

## Digital Transition

**Date:** April 27, 2009

### The issue

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The Government of Canada and the CRTC have mandated the shutdown of analogue television signals on August 31, 2011. CBC/Radio-Canada is exploring a variety of replacement options to ensure continued access to its television services.

At hearings commencing on April 27, 2009, the CRTC will examine cable and satellite options for providing free or low-cost solutions to those who currently rely upon over-the-air (OTA) transmission, as well as new rules permitting broadcasters to maintain certain broadcast rights without the current requirement to operate OTA transmitters.

### Our perspective

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- The issue of analogue shutdown is a problem facing all conventional broadcasters. The solution requires a system-wide approach.
- Industry is in agreement that recreating the existing transmission infrastructure is not economically viable given the shift in viewing habits: only an estimated seven per cent of Canadians will receive their television signal from the OTA system, come August 2011.
- An industry working group – of which CBC/Radio-Canada is a part – has recommended a “hybrid model” that would provide the vast majority of Canadians with continued access to an over-the-air signal:
  - OTA digital transmitters would be installed in major markets.
  - In medium and small markets where no transmitter would be installed, current OTA users left without a signal would be required to switch technologies and subscribe to a cable/satellite feed. Cable and satellite providers have proposed offering a low-cost promotional package for 90 days during the transition period.
  - In those markets, cable/satellite operators would continue to deliver the same local feeds they carry today despite the lack of OTA availability. Broadcasters would deliver the local television signal directly to the operator in lieu of installing a digital transmitter.
- CBC/Radio-Canada currently operates eight digital transmitters that cover 47 per cent of the population. In an earlier submission to the Department of Canadian Heritage, it indicated that 44 transmitters would cover 80 per cent of the population. The Corporation does not have the available capital spending capacity to achieve even a low-end scenario by August 2011.
- The industry estimates that converting all existing transmitters would cost approximately \$330 million. It's important to keep in mind that the cost of replacing all transmitters across the country represents a fraction only of the Government's expected proceeds from the spectrum auction.