Cultural Policy for the Digital Age

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Executive Summary

The Minister of Canadian Heritage has initiated a major review of cultural policy to see how best **"to strengthen the creation, discovery and export of Canadian content"** in the digital age.

Over the last ten years, digital media have opened new worlds of opportunity to creators and consumers of Canadian content.

New platforms have emerged (YouTube, Facebook, Twitter, Instagram), along with powerful search engines (Google), high speed video streaming (Netflix), on-line shopping (Amazon) and sophisticated internet content sites (Huffington Post, Tyee).

Novel forms of content have also emerged from blogs to tweets to multi-player video games and YouTube channels.

Traditional media are evolving in this environment. Many newspapers now reach larger audiences through their websites than they do in print. Canadians spend almost as much time with digital content as they do watching television. Younger Canadians, in fact, spend dramatically more time on-line than they do in front of the TV.

These sets of changes have created important new opportunities for the development of Canadian culture. At the same time, they have created significant challenges for traditional media.

The central policy question is how to adapt the existing support measures to ensure that Canadian digital content flourishes and that the more traditional media can make the transition into the new online world.

The paper, "Cultural Policy for the Digital Age", proposes a significant set of changes to the existing production and distribution support measures to make them future-facing. **In particular, it assumes that nobody can predict what future business models will succeed or how consumer demand will evolve.** The wisest course it argues is, therefore, to make all future support measures:

PLATFORM AGNOSTIC
to permit the financing of content for the new platforms;

PRODUCER AGNOSTIC,
to expand the potential pool of investors in Canadian content; and

CONTENT AGNOSTIC,
so that news, magazines and digital content can be supported.

To accomplish this requires the creation of a new "arms-length" agency - The Canadian Content Investment Agency (CCIA) - that would be responsible for all federal financial support to Canadian content.

The Agency would replace Telefilm Canada (TFC) and the Canada Media Fund (CMF). It would only offer tax credits to support the production, promotion and export of Canadian content. In effect, the Agency would amount to an extension of the Canadian Audio Visual certification Office (CAVCO).

To succeed in the digital age, it is, as the Minister of Canadian Heritage notes, essential that Canada have **"strong, adaptable and competitive businesses that are able to manage risk effectively, diversify revenue and attract investment from many sources"**.

To ensure that Canadian media companies can be strong requires that they operate in a market that functions fairly and efficiently. It is essential that all competitors play by the same set of rules. This requires that:

- Netflix and others like them pay HST and make a financial contribution to the production of Canadian content;
- Digital advertising pay HST; and
- Production subsidies to foreign competitors be abolished.

These changes would ensure that Canadian companies do not operate at a disadvantage in their home market. They would also yield significant new revenues to the federal government and the provinces.

The federal government would have gained somewhere between $288-354 million in 2014 had this proposed changes been in effect, rising to $350-464 million in 2020. For their part, the provinces would have gained between $188-294 million in 2014, rising to $296-478 million by 2020.

If the federal government were also to apply section 19.1 of the Income Tax Act to digital advertising as it has to traditional advertising, it would have increased the revenues of Canadian media companies by between $482-820 million in 2014, rising to $827-1.4 billion in 2020. Injections of amounts of money of this magnitude would also clearly strengthen Canadian media companies and increase their capacity to finance Canadian content.

Download the full paper here: http://roge.rs/2feQGo9

Richard Stursberg has spent his entire career working in broadcasting, film, television and program production. He was Assistant Deputy Minister, Culture and Broadcasting at the federal department of Communications, President of the Canadian Cable Television Association, CEO of Starchoice and Cancom (now Shaw Direct), Chairman of the Canadian Television Fund, Executive Director of Telefilm Canada and head of English services at the CBC.

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