

ENGLISH-LANGUAGE**ARTS**NETWORK

October 16, 2009

Robert A Morin
Secretary General
Canadian Radio-television and Telecommunications Commission
1 Promenade du Portage
Gatineau, Québec
J8X 4B1

Dear Secretary General,

Re: CRTC 2009-418
Review of Campus and Community Radio

1. ELAN is the English Language Arts Network of Quebec and we represent English-speaking artists in Quebec. We currently have over 1,800 members which includes umbrella groups, associations, organizations and individuals. For more information, see www.quebec-elan.org. ELAN is a member of the Quebec Community Groups Network. See the footnote for resolution passed at recent QCGN Annual General Meeting.
2. ELAN would like to appear before the Commission at the public hearing on January 18, 2010, to discuss in more detail the issues we raise in this intervention.

Questionable Documentation of Community Radio

3. Before proceeding, we would like to add a cautionary note. The campus and community radio (c/c) statistical financial information available for this Hearing seems to be unreliable.

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4. For example, in Appendix 2 of the *Report to the Governor in Council on English- and French-language broadcasting services in English and French linguistic minority communities in Canada* (PN 2008-12, March 30, 2009), the CRTC lists 102 community radio stations and 41 campus radio stations. Excluding 6 developmental stations and 10 instructional stations, this report identified a total of 143 c/c stations. In the cumulative financial data released for this hearing (PN 2009-418-2), the CRTC identified only 93 reporting c/c stations. Thus, about 50 c/c stations are missing from the financial data.

5. The PN 2009-418-2 financial summary identified 4 English-language Quebec c/c stations, but the CRTC has said there are 7 such stations (in #30, PN 2009-418). We are aware of 6 c/c stations: CKUT (McGill), CIDI (Missisquoi), CFBS (Blanc-Sablon), CJMQ (Sherbrooke), CFTH (Harrington Harbour) and CHIP (Pontiac). Apparently, only four stations have consistently filled in CRTC forms over the past three years.

6. The CRTC template for financial data also seems to raise questions when applied to c/c radio stations. To our knowledge, these are non-profit stations and the financial summaries seem to mis-identify annual surplus as profit. There is also the question in our mind about the value of volunteer labour which should probably change program expenditure statistics, or at least require an explanatory footnote.

7. We believe these problems are probably caused by the fact that smaller c/c stations are so severely under-funded that they don't send in the CRTC paperwork. In addition, the CRTC forms do not seem to be designed with c/c realities in mind.

8. We would recommend that the CRTC work more closely with this sector to resolve these statistical problems, perhaps by redesigning the forms for c/c stations. Until that happens, we believe the current data should be viewed with caution.

Diversity of Voices

9. ELAN believes that as the ownership of commercial radio stations is concentrated in fewer and fewer hands, it is increasingly important that the broadcasting system be regulated to encourage a diversity of voices. This diversity will not be possible if the system is left only to commercial for-profit broadcasters.

10. That is especially the case when 72% of \$1.3 billion in English commercial radio revenues are controlled by five companies (Rogers, Astral, Corus, CTVglobemedia, and Newcap) and 82% of \$231 million in French radio revenues are in the hands of only three companies (Astral, Corus, and Cogeco). We can see from this high concentration of ownership in commercial radio that c/c stations are increasingly needed to provide alternative opinions and local expression.

11. However, diversity of opinion requires a diversity of broadcast sectors or elements, and a diversity of independent funding sources. We not only need a healthy commercial radio economy, but a well-funded national public broadcaster and a vibrant community radio sector. That is especially the case for the 200,000 anglophones in Quebec who

live outside Montreal and depend very much on the CBC and community radio. Since OLMCs are especially reliant on the non-commercial system, we must ensure that it is well-funded.

12. Therefore, ELAN re-emphasizes and supports the following key CRTC finding in PN 2008-12 (page 1) that:

“The Commission determines that the Canadian Broadcasting Corporation and the community radio stations play a most important role in official-language minority communities. The Commission finds that community reflection in the programming of the services available in the Canadian broadcasting system can be improved.”

13. ELAN wishes to intervene at this hearing largely in terms of c/c radio stations operating in English in Quebec. Consequently, we will respond to questions in PN 2009-418 that we feel have an impact on the official language minority communities (OLMCs) in Quebec.

Q.8 Applicants for campus and community stations are measured against the requirements of the policies by which they will be regulated to help determine whether they are to be licensed. Spectrum is increasingly scarce, which brings to light the possibility of competitive licensing scenarios involving applicants for campus and community radio stations and applicants for commercial and CBC stations. How should the Commission evaluate applications for campus and community radio stations in these competitive scenarios?

14. To hear a greater diversity of voices, it is important to encourage c/c radio broadcasters, particularly in official language minority communities. Therefore, we believe that some spectrum should be reserved to ensure that a minimum number of c/c broadcasters can survive into the future, and spectrum is not simply auctioned to the highest bidder.

15. That said, we wish to remind the Commission that the CBC provides the most important radio service to the OLMCs in Quebec. For many rural anglophones, the CBC is their “local” radio service, yet the ability of the CBC to fulfill this role has declined along with its funding. We are concerned about the impact on our communities of funding reductions to the CBC. Therefore, we recommend that the national broadcaster should be sufficiently funded to fulfill its obligations, including its obligations to the official language minorities. CBC should be given priority in competitive applications with any other broadcasters.

Q.9 How can the Commission ensure that a greater diversity of voices is provided in the broadcasting system through the campus and community radio sector?

16. Besides reserving spectrum space for the c/c sector, we believe that improving funding of this sector is the best way to ensure that a diversity of voices can be heard.

17. To complement this, we also believe that redesigning and lessening the regulatory and reporting burden for c/c stations will assist in creating 'new space' for these important community institutions to flourish.

Q.14 What are the challenges faced by OLM community broadcasters and program contributors in terms of access to the airwaves?

18. Increased funding would permit capital purchases, better training, a larger market for local and other talent, reduce over-reliance on stressed volunteer labour by hiring needed services such as accounting, engineering, and audience measurement... and, finally allowing c/c radio staff such amenities as a salary would allow.

Q.15 How can the Commission help ensure the presence of linguistic duality in the broadcasting system and the availability of content to OLM communities? In so doing, how can the Commission ensure that the needs and realities of OLM communities are reflected in programming?

19. We believe that the CRTC should ensure that minimal spectrum space is reserved for OLMC radio stations, and they have the resources to take advantage of "new media" distribution options.

20. Funding established to support the c/c radio stations should include a requirement that an appropriate minimum of funding be reserved for OLMC radio stations.

Q. 18 Should the Commission license micro radio stations or should these stations be exempt from licensing?

21. We believe that micro radio stations, as demonstrated in the action-research pilot projects in Quebec for OLMCs, could serve as a valuable and efficient medium for responding to the needs of small, minority and isolated communities.

22. It is important that the CRTC give due consideration to amending c/c licensing requirements to facilitate the establishment of these types of low-power radio enterprises. As users of the public airwaves and as social institutions responsible to the communities they serve, micro radio stations should be licensed. The degree of licensing and reporting requirements remains the question, so we would propose that a new category (or sub-category) be created to facilitate the licensing and operation of micro radio stations.

23. Reference documentation for the technical and regulatory implementation of the micro radio concept has been prepared through action-research projects supported by the Department of Canadian Heritage in the period 2005-2009 (available on request).

24. We believe it is worth noting that the US Senate is currently considering amendments to their legislation that regulates low-power FM radio stations in that country. *Local Community Radio Act of 2009, HR 1147* will remove a number of

restrictions on their licensing and ability to operate based on the recommendations of the FCC.

Q. 19 What requirements should the Commission impose on micro radio stations as criteria for licensing or for exemption from licensing? Such requirements could relate to programming, ownership, composition of the board of directors and technical considerations.

25. We believe that micro radio stations should, as with community radio stations, have community ownership with non-profit status compliant with current provincial requirements (i.e. charter, board of directors, etc.), or should be affiliated or adjunct to a licensed community radio station.

26. For programming (notwithstanding compulsory elements such as music royalties) and technical requirements, these should be similar to community radio stations but as minimal as possible, or exempt depending on the number of hours of independent operation (i.e. locally originating programming not rebroadcast from another licensed community radio source). The exemption threshold might be in the range of 4 hours per day.

Funding Community Radio

Q.20 What are the challenges that the campus and community radio sector currently experiences with respect to funding?

27. We believe the major challenge is simply lack of a viable financial model. For example, the Quebec OLMC radio stations outside Montreal cannot afford to subscribe to BBM audience data. Therefore, they cannot reliably demonstrate to advertisers the size of their audience and the value of advertising on their stations.

28. Campus radio stations have their own challenges. In the case of McGill University's CKUT campus radio, it seems that various student groups and the administration are attempting to reduce or eliminate student fees for radio station CKUT, student newspapers, and the McGill branch of the Quebec Public Interest Research Group. Apparently, they disagree with the opinions espoused. However, CKUT is not eligible for Quebec Government funding because of its affiliation and revenues from McGill, yet that affiliation and funding seems to be very fragile.

29. We believe a stable source of alternative funding is needed so all these diverse voices, both community and campus, can continue to speak and be heard.

Q.21 Are advertising limits for campus stations still relevant? Should they be maintained? What would be the impact if they were raised or lowered?

30. We would prefer an alternative source of additional funding for campus radio than advertising. Therefore, we would suggest continuing the advertising limits.

Q.23 How has the CRFC affected the funding of this sector? How could it be improved?

31. The Community Radio Fund of Canada is the logical source of c/c radio funding, but it only has money from the Astral tangible benefits donation of \$1.4 million over 7 years. This is their first active year, and out of \$200,000 available, CRFC was able to disperse just \$160,000 with \$40,000 for administration. Thus, the recipient radio stations received only a few thousand dollars in CRFC funding. While needed and appreciated, this is not enough to make a difference to the c/c broadcast sector.

32. In principle, we do not believe that c/c funding should depend on the 6% tangible benefits dispersed when a radio asset is purchased. Each purchase seems to increase concentration of ownership which brings its own problems and reduces the diversity of voices. Canada is running out of radio assets available for purchase and alternatives are needed.

33. We recommend that the CRFC be funded from Canadian Content Development (CCD) funds described below (see Question 24). We further recommend that an appropriate level of CRFC annual funding be reserved for OLMC radio stations.

Q. 24 What funding models for campus and community radio are viable in the short, medium and long term? From where should this funding originate and what form should it take? For instance, should the commercial radio sector be mandated to devote certain portions of its funding directed at CCD to the CRFC?

34. For good reasons, the principle of cross-subsidization is well established throughout the Canadian broadcast and telecommunications system. After all, this industry depends on the exploitation of public radio frequencies for private profit. This principle should be applied with equal vigor to radio broadcasters as it is to broadcast distribution undertakings which now devote 6.5% of their eligible revenues to the support of Canadian content, or radio tangible benefits which is 6% of the sale price, or television tangible benefits which is 10% of the sale price.

35. Therefore, we recommend that the commercial radio sector should be mandated to devote a portion of its funding to the CCD, and the CRFC.

36. In 2007-8, the Canadian Content Development Fund (CCD) received \$28.6 million. This came from three sources: \$7.8 million from new station licensees, \$16.1 million from the 6% tangible benefits after the purchase of radio assets, and \$4.7 million from radio station license renewal fees.

37. It is unlikely the CCD Fund will grow significantly as currently structured. With the increasing scarcity of commercially profitable spectrum space, we can expect fewer new commercial stations will be licensed. With concentration of ownership already at questionable levels, we do not believe revenue from tangible benefits can increase without causing harm to the public interest. We believe that in the future, CCD Fund revenues need to be raised primarily from license renewals.

38. Therefore, ELAN recommends that the fee from the renewal of radio licenses be increased from 0.5% of radio station revenues above \$1.25 million to 2% of station revenues above \$1.25 million. Fees for stations with lower revenue should be doubled to \$1,000 and \$2,000.

39. This will bring in about \$20 million which will compensate to some degree for the long range decline in the other revenue sources of the CCD. It is also more in line with similar fees as described above in paragraph 34, and is certainly not out of line for a profitable industry with revenues of \$1.6 billion.

40. We believe it is very significant that in 1996, the earliest year that is available from the CRTC Financial Database, commercial radio broadcasters spent 32% of their revenues of \$814 million on programming, and they had a profit margin before interest and tax (PBIT) of 7.2%. However, in the most recent year available, 2008, the commercial radio industry spent only 28% of revenues of \$1,580 million on programming. In 2008, they had a PBIT margin of 21%, or three times higher than in 1996, but spent 4% less of their revenue on programming.

41. Today, as we can see, the industry as a whole is making more money on higher revenues and spending less on programming. We think they can afford to support more Canadian talent and greater program diversity by spending more on programming for their own stations as well as c/c stations. Therefore, we believe that the commercial radio industry can afford an increase in their CCD fee to 2% of their revenues. This money should continue to fund CCD, including c/c radio stations

42. We also recommend that the CCD funds be disbursed according to a new formula. At least 25% of the total raised for the CCD should be reserved for the CRFC. This would increase their annual budget from \$200,000 now to about \$5 million. We believe that would have a significant impact on community and campus radio programming.

43. We further recommend that an appropriate minimum amount of the CRFC funding be reserved for OLMC radio stations.

Accessing Internet In Rural Areas

Q.33 How can the Internet provide an opportunity for the reflection of official language minority communities?

44. ELAN agrees that universal and affordable broadband internet access for remote communities be subsidized by the Federal Government which allocated \$225 million for this purpose in the last budget.

45. In its Decision 2008-12 (page 19), the CRTC said:

“The Commission considers it urgent that all levels of government, following the example of the Department of Canadian Heritage and the Department of Industry, use various means (financial and otherwise) to encourage the adoption and implementation of cost-effective technologies in official-language minority communities in remote rural areas to ensure access to broadband Internet in the short term.”

46. ELAN supports this CRTC recommendation.

Yours truly,

Guy Rodgers
Executive Director
English Language Arts Network - Quebec

Note 1

QCGN Resolution on Broadcasting from the English-speaking Minority in Quebec

ELAN is a member of the Quebec Community Groups Network (QCGN) which represents the English-speaking community of Quebec. At the QCGN Annual General Meeting in Gatineau on September 11, 2009, members passed the following resolution which we would like to bring to the Commission's attention.

“Be it resolved that the QCGN and its members, who represent English speaking Quebec, agree that the vitality of our communities is greatly strengthened by hearing and seeing our stories, news and information produced and broadcast from our regions and communities.

We further note that Canadian broadcasting is regulated by the Canadian Radio-television and Telecommunications Commission (CRTC), whose policy decisions are guided by the *Broadcasting Act* and the *Telecommunications Act*, and subject to the *Official Languages Act*.

The QCGN and its members support and bring to the attention of the CRTC the concerns of the Commissioner of Official Languages about equitable treatment of both official language minorities. Moreover, the QCGN wishes to emphasize to the Department of Canadian Heritage, and other relevant government departments, agencies and institutions the importance and priority the official minority language community in Québec places on the implementation of broadcasting policy that supports our regional reflection.”

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