

# Broadcasting Notice of Consultation CRTC 2009-418

## Review of Campus and Community Radio

**Canadian Association of Broadcasters**

**Oral Presentation – January 19, 2010**

### **Introduction – Sylvie Courtemanche**

Bonjour monsieur le président, mesdames et messieurs les conseillers et membres du personnel du Conseil. Mon nom est Sylvie Courtemanche, vice-présidente aux relations gouvernementales de Corus Entertainment et également Présidente du comité des affaires réglementaires de l'ACR. Permettez-moi de vous présenter mes collègues. Tout d'abord, à ma droite, Paul Ski, chef de la direction des activités radio de Rogers Media et Président du Conseil de la radio de l'ACR. À sa droite, Paul Larche, Président et chef de la direction de Larche Communications et Président du Caucus de la radio indépendante de l'ACR et à sa droite, Chris Gordon, Président de CHUM Radio et Vice-président du Conseil de la radio de l'ACR. À ma gauche, Marc-André Levesque, Président et chef de l'exploitation de RNC Média/Saguenay Lac St-Jean et Vice-président du Caucus de la radio indépendante de l'ACR.

Derrière moi, de gauche à droite, Raj Shoan, Directeur des affaires réglementaires d'Astral Média Radio et membre du comité des affaires réglementaires de l'ACR, Pierre-Louis Smith, Vice-président, Politiques et

chef de la réglementation de l'ACR ainsi que Wayne Stacey, conseiller technique de l'ACR.

Mr. Chair and Commissioners, private radio broadcasters recognize that campus and community radio stations can play an important role in the Canadian broadcasting system by offering a diverse voice and grassroots outlet for community expression and reflection.

Community radio stations are often an important source of programming for under-represented groups, including minority-language and ethnic communities. These stations are also well positioned to offer niche music formats that contribute to the diversity of programming available in the system.

Our remarks are intended to offer constructive and helpful solutions to foster the growth and development of campus and community radio stations in the Canadian broadcasting system.

Our presentation today will focus on three key areas identified in this proceeding:

- Contributions to Canadian Content Development;
- Spectrum Management; and

➤ **The Regulatory Framework for Campus and Community Radio Stations**

### **Contributions to Canadian Content Development**

Private radio broadcasters make significant contributions to Canadian content development at both the national and local level.

Since 1998 these contributions have grown from a total \$3.9 million dollars to \$28.6 million dollars in 2008 representing a 615% increase in contributions – that is over 6 times.

Moreover, private radio faces significant increases in copyright payments from the current level of approximately 5% of revenues to close to 11% of the sector's total revenues.

Taken together, private radio's combined copyright and CCD payments have increased by more than 250 per cent over the past ten years, outpacing private radio's revenue growth over the same period by a ratio of 3.5 to 1.

In the current economic climate, these financial obligations are unduly onerous.

The advertising market for private radio is in its 14<sup>th</sup> month of revenue decline. In 2008, more than 1/3 of Canadian private radio stations were unprofitable. Furthermore, PriceWaterhouseCoopers (PWC) forecasts declining revenues until at least 2012.

For these reasons, private radio cannot support any increase to its current obligations relating to Canadian content development.

### **Mandatory Contributions to CCD - Raj Shoan**

Private broadcasters have a long history of supporting the community radio sector. For example, Astral has donated station equipment to CIDI in Lac Brome and, more recently, to CHAI in Chateauguay. This, of course, does not include the over half million dollars committed to both Radio Enfant Ado and Radio communautaire francophone d'Ottawa/Gatineau (RCFO) in 2009.

Moreover, broadcasters such as Astral Media Radio and CHUM Radio, have elected to commit significant financial contributions in support of the Community Radio Fund of Canada (CRFC). Cash commitments alone represent 2.4 million dollars over 7 years.

This is over and above the day to day contributions private radio broadcasters make in the form of internships at our stations, donations of

technical expertise and equipment, including preferential lease rates on our towers, and a variety of other tangible support. This relationship has evolved without the need for regulatory intervention.

As a result, we see no need for mandatory CCD contributions to community and campus radio initiatives such as the CRFC.

The CRFC's proposal assumes that there is a funding problem for all campus and community stations. In fact, the 2008 financial data put on the public file by the Commission demonstrates that this is primarily a small and medium market problem. Therefore there is a significant disconnect between the problem and the solution.

Furthermore, we do not see the need to set up a rigid funding system at the national level when community broadcasting is focused on the local level. A centralized system introduces a risk of undermining self-management and genuine community control, including a risk of devaluing the efforts of volunteers.

However, we do believe there are a number of measures the Commission can take to help support campus and community radio stations, and at the same time, foster a stronger relationship between the private and community radio sectors.

- One, providing greater flexibility to the CRFC to fund things such as infrastructure and capacity building within the campus and community sector. Its current mandate, which limits it to project-based funding, is simply too restrictive.
  
- Two, expanding the scope of eligible CCD contributions in order to recognize both in-kind donations as well as direct financial assistance. This could include the technical assistance required to change frequencies, transmission tower costs and studio equipment costs in addition to in-kind support. This would represent a clear incentive for private broadcasters to work with community broadcasters at the local level.
  
- Third, encouraging not-for-profit stations to seek charitable status. In a situation where direct subsidies are not possible, this would represent a significant funding opportunity.
  
- Finally, we believe the engagement of the Canadian government is essential. The CRFC was originally envisioned as an organization that would be primarily funded by the Government. Although this support has not materialized to date, we do not believe that the CRTC should use its regulatory powers to fund this sector.

If the Commission determines that mandatory annual contributions to the CRFC are warranted, we strongly believe that this contribution must **not** be taken from the discretionary portion that private radio directs to many worthy and deserving local initiatives. This would further inhibit local broadcasters' ability to invest in Canadian content development in our communities.

### **Spectrum Management – Chris Gordon**

We do not believe it would be in the public interest for the Commission to recommend to Governor in Council that it set aside radio spectrum for the expansion of campus and community radio stations. Given the scarcity of FM spectrum, and issues related to this congestion, we consider that the use of AM frequencies or Internet radio stations for campus and community radio represents a more viable alternative.

A number of campus and community radio representatives have advocated the concept of reserving frequencies to ensure the future development of campus and community stations across Canada. The NCRA recommends that, absent reserved frequencies, commercial, campus and community stations should be required to find creative technical solutions to use limited spectrum in a market, such as directional antennae.

With respect to reserved frequencies, private broadcasters are clear – this is not in the public interest. We continue to believe that applications should be assessed on their merits including, as suggested in the CKUA submission, whether the application has the support of the community it is intended to serve.

When specific frequencies are set aside for only one category of licence, everyone loses. This is because it inhibits the ability of the spectrum manager at Industry Canada to optimize band use in a way that ensures that as many licences as possible can be accommodated.

NCRA's alternative proposal is to "shoehorn" in new frequencies where necessary. This should only be done through negotiated changes to Industry Canada's current technical rules, and only when the benefits of proposed changes are available to all band users.

Should any new radio spectrum become available, for example channels 5 and 6, we believe the preferred approach should be to create a national allotment plan that takes everyone's needs into account at the outset. This would avoid inefficiencies in spectrum use which would inevitably occur by creating sub-bands for different categories of services.

Moreover, private broadcasters do not support the view that unprotected low-power stations should be granted protected status if assigned to campus or community services. Low-power stations are considered secondary operations under our domestic rules, as well as bilateral arrangements with the U.S. Protecting any of them would defeat the purpose of having this option in the first place, which is to encourage the establishment of simple and inexpensive local radio facilities.

We note that a number of parties to this proceeding have raised concerns regarding proper notification of frequency changes. As the Commission is well aware, Industry Canada requires broadcasters to provide advanced notice to low-power stations when they are at risk of losing their frequency to a commercial applicant. We suspect that, given the staff and volunteer turn-over at such stations, such notices may not always reach the proper recipient.

For these reasons, we support community radio's recommendation that the Commission create a web portal to update membership contact information on a more frequent basis.

Finally, with respect to the NCRA's desire for more sympathetic consideration by broadcasters of special technical cases, Industry Canada's rules already allow applicants to approach existing broadcasters with a request for protection concessions. All that is necessary to commence discussions is for the applicant to make a reasonable case, including the provision of engineering evidence predicting the potential impact of its proposal on the incumbent station.

### **Le cadre réglementaire de la radio communautaire et de campus – Marc-Andre Levesque**

Dans la plupart des petits marchés desservis par une ou quelques stations de radio commerciale, le rôle de la radio privée en est un de premier service qui reflète les intérêts de la communauté que nous desservons. Nous nous impliquons dans une foule d'activités communautaires et agissons comme moteur de promotion de l'activité économique de notre région.

Dès lors, lorsqu'une radio communautaire s'implante dans un marché desservi par la radio privée commerciale, et particulièrement dans le marché francophone, nous constatons très fréquemment que la radio communautaire adopte une programmation concurrentielle à la radio privée.

Par conséquent, dans bien des marchés où la radio communautaire et la radio commerciale co-existent, il n'existe peu ou pas de différence entre la radio communautaire et la radio privée commerciale, si ce n'est que l'une est à but lucratif et l'autre pas.

D'ailleurs, les radios communautaires affirment elles-même qu'elles sont en concurrence avec la radio commerciale pour la quête d'auditoire et de publicité.

Dans une telle situation, on ne peut concevoir qu'un radiodiffuseur privé soit forcé de verser des contributions monétaires en développement de contenu canadien pour soutenir financièrement son concurrent.

Par ailleurs, nous sommes préoccupés par la recommandation provenant de ce secteur à l'effet d'assouplir le cadre réglementaire applicable à la radio communautaire, et je cite, « afin de lui permettre d'être plus compétitif. »

Nous croyons au contraire que le cadre réglementaire applicable au secteur de la radio communautaire doit assurer que lorsque la radio communautaire et la radio commerciale partagent un même territoire de desserte, la radio communautaire offrira de façon claire et mesurable, une programmation complémentaire à l'offre de la radio privée commerciale.

**Paul Larche**

Private radio broadcasters believe that the public interest best lies in ensuring that campus and community radio continue to complement private radio. In other words, we believe that the community radio policy framework resulting from the current proceeding should ensure that these media outlets do not become direct competitors to private radio.

To this end, private broadcasters recommend that the Commission adopt an approach that would apply uniformly to campus-based and community-based radio stations operating in markets already served by commercial radio stations.

In order to ensure that campus and community radio complements commercial radio, we recommend that 30% of the broadcasting week be devoted to spoken word programming and that these programs be distributed throughout the broadcast week. Further, we recommend that, of the 70% of the programming schedule devoted to musical selections, 30% be drawn from categories other than subcategory 21 (pop, rock and dance) and that these musical selections be aired throughout the broadcast week.

We also believe that it is important that not-for-profit stations provide a wide diversity of musical selection. As a result, we recommend that no more than 30 per cent of popular music selections be devoted to hits, and that these selections should be aired throughout the week rather than being concentrated in prime time.

We think these measures will ensure that campus and community radio is different from other elements of the Canadian broadcasting system and remains complementary to, as opposed to competitive with, private commercial radio.

### **Conclusion – Paul Ski**

Mr. Chait and Commissioners, in conclusion we believe we can best foster collaborative partnerships between private broadcasters and not-for-profit radio broadcasters where the roles of each sector are clearly articulated. Campus and community radio must complement private radio and the revisions to the campus and community radio policy frameworks should set out programming obligations that are distinct from private radio.

Mandating private radio broadcasters to fund campus and community radio sectors will not foster collaborative partnerships between the two. If public policy necessitates the support of this sector then this should be accomplished through government subsidies, direct community funding or campus and community stations obtaining charitable status.

Setting aside radio spectrum for the expansion of campus and community radio stations may not result in more of these stations. In a congested FM frequency band environment, this option creates more problems than solutions. Rather, the Commission should consider the opportunities currently available on the AM band or Internet for the expansion of campus and community radio services.

We thank you for this opportunity to expand on our submission and provide our solutions on how to address the issues in this proceeding. We would be pleased to answer your questions.