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May 7, 2001

DELIVERED

Ms. Valerie Smith
P.O. Box 119, Unit 3
4500 Kingston Road
Toronto, Ontario
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Dear Ms. Smith:

Re: Complaint in Relation to Bell ExpressVu Adult Programming

The Canadian Radio-Television and Telecommunications Commission ("CRTC") has requested that we respond to your letter to them of April 9, 2001.

In your letter, you raised concerns with certain Adult programming material which had been broadcast as part of Bell ExpressVu's pay-per-view service. In particular, relying on excerpts which appeared on the Fifth Estate, and broadcast over-the-air throughout Canada, you referred to the material as "sexually violent and degrading".

Adult entertainment programming is a relatively new area for the Canadian broadcast industry. It is governed by a number of regulatory standards and industry codes of conduct. Bell ExpressVu had developed and maintained an Adult Programming Distribution Policy and associated practices, which we believed ensured compliance with all of the legal and regulatory standards that govern the broadcast of adult programming by pay-per-view licensees in Canada. Specifically, our Policy restricts the broadcast of material depicting sexual degradation, violence, humiliation or dehumanization, amongst other unacceptable material.

We have also ensured that adult programming is an adult choice, through developing a system of sophisticated and advanced technological safeguards into our pay-per-view system, including parental lockout security. These, together with our fully digital encryption system, prevent the unintentional viewing of adult programming.

For the vast majority of the adult films on our service we had been diligent in adhering to our Distribution Policy, and had ensured that those adult films received the necessary Ontario and Quebec film board approvals.

However, on the two channels which were the subject of the Fifth Estate Report, which were marketed under their network names "Extasy" and "True Blue", we purchased blocks of programming directly from the owners of those channels. Bell ExpressVu had a contractual agreement with the supplier of programming for these two channels which required compliance with all applicable Canadian laws and with programming standards which met the stringent requirements of our Distribution Policy.

While Bell ExpressVu relied on our supplier to meet those contractual requirements, we recognize that we also had an obligation to ensure that the standards were met. We could have had the opportunity to delete at our broadcast and uplink centre in Toronto any programming which did not meet internal guidelines respecting this type of programming.

We at Bell ExpressVu are deeply concerned that our policies and practices in this area may not have prevented the broadcast of material that was offensive to some Canadians, and when made aware of this, we took immediate action to stop broadcast of the two channels in question, and they will remain off the air.

In order to restore the integrity of our programming practices and to ensure that all current and future adult programming provided by ExpressVu's PPV undertakings will be in full compliance with its regulatory obligations, the Company has made a number of procedural and organizational changes to its PPV business. In addition, Bell ExpressVu has reviewed, in depth, its Adult Programming Distribution Policy. Changes have been made which we believe will assist our programmers in determining what adult programming content meets the various tests set out in the applicable regulations and broadcast industry codes. Furthermore this policy will be vetted by external programming experts in this field to ensure its efficacy and workability.

Specifically and first, ExpressVu has taken further steps to ensure that no adult programming will be shown on any *Vu!/Venus* PPV channels unless it has been pre-screened by designated and qualified *Vu!/Venus* staff, specifically, Bell ExpressVu's PPV Manager of Programming. This principle was incorporated in our original policy but was impacted by our use of satellite backhauls. Backhauls of this type will no longer be used for any adult programming.

All staff involved in the preparation and airing of adult programming (such as movie encoding, master control, etc.) will be regularly briefed and provided with copies of internal programming and editing standards in order to ensure compliance. To this end the Company has had discussions with and intends to retain a former Chair of the Ontario Film Review Board to both vet our internal policies and practices and

work with key staff to ensure their effective application. The Company notes that the majority of its adult PPV programming carries a rating from a provincial film review board, and the Company is currently pre-screening the remainder using content guidelines based on those used by the Ontario Film Review Board.

Second, the Company will regularly monitor the adult programming available from other sources and service providers to ensure that the *Vu!/Venus* programming continues to meet community standards. In order to ensure that senior management is familiar with the nature of Bell ExpressVu's adult PPV programming and editing standards, appropriate members of the senior management team will also screen representative titles with our PPV Manager of Programming on a monthly basis.

Third, the Company is currently in discussion with the Canadian Broadcast Standards Council in respect to developing an industry-wide PPV programming Code, hopefully to be administered by a new PPV panel within the current CBSC model.

Finally, the Company is committed to regularly reminding subscribers of the technological safeguards available to them to preclude minors and other persons from obtaining unintended access to explicit adult programming. These safeguards which effectively preclude unwanted or accidental access to certain categories of programming include parental lockout controls which can be used to prevent access, without a passcode, to any programming channels on the Bell ExpressVu service, or to particular services according to content ratings. In addition, strategic placement of certain genres of programming services separates them from the mainstream on our Electronic Program Guide. Bell ExpressVu's PPV service is also hard-encrypted, i.e. no signal is viewable or audible unless the channel is accessible and the subscriber orders the title. The Company also notes that the order process for adult titles requires three explicit positive affirmations from the subscriber before the title is decrypted.

Accordingly, we believe that Bell ExpressVu is taking every reasonable step to ensure that its adult programming meets with the expectations placed on it by all members of the Canadian community, both with respect to its content and availability.

We hope that this response has addressed the concerns that you have raised. If you have any further questions or require additional information, please do not hesitate to contact the writer.

Yours very truly,



Per. **David McLennan**
President & Chief Operating Officer