

July 9, 2013

Mr. John Traversy
Secretary General
CRTC
Ottawa, ON K1A 0N2

Re: Broadcasting Notice 2013-298

Notice of Consultation

Call for comments on amendments to the Radio Regulations, 1986 relating to Canadian content development

Dear Mr. Traversy:

1. With regard to the Broadcasting Notice of Consultation 2013-298, the Canadian Independent Music Association (CIMA) would like to submit its comments on the proposed changes relating to the policy governing basic Canadian Content Development (CCD) funding.
2. By way of background, CIMA represents more than 190 Canadian companies and professionals engaged in the worldwide production and commercialization of Canadian independent music, who in turn represent thousands of Canadian artists and bands.
3. CIMA's membership consists of Canadian-owned companies and representatives of Canadian-owned companies involved in every aspect of the English-language music and music-related industries.
4. They are exclusively small and medium sized businesses which include: record producers, record labels, publishers, recording studios, managers, agents, licensors, music video producers and directors, creative content owners, artists and others professionally involved in the sound recording and music video industries.
5. Some of the great Canadian independent artists and bands represented by our members include Rush, Bruce Cockburn, Sarah McLachlan, Broken Social Scene, Feist, The Trews, Tokyo Police Club, K'Naan, Luke Doucet, Blue Rodeo, City and Colour, Chromeo, K-OS, Metric, Diamond Rings, Lights, The Sheepdogs, Our Lady Peace, Said The Whale, Jenn Grant, Dan Mangan, Chilly Gonzales, Delhi to Dublin, Canadian Brass and Saidah Baba Talibah, to name but a few.
6. For 38 years, CIMA has dedicated its efforts to developing business opportunities through an international network of business contacts in the music and entertainment industries and in the associated media such as film, TV, new media and other users of music products. CIMA's mandate is to ensure the long-term development of the Canadian-owned music sector and to raise the profile of Canadian independent music both in Canada and around the world.

7. It is on behalf of these Canadian-owned small businesses that CIMA is speaking, and providing comments in regards to the critically important rules governing basic Canadian Content Development (CCD) funds.
8. CIMA is strongly opposed to the proposed changes as described in Broadcasting Notice of Consultation CRTC 2013-298, regulations amending the radio regulations, 1986; specifically, eliminating the requirement for radio stations with no more than \$1,250,000 in annual revenues to make basic CCD contributions.
9. In addition, CIMA is also strongly opposed to changing the regulations in the same manner, to eliminate the requirement for radio stations earning less than \$625,000 in annual revenues to make basic CCD contributions.
10. CIMA's views on such amendments were expressed in our intervention dated February 21, 2012, in regards to Broadcasting Notice 2011-796, Notice of Consultation on proposed administrative changes relating to the Canadian content development policy for commercial radio.
11. While CIMA fully appreciates the complexities and the challenges relating to the CRTC's tracking and administration of CCD funds from the myriad of radio stations across Canada, it is our position that eliminating the funding requirement in an attempt to streamline the process is ill advised, and is akin to 'throwing the baby out with the bathwater.'
12. Rather than eliminate basic CCD contributions altogether, it seems the Commission could direct these smaller radio stations to continue making their contributions in a much easier and efficient manner.
13. By this we mean radio stations should either direct all of their basic CCD contributions to FACTOR/Musicaction or split them between FACTOR/Musicaction and their national or provincial music industry association (MIA). Examples of MIAs include CIMA, Music Managers Forum, MusicBC, MusicOntario, Music Nova Scotia, etc.
14. This practise would create the benefit of streamlining the administration of basic CCD contributions for these radio stations, as they would be following a strict protocol of directing their funds to one or two specific recipients; namely, either FACTOR/Musicaction and/or the MIA.
15. To ensure compliance and ease of reporting, both radio station and the CCD recipient(s) could be required to sign off on a 'form letter' that indicates to the Commission that payment has been made. This would eliminate the need for the Commission to expend resources ensuring that basic contributions were directed to eligible expenses in a timely manner.
16. In this scenario, the CRTC will be assured that these discretionary funds will be applied to only those programs and initiatives that are deemed eligible by the CRTC, while providing the smaller broadcasters a simpler and more direct process for allocating their CCD funds, thereby relieving all parties of a cumbersome administrative procedure, and the CRTC of enforcement by and large.

17. This solution would also ensure that all CCD contributions were directed to those organizations whose core mandate is to support, nurture and grow the Canadian music industry. FACTOR and Musicaction provide the funding that directly supports many facets of the infrastructure which must be in place in order for artists and music entrepreneurs to succeed both domestically and internationally.
18. As well, the national and provincial MIAs are the organizations that execute programs and services that directly benefit music industry companies and artists – particularly emerging artists—from coast to coast to coast.
19. In fact, in its most recent Broadcasting Decision 2013-310 in regards to the Bell-Astral merger, the Commission specifically noted the importance and relevance of national and provincial MIAs as they relate to the support they provide emerging artists and the music industry. The added benefit of directing basic CCD funds in this manner is that MIAs provide direct as well as local programming for the growth and development of emerging artists and the music industry – which in itself fulfils an important mandate of the Commission.
20. Going forward, it is CIMA's position that the Commission give serious consideration to mandating that a set percentage of all present and future acquisition benefits also be allocated to national and provincial MIAs for the reasons cited above.
21. As we stated in our February 21, 2012 intervention, providing an exemption of any kind from the regulatory requirement creates an unnecessary precedent, which we fear may lead to greater or even additional exemptions down the road. We fear that it is a slippery slope to allow for an exemption from basic CCD requirements.
22. For one thing, today the ceiling is \$1.25 million dollars, yet a few years from now the Commission may be put in the position to consider a higher dollar threshold.
23. For another, CCD contributions to businesses and artists through FACTOR or MUSICACTION, or funds to organizations such as CIMA or provincial and territorial music industry associations (MIAs) are the lifeblood of the independent music industry. These funds enable businesses and associations to promote, develop and market a broad range of artists, from the 'export-ready', up and coming to the grassroots levels; and they provide much needed capital to help the industry grow both within Canada and internationally, among other very important benefits.
24. In short, every penny of CCD funds used by the industry is effectively and successfully leveraged to support and develop Canadian artists as well as the businesses behind them.
25. Many if not most initiatives delivered by CIMA and the provincial MIAs - calculated on an individual basis - do not require large or substantial sums of money to execute. However, in an industry where margins are very narrow, revenues are depressed and cash flow is a constant challenge, every dollar of support goes a long way towards growing the industry and developing and promoting our artists.

26. And since CCD funds are successfully leveraged by the industry, the elimination of even the smallest dollar amount does indeed have a negative impact on the industry as a whole.

27. Thank you for allowing CIMA the opportunity to provide comments on Notice 2013-298. We ask that the Commission consider our submission when it deliberates on this very important issue. If there are any questions or concerns, please direct your staff to contact our office directly.

Yours sincerely,

Stuart Johnston
President