



January 31, 2011

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

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

Dear Mr. Brown:

As Chief Operating Officer of Newcap Radio ("Newcap"), I welcome this opportunity to formally state the perspective of Newcap on copyright reform and specifically Bill C-32. This submission is supportive of the comments of the Canadian Association of Broadcasters (CAB), of which my company is a member.

If Bill C-32 is not passed, a serious imbalance will occur that could endanger the Canadian radio industry. Radio broadcasters will be levied with an additional \$21 million fee that is unwarranted and makes no logical sense at a time when we are facing unprecedented technological shifts and worldwide competition.

More about Newcap

Newcap Radio has a front-seat view of the incredible advances in technology and the changes this has brought to the broadcasting industry. We serve 56 communities from large cities like Ottawa, Edmonton, and Calgary to tiny villages like Springvale, Newfoundland and Labrador and Blairmore, Alberta. Over 800 employees come to work at Newcap each day and make their communities better places to live through coverage of local news and events, fundraising for local charities, promotion of local events, and, of course, entertainment. It takes countless hours and energy to bring people together for a common cause, yet it is one of the most rewarding aspects of our job.

One of the great things we do in our communities is work with new and emerging Canadian musicians to help foster Canadian culture and content. Newcap has two fantastic programs in Ottawa and Calgary that are specifically designed to help local artists generate successful music careers. Through these

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programs – *Big Money Shot* in Ottawa and *Rock Star* in Calgary – Newcap provides \$1,000,000 annually in direct funding to local artists to help them tap into financial and management resources to bring their musical aspirations to the next level and beyond. The unique financial, coaching, mentoring, networking and on-air resources of these Newcap radio stations have enabled local musicians to realize their dreams of launching a successful career as a Canadian recording artist. On top of the financial support, Newcap is there to lend a hand every step of the way, from songwriting to recording, album production, performance coaching, touring, marketing, and ultimately with cross-Canada airplay, both in full rotation and feature spins, putting these unsigned Canadian artists next to the world's best recording artists. These two programs have resulted in several hit songs on Canadian radio, widely played by radio stations across all ownership groups. That is the difference programs like this make... they build real careers in an industry that is undergoing tremendous upheaval.

For more details on these exciting programs and the careers that they have launched, visit our websites: www.live885.com and www.amprockstar.com.

Investments in Artists

Private broadcasters make a huge financial investment in Canadian musicians and performers through 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. For Newcap's contribution to these funds, see Appendix A: *Newcap Radio Proudly Supports Local Canadian Talent*.

In addition to CCD contributions, broadcasters pay millions in copyright performance royalties every year. In 2009 the copyright payments 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.

Why Bill C-32 Matters to Radio

Radio stations pay various royalties and tariffs totaling \$64 million for the right to broadcast music on the radio. That makes radio broadcasters the largest single payer of copyright royalties in Canada. Without Bill C-32, we will be levied an additional fee for the right to store music digitally and play it back on the radio using today's technology. Instead of keeping records on a shelf and using a record player to play them on the air, we now use a computer to store music and play it back on the air. How that change in technology warrants an additional tariff is impossible to comprehend. Yet without Bill C-32, it will happen.

We very much support the concept of paying artists royalties for the right to play their music to the public. It makes sense. They have created a product (music) and we gain commercial benefit from playing it on the radio, so they deserve to be compensated. We support that. What we don't support is the unsustainable and excessive layering of copyright tariffs which have resulted in my stations having to make 5 payments so that they can broadcast music. Paying five times for the same thing defies common sense, and places an unfair burden on radio broadcasters to prop up a struggling music industry. An

exception for broadcasters on the reproduction right tariff is the solution and Bill C-32 provides it. The reproductions made by radio stations are done only to facilitate the broadcasting of songs that we've already paid for the right to air. Paying for the *right* to play the music and then paying again for the *ability* to play it is akin to a grocery store charging for purchasing milk, and charging again when you decide to pour it into a glass to serve it! Bill C-32 provides a solution to this unreasonable situation. Bill C-32 will give us a fair and reasonable framework in which we can continue to be innovative and adaptable, and continue to make investments in our local artists and our local communities.

It is vital to reiterate that act of digitally storing and playing music on the radio (for which we are paying a \$21 million levy) holds no secondary commercial value to the broadcasters or to the rights holders, nor does the act do any harm to the rights holders. In fact, quite the opposite is true. By continuing to play the music that we've already paid for the right to broadcast, we continue to provide valuable exposure to artists and play a direct role in the sale of Canadian and international music. This uniquely symbiotic relationship has defined the relationship between radio and the music industry for decades.

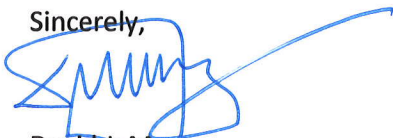
In 2011, despite so many emerging and competitive technologies, radio is still considered to be the single most important promoter of music. It has many online competitors, but as a medium, it is still on top and continues to reach in excess of 95% of the Canadian population every week. Record labels continue to provide our stations with free content, as they always have, because they recognize the value of that promotion. Record labels continue to invest in promoting their artists in order to get airplay, as they always have, because airplay is essential to the success of music.

We are truly perplexed as to why we are now paying a \$21 million tariff for a "right" which arises out of a mutually beneficial arrangement to which the free market assigns zero value. We are frustrated when we hear people speak of \$21 million going to artists, when in reality, the majority of the money collected from our businesses goes to large multinational companies, with barely any making it to the artists themselves. Programs like our *Big Money Shot* in Ottawa and *Rock Star* in Calgary actually contribute money directly to emerging artists, not multinational companies.

Finally, we wish to note that broadcasters are adapting to challenges and opportunities of the internet. We face strong international and unregulated competitors who do not have to pay as much money to as many rights holders. We support artists, songwriters, musicians, and a healthy and vibrant broadcasting system that facilitates the growth of the Canadian music industry. We support Bill C-32 and we support innovation.

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 from Calgary, Alberta to St. John's, Newfoundland and Labrador.

Sincerely,

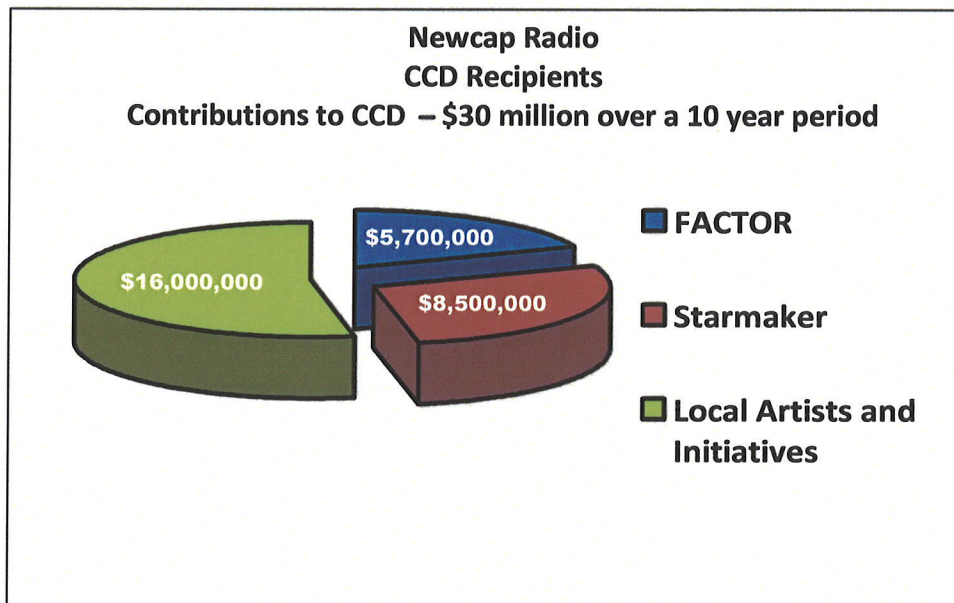


David J. Murray
Chief Financial Officer

Newcap Radio Proudly Supports Local Canadian Talent!

Financially...

Through our direct cash contributions to Canadian Content Development (CCD)



These direct financial contributions to the development of Canadian musical content are all in addition to our payments to the various Collectives mandated by the Copyright Act.

Professionally...

Through our local talent initiatives in Ottawa and Calgary.

Each year Newcap invests in the creation of Canadian music with its \$500,000 Big Money Shot program in Ottawa and its \$500,000 Rock Star program in Calgary. These programs are designed to support local artists and generate successful music careers by means of creating and performing original Canadian music. Through these programs artists tap into financial and management resources to bring their musical aspirations to the next level and beyond. Utilizing Newcap Radio's unique financial, coaching, mentoring, networking and on-air resources, bands and individual artists have been able to move on from their basement studios and realize their dreams of launching a successful career as a Canadian recording artist. Newcap is there to support the artist every step of the way, from songwriting to recording, CD production, performance coaching, touring and marketing. And finally, with its network of radio stations across Canada, Newcap provides airplay, both in full rotation and feature spins, putting these unsigned Canadian artists next to the world's best recording artists.

For more details on these exciting programs and the careers that they have launched, visit our websites:

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