



Broadcasting Regulatory Policy CRTC 2011-431

PDF version

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Community Radio Fund of Canada's Structural and Operational Plan

*The Commission **approves** the Structural and Operational Plan of the Community Radio Fund of Canada (CRFC) subject to certain amendments related to the participation of commercial radio broadcasters on the board of directors, participation on the selection committee and the measurement of the success of the fund's initiatives. The CRFC must file a revised plan and bylaws that reflect the Commission's determinations by no later than 22 August 2011.*

Background

1. In Broadcasting Regulatory Policy 2010-499 (the Policy), the Commission set out its revised policy for both campus and community radio. Among its determinations was that the Community Radio Fund of Canada (CRFC) would administer mandatory basic annual Canadian content development (CCD) contributions from commercial radio broadcasters with revenues in excess of \$1.25 million per broadcast year, as well as tangible benefits arising from transfers in the ownership of commercial radio undertakings. However, the Commission made access to the basic annual CCD contributions contingent on the CRFC's providing it with a Structural and Operational Plan (the Plan) that would address, among other things, accountability measures, an administrative funding structure and the governance of the fund.
2. As requested in the Policy, the CRFC submitted a first version of its Plan to the Commission on 29 October 2010. Following requests for certain revisions, the CRFC provided a revised version of the Plan on 15 March 2011. This document can be found on the Commission's website.
3. In the Plan, the CRFC provided an administrative funding structure with a staffing plan and a list of administrative expenses, as well as descriptions of its governance structure, its bylaws and its funding practices. The CRFC also set out the manner in which it will be accountable to the Commission, how stations receiving funding will demonstrate compliance with the intended purpose of the funds and how these stations will report to the CRFC. Finally, the CRFC identified the measures that will be taken to evaluate the success of the fund.

4. In Broadcasting Notice of Consultation 2011-216, the Commission called for comments on the Plan. After reviewing the comments received in response to Broadcasting Notice of Consultation 2011-216 and the Plan, the Commission finds that it is appropriate to address the following issues:
 - representation of private broadcasters on the CRFC board of directors;
 - participation on the selection committee;
 - sources of CRFC funding; and
 - measurement of the success of projects.

Representation of private broadcasters on the CRFC board of directors

5. Seven commercial radio broadcasting companies submitted a joint comment: Astral Media Radio Inc.; Bell Media Radio, a division of Bell Media Inc.; Golden West Broadcasting Limited; Newcap Inc.; The Jim Pattison Broadcast Group LP; Rogers Media Inc.; and RNC Media Inc. These commercial radio broadcasters submitted that they should have representation on the board of directors of the CRFC so that they can have some oversight over the use of the funding that they provide.
6. For its part, the CRFC was concerned that participation by commercial radio broadcasters on its board could have the effect of altering its mandate so that it conforms more closely with the interests of commercial radio.
7. The Commission notes that commercial radio broadcasters have seats on the boards of directors of other organizations to which they must provide funding, including MUSICACTION, FACTOR and the Radio Starmaker Fund/Fonds Radiostar. As such, it considers that it would be appropriate for commercial radio broadcasters to have some role in the governance of the CRFC. Nevertheless, the Commission also considers that the CRFC is different from other funds in that its core mandate is not to produce programming content for commercial radio broadcasters. Any future possible benefit to commercial broadcasters from the activities of the CRFC would be indirect, such as the development of future talent by the campus and community radio sector.
8. Accordingly, the Commission determines that commercial radio broadcasters should be permitted to nominate one representative to act as a member of the board of directors of the CRFC. This representative must:
 - be appointed at the sole discretion of the seven commercial radio broadcasters who submitted comments in this proceeding.
 - not be currently associated with any commercial radio broadcaster. This means that the representative must not be an employee, director or officer of any commercial broadcaster at any level of the organization. The

representative could, for example, be an outside legal counsel or representative of an accounting firm.

- have voting rights on the CRFC board of directors.
- be provided notice of meetings of the board of directors in accordance with articles 4.02 and 4.03 of the CRFC bylaws.
- be bound by the same confidentiality rules as all other board members. As such, the representative must maintain the confidentiality of board meetings.

Participation on the selection committee

9. CKUA-FM Radio Network expressed various concerns about the allocation of funding, including the need for committees to determine the projects that would receive support. In this regard, the Commission is satisfied that the selection of projects will be based on clear criteria that are as objective as possible. However, the Commission considers that the following provision should be added to the Plan to ensure that the selection committee operates in an unbiased manner:

Individuals participating on the selection committee must not be currently associated with either any licensed radio station or licensee in Canada or any representative association of any licensed radio station in Canada. “Associated with” in this regard includes both paid and unpaid (i.e. volunteer) employment. As well, an individual participating on the selection committee may not be a director or an officer of these entities.

Sources of CRFC funding

10. The above-noted commercial radio broadcasters argued that the CRFC should be responsible solely for administering funds received from private broadcasters and that it should not seek to expand the sources of its funding.
11. The Commission considers that the CRFC plays an important role in ensuring adequate funding for campus and community radio stations and that initiatives to reduce reliance on funding from commercial radio broadcasters would help to achieve that objective. To limit the CRFC to the administration of funds from commercial radio broadcasters would limit its further growth as well as its ability to meet the ongoing and changing needs of campus and community radio. Accordingly, the Commission does not consider it appropriate to limit the sources from which the CRFC can receive funding.

Measurement of the success of projects

12. In the Plan, the CRFC indicated that the results of the projects it funds will be measurable by indicators such as the number of volunteers logged or the number of interviews broadcast. The Commission considers that this notion of

measurable improvement should be reinforced. The Commission is therefore of the view that the Plan should be amended to specify the following:

Projects funded from revenues flowing to the CRFC from Canadian content development (CCD) initiatives must demonstrate a measurable improvement in the operations, programming or eligible funded activities of the stations receiving this funding.

Other matters

13. Parties raised other matters, including the manner in which CCD funding is to flow to the CRFC, the areas for which such funding is to be used and who is eligible for CRFC funding. The Commission has already addressed these matters in the Policy. Accordingly, it considers that comments on such matters are beyond the scope of the current proceeding.

Conclusion

14. The Commission **approves** the CRFC's Structural and Operational Plan subject to the amendments set out above concerning the participation of commercial radio broadcasters on the board of directors, participation on the selection committee and measurement of the success of initiatives. The Commission directs the CRFC to file a revised plan and bylaws reflecting those determinations by no later than 22 August 2011.
15. The Commission intends to review the structure and performance of the CRFC model within three years from the date of this policy.

Secretary General

Related documents

- *Call for comments on the Community Radio Fund of Canada's proposed Structural and Operational Plan*, Broadcasting Notice of Consultation CRTC 2011-216, 29 March 2011
- *Campus and community radio policy*, Broadcasting Regulatory Policy CRTC 2010-499, 22 July 2010