



Canadian Association of Broadcasters
Association canadienne des radiodiffuseurs

Via comment/intervention/answer form

October 5th, 2012

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

Dear Mr. Traversy:

Re: *Broadcasting Notice of Consultation CRTC 2011-379-3 (as amended), Licence renewals for the Canadian Broadcasting Corporation's (CBC) French- and English-language services - Intervention of the CAB CEO Radio Council*

Executive Summary

1. The Canadian Association of Broadcasters CEO Radio Council (The Radio Council) is pleased to submit its intervention to the Commission with respect to the above-noted matters.
2. The Radio Council wishes to specifically address the application by CBC to carry national advertising as part of its English-language Radio 2 service (Radio 2), and as part of its French-language Espace Musique service (Espace Musique).
3. In order to best address this issue, the Radio Council has commissioned a statistical analysis of the CBC licence renewals application. ¹ This review of the CBC's application reveals that a recent reduction in its Parliamentary appropriation has been used by CBC/Radio-Canada as the rationale for the need

¹ A statistical profile of CBC/Radio-Canada, compiled by Communic@tions Management Inc., October 5th, 2012.

to carry national advertising on Radio 2 and Espace Musique; that is, given the reduced amount of taxpayer dollars accruing to the CBC, the sole solution to the survival of Radio 2 and Espace Musique is to pursue national advertising revenues for those two services.

4. Commercial broadcasters are continually faced with lower revenue expectations, and subsequently look inside their respective operations for efficiencies that allow them to take costs out of their business while continuing to provide high quality programming for listeners. According to the Commission's own financial summaries on radio, the industry revenue for Canadian commercial radio has just now returned to its 2008 pre-recession levels. During that time commercial radio broadcasters found innovative ways to overcome the impact of recession on revenues, and developed operational strategies to adjust to new financial realities.²
5. In the view of the Radio Council, the application by CBC to carry national advertising on Radio 2 and Espace Musique is ill conceived, and the rationale driving this strategy is misleading and does not serve the public interest.
6. The comprehensive statistical analysis of CBC's licence renewal applications undertaken by Communic@tions Management Inc. (CMI) (attached to this submission as Appendix B) reveals that CBC's corporate management, which it seems has ultimate discretion in the allocation of public funds and other revenues across its services, has decided to re-direct limited resources from its radio programming services to its television programming services. This means that funds allocated to CBC Radio have been arbitrarily reduced while television funding has been increased.
7. The Radio Council does not believe that this re-allocation serves any valid public interest. More importantly, it believes that the re-introduction of advertising on CBC radio services could have significant impact on ensuring diversity within the Canadian radio system, a primary mandate of the public broadcaster under the *Broadcasting Act*.
8. For this and other reasons set out below, the Radio Council requests that the Commission deny the application by CBC to carry national advertising on Radio 2 and Espace Musique. Furthermore, the Radio Council requests the opportunity to appear at the November 19th, 2012 public hearing as the issues surrounding

² CRTC Financial Summaries for Commercial Radio (2011)
http://www.crtc.gc.ca/eng/publications/reports/BrAnalysis/radio2011/radio2011_84.htm

the re-introduction of advertising on CBC Radio 2 and Espace Musique raise fundamental policy concerns, which require a full public discourse. The public hearing will also provide an opportunity for the Radio Council to comment on the additional programming information the CBC is required to file on October 12th, 2012.

The Radio Council

9. The Radio Council was formed in June of 2012 to represent the interests of English- and French-language private radio broadcasters across Canada. The Council is comprised of a Chair, Vice-Chair and five additional members. A list of Council members and the companies represented is appended to our intervention as Appendix A.
10. The Radio Council welcomes the opportunity to voice our deep and collective concern with respect to the application by CBC to carry national advertising on Radio 2 and Espace Musique.

Concerns regarding the process related to the filing of revised programming budgets

11. The Radio Council is very concerned about the process related to the timing of the filing of CBC's revised information on programming budgets. We believe that as a result we are being required to comment on an incomplete application.
12. On September 28th, 2012 the Commission issued *Broadcasting Notice of Consultation 2011-379-4*, granting CBC the opportunity to file missing programming budget information with the Commission by October 12th, 2012.
13. Given the October 5th, 2012 deadline for interventions, the CBC will have an opportunity to review the intervention of the Radio Council and the CMI research study *prior to* its October 12th, 2012 deadline for filing CBC's revised programming budgets.
14. The Radio Council is disappointed with this procedural decision and believes the CBC should have been compelled by the Commission to file its revised programming budgets coincident with its September 14th, 2012 filing given it has had well over a year to prepare for its renewal hearing and provide a full and complete application for public review. Alternatively, the October 5th, 2012 intervention deadline and perhaps the November 19th, 2012 timing of the hearing itself should have been altered to take into account that vital financial information was not made publicly available to allow parties to fully respond to the CBC's application.

The Application by CBC to Carry National Advertising on Radio 2 and Espace Musique

15. The CBC filed its initial application with the Commission to carry national advertising on Radio 2 and Espace Musique on April 4th, 2012. ³
16. In that filing, the CBC indicated that the 2012 Federal Budget created “an immediate and significant alteration of the Corporation’s financial situation. Consequently, the Corporation needs to generate new revenues immediately” in order to replace “those being lost as a result of the changes in its Parliamentary funding.” ⁴
17. The April 4th, 2012 letter from CBC to the Commission states that:

introducing national advertising on (Radio 2 and Espace Musique) would be an effective way to raise revenues with minimal disruption to their audience base and minimal impact on incumbents. ⁵
18. The April 4th, 2012 letter goes on to state that Radio 2 and Espace Musique:

will draw approximately \$15M-\$20M (in national market revenues) in years one and two, growing to \$35M by year seven...Without such a revenue infusion, the Corporation will be unable to maintain these services in their existing form, with the commitment they make to Canadian programming and to the celebration of Canadian music. ⁶
19. Revenues and audience ratings have a 1 to 1 correlation. In the event that Radio 2 and Espace Musique were unsuccessful at attaining stated financial goals of \$20M at year two and \$35M at year seven, there would be a great temptation by the CBC to adjust programming that would deliver the ratings required to generate those kinds of revenues. Ultimately, it would mean that these music services would play more commercially-oriented or mainstream music rather than their current focus on new and emerging or niche artists.

³ Letter from CBC/Radio-Canada to the Commission April 4th, 2012, “Re: Application to amend the radio licences of Radio 2 and Espace Musique to carry national advertising”.

⁴ Ibid, paragraphs 4 and 10.

⁵ Ibid, para. 10.

⁶ Ibid, para. 11.

Why the CBC Application to Carry National Advertising on Radio 2 and Espace Musique Should be Denied by the Commission

20. The Radio Council believes that the Commission should simply deny the CBC/Radio-Canada application to carry advertising on CBC Radio 2 and Espace Musique, as the application is contrary to the public interest for the following reasons:
 - a. The discretionary re-allocation of funds from radio services to English-language sports programming indicates the ability of the CBC to re-direct resources when it suits their operational priorities. CBC has failed to demonstrate from a financial and public interest perspective why CBC Radio 2 should have its government appropriation arbitrarily re-allocated in order to compete with the private sector for English-language television programming;
 - b. Permitting the carriage of advertising on CBC Radio 2 and Espace Musique would represent a significant shift in CBC's public radio broadcasting services, which in turn could create a precedent and perhaps even an incentive to solicit advertising for their other radio properties in response to any future reductions in government appropriations. The Radio Council is seriously concerned that approval of this application could, over time, create a precedent for the CBC to extend this request to other CBC radio services, including locally-based CBC Radio One and La Première Chaîne, which would ultimately reconfigure the balance of public/private services and the diversity in content and format each brings to the Canadian broadcasting system. As a result the diversity that CBC radio services bring to the Canadian broadcasting system would be compromised.
 - c. The CBC advertising revenue projections are based on questionable assumptions that deserve vigorous analysis;
 - d. The CBC application does not speak at all as to how the introduction of commercial content and a commercial focus would change the strategies of CBC Radio;
 - e. The size and economic power of the CBC within the Canadian broadcasting system and as the sole national radio network operator in Canada makes the very concept of commercial advertising on CBC Radio 2 and Espace Musique untenable. In addition, the CBC's advertising revenue projections are internally inconsistent and inconsistent with market realities; and

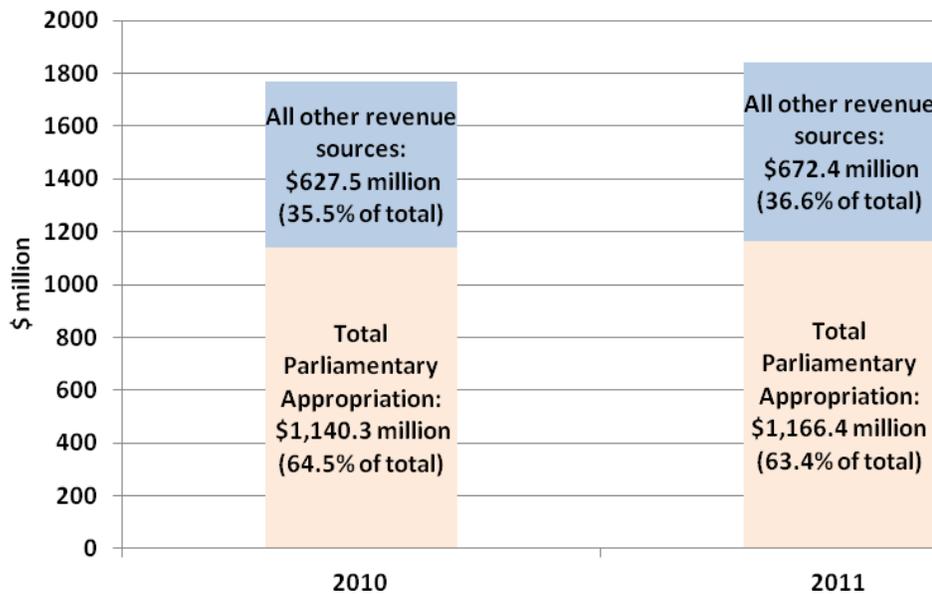
- f. The presence of national advertising on Radio 2 and Espace Musique could have a serious negative impact on secondary small markets across Canada, where national advertising revenues are largely flat or declining.

Discretionary Re-allocation of Resources by CBC/Radio-Canada

- 21. As noted by CMI in its comprehensive analysis of financing for CBC, on the basis of revenues and employees, CBC is Canada’s largest conventional broadcaster, and is also Canada’s largest radio broadcaster. The total revenue for the CBC’s radio, conventional television and specialty television operating units was \$1,767.8 million in 2010; that grew to \$1,838.8 million in 2011.
- 22. The breakdown in revenues, divided by Parliamentary appropriation and other revenues for 2010 and 2011 was as follows:

CMI Report - Figure 4

Public (taxpayer) and other revenue sources, Canadian Broadcasting Corporation, 2010 and 2011:⁷



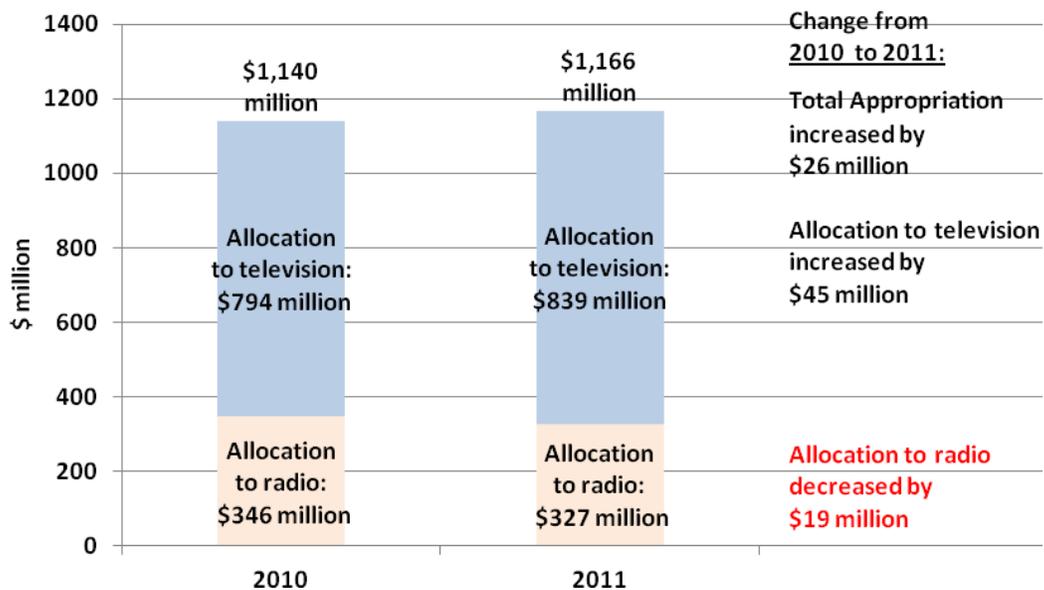
- 23. In analyzing the distribution of the Parliamentary appropriation of \$1,140M in 2010 (see Figure 4 below), CMI notes that \$794M was allocated to television, while \$346M was allocated to radio.

⁷ Communic@tions Management Inc. (CMI) (2012), *A Statistical Profile of CBC/Radio-Canada*, p. 8.

24. However, this allocation shifted appreciably in 2011. As indicated by CMI in Figure 4 below, from a total Parliamentary appropriation of \$1,166M in 2011, approximately \$839M was allocated to television – an increase of \$45M over the previous year – while \$327M was allocated to radio, a decrease of \$19M over the previous year.

CMI Report – Figure 5

Changes in the CBC/SRC allocation of its Parliamentary Appropriation, 2010 to 2011: ⁸



25. Based on the data presented above, it is clear that CBC Management made a strategic decision regarding the allocation of CBC’s Parliamentary appropriation. This decision resulted in important reductions to the resources dedicated to radio services, and increased resources dedicated to television services.
26. The clear evidence of CBC’s reallocation of public funds was provided by the CBC itself, in its revenue projections filed with the Commission on July 16th, 2012. As indicated in the table below, the projections for Radio 2 included forecast revenue from advertising, but no forecast revenue from the Parliamentary appropriation.

⁸ Ibid, p. 8.

CMI Report – Table 3

CBC/Radio-Canada revenue projections for radio services, July 16, 2012: ⁹

| (In \$ million) | Actual | Projections as of July 16, 2012: | | | | | |
|----------------------------|--------|----------------------------------|-------------|-------------|-------------|-------------|--|
| | 2011 | 2014 | 2015 | 2016 | 2017 | 2018 | |
| Radio One: | | | | | | | |
| Parl. Appropriation | | 172.7 | 172.2 | 172.4 | 176.4 | 180.2 | |
| Advertising | | | | | | | |
| Other | | 5.5 | 6.2 | 6.3 | 6.4 | 6.5 | |
| Total op. revenue | | 178.2 | 178.4 | 178.7 | 182.8 | 186.7 | |
| Program expense | | 125.1 | 127.1 | 129.1 | 131.1 | 133.2 | |
| Radio Two: | | | | | | | |
| Parl. Appropriation | | -- | -- | -- | -- | -- | |
| Advertising | | 18.5 | 22.6 | 27.1 | 28.8 | 31.1 | |
| Other | | 0.3 | 0.4 | 0.4 | 0.4 | 0.5 | |
| Total op. revenue | | 18.8 | 22.9 | 27.6 | 29.3 | 31.5 | |
| Program expense | | 9.7 | 10.0 | 10.3 | 10.5 | 10.7 | |
| English radio: | | | | | | | |
| Parl. Appropriation | 190.9 | 172.7 | 172.2 | 172.4 | 176.4 | 180.2 | |
| Advertising | -- | 18.5 | 22.6 | 27.1 | 28.8 | 31.1 | |
| Other | 5.7 | 5.8 | 6.6 | 6.7 | 6.8 | 7.0 | |
| Total op. revenue | 196.6 | 197.0 | 201.3 | 206.3 | 212.1 | 218.2 | |
| Program expense | 132.8 | 134.7 | 137.1 | 139.4 | 141.6 | 144.0 | |

27. When asked by the Commission to explain the re-allocation of radio appropriations to fund television services, the CBC responded as follows:

Each year, the Corporation's budget is established on the basis of expected revenues and costs. In accordance with this budgeting process, government appropriations are allocated to all services on a prorata basis, based on expected need. This process applies to all services and results in different levels of appropriation for different services. ¹⁰

⁹ Ibid, p. 58.

¹⁰ Letter from CBC/Radio-Canada to the CRTC, August 13, 2012, p. 21.

28. Based on this response, it appears CBC has the ability to allocate public funds to those services it believes have the greatest need. Just as CBC has moved public funds out of radio to television in the past, the re-allocation of public funds back to radio services is also an available option. So the decision to short change CBC Radio 2 can be reversed.
29. The shortfall in funding claimed by CBC for Radio 2 and Espace Musique might also be compensated by greater operational efficiencies. For example, CBC Television accounts for 50 percent of total CBC employment, but only 38 percent of total revenues – indicating a need for stronger internal efficiencies that could free additional resources for radio services.¹¹
30. CMI clearly sets out the strategic decisions made by CBC when faced with the most recent budget cuts. The CBC proposed the following:
 - an increased reliance on advertising revenues for both English- and French-language services;
 - proposed reductions in spending for English-language news programming; and
 - proposed increases in spending for English-language sports programming.
31. With respect to these decisions, the following table summarizes two versions of the CBC's 2015 projections for ad revenues, news programming expenses and sports programming expenses. The original version was presented by the CBC in 2011 (prior to the federal budget) and the revised version was presented in 2012 (after the reduction to the CBC's Parliamentary appropriation was announced by the federal government).

¹¹ Ibid, pp. 29-30.

***CBC/Radio Canada Projections for Advertising Revenues and
Spending on News/Sports Programming for the Year 2015***

Original Projections (2011) and Revised Projections (2012)¹²

| <i>Category</i> | <i>English-language Projections</i> | | <i>French-language Projections</i> | | <i>Totals</i> | |
|--|---|---------|--|---------|---------------|---------|
| <i>Advertising Revenue</i> | Original | \$254.6 | Original | \$135.1 | Original | \$389.7 |
| | Revised | \$276.3 | Revised | \$152.1 | Revised | \$428.4 |
| <i>News Programming Expenses</i> | Original | \$142.1 | Original | \$77.9 | Original | \$220.0 |
| | Revised | \$111.8 | Revised | \$85.9 | Revised | \$197.7 |
| <i>Sports Programming Expenses</i> | Original | \$149.0 | Original | \$12.9 | Original | \$161.9 |
| | Revised | \$181.6 | Revised | \$ 4.2 | Revised | \$185.6 |

32. With respect to the above table, CMI’s analysis notes that projected spending on sports programming does not take into account possible increases in cost of NHL rights or loss of rights by CBC post-2014.
33. CMI’s analysis also notes that on the English-language side, spending on sports increases by \$32.6M but ad revenues are expected to increase by only \$21.7M. Therefore, there is no corresponding ad increase or surplus resulting from more spending on sports. Accordingly, the plan to invest any radio appropriations in sports programming as a means to support CBC services more generally is at best questionable.

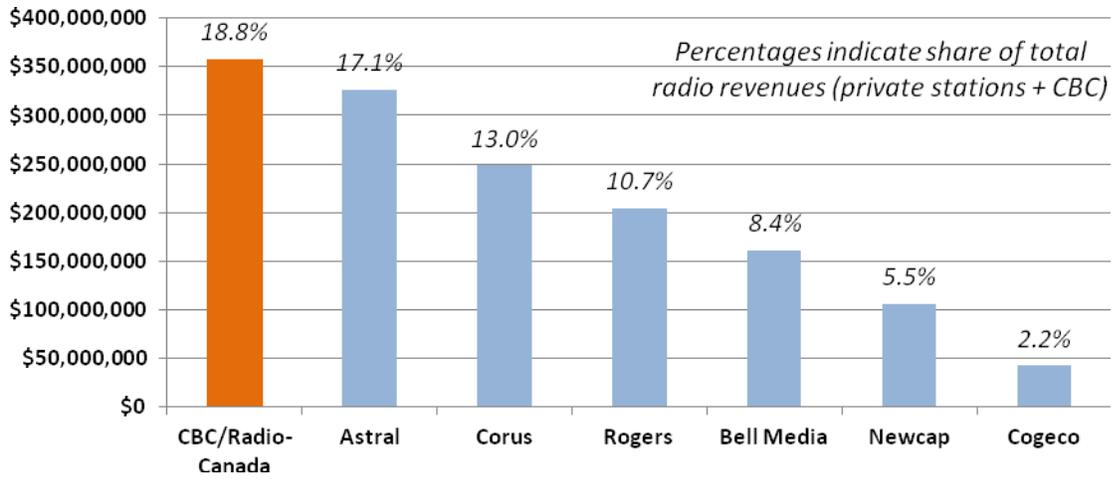
The Size and Economic Power of CBC/Radio-Canada

34. An important consideration in the CBC application to carry national advertising on Radio 2 and Espace Musique is the dominant position already held by CBC as the largest conventional broadcaster, and the largest radio broadcaster, in Canada for both 2010 and 2011. Moreover, this service is the only national radio network serving Canada.

¹² CMI (2012), op. cit., pp. 70-77 (summary).

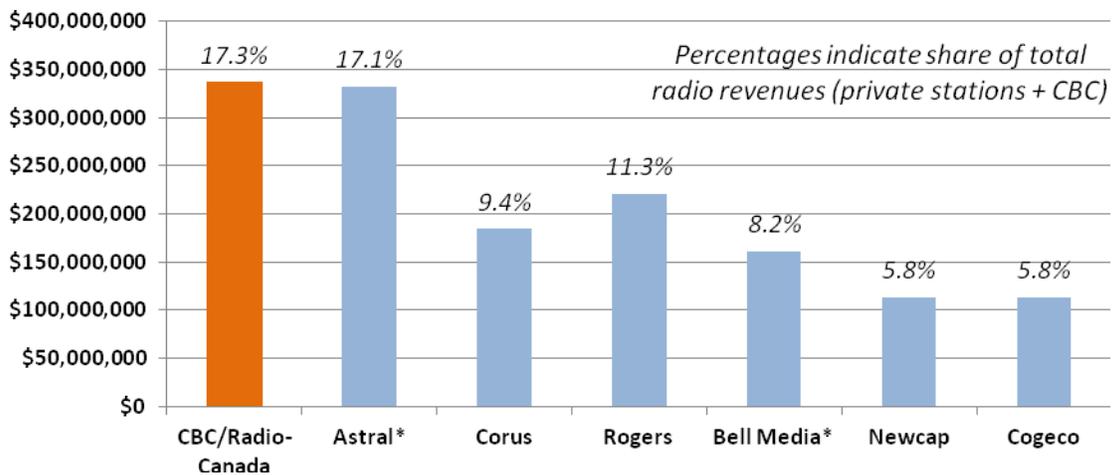
CMI Report - Figure 9

Largest radio broadcasters in Canada, by revenue, 2010: ¹³



CMI Report - Figure 10

Largest radio broadcasters in Canada, by revenue, 2011:



¹³ Figures 8 and 9, Ibid, p. 14. Sources for Figure 8: CRTC, *Commercial Radio, Statistical and Financial Summaries, 2007-2011*, pp. 1, 13; *Communications Monitoring Report 2012*, Table 4.2.8, p. 57; “aggregate annual return” data on the CRTC Web site; Sources for Figure 9: CRTC, *Commercial Radio, Statistical and Financial Summaries, 2007-2011*, pp. 1, 13; *Communications Monitoring Report 2012*, Table 4.2.8, p. 57; “aggregate annual return” data on the CRTC Web site; Communic@tions Management Inc.

35. CMI also demonstrates the economic power of the CBC in a comparison between the Parliamentary appropriation and the rate of inflation over the past 50 years:

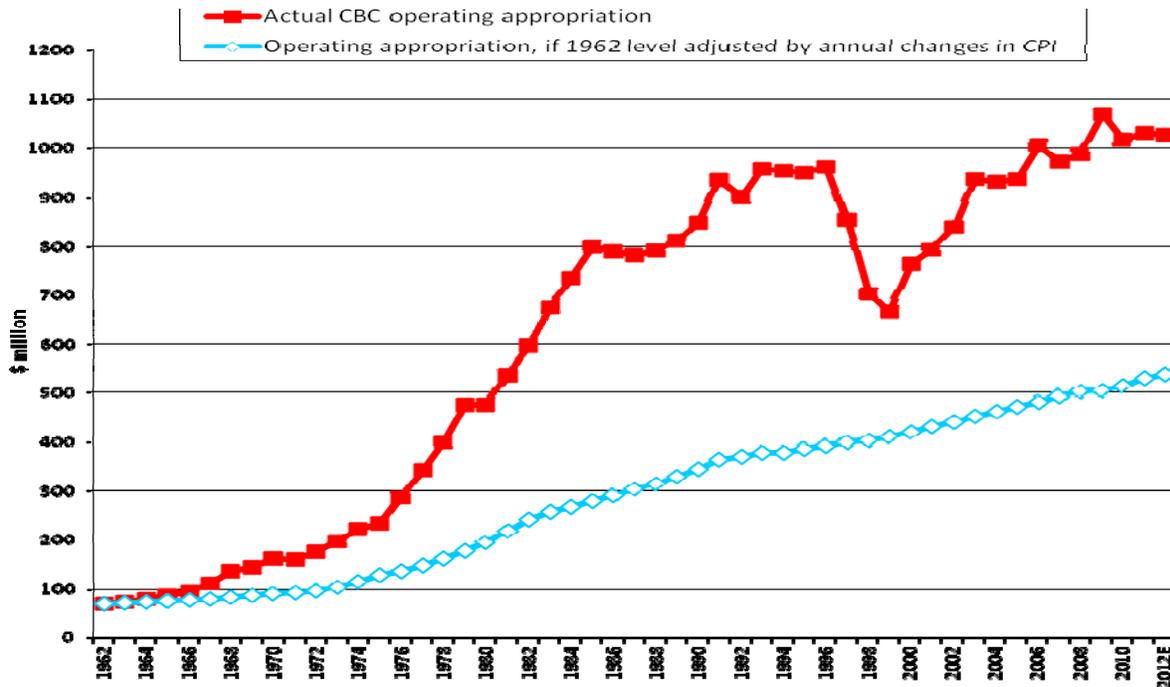
In the 50 years since 1962, the Parliamentary operating appropriations actually received by CBC/Radio-Canada totaled \$31.4 billion. Using 1962 as the base year, the total amount by which the CBC/Radio-Canada Parliamentary operating appropriations exceeded inflation from 1963 to 2012 was \$16.9 billion.¹⁴

36. The gap between the CBC's Parliamentary appropriation and the rate of inflation is more clearly illustrated in the following graph from the CMI report. When one uses the complete time frame with which the CBC has received Parliamentary appropriations, it becomes clearly evident that government appropriations have not only kept pace with inflation but have exceeded inflation. This means that CBC funding has more than kept pace with the changes in the Canadian economy.

¹⁴ Ibid, p. 4.

CMI Report – Figure 1

Actual CBC/Radio-Canada operating appropriation, 1962-2012, compared to what the appropriation would have been if the 1962 level had been adjusted each year by the Consumer Price Index: ¹⁵



37. In short, the economic power of the CBC within the Canadian broadcasting system is considerable – and there is evidently management discretion with how its very deep resources are allocated across its services. The decision to re-allocate resources from radio to television services, in combination with the significant resources already at its disposal, renders the CBC application to boost its revenues through the airing of commercial advertising on Radio 2 and Espace Musique inappropriate under the circumstances.

The CBC/Radio-Canada Projections for Advertising Revenue are Internally Inconsistent and Inconsistent with Market Realities

38. Apart from the above-noted considerations, the CBC’s advertising projections for Radio 2 and Espace Musique appear to be, as noted by CMI, “inconsistent with market realities, and also inconsistent with each other.” ¹⁶

¹⁵ Ibid, p. 5; Sources: CBC; Statistics Canada. CBC data are for years ending March 31st; CPI data are for calendar years.

¹⁶ Ibid, p. 64.

39. CMI indicates that in 2011, national advertising on English-language private radio in Canada totaled \$345.3 million, and \$93.7 million for French-language radio. The English to French ratio was therefore 3.7:1.
40. However, the CBC's projections for 2013 indicated that national advertising on Radio 2 (English) is projected to be \$14.9 million, and national advertising on Espace Musique (French) is projected to be \$1.4 million – a ratio of 10.5:1.¹⁷
41. As concluded by CMI, these projections appear illogical and inconsistent, “particularly since Espace Musique has a tuning share in the French-language market which is the same or greater than Radio 2's tuning share in the English-language market.”¹⁸
42. CMI identifies a second major inconsistency within the market-by-market projections for national advertising on Radio 2. Not only do these revenue projections appear to be inconsistent with their market share, they appear to be projected at significantly higher levels than the particular stations' market shares.
43. For example, according to the CBC, the 2013 national advertising revenues of the Radio 2 station in Halifax would be \$1.1 million (based on a 3.5 per cent tuning share). In 2011, radio advertising in Halifax totaled \$21.6 million, of which \$7.9 million was national and \$13.7 million was local. So the Radio 2 projection would actually be 14.0 per cent of the national market and 5.1 per cent of the total market.
44. As another example, according to the CBC, the 2013 national advertising revenues of the Radio 2 station in Edmonton would be \$1.4 million, based on a 2.3 per cent tuning share. In 2011, radio advertising in Edmonton totaled \$86.2 million, of which \$23.6 million was national and \$62.6 million was local. So the Radio 2 projection would be 6.0 per cent of the national market and 1.6 per cent of the total market.
45. As concluded by CMI, “there is no consistency between and among the Radio 2 projections, market shares, or the size of the specific radio markets.”¹⁹ More importantly, this puts into question the premise upon which the CBC application to include radio advertising on CBC Radio 2 is based.

¹⁷ Ibid, p. 64-65.

¹⁸ Ibid, p. 65.

¹⁹ Ibid, p. 65.

46. The CBC has been out of the commercial radio business for 40 years, and the revenue projections made by the CBC in this application show little knowledge of Canadian market realities. Canada's private radio broadcasters live these business realities every day, and the Radio Council believes that the CBC has grossly underestimated the market impact that would result from national advertising on Radio 2 and Espace Musique.

Commercial Advertising on Radio 2 and Espace Musique Could Negatively Impact Small Market Radio across Canada

47. The Radio Council is deeply concerned that the approval of CBC's application to carry national advertising on Radio 2 and Espace Musique could have a negative impact on private small market radio, which is already struggling in most regions across Canada.
48. Based on the CRTC Financial Summaries for Commercial Radio (2011), national time sales have remained flat or declined between 2010 and 2011 for AM and FM services, whether English- or French-language, in all regions of Canada except Newfoundland/Prince Edward Island and Ontario. The economic situation of small market radio in Western Canada is particularly tenuous.

*Small Market Radio Stations
Change in National Time Sales – 2010-2011* ²⁰

| <i>Small Market Stations</i> | <i>Reporting Units</i> | <i>% Change in National Time Sales – 2010 to 2011</i> |
|------------------------------|------------------------|---|
| AM stations | 77 | -7.5% |
| FM stations | 388 | 1.5% |
| English-language | 396 | -0.1% |
| French-language | 69 | 0.9% |
| Newfoundland & PEI | 22 | 8.2% |
| Nova Scotia | 20 | -9.9% |
| New Brunswick | 29 | -1.8% |
| Québec | 62 | 1.0% |
| Ontario | 124 | 5.1% |
| Manitoba | 19 | -0.5% |
| Saskatchewan | 42 | -3.4% |
| Alberta | 68 | -3.8% |
| B.C. & Territories | 79 | 1.4% |

49. Commercial advertising on Radio 2 and Espace Musique would create another layer of competition for small market radio in Canada, from a source that is intended to deliver public radio service to Canadians.
50. Given the economic situation of small market radio in regions across Canada, the Radio Council believes that the application by the CBC to carry national advertising revenue on Radio 2 and Espace Musique would worsen the highly fragile national advertising budgets for these secondary markets. In addition, the

²⁰ Source: CRTC Financial Summaries for Commercial Radio (2011)
http://www.crtc.gc.ca/eng/publications/reports/BrAnalysis/radio2011/radio2011_84.htm

Radio Council anticipates this would in turn negatively affect employment levels and negatively impact industry revenues going forward.

Commercial Advertising on Radio 2 and Espace Musique Represents a Major Departure from the CBC's Public Radio Services

51. As noted in the attached report from CMI, CBC's Radio 2 service was originally announced in the *CBC Annual Report* for 1970/71, explicitly designed as a non-commercial undertaking. In 1974, the Commission, following an extensive public hearing on the role and mandate of the public broadcaster, in particular its use of advertising to fund a public service, imposed a condition of licence removing CBC's ability to include advertising on its radio services. As a result, all commercials were discontinued on CBC radio services as of March 31st, 1975.
52. The Radio Council is of the view that the non-commercial model of public radio broadcasting delivered by the CBC should not be altered.
53. Beyond the Council's deep concerns with the CBC application set out above, perhaps the most troubling element of the CBC application is the prospect of an increasingly commercialized public broadcaster in the Canadian broadcasting system. As pointed out by CMI, the CBC has recently referred to CBC Television as a "publicly subsidized commercial network".²¹
54. The same could potentially be said of any CBC service that carries advertising, whether television or radio. The present application is seeking national advertising revenues for Radio 2 and Espace Musique; it is reasonable to assume that any further changes to public funding of the CBC could prompt a subsequent application seeking local advertising revenues for locally-based Radio One and La Première Chaîne.
55. A key consideration here is that, once advertising is included with any radio service provided by the CBC, the format of that service will be immediately impacted, effectively transforming a public service to a private one. It will be unavoidable for that service to become even more commercial in nature over time, because the business model will demand the delivery of audiences as a means of increasing advertising revenues.
56. Moreover, it is possible that revenues accruing to the CBC from its Parliamentary appropriation will continue to erode – potentially impacting Radio One and La Première Chaîne. With a commercial model in place for Radio 2 and Espace

²¹ Ibid, p. 11, footnote 11.

Musique, it would be difficult to avoid the commercialization of Radio One and La Première Chaîne, which would have a significant impact on local advertising in small and large markets given the popularity and high ratings of these services.

57. The implications for the balance of the Canadian broadcasting system are potentially serious because a shift to a commercial model could compromise the diversity that CBC Radio delivers to the Canadian broadcasting system as a whole. A major element of the differentiation that characterizes the Canadian broadcasting system would be significantly altered, abrogating the objectives of a system that seeks a balance of public and private broadcasting.
58. The Radio Council is therefore concerned that if approved, the present application could be precedent-setting for the presence of advertising on traditionally public broadcasting resources. This in turn would carry significant and negative implications for the delicate public/private balance enjoyed by the Canadian broadcasting system as a whole.

Conclusion

59. For the reasons set out above, the Radio Council requests that the Commission deny the application by the CBC to carry national advertising on its Radio 2 and Espace Musique services.
60. The Radio Council requests the opportunity to appear at the November 19th, 2012 public hearing. We believe that issues surrounding the re-introduction of advertising on CBC Radio 2 and Espace Musique raise fundamental policy concerns, which require the fullest of public debate. We believe that the Radio Council can make a significant contribution to the public discussion on this issue.
61. All of which is respectfully submitted.

Yours truly,



Paul Ski, Chair
CAB CEO Radio Council

cc. Regulatoryaffairs@cbc.ca

Attachments

Appendix A - The CAB CEO Radio Council Members

Appendix B - Communic@tions Management Inc. (2012) "A Statistical Profile of CBC/Radio-Canada"