

Canada government can't intervene in BCE decision (Update)

October 18 2012, by Rob Gillies

(AP)—The Canadian government said Friday it can't overturn a decision by the country's broadcast regulator to reject Canadian telecom giant BCE Inc.'s bid to buy Astral Media Inc. for US\$3.4 billion.

Sebastien Gariepy, a spokesman for the heritage minister, said decisions by the Canadian Radio-television and Telecommunications Commission are made independent of the government. He said the federal cabinet has no legal ability to overturn the decision. Industry Minister Christian Paradis also said the government respects the CRTC's decision.

The regulator blocked the deal on Thursday, saying it would have resulted in an unprecedented level of consolidation in Canada's media industry.

BCE is Canada's largest internet service provider, the second largest wireless service provider and third largest television distributor in Canada. The country's largest telecom company had wanted to create a media powerhouse with more content to deliver to televisions, tablets and mobile devices.

Astral is Canada's largest pay and specialty TV broadcaster, owning 25 TV stations including The Movie Network and HBO Canada. It also owns 84 radio stations in 50 Canadian markets and is the third-largest outdoor advertising company.

BCE called the decision appalling and said it would ask the federal

cabinet to intervene. George Cope, the president and CEO of BCE, told BCE-owned BNN television Friday that they'll ask the cabinet to order the CRTC to follow their rules. Cope said market share rules were followed and said never in his wildest dreams did he contemplate the CRTC deducting Canadian viewership of U.S. channels in the market.

"Conveniently, Canadian viewership of American channels was taken out of the definition of the market and there are 200 American channels," Cope said.

Many had expected the regulator would approve the deal with conditions.

BCE can still appeal to the Federal Court of Appeal.

BCE had argued it needed to do the deal to compete with U.S. rivals like video subscription service Netflix, and they pledged tangible benefits by adding \$240 million in funding for programs.

Most of BCE's competitors said the deal would have placed significant market power in the hands of one company. Phil Lind, vice chairman of BCE rival Rogers Communications, commended the CRTC for the "courageous decision" and said it was a good day for consumers.

Shares of Astral plunged almost 16 percent in afternoon trading on the Toronto Stock Exchange.

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