

## **CREATING A LEVEL PLAYING FIELD FOR CANADIAN BROADCASTERS IN A DIGITAL AGE ISSUE**

In the age of digital entertainment providers such as Netflix, Hulu, Spotify and YouTube, Canadian broadcast organizations and institutions are being left behind. This is in part due to the unfair taxation system that Canadian content providers are subject to while foreign content and service providers are exempt or unaffected. Canadian businesses and providers – and Canadian culture as a whole – are unable to fairly compete with American conglomerates. With the introduction of Bill C-10, the Federal Government hopes to level this playing field, however, it must be done so with a light hand, and foster innovation and growth for new entrants. In its current form, there will be a large barrier to entering the streaming and creation market, and also deter foreign investment in Canada.

### **Background**

Canadian public broadcasters are the cultural institutions that bring the diverse society of Canada together by encompassing French, English, eight Indigenous languages, stories of new Canadians, stories of our amazing musicians. Subsidies, incentives, and regulations have provided Canada's cultural industries to thrive but Canadian news and information – and Canadian culture as a whole – are being drowned out by global entertainment giants such as Viacom Inc., News Corp, iHeartMedia, Apple, CBS, Disney, and 21st Century Fox.<sup>1</sup>

The media giants of the world are primarily United States based companies and are claiming Canadian viewers. Their marketing budgets are vast and have no obligation to re-invest in Canada. On the other hand, CBC/Radio-Canada contributes to the creative economy of Canada by generating two dollars of economic benefit for Canadians for every dollar invested.<sup>2</sup> Investment in Canadian content will bring about a national identity and build social cohesion.

Although 75% of Canadian households still subscribed to cable or satellite television services in 2016, it is down from 83% in 2012.<sup>3</sup> Alternatively, 87% of Canadian households subscribed to internet services.<sup>4</sup> Internet services such as Netflix are able to provide much better programming due to their larger budgets Canada does not invest nearly as much in public service broadcasting as other countries (table 1).

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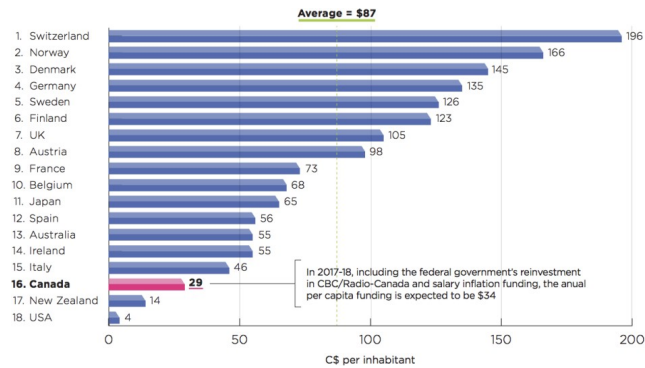
<sup>1</sup> <https://www.businessinsider.com/the-30-biggest-media-owners-in-the-world-2016-5>

<sup>2</sup> <https://site-cbc.radio-canada.ca/documents/vision/strategy/submission/january-2019.pdf>

<sup>3</sup> [https://www.cdhowe.org/sites/default/files/attachments/research\\_papers/mixed/Commentary%20558.pdf](https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Commentary%20558.pdf)

<sup>4</sup> [https://www.cdhowe.org/sites/default/files/attachments/research\\_papers/mixed/Commentary%20558.pdf](https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Commentary%20558.pdf)

Table 1 Per Capita Public Funding of Public Service Broadcasters, 2016



Greater investment in and a fair playing field for Canadian broadcasters is needed. Our country’s values and history are in jeopardy. There needs to be a concerted effort to ensure this level playing field is achieved by both Provincial and Federal Governments.

The Federal Government introduced the Privacy Bill C-10 in late 2020. This bill amends the Broadcasting Act by amending the current definitions of ‘broadcasting’ and ‘broadcasting undertakings’ to bring streamers within the scope of the Act. It gives the Canadian Radio-television and Telecommunications Commission (CRTC) new powers to require streamer registration and to impose conditions if they wish to operate in Canada. These powers are extraordinarily broad, and the Bill leaves it up to the commission to determine their necessity, their scope and associated compliance requirements. It also expands the scope to broadcasters that are not Canadian owned.

The CRTC is given broad powers through Bill C-10. If exercised harshly, there could be an exodus of streamers from the Canadian market. The CRTC should be limited to prescribing fees for administration, providing information and data, establishing audit requirements, stipulating the percentage of Canadian content that must be offered in online programming in Canada, prescribing the gross revenue that streamers have to spend on Canadian content production or contribute to Canadian content production, and prescribing discoverability methods for Canadian content.

**Barriers to small businesses and small streamers**

Additionally, barriers could be experienced by new market entrants resulting in a monopolized market. Registration should only be applied to large streamers. Smaller or new streamers would be pushed out of the market if there is no minimum gross revenue requirement. In order to continue competition and level the playing field, there needs to be a minimum set. Some have advocated for \$80 million per year in gross revenues as the minimum.

**THE CHAMBER RECOMMENDS**

That the Federal Government:

1. Ensure that Canadian content is promoted by digital providers such as Netflix, Spotify, Hulu and YouTube through the legislation of Bill-C10;
2. Incent streaming service providers to have a Canadian head office for all digital providers;
3. Limit the CRTC's powers to:
  - a. prescribe fees for administration;
  - b. providing information and data;
  - c. establishing audit requirements;
  - d. stipulating the percentage of Canadian content that must be offered in online programming in Canada;
  - e. prescribing the percentage of gross revenue that streamers have to spend on Canadian content production or contribute to Canadian content production;
  - f. Set a minimum gross revenue standard for streamers that are required to register and adhere to the Broadcast Act so that small businesses and streamers are protected from the impact of Bill C-10; and,
4. Require large digital service providers to collect GST if they meet the minimum gross revenue standard, which should be invested in Canadian content.

**Submitted by the Surrey Board of Trade**