

# Understanding Public Support for Private Broadcasters

Updated: March 2014

## Public Policy is Weaved Throughout the Canadian Broadcasting Industry

- A vital broadcasting system is deemed essential for the well being of our culture, society, economy and democracy
- Like other countries, the Government utilizes two key tools to fulfill its objectives: public broadcasting (CBC/Radio-Canada) and regulation of the private sector (CRTC)
- Both CBC/Radio-Canada and the private sector are expected to contribute

## Private Broadcasters Benefit from Three Forms of Public Support

Market Entry Restrictions

Revenue Protections

Expenditure Relief

### Market Entry Restrictions Benefit the Privates

Foreign broadcasters are prohibited from operating in Canada ...











... which permit Canadian broadcasters to buy up their hits.

















Une minute pour gagner

Le Mentalist

Estimated Value: Priceless

### The Value of US Hits on Canadian Broadcasters are Protected

- Hit U.S. shows are also available to Canadians from American border stations (via off-air, cable, satellite), but policies protect their value to Canadian broadcasters
  - Ad Revenue Protections: Section 19.1 of the *Income Tax Act* provides a disincentive to Canadian businesses to spend on U.S. border stations
  - Simultaneous substitution ensures that Canadian stations receive the credit for any viewing to a U.S. program aired simultaneously on a Canadian and U.S. station

Estimated Value: \$273 - \$334 million

## Many American Cable Networks Are Also Prohibited, Creating Opportunities for Canadian Channels

#### Canadian







#### American







#### Canadian







#### American





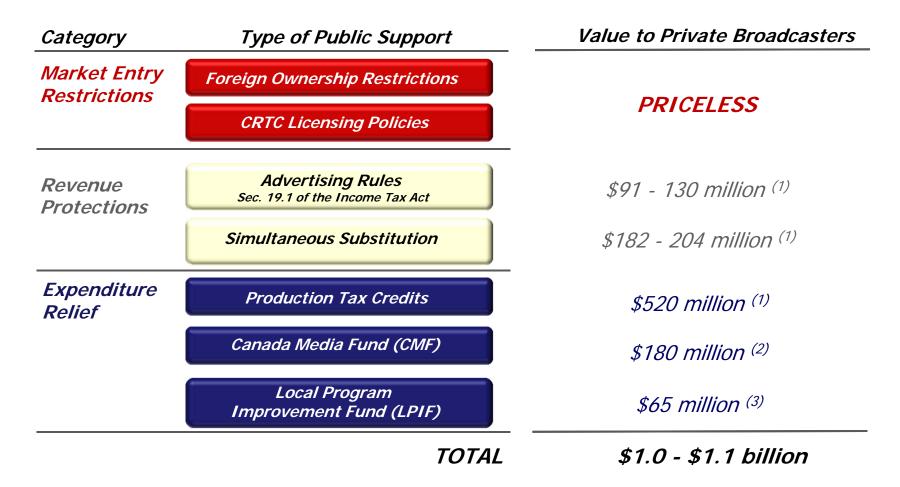


Estimated Value: Priceless

### Production subsidies support higher quality content than the private broadcasters could finance otherwise

- The Canada Media Fund (CMF) supports Drama, Docs, Kids and Variety and Performing Arts
- Federal and provincial production tax credits are available for nonnews and non-sports content.
- The Local Program Improvement Fund (LPIF) supports local programming in non-metro markets

### Private Broadcasters' Direct and Indirect Public Support is \$1 Billion



Source: (1) Nordicity 2011 estimates; (2) CMF Performance Envelopes 2011-12; and (3) CRTC 2011-12 (Note: LPIF is discontinued as of August 31, 2014)