



Submission to the House of Commons Standing
Committee on Canadian Heritage

Study of Bill C-10, *An Act to Amend the Broadcasting
Act*

Canadian Association of Broadcasters

April 7, 2021

Introduction

The Canadian Association of Broadcasters (CAB) is the national voice of Canada's private broadcasters, representing the vast majority of private radio and television operators in communities large and small, and in both official languages.

The CAB is pleased to participate in this process to help inform the discussion on Bill C-10, and we thank the members of the committee for their work and engagement on this vital piece of legislation in recent months. **The timely passage of this legislation is critical to helping to address the growing issues of inequity between Canada's regulated private broadcasters, and the massive, unregulated, global competitors who have entered the market unabated.**

For almost a century, private broadcasters have been an integral part of Canada's cultural landscape. They have been vital to the creation and promotion of Canadian culture, providing the essential platforms for Canadian stories to be told from sea to sea to sea. They have reflected Canadian culture because they are present in those same communities. They have helped to support and boost the careers of thousands of Canadians, from the most recognizable on-camera talent to the many other skilled workers who help to make the radio and television programs that inform and entertain Canadian audiences. And importantly for our democracy, they provided Canadian citizens with the news they need from their communities, across the nation and around the globe.

Moreover, Canada's private broadcasters are economic drivers, employing thousands of Canadians in every region, and paying taxes in this country.

Why Bill C-10, and Why Now?

It has been nearly three decades since the *Broadcasting Act* has been amended, and in the intervening time, this legislation has fallen far behind the technological, economic and cultural developments that have fundamentally changed broadcasting in Canada. The foundations of the legislation at the time of its introduction were the technological limitations of broadcasting, and the scarcity of access to the airwaves. The regulatory system that ensued was focused on establishing cultural policy obligations in exchange for the right to broadcast to Canadians.

Over the past decade, any limitations on reaching the eyes and ears of Canadians have effectively been eliminated. Audio and video streaming platforms have entered into the Canadian market without any regulatory oversight or obligations. These massive global competitors have profoundly changed the business of broadcasting by driving up programming cost and driving down revenues, all while changing the behaviour and expectations of Canadian viewers.

At the same time, global digital giants have also entered the advertising market, radically changing it and shifting money away from our conventional domestic media players, and out of the country.

These two interconnected trends have combined to create an existential crisis for Canada's private broadcasters. A report from Communications Management Inc. (CMI) last summer projected that Canadian private broadcasters would face a revenue shortfall of more than \$1 Billion between 2020 and 2022.¹

With more new entrants entering the market each year, Canada's private broadcasters are facing a growing challenge for audiences, subscribers, and programming. The change in the broadcasting sector is accelerating far beyond the pace of the current regulations. While our domestic broadcasters continue to grapple with regulations and reporting obligations that are rooted in an outdated concept of the market, foreign streaming platforms with access to massive amounts of capital are moving quickly to innovate and attract subscribers.

The CAB supports Bill C-10 because it is urgent that the new realities of broadcasting are acknowledged and addressed in the sector's foundational legislation. **Maintaining the status quo in the legislative and regulatory framework will only serve to strengthen the position of foreign unregulated players, and will do permanent harm to a domestic broadcasting sector that faces a perilous future.**

Our homegrown broadcasters are already some of the most deeply regulated businesses in Canada, attempting to compete in one of the most disrupted industries in the world.

Private broadcasters are not seeking special treatment, nor are they seeking onerous obligations to hamper our external competitors. What Bill C-10 currently proposes is a framework that acknowledges the presence of the unregulated players, and seeks to include them in a manner that is more equitable, and which allows more flexibility for traditional broadcasters.

Moreover, these programming obligations should be rebalanced so that each side is able to support the programming that is most pertinent to their services. Streaming services will have little interest or capacity to provide local news and information to Canadian viewers. They are best situated to support scripted programming that is not as time-sensitive, nor regionally focused.

News and Information Programs are Essential "Canadian Stories"

The current regulatory framework effectively favours narrative fiction programming over domestic news programming. Regulations require broadcasters to spend fixed amounts on "programs of national interest" every year, and to purchase them from independent producers.

¹ "The crisis in Canadian media and the future of local broadcasting", Communications Management Inc., pg. 31.

These rules have benefitted the Canadian production sector at the same time as it has benefitted from increased foreign production volume in Canada.

As those obligations remain, and revenues from advertising and subscribers are dramatically impacted by global competitors, broadcasters' financial capacity to produce their own programming is squeezed. This profoundly impacts their ability to provide local news and information.

Canada's private broadcasters remain the leading source of news and information in communities across the country. According to the Reuters Institute's 2018 Digital News Report, more than 75 per cent of Canadians get their news from television and radio. Further, of the top five most trusted news brands in Canada, three are private broadcasters.²

In an era of misinformation and global pandemics, it is critical that we identify ways to continue to support local news voices that reflect the reality of their communities, and reflect a fair and accurate vision of Canada back to Canadians.

Placing Broadcasters at the Centre of the *Broadcasting Act*

Through the discussions at the Standing Committee, many stakeholders offered their views on Bill C-10, and how it could be improved. Many groups who have traditionally benefitted from the broadcasting system have taken this opportunity to identify additional rules that could be imposed on broadcasting undertakings in the Bill. These new rules risks leaving us with a more rigid and prescriptive framework than we have today.

The CAB urges the Committee to strongly consider which players would be most impacted by any amendments proposed to the Broadcasting Act. The purpose of this legislation is to restore equity in the system, and provide a level playing field for our domestic broadcasters. Canada's private broadcasters can succeed if given a fair chance to compete. **Now is not the time to impose new restrictions, new reporting mechanisms, or new quotas. If any of those amendments are only applicable to Canadian broadcasting undertakings, they will only serve to further tip the scales against our domestic sector.**

Other groups appeared over recent weeks, and raised issues that go far beyond the scope of the current proposed legislation. Some of those issues will be addressed in forthcoming legislation on online platforms and remuneration for news publishers, and will thus be addressed soon. Attempting to address them in Bill C-10 would be the wrong approach. Doing so will only delay progress on the core issues of the legislation, and after several years of inaction, we have no more time to waste.

It is critical to remember that Bill C-10 will amend the ***Broadcasting Act***, and the decisions made on this legislation will define the financial and operating conditions of Canada's private

² Reuters Institute Digital News Report 2018, p. 118

broadcasters, more so than any other stakeholders in this process. Broadcasters can only support broader cultural policy goals – especially news and information content – within a more modern, flexible, equitable regulatory framework than they have now.

The CAB urges the committee to keep broadcasters at the centre of their considerations as they complete their work on this legislation.

In spite of the challenges, Canadian broadcasters believe that the future is bright, and are ready to compete on a more even playing field. We understand what matters to Canadian audiences, and we look forward to continuing to inform and entertain them in the years to come.

Proposed Amendments

Throughout this process, the Committee has heard from individual broadcaster members of the CAB, and most of them have proposed amendments that are specific to their own circumstances, mix of broadcasting assets, and their geographic footprints.

The CAB supports our members' submissions to the process, and urges you to strongly prioritize their viewpoints through the amendments they have put forward.