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Canadian Independent Music Association

August 19, 2015

Mr. John Traversy, Secretary General  
Canadian Radio-television and Telecommunications Commission  
Ottawa, Ontario K1A 0N2

RE: Applications 2015-0736-0 and 2015-0737-8 by Bell Media, Inc., to convert certain specialty Category A services into specialty Category B services while maintaining their existing CPE levels

Dear Mr. Traversy,

1. With regard to applications 2015-0736-0 and 2015-0737-8, the Canadian Independent Music Association (CIMA), the Canadian Council of Music Industry Associations (CCMIA), Music Managers Forum Canada (MMF) and the members of ACCORD, i.e. the Association des professionnels de l'édition musicale (APEM), the Canadian Music Publishers Association (CMPA), the Canadian Musical Reproduction Rights Agency Ltd. (CMRRA), the Screen Composers Guild of Canada (SCGC), the Société du droit de reproduction des auteurs, compositeurs et éditeurs au Canada (SODRAC), the Society of Composers, Authors and Music Publishers of Canada (SOCAN), the Société professionnelle des auteurs et des compositeurs du Québec (SPACQ), and the Songwriters Association of Canada (SAC) would like to submit our collective comments on Bell Media's application to convert two of its services, Much (formerly MuchMusic) and M3 (formerly MuchMoreMusic), to Specialty Category B services while maintaining their existing CPE levels.
2. By way of background, this coalition of organizations represents a diverse cluster of stakeholders across the Canadian music industry. Together, we represent a wide section of the Canadian-owned music industry: approximately 630 music companies ranging from independent record labels to managers to distributors across the country, over 10,000 artists at the grassroots level and more than 130,000 publishers, authors and composers.
3. The purpose of this coalition of diverse music industry stakeholders is to advocate for the continued development of the domestic, Canadian-owned components of the music industry.



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*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 media, and specifically music, ecosystem.
5. Our industry enjoys a healthy and productive relationship with Canada's broadcasters, including Bell Media, Inc., and we believe that this symbiotic relationship serves to benefit all Canadians.
6. Besides benefiting from the airplay designated for Canadian-made music videos and related content on Much and M3's airwaves, many of our collective 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 the television system via the Let's Talk TV decision (2015-86), the sector will be undergoing dramatic changes intended to best serve the objectives outlined in the *Broadcasting Act*. As Much and M3 are music-focused specialty Category A services, we wish to voice our opposition to the applications by Bell Media, Inc. to convert Much and M3 into specialty Category B licences at this time.
8. The Canadian music industry is disappointed with the regulatory changes embedded in the Let's Talk TV broadcasting decision, which we believe will inevitably result in less airtime for Canadian content, which is a net loss for all Canadians. As a collective, we are concerned that Canadians will see less Canadian-made music video content on their airwaves as this decision moves forward.
9. The current application from Bell Media, Inc. is an example of the type of consequences that the Let's Talk TV decision will likely have on Canadian content. A Category B licence does not include the same types of programming requirements for categories 8(b) music video clips and 8 (c) music video programs as Category A. As such, should the current applications by Bell Media, Inc. be approved, Much and M3 will not be required to play as many music videos from Canadian or international artists as they are required to do so now. The net result of this conversation will be less music videos on our airwaves, and less of an opportunity for Canadian music creators to reach their audiences.
10. We believe that a transition period should be given for all stakeholders to comment on how changes to the current licence structure should be met. This is why, in our opinion, Bell Media, Inc. should not be given the fast track to alter its current conditions of licence.



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11. The focus of this submission is to outline our coalition's opposition to Bell Media, Inc.'s current applications to convert Much (2015-0736-0) and M3 (2015-0737-8) into specialty Category B services immediately. We firmly believe that Bell Media, Inc.'s next scheduled group licence renewal date is a more appropriate timeline for the Commission to consider a change of this magnitude.

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

12. Bell Media, Inc. operates two musically focused specialty channels, Much (formerly MuchMusic) and M3 (formerly MuchMoreMusic). Currently, these two channels are Category A licences, and thus are subject to specific conditions of licence and service conditions as outlined in Broadcasting Decision 2011-444.
13. At the time of Broadcasting Decision 2011-444, these two services were deemed Specialty Category A services, which meant that they benefited from the soon-to-be-defunct policy of genre exclusivity.
14. In exchange for this privileged condition in the marketplace, Specialty Category A licences were subject to additional conditions of licence, including higher programming quotas for Canadian content. Specifically, their broadcast licence indicated that no less than 30% of their weekly music videos should be Canadian, while no less than 60% of their annual broadcasting year must be devoted to Canadian programming. [2011-444].
15. In this same group renewals process, Bell Media, Inc.'s specialty services that reached the minimum threshold for CPE and PNI contributions (Category A services, and Category B with 1 million or more subscribers) also saw their CPE and PNI contributions specified. As Specialty Category A services, both Much and M3 were and are required to be part of the group CPE and PNI expenditures. Specifically, the Broadcasting Decision indicates that the licensee (Bell Media, Inc.) must devote 26% of its revenues to the acquisition of or investment into Canadian programming.
16. An issue of great importance to the Canadian independent music community is that Much and M3's current licence includes a mandatory contribution to MuchFACT, in order to support the development and production of Canadian music videos. For Much's licence, this is an annual contribution of 7% of the last broadcast year's revenues, while M3 is designated at a level of 5% of the last broadcast year's revenues.
17. The applications submitted for Much and M3 explicitly state that Bell Media, Inc. is committing to its current CPE and PNI requirements, which is a position that our coalition supports.



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18. However, these applications do not explicitly commit Bell to a continuation of its current mandatory contributions to MuchFACT. The loss of MuchFACT will have a detrimental effect on the ability of Canadian music creators, and the Canadian companies that support them, to be able to effectively grow their fanbase and compete both domestically and abroad.

*The importance of MuchFACT to the Canadian music industry*

19. MuchFACT (A Foundation To Assist Canadian Talent) was established in 1984, and is funded entirely through the contributions from Much and M3, which are outlined in the previous section.
20. According to MuchFACT's website, its role is to "support[s] the Canadian music community through funding and promotion of music videos and related music content for all media platforms."
21. Since its creation in 1984, MuchFACT has awarded over \$69 million dollars and funded more than 7,100 projects, many of which arguably would not have been made without this support.
22. Support through MuchFACT has been instrumental in launching the career of many of Canada's great independent artists, including Metric (Crystal Math Music Group), Feist (Arts & Crafts Productions), Matt Mays (Sonic Entertainment Group), and many more. [Source: [MuchFact Press Release](#)].
23. The importance of MuchFACT's support to the music industry isn't just historic – the program has awarded \$2,772, 535 to 146 projects since October 2014. In 2015 alone, MuchFACT-funded projects earned 15 nominations at the 2015 Much Music Video Awards, 2 nominations at the 2015 Cannes Film Festival, and a Grand Prize win at the 2015 Prism Prize Awards.
24. With an average of 350 applications for all four award categories (Music Video, Online Music Video/Project, Digital Tools, Content Package) coming in each round, it is clear that MuchFACT offers key support for Canada's independent music community.
25. The support provided via MuchFACT runs the gamut from providing financial support for large-budget music video productions intended for television and online distribution (Music Video) to smaller-budget productions intended for online distribution only (Online Music Video/Project).
26. Music videos can be an expensive undertaking, 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



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- production for an emerging pop act in a major market” is between \$50,000 - \$300,000 (USD).
27. 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 costly undertaking. Considering that YouTube is the biggest music streaming service in the world with over one billion users, the creation of visual content for musicians and artists has never been more critical.
  28. 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.
  29. Furthermore, MuchFACT’s provides support for both larger budget music videos that are used by traditional television broadcasters (like Much, for example) while simultaneously providing support to the smaller budget videos destined for mainly online consumption and other uses. These lower budget videos are increasingly in-demand from artists, composers, record labels and media as promotional tools. This is the case even at Bell Media, Inc., with their recent launch of [Much Digital Studios](#).
  30. Indeed, all television broadcasters (including Much) that program music and music videos in their broadcasts, increasingly have an online presence which requires a large amount of content. This content, in part, is made available through such support programs as MuchFACT.
  31. Furthermore, and just as importantly, MuchFACT also provides support for the digital content strategies that music creators, bands, artists, and music companies require to be successful in the current climate: electronic press kits, websites, trailers, mobile apps and other audio/visual projects. Through the Digital Tools and Content Package awards, MuchFACT is also providing important funding for critically important promotional tools.

*Canadian Music Industry Comments on the proposed application*

32. The current application notes that Bell Media, Inc. is not currently requesting any substantive changes to their CPE or PNI requirements, and does not include an explicit request to modify any of the mandated contributions that the licensee is currently required to make to MuchFACT.
33. We believe Bell must explicitly confirm its commitment to MuchFACT, and request that the Commission reaffirm this obligation as a Condition of Licence for Bell.
34. The consequences of failing to do so will negatively impact the ability of Canada’s musicians to create music videos and the related promotional tools and



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- deliver the types of programming that music-related television undertakings require to be successful.
35. By rejecting the current application and deferring this matter to Bell Media, Inc.'s upcoming group licence renewal proceeding in 2016, the Commission will allow all stakeholders to be consulted on what these changes should look like, going forward.
  36. While we understand that the elimination of the genre exclusivity policy allows current discretionary services to apply to implement these changes immediately, we believe the interests of the Canadian broadcasting system are best served by a transition period.
  37. Furthermore, it is our collective opinion that all television broadcast undertakings that involve the use of music and/or music videos in its programming must and should be required to contribute funding to the music industry, in the manner that Bell contributes to MuchFACT. We feel that if the Commission were to mandate this for all broadcasters, it would create a level playing field and a consistent and predictable contribution to the music industry as a whole.
  38. Given the Commission's shift away from exhibition quotas towards a focus on expenditures, we believe the continuation of mandated contributions to MuchFACT are fully within the spirit and intent of the Let's Talk TV decision.
  39. In light of the above, we urge the Commission to reject Bell Media, Inc.'s application to convert Much and M3 to specialty Category B licences immediately, and enforce a transition period that will allow the Commission to develop a mechanism by which these mandatory contributions are built into the new Category B requirements, where necessary.
  40. We thank the Commission for the opportunity to express our views on this important matter, and we ask that the Commission consider our collective submission when it deliberates on Bell Media, Inc.'s applications for Much (2015-0736-0) and M3 (2015-0737-8).

Yours Sincerely,

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President

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This submission is filed on behalf of the following organizations:

[Canadian Independent Music Association \(CIMA\)](#)

[Canadian Council of Music Industry Associations \(CCMIA\)](#)

[Music Managers Forum Canada \(MMF\)](#)

and the members of ACCORD:

[Association des professionnels de l'édition musicale \(APEM\)](#)

[Canadian Music Publishers Association \(CMPA\)](#)

[Canadian Musical Reproduction Rights Agency Ltd. \(CMRRA\)](#)

[Screen Composers Guild of Canada \(SCGC\)](#)

[Société du droit de reproduction des auteurs, compositeurs et éditeurs au Canada \(SODRAC\)](#)

[Society of Composers, Authors and Music Publishers of Canada \(SOCAN\)](#)

[Société professionnelle des auteurs et des compositeurs du Québec \(SPACQ\)](#)

[Songwriters Association of Canada \(SAC\)](#)