

**Fees for specialty channels**

**Quebecor calls for changes to benefit consumers and the industry**

**Montréal, April 9, 2019** – Notwithstanding Bell’s claims in recent days, the solution to the current situation in the broadcasting industry lies in an equitable redistribution of carriage rates for all specialty channels. Bell and its specialty channels enjoy unfair advantageous rates based on historical criteria rooted in its former monopoly status. This inequitable situation does not reflect current realities in the television industry. Quebecor is therefore calling for carriage rates to be based on performance criteria that reflect viewers’ interests. Bell must surrender its historical privileges.

Quebecor’s goal in making this case is to enable specialty channels to innovate and offer original content, without increasing the bill for consumers. At the end of the day, this will mean fairer sharing of the revenue pie from the subscription fees paid by broadcasting distribution undertakings for all specialty channels.

When Bell increases the carriage rates for its specialty channels even as their ratings are declining, does it benefit viewers? When Bell offers RDS at no extra charge but makes its customers pay an extra \$14 for TVA Sports, does that benefit viewers?

**TVA Sports and RDS: comparable channels**

TVA Sports and RDS are two comparable sports channels: similar viewing hours per subscriber, similar spending on content and similar viewer satisfaction levels.

With respect to consumer appreciation, which is an important criterion, a recent Léger survey found that 85% of respondents consider TVA Sports and RDS to be of equal value.\*

While RDS has a larger subscriber base than TVA Sports because of its history as a monopoly for more than 30 years and unfair distribution practices, viewing hours per subscriber are practically identical and are in fact higher for TVA Sports during some periods. While Bell claims there is a 67% gap, the difference is actually 2%.

Bell gives RDS an undue advantage over TVA Sports by excluding TVA Sports from its “Good” package, which is its most popular one, while RDS has been included since its launch. Why does Bell give the two English-language sports channels, Sportsnet and TSN, equal treatment in every province of Canada, while unjustly depriving French-speaking sports fans in Québec?

Regarding programming investments, RDS spends \$122 million on content and TVA Sports spends \$112 million, a 9% gap even though RDS' revenues are 63% higher. The numbers are indicative of the importance TVA Sports attaches to bringing its subscribers the best possible content.

### **Innovating for Québec consumers**

It is time for the industry to innovate and adapt to current realities. Innovative capacity has always been a central concern for Quebecor, Videotron and TVA. Eight years ago, Videotron broke new ground by launching its own mobile network, creating healthy competition and giving Quebecers some of the lowest mobile rates in the country. Videotron also pioneered pick-and-pay packages, which are more economical for consumers and meet the growing demand for choice and flexibility. For its part, TVA broke open a monopolistic market by launching a number of specialty channels at the beginning of the new millennium, offering viewers a wider selection of innovative content. These are just some concrete examples of the ways in which Videotron and TVA have brought positive change to Québec's competitive landscape and allowed consumers access to the best products on the market.

Given its gigantic stature, Bell has no interest in any change or improvement to the rules. The status quo works in its favour. However, Bell's intransigence is jeopardizing the survival of specialty channels and their programming. Quebecor is sounding the alarm in order to safeguard the diversity of television offerings and protect viewers.

"We don't want to increase the bill for consumers," says Pierre Karl Péladeau, President and CEO of Quebecor. "What we want is to redistribute subscription fees based on performance rather than historical criteria. Consumers are paying too much for Bell's channels. Those fees should be redirected to channels, including TVA's, that have been able to innovate and create competition, for the benefit of television viewers."

### **About Quebecor**

Quebecor, a Canadian leader in telecommunications, entertainment, news media and culture, is one of the best-performing integrated communications companies in the industry. Driven by their determination to deliver the best possible customer experience, all of Quebecor's subsidiaries and brands are differentiated by their high-quality, multiplatform, convergent products and services.

Québec-based Quebecor (TSX: QBR.A, QBR.B) employs more than 10,000 people in Canada.

A family business founded in 1950, Quebecor is strongly committed to the community. Every year, it actively supports more than 400 organizations in the vital fields of culture, health, education, the environment and entrepreneurship.

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**Sources:**

Numeris – Quebec Franco, September 1, 2017 to August 31, 2018, Mo-Su, 2a-2a, t2+

CRTC, French language specialty and pay services, Discretionary and On-Demand Services - Statistical and Financial Summaries,” 2017 data, residential / TVA Group data

Léger – Survey of 1,006 Quebecers aged 18 and over, February 2019.