



**Broadcasting Notice of Consultation
CRTC 2023-138**

*The Path Forward – Working towards a modernized regulatory
framework regarding contributions to support Canadian and
Indigenous content*

Public record: 1011-NOC2023-0138

**Oral Remarks of the
Public Interest Advocacy Centre (PIAC)
National Pensioners Federation (NPF)
OpenMedia Engagement Network (OM)**

7 December 2023

Oral Remarks

Introduction – A Balanced Transition to Protect Consumers and Viewers

[John Lawford, PIAC]

1. Good morning Madam Chair, Madam and Mr. Vice-Chair and Commissioners.
2. My name is John Lawford and I am Executive Director and General Counsel at the Public Interest Advocacy Centre; with me from PIAC is Yuka Sai, PIAC counsel. Also presenting is Ms. Trish McAuliffe, President, National Pensioners Federation (“NPF”) and from OpenMedia Engagement Network (“OpenMedia”), Matt Hatfield, Executive Director and Ramneet Bhullar, Senior Campaigner.
3. PIAC represents the interests of Canadian consumers. We advocate for consumer access, affordability, choice, quality, variety, and privacy safeguards in broadcasting.
4. NPF is a national, not for profit, non-partisan, non-sectarian organization of 350 seniors chapters, clubs, groups, organizations and individual supporters across Canada with a collective membership of over 800,000 seniors and retirees devoted entirely to the welfare and social interests of Older Adults.
5. OpenMedia is a community-driven organization that works to keep the Internet open, affordable, and surveillance-free. OpenMedia operates as a civic engagement platform to educate, engage, and empower Internet users to advance digital rights around the world.
6. Canadians, who we represent in part, are, in the context of this hearing, citizens, consumers, viewers and increasingly, also creators in the broadcasting space.
7. We are here with nothing to gain, financially, from the matters we speak to; consumers are, however, very likely to have the most to lose financially, in quantity and quality of programming, and in choice of content.
8. We, as viewers, are willing to support the *Online Streaming Act* and make it work, but all parties must compromise. In addition, the Commission should minimize change and disruption during this transition.
9. Our approach seeks to avoid the dangers on both sides – foreign online broadcasters, if asked to pay too much, might exit the Canadian market, raise subscription prices considerably, trim service options and catalogues, increase surveillance and ad-tech and resist timely payment of assessed contributions. Giving them too much “flexibility” to

reduce base contributions would compromise the Commission's ability to meet the new mandate set out in the revised *Broadcasting Act*.

10. On the other hand, denying any relief for traditional broadcasters and BDUs might lead them to cut broadcasting services to Canadians who rely upon them, or to reduce their programming choice, quality or originality. But giving players too much "flexibility" means uncontrolled abandonment of the system, which also must continue to serve Canadians during this delicate period of transition.

Initial Base Contributions

[Yuka Sai, PIAC]

11. Our new proposed contributions mechanism aims to achieve three goals to make the transition to the new Act work:
 - Equalize the contributions requirements between traditional and foreign online undertakings;
 - Provide some, but not complete, financial relief for traditional broadcasting undertakings; and
 - Increase contributions to funds overall.
12. Without having the new definition of Canadian content, nor the CPE and discoverability framework, the initial base contributions should be treated as interim. However, the initial threshold should be \$50 million in Canadian revenues for audio-visual and \$25 million for audio-only services.

Proposed initial base contributions mechanism for audiovisual broadcasting distribution undertakings

13. Currently, licensed BDUs are required to contribute 4.7% of their previous broadcast year's gross revenues relating to broadcasting activities to Canadian programming. Zero point three goes to the Independent Local News Fund ("ILNF").
14. Our proposed change: a decreased base contribution requirement of 3.7% of revenues, plus the same 0.3% to the ILNF, for a total of 4% - from both traditional BDUs and online undertakings.

[Please see attached slide 1]

15. See our figures on screen. For example using 2022 figures: 3.7% of licensed BDUs' revenues would relieve them of about \$115 million in total contributions in 2023 compared

to 2022. If the same 3.7% is applied to online undertakings, using 2022 DMBUs' revenues as proxy, the funds would receive an additional \$155 million, for a total of \$429 million. As a result, the total funding envelope would increase by about \$39 million, that is, 10% more.

Proposed CCD requirement for audio-only undertakings

16. For audio undertakings, the current CCD requirement is \$1,000 plus 0.5% of revenues in excess of \$1,250,000.
17. Our proposed change is a new formula of \$1000 plus 0.4% in excess of \$2,500,000.

[Please see attached slide 2]

18. For example, as seen on the second slide, a radio station with \$10 million in revenues would pay 31% less under our CCD proposal, but with new CCD contributions from a foreign audio streamer with \$10 million in revenues, there would be about \$17,000 more overall between the two parties.

Seniors Rely Upon Traditional Broadcasting

[Trish McAuliffe, NPF]

19. Seniors make up 6.8 million people in Canada, or nearly 1 in 5 people. Everyone ages. As we get older, our world gets smaller.
20. One important way for seniors to avoid isolation, especially those approaching 80 and over, is traditional TV and radio. Access to local news, entertainment and regular, well-known programming helps them combat misinformation and encourages local and global engagement.
21. Many, especially newly minted seniors are tech-savvy and use the Internet on home computers, tablets, smart TVs and other devices to access online content. But our group is committed to a "just transition" of the Canadian broadcasting system so that none of our members are left behind, without familiar and accessible programming.
22. Cable and satellite TV, and radio must remain a high-quality, familiar and available way for seniors to access all of the content they need to remain connected to their communities and wider society.

The CRTC can support digital-first Canadian content

[Matt Hatfield, OM]

23. OpenMedia community members sent over 200,000 messages during the legislative process and they expect you to implement C-11 in a fair and rights-respecting manner.

OpenMedia appearing here today is extraordinarily important to the many people in Canada who rarely get the opportunity to appear at a CRTC hearing themselves.

24. We appreciate that our discussion today is centered on relatively narrow decision-making about who pays into the system and how much they should pay. But your later decisions about who can access the funds on what terms have clear consequences for how much should be asked, and of whom.
25. The funds drawn into the system today must be used to sponsor the growth of a flourishing, self-sustaining online ecosystem for our culture, not taken from digital platforms to use in offline cultural production.

[Ramneet Bhullar, OM]

26. Canada's future culture is being built right now on the Internet, for digital audiences. We need an approach to cultural production that meets young Canadians on our own terms, in the formats we use.
27. Ensuring thriving Canadian culture online will require you do no harm to our current digital creators, and help all our creators to succeed in digital spaces.
28. Again and again, our community told us how much they love small Canadian digital content creators, and many of them are themselves creators. These folk deserve your full support, and must not be losers from the final system.

[Matt Hatfield, OM]

29. OpenMedia has a suggestion based on our members' interests that will benefit digital producers and content consumers and signpost the way to the future.
30. We noted the CMF's new digital creators project and while we support it in principle, the Commission should instead direct the CMF to greatly expand focus and funding for digital creators – increasing funding each year as base contributions come in. We propose \$5 million be set aside for this purpose, and to increase funding by \$5 million per year to a total of \$25 million in year 5. This will incent present players to invest in and believe in digital media and encourage present and future Canadian online creators to stay and thrive in the business.

Conclusion

[John Lawford, PIAC]

31. In conclusion, we urge the Commission to be deliberate, equitable, considerate of changes and firm in charting a better path forward. Thank you and we welcome your questions.

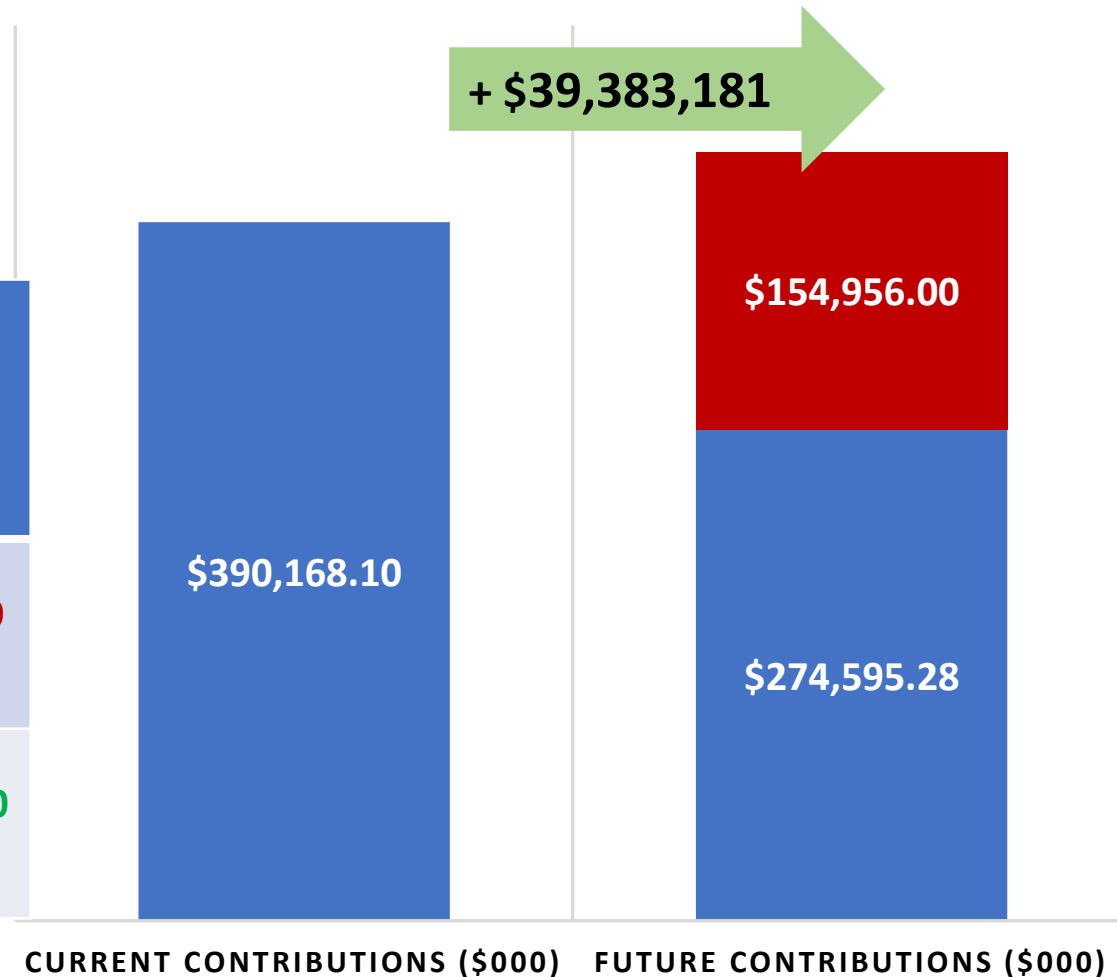
Proposed Base Contributions for Licensed BDUs and Foreign Audiovisual Undertakings

Current: **Licensed BDUs** contribute **4.7%** of their previous broadcast year's gross revenues relating to broadcasting activities in Canadian programming

Proposed: **Both licensed BDUs and foreign online undertakings** contribute **3.7%** of their previous year's revenues relating to broadcasting activities in Canadian programming

NET CHANGE IN TOTAL BASE CONTRIBUTIONS UNDER PROPOSAL (2022 REVENUES)

■ Traditional Licenced BDUs ■ DMBUs



(\$000)	Total Revenues (2022)	Current Contributions to Funds	New Contributions under Proposal (3.7% of 2022 revenues)	Net Change in Contributions Commitments
Traditional Licenced BDUs	\$7,421,494	\$390,168.097	\$274,595.278	- \$115,572.819
Foreign online undertakings (audiovisual)	\$4,188,000	\$0	\$154,956.000	+ \$154,956.000

Proposed CCD Contributions Mechanism

Current: **Commercial radio stations** contribute \$1,000 plus 0.5% of revenues in excess of \$1,250,000.

Proposed: **Both commercial radio stations and foreign audio undertakings** contribute \$1000 plus 0.4% in excess of \$2,500,000

Example: CCD for a commercial radio station with \$10 million in revenues:

	CCD Calculation	Total CCD Contributions	Net Change
Current formula:	$\$1000 + (0.005 \times \$8,750,000)$	\$44,750	-\$13,750 (-31%)
Proposed formula:	$\$1000 + (0.004 \times \$7,500,000)$	\$31,000	

NET CHANGE IN CCD CONTRIBUTIONS UNDER PIAC PROPOSAL

- Audio Streaming Service (\$10,000,000 in revenues)
- Commercial Radio Station (\$10,000,000 in revenues)

