

Introduction

- ❖ The Canadian Association of Broadcasters (CAB) is the national voice of Canada's private broadcasters, representing the vast majority of Canadian programming services, including private radio and television stations, networks, specialty, pay and pay-per-view services. The goal of the CAB is to represent and advance the interests of Canada's private broadcasters in the social, cultural and economic fabric of the country.
- ❖ The CAB advocates for a strong Canadian broadcasting system through its work on a number of important public policy and regulatory matters. This section of our website provides an overview of the key issues the Association is actively working on at this time, on behalf of its members and the Canadians they serve, in every community across our country.



Canada's Private Broadcasting Industry – A Primer

- ❖ The Canadian broadcasting system is comprised of private, public and community broadcasters offering a variety of programming in English, French and more than 40 other languages including Aboriginal languages.
- ❖ Broadcasters have established a strong and vibrant presence through their radio and television services. In addition, Canada's broadcasters are also building their audiences – and keeping viewers and listeners – by embracing the Web. They are featuring more programming on their websites and on a variety of other new media platforms.
- ❖ Canada's private broadcasters (radio, television, specialty pay, and pay-per-view or PPV) are a vital economic engine in urban centres and in small communities across the country. A \$6.5¹ billion business In 2008, private broadcasting employed approximately 23,000 people².
- ❖ Canadian private television broadcasters make substantial expenditures on programming, investing over \$1.6³ billion on Canadian programming in 2008, an increase of more than \$200 million since 2007. The programs, produced for local, regional and national audiences, span a huge number of program areas to serve the needs of this country's diverse and evolving audiences.
- ❖ Canadians enthusiastically support domestically produced radio and television services. Over three-quarters of all television viewing in Canada is to domestic conventional and discretionary services. 72%⁴ of all TV viewing in this country is to private TV services. On the radio side, over 80%⁵ of radio tuning goes to domestic private broadcasters.
- ❖ Canada's broadcasting system offers a tremendous amount of choice to listeners and viewers. As of August 31, 2008 there were 628⁶ private commercial radio stations, approximately 32% more than a decade earlier. Similarly, the number of private pay, PPV and specialty services has multiplied nearly six-fold from 27⁷ in 1996-97, to 162⁸ in the 2007-08

¹ CRTC 2009 Communications Monitoring Report Table 4.1.1 (excludes revenues for CBC/SRC conventional television and CBC/SRC owned specialty services).

² CRTC Statistical and Financial Summaries 2007-2008 Broadcast Year (excludes CBC/SRC owned specialty services).

³ CRTC 2009 Communications Monitoring Report, Figure 2.5.2, page 53.

⁴ Spring 2009 EM Stats Cards – excludes tuning to VCRs and PVRs.

⁵ CRTC 2009 Communications Monitoring Report, Figure 4.2.2, page 99.

⁶ CRTC Statistical and Financial Summaries 2007-2008 Broadcast Year.

⁷ CRTC Statistical and Financial Summaries 1996-1997 Broadcast Year (excludes CBC/SRC owned specialty services).

⁸ CRTC 2009 Monitoring Communications Report Table 4.3.1, page 124 (excludes CBC/SRC owned specialty services).

broadcast year. CAB research ⁹ indicates that Canadians benefit in terms of the number of channels per million people, with three times as many choices as consumers in France and seven times as many as consumers in the U.S.

- ❖ In 2008 two initiatives were announced to assist Canadian television broadcasters.
 - The first is the Local Programming Improvement Fund (LPIF). The LPIF was created by the CRTC to help finance the costs of local television programming by private and CBC/SRC-owned and operated television stations. Local programming is defined as programming produced by local stations with local personnel or programming produced by locally-based independent producers that reflects the particular needs and interests of the market's residents. The CRTC projects that LPIF will amount to \$102 million in the 2009-2010 broadcast year. One-third of the LPIF funding will be allocated equally to stations across both Francophone and Anglophone markets, the amount of which will be determined by the number of stations eligible for funding. Two-thirds of funding will be allocated based on eligible stations' historic spending on local programming (calculated by dividing the sum of the average three year historical spending multiplied by the individual station's average three year local spending). 30% of this amount will be allocated to Francophone markets and 70% to Anglophone markets. The CRTC calculates the amount of funding to be allocated to all eligible stations.
 - The second initiative is the Canadian Media Fund (CMF), a re-naming and modified version of the Canadian Television Fund. The CMF was created by Canadian Heritage to help fund the cost of producing Canadian programming and make it available on multiple platforms. The \$130 million dollar fund will receive \$135 million from the government and approximately \$175 million from BDUs. The CMF fund will help to offset or reduce the costs that broadcasters would otherwise incur to acquire quality Canadian programming.
- ❖ Private broadcasting in Canada is a regulated industry, with conditions of licence for each individual broadcaster established by the CRTC. The industry is also overseen by the federal departments of Canadian Heritage and Industry Canada, through numerous Acts of Parliament. The rates of tariff payments for the use of copyrighted works by broadcasters are set by the Copyright Board.

Private Radio

- ❖ Private radio is the soul of many Canadian communities, acting as a great unifier in times of celebration and a source of information for listeners.
- ❖ Under the CRTC's current Commercial Radio Policy, most private radio stations must ensure that 35 per cent of all popular music aired each week is Canadian. Private French-language radio stations are also required to ensure that 65 per cent of the vocal music they broadcast each week, and 55 per cent of vocal music broadcast between 6 a.m. and 6 p.m. Monday through Friday, is in the French language.
- ❖ Programming is critically important to Canadian radio. Private radio broadcasters spent \$435 million on programming in the 2008 broadcast year¹⁰, an increase of almost \$25 million from the previous broadcast year. This includes \$74 million paid to copyright collectives for communication, performing and neighbouring rights¹¹.

⁹ Page 8 of CAB Broadcasting 2008: Report on the Industry.

¹⁰ CRTC Statistical and Financial Summaries 2007-2008 Broadcast Year.

¹¹ Statistics Canada, special run for CAB, August 2009.

- ❖ Private radio broadcasters help foster and develop Canadian music artists through direct financial contributions to eligible third parties associated with Canadian Content Development (CCD) such as FACTOR, MusicAction, national and provincial music organizations, performing arts groups, schools and scholarship recipients. Private radio has also created the Radio Starmaker Fund / Fonds RadioStar, designed to market and to promote Canadian music artists.
- ❖ In the 2007-2008 broadcast year, private radio contributed \$28.6 million to CCD initiatives. Since 2001 private radio has contributed \$154 million to CCD initiatives¹², of which 40%¹³ went to national music funding organizations such as FACTOR and MUSICACTION and 15% to the StarMaker Radio fund.

Private Conventional Television

- ❖ Canadian television's role is to inform and entertain audiences while showcasing Canadian talent.
- ❖ Advertising enables conventional TV services to fulfill these mandates, and accounts for 93% of the revenue for private conventional television¹⁴. The competition for advertising dollars, however, is increasing, with the Internet in particular making impressive gains in its share of ad revenue. The compound annual growth rate (CAGR) of advertising revenues for conventional TV between 2004 and 2008 was 0.78% while the CAGR for advertising revenues on the Internet was 44.7%. Similarly, conventional TV's share of total advertising revenue relative to other media is 52%.¹⁵
- ❖ Conventional TV services have seen a drop in their revenues in recent years and a corresponding drop in profitability from \$233 million in 2004 to a little more than \$8 million in 2008.¹⁶
- ❖ Private television broadcasters generally must achieve a yearly Canadian content level of at least 60%. In addition, each television broadcaster must devote at least 50% of its broadcasts after 7pm to Canadian programming.
- ❖ Canada's private television broadcasters make considerable investments in Canadian programming, with expenditures on Canadian programming totaling \$620 million in 2008. Private broadcasters spend more each year to acquire programming from Canadian independent producers; these expenditures totaled \$146¹⁷ million in 2008.

Specialty, Pay and Pay-per-View Services

- ❖ Canada's specialty, pay and pay-per-view services play an increasingly important role in bringing a diverse range of Canadian programming in a wide variety of categories to Canadian viewers. In 2008, this sector invested over \$880 million on Canadian programming.¹⁸ These costs are offset by advertising and subscription revenues which amounted to \$2.8

¹² CRTC 2009 Monitoring Communications Report, Table 4.2.12.

¹³ Ibid.

¹⁴ CRTC Statistical and Financial Summaries 2007-2008 Broadcast Year.

¹⁵ Share of advertising revenue derived from the Television Bureau of Canada data for TV, specialty, internet and radio.

¹⁶ CRTC Statistical and Financial Summaries 2007/2008 Broadcast year.

¹⁷ CRTC Statistical and Financial Summaries 2007/2008 Broadcast year.

¹⁸ CRTC Statistical and Financial Summaries 2007/2008 Broadcast year (excludes CBC/SRC owned specialty services).

billion in 2008. ¹⁹ 63% of revenues generated by Canada’s private specialty pay and pay per view services were derived from subscription services while the remaining 37% ²⁰ came from local and/or national advertising. Specialty television’s share of total advertising revenue relative to other media was 16% in 2008 ²¹, a 2% increase since 2003 ²².

- ❖ Specialty, pay and pay-per-view earned approximately \$668 ²³ million in profit in 2008 compared to \$634 million in 2007.
- ❖ Specialty, pay and pay-per-view services have varying Canadian content requirements which are set by the CRTC and which take into account a number of factors, including the nature of the service, the availability of programming and distribution status.

Private Broadcasters’ Corporate Social Responsibility

- ❖ Broadcasters stand out among Canadian businesses thanks to the support they offer the communities they serve.
- ❖ The industry’s contributions take many forms, including the donation of airtime for telethons or radiothons, the airing of public service announcements in support of charitable organizations, or the volunteering of time and energy in support of local groups. The top causes supported by CAB members include hospital societies and foundations, the Canadian Cancer Society, the United Way and food banks.

Top 10 Types of Causes Supported by Private Broadcasters’ Monetary Contributions and Audience Pledges	Top 10 Types of Causes Supported by Private Broadcasters’ Airtime (PSAs) and Volunteer Hours
Hospital Societies/Foundations	Hospital Societies/Foundations
Canadian Cancer Society/ provincial cancer societies	Canadian Cancer Society/ provincial cancer societies
United Way	United Way
Children's Hospital	Food Banks
Food Banks	Multiple Sclerosis
Breast Cancer	Breast Cancer
Universities/colleges	SPCA/local humane societies
SPCA/local humane societies	Salvation Army
Multiple Sclerosis	Heart and Stroke Foundation
Salvation Army	Rotary Club

Source: CAB Member Survey, summer 2008.

- ❖ Over 2007-08, the total value of pledges collected and Public Service Announcements aired by CAB members in support of charities reached **\$314.5 million**; time volunteered by member services’ employees totaled more than 230,000 hours.²⁴ Private broadcasters’ community involvement – whether time donated or activities organized and supported – reflects outstanding dedication to provide leadership through public service.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Share of advertising revenue derived from the Television Bureau of Canada data for TV, specialty, internet and radio.

²² Ibid.

²³ CRTC Statistical and Financial summaries 2007/2008 Broadcast year.

²⁴ Based on CAB member survey conducted in the summer of 2008.