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October 5, 2012

John Traversy
Secretary General
Canadian Radio-television and Telecommunications Commission
Ottawa, Ontario,
K1A 0N2

Secretary General,

Re: Broadcasting Notice of Consultation CRTC 2011-279-3

(Licence renewals for the Canadian Broadcasting Corporation's French- and English-language services)

1. I am writing on behalf of the National Campus and Community Radio Association/l'Association nationale des radios étudiantes et communautaires ("NCRA/ANREC") in opposition to the proposal that CBC Radio 2 and Espace Musique amend their conditions of licence to permit the broadcasting of national advertising. We request an opportunity to appear at the November 19 hearing.
2. The NCRA/ANREC is a not-for-profit group committed to volunteer-driven, non-profit, community-oriented radio across Canada. Our goals are to ensure stability and support for individual campus and community ("c/c") stations and the long-term growth and effectiveness of the sector. We currently represent more than 80 members.
3. We recognize that the Broadcasting Act enshrines commercial, community and public broadcasting as the three pillars of a strong broadcasting system in Canada. We believe all three are important and contribute distinct elements to Canadian society. We also note that many local c/c stations have worked in co-operation with their local CBC stations, in some cases sharing local spoken word programming and music content. In some locations, local CBC stations have also donated equipment and engineering

expertise, and CBC staff have run training workshops for c/c volunteers. Many c/c volunteers and staff have moved on to work at the CBC and vice versa.

4. To that end we encourage the Commission to renew the licences of CBC/SRC, including provisions for full accessibility for people with disabilities both in the production of programming and in accessing content, and to provide regional representation in both official languages.

5. We further recognize that to fulfill their unique mandates, each sector needs adequate sources of revenue, and we understand that the CBC/SRC proposal to introduce advertising to Radio 2 and Espace Musique is a response to decreased levels of government funding and an attempt to maintain the quality of those services.

6. For c/c stations, sources of revenue include student levies for campus-based stations, local fund-raising, government grants and funding through the Community Radio Fund of Canada, and for many stations, local and national advertising. Though not all c/c stations run advertising, it is particularly important for many community licencees without access to student levies. We believe this is true even though many c/c stations' market share may be a small fraction of their total advertising market.

7. Of our members, about half of which are community licencees and half are campus licencees, annual revenue ranges from \$1700 to \$527,000 a year. For stations that accept advertising, their annual revenue from advertising ranges from a few thousand dollars to approximately \$186,000. National advertising is an important part of this revenue for many stations. In many cases, c/c stations operate in markets where there is already significant competition for advertising dollars.

8. For example CFUV-FM, a English campus-licensed station in Victoria, BC reported annual revenues last year of \$210,000 of which \$15,000 was from advertising. Of that, approximately 90 percent was from national advertising. They have operated with a deficit during two of the last three years and say national advertising was what kept them in the black in the third year. Their Board of Directors is eager to try to increase national advertising, particularly informational messages from the governments of Canada and British Columbia, as an additional source of revenue. The station did try to sell local advertising in the past but found that local businesses were either more interested in local commercial stations with larger frequencies, or had too little money to make it worthwhile.

9. CKOA-FM is an English community-licensed station in Glace Bay, NS. They informed us that last year their annual revenue was \$253,000, including advertising revenue of \$158,000. Approximately \$20,000 of that total came from national advertising. The station frequently operates with a deficit, and if their national advertising revenue was reduced, they would have to consider laying-off staff.

10. CHUO-FM is a bilingual campus-licensed station in Ottawa, ON with annual revenue last year of approximately \$265,000. They report that their advertising revenue was \$45,000, of which approximately \$15,000 came from national advertising. If CBC Radio 2 and Espace Musique are allowed to sell national advertising, this station would be doubly affected as they currently run ads in both official languages. They believe they have already reached the ceiling for local advertising sales. They consider national

advertising to be an important component of their current revenue, and say they are counting on increasing it in the future to further diversify the station's funding sources.

11. CJTR-FM is a community-licensed station in Regina, SK. Last year they had annual revenue of approximately \$186,000, of which \$144,000 was from advertising. Of that, they estimate that three to five percent came from national advertising. They consider this much-needed revenue for core station operations. They also note that CBC television currently sells local advertising in their community and it could be easy in the future for existing CBC sales people to sell contracts for both TV and radio, which they fear would give CBC an undue competitive advantage and potentially blur the lines between national and local advertising.

12. Finally, CJMQ-FM is an English-licensed community station in Sherbrooke, QC, serving an official language minority community. Last year they made approximately \$120,000 in revenue, of which \$70,000 came from advertising. They estimate half of that was from national advertising — mostly government information ads in English — which they consider both a crucial source of funding and a useful community service for their listeners. Both CBC Radio 2 and Espace Musique are available in their community and they worry that if these services start carrying similar national advertising, it will erode their revenue and some of their credibility with a listenership that counts on them to carry English informational advertising.

13. We believe that these examples show that of the three sectors enshrined in the Broadcasting Act, *c/c* radio stations are by far the most vulnerable to even small changes in their economic conditions. We are therefore concerned that allowing CBC Radio 2 and Espace Musique to sell national advertising will threaten the sustainability of many *c/c* stations, and for those stations that survive, thwart their ability to grow.

14. We also know that the French-licensed community stations, represented by Alliance des radios communautaires du Canada (ARCC) and Association des radiodiffuseurs communautaires du Quebec (ARC-Q) feel that allowing CBC Radio 2 and Espace Musique to start selling national advertising in their members' communities is a substantial threat to their stations' financial health, which inevitably affects these stations' abilities to serve their local communities. This is particularly important in the case of official language minority stations, as many of these stations serve audiences under-served by local commercial and public radio.

15. The case of ARCC and ARC-Q members also shows that national advertising is a significant source of revenue for *c/c* stations that wish to carry it. Both French associations currently work with a broadcast sales company to bundle their stations for national ad campaigns. This means smaller rural stations benefit from being bundled with larger urban stations and more ad campaigns are sold, raising the revenue of all stations and providing some money to the associations for their work in brokering the arrangement. ARCC is then able to use this money to pay for an additional salesperson to recruit other national ads from not-for-profit organizations eager to reach *c/c* audiences.

16. NCRA members have been discussing a similar arrangement in the last few years. This is unlikely to work if *c/c* stations are competing with CBC Radio 2 and Espace Musique which, if approved to sell advertising, will have the capacity (through

their core government funding and established national network) to sell ads that will dwarf any efforts made on behalf of c/c stations.


17. This is especially significant given that the Commission directed the c/c sector in Broadcasting Regulatory Policy CRTC 2010-499 to diversify funding from all available sources. The Community Radio Fund of Canada ("CRFC") has helped with this and is much appreciated, but at its highest level of funding thus far, the CRFC will contribute a maximum of \$20,000 per station to a total of \$1,000,000 for the sector as a whole. For many stations this means that at least for the time being, they need to continue to rely on national advertising as a source of revenue in order to ensure that their expenses are met.

18. In polling our members, some stations did not anticipate that allowing CBC Radio 2 and Espace Musique to sell advertising would affect their stations' revenue, particularly if that advertising is intended to be national and does not target small and locally-owned businesses that are more likely, when able, to advertise on c/c stations.

19. However some of these stations had concerns of some spin-off consequences. In particular, a number of stations mentioned that advertising on CBC Radio 2 and Espace Musique could include sponsorship deals with local music and cultural festivals, which are an important way c/c stations recruit volunteers, promote the station and provide better coverage of their local community. CBC sponsorship deals could erode the existing partnerships c/c stations have with these festivals, and create more competition for the benefits c/c stations derive from them, including logo placement and prime booth space.

20. We believe that CBC/SRC provides a valuable service to Canadians. That said, we would caution against changing the funding mechanisms available for one sector, which already has a source of sustained government funding, if that change is likely to be at the expense of local public-access c/c stations.

Sincerely,



Shelley Robinson
Executive Director
NCRA/ANREC

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