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Secretary General
Canadian Radio-television and Telecommunications Commission
Ottawa, Ontario K1A 0N2

October 15, 2009

Re: **Broadcasting Notice of Consultation CRTC 2009-418**
Review of Campus and Community Radio

1. The Community Radio Fund of Canada (CRFC) is pleased to submit these comments as part of the CRTC's review of the Campus and Community Radio Policies. We wish to appear at the public hearing in January 2010.

Executive Summary

2. These comments have been developed following consultation with the sector associations regarding a workable funding model for the community-oriented broadcasting sector. We have also received feedback from our own member stations regarding the first year of operations, from both stations that did and did not submit funding applications.
3. The CRFC has a very specific role in this sector, which is to provide funding to campus and community radio stations and their representative associations. We have limited our comments to areas relating the financial situation of the sector and the solutions that both the CRFC and the Commission can provide. We see the CRTC and the broadcasting industry as a whole as partners when it comes to supporting the important and distinct role the sector plays. We have made specific recommendations for the Commission regarding these solutions based on the stated needs of the sector through the community radio associations.
4. The CRFC is recommending a funding model for both the campus and community radio stations and the CRFC that includes funding from the federal government as well as Canada's private broadcasters and distributors. Specifically, we have included three recommendations regarding mandatory Canadian Content Development Contributions, three recommendations concerning contributions from BDUs, and one recommendation concerning Part II licencing fees.

5. The consultation notice for this review set out specific sections and questions through which the Commission is seeking feedback. While the format of our submission does not follow the sections or questions in order, we have indicated question numbers where relevant.

Sincerely,



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Table of Contents

About the CRFC/FCRC	4
Why the CRFC Exists to Support the Community Radio Sector	4
The Role of Campus and Community Broadcasters	4
Funding Challenges (Questions 20 and 22).....	5
A Funding Model for the Sector	6
A Model for Stations.....	6
A Model for the CRFC.....	9
Revenue Generation from the Private Broadcasting Sector	9
Voluntary CCD Contributions	10
New Funding Solutions	11
Regulatory Environment.....	11
Mandatory CCD Contributions	12
Basic Annual CCD Contributions	14
Additional CCD Contributions related to applications for new licences.....	14
Contributions in relation to applications for the transfer of ownership or control of radio undertakings	14
Support from Broadcast Distribution Undertakings.....	15
Part II Fees	15
Revenue Summary	16
How CRFC Funding is Distributed and Used (Question 23)	16
Other considerations	18
Definition of Campus and Community Radio (Questions 1-9).....	18
Funding for Stations in Development (Questions 9, 25-28)	18
New Media and Spectrum Considerations (Questions 25-28 and 29-34).....	19
Community Television.....	20
Appendix A	21

About the CRFC/FCRC

6. The Community Radio Fund of Canada/le Fonds canadien de la radio communautaire (CRFC/FCRC) exists to provide support to the more than 140 campus and community radio stations in Canada and to foster a well-resourced, dynamic, and accessible sector. It is a not-for-profit funding organization that distributes funds geared toward the development and sustainability of local community radio broadcasting.
7. The CRFC was founded in November 2007 as the result of a three-year partnership among Canada's largest community radio associations: the Alliance des radios communautaires du Canada (ARC du Canada), the Association des radiodiffuseurs communautaires du Québec (ARCQ), and the National Campus and Community Radio Association (NCRA/ANREC). This partnership began in 2004 when the Commission was considering various subscription-based radio services in Canada. There were concerns about the campus and community radio sector regarding a lack of resources and a corresponding inability to be included in services originally proposed to carry only content produced by the private and public sectors. When factoring in other challenges and needs of the community sector, ARC du Canada, ARCQ, and the NCRA/ANREC saw a solution in a national funding body.
8. The three associations sought to create this fund from the ground up so that its activities would reflect the commitment of the sector to principles of localism and access, respect for and promotion of the official languages of Canada, diversity and multiculturalism, social justice, and high quality programming and innovation. From initial discussions and research, to creating by-laws and policies, to meeting with CRTC staff & commissioners, to making a case for support to Canadian Heritage, senators, and MPs, the associations contributed considerable financial, staff, and volunteer resources. The result is a transparent and accountable funding body that has already begun to have a meaningful and significant impact for the stations and associations it was created to serve.
9. While founded by these radio associations, the CRFC is a distinct organization with its own membership, board of directors, and a decision-making process that is separate from those who receive its support. Funding is open to all non-commercial community-based licenced broadcasters in Canada and their associations. Applications are judged on a combination of need and merit for projects and activities under the following program areas: sustainability and capacity building; emerging broadcast distribution technologies; local news and spoken word programming; and finally, Canadian talent development. The CRFC seeks to ensure that financial support is well-targeted and used efficiently.

Why the CRFC Exists to Support the Community Radio Sector

The Role of Campus and Community Broadcasters

10. The community-oriented radio sector has a huge role to play in the Canadian media landscape. These stations are charged with providing access and serving the needs of their communities, whether they are urban, rural, or remote. Their programming is as diverse as the communities they

serve. Collectively, they broadcast nearly one million hours per year of locally-produced community-oriented programming.¹

11. Despite the funding and regulatory challenges they face, this is a role that these stations embrace. As noted in paragraph 23 of the notice concerning this review, "[t]he community element, by its not-for-profit nature and the importance it places on the participation of community members, makes an important contribution to the diversity of the broadcasting system." They have been making this significant contribution to the industry and to Canadians since long before the first campus and community licences were issued in the 1970s, yet the sector has historically not been given adequate industry or government support to carry out this role. It is our hope that the CRFC will help bridge that gap between support and sector.

Funding Challenges (Questions 20 and 22)

12. The CRFC will leave it to the community radio associations to provide a comprehensive view on the funding challenges of those they represent. However, given the information that has been provided by this year's CRFC applicants and the associations in their advisory capacity, we have observed the following.
13. The campus and community radio sector is successful in many of its revenue generating activities. According to financial data provided by the Commission², stations already receive a large portion of their revenue from fundraising, grants, and, to a lesser degree, advertising.
14. However, stations still struggle to raise sufficient funds to meet their basic needs. This is due in large part to the fact that they are continually focused on generating revenue while fulfilling their responsibilities as broadcasters, recruiting, training, and coordinating more than 10,000 volunteers,³ and often acting as central hubs and community organizations for the local communities they serve. Some stations have as many as five or six full and/or part time staff to carry this workload, but the national average is closer to two or three paid positions to perform these duties.
15. An additional consideration regarding paid and volunteer staff positions is that there is a relatively high turnover rate. So in cases where stations have developed strategic, business, and/or fundraising plans, it can be difficult for stations to carry them out when they need to train staff on a fairly regular basis.
16. But whether a station has one volunteer staff person or a team of five paid employees, fundraising is a constant challenge. Some stations are situated on a campus and are receiving some funding from students, while others are rooted in the community and rely heavily on local donations and advertising. However, even for those stations with high rates of success in these areas, no source or amount is guaranteed from one year to the next.

¹ Based on an average of an 18-hour broadcast day, 7 days per week, 52 weeks per year for 140 stations.

² CRTC, Broadcasting Notice of Consultation CRTC 2009-418-2, issued on September 24, 2009 – "financial summaries are based on a sample of 93 campus and community stations that have consistently filed their annual returns for the [last three years]."

³ Based on an average of 75 volunteers per station for 140 stations.

17. There is the additional challenge of the current economic situation, which affects all Canadians. Our stations rely on the giving of individuals. For those stations that receive funding from students, they also rely on university enrolment and the cost of tuition. During any economic recession, stations can never guarantee that their supporters will be able to contribute at their usual level.
18. In order for the sector to grow and face the challenges of the future, stations need to be able to be proactive in planning for station development and changes in the industry, technology, and the way Canadians consume their media. With additional resources to alleviate the stresses stations face on a day-to-day basis, there is an opportunity for the sector to mature into a healthier component of the broadcasting system.
19. Ultimately, a best practice for a healthy station, association, and the CRFC itself, is to have diverse sources of revenue to ensure that their fate is not tied any one factor, whether it is the fate of the industry, giving trends of individual, organizational, and corporate donors, or government programs.

A Funding Model for the Sector

A Model for Stations

20. The CRFC proposes that a healthier funding picture for the sector would involve public or government funding, whether through Commission mechanisms or directly from various levels of government. While community-oriented stations have responsibilities to ensure that they continue to exist, remain relevant to the local community, and are managed effectively, the broadcasting industry as well as federal, provincial, and municipal governments also have responsibilities when it comes to ensuring Canadians have a viable community element in their media.
21. According to financial data provided by the Commission, the total revenue for the sector is \$28 million, with nearly 60% of the sector's revenue is received through fundraising efforts while the remaining 40% comes from various advertising activities and syndicated programming.⁴ The remaining sector stations that are not consistent in their reporting are likely to have fewer resources, high turnover, or volunteer staff. We therefore estimate that the remaining 51 stations average at \$75,000 per year per station, amounting to an additional \$3.8 million, bringing the total annual revenue of the sector up to \$32 million⁵.
22. We propose that the funding picture of a healthy sector would constitute 35% of total revenue to be derived from fundraising, 25% from advertising, and the remaining 40% coming from public and government funding through the CRFC.

⁴ CRTC, Broadcasting Notice of Consultation CRTC 2009-418-2, 24 September 2009, Community and community-based campus – all stations.

⁵ There is a substantial margin of error with these estimations. First, the \$28 million revenue figure reported by the CRTC includes five to ten stations reporting more than \$250,000 per year. The CRFC is concerned that this presents a healthier picture of the sector than what actually exists. Second, the CRFC is basing its estimation of \$75,000 per year for non-reporting stations on financial statements submitted by funding applicants as well as non-financial information from the sector associations.

23. As indicated by the sector associations, the minimum ideal revenue for the sector is \$52.4 million. This amount would help the sector reach a healthy minimum capacity with enough resources to maintain their existing services and begin to address their development needs. The associations have also stated that an ideal level of revenue for the sector in the long term is closer to \$64.2 million. For the purpose of this submission, we are going to focus on helping the sector achieve its short-term revenue goals. The difference between what the sector is receiving and what it needs is \$20.4 million.
24. Fundraising: Fundraising is an important aspect of the non-profit nature of our stations. Not only is it a source of revenue for the station, it also provides important opportunities for stations to participate in their communities and interact with those they serve. However, the success of funding drives and other events depend on a variety of factors, one of which is human resources. When fundraising responsibilities are left to station managers, program directors, and volunteers, they have difficulty organizing successful campaigns while carrying out other duties at the same time. In the current economic climate, stations can expect to achieve lower fundraising revenue for the next couple of years. If stations could afford to hire dedicated staff to coordinate revenue-generating activities, more stations would be more successful in their fundraising efforts, leading to healthier stations.
25. Advertising: There are a few challenges with respect to advertising. First, it requires resources, including people to run a sales department, which most stations do not have. Second, while advertising is one way to develop partnerships with the local business sector, the concept of selling airtime runs contrary to values of non-commercial programming and listener-supported broadcasting. Third, advertising can put individual community-oriented broadcasters in direct competition with private broadcasters. Ultimately, it is up to each individual station how much advertising they wish to sell, if any at all. Considering the percentages outlined above, if a station chooses to sell little or no advertising, the percentage of fundraising revenue needed for a healthy station would rise in direct proportion to the decrease in advertising revenue.
26. Public and Government Funding: Currently there is little government funding available for the sector, especially for operations. However, the CRFC is dedicated to fostering a sector/government partnership that has an impact and is accountable and transparent to the sector, government, and Canadians as individuals and communities. The CRFC, other community media organizations, government committees, and research consultants have made recommendations to the federal government regarding funding for community media in Canada.
27. As noted in the report entitled Canada's Community and Campus Radio Broadcasting Sectors: An Analysis of the Sector's Roles and Impacts in the Context of Current Technological and Media Sector Changes submitted to Canadian Heritage by EKOS Research Associates in March 2008:

"In 2001, the House of Commons Standing Committee on Canadian Heritage embarked on an extensive study of the Canadian broadcasting system. The objective was to determine whether the ideals and objectives set out in the Broadcasting Act of 1991 were being met and whether the Act itself was in need of reform. According the Committee, Canadian broadcasting faces demanding times. Its institutions are struggling to meet the challenges of new technology, globalization, corporate convergence, and the high expectations of Canadians. Canada has entered a new era in communication and culture, which holds great promise but also significant challenges. The

Committee emphasized the importance of government being proactive in this situation, rather than reactive.”⁶

28. The EKOS report went on to say that

“The CRTC’s concerns with cross-media ownership are focused on local markets. It is from the local media that most Canadians receive the information that is critical to their understanding of local, regional, national and international issues. Local media help to shape Canadians’ views and to equip them to be active participants in the democratic life of the country. In the CRTC’s view, the central objective for any policy on diversity of voices must be to ensure that Canadians have available to them a plurality of editorial voices.”⁷

29. They also noted that

The Lincoln report addressed, to some extent, community and campus radio broadcasting. It raised concerns that community, local and regional broadcasting services have become endangered species, and that many parts of Canada are being underserved. In its travels across the country, the Committee heard from a number of citizens who felt that they had been neglected and even abandoned by the broadcasting system.”⁸

30. The EKOS report also noted that the Lincoln report identified the campus and community sector as a “patchwork” of stations and that action was needed at the federal level: “The Committee called on the government to devise a new strategy so that at least some of these critical gaps can be filled.”⁹

31. However, as EKOS noted, there has not been any significant action to help our sector.

“Unfortunately for the sector, the Department of Canadian Heritage’s response to this report pays little direct attention to the issues of community and campus radio broadcasters. More generally, the Government acknowledged the special role the broadcasting system has in reaching out to Canadian communities across the country, and increasing the diversity of voices, contributing to national identity and cultural sovereignty. The Broadcasting Act states that the Canadian broadcasting system should provide a reasonable opportunity for the public to be exposed to the expression of differing views on matters of public concern.”¹⁰

32. The CRFC as well as ARC du Canada, ARCQ, and the NCRA have been working together and with their members to change this by meeting with senators and MPs during the past several years. Most recently, representatives from ARC du Canada and the NCRA were invited to appear before the Federal Finance Committee to ask the Committee to include community radio in the next federal budget.

33. In the report entitled *International Approaches to Funding Community & Campus Radio* submitted to the Commission in March 2009, CONNECTUS Consulting noted “the fact that a number of countries have developed a structural approach to the funding of community and campus radio

⁶ EKOS Research Associates, “Canada’s Community and Campus Radio Broadcasting Sectors: An Analysis of the Sector’s Roles and Impacts in the Context of Current Technological and Media Sector Changes”, 31 March 2009, p. 6.

⁷ Ibid., p. 9.

⁸ Ibid., p. 13.

⁹ Ibid., p. 14.

¹⁰ Ibid., p. 14.

identifies the stature that community-based broadcasting has achieved.”¹¹ However, they note that Canadian community radio is “very robust, with many licensees and a strong regulatory framework, but with a lack of core funding that can create structural weakness and challenge community radio’s goal of sustainability.”¹²

A Model for the CRFC

34. As stated above, the campus and community sector needs an infusion of \$20.4 million to address its immediate capacity needs. The short-term goal of the CRFC is to help the sector reach at least half of this target, or \$10.2 million.
35. As we propose a diverse funding model for the sector, we propose one for ourselves as well. Contributions from the private broadcasting sector are included in this model. Other possible sources of revenue for the CRFC include Canadian Heritage, Official Languages, and Social Economic Development departments and agencies. We will seek funding at provincial and federal levels, and municipal levels where applicable. The CRFC also plans to branch out into other fundraising activities, which could see funding from foundations, private donors, and the public.

Revenue Generation from the Private Broadcasting Sector

36. While we intend to diversify our revenue sources in the future, we are currently focusing on soliciting contributions from the private broadcasting sector and the federal government, including Canadian Heritage. As this letter is submitted in the context of a CRTC proceeding, we will focus on industry-related revenue.
37. Private broadcasters have a unique role to play in contributing to the development of the community element of the system as outlined in the Broadcasting Act. They are using publicly-owned airwaves for commercial purposes and are expected to contribute back to the market(s) they serve. The CCD Contributions mechanism is one example of how private broadcasters contribute to the system as a whole and to their listeners.
38. The public also has a right to access the airwaves, not only as consumers, but also as producers. This is a right that many people exercise. Each year, thousands of volunteers produce more than one million hours of locally-produced content. Behind them, there are thousands more who steadfastly support the continuation of stations as listeners and donors.
39. When private broadcasters contribute to campus and community radio, they are giving something back to the Canadian public and its broadcasting system in a significant and meaningful way.

¹¹ CONNECTUS Consulting, “International Approaches to Funding Community & Campus Radio,” 31 March 2009, p. 2.

¹² Ibid., p. 34.

Voluntary CCD Contributions

40. The Commission has already recognized this by certifying the CRFC as an eligible recipient of CCD Contributions. We have been reaching out to the private broadcasting sector to let them know we exist and discuss ways to work together to realize our common and individual goals. We hope that Canadian private broadcasters recognize the importance of the community sector in the development of content and enhancement of the Canadian broadcasting sector as a whole.

41. CCD Contributions, formerly Canadian Talent Development Contributions, have played an important part in creating opportunities for new and emerging artists for nearly fifteen years. These contributions have strengthened the broadcasting industry by fostering new Canadian artists, leading to a stronger presence of Canadian culture on the airwaves. In 2006, during its review of the Commercial Radio Policy, the Commission determined that:

"In order to reflect a new emphasis on development initiatives that lead to the creation of audio content for broadcast using Canadian resources, the Commission considers that it is appropriate to replace the expression "Canadian talent development" (CTD) with "Canadian content development" (CCD). The Commission's approach involves a number of changes to the requirements related to airplay, and focuses primarily on CCD. The Commission considers that well-targeted CCD initiatives allocated to the support, promotion, training and development of Canadian musical and spoken-word talent will increase the supply of and demand for high-quality Canadian music in a variety of genres as well as enlarge the supply of spoken word material for broadcast."¹³

42. Further, the Commission outlined a list of CCD eligible recipients and initiatives including "[a]udio content initiatives that would further advance the fulfilment of specific objectives of the Canadian broadcasting system as outlined in the [Broadcasting] Act such as a community radio fund..."

43. This opened the door for funding to community radio. And we are happy to outline below the progress we have made in working with private broadcasters in this capacity.

44. Last year, we launched the CRFC by a contribution from Astral Media Radio of \$1.4 million spread out over seven years.¹⁴ With this funding, we launched the "Radio Talent Development Program" and the "Youth Internship Program" in February 2009. The CRFC awarded nearly \$160,000 in May 2009 to twenty recipients. This partnership has worked so well that Astral approached us in Summer 2009 with another potential CCD opportunity totalling \$300,000.¹⁵

45. In January 2008, barely two months after the CRFC was incorporated, CHUM Radio approached us to see if we were interested in and able to manage a program as part of their benefits package for a new Edmonton application.¹⁶ CHUM Radio was the first private broadcaster to take the initiative to approach the CRFC during its planning and application process, rather than waiting to be approached by us. This was an important step for the CRFC and the relationship between our sectors, and one that we had hoped would start a trend. In the past, our three founding

¹³ CRTC, Broadcasting Public Notice CRTC 2006-158, 15 December 2006, Commercial Radio Policy 2006, paragraph 81.

¹⁴ CRTC, Broadcasting Decision CRTC 2007-359, 8 September 2007. Following communications and negotiations with Astral Media and the CRTC, the CRTC approved Astral the CRFC's proposal for the CRFC to manage two of the original proposed programs (with amendments). It was during this approval that the CRTC certified the CRFC as an eligible recipient of CCD Contributions.

¹⁵ At the time of this submission, this contribution is pending a CRTC decision (Broadcasting Notice of Consultation CRTC 2009-589, 21 September 2009).

¹⁶ CRTC, Broadcasting Notice of Public Hearing CRTC 2008-2, 28 March 2008.

community radio associations attempted to create funding partnerships with commercial broadcasters by approaching them after the public processes to review their applications were announced. For the Edmonton application, CHUM Radio received a conditional approval for their licence application, and now they are seeking a viable frequency. If approved, the CRFC will receive a total of \$700,000 over 7 years.

46. Rogers Broadcasting submitted its own Edmonton application during that Edmonton proceeding.¹⁷ After indicating that they wanted to support campus and community broadcasters, they learned about the CRFC from Commission staff. Rogers then approached us to discuss possible news-oriented grants for our stations. They proposed to contribute \$525,000 to the CRFC over seven years. Although their application was not approved, the CRFC was encouraged by their approach. Rogers also considered working with the CRFC as part of an application in British Columbia filed earlier this year. However, the CRFC was unable to enter into the agreement due to our current policies regarding contributions directed to specific recipients.
47. This year, Torres Media Group approached the CRFC to receive contributions that would be directed to a specific community radio applicant in Ottawa.¹⁸ After communicating our policy regarding directed recipients, they approached us with a new offer that would allow us to open the proposed funding to other recipients. The CRFC accepted the offer with a letter that would have been submitted with the Torres application, but the subsequent CRTC decision noted that the funding would go directly to the newly-licensed community station to which Torres Media had originally proposed to contribute. While the CRFC did not receive that funding, we still count it as a success that Torres Media saw the value in working with us, and, of course, we are pleased that a community station received support.

New Funding Solutions

Regulatory Environment

48. In addition to the changes noted above regarding the CRFC's CCD eligibility and its certification, the campus and community sector has been given a higher profile in various CRTC reports and decisions, one of which contributed directly to the CRFC's current funding.
49. In 2007, when the Commission approved Astral Media's application to acquire the assets of the radio and television undertakings owned by Standard Radio Inc., the Commission made the following recommendation:

*"In developing a plan for the redirection of the remaining \$140,000, and in considering recipients of the AMSMIP initiative, the Commission encourages Astral to consider directing this funding to the campus and community radio sector. Should Astral decide to redirect this funding to the campus and community radio sector, the Commission encourages Astral to do so in consultation with the National Campus and Community Radio Association, l'Association des radiodiffuseurs communautaires and l'Association des radiodiffuseurs communautaires du Québec."*¹⁹

¹⁷ Ibid.

¹⁸ CRTC, Broadcasting Decision CRTC 2009-481, 11 August 2009.

¹⁹ CRTC, Broadcasting Decision CRTC 2007-359, 28 September 2007, paragraph 30.

50. Astral Media followed through on this recommendation, which led to the \$1.4 million contribution that the CRFC is now receiving.
51. In the Diversity of Voices notice issued in 2008, there was recognition of the role that our sector plays in the health of the system and Canada's role in the development of community broadcasting.

"[C]ommunity broadcasting is one of the three basic elements that make up the Canadian broadcasting system. A healthy community element, strong public broadcasters and a plurality of voices within the private element provide the basis for a broadcasting system that offers Canadians a diversity of voices. Canada has played a central role in the development of community media and it is considered by many to be the birthplace of community broadcasting. The community element was developed to provide local groups with access to the broadcasting system. Community broadcasting, which is local, volunteer-based and largely not-for-profit, is often able to broadcast a diverse range of voices, alternative points of view, and innovative programming ideas."²⁰

52. In January 2009, the Commission examined the state of broadcasting services serving linguistic minority communities in Canada. In its March 30 summary report to the Governor in Council, the Commission dedicated an entire section to the issue of funding for community radio. Specifically, they noted that

"Given that the lack of funding seems to be the main obstacle to the establishment of radio services devoted to the official-language minority communities, the Commission is of the view that it is reasonable and appropriate to ensure steady funding for community radio services ... The Commission is aware of the funding challenges facing community radio stations and their need for steady and reliable funding and therefore recommends that the Department of Canadian Heritage maintain and refine its community radio funding program."²¹

53. Earlier this year, in preparing for this review, the Commission launched a countrywide consultation with campus and community stations and individuals. Commission staff held sessions in Gatineau and travelled to Moncton, Québec City, Toronto, Winnipeg, Calgary, and Vancouver and met people from 49 stations and 9 related organizations, including the CRFC.²² Representatives from the CRFC noted that this kind of consultation process with the sector was unprecedented and widely appreciated.

Mandatory CCD Contributions

54. Given the Commission's demonstrated understanding of the campus and community radio sector and the issues it faces, the CRFC proposes that now is the time to create mandatory contributions mechanisms within existing CCD policy.
55. The CRFC has attempted to reach out to the private broadcast sector as an eligible recipient of CCD Contributions. Even though we have received responses and offers from four different

²⁰ CRTC, Broadcasting Public Notice CRTC 2008-4: Diversity of Voices, 15 January 2008, paragraphs 160-161.

²¹ CRTC, "Report to the Governor in Council on English- and French-language broadcasting services in English and French linguistic minority communities in Canada," 30 March 2009.

²² CRTC, "Campus and Community Radio Sector: Informal stakeholder meetings, Summary Report," 5 June 2009, p. 4.

broadcasters, three of which are among the largest in the country, the response from the commercial sector as a whole has been weak.

56. As opportunities for additional mergers and new licences decrease, opportunities for the CRFC to receive substantial voluntary contributions are dwindling. On several occasions we have asked the Commission to institute a mandatory mechanism to provide funding for the sector. The Commission has responded by encouraging us to rely on private broadcasters to work with us voluntarily, or by suggesting that we increase our efforts to promote ourselves to the private sector.
57. We understand that it was difficult to approve a mandatory or voluntary mechanism prior to the existence of the CRFC that would be transparent and accountable. But now the CRFC exists. And after our first full year of operations, we are confident that we are in a position to receive and distribute funding effectively.
58. We believe we cannot rely on voluntary contributions alone. Despite our efforts, we have not been able to cultivate new contacts and relationships beyond the broadcasters mentioned above. When the Commission has issued calls for new licence applications, we have found it difficult to reach people who are putting applications together sufficiently early enough to be considered in their CCD plans. As well, application processes involve both private and community broadcasters, and the relationships become complicated where one sector needs to file negative interventions of the other, especially where the two sectors are competing for new licences at the same time. In addition to these challenges, the CRFC currently has only one part time executive director to oversee and conduct all of the fund's activities.
59. Prior to submitting these comments for review, the CRFC attended a phone conference meeting with representatives from the Canadian Association of Broadcasters (CAB), several large broadcasting corporations, and the NCRA. The CRFC discussed its intention to recommend a mandatory mechanism for the fund. The CAB provided significant feedback on our proposal. One concern raised was that private broadcasters would be reluctant to see any mandatory contribution have a negative impact on the many discretionary local initiatives undertaken by individual private stations. At the same time, the CRFC recognizes the importance of the current mandatory contributions to the Radio Starmaker Fund as well as FACTOR and MUSICACTION.
60. The CRFC is a national funding body. Part of its mandate is to strengthen the sector as a whole. However, most of the funding that the CRFC receives goes directly to local communities as opposed to funding national initiatives. Given the nature of the activities of the CRFC, it is likely that the best option would include a mix of national and local percentages.
61. The CRFC also recognizes that the current economic environment affects everyone, not just the community radio sector. While one of our recommendations below does involve a small increase in the actual CCD broadcasters would pay, it was our intention to propose an increase that would not have a significant impact on commercial stations.
62. **The CRFC respectfully requests that the Commission institute a mandatory payment mechanism under the current CCD Contributions policy.** We recommend the following specific policy changes.

Basic Annual CCD Contributions

63. Private broadcasters currently pay fixed annual CCD contributions based on total revenues, with no less than 60% directed at FACTOR or MUSICACTION. **We recommend that no less than 20% of total revenue be directed at the CRFC. We further recommend that stations with total revenues exceeding \$1.25 million in the previous broadcast year contribute \$1,000 plus 0.6% (instead of the current 0.5%) of the portion of the previous year's total revenues that exceed \$1.25 million.** Under the current formula, a commercial station with total revenue of \$3 million pays \$1,000 plus 0.5% of \$1.75 million, totalling \$9,750. Under the proposed increase, the same station's total annual CCD contribution would be \$1,000 plus \$10,500, for a total of \$11,500, an increase of \$1,750. According to the Communications Monitoring Report for 2009, the total CCD reported by licensees in the context of licence renewals for the 2007-08 fiscal year was just over \$4.7 million²³. Factoring in the proposed increase and a modest level of profitability, this would mean the CRFC could receive approximately \$1.1 million from 20% of an estimated \$5.5 million total basic annual contributions.

Additional CCD Contributions related to applications for new licences

64. When private broadcasters apply for new licences, they may make CCD commitments that are more than their annual contributions as outlined above. No less than 20% of the amount above their required annual contribution is directed towards FACTOR or MUSICACTION. **We recommend that no less than 20% of the amount a new licensee commits over and above their annual CCD contribution also be directed at the CRFC.** In 2007-08, broadcasters contributed just over \$7.8 million. Given spectrum issues, uncertainty as to how many calls for applications will occur in the coming year, and the current economic climate, we estimate that broadcasters might pay an amount that is closer to what was paid in 2003-04, which was approximately \$4.7 million.²⁴

Contributions in relation to applications for the transfer of ownership or control of radio undertakings

65. When broadcasters file applications involving transfers of ownership or control, they are required to make a minimum direct financial contribution of 6% of the value of the transaction to CCD – 3% is allocated to the Radio Starmaker Fund, 2% to FACTOR or MUSICACTION, and 1% is allocated at their discretion. **We recommend that 1% of the value of such a transaction be allocated to the CRFC, and that the 1% be redirected from the amount already dedicated to the Radio Starmaker Fund.** In 2008, there were 12 approved transactions, amounting to \$3.6 million in CCD contributions.²⁵ Assuming that this number will remain relatively unchanged for the coming year, this would amount to roughly \$600,000 for the CRFC.

²³ CRTC, Communications Monitoring Report 2009, Table 4.2.12, p. 113

²⁴ Ibid.

²⁵ Ibid., p. 93.

Support from Broadcast Distribution Undertakings

66. As the Commission is aware, community broadcasters believe that the carriage of local community radio services by broadcast distribution undertakings (BDUs) is an essential component to the availability of these important local media services. In order to remain viable local services and increase local programming, community radio requires stable funding, in part from BDUs, and consistent carriage on distribution systems.
67. **The CRFC respectfully requests authority for campus and community stations to charge distributors of community radio station audio, including, where applicable, Class 1 and Class 2 licensees, MDS, and DTH distribution undertakings, a monthly rate of \$0.02 per subscriber, per station available through the distributor.** This fee should, in turn, be charged to subscribers on a "pass-through" basis.
68. **We propose that 65% of these fees be distributed to local community stations through the CRFC, based directly on their carriage by local BDUs.** These fees would then be used for the purpose of producing local news and spoken word programming. **We also propose that 35% of these fees be made available to the CRFC for the purpose of funding and the development of community radio services for currently under-served communities,** specifically rural communities, communities with a significant minority official language population, and communities with no locally-produced source of news and spoken word programming.
69. We estimate that this will direct approximately \$1.1 million for local news and spoken word programming, and \$550,000 for station development of local community radio in under-served areas.

Part II Fees

70. Another potential source of revenue for the CRFC could come from Part II licence fees that have been paid by the private sector. We are aware that the pending appeal on this issue was recently settled, and that private broadcasters will continue to pay Part II fees. According to a press release issued by Canadian Heritage, The Honourable James Moore, Minister of Canadian Heritage and Official Languages, "is recommending that the CRTC develop a new, forward-looking fee regime that would be capped at \$100 million per year. The new fee regime is intended to provide stability and predictability for the industry and protect the interests of Canadians."²⁶
71. It is also our understanding that the Commission has no direct authority over how those fees will be used. **However, the CRFC respectfully requests that the Commission recommend to the Treasury Board of Canada that a 1.5% of the fees should be directed to the CRFC.**

²⁶ Canadian Heritage, "Settlement Reached between the Government of Canada and Members of the Broadcasting Industry", 7 October 2009, <http://www.pch.gc.ca/pc-ch/infoCntr/cdm-mc/index-eng.cfm?action=doc&DocIDCd=DJM091681>

Revenue Summary

72. If all of these recommendations above were approved, this would mean a total annual CCD contribution to the CRFC of approximately \$4.39 million.

Mechanism	Paid 07-08	Estimated 08-09	To CRFC
Basic Annual Contribution	\$4,700,000	\$5,500,000	\$1,100,000
New Licences	\$7,807,000	\$4,743,000	\$940,000
Transactional Benefits	\$3,600,000	\$3,600,000	\$600,000
BDU Contribution			\$1,650,000
Part II Fees			\$1,500,000
Total directed to the CRFC			\$5,990,000

73. By approving these mandatory mechanisms, the Commission will be contributing to the health and vitality of our sector while also doing the following:

- Taking an active role in fulfilling the Broadcasting Act requirement to ensure the existence of a community element in the Canadian broadcasting system
- Sending a strong message to other potential funders on how important funding the sector is
- Helping to ensure that Canadians can participate in and consume accessible media that is relevant to their daily lives
- Contributing to community development across the country, and making communities stronger
- Contributing to communicating a broader and more diverse range of cultures and voices, and a local community perspective of Canadian identity
- Contributing to the continuing and future development of official languages in Canada, including those that exist in minority language environments
- Contributing to the development and continued support of Canadian musical artists, especially those that are under-exposed, emerging, and/or independent
- Contributing to the production of more high-quality and locally produced spoken word content as well as training and experience for journalists
- Contributing to the training of future broadcast professionals

74. Should the Commission approve these recommendations, we then recommend an examination of these contributions within two to three years.

How CRFC Funding is Distributed and Used (Question 23)

75. The CRFC exists to facilitate funding processes for the community-oriented radio sector. We will create meaningful programs that will have the impact the funders and regulators desire while

addressing the needs of the sector. Based on our policies, decision-making, and operations, we are an accountable and transparent independent funding body.

76. Until now, the CRFC has accepted offers from private broadcasters to manage specific programs, specifically the contribution from Astral Media. The Radio Talent Development and Youth Internship programs have made valuable contributions to the CRFC and the stations it supports. The CRFC has been able to: establish the CRFC office, hire staff, elect its first board of directors, recruit members, and develop an application and adjudication process and relevant policies.
77. Most notably, the CRFC distributed \$160,000 to the sector this summer. We received fifty-four applications from English- and French-licensed stations in urban, rural, and remote communities. While there were differences between the two available programs, the two primary components of each program were training/education/mentorship and local programming.
78. An internal CRFC program committee oversees most aspects of the grant/contribution process. Part of that responsibility includes appointing a panel of jury members to assess applications and submit a list of proposed applicants to receive funding to the CRFC Board for final approval.
79. This year's panel assessed each application according to the criteria set out under each program. However, the panel also considered the situation of the applicant itself. The panel looked at:
 - the geographic location of applicants and whether they were in urban or rural/remote areas;
 - the availability of other funding, including assessing whether a small population base leads to limited listener donations and/or advertising;
 - access to other grants and bursaries, such as provincial subsidies or local levies;
 - existing revenue versus self-identified needs; and
 - where applicable, sustainability of the proposed project or resource after the conclusion of the contribution agreement.
80. The approved projects and initiatives were as diverse as the stations themselves. They included developing a weekly news program and training journalists, hiring a women's collective coordinator, teaching a variety of languages, and recording historical community remembrances. See Appendix A for the list of funded recipients and projects.
81. Over the past several months, the CRFC has sought feedback from both stations and associations on the first year of our application and distribution process. We received substantial feedback on program management, and the application forms and requirements. Stations and associations alike found the process well run and easy to understand.
82. However, it was clear that in addition to the project-based opportunity the Astral funding has provided, stations desperately need access to funding that will contribute directly to their operations and capacity. When stations that did not apply for funding were asked why they did not submit applications, most cited that they were not able to develop suitable training and programming projects in line with the program criteria.
83. In fact, one of the stations that was awarded funding in May, CJBE in Port Menier, Québec, had to turn down the \$10,000 offered to them by the CRFC. They had proposed to hire and train a youth production intern who would then be able to train other volunteers and produce spoken word programming that reflected matters of concern to Île d'Anticosti. But the core staff person at the

station had to take a leave of absence until next spring, which left the station without their employee and therefore unable to supervise and train the intern.

84. The CRFC needs to have the flexibility to create funding opportunities to help address the core operational needs of the sector. Programming, especially spoken word, is an issue for the sector as a whole, but so are capacity and new distribution technologies. While we are happy to manage the Astral Media programs we have now, the CRFC will be seeking more flexibility in terms of how funds are dispensed to recipients from this point forward. If our potential funding partners and the Commission deem it necessary, we would be happy to discuss this issue in more detail as the need arises.

Other considerations

Definition of Campus and Community Radio (Questions 1-9)

85. As the CRFC is mandated to work with broadcasters licenced under the campus and community radio policies, it is concerned with any changes in scope, definition, and parameters that the sector proposes and the Commission seeks to review. The CRFC supports the submission of the three associations in this regard.
86. We further note that in receiving funding applications from the sector, we noted that many discussed their local community role and involvement and even developed their projects to fulfill the parts of their mandate focused on establishing and maintaining community links, community building, and community access.
87. Additionally, more than 90% of the applicants highlighted their efforts to provide community members with training and mentorship, and in some cases, education.

Funding for Stations in Development (Questions 9, 25-28)

88. To address the issue of spectrum scarcity, the CRFC could create a start-up funding program for pending community-oriented applications. The recent example of the proposed station CKGI on Gabriola Island is a good example. The community group was seeking funding for a new engineering brief, necessitated by technical objections to its licence application, but the CRFC was unable to assist due to our current policy that prevents us from receiving contributions that are specified for particular recipients. However, we have discussed the idea of creating a start-up program to assist in the creation of new stations in communities that are not yet served by community radio broadcasters.
89. The CRFC has concerns about administering funding to groups that are intending to file applications but have not yet been licensed. There is no way to know in advance whether those applications will be successful with both Industry Canada and the CRTC, even if we make our involvement dependent on applicants' successful completion of both agencies' application

deficiency processes. Ultimately, we are concerned about the risk involved in providing funding to a group that does not successfully obtain a broadcasting licence.

90. Our current policy also precludes us from administering money directed to specific recipients that require financial assistance due to their low-power unprotected status. We know that this type of recipient is at risk of losing its frequency to a new commercial applicant, and requires emergency financial assistance to obtain engineering briefs to identify and move to a new frequency. However, where commercial applicants are interested in providing financial assistance to these low-power community stations, the CRFC currently cannot administer the funding.
91. Therefore, if the sector and Commission deem it appropriate, and if the CRFC receives adequate administrative and program support, we are open to conducting research and consultations to assess whether we could develop appropriate policies, programs, conditions, and reporting mechanisms to administer start-up funding to directed recipients.

New Media and Spectrum Considerations (Questions 25-28 and 29-34)

92. While the future is uncertain regarding the shape of the broadcasting and telecommunications industry, there is no doubt that the ways Canadians are receiving and consuming their media are changing.
93. It is not the role of CRFC to determine or comment on how the sector will or will not evolve and adapt to these changes. However, the CRFC is committed to support stations that would like to begin distributing media in new ways, whether as individual stations or the sector as a whole. With new media and social media, there is an opportunity for stations to build stronger connections and communities while diversifying their methods of reaching community members.
94. Question 31 of the CRTC's notice asks about challenges stations face when considering how they might participate in the new media environment. While there may eventually be lower costs associated with new media, funding is still a key challenge for a couple of reasons. First, because of existing funding challenges, stations are operating under capacity, which means they are focused on keeping themselves open and on the air. There is little time, energy, and money to obtain and run reliable equipment and software, and develop and implement a new media plan. And of course, if a digital radio standard is adopted in Canada, we assume this will require stations to upgrade or replace existing transmitters and related equipment. Community stations that share transmitter space with other broadcasters such as the CBC could face increased rental fees.
95. Another challenge is a general lack of expertise, knowledge, and experience with respect to distribution technologies, and particularly those that are new and emerging. There are highly skilled individuals at some stations, but this is not the case at all stations. Some stations also benefit from having interns and volunteers who are interested in new and social media and in helping the stations develop strategies, but volunteers and interns are transient, and often take their plans, expertise, and strategic thinking along with them. The CRFC sees a need and an opportunity to help address this issue. In fact, one of the CRFC's program priorities is "emerging distribution technologies." We would need time, energy, and, of course, the funding to distribute, but our door is open for consultation.

96. We also recognize that new forms of distribution open the door for new broadcasters that do not have to be licenced and accountable to the CRTC or Industry Canada.
97. The CRFC is not currently in a position to work with stations that are not licenced under the current or upcoming revised campus and community radio policies or their representative associations. We recognize that there is an opportunity for community media to thrive in digital/online formats, however without any regulation of the Internet, there is no way to guarantee that non-licenced entities are in fact community broadcasters. The CRFC has a very specific mandate to support community broadcasting in Canada. To go beyond that at this time could be detrimental to those we are mandated to serve.
98. As for non-Internet based forms of distribution, again, the CRFC is open to creating relevant funding programs to address the sector's needs arising from strategies like reassigning television spectrum or adopting a digital radio standard.

Community Television

99. The CRFC is communicating with the community radio associations and the Canadian Association of Community TV Users and Stations (CACTUS) regarding their proposal seeking solutions for community television through the creation of a Community Access Media Fund (CAMF). The primary function of the CAMF would be to support the development of a revitalized community television sector by funding multi-platform community-access production centres. CACTUS proposes that these centres could simultaneously hold over-the-air radio and television licenses, have must-carry status on cable and on the services of other locally available BDUs, offer a continuous webstream, and be distributed by other new media.
100. There is an opportunity here for a convergence of various forms of community media. It is our understanding that some campus and community radio stations are already branching out and exploring other forms of distribution. We also are aware that there are several community stations that are licenced as both radio and television broadcasters. As changes occur in the way people consume their media, so too does the media need to change how it offers their content.
101. The CRFC is grateful for the opportunity that CACTUS has offered. Should the Commission support their proposal following the upcoming review of the Community Television Policy, we look forward to the opportunities that could arise for our stations, associations, and funds. We also thank them for keeping our sector in mind in their proposal as they move forward. The CAMF and/or its proposed funding mechanisms could provide much needed support to radio broadcasters who intend to look beyond their AM and FM transmitters.

Appendix A CRFC Recipients

CFAD 92.1 FM, Salmo BC: "Salmo Community Radio Local News/Public Affairs Forum" \$4,700: (developing a weekly local news and community interest program)

CFRG 93.1 FM, Gravelbourg SK: "Stage radiophonique pour un jeune" \$8,000: (training an intern who will then produce a series of radio programs on the Francophone musicians of the community)

CFRO 102.7 FM, Vancouver BC: "Aboriginal Language Learning Programming Mentorship" \$10,000: (providing training and mentorship opportunities for aboriginal youth who will produce a live, weekly program about aboriginal language learning)

Fast Facts

Spoken word projects: 11

News-training projects: 7

Fast Facts

Stations operating in an official language minority setting (including both English and French): 6

CFUV 101.9 FM, Victoria BC: "Women's Collective Coordinator - Summer Position" \$2,970: (expanding the training and recruitment arms of the station's Women's Collective to more quickly integrate women volunteers into the training process and to outreach in particular to young women in high schools)

CHES 101.5 FM, Erin ON: "EDHS Partnership" \$10,000: (creating a partnership with the high school to incorporate radio broadcasting in the school's Communication Technology courses and set-up student run radio programs and training opportunities)

CHLI 101.1 FM, Rossland BC: "Be The Voice" \$9,960: (exposing youth to the roles of operations within a community radio station, including developing an outreach-marketing plan and initiating a recruiting and training program that is created by youth for youth)

CHLS 100.5 FM, Lillooet BC: "Radio Legends" \$9,750: (training youth in the production of new St'at'imc radio plays, other historical monologues, and current news)

CHOQ 105.1 FM, Toronto ON: "Dossiers Choq" \$7,350: (producing 30-minute reports on local interest topics which stimulate public curiosity, part of an open content community education initiative designed to inform listeners, foster their critical judgement, and prompt them to action)

CIVR 103.5 FM, Yellowknife NT: "Recueillir et diffuser l'information locale, territoriale" \$10,000: (hiring a full time Francophone reporter to open a window on the Francophone community activities)

CJAI 92.1 FM, Stella ON: "Local Oral History Broadcast Project" \$2,320: (recording a new series of historical community remembrances for radio broadcast and for the local primary school library, history museum, and County Archives, (with transcripts))

CJPN 90.5 FM, Fredericton NB: "Jeunesse radiophonique" \$7,500: (providing training to eighth-grade students as part of an overall mandate to promote the inclusion of youth within Francophone media and to promote individual and collective pride in Francophone culture)

CJRG 94.5 FM, Gaspé QC: "La tournée régionale" \$9,160: (training current communications and/or media technology students to produce and air interviews from which newscasts and audio clips will be derived)

CKBN 90.5 FM, Wôlinak QC: "Culture rurale" \$9,600: (producing a program on the cultural relationship between humans and the land, featuring those involved in the agricultural world as well as scientific reports and agricultural press reviews)

Fast Facts

Rural and remote communities: 11

Chéticamp NS
Erin ON
Gaspé QC
Glace Bay NS
Gravelbourg SK
Lillooet BC
Rossland BC
Salmo BC
Stella ON
Wôlinak QC
Yellowknife NT

CKDU 88.1 FM, Halifax NS: "Youth Now Radio" \$10,000: (training eight interns to produce 20-30 minute segments for the ongoing program Youth Now Radio, focused on the voices of youth talking about their issues, in their voices, in their way)

Fast Facts
Francophone stations: 8
Projects aimed at languages other than English or French: 3

CKOA 89.7 FM, Glace Bay NS: "The Celtic Connection Documentary Series" \$10,000: (producing a series showcasing the Celtic connection between Cape Breton and Scotland & Ireland, including in-depth coverage about/from festivals/local centres and preservation of Gaelic)

CKJM 106.1 FM, Chéticamp NS: "Formation de jeunes pour la relève" \$5,000: (training a young university student in all aspects of radio programming with the goal of running the station on their own for a day or two at a time)

CKRH 98.5 FM, Halifax NS: "Drive Home Host Project" \$10,000: (training a youth to produce a drive home show featuring local news and information that is relevant to the Halifax

Francophone community)

CKUT 90.3 FM, Montréal QC: "Training Track at June 2009 NCRC" \$8,650: (offering bilingual, hands-on radio technical production workshops at a national radio conference, including sessions for women and those from cultural minorities)

CKUW 95.9 FM, Winnipeg MB: "The Winnipeg Files module of Green Planet Monitor" \$5,000: (producing documentaries/dispatches on the global environment and development agenda from a Winnipeg perspective, reporting from Winnipeg streets, offices, schools and homes)

NCRA (national): "GroundWire Community News Network Capacity Improvement" \$8,500: (hiring a coordinator to further develop a national collaborative news program made up of contributions of local news, headlines, reports and features not covered in other media)

Fast Facts
Programs aimed at specific gender and cultural groups (not including Francophone groups): 5
Projects serving youth communities: 3

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