

2060 LA SECRÉTAIRE : Merci, Monsieur le Président.

2061 I would now call on the next participant, Friends of Canadian Broadcasting, to come forward for their presentation.

2062 Mr. Ian Morrison is appearing for the participant. Mr. Morrison, you have 10 minutes for your presentation.
PRÉSENTATION / PRESENTATION

2063 M. MORRISON : Monsieur le Président, membres de la Commission.

2064 Les Amis de la Radiodiffusion canadienne remercient le Conseil de cette occasion qui nous est offerte de participer à cette révision de la politique sur la radio privée.

2065 Comme vous le savez, les Amis jouent le rôle de chien de garde pour le compte de 100,000 Canadiens qui tiennent à défendre et à augmenter la programmation canadienne dans le système de radiodiffusion anglophone.

2066 As you know, my name is Ian Morrison and I speak for the Friends. We are a group supported by 100,000 Canadians and our mission is to defend and to enhance Canadian programming, not altogether unlike your own mission.

2067 We endorse the objectives of the review, in particular the principle that

a well financed commercial radio sector should contribute according to its means to the fulfilment of the policy objectives of the Broadcasting Act, that it should make effective contributions to Canadian artists through airplay of Canadian music and Canadian talent development, and that it should provide listeners with greater diversity of musical genres and airplay for a greater variety of Canadian artists.

2068 In a recent McKinsey Quarterly article entitled "Regulation that's good for competition," Scott Beardsley and Diana Farrell write that:
"Crafting regulations that encourage rather than hinder competition and growth is increasingly tough at a time of accelerating technological change and economic uncertainty. Politicians are under pressure to protect troubled industries and to safeguard jobs. The work of regulators is evermore complex which makes it evermore vital that they make wise choices." (As read)

2069 Our advice to the Commission is that it should not lose sight of repetitive evidence from the broadcast sector that regulation can facilitate markets and is a necessary tool to ensure that the Act's objectives are attained.

2070 In this regard, the Canadian public listeners and viewers see your policies and procedures as a means to assure themselves of the quality and variety they expect from their public airwaves.

2071 Parliament has charged you with stewardship of the public interest in an environment where it is unreasonable to expect that commercial interests and the public interest can ever completely align.

2072 Friends believes that the Commission's current policies with respect to concentration of ownership in a given market and between formats therein and in the overall Canadian marketplace are functional. You should beware of comments from vested interests seeking to persuade you to permit still further concentration.

2073 According to St. Luke:
"Those to whom much has been given, of them much is also expected." (As read)

2074 The prophet data reflected in the Commission's recent annual reports suggest that you are dealing in the aggregate with a healthy industry and one capable of making substantial

contributions towards Parliament's goals on behalf of the listening audience as reflected in the Act, and this health is important because only financially healthy radio broadcasters will be in a position to contribute to the goals of the Act you are charged with advancing.

2075 The vast majority of Canadian radio stations, especially those in major markets, are owned by public companies that must compete with all other public companies for investment. We recognize, therefore, that their returns need to be competitive with those in other industries.

2076 Canadians want and need a distinctively Canadian presence on Canadian radio. At the same time we need to take account of the economic and business realities of a changing technological landscape.

2077 Friends recognizes that in common with conventional television, radio is facing many sources of audience fragmentation, including iPods capable of holding thousands of songs; the introduction of iPod-like phones which will exacerbate this tendency; the internet, not only because of the amount of time dedicated to the net especially by younger listeners but because of the

creation of hundreds of alternative sources of music and internet radio stations, including peer_to_peer downloading of music; and the arrival of satellite radio which will also impact older listeners as it is expected that the cost of satellite radio equipment and ongoing subscription costs may create a slightly older audience skew.

2078 To a large extent, our Canadian broadcasting system is based on a cross_subsidization model.

2079 In the case of radio, exclusive frequency franchises have been approved by the Commission in exchange for specific commitments to Canadian content and to the development of Canadian artists.

2080 We note, however, that the new content providers now have both at home and mobile access to the Canadian population without any substantial commitment to the Canadian broadcasting system. Where possible, these platforms need to make a contribution to the Canadian broadcasting system and not just gobble audience and revenue.

2081 Cellphone companies will clearly profit from the downloading of music and digital content to cellphones as well as iPod cellphones. A percentage of these revenues should be put back into the Canadian broadcasting system through

FACTOR or similar mechanisms the Commission should mandate.

2082 With respect to local management and sales agreements, Friends' advice to the Commission is that such arrangements which inherently reduce competition and diversity should be employed only on an exceptional basis and in those circumstances require substantial supervision to ensure that the parties respect their public obligations.

2083 We remind the Commission of our intervention regarding the Sudbury market where our supporters detected abusive masquerading by two of the dominant industrial players in recent years, Rogers and Newcap. Their behaviour amply demonstrated the need for effective regulation in an ownership_concentrated radio broadcasting system.

2084 The 1998 Canadian Content Regulations have been a great success. Owing to turnover in your leadership, there may currently be only a few commissioners who experienced directly the pressure from the CAB lobby when your Commission decided in 1998 to raise the bar for Canadian music.

2085 That pressure was intense, repugnant and entirely without merit, as subsequent experience has made clear, and

we recommend mature scepticism to similar entreaties during the 2006 review process.

2086 We also recommend that you raise the bar for Category 2 popular music to 40 per cent on a daily 6 a.m. to 6 p.m. basis in the new policy with at least a quarter of this minimum for new and emerging genres and artists.

2087 Recent statistics on the fragile health of the Canadian music industry suggest that this recommendation is desirable both from an industrial and a listener point of view.

2088 Friends supports the logic of a 10 per cent Canadian talent development benefit upon transfers or changes of ownership and control of radio licensees.

2089 The commercial radio sector is a vital part of the communications infrastructure in communities across the land. The Commission should beware of any proposals to reduce the obligation of commercial radio stations to present substantial amounts of locally produced news and information programming. This should apply to all stations without exception.

2090 If any changes are desirable, they should move in the direction of strengthening these obligations.

2091 Leaving this to voluntary commitment is not warranted in view of the conflict of interest inherent where commercial radio undertakings seek to reduce local labour costs and import content from distant often non-Canadian locations. This factor is of greatest concern in small_ and medium_size markets where fewer alternative sources of local news and information are available.

2092 Strengthening local programming is also a front line in the defence of commercial radio from its distance_free competitors. It is a feature that advances commercial radio's competitive advantage.

2093 In the transition from analog to digital formats, the Commission should follow the principle that its prime duty is to ensure that the policy objectives of the Act prevail over technological considerations.

2094 The Commission should articulate a policy on radio infomercials akin to those in its television policy. In considering representations from commercial radio interests, the Commission should bear in mind that only its policy protects the listening public from abuse.

2095 If a licensee were to state that

such regulation is neither necessary nor desirable, the question that must be answered is how could it ever be appropriate and in the listener's interest for an infomercial to be broadcast without being clearly identified as paid commercial programming?

2096 The Commission's radio policy is a buttress for democratic participation and cultural sovereignty in a country with a relatively small population sharing the North American continent with the United States of America. As Canada's economic relationship with the U.S. draws closer, it becomes more important than ever to strengthen Canadian cultural sovereignty. This may be only an opinion but it is one shared by 87 per cent of Canadians.

2097 Radio policy is an important component of this task. We wish the Commission well in addressing this challenge and we look forward to contributing further to the process.

2098 Thank you, Mr. Chair, members of the Commission.

2099 THE CHAIRPERSON: Thank you, Mr. Morrison. I have a few questions resulting from your written presentation and today's oral presentation.

2100 First of all, at page 4 where you reiterate the position that the Category 2 popular music level should be raised to 40 per cent Canadian content, I see you have added in your oral presentation the additional notion of a quarter of this minimum now being for new and emerging genres and artists.

2101 MR. MORRISON: That is a more modest amendment to our original position than others that have been put to you today.

2102 THE CHAIRPERSON: Right. Have you thought about the test for what a new and emerging artist would be for purposes of that test?

2103 MR. MORRISON: That is not really our area of expertise, Mr. Chair. We will just -- if we have any thoughts we will submit them by the 29th of May and I won't waste your time with my idle chatter on that subject.

--- Laughter / Rires

2104 THE CHAIRPERSON: Thank you, I appreciate that.

2105 The numbers 40 and then 10 per cent for CTD, what were the bases for picking those particular numbers?

2106 MR. MORRISON: Well, the number 40 came to us from paragraph 12 of your 1998 decision where it said that:

"The Commission is confident that as stronger, more effective strategic relationships between the radio and music industries develop, the cooperative initiatives and efforts of these industries to promote and support Canadian music will succeed in bringing about a level of Canadian content that reaches 40 per cent in five years." (As read)

2107 It sounded good to us.

2108 THE CHAIRPERSON: You are basing it on that?

2109 MR. MORRISON: Mm_hmm.

2110 THE CHAIRPERSON: And the 10 per cent for CTD, is it as simple as that is the TV number, therefore let's go to it?

2111 MR. MORRISON: Yes. It has been a great success in the television world since one of your predecessors led the effort to bring it into existence and we think that it is an appropriate number that could be applied to this part of the industry. Many of the players are the same. Someone once said, it sounds nice, I guess.

2112 THE CHAIRPERSON: Now on local news that you mention here, do I take it that your position is that you advise us

to beware of proposals to reduce the obligation on radio stations to present a substantial amount of locally produced news and information but are you suggesting a mandatory minimum of such programming?

2113 MR. MORRISON: I guess I would put it to you -- Jean-Jacques Rousseau once said, I am here to discuss principles, I will not dispute the facts.

2114 We are coming from a base of a lot of Canadians who share their views about the audiovisual system with us and what we have learned, particularly in smaller and medium_size communities, is that people are noticing that there is a lot less of here on the air.

2115 I think what we wanted to communicate to you on their behalf and on behalf of larger numbers of Canadians -- we know through public opinion research -- this is an issue that is of very great concern.

2116 So your Commission, with its staff and your own wisdom, and your other witnesses will come along with proposals, we are just urging you to keep an eye on the need to defend the local in radio as a very important value. How you do it, again, is not necessarily our expertise.

2117 THE CHAIRPERSON: Okay. On

infomercials you have noted that the CAB in its proposal basically accepts the proposition you are putting forward of identifying infomercials as paid commercial programming.

2118 MR. MORRISON: Yes. An alternative would be indefensible, I think.

2119 THE CHAIRPERSON: Okay, thank you.

2120 Just a word about the Association. You are mentioning that you are supported by 100,000 Canadians. Is this through annual donations of that number of people?

2121 MR. MORRISON: Yes. There are about 66,000 households that -- I will answer you very briefly and then I will write you a letter in detail by May 29 but 66,000 households contribute to us over about a 24-month cycle, maybe only 50,000 of them in a given year. We estimate that in those households there is an average of 1 and a half supporters. So we go from 66 to 100 in that way.

2122 That is direct financial support. We raised \$2 million from the public in that way. We are not a charity. So it is after-tax contributions averaging something in the range of \$40 to \$50, Mr. Chair, but it is based on their decision of how much they

wish to invest.

2123 THE CHAIRPERSON: Thank you,
those are my questions. Those are our
questions.

2124 MR. MORRISON: Take care.

2125 THE CHAIRPERSON: Thank you very
much.