

Let's Talk Netflix: Q&A with Maureen Parker

by Li Robbins

Netflix customers typically love its boatloads of on-demand viewing, and its cost — less than ten dollars per month. It would take a cynical consumer to ask “what’s the catch?” For the answer to that and other questions about “over-the-top” (OTT) providers, we turn to WGC Executive Director Maureen Parker.

Q: What *is* the catch with Netflix?

A: The catch is that Netflix takes millions of dollars from Canadian viewers, pays no taxes on that revenue to our government, employs no Canadians, and has no Canadian content requirements, unlike Canadian broadcasters.

Q: Some would say OTT providers like Netflix aren't broadcasters. So why should they play by our rules?

A: The *Broadcasting Act* definition is technologically neutral. It doesn't matter if it's over-the-air, through a cable system, on satellite or over the internet — broadcasting is broadcasting. Some Canadian video-on-demand services already are regulated — why not Netflix? Netflix currently falls under a digital media exemption, which some believe is already a form of regulation, requiring Netflix to submit information about activities in broadcasting to the CRTC. But although the CRTC requested Netflix to do so, they refused. The point here is that Netflix has the peculiar privilege of paying nothing into our broadcasting system. Why are they exempt?

Q: Why did Netflix become such a lightning rod during the CRTC hearing?

A: It started with Netflix's CRTC appearance, when they refused to provide the Commission with information on things like Canadian viewership and expenditure on productions. Netflix's claims that its concerns are about confidentiality is a smoke screen, in my opinion. It hides how little money they are putting into Canadian production. Netflix also became a lightning rod because

Minister of Canadian Heritage Shelly Glover and Prime Minister Stephen Harper both inserted themselves into the process, declaring there would be no Netflix “tax.”

Q: What would the WGC like to see happen — the so-called Netflix “tax”?

A: The Netflix tax is an unfortunate term, because regulation isn't about a cash grab, it isn't about lining the broadcasters' pockets, it's about levelling the playing field. Let's be clear, we support Netflix being in Canada. It is good for consumers in many respects, and it brings innovation into the system. We'd also like to see them reap the benefits of fully belonging to the system. But that means contributing to the system as well, in order to create Canadian programming. To date Netflix says they are demonstrating an interest by reviving *Trailer Park Boys*. But that's one show. And it became a hit based on funding stemming from Canadian regulation. It sounds like tokenism to me. Did they know the hearing was coming up?

Q: Do you think it's likely that Netflix, and other OTT providers, will be regulated in future?

A: Yes, because it's the right thing to do. And I'd like to believe that our elected officials will do the right thing, instead of the expedient thing. They have to look beyond the next election and further down the road. The government needs to step away and let the CRTC do its job. It took fifty years to build this broadcasting industry, it employs thousands of Canadians — it can't only be about importing foreign content at low cost. Of course it's very true that changes in technology have changed the industry. There are numerous OTT providers, from Google to the new Canadian OTT service, Shomi. This isn't about protectionism, it's about cultural survival. Canadians deserve that respect — we're a unique, separate country. But one thing that obviously has to happen is review of the digital media exemption. It should be clear to all concerned that it's long overdue. ■