

Intelligence MEMOS



From: Benjamin Dachis and Daniel Schwanen

To: Mélanie Joly, Minister of Heritage

Date: August 22, 2017

Re: **SEIZE THE DAY AND FREE THE CRTC FROM CANCON REGULATION**

Last week the federal cabinet ordered the CRTC to revisit its decision to reduce the requirement for spending on Canadian content by the country's major private broadcasters.

This move further entrenches Ottawa's flawed vision of broadcast regulation and bodes ill for the long-awaited cultural policy review expected from the heritage department next month.

In a [research paper](#) last year we argued that the federal government should modernize Canadian communications regulation across the board.

In it we suggested that the Department of Canadian Heritage should assume the CRTC's responsibility for Canadian cultural promotion. Currently the CRTC requires Canadian broadcasters, as a condition of obtaining their licence, to support Canadian production (by either directly funding it or via contributions through vehicles like the Canadian Media Fund). This spending requirement was the subject of last week's order and has historically produced about \$450 million a year.

Support for Canadian content is rooted in the idea that it is a public good to connect Canadians to information, along with educational and cultural products, from their own country and communities, and to a diversity of voices. In theory, private companies would not produce as much of this social good as would be ideal. Public support of some kind, it is widely felt among Canadian content supporters, fills that gap. The question under consideration here is not that of public support for cultural, educational or news production.

The question is whether the policy tools we are using to meet cultural policy goals – in particular through communications and broadcasting policies – are effective, or even sustainable in light of technological change and changing Canadians' preferences. The current system penalizes Canadian broadcasters in relation to their offshore competitors – Netflix is the most cited example – who are not saddled with Canadian content requirements.

If policymakers believe that Canadian content is a general public good, contributions to Canadian programming should be most appropriately funded from general revenues, making the size of the subsidy transparent.

The funding should then be allocated under the auspices of the Department of Canadian Heritage.

Such financial support should not distinguish between the means by which content producers connect with Canadians. The core of Canada's cultural policy with respect to reproducible audio-visual content should reward broadcasters or distributors of Internet-based content for capturing a share of Canadians' time and interest with Canadian content that is otherwise not commercially provided.

The department, for example, could provide support for plans depending on their proposed mix of Canadian news and public affairs, regional diversity, drama, amateur sports, documentary, personal interest, minority language and cultural programming. It could form a working group of experts who are at arm's length from the department to evaluate the plans. The experts would not evaluate editorial content, but the type of programming and plans to promote the content to Canadian audiences.

This system would support Canadian content without unduly burdening Canadian based providers in an era of rapid technological change and have the further advantage of transparency and flexibility.

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