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Pre-Budget Submission

in Advance of the Fall 2025 Federal Budget

Submission by the Canadian Association of Broadcasters

Recommendation 1: Extend the Canadian journalism labour tax credit to broadcast news organizations.

Recommendation 2: Prioritize and support Canadian-owned media by dedicating 70 per cent of the Government of Canada's ad spend to local radio, TV, print, and Canadian-owned digital media.

Recommendation 3: Eliminate the tax-deductibility of ads on foreign-owned, Internet-delivered media sites and services, consistent with longstanding government policy.

Recommendation 4: Tie any increase in funding for CBC/Radio-Canada to the public broadcaster's exit from the advertising market.

Recommendation 5: Address the shortfall in funding for local radio and television news.

About the Canadian Association of Broadcasters (CAB)

The Canadian Association of Broadcasters (CAB) is the national voice of Canada's private broadcasters. Representing radio and television companies across the country, the CAB advocates for a vibrant, diverse, and competitive broadcasting system that serves all Canadians.

Since its founding in 1926, the CAB has been a trusted leader in policy development, regulatory affairs, and public dialogue, working closely with government, regulators, and industry stakeholders. Our members are committed to delivering high-quality Canadian content, supporting local news and journalism, and reflecting the voices and stories of communities from coast to coast to coast.

As the broadcasting landscape evolves, the CAB champions fair and forward-looking policies that ensure Canadian broadcasters can thrive in a digital age, protecting the sustainability of local media, promoting innovation, and strengthening Canadian identity and culture.

Canadian broadcasters face a breaking point

Canada's media industry is at a breaking point. Local radio and television broadcasters, proven and trusted cornerstones of journalism nationwide, face declining advertising revenue, increased costs, and a regulatory environment that impacts their ability to deliver high-quality local news content each and every day. Increasingly, Canada's media landscape is dominated by unregulated foreign digital platforms, who are starving domestic broadcasters of the ad revenue required to produce high-quality local news. Canada's publicly funded broadcaster is also permitted to rake in ad revenue on top of its annual appropriations from the Government of Canada.

In an era where fact-based news programming is increasingly challenging to discern from mis- or dis-information, private broadcasters are relied on by Canadians as their primary and most trusted source for news in communities across the country, as demonstrated in recent surveys:

- In 2023, **Statistics Canada** found that television ranked first for Canadians who reported a high level of trust in the media, followed by radio and print media.[1]
- A 2024 **thinkTV / YouGov** survey showed that TV is the most trusted and the top choice for national news, with 60% of Canadians accessing it via TV on a weekly or more frequent basis, and 43% accessing news on a broadcaster website or app weekly.[2]

[1] Canadian Social Survey – Quality of Life, Virtual Health Care and Trust, 2023.
[2] thinktv, The value of TV news, 2024.

- According to **Pollara's 2024 *Trust in Media* survey**, 75% of Canadians get their news from broadcast media (46% from TV and 29% from radio) topping any other outlet, including digital or print newspapers (37%), social media (33%) or other online, non-news websites (26%).[3] Similar results figured in their 2025 report on sources for federal election news.[4]
- Canadian data in the **2025 Digital News Report** from the **Reuters Institute** for the Study of Journalism at the University of Oxford confirm television as the most important key news source for Canadians.[5]

Of note, in 2024, Canada's private broadcasters spent over **$680 million** on news programming – more than any other media. (For comparison, spending on news by newspapers was approximately $400 million.)

Spending on 'News' by Canadian broadcasters, 2024:

(In $ million)	Privately-owned	CBC/SRC-owned	Total
Conventional television	390.8	112.4	503.2
Discretionary television	159.0	93.4	252.4
Total television	**549.8**	**205.8**	**755.6**
Radio	132.6	105.0	237.6
Total broadcasting	**682.4**	**310.8**	**993.2**

SOURCE: CRTC; Statistics Canada; Communications Management Inc.

Despite Canadians ranking television and radio as their most trusted and preferred news sources, private broadcasters are buckling under structural declines.

Year over year, revenues continue to decline significantly, and the financial sustainability of the sector is under increasing pressure: 172 local radio stations are at risk,[6] and conventional private TV has seen almost $2.4 billion in cumulative losses over the past decade, as demonstrated in the following chart:

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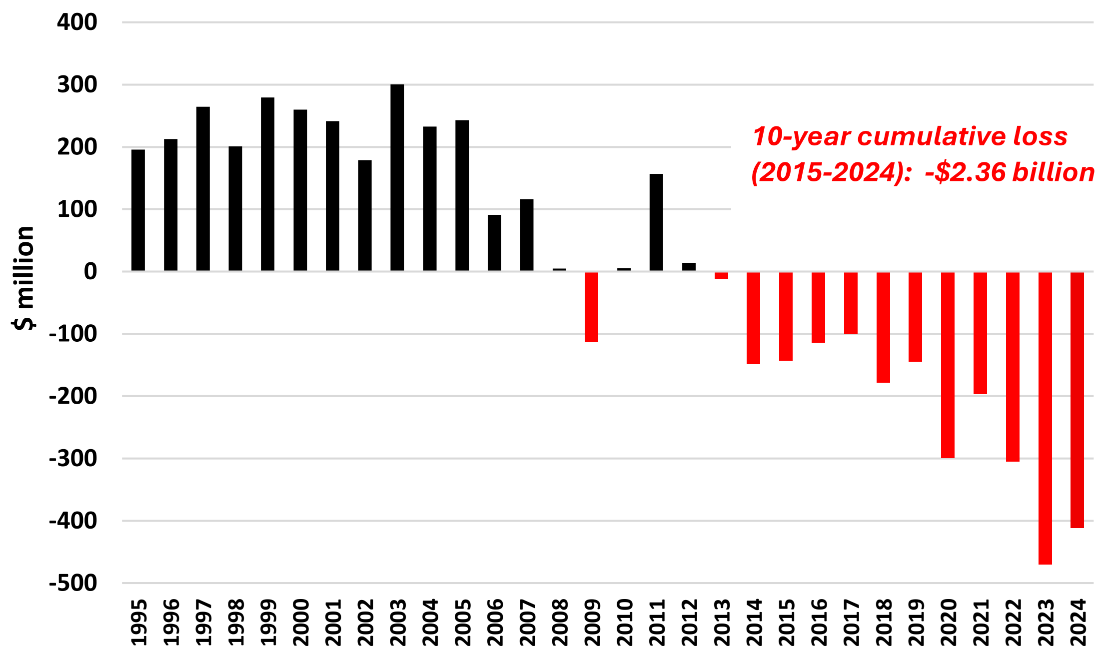
[3] Pollara,*Trust in media*, July 2024.

[4] Pollara, *Trust in Media*, July 2025

[5] Reuters Institute, *Digital News Report 2025 – Canada*.

[6] According to analysis prepared for the CAB by Communications Management Inc., in 2024, 172 private radio stations had PBIT levels lower than negative 20%.

Profit before interest and taxes (PBIT)
Private conventional television, Canada, 1995-2024:



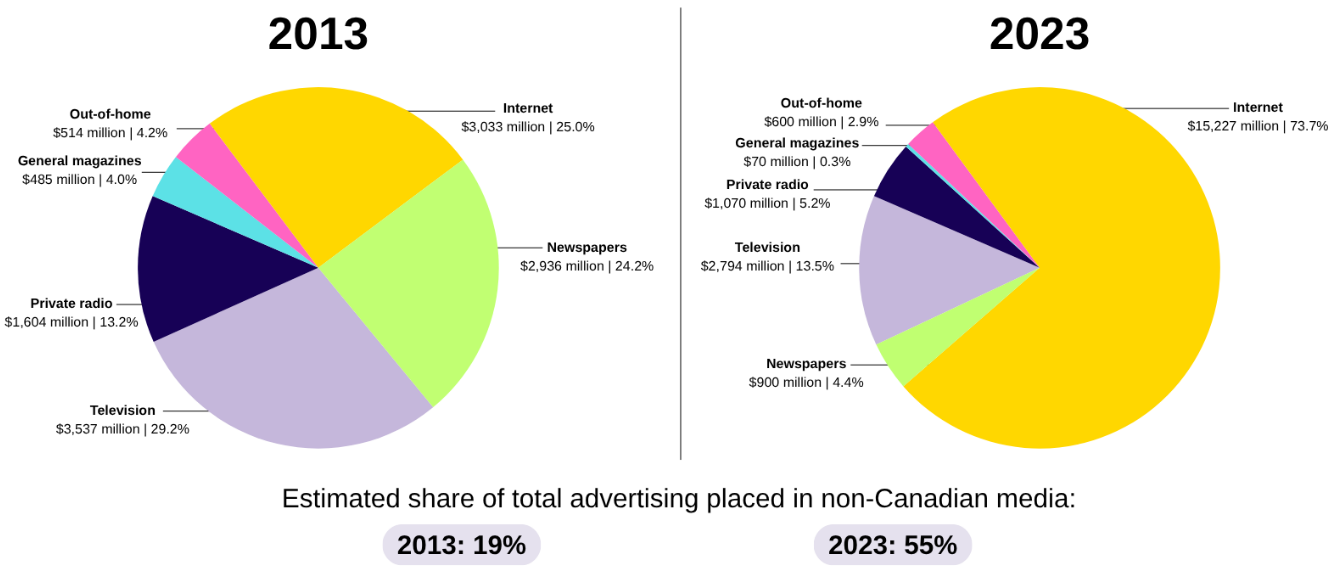
SOURCE: Statistics Canada; Communications Management Inc.

This is not a temporary downturn; it is systemic market failure.

Foreign digital giants continue to dominate the Canadian media landscape, leveraging tax advantages and disproportionate control over Canada's ad market to siphon ad revenues away from domestic outlets. This is due in large part to slow adoption of competition oversight, and regulatory and taxation treatment that places Canadian players at a distinct disadvantage.

As set out below, in 2013, the Internet represented about one-quarter of the Canadian advertising market. By 2023, Internet share had grown to almost three-quarters:

Estimated advertising market shares for selected media
Canada, 2013 and 2023



SOURCE: thinkTV, Statistics Canada, IAB Canada, Communications Management Inc.

The Government of Canada must act urgently with a targeted, coordinated approach, designed to rebuild a viable Canadian-owned media ecosystem by:

- extending journalism tax supports to broadcast news;
- prioritizing federal advertising toward Canadian-owned outlets;
- modernizing tax deductibility rules to disincentivize foreign media dominance;
- ensuring public broadcasters do not compete unfairly with the private sector; and.
- addressing likely upcoming shortfalls in funding for local news.

If the government is committed to protecting Canadian sovereignty, private Canadian broadcasters are a critical component. They are essential to preserving our independence in the face of overwhelming U.S. media and news dominance. In a media environment saturated with American content, private broadcasters play a vital role in producing local news, showcasing homegrown talent, and reinforcing our distinct identity. Without strong Canadian ownership, content creation, and journalism, we risk losing market share in a space that defines who we are as a nation.

Recommendation 1: Extend the Canadian journalism labour tax credit to broadcast news organizations.

In the 2024 Fall Economic Statement, the government expanded the *Canadian journalism labour tax credit*, established in Budgets 2019 and 2020, to allow Qualified Canadian Journalism Organizations to receive a tax credit worth up to 35 per cent of their labour expenditures. The yearly limit on labour costs that can be claimed per eligible employee was increased from $55,000 to $85,000.

The current application of this tax credit exclusively to print is arbitrary and inequitable and fails to acknowledge the significant disruption caused by online and foreign media on Canadian media companies' ability to continue to support their newsrooms. It also creates a competitive disadvantage for Canadian broadcasters, considering that print media now typically also provide audio and video – historically the purview of broadcasters – in addition to text.

Further, this runs counter to Canadians' own preferences for where they seek their news and information. As noted above, Pollara's 2024 *Trust in Media* survey showed that television and radio are the first and third most important sources of news for Canadians, followed by newspapers (social media was third).

Extending the Canadian journalism labour tax credit to broadcast news organizations will help ensure that Canadians can continue to access the high-quality, professional, local news content that they value and trust.

Recommendation 2: Prioritize and support Canadian-owned media by dedicating 70 per cent of the Government of Canada's advertising expenditures to local radio, TV, print, and Canadian-owned digital media

Under it's "digital-first" policy,[7] the Government of Canada has disproportionately placed the bulk of its advertising on digital platforms, the majority of which are foreign-owned.

Digital media expenditures grew from 53% in 2021-22 to 71% in in 2022-23. While digital's share was somewhat lower in 2023-24 at 64%[8] due to a reduction in spending on Meta, the trend is of significant concern, since it deprives Canadian media companies of vital revenue and accelerates the erosion of Canadian broadcast journalism.

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[7] Government of Canada, Policy on Communications and Federal Identity and Directive on the Management of Communications, https://www.canada.ca/en/treasury-board-secretariat/news/2016/05/policy-on-communications-and-federal-identity-and-directive-on-the-management-of-communications.html

[8] Public Services and Procurement Canada, *Annual Report on Government of Canada Advertising Activities*, *2023 to 2024*, https://www.canada.ca/content/dam/pspc-spac/documents/rapports-reports/2023-2024/adv-pub-2023-2024-eng.pdf.

Dedicating 70[9] per cent of Government of Canada advertising expenditures to local radio, TV, print, and Canadian-owned digital media will reverse this trend.

Even with a continued focus on digital, Canadian media companies have the capacity and infrastructure to meet the government's needs. The goal of "digital first" can still be achieved without funnelling public dollars to foreign competitors like Meta and Google.

Recommendation 3: Eliminate the tax-deductibility of advertising on foreign-owned digital media

Section 19 of the *Income Tax Act* (ITA) allows for advertising to be a tax-deductible expense for Canadian companies. Since the 1960's, successive governments have taken steps to ensure that these deductions were not used by Canadian companies to advertise with foreign-owned broadcasters or publications, to help ensure that Canada has a vibrant and sustainable media sector.

The concern was that foreign broadcasters and publications could use their financial might to undermine the Canadian industry, and that supporting such business activity ran counter to Canada's socioeconomic well-being.

Unfortunately, the ITA has not kept pace with important changes in how media and content are delivered to and consumed by Canadians – it allows for full tax deductibility of advertising expenses on foreign internet-delivered media.

The result has been demonstrably negative. It has helped promote massive growth in digital advertising, much of which is captured by the largest foreign digital platforms. This has created an increasingly untenable trade imbalance between Canadian media companies and unregulated global competitors.

The incursion of these foreign digital players into Canada's domestic advertising market is far more substantial than those that spurred the initial policy decisions to exclude tax deductibility on ad spending in foreign media in the 1960s and 1970s. At that time, concerns were raised over the possibility of 10% of Canada's ad spending going to American media. As illustrated above, spending on digital advertising in Canada now vastly exceeds that of traditional media, with few signs of this trend relenting. And the vast majority of digital advertising expenditures ultimately benefit Google and Meta – a number of estimates place their share at more than three-quarters of Canada's online advertising market.

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[9] Aligned with 2013/2014 spending levels.

Recommendation 4: Tie any increase in funding for CBC/Radio Canada to its exit from the ad market

The CBC receives over $1.3 billion in annual federal funding while continuing to sell advertising in direct competition with private broadcasters.

Moreover, the public broadcaster's pursuit of advertising leads it to stray from its essential public service mandate, and into market-driven choices that place it in direct competition with private Canadian media companies for programming that does not align with its public service goals. This results in the public broadcaster using its substantial appropriation as an unfair advantage when competing for content and when pricing advertising.

As part of the CBC mandate review, future funding increases for the CBC should be contingent on its withdrawal from the advertising market. This would support its public service role and remove distortions in the fragile advertising ecosystem.

Recommendation 5: Address the shortfall in funding for local radio and television news

Recognizing the vital importance of local news in the Canadian broadcasting ecosystem and the increasing challenges in sustaining broadcast news given declines in the advertising market, the Canadian Radio-television and Telecommunications Commission (CRTC) identified news as an area of "immediate need" and directed online broadcasters earning over $25 million to direct 1.5% of their Canadian broadcast revenues to the Independent Local News Fund and a new radio news fund by 31 August 2025.

This order is expected to bring in some $60 million in news funding. However, the online streamers have appealed the CRTC's decision, leaving this vital funding hanging in the balance.

Should the foreign streamers' appeal be successful, the government must address this critical funding gap by immediately providing $40 million to the ILNF and $20 million to the new radio news fund (the Commercial Radio News Fund).

Conclusion

Canada's private broadcasters are critical to our democracy, culture, and economy – but they cannot survive without immediate, structural policy changes that rebalance the media landscape.

The recommendations outlined above are practical, targeted, and urgently needed. Together, they offer a path to a sustainable Canadian media model that reflects and serves all Canadians.