

August 7, 2012

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

RE: Broadcasting Notice of Consultation 2012-370-1

Re: Application 2012-0516-2 by BCE Inc., (BCE) on behalf of Astral Media Inc. (Astral) for authority to change the effective control of Astral, and its licensed broadcasting subsidiaries, so that it is exercised by BCE.

Dear Mr. Traversy:

1. With regard to the Broadcasting Notice of Consultation 2012-370-1, the Canadian Independent Music Association (CIMA) would like to submit its comments on BCE Inc.'s application to take control of Astral Media Inc.
2. By way of background, CIMA represents more than 180 Canadian companies and professionals engaged in the worldwide production and commercialization of Canadian independent music, who in turn represent many times this number 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 small 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. For 37 years, CIMA has dedicated its efforts to representing the needs of its members and by 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.
6. It is on behalf of these Canadian-owned small businesses that CIMA is speaking, and providing comments in regards to BCE's application 2012-0516-2.
7. Over the years, CIMA and its membership have continually expressed concern with the growing consolidation of the broadcasting and telecommunication industry in Canada. The vertical

integration of ownership in this industry – including radio, television, wireless networks and internet companies -- should be of concern to all Canadians.

8. At the same time, CIMA understands that such consolidation and integration of ownership is the current reality of the industry in Canada, and will likely continue to be so in the years to come. As such, CIMA believes that BCE's application is of particular importance, as the combined undertakings will create an even larger and more influential player in the broadcasting and telecommunications industry, as it is reportedly one of the largest media mergers in Canadian history.
9. The total value of the transaction is approximately \$3.38 billion. In its application, BCE notes that PricewaterhouseCoopers (PwC) has assessed and valued the broadcasting assets that are subject to tangible benefits to be \$2.406 billion - \$1.393 for Astral's television assets and another \$1.013 billion for its radio assets.
10. The applicant has also noted that PwC had excluded from its calculations those assets in which Astral – and therefore, Bell, should the application be approved – have no controlling interests, citing CRTC policy and its past decisions relating to similar media mergers and acquisitions.
11. Because the BCE acquisition of Astral's holdings are of a significant size and scale, CIMA respectfully asks the Commission to carefully review the dollar values presented in the BCE application to ensure the veracity of the numbers presented in PwC's assessment of the transaction. In particular, for the purposes of transparency and veracity, CIMA and its members ask the Commission to review the value of Astral's radio assets to ensure consistency in the historic value of these holdings.
12. In accordance with Broadcasting Regulatory Policy 2010-499 (the Campus and Community Radio Policy), BCE is committing a total of \$60.8 million in tangible benefits to the industry, namely: \$30.4 million to Radio Starmaker Fund/Fonds Radiostar; \$15.2 million to FACTOR/Musicaction; \$5.1 million to the Community Radio Fund of Canada; and \$10.1 million in discretionary benefits.
13. CIMA understands that these amounts will be adjusted downwards "to reflect the value of the radio stations Bell Media is proposing to divest," according to the BCE application, and as per the Commission's Common Ownership Policy. There are nine FM stations in the Toronto, Vancouver, Calgary, Ottawa-Gatineau and Winnipeg markets, and one AM station in Vancouver that BCE must sell in order to comply with the Commission's policy. Indeed, the divestment of these stations serve as the appropriate 'checks and balances' policy that is required to balance the consolidation of ownership in the Canadian media industry.
14. In regards to the discretionary benefits of 1% or \$10.1 million, the applicant has proposed that it will be "paid to third-party Canadian Content Development (CCD) initiatives that are direct expenditures for the support, promotion, training and development of Canadian talent, and are eligible for CCD funding in the manner described by the Commission."

15. CIMA is pleased that the discretionary benefits are being earmarked by BCE for appropriate third-party initiatives aimed at broadly supporting the industry. CIMA also understands that BCE has received many requests from organizations and individuals who are eligible to receive such funding. Indeed, CIMA is one of those organizations requesting an allocation from the discretionary benefits, namely, support for our music exporting and investment strategy, wherein we facilitate targeted business and showcasing opportunities around the world for our independent companies and artists. CIMA works to establish the Canadian music industry's business presence worldwide, while providing opportunities for their artists and bands to showcase their exceptional talent.
16. CIMA understands that the applicant will not be in a position to specifically identify which third party initiatives will receive the discretionary benefits until September or beyond. In light of this fact, CIMA requests that the Commission work closely with BCE to assist the applicant in properly defining appropriate third party initiatives, as outlined in Broadcasting Public Notice 2006-158 (the Commercial Radio Policy).
17. Referring to the recent Broadcasting Notice of Consultation 2011-796, the Commission had called for comments on proposed administrative changes relating to the Canadian content development policy for commercial radio. In this notice, the Commission had outlined concerns relating to certain compliance issues in regards to the allocation and reporting of CCD benefits. In part, the Commission noted instances when radio stations – while acting in 'good faith' – had designated its discretionary benefits to ineligible initiatives. In order to avoid this scenario, CIMA believes it appropriate for the Commission to work with BCE to properly interpret the Commission's definition of eligible third party initiatives. An open dialogue on these matters before allocations are made will indeed serve everyone's interests in this regard.
18. As the Commission knows, CCD contributions to businesses and artists through Radio Starmaker, FACTOR or MUSICACTION, or funds dedicated to support programs through 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' to the grassroots levels.
19. In short, Canada's music industry directly benefits from the support provided by commercial broadcasters and others – whether it is for exporting initiatives, artist marketing or tour support, artist development, sound recording or video production, professional development, education seminars, and more. This is why, as the Commission knows, it is important to properly identify eligible initiatives to receive CCD benefits, which are then effectively and successfully leveraged to benefit the industry as a whole.
20. Thank you for the opportunity to express CIMA's views on this important matter, and we ask that the Commission consider our submission when it deliberates on BCE Inc.'s application 2012-0516-2.

Yours sincerely,

Stuart Johnston
President