April 28 2021

Mr. Claude Doucet
Secretary General
Canadian Radio-Television and Telecommunications Commission
Ottawa, Ontario
Canada
K1A0N2

Re: Reply Comments – Broadcasting Notice of Consultation CRTC 2020-374 Call for Comments – Commercial radio policy framework review

1. Starboard Communications Ltd. (Starboard) Is pleased to provide these reply comments in respect of the CRTC's radio review. These reply comments will respond to:
    - Intervenor comments on the economic state of private radio, and the impact of COVID-19, relative to the music industry and digital media;
    - Calls by major record labels and other interest groups for maintenance of current overall Canadian content requirements, introduction of new sub quotas, and additional CCD contributions;
    - The broad support for incentive-based regulatory approaches;
    - Consensus on an expanded upon and improved MAPL system by broadcasters and the music industry alike;
    - Suggestions for an expanded common ownership policy, that recognize the unique circumstances of smaller markets, such as the Belleville/Trenton/Prince Edward County (PEC) market served by Starboard; and
    - Recognition on the part of most stakeholders of the need for support, rather than mandatory requirements, for local news and information programming.

Economic health of private radio

2. As we stated in our intervention, declining revenues, increased local radio competition, and the recent influx of unregulated foreign internet streaming services, are already dramatically changing what was once a profitable business, and risk turning it into an unsustainable one.
3. In Starboard's view, the economic evidence filed by the CAB compellingly confirms what we ourselves see in our own operations: 2020 and the impact of the pandemic is not some "outlier" – the evaporation of private radio revenues and profitability both predate and have been exacerbated by COVID-19. Revenues cannot be expected to bounce back.
4. In this regard, we also note the following from Friends of Canadian Broadcasting (FCB):

> While the Commission has not yet released full commercial radio financial statistics for the 2020 broadcast year, results of the larger radio groups reveal revenues down 27% from the 2019 to 2020

broadcast years. Whether 2020 turns out to be an outlier or an indication of things to come, only time will tell. Notably, however, there is every indication that digital platforms did not suffer as much through COVID-19 as traditional media, so it seems imprudent to assume that things will bounce back for radio. (emphasis added)

5. By contrast, we note the dated observations of the Canadian Independent Music Association et al (CIMA et al) and Music Canada in their interventions: that, at a 17.3% PBIT, profitability for commercial radio remains "high" or "relatively strong".[1]

6. The reality is that, by any reasonable issue, with the demise of Napster and music piracy, the music industry is far better placed economically than private radio, now and into the future. And if anything, the pandemic has exacerbated that difference.

7. CIMA et al states that "the independent music sector has experienced a $233 million drop in revenues" and that "the cumulative impact of COVID-19 on the independent music sector in Canada represents a shortfall of over a $2.8 billion shortfall from the industry's five-year [2019 to 2023] growth trend".[2]

8. This contrasts with the CAB's observation that, "between 2013 and February 2020, the private radio industry saw annualized revenues decline by approximately $270 million or 16.5%. Moreover, despite an aggregate PBIT margin of 17% in 2019, over 40% of commercial radio stations went into the pandemic unprofitable" and "from 2020 to 2023, over $800 million in private radio revenues will have evaporated, never to return".[3]

9. A closer look at the underlying evidence reveals that CIMA's estimate of a $2.8 billion "shortfall" is on revenues that will otherwise grow from $4.2 billion in 2019 to $4.7 billion in 2023, while the CAB's estimate of over $800 million in "evaporated" revenues is on private radio revenues that will otherwise decline from 1.4 billion in 2019 to 1.2 billion in 2023.[4] On a percentage of revenue basis, the music industry "shortfall" represents the same 15% of four year accumulated revenues as radio's "evaporated" revenues.[5]

10. This, of course, does not take into account the fact that one sector is growing and the other declining. Extrapolating current growth trends places the independent music industry at $5.5 billion in revenues in 2029, or 31% higher than what it was in 2019.[6] Meanwhile, an economic analysis prepared for the CAB projects that private radio will never fully recover from the pandemic, and

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[1] Music Canada Intervention, para 13. CIMA et al Intervention at para 50.
[2] CIMA et al Intervention, para 14. We note that CIMA et al did not file the report, which calls into question whether it can be used as evidence in this proceeding at all, but it is referenced in this publicly available summary, https://cimamusic.ca/news/recent-news/read,article/17882/new-report-%20%20%20%20%20d, and is available on the Nordicity website, here, https://www.nordicity.com/de/cache/work/156/Nordicity-CIMA_Impact_of_COVID-19_Canadian_Independent_Music_2020.pdf (Nordicity Study). Interestingly, at para 50 of their intervention, CIMA et al acknowledge that private radio revenues are declining, but only in the context of requesting additional CCD contributions
[3] CAB Intervention, paras 10 and 13.
[4] Nordicity Study at p. 5. vs. *Listening to the Future: Planning for the first decade of the second century of radio in Canada*, Communications Management Inc., Appendix F to CAB Intervention (CMI Report) at p. 26.
[5] Ibid, using the estimated pre-pandemic projections for 2020 through 2023 provided.
[6] The Nordicity Study projects independent music revenue growth from $4.2B in 2019 to $4.7B in 2023, consistent with growth rate from 2017 to 2019. Starboard's estimate for 2029 is based on that straight-line growth continuing.

combined with pre-pandemic declines will end 2029 at little more than $1 billion in revenues, or 28% lower than 2019.[7]

Canadian content Quotas (Q.6-7)

11. Starboard notes the interventions of many individual Canadians expressing a desire to lower or eliminate the amount of Canadian musical content (Cancon) required on commercial radio.

12. Broadcast Consultant, Jim King, states;

> "My biggest issue is with Canadian Content Rules or (Can-Con). The intent and percentages of Canadian Content served a purpose back in the day, fast forward to present day and you have a very different industry. Gone is a time where stations of any musical format would "break" new Canadian music to the listeners, lets be honest. As a D.J. of 40 years, that last happened for me in 2005. As broadcasters we operate in a very different environment now. We all know the CRTC has heard the same complaints of many broadcasters and Canadians alike for decades, that is to stop forcing broadcasters to play specific percentages of Can-Con. Now is the time for you to stop, listen and evolve with the industry. Even the artists (Canadian or otherwise) have found ways to market themselves (better in some cases) than the record labels can or would, and in doing so they are receiving the royalties they are entitled too and have worked so hard for. It is time for you to be part of the solution and no longer the problem."

13. Christopher Tonkin states "I no longer see a need for 35% Canadian content. A more globally inclusive content protocol is preferred and appropriate." Similar observations are made by a number of individuals who took the time to make their views known to the Commission, representing a significant voice for change.[8]

14. Starboard takes particular note of the comments of the major record labels – Warner, Sony and Universal – as represented by Music Canada, in calling for the maintenance of current 35% Canadian content quotas and new sub quotas for emerging artists.

15. Not mentioned by Music Canada is how even the largest Canadian broadcasters pale in size compared to the major music labels, and how those labels have seen their revenues hold, if not increase, through COVID-19. Publicly available data on Music Canada members reveals:

    - Warner music group expects annual revenue to top $4.4bn in Fiscal Year 2020, with streaming up over $260m year over year. "Helped by double-digit streaming gains, Warner Music Group set a record for quarterly revenue of $1.335 billion in its fiscal first quarter ended Dec. 31, 2020."[9]

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[7] CMI Report at p.26.

[8] See, for further example, Interventions by Laurence Price, Mike Booth and Terry Howlett. More broadly, as noted by in the CAB Intervention, at para 124, the CRTC's own Ipsos research reveals that, "awareness of Canadian Content Requirements was mixed to low, and, while, in principle, a majority of "Canadians support the Canadian content and French-language music rules currently in place for commercial radio and relatively few are opposed", they, in practice, oppose the imposition of any such obligations on streaming services that would "interfere with consumers' ability to choose the content they want".

[9] https://www.musicbusinessworldwide.com/warner-music-group-expects-annual-revenue-to-top-4-4bn-in-fy2020-with-streaming-up-over-260m-yoy/#:~:text=Magazines-,Warner%20Music%20Group%20expects%20annual%20revenue%20to%20top%20%244.4bn,up%20over%20%24260m%20YoY&text=Warner%20Music%20Group%20has%20issued,to%20end%20of%20September%202020). Warner Music has multiple Canadian entities; the largest of which has reported Canadian sales of $19 million (USD) https://www.dnb.com/business-directory/company-profiles.warner_music_canada_co.886756763ab141e80a202815adfd7c52.html

- "UMG performed the best of any Vivendi division in 2020, generating about $8.92 billion (€7.43 billion) on the year, factoring based upon the exchange rate at the time of this piece's writing. The figure represents a 3.8 percent boost from 2019."[10]
- "Sony Music revenues soared above $4.5 billion in 2020, after huge final quarter of the year." [11]

16. It is bad enough that the Canadian government continues to spend advertising dollars on California-based Internet platforms, rather than Canadian media,[12] and has unnecessarily decided to require Canadian radio to compensate US "neighbouring rights" holders – a requirement that US radio stations do not themselves have.[13] We fail to understand why a smaller, private broadcaster like Starboard, with annual revenues of under the often-used benchmark of $5 million should be called upon to further support artists represented by international conglomerates in the music industry like Sony Music, Warner Music and Universal Music whose combined global revenues exceed $7.8 billion and growing.
17. Music Canada's position amounts to nothing less than a request for further transfers of wealth from a weakened Canadian radio sector to increasingly healthy international music conglomerates. As noted in the CAB's Music Report, "it was never the case that artists were well paid by record labels in the first place."[14] They generally received less than 10% of the retail price of albums". Perhaps, the CRTC should encourage government to impose new quotas and taxes on the major labels.
18. Applying emerging artist quotas on radio would hamper stations in gold-based formats in particular, which would negatively affect their product. Such proposals should be dismissed outright, and Cancon reduced to 25%.
19. New sub-quotas for indigenous or other artists as proposed by Indigenous Music Alliance are also not the answer. We say this from the perspective of an operator whose market includes the Tyendinaga Mohawk Nation reserve, with a total indigenous population of 10,000 people in a broadcast area of approximately 220,000.[15] As outlined in our intervention, we spoke to Indigenous artist, Don Amero, who indicated that the issues faced by artists of that community are very much "pre-radio", suggesting that this community is 30-40 years behind the rest in having the opportunity and access to the resources to merely develop their product, and that a radio regulation would not solve these issues. With radio revenues on the decline, and the reality that further burden would only exacerbate those declines, we suggest that these barriers could be better overcome through support from the major music labels. Paragraph 15 of this submission demonstrates the growth in

[10] https://www.digitalmusicnews.com/2021/03/04/universal-music-group-2020-earnings/ Universal Music Canada Inc generates $140 million in sales (USD). https://www.dnb.com/business-directory/company-profiles.universal_music_canada_inc.be66e255f09958e564245c4f43acc663.html
[11] https://www.musicbusinessworldwide.com/sony-music-revenues-soared-above-4-5bn-in-2020-after-huge-final-quarter-of-the-year/ Sony music Canada Inc generates $90.39 million in sales (USD). https://www.dnb.com/business-directory/company-profiles.sony_music_entertainment_canada_inc.985483dacb4dabb15849752f203aae99.html
[12] As noted in the CAB Intervention, at footnote 15, in 2018/2019 federal government radio spending was just under $800,000. It increased to $2.4 million in 2019/2020, largely occurring in March 2020 when the government began to address the COVID-19 pandemic – still only representing little more than 5% of federal government advertising (half of radio's average total revenue share) as compared to 55% on digital and therefore a greater bias against radio and to digital than even private advertisers.
[13] As noted in the CAB's Intervention, at para 173 and footnote 106.
[14] *The Road Ahead – The new relationship for Canadian Radio and Music* (CAB Music Report), Appendix H to the CAB Intervention, page 6.
[15] For information about the Tyendinaga Mohawk Nation, see https://mbq-tmt.org/

their already-robust revenues, and that they certainly could bear this cost. FACTOR could also play a greater role in supporting indigenous artists.

20. We also reiterate our position that, rather than impose a quota on radio for Indigenous artists and other minorities, the Commission should introduce an incentive-based model. This would see stations that play music from artists from sovereignty-affirming and equity-deserving groups receive an enhanced Canadian content credit.

Incentive-based regulatory approaches (Q15-19, 24)

21. We are pleased to see strong endorsement of incentive-based approaches to support emerging and other artists among broadcasters of all types. We note also CIMA et al's proposed credits (under MAPL) for indigenous, visible minority and female artists.[16]

22. Such approaches would be consistent with the Commission's use of credit-based incentives in its 2017 large group television license renewals,[17] and the government's encouragement of incentives to support diversity initiatives in the Draft Direction for Bill C-10.[18]

23. Now is not the time for new regulatory requirements that will make private radio even less competitive.

24. CIMA et al's trite observation that radio broadcaster requests for regulatory relief "can be understood as a request for the music industry to subsidize the operations of billion-dollar companies" ignores the fact that (1) the only billion-dollar operations left in the Canadian radio-music ecosystem are the foreign music labels and (2) smaller Canadian broadcasters are similar in size to CIMA members.

25. Fortunately, CIMA et al, while regrettably still endorsing some new sub-quotas, at least stated:

> We can acknowledge that COVID-19 has made an impact on the broadcasting sector, as well as most other sectors within the Canadian economy. Put simply, we have no doubt that Canada's broadcasters are suffering; and ultimately, the entire music industry ecosystem is suffering too.[19]

26. In proposing new sub-quotas, CIMA et al could not have been aware of the full extent of decline in Canadian private radio, as evidenced in the CAB's intervention and noted above.

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[16] CIMA et al Intervention, para 26.

[17] To encourage reflection of Indigenous peoples, the large English-language television ownership groups received a 50% credit against their CPE requirements for expenditures on Canadian programming produced by Indigenous producers*, and* to encourage reflection of official language minority communities (OLMCs), the groups received a 25% credit against their CPE requirements for expenditures on Canadian programming produced by OLMC producers. https://crtc.gc.ca/eng/archive/2017/2017-148.htm

[18] Section 8 of the *Preliminary Draft Policy Direction to the CRTC,* as of August, 2020 (Draft Direction) states "In order to encourage the development of diverse Canadian expression, the CRTC is directed to consider incentivizing diversity in key creative positions, in both the audio and audiovisual sectors, and supporting the following communities: Indigenous peoples, Official- Language Minority Communities, the LGBTQ2+ community, racialized and ethno-cultural communities, women, accessibility groups, and French-language creators."

[19] CIMA et al Intervention, para 52.

MAPL (Q1, 5)

27. Starboard is pleased to note that broadcasters and music industry representatives alike are aligned in their desire to improve the MAPL system to better accommodate the realities of what Canadian music is today, including the international strength of our stars and nature of music production.

28. We believe changes to MAPL are long overdue. We recognize that the draft Direction for Bill C-10 directs the Commission to take a broader look at definitions of Canadian content in the context of regulating online undertakings.[20] We respectfully request that the Commission not defer consideration of this matter to some future broad proceeding, but that the most important targeted and focussed consensus changes be made now.

29. For this reason, we are concerned that the extensive overhaul proposed by CIMA et al, while it has elements that are worthy of consideration (such as points for copyright retention), unnecessarily combines what we would consider "credits" with "points". Similarly, while we feel the Music Canada approach to a new, restructured MAPL formula has merit, we feel even stronger that the model proposed by the CAB is much more streamlined, easier to track what would qualify as a Canadian selection, and would be faster to implement.

Emerging Artist Credit (Q15-19)

30. We have already noted with some dismay the positioning of wealthy global music label conglomerates in favour of ongoing and new quotas on all private radio stations, large and small. This contrasts notably with that of Canada's independent and Canadian owned and controlled music labels, managers, songwriters and provincial and territorial organizations, CIMA et al. who at least recognize the financial challenges of radio broadcasters and are "prepared to work alongside the commercial radio system to develop a forward-thinking approach to better supporting emerging artists."[21]

31. We also note the broad consensus among broadcasters in support of Starboard's view that an artist be defined as "emerging" for a 5-year period (60 months) beginning from the point of their first charted commercial release. This, coupled with a broadcaster receiving 1.5 Canadian content credits for playing music from an emerging artist creates a fair landscape for all, and does not punish broadcasters in gold-based formats.

CCD Contributions (Q. 35)

32. The Indigenous Music Alliance has requested that an additional 15% in CCD contributions be added to the existing FACTOR and Musicaction allocations to the benefit of Indigenous artists and the Indigenous-owned music industry. This request was endorsed by CIMA et al.

33. The Indigenous Music Alliance provided no evidence in its request of (a) specific demonstrated need or (b) rationale as to why this 15% could not form part of existing CCD contributions.

34. As revealed in its most recent annual report, "FACTOR's revenue was $30,880,783 with $25,238,117 paid out in 2019-2020".[22] In addition, as at March 31, 2020, FACTOR's balance sheet showed

[20] Draft Direction, section 7.
[21] CIMA et al Intervention, para 42.
[22] Factor Annual Report 2019-2020, available at https://factorwpmedia.blob.core.windows.net/wp-media/2020/08/20200921-FACTOR-Digital-Report-2.9.pdf

$51,533,433 in assets including $48,243,782 in investments and $3,059,001 in carry over revenues from its 2019-2020 fiscal year. Moreover, unlike private radio, FACTOR has suffered no net revenue declines through COVID-19, indeed it was granted additional funding through the $500 million COVID-19 Emergency Support Fund for Cultural, Heritage and Sport Organizations announced by the Prime Minister on April 17, 2020.[23]

35. These numbers suggest that, should the Commission decide a portion of CCD contributions should be directed to Indigenous artists, FACTOR has ample reserves to accommodate such a request from within its existing resources.

36. As we noted in our intervention, radio revenues have shown negative growth since 2013, and this trend is unlikely to change. Modifications to the formulas to maintain, let alone grow the current level of funding would cripple, if not eliminate some smaller, private broadcasters. Instead, the Commission should consider modifying the formulas for calculating CCD contributions to provide relief to broadcasters, and as recommended by FCB in its intervention:

> … look to a commercial audio policy that covers everyone. That's essentially what the BTLR proposed and it makes the most sense, given the current realities of the industry. At minimum, the Commission should anticipate and immediately follow-up this proceeding with one including online platforms in the regulatory and contribution regimes.

Discretionary CCD

37. In our respective Interventions, the CAB, OAB and Starboard called for the retention of discretionary CCD initiatives. Few, if any, other intervenors opposed this position.

38. Broadcasters and their local communities value discretionary CCD initiatives as they can make a real difference to local music talent, and ensure that CCD monies do not simply go to major recipients in Toronto or Montreal. Moreover, as pointed out by the CAB, administrative challenges can be reduced by the CRTC maintaining a list of eligible recipients, permitting administrative "pre-approval", and moving to an audit-based compliance approach.

39. From Starboard's perspective, it makes no sense to force smaller broadcasters to allocate monies to large CCD beneficiaries like FACTOR or the Community Radio Fund, when we could make better use of these moneys working with local music partners. For example, when Starboard acquired its stations in 2002, we assumed outstanding CTD (Canadian Talent Development) initiatives which were then permitted to be allocated to local initiatives.[24] We contributed approximately $4,000 annually for four years, much of which went to a local school for music education. To this day, we still hear from parents, students and the schools as to how invaluable that was, and why can't we do it again.

40. When our annual CCD contributions represent less than 0.16% of FACTOR's administrative overhead,[25] they are meaningless to them, but could be highly beneficial to our local community. A

[23] https://pm.gc.ca/en/news/news-releases/2020/04/17/prime-minister-announces-new-support-protect-canadian-jobs
$198.3 million was targeted to arts and culture programs, such as FACTOR and MUSICACTION.
https://www.canada.ca/en/canadian-heritage/services/funding/information-covid-19/emergency-support-fund.html
[24] See https://crtc.gc.ca/eng/archive/2002/db2002-206.htm
[25] Per FACTOR 2019-20 Financiastatements https://factorwpmedia.blob.core.windows.net/wp-media/2020/08/20200921-FACTOR-Digital-Report-2.9.pdf, at page 65.

sensible solution would be to allow station groups with CCD contributions of $10,000 a year or less to allocate all CCD (regardless of nature) to eligible local initiatives, subject only to random audit. Quite frankly, when all foreign platforms are currently, and those with $10 million or less in annual revenues will likely, in the future, still be, exempt from contribution requirements, any contributions from smaller broadcasting groups should be entirely voluntary.

Common Ownership Policy (Q46-54)

41. Private radio broadcasters have achieved broad consensus around a new common ownership policy, as advanced by the CAB and OAB. While one broadcaster (Bell Media) proposes lesser restrictions, and a few others, slightly more, the vast majority of the commercial radio sector supports the consensus position.

42. From our review of interventions, the only party opposing increased ownership flexibility for private radio is Music Canada, who "opposes any relaxation of restrictions on common ownership of stations, particularly in a single market", claiming, with no evidence (only apparent ignorance), that "consolidated ownership is a cause of restricted playlists in Canada, which restricts the ability to break emerging Canadian artists."

43. "Restricted playlists" are the result of commercial radio being a mainstream linear medium. Unlike individualized streaming media, radio has a finite number of stations per owner per market, and must therefore seek the largest possible audience with the most popular music on each. Moreover, as the CAB Music Report states, "While there have always been examples of successful artists who do not garner significant radio airplay (Dave Matthews, Metallica, Jack Johnson), there are now even more avenues for developing artists to gain audiences unique to their specific style which may not suit more mainstream targeted radio formats."[26] In fact, evidence suggests that increased local ownership increases rather decreases music diversity, as an operator owning a greater number of local stations has a built-in incentive to format them differently to attract the widest possible cumulative audience.

44. Starboard does, however, want to emphasize its position in one crucial area, that is ownership of stations in smaller markets of eight stations or under. The CAB notes, in its intervention, important distinctions between smaller and larger markets and the need for "safeguards in smaller markets".[27] The OAB, in its intervention, notes that "In some circumstances, an increase to four stations held by one operator could impact the viability of another incumbent, particularly a smaller independent operator. We would propose that there should be some form of oversight to prevent such harm." In particular, the OAB recommends that "If after consolidation, an operator would have four stations and another operator would be left with one or two stations, then there would be scrutiny of the impact of the transaction upon other players."[28]

45. This situation is exactly the one that could be faced by Starboard in the Belleville/Trenton/PEC Radio Market. While both operators own 2 FM stations, our fellow broadcaster also has a viable AM station, for a total of 3. There can be no doubt that were we to find ourselves in a position where our competitor was licensed a fourth station in the market (not that we believe this likely given the

[26] Appendix H to the CAB Intervention, at page 6.
[27] CAB Intervention, paras 152-158
[28] OAB Intervention, pp. 38-39.

Commission's market entry criteria), the negative competitive impact on Starboard would be potentially devastating.

46. In our intervention, we urged the Commission to continue to regulate the number of AM stations in a particular language that a single operator can hold. We also stated that in Belleville-Trenton-PEC, and other markets of our size, the maximum number of stations a broadcaster would be allowed to own should be 3, regardless of band.

47. To be clear, we have no issue with AM restrictions being imposed indirectly through "no band-restriction" station caps. Moreover, our proposed cap of 3 stations assumes Belleville-Trenton-PEC continues to be a two-operator market. In the event of significantly increased revenue declines, Starboard agrees with the CAB and OAB that it should be possible for one operator to own all current stations. As much as we hate to contemplate this possibility, there could come a time when only one local station operator would be viable. In such event, reducing the number of stations in the market merely to adhere to an absolute station limit would not be in the public interest.

Support for local news and information programming (Q30-3)

48. As noted in our intervention, spoken word content, particularly news bulletins, is a vital component of successful radio stations. In fact, local service and information are what differentiate Canada's most successful radio operations. In our market we have so far managed to adapt to the growing competition because of our focus on local news and information, and currently provide close to 4.5 hours a week of scheduled local news, inclusive of sports and weather, on each of our stations. Unfortunately, this is becoming increasingly difficult from an economic standpoint. Accordingly, we do not believe specific regulations should be established with respect to how much news a broadcaster provides, as broadcasters need the flexibility to determine the type and amount of news and information given each station's particular format, market and financial state.

49. While we respect and concur with Perth FM Radio's enthusiasm for the importance of local news, we fundamentally disagree with their proposal for a "benchmark minimum of 2 hours: 30 minutes of total news time per week that includes a minimum of 1 hour: 30 minutes of local/regional news per week". While many private radio stations would meet or exceed this level, particularly in smaller markets across Canada, in larger markets with a plurality of news sources, or indeed any market with a local AM largely talk station (such as Belleville/Trenton/PEC), it is both unnecessary and contrary to the interests of listeners to fix a mandatory requirement.

50. Rather, we concur with FCB's position that;

> If private radio broadcasters generally want to provide local programming, including local news, but face financial constraints in doing so, it is not clear how new regulatory obligations on radio can help. Rather, the regulatory framework may have to pay more attention to setting the broader conditions to allow private radio stations to compete and maintain local news and information programming, especially local news and field reporting.

51. We also agree with the OAB that receipts from future online platform contributions should, at least in part, be used to support private radio local programming and news expenses.

Reduced administrative burden

52. We strongly support the proposals of the OAB and CAB to reduce overall regulatory burden. This is particularly so given the potential for additional reporting requirements arising out of Bill C-10 and new reporting regulations currently being contemplated by the CRTC under the *Accessible Canada Act*.[29] As a smaller broadcaster, Starboard simply does not have the scale, or access to specific specialized in-house resources necessary to comply with reporting requirements, without pulling senior personnel away from our core business.

Greater relief or support for smaller independent radio broadcasters (Q 48)

53. In response to the Commission's question on point, in our Intervention, we stated that we absolutely believe that the Commission should consider the financial health of smaller independent undertakings. We gave as an example, the need to give extra consideration to the financial health of smaller independent undertakings, in the event of new licences or ownership transfers in a given market or surrounding areas.

54. We generally agree with the CAB's response to this same question, which stated:

> … the issues commercial radio is facing apply to all stations regardless of ownership. And while radio stations in a given market will always compete for audience and market share, there is no evidence to suggest that such competition is any more "fierce" at the local level as a result of who owns a particular station. Today, the "fierce competition" comes from online platforms, of which audio services are just a small part.

55. For this reason, Starboard does not propose fundamentally different rules for larger or vertically integrated broadcasters as compared to smaller broadcasters such as ourselves. We do however believe, as already discussed, that certain safeguards for smaller broadcasters and/or smaller markets are appropriate. We also submit that if any new requirements are imposed by the Commission, be they sub quotas for different types of musical artists or news requirements, they should be imposed only on larger entities. This would be both consistent with the underlying logic of the requests made by proponents, and in the case of local news, at least, recognize that larger vertically integrated entities have cross platform interests and the scope and impact that may make new requirements more appropriate.

Conclusion

56. In our intervention, we noted that the Belleville/Trenton/PEC Radio market is rather unique to southern Ontario as the two main radio operators are both local independent broadcasters who live in and support the community: Starboard (2 FM's) and Quinte Broadcasting Limited (2 FM's and 1 AM). Neither broadcaster has any other radio operation, and unlike large radio ownership groups, we do not have the ability to minimize costs through centralized operations.

57. In closing, however, we would like to stress the commonality we share with other Canadian private radio groups, big and small. Starboard, the CAB, OAB and most individual radio companies involved in this proceeding have worked hard to build as much consensus within commercial radio as

[29] Draft Direction, Section 9. A CRTC Decision is currently pending on Regulations under the *Accessible Canada Act,* pursuant to Telecom and Broadcasting Notice of Consultation CRTC 2021-69.

possible. We have done this because so much is at stake; we have all taken some water with our wine (and the wine in PEC is very good, by the way) for the benefit of the sector as a whole.

58. Starboard continues to take pride in having served Belleville, Trenton and PEC as a small, independently owned family company for over eighteen years. It remains our hope that decisions made in this proceeding will permit us to continue to operate CJOJ-FM and CHCQ-FM for many years to come.

All of which is respectfully submitted.

John Sherratt
President
Starboard Communications Ltd.