



Harnessing Change: The Future of Programming Distribution in Canada *Really?*

**Therrien
Couture**

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Preamble: Vocabulary and approach

Preamble



Part 1: Governor in Council (GIC) Request - Order in Council

Dissecting the triggering Order-in-Council

- Legality of the request
- Objectives aimed and solutions sought by the GIC with the future use of the report
- The means that the GIC wants the CRTC to consider in its analytical work to develop the requested report
- Deliverables
- Timeline

Governor in Council Order

Establishes the legality of the request made by the GIC to the CRTC

C.P. 2017-1195

September 22, 2017

“Whereas subsection 15(1) of the *Broadcasting Act* (the Act) provides that the Canadian Radio-television and Telecommunications Commission (the Commission) shall, on the request of the Governor in Council, hold hearings or make reports on any matter within the jurisdiction of the Commission under the Act;

Whereas in accordance with subsection 5(1) of the Act, the Commission shall regulate and supervise all aspects of the Canadian broadcasting system with a view to implementing the broadcasting policy for Canada set out in subsection 3(1), while having regard to the regulatory policy set out in subsection 5(2);”

Reaffirmes the Objectives of the Canadian Broadcasting Policy: The End to Reach

“Whereas subsection 3(1) of the Act declares as the broadcasting policy for Canada, among other things, that the Canadian broadcasting system should

- (a) serve to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada;
- (b) encourage the development of Canadian expression by providing a wide range of programming that reflects Canadian attitudes, opinions, ideas, values and artistic creativity, by displaying Canadian talent in entertainment programming and by offering information and analysis concerning Canada and other countries from a Canadian point of view; and
- (c) be readily adaptable to scientific and technological change;”

Restates the objectives that Canada has supported and ratified in the face of the world and that the CRTC must also aim to accomplish in its task

“Whereas Canada ratified, in November 2005, the United Nations Educational, Scientific and Cultural Organization Convention on the Protection and Promotion of the Diversity of Cultural Expressions;”

Reveals the means that Canada intends to use to continue to fulfill its commitments

The means listed are not necessarily exhaustive, but they are the ones that the GIC asks the CRTC to consider when developing its report.

“Whereas the Government of Canada has announced a **review** of the *Broadcasting Act* and of the *Telecommunications Act*;

Whereas an increasing amount of programming is made available **through online and mobile platforms** and Canadians are increasingly accessing that programming through these platforms;


Whereas **distribution undertakings** must **adapt** to a new competitive environment in innovative ways;

Whereas a **strong domestic market** is needed in a global environment; ”

(emphasis added)

Reiterates a well known fact

“Whereas there should be a strong distribution model for Canadian programming, as technology evolves;”



Recall the legitimacy of
the process initiated
here

“And whereas the Minister of Canadian Heritage has, in accordance with subsection 15(2) of the Act, consulted the Commission with regard to this request;

Therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Canadian Heritage, pursuant to section 15 of the *Broadcasting Act*, requests that the Canadian Radio-television and Telecommunications Commission make a report as soon as feasible, but no later than June 1, 2018, on the following matters:”

Deliverables

“(a) the distribution model or models of programming that are likely to exist in the future;” - **INVENTORY of the PRESENT so as to CONSIDER THE FUTURE**

“(b) how and through whom Canadians will access that programming;” – **TAKE NOTE of the CURRENT SITUATION and PREDICT the FUTURE**

“(c) the extent to which these models will ensure a vibrant domestic market that is capable of supporting the continued creation, production and distribution of Canadian programming, in both official languages, including original entertainment and information programming.” – **IN DEPTH ANALYSIS to DETERMINE by which MEANS the OBJECTIVES can be reached**

Summary of the Order in Council

- Legality of the request
 - Art. 15 of the Broadcasting Act
- Objectives and solutions sought by the GIC with the future use of the report
 - Canadian Broadcasting Policy
 - UNESCO Convention on Cultural Diversity
- The means that the GIC wants the CRTC to consider in its analytical work to develop the requested report
 - Amendments to the Broadcasting Act and the Telecommunications Act
 - Economic models
 - Adaptability of distribution undertakings
- Deliverables
 - Inventory of current distribution models
 - Inventory of current audience habits
 - Forecast of future models
 - Forecast of future habits
 - Analysis of cause and effect between the objectives and the means put in place
 - Recommendations?

Part 2:

Deliverables submitted by the CRTC

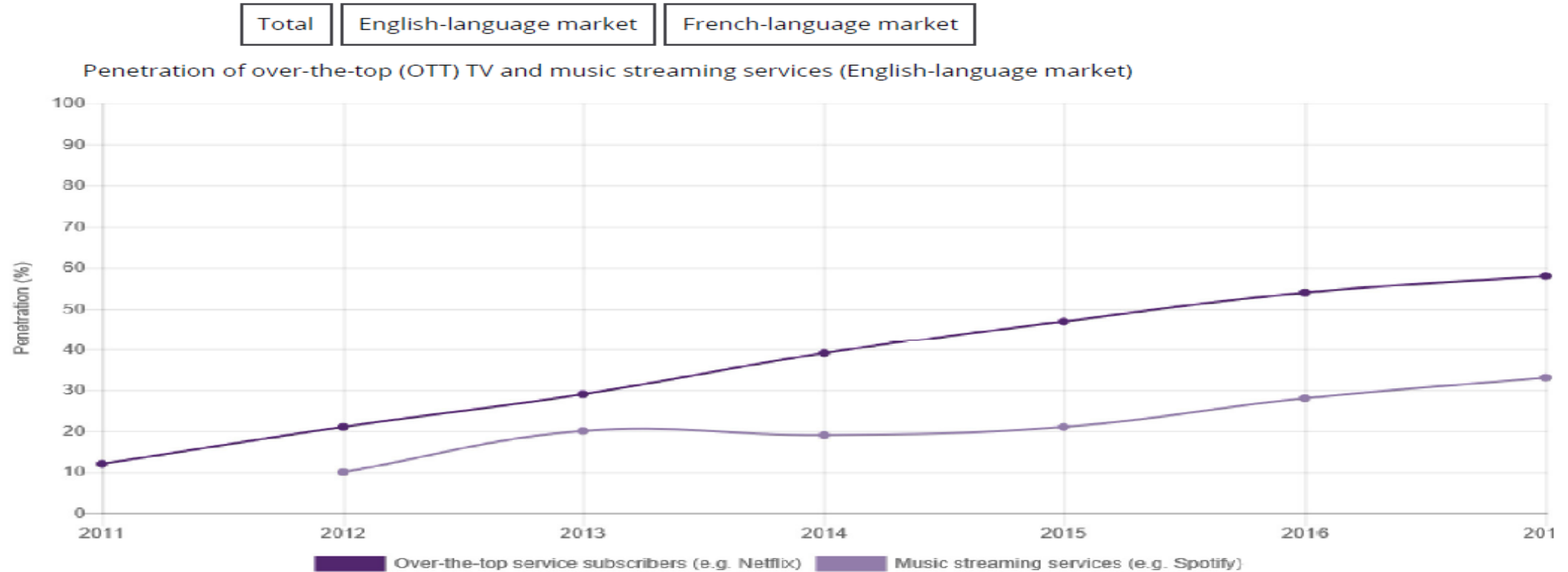
Deliverables submitted by the CRTC

Inventories and
findings of
existing models

- Internet
- Audience
- Finances
- Competition (at the distribution level)
- Content

Internet

Figure 1: Canadians are adopting online video and audio services



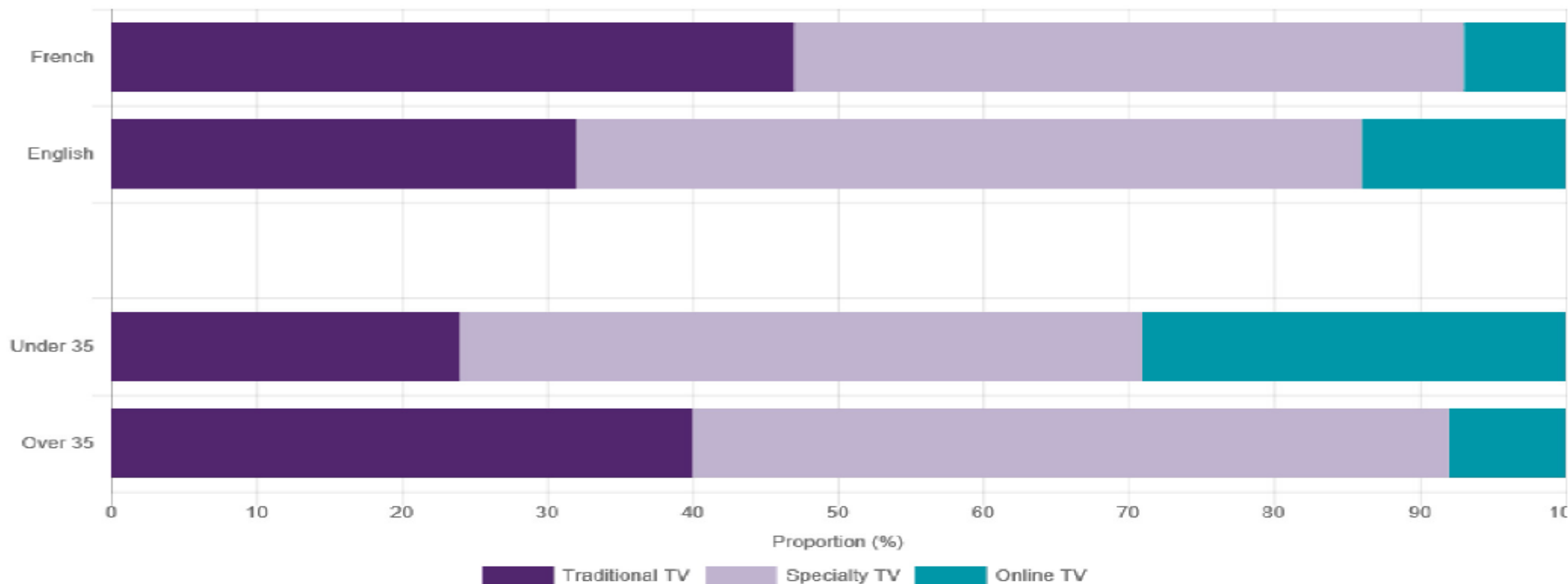
Source: [MTM](#)

Note: Examples of OTT include Netflix, Crave and Club Illico. Examples of music streaming services include Spotify and Apple Music.

Audience

Figure 14: Younger people and Anglophones watch more online TV

Share of TV viewing by platform in Canada, 2017 estimate



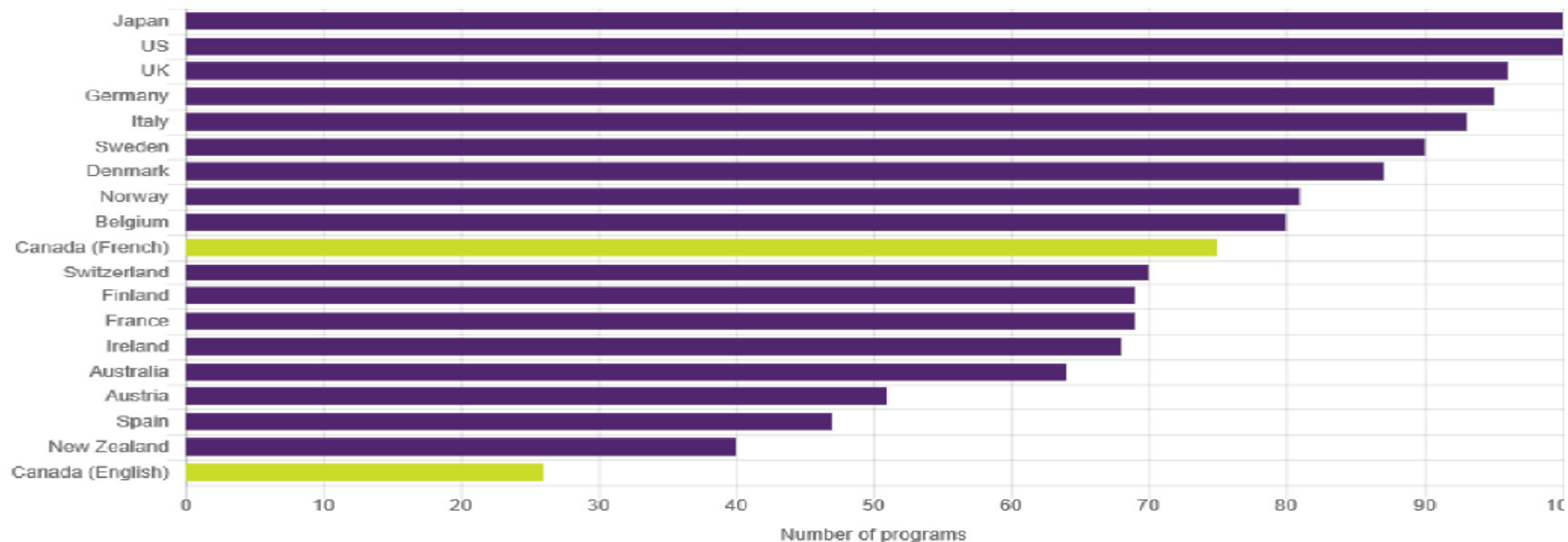
Source: CRTC estimate ([Numeris](#), [MTM](#))

Note: Estimate for 2017 is for adults aged 18+.

Audience

Figure 17: English Canadians' thirst for foreign entertainment is unique in the world

Number of domestic TV programs in the top 100, by country

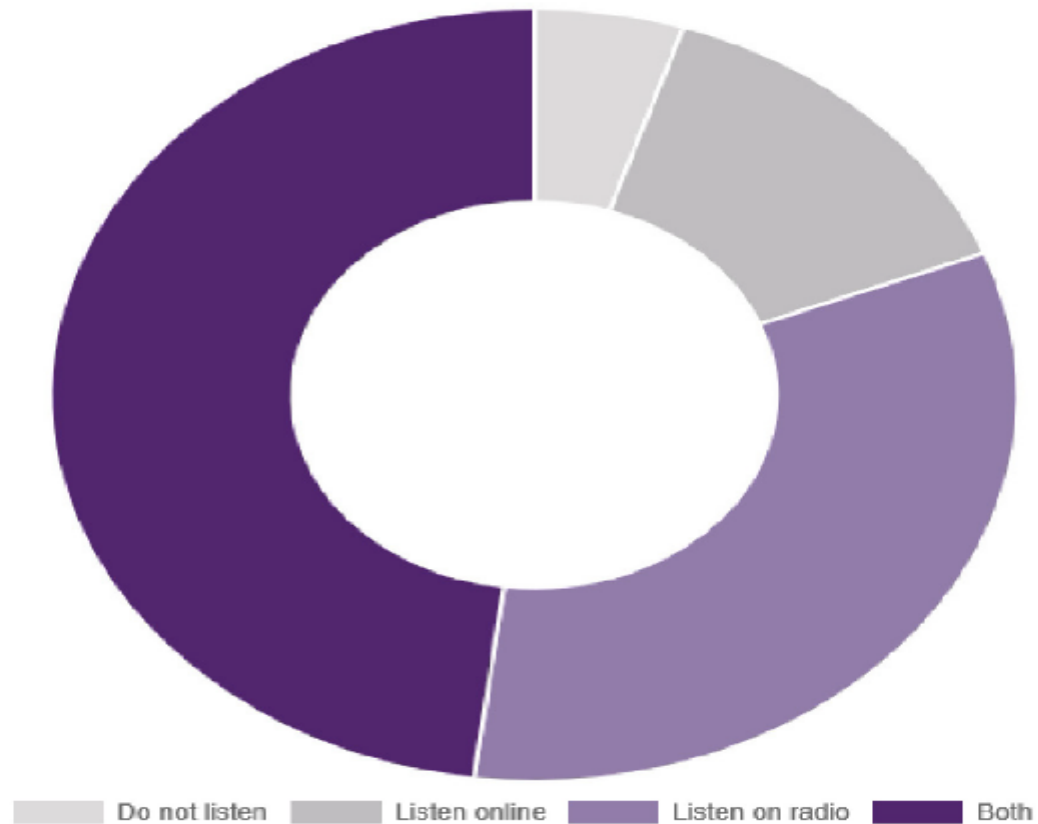


Source: [CBC/Radio-Canada \(Eurodata, 2015\)](#), page 19

Note: Top programs, excluding news and sports.

Audience

Figure 20: Most Canadians listen to music both on radio and online
Self-reported listening to music by platform, Canadians aged 18+



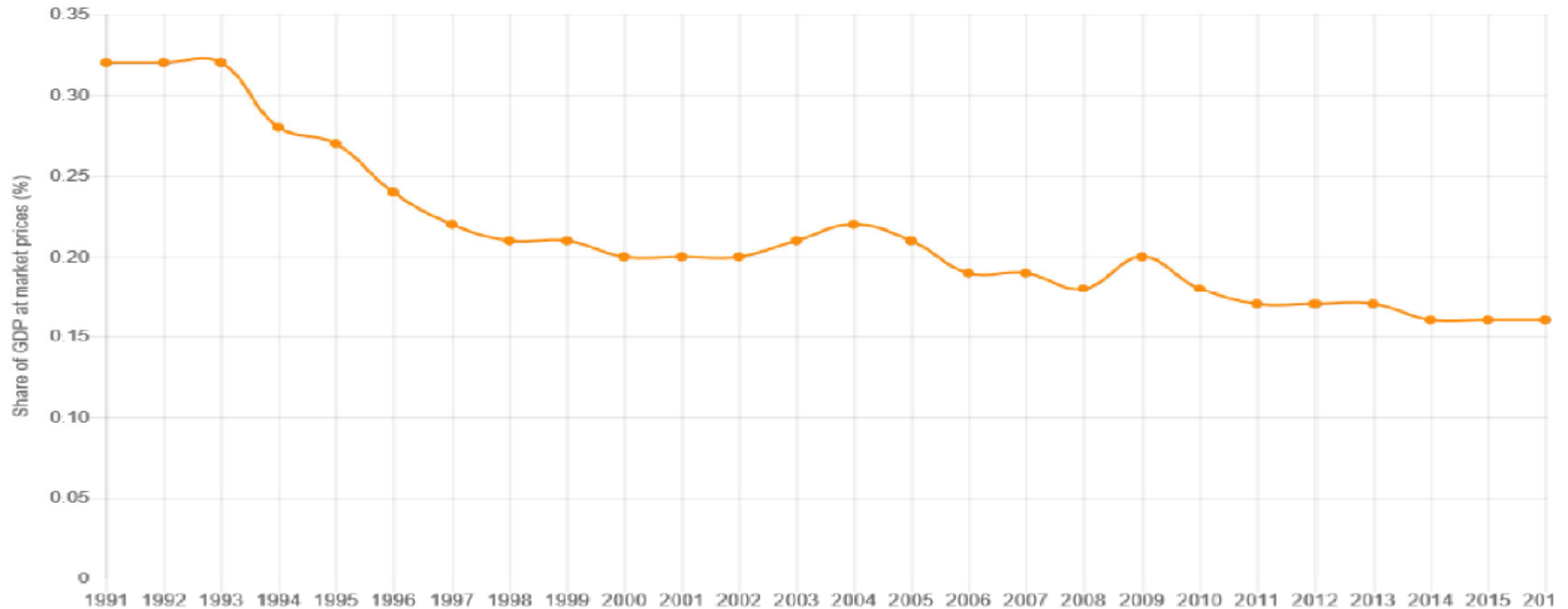
Source: [EKOS](#) (2018)

Note: Radio includes AM/FM and satellite.

Finances

Figure 31: Federal spending on culture and broadcasting as a share of the economy is half what it was a generation ago

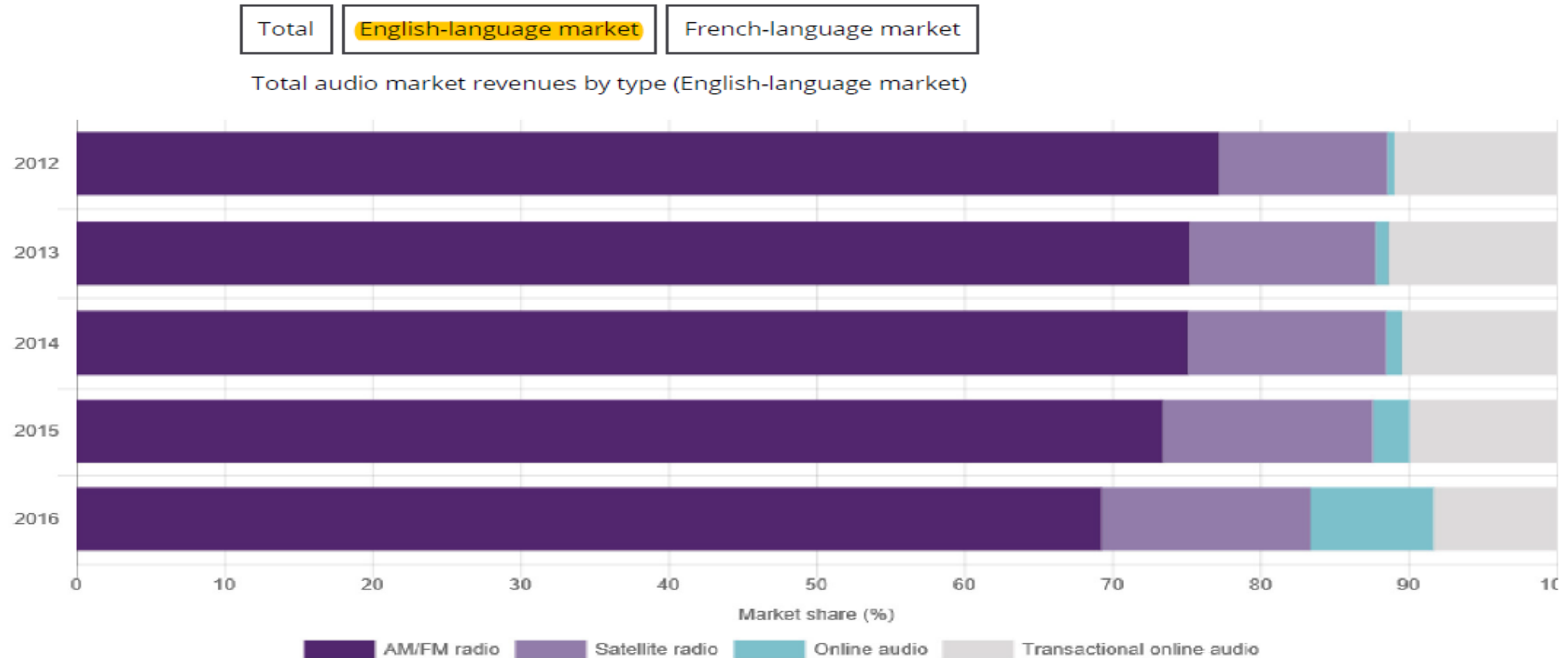
Federal spending on culture and broadcasting as a share of the economy



Source: Nordicity estimates (Public Accounts of Canada, Statistics Canada)

Competition - Audio

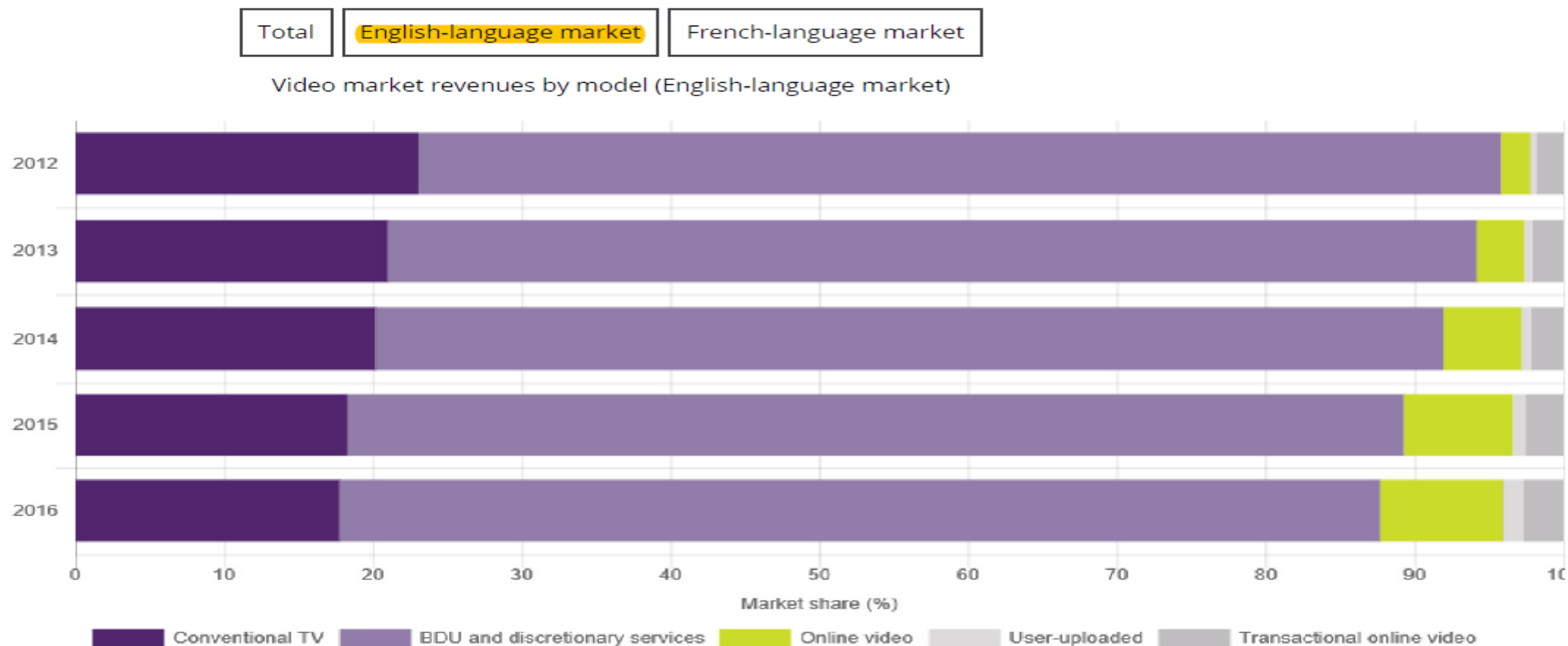
Figure 33: Online audio revenues are growing but remain a small share of the audio market



Source: CRTC estimates (CRTC data collection; [Sirius XM publicly available financial statements](#); [Ovum](#); [MTM consumer data](#))

Competition - Video

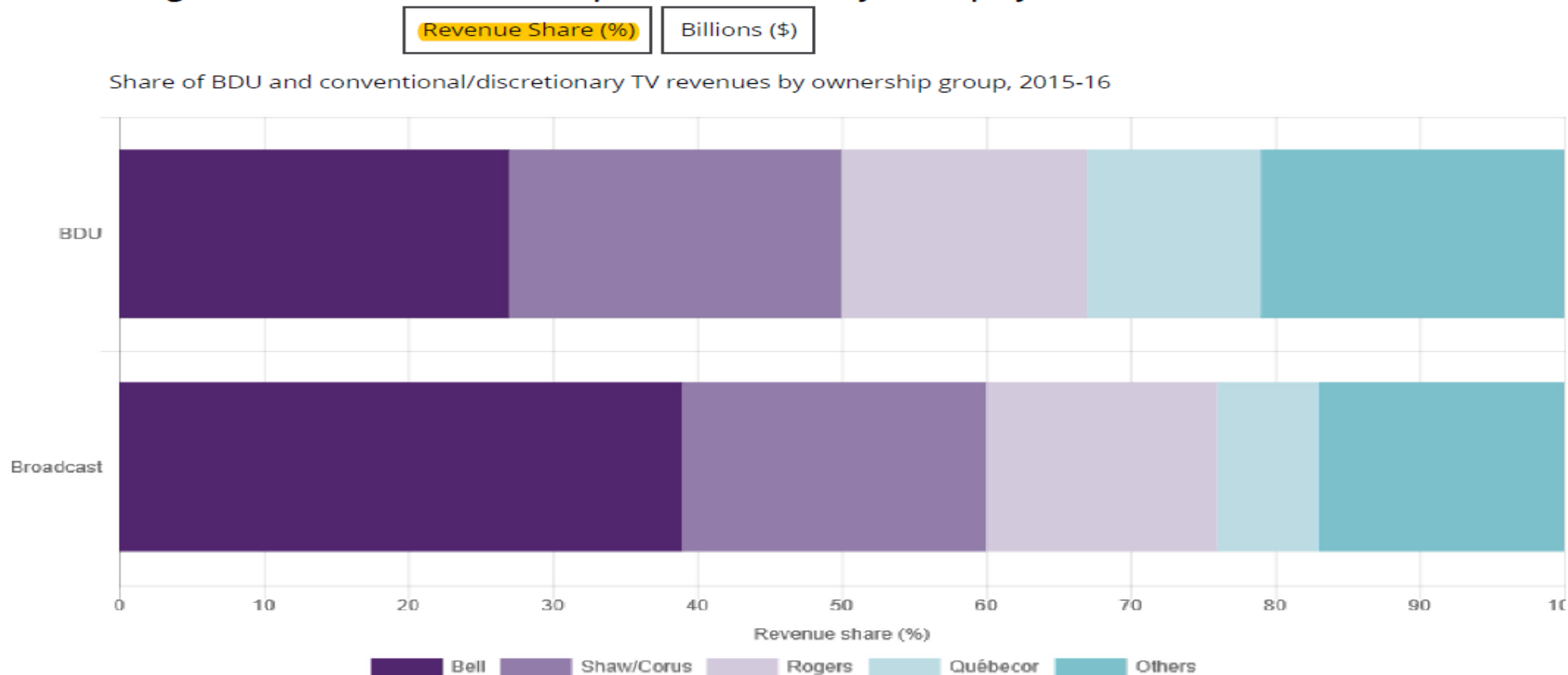
Figure 34: Online video revenues are growing but remain a small share of the video market



Source: CRTC estimates (CRTC data collection; [Ovum](#); [MTM](#) consumer data)

Competition - Distribution and Broadcast

Figure 39: Canada's TV landscape is dominated by a few players

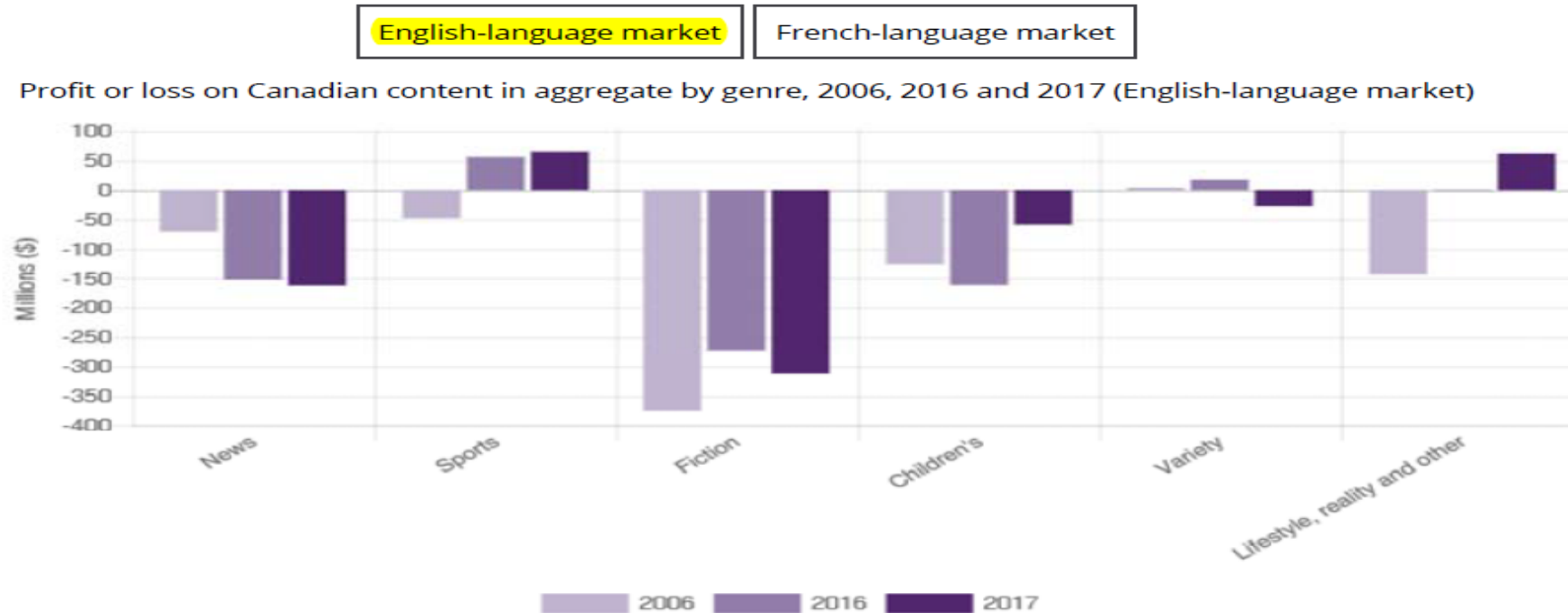


Source: CRTC data collection

Note: Discretionary includes on-demand revenues.

Content

Figure 44: Current levels of Canadian content would not be sustainable without public support

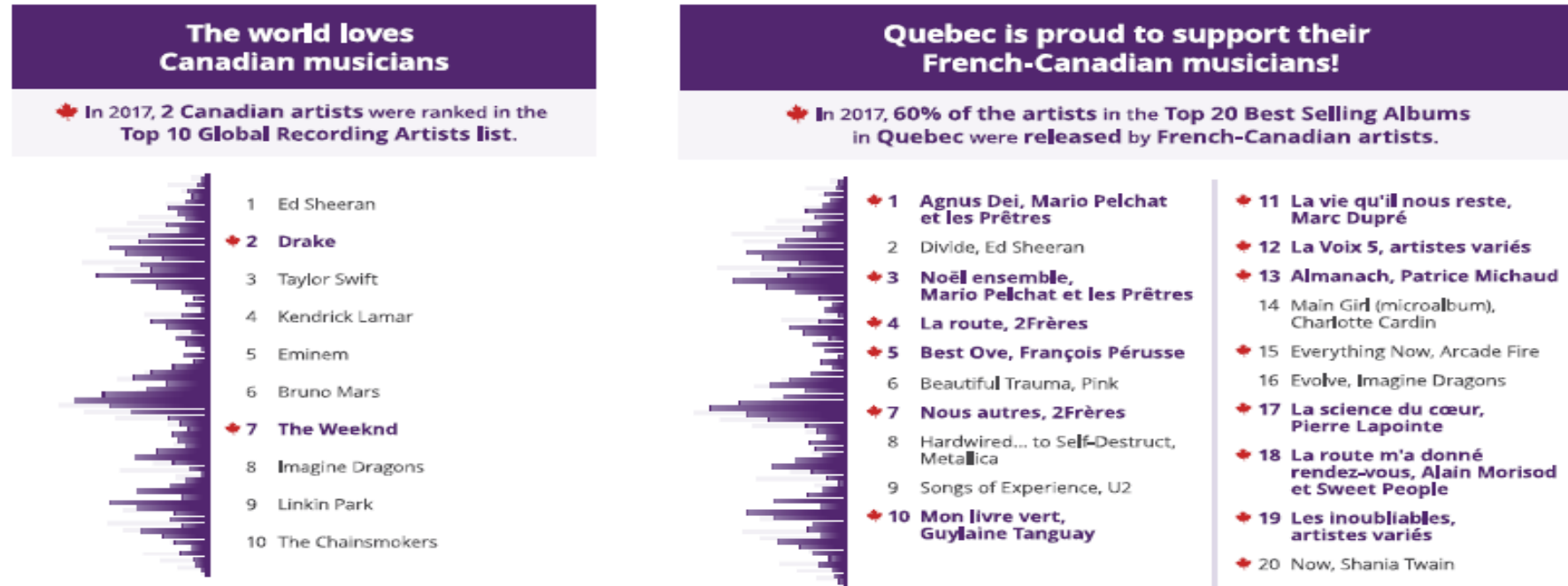


Source: [Nordicity](#) estimates (CRTC , CMF, [CAVCO](#), [Numeris](#))

Note: This analysis includes all Canadian broadcasters' revenues (e.g. advertising, subscription, parliamentary appropriations) and expenditures on content, and all sources of production revenues and public funding (e.g. CMF, production tax credits) for Canadian productions.

Content

Figure 45: Canadian musicians are renowned globally



Source: IFPI, Nielsen SoundScan

Status of deliverables submitted by the CRTC



Prediction for
future models

- *IF THE TREND CONTINUES...*

Audio Services



Online audio service
(listening)

Satellite radio

AM / FM radio



Transactional online
audio

Audio Services

- Online audio service (listening) ➡ GROWTH
- Satellite radio ➡ MATURE
- AM / FM radio ➡ MATURE
- Online audio shopping service ➡ DECLINE

Video Services

A teal-tinted image of a person's face, used as a background for the 'Online video' label.

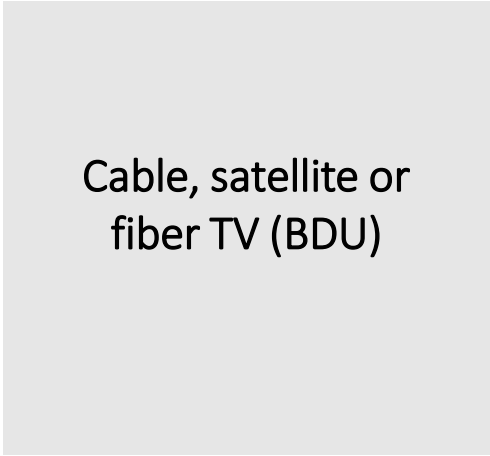
Online video

A plain light gray background used for the 'User uploaded video' label.

User uploaded video

A dark, grayscale image of a television screen, used as a background for the 'Conventional television' label.

Conventional
television

A plain light gray background used for the 'Cable, satellite or fiber TV (BDU)' label.

Cable, satellite or
fiber TV (BDU)

A red-tinted image of a crowd of people, used as a background for the 'Transactional online video' label.

Transactional online
video

Video Services

- Online video → GROWTH
- Video uploaded by the user → GROWTH
- Cable, satellite or optical fiber service → MATURE
- Transactional Video Online → MATURE
- Conventional Television → DECLINE

A VISION FOR NEW MODELS...?



In depth analysis

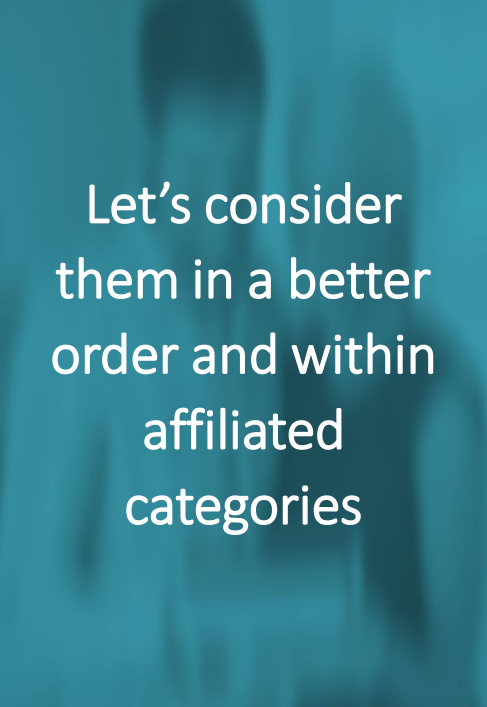
Opportunities and risks

Opportunities	Risks
Access to content that is globalizing: <i>opportunity for whom exactly?</i>	Loss of Canadian content: <i>the more it changes the more it's the same ...</i>
Democratize content production: <i>yes, but ...</i>	Decrease in advertising revenue: <i>or rather shift of these revenues?</i>
Presence of more buyers for content: <i>really? – what about Figure 39?</i>	Drop in support (<i>read - from public funding</i>) for the production of Canadian video content
	Loss of radio as a promotional tool: <i>we are waiting for a renewed radio policy</i>
	New expectations: <i>why not make an opportunity out of theses ?</i>
	Disappearance of the Canadian separate rights market: <i>likely risk or worst nightmare?</i>
Audience data: <i>for creators</i>	Audience data: <i>for the audience</i>

Conclusions and recommendations

- Innovate
- Mobilize all the “players”
- Adapt to change
- Replace licenses with binding agreements
- Restructure funding
- National Strategies

Conclusions and recommendations



Let's consider
them in a better
order and within
affiliated
categories

- National Strategies
- Mobilize all “players” and restructure financing
- Replace licenses with binding agreements
- Adapt to change and innovate

Part 3:

Reading between the lines

Reading between the lines: the influences at work within the CRTC analysis

High
concern for
the duty of
discretion

Its ex officio
knowledge of the
industry and its
monitoring reports

The Observer of
media technologies

The reference
document
commissioned by the
CRTC

Debates on fiscal
equity

Part 4:

Reading beyond the lines

Reading beyond the lines



The
forgotten



The
neglected



The
distractions



The
unspoken

Reading beyond the lines: the Forgotten

- The guiding objectives identified by the GIC for the analysis
- Bilingual markets
- Our minority reality... from coast to coast

Reading beyond the lines: the Neglected

- Current provisions of the *Broadcasting Act*
- Other relevant legal provisions
- Justifications for the conclusions and recommendations

Reading beyond the lines: the Distractions

- The extent of the export market for Canadian content
- The procedures for allocating funds / financing mechanisms

Reading beyond the lines: the Unspoken

- Waiting for the leadership from Parliament
- Current limits of regulatory resources

The final word: A paradox of the 21st century

A paradox of the 21st century: Sustainable Development facing Individual Viewing



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