

**Intervention by the ADISQ in Answer to the Call for Comments  
*Broadcasting Notice of Consultation CRTC 2020-374—  
Commercial Radio Policy Framework Review***  
**Executive Summary**

**March 29, 2021**

**BEYOND THE STATUS QUO: PROPOSALS FOR A RENEWED  
AND EFFICIENT COMMERCIAL RADIO REGULATORY  
FRAMEWORK**



## Executive Summary

Intervention by the ADISQ filed on March 29, 2021.

**Re:** Broadcasting Notice of Consultation CRTC 2020-374  
Commercial radio policy framework review

1. Despite a review process which started in 2015 and resumed in 2017, but never came to fruition, the promotion and the financing of Canadian music have been governed by the same *Policy* since 2006, namely for 15 years. Moreover, this *Policy* is almost identical to the previous one, adopted in 1998.
2. These two decades coincide with a period of major structural changes for the music industry which, since the end of the 1990s, has been turned upside down by a succession of significant transformations raging from piracy during the first years, to a drop in physical sales, to the emergence of MP3s, and, more recently, to the implementation of music listening options offered by streaming services, free of charge or by subscription.
3. All over the world, music producers are called upon to constantly review their business model. But, in Québec, this challenge takes distinct forms. First, the mission is unique: to produce and market French-language music on a continent where French is spoken by a small minority, and in the close proximity of a country known for imposing its cultural hegemony worldwide. Second, the industry's structure has no equivalent elsewhere: rather than being dominated by the *majors*, our music industry consists almost entirely of small and medium-sized independent local companies that are responsible for 95% of the French-language music production in the territory. Finally, it is a business sector with an exceptionally low profit margin where, according to SODEC figures, the average profit margin is about 8% (in a *normal* year, needless to say). In order to maintain a significant production of quality music in recent years, despite adversity and poor profitability prospects, companies have had to diversify their activities significantly, for example by placing greater emphasis on live performance.
4. In short, while it is correct to state that the Québec music industry has shown resilience in recent years, it must be stated that the ice layer on which it maneuvers is very thin, that its challenges are considerable, and that its means of income are precarious.
5. By contrast, during the same period, the development of radio has been spectacularly more reassuring. While one might have thought that the emergence of online streaming services would turn it upside down as much as the music business, this is simply not the case. Radio "*remains the dominant audio distribution platform for music, news and spoken word content across Canada in both official languages despite competitive challenges from new platforms and its dependence solely on advertising revenues,*" as stated by the CRTC, in a report published in 2018, whose main findings were further confirmed by a study conducted in 2020.

6. Thus, since 2006, and even 1998, the music and radio industries have been bound by a policy that sets the parameters of their forced partnership. The question asked through this consultation notice is thus both crucial and complex: are such parameters still appropriate today?
7. In order to answer this question in a rigorous manner, we first measured the effects of the policy on the two pillars the policy mostly addresses: music promotion and music financing, of francophone music in particular.
8. In the first case, namely the promotion of francophone vocal music, we must acknowledge failure: quotas do not fulfill their promises, so much so that they can now be qualified as the “65% mirage.”
9. We show this in detail in our intervention: despite a regulatory protection that appears symbolically important, commercial radio listeners are mostly exposed to English-language music, and the number of francophone artists, in particular emerging talents and new releases with significant airplay, is limited. This result can be explained:
  - On the one hand, by the fact that music producers have developed strategies to circumvent the requirements (without necessarily putting themselves in a situation of non-compliance), namely by the practice of editing anglophone music in such a way that several pieces in English can be counted as one when broadcast, and by concentrating the broadcast of music in French at times when the audience is at its lowest;
  - On the other hand, because, to this day, no measure has been introduced in order to support emerging talent or new releases by established artists.
10. We therefore propose that the Commission review the existing rules, ensuring, before anything else, that the measures it adopts have a significant impact during actual peak viewing hours and that the harmful practice of editing English-language music is ended once and for all. We also ask that a new rule be adopted to guarantee minimal exposure for emerging talent or for new releases by established artists, for whom access to airtime is often difficult. We also make a series of suggestions to increase the diversity of the music being broadcast.
11. In the second case, that of financing, the outcome is rather positive: over the past two decades, radio contributions have undeniably had a major positive impact on the development of the Canadian music industry, particularly the francophone industry—although an imbalance between the two linguistic markets has long been a concern for the ADISQ. The Fonds RadioStar and Musicaction have supported thousands of production and marketing projects, enabling radio stations to feed their programming with professional and diversified content.
12. But beware: a catastrophe is looming in the near future. Half of the contributions made by commercial radio over the past decade have been for tangible benefits, i.e., they were the result of transactions. Indeed, in recent years the market has consolidated

significantly, allowing already powerful players to become giants in the Canadian radio landscape, so that today, five major groups account for 64% of market share revenues.

13. At present, especially in the francophone market, it is a given that this exceptionally large concentration has reached a saturation point. No other big transactions are anticipated, and therefore, no more tangible benefits. The two funds that support the francophone music industry, the Fonds RadioStar and Musicaction, anticipate drastic decreases in the short term, which could prevent them from carrying out their fundamental mission.
14. It is clear that the effects of this concentration will be lasting, but that the means put in place in the past to mitigate them are temporary.
15. For the large groups that own radio stations, these permanent effects are positive: such concentration brings enormous market power, synergies, and access to large audiences. For the music community, on the contrary, the effects are rather negative: they result in an increased centralization of programming, a reduction in diversity, not to mention, as we show in our intervention, the generalization of circumvention practices aimed at reducing the airtime allocated to French-language music during prime time.
16. Consequently, we propose that the CRTC rethink the existing contribution mechanisms in order to maintain the current contribution level while considering the effects of this intense market concentration on each of the players concerned. We therefore propose that, faced with a drying up of tangible benefits, the share of annual contributions be revised upwards, but in a degressive manner, so that the large ownership groups, which are the first to benefit from this concentration, are the ones who contribute the most, and that the small independent players are exempted from this obligation. We further propose that exceptions to common ownership be granted to small players and intermediaries, provided they demonstrate that being allowed to solidify themselves in a competitive universe would be in the public interest.
17. Finally, and this proposal is not the least important, seeing that the French-language music industry will be much harder hit by the proposed cuts in contributions than its English-language counterpart, when a major linguistic funding imbalance has existed for several years, the ADISQ asks that the CRTC establish a new linguistic balance.
18. We believe that all our proposals are consistent with the specific challenges of the two industries concerned. They also form part of the serious reflection underway in Canada on the regulation of broadcasting services and the protection of the minority language in the country. Indeed, the Canadian government is about to adopt an Act that will make online music services unequivocally subject to regulation. Whether online or on the traditional airwaves, the ADISQ believes that, when it comes to promotion, the role of regulation is to maximize the discoverability of Canadian content, rather than merely allow such content to be present on the airwaves. Similarly, the government has just published a white paper on official languages that emphasizes the importance of establishing “a new linguistic balance” that recognizes the need to promote and protect French across the country, “including in Québec,” which must also be done through

culture, and the government believes that the CRTC, in this respect, “plays a crucial role.”

19. In conclusion, we cannot ignore the social and health context in which this review is taking place: for the past year, the entire world has been hit by a pandemic that has major impacts on several sectors of the economy; the radio and music sectors have not been spared, but they have not been equally impacted. There is a consensus that the cultural sector is among the hardest and longest hit by the crisis since, as a consequence, venues had to be closed (or symbolically opened at best) and no festival has been held in over twelve months. The entire ecosystem is shaken and the effects of the crisis (which is not over) will be felt in the long term.
  
20. Radio will have a key role to play in the successful recovery of the music industry. We believe that music also has a role to play in the recovery of the radio industry. The crisis has shown us the unifying power of our music, its comforting power: one only has to look at the music programs shown here, on TV, that have gathered record audiences, and generated scores of positive comments on social media. In the last year, artists have shown that they are essential and that, when they are properly showcased, audiences respond enthusiastically. Our music has proven to be a strength, and a source of inspiration sought by the public in difficult times. Perhaps it is time to stop pretending that it is an obstacle to the commercial success of radio stations.

\*\*\*End of the executive summary\*\*\*