



---

Canadian Independent Music Association

August 15, 2016

Mr. John Traversy  
Secretary General  
CRTC  
Ottawa (Ontario) K1A 0N2

Dear Mr. Traversy:

**Re: Application 2016-0020-6 by Bell Media Inc. to renew and/or amend the broadcasting licences for television services including Much and M3.**

1. With regard to application 2016-0020-6, the Canadian Independent Music Association (CIMA) would like to comment on Bell Media's application to change the COLs for two of its services, Much (formerly MuchMusic) and M3 (formerly MuchMoreMusic), eliminating its obligations to contribute to the MuchFACT fund for the development of music videos and related Canadian music content.
2. By way of background, CIMA is the not-for-profit national trade association representing the English-language, Canadian-owned segment of the domestic music industry. We represent the interests of over 260 Canadian-owned music companies and professionals in every province and the Yukon Territory, including record producers, labels, recording studios, managers, agents, licensors, music video producers and directors, creative content owners, artist-entrepreneurs and other professionals from across the sound recording industry.
3. CIMA's purpose is to develop professional services and advocate for policies that will foster a more viable independent music industry and raise the profile of Canadian music, domestically and abroad.

***The independent music community's relationship with the broadcasting sector***

4. First and foremost, we would like to note our deep appreciation of the important role that broadcasters play in Canada's cultural ecosystem, and particularly the ecosystem for music.
5. Our industry enjoys a healthy and productive relationship with Canada's broadcasters, including Bell Media Inc., and we believe that this symbiotic relationship is advantageous for all Canadians.
6. Besides benefiting from airplay for Canadian-made music videos and related Canadian content on Much and M3's airwaves, our members have also been beneficiaries of the financial support accorded to the Canadian independent music community through MuchFACT, a component of Bell Media Inc.'s current licence that mandates annual contributions from Much and M3.
7. In light of the recent changes made to Canada's broadcasting system via the *Let's Talk TV* decision (2015-86), the domestic TV sector will undergo changes intended to serve the objectives in the *Broadcasting Act*. As Much and M3 have been music-focused specialty Category A services, we wish to voice our strong reservations about the impact of these stations shifting away from presenting and funding Canadian videos and other music-related content.
8. The Canadian music industry is disappointed by the regulatory changes embedded in the *Let's Talk TV* decision, which we believe will result in decreased airtime for Canadian content, amounting to a net loss for all Canadians. As this policy is applied to the Canadian broadcasting sector, we fear that Canadians will see much less Canadian-made music content on their airwaves.
9. Bell Media Inc.'s current application is a prime example of the consequences that can result from following such a path. As they will no longer be bound by Category A licensing requirements pertaining to programming categories 8(b) – music video clips – and 8 (c) – music video programs – Much and M3 are seemingly not obligated to play as many videos from Canadian or international artists as they were



---

Canadian Independent Music Association

previously required to do. The result will be fewer music videos on Canadian airwaves, and fewer opportunities for Canadian creators to reach domestic audiences.

10. In 2015, the CRTC defined a number of outcomes from the *Let's Talk TV* decision, including: a) giving Canadians access to original Canadian programming of quality in the audiovisual format of their choice, and b) recognizing the necessity for all players in the broadcasting system to cooperate to offer Canadians better opportunities for discovering Canadian programs across media platforms. The CRTC consequently appears to well understand the importance of maintaining the visibility of Canadian programming across media platforms, including TV.
11. Regarding music, visibility on digital media is directly related to the visibility achieved through traditional media such as TV. Before becoming widely popular on digital platforms, an artist must first draw attention elsewhere. Traditional media – like TV and the radio – play a crucial role in this process of discovery.<sup>1</sup>
12. TV is an even more influential curator of content than the Internet, particularly for Canadian music content. Almost all the online sites that Canadians can access to buy digital music – as well as stream it – are foreign services that highlight international stars.
13. Online services may have democratized access to Canadian music, notably through music videos, but such platforms primarily catalogue and permit access to content that audiences were already familiar with and deliberately sought out. TV or radio stations dedicated to music, on the other hand, can provide additional information and context that stimulates audience members' curiosity and leads to the discovery of a greater diversity of artists.
14. The mere presence of audio recordings or music videos on the Internet is not sufficient to enable Canadian music content to find an audience among Canadian citizens. Instead, this content can easily be drowned out in a sea of global digital offerings. The visibility of this content must be increased so that it can successfully find its audience. This is the function that has been well served by traditional radio and TV stations, and specialty services like Much and M3.
15. For the music industry, the visibility of Canadian works and artists on digital platforms constitutes an extremely important issue, especially for young Canadians. Accordingly, the contribution of TV stations to facilitating this visibility – and most of all Canadian services such as Much and M3 that have been associated with music content – is crucial.

***Bell Media Inc.'s music-related Category A licenses: Much and M3***

16. Bell Media Inc. operates two musically-focused specialty TV channels, Much (formerly MuchMusic) and M3 (formerly MuchMoreMusic). Currently, these channels operate under Category A licences, and are subject to specific conditions of licence and service conditions outlined in Broadcasting Decision 2011-444.
17. At the time of Broadcasting Decision 2011-444, these channels were designated as Specialty Category A services, which meant that they benefited from the soon-to-be-defunct policy of genre exclusivity.
18. In exchange for this privileged designation, Specialty Category A licences were subject to additional conditions of licence, including higher programming quotas for Canadian content. Specifically, their licence required that no less than 30% of weekly music videos should be Canadian, while no less than 60% of the annual broadcasting year could be devoted to Canadian programming.<sup>2</sup>
19. In this same renewal process, Bell specialty services that reached the minimum threshold for CPE and PNI contributions (Category A services, and those in Category B with 1 million or more subscribers) also saw their CPE and PNI contributions mandated. Much and M3 – both Specialty Category A

---

<sup>1</sup> IFPI Global Music Report 2016

<sup>2</sup> [2011-444].



---

Canadian Independent Music Association

services – were required to be part of the wider group’s CPE and PNI expenditures. Specifically, the Decision indicated that the licensee must devote 26% of revenues to the acquisition of (or investment in) Canadian programming.

20. An issue of great importance for the independent music community in Canada is that Much and M3’s current licence includes a mandatory contribution to MuchFACT, as a means to support the development and production of music videos and related content. For Much’s licence, this is an annual contribution of 7% of the previous year’s revenues. For M3, a contribution of 5% was required.
21. The latest applications submitted for Much and M3 state that Bell Media Inc. will maintain its overall CPE and PNI contributions.
22. These applications, however, also seek to eliminate Bell’s contributions to MuchFACT. The loss of MuchFACT will have a highly prejudicial effect on the ability of music creators – and the companies who support them – to be able to grow their fanbases and compete effectively, domestically and abroad.
23. We believe that a longer transition period is required for Canada’s culture sector stakeholders to adequately respond to such drastic changes to the Canadian broadcasting system. In our opinion, Bell Media Inc. should not yet be given permission to so radically alter its terms of license, certainly not to the extent of eliminating MuchFACT contributions for both the Much and M3 services.
24. The focus of this submission is to outline CIMA’s opposition to Bell Media Inc.’s application to take on new COLs for Much and M3, through which the aforementioned obligations would be retired.

### ***The importance of MuchFACT to the Canadian music industry***

25. MuchFACT (A Foundation To Assist Canadian Talent) was established in 1984, and is funded entirely through contributions from Much and M3, which are outlined in the previous section.
26. According to MuchFACT’s website, its role is to “[support] the Canadian music community through funding and promotion of music videos and related music content for all media platforms.”
27. Since its creation in 1984, MuchFACT has awarded over 75 million dollars, and funded more than 7,700 projects, many of which arguably would not have been made without this support.
28. Support through MuchFACT has been instrumental to launching the career of many great Canadian independent artists, including Metric (Crystal Math Music Group), Feist (Arts & Crafts Productions), Matt Mays (Sonic Entertainment Group), and many more.<sup>3</sup>
29. The importance of MuchFACT’s support to the music industry isn’t just historic. In 2016 alone, MuchFACT-funded projects earned 23 nominations at the iHeartRadio Much Music Video Awards, representing \$530,000 worth of greatly appreciated investment.
30. With an average of 350 applications for all four award categories (Music Video, Online Music Video/Project, Digital Tools, Content Package) being submitted each round, it is clear that MuchFACT offers key support for Canada’s independent music community.
31. Assistance from MuchFACT runs the spectrum, financing both large-budget music video projects intended for television and online distribution (Music Video) and smaller-budget productions primarily meant for distribution over the Internet (Online Music Video/Project).
32. Music videos can be enormously expensive to produce, particularly for music creators and independent music companies whose top challenges are cash flow and access to capital. Recent data from the International Federation of the Phonographic Industry (IFPI) estimates that the “average cost of video production for an emerging pop act in a major market” is between \$50,000 - \$300,000 (USD).<sup>4</sup>

---

<sup>3</sup> [MuchFACT Press Release].

<sup>4</sup> International Federation of the Phonographic Industry, 2014.



---

Canadian Independent Music Association

33. These numbers can vary – depending on whether or not the video is intended to be a professional, broadcast-quality product – but the creation and distribution of music videos is generally a highly costly endeavour. Considering that YouTube is the largest music streaming service in the world, with over one billion estimated users, the creation of visual content for musicians and artists has never been more critical.
34. By providing up to \$10,000 for an Online Music Video/Project and between \$10,000-\$30,000 for a Music Video, MuchFACT's funding is an important component of support for music videos.
35. Furthermore, MuchFACT offers support for high budget music videos televised by traditional broadcasters (like Much), while also providing assistance for smaller-budget videos that are mainly intended for other purposes, such as online consumption. These lower-budget videos have become increasingly useful for artists, composers, record labels and the general media as promotional tools. This is even true for Bell Media Inc., evidenced by the launch of Much Digital Studios.<sup>5</sup>
36. Indeed, all broadcasters incorporating music into their programming have an online presence that is fuelled by significant amounts of content. This content is made available, in part, through support from programs like MuchFACT.
37. Just as importantly, MuchFACT also helps to facilitate the digital content strategies that music creators, bands, artists and music companies require to be successful in the contemporary media landscape: electronic press kits, websites, trailers, mobile apps and other audio/visual projects. Through the Digital Tools and Content Package awards, MuchFACT has also been able to give funding for a range of valuable promotional tools.

***Contribution of Much and M3 to MuchFACT for the development and production of music videos***

38. Bell is currently required to contribute 7% (Much) and 5% (M3) of annual revenue for these specialty channels to the MuchFACT fund for the development and production of Canadian music content.
39. We believe that the financing of the production of music videos must be protected, in order to ensure the sustainability of this form of artistic expression, which continues to be widely consumed and appreciated by Canadian audiences. To do otherwise would surrender to foreign media actors this important means of musical promotion and discovery.
40. We agree that supporting the production and commercial viability of music videos can no longer be achieved entirely through licensing a limited number of specialty TV channels. Indeed, the financial viability of music video productions is now dependent on economic and technological circumstances that the industry cannot comprehensively control.
41. Even if existing COLs were maintained – regarding the broadcast of Canadian music videos – we must ask what will become of this type of production when Much or M3 stop contributing to MuchFACT funding all together?
42. Remember that MuchFACT is presently the main source of financing for the production of English-language music videos in Canada. Eliminating this source would have a severely jeopardizing impact on the Canadian independent music sector.
43. We propose that the CRTC should maintain Much's and M3's obligations to finance Canadian music videos. This would mean contributing 7% and 5% of annual revenue to MuchFACT to facilitate the production and development of such videos and related music content.
44. We further propose – in the event that the CRTC does relieve Bell of its responsibility to finance music video productions – that other sources of financing be considered, to ensure the sustainability of such Canadian audiovisual content. As explained earlier, this takes into account the immense popularity of

---

<sup>5</sup> <http://www.bellmedia.ca/pr/press/much-announces-launch-much-digital-studios/>



---

Canadian Independent Music Association

music videos on the digital media platforms that the CRTC has so far decided to exempt from its regulation.

45. Financing could be derived from the contributions already made by Canadian broadcasting institutions, notably through the Canada Media Fund. The CMF is well positioned to manage the financing of Canadian music videos, in fact, due to the expertise and well-established structure of the program.
46. Televisual content like music videos will no doubt maintain a strong presence – and be valued – across many digital platforms. It is only reasonable that the CMF, which is currently financed by local broadcasters, should contribute to the ongoing development of Canadian music content, given the consistent popularity of this content amongst Canadian audiences.

***Concluding comments on the proposed application***

47. The current application notes that Bell Media Inc. is not requesting substantive reductions to its overall CPE or PNI obligations. The application does, however, seek to eliminate the mandatory contributions that Bell must make to MuchFACT.
48. We believe that Bell must not be allowed to terminate its support for MuchFACT in such a drastic way, and urge the Commission to reject Bell's requests to do so.
49. Allowing Bell to entirely withdraw support for programs like MuchFACT would significantly impede the ability of musicians to create videos and related promotional tools, as well as the ability of Canadian citizens to discover and access diverse musical content.
50. The Commission should reject these elements of the Bell licence application, and offer stakeholders a more reasonable timeframe in which to anticipate, address and accommodate such drastic changes to the Canadian broadcasting system.
51. While we understand that the elimination of genre exclusivity enables discretionary services to pursue these changes immediately, we believe that the interests of the Canadian broadcasting system would be better served by fairer and more gradual pace of transition.
52. As described above, the role of influential content curator that Much and M3 play with regard to Canadian music remains essential. As well as providing access to music that is already well known and successful, these services offer a window for Canadian audiences – especially youth – enabling them to *discover* additional music content.
53. As stated above, the popularity of online services that now disseminate music videos should not alleviate the CRTC of its duty to promote the existence of TV programming that reflects and supports Canadian culture.
54. In addition to reducing the number of categories of regulated programming services, the CRTC also eliminated the policy of “exclusive genres” in 2015. This policy involved categorizing the nature of Category A services on the basis of particular genres.
55. The CRTC maintained, however, that some limitations should still apply to Canadian services that present national news or sports content. The Commission emphasized the value of these services, particularly to the extent that they are necessary to help uphold aspects the Law in Canada.<sup>6</sup>
56. This argument could just as easily be applied to TV programs that enable the discovery of Canadian cultural content.
57. Broadcasting services with a historic mission of making accessible and discoverable new music for Canadian citizens should benefit from the same type of exception that is accorded to news and sports, so as to ensure the minimal presence of this genre on TV. Worryingly, the removal of the priorities tied to nature of services for Much and M3 would precipitate the disappearance of specialty music TV in

---

<sup>6</sup> [Policy CRTC 2015-86, para. 252].



---

Canadian Independent Music Association

Canada, since few other services appear interested in primarily dedicating themselves to showcasing this type of content.

58. The operation of market forces will not guarantee a rich diversity of programming on Canadian television. To the contrary, excessive deregulation of the specialty TV sector could have the opposite effect – encouraging overproduction of shows in lost-cost genres, at the expense of shows in other genres that require greater specialized resources.
59. The disappearance of specialty genres on TV that enable Canadians to enjoy and discover new music content from Canada and around the world will be likely to have a very pronounced and disadvantageous impact on Canadian culture.
60. Furthermore, we believe that all broadcast undertakings using music in their programming must be required to contribute financially to the development of Canadian music. The more widespread that the CRTC makes this obligation for all broadcasters, the more level and consistent the playing field will be for the music industry as a whole.
61. Given the Commission's decreased focus on exhibition quotas, and increased focus on expenditures, we believe that the continuation of mandatory contributions to MuchFACT are within the proper spirit and intent of the *Let's Talk TV* decision.
62. For the reasons above, we urge the Commission to reject Bell Media Inc.'s application to terminate Much and M3 MuchFACT contributions, allow a longer timeframe for such changes to be brought about, and – in the meantime – explore alternative strategies for supporting Canadian music content, such as greater reliance on the Canada Media Fund to subsidize the development and dissemination of locally-produced content.
63. We thank the Commission for the opportunity to express our views on this important matter, and ask that the Commission consider our submission when it deliberates on Bell Media Inc.'s proposal for renewing its English-language services, namely Much and M3, per application 2016-0020-6.

Yours sincerely,

Stuart Johnston  
President

Canadian Independent Music Association  
30 St. Patrick Street, 2<sup>nd</sup> Floor  
Toronto, ON M5T 3A3  
stuart@cimamusic.ca