



*Sent by Email to CC32@parl.gc.ca*

January 28, 2011

Hon. Gordon Brown, Chair  
Legislative Committee on Bill C-32  
House of Commons  
Ottawa, Canada  
K1A 0A6

Dear Mr. Brown:

**Re: Submission of CHUM Radio to Bill C-32 Legislative Committee**

As President of CHUM Radio, I welcome this opportunity to formally state the perspective of CHUM Radio on copyright reform and specifically Bill C-32. This submission is intended to be complementary to, and supportive of, the comments of the Canadian Association of Broadcasters (CAB), of which my company is a member.

In our opinion, Bill C-32 responds to the need for balanced, modernized copyright laws in order for Canada to keep pace in a fast-moving digital environment, particularly in an era when international content is just as easy to access as Canadian content. As both owners and users of copyright-protected materials, and as intermediaries between owners and users, we are in a unique position to understand and appreciate this need for balance. This is why we are asking you to pass Bill C-32 in its current form as quickly as possible.

**CHUM Radio – A Leading National Radio Network**

I have witnessed first-hand the changes that advances in technology have brought to the broadcasting industry. Capitalizing on the opportunities presented by the internet and facing the challenges head-on has enabled CHUM to maintain its place in the communities we serve. Our company has 33 local radio stations in 14 communities throughout Canada – in small, medium and large markets – and our 748 employees are a vital part of the communities they serve. We participate in countless fundraising activities for local charities. We provide coverage and promotion of local events and stories - including federal political issues. In short, we dedicate countless hours and energy to present a local voice for each community we operate in.

But perhaps most importantly for the debate before you today, we also provide the best venue for Canadian musicians, both emerging and established, to have their music heard and promoted.

### **Investments in Artists**

Some of the debate around C-32 has centred on funding for Canadian musicians. Let me lay out some facts for you in this regard.

First of all, private broadcasters, including CHUM, make a huge financial investment in Canadian musicians and performers through the Canadian Content Development (CCD) contributions, which totaled \$51 million in 2009 alone. This money is invested directly in the artists themselves, through organizations like Radio Starmaker Fund/Fonds Radiostar and FACTOR/MUSICACTION, which put cash directly in the pockets of emerging artists to help them record an album or go on tour to promote their music. These funds are completely independent from copyright payments.

Many of the artists who appeared before your Committee have benefitted from the support of private broadcasters through these programs. Moreover, CHUM Radio has directly supported, developed and promoted several emerging Canadian artists, including Kreesha Turner and Shiloh, who we discovered through one of our station-run talent contests and who have both gone on to gain international recognition and recording contracts. We are proud of the support we provide and are happy to see new Canadian bands and performers go on to make multiple successful albums, knowing that they got started with seed funding and early promotion from radio.

### **Why Bill C-32 Matters to Radio**

In addition to our CCD contributions noted above, radio broadcasters, including CHUM, pay millions in copyright performance royalties every year. In fact, radio broadcasters are the largest single payer of copyright royalties in Canada.

In 2009, our copyright payments just for the right to play the music over the air cost broadcasters \$64 million. It is important to note that this \$64 million will not be affected by any of the proposed amendments in Bill C-32. In fact, given that these payments are tied to revenues and given that the collectives continuously seek increases in their rates, this \$64 million is sure to increase in the years to come.

As an industry, radio broadcasters support the concept of paying royalties for the communication of their music to the public. However, what we do not support is the unsustainable and excessive layering on of copyright tariffs that have resulted in our stations having to make five different payments so that they can

broadcast music. Paying five times for the same thing defies common sense and places an unfair financial and sheer operational burden on radio broadcasters.

Three of these payments are for the reproduction right, which is correctly being removed in Bill C-32.

Why grant broadcasters an exception to the reproduction right?

- This right is triggered simply when we shift recordings from one device to another and has nothing to do with the actual playing of music, which we already pay for. There is zero market value arising from this activity. Essentially radio broadcasters are paying millions of dollars in tariffs for a “right” that does no harm to its owners, aids a mutually beneficial arrangement, and to which the free market assigns zero value.
- The vast majority does not go to artists, let alone Canadian artists. We are frustrated when we hear people speak of \$21 million going to artists, when in reality we know the vast majority of the money collected from our businesses flows out of the country to large multinational companies, with barely any making it to the artists themselves.
- This right was established in 1997 under the now outdated Copyright changes. However, the collectives did not actually pursue payment for this right from the Copyright Board until 2008. What this tells us is that they are now attempting to use radio to again supplement decreasing revenues as a result of the challenges of the digital economy. These are challenges we all face and we all must adapt. Radio cannot be used again and again as the backstop.
- These royalties are not only financially onerous, but represents an operational burden to track and provide payment each and every time we make a copy or transfer a song.
- The tariff for this right has increased by a rate of 10 times our revenue increases since 2001. This is unsustainable.
- Even without this right, the total copyright tariffs going to artists from radio broadcasters will be higher next year than it is this year.

Our direct investments in CCD, totaling over \$51 million in 2009, make a much more significant impact on artists than this reproduction right tariff ever could. We think that it makes far more sense to keep these extra and unnecessary tariff payments in Canada, with 100% Canadian businesses that generate wealth and help expand the music industry.

It is essential that the law reflects the importance of protecting owners of copyright while ensuring that users have reasonable access to content. Both elements are necessary to a successful cultural sector, and Canadian copyright laws must ensure that a balance is struck. To that end, we appreciate that your task is not an easy one, and we appreciate your commitment to finding solutions that will enable Canada to modernize its laws and fully embrace the opportunities of the digital economy.

We would like to thank you for the opportunity to make this submission. We would also like to extend an invitation to you to come and visit any of our stations across the country.

Sincerely,

*[signed in the original by]*

Chris Gordon  
President, CHUM Radio