Value of Public Support for Broadcasters – Simultaneous Substitution and Tax-based Advertising Incentive

Final Report

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By

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Executive Summary

The purpose of this report is to provide an updated assessment of the value of two specific federal government measures that indirectly lead to an increase in the advertising revenues of private broadcasters in Canada. The two measures are:

- The CRTC's regulations concerning "**simultaneous substitution**", whose purpose is to help protect the English-language private broadcasters' investment in programming that is (primarily) acquired from US sources.
    - Private broadcasters make exclusive arrangements to purchase the Canadian rights to this programming and CRTC has mandated cable systems (and all broadcasting distribution undertakings) to simultaneously substitute the US signal for the Canadian one when the same program is aired at the same time by an American broadcaster whose signals are distributed in Canada.
    - The effect is to increase the audience size of the Canadian signal – and its advertising – which translates into higher ad revenues for private broadcasters which exhibit acquired US programming at the same time it is aired on the US stations.
- The provisions of **section 19 (1)** of the Canadian *Income Tax Act*, which prohibit a Canadian corporation from deducting as an expense for tax purposes any advertising purchased on a non-Canadian broadcasting outlet primarily to reach Canadian audiences.
    - The effect of this disincentive to advertise on US border stations near large Canadian population centres is to encourage Canadian advertisers to place ads with Canadian broadcasters.

These two measures are interrelated in that both measures act to discourage Canadian advertisers from placing commercials on border stations. Their combined impact has substantially reduced Canadian expenditures on border stations and correspondingly increased the demand for airtime on Canadian television broadcasters.

While the public policy rationale for adopting these two measures was in part related to the protection of the value of the rights acquired by Canadian broadcasters, the primary motivation is to support Canadian programming. More revenues enable private broadcasters to fulfill their Canadian content commitments as per Canadian content regulations and the conditions of their licences.

Simultaneous substitution regulations and amendments to section 19 (1) of the *Income Tax Act* have been in force for well over three decades. While specialty-TV services have steadily grown in market share and importance for advertisers over the last three decades, the two measures under discussion remain important public policy measure to support private conventional television.

This report updates previous analyses of their value to private broadcasters. It relies on original research conducted for previous reports on the impacts of these two measures, and extends the analysis to the most recent advertising data available. While the updating approach derives from the original analyses, the results should be reasonably close to the actual figures if more in-depth approaches were applied.

This report calculates that the estimated value for these two measures in 2010 is as follows:

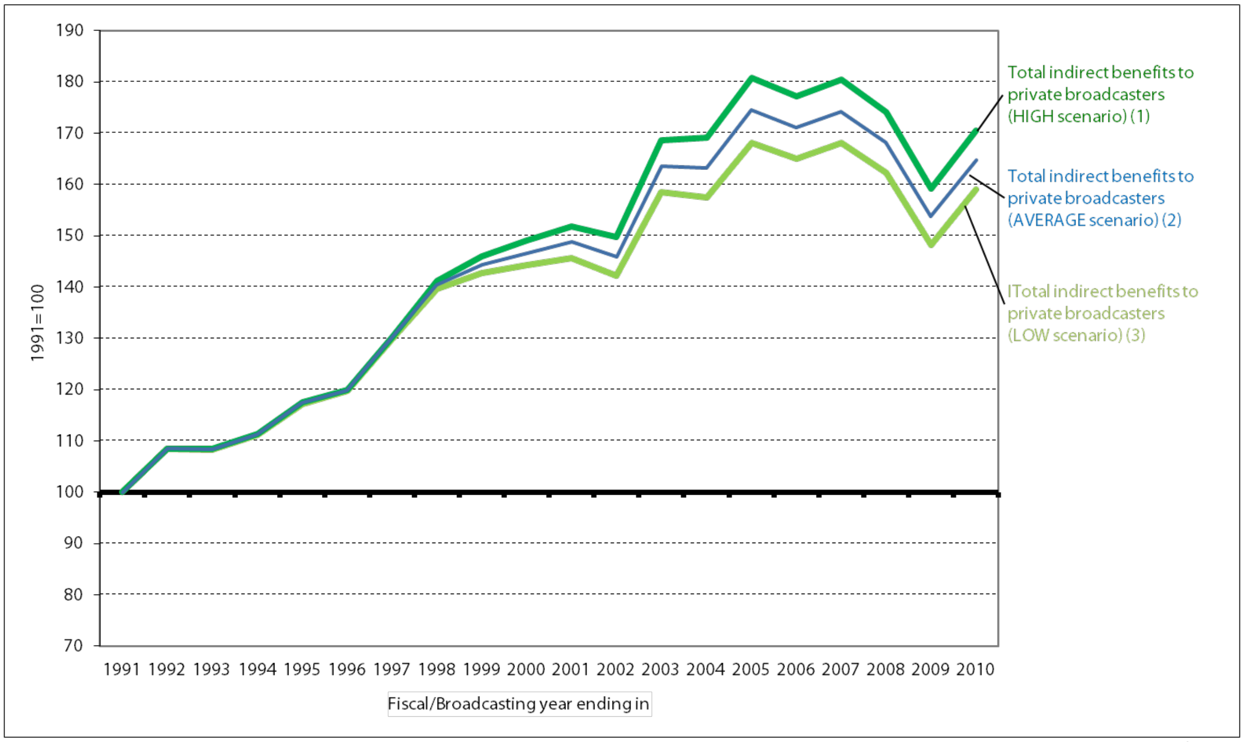
- **Simultaneous substitution:** total revenue impact for 2010 is estimated at between **$182 million** and **$204 million**.

- **Section 19 (1):** total revenue impact for private broadcasters between **$92 million** and **$131 million**.

The total impact of these two indirect policy measures lies in the range between **$274-335 million** in revenue to English-language private broadcasters in Canada in broadcast year 2009/10.

As indicated in Figure 1 (below), though the indirect impact of these policy measures dipped in 2008/09, it rebounded significantly in 2009/10. Furthermore, these policy measures are between 59% (LOW scenario) and 70% (HIGH scenario) more valuable than in 1991.

Figure 1: Total Indirect benefits from simultaneous substitution and section 19(1), 1991-2010, 1991 = 100

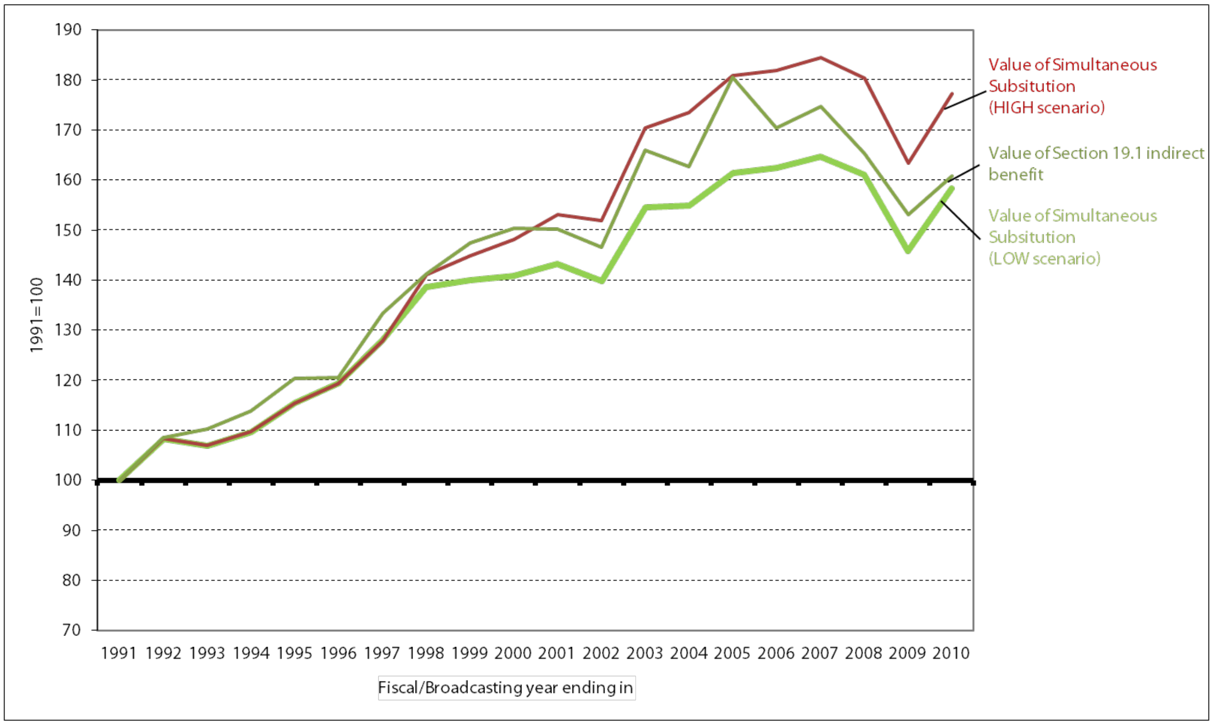


Source: Nordicity calculations based on data from Statistics Canada, *CANSIM,* matrix 325-0002; CRTC; Donner and Lazar; and CBC|Radio-Canada.

(1) Indirect benefits to private broadcasters (HIGH scenario) are the sums of estimates for simultaneous substitution and section 19(1).
(2) Indirect benefits to private broadcasters (AVERAGE scenario) are the sums of estimates for simultaneous substitution and section 19(1).
(3) Indirect benefits to private broadcasters (LOW scenario) are the sums of estimates for simultaneous substitution and section 19(1).

When disaggregated into component policy measures (i.e., simultaneous substitution and Section 19(1)), the value of the indirect impacts have grown significantly since 1991. Indeed as Figure 2 (below) illustrates, the value of simultaneous substitution has grown by between 58% (LOW scenario) and 77% (HIGH scenario) since 1991. Meanwhile, the value of Section 19(1) has grown by 61% over the same period.[1]

Figure 2: Indirect benefits from Simultaneous substitution and section 19(1) 1991 = 100



[1] Due to the methodology used, there is no significant difference between the HIGH and LOW scenarios for the value of Section 19(1) when viewed in relation to its 1991 value.

1. Additional Advertising Revenues Due to Simultaneous Substitution

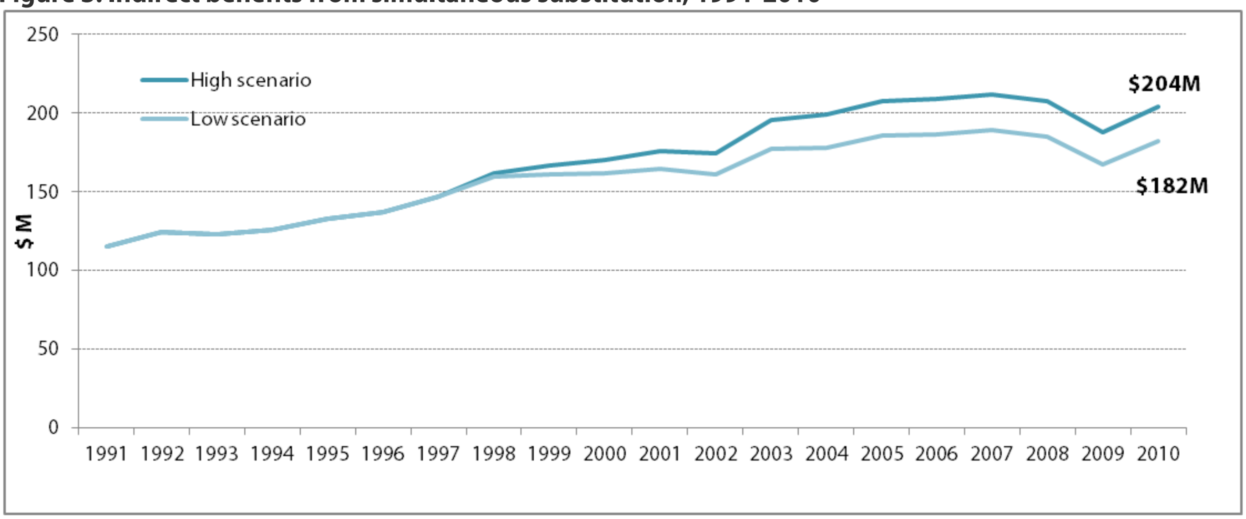
In this section we provide the background to the simultaneous substation measure and outline previous estimates of its value to private broadcasters. We then estimate the value today, based on the amount of airtime revenue that has been earned by private broadcasters in today's market conditions.

1.1 Background and Previous Estimates of Value of Simultaneous Substitution

Cable regulations for simultaneous substitution were introduced by the CRTC in 1972. The regulations stipulated that cable operators for cable systems above a certain size threshold would be responsible for substituting the US signal – containing the American commercials - by the Canadian broadcaster who scheduled the US program at the same time. As a way to compensate broadcasters for incursions of cable operators (later all broadcast distribution undertakings, particularly direct-to-home satellite operators), the CRTC instituted a policy of "simultaneous substitution."

As Figure 3, indicates the value of the indirect benefits created by simultaneous substitution have grown relatively steadily since 1991. Indeed, depending on the model used, the value of this policy measure was between **$182 million and $204 million** in 2009/10.

Figure 3: Indirect benefits from simultaneous substitution, 1991-2010



The revenue impact of simultaneous substitution has been the subject of several previous analyses by Arthur Donner and various co-authors.

- In 1983, Donner and Mel Kilman published the first estimate of the revenue impact of simultaneous substitution. In that report, Donner and Kilman estimated that simultaneous substitution generated $21.1 million in net advertising revenues for Canadian stations in 1982.[2] This amount represented 3.1% of total advertising revenues of private television broadcasters in that year.
- In 1986, Donner prepared an update to his estimate of simultaneous substitution's revenue

[2] Arthur Donner and Mel Kilman, *Television Advertising and the Income Tax Act: An Economic Analysis of Bill C-58*, prepared for the Department of Communications, November 1983.

impact. He found that the revenue impact of simultaneous substitution had grown to $52.7 million in 1984.[3]

- In 1990, the Department of Communications commissioned Donner to prepare another update on the revenue impact of simultaneous substitution. Donner concluded that simultaneous substitution generated an estimated $67.3 million in incremental advertising revenues for Canadian broadcasters in 1988.[4]
- In 1994, the Canadian Cable Television Association commissioned Donner and Fred Lazar to again estimate the revenue impact of simultaneous substitution. Donner and Lazar found that simultaneous substitution generated incremental advertising revenues of between $114 million and $159 million during the 1992/93 broadcasting year.[5]
- Donner's most recent work on this topic was in 1997. In that year he and Fred Lazar derived a single estimate of $147.6 million for the dollar value of airtime sales during the 1996/97 broadcasting, which were transferred to Canadian **English-language television broadcasters** because of simultaneous substitution (see Table 1).[6]

Table 1: Estimated values of simultaneous substitution

	1982	1984	1988	1992/93	1996/97
Incremental revenue impact of simultaneous substitution ($ millions)	21	52.7	67.3	114 to 159	147.6

Source: 1982 data from Donner and Kilman, 1983; 1984 data from Donner, 1986; 1998 data from Donner, 1990; 1992/93 data from Donner and Lazar, 1994; 1997 data from Donner and Lazar, 1997.

1.2 Updating the Estimate of the Impact of Simultaneous Substitution

For this report, we sought to generate an update to Donner and Lazar's 1996/97 estimate of the revenue impact of simultaneous substitution by extrapolating it to the 1990/91-to-2009/10 period.[7] Donner and Lazar used a bottom-up approach that calculated the tuning transferred to Canadian broadcasters due to simulcast programs, and married the results with advertising rates to arrive at a dollar estimate of airtime sales for simultaneous substitution.

For our extrapolation, we used what could be considered a top-down approach. In other words, we examined the share of overall conventional television advertising revenues in 1996/97 that could be attributed back to simultaneous substitution, and then applied this share to the television broadcasting markets during the 1997/98-to-2006/07 period. Along the same lines, we also prepared a back-cast for 1990/91 to 1995/96.

[3] Arthur Donner, An Analysis of the Importance of U.S. Television Spillover, Bill C-58 and Simulcasting Policies for the Revenues of Canadian TV Broadcasters, Taskforce on Broadcasting, February 1986 (mimeograph).
[4] Arthur Donner, *The Financial Impacts of Section 19.1 of the Income Tax Act (Bill C-58) and Simultaneous Substitution*, (Her Majesty the Queen in Right of Canada as represented by the Minister of Communications, 1990).
[5] Arthur Donner and Fred Lazar, *Cable, Canadian Program Production and the Information Highway,* discussion paper prepared for the CCTA, August 1994.
[6] Arthur Donner and Fred Lazar, The Financial Effects of Simulcasting on Canadian TV Broadcasters, June 1997.
[7] This extrapolation included a back-cast for the years, 1990/91 to 1995/96.

As a means to overcome some of the limitations of extrapolations, we developed two scenarios. In one scenario, the *status-quo* scenario, we assumed that the extent of simulcasting on Canadian television screens did not change between 1996/97 and 2009/10. We also developed a second *simulcasting-growth* scenario in which we incorporated an assumption that simulcasting activity increased between 1996/97 and 2003/04. For the back-cast we only applied the status quo scenario; we assumed no changes in simulcasting.

In 1996/97, total advertising revenues among English-language private conventional television licensees were $1,333 million. Simultaneous substitution revenues of $147.6 million represented 11.1% of the total advertising sales in the English-language private conventional television market. Donner and Lazar's 1996/97 estimate included the incremental revenues earned by CBC|Radio-Canada affiliates and CBC|Radio-Canada; but the amounts were small, $1.5 million and $630,000, respectively. Removing the small amount attributed to CBC|Radio-Canada, reduces the 1996/97 amount to $147.0 million, or approximately 11.0% of total English-language private conventional advertising sales.

We used an analogous approach for the back-cast of the status quo scenario. We estimated the annual value of simultaneous substitution by calculating 11.0% of annual levels of the advertising revenues of English-language private conventional broadcasters.

Between 1996/97 and 2006/07, advertising revenues in the English-language private conventional television market grew by 28.8% to a total of $1,609 million. To derive the status-quo estimate, we assumed that simultaneous substitution revenues continued to represent 11.0% of the relevant advertising market between 1997/98 and 2006/07. Based on this assumption, the revenue impact of simultaneous substitution grew from $159 million in 1997/98 to $189 million in 2006/07. In effect, under this scenario, the annual revenue impact of simultaneous substitution grew in step with overall television advertising sales in the English-language private conventional television market.

While the status-quo estimate is straight forward and very plausible, there are indications that there was more simulcasting on Canadian television in 2006/07 than there was in 1996/97. The rationale for this assumption is the following: More Canadian broadcasters started to engage in simultaneous substitution during this period. Between 1996/97 and 2006/07, Canada's third-largest English-language private conventional broadcasting group, (then) CHUM Television, started to acquire prime-time American programming in contrast to its practices in 1997.

To gauge and quantify the increase in simultaneous substitution, we enlisted CBC|Radio-Canada Research to prepare sample schedules from November 1997 and November 2003. Based on these schedules, CBC|Radio-Canada Research tabulated the total number of hours of simulcast American programming in Canada's two major English-language television markets – Toronto and Vancouver – during a four-week period in November 1997 and November 2003.

The comparison of simulcasting in these two markets, as displayed in Table 2, showed the number of hours of simulcasting in the Toronto market increased by 16%; in the Vancouver market it increased by 19%. In both markets, a large part of the increase in simulcasting can be traced back to the entry of new broadcasters into the respective markets. In Toronto, SunTV entered the market; while in Vancouver, City-TV, A-Channel, and Channel M have commenced operations since 1997.

Table 2: Comparison of simulcast activity in the Toronto and Vancouver markets, 1997 and 2003

	Hours of simulcast American television programs during a four-week sample period	Percentage change

	November 1996	November 2003	
Toronto			
Global Television	70.0	62.5	(11%)
CTV	65.5	62.0	(5%)
CBLT-CBC	2.0	0.0	(100%)
City-TV	15.5	20.5	32%
New VR / A-Channel	20.5	38.0	85%
CHCH	57.0	60.5	(6%)
CFMT / Omni2	8.0	10.0	25%
Sun TV	--	23.0	n.a.
Total	**238.5**	**276.5**	**16%**
Vancouver			
Global	81.0	65.5	(19%)
CIVT (VTV / CTV)	46.5	61.5	32%
CBUT-CBC	2.0	0.0	(100%)
CHEK / CH Vancouver Island	35.0	77.5	121%
City-TV	--	18.0	n.a.
CIVI / A Channel	--	21.0	n.a.
Channel M	--	19.5	n.a.
BCTV	56.5	--	n.a.
Total	**221.0**	**263**	**19%**
Grand total	**459.5**	**539.5**	**17%**

Source: CBC|Radio-Canada Research.
n.a. – not applicable

A 17% increase in simulcast hours of programming does not necessarily translate into a 17% increase in advertising revenues from simultaneous substitution. This increased programming should increase supply somewhat and put some downward pressure on average airtime rates. Based on this logic, we have used an assumption of 12% (approximately 70% of the total rate of growth) to represent the incremental advertising revenues brought in by more simultaneous substitution activity in 2003/04. To estimate the incremental impact for the interim years – 1997/98 to 2002/03 – we assumed a scenario of linear growth.

Under this *simulcasting-growth* scenario, then, the annual revenue impact of simultaneous substitution was $162 million in 1997/98, and grew to $199 million in 2003/04. By 2003/04, it was 12% higher than the status-quo estimate of $177 million. From 2003/04 to 2009/10, we assumed that there was no further growth in broadcasters' simulcasting activity. In total, then, it is estimated that the annual revenue impact of simultaneous substitution grew to a peak of $212 million in 2006/07, before decreasing to $204 million in 2009/10 – or12% of higher than the status quo estimate for 2009/10.

Table 3: Estimates of revenue impact of simultaneous substitution

($ millions)	Back-cast						Base year	Extrapolation												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total advertising revenues in English-language private conventional television market ($ millions)	1,042	1,129	1,115	1,143	1,203	1,244	1,333	1,445	1,459	1,468	1,493	1,458	1,611	1,614	1,683	1,693	1,717	1,679	1,520	1,650
Simultaneous substitution revenues - Status quo scenario (11% of total advertising revenues in English-language private conventional market ($ millions)	115	125	123	126	133	137	147	159	161	162	165	161	178	178	186	187	189	185	168	182
Simultaneous substitution revenues - Simulcast-growth scenario ($ millions)	115	125	123	126	133	137	147	162	166	170	176	175	196	199	208	209	212	207	188	204
Incremental revenues in simulcast-growth scenario in relation to status quo scenario	0%	0%	0%	0%	0%	0%	0%	1.7%	3.4%	5.1%	6.9%	8.6%	10.3%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%

Source: Nordicity calculations based on Donner and Lazar methodology, and Donner and Lazar results for 1996/97.
Dates indicate broadcasting years ending.

2. Additional Advertising Revenues from Section 19(1) of Income Tax Act

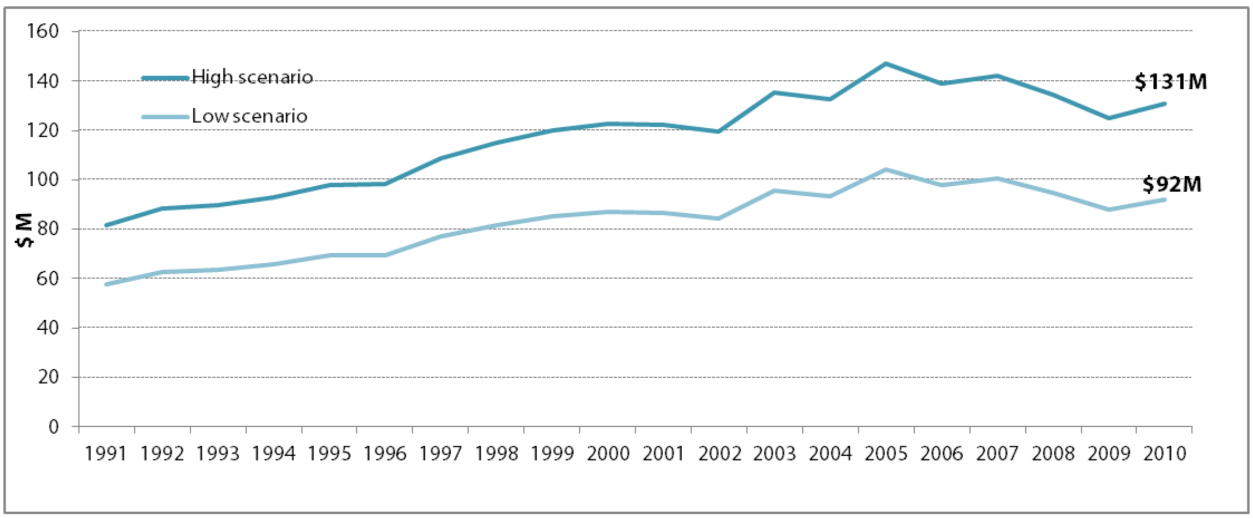
In this section we assess the impact of Section 19(1) of the *Income Tax Act*, in a treatment similar to the one conducted for simultaneous substitution. We review the history of estimations over the years, develop our approach for updating these estimates for today's conditions, and then make the estimate for 2009/10.

2.1 Background and Previous Estimates of Value of Section 19(1)

Changes in Section 19(1) of the *Income Tax Act* were hotly debated in the mid 1970s, particularly with respect to their effect on the magazine industry. However, the amendment to Section 19(1) has been in force since that time and has indeed discouraged Canadian advertisers from buying airtime on US border station channels.

As illustrated by Figure 4, the value of Section 19(1) for English-language private broadcasters has grown since 1991, though at a somewhat uneven pace – peaking in 2005. Depending on the scenario used (see section 2.2 of this report), the value of Section 19(1) was between **$92 million and $131 million** in 2009/10.

Figure 4: Indirect benefits from Section 19(1), 1991-2010



The economic impact of Section 19(1) has been the subject of several previous analyses by Arthur Donner and various co-authors.

- In 1979, Donner and Fred Lazar prepared the first estimate of the monetary value of Section 19(1). In that report, Donner and Lazar found that Section 19(1) increased Canadian broadcasters' advertising sales by $16.2 million in 1977 and $23.2 million in 1978.[8]
- In 1983, Donner and Mel Kilman published an updated estimate for the economic value of Section 19(1). They estimated that Section 19(1) led to between $28.2 million and $32.7 million in additional advertising revenues for Canadian broadcasters in 1982.[9]

[8] Donner and Lazar, 1979.

[9] Arthur Donner and Mel Kilman. *Television Advertising and the Income Tax Act: An Economic Analysis of Bill C-58*. Prepared for the Department of Communications, November 1983.

- In 1986, Donner prepared another update. He estimated that Section 19(1) had generated $35.8 million to $41.8 million in additional revenues in 1984.[10]
- In 1990, the Department of Communications commissioned Donner to undertake another assessment of the economic value of simultaneous substitution and Section 19(1). Donner concluded that Section 19(1) generated an estimated $67.3 million in incremental advertising revenues for Canadian broadcasters in 1988.[11]

2.2 Updating the Estimate of the Impact of Section 19(1)

Since the most recent estimate for the value of Section 19(1) was based on 1988 data, we set out to develop estimates for the broadcast years 1990/91 through 2009/10, by applying Donner's methodology to the broadcasting markets in each of these years.

Table 4 Estimates of impact of Section 19(1), 2004

	1975 Market Share	Revenue Growth Assumption	10% Market Share	15% Market Share
Total potential losses of U.S. border stations ($ millions)	115	149	193	241

Source: Nordicity estimates based on methodology from Donner and 2004 statistics from CRTC.

To derive the 1988 estimate, Donner essentially simulated the U.S. broadcaster revenues in 1988 based on four different scenarios for U.S. station revenue from Canadian advertisers.

1. U.S. stations maintain their 1975 market share (before Bill C-58) of 7.1% of total conventional television advertising expenditures.
2. U.S. stations' share of conventional television advertising expenditures in Canada grows by the same rate as private conventional television advertising revenues in Canada.
3. U.S. stations increase their market share in Canada to 10%.
4. U.S. stations increase their market share in Canada to 15%.

Donner selected scenarios two and three from among these four scenarios, to construct the low- and high-end ranges for his 1988 estimate. In 1975, immediately prior to the implementation of Section 19(1), American border stations accounted for $16.5 million or 7.1% of Canada's total expenditures on private conventional television advertising.

The estimates under each scenario represent the potential or projected loss experienced by American border stations because of Section 19(1). However, as Donner points out, part of this loss was due to simultaneous substitution and not Section 19(1), per se. Donner suggests that about 20% of the value of simultaneous substitution can be traced back to lost advertising sales by the border stations. The remaining 80% of the simultaneous-substitution impact can be attributed back to American network advertising. As such, he reduces his Section 19(1) estimates by 20% of the simultaneous substitution estimate in order to arrive at a residual estimate of impact of Section 19(1).

[10] Donner, 1986.

[11] Arthur Donner. *The Financial Impacts of Section 19.1 of the Income Tax Act (Bill C-58) and Simultaneous Substitution*. Her Majesty the Queen in Right of Canada as represented by the Minister of Communications. 1990.

Using Donner's methodology, we estimated that Section 19(1) generated advertising revenues of between $88 million and $122 million for Canadian private conventional television broadcasters in the English-language market in 1995/96. To arrive at this range estimate, we derived scenarios two and three for the 1995/96 broadcasting year, and then removed the effect of simultaneous substitution. We applied this approach to each year during the 1990/91-to-2009/10 period and found that the revenue impact of Section 19(1) was between $88 million (Scenario 2: revenue growth scenario) and $131 million (Scenario 3: ten percent market share scenario) in 2009/10.

Donner's Scenario 2 suggests that American border stations' Canadian revenues would grow in step with the growth of private conventional television advertising revenues in Canada. Between 1975 and 1995/96, the advertising revenues of Canada's private conventional television broadcasters increased by approximately seven-fold from $214 million to $1,497 million. In 1975, American border stations garnered $16.5 million in Canadian advertising revenues.

By multiplying the 1975 amount by seven, one obtains an estimate of $115 million for 1995/96. The Scenario 3 estimate is simply $1,497 million multiplied by 10%, or $150 million.

We repeated the above process for each broadcasting year during the 1990/91-to-2009/10 period, and found that under Scenario 2, the revenue impact grew from $97 million in 1990/91 to $148 million in 2009/10. Under Scenario 3, the revenue impact grew from $126 million in 1990/91 to $192 million in 2009/10.

The next step in the calculation required us to remove the estimate for the American border stations' lost revenue due to simultaneous substitution. We calculated two estimates for the value of simultaneous substitution. To simplify our analysis we multiplied these amounts by 20% and used the midpoint of the resulting range, to represent the portion of American border stations' lost revenue that would have been lost due to simultaneous substitution. Based on this approach, the portion of the revenue impact attributed to simultaneous substitution was $23 million in 1990/91, growing to $39 million in 2009/10.

Donner's 1990 estimate of the revenue impact of Section 19(1) did not distinguish between private conventional broadcasters and the CBC|Radio-Canada. As such, one final adjustment needed to be made to the estimate in order to account for CBC|Radio-Canada's share of the English-language conventional television advertising market. In 2009/10, CBC|Radio-Canada earned $339 million in advertising revenues; this represented 12% of total conventional television advertising revenues in the English-language conventional television market. To account for the CBC|Radio-Canada's share of the advertising, we have reduced each estimate by 12% of the total potential loss of U.S. border stations (i.e., by $18 million in Scenario 2 in 2009/10 and by $23 million in Scenario 3 in 2009/10).

Therefore, by applying Donner's methodology to the 2006/07 television advertising market, and removing CBC|Radio-Canada from the amount, we derived the following estimates for the incremental revenue impact of Section 19(1).

- Under the revenue-growth scenario (Scenario 2), the advertising-revenue impact increased from $58 million in 1990/91 to $92 million in 2009/10.
- Under the 10%-market-share scenario (Scenario 3), the advertising-revenue impact increased from $81 million in 1990/91 to $131 million in 2009/10.

Table 5 Estimates of revenue impact of Section 19(1)

($ millions)	Back-cast						Base year	Extrapolation												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenue growth assumption scenario																				
Total potential losses of U.S. border stations	97	104	104	106	112	115	123	133	135	136	138	135	149	150	155	156	157	154	139	148
U.S. border station losses due to simultaneous substitution [Note 1]	23	25	25	25	27	27	29	32	33	33	34	34	37	38	39	40	40	39	36	39
Estimated losses of U.S. border stations due to Section 19(1)	74	80	80	81	85	88	94	101	102	103	104	102	111	112	116	116	117	115	104	110
CBC's share of advertising market	17	17	16	15	16	19	17	20	17	16	17	17	16	18	11	18	17	20	16	18
Revenue gains for private conventional television broadcasters due to Section 19(1)	58	63	64	66	70	69	77	81	85	87	87	84	96	94	104	98	101	95	88	92
Ten percent market share scenario																				
Total potential losses of U.S. border stations	126	136	135	138	145	150	160	173	175	176	179	176	193	194	201	202	204	200	181	192
U.S. border station losses due to simultaneous substitution [Note 1]	23	25	25	25	27	27	29	32	33	33	34	34	37	38	39	40	40	39	36	39
Estimated losses of U.S. border stations due to Section 19(1)	103	111	111	113	119	122	131	141	142	143	145	142	156	156	162	162	164	161	145	154
CBC's share of advertising market	21	22	21	20	21	24	22	25	22	20	22	23	20	24	15	24	22	26	20	23
Revenue gains for private conventional television broadcasters due to Section 19(1)	81	89	90	93	98	98	109	115	120	123	122	119	135	133	147	139	142	135	125	131

Source: Nordicity estimates based on methodology from Donner (1990) and statistics from CRTC and CBC.

Notes:

(1) Equal to 20% of total value of simultaneous substitution (see Appendix C).

3. Concluding Remarks

This report updates previous analyses of their value to private broadcasters. It relies on original research conducted for previous reports on the impacts of these two measures, and extends the analysis to the most recent advertising data available. While the updating approach derives from the original analyses, the results should be reasonably close to the actual figures if more in-depth approaches were applied.

This report calculates that the estimated value for these two measures in 2010 is in the range of **$274 to $335 million** in revenue to English-language private broadcasters in Canada in broadcast year 2009/10.

The impact of these measures is related to the value of the total TV advertising market for conventional TV broadcasters in Canada. While it fluctuates to some extent with economic conditions, the combined impact has grown substantially over the last couple of decades.

While there has been an erosion of ad revenues to specialty-TV services, conventional television's airtime sales are still growing. Similarly, while online advertising is growing rapidly, various forecasts over the next five years do not show a decline in conventional television's airtime revenues. Therefore, the value of these two measures remains one of the cornerstones of public policy to enable private television to make their contribution to the Canadian television system.