

June 26, 2008

CRTC imposes strict conditions on TQS transaction, to be revisited in 2011

OTTAWA-GATINEAU — The Canadian Radio-television and Telecommunications Commission (CRTC) today approved, subject to certain conditions, Remstar Diffusion inc.'s (Remstar) acquisition of the TQS Network and television stations in Montreal, Quebec, Trois-Rivières, Sherbrooke and Saguenay. The Commission has also renewed the licences of these stations until 2015, but will re-examine the programming commitments after three years.

“Holding a licence to operate a conventional television station comes with certain responsibilities and obligations, one of which is to provide viewers with a significant amount of local news,” said Konrad von Finckenstein, Q.C., Chairman of the CRTC. “Remstar’s proposal fell well short of this requirement. In this case, we have taken into account TQS’s precarious financial situation and will allow, as a short-term measure and on an exceptional basis, a reduced amount of local news. We fully expect that TQS’s situation will permit it to improve upon this amount within three years.”

The Commission has accepted Remstar’s proposal to replace traditional newscasts with a new concept that features local programming in which current events are discussed and analyzed. At least two hours of local news will be included as part of this programming each week in Montreal and Quebec.

For the stations in Sherbrooke, Trois-Rivières and Saguenay, the CRTC is requiring Remstar to increase its commitment to broadcast local news from 50 minutes each week to one hour. Over and above these amounts, Remstar will have to broadcast at least 30 minutes of news programming every Saturday and Sunday on all TQS-affiliated stations.

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While these amounts are much lower when compared to other conventional television stations, the Commission recognizes that TQS has suffered, and continues to suffer, important monetary losses. For this reason, it has allowed for a temporary measure on an exceptional basis in order to give Remstar an opportunity to improve TQS's financial situation.

The CRTC will revisit the conditions relating to Remstar's news programming commitments during a public hearing that will be held in spring 2011. At that time, the Commission will also reassess the issue of priority programming and Remstar's plans for the transition from analog to digital broadcasting.

Today's decision follows a public process that included public hearings held June 2 in Montreal, June 3 and 4 in Quebec, and June 12 in Gatineau.

Broadcasting Decision CRTC 2008-129

The CRTC

The CRTC is an independent, public authority that regulates and supervises broadcasting and telecommunications in Canada.

Reference document: Broadcasting Notice of Public Hearing CRTC 2008-5

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Media Relations:

[MediaRelations](#), Tel: 819-997-9403, Fax: 819-997-4245

General Inquiries:

Tel: 819-997-0313, TDD: 819-994-0423, Fax: 819-994-0218

Toll-free # 1-877-249-CRTC (2782)

TDD - Toll-free # 1-877-909-CRTC (2782)

[On-line services](#)

These documents are available in alternative format upon request.

Backgrounder on Remstar's acquisition of TQS inc.

Remstar Diffusion inc. has acquired the following conventional television stations:

Province	Conventional television stations
Quebec	CFJP-TV Montréal
	CFJP-DT Montréal (Transitional digital station)
	CFAP-TV Québec
	CFRS-TV Saguenay
	CFKS-TV Sherbrooke
	CFKM-TV Trois-Rivières
	TQS Network

Programming commitments

With the conditions imposed by the Commission, TQS will broadcast, at a minimum, the following amounts of programming:

Location	Local Programming	Category 1 news*
Montreal	15 hours/week	2 hours/week 30 min./Saturday and Sunday
Quebec	10 hours/week	2 hours/week 30 min./Saturday and Sunday
Saguenay	1h30/week	1 hour/week 30 min./Saturday and Sunday
Sherbrooke	1h30/week	1 hour/week 30 min./Saturday and Sunday
Trois-Rivières	1h30/week	1 hour/week 30 min./Saturday and Sunday

*Category 1 news programming consists of newscasts, newsbreaks and headlines, as well as programs reporting on local, regional, national and international events. Such programs could include weather reports, sportscasts, community news and other related features or segments. Local news is considered as part of the total amount of local programming for the station where the programming originated.

Local news programming

The Commission previously observed that:

The *Broadcasting Act* states that the Canadian broadcasting system should “encourage the development of Canadian expression by providing a wide range of programming that reflects Canadian attitudes, opinions, ideas, values and artistic creativity.”
The primary contribution by local stations to this objective, within

their own communities, is the local news and information programming they produce. (Public Notice CRTC 1995-48)

Additionally, in *Building on Success – A Policy Framework for Canadian Television* (1999), the Commission announced that, at their next licence renewals, conventional television stations would not be required to make precise commitments regarding the broadcast of local news programs.

However, licensees were required to demonstrate how they intended to meet the demands, and reflect the particular concerns, of their audiences through local news or other local programming. The Commission reserved the right to impose specific conditions of licence should it determine that a licensee had failed to respond to legitimate community needs.

In the decision issued today, the CRTC stated that its view has not changed. Local programming containing newscasts both on weekdays and the weekend constitutes an essential part of the required programming.

Furthermore, a conventional television station may not solicit local advertising in a given market unless it provides local news or other local programming. In this instance, TQS's programming plans will permit it to continue selling local advertising in each market served by its stations.