

Following a survey of national advertisers and joint CBC affiliate station discussions, a two-tier network/station line-up concept was developed. Existing affiliates are now divided into two groups: Group 1 constituting twenty-six outlets representing CBC and affiliated stations which the advertisers considered as being most important in terms of advertising marketing requirements, with Group 2 containing seventeen stations both CBC (Cornerbrook and Charlottetown) and smaller private affiliated stations. The new system has been designed so that the "seventeen optional" stations in Group 2 would not be at a financial disadvantage. (The financial compensation arrangements are explained under subparagraph (e) below.). The plan will go into effect September 1, 1972 for a two-year agreement period. Provision will be made for a financial review at the end of the first fiscal year.

The Directors noted the following major features of the plan and revenue benefit expectations.

- (a) It is expected that network payments to affiliates for the program year 1972/73 will increase substantially.
- (b) Every affiliate will receive in accordance with established network rates, payments for all network sales made.
- (c) Stations in the Group 2 list will have the option of selling national selective or local advertising in the unordered network positions.
- (d) Stations in the Group 2 list that are unordered and must cover-off network advertising with public service or promotional announcements will receive payment for this operation at the rate of \$3.00 per minute of commercial time covered off.
- (e) An important aspect of this cover-off payment is that all stations in both Group 1 and Group 2 categories will contribute to a fund established through a pro-rate reduction in network station payments to provide this cover-off payment to Group 2 stations. It is not anticipated that cover-off contributions by each station would exceed 1.7 per cent of their total network station time payments.

At the end of the discussion the President suggested that, because copies of our affiliated agreements are filed with the CRTC, and because of the general importance of this new approach and its possible impact on CTV and affiliate station operations, it would be wise for the Corporation to brief the CRTC about these new arrangements.

CANADIAN PRESS CONTRACT

Reporting on the progress of negotiations with Canadian Press to arrive at a new contract, Mr. Ouimet advised that following consideration of many proposals and counter proposals, the Corporation had sent a letter to CP accepting their last submission. The Corporation has achieved in having removed the previous restriction which limited to one feed the number of newcasts permitted to TV affiliated stations between 5:30 pm and midnight. A special study group has been established to take under advisement and review questions such as electronic journalism, etc. The cost of the new 3-year agreement will be \$475,000 for the first year and \$500,000 for the second and third years. Noting that this was still conditional on CP acceptance, the Directors authorized that the Corporation's negotiating team and Management finalize the CP contract when agreement is received.