



*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 non-news and non-sports content.
- The **Local Program Improvement Fund (LPIF)** supports local programming in non-metro markets

Estimated Value: \$ 765 million

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

<i>Category</i>	<i>Type of Public Support</i>	<i>Value to Private Broadcasters</i>
Market Entry Restrictions	Foreign Ownership Restrictions	PRICELESS
	CRTC Licensing Policies	
Revenue Protections	Advertising Rules <i>Sec. 19.1 of the Income Tax Act</i>	<i>\$91 - 130 million ⁽¹⁾</i>
	Simultaneous Substitution	<i>\$182 - 204 million ⁽¹⁾</i>
Expenditure Relief	Production Tax Credits	<i>\$520 million ⁽¹⁾</i>
	Canada Media Fund (CMF)	<i>\$180 million ⁽²⁾</i>
	Local Program Improvement Fund (LPIF)	<i>\$65 million ⁽³⁾</i>
TOTAL		\$1.0 - \$1.1 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)