



**Via GC Key**

22 April 2021

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

**Re: Reply to Interventions - Broadcasting Notice of Consultation CRTC 2020-374 Call for Comments - Commercial Radio Policy framework review**

**Introduction**

1. Torres Media welcomes the opportunity to reply to the various interventions concerning the Commercial Radio Policy review.

As we stated in our intervention our comments come from the perspective of a small, independently owned family company that operates radio stations primarily in small markets.

**A Healthy Canadian Radio Sector is Good for Canadian Artists**

2. Intervenors tend to link the success of Canadian artists to historic discoverability quotas placed on Canadian broadcasters. While that might have been truer in the context of a closed audio ecosystem, technology has since changed that.
3. As the only audio service with Canadian discoverability quotas, a healthy radio sector is now more important than ever to Canadian artists.
4. Mandating foreign services to curate Canadian Playlists and Channels will not achieve the same level of discoverability for Canadian artists that they currently enjoy on radio. Those channels will be similarly marginalized by the streamers like satellite radio has marginalized its Canadian offerings.

**Radio PBIT Margins Not High**

5. Unfortunately, radio continues to decline, a decline that has been accelerated by COVID-19. One has to look no further than the Federal Government's advertising spending to appreciate the magnitude of the shift to digital advertising. In 2015 the Federal government spent 5% of its advertising budget on radio and 33% on digital ads. In 2020 amidst increased spending as a result of the pandemic, the Government of Canada's radio spend remained unchanged at 5% of

its total spend but its spend on digital, mostly foreign-owned tech giants grew to 54% and astounding growth rate of 21%.

6. Intervenors point to the resiliency of radio and they highlight that the top five radio groups account for 64% of the total Commercial radio revenue, they also point out that in 2019 radio enjoyed a healthy PBIT margin of 17% - What is missing in their analysis is a breakdown of PBIT margin between large broadcast groups and small broadcasters. It stands to reason that if the top 5 groups make up 64% of all revenue, the PBIT margins of those groups will be higher than the average. It is conventional wisdom that major markets enjoy larger PBIT margins and that margins reduce proportionately with the size of the market. Small market stations will average much lower margins, and while PBIT may still be slightly positive, interest payments and taxes can create negative cash flow for many small-market stations.
7. The following headlines point to an industry that is far from healthy:
  - **Are the cuts at Bell Media the beginning of the end for Canadian broadcasting? – Toronto Star Feb 16, 2021**
  - **LICENCE VOLUNTARILY SURRENDERED FOR CJAY-3 99.7 IN INVERMERE – Canadian Radio News April 19, 2021**
  - **UNE PERTE NETTE POUR LA DÉMOCRATIE »  
La fermeture de la salle de nouvelles de la station de radio anglophone CJAD et des mises à pied chez CTV ravivent la question de la précarité des médias - La Presse 7 Feb 2021**
  - **'I'm saddened': Loss of last Smiths Falls radio station silences local voice Smiths Falls Record News Thursday, January 7, 2021**
  - **Community expresses disappointment at radio layoff of Steve Bell after 41 years - 4 Feb 2021 Windsor Star**
  - **Kelowna radio station to sign off for good – kelownanow.com Mar 31, 2020**
  - **Stations on move as longtime London radio headquarters listed for \$1.9M Feb 01, 2021**
  - **Evanov Radio shuts down CHRF 980 AM - Fagstein.com June 1, 2020**

### **The Status Quo**

8. "If you are not growing you are dying" It's a quote that is attributed widely to business leaders and various writers. It is also at the heart of our economic system. If a recession is considered two quarters of negative growth radio it could be argued that radio has been in a prolonged recession since 2008. The status quo has created a constant erosion of revenue and tuning for Commercial Radio and a consistent negative growth which is well documented in CRTC annual financial reporting.
9. Certain intervenors argue that the status quo should remain in terms of Canadian content, yet they offer no evidence that Canadian Content quotas on radio are directly responsible for the success of Canadian artists, nor do they quantify how the new digital world accounts for artist discoverability. Digital streams, YouTube views and Tik Tok exposure now factor more heavily

than radio spins in the eyes of the music industry, yet there are no Canadian Content discoverability quotas on any of these foreign-owned platforms.

10. Certain intervenors suggest that Emerging Artists should receive mandated play, placing a further burden of regulation on commercial radio stations. They offer an extensive opinion on what an emerging artist is or should be but their solution creates a burden of recognizing, and monitoring when an artist meets the definition of an emerging artist. The burden of monitoring whether an artist has charted, how long that artist has been on the charts, and when the artist exits the charts rests squarely on the radio station. Radio station Program and Music Directors at small companies do not have the time nor the resources to monitor when an emerging artist becomes or ceases to become emerging. The intervenors are clearly out of touch with the realities of operating a small market radio station and their suggestion that programmers track thousands of artists entering and exiting charts is unrealistic.
11. Some intervenors consider that consolidation of ownership is a cause of restricted playlists in Canada, yet they do not offer any evidence to support their position
12. Once again concerning CCD, intervenors propose a “Status Quo” approach to CCD seemingly without consideration for the health of the radio sector.
13. Intervenors have referred to COVID-19 as an “outlier event”, suggesting it is a one-time event. While COVID has had a devastating effect on many businesses, the effect on the radio sector is more severe because radio was already on a downward revenue trajectory. That downward slope is not an “outlier” event, it is a trend that has continued to affect radio for the past thirteen years.

#### **A Policy That Helps Canadian Broadcasters Helps Canadian Artists**

14. The steady erosion of radio tuning and revenue over the past decade should alarm the Canadian Music industry and The Commission.
15. Radio is the only audio service that is currently mandated to imbed Canadian content into its primary audio offering, without a healthy radio sector, Canadian artists will lose a premium channel for exposure. In many small communities across Canada, Radio is the only local media, an important contributor to Chambers of Commerce, Not-for Profits and local musicians. Radio lives in the heart of those communities, strengthening them, giving them a voice and a place for local reflection. Recent surveys by the CRTC confirm this. Commercial radio is even more important to Canadians than is the CBC. While Bill C-10 intends to provide powers to the CRTC to moderate the erosion of tuning and revenue to foreign streamers, its passage is not guaranteed and implementation of its principles may take many years furthering weakness in Canadian Radio. The CRTC should use the opportunity provided by this review of policy to strengthen Canadian Broadcasters for the greater good of the entire industry.

Yours truly,

Edward Torres

