



**Friends of Canadian
Broadcasting**

**FRIENDS' Intervention in CRTC 2021
Commercial Radio Review**

MARCH 29, 2021

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Mr. Claude Doucet
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Re: Broadcasting Notice of Consultation CRTC 2020-374 (Notice), Call for comments – Commercial radio policy framework review

Dear Mr. Doucet,

1. FRIENDS of Canadian Broadcasting (FRIENDS) is pleased to provide these general comments in respect of the appropriate radio policy framework for commercial radio going forward. FRIENDS submits that an appropriate forward looking regulatory framework would ensure private radio continues to play an important role as a provider of local news and information to Canadians, recognize that private broadcasters' capacity to contribute to public policy goals is not infinite, and look to incorporate online providers into the regulatory framework to ensure that changing delivery models do not negatively impact funding of news and information or reduce support for Canadian music and artists.

Introduction

2. FRIENDS is an independent watchdog for Canadian programming. We are 100% citizen supported and are not affiliated with any broadcaster or political party.
3. The Commission's Ipsos Reid study provides a useful indication of Canadians' attitudes towards private radio.¹ Its findings in respect of news programming are consistent with FRIENDS own past research on point,² and its conclusions should inform policy towards radio in general and private radio in particular.³ We note in particular:

¹ *Attitudes and opinions towards commercial radio in Canada*, Ipsos Public Affairs, January 2021 available at <https://epe.lac-bac.gc.ca/100/200/301/pwgsc-tpsgc/por-ef/crtc/2021/090-19-e/index.html>

² Friends canvassed Canadians on the importance of local news and the need for the CRTC and Canadian government to act in public opinion polls conducted in 2015 and 2017. For example, Nanos Research poll conducted for FRIENDS in May 2017 found that seven-in-ten Canadians (70%) agree their MP should work to keep local broadcasting strong, while more than half (54%) think the federal government should be active in supporting local news. Only one-third (32%) think the fate of local news in Canada should be left to the market to decide.

³ We do however feel that Ipsos' observation "Considerably fewer [Canadians] feel having access to CBC Radio/ ICI Radio-Canada (28%) ... is particularly important to them" while numerically correct is unfair. Canadian's support for CBC Radio/ICI Radio-Canada is actually extraordinarily high when one considers the relative number of stations (64 to private radio's 719 in 2019 or 9%) and revenues (\$325 million to private radio's \$1.45 billion in 2019 or 22%): CRTC Financial Summaries. In fact, Ipsos Research also found that satisfaction with the listening experience is as high for CBC Radio/ICI Radio-Canada (48%) listeners as commercial AM/FM radio (47%) listeners.

- The vast majority of Canadians (68%), report listening to commercial radio on at least a weekly basis, the most of any broadcast platform, including four in ten (39%) who listen daily
 - Four in ten (39%) report listening to streaming music services on a weekly basis, but “relatively few” listen to commercial radio on desktop computers and smartphones (10%) or a desktop computer, laptop or tablet (12%)
 - Important aspects of commercial radio include having access to weather (51%), national news (48%) and to a lesser extent international news (40%).
 - The fact that commercial radio is free of charge is by far the thing Canadians like most about it (60%), followed by its convenience and simplicity (30%), the connection it gives them to their local community (30%), the variety of music genres (27%) and its role as a reliable source of information (26%)
 - In the qualitative research, three key functions of commercial radio for listeners emerged – the first is purpose-driven, such as finding out news, weather and traffic; the second is as background in which listeners play the radio to create a sense of atmosphere, comfort and community; and the third is to facilitate their enjoyment of music
 - Canadians support the Canadian content and French-language music rules currently in place for commercial radio and relatively few are opposed, but Canadians oppose the imposition of any such obligations on streaming services, as they have yet to understand that making minimum amounts of Canadian content available would not “interfere with consumers’ ability to choose the content they want.”
 - 32% of respondents find “diversity of song, genres and artists” on private radio satisfactory and only 11% find it unsatisfactory
4. In our recent submissions in CBC’s renewal proceeding, FRIENDS noted Canadians’ great support for CBC radio, reflected both in its distinctiveness and its popularity. We have also commented regularly on the dearth of reliable Canadian news and information content from foreign owned online platforms.⁴ The Ipsos Reid research confirms that Canadians generally believe commercial radio does a good job of serving them with a mix of music and information programming. It also reminds us that, as popular as CBC radio is, private radio plays an important role in a comprehensive broadcasting system, offering a diversity of musical genres and local content to complement the CBC and enhance listener choice.
5. We must start by acknowledging that private radio is in financial difficulty. An August 2020 report spoke to “a projected revenue shortfall totalling over \$1 billion in the three years between 2020 and 2022” and “the possible closure of 50 radio stations within four to six months and a further 150 radio stations in the following 18 months.”⁵ While the prediction of

⁴ *Give up your content or give up the ghost: The basic blackmail of Google and Facebook*, Daniel Bernhard, The Star, October 19, 2020 available at <https://www.thestar.com/opinion/contributors/2020/10/19/give-up-your-content-or-give-up-the-ghost-the-basic-blackmail-of-google-and-facebook.html>

⁵ *The Crisis in Canadian Media and the Future of Local Broadcasting*, an economic study by Communications Management Inc. (CMI), released August 26, 2020 per news release by the Canadian Association of Broadcasters (CAB), *Local Broadcasters Face Major Cuts And Closures As Canadian Media Crisis Worsens*.

station closures fortunately appears to have been overly pessimistic, cuts within private radio stations have been steady over the last year and a half.⁶

The crisis facing Canadian local media

6. Ryerson's Local News Research Project has been tracking local news media and journalism cuts in Canada for almost a decade.⁷ In an update published March 11, 2021, research revealed that, in the first year of the pandemic:
 - 67 media outlets closed temporarily or permanently. Of these, 40 are permanently closed (29 community newspapers, 5 radio stations, 4 online outlets and 2 television stations).
 - 182 media outlets reported layoffs or job losses, including 17 companies with multiple media holdings that have not disclosed details about which specific divisions/media outlets are affected.
 - 3,011 editorial and non-editorial jobs have been cut temporarily or permanently. To date, we have confirmed 1,269 permanent job losses.⁸

While the data do not permit accurate breakdowns by medium, it is clear that commercial radio has been heavily affected.

7. In our oral remarks and final written comments in the CBC Renewal, we cited the Commission's bold 1974 decision, under Pierre Juneau, to remove ads from CBC/Radio-Canada's radio services as a seminal moment for the Corporation and for Canada. We would be remiss if we did not mention the Commission's other bold radio moves under Mr. Juneau, namely, the introduction of Canadian content requirements in 1971 and French-language vocal music requirements in 1973.
8. The crisis that faces commercial radio today may be no less severe than the crisis that faced CBC radio in 1974. But while Juneau faced a challenge to Canadian music, today it is local news that is in danger.
9. While the Commission has not yet released full commercial radio financial statistics for the 2020 broadcast year, results of the larger radio groups reveal revenues down 27% from the 2019 to 2020 broadcast years.⁹ Whether 2020 turns out to be an outlier or an indication of things to come, only time will tell. Notably, however, there is every indication that digital platforms did not suffer as much through COVID-19 as traditional media,¹⁰ so it seems imprudent to assume that things will bounce back for radio.

⁶ From Cogeco Media cuts in March, 2020 <https://www.bnnbloomberg.ca/cogeco-media-cuts-25-of-staff-la-presse-cut-pay-as-covid-19-impacts-ads-1.1413049>, to, more recently, Bell Media's cuts of February 2021 which appear to have disproportionately affected AM news/talk stations. <https://www.cbc.ca/news/canada/toronto/bell-layoffs-1.5898421>

⁷ <https://localnewsresearchproject.ca/>

⁸ *A year of mapping media impacts of the pandemic in Canada: COVID-19 Media Impact Map for Canada update*, March 11, 2021. <https://localnewsresearchproject.ca/2021/03/13/a-year-of-mapping-media-impacts-of-the-pandemic-in-canada-covid-19-media-impact-map-for-canada-update-march-11-2021/> . FRIENDS published an earlier assessment of COVID-19's impact on Canadian media as at September, 2020, here <https://friends.ca/explore/article/covid-19s-impact-on-media-in-canada/>

⁹ Aggregate Annual Returns for major radio groups, available here: <https://crtc.gc.ca/eng/industr/ann.htm>

The Commercial Radio Policy needs to support and maintain local news (Q.30-32)

10. As pointed out by the Commission in the Notice, there are no specific requirements for commercial radio stations to provide local news. The Commercial Radio Policy 2006 states “the broadcast of news programming by commercial radio licensees, especially local news, is an essential aspect of their responsibility to ensure the provision of this diversity of views”, but regulatory requirements only apply to local programming:¹¹

Since a local radio station’s success has traditionally greatly depended on the depth of its local roots and the quality of the local programming it offers, the Commission has not imposed a minimum standard broadcast threshold or other regulatory constraint. However, changes in the radio market could require a change to this approach.¹²

11. If private radio broadcasters generally want to provide local programming, including local news, but face financial constraints in doing so, it is not clear how new regulatory obligations on radio can help, absent a complementary funding mechanism to enable compliance.

12. Unfortunately, unlike in the case of local TV six years ago, there is currently no regulated distributor (equivalent to a BDU) that the Commission can tap to support private radio stations.¹³ Advertising dollars may have shifted to social media, but, as FRIENDS has pointed out, Bill C-10 would exempt social media services from the Broadcasting Act, preventing the CRTC from requiring social media companies to contribute to a fund what might enable private television or radio stations to maintain their news operations despite declining advertising revenues.¹⁴

13. Thus, it seems the way for the Commission to ensure the survival of local commercial radio is to exercise its discretion under the current Act to require contributions from online players.

14. As we said in our February 28 CBC renewal comments, “as private journalism disappears across Canada, CBC is in no position to pick up the slack.” Moreover, while foreign platforms should be forced to financially support news, Canadians don’t want them to become our primary sources of original news.¹⁵ Contributions are the only other option.

The MAPL system remains a solid foundation for the future (Q. 8)

15. The MAPL system has stood the test of time, and combined with Canadian content regulation, should remain a pillar of commercial radio’s support for Canadian music.

¹⁰ See, for example, <https://mediaincanada.com/2020/12/07/ad-spending-in-canada-dropped-14-1-in-2020-group-m/>

¹¹ Notice, para 80, 84.

¹² Ibid, para 85.

¹³ Per CRTC *Policy framework for local and community television* <https://crtc.gc.ca/eng/archive/2016/2016-224.htm>

¹⁴ See Appearance of FRIENDS before Standing Committee on Canadian Heritage, March 22, 2021. <https://www.ourcommons.ca/DocumentViewer/en/43-2/CHPC/meeting-20/minutes>

¹⁵ The breathtaking speed with which Huffington Post closed its Canadian operations on March 9, 2021 is just a small indication of why. <https://www.cbc.ca/news/business/huffpost-canada-closing-1.5942533>

16. That regulation must evolve to being “fair and equitable” as between Canadian private radio and online platforms, does not mean “equal”. Private radio can and should sustain appropriate Canadian content requirements. In return, their direct financial contributions can remain modest. By contrast, online music platforms who cannot or refuse to contribute to the exhibition and discoverability of Canadian music to the same extent, should be required to make significantly higher financial contributions to Canadian music and musical artists.
17. The wide availability of Canadian music online is itself not a good reason to loosen current regulation. If anything, the success of our various cultural support frameworks is proof that they work and should be continued.

Some loosening of format/genre restrictions (Q.9-11)

18. There is no doubt that digital platforms offer Canadians greater tailored choice in terms of content.
19. Someone who wants to listen to folk music might not have a local radio station in that format, but will find numerous curated and personalized streaming choices on YouTube, Spotify and Apple Music, as well as out of market stations on Canadian apps like iHeartRadio and RadioPlayer, or on playlists on Canadian platforms like Stingray and CBC Listen.
20. This can be said of virtually all music formats and genres. Given increasingly ubiquitous access to digital music via computers, smartphones and smart speakers, the Commission should not look at diversity only from a radio perspective but across all platforms. While we need to maintain diversity within the system in respect of languages (French, English, ethnic, indigenous) and genres, we can maintain such diversity with fewer, broader official genres.

Support for emerging artists (Q.15-19)

21. The trouble with the diversity of music available on digital platforms is that that choice does not always extend to Canadian content.
22. Thus, returning to our folk music example, while there’s a good chance Gordon Lightfoot, Joni Mitchell, Bruce Cockburn and Leonard Cohen will be featured in top streams on foreign platforms, contemporary Canadian folk musicians like Catherine MacLellan or William Prince are less likely to be.¹⁶ This holds true for virtually any music genre from electronica to solo piano.
23. By contrast, music and video on CBC sites, or just searching on “Canadian folk music” brings up specific YouTube and other compilations, nominees to the Canadian Folk Music Awards and more. Unfortunately, most Canadians don’t look for music that way, and Canadian content rules have always recognized the need to present Canadians with Canadian content options they may not yet be familiar with. Experience also shows that Canadians tend to like these options once they give them a try.

¹⁶ Nominees for the 2021 Canadian Folk Music Awards <https://folkawards.ca/nominees/>

24. This shows why it is so important to continue to support emerging Canadian on commercial radio, since they may be disadvantaged in on on-demand services that strongly favour established names. We therefore encourage the Commission to maintain regulatory supports for emerging artists on commercial radio.
25. We further encourage the Commission to introduce incentives for commercial radio stations to play local emerging artists, many of whom lack the name-recognition or sophisticated representation to get on the radar of programmers who may live in other cities or provinces.

French vocal music quotas, hits policy and sampling (montages) (Q. 20-24, 25-26 & 29)

26. Just as FRIENDS supports Canadian content quotas, we also support French-language Vocal Music (FVM) quotas, as appropriate.
27. We note the Commission's comments in the Notice as to audience declines in bilingual markets between 2017 and 2019 for both English- and French-language stations but take no position at this time as to the hits policy or appropriate levels of FVM quota going forward.
28. In respect of the Commission's questions re sampling or montages, we do not see this as a problem that requires a new regulatory solution. Sampling is a legitimate artistic and commercial practice, and even when a French song employs an English sample, the song is still clearly in French. Further, sampling is disproportionately used by Black musicians, and any changes that penalize this practice would systematically disadvantage Black artists.

CCD funding percentages should not change (Q.35-45)

29. The Commission's notice mentions declines in CCD funding, and questions whether commercial radio contributions should be adjusted to account for this.
30. FRIENDS submits that CCD funding percentages should not change. They should however stay as percentages, which reduces the absolute dollar value of contributions in proportion with revenue declines. The way to maintain CCD funding amid declining private radio revenues is not to squeeze more money out of declining players but to include online streamers in the contribution regime.

A commercial audio policy for all media

31. It is unfortunate that the Commission chose to limit this proceeding to commercial radio only. It is within the CRTC's jurisdiction to develop a more comprehensive policy framework for all commercial audio services. Continuing to treat online music services as a separate, unregulated category only serves to put Canada's regulatory framework even further behind the technological reality of the audio industry than it already is. So much has changed since 2006, and yet the scope of this review hasn't changed at all.
32. Ultimately, the Commission must look to a commercial audio policy that covers everyone. That's essentially what the BTLR proposed and it makes the most sense, given the current realities of the industry. At minimum, the Commission should anticipate and immediately follow-up this proceeding with one including online platforms in the regulatory and contribution

regimes.

33. Change is never easy, but Canada urgently needs the Commission to make important choices to ensure the successful and appropriate evolution of Canadian culture:

1. Regulate online platforms to make sure they contribute appropriately to Canadian content, including news and Canadian music. Don't wait for Bill C-10. Just do it by applying conditions to the DMEO for larger streamers.
2. Design a regulatory framework that allows private radio to continue to play an important role as a provider of local news and information to Canadians.

34. FRIENDS looks forward to reviewing the interventions of other parties to this proceeding, and making such additional comments as may be appropriate in Reply.

Sincerely,

Daniel Bernhard
Executive Director
FRIENDS of Canadian Broadcasting