



Canadian Independent Music Association

October 7, 2015

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

RE: Part 1 Application 2015-0994-4 on behalf of Torres Media Ottawa Inc. to add/amend/delete condition of licence associated with CIDG-FM (Ottawa/Gatineau (Hull), Ontario)

Dear Mr. Traversy,

1. With regards to Part 1 Application 2015-0994-4, the Canadian Independent Music Association (CIMA) herein submits its comments on the proposed changes and deletions to the conditions of licence associated with CIDG-FM requested by Torres Media Ottawa Inc.
2. By way of background, CIMA is the not-for-profit national trade association representing the English-language, Canadian-owned sector of the music industry. Celebrating its 40th year in 2015, CIMA represents a diverse membership consisting of Canadian-owned companies, all of whom are involved in every aspect of the music, sound-recording and music-related industries. These are exclusively small businesses which include: record producers, record labels, recording studios, managers, agents, licensors, music video producers and directors, creative content owners, artists and others professionally involved in the sound recording industry.
3. CIMA's mandate is to develop and advocate policies and services that serve to support a strong and economically stable Canadian independent music and sound recording industry, ensuring the long-term development of the sector and to raise the profile of Canadian independent music both in Canada and around the world.
4. Currently, CIMA has over 240 members located in all 10 provinces, as well as in the Yukon Territory.
5. CIMA's comments on the proposed licence renewal are on behalf of its members, and represent the concerns of the primarily small businesses that make up Canada's domestic-owned music industry.



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Torres Media Ottawa Inc.'s Part 1 Application 2015-0994-4

6. In a recent application to the Commission, Torres Media Ottawa Inc. seeks to renew its broadcasting licence for CIDG-FM for a period of seven years, while simultaneously proposing amendments to several conditions of licence.
7. The changes proposed by Torres Media Ottawa Inc. reflect a desire on the part of the licensee to reduce several of its content exhibition requirements, as well a reduction in Canadian Content Development contributions.
8. First, the licensee is proposing that the requirement to devote a minimum of 20% of musical selections to selections drawn from content category 3 (Special Interest Music) be removed entirely (COL #2).
9. Second, the licensee is proposing that the Commission revise the COL attached to its current licence to reflect an overall reduction in the exhibition of Canadian content to 35% during the broadcast week and between 6am and 6pm, rather than the currently mandated 40%. (COL #3 b, c). In the response to the Commission's Procedural Letter, Torres Media Ottawa Inc. further clarifies that it wishes to apply the same wording as a prior CRTC decision, namely 2011-739.
10. Third, the licensee is also requesting to remove two COLs relating to CCD (COL #4 and 5), which require Torres Media Ottawa Inc. to make contributions beyond the basic CCD contributions required of all commercial radio stations that meet the Commission's criteria. Specifically, COL #4 mandates an annual contribution of \$57,143 (\$400,000 over 7 years) to the promotion and development of Canadian content. Of this amount, \$25,000 per broadcast year is designated for FACTOR, while the remainder may be allocated to eligible initiatives.
11. In turn, COL #5 requires Torres Media Ottawa Inc. to contribute a minimum of \$50,000 per broadcast year (\$350,000 over 7 years) to Radio de la communauté francophone d'Ottawa. In Part 1 Application 2015-0994-4, Torres Media Ottawa Inc. is requesting that the Commission strip this COL from its broadcasting licence.
12. In place of COLs #4 and #5, the licensee is requesting a standard COL that would require a much reduced, basic annual contribution to CCD, as per section 15 of the Radio Regulations.



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The unique context of Torres Media Ottawa Inc.'s CIDG-FM

13. CIDG-FM is a commercial radio station that operates in the Ottawa/Gatineau market. As noted in its application and subsequent response to the Commission's Procedural Letter, CIDG-FM is currently competing against several major broadcasters, including Corus, Bell, Newcap and Rogers.
14. The Ottawa/Gatineau market is a major Canadian radio market. The latest Commercial Radio Financial Summary (2010-2014) for the region noted that there were 17 reporting stations, with a P.B.I.T. margin of 24.2% in 2014.
15. The Ottawa-Gatineau market is also a particularly important because the Franco-Ontarian community is an official-language minority community within the larger, bilingual market. As the Commission noted in 2009-481, the entrance of new commercial radio stations into the Ottawa-Gatineau market, including applications from Torres Media Ottawa, Inc. and Corus, required special attention to how these new entrants to the market served the needs of the community. These considerations are just as important for the Commission today as they were in 2009.

CIMA's opposition to cuts in Canadian content and CCD

16. The current request that Torres Media Ottawa Inc. is making in Part 1 Application 2015-0994-4 is based on the premise that the licensee can no longer compete in a crowded media market given the 'extra' conditions associated with its broadcasting licence.
17. First and foremost, CIMA does not agree with the rationale provided by Torres Media Ottawa Inc. to justify the proposed amendments to its broadcasting licence. In 2015-0994-4, Torres Media Ottawa Inc. argues that CIDG-FM requires "licence conditions that are equal to those of its competitors to better compete."
18. In Torres Media Ottawa Inc.'s response to the Commission's Procedural Letter dated September 21 2015, the licensee provides further clarification as to its rationale, elaborating that the aforementioned broadcasters benefit from a "superior signal and lower Canadian content requirements."
19. CIMA believes that the original conditions of licence were appropriate when mandated in 2009, and there is no reason to believe that they are inappropriate moving forward.
20. On the issue of CIDG-FM's current signal, it is worth noting Torres Media Ottawa Inc. has recently submitted a technical amendment application to the



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- Commission (2015-0266-7). In this technical amendment, Torres Media Ottawa Inc. is proposing to use the 101.7 frequency for CIDG-FM. In the application, Torres Media Ottawa Inc. notes that this change will “allow CIDG-FM to reach a larger part of the CMA.” It stands to reason that if the Commission approves the 2015-0266-7 technical amendment request, then Torres Media Ottawa Inc. should be better equipped to compete in the Ottawa-Gatineau market.
21. While CIMA is not opposed to Torres Media Ottawa Inc.’s request to modify its technical parameters, CIMA strongly opposes allowing the licensee to decrease its Canadian content requirements and CCD contributions.
 22. CIMA does not believe that Torres Media Ottawa Inc. has provided sufficient justification to reduce its Canadian content requirements and CCD contributions.
 23. The licence granted to Torres Media Ottawa Inc. in 2009-481 was supported by the argument that the blues/blues rock-based format would “increase competition and enhance diversity in the Ottawa-Gatineau market by introducing a new voice as well as a music format not commonly found in the market.”
 24. Allowing Torres Media Ottawa Inc. to remove the exhibition requirements relating to the broadcast of special interest music (category 3) would result in a net loss of musical diversity in the region. It would also run directly counter to the argument used to accord Torres Media Ottawa Inc. its licence in the first instance.
 25. Furthermore, CIMA does not believe that ‘competition’ is a justifiable reason for the Commission to allow Torres Media Ottawa Inc. to reduce its commitment to broadcast Canadian content. Allowing a race to the bottom in the name of competition, in terms of Canadian content requirements, does not serve the interests of the Canadian public.
 26. The second element of Torres Media Ottawa Inc.’s application sees a request to reduce the licensee’s CCD requirements to basic contributions. In addition, Torres Media Ottawa Inc. is requesting that COL #5, which relates to a separate, additional contribution to the Radio de la communauté francophone d’Ottawa for the support and development of its French-language community FM radio station in Ottawa, be stripped from its broadcasting licence.
 27. Given the importance of CCD to the music industry, as well as the impact that the proposed changes would have on the Franco-Ontarian community in Ottawa-Gatineau, CIMA strongly believes that the proposed changes should be rejected and the current COLs associated with CIDG-FM should be maintained.
 28. Through the commercial radio policy, CCD is a critical component of the music industry ecosystem. In the 2012-2013 broadcast year, commercial radio stations



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- contributed over \$52 million in CCD, which amounted to \$0.032 per revenue dollar.
29. It is no understatement to say that this funding from Canada's private radio broadcasters, like Torres Media Ottawa Inc., is a vital component of the ecosystem that supports Canada's domestic music industry. These contributions go to key industry bodies like FACTOR, MUSICACTION, Radio Starmaker, music industry associations across the country and local, eligible music industry initiatives, and they serve to support Canada's domestic music industry – including many of CIMA's members.
 30. Beyond the impact that Torres Media Ottawa Inc.'s request would have on CCD more generally, the licensee is also requesting to remove COL #5, which is an additional contribution of contribute a minimum of \$50,000 per broadcast year (\$350,000 over 7 years) to Radio de la communauté francophone d'Ottawa.
 31. This proposed amendment would have a significant, negative impact on the Radio de la communauté francophone d'Ottawa specifically, as well as the particular needs of Ottawa-Gatineau's official-language minority community.
 32. Consequently, CIMA urges the Commission to reject Torres Media Ottawa Inc.'s proposed broadcasting licence amendments.

Yours sincerely,

Stuart Johnston
President

Canadian Independent Music Association
30 St. Patrick Street, 2nd Floor
Toronto, ON M5T 3A3
stuart@cimamusic.ca
416-485-3152, extension 232