



June 25, 2010

Mr. Robert A. Morin
Secretary General
CRTC
Ottawa, ON K1A 0N2

Online: <http://support.crtc.gc.ca>

Re: Broadcasting Notice of Consultation CRTC 2010-301
Application by CTV Limited to amend the broadcasting licence of the English-language specialty programming undertaking known as MuchMusic.
Application No. 2010-0503-3

Dear Mr. Morin,

1. These are the comments of the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) and AFM Canada on the application by CTV Limited to amend the broadcasting licence of the English-language specialty programming undertaking known as MuchMusic.
2. ACTRA represents 21,000 professional performers in the English-language recorded media in television, sound recordings, radio and digital media who live and work in every corner of the country. The ACTRA Recording Artists Collecting Society (ACTRA RACS) distributes neighboring rights and private copying monies to recording artists.
3. The American Federation of Musicians, Canada, is the leading professional organization of its kind available to Canadian musicians. Everyday, AFM Canada helps thousands of musicians with any number of issues related to the recording and performing of their craft. Operating in both official languages, the organization draws on the experience and strength of more than 90,000 musicians, with over 17,000 active members in Canada alone. Proudly celebrating 31 remarkable years of service, AFM Canada is uniquely positioned to address Canadian issues, and provides vital resources for Canadian musicians, at any stage in their careers.

OUR POSITION

4. CTVglobemedia Inc. (CTVgm, the “Applicant”) has filed an application to amend the broadcasting licence for the English-language specialty service MuchMusic. The Applicant is requesting numerous and substantial changes to its licence.
5. The changes requested in this application are substantial. ACTRA and AFM Canada urge the Commission to defer consideration of these changes until the full licence renewal hearings. We find such mid-licence term requests are especially superfluous in the face of the Commission’s statement in *Broadcasting Public Notice CRTC 2008-100* that changes to categories of programming would be entertained at the next round of licence renewals.
6. Moreover, the Applicant has provided no evidence that it needs these changes *immediately*. Yes, revenues for MuchMusic declined in 2009, but so did revenues for almost all broadcasters due to a global recession. Of course, MuchMusic does not rely on advertising alone; it also derives revenues from subscriptions. ACTRA notes that the number of subscribers who were attracted to MuchMusic was in fact higher in 2009 than 2008, and it enjoyed an increase in revenues as a result. Indeed, many broadcasters and businesses at large would be envious that MuchMusic was able to manage a healthy profit margin of 14.4% during these challenging times.
7. In the absence of a compelling case of urgency, we urge the Commission to deny the application and instead urge the Applicant to raise these issues in the context of a fulsome licence renewal, expected in less than a year.
8. In commenting on the specifics of the Application, ACTRA and AFM Canada would like to address five points:
 - i. Request to change nature of service
 - ii. Request to cut music videos in half
 - iii. Request to reduce contributions to MuchFACT
 - iv. Request to increase the amount of drama and animation
 - v. Request to eliminate the requirement to broadcast French-language videos

Request to change nature of service

9. The Applicant has requested a dramatic change in MuchMusic’s nature of service. The current definition mandates that the service will consist “only of music or music-related programming” – that is, 100% of its programming is music-related. The Applicant is looking to get the music-related content down to 75% of its programming by tacking on the phrase “and lifestyle programming for young adults.”

10. The Applicant's rationale for these changes appears to be their desire to capture the 18-24 year old audience. They claim they need to do this by drastically reformatting the service by cutting the broadcast of music videos in half and replacing them with more reality and lifestyle programming. CTVgm already owns a service directed at young Canadians that leans heavily towards lifestyle and reality programming – MTV. When it acquired MuchMusic from CHUM in 2007, the Applicant gave the Commission endless assurances that MTV Canada and MuchMusic would maintain distinct natures of service and would not make any major changes in programming. We note that this is the second time the Applicant has requested changes to the conditions of licence for MuchMusic since that decision. In *Broadcast Decision 2008-305* the Commission approved the Applicant's request to add category 9 (Variety) and category 10 (Game shows) to the list of program categories that may be broadcast by MuchMusic.
11. To be clear, the requested change in MuchMusic's nature of service is not a minor tweak, it is a fundamental shift in the service's orientation that should be given due consideration and a fulsome debate in the context of a public hearing; we suggest at the next licence renewal hearings.

Request to cut music videos in half

12. The licensee is requesting permission to cut the time devoted to broadcasting music video clips programming from category 8 (b) Music video clips in half – from 50% to 25% of its broadcast week. Moreover, it is requesting that 25% also include programming from category 8 (c) – 'music video programs', so in effect the reduction is even greater than half.
13. We appreciate that the world of media has undergone seismic changes since MuchMusic was initially licensed in 1984. In the '80s Much was the go-to place to enjoy music videos from Canada and around the world. Now one can access videos at the click of a mouse for free online or download them from services such as iTunes. This changed reality has been reflected in a number of changes to MuchMusic's licence over the years. The service has been permitted to decrease the amount of programming it has to draw from category 8 and has been given permission to draw from other categories including lifestyle programming. When we take a step back we see that MuchMusic's commitment to 'music' has been greatly eroded to the point where it is no longer clear that 'music' has a dominant role in the service's programming.
14. However, we also note that while competing platforms has stripped MuchMusic of its exclusive role as a supplier of videos and music-related programming, MuchMusic is also benefiting tremendously from these new platforms. Muchmusic.ca is a robust website where visitors can watch videos, clips of programs, enter contests, keep up on concert listings and even shop for MuchMusic merchandise and products. Unfortunately, the applicant does not provide any financial information about how this site is being monetized, what type of content is being made available, programming costs, types of programs and whether the programs are Canadian. We hope that when the Commission

releases its guidelines for New Media Reporting that this is the sort of information that will be gathered and made public.

15. This trend upsets us on many levels. MuchMusic has played a tremendous role in our broadcasting system, offering Canadians and especially young Canadians, a home to go to for the latest in musical culture. These days seem to have passed and indeed, one gets the impression from reading CTVgm's application that it doesn't care much for the music business at all any more; leading ACTRA to wonder, why stay in it? Why not sell the service to someone who believes in the nature of service, instead of altering it?
16. The fact is the presence of new and emerging platforms does not eliminate the need for a specialty broadcasting service with music at the core of its nature of service. MuchMusic continues to fill a critical role in promoting and marketing music and recording artists in particular Canadian artists, to a mass audience. An individual going to YouTube and seeking out a specific video is a much different experience than Canadians across the country tuning into MuchMusic. We can go to CTV and watch an episode of *Hiccups*, but that doesn't mean there isn't a need to CTV to broadcast over-the-air to a mass audience.

Request to reduce contributions to MUCHFACT

17. We do not buy the Applicant's logic that if it is permitted to air half as many videos, it follows that it should only have to contribute half as much to MuchFACT. This is ludicrous. MuchMusic was required to direct a percentage of its revenues to MuchFACT for the "development and creation of Canadian music videos" full stop. It was not required to do so "solely for its own benefit". There is no question MuchMusic has been a direct beneficiary of the product that has come as a result of MuchFACT. However, the requirement to contribute to MuchFACT was the quid pro quo for granting MuchMusic a genre-exclusive licence; it was never intended to be MuchMusic's personal content slush-fund. The fund supports more than the production of music videos for broadcast on MuchMusic; it finances videos for distribution on any platform, as well as the creation of websites, and digital EPKs.
18. We would argue strongly against any reduction in MuchMusic's contribution to MuchFACT. This fund has become an increasingly important resource for Canadian musical artists as other sources of support vanish. Record labels are no longer investing as much in artist development and marketing, the money they do invest is being put into smaller numbers of artists. Independent labels are playing a greater role and they do not have the resources the big labels used to have to invest in marketing and producing videos. Income for artists is in decline as revenue streams such as the private copying levy that has put millions into the pockets of artists, is vanishing. If the government's Bill C-32 is not amended to expand the levy to digital devices like MP3 players, artists will lose this important source of revenue completely. Government programs that artists used to be able to turn to, like TradeRoutes which provided support for international marketing, have been cancelled. Artists are now turning to the

Internet and social networking sites like MySpace and Facebook as well as direct distribution channels such as YouTube to market themselves. However, to succeed, they need content – content that they aren't getting any support to create.

Request to increase the amount of drama and animation

19. In addition to the concerns cited above with respect to the diminishment of the amount of music-related programming on MuchMusic, we are disconcerted that there is no assurance that the proposed increase in volume of animated and dramatic programming would be Canadian. As you know, increasing the amount of Canadian dramatic programming on our airwaves has been one of ACTRA's primary concerns. AFM Canada also supports increasing the amount of Canadian drama. These programs often feature underscored music recorded by Canadian musicians. We therefore oppose the request to increase the amount of dramatic programming on MuchMusic without any condition that it be Canadian.

Request to eliminate the requirement to broadcast French-language videos

20. We urge the Commission to deny the applicant's request to eliminate requirements 9(a) and 9(b) which require the exhibition of French-language music videos. MuchMusic has an important role to play in exposing Canadians to a broad range of different Canadian music. The current condition of licence which mandates that no less than 5% of the total music videos distributed by the licensee shall be French-language OR the licensee shall broadcast each weekday three to five French-language videos or performances is far from onerous.

CONCLUSION

21. Given the concerns cited above, ACTRA and AFM Canada urge the Commission to DENY the application.

22. We thank the Commission for the opportunity to provide comment on this matter.

Thank you.



Stephen A. Waddell,
National Executive Director, ACTRA
Canada



Bill Skolnik
AFM Vice President from

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