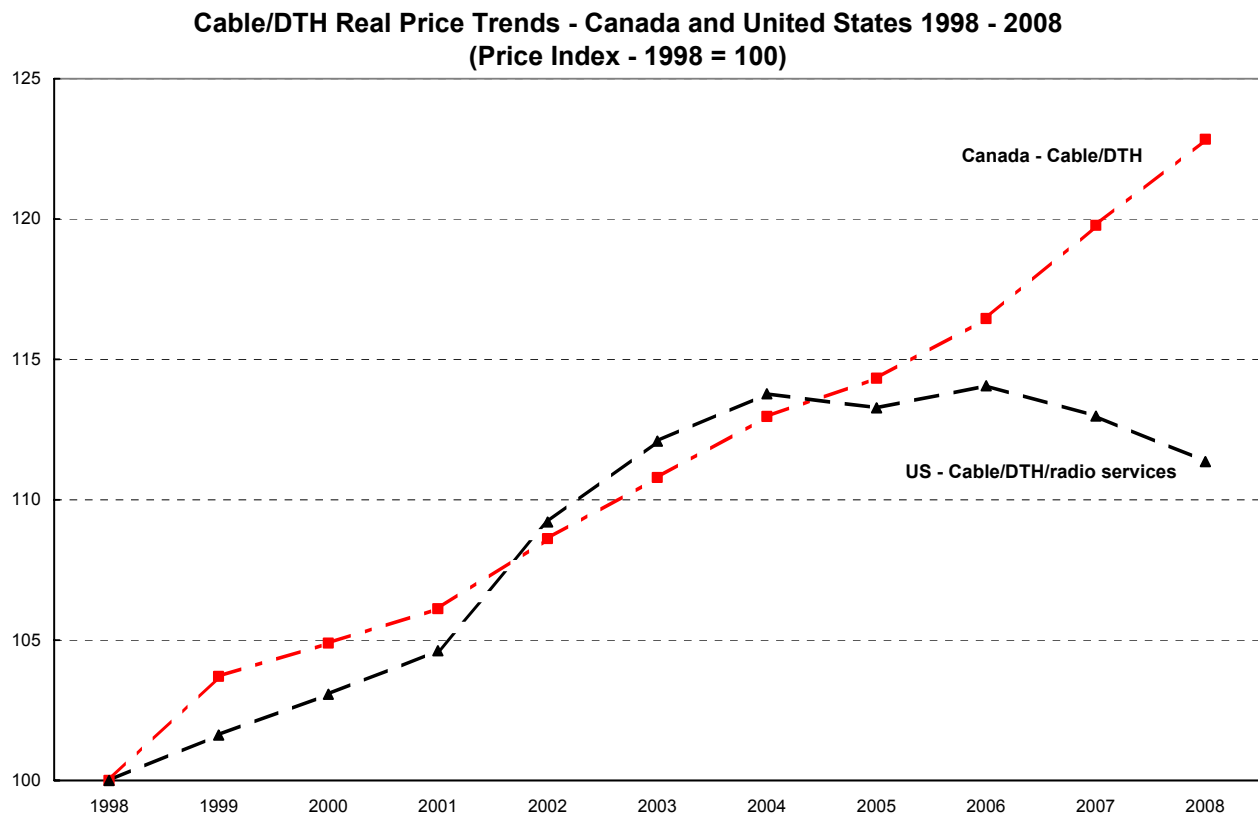
<sup>4</sup> BPN 2008-100, paragraph 39.

### Cable Rates Keep Going Up

32 The simple fact is that cable and satellite rates have risen steadily over the last several years, and have done so at a rate that is more than 3 times faster than average prices in this country.

33 As noted above, the cable and satellite companies have been quite open in their statements to shareholders that much of their improvements in revenues and profits can be attributed directly to these rate increases.

34 These types of unchecked rate increases – and remarkably candid public statements – are extraordinary in a supposedly competitive environment. They are also in dramatic contrast to the development of cable rates in the United States in recent years.



Source: Statistics Canada, US Bureau of Labor Statistics. Cable/dth prices in each country deflated using the respective CPI-All items

35 As illustrated above, Canadian cable rates have increased much more quickly than U.S. cable rates, particularly in the last several years since cable rates were de-regulated.

36 Why are Canadian cable and satellite rates going up so much? Shouldn't competition be keeping rates down?

37 As discussed in Appendix A, numerous indicators suggest that competition in the cable and satellite sector is extremely weak. In fact, the evidence strongly suggests that the television distribution business is operating not as a competitive market at all, but as an oligopoly with the cable and satellite companies dividing the market between them and exercising market power to raise rates at the expense of consumers.

38 The Commission's expectation that competition would protect consumers has not materialised. Indeed, there appears to be very little keeping Canadian cable rates in check except the fear of a consumer revolt if the gouging becomes too blatantly obvious. And even then the cable and satellite companies have devised an effective shield – blame it on the CRTC.

#### Lack of Clarity in Billing

39 It has become all too common in the Canadian communications environment for cable and satellite companies to disguise items on their consumers' bills as government imposed retail taxes when they are not (e.g., "system access fee", "government regulatory recovery fee", "LPIF tax", "CRTC LPIF Fee").

40 This lack of clarity in billing raises serious concerns about the integrity of BDU's actions in the communications marketplace. For present purposes what is

abundantly clear is that the Commission cannot rely on cable and satellite companies to voluntarily fix this billing transparency problem.

41 For example, in BPN 2008-100, the Commission stated that cable and satellite companies should not pass through to consumers – by way of increased rates – their contributions to the Local Programming Improvement Fund:

In light of the performance levels of the BDU sector and the benefits accruing to BDUs as a result of other changes being made to the regulatory framework, the Commission is of the view that there is no justification for BDUs to pass along any increased costs relating to the LPIF – estimated to be on average approximately \$0.50 per month – to their subscribers.<sup>5</sup>

42 Contrary to the Commission's clearly stated view, the cable and satellite companies have done exactly what the Commission did not want them to do – and worse – they have raised their rates to cover the LPIF contributions *and* they have blamed the rate increase on the CRTC by characterizing it as a government-imposed tax.

43 This situation is all the more appalling when one considers that several of these distributors, such as Rogers and Videotron, own major broadcasting interests that benefit directly from the LPIF contributions.

44 The plain fact is that neither competition nor moral suasion by the Commission is protecting consumers. This has serious implications for the fundamental policy goal of the Commission and the Government – affordable television services for Canadians. Something more direct and legally enforceable must be done.

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<sup>5</sup> BPN 2008-100, paragraph 357

### Getting Back to Basics to Ensure Affordability

45 There can be little doubt that affordability of BDU services has become an issue for consumers.

46 In 2006 the Corporation filed evidence with the Commission indicating that, as of 2004, cost was the number one reason given by people who did not subscribe to a cable or satellite service and who had some interest in such a service. Since that time cable and satellite rates have increased significantly – undoubtedly compounding the affordability problem.

47 Indeed, throughout the current recession – when broadcasters were laying off employees, closing local television stations or selling them at nominal prices – cable and satellite rates continued to rise, squeezing consumers even more than they were in 2004. This despite the fact that cable and satellite companies continue to insist that any rate increases associated with negotiated compensation for OTA services will cause their consumers to drop off and leave the system.<sup>6</sup>

48 The affordability problem is made even worse for a small percentage of consumers who face the prospect that after August 2011 they will not be able to rely on over-the-air reception to get their television. In some smaller centres the only alternative for those wishing to have access to television will be cable or satellite services.

49 In these circumstances, it is clear that the CRTC needs to take positive action to protect consumer interests and ensure that affordability is addressed.

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<sup>6</sup> In Appendix B to this filing, CBC/Radio-Canada provides an analysis of recent price increases in the cable industry and demonstrates that, contrary to the cable companies' contentions, their price increases continue to raise revenues and profits, and are not at all associated with subscriber drop-off.

### A Small, Affordable Basic Package

50 In CBC/Radio-Canada's view the best solution to the current affordability problem would be to introduce a small, all Canadian basic package which would include all local television stations and a very limited number of other licensed programming services.

51 A BDU would not be permitted to include any additional services in this basic package. In order to ensure affordability, the Commission would require BDUs to file for approval, the proposed rates for this small basic package.

52 The rate for the revamped basic service would depend upon the number of services included in the basic package.

53 As indicated in the table below, the major cable BDUs currently offer a basic package with an average per service rate of between \$0.78 and \$1.28.

#### **Basic Service Rates<sup>7</sup>**

	<b>No. of Services</b>	<b>Price</b>	<b>Avg. Price/Service</b>
Cogeco-ON**	31	\$28.99	\$0.93
Cogeco-QC**	20	\$25.50	\$1.28
EastLink**	27	\$22.42	\$0.83
Rogers	33	\$37.47	\$1.14
Shaw	46	\$35.95	\$0.78
Videotron	23	\$17.98	\$0.78

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<sup>7</sup> Pricing based on digital basic as per the Cable BDU website. \*\* Based on analogue basic price since no digital basic pricing was available on the website (week of Oct 26<sup>th</sup>, 2009). Videotron price includes mandatory network access charge.

54 Although negotiated compensation for value for the OTA services could add marginally to this amount, the Commission could use this average per service rate as a proxy to assess the reasonableness of the proposed rates for the new basic service.

55 The Commission would simply be required to identify the services to be included in the basic service package for any location. Cable and satellite BDUs would not be permitted to include any additional services in the basic package beyond those required by the Commission. Instead, consumers would have the freedom to choose any additional services they might want, such as, on a pick and pay basis or in theme packs developed by their service provider. The constraint on this second level of selection would be a requirement that the overall majority of services provided to a consumer must be Canadian.

#### The New Framework would be Straightforward to Implement

56 The revised approach to basic described above would require just three things to happen.

57 First, the Commission would need to determine the services to be included in the streamlined basic package.

58 Second, the cable and satellite BDUs would have to negotiate wholesale rates with the programming services included in the new basic package – including the local television stations. Commission arbitration would be available if the parties could not reach an agreement.

59 Third, the Commission would approve the proposed rate to be charged for this basic package.

60 These three steps are straightforward and could easily be accomplished before the digital transition in August 2011.

61 In the meantime, with the Commission's announcement of a new revenue model for local broadcasters and the maintenance of the LPIF until the new regime is established, local broadcasters could begin to look forward to a healthier financial model – along the lines of that already being experienced by specialty services – and begin to plan their important programming investments for the future of Canadian broadcasting.

### A Win-Win-Win Solution

62 The current regulatory system is skewed to benefit cable and satellite companies at the expense of both consumers and local television broadcasters. The establishment of a small, low-priced, all Canadian basic package would restore balance to the television sector.

63 The cable and satellite companies were given significantly enhanced regulatory flexibility in the framework established by BPN 2008-100. The revised approach proposed above would not be onerous for cable and satellite companies to implement, and they would easily be able to adjust to a small basic package offering that would include compensation to local television stations.

64 The introduction of compensation for use in the context of a revamped basic package would finally remove the financial handicap that has hampered local television broadcasters for many years. Once placed on a balanced financial footing, these broadcasters would be able to continue to improve upon their fundamental contribution to the broadcasting system – vibrant and informative local programming, as well as bold, original programs of national interest.

65 Finally – and most importantly – consumers would win in several ways. They would be guaranteed an affordable access point to the television system in the form of a streamlined basic package. That basic package would include vibrant, sustainable local television stations providing consumers with the mix of local news, information and diverse programming that they want and enjoy. And, those consumers who want additional services could purchase what they want – and only what they want – such as on a pick and pay or theme pack basis.

66 The final important benefit to consumers is in regard to the digital transition. Canadians facing the prospect after August 2011 of not being able to rely on over-the-air reception to get their television service, will now have a low-cost entry point to the broadcasting system. For those Canadians in smaller centres this will be a particular benefit.

67 Affordability, sustainability, choice, and the opportunity to move forward with the digital world: a small, all Canadian basic package makes sense from every perspective.

## IV. Impact on the Industry

68 The Commission has identified two main areas for comment with respect to the impact on the industry of a compensation regime in the new digital environment:

- i) the possible effects on various components of the industry, especially if the Commission introduces a mechanism to address affordability concerns; and
- ii) the implications for the digital transition and the proposed hybrid model for the delivery of local television signals.

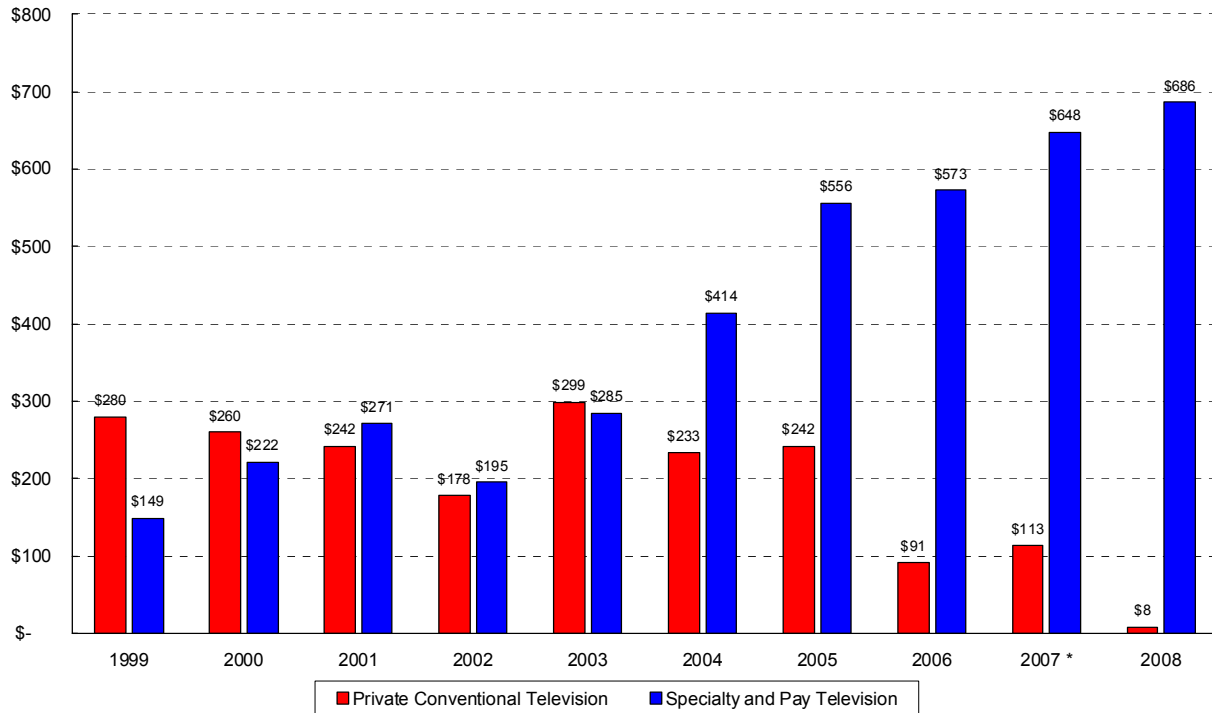
69 These two distinct areas of concern, discussed separately in the following sections:

### The Effects on Various Components of the Industry

70 The starting point in the new digital environment should be that all players will be able to operate on a level playing field, with no one being financially handicapped by outmoded regulatory rules. In other words, the introduction of a compensation for use regime should not be viewed as an innovation requiring overwhelming justification, but rather as a long needed correction to an outdated and skewed system.

71 As discussed above, cable and satellite companies have enjoyed and continue to enjoy remarkable financial success and regulatory flexibility. Similarly, the specialty services sector has done very well financially and was recently granted increased regulatory flexibility in BPN 2008-100.

**Conventional and Specialty/Pay Television  
Profit Before Interest and Taxes (\$ Millions)  
1999 - 2008**

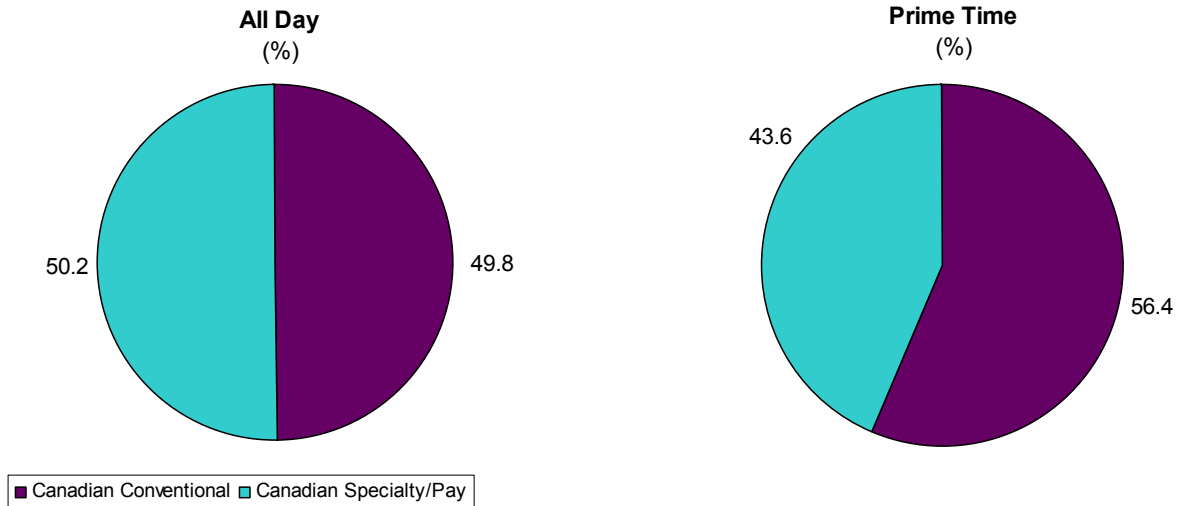


Source: CRTC Financial and Statistical Summaries

72 It is true that some specialty services are more popular and have had greater financial success than others. This is to be expected in a market economy. What makes no sense, however, is for local television broadcasters to attract a large percentage of viewing to Canadian services, but receive no compensation and be placed in a financially unsustainable position.

73 Moreover, as the Corporation demonstrated in an earlier submission, the vast majority of viewing to Canadian drama/comedy broadcast by conventional broadcasters is viewing to original drama/comedy that had not previously been shown on another service – either conventional or specialty. By contract, almost 90% of the Canadian drama/comedy viewed on specialty services consisted of repeat programming.

**Viewing to Canadian Services  
2008-2009 Broadcast Year (Sept. – Aug.)**



Source: BBM Canada

74 As discussed above, compensating local broadcasters should not mean increased rates for consumers if the Commission establishes a small, low-cost, all Canadian basic package. The basic package would be significantly less expensive than it is now and consumers would be able to choose what additional services they wish to purchase – giving them almost total control of how much they spend and on what.

75 That said, the Corporation recognizes that the interplay of consumer choice and the pricing and packaging decisions of the cable and satellite companies could have a negative effect on the revenues of some specialty services. In particular, the less popular services could experience a drop in subscription revenues.

76 The full implications of introducing a small basic package would only be worked out over time as the market adjusts to the new environment and alternative pricing and packaging schemes are tried.

77 Overall, CBC/Radio-Canada believes the key point is to establish a level playing field in respect of access to revenue sources. Then, the Commission can make specific regulatory adjustments – such as a small, low-priced basic package – in order to promote the policy objectives of the *Broadcasting Act* and protect the interests of consumers. Beyond that, market forces should be permitted to act unless overriding policy concerns can be clearly demonstrated.

### The Digital Transition and OTA Services

78 Based on the current plans of local television broadcasters, the hybrid approach to the digital transition will leave a small percentage of Canadians without OTA signals available to them – approximately 1-2% of the population. These Canadians are located in smaller centres and rural areas where the Commission has recognized that replacing an existing analog transmitter with a digital one would raise significant resource challenges.

79 Among this group, the majority are likely to already subscribe to a cable or satellite service. Of those who do not, some may have less interest in television. For some of the remainder, the affordability of cable or satellite services may be an impediment to them continuing to receive television.

80 In CBC/Radio-Canada's view, requiring cable and satellite companies to implement a small, affordable all Canadian basic package would eliminate concerns regarding the cost of accessing television services. While not everyone would choose to subscribe to such a service, those who did not would not be deciding on the basis of affordability.

81 A small low-priced basic service would be both simple to implement and advantageous to consumers in many ways (i.e., affordable, enhances choice, enables further service uptake). It would also be competitively neutral since it

would favour neither cable nor satellite distributors.

82 In the Corporation's view, the small basic approach is a very effective and practical regulatory approach to smooth the transition to digital. There is neither a need for nor would it be appropriate to provide additional regulatory incentives to cable or satellite distributors in connection with the implementation of the hybrid approach.

## V. Other matters

83 The Commission has invited comments on other matters within the Commission's jurisdiction and relating to the GIC directive.

84 The Corporation notes that the GIC's Order in Council expressly mentions "current and emerging business models" in the digital environment as an area of potential concern. The cable and satellite companies (or their owners) are involved in the Internet access market – with cable and telephone companies holding more than 90% of the broadband residential market. In 2008, the operating profit margin of the cable companies' non-programming services (largely the Internet) was 66%. With this kind of market power, CBC/Radio-Canada believes it is extremely important to consider the additional benefits of a compensation regime.

85 If the cable and satellite distributors continue to be able to free-ride on local television, and raise Canadians' cable rates at will, this will give them an undue and enormous economic advantage (i.e., greater resources) when it comes to investing in new content ventures on the Internet. It may also encourage them to seek an advantage with respect to the distribution of content over the Internet (i.e., encourage gate-keeping or rent-seeking by way of demands for payment for distribution).

86 The future potential for these occurrences will increase significantly if the Commission does not implement a low-priced small basic cable service, and does not rectify local broadcasters' inability to obtain negotiated compensation from cable companies. CBC/Radio-Canada believes it is important that the Commission be both clear and consistent on these matters. There must be a level playing field in all areas, including the digital environment. And network operators must not be permitted to use their strategic position as a way of granting themselves undue economic or other business advantages.

## VI. Conclusion

87 CBC/Radio-Canada is pleased that the Commission is reviewing affordability of cable and satellite services and the impact of a possible compensation regime for the value of local television signals on various components of the industry.

88 The current regulatory framework is skewed to benefit cable and satellite distributors at the expense of both consumers and local television broadcasters.

89 The Canadian cable and satellite market is not effectively competitive. It has a very small number of competitors who have stable market shares, low churn rates, increasing retail prices and high profitability levels. There can be little doubt that affordability of BDU services has become an important issue for consumers and it should be an issue for the Commission and for Government.

90 Cable and satellite companies are making hundreds of millions of dollars selling local television signals to Canadian consumers but passing none of that money to the television broadcasters. As documented in previous proceedings, local television is not sustainable without access to negotiated compensation.

91 In addition, the hybrid approach to the digital transition will leave a small percentage of Canadians without OTA signals available to them – approximately 1-2% of the population. Among this group, the majority are likely to already subscribe to a cable or satellite service. For some of the remainder, the affordability of cable or satellite services may be an impediment to them continuing to receive television stations.

92 It is clear that the CRTC must take positive action to ensure affordability of basic service, sustainability of local television service, consumer choice and

smooth the transition to digital.

93 The most simple and straightforward solution is to introduce a requirement for BDUs to offer a small, affordable all Canadian basic package that includes compensation to local television stations. The streamlined package would include all local television stations and a very limited number of other licensed programming services. A BDU would not be permitted to include any additional services in this basic package. In order to ensure affordability, the Commission would require BDUs to file for approval, the proposed rates for this small basic package.

94 This approach would be competitively neutral since it would favour neither cable nor satellite distributors. It could easily be accomplished before the digital transition in August 2011.

95 Under CBC/Radio-Canada's framework, the basic package would be significantly less expensive than it is now and consumers would be able to choose the additional services they wish to purchase – giving them greater control over choice and spending. Such an approach would be a very effective and practical regulatory approach to ensure the affordable access to television services.