

Comments from the Coalition for the Diversity of Cultural Expressions on the proposed policy directions for the *Online Streaming Act*

Submitted to the Government of Canada

1- CDCE overview

The <u>Coalition for the Diversity of Cultural Expressions</u> (CDCE) brings together Canada's leading cultural professional organizations in English and French. It is made up of some 50 organizations that collectively represent the interests of over 360,000 professionals and 2,900 companies in the book, film, television, new media, music, performing arts and visual arts sectors. The CDCE speaks as a Coalition, after consultation with its members.

Concerned as much by the economic health of the cultural sector as by the vitality of cultural creation, the CDCE intervenes mainly to ensure that cultural goods and services are excluded from trade negotiations, and that the diversity of cultural expressions is present and protected in the digital environment.

It promotes the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, and ensures that it is fully implemented at national level. It ensures that the government's capacity to implement policies in support of local cultural expressions is preserved and adequately deployed, and that trade liberalization and technological development do not systematically lead to standardization of content and disruption of local ecosystems in the face of foreign investment. The CDCE also acts as secretary to the International Federation of Coalitions for Cultural Diversity (IFCCD).

Our comments in this document are based on extensive consultation with CDCE members.

2- Introduction

On June 8, 2023, the Government of Canada published in the Gazette the proposed *Order for the implementation of the Online Streaming Act*¹, following the adoption of the *Online Streaming Act*² on April 27th of this year. Once adopted, this order will provide "binding and high-level instructions to the CRTC in the implementation of the *Online Streaming Act*³" (emphasis added). It is worth noting that its publication follows certain key consultations initiated by the CRTC to begin the development of a modernized regulatory framework that will now apply to both Canadian and non-Canadian online businesses. The swift launch of these consultations already allows us to acknowledge certain approaches of the CRTC and highlights the importance of the order of instructions.

The Broadcasting Act is a cultural-oriented law, whose main objective is to protect Canadian cultural sovereignty. The modernization of the Act was necessary to restore balance in an ecosystem that had become severely unequal over the past two decades. However, as the Coalition has repeatedly pointed out during the legislative process, a provision at the core of the Canadian Broadcasting Policy maintains a double standard between traditional Canadian companies and foreign online companies. For the CDCE, one of the key objectives of the order of instructions should be to ensure maximum support for high-quality Canadian programming, created and produced using a maximum of Canadian creative resources.

In its public communications, the government indicates the publication of an order "to set the stage for equitable, flexible and adaptable regulation⁴" The CDCE welcomes certain elements that

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¹ Canada Gazette, Part I, Volume 157, Number 23: Order Issuing Directions to the CRTC (Sustainable and Equitable Broadcasting Regulatory Framework) https://canadagazette.gc.ca/rp-pr/p1/2023/2023-06-10/html/reg1-eng.html
² Online Streaming Act: https://www.canada.ca/en/canadian-heritage/services/modernization-broadcasting-act.html

³ Government of Canada outlines proposed directions for the Online Streaming Act to set the stage for equitable, flexible and adaptable regulation: https://www.canada.ca/en/canadian-heritage/news/2023/06/government-of-canada-outlines-proposed-directions-for-the-online-streaming-act-to-set-the-stage-for-equitable-flexible-and-adaptable-regulation.html

⁴ Government of Canada outlines proposed directions for the Online Streaming Act to set the stage for equitable, flexible and adaptable regulation https://www.canada.ca/en/canadian-heritage/news/2023/06/government-of-canada-outlines-proposed-directions-for-the-online-streaming-act-to-set-the-stage-for-equitable-flexible-and-adaptable-regulation.html

effectively clarify the government's intentions regarding fairness, such as Articles 4 and 9 (which nevertheless require some clarifications). However, other sections, particularly those dealing with aspects related to the flexibility and adaptability of the framework, raise concerns. Consequently, we provide comments related to Articles 6, 8, 10, 11, 12, and 13.

In 2021, the Coalition submitted comments in response to an initial draft of the order. This draft was received by coalition members as a literal call to deregulate the Canadian broadcasting system. While several improvements have been made in this new version, it remains essential for us to reiterate that the order of instructions must not in any way weaken the objectives stated in the Canadian Broadcasting Policy. It should also avoid limiting the scope of action of the CRTC by overly prescribing its regulatory actions.

The CDCE has a mission to promote the 2005 Convention on Diversity of Cultural Expressions⁵. This intervention is fully in line with this mission. It is worth noting that Canada was the first country to ratify this Convention, and subsequently, the Operational Guidelines on the Implementation of the Convention in the Digital Environment⁶ were added, unequivocally affirming the need to protect cultural expressions online. These guidelines explicitly state that "the specific nature of cultural activities, goods, and services as carriers of identity, values, and meaning remains the same in the digital environment. Therefore, the recognition of the dual (cultural and economic) nature of cultural goods and services also applies to cultural expressions in the digital environment or those produced using digital tools."

The modernized *Broadcasting Act* falls within this framework of action, and the CDCE applauds this major legislative step. However, the comments we express here aim to enhance or correct certain elements stated in this proposed order to prevent any weakening of the scope of objectives outlined in the *Canadian Broadcasting Policy* or support a form of deregulation within the system.

⁵ 2005 Convention on Diversity of Cultural Expressions https://www.unesco.org/creativity/en/2005-convention

⁶ Operational Guidelines on the Implementation of the Convention in the Digital Environment https://en.unesco.org/creativity/sites/creativity/files/sessions/digital_operational_guidelines_en.pdf

- 3- Comments from the CDCE on the Proposed Policy Directions for the Implementation of the Online Streaming Act
- Article 4 Supporting Canadian programming

Text presented and proposed addition or removal

4 The Council is directed to impose requirements on broadcasting companies to ensure that the Canadian broadcasting system, which must effectively be owned and controlled by Canadians and includes foreign broadcasting companies that also provide programming to Canadians, strongly contributes to the support of a wide range of Canadian programming and Canadian creators. These requirements, both financial and otherwise, must be fair considering the size and nature of the broadcasting companies and must also be fair between foreign online companies and Canadian broadcasting companies. The requirements must aim to significantly increase the volume of high-quality original Canadian programs in the broadcasting system.

Request from the CDCE

- Addition of a clarification at the end of the paragraph to specify that restoring equity in the system by incorporating online companies aims to increase support for Canadian content.

Justification

The fact that the Canadian broadcasting system has been characterized by significant inequity between regulated traditional Canadian companies and mostly unregulated online foreign companies for two decades is undeniable. However, restoring equity in the ecosystem can be interpreted in various ways. Since the adoption of the Act, some long-standing regulated companies have already argued for a reduction in their obligations. It is thus legitimate to fear that restoring equity could result in a decrease in requirements imposed on all regulated companies.

However, the purpose of the Act is to address a deficiency: contributions to the development of Canadian content, investments in Canadian and national interest programming, and promotion

measures have been lacking for years. The regulation of new players should result in increased

overall funding injected into the Canadian regulatory system, and this should be clearly stated in

the order.

Furthermore, a key article of the Canadian Broadcasting Policy, which creates a double standard

between Canadian and foreign online companies (Article 3(1)(f) and Article 3(1)(f.1)), makes this

clarification even more important. Recognizing the specificities of each service it regulates has

always been part of the CRTC's mandate, but it has never resulted in lowering the overall level of

requirements. This should not change.

That is why we request adding this clarification at the end of Article 4.

Article 6: Discoverability and showcasing

Text presented and proposed addition or removal

Discovrability and Showcasing and recommendation

6 The Commission is directed to consider both established and emerging means of promotion and

recommendation to allow the discovery of discoverability and showcasing to promote a wide

range of Canadian programming. In making regulations or imposing conditions in respect of

discoverability and showcasing requirements, the Commission is directed to prioritize outcome-

based regulations. and conditions that minimize the need for broadcasting undertakings to make

changes to their computer algorithms that impact the presentation of programs.

Requests from the CDCE

Removal of the term "discoverability" in the title and text in favor of terms like

"recommendations" and "discovery."

Removal of the reference to algorithms in this paragraph.

6

Justification

The term "discoverability" is not defined in the Act and appears twice, in the Canadian Broadcasting Policy regarding online companies providing programming services from other companies, and in section 9.1(1) regarding the orders that the Council may issue. The objective of the Act regarding Canadian programming does not use the term "discoverability": "3(1)(r) online companies must clearly showcase and recommend Canadian programming, in both official languages and Indigenous languages, and ensure that any programming control features generate discoverability."

The objective of the Act is for Canadian programming to be showcased and recommended in a way that it can be discovered, which is clear and precise. It is important that the wording used in the order avoids any interpretation that may suggest that discoverability is the objective to be achieved. If the objective of the Act had been the discoverability of Canadian programming, 3(1)(r) would have been written differently, and some might have claimed that discoverability means the ability to find available content.

The text of 3(1)(r) calls for the achievement of results. It is worth noting that the concepts of discovering Canadian programming through its showcase and recommendation are easily measurable, particularly with data such as the market share of Canadian programming on an online company and its frequency of showcase and recommendation.

Furthermore, the use of the term "discoverability" in section 9.1(1) allows the CRTC the flexibility to impose showcase and recommendation obligations and measure the discovery of Canadian programming to ensure the objective of the Act is achieved.

Regarding the passage on algorithms, we believe that the addition of "which reduces the need for broadcasting companies to modify their computer algorithms that impact program presentation" is unnecessary and could be detrimental. Furthermore, it contradicts the results-based approach advocated in the same article, which already indicates how these results should or should not be

achieved. It also goes against the results-based approach advocated by the CRTC in Notice of Consultation CRTC 2023-138. Moreover, by targeting algorithms, the order abandons technological neutrality, which is essential for any sustainable policy.

It should be noted that the Act already specifies that the Council is not authorized "to issue an order requiring the use of a particular computer algorithm or source code." The government's order will be used as an argument by regulated companies to avoid using measures involving algorithms, undermining the achievement of the objective of the Act and negatively impacting the cultural sector. Although the CRTC does not have the authority to impose measures in this regard, we believe that possibilities should not be restricted for regulated companies to choose, when they deem it effective and appropriate, to use measures involving algorithms to achieve the results required by the CRTC.

The actions of showcasing that platforms can take are indeed diverse, but many involve, wholly or partly, the use of algorithms, even when human curation is involved. In fact, recommendation tools can be editorial, algorithmic, or algotorial. Companies already use such tools to personalize the content they offer to consumers, and we believe that such actions should not be limited by the government when it comes to promoting the diversity of local content.

By inviting the CRTC to reduce the need for broadcasting companies to modify their algorithms, even though the CRTC is already not allowed to impose requirements on them, we believe that the government unnecessarily restricts the scope of the Act, and we request the removal of this mention.

Article 8: Flexible and adaptable regulatory framework

Text presented and proposed addition or removal

8 To support flexibility and adaptability in its regulatory framework while ensuring that it does not

contravene the achievement of the objectives outlined in the Canadian broadcasting policy, the Commission is directed to:

a) minimize be mindful of the regulatory administrative burden that may be imposed on the Canadian broadcasting system;

[...]

c) respect audience choice and, where possible, increase the options available increase the diversity of content offered to the public;

[...]

d) where appropriate and opportune to achieve the objectives of the Canadian Broadcasting Policy, use tools that are based on incentives and measurable outcomes [...]

Requests from the CDCE

- Addition of a sentence at the beginning of the section stating that the measures presented are valid as long as they do not hinder the achievement of the objectives of the Canadian Broadcasting Policy.
- Modification to a): The CDCE believes that ideally this paragraph should be removed, but if the government retains it, it should request the Council to be mindful of administrative burden rather than regulatory burden.
- Modification to c): Modify the sentence to address the diversity of public choices.
- Modification to d): The CDCE believes that ideally this paragraph should be removed, but if the government retains it, clarify that incentive measures should be used to promote the achievement of the objectives of the Canadian Broadcasting Policy.

Justifications

First section of the article:

As a whole, Article 8 of the order raises concerns for the members of the Coalition. It is important to note that the Canadian Broadcasting Act has encompassed various different companies from

the beginning, including public broadcasters, private companies, community and student media, audio services, audiovisual services, satellite companies, and more. Consequently, the CRTC has always had to demonstrate flexibility and adaptability in establishing regulations specific to each service. In this regard, the inclusion of online companies among regulated companies is consistent with this continuity.

However, the calls from regulated companies for greater flexibility from the CRTC in the past have often gone beyond the framework we just described, seeking rules that are as minimally restrictive as possible. Companies have used these notions to request exemptions from certain obligations, and there have been instances where the CRTC has published decisions, under the pretext of flexibility and adaptability, that went against the objectives of the Canadian Broadcasting Policy (such as the recent decision regarding Radio-Canada, successfully contested with the Governor in Council). Thus, we request that a clear statement be included at the beginning of section 8, indicating that none of the provisions in this section should compromise the achievement of the objectives of the Canadian Broadcasting Policy.

Paragraph a)

Regarding paragraph a), the CDCE believes that this article should be deleted. However, if it were to be retained, we propose the modifications presented to ensure that it does not have a negative impact on the achievement of the objectives of the Canadian Broadcasting Policy.

Firstly, we consider that calling for a minimal regulatory burden on the Canadian broadcasting system is a formulation that would allow regulated companies to challenge many measures taken by the CRTC. Operating in a regulated market is not, in itself, a burden. We believe that asking the CRTC to be sensitive to the administrative burden that its regulations impose is more reasonable and will achieve a better balance.

Paragraph c)

The CRTC has never had control over public choices, for example, the choices of consumers when

they consumed on-demand content from stores or video clubs, and this will not change in the digital environment. The Act will not in any way interfere with public choices when selecting on-demand content on streaming platforms. It solely aims to intervene in terms of showcasing and recommendation, thus increasing the proposals made to users. Therefore, any mention of respecting public choices is unnecessary and could be risky. In this regard, the concepts of algorithmic bias, echo chamber, or consumer confinement within a limited spectrum of content are well-documented. The algorithmic proposals of platforms are not based on respect for users but rather on commercial and economic logic.

Thus, the CDCE believes that the focus should be on the latter part of this paragraph, which mentions the increase in choices offered. Indeed, platform regulation aims, as stated in the impact study, to "promote the diversity of Canadian expression and the cultural and economic benefits that derive from it." It would be counterproductive in the order to instruct the CRTC to do so only in certain circumstances or when possible. This would be an element that platforms could easily use to minimize their actions. It seems advisable to emphasize to the CRTC that the focus should be on the diversity of content offered.

Paragraph d)

In 2021, the proposed order contained several mentions of incentive measures, which were criticized by the CDCE as a call for deregulation of the system. At that time, we explained that incentive measures already exist, particularly to promote programming from official language minority communities (OLMCs), but they have never produced the expected effects. For example, the Alliance des producteurs francophones du Canada (APFC) recalls that in decision CRTC 2017-143, the Council itself recognizes that its expectation regarding the use of production from OLMCs has largely remained without effect. Despite this, the Council still chose to renew this expectation by granting designated groups expenditure credits of 50% for Indigenous productions and 25% for OLMC productions, up to a combined maximum amount of 10%. In 2018-2019, only two projects from producers of French-language minority communities were accepted by the four private French-language groups (Bell Média, Québecor Média, V Média, and Corus). The implementation

of incentive measures in the previous regulatory framework is an approach that has failed to ensure the rightful place of French-language minority communities within the Canadian broadcasting system, and data published by the CRTC confirms this[1]. The credit for OLMC production for the years 2018 to 2021 amounts to \$87.3 million. Of this amount, only \$1.2 million was reported by broadcasters in the French-language market, representing 1.4% of the total OLMC credits reported.

Moreover, this kind of incentive leads to a decrease in the funds invested in Canadian content since one real dollar counts as one and a half dollars. Therefore, creators, producers, and creators are the losers with this type of measure.

In 2021, we requested that the concept of incentives be removed from the entire order, and we still believe it is the best solution.

However, if paragraph d) were to be retained, we request that the modifications presented above be adopted to ensure that the use of such measures does not have a negative impact on the achievement of the objectives of the Canadian Broadcasting Policy.

Article 9 - Use of Canadian human resources

Text presented and proposed addition or removal

9 In its regulation of the broadcasting sector system, the Commission is directed to ensure that it maximizes the use of Canadian creative and other human resources in the creation, production and presentation of programming in the Canadian broadcasting system, taking into account the effects of broadcasting undertakings, including online undertakings, on economic opportunities and remuneration for creators.

Requests from the CDCE

To modify the term "broadcasting sector" to "broadcasting system"

- Remove the mention of economic opportunities and specify that the creators are Canadian.

Justification

A system is a set of elements interacting with each other according to certain principles or rules. In broadcasting, we generally refer to a system or ecosystem, with the notion of a sector referring more specifically, for example, to the music or audiovisual sector. The broadcasting system is broader than just a sector, and we believe it should be prioritized in this article.

Regarding the consideration of the impact of broadcasting companies, including online companies, on economic opportunities and creators' remuneration, the CDCE clarifies from the outset that it welcomes the government's intention to specify that the CRTC must consider the impact of regulations on the socio-economic living conditions of creators. To avoid any ambiguity about the objectives pursued, we request the removal of the mention of economic opportunities and the addition of a clarification to the term "creators" to make it clear that we are referring to Canadian creators.

Article 10: Social media creators and video games

Text presented and proposed addition or removal

- 10 The Commission is directed not to impose regulatory requirements that would impose obligations on
- (a) online undertakings in respect of the programs of social media creators or their programs, including podcasts; and
- (b) broadcasting undertakings in respect of the transmission of video games.

Requests from the CDCE:

- a) Remove the mention of online companies to target social media creators or their programs.
- b) Remove this paragraph to avoid excluding video games.

Justification

Paragraph a)

On the issue of social media, the government's intention has always been clear: platforms are regulated, not users. Thus, the wording of this article in the order, which targets companies, sends a contradictory message that could significantly hinder the inclusion of these players in the regulatory ecosystem. Social media platforms are broadcasting companies that have an impact on Canadian cultural sovereignty, and they should not escape the jurisdiction of the CRTC. We request that, in line with the government's public intent expressed multiple times and consistent with the text of the law, it be indicated that it is social media creators, not companies, who are not subject to the Act.

Paragraph b)

Considering the evolution of the gaming market towards augmented reality ("extended reality") and its overlap with broadcasting activities, we support the removal of paragraph b) regarding video games. This is particularly in line with a recent position taken by the Canada Media Fund, as indicated in its submission to the CRTC Notice of Consultation 2023-139. The Canada Media Fund presents the definition of video games and concludes that there is a significant ambiguity regarding the types of content that can be considered video games or not: "Given these ambiguities, the implications of including or excluding XR from the definition of 'video games' justify a reflection on the establishment of a regulation that can be adapted to technological changes."

In the interest of technological neutrality and to avoid excluding content that could benefit from regulation from the system in advance, we believe that the CRTC should retain the power to address these issues and engage in public consultations that allow relevant stakeholders to contribute.

Article 11: Regulations — section 4.2 of the Act

Text presented and proposed addition or removal

11 In exercising its powers under section 4.2 of the Act, the Commission is directed to set out clear, objective and readily ascertainable criteria, including criteria that ensure that the Act only applies in respect of programs that have been broadcast, in whole or in significant part, by a broadcasting undertaking that is required to be carried on under a licence or that is required to be registered with the Commission but does not provide a social media service.

Requests from the CDCE

- Remove the end of this sentence to avoid contradicting the Act.
- If this request is not accepted, remove the word "significant" to align with the language used in the Copyright Act.

Justification

To regulate content on social media platforms, the text of the law provides three criteria, none of which is prioritized or immutable, namely:

- a) the extent to which a program uploaded to an online company providing a social media service generates revenue directly or indirectly;
- b) whether the program has been broadcast, in whole or in part, by a broadcasting company that is required to operate under a license or that is required to be registered with the Council and does not provide a social media service;
- c) whether a unique identifier has been assigned to the program as part of an international standardization system.

Thus, Article 11 of the order appears to contradict the text of the law as it puts forward and prioritizes one of the three criteria. The CDCE is concerned that this may exclude original content that has not been broadcast by a registered or licensed company. For example, if the public

broadcaster commissioned a short series intended for a social media platform like TikTok, it could be regulated under the law but would be prevented from doing so by the order.

Furthermore, it is important to note that public debates surrounding the modernization of the Broadcasting Act have largely focused on social media. However, most of the arguments heard were not based on facts but rather on unfounded fears that do not withstand careful reading of the law as a whole. It should be remembered that any undue restriction on the scope of the CRTC reduces its ability to regulate in order to preserve Canadian cultural sovereignty. For the CDCE, there is no need to further regulate the issue of social media. Article 4.2 is already sufficiently precise and should be read in conjunction with the rest of the law. There are two articles (5(1)(2)a.1) and h)) that prevent any form of regulation for services that would not have a significant impact on Canadian broadcasting policy, as well as an article explicitly stating that users are not subject to the law (2.1).

Article 11 is concerning as it appears to significantly restrict the regulation of content on social media platforms, which is already clearly defined in the law. It also goes against the principle of technological neutrality. Moreover, the CDCE believes that this provision exceeds the jurisdiction of an order as it modifies the text of the law.

Note: If the government decides to maintain this article – which we would regret – we believe it is essential to remove the term "significant" to align with the wording used in the Copyright Act.

Article 12 Regulations and orders — section 11.1 of the Act Text presented and proposed addition or removal

12 In exercising its powers under section 11.1 of the Act, the Commission is directed to

[...]

(c) consider providing flexibility for all broadcasting undertakings in meeting expenditure requirements;

[...]

(e) where appropriate for a given business model and set of objectives, prioritize the imposition of requirements to make expenditures directly on the creation, production and presentation of Canadian programming; [...]

- (j) support activities and services including training and development activities, conferences, the activities of organizations that represent creators and the development of digital and open-source tools and solutions that support Canadian creators of audio or audio-visual programs for broadcasting by broadcasting undertakings. ; including social media creators.
- k) take into account the importance of sustainable support, provided by the Canadian broadcasting system as a whole, for programs of national interest.

Requests:

- c) Remove this paragraph as it is a repetition of the Act.
- e) Remove this paragraph as it conflicts with a regulatory process currently conducted by the CRTC.
- j) Remove the mention of creators for social media to be consistent with their exclusion from the scope of the Act.
- k) Add a mention about the importance of programs of national interest.

Justification

Paragraph c)

As explained in the section on Article 8, it is unnecessary and risky to order the CRTC to be flexible when imposing regulations. The law already provides sufficient flexibility, and any addition could undermine the achievement of the objectives stated in the Canadian Broadcasting Policy, which would be counterproductive. Therefore, we request the removal of this paragraph.

Paragraph e)

The CRTC is currently engaged in a public consultation on the development of a modernized regulatory framework concerning contributions to support Canadian content. Several options are being considered by the Council, and numerous submissions have been made. This paragraph of the directive order already seems to dictate the path the CRTC should take at the conclusion of this process. We believe that the order should not prevent the CRTC from determining, based on the extensive public record, what is the best way to frame the fundamental issue of contributions to Canadian content. Therefore, we request the removal of this paragraph.

Paragraph j)

Social media creators have requested to be excluded from the scope of the law. They have even requested complete exclusion of social media platforms from the law. The principle of the Broadcasting Act is simple: funding requirements and promotion requirements are complementary and reinforce each other. In all its decisions, the CRTC seeks a balance between these two pillars: it has never been acceptable for a company to contribute to the ecosystem only through funding without promoting the content. Opening the door to funding content that does not receive promotion goes against the historical practice of the CRTC and the spirit of the Canadian Broadcasting Policy, particularly Articles 3(1)f and 3(1)f.1, which state that broadcasting companies are required to engage Canadian human resources - creators and others - for the creation, production, and presentation of their programming.

Paragraph k)

National interest programs are considered important for Canadian cultural sovereignty but are often difficult to make profitable. They have historically benefited from specific regulatory support. We believe that the importance of these programs in the digital environment should be highlighted in the order to ensure that the CRTC establishes rules to protect them.

Article 13: Determination of Canadian programming

Text presented and proposed addition or removal

13 In its determination of what constitutes Canadian programming, the Commission is directed to [...]

(c) support Canadian ownership of intellectual property, including the ownership of rights or interests in programs that allows Canadians to control and profit from their exploitation.

Request from the CDCE

c) Replace it with language similar to that used in the bill.

Justification

The CDCE is pleased to see the mention of several essential criteria in determining what constitutes a Canadian program, particularly in paragraphs b), c), and f). However, we suggest providing further clarification in paragraph c) to ensure that the law not only encourages Canadian ownership but also the ability for rights holders to control the exploitation of their works. The suggested addition by the CDCE will also recognize the crucial role played by Canadian independent producers in the ecosystem.