January 30, 2014

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

Re: Broadcasting Notice 2013-572
Notice of Consultation
Call for comments on a targeted policy review for the commercial radio sector

Executive Summary

1. Regarding Broadcasting Notice of Consultation 2013-572, the Canadian Independent Music Association (CIMA) would like to be considered an intervener in this proceeding, and submit its comments on this targeted policy review of the commercial radio sector.

2. CIMA represents Canada's domestic music industry, which consists of 222 Canadian-owned companies and professionals engaged in the worldwide production and commercialization of Canadian music. These Canadian-based companies are exclusively small businesses which represent thousands of Canadian musicians.

3. CIMA supports the continuation of all pillars of the current radio policy, particularly the Commission's Canadian Content Development (CCD) regime. Through FACTOR/MUSICACTION, Radio Starmaker and a host of other initiatives, Canadian Content Development is a crucial support to the Canadian music industry, which generates $303 million in GDP impact each year and employs approximately 13,460 Canadians.

4. **CIMA advises against exempting low-power radio stations from general provisions of the broadcasting act**, noting that any complete deregulation of a radio sector could carry a host of unintended consequences. Exempting low-power stations could create incentives for the creation of new commercially oriented stations in this category, limit the ability of the Commission to enforce broadcast standards, and potentially more.

5. **CIMA supports the implementation of HD Radio in the Canadian broadcast system, but advises against exempting the medium from license requirements**. The history of the implementation of new radio technology suggests that the obligation to submit CCD funding has not hindered successful radio technologies like satellite radio, and has not contributed significantly to the failure of others, like digital radio. Given this, CIMA believes that all commercial radio stations should support the objectives of the Broadcasting Act, including new radio technologies.

6. CIMA concurs with the Commission's analysis that the commercial radio sector faces widespread compliance difficulties with regulatory requirements. According to CIMA's analysis, 38% of broadcasters whose licenses were renewed in 2013 had some form of CCD shortfall during their term of license. **CIMA supports all of the commission's proposed new compliance**

measures, particularly the potential increase in required CCD.

7. **CIMA suggests that any increases to CCD that arise from delayed or late payment should take the form of a monthly interest rate of no less than 2 percent.** This would ensure that CCD arising from late payment was proportional to the size of the CCD shortfall, as well as the length of time the shortfall was allowed to continue.

8. **CIMA believes that the Commission's New Media Exemption Order should be repealed for radio retransmission that occurs online.** This action would recognize that online radio listening is now commonplace in Canada, that broadcasters sell additional advertising for online broadcasts, and that this activity takes place completely outside regulatory requirements. Online radio retransmission is no longer an innovative new practice that requires protection from regulation.

9. CIMA submits that with the growth in internet-based, subscription broadcast services, **the time has come for a dialogue on the future of Canadian Content Development (CCD).** Terrestrial radio has retained strong listenership in recent years, but this strong performance is not a guarantee as emerging technologies move to common usage. As explained in this submission, CCD is critical to the health and vibrancy of the Canadian music industry. For this economic and cultural benefit to be maintained, serious thinking on how the CCD system could be maintained in a future dominated by internet-based broadcast services should begin in earnest.

Introduction

10. By way of background, CIMA represents Canada's domestic music industry, which consists of 222 Canadian-owned companies and professionals engaged in the worldwide production and commercialization of Canadian music. These Canadian-based companies, in turn, represent thousands of Canadian musicians.

11. CIMA's members are exclusively small and medium sized 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 and music video industries.

12. Some of the great Canadian independent artists represented by our members include Feist, Rush, Broken Social Scene, Sarah McLachlan, K'Naan, City and Colour and Metric, to name but a few.

13. CIMA is dedicated to ensuring 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.

14. CIMA also owns and operates MusicOntario, the Ontario-based Music Industry Association (MIA), dedicated to the development of companies and emerging artists. MusicOntario provides invaluable services such as professional development seminars, workshops, networking opportunities, and information to those working in the Ontario music industry. Through

MusicOntario, CIMA ensures that Canada's largest concentration of music activity is well served at a local level.

15. It is on behalf of these Canadian-owned small businesses that CIMA is speaking and providing comments on the commercial radio sector, as well as the commission's call for comments on the policy currently regulating this sector.

16. CIMA primarily represents the interests of music businesses that receive Canadian Content Development Funds. As such, we have chosen to focus our remarks to those questions relating to Canadian Content Development (CCD) compliance, as well as how CCD relates to emerging technologies. While the other questions raised in the review are vitally important to Canada's commercial radio sector, their impact on the music industry will be tangential. In response to paragraph 76, this intervention will raise several emerging issues related to the commercial radio sector, primarily relating to the growth of online distribution.

The Importance of the Commercial Radio Policy

17. The commercial radio policy is highly important to the Canadian domestic music industry, due partly to the Canadian Content Development (CCD) regime, which directed over $55 million in support to Canadian audio content industries in 2011-2012. It is no understatement to say that contributions from private radio broadcasters are a vital pillar supporting Canada's domestic music industry. Through contributions to FACTOR, MUSICACTION, Radio Starmaker, music industry associations, and local music initiatives, investment from private radio broadcasters has created a thriving domestic music industry. In fact, it is one of several tools that has helped our businesses, and their talented emerging artists, to be successful at home and on the world stage.

18. Canada's independent music industry is comprised of a community of small businesses. These small businesses, in part with support from commercial radio broadcasters, created a GDP impact of over $303 million in 2011. This translated into approximately $8.2 million in GDP-impact per $10 million in industry revenue. Canada's domestic music industry also created 13,459 jobs and over $93 million in federal and provincial tax revenue. Further, the industry employs 362 FTEs for every $10 million in revenue. It can be extrapolated that the $10.7 million in CCD (tangible benefits and annual contributions) funding directed to FACTOR in 2010-11 alone provided substantial economic benefit to Canadians, after being leveraged and invested by the music industry.

19. The cultural impact of Canadian-made music is immeasurable. Independent polling suggests that the Commission's policies that help foster Canadian talent and audio content are widely supported by Canadians. A study commissioned by the Department of Heritage found that 92% of Canadians strongly or somewhat agree that it is important to have access to music by Canadian artists. A different poll found that music was highly important to 85% of Canadians.

20. Through both the Commission's Canadian Content and CCD policies, support from private broadcasters has directly enabled Canada's music industry to compete in a highly competitive

domestic market, dominated by foreign artists. Over 73 percent of all albums (physical and digital) sold in Canada are by international artists, mostly on major international labels like Sony, Warner and Universal. **Canadian independent music companies sell the majority of the remaining market-share, making us market-leaders in the creation of Canadian music that Canadians enjoy.** In total, 60 percent of all Canadian music sold in Canada is created by independent artists developed, promoted and represented by the domestic, independent music industry. Without the substantial support the Commission provides to the domestic music industry, this market leadership would not have been possible.

21. CCD Contributions are also highly effective at supporting emerging artists. Many internationally successful Canadian artists were supported by FACTOR grants in the early stages of their careers. In fact, CCD contributions entirely fund FACTOR's Comprehensive Artist program, which has launched the careers of innumerable Canadian artists. Since 2007, CCD contributions to FACTOR have totalled $60.3 million, typically comprising over half of the organization's budget in a fiscal year.

Processing of applications for converting low-power FM stations to protected status

22. CIMA's comments on the processing of applications for converting-low power FM stations to protected status will be limited to answering the question posed in paragraph 39, "Would it be appropriate to exempt from licensing all types of commercial, low-power stations?"

23. As the Commission notes in paragraph 31, BNC 2013-572, less than 10% of low-power stations operate under a mainstream, commercial format; in most cases serving a specialty market. The Commission also notes that the commercial impact of low-power radio stations is small. CIMA agrees with this analysis and would extrapolate that very few, if any, low-power commercial stations likely have stringent license requirements. Very few, if any, are likely to contribute to Canadian Content Development (CCD), given that minimum annual revenues for mandatory contributions begin at $1.25 million.

24. **CIMA submits that there are significant risks associated with completely deregulating a portion of the commercial radio sector, even low-power stations.** Licensing ensures that radio stations are held accountable to broadcasting standards, and support the creation and dissemination of Canadian Content when possible and appropriate. With the creation of a "low-power" deregulated radio sector, CIMA submits that incentive would be created in the system to find ways to commercially exploit the lack of regulation. This could take the form of reduced Canadian content, broadcasts exempt from agreed-upon broadcast standards and more.

25. CIMA recommends that licensing be maintained for low-power stations. CIMA further recommends if any low-power, commercial radio stations accrue revenues above $1.25 million, that they be required to make mandatory CCD contributions. Cases of high-earning low-power stations are likely few-and-far-between, if they exist at all. However, if any exist or ever arise, they should be subject to the same measures to fulfill the objectives of the *Broadcasting Act* as any other commercial radio undertaking.

Integration of Digital Terrestrial Radio Technologies, including HD Radio

26. CIMA's comments on the integration of digital terrestrial radio technologies will be limited to answering the question posed in paragraph 57, "Should digital radio services be exempted from licensing requirements or should the Commission establish a licensing framework for these services?"

27. CIMA believes that the Commission's regulatory precedent for digital radio is adequate to the future of the medium, including HD radio. Under no circumstances should HD radio be exempted from the licensing requirement to participate in the Canadian Content Development (CCD) regime.

28. The history of digital radio in Canada is outlined in Broadcasting decision 2006-160, where the Commission correctly identified that the growth of digital radio in Canada had stalled due to other emerging technologies, the lack of consumer digital radios, Canada's choice of an L-Band for digital radio, the requirement for digital radio broadcast display screens to be bilingual, US rejection of digital radio, as well as the automotive industry adopting satellite radios in cars, rather than digital radios.

29. CIMA supports the implementation of new radio technologies, realizing that a robust and evolving radio industry is necessary to a healthy broadcasting system. As history demonstrates, this evolution is often unpredictable. It also demonstrates that market, rather than regulatory, pressures will have the greatest impact on the success or failure of new radio undertakings. None of the Commissions' identified reasons for the slow growth of digital radio have to do with license and regulatory requirements. It is telling that alternative technologies like satellite radio have grown substantially despite being subject to conditions of license standard to commercial radio. By way of example, Sirius XM's subscriber base has grown at an average annual rate of 8% for the last three years. Over the course of this time, it has contributed substantially to CCD, at rates of both five and four percent of annual gross revenue.

30. CIMA believes that any licensed commercial broadcaster operating in Canada should support the objectives of the broadcasting act in a manner similar to other broadcasters, including the obligation to contribute CCD funds.

<u>Addressing Systemic Compliance Difficulties within the Commercial Radio Policy</u>

31. CIMA concurs that compliance with the broadcasting act remains a significant issue in the Canadian broadcasting system, and welcomes a dialogue on new means that could be introduced to help more broadcasters comply with the requirements of the Act.

32. CIMA applauds recent work to clarify which initiatives are eligible for Canadian Content Development contributions on the Commission's website. The recent publication of a non-exhaustive list of examples of compliant and non-compliant initiatives is greatly helpful to both providers and recipients of Canadian Content Development contributions.

33. Of the four types of non-compliance listed in paragraph 60, CIMA considers failure to remit sufficient Canadian Talent Development (CTD) or Canadian Content Development (CCD) as the most damaging type of non-compliance. As explored in paragraph 13 of this intervention, organizations like FACTOR depend on these revenues to launch the careers of emerging Canadian artists and music entrepreneurs. Failure to remit sufficient CCD or CTD effectively limits the amount of Canadian Content that can be generated in a given year.

34. An analysis of 266 non-administrative commercial broadcast license renewals from 2013 revealed that 38 percent of commercial radio licensees had, at one point or another, failed to remit sufficient CCD or CTD. The reasons for this failure to remit were many and varied, including unpredicted shortfalls in broadcaster revenue, or spending CCD contributions on ineligible expenses. The total value of shortfalls evident in the above noted 2013 license renewal cases totalled over $1,048,100. This $1,048,100 represented funding that was, at some point over the course of the licensee's past term, missing or absent from eligible CCD initiatives.

35. It is important to note that a significant number of radio broadcasters act responsibly upon learning of CCD/CTD shortfalls, paying the shortfalls in a timely manner. However, others wait until the end of the license term, requiring the Commission to impose repayment of past shortfalls as a new condition of license for the upcoming term. In 2013, over $686,000 in CCD/CTD funding had been missing from the system until a license renewal required the radio broadcaster to pay.

36. For Canada's domestic music industry, missing CCD payments represent lost opportunity. Consider that the Canadian domestic music industry is comprised of companies that earn an average of $60,000 per annum, with only the top 10% earning revenues of over $500,000. In relation to the size of most Canadian music companies, every penny of support is important and meaningful. Were that funding to be utilized and fully leveraged, the increased economic activity possible in Canada's music industry would be significant and measurable.

37. In response to Question 18, Paragraph 64, CIMA believes that each of the Commission's proposed tools would encourage compliance with regulatory requirements. The degree to which each would be effective are detailed in the following paragraphs.

38. **Requiring broadcasters to complete a license renewal application checklist** would assist with ensuring that broadcasters are fully aware of the compliance requirements that will be addressed in the license renewal process. While this is a worthy endeavor, this mechanism should not be implemented in isolation. Taken by itself, a license renewal application checklist creates no incentive for broadcasters to make *timely* payments. For instance, nothing about this mechanism would prevent a radio broadcaster with multiple years of delinquent CCD payments from simply paying their shortfall directly before the submission of application. If the goal of improving compliance is to create a CCD system where broadcasters live up to their conditions of license in a timely fashion, this mechanism should be one component of a larger strategy.

39. **Annual publishing of non-compliant licensees on the Commission's website** is a tremendous proposal, which would represent a step forward for the transparency of the CCD system. Currently, the public eye is only directed to the CCD compliance of a particular radio broadcaster at the time of license renewal. There are several inherent disadvantages of this approach. First, it does not incentivize timely payment of CCD contributions and year-over-year compliance. In the cases examined by CIMA, a consistent pattern emerged where broadcasters paid shortfalls at the time of license renewal, rather than shortly after the shortfall occurred. A public record of non-compliant broadcasters would direct the public eye towards a station's compliance on a year-to-year basis, which would encourage more timely payment.

40. In much the same way, **requiring licensees to file regular reports and increasing the frequency of compliance monitoring** would move the CCD system away from one where scrutiny is only applied at the time of license renewal. Both of these mechanisms would add an underlying expectation to the CCD that non-compliance is not a matter that can be left for years before it is addressed.

41. **CIMA believes that the most effective way for the commission to encourage greater compliance with CCD regulations would be to increase regulatory requirements in the form of increased CCD contributions.** This will be explored in detail in the following paragraphs.

42. In response to Question 19, paragraph 64, CIMA firmly believes that increased CCD contributions are an appropriate measure to address the harm that occurs in the Canadian broadcasting system as a result of non-compliance. As stated previously, 2013 broadcast decisions revealed as much as $1,048,100 to be missing from eligible CCD initiatives over 266 broadcast cases, at some period during those broadcast undertaking's previous license term. Of this, $686,000 was left unpaid until the renewal of license. As these numbers demonstrate, funding often goes missing from the system for a number of years, when it could have been funding the creation of new Canadian content, or support the development of emerging artists.

43. It is also important to note that no financial penalty currently exists for late payment of CCD funding. Broadcasters who are many years in arrears are typically required to pay only the outstanding CCD amount as a condition of license. For instance, in Broadcasting Decision 2013-144, HFX Broadcasting was found to have an overall CCD shortfall of $35,787, accrued over several broadcast years. As a condition of license, the commission ordered it to pay $35,787, despite some of the funds being years overdue.

44. For Canadian content developers, it is highly disruptive when CCD funding is missing from the system for long periods of time. For organizations and initiatives that annually budget based on the expectation of incoming CCD revenue, the shortfalls come as unpredictable and costly setbacks. CCD funding often flows through FACTOR to Canada's domestic music industry, which is comprised of small businesses that require as much certainty and consistency as possible. Music projects typically require a 3-5 year planning window, and must be tightly coordinated. The unpredictability caused by late and delinquent CCD payments is out-of-step with the needs

of Canadian content creators.

45. CIMA believes that increases to CCD contributions as a result of non-compliance should serve to encourage timely CCD payment. As such, they should be predictable and well-known in advance by all broadcasters. Further, CCD increases resulting from late-payment should be proportional to the severity of non-compliance. For instance, missing a payment deadline by a month should not carry the same financial penalty as accruing several years of unpaid CCD contributions.

46. In response to Questions 19, 20 and 21, paragraph 64 of BNC 2013-572, **CIMA believes that increased CCD contributions should be levied on broadcasters in the form of an interest rate for late payment of no less than 2 percent monthly.**

47. Increasing CCD contributions for non-compliant radio broadcasters who have outstanding CCD contributions would carry several advantages. First, it would ensure that Canadian content industries are compensated for the lost time and productivity associated with non-compliance. As stated earlier, even small CCD contributions from radio can make big differences to the sound recording industry, particularly as they relate to the development and support of emerging artists. Every dollar can be leveraged into increasing the economic opportunities created by music activity.

48. Second, an interest rate is an inherently proportional response to non-compliance. Broadcasters who act immediately upon incurring a CCD shortfall will receive relatively insubstantial penalties, whereas shortfalls left unfilled for years will incur substantial penalties. This will create an incentive in the system to not only make up existing shortfalls, but to pay as soon as possible. This should serve to address the commission’s concern in paragraph 60 of BNC 2013-572 that “A large number of licensees remain in non-compliance on an annual basis.” If a licensee can delay payment on CCD, incurring no cost or penalty, it is logical that they might choose to delay payment.

49. Third, it would provide an alternative to shorter license renewal terms as the only viable means of recognizing non-compliance. In most cases, radio stations with clear non-compliance issues received a shortened radio license from the Commission. This is understandable, since it is the only penalty currently at the Commission’s disposal proportional to non-compliance with broadcasting regulations. Suspending or revoking a license would likely result in protest, disruptions, legal challenges and a host of other consequences likely not proportional to missing CCD payments. The broadcast system would not be made better if the commission utilized these tools with regularity. However, the probability of a shorter license term has clearly not deterred some broadcasters from neglecting their CCD obligations for years at a time. CIMA believes that the 38 percent of broadcasters who have had CCD compliance issues at one time or another could be reduced with an additional measure.

50. It is worth noting that a variety of private and public institutions utilize interest rates to incentivize timely payment. Universities charge students interest on late tuition payments. The government charges interest on late taxes rather than denying citizens access to public goods

and services. Indeed many of the parent companies of major radio broadcasters charge late payment fees on cable or cellular phone bills. If the CRTC were to utilize interest as a method to increase CCD obligations, it would provide a reasonable middle ground between shortening license terms (a penalty not adequate enough to incentivize system-wide compliance) and an extreme measure such as revocation of a broadcast license.

51. CIMA suggests that a monthly interest rate of no less than two percent would likely be sufficient to ensure compliance.

Revisiting Licensing Requirements for Radio Retransmission

52. In paragraph 76, the Commission indicates that it would be “open to considering other issues and concerns related to the commercial radio sector and falling within its jurisdiction and powers under the Act.” To this end, CIMA would like to raise a concern regarding the Commission’s new media exemption order.

53. In Broadcast decision 1997-197, the Commission exempted from licensing requirements all broadcast undertakings that delivered or accessed over the internet, classified as “new media” broadcasting. This included any new media broadcasting undertakings owned by broadcasters with traditional, licensed broadcast services. In decision 2003-2, the exemption was clarified to include “retransmission.” In other words, any internet transmitters are not subject to license requirements.

54. For radio, retransmission often comes in the form of simulcasting. According to research prepared for the Canadian Association of Broadcasters, 6 out of 10 radio stations offer streams of their broadcast signal online. These are usually accompanied by banner advertisements, for which the radio station receives revenue. Further, in 13 of the 100 radio websites studied, online-only streamed ads were played in addition to the ads that would have accompanied the traditional radio broadcast. Since radio “new media” ventures (most often simulcasts) are subject to the exemption order of broadcast decision 1997-197, there would appear to be no requirement that a radio station submit annual returns of this revenue to the CRTC. Further, no requirement would exist to have that revenue (or a reasonable portion of that revenue), added to the formula that determines annual Canadian Content Development (CCD) funding contributions.

55. It has been over a decade since broadcast decision 2003-2 and nearly two decades since the new media exemption order was introduced. In that time, the importance of both online radio listenership and online advertising has increased substantially. While comprehensive, comparable, year-over-year Canadian data is unavailable, studies from the United States show that online radio listenership has been growing substantially over the past decade. In 2013, over 33 percent of respondents to an Edison Research survey reported that they had listened to online radio in the past week. This is up from 17 percent in 2010, and eight percent in 2003. Moreover, the amount of time listeners spent online listening to radio has increased from over six hours per week in 2008 to 11.5 hours per week in 2013. Available Canadian studies have shown online listenership in Canada to be as high as 33 percent, as early as 2010. This indicates

that Canadians may be listening to more online radio than Americans. Further, 58 percent of Canadians listened to local stations online, rather than subscription based services like Sirius XM, Rdio or Deezer. In other words, most Canadians listen to online radio produced by broadcasters with CRTC-licensed undertakings.

56. Detailed Canadian data of online advertising revenue derived by Canadian radio broadcasters is currently unavailable. However, quarterly reports from the American-based Radio Advertising Bureau show that online advertising revenues have grown nearly 24% since 2011, while traditional radio advertising revenues have only grown 6%. This is consistent with growth patterns evident in Canada, where Internet Advertising Bureau (IAB) data typically tracked double-digit percentage growth in the value of online advertising.

57. Available research has indicated repeatedly that online listenership complements traditional listening. A Katz Marketing analysis pointed out dozens of studies which have confirmed that digital audio alternatives “are not impacting the time people spend with broadcast radio.” Rather, listeners most often access both services for different situations in their lives. For instance, internet access is not commonplace in the car, making traditional broadcast radio a popular choice for daily commuters.

58. In decision 2003-2, the Commission stated that it believed that internet retransmission was in a relatively immature state, which would make regulation premature. CIMA believes that online retransmission of terrestrial radio has now reached a point of maturity where it has become appropriate to consider it a regular component of traditional radio broadcasting, rather than a “new media” enterprise. The growth in the popularity of online retransmissions, the rising value of online advertising and the evidence that online radio listenership has not come at the expense of traditional broadcasting all serve to indicate that online retransmission has become an important component of traditional radio broadcasting.

59. If online retransmissions are to be considered a component of traditional broadcasting, CIMA submits that it should be subject to the same requirements under the *Broadcasting Act* as other radio activities. That is, that the radio broadcaster should be required to submit annual returns detailing online revenues, and that these revenues (or a reasonable proportion of these revenues) should contribute to the station’s total revenues used to calculate minimum Canadian Content Development (CCD) contribution totals.

Beginning a Dialogue on the Future of CCD

60. In paragraph 76, the Commission indicates that it would be “open to considering other issues and concerns related to the commercial radio sector and falling within its jurisdiction and powers under the Act.” To this end, CIMA would like to raise a concern regarding the future of the Canadian Content Development regime.

61. As stated earlier in this submission, financial contributions from radio broadcasters have been a crucial source of funds for the domestic music industry since the creation of the Canadian Talent Development (CTD) in 1990. Over the course of the program, funding has grown substantially.

Between 2007-08 and 2011-12, overall CCD funding has grown substantially, from $27.9 million to over $55 million. The bulk of this growth has been fuelled by new stations during their first license term and contributions related to ownership transfers. This pool will continue to grow over the next couple years as a result of tangible benefits arising from broadcast decision 2013-310, which will add more than $71.5 million to radio-related tangible benefits.

62. However, CIMA submits that there is significant reason to be concerned with the long-term future of Canadian Content Development (CCD). This concern stems from two related reasons: the slowing of consolidation among major broadcasters and the growth of unlicensed, online broadcasting.

63. Through a number of high-profile acquisitions in recent years, including decision 2013-160, the amount of tangible benefits flowing into the CCD system will remain at record highs for the next several years. However, the long-term impact of increasing consolidation in the broadcast industry will be a reduced number of major companies. This reduction will result in a significant decline in the amount of CCD being created by Canada's broadcast system in the longer term, should the current system remain in place.

64. All players in Canada's licensed broadcasting industry share concerns over the growth of online, unlicensed broadcast undertakings. Video and audio streaming services like YouTube, Netflix, Rdio, Deezer and Songza are currently reshaping the way consumers interact with, and discover content, yet remain completely unlicensed by the CRTC. This means that they do not pay into regimes designed to fund the creation of new Canadian content and are not subject to requirements obligating the promotion of Canadian content.

65. This lack of regulation may suffice in the short term, but may not hold up in future years. For now, the popularity of terrestrial radio is stable. According to a 2010 BBM Research study, radio listenership is a growing component of the workday, with the average Canadian listening to over three hours per-day. Further, it remains highly popular on daily commutes, with 70-80% of Canadians listening to traditional radio in the car. However, as auto manufacturers incorporate wireless internet functionality into cars, a real opening for unlicensed "new media" providers to occupy this important listening space will emerge, which may come at the expense of traditional radio listenership. This is only one potential avenue through which "new media" could move to the mainstream over the next several years.

66. CIMA notes that the 2006 Commercial Radio Policy places support for the careers of emerging Canadian artists and the overall supply of high-quality Canadian music as key objectives. Both the likelihood of decreased tangible benefits in the long-term and the potential for traditional broadcast systems to evolve into unlicensed formats threaten these objectives.

67. CIMA therefore recommends that the Commission undertake an analysis and consultation on the future of the Canadian Content Development (CCD) regime, how new media is likely to impact it, as well as other requirements in the Broadcast Act*.* The objective of this review should

be to ensure that the regulatory policies surrounding the Broadcasting Act continue to be relevant as increasing numbers of unlicensed broadcast undertakings enter the market.

Conclusion

68. CIMA notes that a great deal of time typically elapses between reviews of commercial radio policy. Approximately eight years elapsed between the 1998 and 2006 reviews of radio, and another between the introduction of the 2006 Commercial radio policy and this current review. **CIMA respects the commission's desire that this review be targeted, but submits that more comprehensive reviews should be held with greater frequency.** With an accelerating pace of change in broadcast consumption habits, more scrutiny than ever will be required to maintain the relevancy of Canadian broadcasting policy.

69. Thank you for allowing CIMA the opportunity to provide comments on Broadcasting Notice 2013-558. We ask that the Commission consider our submission when it deliberates this important issue. If there are any questions or concerns, please direct your staff to contact Chris Martin, Research and Communications Coordinator at chris@cimamusic.ca. Further, CIMA would be pleased to address the Commission directly, should an oral submission be required

Yours sincerely,

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