



Submitted via CRTC Intervention Comment Form

19 August 2024

Marc Morin
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

Re: Comments of the Canadian Association of Broadcasters with respect to Application (2024-0385-6) by Blue Ant Group for an amendment to its expenditure obligations with respect to programs of national interest (PNI)

1. The Canadian Association of Broadcasters (CAB) is submitting these comments in support of Blue Ant Media Inc.'s (Blue Ant) application to amend its conditions with respect to expenditures on programs of national interest (PNI). Although Blue Ant is not a member of the CAB, we agree with the points they have raised in their application and wish to echo their concerns.
2. As noted by Blue Ant, PNI obligations force broadcasters to spend their production budgets on certain types of programming that may not align with their business strategy or the interests of their audiences. While some broadcasters may wish to focus on documentaries and dramas – indeed, foreign streamers currently devote a significant part of their services to such content – others may prefer to focus their resources on other types of content, including lifestyle programming, popular reality television shows, or vitally important news and information programming.
3. In this time of abundant on-demand media choices, the ability of Canadian broadcasters to serve their audiences should not be constrained by outdated and overly intrusive content regulations. In today's media environment, airing content that audiences are not interested in, or which does not fit within the general focus of a channel, will cause people to switch to streaming apps, with significant negative impacts on Canadian broadcasters and their ability to continue supporting cultural objectives.

4. The old regulatory bargain of cultural benefits in return for a licence no longer works. Broadcasters can only make meaningful and sustainable contributions to cultural policy goals if they have the flexibility to adapt and remain viable given profound structural challenges to their businesses.
5. Although Blue Ant has argued that changes must be made before Canadian broadcasters suffer material financial hardship and their viability is at real risk – the reality is that we are already past that point:
 - From 2014 to 2023, the private conventional television sector had a 10-year cumulative loss of \$2.1 billion, with revenue decreasing from \$1.82 billion in 2014 to \$1.50 billion in 2023 and PBIT margin dropping from negative 8.2% to negative 31.3%. Over 80 per cent of private conventional television stations had negative PBIT in 2023.
 - Whereas discretionary revenue used to largely offset the losses of conventional television, this is no longer the case. Privately-owned discretionary services revenue decreased from \$4.08 billion in 2014 to \$3.73 billion in 2023; their PBIT percentage dropped from 24.4% in 2014 to 16.2% in 2023.
 - In 2014, the positive PBIT in discretionary television was enough to cover the losses in private conventional television and still produce a combined PBIT of 14.3 per cent. In 2023, private conventional television losses were larger, and the positive PBIT in discretionary television was smaller, resulting in a combined PBIT of only 2.6 per cent.
6. In the face of such significant financial pressure, Canadian broadcasters need operational and regulatory flexibility **now**.
7. Therefore, the CAB urges the CRTC to recognize and act in recognition of the very real challenges Canadian radio and television broadcasters are experiencing in the face of unprecedented, even existential, competition for content, audiences, subscribers and advertising dollars from online providers, who are subject to a much lighter regulatory regime. It is time for the Commission to reassess the obligations it imposed under vastly different market conditions.
8. We remain concerned that nowhere in the *Regulatory plan to modernize Canada's broadcasting framework* do we see a proceeding during which the Commission will consider applications to amend the conditions that currently apply to Canadian broadcasters. In fact, what we see in the plan is several proceedings that are likely to increase regulatory burden, rather than decrease it. We are concerned that the Commission will only consider changes to the existing contributions of traditional broadcasters during the "implementation phase" of its modernization of the broadcasting framework – and likely not before 2026. This will be a case of too little, too late.

9. Broadcasters can no longer be the sole supporters of cultural policy goals - we need to retune the regulatory bargain and reprioritize the success of Canadian owned and controlled broadcasters as the foundation of our domestic media marketplace.
10. We therefore urge the Commission to approve Blue Ant's application and to launch a proceeding at its earliest convenience to reset the system and to help to ensure the sustainability and continuity of healthy Canadian broadcasting businesses to the ultimate benefit of the Commission's cultural objectives.
11. All of which is respectfully submitted.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Desjardins', with a stylized flourish at the end.

Kevin Desjardins
President

*** End of document ***