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**Re: Responses to CRTC request for information on the Commercial Radio News Fund**

The Canadian Association of Broadcasters (CAB) is pleased to provide responses to the Commission's questions about the proposed operations of the new Commercial Radio News Fund (CRNF), sent to us on 4 October 2024. As requested, we have repeated the questions with our answers.

- 1. The CAB has proposed that Radio groups who are not required to file Form 1130 with the CRTC (radio groups earning less than \$5 million) will file their share of total remuneration (salaries and wages) paid with respect to news in the previous broadcast year directly with the CAB. However, the CAB does not describe the filing process, nor what will be required of radio groups to complete this filing. Please elaborate on how the CAB intends to receive submissions from groups of stations which have revenues of less than \$5 million.**

The CAB is mindful of the administrative burden radio stations face and does not intend to increase that burden. However, it is important that the allocation of the fund be made based on objective criteria.

In our view, asking radio groups earning more than \$5 million to share a copy of Form 1130 will be a clear and simple process for them. As there is currently no such reporting requirement for groups earning less than \$5 million (that produce news and operate outside the designated markets), those that wish to access the CRNF will be asked to provide us with data that is limited to the total remuneration (salaries and wages) of news personnel (the proposed proxy for news spending). This approach is similar to requests that have been made to broadcasters in the administration of the COVID relief funds and the Independent Local News Fund (ILNF).

- 2. Given the large number of markets and operators that will be eligible for the CRNF, explain why the CAB has proposed that the 12% funding cap be applied based on each market, as opposed to being applied nationally, for example.**

The CAB's initial proposal of a 12% cap by market was based on the cap adopted by the Government of Canada in the allocation of the Covid relief funding. We assume this cap was based, in turn, on the cap the CRTC applies with respect to the ILNF. We have proposed this as a starting point in the absence of data that would enable us to assess the impact of different caps. We expect this to be an issue examined as part of the public process. We would only be able to model different caps once information is provided to us by radio stations.

- 3. In Broadcasting Regulatory Policy 2024-121-1, the Commission confirmed that contributions are to be paid by 31 August of each year. Therefore, there is a possibility that the contributions will be received as single sums at the end of the broadcast year. Does this impact the CAB's plan for disbursing the CRNF funding? If so, please provide an updated outline of the disbursement plan.**

Yes, we anticipate that contributions are likely to be provided by new contributors only at the end of the broadcast year. We also note that potential recipients will only submit their standard reporting package (including Form 1130) to the CRTC on the 30<sup>th</sup> of November each year.

As such, the calculations of the allocations would be performed in December and then the funds would be disbursed in January (including all interest earned while the funds are held in trust). Accordingly, as an example, assuming contributors make payments by 31 August 2025, the CAB would hold them in a separate bank account that earns interest. Then, based on the news spending data filed by recipients on 30 November 2025, the CAB would make the necessary calculations in December and distribute payments (including all interest earned) in January 2026.

Alternatively, allocations could be made in proportion to news spending in the previous broadcast year. Under this model, the CAB would collect spending data from recipients this year (as filed on 30 November 2024) and after contributions are received, by 31 August 2025, the allocation calculations could be completed in September 2025 such that funds could be distributed in October 2025.

- 4. Expand on what is meant by "normal professional financial controls".**

This comment was meant to refer to the processes that make for a good internal financial control environment. For example: process review procedures, control total verifications, dual approvals, bank reconciliations, segregation of duties, etc. The CAB's Director of Finance and Administration is a CPA, CA, with significant auditing experience prior to her current role and additional charitable sector fund/grant administration experience.

These controls are currently in place for CAB's fund administration work in relation to contributions to the ILNF, the Radio Starmaker Fund, and Fonds Radiostar.

The CAB's Director of Finance and Administration will oversee all of the steps in the administration of the fund, including: the tracking of contributions as they come in and interest while they are held in trust, implementing the calculation precisely as directed by the CRTC, and processing the disbursement of the funds. She will also make sure that all steps are clearly documented to easily be supported by each component of the calculations, the bank statement activity, and all other relevant supporting documents. CAB's annual audit would also include external review of the balances and activity in the CRNF.

- 5. The CAB proposes to take an administrative fee from the fund contributions. Please elaborate on how the administrative fee will be used and how the fee amount will be determined.**

A small administrative fee is required to cover costs associated with administering the fund, including the costs of banking, audit, and the administrator's time and effort. It is also possible that additional administrative support may be necessary, given the number of potential recipients. We have proposed a cap of 1% or \$125,000, whichever is less, to ensure that fees remain low.

- 6. Given that the CAB is both a fund administrator and an association, explain how the CAB will ensure that it does not show partiality toward its members while acting as an administrator of funds.**

The CAB has a long history of administering and supporting funds and collectives in the service of the broadcasting industry. This includes the distribution of funds on a fair and impartial basis, regardless of the membership of the association. The CAB strongly welcomes clear, precise, and specific criteria that are rooted in compensating all Canadian broadcasters in relation to their spending on news.

Provided objective criteria are adopted – for example, the CAB has recommended that allocations be based on news remuneration – CRNF contributions will be allocated only on the basis of those criteria. As a result, no partiality could be exercised, either amongst CAB members or between members and non-members.

- 7. The CAB's proposed operational plan notes that it would rely on the CAB CEO Radio Council to handle any discrepancies or disputes if they arise. Please expand on how such discrepancies or disputes may be resolved by the CAB CEO Radio Council and discuss how the process will be conducted absent of actual or perceived conflicts of interest.**

We do not expect disputes to arise as care has been taken to propose precise criteria tied to spending on news to use in disbursement calculations. In the more than 10 years of administering the ILNF and the Small Market Local Production Fund that preceded it, no disputes have arisen. However, in the unlikely event a dispute arises, the CAB CEO Radio Council is composed of the CEOs and senior executives of a broad diversity of radio groups in Canada, who can review any concerns and intervene if and as necessary to ensure the fair allocation of funds amongst CAB members and non-members.

The Radio Council has established membership and governance criteria codified in the CAB's bylaws, and is elected by CAB radio members, with categories representing large, medium and small players in the sector.

**8. a) Does the CAB intend to establish a requirement whereby fund recipients must report on how the funds received were used to meet the CRNF's objectives? Explain.**

**b) If there is a reporting requirement, when and how will recipients be required to file and/or publish this information? What type of information would be required in this report?**

As noted above, the CAB is sensitive about increasing administrative burden for radio stations, and accordingly, does not intend to require fund recipients to report on their use of CRNF funding. However, if the CRTC were to require the submission of reports, the CAB could collect those reports on behalf of fund recipients, and report to the Commission on an annual basis. The first such report would be filed on 30 November 2026 (since funds will not be received until late 2025, early 2026).

Currently ILNF recipients provide a few paragraphs about specific examples of how ILNF funds enhanced local newscasts as part of the annual submission of data needed for the next year's calculations. A similar requirement could be added for recipients of the CRNF.

We trust these answers will be helpful to the Commission to complete the record of this proceeding and remain available should any other questions arise.

Yours sincerely,



Kevin Desjardins  
President

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