

Sent via email

10 March 2025

Marc Morin Secretary General Canadian Radio-television and Telecommunications Commission Ottawa, Ontario K1A 0N2

Re: Call to rescind and reissue Broadcasting Notice of Consultation 2025-52

The Canadian Radio-television and Telecommunications Commission (CRTC) recently asked how it should modernize its policies for radio and audio streaming in Canada. Unfortunately, <u>Broadcasting Notice of Consultation CRTC 2025-52</u> (the Notice) absolutely missed the mark.

Rather than bold proposals to address the fundamental shifts in consumer and advertising behaviour fostered by online streaming services, the Commission's preliminary views effectively affirm a regulatory *status quo*, proposing to maintain – and even increase – competitively disadvantageous obligations for Canadian commercial radio operators.

The radio members of the Canadian Association of Broadcasters are profoundly concerned that the Commission is failing to appreciate and address the existential and worsening challenges that Canadian commercial radio broadcasters are facing, despite ongoing and prolonged evidence of significant structural declines in the sector. According to Commission data, revenues for the sector fell 24% between 2019 and 2023 and profits fell 73% over the same period; the overall PBIT level of Canadian private radio was less than 5% in 2023; 44% of stations reported negative PBIT, and 182 stations had profitability lower than negative 20%; four of the six largest groups (Bell English, Bell French, Cogeco, Corus, Rogers, and Stingray) have reported losses for the broadcast year ending 2024. The sector is doing worse today than it was at the height of the pandemic.

Despite these very real challenges, the Notice takes the flawed <u>Revised Commercial Radio Policy</u> as its starting point. That policy made only the most modest changes to a framework established in 2006, before iPhones, Spotify and Apple Music. That decision ignored the impact of foreign audio streaming platforms on Canadian commercial radio operators and greatly underestimated the challenges that Canadian radio broadcasters face.

Inexplicably this Notice does the same. In particular it:

- Proposes to maintain existing music quotas on commercial radio stations while
 proposing additional obligations with respect to emerging and Indigenous artists,
 and possibly news. At the same time, it suggests that online undertakings will not be
 subject to any similar content quotas, which deepens an immense competitive
 imbalance between traditional and digital platforms.
- Speaks of reduced administrative burden with reference to proposed changes in <u>Broadcasting Notice of Consultation 2024-290</u>; however, there is very little in that other notice that would make an appreciable difference to the regulatory and administrative burden of commercial radio stations. The proposed reforms would primarily accrue to campus and community stations.
- Raises the prospect of reduced financial burdens for commercial radio stations without proposing any specific measures to make that happen. Quite the opposite, the Commission's proposed approach could actually increase the financial burden of commercial stations. Additionally, the Notice implies that the level of radio's financial contributions should be equitable with those of online audio services that are currently subject to a financial contribution level of 5% of revenue. This would represent a massive increase in financial contributions from the sector, over and above their already significant contributions to the Canadian economy, Canadian culture, and more importantly their communities.

Canadian commercial radio stations' ability to continue to serve their audiences, meet cultural goals, and make meaningful ongoing contributions to the many public policy objectives set out in in the *Broadcasting Act* rests on their financial viability. The Notice fails to recognize this. The message that it sends is not one that encourages investment in Canadian radio businesses but suggests that private radio broadcasters can expect increased regulatory burdens and wider competitive gaps with digital streaming services in the future. In fact, the Notice suggests that the vast majority of the Commission's policy objectives will still have to be shouldered by commercial radio broadcasters, using tools that were developed decades ago.

If it intends to continue to seek contributions from our sector, the Commission cannot rely on regulatory tools of the past – it must create a more modern and equitable regulatory framework that allows commercial broadcasters to succeed.

Therefore, on behalf of the vast majority of Canadian owned and controlled commercial radio stations, the radio members of the Canadian Association of Broadcasters call on the Commission to rescind Broadcasting Notice of Consultation CRTC 2025-52 and issue a new call for comments that lets go of outdated approaches to regulation, is grounded in the reality of today's audio market, and focuses on the survival of Canadian radio and digital audio businesses. We do not make this request lightly – our request speaks to the gravity of the challenges facing commercial radio stations, and the importance of this process to their future.

In the face of a growing crisis in the commercial radio sector, the Commission cannot seriously consider not only maintaining existing regulatory obligations but increasing them.

This is why we are taking this unprecedented step of asking the Commission to reconsider and reissue its notice of consultation. A new notice should propose real change to the rules governing commercial radio broadcasters that will permit them to compete on a fair footing with audio streaming services, continue to provide professional fact-based news programming, provide a differentiated mix of music that their empowered consumers want to hear, and properly take their place in and serve their communities.

Yours sincerely,

[Original signed by]

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