

# ANALYSIS: The radio industry seems invisible to government

*By Doug Bingley*

AS A RADIO BROADCASTER, I've seen governments and their policies to support Canadian culture come and go. The formation of the CRTC in 1968 ushered in an era where a key goal was to ensure Canadian artists and Canadian content creators receive the exposure they deserve.

Creating and supporting Canadian content remains an important part of the work I do today, through the three stations I own in Ontario. I am proud of the creative output of our talented staff; I see how important our stations have become to the communities we serve, and equally important, how we have provided airplay for Canadian musicians. Radio is still launching musical careers across the country. Each year, the industry invests almost half a billion dollars to create over 440,000 hours of original spoken word programming.

I've always believed that I and other owners of local radio stations share the expectation that we are participating in a project greater than ourselves. Now, as I talk to other broadcasters, I'm not so sure.

Today, amid a devastating pandemic that is accelerating the growing adoption of online platforms, we are left to question our beliefs amid two government actions: a new bill to amend the Broadcasting Act that doesn't seem to reflect the needs of radio broadcasters, and a policy directive that gives the same web giants government ministers are calling "immoral" the majority of government advertising dollars. From a public policy perspective it's as if the entire radio industry is invisible.

## Bill C-10

Radio broadcasters need the government to recognize the inherent value of private-sector radio in creating Canadian cultural content. There is a disconnect between politicians who eagerly pursue interviews on our morning talk shows (check your local MP's itinerary for many recent examples), while passing policies that threaten our sustainability. The simple fact is radio, if not given the correct attention by the federal government, will slowly but surely disappear from all but the most populous areas of the country.

The loss of local newspapers is the "canary in the coal mine" for broadcasting, and radio's decline has begun. Over the past five years, our ad dollars, adjusting for inflation, have dropped by 16%. A recent study commissioned by the Canadian Association of Broadcasters predicts the shuttering of almost one third of Canadian radio stations within two years and in April, a Kelowna FM station went off the air. In the fall, a Montreal AM station closed down for good and this month, Bell Media announced major staff reductions in newsrooms across the country. Unless something is done, layoffs and shutdowns will continue.

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The government's updates to the Broadcasting Act captured in Bill C-10 do little to address this problem. Radio broadcasters hoped to see some recognition that regulation dating back to the 1960s, combined with the competitive challenge of unregulated foreign digital platforms, was putting Canadian broadcasters at a disadvantage. Sadly, the government's new bill not only ignores this fact, it arguably entrenches the inequality between traditional broadcasters and online platforms.

That online broadcasters will have their own (very limited) set of rules does not create regulatory fairness for radio broadcasters, nor does it change or reduce the existing regulatory burden that applies almost exclusively to the domestic sector. Inflexible and outdated regulation will hamper the industry's ability to adapt and to compete with foreign online players. While the proposed legislation will raise money from streaming giants, it is evident that those funds will not be used to directly support the radio stations, which all content creators depend upon for distribution.

## **Federal advertising**

Governments must do more than "talk the talk"; they must "walk the walk." It's not quite working out that way. Amidst increased criticisms of online platforms and the way they operate from Heritage Minister Steven Guilbeault, the lion's share of government advertising has quietly moved away from Canadian media and toward the California web giants.

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Driven by a Treasury Board directive which tells departments to be digital-first, the government has reduced its ad buy for radio to approximately 5% annually, far below the private sector average of from 10-15%. (We expect local ad spending to be higher for the current year, but that is due to one-time support for Canadian media due to Covid).

As American president Joe Biden likes to say "don't tell me what you value. Show me your budget and I'll tell you what you value." That is advice the Treasury Board should adhere to by rewriting their policy – showing it values keeping tax dollars in Canada over sending them to California.

Throughout this pandemic, there have been positive steps taken by the government. Emergency funding to radio stations was small but appreciated. Cancelling license fees by the CRTC was welcome and we hope sets a precedent. The wage subsidy has quite simply been a lifesaver for stations which saw revenue fall off a cliff. But Bill C-10 and the continuing trend toward shrinking government ad buys are issues we expect will have effects that long outlive this pandemic. It's important for the government to consider their decisions and their effects before the slow erosion of local radio becomes a crisis.

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