

Board of DirectorsMarch 21st, 2012**Subject matter**

Out-sourcing the review and clearance of advertisements carried on CBC/Radio-Canada services.

Background

The Corporation currently reviews and clears advertising carried on its services by applying the corporate policies called: Advertising Standards. In order to give effect to this group of policies, the company employs 8 people within the media offices and has 1 full-time and 1 part-time position within the corporate office. These individuals review all advertisements to be aired on our television and Internet services.

Expert organizations such as Advertising Standards Canada and the Television Bureau of Canada, offer bilingual clearance services to their members, for the purpose of reviewing and clearing advertisements pursuant to specific and well-recognized standards. Both organizations are considered highly reputable and their services are recognized by the CRTC, and used by the vast majority of the broadcasting industry. The advertising standards of these organizations are very similar to our existing Advertising Standards.

CBC/Radio-Canada is a member of both organizations.

Information on the matter

See attached documents.

For decision For information **Prepared by**

Name: **Steven Guiton**, Vice-President and Chief Regulatory Officer

Date: March 21st, 2012

Recommendation

That the Corporation be permitted to out-source the review of advertisements to be carried on its services to outside expert organizations, and to modify the existing Advertising Standards policies to reflect such potential out-sourcing. Effective April 1, 2012.

Last discussed at the Board

Date:	N/A
Decision made:	N/A

Next steps

N/A

Out-sourcing the Clearance of Advertising on our Services

Overview:

The purpose of this initiative is to enable the Corporation to out-source the clearance of advertisements that would be carried on its services to an outside expert organization.

For now, the Corporation would outsource the clearance of television advertising only (to the Telecaster service offered by the Television Bureau of Canada.)

This proposal would reduce the in-house resources currently employed to review and approve all of our advertising by 70%. The remaining 30% of the current resources (1 person in ETV, 1 person in FTV, and 1 and 1/3 individuals in Corporate) would help work through, for as long as required, the transition to the new provider for TV ad approvals.

The proposal to maintain some in-house expertise would also enable the Corporation to continue its in-house review of on-line advertising, which is not yet performed by any outside organisation, and to manage the clearance of advertising on any other of the Corporation's services should that be required in the future. For example, if the CRTC permits the Corporation to offer advertising on its radio services, the use of the 3 1/3 FTE in-house expertise described above (plus outside organisations as required) will be sufficient to review and clear all radio advertising: there will be no need to re-hire Advertising Standards personnel.

Considerations:

- i. Out-sourcing the clearance of advertisements to a recognized national bilingual operation supports the objective of increasing operational efficiencies within the company.
- ii. Management has reviewed the standards of both the Telecaster clearance service and those of Advertising Standards Canada and has concluded that the use of those standards, combined with the continued application of our Programming Policies, would replicate both the intent and the effect of our existing Advertising Standards. It is expected that a transitional period of at least 6 months to one year will be required to adopt fully the new approval processes and ensure that they function appropriately and give accurate effect to our Programming Policies.
- iii. All industry clearance services are voluntary and do not prevent broadcasters from rejecting advertisements, if they so choose.
- iv. Management is recommending that the existing Advertising Standards policies be modified, as identified in page 3, to permit the Corporation to employ expert organisations in the review and clearance of advertising on its services, when it chooses to do so, and when such organisations offer advertising standards that are in line with the Corporation's Advertising Standards. The Corporation's existing Advertising Standards policies would continue to apply in other cases,

such as for on-line services, where the services of expert organisations are not available, and in-house resources are to be used.

Policy 1.3 Review and Clearance of Advertisements on CBC\Radio-Canada Services

EFFECTIVE: April 1, 2012

RESPONSIBILITY: Executive Vice-President, English Services and Executive Vice-President, French Services

Policy:

CBC/Radio-Canada is responsible for all that it carries on its services. Everything carried on CBC/Radio-Canada services is subject to the provisions of its Programming Policies.

As Canada's national public broadcaster, CBC/Radio-Canada adheres to a set of core values, ethics and standards that govern the operation of all its services.

As CBC/Radio-Canada broadcasts in the public interest, it is essential that it maintain a proper perspective concerning its commercial activities. While CBC/Radio-Canada recognizes that the sale of commercial time or space provides an important source of revenue, its first priority is to deliver distinctive, high-quality programs to its citizens and not consumers to advertisers.

TO BE ADDED: CBC/Radio-Canada may use nationally recognised clearance services for the purpose of reviewing and clearing advertisements on its behalf and may apply the advertising standards of the clearance service used. Otherwise, CBC/Radio-Canada advertising standards shall be applied.

CBC/Radio-Canada reserves the right to accept or refuse any commercial message, to limit the period of time for which a commercial message is approved, and/or to withdraw its approval.

CBC/Radio-Canada does not sell program time.