

A Message from the Chair

I am pleased to provide you with this summer 2018 edition of the CAB newsletter. Faced with ongoing transformation in the broadcasting industry affecting both the television and radio sectors, it has been a very busy year for your association that is keeping active to represent you through ongoing communications with government officials, appearances before parliamentary committees and filings in public consultations.

At a glance, during this past year, the CAB:

- Welcomed the newly appointed Minister of Canadian Heritage, the Honorable Pablo Rodriguez and used such opportunity to present CAB;
- met with the newly appointed CRTC Chair and Vice-Chair Broadcasting, Ian Scott and Caroline J. Simard;
- participated in the Health Canada consultation on the proposal to prohibit food and beverage marketing to children in order to reduce the unintended negative impact on the broadcasting industry and to propose alternative options;
- participated in the consultation on spectrum reallocation in the 600 MHz Band, met with Government officials and filed a submission in the pre-budget consultations seeking reimbursement of the relocation costs for OTA broadcasters;
- participated in the CRTC consultation on the Future Programming Distribution Models on behalf of radio members;
- appeared before the Standing Senate Committee on Transport and Communications to provide comments on the Study on deductibility of foreign internet advertising;
- implemented the independent Local News Fund and started receiving contributions and redistributing funds to eligible private OTA television stations; and
- appointed Ms. Sylvie Courtemanche President of the Canadian Broadcast Standards Council

On the Copyright front, in addition to the multiple copyright tariffs work that is being accomplished on a regular basis, the CAB participated in the consultation on options for reform to the Copyright Board of

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Canada and, is scheduled to appear before the Standing Committee on Industry, Science and Technology this September in their study of the Statutory Review of the *Copyright Act*.

Looking ahead, the CAB will continue to deliver on its commitment to safeguard, support and promote the Canadian Broadcasting industry. The statutory review of the Copyright Act that is underway and the review of the Telecommunications and Broadcasting Acts announced earlier this summer could lead to a significant reshaping of our industry. The consultation process of the latter is expected to be fully fleshed out this September. The Board of Directors knows many consequential changes lie ahead for the industry. We will be on the watch to closely monitor developments and we look forward to the positive results of these legislative reviews.

Nathalie Dorval
Chair, Canadian Association of Broadcasters

The CAB Board of Directors 2017-2018

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Once again, we wish to note with appreciation, the ongoing support of Sylvie Bissonnette, CAB's VP Finance & Administration and CFO, Peter Miller, Regulatory Counsel and Facilitator, and Kirk Nesbitt, our Technical Advisor.

Healthy Eating Initiative: CAB Playing an Active Role

Over the last year Bill S-228 (the “Bill”), proposed federal legislation that would severely limit unhealthy food and beverage advertising directed at children under the age of 13, moved forward in Parliament.

Introduced by Conservative Senator Nancy Greene Raine, and supported by the Liberal government, the Bill would introduce federal rules around children’s advertising that are closer to the system that has been in place in Quebec since 1980. The Canadian Association of Broadcasters has been an active participant on the file, having proposed amendments to the Bill at the House of Commons Committee stage, and participated in two rounds of Health Canada regulatory consultations (in 2017 and 2018).

The Bill passed the important House of Commons Committee stage in May, and the Report Stage in the House in June. Parliament broke for its summer recess on June 20, and will reconvene on September 17.

While it is widely expected that the Bill will become law during the Fall 2018 legislative session, the law will not come into force until two years after it passes, which means that new restrictions will not come into force until September 2020, at the earliest. The CAB will continue to represent the interests of the private broadcasting industry on this file.

Radio Matters

The CAB CEO Radio Council (Radio Council or Council) is currently comprised of the following radio members: Ian Lurie (Chair; Newcap), Julie Adam (Rogers Media), David Baxter (Westman Communications), David Daigle (Bell Media), Elmer Hildebrand (Golden West Broadcasting), Geoff Poulton (Vista Radio Inc.), Troy Reeb (Corus Entertainment), Rod Schween (Pattison Group) and Richard Lachance (Cogeco Media).

2018 was an active year for the Radio Council. Thanks to the strong participation of members, we were able to move forward on a number of fronts.

RADIO CONNECTS

Under the new leadership of Caroline Gianias, Radio Connects has focused on proving to the advertising community through communication, research, marketing and education that advertising on radio generates significant business for clients. Radio Connects has been working in partnership with members to create a more informed advertising and media community by challenging assumptions and providing them with deeper understanding about the role that commercial radio has within the audio landscape.

The past year has seen many initiatives undertaken by Radio Connects that include: an updated website with a robust Members section offering significant research and insight support, daily LinkedIn content updates to over 1600 followers, monthly newsletter communications to over 300 subscribers, introduction of the Sales Advisory Board, BRC Radio event introducing the updated Radio on The Move research piece, co-sponsorship with thinktv of the Canadian Media Directors’ Council 2018 conference, hosting breakfast with Pierre Bouvard of Westwood One and his presentation of “Things Brands Get Wrong About Radio”, speaking engagements at OAB, BCAB, WAB, MAB as well as presentations to major Canadian media agencies.

Focusing on the theme Truth in Audio, Radio Connects has invested significantly in developing robust and actionable research by working with Jeff Vidler to expand the “Radio On The Move” (ROTM) survey to include consumer focused questions and an increased panel size as well as launching an additional wave in field during

June to capture and effectively track the latest trends in audio behavior. Radio Connects has invested in “Radio Connects To Consumers” (RC2C), a 5000 panel survey to gain insights on Canadians’ attitudes and behaviors towards commercial radio and other media. Both the ‘lighter’ version of ROTM and RC2C will be showcased this fall in marketing and communication efforts.

Additionally, 2018 was the first time World Radio Day was celebrated in Canada. Radio Connects coordinated efforts across members and non-members of RC to come together in celebration of Canadian radio. On Feb 13, over 80 million impressions were delivered by commercial radio, all airing the same creative celebrating radio. At the Crystals in Toronto, Radio Connects presented its inaugural award to the creative teams who developed the:60 English and French spots.

Radio Connects also added to its team with the hiring of Quebec specialist Chantal Leblanc. As Director of Client Services-Quebec, Chantal will leverage her deep understanding of the Quebec market, passion for radio and her many senior relationships with Quebec clients, agencies and media owners to generate insights and business advantages for radio in Quebec.

The team of Caroline, Lisa and now Chantal, will continue to work on radio’s behalf to educate, challenge, inform, market and publish the narrative of “Truth in Audio” and demonstrate commercial radio’s continued importance in the media mix. As well, Caroline will continue to be a vocal advocate for our members on the Numeris REC board as well and as a resource for industry associations.

RADIO REGULATORY REVIEW

The CAB Chair and representatives of the Radio Council met with the new CRTC Chair, Ian Scott and Vice Chair Broadcasting, Caroline J. Simard in November. They underlined radio’s continued relevance in the internet era, the challenges facing the sector, and the need for the Commission to review its Commercial Radio Policy.

The CRTC’s recent consultation on Canada’s future programming distribution models gave the CAB a formal opportunity to drive home its message on radio’s challenges and the need for a Radio Regulatory Review. The CAB comments filed can be accessed here: <https://services.crtc.gc.ca/pub/ListeInterventionList/Documents.aspx?ID=257095&en=2017-359&dt=i2&lang=e&S=C&PA=B&PT=NC&PST=A>

In its report issued May 31st, the Commission has identified a Radio Regulatory Review as the first item in potential “short to medium term steps” that it may take “with a view to paving the way for the changes needed for the future.”

In the upcoming months the Radio Council will be ramping up for this CRTC Radio Regulatory Review, which we hope will occur in the 2018-19 time frame. A major priority will be to allow the industry to achieve greater operational synergies through a relaxation of the current twenty-year old multiple license ownership policy and to review content regulations that are out of synch in today’s environment.

NEXT GENERATION RADIO

The Council continues to monitor developments in HD and Hybrid Radio, and FM Chips in phones in order to ensure CAB radio members can take full advantage of the opportunities as they arise.

Television Matters

600 MHZ RELOCATION/REPACKING THE TELEVISION BAND

On March 28, 2018, the government announced the rules for the 600 MHz spectrum auction which is made possible due to the mandatory relocation of OTA television stations currently operating in the 600 MHz band. CAB members will be acutely impacted by the Government of Canada's 600 MHz repurposing initiative. Of the 792 stations listed in ISED's Allotment Plan, 166 CAB member stations will be required to make changes, with 58 of these required to transition in strict accordance with ISED's schedule. Affected stations will be required to install new equipment or reconfigure existing equipment at affected transmitter sites. Based on a detailed station by station analysis performed by CAB member companies, we estimate that total transition costs for private broadcasters will exceed \$106 million. The CAB Technical Coordinating Committee ("TCC") compiled confidential cost estimates from all members to provide an aggregated conversion cost estimate of \$106 million.

CAB has been very active over the past year through lobbying efforts with ISED, Heritage and the Finance Departments, submission to ISED during the 600 MHz policy consultation and specific written request provided during the pre-budget consultation to seek 100% reimbursement of the relocation costs that OTA members will have to incur. The TCC greatly assisted CAB to make the case for cost reimbursement to TV stations. The TCC identified that 18 OTA stations are required to complete forced channel changes in 2019. A further 48 stations are required to change in 2020. TCC members provided cost estimates for these imminent changes, which were aggregated to highlight the urgency for reimbursement funds to be made available.

CLOSED CAPTIONING

The ongoing regulatory process on standards for closed captioning quality is approaching a milestone. For the last three years, representatives of Bell, CBC, Corus, and Rogers (the English Broadcasters Group, or EBG) have been meeting with representatives of the Captioning Consumer Advocacy Alliance (CCAA) to discuss a new regulatory system for the measurement of caption accuracy in live programming.

Since 2012, the caption accuracy regulation was that English language broadcasters had to meet a threshold of 95% accuracy, based on a "verbatim test"; i.e. 95% of the captions in a program had to match those in a verbatim transcript of the program audio. In 2014, the broadcasters reported that this could not be met: In the twice-monthly monitoring they had conducted for two years, only 19% of the programs met the threshold. Moreover, the verbatim test did not measure what live captioners were attempting to do. Live captioners provide verbatim captions when possible, but often resort to paraphrasing when verbatim is not possible and attempt to capture the meaning of the audio.

In 2015 the CRTC agreed to suspend the existing CoL while the EBG met with the CCAA to discuss the issue. After a year of meetings, the EBG proposed a two-year trial of an accuracy measurement system called NER, developed in the UK and used internationally. That Trial, which has been monitored by a working group encompassing the EBG, CCAA, caption providers and the CRTC, is now coming to an end.

The NER Trial has demonstrated that the system is workable. While it relies on the subjective judgment of a human evaluator assessing the comparative meanings of the captions and a verbatim transcripts, it constrains that subjectivity sufficiently that different evaluators arrive at very similar numerical measures. Its scores correspond closely with the evaluators subjective impressions of caption accuracy, and there is no evidence that evaluators working within NER show any bias toward their own programs. However, evaluators must be carefully trained in the system to achieve these consistent results.

The Trial has reported publicly its results and is approaching its end. The next step is to build NER into a proposed regulation of some kind. This is under discussion now. The EBG will present a proposal to the CCAA early in September, and hopefully agree on a joint proposal to be submitted to the Commission on their deadline of November 2nd, 2018.

Copyright Reform Issues

As part of the Copyright Modernization Act adopted in 2012, the Copyright Act is currently undergoing a statutory 5 year review by Parliament. The Minister of Innovation, Science and Economic Development has directed that the Standing Committee on Industry, Science and Technology (INDU) conduct the review and has initiated a parallel process to consider “Remuneration Models for Artists and Creative Industries” before the Standing Committee on Canadian Heritage (CHPC). The music industry is using this process to pressure Parliament to remove the statutory fixed tariff rate that commercial radio broadcasters pay Re:Sound on revenues below \$1.25 million. It is also attempting to propose amendments that would create a Re:Sound tariff applicable to audiovisual content, which would include TV and Discretionary services as well as OTT and movies. The CAB has successfully opposed both initiatives before Parliament and in the courts in the past and will continue to oppose them in this instance.

The CAB is scheduled to appear before the Standing Committee on Industry, Science and Technology this September on the Statutory Review of the Copyright Act. The CAB also retained McMillan Vantage to ensuring GR expertise to manage the process and develop an effective government relation approach.

Finally, the CAB is engaging with the Business Coalition for Balanced Copyright (BCBC), a coalition of business entities with similar user-based interests, in order to participate in ongoing discussions related to the review as well as potential copyright issues that could arise from the opening of the NAFTA discussions.

Radio

COMMERCIAL RADIO SETTLEMENT

The Copyright Board released its decision and certified the new commercial radio tariff on April 19, 2016. The tariff included a rate decrease of approximately 23% for the reproduction tariffs for radio broadcasters. The reproduction right collectives and the CAB both appealed the decision and then entered into a negotiation process with the goal of settling outstanding disputes. As a result of this settlement process, commercial radio broadcasters benefit from even greater fixed rate discounts of close to 33% versus the rates that were levied prior to the Copyright Board’s decision.

SOCAN AND RE:SOUND COMMERCIAL RADIO PROCEEDING LAUNCHED

The Copyright Board has launched a commercial radio proceeding to consider only the SOCAN and Re:Sound radio tariffs as the reproduction right tariffs have recently settled. The CAB is engaged in advanced settlement discussions with SOCAN with the goal of achieving status quo and trying to expand the tariff to cover simulcast in order to streamline commercial radio station tariff reporting and payments. At this point CAB intends to challenge Re:Sound’s repertoire which is currently set at 50% of SOCAN, meaning that right now, the Re:Sound rate is 50% of the SOCAN rate. The CAB thinks that the Re:Sound repertoire is smaller than 50% of the SOCAN repertoire and on this basis, intends to seek a further reduction in the amount commercial radio stations pay under the Re:Sound tariff. As of right now, the first formal step in the proceeding involved filing initial positions last July 27, 2018 and the hearing itself commences November 12, 2019.

Television

SOCAN TARIFF 2.A/17/22.D.3 (TV & DISCRETIONARY) SETTLEMENT

SOCAN proposed rate increases for its TV tariffs which the CAB opposed. As the result of ongoing settlement discussions involving CAB, SOCAN and the BDUs, effective June 4, all parties have agreed to a settlement tariff which is set at existing rates (no increases) and also covers online content. Most importantly, it includes a low music use tariff rate for online content that did not exist in other settlement agreements between SOCAN and other parties. The Board has to consider and certify this settlement tariff, but for CAB members it is now in effect as a result of the accompanying settlement agreement.

TV REPRODUCTION RIGHT PROCEEDING LAUNCHED

Both SODRAC and CMRRA have now proposed tariffs for commercial television that would set a rate for reproductions made by commercial television stations in the course of broadcasting. CMRRA issued its first proposal effective Jan 1, 2016 and the SODRAC proposal is effective Jan 1, 2017. The proposed rates are 0.66% of gross income, and for the CMRRA tariff only, 0.28% of gross income for low music use stations. The CAB has objected to both tariff proposals, and is engaging in proactive discussions with TV members to review and analyze the types of reproductions that are made and the extent to which these may or may not be covered by existing agreements. In any event, the TV reproduction tariffs will be subject to many of the same provisions of the Copyright Act that were used to reduce the value of the Commercial Radio reproduction tariffs. The hearing for this proposed tariff has been initiated but the schedule will not be finalized until the Board issues its decision in a related CBC proceeding.

ONLINE SERVICES

Online Audiovisual Proceeding Launched

The CAB is well into a proceeding relating to SODRAC's reproduction right as applied to online audiovisual services. SODRAC represents primarily Quebec based as well as international music publishers. This is the first time that the CAB and its co-objectors Apple and the BDUs are litigating a TV reproduction right issue so this is precedent setting. Among other significant issues is how to address the fact that, unlike SOCAN, SODRAC has very limited repertoire. The CAB intends to vigorously challenge SODRAC on this issue. Thirteen CAB members representing approximately 50 stations and/or services have heroically participated in a very onerous interrogatory process which is ongoing. The hearing for this proceeding is currently scheduled for January 15, 2019.

Online Music Services Proceeding Launched

The CAB is an active participant in the current proceeding relating to "online music services" which covers off services that offer audio webcasting, downloads and other related forms of music content. Some CAB members offer, have offered or plan to offer such types of services. The CAB participated in the last Online Music Service proceeding and, along with other objectors, obtained a rate decrease. The hearing for this proceeding is set to commence on April 9, 2019.

The Canadian Broadcast Standards (CBSC) was able, despite a significant increase in the number of complaints, to continue to maintain its level of service, for the benefit of audiences and broadcasters. In 2016/17 the number of complaints and ruling requests jumped to 3,790 from 1,913 in 2015/16 representing a nearly 50% increase.

CAB is pleased to report that, with the exception of several unusual files, the CBSC Panel decisions are generally being released within four months of the receipt of a Ruling Request. Summary decisions are also largely adhering to the four-month timeframe.

Work continues on creating a new database structure that will allow the CBSC to better manage complaint files.

CAB Technical Coordinating Committee (TCC) Activities

NEXT GENERATION RADIO

Technologies are evolving that allow radio stations to connect with listeners in new ways. The opportunities relate to audio streaming, HD Radio, the connected car, hybrid radio, and FM radio in smartphones.

The TCC contributed to RABC work to properly analyse the technical potential of FM HD Radio for Canada. Through this effort, ISED and the Communications Research Centre will perform laboratory testing to determine the interference protections that would be needed to consider adoption of HD Radio as a voluntary standard in Canada. The tests were carried out this summer with results available in the Fall.

The combined work of the TCC and RABC also made recommendations to ISED to update the technical rules for experimental authorization of FM HD Radio. The proposed changes allow more flexibility and higher digital power levels.

A growing number of stations are experimenting with HD Radio on FM. There are currently 18 FM stations in 10 markets carrying a total of 45 digital services. Most of the digital offerings are simulcasts of existing AM and FM stations. Planning is underway to determine HD Radio penetration and growth through a measurement campaign with Numeris. The technical details and costs are being worked out to validate the proposed tests with a pilot on one or two stations.

Hybrid radio, the linkage of OTA audio programming with enhanced/interactive content delivered over the Internet, is gaining attention by auto manufacturers. In addition, Samsung and LG have launched new smartphone models with FM chips which are available in Canada now. The TCC is monitoring these developments through collaboration with other associations such as the NAB, NABA and the NRSC.

SAFETY CODE 6 COMPLIANCE

Last year, ISED introduced new requirements for broadcasters and wireless providers to demonstrate compliance with SC 6 at all transmitter sites. The new ISED rules require broadcasters to file updated Safety Code 6 analyses of their transmitter sites at the time of Broadcast Certificate renewal (typically every 7 years).

The TCC participated in meetings with ISED and the RABC to propose further refinements and cost efficiencies. Through this effort, the RABC has written to ISED to request the following changes;

- Site by site Certification of same site stations at the same time
- Availability of accurate data for SC 6 analysis
- Certification of Compliance Reports
- Revision and simplification of GL-08 reporting procedures
- Simplified SC 6 section in Engineering Briefs

ISED has not yet responded to our recommendations.

TV WHITE SPACE DEVICES AND WIRELESS MICROPHONES

White Space Devices (WSD), which utilize unused spectrum between TV channels are expected to be introduced in Canada in the near future. WSDs will be managed by a central database operator to prevent interference to licensed TV stations. White Space technology may also impact the use of unlicensed wireless microphone, camera and intercom equipment commonly used by broadcasters within their studios and for outside broadcasts. Optionally, wireless microphone systems can be licensed to ensure interference protection from WSDs.

The TCC responded to two parallel ISED Consultations in regard to White Space Devices and Wireless Microphones. The objective is to maximize the continued use of existing wireless microphone systems, minimize the impacts of White Space Devices and the Repurposing of the 600 MHz Band.

EMERGENCY ALERTING

The TCC Emergency Alerting Working Group continues to participate in the Common Look and Feel (CLF) Working Group. A new version 2.0 of the CLF Guideline was approved in Spring 2018 to incorporate wireless emergency alerting for mobile devices. The TCC contribution has been helpful to ensure that changes in the updated Guideline do not impact broadcast emergency alerts. Emergency alerting on mobile devices was launched to the public in May 2018. Broadcasters are encouraged to be watchful for inconsistencies between broadcast and wireless emergency alerts in their markets, and provide feedback so that issues can be resolved.

Discussions are currently underway to align the mandatory test schedules for broadcasting and wireless. The concern is that public confusion could result when emergency test messages are broadcast on radio and television, but not simultaneously to wireless devices. Tests of the Emergency Alerting system are broadcast up to five times per year while wireless only participates in one test that is visible to the public. The suggestion is to align the test policies so that there are two tests per year.

If you would like more information about these topics or the activities of the Technical Coordinating Committee, please contact Kirk Nesbitt at aknesbitt@rogers.com.

Public Service Announcement Request

TV members are being asked by AMI to consider putting a Public Service Announcement in their rotations.

The PSA in question is from Accessible Media. Several CAB members have previously aired this PSA for Described Video, which references the AMI Described Video Guide. In fact, several CAB members continue to air this PSA in their rotation.

Accessible Media is asking CAB members to either increase the frequency of the PSA rotation if they continue to be aired on their television services or, if those TV members have removed the PSA from their rotation, to reintroduce the PSA into their current rotation.

According to Accessible Media, "With the amount of described programming set to increase in 2019, we feel there is a great opportunity to increase awareness in advance of these new regulations. Our research data clearly establishes a direct link between DV awareness and PSA frequency."

CAB therefore encourages TV members to either put the PSAs back into your regular rotation, or to increase their airing frequency, if possible. However, please note that there are no specific requirements regarding the rotation of the PSA either as to time of day or frequency.

Instructions to access the TV spots can be found below

Site: <ftp://ftp.ami.ca/>

Username: CAB

Password: Broadcasting

English PSA

Telecaster #: AC49J3LX-P/G/HD/CC

media: PSA-3555-AMI_35E_PSA_TV.mxf

French PSA

Telecaster #: AGXKJ3J1-G/HD/CC

media: PSA-0024-French-Rainstorm.mxf

Welcome to the Newest CAB Members!

The CAB is very pleased to welcome some new members:

As of February 2018, the CAB is pleased to welcome Perth Radio FM Inc. station CHKL-FM as well as Allarco Entertainment Limited Partnership's Super Channel.

The support and active involvement of all our members helps CAB continue to achieve great results for Canada's private broadcasters and their audiences. We look forward to strengthening our relationship with these newest members and our long-time adherents in the months ahead.