

August 30, 2018

Ambassador Robert E. Lighthizer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508
USA

Company subsidy scheme and the cultural industries exemption in NAFTA

Dear Ambassador Lighthizer,

I am writing this open submission to address a Canadian company subsidy scheme that has operated outside the free trade arena under the cultural industries exemption in the North American Free Trade Agreement (NAFTA).

The company subsidy scheme, established by the Canadian Radio-television and Telecommunications Commission (CRTC), has served to disadvantage American workers and companies, while violating the financial, legal and democratic rights of millions of Canadian citizens.

It is my hope that you will decide to publicly address the scheme in the context of renegotiating NAFTA, thereby ensuring that Canadians will finally be in a position to hold regulators, corporate executives and politicians to account.

In short, Canadians have been required – without their knowledge – to subsidize private companies to produce television programming, including television programs without any cultural benefit to Canada that have competed unfairly against American companies in the U.S. and international markets.

As background, my personal campaign to expose the company subsidy scheme to proper public scrutiny has resulted in a precedent-setting legal case¹ and debate in the House of Commons of Canada, with one MP stating that Canadians are owed “more than \$1.2 billion”.²

Two years ago I requested that Prime Minister Justin Trudeau investigate evidence of long-term systemic corruption at the CRTC related to the company subsidy scheme, which is currently embedded in the Canada Media Fund, a government-industry partnership that will distribute \$352 million in subsidies to Canadian television and digital media companies during the current program year.

A copy of my request to the prime minister is posted on www.onemedialaw.com.

¹ *Mahar v. Rogers Cablesystems Ltd.* (1995). 25 *Ontario Reports*, (3d) 690 (General Division). Available on document archive at: www.onemedialaw.com.

² Questions by Libby Davies (Vancouver East, NDP), *Hansard* (February 8, 2008), Parliament of Canada. Available on document archive at: www.onemedialaw.com.

Note: All figures are in Canadian currency.

In fact, the failure of Mr Trudeau to address the evidence of systemic corruption at the CRTC is the catalyst for my present submission.

Canada insisted that its cultural industries be excluded from NAFTA in order to “safeguard Canada’s culture” and the U.S. capitulated, allowing “Canada to maintain content quotas, government subsidies and tax incentives that are unfavourable to the U.S. entertainment industry.”³

As addressed in Appendix A, Canada has taken unfair advantage of the cultural industries exemption in NAFTA for economic purposes. Specifically:

- Three weeks after NAFTA came into force in 1994 the CRTC enacted a regulation to establish the company subsidy scheme: hereinafter referred to as Regulation 18(6.3).⁴
- Regulation 18(6.3) permitted cable television companies to overcharge Canadians for monopoly service if 50% of the money collected under the highly unorthodox scheme was transferred to a fund to subsidize private Canadian production companies (Cable Production Fund).
- Cable television companies started collecting Regulation 18(6.3) fees in 1995 without Canadians knowing that they were being forced to pay for the company subsidy scheme, as the CRTC sanctioned the companies to collect these fees under false pretence; a deceptive method of collection that I have publicly described as “government-regulated fraud.”⁵
- The CRTC allowed cable television companies to siphon their 50% of the Regulation 18(6.3) windfall out of the Canadian broadcasting system, thereby fostering cross-subsidization and unfair competition.
- In 1995, three MPs from the Standing Committee on Canadian Heritage and I called on the Chrétien government to initiate an investigation into the Regulation 18(6.3) scheme; however, no investigation was conducted.
- In 1996, the Chrétien government entered into a partnership with the cable television industry to establish the Canada Television and Cable Production Fund; the government-industry partnership used money from taxpayers and 50% of the Regulation 18(6.3) fees collected under false pretence to subsidize Canadian production companies, with the government estimating that these subsidies would generate “10,000 new jobs.”⁶

³ Therese Anne Larrea (1997), ‘Eliminate the Cultural Industries Exemption from NAFTA,’ 37 *Santa Clara L. Rev.* 1107, p. 1111. Available at: <http://digitalcommons.law.scu.edu/lawreview/vol37/iss4/7>

⁴ Subsection 18(6.3) of the *Cable Television Regulations, 1986*. SOR/94-133, 25 January 1994, *Canada Gazette*, Part II, Vol. 128, No. 3, p. 995, at pp. 999–1000.

⁵ Keith Mahar (13 June 2008), ‘Canadian Television Fund: A Convenient Deception,’ *Canada Free Press*. Available at: <https://canadafreepress.com/article/canadian-television-fund-a-convenient-deception>

⁶ Canadian Heritage (9 September 1996), ‘Copps Launches Canada Television and Cable Production Fund.’

- In 1998, the company subsidy scheme was modified by the CRTC with the introduction of the *Broadcasting Distribution Regulations*. Later that year, it became public knowledge that the government-industry partnership was subsidizing Canadian companies to produce programs with no relevance to Canadian culture to sell in foreign markets,⁷ including in the U.S. market.⁸
- The subsidy initiative was re-branded as the Canadian Television Fund.
- In 2009, the government-industry partnership reported that Canadian television production companies had been granted \$2.7 billion in subsidies since the start of the company subsidy program, and stated that these subsidies had triggered “the production of over \$9 billion of Canadian programming [and] cultivated thousands of jobs.”⁹
- The Canadian Television Fund and Canada New Media Fund merged in 2010 as the Canada Media Fund, which has a specific program to “help finance development activities for television projects intended for international markets”¹⁰ and is actively encouraging Canadian producers to consider expanding into India, China, Mexico, South Africa, South America, Africa, and South Korea.¹¹

Not only are the Canada Media Fund subsidies providing Canadian companies with an unfair economic advantage against American producers selling television programs in the U.S. and international markets, the CRTC is also limiting the sale of American product in Canada due to its Canadian content quotas, which are purportedly enforced for cultural reasons.

However, professors Steven Globberman, Hudson Janisch and William Stanbury identify that Canadian content (Cancon) regulation is based upon citizenship and economics, not culture.

“Canadian” programs are those produced by Canadian citizens in the sense that certain positions must be held by Canadians, and 75 percent of the total remuneration for post-production work must go to Canadians. In other words, “Cancon” is not – legally-speaking about thematic content at all. It is about the *citizenship* of the persons who made the program. Anything produced by a group of Canadian citizens is “Cancon” regardless of its substance.¹²

According to these same experts, “most economists think of Cancon regulations as “boiling down” to yet another case of a small, well-organized group using the power of the state to redistribute income to themselves.”¹³

⁷ Greg Quill (26 April 1998), ‘TV Producers Want Answers,’ *Toronto Star*, p. F5.

⁸ Antonia Zerbisias (20 April 1998), ‘Independent TV Producers Face Bankruptcy,’ *Toronto Star*, p. A2.

⁹ Canadian Television Fund (10 March 2009), ‘Statement by the Canadian Television Fund Regarding Minister Moore’s Announcement,’ *Canada NewsWire*, Toronto.

¹⁰ Canada Media Fund (1 December 2017), ‘CMF Launches New Export Pilot Program.’ Available at: <https://www.cmf-fmc.ca/en-ca/news-events/news/december-2017/cmf-launches-new-export-pilot-program>

¹¹ See: <https://trends.cmf-fmc.ca/research-reports/category/international-market-series/>

¹² Steven Globberman, Hudson N. Janisch, & W.T. Stanbury (1996), ‘Convergence, Competition and Canadian Content,’ in W.T. Stanbury (ed.), *Perspectives on the New Economics and Regulation of Telecommunications*. Montreal: Institute for Research on Public Policy, p. 240.

¹³ *Ibid.*, p. 217.

The television series *Vikings* is one example of subsidies being deployed by the government-industry partnership for economic advantage rather than for the purpose of safeguarding Canadian culture. The drama is aired in 150 countries, shot primarily in Ireland and does not represent or promote Canada's culture in any way. However, the Canada Media Fund has subsidized *Vikings* as the drama has several Canadian directors and employs Canadians in Toronto to do its postproduction work.

While the American film industry described the cultural industries exemption as "a wolf in sheep's clothing" years ago and asserted that its true purpose is "more economic than cultural,"¹⁴ Professor Matthew Fraser has publicly stated that the CRTC is cursed by institutionalized corruption and has been captured by broadcasting industry interests since the late 1980s.¹⁵

I hope that you will decide to publicly address the company subsidy scheme as citizens in both countries are in a position to benefit from such action.

Sincerely,

Original submission signed by/

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¹⁴ Therese Anne Larrea (1997), 'Eliminate the Cultural Industries Exemption from NAFTA,' 37 *Santa Clara L. Rev.* 1107, p. 1108. Available at: <http://digitalcommons.law.scu.edu/lawreview/vol37/iss4/7>

¹⁵ Matthew Fraser (10 June 2000), The Man Who Won't Do Lunch. *National Post*, p. D11.

Appendix A

Cable Production Fund

In 1993, several CRTC commissioners came up with an ‘innovative’ plan to artificially inflate the cost of monopoly cable television service to millions of Canadians in order to raise revenue for other purposes, alleging: “additional financial support for the production of Canadian programming is essential” and proposed a new regulation purportedly for this purpose, hereinafter referred to as Regulation 18(6.3).¹⁶

The CRTC estimated that the proposed regulation was going to raise \$300 million in subsidies for Canadian program production over its first five years of operation, starting January 1, 1995.

Regulation 18(6.3) was designed to permit monopoly cable television companies to charge Canadians an estimated \$600 million during 1995–1999 on the sole condition that the same companies transfer 50% of the Regulation 18(6.3) fees collected to a fund to subsidize the production of programming by Canadian companies.

In other words, the CRTC was proposing to allow cable television companies to overcharge Canadians for monopoly service if the “regulated” companies simply transferred 50% of the fees collected to a fund subsidizing the operations of private production companies.

Three CRTC commissioners voted against Regulation 18(6.3) because they considered it to be unprincipled, inequitable, and unjustified.¹⁷ These commissioners identified that the CRTC had not even determined that increased funding for Canadian program production was required.

Furthermore, the three commissioners also noted that the proposed regulation would permit cable television companies to retain “a source of revenue not based on economic need or tied to a minimum level of profitability” and stated: “Cable rates should be justified on their own merits, not used as a lever to extract revenues for other purposes.”¹⁸

Friends of Canadian Broadcasting notified the CRTC that it considered Regulation 18(6.3) to be “a breach of faith with seven million Canadian households” and described the regulation as being an unprincipled tax, one that was probably unlawful and which would enable the cable television industry “to pick the pockets of its captive subscribers for this purpose.” The organization stated that the CRTC was going to be damaged *if* Canadians “properly understood” Regulation 18(6.3).¹⁹

¹⁶ *Public Notice CRTC 1993-74* (3 June 1993), p. 11. Available on document archive at: www.onemedia.com.

¹⁷ ‘Dissenting Opinion of Commissioners David Colville, Beverley Oda, and Rob Gordon,’ in *Public Notice CRTC 1993-74* (3 June 1993), Appendix pp. 27–31. Available on document archive at: www.onemedia.com.

¹⁸ *Ibid.*, p. 31.

¹⁹ Friends of Canadian Broadcasting (17 September 1993), *Program Fund for Canadian Programming: CRTC Public Notice 1993-105*, p. 3. Available on document archive at: www.onemedia.com.

NAFTA came into force on January 1, 1994. Three weeks later, Regulation 18(6.3) was enacted.²⁰

As a result, the Cable Production Fund was established to distribute the subsidies to television production companies. However, the CRTC and cable television companies ensured that Canadians did not understand Regulation 18(6.3) or its monthly cost on their cable television bills.

Collection by deception

On January 1, 1995 cable television companies started collecting Regulation 18(6.3) fees from Canadians without any objection. Ratepayers were not aware of the highly unorthodox regulation, its beneficiaries, or its monthly cost because the CRTC sanctioned the collection of the Regulation 18(6.3) fees under false pretence. Cable television companies had notified Canadians that the special fees were being collected to pay for capital equipment required to provide monopoly cable television service—a completely different purpose. I have publicly described this highly deceptive method of collecting the Regulation 18(6.3) fees as being “government-regulated fraud.”²¹

The Cable Production Fund commenced distributing non-repayable grants to television production companies: free money not to be repaid by the corporations.

In short, several million Canadians were being required—without their knowledge—to unjustly enrich cable television companies and also subsidize private television production companies. This is the origin of the company subsidy scheme that is presently embedded in the Canada Media Fund.

Furthermore, the CRTC did not require the cable television monopolies to account that the money they retained from Regulation 18(6.3) was spent on cable television service; the CRTC commissioners let these corporations siphon money out of the Canadian broadcasting system and cross-subsidize other business interests, fostering unfair competition against Canadian and foreign companies.

Campaign for investigation into company subsidy scheme

When Regulation 18(6.3) was enacted, I was employed by a broadcasting company in Canada for my knowledge of the cable television industry and its regulation by the CRTC.

It is a matter of record that I first advocated for an investigation into commissioners abusing the authority of the CRTC to artificially inflate the cost of cable television service for other purposes in March 1995.²²

²⁰ Subsection 18(6.3) of the *Cable Television Regulations, 1986*. SOR/94-133, 25 January 1994, *Canada Gazette*, Part II, Vol. 128, No. 3, p. 995, at pp. 999–1000.

²¹ Keith Mahar (13 June 2008), ‘Canadian Television Fund: A Convenient Deception,’ *Canada Free Press*. Available at: <https://canadafreepress.com/article/canadian-television-fund-a-convenient-deception>

²² Keith Mahar (17 March 1995), ‘CRTC Forces Public to Pay for Building Information Highway,’ *Toronto Star*, p. A19. Available on document archive at: www.onemedialaw.com.

That same month, I conducted a press conference in the Centre Block of Parliament with my two lawyers, a Democracy Watch representative and three Members of Parliament from different political parties on the Standing Committee on Canadian Heritage to request that the Chrétien government review two CRTC regulations, including Regulation 18(6.3).²³

At that time, lawyer Christopher Leafloor offered his opinion that the CRTC had exceeded its legal mandate when it made these regulations.²⁴ Lawyer Neil Milton identified that there were several credible legal arguments that put the legality of the CRTC regulations in serious doubt.²⁵

Despite the damning nature of the company subsidy scheme and the fact that my campaign resulted in questions in the House of Commons the following day directed to Canada's prime minister,²⁶ there was no investigation into the Regulation 18(6.3) scheme.

As a result, I initiated *Mahar v. Rogers Cablesystems Ltd.* to establish the legal right of ratepayers to notice about Regulation 18(6.3). The cable television company won a precedent-setting decision on jurisdiction to prevent a ruling by the court on the merit of the case. Mr Justice Sharpe concluded that my complaint first had to be made to the CRTC for a decision on the legal matter, subject to a review by the Federal Court of Appeal if required. In addition, the judge designated me as a public interest litigant and made a precedent-setting decision on costs in my favour, ruling that my case was "brought on a bona fide basis [and] raised a genuine issue of law of significance to the public at large."²⁷

Consequently, I initiated an expanded complaint to the CRTC alleging that the CRTC and cable television companies had acted unlawfully in relation to Regulation 18(6.3),²⁸ resulting in CRTC file 1000-121.

Following a closed-door process involving industry but without public participation, the CRTC ruled itself and corporations innocent of unlawful activities. Its decision was forwarded to my lawyer but was not published, stored in CRTC file 1000-121.²⁹

Since I was unable to personally challenge the CRTC decision in the Federal Court of Appeal at that time due to serious health issues, and other Canadians were not in a position to do so because they were not aware of the matter, it still remains an open question whether the CRTC and/or corporations broke the law.

²³ Robert Brehl (30 March 1995), 'Hidden Cable Taxes Blasted,' *Toronto Star*, p. C1.

²⁴ Christopher K. Leafloor (25 March 1995), *Whether the CRTC Exceeded its Authority*, Toronto.

Available on document archive at: www.onemedialaw.com.

²⁵ Neil Milton (27 March 1995), *Commentary on the Legality of Recent Levies Included in Cable Rates*, Ottawa.

Available on document archive at: www.onemedialaw.com.

²⁶ Questions by Jan Brown (Calgary Southeast, Ref), *Hansard* (March 30, 1995), Parliament of Canada.

Available on document archive at: www.onemedialaw.com.

²⁷ *Mahar v. Rogers Cablesystems Ltd.* (1995). 25 Ontario Reports , (3d) 690 (General Division), p. 705.

Available on document archive at: www.onemedialaw.com.

²⁸ Cable Watch, *Complaint of Unlawful Activities* filed pursuant to s.12 of the *Broadcasting Act*, 28 November 1995, (CRTC file 1000-121). Available on document archive at: www.onemedialaw.com.

²⁹ Allan J. Darling, CRTC Secretary General, unpublished CRTC decision relating to Cable Watch complaint 25 June 1996, (CRTC file 1000-121). Available on document archive at: www.onemedialaw.com.

Canada Television and Cable Production Fund

Despite the anti-democratic process used to introduce the company subsidy scheme, its fundamental deficits, and the possibility of unlawful related activities, the Government of Canada became a partner with the cable television industry in the scheme.

In 1996, the Deputy Prime Minister and Minister of Canadian Heritage Shelia Copps announced the establishment of the Canada Television and Cable Production Fund: a government-industry partnership between Canadian Heritage and the cable television industry to distribute \$200 million per year in subsidies to Canadian production companies, using \$150 million from taxpayers and 50% of the Regulation 18(6.3) fees being collected under false pretence.

According to a press release issued by Canadian Heritage at that time, the subsidies to be distributed by the government-industry partnership to Canadian production companies would generate “10,000 new jobs.”³⁰

The company subsidy scheme modified

The month after Deputy Prime Minister Copps announced the establishment of the Canada Television and Cable Production Fund, I appeared with MP Dan McTeague at a CRTC public hearing as the CRTC was proposing to replace its *Cable Television Regulations, 1986* with new regulations, the *Broadcasting Distribution Regulations*.

In terms of the company subsidy scheme, the CRTC was proposing to eliminate Regulation 18(6.3) in name but maintain its monthly cost to Canadian ratepayers. The *Broadcasting Distribution Regulations* were simply going to alter the existing 50%–50% split of the money collected under false pretence, requiring that cable television companies contribute an amount to subsidize production companies based on a fixed percentage of their gross revenues.³¹

At the public hearing, I identified that the proposed regulations were going to cost Canadians the same monthly amount as Regulation 18(6.3), while permitting some cable television companies to retain more than 50% of the money for “unspecified purposes.”

In addition, I stressed that the *Broadcasting Distribution Regulations* were going to be a violation of Government of Canada policy requiring that CRTC regulation should prevent cross-subsidies from monopoly utility services; that CRTC regulation must ensure that the gross revenues from broadcasting activities were fully identified and accounted; and that cable television companies make equitable contributions to the production of Canadian cultural content.

³⁰ Canadian Heritage (9 September 1996), ‘Copps Launches Canada Television and Cable Production Fund.’

³¹ Transcript of Proceeding, Public Hearing PN 1996-11, Hull, Quebec, 15 October 1996, Vol. 6, Keeley Reporting Services Inc., pp. 1532–64. Available on document archive at: www.onemedia.com.

I also stated that the ratepayers of the company subsidy scheme were unaware of its existence and advocated that the CRTC require companies collecting Regulation 18(6.3) fees to notify their subscribers of the scheme.

Mr McTeague stated that the CRTC's public hearing was unbalanced and biased because Canadians were not effectively notified about Regulation 18(6.3) and were therefore unable to participate in the process to protect their interests. The Member of Parliament urged the CRTC commissioners to immediately notify Canadians about Regulation 18(6.3) in order to allow citizens to participate in the next round of the "public" process.

CRTC commissioners, however, ignored the facts we presented at the public hearing, and Canadians were not informed about the company subsidy scheme.

The *Broadcasting Distribution Regulations* came into force at the start 1998,³² with its modified company subsidy scheme in violation of Government of Canada policy, and this subordinate legislation remains in effect in 2018.

American companies subjected to unfair competition

Months after the *Broadcasting Distribution Regulations* commenced, it became evident that the company subsidy scheme was being used for economic purposes, not to safeguard Canadian culture. Furthermore, subsidies were being used to unfairly compete against American television producers, thereby also disadvantaging American workers.

In March 1998, "The Honourable" Shelia Copps extended the taxpayer funding commitment for the Canada Television and Cable Production Fund as Heritage Minister, alleging that the government-industry partnership that she had established was a "proven success." She stated, "Canadian television programming is essential to our identity, culture and our understanding of ourselves and each other."³³

Canadian Press reported: "Copps said the fund is the key to our identity [and] it's been a win-win for everybody."³⁴

However, the bold assertion by the politician was soon exposed as untrue. It came to light that the Canada Television and Cable Production Fund had basically been handing out free money on a first come, first subsidized basis and was subsidizing television programming without Canadian themes that was not primarily being produced for Canadian audiences. The non-repayable grants had been "grabbed by a record number of Canadian producers of programs made in Canada largely for foreign markets – known in the industry as "industrial" Canadian programs."³⁵

³² Public Notice CRTC 1997-150, *Broadcasting Distribution Regulations*, 22 December 1997 (SOR/97-555). Available on document archive at: www.onemedialaw.com.

³³ Antonia Zerbisias (14 February 1998), 'Picture Looks Clear for Canadian TV,' *Toronto Star*, p. C13.

³⁴ Canadian Press (14 February 1998), 'Copps Extends TV Funds Three Years,' *Winnipeg Free Press*, p. B10.

³⁵ Greg Quill (26 April 1998), 'TV Producers Want Answers,' *Toronto Star*, p. F5.

In the name of Canadian culture, through the company subsidy scheme, millions of Canadians—without their knowledge—were being required to subsidize private companies to produce television shows that had nothing to do with Canada, and which were being created for audiences in other countries, while these subsidies resulted in unfair competition against television producers from the other countries, including American television companies.

For example, television programs like *The Outer Limits*, made in Canada “with U.S. cable audiences in mind,” were being subsidized by the government-industry partnership.³⁶

The government-industry partnership was subsequently re-branded as the Canadian Television Fund.

Canada Media Fund

During the 2006 federal election in Canada, my lawyer notified four political party leaders of the potentially illegal activities involving the CRTC and the company subsidy scheme, specifically identifying the existence of CRTC file 1000-121.³⁷ None of the politicians responded.

One of the politicians notified was Stephen Harper, leader of the Conservative Party of Canada. Mr Harper became prime minister the following month and appointed a former CRTC commissioner as Minister of Canadian Heritage.

Weeks later, CRTC file 1000-121 and all of the documents stored in that file were destroyed.³⁸

In February 2007, my lawyer contacted the Chair and Vice-Chair of the Standing Committee on Canadian Heritage to request that I be permitted to testify before the parliamentary committee.³⁹ I was not granted standing to testify.

Five months later, I filed a submission to the CRTC related to the company subsidy scheme that was placed on its public file: *Profiteering in the Name of Culture*.⁴⁰

I included copies in my possession of several of the documents formerly stored in CRTC file 1000-121, including the complaint of unlawful activities by the CRTC and its unpublished decision to that complaint.⁴¹

³⁶ Antonia Zerbisias (20 April 1998), ‘Independent TV Producers Face Bankruptcy,’ *Toronto Star*, p. A2.

³⁷ Paul Armarego (5 January 2006), ‘Evidence of Ongoing Federal Government Corruption’, submitted by email to: Stephen Harper, Gilles Duceppe, Jack Layton and Jim Harris.

³⁸ CRTC officials subsequently refused to identify who authorized the destruction of CRTC file 1000-121 and why the file and documents were destroyed at that particular point in time.

³⁹ Paul Armarego (14 February 2007), ‘Request by Public Interest Advocate to Testify at Parliamentary Hearings’, submitted by email to: Gary Schellenberger and Maka Kotto.

⁴⁰ Keith Mahar (20 July 2007), *Profiteering in the Name of Culture*, Broadcasting Public Notice CRTC-70.

⁴¹ These documents are still available on the CRTC’s online public file. On 6 August 2018, I contacted CRTC Chair Ian Scott and requested that the following hyperlink is not changed in any way:

<https://services.crtc.gc.ca/pub/ListeInterventionList/Documents.aspx?ID=58182&Lang=e>

In 2009, Heritage Minister James Moore announced that the Canadian Television Fund and the Canada New Media Fund were to be combined as the Canada Media Fund, through a renewed partnership with the cable television industry.

Canada Media Fund's stated mandate was ensuring the production of quality content and it was to provide cash to producers to subsidize programming for distribution on television and at least one new-media platform, such as the Internet.

Critics objected that the minister was giving cable television operators excessive power through majority control of the Canada Media Fund board. In fact, the NDP's Heritage Critic Charlie Angus stated: "This plan removes dissenting voices from the board, allowing the cable giants to set the terms of, and make final decisions on, who will or won't have access to these funds."⁴²

The day after the announcement, the Canadian Television Fund issued a press release stating that the establishment of the Canada Media Fund demonstrated that the government understood "the important contribution of the production industry to Canada's economy and of the thousands of Canadians employed in this sector." The press release also identified that the total cost to Canadians of subsidizing private television production companies since the inception of the Cable Production Fund was close to \$3 billion.

Fostering the growth of television production in Canada through financial investment and industry research, the Canadian Television Fund (CTF) supports the development of Canadian talent, programs, and audiences. Since 1995, the CTF has contributed to the creation of over 27,000 hours of Canadian programming and has infused over \$2.7 billion into the industry, triggering the production of over \$9 billion of Canadian programming. CTF-supported productions have cultivated thousands of jobs in the Canadian television sector.⁴³

The Canada Media Fund was officially launched on April Fool's Day in 2010.

Subsidies for the global export market

It was apparent from the start that the purpose of the Canada Media Fund was not to simply protect Canadian culture. Minister Moore announced the fund's creation on the Toronto set of *Flashpoint*, a fictional police drama that was airing at the time on CBS in the U.S. and CTV in Canada. The Canadian politician said that he wanted to see more Canadian-U.S. network partnerships, stating: "Flashpoint is an example of a Canadian success story. It debuted at No. 1 in the U.S. and Canada."⁴⁴

Given that *Flashpoint* was about an elite tactical police squad that does not exist in real life, the program was not serving to safeguard Canadian culture, yet the minister described it as a "Canadian success story." Furthermore, *Flashpoint* was being sold in the U.S. and other international markets against television programming that was produced without subsidies, resulting in unfair competition.

⁴² Brendan Kelly (9 March 2009), 'Canadian Biz Mulls TV Fund Change,' *Daily Variety*.

⁴³ Canadian Television Fund (10 March 2009), 'Statement by the Canadian Television Fund Regarding Minister Moore's Announcement,' *Canada NewsWire*, Toronto

⁴⁴ Etan Vlessing (9 March 2009), 'Canada Rejects Cutback on U.S. Series Buy', *The Hollywood Reporter*, online

In 2017, the Canada Media Fund established a program was specifically to “help finance development activities for television projects intended for international markets.”⁴⁵

The same year the Canada Media Fund commissioned an international market series entitled “*Your Market Is Everywhere*” to assist Canadian producers to consider opportunities and benefits of market expansion into India, China, Mexico, South Africa, South America, Africa, and South Korea.⁴⁶

⁴⁵ Canada Media Fund (1 December 2017), ‘CMF Launches New Export Pilot Program.’ Available at: <https://www.cmf-fmc.ca/en-ca/news-events/news/december-2017/cmf-launches-new-export-pilot-program>

⁴⁶ See <https://trends.cmf-fmc.ca/research-reports/category/international-market-series/>