Dear Mr. Secretary General,

Re: Engagement of the Access 2020 Coalition on February 3, 2011 in response to questions from Commissioner Duncan

Introduction

1. On 3 February 2011 representatives of the Access 2020 Coalition, led by Media Access Canada, appeared before the CRTC to answer the CRTC’s questions with respect to the intervention filed for the Coalition, entitled A Bridge to the Future.

2. We welcomed the Commission’s questions, and are now filing the response requested by Commissioner Duncan. The relevant portion of the 3 February 2011 transcript is set out below:

2350 COMMISSIONER DUNCAN: ...

2352 I have a few questions. As the Chair has just questioned, in this transaction you are looking at $26 million. In your written submission you refer to the fact that your suggestion that the Commission continue the fund by adding to it 1 percent of all similar transactions to the year 2016.

2353 So just following along on that, first, I am just wondering how much -- it is difficult to predict that those monies would be, what the flow of income would be on that basis over that next period of time. So I am wondering, working at it from the cost side, what your projections are for your needs by projects.

2354 Like, you do mention in your written and you mentioned here again this morning a number of deliverables. Can you give us an idea of how that money would breakdown over those..? Because you are using this money as a fund, you are going to operate from the proceeds?

2355 MS MILLIGAN: Yes, absolutely. We have put a lot of thought into cost and we would actually like to provide that to you following this presentation, within the next say 48 hours, if we could provide that to you. We have done a lot of work in that area.

UNDERTAKING
Accessibility Initiative

3. The Accessibility Initiative involves a contemporary business approach to the creation of an independent fund whose annual investment income will pay for and stimulate projects in five separate envelopes. The envelopes will include projects as follows:

- the development and validation of digital standards and best practices guidance for accessible content across all communications platforms,
- monitoring achievement of the standards through empirical research and a complaints mechanism of the achievement of the standards,
- technical R&D targeted at reduce costs and streamlining broadcast distribution,
- business innovation that models revenue opportunities, as well as marketing and education.

4. The five envelopes have been flexibly designed to recognize that the return on investment in the Accessibility Trust may fluctuate over time depending on national economic conditions. We have proposed a five-year term for receipt of tangible benefits monies, as our objective is to ensure that in conjunction with annual interest income from the trust fund, the Accessibility Initiative will leverage additional financing going forward.

5. The components of the five envelopes are as follows:

1. Standards and best practices includes the development and implementation of validated standards and published best practices guides (that will include approaches for broadcaster self-monitoring)

2. Monitoring includes validation, software design, statistics for CRTC monitoring reports, analysis of the costs and revenues of accessibility, the monitoring of new media with respect to accessibility, and a complaints monitoring mechanism.

3. Technical innovation includes an objective of reducing costs for producing accessible content and for ensuring that handheld devices and boxes are functional interfaces that permit the development and introduction of new digital options for accessibility.

4. Business innovation includes the development of business cases, seed funding, and expanded markets for new revenues to underwrite the costs associated with accessible content
The education envelope includes the promotion of the work being undertaken within the other four envelopes, the development of post-secondary educational curricula, and the promotion at conferences and other events of Canada’s approach to achieving 100% accessibility by 2020.

**Phase 1 (first twelve months): Launch**

$477,360

6. The first step to achieving complete accessibility involves standards. Complete standards are vital, as they will enable broadcasters, distributors and producers to understand the targets to be met to achieve complete accessibility. As established in Public Notice CRTC 1988-13, standards consist of more than numeric targets, and when initiated outside the CRTC must meet specific criteria set by the CRTC. We intend to respect the requirements of Public Notice CRTC 1988-13, while balancing the full participation of persons with disabilities, broadcasters, distributors, telecommunications, and production houses. The appropriate balance may vary according to the nature of the standard being addressed: user interfaces, for example, must place the needs and interests of persons with disabilities first, while broadcast production and distribution standards will be weighted in favour of engineers and manufacturers.

7. Developing standards will therefore require the formation of bilingual committees with technical, engineering and user community expertise. Phase I of the Accessibility Initiative will permit each committee

- to meet to determine its administrative and research needs
- to engage engineering and technical expertise, and
- to draft standards and test them in production, distribution and presentation settings.

8. Phase I does not include expenditures for business innovation, which will be an activity that begins in Phase 2.

**Phase 2 (years 2, 3 and 4): Validation, monitoring, innovation and education**

$1,012,000

($337,350 per annum)

9. The second stage of the Accessibility Initiative involves the review and validation of the standards developed in Phase I, by the communities for whom the standards are being developed. The Accessibility Initiative will ensure that individual experts who contribute their time and expertise in living a disability, and who test our and other products, will be compensated for their time. Phase 2 also introduces business innovation projects, in which business plans will be created to address primary and secondary revenue markets.
10. As Phase I introduced the standards and best practices, Phase 2 will transfer information to academic intuitions for the development of curricula targeted at students working towards careers in film, television and new media production. In addition, funding under Phase 2 will enable attendance at conferences such as the International Institute of Communications to promote the success of Canada’s policy to provide accessibility. It will also permit participation in academic and other publications to expand access to Canada’s approach to accessibility. Finally, during Phase, the successes of the partners and programs involved in each of the envelopes will be publicly recognized.

Phase 3 (begins year 5): Ongoing long-term activities $473,000

11. The third phase of the Initiative will begin in 2016, the last year in which we anticipate the need for tangible benefits funding. In this phase, the Initiative will undertake projects within each of the five envelopes. Most importantly, however, Phase 3 begins 4 years from the time at which complete accessibility is expected. The focus of Phase 3 initiatives will be on ensuring demonstrable impact on increasing the volume of high-quality accessible content. Empirical analysis will be undertaken to determine whether priorities within the envelopes must be re-examined to achieve the 2020 objective.

Annual operating budget

12. The Access 2020 Coalition has considered the needs of Canadians with disabilities and initially developed a budget that would fully address these needs. In light of the Chair’s comment, at the end of our presentation, however, that Canadians with disabilities should manage their expectations of this process, we reviewed our budget and eliminated desirable and useful but non-essential items.

13. The table below sets out costs, by envelope, for the first, second and third phases of the Accessibility Initiative:

<table>
<thead>
<tr>
<th>Envelope</th>
<th>Phase 1: Year 1 budget</th>
<th>Phase 2: Years 2, 3 and 4</th>
<th>Phase 3 Year 5 on</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Standards and Best Practices</td>
<td>60,000</td>
<td>80,000</td>
<td>50,000</td>
</tr>
<tr>
<td>2 Monitoring</td>
<td>220,000</td>
<td>515,000</td>
<td>165,000</td>
</tr>
<tr>
<td>3 Technical Innovation</td>
<td>132,000</td>
<td>132,000</td>
<td>132,000</td>
</tr>
<tr>
<td>4 Business Innovation</td>
<td>0</td>
<td>100,000</td>
<td>35,000</td>
</tr>
<tr>
<td>5 Education</td>
<td>30,000</td>
<td>110,081</td>
<td>56,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>442,000</strong></td>
<td><strong>937,081</strong></td>
<td><strong>438,000</strong></td>
</tr>
<tr>
<td><strong>Administration 8%</strong></td>
<td>35,360</td>
<td>74,966</td>
<td>35,040</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>477,360</strong></td>
<td><strong>1,012,047</strong></td>
<td><strong>473,040</strong></td>
</tr>
</tbody>
</table>
Cost to achieve 100% accessibility in 2020

14. The Access 2020 Coalition proposed that 1% of the value of ownership transactions be allocated to the Accessibility Initiative. Our plan was based on the notion of a trust fund whose annual investment interest would provide sufficient funding for all the initiatives needed to achieve 100% high-quality captioning and descriptive video across the many digital operating environments used by Canadians.

15. The table below sets out the revenue from the Accessibility Fund at three critical points.

<table>
<thead>
<tr>
<th>Simple interest</th>
<th>Principal</th>
<th>Interest rate</th>
<th>Time (years)</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>@ $5.7 M</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-3 year</td>
<td>$ 5,700,000</td>
<td>0.0162</td>
<td>1</td>
<td>$92,340</td>
</tr>
<tr>
<td>3-5 year</td>
<td>$ 5,700,000</td>
<td>0.0228</td>
<td>1</td>
<td>$129,960</td>
</tr>
<tr>
<td>5-10 year</td>
<td>$ 5,700,000</td>
<td>0.0299</td>
<td>1</td>
<td>$170,430</td>
</tr>
<tr>
<td>@1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-3 year</td>
<td>$ 23,600,000</td>
<td>0.0162</td>
<td>1</td>
<td>$382,320</td>
</tr>
<tr>
<td>3-5 year</td>
<td>$ 23,600,000</td>
<td>0.0228</td>
<td>1</td>
<td>$538,080</td>
</tr>
<tr>
<td>5-10 year</td>
<td>$ 23,600,000</td>
<td>0.0299</td>
<td>1</td>
<td>$705,640</td>
</tr>
<tr>
<td>@ $5.7 + $13.3 M = $</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-3 year</td>
<td>$ 19,000,000</td>
<td>0.0162</td>
<td>1</td>
<td>$307,800</td>
</tr>
<tr>
<td>3-5 year</td>
<td>$ 19,000,000</td>
<td>0.0228</td>
<td>1</td>
<td>$433,200</td>
</tr>
<tr>
<td>5-10 year</td>
<td>$ 19,000,000</td>
<td>0.0299</td>
<td>1</td>
<td>$568,100</td>
</tr>
</tbody>
</table>

16. The $5.7 million tangible benefit will generate approximately $170 thousand dollars per year in interest.

17. Combining the $5.7 million tangible benefit with the $13.3 million still to be allocated (being the difference between the 10% and 5% of television assets) yields a total of $19 million, which could generate approximately $568 thousand per year in interest.

18. Finally, our original request of 1% would yield $700 thousand per year in interest.

19. We have taken the Chair’s advice to heart and have eliminated a number of projects from the five envelopes, and believe the Accessibility Initiative would benefit from a compromise of the $19 million.
Thank you for the opportunity to clarify our response to Commissioner Duncan’s question.

Sincerely yours,

Beverley Milligan

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