



CRTC approves Shaw-Canwest; announces a review of its "vertical integration" framework

October 23, 2010 by Stephen Zolf

Shaw Communications Inc.'s purchase of the Canwest Global Communications Corp. television properties was approved by the CRTC on October 22, 2010. On the same day, the CRTC announced that it will hold a public process in 2011 to review its regulatory framework relating to "vertical integration". The CRTC's rationale for the policy review is what it refers to as "growing trend of industry consolidation and vertical integration taking place in the Canadian broadcasting industry". The CRTC cited acquisitions that have taken place over the last decade, including the transfer of control of TVA to Quebecor Media Inc. in 2001, the transfer of the Citytv stations to Rogers Media Inc. in 2007 and the 2010 Shaw-Canwest acquisition. The CRTC also pointed to the announcement by BCE on September 10, 2010 that it would acquire sole control of CTVglobemedia Inc.

What's interesting is that the transactions cited by the CRTC represent consolidation of programming and distribution undertakings (with the exception perhaps of Quebecor which also has a significant production arm). However for the purposes of its policy review, the CRTC has defined "vertical integration" to include the combination of programming undertakings and production companies. This is somewhat puzzling given that the broadcaster-producer integration is no longer as prevalent as it was in the last decade when entities such as Canwest-Fireworks and Alliance Atlantis were vertically integrated into production. Both of these companies ultimately ceased their production activities to become pure play broadcasters.

Is the Commission just being thorough here or are there winds of change blowing in the ownership structure of the independent production sector?

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