



Coalition
for the Diversity of
Cultural Expressions

The Future of Media and Common Challenges with the Cultural Sector

The Commission's hearings on the Future of the News Media could not have come at a better time to analyze the media crisis. The imminent bankruptcy announcement of the Capitales Médias Group offers a very concrete example of what this crisis can generate in terms of loss of local information, loss of diversity of information, and finally, the breakdown of our democracy.

This is also a particularly good time to do so in the run-up to the federal election because while Quebec can take action, as it did, for example, by deciding to collect the QST from the Web giants, the federal government also has an essential role to play.

This crisis comes at a time when cultural sector organizations in Canada, working under the umbrella of the Coalition for the Diversity of Cultural Expressions (CDCE), are campaigning for our cultural policies to be applied online (#SaveOurCulture).

There are many similarities between the situation in the information and culture sectors, and three of them are particularly relevant to consider when time comes to determining the most structuring solutions.

1- Globalized platforms that do not take into account the public interest

People increasingly access cultural and information content through the Web. The Web is no longer a novelty, but the mediation of cultural and information content by platforms belonging to major global groups such as Apple or Google is more recent. This leads to a change of scale for our local content, which is in constant competition with a multitude of foreign content. Algorithms are developed to suggest specific content. The criteria that guide the work of these algorithms are determined by the interests of private companies, in most cases foreign companies.

The idea here is not to condemn private interests that guide the recommendation of content, but rather to note that the public interest in quality local information or diversified cultural content is rarely taken into account on these platforms, that have succeeded in establishing themselves between content producers and their audiences. If platforms are not set up to serve this public interest, we need tools to ensure this public interest is taken into account. As a minimum, more transparency is needed, especially to understand the criteria and results of the recommendations tools, and more weight must be given to diversity and proximity.

2- Vital Contributions to Democracy and Identity

The diversity of voices and the importance of local information are the main issues that emerge from the Commission's hearings, particularly when it comes to the contribution of information to

democracy. At the same time, the diversity of cultural expressions and access to local content actively contribute to the construction of our identity. This relationship between culture and identity is at the heart of cultural policies, far beyond the significant weight of the sector in the economy.

Because they nourish democracy and identity, information and culture stand out from other sectors of activity and their dynamism must be preserved.

3- A misappropriation of income

With the exception of the written press, the vast majority of information media also produce cultural content and all produce information on culture. The decline in advertising revenues has an impact on the media ability to produce information, but also cultural content, particularly in the television sector. Moreover in the case of culture, subscriptions to cable television services are also declining, to the benefit of subscriptions to online programming services such as Netflix. This results in a decrease in funding for content development, such as the Canada Media Fund (CMF). In the music sector, platforms have developed a music access offer that has cannibalized album sales revenues.

The production of cultural or information content has a cost that cannot be compressed indefinitely if we want quality content that stands out in increasingly global and voluminous collections. Nowadays, everyone knows that business models must be reviewed. But one thing is certain, it will require us to capture the resources where they are.

With platforms, of course, which escape tax rules, but also with Internet and mobile service providers, which benefit greatly from access to information and cultural content online. Video and audio account for most of the time Canadians spend online, for a combined total of 72%. The profit margins of these suppliers were 38.1% in 2017 and their revenues have been growing ever since, but they do not pay a penny to finance cultural or information content.

The Web has provided free access to a wide range of cultural and information content. Piracy has had and continues to have a significant impact on culture, particularly in the book sector, as platforms attract an increasing number of Internet users by providing them with free news produced by the news media.

Several federal laws therefore need to be revised. The Copyright Act must be updated to ensure that digital platforms provide intellectual property rights to those who own them in Canada and that the private copy regime includes technological devices that provide access to cultural and information content. The number of exceptions provided for in the Act must be reduced and compensations must be offered to creators for the remaining exceptions.

Changes are also needed as part of the review of *Broadcasting and Telecommunications Acts*. First, to ensure the financing and promotion of local cultural content by the platforms. Second, for Internet and mobile service providers to financially support the creation and production of content. As we have seen, profit margins in this sector are high enough that these new contributions do not lead to higher rates. The legislator can ensure this, for example by setting a maximum rate for a basic package.

Finally, it is clear that tax changes (income tax and sales tax collection) must be considered in order to establish a level playing field between companies that operate on the Web, particularly foreign

companies, and those that do so in a more traditional way. This goes far beyond the information and culture sectors.

Because they are a source of democracy and identity, information and culture cannot be considered as mere commodities. Solutions to the media crisis and cultural challenges must take this into account. They must also be structuring and guarantee sources of income that will make it possible to create and produce quality content.

The application of our policies online and the collection of certain revenues to foster the creation and production of local, high-quality and diversified cultural and information content are now emergencies. The election campaign is an excellent timing to discuss with the political class the best solutions to be put in place from 22 October.

The www.saveourculture.ca campaign provides a highly accessible [mechanism](#) for citizens to write to the candidates in their ridings and party leaders about cultural issues. The [Great Debate on Culture and the Media](#) scheduled for September 18 will be an opportunity for the federal parties to present their solutions to the crisis affecting both sectors.