Canadian Media in the 21st Century:
Adapting our Cultural Toolkit

There is a range of regulatory tools the federal government can use to strengthen and sustain Canadian media in the Digital Age. Some already exist and must be maintained. Others would be new initiatives. All are geared toward investing in Canadian content including film and television, local news and civic journalism.

Here's how we can adapt our cultural toolkit to support Canadian media in the 21st Century:

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1 Maintain existing federal supports for Canadian media

Maintain the current mix of tax, budgetary and regulatory tools designed to support news, sports and entertainment in Canadian video and text media, including:

- A revenue levy on cable, IPTV and satellite ("BDU") distributors to help sponsor Canadian production funds, such as the Canada Media Fund ("CMF"), as well as independently operated local TV news through the Independent Local News Fund ("ILNF");
- Requiring privately-owned TV broadcasters to spend a minimum share of their budgets (approximately 30 per cent) on Canadian content, including programs of national interest (dramas, documentaries) and local news;
- Ongoing and stable funding for the CBC;
- Ongoing federal film production tax credits;
- Minimum evening airtime of Canadian TV content;
- Financial assistance for magazines and small market newspapers through the Canadian Periodical Fund.

2 Stop the revenue drain from Canadian media to US-based tech firms

In order to adapt federal supports to meet the challenges of the Digital Age, the government must address the massive shift in advertising and subscription revenues from Canadian media to American media tech giants such as Facebook, Amazon, Netflix, Google and a growing number of new US entrants into our cultural market. This can be done by:

- Extending income tax rules to digital advertising. As recommended by the federal Heritage Committee, and highlighted by the Senate Transportation and Communications Committee, the government should ensure that Income Tax Act rules applicable to advertising purchased in foreign print and TV media apply equally to advertisers purchasing space in foreign digital media;
- Establishing Canadian content obligations for both foreign and domestic Over-the-Top (OTT) television service providers. As recommended by the CRTC, streaming video companies like Netflix and a proliferation of new American entrants are capturing a growing share of Canadian audiences and so must commit to Canadian content as our domestic broadcasters have;
- Issuing a revenue levy on domestic Internet Service Providers (ISPs). As more television streams online and the Internet becomes the primary source of news and information, our own Canadian ISPs will play an increasingly dominant and profitable role in the Canadian television and news media landscape. As recommended by the Heritage Committee and the CRTC, ISPs should contribute their fair share to the CMF and ILNF as the existing "BDU" levy diminishes.

THE REAL COST OF REAL NEWS

Daily News Story
BASIC FACTS

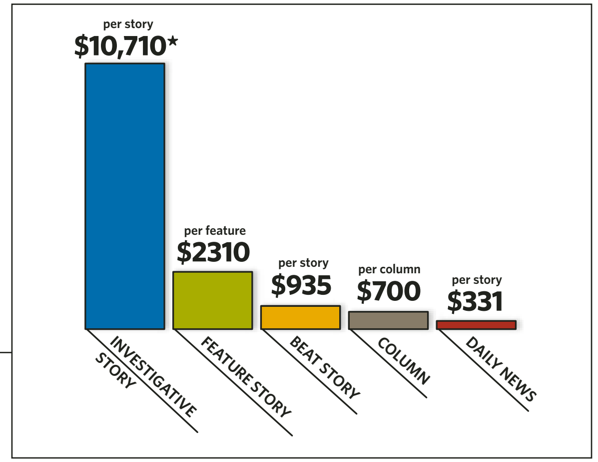
Column
OPINION

Beat Story
FACTS + ANALYSIS
(e.g. health, education, government)

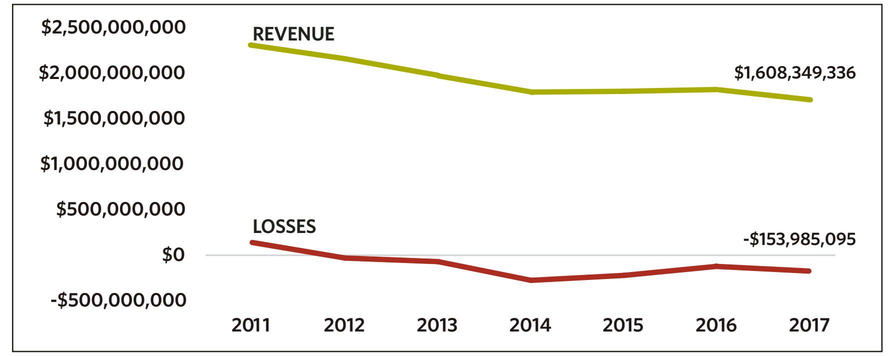
Investigative Story
ENTERPRISE JOURNALISM

Feature Story
IN-DEPTH REPORTING

* INVESTIGATIVE STORIES ARE 30 TIMES MORE COSTLY THAN DAILY NEWS REPORTING



REVENUE AND PRE-TAX PROFIT – PRIVATE CONVENTIONAL TELEVISION IN CANADA; 2011-2017



Since 2011, overall revenue has declined by 25 per cent.

In 2017, conventional television stations recorded a -9.6% loss margin.

Source: CRTC Financial Summaries: Private conventional television includes mostly local and some national stations that have traditionally broadcast signals using over-the-air transmitters. It excludes the CBC and other public broadcasters.

3 Fight Fake News with Real Journalism

Local news is essential to our democracy at every level of government, but local news is in financial crisis. News rooms are shrinking and news outlets are closing. Many local TV stations are on the brink. Advocates for Canadian journalism have documented the crisis at great length, including the 2017 Public Policy Forum of Canada report ("The Shattered Mirror") highlighting how newspaper industry revenues are in free-fall and the 2018 follow-up report ("Mind the Gaps") documenting how news coverage has plummeted.

On the TV side, the leading private Canadian networks have shown a profit margin of negative eight per cent since 2015. The independently owned stations in small and medium sized markets are in far worse shape, so much so that the CRTC recently threw them a lifeline with ILNF funding beginning in September 2017.

Decisive action is needed to save local news in Canada. In addition to counteracting the drain of advertising revenue to Silicon Valley, here is what the federal government can do:

- Greater funding toward a redesigned Canadian Periodical Fund, enabling it to direct resources toward journalism staffing in areas of reduced coverage and news deserts;
- Establish a government-led industry task force to assist community groups and investors in taking over financially failing local newsrooms;
- Review the Income Tax Act to allow philanthropic and community support of professional journalism;
- Establish a reader tax-credit to recoup losses in paid subscribers;
- Demand more from large, vertically integrated TV companies. In revising the Broadcasting Act, empower the CRTC to consider the financial status of the entire media company (including cable operations) in all future licensing of local TV stations;
- Mandate the CRTC to review the conditions of licence for TV stations if local news coverage is falling. The CRTC must pay close attention to staffing at local stations and repeated (re-run) news content;
- Ensure that financial support is provided to Canada's most vulnerable news stations. Require the CRTC to boost the ILNF to stabilize the finances of our small-market independent TV stations.

About Unifor

Unifor is Canada's largest union in the private sector, representing 315,000 workers. With 12,000 journalists and media workers in television, newspapers, magazines, news websites and film production, Unifor is also Canada's largest media union. Our focus is on news journalism and, more broadly, the state of Canadian content, including sports and entertainment programming.

Unifor is a staunch advocate for a diverse, independent and democratic Canadian media. Unifor continues to champion a vibrant and well-resourced local new industry in Canada – an important tool to facilitate engagement in community and democratic life.

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#savelocalnews

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