A Message from the Chair

It is with great pleasure that I have taken on the role of Chair of the CAB Board. It was an incredibly active year for your association as we continue to represent you through ongoing communications with government officials, appearances before parliamentary committees, and submissions in public consultations. This Summer 2019 edition of the CAB newsletter will keep you up-to-date on what we have achieved on your behalf over the past year.

The key initiatives that the CAB participated in are listed below. Further details as well as ongoing developments and activities are included throughout this newsletter.

- The legislative review of the Broadcasting Act where we endorsed an appropriate and equitable regulatory framework to apply to Canadian broadcasters and foreign, on-line platforms;
- Health Canada’s consultations on the proposal to restrict food and beverage marketing to children as well as the potential measures to reduce the impact of vaping products advertising on youth and non-users of tobacco products, to ensure that the legislation does not impact broadcasters;
- The consultation on spectrum reallocation in the 600 MHz Band, including numerous meetings with Government officials seeking reimbursement of the relocation costs for OTA broadcasters;
- The proposed journalism tax credit for local news wherein we requested that the Government’s exclusion of broadcasters from the credits be reconsidered; and
- Various CRTC public consultations including the Call for comments on Canadian programming expenditures, resisting the potential for the digital activities of Canadian licensees to be included.

We also appeared before the Standing Committee on Industry, Science and Technology in their study of the Statutory Review of the Copyright Act as well as the Standing Committee on Canadian Heritage in their study Remuneration Model for Artists and Creative Industries. Both Committees have released their reports, with mixed results for broadcasters. While any potential legislative changes are very much in the distant future, the CAB will focus on containing copyright royalties, either through this legislative review or through the myriad of copyright tariffs paid by you.

With the Parliamentary recess and the pending Federal election, many of the above files have been “put on hold” within the Government. However, rest assured that we continue to educate decision-makers about the broadcasting industry, our positive contribution to Canada and the challenges that we face.
A note on your fees for the upcoming year. Depending on the membership sector, there will be an increase between 26% and 32% over last year. In part, this is a result of the Board's decision for the CAB to be more actively involved in various broadcasting issues and to build up the CAB's presence in its interaction with the Government. However, we are also experiencing a decrease in revenue related to the CAB's administration of various regulatory funds. In the months ahead, we will be exploring ways in which we can streamline costs in order to keep your fees manageable.

Looking ahead, your Board of Directors recognizes that the legislative reviews, as well as the pending review of the Commission's Commercial Radio Policy, could lead to a significant reshaping of our industry. We will be there to help you adapt to and succeed in this changing environment.

*Lenore Gibson*  
Chair, Canadian Association of Broadcasters

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**Radio Connects**

Radio Connects continues to carry out its mandate to work in partnership with members to create a more informed advertising and media community through communication, research, marketing and education.

Marketing to advertisers and agencies has focused on the dominance of AM/FM radio in the audio landscape. Through research and consumer insights, Radio Connects proves to advertisers that radio should be at the heart of every audio strategy. This is because, even though consumers are exposed to more audio platforms than ever before, when it comes to reaching Canadians with commercial messaging, AM/FM is where Canadians spend the most time listening and participating. As a result, radio provides advertisers with the most opportunity to engage with Canadians in the last mile on the path to purchase.

Radio Connects initiatives for 2018-2019 include:

- A continued update to the radioconnects.ca website, with a robust Members section offering significant research and insight support;
- Daily LinkedIn content updates to over 4,200 subscribers – a significant increase from 1600+ this time last year;
- Monthly newsletter communications to over 600 subscribers in English and French, throughout Canada – double the amount from July 2018;
- Underwriting an expanded Radio On The Move survey that provides an improved understanding of the audio landscape - including smart speakers, streaming platforms, podcasts, and demonstrated AM/FM radio's role within this growing audio space;
- Radio Connects’ first bespoke research piece – Radio Connects to Consumers, focusing on generational behaviors and the different generations’ interaction with radio;
- Speaking engagements at OAB, BCAB, WAB, and MAB, as well as presenting our research and consumer insights to major Canadian media agencies and at member organized events in Alberta, Toronto and Quebec.
Once again Radio Connects coordinated the celebration of World Radio Day across member and non-member stations. Synchronized efforts on February 13 resulted in over 75 million impressions delivered by commercial radio, all airing the same creative, celebrating radio and its connection to people and communities.

Radio Connects presented the World Radio Day Award at the Crystals. The team from Rogers received an award for the English spot and Bell Media Quebec was honoured for the French spot. Rogers was also awarded a silver medal at the 2019 New York Festival Radio Awards, in the category of Public Service Announcement Promotion, for their World Radio Day campaign.

Radio Connects developed and, with the support of member stations, executed an awareness campaign for Numeris to support recruitment for panels and diary surveys. Results from pre- and post-awareness testing demonstrated an increase in awareness, and anecdotal reports from the call centres reported that people had heard the ads and that’s why they picked up the phone when Numeris called. Based on this success, member stations agreed to air the campaign again in support of recruitment for the fall survey period. The campaign is running on member stations in surveyed markets July 1st and will run for 6 weeks. Additionally, in its June Audio Update, Radio Connects also helped to amplify messaging around the coming changes to diary measurement and the launch of continuous measurement methodology in diary markets.

Upcoming plans for the fall include co-sponsoring a Canadian Marketing Association speaker’s event. On October 30, Pierre Bouvard, Chief Insights Officer at Westwood One, will be a guest speaker and he will discuss the Future of Audio with top Canadian marketers. Radio Connects will also be releasing wave 2 of Radio Connects to Consumers in Toronto on September 17 and then launch a roadshow across Canada presenting to agencies and advertisers in Vancouver, Calgary, Edmonton, Montreal and Halifax.

Also launching in September is the Radio Connects Podcast, which will be the companion piece to our monthly Audio Update newsletter. The podcast is planned for both English and French and will focus on trending and topical matters dealing with the audio landscape and will also include conversations with media and agency leaders. Lastly, Radio Connects is in discussions with Nielsen Canada to conduct an ROI research piece for the Canadian radio market to further support our research and insights developments.

We look forward to continuing to support our members and the radio industry as a whole.

The CAB Board of Directors 2018-2019

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DIRECTOR
Matt Thompson
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CAB CEO Radio Council Update

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), Ron Dann (Blackburn Radio), Elmer Hildebrand (Golden West Broadcasting), Nathalie Dorval (Cogeco Inc.), Geoff Poulton (Vista Radio Inc.), Troy Reeb (Corus Entertainment), and Rod Schween (Pattison Group).

Once again in 2019, the Radio Council was very busy. With the continued enthusiastic support of our members, we continued to make important advances in a number of areas.

Communications Legislative Review

On January 11, 2019, the Radio Council filed a submission with the government’s Broadcasting and Telecommunications Legislative Review panel. We pointed out that immediate relief for radio does not require legislative change; merely a modernization of the radio regulatory framework, under the current Broadcasting Act. In the medium to long term, however, we endorsed the Commission’s Harnessing Change proposal for an “appropriate and equitable” regulatory framework as between Canadian broadcasters and other, largely foreign, online platforms operating in Canada.

Commercial Radio Policy Review

The number one regulatory priority of the Radio Council remains the anticipated CRTC review of the Commercial Radio Policy. In a speech to WAB on June 6, 2019, CRTC Chair Ian Scott confirmed that the Commission is preparing for a comprehensive review of the policy. We expect that the review will get underway shortly after the October 2019 Federal Election.

In meetings with Commissioners and staff during the year, Council representatives emphasized radio’s continued relevance in the internet era, the challenges facing the sector, and the need for industry to achieve greater operational synergies through a relaxation of the current 20-year-old multiple licence ownership policy. Initial work was also done by Council on positioning, evidence and research for the pending public consultation and hearing.

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 new opportunities as they arise. 2019 activities included HD Radio measurement testing with Numeris.

The Council notes, with appreciation, the ongoing support of Sylvie Bissonnette, CAB’s VP Finance & Administration and CFO, Peter Miller, Counsel & Facilitator, and Kirk Nesbitt, our Technical Advisor.
Broadcasting Matters

600 MHz Relocation/Repacking the Television Band

The CAB continues to make its case to government officials for cost recovery for TV broadcasters who are required to relocate their transmitters because of the 600 MHz band auction. As you are aware, the only reason that broadcasters are required to relocate is because the government decided to auction off the 600 MHz spectrum for mobile band use, forcing a “repacking” of the remaining TV band, and the relocation of broadcaster transmitters operating in 600 MHz and above.

Proposed Tax Credit for Journalism

Budget 2019 proposed a tax credit to support local news; however, the government has, to date, excluded broadcasters, instead making the credit accessible to only to newspapers. We see no public policy basis for this exclusion as private broadcasters play a significant role in the provision of news and information programming in communities across Canada, including markets where they may be the sole source of this programming. We expressed our disappointment with Government and requested that they reconsider their position.

Advertising Issues

Health Canada initiated two consultations which could impact broadcasters and their ability to advertise certain products. The first was in response to Bill S-228, the Child Health Protection Act, which would have introduced new restrictions on food and beverage marketing to children. In our submissions, both written and oral, we raised the unintended negative impact on the broadcasting industry and proposed alternative options. Second, Health Canada consulted on potential guidelines to reduce the impact of vaping products advertising on youth and non-users of tobacco products. Our submission focussed on the need for an effective and equitable framework for broadcasters, other media and advertisers, including those on the Internet. Bill S-228 died on the order paper in June; similar consultations may well be reintroduced in a new Parliament.

CRTC Consultations

The CAB supported the proposal of the English Language Broadcasters Group (EBG), comprised of the CAB’s English television membership and the CBC, to adopt NER as the standard to determine the accuracy of live captioning. NER represents an important step in the advancement and improvement of the measurement of the quality of close captioning in Canada. CAB member local independent television stations (LITS) requested greater flexibility in introducing NER, a submission also supported by CAB as a whole.

In addition, the CAB was an active participant in the Commission’s recent consultation on Canadian programming expenditures (CPE). We are supportive of the Commission seeking opportunities to streamline its regulatory requirements and adapt its policies to better reflect the business realities of licensees. However, we firmly rejected any suggestion that the Commission should revise its policy on Canadian programming expenditures (CPE Policy) with regards to the digital activities of Canadian licensees before a new legislative framework is in place that would allow the Commission to take into consideration all digital broadcasting activity in Canada, including those of foreign over-the-top (OTT) services. Moreover, we urged the Commission to use this process to review current requirements related to Canadian programming and associated reporting to provide licensees with more flexibility in how they uphold their commitments.
CAB Copyright News

Commercial Radio Settlement – Reproduction Rights

In 2018, the CAB entered into a settlement agreement with the reproduction right collectives (CMRRA, SODRAC, Connect, and Artisti) that includes fixed rate discounts of close to 33% versus the rates that were levied prior to the Copyright Board’s decision. The Copyright Board officially approved this settlement on December 22, 2018. The term of the settlement was officially until the end of 2018, but the agreement continues on an interim basis each year until either the CAB or the collectives seek to modify the rates. It is in effect for 2019.

SOCAN and Re:Sound Commercial Radio Proceeding Launched

In regard to the communication right, the CAB has negotiated a settlement with SOCAN to maintain status quo rates and terms for the SOCAN commercial radio tariff. This agreement is pending final approval from the Board but is expected to remain in place through 2019 and into the future.

The CAB continues to engage in settlement discussions with Re:Sound. At this point, the CAB is questioning Re:Sound’s repertoire, and preparing evidence to pursue a lower repertoire inclusion which would result in a lower payment to Re:Sound. In the interim, the current tariff applies unless and until a settlement is reached or a new tariff is certified. There is a hearing scheduled for November 2019, but that is likely to change depending on the status of ongoing negotiations with Re:Sound.


SOCAN proposed rate increases for its TV tariffs, which the CAB opposed. In June 2018, all parties 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 which did not exist in other settlement agreements between SOCAN and other parties. The Copyright Board still 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.

Online Audiovisual Proceeding Suspended

The CAB was actively engaged in a proceeding relating to SODRAC’s reproduction right as applied to online audiovisual services. SODRAC represents primarily Québec-based as well as international music publishers. This tariff represents the first time that the CAB and its co-objects 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 participated in a very onerous interrogatory process which remains unfinished. On June 1, 2018, the Board suspended the proceedings in order to consider the avalanche of objections and deficiency motions related to the unprecedented number of interrogatories that were posed to Objectors. The hearing for this proceeding is no longer scheduled. Once the Board rules on interrogatories and the proceeding is reopened, a new schedule will be negotiated.

TV Reproduction Right Proceeding Launched

Both SODRAC and CMRRA have 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 January 1, 2016 and the SODRAC proposal is effective January 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 objected to both tariff proposals and has engaged 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 Music Services Proceeding Launched**

The CAB is an active participant in the current proceeding related to “online music services”, which covers 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. Similar to the Online Audiovisual Services proceeding, this one involved a large volume of interrogatories. On July 24, 2018 the Copyright Board suspended this proceeding in order to consider the objections and deficiency motions, and vacated the remainder of the schedule. The Board recently issued a ruling in this matter, so we expect that the Board will reopen the proceeding in the coming months.

**Copyright Reform Issues**

As part of the Copyright Modernization Act adopted in 2012, the Copyright Act is undergoing a statutory 5-year review by Parliament. The Minister of Innovation, Science and Economic Development (ISED) directed that the Standing Committee on INDU conduct the review and initiated a parallel process to consider “Remuneration Models for Artists and Creative Industries” before the Standing Committee on Canadian Heritage (CHPC).

Hearings were held throughout the fall of 2018. The CAB, represented by Nathalie Dorval and Susan Wheeler, appeared on September 24 and 25 to defend the statutory fixed tariff rate that commercial radio broadcasters pay Re:Sound on revenues below $1.25 million and to refute requests from the music industry for 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 presented a compelling argument in this instance as well. The Heritage Committee and the INDU Committee have both issued their reports; the latter calls for amendments to the fixed tariff rate to limit its applicability to small and independent stations. With the impending election, it is unclear whether and how this amendment will be made. The CAB continues to engage government relations support to monitor these activities.

Further, unrelated, amendments to the Copyright Act were introduced through Bill C-86, a Budget Implementation Act, to address the Copyright Board and the system of collective management of rights. These amendments are intended to streamline the Board’s processes and increase efficiency in the Board’s decision-making. Further procedural amendments are expected to come through associated regulations which will be drafted in the coming months. The CAB intends to continue to participate in the regulatory processes.

Finally, last fall, the ISED Minister, announced the appointment of 4 new members to the Copyright Board of Canada. On September 17, 2018 Nathalie Theberge was appointed as the Vice-Chair and Executive Officer, and Adriane Porcin was appointed as a member. On November 7, Katherine Braun and René Côté were appointed as members. Together with the current Chairman, Mr. Justice Robert Blair, these appointments mean that the Board will have a full slate of 5 members for the first time in close to a decade.
CAB Technical Coordinating Committee (TCC) Activities

600 MHz Relocation/Repacking the Television Band

The auction of 600 MHz spectrum for mobile services was completed this Spring. At the same time, the displacement of UHF TV stations operating above channel 35 also began. The joint Canada/US DTV Transition Schedule, announced in 2017, is occurring in multiple phases and will be completed in January 2022. Phase 3, the first affecting Canadian stations, ended on June 21. While many Canadian stations are scheduled for later phases, the TCC identified that 18 over the air (OTA) stations are required to complete forced channel changes in 2019. A further 48 stations are required to change in 2020.

The TCC has continued to assist the CAB to make the case for cost reimbursement to TV stations. Most recently, the TCC identified the channel changes impacting small independent TV stations.

Next Generation Radio

Technologies are evolving which allow radio stations to connect with listeners in new ways. HD Radio, the “connected car”, hybrid radio, audio streaming and smart speakers are beginning to converge to enhance the radio experience.

A growing number of stations are experimenting with HD Radio on FM. There are currently 25 FM stations in 11 markets carrying a total of 62 digital program services. Most of the digital offerings are simulcasts of existing AM and FM stations.

The Communications Research Centre has completed laboratory testing to determine the interference protections that would be needed to consider adoption of HD Radio as a voluntary standard in Canada. While more in-depth analysis of the results is warranted, the study suggests that many, if not most, Canadian FM stations may achieve similar digital coverage to their existing analog reception. The study assumed similar digital power levels to those already adopted in the US.

The TCC has also coordinated the first audience measurement of FM HD Radio with Numeris to determine HD Radio penetration and growth. It is estimated that over 10% of all vehicles, and 1/3 of new cars sold, now include HD Radio receivers. Two Toronto FM stations volunteered to participate in the pilot project to identify the percentage of listenership utilizing HD radios. The initial test was conducted from March through June. Results from Numeris are expected in July. Success of the pilot project may lead to expansion of the measurement campaign to HD Radio stations in all PPM markets.

The “connected car” and hybrid radio solutions are progressing to enhance the radio experience by delivering visual content over mobile data. Two key benefits are the potential for station tuning by logo and service following (hand off) between over the air reception and mobile audio streaming. The In-Vehicle Experience Pavilion at the NAB Show highlighted the growing interest and importance to car manufacturers.

TCC is monitoring these developments through collaboration with other associations such as the NAB, NABA and the NRSC.
Safety Code 6 Compliance

ISED regulations require broadcasters to file updated Safety Code 6 (SC6) analyses of their transmitter sites at the time of Broadcast Certificate renewal (typically every 7 years). The TCC is working with ISED and the RABC to implement refinements and cost efficiencies to the compliance reporting program.

The certification of same-site stations at the same time will eliminate duplicate reporting and costs. A simplified SC 6 section in Engineering Briefs will reduce unnecessary complexity. A separate working group has been established within the RABC to improve the accuracy of information in the ISED database and also resolve issues with the use of ISED’s online systems.

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. ISED released its Decisions in regard to these two Consultations on March 14, 2019. While wireless microphones are no longer permitted within the 600 MHz spectrum designated for mobile use, some limited capability remains for licensed wireless microphones in the “duplex gap” in between the mobile spectrum. In addition, ISED has opened up new bands where professional users, such as broadcasters, can utilize wireless microphones on a licensed basis.

Emergency Alerting

The TCC continues to participate in the Common Look and Feel (CLF) Working Group to coordinate emergency alerts between broadcasting and wireless operators.

National tests of the Emergency Alerting system were previously broadcast up to five times per year while wireless operators only participated in one test visible to the public. Broadcasters and wireless operators now participate simultaneously in two tests per year. The first of these coordinated tests was on May 8, but Ontario and Quebec did not participate because of severe flooding in those regions.

STL Licence Fees

ISED has proposed modifications to the licensing fees for point-to-point microwave systems. The new formula provides incentive to use spectrum efficient digital technology. The changes are proposed to be implemented in 2020 and will affect radio and television STL licence fees. However, transportable systems used for ENG and remote broadcasts are expected to be exempt. The full impact won’t be known until ISED releases its final Decisions. When implemented, broadcasters can expect some STL licence fees to increase while others may be reduced.

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.
Canadian Broadcast Standards Council

The CBSC effected a number of operational changes during the 2017/2018 broadcasting year including:

- Requiring complaints to be made through the CBSC’s web portal;
- Asking broadcasters to amend their CBSC PSA’s to reflect this change;
- Expansion of the scope of CBSC Summary Decisions;
- The creation of a new policy on viral complaints; and,
- Changes in the composition of the CBSC’s Board of Directors and Nominating Committee.

The CBSC is happy to report that all of these changes were successfully implemented. In addition, during this current fiscal period, the CBSC has updated its Privacy Policies which dated back to 2005.

The CBSC’s priority is to assist in resolving complaints through discussion, mediation and, only if absolutely necessary, adjudication. We want to be as helpful as possible in the complaints process.

During the 2017/2018 broadcast year, the CBSC rendered a total of 92 decisions; of these, 23 were formal decisions, and 69 were summary decisions.

We are happy to report that the expansion of the scope of the Summary Decisions was an option used 6 times by broadcasters. These broadcasters expressed their appreciation for the fact that a formal panel decision was not required to deal with the complaint.

In this current fiscal year, we do have a much smaller number of formal decisions, but we expect that with the Fall federal election and the coverage this event will attract, there may be many complaints to deal with in the next fiscal period.

The CBSC continues to expand its Adjudicator list. We are looking for greater representation from the regions, especially from younger demographics within your broadcast groups and individuals with news experience in smaller or regional stations. If you have any suggestions, please contact the CBSC.

The CBSC thanks CAB Members for their continued participation and support of the CBSC.

CAB Members: We’re Better Together

The CAB now has 587 Member Radio Stations, 91 Member Television Stations, and 129 Member Discretionary Services across the country.

Your continued support helps CAB achieve great results for Canada’s private broadcasters and their audiences. We look forward to strengthening our relationship with all our members in the months ahead. Please contact us if you have questions or comments.