

**Canada's Network
Media Economy:
Growth, Concentration
and Upheaval,
1984-2023**



The Global Media & Internet Concentration Project (GMIC Project) is led by Professor Dwayne Winseck, School of Journalism and Communications, Carleton University. It is an independent and scholarly effort that is funded by the Social Sciences and Humanities Research Council of Canada. Its aims are to provide an independent, long-term analysis of the telecoms, digital media, broadcasting and publishing industries in Canada and three-dozen other countries. Its goal is also to better inform research, teaching, and public and policy-related discussions about these issues.

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Questions and Corrections

If you have questions or believe that any of the data that we report is mistaken, please let us know.

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Analyzing the Communications, Internet, and Media Industries Insights from the Global Media & Internet Concentration Project— **Canada**

Executive summary

Welcome to this year's report. It has been completely overhauled from previous versions and now comes in one volume instead of the previous two-part series. You can find previous versions [here](#) for editions completed under the auspices of the Global Media and Internet Concentration Project (GMICP) and for older ones done as part of the Canadian Media Concentration Project [here](#).

The overhaul was necessitated by reality. For one, the old versions had become unwieldy after more than a decade of incremental changes. I have also learned a lot from my colleagues over the first half of the SSHRC-funded GMICP that brings together scholars from 38 countries to offer an independent academic study of these issues. Most importantly, however, the fact that the objects of our scrutiny are in a heightened state of flux, with the gains and losses unevenly distributed, demanded a thorough overhaul of our report. We hope you enjoy the results.

Canada's big media economy gets bigger

The telecom, internet, digital media, broadcasting, and publishing industries are growing at a brisk pace in Canada. Total revenue reached \$108.1 billion last year—up from 5.4% year-over-year and nearly 17% since 2019.

A big majority of the two dozen sectors of the industries covered in these pages—which we collectively call the network media industries—have grown especially fast in the wake of the Covid-19 pandemic. From this time on, digital media made available over the internet became more firmly lodged into every nook and cranny of our lives. Meanwhile, however, several legacy broadcasting and publishing sectors present signs that they could soon fade to black: broadcast radio and television, newspapers and magazines. Against the reality in which advertising spending is usually quite fixed relative to the economy and on a per capita basis, *and* three multinational big tech conglomerates who dominate search, text and video advertising (Alphabet), social media and display (Meta), and online retail advertising (Amazon), most of the \$16.6 billion online advertising market in Canada goes into the tech giants' pockets. Meanwhile, traditional advertising-funded media are being deprived of oxygen. Cable and pay television have also joined the ranks of the ill-fated in recent years.

This report documents and explains the scale, scope and structure of the network media economy, both in terms of individual sectors and progressively towards larger views of the telecoms and internet access sectors, traditional media and digital markets, from app stores, to advertising, and streaming video, music and games industries. We ask simple questions but whose answers have potentially profound implications: which media are growing? Which are stagnating, or in decline? Are the media—individually and collectively—becoming more diverse and pluralistic, as the true believers in the free market think, or more centralized and concentrated, as critics charge?

Structure of the report—six sections

1. **Introduction:** An overview of the report's scope and objectives.
2. **Methods and Conceptual Frameworks:** A review of approaches to evaluating market growth, diversity, and monopolistic trends.
3. **Historical Context:** A primer on communication history, from telegraphs and telephones in the 1870s, to commercial newspapers and news wire

services, broadcasting and the CBC in the first decades of the 1900s, cable television in the 1970s, and the internet since the 1990s.

4. **Contemporary Developments:** An analysis of telecom conglomerates, big tech, digital platforms, legacy and digital media, and news media over recent decades, with a stress on the last ten to fifteen years.
5. **Industry Structure and Rankings:** An aggregated view of power and structure in the network media economy.
6. **Policy Reflections:** Reflections on five policy domains: competition and antimonopoly; broadband and telecoms; big tech, digital platform, app store distribution; broadcasting and streaming media; and broader ones about the free press, public media, and citizen-consumers' communication rights in a market-driven democracy.

Telecoms and internet access is emperor, even while content claims to be king

This year's report keeps our long-standing focus on the telecoms and internet access markets. It does so because they are the biggest sectors of the network media industries. With total revenue of \$68.8 billion last year versus that of \$27 billion for digital media, the telecoms and internet access industries are two-and-a-half times the size of all digital markets combined and a little under twice the size of those and traditional media markets when taken together (i.e. content media). That gap, however, has been closing in recent years because of explosive growth in digital media, especially in the wake of the Covid-19 pandemic when public health restrictions limited social interaction and mobility while juicing the already impressive take up of digital media even further. While there is no doubt that digital media have become central to the media economy and to daily life, they are still overshadowed by the much bigger telecoms and internet access sectors.

Telecoms and internet access markets are also the infrastructure upon which the internet and digital markets depend. This is not new but a marker of the extent to which the development of modern media have been fundamentally intertwined with 'big telecoms' and 'big tech' since the advent of the industrial media age in the mid-19th century. From the telegraph and telephone to wireline and mobile broadband today, telecom and internet access networks serve as the basic

infrastructure upon which publishing, broadcasting, and digital media depend for their existence.

Indeed, with local, regional and national networks spanning the country, and 72 million subscriber connections to broadband internet, mobile wireless, cable television, and plain old telephone services last year, telecom and internet infrastructure is how the media get seen and shared around. They are also the infrastructure for economy- and society-wide critical functions, from banking and Bay Street, to energy, government, health care, education, and more. Without these connections, there is no access by digital or traditional media to audiences and vice versa, and our ability to speak to one another is constrained accordingly.

The torrid pace of growth in digital markets, however, means that the long-standing gap between infrastructure and content is closing. That, in turn, is leading to more fronts where we can see a clash of big tech and big telecom titans, but also new forms of cooperation between them that blunt the sharpest edges of a competitive marketplace.

Post-pandemic begets torrid growth

Reflecting their steady thrust from marginality to centrality, this report also greatly expands and alters its coverage of digital media markets. The focus is on the changing set of telecom networks, app distribution marketplaces, search and social media platforms, browsers, operating systems, devices and so forth that people, businesses and government use everyday to get work done, to play, communicate with one another, access information, and so forth.

The report focuses closely on the development trajectory, market size, key firms, competition, cooperation, centralization, and concentration trends in the \$16.6 billion internet advertising market in Canada last year, for example. It details the scale, scope and structure of streaming video, gaming, and music markets and the app distribution marketplace. It also tracks the state of the news media—broadcasting television and radio, print newspapers and magazines, and online news sources—and reflects on the undeniable crisis of journalism, what has caused that, and what, if anything, should be done about it.

Digital market revenue last year continued to soar, reaching \$27 billion; including traditional media adds another \$12.3 billion. Digital media entered the 21st century with very little revenue to speak of but two decades later they had reached \$15.8 in

2019. The shock of the Covid-19 pandemic and ensuing public health measures the following year knocked the stuffing out of the advertising market (overall but not for internet advertising), while the reduced social interaction and mobility boosted growth rates for internet advertising, streaming video, music, and games, and app store marketplaces like Apple's App Store and Google Play, beyond what was already an impressive clip.

While content media sectors are growing very fast, traditional media appear to have seen growth top out in 2011-2012. Collectively, they have steadily declined since. This is one element of the dual media economy where some industries are flourishing while others struggle to survive, with important public functions like original, independent journalism, universal and affordable service, and access to a commons of shared cultural events, from sports events, to politics, and drama, hanging in the balance.

Convergence 2.0: a dual media economy is emerging.

As digital media expand, and broadband networks increasingly integrate across the wireline / wireless divide—and data caps become less restrictive even if data is still expensive in Canada relative to other countries—we are seeing the ascent of a unified digital communications and media system.

Convergence 1.0 occurred a quarter-of-a-century ago when new firms were set in motion, mergers and acquisitions were on a tear, and the dot.com bubble peaked before it all fell apart at the turn-of-the-21st century, leaving deep scars on the communications and media in Canada, visible to this day. Over the last decade or so, a new version of convergence has been taking shape, but now between digital communications networks and media aggregation and distribution platforms, and this version looks likely to stay.

Remnants of Convergence 1.0 persist in Canada. Most notably, telecom conglomerates with Bell, Rogers, Quebecor, and Shaw have owned all the major commercial broadcast and pay television services in Canada since around 2010, such as CTV (Bell), CityTV (Rogers), TVA (Quebecor), and Global TV (Shaw). Rogers's recent acquisition of Shaw has altered this landscape by leaving Corus Entertainment on its own without the integrated ties to Shaw's former broadband and broadcast distribution infrastructure. Corus has floundered badly throughout the 21st century. This is on account of acquisitive excesses in the dot.com era and again when the Winnipeg-based Asper family went on a buying bender in the 2000s

that overloaded the Global TV network and stable of pay television services with debt that led to those assets being sold at firesale prices to Shaw / Corus. Those events have jeopardized one of Canada's biggest media conglomerates' ability to be commercially viable ever since.

In Convergence 2.0, we are seeing digital communications and media aggregation and distribution platforms increasingly bumping up against the telecoms and internet access providers' turf. This is generating a Goliath versus Goliath clash between the largest telecoms conglomerates in Canada versus a phalanx of multinational big tech conglomerates, streaming giants like Netflix and Spotify, as well as a small clutch of American and international media conglomerates like Disney, Viacom-CBS-Paramount, Sony, Warner Music, Universal Music, Ubisoft, and so forth who are making their global brand entertainment catalogues available to audiences in Canada directly over the internet.

This rivalry will continue to grow as cloud computing offloads more information flows from the telecoms' system, but there will forever be a need for telecoms networks to make the last and middle mile links between that information and people. So far, big tech companies' efforts to move in on those 'last mile' links have all ended in failure, although their ownership of international subsea cables has exploded. As such, the two groups of actors—big telecom and big tech—will continue to jockey for dominance in the overall digital communications and media system.

Competition, cooperation and concentration: clash or dance of titans?

While one of our opening questions fixes on the concentration question, this does not mean that we find media concentration under every rock. Indeed, part of the novelty and interest of this project is that we must carefully track the scale, scope, and structure of media markets in a manner that is historically, theoretically, and comparatively informed. When we do that, we find that there are significant and meaningful differences across media, time (history), and place / space (international as well as local, regional and national comparisons) that must be observed and explained. As will be clear throughout the pages ahead, we have our views, but that does not tie us to foregone conclusions. Far from it.

In fact, we find several media sectors that are diverse and pluralistic: online news, magazines, broadcast radio and paid audio services, and video games, for example. Several media sectors are moderately concentrated, and with recent trends

revealing further movement in this direction: paid online video services and social media; others are only moderately concentrated but the trend is moving towards more, for example, streaming music. Others feature moderate concentration, but with a tendency for trends to move erratically one way, then another, not because things are getting better, but because they are falling apart: newspapers are a great example of this, although in the last three years this still central sector in the news ecosystem seems to have found the floor after a decade-and-a-half of straight losses.

That in turn reflected a confluence of events, including major federal and Quebec provincial subsidies, increased federal public funding for the CBC, some payments from big tech companies like Alphabet, Apple and Meta before the *Online News Act* came into being last year and Google's payments into a news fund under the act. That Meta has withdrawn such payments amidst its general demotion of news on its Instagram and Facebook products and in opposition to the *Online News Act* cuts in the opposite direction, however. The recent conversion to and growth of news media to non-profit status after changes to the *Income Tax Act* in 2019 has also been helpful. That option has helped foster a dozen such entities (up by three year-over-year), from *LaPresse*, to the Narwhal Society, to Canadian Jewish News.

There can be no mistake, however, that the spectre of high and increased concentration still hangs about many sectors of the telecoms and digital media industries. Rogers Communications' (the second-largest communications conglomerate in Canada) blockbuster \$26 billion takeover of Shaw Communications (the fourth-largest communications conglomerate) last year is one such instance where a swathe of communication markets have been fundamentally altered and a bump up on most measures of concentration recorded. The pages ahead explain that transaction, and the Competition Bureau's full-court press to block it, which was remarkable in its own right because it represented a fundamental break with its prior penchant to do little-to-nothing in the face of such deals, except to rationalize and cheer them on.

This year, the most sweeping package of reforms to the *Competition Act* since its inception forty years ago took place, partly in reply to that deal. Had those changes have been in place before the Rogers-Shaw amalgamation, that deal would have likely been dead in the water. Whether that deal has been good for Canadians, as the companies touted it would be, or a raw one that would lead to a massive transfer of wealth from Canadians to some of the richest families in the country and the institutional investors backing the deal - as the Competition Bureau and critics, including this one, said it would - is given much attention in the pages ahead.

The results so far do not fall all to one side. On balance, it is fair to say that the main beneficiary, business-wise, of that transaction, Vidéotron, has made a good showing at taking the “maverick” like competitive behaviour that it is known for in Quebec to Ontario, Alberta and BC. However, the evidence also shows that the deal has driven up concentration in wireline internet access and mobile wireless markets nationally and in the provinces of BC, Alberta, and Ontario (and the nation’s capital, Ottawa). It also reduced the number of major internet access providers and broadcast distributors in English-speaking provinces from three to two. The pace of improvements in terms of growing levels of competitive intensity and significant increases in mobile broadband uptake and mobile internet use that had been seen over the past five- to six-years have also ground to a halt, or slowed, with upward pressure on price returning in some cases.

The companies spun-off Shaw’s Freedom Mobile to Videotron to get their deal blessed by the Competition Tribunal in the face of staunch opposition from the Competition Bureau and only a lukewarm acceptance of it by the Minister of Industry, Science, and Economic Development, who held a veto over the deal because his office holds the spectrum licenses that Freedom Mobile needs to operate. Without those licenses, it would be worthless. This fact reminds us that the state holds much power. Its control over the allocation of resources fundamentally influence the shape of markets, who the winners and losers in those markets will be, the distribution of wealth and power, and people’s ability to communicate with one another and use the internet according to a fair price and fair terms of service.

Many (most) observers tend to ignore or downplay telecoms and internet infrastructure issues because they believe that everything other than issues of media content is just housekeeping. We believe that is a big mistake.

We need to look at the network media industries holistically. After three decades of falling concentration and growing competition, choice, and pluralism in some traditional media markets as well as digital markets on account of the raft of new sectors, the last decade has seen a reversal of such trends. By this we mean that even though some markets continue to be robustly diverse (online news), heading in the right direction (online video services), highly diversified (video games, including mobile games), or fairly stable in the moderately concentrated zone (streaming and transactional music services), once we group digital markets altogether, it is clear that there are strong forces of centralization and concentration at work.

Indeed, as we ask in relation to online video services, even if the numbers point to concentration falling, is it really a pluralistic marketplace when the battle for people's time, money and attention is being waged mainly between a couple of international streaming giants whose decade-long run of dominance is slipping (Netflix, Spotify), the cultural industries branches of three planetary scale tech giants (Alphabet, Amazon, Apple), the brand extensions of American media conglomerates (Disney+, Paramount+), three sports-themed streaming services (Rogers, Bell, DAZN), a Canadian service that mostly resells HBO, Warner Media Discovery, and other Hollywood fare (Bell's Crave), followed far behind by an undernourished public broadcaster (CBC's Gem/ICI TOU.TV)? Numbers can be powerful, but in this case, even if commonly used concentration metrics give reason for hope, judgement and experience might counsel otherwise.

The future is up for grabs: policy options for digital markets

The report closes with some reflections on recent policy and regulatory developments affecting the network media industries. Canada's *Online Streaming Act* and *Online News Act* are examined as concrete manifestations of how governments are responding to the realities just sketched by enacting new laws of a kind and breadth not before seen in relation to digital platforms and digital media. Those acts contain powerful levers that require fair carriage for broadcasting, whether over the air, over cable, or over the internet. They also include important funding mechanisms as well as obligations for regulated streamers to disclose information that has previously been kept under wraps, at the cost of keeping us in the dark. These changes mark a watershed moment and, done right, they will advance public interests, communication rights, and democratic values.

Governments have many regulatory tools at their disposal. Canada is one among many now reaching for those tools, dusting them off after a half-century of neglect, and pressing them into service. They are also learning from one another and gaining fortitude as they do. The creation of the cross-agency Canadian Digital Regulators Forum that includes the CRTC, Competition Bureau, Copyright Board, and the Office of the Privacy Commission is one example of how regulators are trying to harmonize their activities, share resources, expertise and experience, and fight the good fight for a fair and as pluralistic-as-can-be digital communications and media system.

Beyond borders, regulators have also created the International Network of Digital Regulation Cooperation Forum. Through such joined up efforts, they are clawing their way towards a new digital communications and internet regulatory regime. Canada is also learning, for instance, from the European Union's landmark *Digital Services Act* and *Digital Markets Act*—a holistic approach to digital communications and markets regulation—that came into effect last year, and from the pathbreaking even if badly flawed *News Media Bargaining Code* in Australia. Competition Bureau officials also attended the Department of Justice's advertising monopoly case against Google in New York and no doubt incorporated lessons learned there into a similar case that it filed against the big tech behemoth in Canada as the final touches were being put on this report.

Much like regulated telegraphs, telephones and broadcasting were to the crystallization and longevity of industrial capitalism, and the birth of the modern regulatory state, from the late-1800s throughout the next century, events taking shape now could be the front edge of a new framework for regulated digital capitalism for the century in front of us. That is why those who are so upset by this turn of events are pulling out every stop and drawing on as many billionaires as they can to reverse the tide, just like some industrialists and robber barons did 'back then'.

This report covers some of that early history. Familiar readers will recognize that whole new sections on communications, broadcasting, and publishing history have been added in the first parts of this report. They set the scene and give us some benchmarks to understand the massive growth, upheaval and transformation of the telecoms, internet and media industries today. They also remind us of old regulatory tools long forgotten but that are now being wielded anew. Of course, novel solutions are also being designed for issues that are genuinely new as opposed to the usual litany of hyperbolic claims about how the digital revolution will make old problems vanish, while also aiming to keep the state's regulatory hand at bay.

The final section of the report discusses policy and regulatory options that are either on the table under five headings: competition and antimonopoly policy and law; telecoms and broadband; big tech, digital platform, app store distribution; broadcasting and streaming media; and broader reflections on the free press, public media, and citizen-consumers' communication rights in a market-driven democracy.

In sum, we are in the midst of a Goliath versus Goliath battle between the largest telecoms conglomerates in Canada and a phalanx of multinational big tech conglomerates (e.g. Alphabet, Amazon, Apple, and Bytedance), streaming giants (e.g. Netflix and Spotify), and a clutch of U.S. and international media conglomerates (e.g. Disney, Viacom-CBS-Paramount, Sony, Warner Music, Universal Music, Ubisoft, etc.). The goal of this report is to grasp these ongoing clashes and concurrent instances of alliances and joint ventures, with a steady eye on what this means for Canadians and communications in Canada.

Some headline findings

- Total revenue reached \$108.1 billion last year—up from 5.4% year-over-year and nearly 17% since 2019 and with digital media boosted greatly in the wake of the Covid-19 pandemic.
- the telecoms and internet access markets—wireline internet access, plain old telephone services, broadcasting distribution and mobile wireless—still cut the biggest figure in the network media industries, with revenue of \$68.8 billion and 72 million subscriber links last year versus that of \$27 billion for digital media.
- Boosted by the Covid-19 pandemic public health restrictions and pent-up consumer demand afterward, digital market revenue - from internet advertising, app stores, streaming video, music, and gaming, etc. has soared in the last three years, reaching \$27 billion.
- Including traditional media adds another \$12.3 billion. The total content media sectors, therefore, have estimated revenue of just \$40 billion.
- Several legacy broadcasting and publishing sectors, however, could soon fade to black: Newspaper revenue is down by 2/3rds since then and was an estimated \$1.7 billion last year, down from a peak of \$4.7 billion in 2008. The crisis of journalism is real.
- The number of full-time journalists fell by 1,500 last year to 10,900, down from a peak of 12,600 a decade earlier.
- Three multinational big tech conglomerates dominate search, text and video advertising (Alphabet/Google), social media and display (Meta/Facebook/Instagram), and online retail advertising (Amazon). They controlled 89% of the \$16.6 billion online advertising market in Canada. Canadian media companies collectively account for an estimated six percent of that total.
- Elon Musk's Starlink, with 400,000 subscribers and \$420 million in revenue, is Canada's sixth-largest ISP. By serving rural, remote and Indigenous communities it exposes long-running policy and industry failures, but risks

becoming a monopoly by undermining rival providers such as Xplornet and Northwestel.

- A new formation is emerging, Convergence 2.0, which sees telecom conglomerates in Canada like BCE, Rogers, TELUS and Quebecor clashing on more fronts with multinational big tech conglomerates (e.g., Alphabet, Amazon, Apple, Bytedance/Tiktok), streaming giants (e.g. Netflix, Spotify), and U.S. and international media conglomerates (e.g., Disney, Paramount, Sony, Warner Music), reshaping Canada’s digital landscape.
- The big get bigger in a much bigger universe: the biggest company in Canada based on revenue was—as it has been for over a century—BCE, with revenue of \$24.9 billion, for a 23% stake of the network media economy.
- Rogers blockbuster takeover of Shaw Communications last year catapulted it into second place in 2023 with revenue of \$20.2 billion and 18.7% market share. Combined, BCE and Rogers—the “big two”—had revenue last year of \$45.1 billion, meaning that they controlled a whopping two-fifths of the network media economy (actually, 41.7%, to be precise).
- Rogers’ \$26 billion takeover of Shaw was the biggest in Canadian telecoms history and the sixth largest in Canadian history. It has driven up concentration nationally in the mobile wireless, internet access and broadcasting distribution markets, while in the latter it has also eliminated a big door to knock for broadcast program producers and rights holders.
- After Rogers and Shaw spun-off Freedom Mobile to get their deal approved, Quebecor’s Vidéotron swooped into scoop it up and has brought its trademark “maverick” style from Quebec to Ontario and British Columbia. While it has made a respected showing in its efforts so far, evidence show that already the steep price declines for mobile wireless services of the last 5-6 years has slowed, stalled or even reversed course and started to rise again for *some* plans in *some* markets.
- The Competition Bureau, especially, and Industry, Science and Economic Development’s opposition to Rogers-Shaw deal contributed to the adoption in the past two years of the most sweeping changes to Canada’s Competition Act since it became law forty years ago, with tougher, bright line rules as to when a merger will be presumed anticompetitive.

- TELUS and Alphabet round out the list of the big four. TELUS had revenue last year of \$17.2 billion and a share of the network media economy of 15.9%; Alphabet / Google generated an estimated \$9.1 billion from its operations in Canada in 2023, which gave it a 9.5% stake of the market.
- Altogether, the big four telecoms and multinational digital conglomerates generated \$71.5 billion, meaning that, collectively, they dominated two-thirds of the market.
- The top ten companies accounted, ranked in order based on revenue, last year were: BCE, Rogers, TELUS, Alphabet, Quebecor, Meta, Amazon, CBC, Cogeco, and Netflix. Collectively, they had estimated revenue of \$89.4 billion, or 83% of the \$108.1 billion network media economy.
- Big tech, streaming media, and the marquee brand digital media extensions of U.S. and international media conglomerates, music companies as well as games developers and distributors has surged in the last decade, especially the last five years, reaching total revenue last year of \$20.4 billion, for an 18.9% share of network media industries' revenue.
- The app distribution market, consisting of Apple's App Store and Google's Play Store, facilitated an estimated \$5.4 billion in transactions last year, split roughly 70 / 30 in favour of Apple, yielding an extremely concentrated app store marketplace.
- Online video service revenue and the total number of subscriptions continues to grow but at a slower pace, while the number of households subscribing appearing to have slipped for the first time last year. Canadians now watch nearly five more hours of television in 2023 than they did a decade earlier.
- Netflix continues to be the biggest paid online video service in Canada but its share of the online video market has slid from half in 2019 to 37.4% in 2023 (29.5% if we include video sharing platforms like YouTube); 24.2% based on subscribers as of last year versus 42% four years earlier.
- A few big tech conglomerates and digital content aggregators (e.g. Google, Apple, Amazon), U.S.-based media giants (eg. Disney, CBS-Viacom) and domestic telecoms conglomerates (BCE, Rogers, Shaw/Corus, Quebecor) have moved in to occupy most of the space formerly taken by Netflix.
- Big tech and domestic telecom companies are subsidizing online video services, making it hard to pin a value on their services, while also revealing

the revival of old practice: giant adjacent telecom operators and big tech firms subsidizing the media and cultural industries.

- Juiced by investment from big tech, streamers and Hollywood studios, investment in television and film production in Canada ballooned to \$11.7 billion—a 23% increase over the previous record high two years earlier.
- Average personal and household spending on telecoms, internet, digital media, broadcasting and publishing goods has soared in the past twenty years in current dollars, but in inflation-adjusted real dollar terms, personal spending has stayed stubbornly flat for the last two decades at roughly \$2,700 per person and just over \$7,000 per household in 2023. This is called the “law of relatively constant media expenditures”.
- Advertising spending shows similar trends: As a portion of gross domestic product (GDP), it tends to fluctuate within a relatively narrow band around .65 to .72 percent, while on a per-capita basis in current dollars, advertising spending has surged in the last few years after a nearly a decade of slow to no growth.
- Public funding and other government policy support programs for news, journalism and local media has helped to soften the blow since 2019, while legal changes have supported a flourishing and expanding sector of non-profit journalism in Canada, e.g. The Narwhal Society and Canadian Jewish News.
- After taking into account growth in the size of the broadcasting industry and inflation, the CBC is getting a quarter-on-the-dollar today relative to what it was getting when it was in its prime. It would not be unreasonable to double or even triple its current public funding to offset that decline and bring it closer into line with better funded public service media like the BBC, on the grounds that public service media are good for democracy.
- Some of the recent relief for *some* media reflects the federal government’s increased spending on advertising during the pandemic. However, they are being wound down now and this will translate into more pain for traditional advertising supported media in the days to come.
- All of the above issues have profound implications for digital communications and markets policy and regulation, and for the economy, society, personal

well-being, and the currently shaky state of democracy. Those are taken up in the final section, with recent changes to the *Competition Act* and the adoption of the Online Streaming Act and Online News Act placed in historical and international context, and assessed, with some public policy proposals of our own for good measure.

Introduction

Welcome to our annual report on the state of the telecom, internet, and media industries in Canada. You can find previous versions [here](#) for the Canadian Media Concentration Project versions and [here](#) for the editions completed under the auspices of the Global Media and Internet Concentration Project.

This report does three things: first, it identifies and examines short- and long-term trends with respect to the growth—or the decline—of roughly two-dozen sectors of the telecom, internet, and media industries in Canada. We call the whole of these sectors the network media economy. Second, it seeks to answer a deceptively simple but profound question: have these industries—individually and collectively—become more concentrated over time? Third, it engages in policy analysis and offers several policy proposals of its own.

Given the heightened state of debates around the media and internet our goal is to engage with timely and enduring issues. We also want to bring a historically- and theoretically-informed and empirically driven approach to the fast developing digital media universe as well as to well-established broadcasting and publishing sectors, while building a holistic view of the communication industries. Independent research is needed to address the relative dearth of comprehensive, good data relevant to these questions and to counter those who mobilize knowledge to promote their own agendas. Sweeping changes, the expansion of digital media, the deepening crisis of journalism, ongoing moderate- to extremely-high levels of concentration in some markets but real competition in others, and tightening integration of all media into the telecom and big tech sectors, banking and finance, real estate, and more all demand a root-and-branch re-examination of what we think we know and how we approach these issues.

This report aims to contribute to some of the preeminent policy debates of our times regarding the role of multinational digital giants in Canadian and global media markets. Indeed, as if to underscore this point, just as the finishing touches were being put on this report, the Competition Bureau filed a suit against Google alleging that it has used anti-competitive conduct in its online advertising exchange to build up a monopoly position. That behaviour, the Bureau charges, has resulted in, amongst other things, media companies getting an unfair cut of advertising revenue and consumers getting substandard services from Google. Building on the remedies sought by its counterparts in the U.S. who have just successfully won two cases against the online advertising giant—the search monopoly case and the ad-tech monopoly case—the Bureau wants those activities declared illegal and to force Alphabet to divest two key parts of its online advertising system that have enabled the illicit behaviour, refrain from such conduct in the future, and to pay penalties for the harms already caused.¹

In fact, there is a steady press of policy issues that command attention and require that we have a current and independent body of analysis, data and understanding at the ready to address these hotly contested issues as soon as they emerge and within which there are billions of dollars and decisive questions of wealth, communication rights, power, and democracy on the table. Of special interest for this report is the closing of Rogers Communications' \$26 billion take-over of Shaw Communications last year. It was the largest consolidation of communications industries in Canadian history, and one that significantly amplified concentration in mobile wireless, internet access and media distribution markets.

The report has five sections after this introduction:

1. The first section introduces the methods that we use to determine if a market is growing or shrinking and whether it is diverse and pluralistic or monopolistic and hard to break into. It also introduces how we should think about the subject covered in these pages and three contending schools of thought on the topic.
2. The second section offers a primer on communication and media history in Canada that traces the advent of telecoms, newspapers, news wire services, broadcasting, the CBC, and cable television, and their regulation, back to the 1870s up to the 1970s.
3. The third section provides a contemporary account of telecoms conglomerates, the internet, international big tech conglomerates, digital platforms, streaming media, broadcasting, and news media from the 1980s

until the present, with the balance of the emphasis on the last ten to fifteen years.

4. The fourth section brings all these things together to give us a sense of the rank ordering of power and the structure of these industries at the highest level of aggregation, what we call the network media economy.
5. The last section ends the report with reflections on five policy domains: competition and antimonopoly; broadband and telecoms; big tech, digital platforms, app store distribution; broadcasting and streaming media; and broader ones about journalism, the free press, public media, and citizen-consumers' communication rights in a market-driven democracy.

As this last point will make clear, we do not believe that taking an independent academic approach means that we do not have views of our own. We do. However, those policy and political preferences do not drive our conclusions. Instead, we are transparent about where the data leads, where evidence is in short supply, what the existing scholarly, public and policy disputes are, *and then* offer proposals of our own.

In the first section of our report after this introduction, we begin with a few pages on contending schools of thought on these matters as well as questions of method to explain how we do what we do and the criteria that we use to make judgements about the highly controversial issue of communications concentration. It then turns to the advent of the industrial communications and media era from the late-1800s until 1980. We take a long historical view to grasp the main forces that have shaped these industries, including reviewing the 1880 federal charter that gave life to the oldest and still biggest communications conglomerate in the country: Bell Canada Enterprises.² We also focus on how telecom industries in Canada stack up in various international comparisons, both past and present. And whereas the 'infrastructure turn' has become very fashionable in communication and media studies and other corners of academia in the past decade or so, we show that telecom has been infrastructural to the press, news wire services, broadcasting, and internet since the mid-1800s.³ Our colleagues might take this as an invitation to plumb the twinned history of communications and infrastructure more deeply and explicitly that they have so far.

Figure 1 gets the ball rolling by presenting the two-dozen sectors of the largest telecom, internet, and media industries covered in this report. To capture the interdependencies and relationships between these sectors, our analysis moves through each sector one-by-one, then groups them together into three mid-range

groups, as Figure 1 also shows, and finally combines them altogether under one label that we call the network media economy.

Figure 1: The network media economy in Canada—What the GMIC Project covers

Telecoms & internet infrastructure	Online & traditional media services	Core internet applications & sectors
<ul style="list-style-type: none"> • Wireline telecoms • Mobile wireless service • Internet service Provider • BDU (Cable, Sat & IPTV) 	<ul style="list-style-type: none"> • Broadcast TV • Pay & Specialty TV • Online video services (SVOD, TVOD, AVOD) • Radio (ad-funded, public service & paid subscription) • Internet advertising • Traditional music (physical, publishing, live concerts) • Online music (paid subscription & ad-funded streaming services & downloads) • Games (console, PC & mobile) • App distribution • Newspapers • Magazines 	<ul style="list-style-type: none"> • Online news sources • Search engines • Social media & video sharing platforms • Mobile & desktop operating systems • Mobile & desktop browsers

The report focuses on the telecom infrastructure parts of the network media economy (i.e. mobile wireless, internet access, plain old telephone service, and cable television) as much as it does on the fast-evolving digital media aggregated and made accessible over the internet, such as:

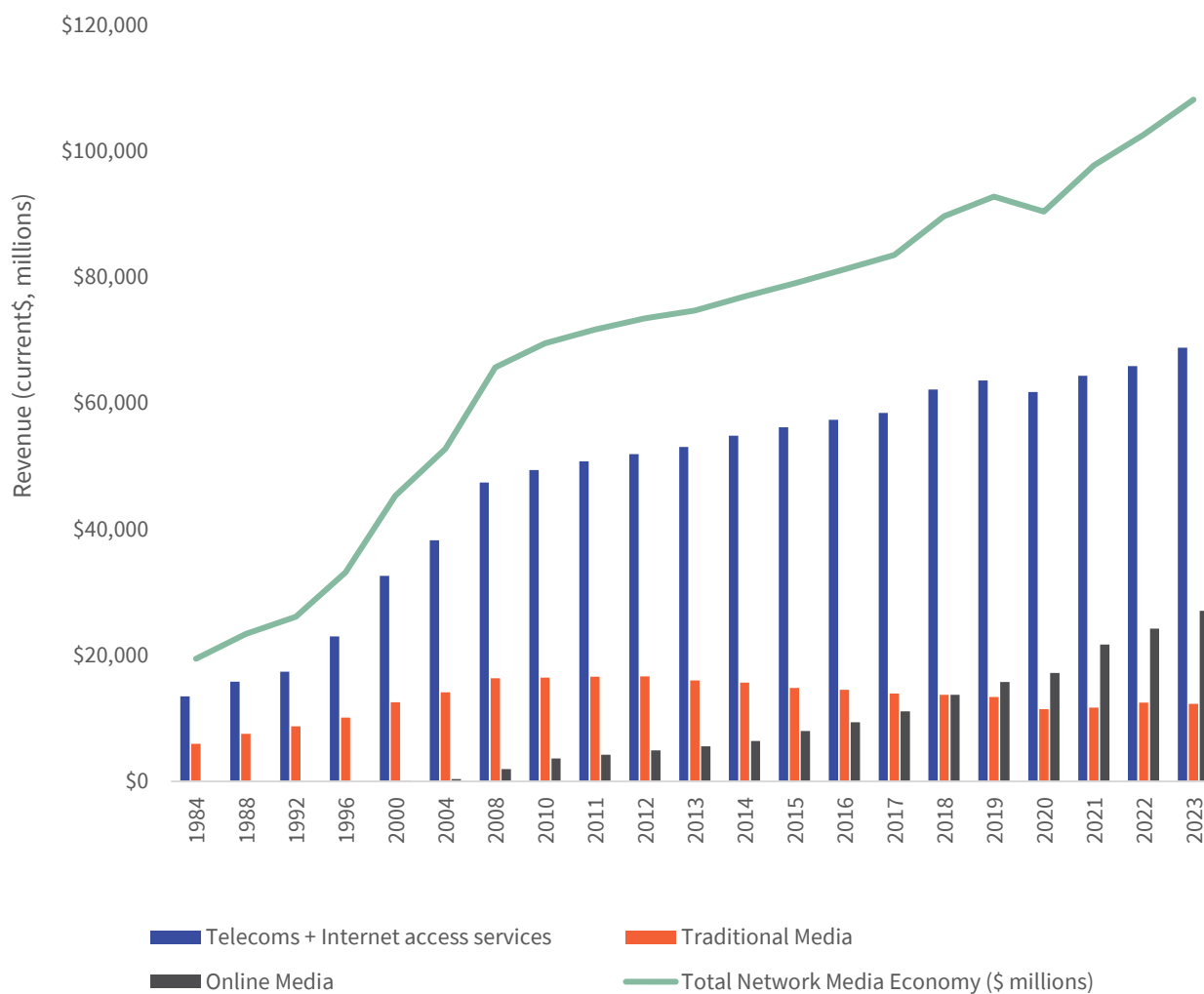
- online video services
- video games
- streaming and download music services
- online news sources
- app stores

We clearly define the telecom, internet and media landscape so that readers know what is included in our analysis and what is not. Communication and media scholars often exclude telecom from their analyses, but those sectors underpin the economy, society and daily life as well as the array of media, apps, search engines, social media platforms, and news sources that people use every day. By including them, this report seeks to redress that imbalance. Ultimately, all sectors are combined into a bird's-eye view of the network media economy to show how all the bits and pieces fit together and interact while facilitating “apples-to-apples” comparisons across media, time (history) and internationally.

The markets that make up the network media industries are also a major part of the economy. Last year they had combined revenue of \$108.1 billion—a five-fold increase since 1984. They account for 4% of Canada's three trillion-dollar economy. Contrary to perceptions of Canada's media economy as being tiny and overshadowed by global giants, it ranked ninth among thirty countries in terms of media economy size, based on Noam's research in *“Who Owns the World's Media”* in 2016.⁴ As we will see, this is not new. It is also still the case in 2024, despite some shuffling in the ranks.

Figure 2 below illustrates the immense growth and transformations of the network media economy in Canada that has taken place over the past four decades.

Figure 2: Development of the network media economy, 1984-2023 (current \$, millions)



Sources: see the Figure 2 sheet in the [Excel workbook](#) accompanying this report and the [GMIC Project—Canada open data sets](#) for the revenues of each company covered in this figure.

While the media economy has grown substantially, growth has been uneven. There are also unique trends among industries that merit close attention. Our method is designed to capture and explain those differences in terms of ownership and control, regulation, historical evolution, how they are used, consumed, shared, and paid for, as well as the challenges or opportunities they face.

The first thing that stands out in Figure 2 is the massive growth and, second, that such growth has been driven by the advent of new communications and media sectors, such as mobile wireless, internet access, content aggregation and distribution platforms and apps, internet advertising, online video and music services, and video games. A closer look reveals that mobile wireless, wireline, internet access, and broadcasting distribution through cable television, IPTV, and satellite—which we group together under the banner of telecom and internet access—garnered \$68.6 billion in revenue last year. They are the centre of the network media economy around which much else pivots. Increased household spending on these services, whether measured in absolute terms or as a percentage of household income, has also sped along this growth (see below).

The mobile wireless industry was a \$32.5 billion industry in Canada last year, with 95% of Canadians having a smartphone plan, predominantly with the big three national mobile operators, Bell, Rogers and TELUS (90.7%). The main beneficiary of the decade-and-a-half push by both Conservative and Liberal governments to break the three-way national oligopoly, Quebecor's Vidéotron and newly acquired Freedom Mobile, account for 6.3% of the national mobile wireless market based on revenue and 10.4% based on subscriber count. Smaller regional and provincial operators make up the rest.

Some observers, and the carriers themselves, often wave away concerns about high concentration and low adoption and usage rates that have prevailed until recently by claiming that in a small market and big country this is to be expected. That, however, is a distraction. Canada's mobile wireless market is the sixth largest in the world, despite high concentration levels and high prices holding back adoption and mobile internet data use for decades.

Similarly, the ISP sector is a vital infrastructure for the digital economy and how people access the internet. It is also the nucleus of an increasingly unified market for media distribution.⁵ These factors and ongoing strong growth has made the ISP sector a \$16 billion industry. Bell, Rogers, TELUS, and Quebecor—the four largest communications conglomerates in Canada—have steadily increased their share of the ISP and mobile wireless markets, despite efforts by governments and regulators to bolster competition since late-2000s. They have also built fortresses on top of these infrastructural systems that underpin their stakes in media (Bell, Rogers, Quebecor), major league sports teams and arenas (Rogers, Bell, Quebecor), data analytics (Bell) as well as health information and content moderation services (TELUS). These latter developments reflect the fact that not just the big four communications companies but smaller, regional ones like them such as SaskTel,

Eastlink and TbayTel have turned around two decades of lost revenue from the decline of plain old telephone subscribers by diversifying, first and foremost, into mobile wireless and internet access services but also home monitoring and security services, health information, content moderation, and data analytics.

These companies are not invincible, however. Tellingly, their share of the media economy has slipped from close to three-quarters of all revenue in the early-2010s to less than two-thirds last year. This is a consequence of intensifying rivalry with the world's big tech companies and streaming conglomerates, not so much in their core telecom services, but broadcasting distribution, television, advertising, publishing, and the diversifying array of services introduced in the previous paragraph.⁶

The heart of this battle is over the fast-evolving \$27 billion online media economy: internet advertising, streaming video and music services, video games, social media, online news, and app store distribution. Three U.S.-based big tech firms—Google, Meta and Amazon—control 90% of the \$16.6 billion online advertising market. They, along with Netflix, Spotify, Twitter, Snapchat, and TikTok, also control the bulk of online media. Such markers of dominance have girded the Liberal government's *Online Streaming Act* and the *Online News Act*, both of which became law last year. Those steps, and other like them by other governments, have put issues of technological, economic, and cultural sovereignty back on the agenda around the world in ways not seen for decades.

While burgeoning growth continues to define telecom and online media services, conditions across media sectors is highly uneven. Traditional broadcasting distribution (aka cable television), commercial radio and pay television, for example, are shrinking, while the public broadcaster, the CBC, is treading water. Broadcast radio is on shaky ground, while broadcast television, newspapers and magazines are in dire straits. A bifurcation in media markets is also emerging, with smaller, high-value audiences subscribing to premium services, and larger audiences consuming predominantly free, ad-supported content.

Figure 3 provides a snapshot of these uneven growth trajectories.

Figure 3: Growth, stagnation and decline of media in the network media economy, 2023

↑ Growth	↔ Stagnation/stable	↓ Decline
<ul style="list-style-type: none"> • Wireline Telecoms (overall) • Mobile Wireless • Internet Service Providers • Online Video (SVO and AVOD) • Total TV • Paid Radio (SiriusXM, Stingray) • Internet Advertising • Total Advertising Spending • Traditional Music (publishing, live concerts) • Online Music (paid subscriptions and ad-funded streaming services) • Games (console, PC and mobile) • App Stores • Household Spending-- Communication services • Traditional Music (physical sales) 	<ul style="list-style-type: none"> • Wireline Telecoms (plain old telephone service) • BDU: IPTV • Broadcast TV (public service) • Radio (public service) • Newspapers • Household Spending-- Media Content & Live Entertainment • Household Spending-- Home Media Equipment & ICT Devices 	<ul style="list-style-type: none"> • BDU: Cable • BDU: DTH Satellite • Broadcast TV (ad-funded) • Pay & Specialty TV • Radio (ad-funded) • Online Music (transactional/download) • Magazines

The hardest hit sectors—broadcast commercial television and radio, newspapers, and magazines—have seen their revenue slashed from \$12.2 billion in 2008 to \$6.5 billion last year. The decline has hit cable television and pay television programming services as well as people flock to online streaming options for video, music and games. While conglomerates such as BCE, Rogers and Vidéotron are still highly profitable, beyond their core telecom and internet access divisions, shrinking profit margins on declining revenue means less investment in journalism, entertainment, long-form literary essays and other valuable forms of public discourse. This is also true for companies that focus solely on broadcasting or publishing, such as Corus Entertainment (broadcasting) or Postmedia (publishing). What will fill this gap is an open question, but the pages ahead aim to shed light on what is driving these trends and possible implications.

Such realities raise complicated questions to which there are no easy answers. Should money-losing broadcasting and newspaper activities be subsidized by profits from cellphone and internet service, for example? In fact, big telecom and big tech firms already appear to be subsidizing digital media services in support of their far more lucrative core businesses, such as telecom (BCE), device sales (Apple), e-commerce (Amazon) and advertising (Alphabet). If this is true, is this acceptable, or should using “free” media to drive customers to paid communications and streaming services be considered akin to dumping media goods on the market? We can also ask, should hidden subsidies be made explicit, or curbed? Or will doing that threaten to kill ‘free’ streaming television, film and music services that are tucked into, for example, the \$99 per year subscription price for Amazon Prime delivery, and which people seem to like? If the answer is no, how can commercial media compete with “free”? Answers to these questions are not obvious.

Scholars and policymakers are scrambling to make sense of these cross-cutting tendencies and how to intervene accordingly. Such issues are being taken up in terms of the growing imbalanced terms of trade between platforms and news media, the distribution of revenue, the effects of digital platforms on cultural production, as well as communications and platform governance.⁷ While concerns about the rise and fall of various media industries and the assumed centralization of market and opinion power define efforts to tackle these issues, on closer inspection, the empirical basis of those concerns is often remarkably thin and filled with examples aplenty of cherry-picked data being mobilized toward preferred policy ends and media criticism.

While it is commonplace to blame big tech companies and streaming services for a generalized crisis of media, no such crisis exists, as we will see. Indeed, a major

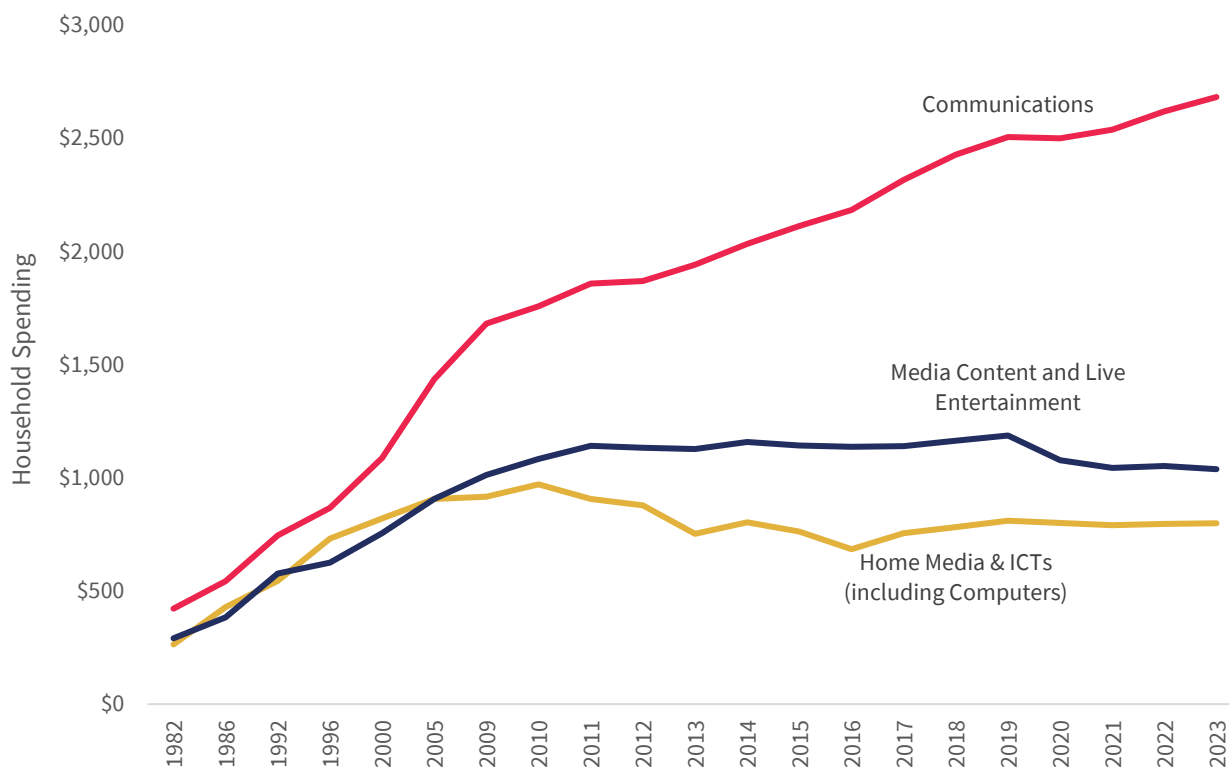
theme in this and previous reports is that the crisis of advertising-based media and some media companies long predates the entry of the international big tech and streaming services into Canada. Highly leveraged bouts of ownership consolidation in the 1990s and 2000s put some of the most venerable national media groups (Southam, Global TV, CHUM) into bankruptcy or pinched states (CTV, the *Globe and Mail*, CITYTV, TVA and Sun Media). This resulted in the current weak crop of media conglomerates that appear to be on their last legs, with Postmedia (owned by U.S. hedge funds) and Shaw family-owned Corus Entertainment standing out in this regard.

Adding to this, stagnating and, by some measures, falling advertising revenue for most of the decade after the 2008 financial crisis - while Alphabet and Meta were tightening their grip on advertising spending - also knocked the legs out from under some of the most significant media groups in Canada. Advertising as a portion of gross domestic product (GDP) tends to fluctuate within a relatively narrow band. In Canada that relatively narrow band is around .65 to .72 percent. In the U.S., it is about double that, revealing the more consumer-oriented society there. This is a macro-level view of the communications and media economy.

A closer look at household spending on media and entertainment goods and services shows a similar tendency: as a proportion of total household spending, it has stayed remarkably stable for four decades. This has been called “the law of relatively constant media spending”.⁸ It seems to still apply to media and entertainment goods, but not for communication services like broadband internet access and mobile wireless services, where people now spend more than double what they did in the 1980s, although one must keep in mind that at that time only plain old telephone service (POTS) was on the list of expenses.⁹

Both things—the ‘law of relatively constant advertising spending relative to the size of the economy’ and the ‘law of relatively constant media spending’—effectively means that companies offering paid and advertising-funded streaming media, broadcasting, and publishing services are engaged in a battle with one another over fairly fixed sums and for people’s time, money and attention. Neither law, however and to recall a point just made, applies to telecoms and internet access, hence why those domains are flourishing across the board whereas conditions in the media and entertainment industries are so uneven. Figure 4 below illustrates the point.

Figure 4: Household spending on communications and media services and ICTs, 1982-2023



Sources and notes: Statistics Canada (February 29, 2024). Detailed household final consumption expenditure, Canada, quarterly. Table: 36-10-0124-01; Statistics Canada (2024, previous years). Table 203-0021 Survey of household spending (SHS), household spending, Canada, regions and provinces. See Figure 4 sheet in the [Excel workbook](#) accompanying this report.

The upshot of these observations and conceptual points is that there are fundamental differences that define different communication, internet, and media sectors. Similar phenomena can be seen in other countries, but there are also big differences in terms of the timing, intensity, implications and policy responses to these realities. The long story short is that telecom, internet and media industries are marked by distinctive qualities, but in all cases are fraught with risks and uncertainties to a far greater degree than most “normal” industrial activities.¹⁰ This is why the communication and cultural industries are so interesting to study and a key reason motivating us to do what we do. This is also we must pay very close attention to those differences but also with an eye to how they fit into ‘the big picture’ and avoiding getting bogged down in the weeds.

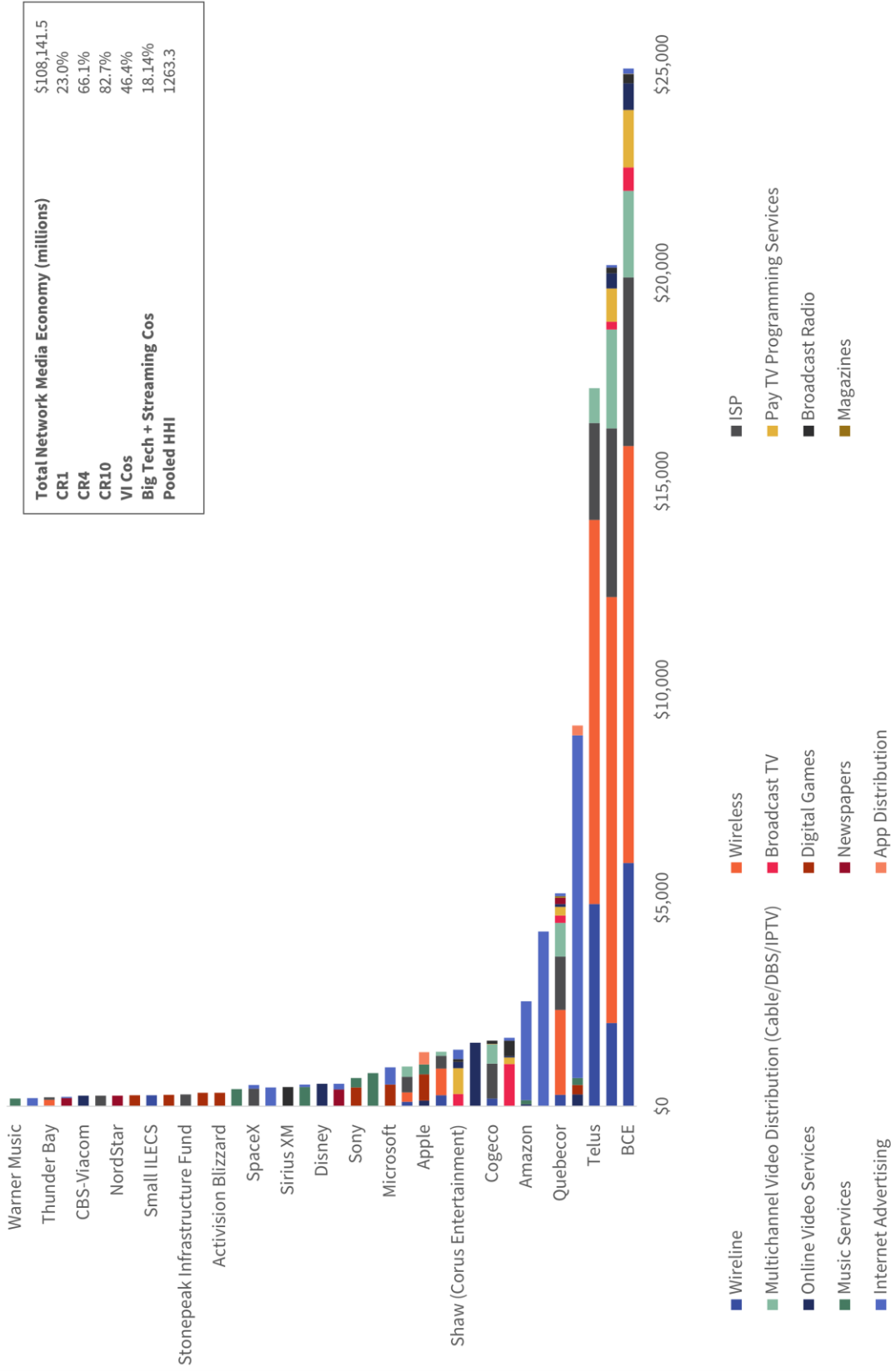
Good research is hard to do . . . and becoming harder

To capture these sweeping changes and enduring realities, this year's report has been reworked into a more concise single volume than the two-part series in previous years. While still obviously very long, it is more concise than the shortest of the previous two volumes. Our analysis of Canadian companies over the past decade has also been reviewed and revised as needed while our analysis of international big tech, internet and streaming companies and the markets they operate in Canada, and internationally, continues to be expanded. The account of the press and broadcasting in Canada has also been deepened historically and expanded empirically in terms of the development as industries and markets in the early 20th century. We show how big these industries were based on revenue at a couple of points in the middle of that century and introduce some of the biggest broadcasting and newspaper publishers at each of those points in time. Doing so helps us capture the fundamental transformation of communication in Canada that has taken place both over the long run and closer to our own time.

Simultaneously, we have drilled deeper into Google's suite of YouTube services, including the advertising-based version of YouTube as well as its paid YouTube Premium, Google Play and YouTube Music brands. Our coverage of Apple's App Store and Google Play Store as well as Amazon's in-house advertising exchange, Prime Video and Prime Music services and Apple TV+, Apple Music and Apple's App Store also get fuller treatment. We pay greater attention to Spotify, YouTube Music, Amazon Music and Tencent, i.e. media distribution platforms—and how they and the big three international recording music giants whose origins lay back in the 20th century—Universal, Warner Music, and Sony Music—have set the terms, structure and conditions for the streaming music market as it now exists. We do our best to do the same for video game publishers and distribution platforms such as Microsoft, Apple, Tencent Games, Epic, Electronic Arts, Google Play, Sony, Steam, Take Two Interactive, Ubisoft, amongst others.

At its most basic, our research involves systematically gathering and reviewing data, business strategies and policy positions for hundreds of companies. However, we pay closest attention to the leading companies at different points in time because they account for most of the money and people's media use and have had the greatest impact on communication and media policy. The biggest three dozen or so such companies in Canada based on review in 2023 are portrayed in Figure 5, below.

Figure 5: Leading telecom, internet and media companies in Canada, 2023 (based on revenue, millions\$)



Sources: see Figure 5 in [Excel workbook](#) accompanying this report and individual company entries in the [GMIC Project—Canada open data sets](#).

What all this means will become clear in the pages ahead. For now, though, take note of the companies in Figure 5 because they will appear a lot in the pages ahead. In 2023, they controlled over 90% of revenue. The biggest firm, BCE, accounted for almost a quarter of all revenue, while the top four firms' raked in nearly two-thirds of all revenue, and the top ten just over eighty percent, as the text box shows. These are measures of concentration. The higher they are, the more concentrated the market is. These are high numbers by historical, comparative and commonly accepted standards.

We can also see the place of the international big tech firms. Their collective share of the network media economy has soared in recent years to reach 18% last year. Several of the firms ranked in Figure 5, however, have been around since the late 1800s and early 1900s in close to their original form (BCE, the *Globe and Mail*) or as the result of successive takeovers of early firms to yield some of the biggest communications and media groups still with us today (for example, TELUS, Sasktel, Postmedia). We will track these companies' development and transformation, their ownership, the markets they operate in, the revenues, subscriber levels, and share of control in those markets that they garner, and the policy stances they strike.

There are also two numbers at the bottom of the text box in Figure 5 that are also very important: the 'pooled' Herfindahl Hirschman Index (HHI) and the "weighted HHI". The HHI is based on thresholds that tell us whether a market is competitive, moderately concentrated, or highly concentrated. As we will see in more detail in the next section of this report, we apply the HHI sector-by-sector, scaffold up to take another look at what sectors that can be grouped together based on common features, for example, broadcasting and publishing are all about media content, whereas mobile wireless and internet access are all about communication, and finally we can draw them altogether into one big composite view of the whole network media economy.

Figure 5 does the latter. For now, bear in mind that the 'pooled' Herfindahl Hirschman Index (HHI) refers to the idea that if we put all of these companies into one big market called the network media economy and ignored all the distinctions between different telecom, internet, and media that we just said are so important, the results would show a low level of concentration. If we switch to the "weighted HHI", however, we get the opposite conclusion? Why? Because all the sectors that go into this single birds' eye view of the network media economy are 'weighted' according to their size relative to one another based on revenue. In simple terms, this means that the bigger the market, the bigger the weight, meaning that, for

example, internet access markets are given a lot more weight than newspapers because is massively larger in terms of revenue.

A rule-of-thumb for the HHI regardless of whether it is used for individual markets or on a pooled or weighted basis is that if the HHI score is below 1,500, then a market can be considered to be diverse and competitive (think 'green light'). A score between 1,500 and 2,500 signals a moderately concentrated industry ('yellow light'), while above that points to high concentration levels ('red light'). An HHI score of 10,000 depicts a perfect monopoly where one firm owns and controls everything. Figure 6, below, gives a snapshot of where things stood last year sector-by-sector.

Figure 6: Concentration rankings on the basis of HHI Scores, 2023

Low Concentration ($100 \leq 1,500$)	Moderate Concentration ($1,500 \leq 2,500$)	Concentration ($2,500 \leq 10,000$)
<ul style="list-style-type: none"> • Magazines 188.6 • Online news 415.1 • Digital games 786.7 • Music services 888.5 • Newspapers 906.8 • Internet access (national) 1079.9 • All TV 1250.83 • Radio 1259.8 • Network media economy 1137.4 	<ul style="list-style-type: none"> • Cable/DTH/IPTV (national) 1802.4 • Total advertising all media 1902.1 • Pay & specialty TV 2067.1 • Online video services 2180.9 	<ul style="list-style-type: none"> • Broadcast TV 2607.8 • Mobile wireless 2707.5 • Mobile wireless (provincial weighted avg) 2936.6 • Wireline 3068.3 • Internet advertising 3403 • Internet access (local) 3986.6 • Mobile web browser 3727.0 • Social media platforms 4104.7 • Desktop web browser 4257.1 • Mobile OS 5070.6 • App stores 5594.1 • Cable/DTH/IPTV (Local) 5137.8 • General search 8351.4 • Mobile search 9364.3

Figure 6 gives us a sneak peek at where things stood last year. It is interesting because, among other reasons, it reveals that the structure of media markets ranges from being competitive, diverse and pluralistic (e.g. online news, video games), to those that we need to keep an eye on (e.g. social media, streaming video services, pay television), to those that are highly concentrated (e.g. mobile wireless at the provincial and national levels, internet advertising, search, and app stores, etc.). This also tells us that what we see and know does not all fall to one side, and this makes the whole enterprise to be one of discovery and worth the effort. It also keeps us honest, while creating a yardstick against which we can measure other similar efforts, which is important given that this field is full of people with ideological axes to grind either way (i.e. media concentration will cause the death of us versus those who cheerily wave away any such concerns) and vested interests with billions of dollar and matters of prestige, personal hubris, power and political influence at stake.

We publish this report and accompanying data sets because we believe that a lack of shared conceptual frameworks, research methods, and publicly available information are severely hindering our understanding of the media industries. While on the surface it might appear as if there is a surfeit of information at our fingertips, a closer look reveals that media industry data is often incomplete, biased towards the interests of those who pay to generate it, and silent regarding the research methodology used to create it. This problem gets in the way of needed communications and media policy reforms and harms telecom, internet and media studies as a field. Scholars' willingness to make do with such a situation cedes communication policy debates to those with vested interests in the outcomes. The lack of effort and curiosity needed to fix this state of affairs is perplexing and reflects badly on our field of inquiry.

Such problems are especially acute for online media services where the standard of information disclosure is miles behind what has applied to telecom for more than a century and to broadcasters for the last fifty years. In fact, internet giants like Alphabet, Apple, Tencent, Bytedance, Meta, Netflix, etc. refuse to disclose detailed data on a service-by-service and country-by-country basis. Simultaneously, telecom companies, broadcasters and publishers rarely break down information on a stand-alone basis for the specific markets and countries they operate in as well.

Our experience also teaches that obtaining consistent and comprehensive data is becoming harder as companies and their affiliated trade groups like the Canadian Telecommunications Association and News Media Canada become more guarded in their financial reporting. Broadcasters and publishers are becoming especially

tight-lipped under relentless pressures to survive. Tellingly, News Media Canada has discontinued several annual reports on newspaper ownership, revenue and circulation. Major news publishers such as *The Globe and Mail*, the *Toronto Star*, and *La Press*, are privately held and, therefore, do not publish much data about their operations. This is especially galling when these same news media groups have been benefitting recently from an increase in public funding and policy support. Several decades of business-friendly regulation has also compounded the problem. The upshot is this: knowing the telecom, internet and media industries is as hard as ever.

Some governments, including in Canada, are now making up for lost ground by including new or expanded information disclosure rules for international big tech and streaming services. The *Online Streaming Act* and *Online News Act* that became law last year in Canada, for instance, include such obligations. However, the companies affected are fighting these changes tooth-and-nail by flooding policy consultations with self-interested pleading, appealing individually and collectively to the courts to overturn such obligations, and with lobbying campaigns designed to get what they want, namely, as few obligations under the new acts as possible.¹¹ Despite improvements in recent years, the CRTC and Statistics Canada still struggle to publish information in a timely, comprehensive, and consistent fashion. Budgetary hardships compound the problems.

This situation is not unique to Canada. In fact, based on observations by contributors to the 38-country Global Media and Internet Concentration Project, conditions in Canada are probably better than many countries. Indeed, in some countries, such as Austria and Switzerland, policymakers seem to be indifferent to such problems. They may even see this as a virtue because discretion helps to lure international investors. In Latin America and India, calls on domestic players and international firms to be more transparent fall on deaf ears.

Nonetheless, the push to improve conditions has gained traction in, for example, Australia, France, the UK, the European Union and the US. Regulators have taken steps to improve things by increasing cooperation through the International Institute of Communication (IIC), Organization of Economic Cooperation and Development (OECD), and International Telecom Union (ITU). New entities like the International Network of Digital Regulation Cooperation Forum and domestic cross-agency initiatives such as the Canadian Digital Regulators Forum have also been created to tackle these issues.¹² Such progress is to be applauded, but this is no time to let up on calls to do better yet.

Method (or how we do what we do)

The “scaffolding approach” and comparative analysis of telecoms, internet, and media industries and firms

We use a simple research method: we collect, organize, and publish data for each media industry based on reliable and credible sources such as annual financial reports from publicly-traded companies, regulators, trade associations, Statistics Canada and consultancies. We use the Interactive Advertising Bureau and PriceWaterhouseCooper for internet advertising, for instance, and the Recording Industry Association of America (RIAA) for the music industry, and Newzoo for gaming. Public inquiries and regulatory or legal cases can also be valuable sources of data and analyses that can be incorporated into a coherent portrait of the communication and media industries.¹³

We use revenue as our primary measure because it is best suited to tracking and comparing developments in the media industries relative to one another, over time, and compared to other countries. We also draw on user and audience data based on web traffic analytics, downloads, average monthly users, media adoption and usage surveys and reports, and so forth to augment our focus on revenue or where revenue data is not available (or indeed the relevant metric, as is the case, for example, for search engine use). In all cases, we cite our sources, and detailed notes are given to explain the steps taken to arrive at our results or to make estimates when publicly available data does not exist or is of poor quality.

It is especially difficult to ascertain basic facts about internet and digital media companies related to, for example, their ownership, revenue—both overall and by country and region, profits, audience characteristics, content moderation policies, and more. Many internet metrics and ratings firms exist such as App Annie, Comscore, DataReportal, eMarketer, Media Technology Monitor, Nielsen Media Research, and StatsCounter that can ostensibly help to fill in the blanks. The problem, however, is that their reports often vary by hundreds of thousands of daily or monthly average users, even millions without good explanations as to why.

The result is a patchy portrait of reality that leaves much to be desired. Indeed, the digital audience ratings industry today is as notorious as it has ever been for

inscrutable methods, dirty data, and pricey reports. Like its forerunners in the industrial media age of radio, television and newspapers, the ratings industry's primary purpose is to make the buying and selling of the audience commodity possible rather than to produce the best understanding digital markets and audiences they can.¹⁴ The privacy and access to information regulator in the UK, in fact, condemned the online advertising ecosystem for being rife with dirty data, fraud and deception, all of which it ordered to be fixed and made compliant with Data Protection Regulations in the European Union, albeit with uncertain authority to bring about that result.¹⁵

Given these conditions, data sources must be chosen and used carefully. We switched to DataReportal this year for social media tracking, for instance, because it provides a reasonably clear explanation of its methodology that uses annual sample of users to establish estimates for monthly average users. It also uses a second approach based on advertising reach. However, that approach does not reach as far back in time, which is one reason we chose the first method. DataReportal also covers more social media platforms than, for example, eMarketer.

To measure and assess concentration levels, we use two widely recognized tools: concentration ratios and the Hirschmann-Herfindahl Index (HHI) (more on this later). As noted earlier, the first step begins by circumscribing and defining the relevant markets based on the characteristics of the communications or media service, geography and time, i.e. past, present and future markets. The next step is to collect revenue data for each sector, and for each firm within them. Each sector is analyzed on its own and then grouped into three categories:

- telecom and internet access infrastructure
- online and traditional media services
- core internet applications and sectors

Lastly, all sectors are combined to get a birds-eye view of the network media economy. We call this the scaffolding approach. Its aim is to clearly define the media at the micro, mid-range, and macro levels and then to offer a holistic view of media development and concentration trends. It is also done to ensure that apples-to-apples comparisons are being made across media, time, and countries as well as with other studies.

Measuring and assessing market concentration

To answer our question about whether media are becoming more concentrated, we apply two commonly used economic metrics: Concentration Ratios (the CR4) and the Herfindahl-Hirschman Index (HHI). Using these methods, we focus on each of the media industries that we study and compare the results across media, time (history) and space (different countries). Once again, we then scaffold upwards to bring all the sectors we cover into a single snapshot of the network media economy.

We also use “pooled” and “weighted” averages to capture the influence of media ownership and concentration across different industries. That is, after determining the state of concentration or competition within individual sectors we pool together the share of companies across the sectors that make up the mid-range groups identified a moment ago. We then move from there to “weighted cross-media averages” for CR and HHI scores to reflect that fact that some industries are bigger than others and need to be weighted accordingly. Ultimately, we do this all over again for the total network media economy. This is also done over a period of four decades to capture historical trends.

This approach is very different from those who put little to no stead in concerns about competition, and who tend to place a premium on “before” and “after” snapshots of changes in ownership, markets, and technology. That approach, in turn, is underpinned by the belief that creative gales of destruction unleashed by new technologies and businesses will take care of whatever short-run problems might exist. In contrast, we believe that the state of competition in the telecom, internet, and media industries must be comprehended at different scales (e.g. micro-, midrange- and macro-levels) over the short-, mid- and long-term and through international comparisons.

The CR method adds the shares of each firm in a market and makes judgments based on widely accepted standards whereby four firms (CR4) having more than 50 percent market share and 8 firms (CR8) more than 75 percent are seen as indicators of high media concentration.¹⁶ The Competition Bureau in Canada, however, relies on a more lenient standard, with a CR4 of 65% or more possibly leading to a deal being reviewed to see if it “would likely . . . lessen competition substantially.”¹⁷

The HHI method is a more fine-tuned approach than the CR method that better captures the magnitude of changes in media markets that are likely to follow a

merger and/or acquisition. It squares the market share of each firm in each market and then totals them up to arrive at a measure of concentration. If there are 100 firms, each with 1% market share, then markets are highly competitive (shown by an HHI score of 100), whereas a monopoly prevails when one firm has 100% market share (with an HHI score of 10,000).

Far from being a static tool, the HHI metric is dynamic and sensitive. It also follows different standards in different places and at different times. In 2010, for instance, the U.S. Department of Justice under the first Obama administration embraced relaxed HHI guidelines for categorizing the intensity of concentration.¹⁸ Those guidelines set out the following thresholds for making judgements about the state of competition in a market:

Unconcentrated	HHI < 1,500
Moderately concentrated	HHI > 1,500 but < 2,500
Highly concentrated	HHI > 2,500

These are the guidelines that we use in the report, despite changes last year that reinstated the pre-Obama era standards (see below) and in Canada that track the changes in the U.S.. As this back-and-forth demonstrates, these thresholds change over time and place, reflecting the fact that these tools embody political and policy choices about how to best gauge the state of concentration in a market. In the European Union and United Kingdom, for example, an HHI of 2000 and above is taken as indicating excessively high concentration levels.¹⁹ Antitrust and competition policy watchers and specialists have also become more skeptical of claims that enhanced market power is good for consumers and citizens because they will benefit from the increased efficiencies that result.²⁰

Despite such differences and changes, the principles for applying the HHI are still the same. These thresholds must also be seen as guidelines rather than automatic triggers for conclusions or regulatory actions one way or another. Their goal is to help make judgements about the state of a market, both individually and collectively, and trends over time and international comparisons.

An often-heard criticism of the CR and HHI methods is that they offer only static snapshots of a market at any given moment. We disagree. In fact, they emphasize the degree of change in market power when ownership changes take place. The basic rule for competition authorities is that the more a proposed merger or acquisition moves the HHI dial the tougher the regulatory scrutiny it will face.²¹

In 2023, the DOJ and FTC issued new guidelines reinstating a presumption against mergers that significantly increase concentration in highly concentrated markets, including vertical mergers that could foreclose competition in upstream or downstream markets. These guidelines also oppose takeovers that eliminate potential rivals, reinforce concentration trends, or curtail competition in future markets. The guidelines also target multisided markets and platforms in terms of competition *between* platforms and *on* any specific platform.²²

The guidelines emphasize assessing the totality of available evidence to evaluate a merger's risk, without requiring that competition authorities be able to precisely predict the effects of a merger. This aligns with pre-Obama guidelines, which stated that certainty about anticompetitive effects is unnecessary for a merger to be deemed illegal.²³ The approach aims to nip potential problems in the bud rather than addressing them after the fact, leveraging evidence, economic theories, and historical analogies rather than demanding conclusive proof.

The past few years have also brought a flurry of activity on the competition policy front in Canada and the most comprehensive competition policy review in over a decade.²⁴ A 2021 consultation on the Competition Act, led by Senator Howard Wetston, for example, received over 120 submissions from industry, academia, and civil society, alongside 400 public submissions. Opposition parties have also become more attuned to the weaknesses of Canada's past approach to competition policy. Of particular note was the Competition Bureau's submission detailing the shortcomings of Canada's competition law and potential paths for reform.²⁵

Echoing its commentary in recent years and its challenge to the Rogers / Shaw transaction, the Bureau described being hamstrung by a body of law that has prevented it from acting decisively, particularly in the digital markets. The "efficiencies defense" was also singled out as an obstacle to effectively enforcing the *Competition Act*.²⁶ These shifts reflect a growing international trend toward stricter antitrust scrutiny, particularly in digital and highly concentrated markets.

The government's recently passed *Act to amend the Excise Tax and the Competition Act* included significant reforms based on these consultations. Perhaps most importantly, it strikes out of the "efficiency exemption" that excused otherwise

harmful mergers.²⁷ Additional revisions to the *Competition Act* in 2024 include bright light rules for merger review. Under the new standards, a merger will be presumed to be anti-competitive if it moves the HHI by more 100 points, pushes a market, post-merger, above an HHI of 1,800, or the combined company post-merger would have a market share over 30%.²⁸ What remains to be seen is how much the Minister of Innovation, Science and Industry François-Philippe Champagne will stand behind those tasked with enforcing these new and invigorated powers under the act.

Different schools of thought on the ‘media concentration problem’

Issues of media ownership and concentration have always been hotly contested. Societies ancient and present have worried about how control over communications can confer undue influence over wealth distribution, culture, politics and society.²⁹ Indeed, those concerns ratcheted up after the mid-19th century on account of the industrialization and commercialization of communication and media. The spectre hanging over such concerns is that permitting corporations or governments to amass too much control over communications and what we watch, read, hear and speak about poses grave threats to a free society and democracy.

Within this context, debates have raged between those blame media for all of society’s woes versus those who breezily dismiss such critics as naive malcontents.³⁰ That such contentious debates have “largely occurred in a vacuum, lacking evidence to ground arguments or potential policy creation either way”, as Professor Philip Savage put it years ago, has compounded the problems.³¹ This is still the case. Add to this the fact that with billions of dollars of profits and wealth on the line, those whose interests are at stake hire experts, lawyers, and lobbyists willing to offer advantageous arguments and analyses that best serve the positions they want to advance.

Where one stands on this topic turns greatly on the theoretical perspective one holds. Theoretical perspectives also cross-over quickly into matters of political philosophy regarding the nature and role of markets, government, technology, society, markets, human agency, power, media effects, and democracy. As such, it is

useful to distill some of the main perspectives that have had an abiding place in debates about what, if anything, should be done about media and internet concentration. The next few pages do that by briefly reprising three such perspectives: the Schumpeterian “creative gales of destruction” school, the “media monopoly versus democracy” perspective, and the digital dominance view that cherry-picks the best parts of the first two views while also drawing from the cultural industries school of media sociology, political economy, and an emphasis on empirical evidence. The latter perspective underpins this report.

The Schumpeterian “creative gales of destruction” school

There is no shortage of observers who do not see media concentration as a problem. According to MIT Professor Ben Compaine, the rise of the internet has rendered the issue obsolete.³² Brent Skorup and Adam Thierer argue that the rise of the internet and digital media have delivered us into a golden media age.³³ One of Canada’s leading think tanks, the Public Policy Forum, also believes that the range of information sources has “exploded on the internet” but rather than this being an unalloyed blessing, the big problem now is media fragmentation because it accelerates and reinforces political polarization and shatters the commercial viability of journalism.³⁴

Methodologically, those who downplay concerns with concentration also tend to adopt an approach that defines the ‘digital ecosystem’ so broadly the even the biggest digital giants appear as tiny specks in a vast universe.³⁵ In fact, from the Schumpeterian view that girds this view, organizational and market centralization drive dynamic competition and are an integral part of modern capitalism. Seen in this light, the constant rise of new combinations of technology, entrepreneurialism, expertise and business organization episodically coalesce to replace the existing phase of business and market organization with a better stage of capitalism. Rather than worrying about industrial concentration, therefore, those who embrace this position declare that monopoly is in fact the prize for successful entrepreneurialism, and that once had can be easily lost.³⁶

From this perspective, our time is defined by an intense battle of “the Stacks” between vertically integrated telecom operators and broadcasters, on one side, versus a newer breed of multinational digital conglomerate such as Google, Apple and Amazon, on the other. This rivalry between ‘old’ and ‘new’ industrial giants, according to this view, should be expected and embraced because such dynamic

competition drives technological and business innovation while improving people's standard of living and serving consumers well.

According to the C.D. Howe Institute, competition authorities should avoid 'bright line' rules that can constrain industry consolidation and 'market forces'.³⁷ Instead, they should stick to "effects-based" approach that reviews mergers and acquisitions on a case-by-case basis. In this constantly churning cycle of upheaval and renewal, the best thing for governments and regulators to do is stay out of the way. Instead, 'creative gales of destruction' will eventually take care of whatever problems that do exist, or at least produce better results than government intervention. Seen from this angle, any attempts by regulators to shackle telecom and media companies with ownership or other restrictions will put them at a disadvantage as they compete with international internet conglomerates that are now integrated across several lines of business.³⁸ It should also be noted that many contributors to this school also fill the ranks of hired guns engaged by telecom operators and media companies in Canada to defend and advance their policy interests and goals.

Media monopoly versus democracy

From another long-standing perspective, media and internet concentration is important because it connects to issues of opinion power or, in other words, media owners' ability to influence and control the meaning of the messages we receive, the search results we get, and the content on social media and app stores we use. This power sets the framework for who communicates with and does what to whom in today's complex digital environment, and with what effects. This was a hallmark of successive editions of Ben Bagdikian's *The Media Monopoly*, for example, where he tracked the declining number of companies controlling U.S. media—from fifty in the 1980s to just six by the early 2000s.³⁹ Bagdikian's analysis, however, relied on a vague definition of "the media" that makes it difficult to interpret his findings within specific media market realities and hard, if not impossible, to verify his claims.

Robert McChesney is one of the best-known contemporary voices espousing similar ideas but with better evidence and arguments.⁴⁰ He offers a more precise critique than Bagdikian, proposing a three-tiered media system with a few dominant conglomerates at the top, a second tier of firms that compete and collaborate in equal measure with one another and those in the first tier, and a third tier of niche, often local, media with limited influence, but a heterogeneity of styles, funding models, and prospects for success. He is concerned not only with concentration but

hyper-commercialization. McChesney argues that the internet may be even more prone to monopolization and commercial excess than the commercial media before it, while also draining money away from commercially supported journalism. To rectify this, McChesney and others urge governments to directly subsidize the news as the public good it is, and in line with what democratic governments have historically done in the U.S., Europe, and Canada over the last two hundred and fifty years or so.⁴¹

In McChesney's view, capitalism is in the driver's seat and ultimately sets the policy frameworks that shape the media we get. An outcrop of this perspective is the broader renaissance of the anti-monopoly tradition over the last decade. A diverse range of concerns underpin this revival, from the use of predatory corporate strategies to the harvesting of personal information to be used as a new source of revenue and to help lock in a dominant market position. Whatever the motivation, contributors to this line of thinking advocate for telecom, internet, and media policies to counteract and reduce concentration and commercialization in the media industry.

Yet, this approach has limitations. First, it tends to portray capitalism and media control as a well-oiled and monolithic machine, thereby taking too lightly cross-cutting tendencies and influences on capitalism and communications, such as technology, politics and people's agency and autonomy. Instead, market forces are cast as a one-way ratchet toward monopoly, downplaying the extent of competition that does exist and distinctions between different media.

Additionally, it tends to emphasize direct causation between media ownership concentration and opinion power and ideology, issues that then overshadow other concerns. This perspective often assumes that media powerfully shape people's opinions and behaviors in ways that are against their interests, echoing Herman and Chomsky's *Manufacturing Consent*, which described the U.S. media system as serving propaganda functions. This influence is often more inferred than explicitly cited, but it underscores the belief that media messages drive and reinforce political identities, polarization, and ideology.

This approach also frequently relies on the "dominant ideology" thesis, rooted in Marx's idea that the ruling class shapes both material and intellectual forces in society.⁴² Such views are common in debates over digital platforms and "opinion power",⁴³ linking digital media to rising authoritarianism, tribal identities, and democratic backsliding. This discourse is often paired with proposals for aggressive internet content regulation. While fully in agreement with the need to assertively

regulate digital platforms, the push for internet content regulation often disregards seventy-five years of research that finds media effects, filter bubbles, and echo chambers are more limited than assumed.

In one study of how changes in ownership affect media bias, researchers in Canada, for example, found that the evidence was “mixed and inconclusive”, a finding that has stayed remarkably consistent for decades.⁴⁴ However, it is worth bearing in mind, as Todd Gitlin observed fifty years ago, that findings purporting to show minimal impact from ownership changes may, in fact, reflect media owners’ tendency to maintain the status quo.⁴⁵ In other words, media owners channel a narrow slice of expression given their place in the structure of class dynamics in capitalist societies.

In general, too often writing that assumes powerful media influence conflates media exposure with lasting effects on people’s beliefs and behaviour. For example, while the reach of disinformation on social media during the 2016 U.S. presidential election was extensive, few people relied on social media like Facebook and Twitter as their “most important source of news” and fewer yet could remember anything specific about the stories they did encounter.⁴⁶ This is because attention on the internet tends to be short and shallow. Overall, adherents to the powerful media effects thesis also tend to skip the fertile debates spawned by the “dominant ideology” thesis and contending theories of power.⁴⁷ Perhaps most significantly from the perspective of this writer, and this project, those focusing on opinion power too often casually make some very big claims about the extent of media ownership centralization and market concentration based on a threadbare body of empirical evidence. The extent to which this is normal in the field of communication and media studies and beyond is, frankly, embarrassing.

This does not imply that media lack influence, but rather that influence depends on specific conditions. Media effects are more significant in contexts where monopoly exists, knowledge is limited, reliance on opinion leaders is high, and social ties are weak.⁴⁸ Moreover, writing on the day of the 2024 U.S. election, it would be naïve in the extreme to ignore the fact that a new generation of billionaire media moguls with an ideological axe to grind, such as X/Twitter’s owner, Elon Musk, have used their platform to support Donald Trump’s brand of right-wing populism. Similarly, but not as ostentatiously, newspaper publishers have overwhelmingly endorsed Conservative candidates for Prime Minister in Canada in one election after another for a century, albeit with uncertain effects.⁴⁹

Ultimately, questioning whether attempts at political persuasion by media owners successfully shapes public perception is valuable and thought-provoking. However, a century of research reveals a more complex picture than simplistic views of ownership concentration equating to media bias allow. Focusing solely on ideology and opinion power in discussions about media concentration also tend to fixate on policy remedies the support aggressive approaches to content regulation, sidelining policy alternatives that could better align with democratic values and support free expression.

Digital dominance and cross-cutting dynamics in media industries

Finally, the “digital dominance” perspective, which forms the foundation of this report, shares with the creative destruction school the view that the shift to digital, internet-focused media represents profound changes for the 21st century. However, rather than assuming that these transformations have resolved past issues, this perspective views the evolving communications landscape as the setting for an ongoing struggle over the “institutional ecology” of the digital environment, with the future still up for grabs.⁵⁰

In many ways, the digital media economy is potentially even more vulnerable to high concentration levels than before, as digitization amplifies economies of scale, scope, and network effects. Reflecting on a study of thirty countries, Eli Noam has noted that concentration in mobile wireless and other networked media sectors, in particular, is “astonishingly high”. While results vary in content media, the trend in the early- to mid-2010s was toward greater concentration as well. Seen from this angle, McChesney is right. Our more recent results for Canada, however, call that general conclusion into question.⁵¹

At the same time, digitization can also lower barriers to entry in some media markets, allowing numerous small players to emerge, which challenges the notion of unyielding corporate consolidation. This duality is giving rise to a two-tiered system within digital media: a small group of massive “integrator firms” dominates the core, while a variety of niche players circulate around them, creating a more complex ecosystem. It is also giving rise to a flood of cheap content that undercuts quality and trust in information and knowledge. It is naïve now to believe that more speech, or more information, on their own will lead us closer to truth and improve the public pool of knowledge that all societies, democratic ones in particular, rely on for sanity and survival.

Contrary to claims that digital changes are unprecedented, the historical perspective that fill the pages of this report shows that the press, newswire services, broadcasting, and film have all developed in close proximity to massively larger neighbouring sectors like telecom, electrical manufacturing, and banking since the 19th century. Despite these connections, these smaller media sectors remained distinct, avoiding total dominance by their larger counterparts, especially if public policies supported their autonomy and sustainability. This was also possible because communication and media goods have unique attributes that resist being effaced entirely by standard market principles. In this sense, today's tech giants—Google, Amazon, Apple, Meta, Microsoft, Samsung, etc.—are akin to past industrial behemoths like General Electric, Westinghouse, and Western Electric (AT&T), which once played pivotal roles in the broadcasting, press, news wire, and film industries during the industrial media era.⁵²

The digital dominance school views current conflicts between international tech giants and long-established communications conglomerates as significant examples of competing business interests jockeying for control over capital, technology, regulatory policies, and influence. Emphasizing dynamic competition, it takes a nuanced view of market complexity, acknowledging the distinctive nature of various media sectors and markets while integrating insights from a Schumpeterian perspective, which values innovation-driven competition and change. It also recognizes that different forces shape media industries depending on the specific media type, historical moment, and geographical context. This approach's emphasis on empirical evidence, data, and the distinctive characteristics of media companies, media markets and media work also reflects an intellectual debt to the Cultural Industries School, championed by Bernard Miège and colleagues in France, with influential voices in Canada, South America, Europe, and beyond.⁵³

Through this perspective, the digital dominance school underscores that conflicts between today's media and big tech are more than power struggles over market share; they shape the very nature of the media environment and, by extension, the cultural and informational resources available to society. Its focus on the distinctive characteristics of different media, diverse factors that influence market and corporate organization and control, and empiricism distinguishes this approach from other views, encouraging a broader understanding of digital media concentration and competition in a historical, theoretical, and international context. It also highlights questions of media influence but without foregone conclusions or that question trumping other pressing concerns.

In fact, one way in which this approach differs from the Schumpeterian approach and sidles up closer to the ‘opinion power’ school is that whereas Schumpeter and his acolytes are deeply disdainful of democracy and people’s ability to govern themselves, no such hesitance defines the digital dominance school. In fact, discussions about media concentration serve as a proxy for bigger debates about communication and democracy. As communication infrastructures and information technology become ever more central to economic and social life, we must examine these issues closely, thoughtfully and with an open mind.⁵⁴

Why we should care about media concentration

It should be clear by now that we start from the premise that media concentration is a matter of public concern. Whether concentration in media is high or low is not a purely natural outcome of market forces or technological advances but, to a strong degree, a result of political and policy choices. Governments play a crucial role in defining the media landscape, either by acting in the public’s interest or by protecting corporate interests. In contrast with the trend over the past fifty years of governments delegating more regulatory roles to private actors, the approach adopted in these pages calls for greater political accountability and public participation in shaping our communication systems.⁵⁵

From our perspective, media concentration matters because the more centralized the core elements of the network media economy are, the more power dominant players gain to set the rules, shaping who wins and loses. While it is often casually observed that competitive markets result in lower prices while concentrated ones tend to have higher prices, this issue is particularly significant in communications, where carriers’ pricing strategies and subscriber plan data allowances can shape how people access communication, entertainment, news, business, work, educational opportunities and socially interact with friends, family, peers and colleagues. We will also argue below that, in Canada, costly mobile data plans have delayed cellphone adoption and mobile data usage compared to similar countries for decades. Ongoing regulatory pressure in recent years, however, appears to finally be paying off in terms of improved affordability, adoption and mobile data usage (see Figure 24-26, below).

High mobile data costs and restrictive data limits can also restrict access to news. This is especially important as people increasingly rely on mobile internet connections to stay informed and participate more broadly in society.⁵⁶ To mitigate these costs, news outlets such as CBC, *The Guardian* and *The New York Times*,

amongst many others, have used Google’s Accelerated Mobile Pages and Meta’s Instant Articles, which reduced load times and data costs but were costly to design and plan for. As a result, news organizations became more dependent on Google and Meta to gain access to audiences, audience data and advertising revenue, creating a more platform-reliant news ecosystem that gives digital news intermediaries significant control over news distribution and financial sustainability.⁵⁷

As digital media services grow ever more central to the media economy, we must better grasp how their gatekeeper power can shape people’s access to news and other media services and apps, notably mobile gaming. The devices we use—such as smartphones and smart TVs—play a role in this dynamic. France’s communications regulator, ARCEP, called for “full-stack” neutrality in 2018, stressing the need for fair carriage terms across all layers of digital infrastructure, from ISPs to app stores.⁵⁸ Canada’s Broadcasting and Telecommunications Legislative Review acknowledged these issues in 2020, although subsequent policy discussions have tended to emphasize Canadian cultural content over issues of media and internet usage and neutrality.⁵⁹

Concentrated media markets also raise concerns about privacy, data security, and national security. Dominant tech and media firms privacy standards, for example, typically prioritize their interests over consumer desires, and amass data that attracts advertisers as well as government agencies alike.⁶⁰ This creates blurred lines between consumer protection and surveillance. Regulatory capture is also a growing risk, as regulators often depend on data from the firms they are supposed to oversee.

Market dominance also frequently overlaps with gatekeeping power, enabling ISPs, digital platforms and app stores to influence content access through their moderation policies and user interfaces.⁶¹ Major platforms have formed what some call a “content moderation cartel,” using AI to standardize content oversight, initially to prevent illegal content like child abuse material but now to harmonize moderation practices and reduce the likelihood of government intervention.⁶²

This gatekeeping ability extends to the ability of ISPs, platforms and app stores to set the rules that control the distribution of content and apps within their ecosystems.⁶³ This has become an especially significant influence in the video games industry, public service media like the BBC and CBC and television, film and music companies that have embraced multiplatform distribution strategies that rely on app distributors and e-commerce platforms such as Apple’s App Store,

Google Play and Amazon. This dynamic resurrects rights holders and broadcasters' long-standing concern about controlling their brands and terms of program distribution (i.e. signal integrity issues). Moreover, media owners' ability to use their outlets to shape public debate and the policy agenda, as Bell Canada did when it intervened in CTV's coverage of communications policy issues, for example, continues to be a significant issue. Thus, recalling our earlier discussion of "opinion power", it is not that concerns about media owners' ability to shape media texts for political and ideological reasons is misplaced but that such concerns may not deserve to be at the top of our hierarchy of priorities and should not crowd out other pressing considerations.

History: The rise of the industrial media era, circa late-19th century—1980

This next section provides a historical overview of the communication, broadcasting and publishing industries in Canada and the technologies and policy and regulatory choices that shaped them. In so doing, it reveals recurring tendencies and a rich policy and regulatory toolkit that can be updated for today, avoiding the tendency to reinvent the wheel. Not convinced? Then jump ahead to the contemporary sections that follow.

Early Competition and monopolization

In the latter half of the 1800s, an industrial communications and media system began to take shape in Canada, comprising telegraphs, telephones and, later, cable television as well as the big five mass media: newspapers, magazines, film, radio and television.⁶⁴ A lot of people in communication and media studies, industry and policy circles have much to say about the latter, but leave telecom aside because, in their minds, content and culture are everything while anything else is just housekeeping.⁶⁵ Such views are short-sighted, ahistorical and naive. This report seeks to rebalance the scales.

Telecom has served as the platform for a wide variety of media since the 1800s. As such, communications and media policy are inseparable in that history. The U.S. *Postal Act of 1792*, which some scholars argue was just as important as the First Amendment, is a good example of this. It created a national postal news exchange system that allowed every newspaper and magazine publisher to exchange copies of their publications with other publishers as often as they liked free of charge. Its goal was to promote the development of the commercial free press and to bring ‘general intelligence’ to everybody’s doorstep, using federal subsidies worth billions of dollars per year (in inflation-adjusted dollars) to achieve such ends.⁶⁶

In the United Kingdom, the Liberal government used the lure of discounted press rates to legitimate its decision to nationalize the private telegraph business in 1868. For decades afterwards, newspaper publishers, news wire services and reformers of all kinds called for discounted press rates throughout the British Empire and around the world thereafter, with some success.⁶⁷

Telecom in Canada begins with the advent of the telegraph in the 1840s and the telephone in the late-1870s. The Bell Telephone Company of Canada obtained an advantageous federal charter in 1880, including permission to enter the telegraph business, but its charter did not confer a monopoly. Four other significant companies important to the story being told here benefitted from similar charters: the Dominion Telegraph Company (backed by New York financier Jay Gould), the Montreal Telegraph Company (backed by Western Union), the Canadian Pacific Railway (CPR) and Great Northern Telegraph Company.

Bell Canada grew by granting franchises and investing some of its own capital, equipment and patents in local exchanges in Montreal, Kingston, Toronto, Windsor, Winnipeg, Victoria, and dozens of other cities. One early franchisee was the Dominion Telegraph Company, stalking horse for Jay Gould's efforts to acquire the financially bloated and heavily indebted Western Union, both for control of that company's wires and the news and stock market information those wires carried.⁶⁸ During this time—the late-1870s—Bell's interests aligned with Gould's in Quebec and the Maritimes while the CPR and Great Northwestern Telegraph Company created an alliance with Western Union's Canadian subsidiary, the Montreal Telegraph Company, that split the country into 'telegraph monopoly west' and 'telegraph monopoly east', with Montreal being the junction separating the two halves of the country.

Gould's Dominion Telegraph Company and Western Union's Montreal Telegraph Company competed head-to-head in telegraphy and the nascent field of telephony in Montreal and the Maritimes. Price wars led both companies to exit the telephone market, however. Bell acquired their assets. This struggle was part of a wider rivalry between Western Union and the National Bell Telephone Company in the U.S. spawned major advances in the capacity and speed of transmitting news over the wires which, in turned, helped speed along the advent of the commercial press as well as subsequent developments in the recorded music, film and broadcasting industries. A truce in 1879 between Western Union and the National Bell Telephone Company resulted in Western Union agreeing to exit the telephone business in exchange for a share of Bell's revenue for two decades, terms that were extended to Canada in 1880.⁶⁹

The expiration of the Bell Telephone Company of Canada's patents in 1885 allowed independent telephone companies to take root, but their presence mostly filled in places that Bell in Central Canada and the British Columbia Telephone Company on the west coast did not serve.⁷⁰ In 1890, the Supreme Court of Canada's ruling in *Electric Despatch Co. v. Bell Telephone* declared that Bell (and by extension, other

telephone and telegraph companies) was a common carrier, putting a check on its ability to unfairly limit competition, interfere with the free flow of communications, and to protect people's privacy.⁷¹

Competition in Canada never reached the intensity seen in U.S. cities like New York and Chicago.⁷² A quarter-of-a-century after the debut of the telephone, less than two out-of-a-hundred Canadians were subscribers. In the U.S., the figure was almost three times as high.⁷³

Then as now, Bell dominated the telephone business. In 1904, for example, it had 66,100 subscribers in Ontario, Quebec and Winnipeg, Manitoba, or about 74% of all subscribers at the time, and revenue of \$2.9 million, just slightly under three-quarters of revenue for the industry that year. The American-owned British Columbia Telephone Company (the distant cousin to today's TELUS) was the next largest company and served a province that had the highest levels of telephone adoption on a per capita basis in the country. Together, both companies accounted for 83% of the market by subscribers and revenue.⁷⁴

Telephone companies offered different rates and subscription plans in different places. The BC Telephone Company, for instance, charged \$48 per year, and claimed its rates were in line with those in the United States. Bell pitched itself as providing a premium service to premium clients who could choose from plans with a mix of different flat monthly fees and usage sensitive charges as well as extra charges for long distance equipment *and* service.⁷⁵ Bell's average revenue per user in 1904 was about \$44.34 per year.⁷⁶ That is equivalent to roughly \$1,471.28 in today's dollars, or about \$122.61 per month. Not surprisingly, the Bell Telephone Company was very lucrative, with operating profits of 15-30% and return on assets of 6-8% in the first decade of the 1900s.⁷⁷ Bell and the BC Telephone Company's view of telephones as an instrument of business and a luxury for high-end subscribers able to pay premium rates suppressed their use in Canada for decades.⁷⁸

Bell vociferously protected its monopoly position wherever it had one. To stave off competition in Peterborough and Dundas, Ontario, for example, it gave away service for free. In Winnipeg, it created a fake outfit, the People's Telephone Company, to give the illusion of a popular option where there was none.⁷⁹ In Port Arthur (later Thunder Bay), Bell's exclusive deal with the CPR precluded the town's municipally-owned telephone company, the future TBayTel, from providing service at this major hub of commerce and social interaction. Nonetheless, a pliant BRC at the time blessed such deals, asserting that the "Bell Company . . . would not have

the same inducement . . . to make the expenditures and render the service they have done” without such exclusivity.⁸⁰

Regulated telephone competition, circa 1905 to 1920

The 1905 Parliamentary Select Committee on Telephones and its 800-plus page report responded to a storm of discontent over telegraph and telephone service in Canada. The Mulock Committee, as it was known, reviewed the telephone industry and adoption and usage in Canada compared to the U.S., Europe, Asia, Australia and New Zealand by drawing on testimony and submissions from telephone companies and experts from around the world. The committee’s report showed that while telephone affordability and adoption in Canada fared poorly compared to the U.S. and unevenly distributed, it was better than most countries. Local control of telephone systems in Denmark, Norway and Sweden, however, fared well, too, however, compared to the more centralized approach of Bell and BC Telephones and, especially, the poor performance of state-owned telephone systems in the United Kingdom, France, Germany and elsewhere.

Beyond the Mulock Committee, other major changes took place. Fed up with the status quo, city and prairie provincial governments created the Edmonton District Telephone Company (1904), the Manitoba Telephone System (1905), Alberta Government Telephones (1906), and Saskatchewan Telephone Company (1908), as well as municipally owned telephone systems in Thunder Bay (later to become Tbaytel) and Westport, Ontario (later to become WTC Communications). Most of these companies operated until privatized in the 1980s and 1990s, although SaskTel, Tbaytel, WTC Communications and a dozen or so others still exist today.

Parliament responded to the Select Committee on Telephones by expanding the Board of Railways Commissioner’s powers to include telecom in 1906. The BRC used its newfound powers cautiously at first to gather detailed data on telephone and telegraph revenues, number of phones subscribers and messages, rates, miles of line in service, and so on. This work still stands as a valuable historical record. In a sequence of rulings between 1908 and 1912 the BRC took on an assertiveness hitherto unknown when it outlawed the restrictive deals between railways and Bell. It also implemented more liberal interconnection rules that drove a decade of competition.⁸¹ Significant improvements followed.

By 1920, independent telephone companies were at their peak, with 1,700 non-Bell companies serving nearly half of all Canadian subscribers (49%). Bell’s share of

revenue had fallen from 74% of total revenues to just over half. Rates at Bell had also declined over the decade, while at non-Bell companies they had held the line, but were still more affordable than Bell, on average. Canada's telephone adoption rate hit 10%. This still lagged the U.S. (13.6%), but the gap was closing, and was leaps and bounds higher than the likes of New Zealand (6.5), Sweden (6.4), Germany (2.2), the United Kingdom (2), and France (1.0).⁸² Telephone subscriber rates in Canada were high by international standards and people used the telephone a lot. It had come to be "a great . . . factor binding people together in scattered communities".⁸³

Regulated regional monopoly telecom common carriers, 1920-1980

The era slowly came grinding to a halt. The first blow was a 1915 BRC ruling that imposed a surcharge on independent users of Bell's long-distance network, followed by another a year later that required competing telephone companies that interconnected with the Bell system to compensate it for lost business. With the knees knocked out from underneath competitors, Bell's share of subscribers, rates, and revenue were all on the rise again by 1920. Bell's average revenue per user rose 25% between 1917 and 1923 and its share of subscribers rose from a low of 44% in 1920 to close to one-half, while its market share based on revenue swelled to over 54% in 1923. Other companies raised their rates at roughly the same pace, but from a less expensive base. By 1925, the last company competing head-to-head with Bell had gone under.⁸⁴ The era of the "natural monopoly" had arrived.

While the regulated natural monopoly tightened Bell's dominance, its monopoly was never absolute. It faced indirect competition from publicly owned prairie telephone services as well as independent companies in small towns and rural areas across the country. They pushed Bell and BC Telephones to improve investment, affordable and universal service, and service quality. Bell and the regional telephone monopolies that made up the TransCanada Telephone System (TCTS) also relied on CNCP Telecom for long-distance services, while simultaneously competing with it in private line services, broadcast networking, and defense communications, especially after WWII.⁸⁵

This patchwork of regional telephone monopolies and limited competition led to some positive outcomes, nonetheless. By 1960, the telephone business had revenue of \$628 million and there were 31.2 telephone subscribers per 100 people,

the highest in the world after the U.S. (39.5) and Sweden (33.5). A decade later, revenue had more than doubled again to \$1.6 billion, and adoption was near universal at 43.5 phones for every one hundred Canadians.⁸⁶ Canada also routinely ranked high internationally in terms of affordability and adoption rates throughout the rest of 20th century. By this time, the telephone was no longer a luxury but a crucial necessity of everyday life.⁸⁷

While the natural monopoly regime was accepted, it was also deliberately confined to prevent telephone companies from leveraging their protected monopoly in telecom into adjacent markets. At this time, a convention known as the “separations principle”⁸⁸ had coalesced by way of a Supreme Court ruling in 1890, regulatory decisions by the BRC in 1910, corporate agreements in the 1920s, and federal policy choices made in the 1930s in the context of creating the Canadian Broadcasting Corporation. The ‘separations principle’ ensured that broadcasting and publishing remained distinct in ownership and control from telecom, even though they were dependent on telecom infrastructure and equipment for their existence. That policy convention was codified by changes to Bell Canada’s charter in 1968 that explicitly prohibited the company from entering into broadcasting, cable television and publishing businesses, a measure that was kept for the next three decades, as the pages ahead will show.

The industrialization and commercialization of newspaper publishing and broadcasting

The newspaper publishing and later broadcasting industries industrialized in tandem with telecom. Just as few people used the telephone in the early-1900s, few Canadians routinely read a newspaper. That said, newspapers grew swiftly once they had secured a footing in people’s lives, and as they embraced the techniques of the industrialized and commercial press.

As they did, daily newspaper circulation per title quadrupled from 5,000 to 20,000 from 1901 to 1930. Circulation kept growing on a per household basis for the next twenty years, on a per capita basis until the 1980s, and by total copies sold until the 1990s. As circulation grew, so did advertising revenue. Advertising became the daily newspaper’s primary source of revenue in Canada around 1930.⁸⁹ This was a major milestone, but also one that lagged the U.S. by around forty years, Germany by twenty, and by about a decade in the United Kingdom.⁹⁰

As the press commercialized, it industrialized. Indeed, “the capitalization-per-newspaper increased immensely” in the first half of the 20th century, especially in big cities.⁹¹ Newspapers were being transformed into a “capitalistic enterprise, a sort of news-factory within which a great number of people . . . are employed on wage, under a single administration, at very specialized work”.⁹² In the U.S., the sharply rising costs for newspaper production facilities and news wire franchises led to similar outcomes while also driving press concentration.⁹³ Traditional media barons who overtly used their ownership of the press to promote their political and ideological ambitions were also being eclipsed by shareholder-owned and managerially-controlled firms where business motives were believed to play a more significant role. That trend, however, seems to have bypassed Canada, where the Thompsons, Southams, Siftons, Bassets, Eatons, Desmarais, Rogers, and other press barons and media moguls loomed large during this period, even if the national faith in peace, order and good government reined in extreme ideological zealotry.⁹⁴

Greater capital investment also led to greater economies of scale and scope because the cost of producing one more newspaper was next to nothing when 10,000 or more were already rolling off the presses. The same economics drove efforts to expand audiences and the geographical footprint of newspapers, while raising significant barriers to entry. Consequently, most new entrants were started outside the big cities, although the *Journal de Montreal*, the *Journal de Quebec*, and *Ottawa Citizen* were big exceptions to that rule.⁹⁵ The same factors bolstered newspaper chain ownership and cross-media ownership. However, while newspaper chains arose in 1897 when the Southam family leveraged its ownership of the *Hamilton Spectator* to buy the *Ottawa Citizen*, newspaper chains in the 1930s were still modest in number and mostly local or regionally based when they did exist.

As newspapers industrialized and commercialized, they relied more on news wire services. In his seminal *Liberty and the News*, Walter Lippmann cast the high cost of transmitting news over the wires as a form of economic censorship that was “enough to limit any expansive competition or significant independence” in the press.⁹⁶ At a time of consolidating industrialization across the economy, world wars, and authoritarian revolutions by Communists, Nazis and fascists, this limitation on people’s ability to know was a problem of the highest order. Social, political and media reformers pressed for cheaper press rates to counteract the problem, and with some success.⁹⁷

Carriers shall not control content: common carriage in Canada

The fate of the press in Canada was intertwined with telecom from the mid-19th century onward. This was underscored by a BRC ruling in 1910 that undid a three-way alliance between CP Telegraphs and Western Union-controlled Great Northwestern Telegraph Company (GNTC), on the one side, and the New York-based Associated Press news wire service, on the other. It did so on the grounds that this double-headed telegraph-news monopoly was harming the domestic news market and journalism in Canada.

Through this alliance, CP Telegraphs and the GNTC bundled their telegraph service with the Associated Press news service and a summary of Canadian news but charged a single rate for both. In essence, they were giving away the news service for free to newspapers—one per town—who used their service. The regulator displayed a newfound sense of authority: yes, bundling the AP news service with their lucrative telegraph business and ostensibly giving it away for free might help attract and keep subscribers, but it would also “put out of business every news-gathering agency that dared to enter the field of competition with them”, read its decision.⁹⁸ With this decision, the BRC slayed the double-headed telegraph-news monopoly that had raised the ire of American and Canadian critics for years.⁹⁹

Forced to separate their telegraph service from the Associated Press newswire service, and charge separately for each, CP Telegraphs and Western Union-controlled GNTC stopped the practice. The landmark ruling demonstrated how telecom regulation was media and journalism policy by another name. It also reinforced emerging separations policy convention that effectively barred vertical-ownership between telephone and telegraph companies, on the one side, versus newspaper publishers and broadcasters, on the other.

A little over a decade later in the U.S., the “Telephone Group” (AT&T and Western Electric) and the “Radio Group” (GE, Westinghouse Electric and Manufacturing Company, RCA, United Fruit, Wireless Specialty Apparatus Company and Tropical Radio) had acquired interests in nearly every major industry that made up the infrastructure of 20th century industrial capitalism *as well as the broadcasting and film industries*. In the 1920s, they engaged in round after round of battles that finally led to the fields being carved up between them. Consequently, AT&T, abandoned its fledgling Broadcasting Corporation of America, while the group of equipment manufacturers behind the National Broadcasting Company (NBC) were also ousted. A decade later many of the same firms were financing and vetting films after having rewired movie theaters and Hollywood studios for sound in the late 1920s and

1930s. By the end of the 1930s, they were forced out of the film business due to the looming threat of antitrust action from the Federal Trade Commission.¹⁰⁰

Similar events in Canada led to similar results. In 1923, for example, “Six Great Companies”, as *The Toronto Star* reported—Bell Telephone Company, Bell-owned Northern Electric, Marconi Wireless Telegraph Company of Canada, the Canadian General Electric Company, the Canadian Westinghouse Co., and the International Electric Company—“agreed to pool all their patents for the common good”.¹⁰¹ As in the U.S., this deal similarly carved up communications and broadcasting equipment and services markets in Canada while also hardening the line separating carriage from content by keeping telephone companies and equipment manufacturers out of content-related media businesses.

Circumstances were similar in the United Kingdom, Germany, France and elsewhere. In each case, industrial manufacturing enterprises built up the technological side of broadcasting but were ultimately prevented from owning and operating broadcasting services. For example, in the United Kingdom Marconi, Metropolitan-Vickers, British Thomson-Houston, the Radio Corporation of America, General Electric, and Western Electric created the British Broadcasting *Company* in 1922, only to be forced out four years later as the British government refashioned their operations into a new public service broadcaster, the British Broadcasting *Corporation*.¹⁰²

Canada got to the same ends but by a slightly different route during the creation of the Canadian Broadcasting Corporation in 1936. Newspaper publishers began moving into radio broadcasting in the 1920s and 1930s to head off competition with radio stations over the distribution of news and to cross-promote their newspapers. They also sought to protect the value of news that they published by delaying its broadcast until after the morning and/or evening edition of their papers had already gone to press. This was easy when they cross-owned the local newspaper and radio stations but where that was not the case, they struck deals with local radio stations to do the same thing.

By 1929, newspaper publishers owned eleven radio stations in Canada. One such case was *La Presse*, which owned CAC in Montreal and used its cross-ownership of both media to champion Quebec’s political and cultural interests. A decade later they owned a third of them.¹⁰³ Many of those radio stations were operated as part of the Canadian Radio Broadcasting Commission between 1932 and 1936, and the Canadian Broadcasting Corporation after it took over from the CRBC.

The CRBC had been set up as a public broadcaster by the Conservative government of R. B. Bennett based on the urging of the Aird Commission chaired eponymously by the president of the Canadian Imperial Bank of Commerce. It was not a radical project but one that sought to deal with the realities of broadcasting in a modern world where U.S. broadcasting stations spilt into Canada, programming was expensive, in short supply, and risky. Quacks like the Canadian-American Father Charles Caughlin also spewed their antisemitic, anti-science, fascistic, and anti-democratic vitriol from a radio station near to Detroit into Windsor.

According to Mary Vipond, the private stations fared very well under the approach taken to public broadcasting in Canada:

While the CRBC was to be funded mainly by the \$2 per year licence fee paid by radio owners, the money was to go into the Consolidated Revenue Fund and then it would be annually allocated by Parliament By 1936 there were 21 stations on the basic network (affiliates) and another 30 that took some programs. In that fiscal year about. . . . 40% of the CRBC's total budget went for payments to private stations and renting wirelines from CN, CP, and various telephone companies, and another 29% went to providing programs for these stations as well as its own Almost 70% of the Commission's expenditures, then, served either directly or indirectly to subsidize private broadcasters and advertisers."¹⁰⁴

The CRBC never found its stride and was replaced by the CBC in 1936. In the run-up to this change, the Bell Telephone Company, Canadian Pacific Railways, Canadian National Railways, broadcast equipment manufacturers like Marconi, and American radio networks NBC and CBS sensed an opportunity and appealed to the government to choose one of their plans to create a new national broadcasting service over that of their rivals or the public broadcasting option. The creation of the CBC in 1936 closed the doors on their proposals, however.

Instead, the government adopted a national public broadcasting service consisting of government owned CBC stations and private ones.¹⁰⁵ Consequently, telephone companies and railways were barred from owning broadcasting networks and stations, except for a station in Winnipeg and another in Brandon, Manitoba owned and operated by the Manitoba Telephone System. They could provide the long-distance wires that underpinned the national broadcasting system, and sell and maintain the equipment that broadcasters used, but they could not themselves own and operate broadcasting networks or stations. This prohibition stayed in place for the next sixty years, as the pages ahead will show.¹⁰⁶

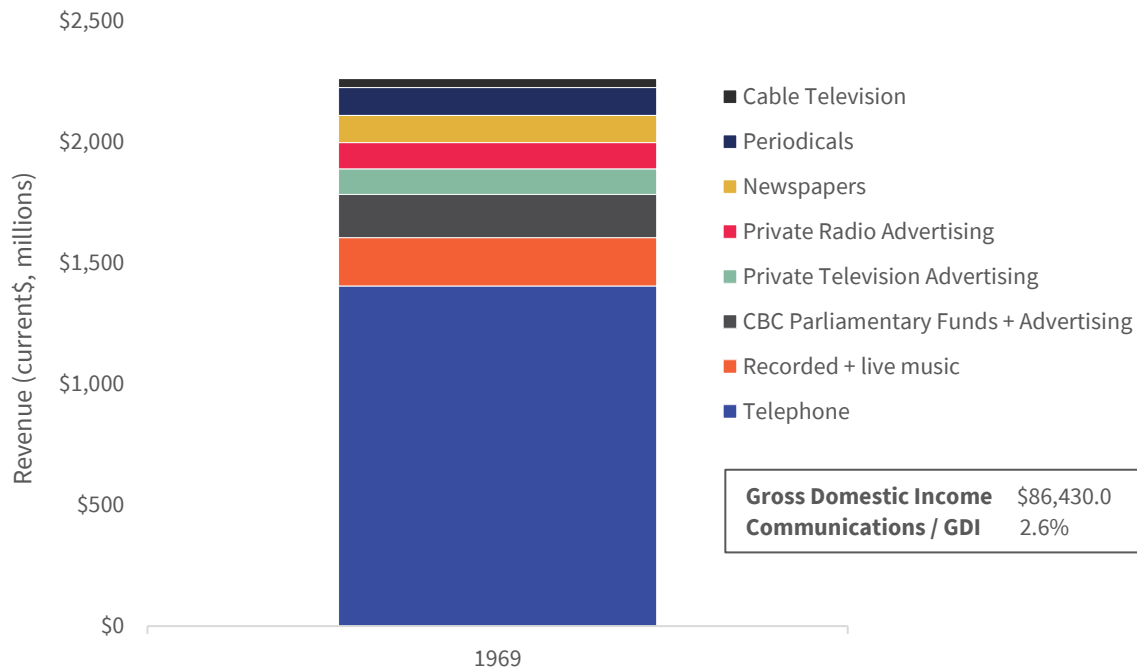
Media economy expansion: Local and regional media ownership groups and cross-media conglomerates, circa 1950-1975

While telephone companies could not be publishers or broadcasters, the latter two groups had wide latitude to consolidate within their respective industries and no cross-media ownership rules prevented them from owning one another. Consequently, by the 1950s, newspaper chains had grown to own 89 dailies, but they were still mainly local or regional in scope.¹⁰⁷ The advent of radio and television increased competition for advertising and audiences. While this did not cut into newspapers' advertising revenue, the competition for people's time and attention did cause circulation to slip on *a per household basis* from this time forward. Circulation continued to rise on *a per capita basis* for the next three decades, while immigration and population growth continued to drive up *total circulation* figures until the 1990s. Steady advances in advertising and subscription revenue, however, hid the fact that the audience for newspapers was being hollowed out.¹⁰⁸ This divergence could not last.

Despite cracks in the edifice from the 1950s onwards, newspaper publishers enjoyed lush profits on rising revenue. Three newspaper ownership groups—Southam Press, F.P. Publications and Thomson Newspapers—accounted for about 45% of daily circulation by the end of the 1960s, while Power Corp (*La Presse*) and the Irving Family dominated the press (and for Irving, radio and television stations), in Quebec and New Brunswick, respectively. Where these ownership groups were strongest, competing newspapers and broadcasting outlets were rare.¹⁰⁹ Publishers' return on capital, on average, rose from 17% at the end of the 1950s to 20% a decade later. The number of journalists rose throughout this period as well, hitting 12,300 in 1989 before sliding the next decade. Publishers and broadcasters also opened more foreign news bureaus. After a century of steady growth, however, the good times came to an end in the mid-2000s, for reasons that will emerge in the pages ahead.¹¹⁰

Post-World War II, Canada's media economy flourished. By 1969, revenue across the telephone and mass media sectors covered in the pages above reached about \$2.26 billion, as Figure 7 below illustrates.

Figure 7: Canada's communications and media economy (millions \$), 1969 (or most recent year)



Sources and notes: 1969: Canada Special Senate Committee on the Mass Media. Vol. II: Words, music, and dollars. Ottawa: Queen's Printer, pp. 172, 192, 527, 534, 572; ; music is an estimate based on CAGR from 1984; Dominion Bureau of Statistics (1970). *Telephone statistics*. Table 18: Revenue of the Telephone Industry, by Province, 1969. Ottawa: The Minister of Industry, Trade and Commerce. Statistics Canada. [Table 36-10-0122-01 Gross domestic income, gross national income and net national income, Canada, quarterly \(x 1,000,000\)](#).

In this fast-changing media economy, and the coming 'information revolution' already on the horizon, broadcasting accounted for a bigger share of the media than publishing, but both were dwarfed by telecom, and cable television was just starting to take-off. The CBC was still the largest broadcaster in Canada, by far. Its parliamentary funding of \$148.3 million in 1969 accounted for a third of the broadcasting market, while adding its advertising revenue of \$29.4 million that year drove up its share to 42% of all revenue in "the broadcasting system".¹¹¹ This was the heyday of the public broadcasting; its status has diminished ever since.

Cable television was also on the rise. By 1969, there were 400 cable systems and 15.3% of households were cable subscribers. The extent of development and adoption varied widely by region and income. BC had the highest household

subscription rate at 41% while in the prairies, Maritimes and Quebec only 7 and 17% did; in Ontario, one quarter of households were subscribers. People living in the lowest income quartile were half as likely to subscribe as those in the top income bracket.

Consolidation within the cable industry and vertical integration with broadcasting and publishing had produced several media conglomerates already by the late 1960s but this development was still modest. The Special Senate Committee on the Mass Media cast a light on them: the Bassett-Eaton Group (newspapers, radio, television, sports teams and arenas), Bushnell Communications (radio, television and cable), Maclean-Hunter (magazines, newspapers, radio, television, cable), Moffat Broadcasting (radio, television, cable), Rogers (radio, cable), the Southam-Selkirk Group (newspapers, magazines, radio, television, cable), and the Western Broadcasting Company (radio, television, cable).¹¹² Most of the multimedia conglomerates on that list have long since been absorbed into those that dominate communications today (which are also on that list, e.g. Rogers)

The cable business was already generating generous operating profits of close to 20%. Profits at the big cable groups tended to be higher yet.¹¹³ By 1973, three companies—Rogers/Premier, Maclean-Hunter, and Vidéotron/Canadian Cablesystems—accounted for 40% of cable system revenue and subscribers.¹¹⁴ The Trudeau administration's 1968 changes to foreign ownership rules forcing American-owned cable systems—notably, Famous Players and CBS Systems—resulted in those systems ending up in the hands of Rogers and Vidéotron, respectively.¹¹⁵

Cable companies built their systems by stringing cable from telephone and utility company poles. Sometimes this was done with permission, other times not. The telephone companies used their discretion to impose conditions upon the cable system operators that gave them access to poles in return for agreeing to steer clear of the \$1.4 billion telephone business, even though there was little from a technological point of view that prevented them from entering the business. When disputes emerged, telephone companies sometimes cut the offending company's cables from their poles.

New rules were needed to address the restrictions that Bell and other telephone companies were imposing on cable system operators, big and small, and to govern disputes between them. Although regulatory authority over cable television passed to the CRTC in 1968, it was nearly a decade before the Commission implemented new rules that gave cable companies rights to attach cables to the telephone

companies' poles and created a new dispute resolution mechanism to resolve conflicts between them.¹¹⁶ None of these changes breached the walls separating telecom from the broadcasting distribution and telephone companies did what they always have done: protected the market they dominated and delayed the entry of new players and technologies that could threaten their dominance.

Group-owned television stations and cross-media ownership between them, radio stations and newspapers gradually emerged, but by 1968, only a third of television stations were group owned. That number swelled to over half by 1975, however, while two-thirds of radio stations were group owned. Newspaper owners branched out into radio, television and cable, with Southam, Maclean Hunter, and the Irving Group, which owned five-of-six dailies in New Brunswick, and TV and radio stations in the province's capital, St. John, standing out as the biggest of such groups. Cross-media ownership still tended to be local and regional, however, rather than national, with the Blackburn family-owned *Free Press*, CFPL radio, and CFPL-TV in London, Ontario standing out in this regard.¹¹⁷

It was this type of cross media ownership that bothered the Davey Committee most. According to the Committee, the merits of group ownership and consolidation within a specific media industry had to be judged on a case-by-case basis. It proposed a Press Ownership Review Board to do just that for the newspaper sector. The report's view of cross-media and media ownership by diversified conglomerates, by contrast, did not mince words: "these forms of media ownership are a Bad Thing, unless individual circumstances indicate otherwise", the Committee members declared.¹¹⁸

The Committee profiled over a dozen media conglomerates that fit this bill, including those listed a moment ago in the discussion of the cable industry but others also loomed large, such as: Power Corporation and the Desmarais family (*La Presse*, broadcasting, diversified interests in shipping, finance, insurance, real estate), Irving (newspapers, radio, television, diverse holdings in energy, oil, shipbuilding, lumber, etc.), the Sifton Group (newspapers, magazines, radio, television), and Telemedia (radio, television). The Committee was worried that these companies had the ability and incentives to bend the media toward their business and political interests and, consequently, to compromise the values of the free press as well as people's access to independent sources of information, news and entertainment.

To counteract these conditions and constrain such potentials, the Davey Committee proposed stronger powers in competition policy, for the CRTC, and a Press

Ownership Review Council.¹¹⁹ The proposed ownership review panel was quickly shot down by media owners and the press, while many of its other proposals fell into a blackhole. However, its proposal to change the income tax law so that only advertising spending directed at Canadian publishers and broadcasting would be eligible for tax deductions did come to pass with changes to the Income Tax Act in 1971.¹²⁰ Today, some want to see the same tools applied to internet advertising.

The Davey Committee's recommendations on ownership consolidation and cross-media conglomerates went nowhere. However, changes to Bell's federal charter two years earlier turned what had up to this point been a convention into a formal ban against the company entering broadcasting, cable TV, and information services markets. The ban on vertical integration between telecom and broadcasting was meant to prevent Bell from leveraging its monopoly in telephones into broadcasting, cable and information services. Bell's CEO at the time said that the company did not mind, "we want to be common carriers, purely and simply", A.J. de Grandpré told Parliament.¹²¹

The simple "separations principle" underpinning communications and media policy throughout the 20th century kept telecom operators separate from the newspaper, news wire, broadcasting and film industries, despite their reliance on telecom systems as integral parts of their operations. The history behind that principle has parallels in today's digital landscape as the media and cultural industries are drawn ever more closely into the orbit of giant international internet and IT firms. Yesterday, it was Bell, Marconi, General Electric, and the International Electric Company that shaped the evolution of the media industries but had their direct ownership ambitions in them curtailed. Today it is Google, Amazon, Facebook, Apple, Microsoft, AT&T, BCE, etc. that stand in much the same position.¹²² Indeed, approaches adopted in the past to ensure that media could develop relatively independent of their telecom and big tech overlords have a newfound relevance today as we think about the policy conventions and hard law rules needed in our own time to address the consolidation of control over internet infrastructure, digital platforms, and streaming media services.

Market liberalization: From booming media economy to bubble, circa 1980—2000

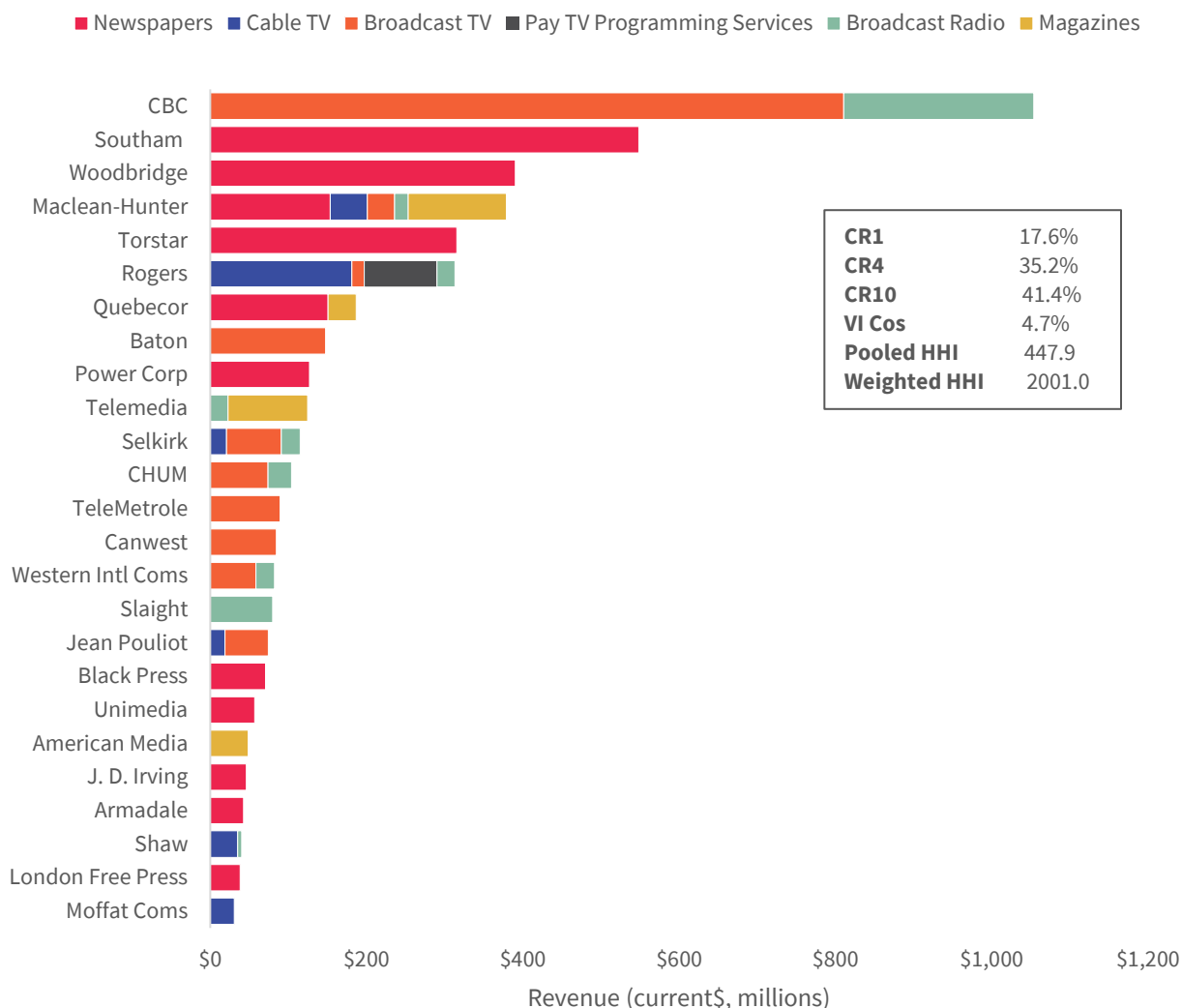
By the late 20th century, Canada conducted numerous inquiries into media and corporate concentration. The Davey and Kent Committees are notable examples. Despite their limited immediate impact, they created a valuable public record. They were also of a piece with broader policy changes that started to dismantle telecom monopolies and introduce competition in broadcasting and mobile services.

Overall, the communications and media economy expanded enormously in the 1980s and 1990s, driven by rapidly mounting levels of capital investment, permissive policies, digitization and the rise of the internet. The words “digitization”, the “information economy and society”, and “the Internet” were on everybody’s lips.¹²³ In light of new technological possibilities and the increasingly pro-market bent of governments - regardless of whether Conservative or Liberal—policymakers actively promoted new commercial media sectors as a new frontier of market development but also as a means of fostering diversity in television and radio ownership.

The CBC still figured prominently, though. Its combined public funding and advertising revenue from its television service made it the biggest media company in the country at the time by far. It was, for example, two- to three-times the size of the next biggest five companies, respectively: Southam, Woodbridge (*The Globe and Mail*), Maclean-Hunter, Torstar, and Rogers. Newspaper publishers still loomed large, just as can be seen from this ranking alone. The next five down the line consisted of large broadcasting groups with holdings in newspaper and magazine publishing or cable, including: Quebecor, Baton, Power Corp, Telemedia and Selkirk.

While vertical integration between broadcasters and publishers, on the one side, and cable system operators, on the other, had been around for some time, as the Davey Committee had observed with some angst, even by 1984 there were only a handful of such groups: Maclean-Hunter, Rogers, Selkirk, Telemedia and Jean Pouliot (CFCable and TQS). These five communications conglomerates’ combined 5% share of the total cable, broadcasting and publishing market was not very large, although over the next decade that would change greatly. Figure 8, below, depicts the top twenty-five media ownership groups as of 1984, *without including* the telephone companies.

Figure 8: Leading cable television, broadcasting & publishing groups in Canada, 1984

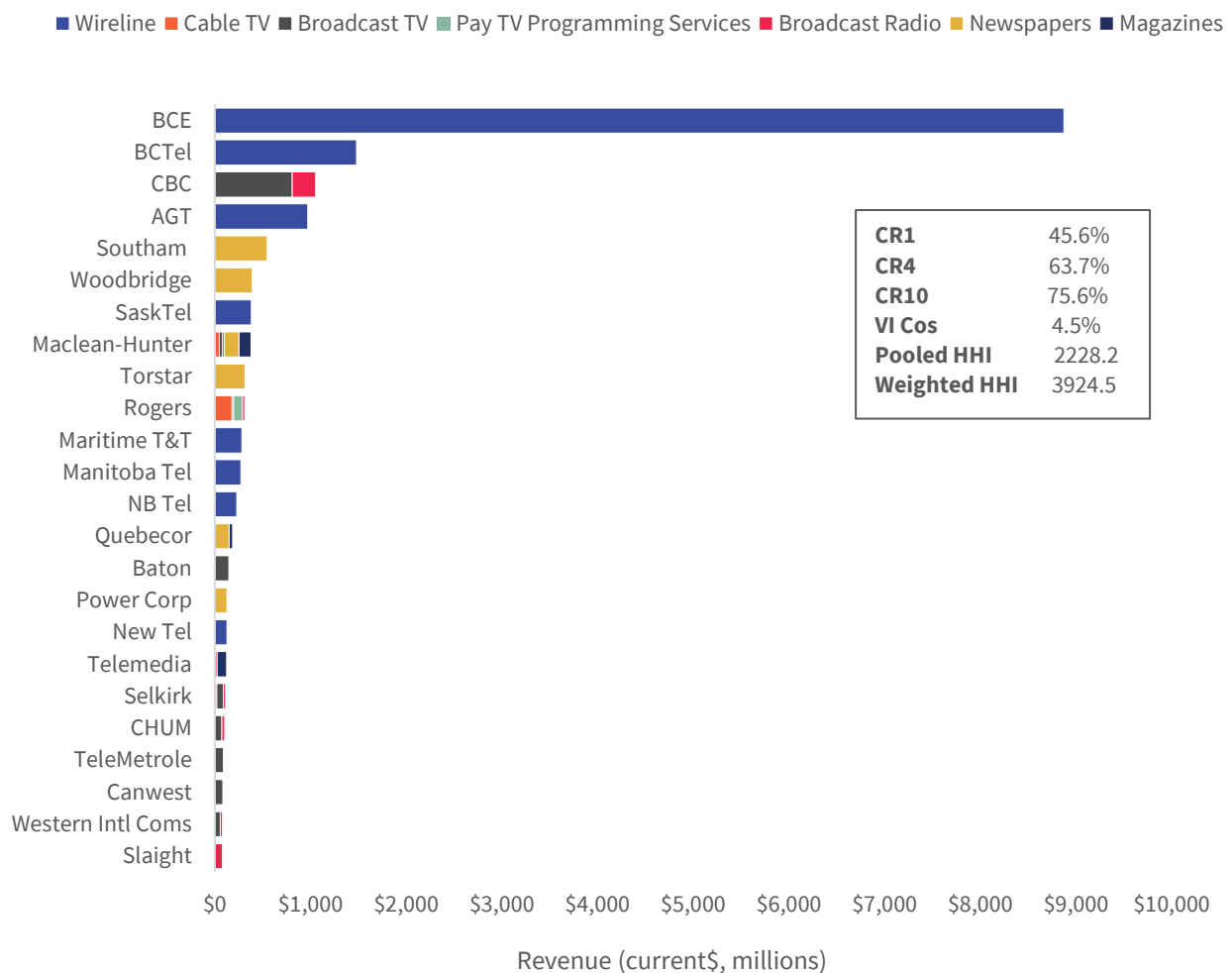


Source: see Figure 8 data sheet in the [Excel workbook](#) for this report and the [GMIC Project—Canada open data sets](#).

Open the lens wider to bring the telecom industry back in and by 1984, Canada’s communications economy had grown to \$19.5 billion, led by gains in POTS, cable, and newspapers. New markets in pay television, mobile wireless, and, in the 1990s, internet access arose. Privatization, market liberalization, and international trade pacts which opened some telecom markets to foreign investment as well as rapid developments in information and communication technologies coalesced to drive

this growth. Figure 9 below depicts the top 25 communications companies in Canada from a vantage point that includes the telephone market. It was still the largest market sector of all by far, and Bell’s position as the biggest communications company at the time—as it had been all along and still is today—reflected this. Yet, while Bell, BCTel, and regional telephone monopolies in the prairies and Atlantic Canada all rank on the list, the extent to which broadcasting and publishing groups figure prominently stands out as well.

Figure 9: Leading communication in Canada based on revenue (millions, \$),1984



Source: see Figure 9 data sheet in the [Excel workbook](#) for this report and the [GMIC Project—Canada open data sets](#).

The picture depicted in Figure 9 changed dramatically in the years ahead as regional groups consolidated into large nationally oriented ownership groups. Still, however, trends did not all move in one direction. As a matter of fact, concentration levels—within sectors and in aggregate—declined over the next decade. Complacency and an extreme faith in the ‘free market’ at the CRTC, Industry Canada, and the Competition Bureau, however, led that trend to sputter, and then reverse course.

The far-reaching institutional changes taking place included the privatization of Alberta Government Telephones and Edmonton Telephones in 1990 and 1995, respectively, to form TELUS, the sale of MTS a year later, and a 1989 Supreme Court ruling affirming federal telecom oversight that added confidence and momentum to a more market-oriented approach to communications and media policy. The CRTC also gradually dismantled the regulated telecom monopoly by introducing competition in consumer supplied equipment (phones, fax machines, modems) (1982), long-distance (1992), and local services (1997). The Department of Communications licensed two competing mobile wireless groups in 1983: the first, a joint venture between Rogers/Cantel, an entity formed from the amalgamation of Canada’s biggest cable system operator and its recent acquisition of CNCP Telecom, with additional capital from AT&T in the U.S.; the second consisting of the eleven regional telephone monopolies then operating across the country at the time (e.g. Bell, MTS, SaskTel, TELUS, and the Atlantic telcos). In 1995, two more national wireless competitors, Clearnet and Microcell, entered the mobile market, enhancing competition and offering Canadians more choices.¹²⁴

The *Broadcasting Act* (1991) and *Telecom Act* (1993) reflected the pro-competition agenda’s influence and that the fastest possible introduction of new media, information and communication technologies in both markets would advance such objectives. The *Broadcasting Act* promoted commercial broadcasting growth but did not address the reality that such growth would likely come at the expense of the CBC unless it was given a bump in its public funding to match the new realities. If anything, the pressure pushed in the opposite direction because it was taken as an article of faith by many that the more the commercial sector could deliver, the less the CBC would be needed.

The *Telecom Act* took a more balanced approach to encouraging competition and innovation while emphasizing the ongoing significance of common carriage, universal service and privacy principles, and information reporting obligations for

companies and the CRTC.¹²⁵ The spirit of the Chretien Liberal government was to be cheerleaders for the market, new technology, and globalization, however, and its enthusiasm for those things seemed to override the balance struck in the law.

Taking its cues from the new *Telecom Act*, the CRTC also dropped its bright line rules that had barred telecom operators from entering broadcasting, cable television and information services in 1994.¹²⁶ It was now convinced that “telephone companies can play a useful role in the provision of new information services, including content-based services”, and that the new regulatory framework it had created could effectively respond to any abuses that did occur.¹²⁷ The CRTC also enthused that there was nothing to worry about because “competition, technology and the globalization of markets have reduced concerns than any one supplier can control the provision of information services”.¹²⁸ It also threw down the gauntlet against those who disagreed, declaring “there is a heavy onus on interveners seeking to restrict telephone companies from controlling the content of telecom services they provide”.¹²⁹

The Commission also abandoned the Competition Bureau’s Merger Enforcement Guidelines that considered firms with a 35% market share or more to have dominant market power. The director of the Competition Bureau (1993-1996) and its merger enforcement branch (1989-1993), and subsequently vice president at TELUS, George Addy, gave an even more full-throated defense of why competition authorities’ powers should be dialed back, and in favour of using the “efficiency exception to allow mergers which would otherwise be prohibited”.¹³⁰

The governing Chretien Liberals also dropped the long-standing policy convention banning convergence of telecom with broadcasting and publishing.¹³¹ The ban on such activities in Bell’s charter since 1968 was also now dead. As Industry Minister John Manley put it, “the rationale for keeping Bell out of the broadcasting business is no longer valid”.¹³²

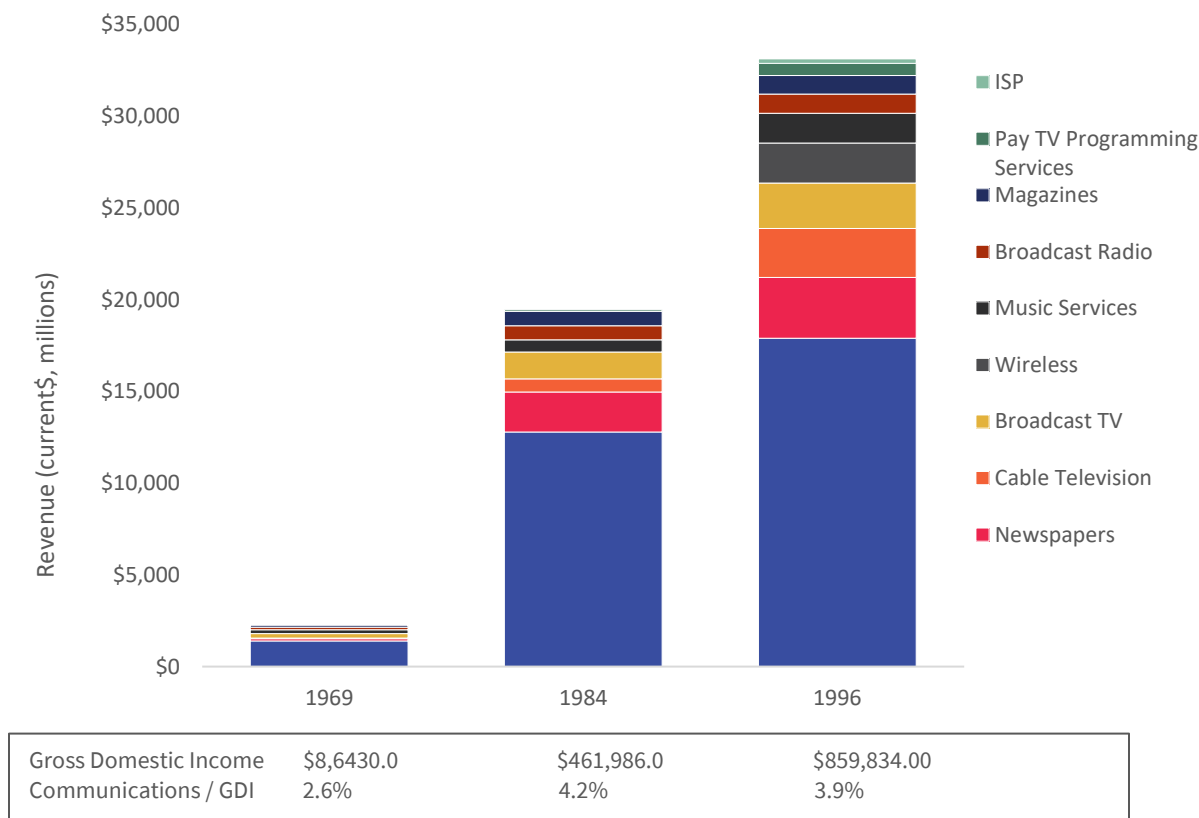
A belief in technology-led regulatory efficiency emerged: broadband openness and market forces were seen as sufficient for regulation. While regulators acknowledged a need for monitoring, they preferred a hands-off approach, believing competition would flourish.¹³³ This was a deeply technocratic view, where technology and economics trumped politics and democracy.¹³⁴ The Schumpeterians had won.

For a while, this approach worked. As markets were opened, telecom and broadcasting revenue tripled between 1984 and 1996. Newspapers saw a 45% revenue increase. Along with magazine publishers, publishers’ century-long run of

prosperity was still going strong, but close to peaking. Despite relatively stable public funding for the CBC, however, its share of revenue in the “broadcasting system” was now in decline, as was its share of people’s time and attention. Both tendencies reinforced a downward spiral that it has yet to recover from.

The 1990s boom saw communications revenue increase nearly nine-fold from 1969, reaching \$33.1 billion by 1996 (even in inflation-adjust ‘real’ dollars, this represented a tripling in the size of the communications market). This sector’s share of the national economy grew from 2.6% to 4%. Figure 10 below depicts the point.

Figure 10: Canada's communications and media economy (current \$, millions), 1969, 1984 & 1996



Sources and notes: 1969: Canada Special Senate Committee on the Mass Media. Vol. II: Words, music, and dollars. Ottawa: Queen’s Printer, pp. 172, 192, 527, 534, 572; Dominion Bureau of Statistics (1970). *Telephone statistics*. Table 18: Revenue of the Telephone Industry, by Province, 1969. Ottawa: The Minister of Industry, Trade and Commerce. Also see 1984 and 1986 notes in “Total Revenue” sheet in the **GMIC Project—Canada open data sets**.

Boom and bust: The dot.com bubble and communications market consolidation at the turn of the 21st century

The late 20th century witnessed significant consolidation within telecom, broadcasting, and publishing sectors (*horizontal integration*) and, mostly in the last half of the 1990s, between them (*diagonal* and *vertical integration*). As policymakers took a more hands-off approach to markets Bell, for instance, took the lead by acquiring Northwestel in 1988 and unified several regional providers in the Maritimes into Aliant by 1999. In western Canada, TELUS emerged through the merger of BCTel, AGT, and Edmonton Tel.

Simultaneously, Rogers and Shaw struck a deal in 2000 whereby Rogers traded 626,000 subscribers in Vancouver and surrounding suburbs for 604,000 Shaw subscribers in Ontario and New Brunswick. The two cable giants had effectively carved up the country into "Cable Monopoly East" and "Cable Monopoly West."¹³⁵ It was a pivotal move whose last act only played out over two decades later when Rogers consummated its take-over of Shaw Communications (see further below on this matter).

Media consolidation also evolved from local and regional scales to national dominance by the late 1990s. A handful of national television networks were formed as a result: CTV, Global, TVA, CHUM, and TQS. In newspaper publishing, Conrad Black's takeover of the Southam newspaper chain in 1996 marked another key moment in nationwide consolidation.

Cross-media ownership and vertical integration was still modest in the early 1990s but gained serious momentum after Rogers' \$3.1 billion acquisition of Maclean-Hunter in 1994. This deal marked the rise of a new breed of vertically integrated telecom-media conglomerates with a national reach and within two years Rogers' annual revenue had tripled to reach \$2.9 billion, while its share of the media economy surged to 10%.

Despite driving up concentration in specific industries, however, the overall decline in media concentration persisted because these transactions were part of a larger trend in an expanding industry. That, however, changed dramatically when three mega-deals at the turn of the millennium dramatically transformed the communications and media landscape in Canada:

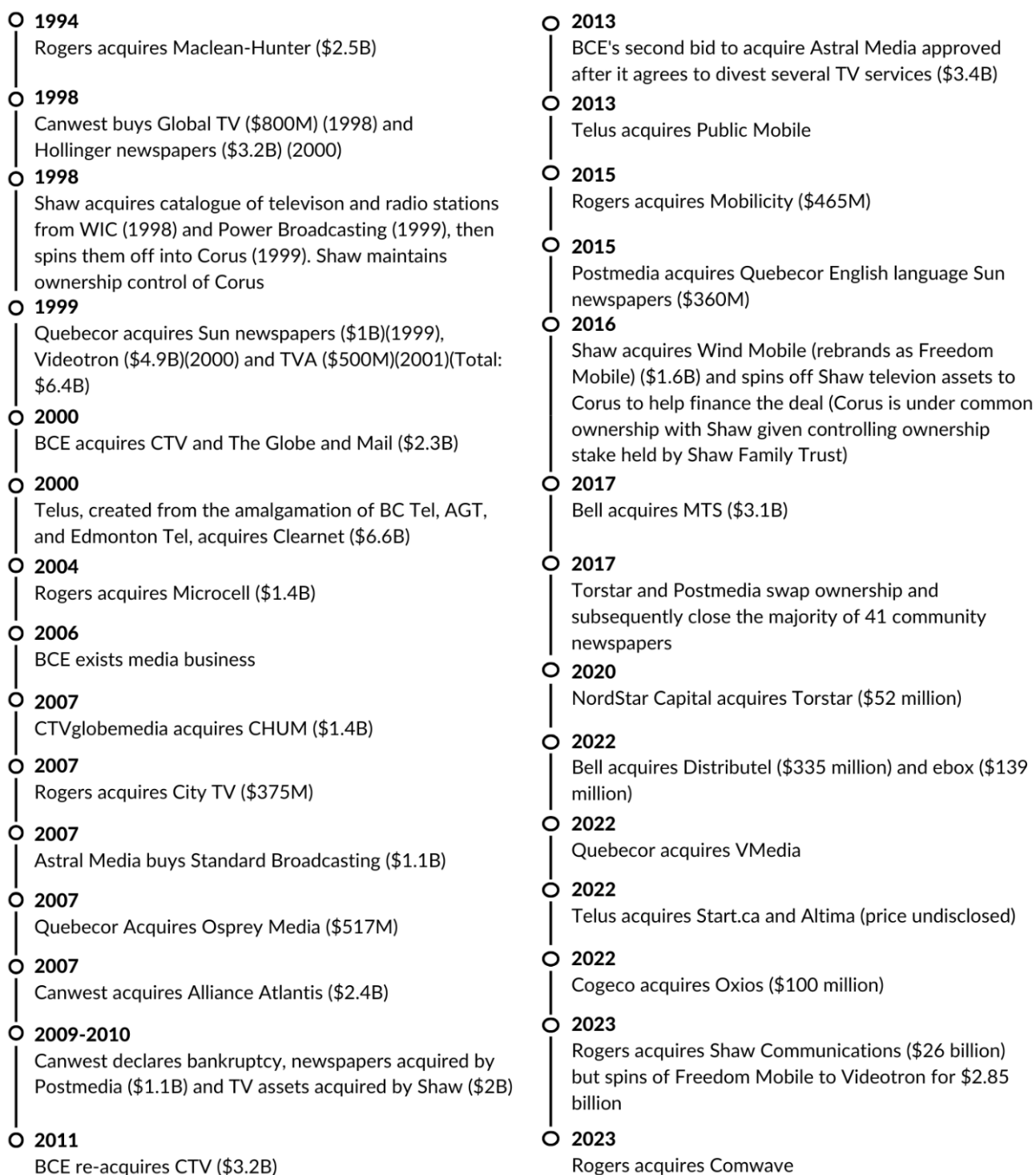
- In western Canada, Shaw Communications bought multiple television and radio stations from Western International Communication and Power Broadcasting in 1998 and 1999, which it spun off into a new entity in 1999, Corus Entertainment.
- Quebecor acquired the Sun Newspaper chain (1999), Vidéotron (2000), and TVA's broadcasting network and stable of pay television services (2001) (on top of the *Journal de Le Montréal* and *Le Journal de Québec* it already owned).
- BCE bought television network CTV, dozens of pay television services, and *The Globe and Mail* in 2000.

Four sprawling vertically integrated telecom-internet-media conglomerates—Bell, Shaw, Quebecor, and Rogers—straddled all aspects of the media economy. This trend in Canada also followed international trends, epitomized by AOL's blockbuster take-over of Time Warner in 2000, the biggest media-internet deal the world had ever seen and poster child of fin de siècle communications and internet convergence—before it lost its luster and unraveled.

Figure 11 lists the major ownership changes in Canada during this era of consolidation and convergence, and those that came after.

“Four sprawling vertically integrated telecom-internet-media conglomerates—Bell, Shaw, Quebecor, and Rogers—straddled all aspects of the media economy”

Figure 11: Major communications and media ownership changes in Canada, 1994-2023



All this activity constituted a watershed moment; it also came with steep costs. The consolidation of BCE, Shaw and Quebecor took place at the height of the stock market bubble in the latter half of the 1990s that had been stoked by euphoria and permissive government policy, and lots of money. The dot-com bubble collapsed in 2000, leaving enduring effects as many communications companies lumbered into the 21st century saddled with debt and probably facing headwinds stronger than anticipated as the internet became an assured commercial success.

Many convergence experiments failed, including AOL/Time Warner. The AOL brand was quickly sidelined, its music division spun-off to private equity groups, and a quarter-trillion dollars in market capitalization wiped out by 2008. In Canada, Canwest's highly leveraged acquisitions of Hollinger and the Southam group of papers and Craig Media's (the A-Channel network) assets ended in bankruptcy in 2008-2009, with its newspaper assets sold to Postmedia and its radio and television broadcasting assets to the jointly-owned Shaw Communications / Corus Entertainment, neither of which have fared very well since.

60%

By 2014, vertical integration peaked, with Bell, Rogers, Shaw, and Quebecor collectively commanding 60% of the \$77 billion communications market in Canada.

12%

In the U.S., Comcast NBCUniversal, Charter (Liberty Media) and Dish Network accounted for just 12% of that country's \$1.6 trillion (CDN\$) media economy.

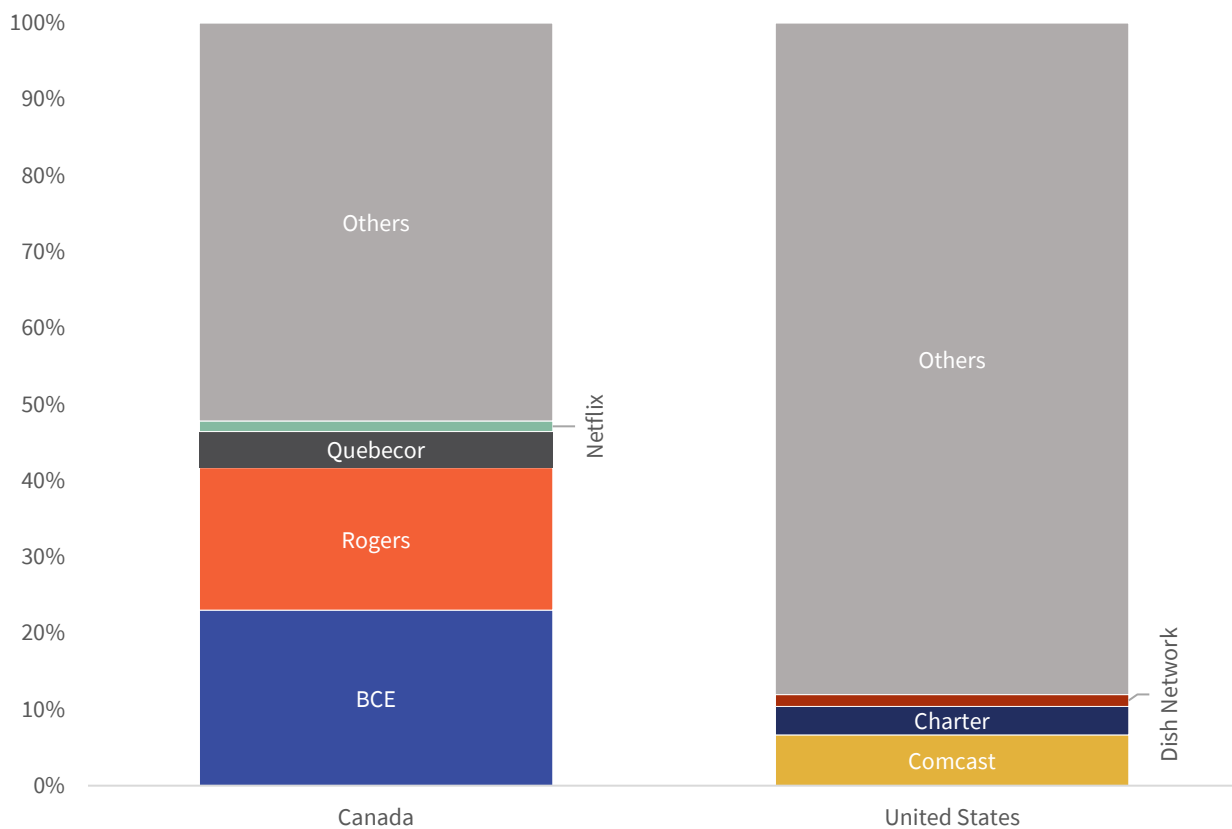
Other companies like 360Networks that had been building internet infrastructure in Canada and internationally collapsed. Shaw and Bell swooped in to pick up its assets. Shaw integrated the thousands of kilometers of ‘dark fibre’ it acquired into its “Big Pipe” project in Vancouver, Calgary, Winnipeg and Toronto, and ran backhaul spurs to Buffalo, Seattle and Sacramento in the U.S.¹³⁶ Bell leveraged its assets for national broadband expansion (with more to come on both below).¹³⁷

This latter move reflected Bell’s attempt to return to being a pure-play telecom operator. As part of that strategy, it divested nearly all its ownership stakes in CTV and *The Globe and Mail* in 2006, effectively acknowledging that managing broadcasting networks, pay television services, and newspapers is a lot different than running a telecom company. The iconic CHUM Media Group was broken up as well, its radio stations sold off to CTV Globemedia and its iconic CITY TV stations in Toronto, Montreal Winnipeg, Calgary, Edmonton, and Vancouver bought by Rogers.

Quebecor survived partly through support from the Quebec government’s investment arm, Caisse de dépôt et placement du Québec, which traded investment for a 25% equity stake that it held until 2015. The Caisse’s equity stake in Quebecor, the wild swings between bubble and bust, and the bankruptcies, but also all the ‘dark fibre’ and internet infrastructure in the ground ready to switch on were all emblematic of a bigger and longer lasting phenomenon: the financialization of communications. Rickety firms and highly leveraged ones—often one in the same—became more reliant on institutional investors like Blackrock, Chatham Asset Management, Canso, and Vanguard. Consequently, media companies increasingly prioritized financial market demands over consumer needs, shaping the media landscape in ways that aligned with investors’ interests.¹³⁸

BCE resurrected its convergence strategy in 2011 by re-acquiring CTV and buying the largest independent television and radio broadcasting company in the country two years later, Astral Media. By 2014, vertical integration peaked, with Bell, Rogers, Shaw, and Quebecor collectively commanding 60% of the \$77 billion communications market in Canada. However, this dominance steadily declined due to the rise of international tech and streaming giants. We will return to this point at great lengths below, but for now the key point to be emphasized is that vertical integration levels have continued to be extremely high by Canada’s own historical standards and multiple times higher than in the U.S., as Figure 12 depicts.

Figure 12: Vertical integration in communications and media sectors—the U.S. vs Canada, 2023



Total \$ CDN NME (Mills)	\$108,141.5
CR 1 Canada	23.0%
CR 4 Canada	66.1%
CR 10 Canada	82.7%
VI Cos Canada	46.4%
International / US companies	18.14%
Pooled Avg HHI Canada	1263.3
Weighted Avg HHI Canada	2500.5

Total \$ US NME (Mills, CDN\$)	\$1,550,260.9
CR 1 US	12.1%
CR 4 US	37.9%
CR 10 US	64.7%
VI Cos US	11.9%
International / US companies	18.3%
Pooled Avg HHI US	524.15
Weighted Avg HHI US	630.87

Sources: see the “Fig 12” in the [Excel workbook](#) accompanying this report and each of the sector sheets in the [GMIC Project—Canada open data sets](#) for the revenues of each company covered in this figure.

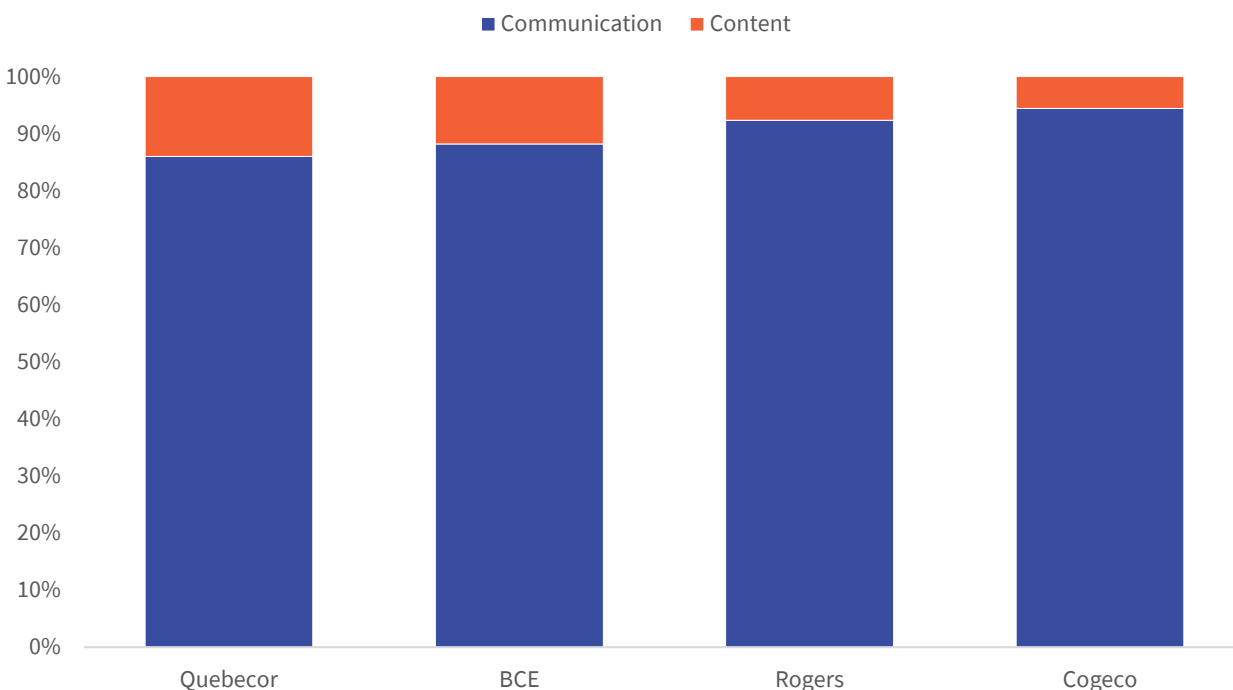
In the U.S., Comcast NBCUniversal, Charter (Liberty Media) and Dish Network accounted for just 12% of that country's \$1.6 trillion (CDN\$) media economy. While vertical integration in the U.S. jumped on account of AT&T's acquisition of Time Warner in 2018, AT&T spun-off its stake in the rebranded Warner Media into a joint venture with Discovery, Warner Media Discovery (WMD), in 2022. AT&T still owns three-quarters of the equity in WMD, but it does not have any powers of control, lacking even a seat on WMD's board of directors.

In Europe, some telecoms operators own broadcast and pay television services in, for example, the Netherlands, Belgium, Italy, France, UK, Germany, Finland, Denmark, and few other countries, but the scale of vertical integration in Europe pales compared to Canada. These results also align with findings from an international study last decade which found that Canada had the third-highest level of vertical integration of the twenty-eight countries examined.¹³⁹

Despite the extent of broadcasting and other media divisions within the big three vertically integrated conglomerate structures in Canada, those divisions are dwarfed by the far larger and more lucrative communications side of their operations. In fact, the media divisions account for a mere 10-15% of revenue at Quebecor, Bell and Rogers, while telecom brings in 80-90% percent of their revenue. Figure 13 below illustrates the point.

“Media divisions account for a mere 10-15% of revenue at Quebecor, Bell and Rogers, while telecom brings in 80-90% percent of their revenue.”

Figure 13: Communication vs content within Canada’s vertically-integrated telecom and media companies, 2023 (ratio by revenue)



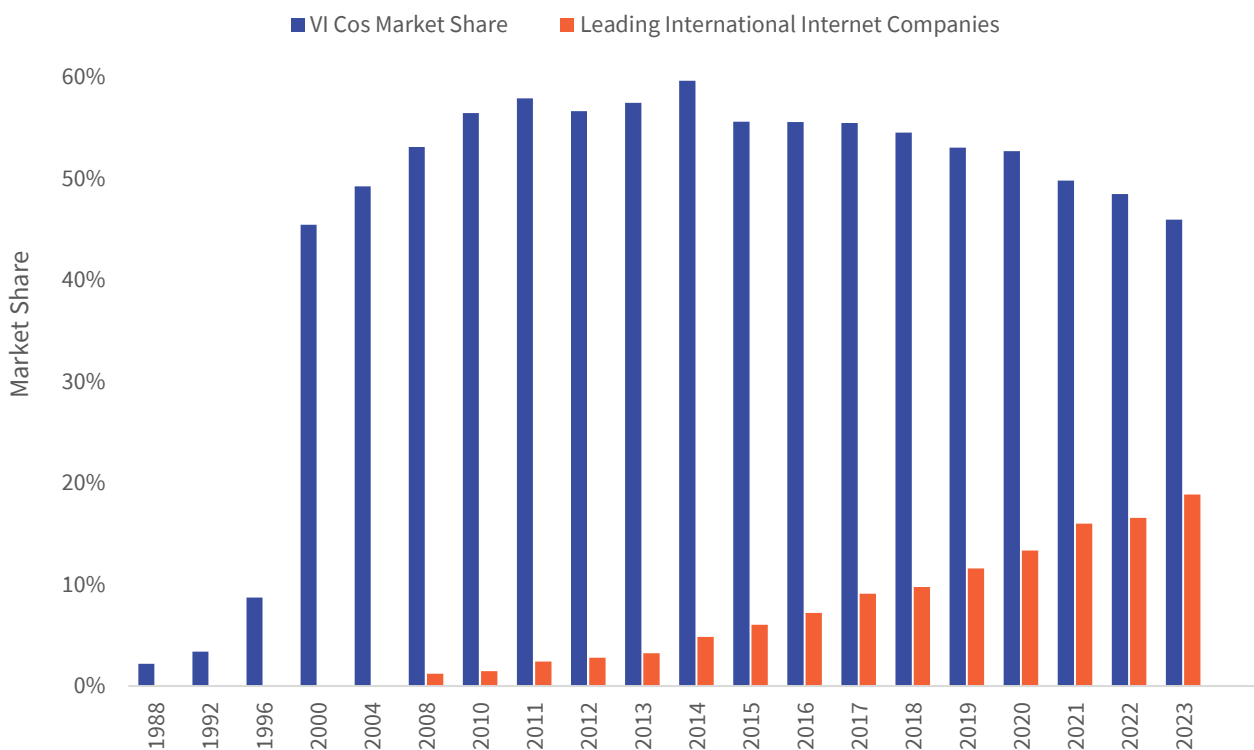
Sources: see Figure 13 in the [Excel workbook](#) accompanying this report and each of the sector sheets in the [GMIC Project—Canada open data sets](#) for the revenues of each company covered in this figure.

In some ways, the media content services at these vertically integrated conglomerates are but ornaments on the national carriers’ corporate edifice. They are important but the companies’ most significant sources of revenue—and profit—come from telecom services. The real purpose of these companies’ media branches seems to be to be part of their marketing, advertising and public relations strategies and to drive the take-up of their vastly bigger and more lucrative wireless, broadband internet, and cable services. The upshot is that broadcasting and media in Canada have been, and continue to be, structurally subordinate to and dependent on the vertically integrated conglomerates’ vastly bigger and more profitable activities in communications services. Unsurprisingly, their priorities reflect such realities.

Between 2012 and 2017, under CRTC Chair Jean-Pierre Blais, there was a temporary pushback against consolidation, including the rejection of Bell's initial bid to acquire

Astral Media in 2012.¹⁴⁰ Bell's modified its bid to acquire Astral the next year and was successful this time around. BCE, Rogers, Shaw and Quebecor's market dominance peaked in 2014 when, combined, they commanded 60% of total revenue. However, just as their dominance was peaking, the international big tech giants (Alphabet, Amazon, Bytedance, Meta, Microsoft), streaming media giants (Netflix, Spotify), and extensions of U.S. marquee media brands like Disney and Paramount were rapidly ramping up their operations in Canada. Their share of the media economy soared from negligible levels to 19% last year, or an estimated \$21 billion dollars. In contrast, the telecom-media conglomerates' market share fell to 46%. Figure 14, below, illustrates the point.

Figure 14: Vertically Integrated Communications Conglomerates vs Big Tech and Streaming Media Services Market Share based on revenue, 1984-2023



Sources: see the Figure 14 in the [Excel workbook](#) accompanying this report and each of the sector sheets in the [GMIC Project—Canada open data sets](#) for the revenues of each company covered in this figure.

Competition and concentration in the network media industries

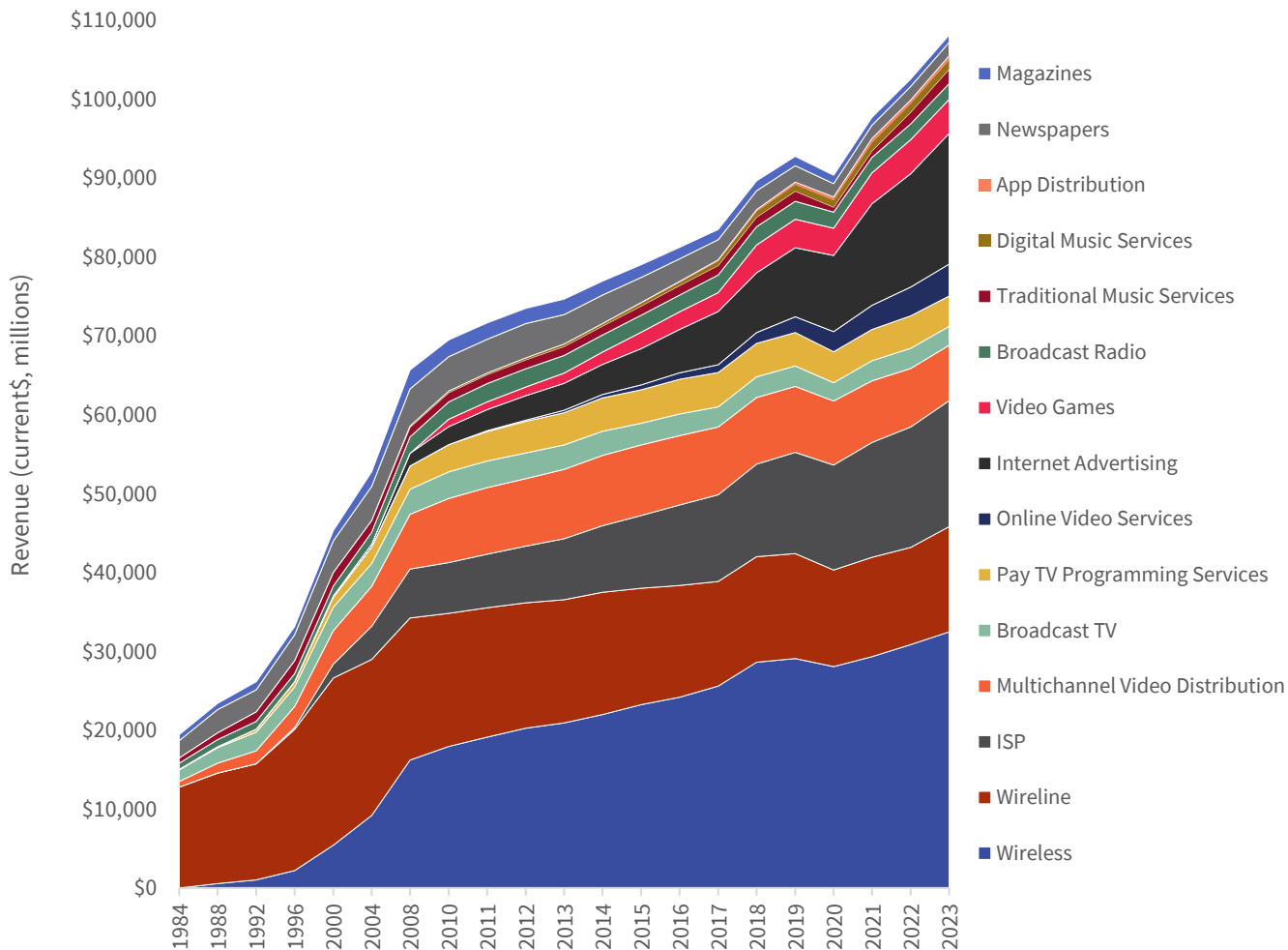
The following sections turn to analyzing contemporary developments sector-by-sector, and within the three main categories we use to group each of the sectors covered by the GMIC Project:

- telecoms and internet infrastructure: wireline telecoms; mobile wireless service; internet service providers; BDU (Cable, Sat & IPTV)
- online and traditional media services: broadcast TV; pay & specialty TV; online video services (SVOD, TVOD, AVOD); radio (ad-funded, public service and paid subscription); internet advertising; traditional music (physical, publishing, live concerts); online music (paid subscription and ad-funded streaming services and downloads); games (console, PC and mobile); app distribution; newspapers; magazines
- Core internet applications and sectors: online news sources; search engines; social media and video sharing platforms; mobile and desktop operating systems; and mobile and desktop browsers

At the end, these categories are combined one last time to complete the analysis and gain a bird's eye view of the network media economy as a whole. Again, we call this step-by-step process of moving from sector-level analysis to a comprehensive view of the network media economy the scaffolding approach.

Figure 15 below sets the scene by giving a long-term view of the evolution of the network media industries and of each of the media sectors contained within that concept. It demonstrates remarkable growth from just under \$20 billion in 1984 to about \$108 billion last year. Many new sectors have been added, the pie has grown vastly bigger, most sectors have flourished; some are in what appears to be terminal decline. The aim is also to highlight the broad trends and specific details observable over time so that we can know which industries are growing, which may be stagnating, and which are on the wane, while revealing how the unique characteristics of different media can lead to different evolutionary paths and outcomes, points that will be elaborated upon in the pages ahead.

Figure 15: Separate media, distinct evolutionary paths and the Network Media Economy, 1984–2023 (current \$, millions)



Source: See Figure 15 sheet in the [Excel workbook](#) accompanying this report and the “Total Revenue” sheet in the [GMIC Project—Canada open data sets](#).

Telecom and internet infrastructure—the “Big Picture”

In 2023, there were 72 million telecom ‘lines’ in service last year, split 50/50 between wireline services and mobile wireless. We spent considerable time in the past several pages discussing the mobile wireless sector. The following pages turn attention to the wireline side of the telecom industry, which includes most notably for our purposes residential internet, POTS (plain old telephone service) and broadcasting distribution (aka, cable television or broadcasting distribution undertakings in CRTC jargon).

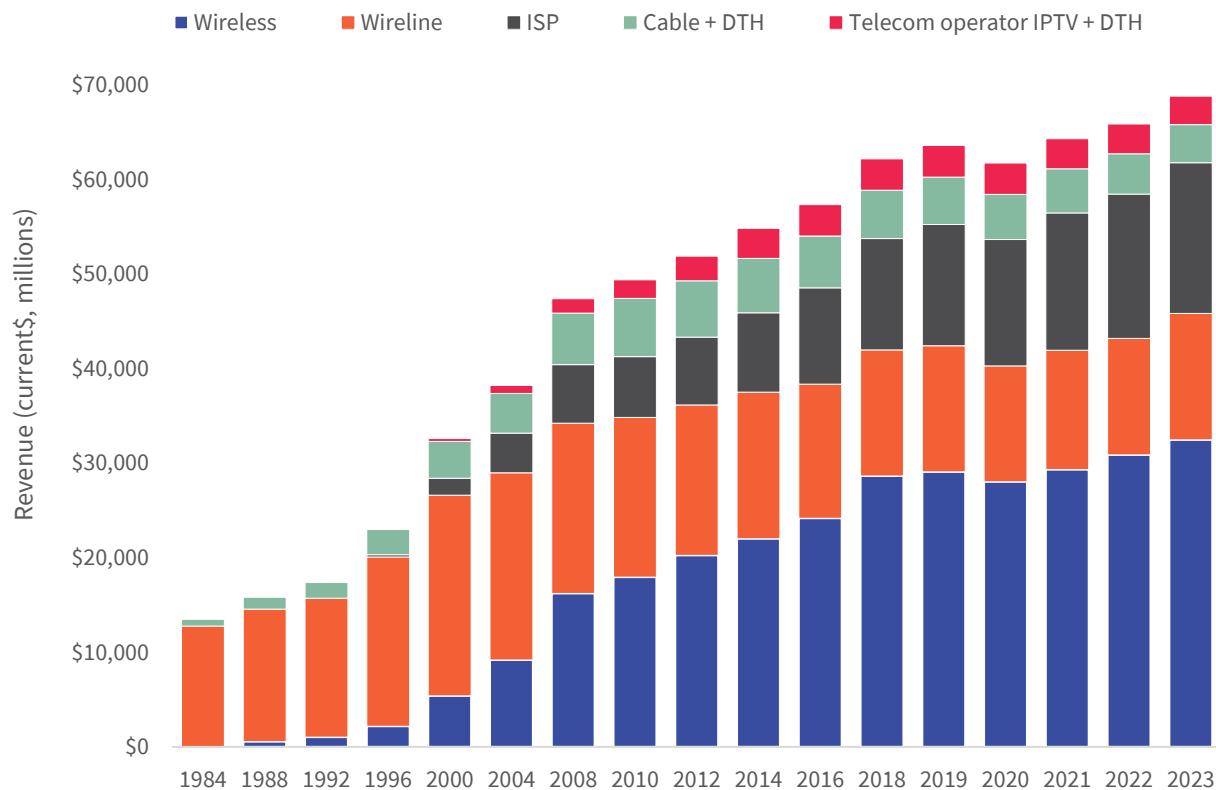
Wireline telecom also consists of a grab bag of other services such as private lines, data services, and the carriers’ newest ventures into, for example, health information and content moderation fields (e.g. TELUS), data analytics (e.g. Bell’s acquisition of Environics), smart home monitoring and security systems (all of them), and many other non-voice services that come-and-go as industry fashions dictate. A decade ago, data centres were the rage; now, not so much. The wireline division of these companies is increasingly made up of non-voice revenues. This makes it hard to establish the size of the industry, but the most important companies—e.g., Bell, Rogers, TELUS, Sasktel, Vidéotron, and Cogeco—publish enough data to allow solid estimates to be made for their retail internet access and BDU service subscriber numbers and revenue. None of them, however, provide enough to examine POTS on a stand-alone basis.¹⁴¹ Based on this broad definition of the industry, the wireline telecom market continued to grow until 2000, when it peaked at \$21.2 billion, but then declined steadily until 2020, before turning around. Revenue has risen over one billion dollars since to reach \$13.4 billion last year.

The CRTC more narrowly defines the wireline sector as including just POTS, private lines and data services, which leads it to a significantly lower figure of \$8.2 billion.¹⁴² The gap between that result and ours is obviously significant, but not decisive in the analysis one way or another that follows. While the Commission’s approach is reasonable and makes sense in terms of the scope of its regulatory remit, our approach aligns better with how the telecom operators themselves assign revenue within the wireline segment.

As the types of communications services have diversified, telecom markets have expanded greatly and more than enough to offset the long-term decline in both POTS and cable television. In fact, combined revenue for mobile wireless, internet access, POTS and broadcasting distribution services more than doubled from \$32.6

billion in 2000 to \$68.8 billion last year, a little less than two-thirds of the \$108.1 billion network media economy in 2023. Figure 16 depicts that growth over the last forty years.

Figure 16: Revenues for the telecoms and internet access sectors, 1984-2023 (current \$, millions)



Sources: see the Figure 16 sheet in the [Excel workbook](#) accompanying this report and the [GMIC Project—Canada open data sets](#) for the revenues of each company covered in this figure.

On its own, the mobile wireless market is the biggest telecom market, with \$32.5 billion in revenue last year. However, in reality, the wireline sector is actually bigger than the mobile wireless market once all of its branches are taken account of: internet access (\$16 billion), broadcasting distribution services (\$7 billion), and “wireline-plus” (\$13.4 billion). Tally up those sums and wireline telecom services had \$36.3 billion in revenue in 2023. Altogether, there were 72 million telecom ‘lines’ in service last year, split 50/50 between wireline services and mobile wireless. In 2023,

the average household in Canada spent an estimated \$3,167.40 for a bundle of broadband, POTS, cable and mobile wireless services, or \$263.95 per month. \$140 of that bill was to wireline services, while \$117 went to the mobile wireless part of the bill.

To get an impression of the scale of the wireless and mobile wireless industries, and the positions of the big four therein, consider, for example, that there were 72.2 million subscriber connections to retail internet, BDU and POTs services last year. These are the gateways through which personal communications, media, and internet-based content, applications and services must pass. They also comprise the triple and 4-play bundles that telecom operators use to attract and retain customers. Collectively, Bell, TELUS, Rogers, and Vidéotron operated 86% of those connections last year (61.7 million), up greatly year-over-year on account of the Rogers-Shaw merger. Figure 17 below illustrates the big four telecoms operators' share of subscribers in 2023.

Figure 17: Market share by subscribers and type of service, 2023

	Bell	Rogers	TELUS	Shaw	Vidéotron	Big 5 Total	Big 5 Share of Total	Grand Total
POTS Subs	2,106.2	1,687.0	1,065	713.0	5,571.1	49.0%	11,359.4	2,106.2
Mobile Subs	10,118.1	11,378.5	9,887.5	3,764.90	35,149.0	97.2%	36,180.0	10,118.1
Internet Subs	4,434.9	4,123.5	2,554.5	1,705.2	12,818.1	84.9%	15,096.0	4,434.9
BDU Subs	2,738.4	2,723.9	1,359.5	1,375.9	8,197.6	86.1%	9,524.4	2,738.4
Total Lines	19,397.6	19,912.9	14,866.5	7,558.9	61,735.8	85.6%	72,159.3	19,397.6
POTS Subs Share	20%	7%	10%	5%	7%	49%	49%	
Mobile Subs Share	28%	30%	28%	7%	5%	97%	98%	
Internet Subs Share	30%	16%	17%	15%	13%	90%	90%	

Sources: see the Figure 17 sheet in the [Excel workbook](#) accompanying this report and the [GMIC Project—Canada open data sets](#) for the revenues of each company covered in this figure.

As the types of communications services have diversified, telecom markets have expanded greatly and more than enough to offset the long-term decline in POTS. Adding mobile wireless, internet access and broadcasting distribution services to the picture shows that combined revenue for these services has more than doubled from \$32.6 billion in 2000 to \$68.8 billion last year. The big four account for 90.5% the total, up significantly from 85% year-over-year due to Rogers' takeover of Shaw. Overall, this is a story of very large players getting even bigger within a vastly bigger market and one, moreover, defined by lush profit margins.

Figure 18, below, depicts their share of revenue across the combined wireless, internet access, wireline (POTS) and broadcasting distribution sectors last year.

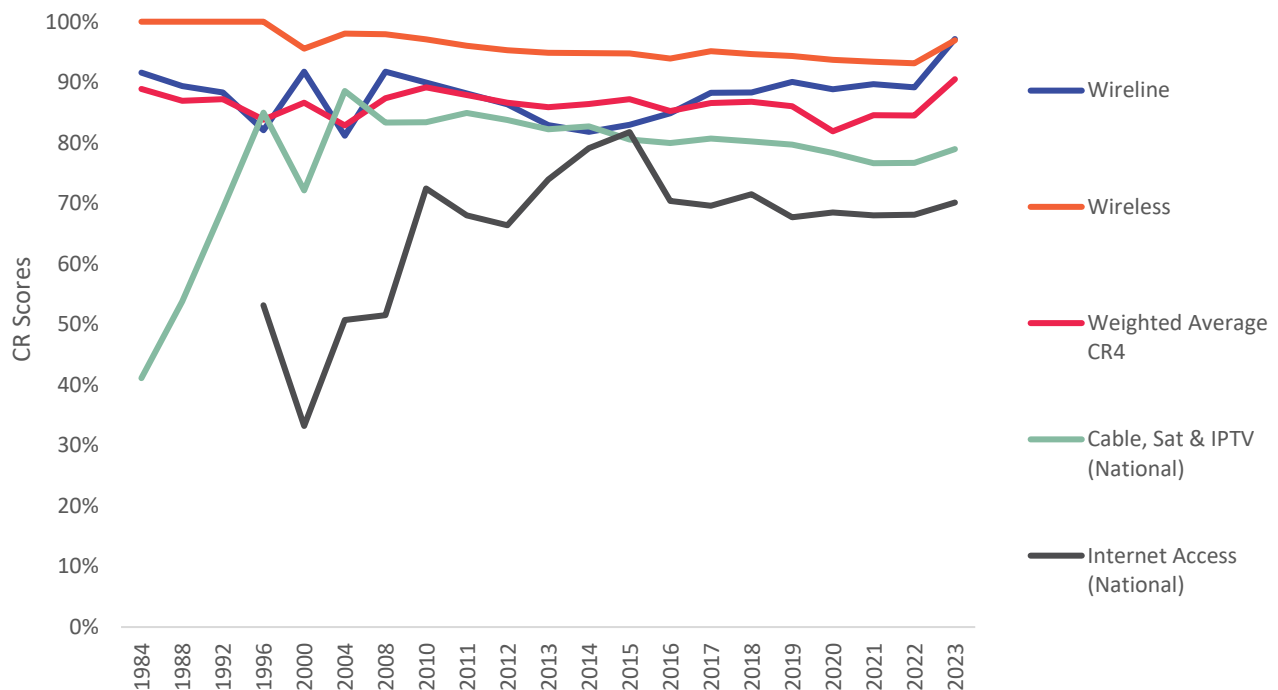
Figure 18: Market share by revenue and type of service, 2023

	Bell	Rogers	TELUS	Vidéotron	Big 4 Total	Big 4 Share of Total (%)	Grand Total
Wireline (Millions)	\$5,840	\$2,000	\$4,853	\$278	\$12,972	97%	\$13,354
Mobile Revenue (Millions)	\$10,005	\$10,222	\$9,217	\$2,033.5	\$31,477	97%	\$32,477
ISP Revenue (Millions)	\$4,048	\$4,053	\$2,326	\$1,285	\$11,712	73%	\$15,949
BDU (Millions)	\$2,074	\$2,367	\$839	\$802	\$6,083	87%	\$7,023
Total Revenue (Millions)	\$21,968	\$18,642	\$17,236	\$4,400	\$62,246	89%	\$68,805
Wireline Revenue Share	25%	25%	15%	8%		73%	
Mobile Revenue Share	31%	31%	28%	6%		97%	
BDU	30%	34%	12%	11%		87%	
POTS	44%	15%	36%	2%		97%	
Total Revenue Share	32%	27%	25%	6%		90%	

Sources: see the Figure 18 sheet in the [Excel workbook](#) accompanying this report and the [GMIC Project—Canada open data sets](#) for the revenues of each company covered in this figure.

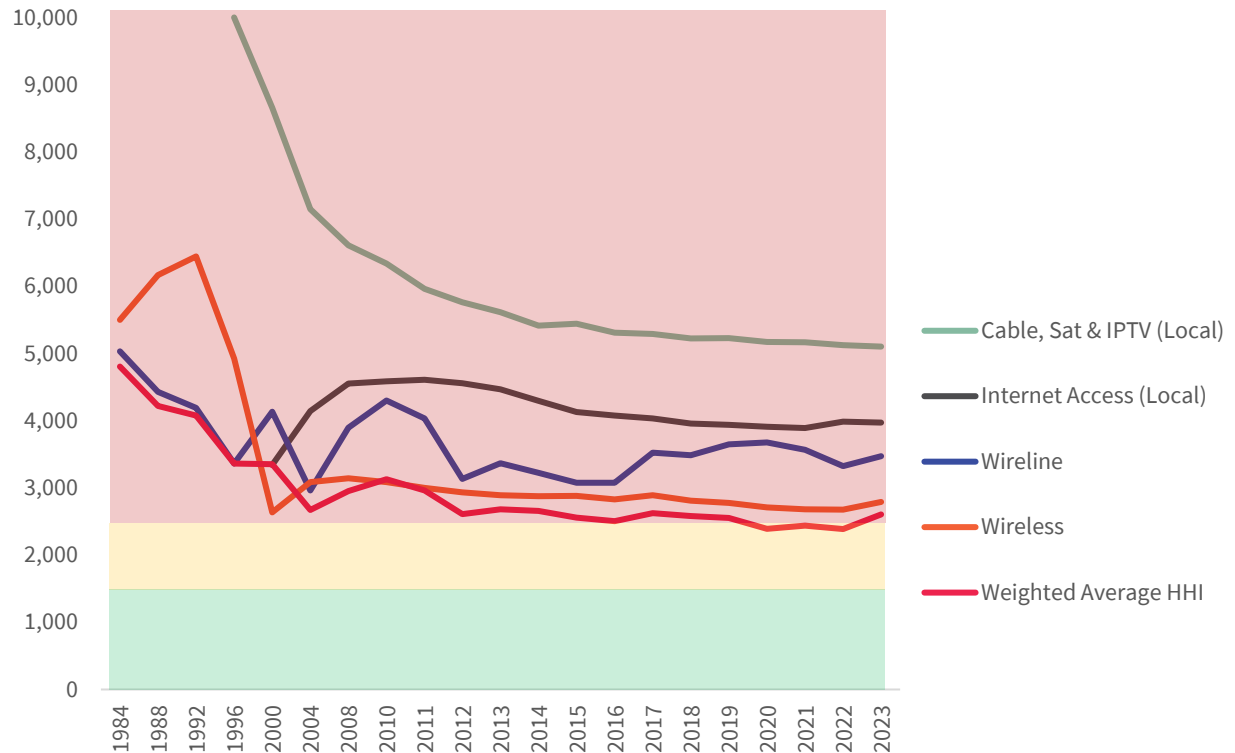
Another thing that stands out in this research exercise is that concentration levels across all four of the sectors—i.e. wireline telecoms (POTS), mobile wireless, retail internet access and BDU services—have not only remained high, but that the big four telecom giants’ share of this bigger and more complex landscape is significantly greater today than it was twenty years ago. Figures 19 and 20 below depict the CR4 and HHI scores for each segment of the wireline and wireless market as well as the weighted CR4 and HHI scores for those sectors combined from 1984 until last year.¹⁴³

Figure 19: CR4 Scores for telecom and internet access sectors, 1984-2023 (based on revenue)



Source: see the Figure 19 sheet in the [Excel workbook](#) accompanying this report and the “Concentration Metrics” sheet in the [GMIC Project—Canada open data sets](#) for the revenues of each company covered in this figure.

Figure 20: HHI scores for the telecom & internet access sectors, 1984–2023 (based on revenue)



Source: see Figure 20 sheet in the [Excel workbook](#) accompanying this report and the “Concentration Metrics” sheet in the [GMIC Project—Canada open data sets](#) for the revenues of each company covered in this figure.

Figures 19 and 20 show that the embrace of market liberalization, promotion of new technologies, and a shift toward ‘lighter touch’ regulation in the 1980s and 1990s initially had their desired effect. Concentration levels fell significantly during this time for wireline and wireless services (except for cable television) based on the national CR4. That tendency was even more pronounced for cable television and internet access services at the local versus the national level based on the HHI. During those years, the regulated natural monopoly regime in wireline telecom gave way to more providers. The number of ISPs exploded. The cable monopoly was also breached after direct-to-home satellite television services were introduced in the late 1990s and even more significantly when telecom operators’ rolled out IPTV services, initially in Western Canada in the mid-2000s and after 2010 in Central

Canada and the Atlantic Provinces. Thereafter, the fall of the cable monopoly was especially marked.

In no case, however, was the trend enough to change the status of telecom markets from “highly concentrated” to one that implied robust competition and pluralism. As such, one thing that stands out from the perspective of this report is that concentration levels have remained at the high-to-very-high end of the CR4 and HHI scales throughout the period we cover.

The following section takes up these long-term trends and recent developments in the context of each of the sectors that make up the telecoms and internet access markets: mobile wireless, internet access, and BDUs, i.e. cable, direct-to-home satellite, and internet protocol television (IPTV) services.

Mobile network competition and the mobile internet

The mobile sector is a key piece of the networked digital media ecology and is the largest sector of the network media economy on a stand-alone basis (versus the group of services that make up the wireline industry). Mobile wireless services began as luxuries and business tools, but by the turn-of-the-century they were on track to hit the mainstream. They have expanded quickly ever since. They overtook plain old telephone service in 2009 in terms of revenue while the number of households subscribing exclusively to mobile services for their voice calling needs exceeded those relying exclusively on landlines for the first time five years later.¹⁴⁴

The growth of this sector has included an expanding array of devices that are connected to mobile wireless networks (tablets, smart watches, cars, etc). Consequently, mobile data traffic has grown 40- 50% growth a year in Canada for the last six years. The transition to 5G was expected to drive mobile data usage growth at an even faster clip but so far early over-hyped expectations have failed to materialize. Instead, Canada’s mobile operators appear to be marketing 5G services mainly as a premium service that few people seem willing to pay extra for.

The mobile wireless market has grown tremendously since its debut in the early 1980s to \$2.2 billion at the turn-of-the-21st century, and \$32.5 billion in 2023. Roughly 95% of Canadians now have a mobile broadband subscription.¹⁴⁵ Canada’s mobile wireless market is not just large in historical terms but also in international standing: it is the 6th-largest mobile market in the world, based on revenue, as Figure 21 depicts.

Figure 21: World's biggest mobile wireless markets ranked by revenue, 2023 (current \$, millions)

		2021	2022	2023			2021	2022	2023
1	United States	390,607	420,030	422,471	20	Netherlands	6,400	5,716	6,470
2	China	146,891	168,390	166,313	19	Argentina	5,136	4,747	6,426
3	Japan	73,887	91,388	91,388	24	Switzerland	6,023	6,096	6,169
4	Russia	33,286	38,625	41,367	23	Poland	4,354	4,215	4,925
5	Germany	39,294	37,705	40,346	22	Belgium	4,107	3,862	4,292
6	Canada	29,268	30,868	32,478	25	Sweden	4,304	3,861	3,919
7	India	25,473	25,182	29,000	21	Austria	3,867	3,918	3,847
9	Mexico	12,054	22,253	28,082	26	Kenya	4,080	3,135	3,275
8	Korea	27,567	25,922	26,692	27	Denmark	3,152	3,046	3,259
10	France	21,864	21,044	22,747	28	Finland	3,028	2,906	3,208
11	United Kingdom	21,178	20,749	22,776	29	Chile	2,302	2,799	3,121
12	Australia	19,371	20,688	19,891	31	Czech Republic	2,878	2,623	2,968
13	Brazil	15,554	19,901	23,288	33	Norway	2,984	2,524	2,760
15	Italy	15,454	13,677	14,498	34	Israel	2,860	2,821	2,745
16	South Africa	9,668	9,728	8,796	30	New Zealand	2,598	2,728	2,610
14	Spain	8,457	8,205	8,224	35	Ireland	2,319	2,462	2,522
17	Nigeria	8,587	5,909	11,447	32	Portugal	2,599	2,682	2,236
18	Turkey	7,272	7,265	7,917	36	Slovakia	1,462	1,445	1,123

Note: See the Figure 21 sheet in the [Excel workbook](#) accompanying this report.

Canada's mobile wireless market is not only one of the world's biggest, it is growing faster than the vast majority of thirty-five countries included in Figure 21 above. Many mobile wireless markets seem to have tapped out and are now simply treading water, including Germany, France, Australia, the Netherlands, Switzerland, Denmark, and Finland. Others are beginning to contract, including, for example: Korea, Italy, South Africa, Spain, Sweden, Austria, Kenya, Norway, Israel, Portugal and Slovakia. Take out the countries where inflation and currency devaluations make comparisons over time tricky—for example, Russia, Nigeria, Chile and Argentina—and average growth rate from 2021 and 2023 for the 35 countries ranked in Figure 19 was a paltry 1.4% per year. In Canada, the mobile wireless market grew at nearly four times that rate, i.e. 5.5%.

The Canadian market is not only big and growing fast—albeit with stagnation surely not far off on the horizon—but very profitable. The CRTC reports average EBIDTA of 49% last year and 44%, on average, over the last ten years.¹⁴⁶ Those results are reflected in each of the mobile network operators' quarterly calls with financial analysts, institutional investors, and business reporters as well as their annual financial reports.

Growth of the mobile wireless market in Canada in the last three years has been brisk. Indeed, it has been well above both the international average and the United States. The temporary losses of the first year of the COVID 19 pandemic in 2020, when revenue had declined by \$1.1 billion as mobile operators suspended overage fees and international roaming fees dried up as travel was suspended, is increasingly in the rearview mirror. Interestingly, those revenue declines only struck the big three national mobile operators, Bell, Rogers, and TELUS while regional competitors such as Vidéotron, Freedom Mobile, Sasktel, Tbaytel, and Eastlink continued to grow.

The national mobile wireless operators' revenues recovered starting in 2021 as pandemic restrictions were relaxed and on account of subscriber growth and an expanding array of services. That contrast between regional and national operators nonetheless is another indicator that the regional rivals continue to have an impact on market dynamics, the result not just of entrepreneurial innovation but also of concerted policy efforts to improve outcomes in this sector.

New competitors have helped to drive up subscription and data usage rates in recent years by offering a wider variety of affordable service plans that have proven attractive, especially to low- and middle-income families. According to testimony in 2021 from the association of Freedom Mobile dealers during the review of Rogers'

bid to acquire Shaw Communications, for example, “the primary customer segments that rely on Freedom retail services are mid-to-low income earners, new Canadians, visible minorities, students and seniors.”¹⁴⁷ New competitors’ strategy of targeting previously unaddressed market segments with low-priced offers has created clear and measurable improvements with respect to smartphone adoption and mobile internet use in recent years.

Part of this positive trend has been driven by calls from the Liberal government since 2020 for carriers to reduce prices for plans that include unlimited calling and between 2 and 6 GB of data per month by 25%. The carriers have exceeded the government’s call, with prices for this specific range of service offerings falling by nearly half since 2016, with year-over-year pricing falling by another 27% between 2023 and 2024.¹⁴⁸ As a result, smartphone adoption in Canada has risen significantly from 84% to 95.3% over that same period, while mobile data usage has more than tripled from 2 GB per month per subscriber to 7 GB since 2017.¹⁴⁹ Figure 22 illustrates the significant decline of mobile wireless service relative to the consumer price index.

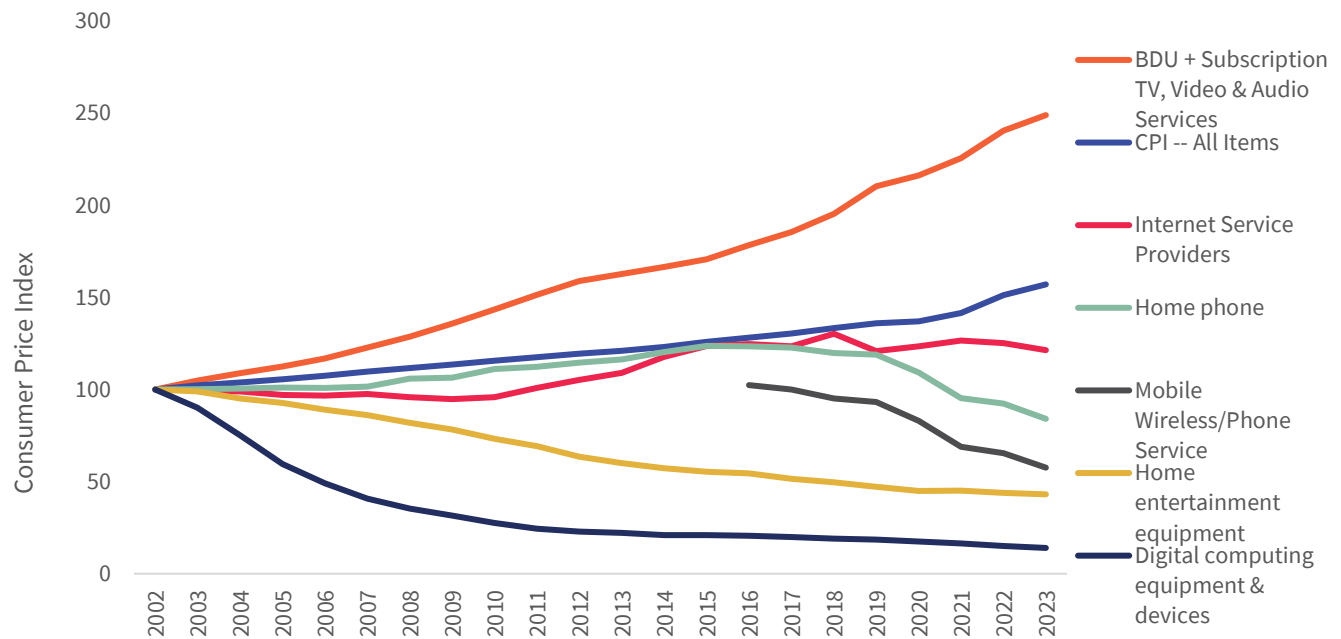
95.3%

Smartphone adoption in Canada has risen significantly to 95.3% in 2024.

7GB

Mobile data usage in Canada has climbed to 7GB per subscriber in 2024.

Figure 22: Communication Services and device prices vs the consumer price index, 2002- 2023



Source: Statistics Canada. Table: 18-10-0005-01 (formerly CANSIM 326-0021)—[Consumer Price Index, annual](#) (2002=100).

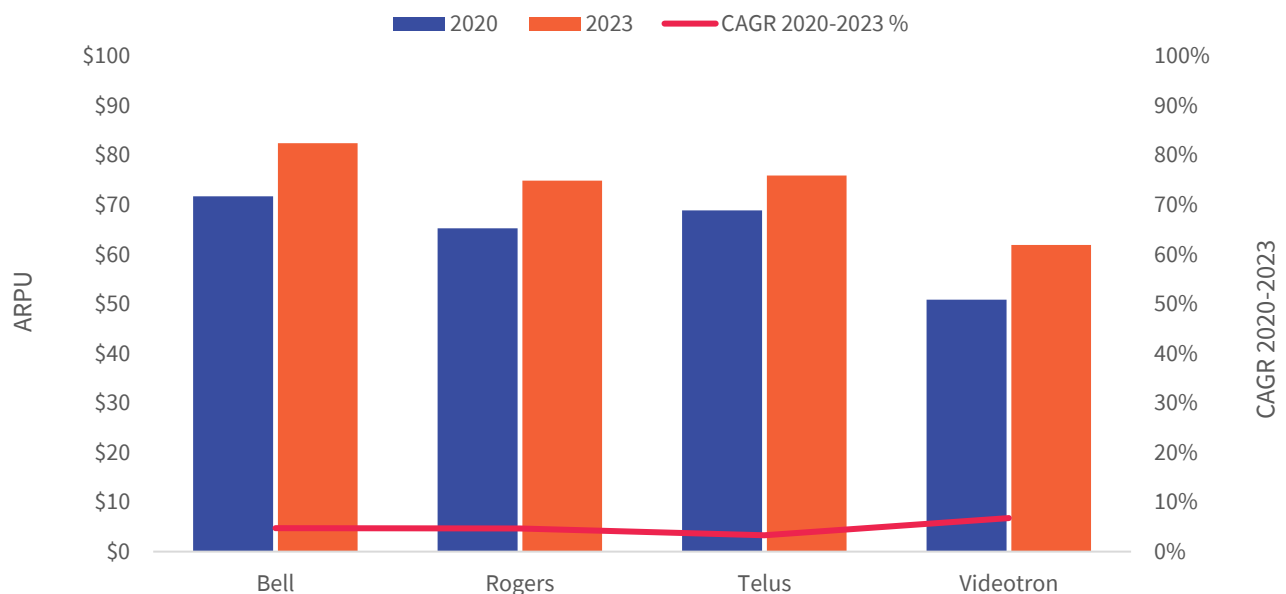
That the benefits of a more competitive and consistently regulated mobile wireless market have flowed disproportionately to low-income households can be seen from the fact that the growth in subscriber uptake has been greatest for the lowest two income quintiles, but negligible for high income households because affordability ceased to be an issue long ago and uptake has been near universal (see Figure 22 below).

There is no doubt that when measured against the government's target, and the basket of wireless plans that Statistics Canada canvasses to calculate the CPI, that wireless prices have come down. This has also been correlated with increasing mobile adoption levels and usage. It also reflects progress that has been made in terms of equity and justice, as in "just and reasonable" rates that allow people to better use the means of communication available to us and that are essential to living in society. All of this is to the good. It is also an overly generous reading of the results.

For one, household spending on mobile wireless services has risen from \$92.08 per month in 2016 to \$110.48 in 2020 and to \$117.33 per month in 2023.¹⁵⁰ In addition, the government's target only focused on declining mobile data prices per gigabyte while neglecting the fact that the companies themselves consistently report that average revenue per user (ARPU) has continued to climb, albeit at a slower rate in recent years, as Figure 21 below indicates.

Bell, Rogers, TELUS and Vidéotron have also been presenting figures for “service” revenue per user on a stand-alone in recent years and which exclude things like, for example, device financing charges, international roaming costs, and overage fees. This approach shows that price increases since 2020 have been modest. For Bell and Vidéotron, they have even gone down. This way of parsing the data might be appealing for advertising, public relations, and lobbying governments about how Canadians are getting a good deal on world class communication services, but it is a self-serving gauge. It is also an outlier relative to the preponderance of independent analysis. In the spirit of fair play, though, Figure 23 shows the total price that people pay for a plan at the end of the month (plan ARPU) versus the price of just the service part of the plan according to the companies (service ARPU).

Figure 23: National mobile operators' “plan” versus “service” average revenue per user, 2020 vs 2023



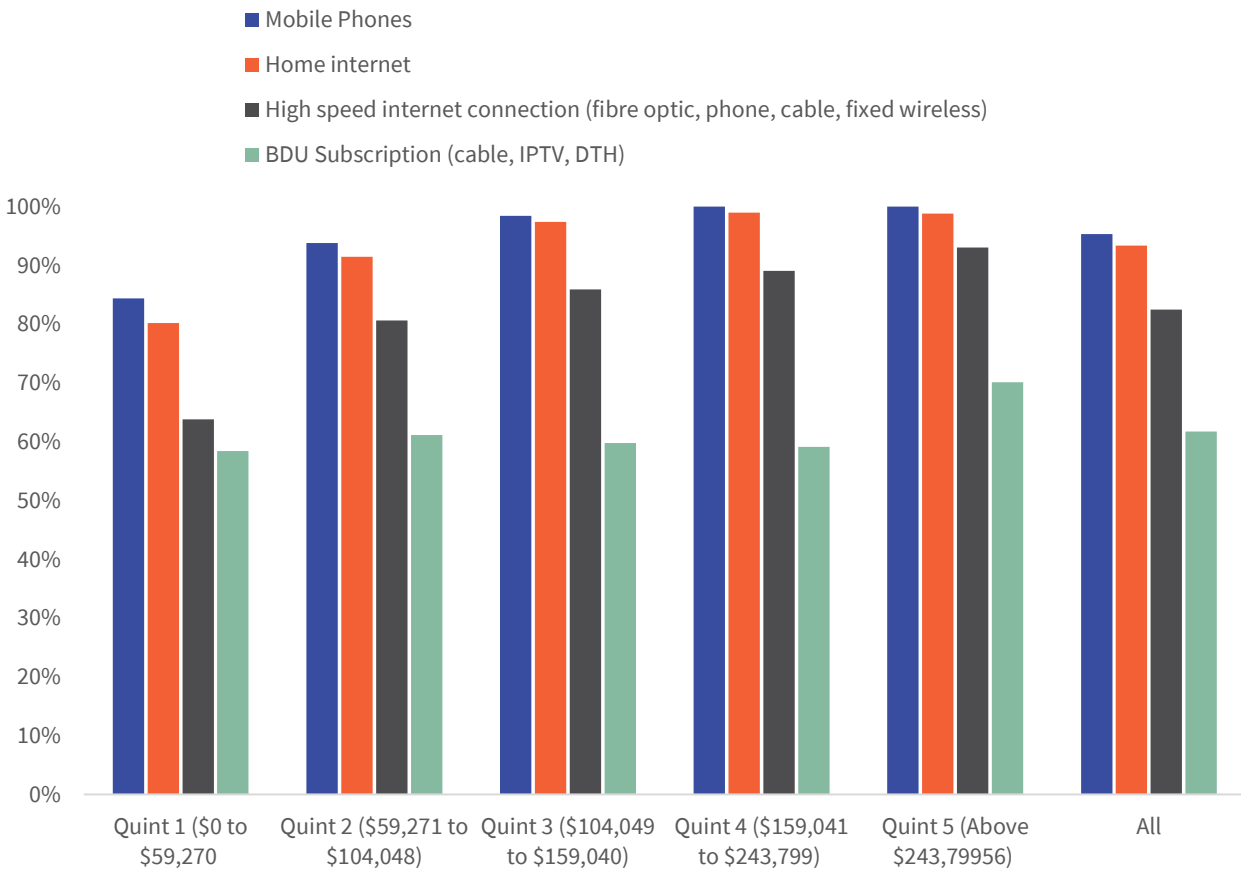
Sources and notes: Company annual reports. ARPU = total wireless revenue divided by subscribers; service ARPU is reported by each company and is the value they assign to the ‘service’ part of mobile wireless plan excluding device financing and leasing, international roaming, overage charges, etc.

One big fly-in-the-ointment of the good news story that the carriers and Liberal government like to tell is that mobile wireless prices remain high by international standards.¹⁵¹ The CRTC concluded its most recent 2021 review of mobile markets in Canada by observing that, “[m]ost international studies provided or referred to by parties found retail prices in Canada to be among the highest in the world”.¹⁵² It also rejected a ‘expert study’ commissioned by TELUS that came to the opposite conclusion, finding that “selection bias in the data sheds doubt on the validity of the conclusions drawn in the study”.¹⁵³ Indeed, international comparative studies have found that, year-after-year, mobile wireless services in Canada across different tiers of service (i.e. low, medium and high usage) are at the very top of the international price rankings, with only Japan and the U.S. being more expensive for certain plans. This continued to be the case in 2023, even after taking account of recent improvements.¹⁵⁴

Given the high price of wireless service in Canada over the long run, it has historically fared poorly in terms of mobile data adoption and usage. While things have got better on both fronts, there is still much room for improvement. For example, fifteen percent of households in the lowest income quintile did not subscribe to a mobile wireless service in 2023, while six percent of in the next income bracket were in that position. At the other end of the income scale, wireless uptake is universal at 100%, demonstrating what adoption levels are like when affordability is not a barrier. Figure 24 illustrates the estimated levels of adoption for mobile phones by income quintiles as of 2022 as well as for home internet, broadband internet, and cable television.

“Given the high price of wireless service in Canada over the long run, it has historically fared poorly in terms of mobile data adoption and usage.”

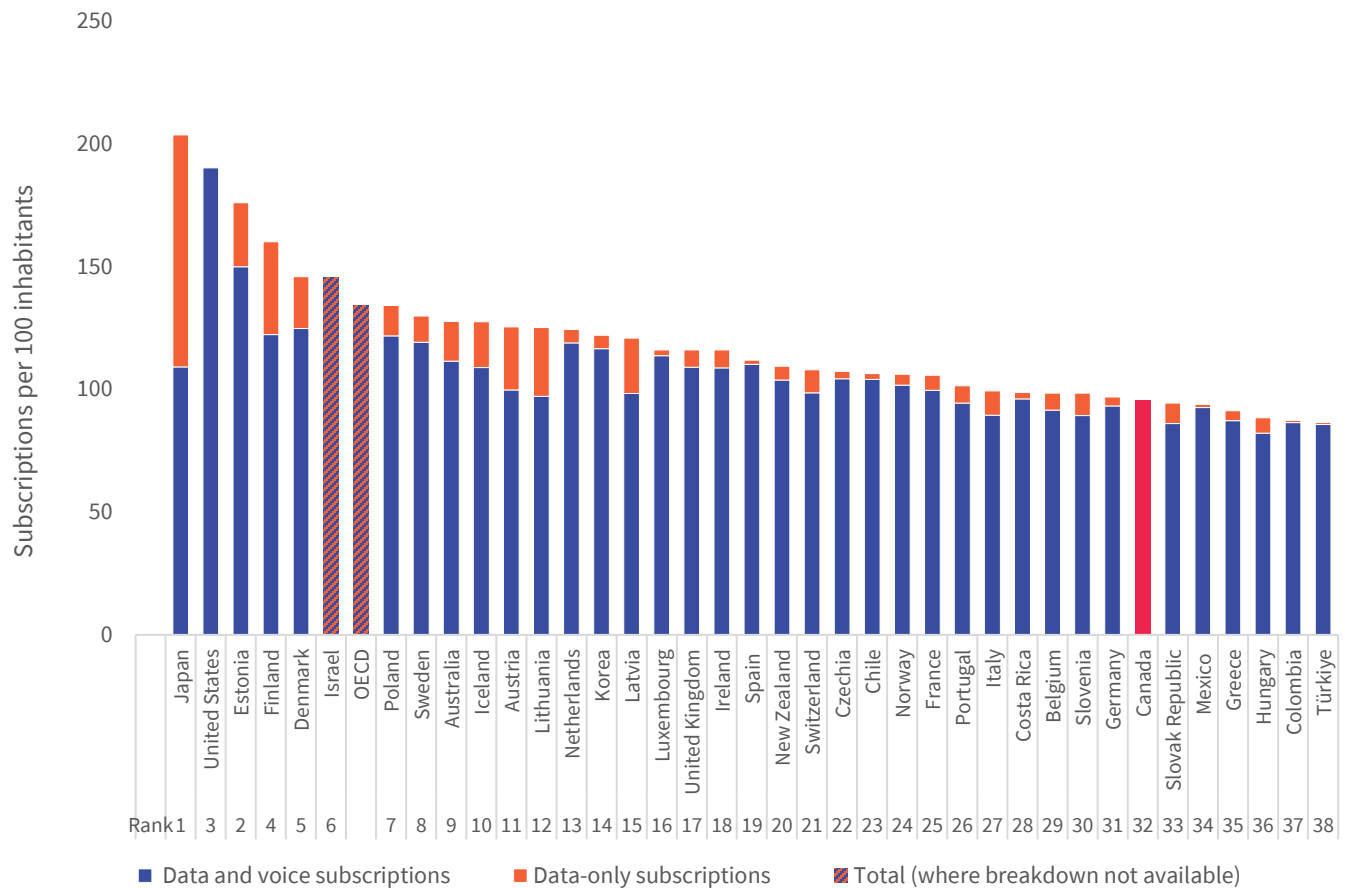
Figure 24: Household adoption of information and communication technologies by income quintile, 2023 (estimate)¹⁵⁵



Source: Statistics Canada (November 2023). *Survey of Household Spending, 2021*.

In fact, despite significant growth in adoption rates from 85% in 2016 to 95.3% last year, mobile broadband (i.e. mobile internet) adoption and usage is still low by international comparative standards. In fact, in 2023 Canada ranked 32nd out of 38 OECD countries on this measure. This was an improvement year-over-year given that in the previous year Canada had ranked 36th out of 38 countries. While these improvements must be acknowledged, they must also be set against the reality that high prices have translated into wireless adoption rates that languished far below peer countries like the U.S., UK, Denmark and Australia—and nearly all OECD members—for decades.¹⁵⁶ Figure 25, below presents the mobile adoption rates for OECD countries as of December 2023.

Figure 25: OECD Wireless broadband subscriptions per 100 inhabitants, by technology, December 2023

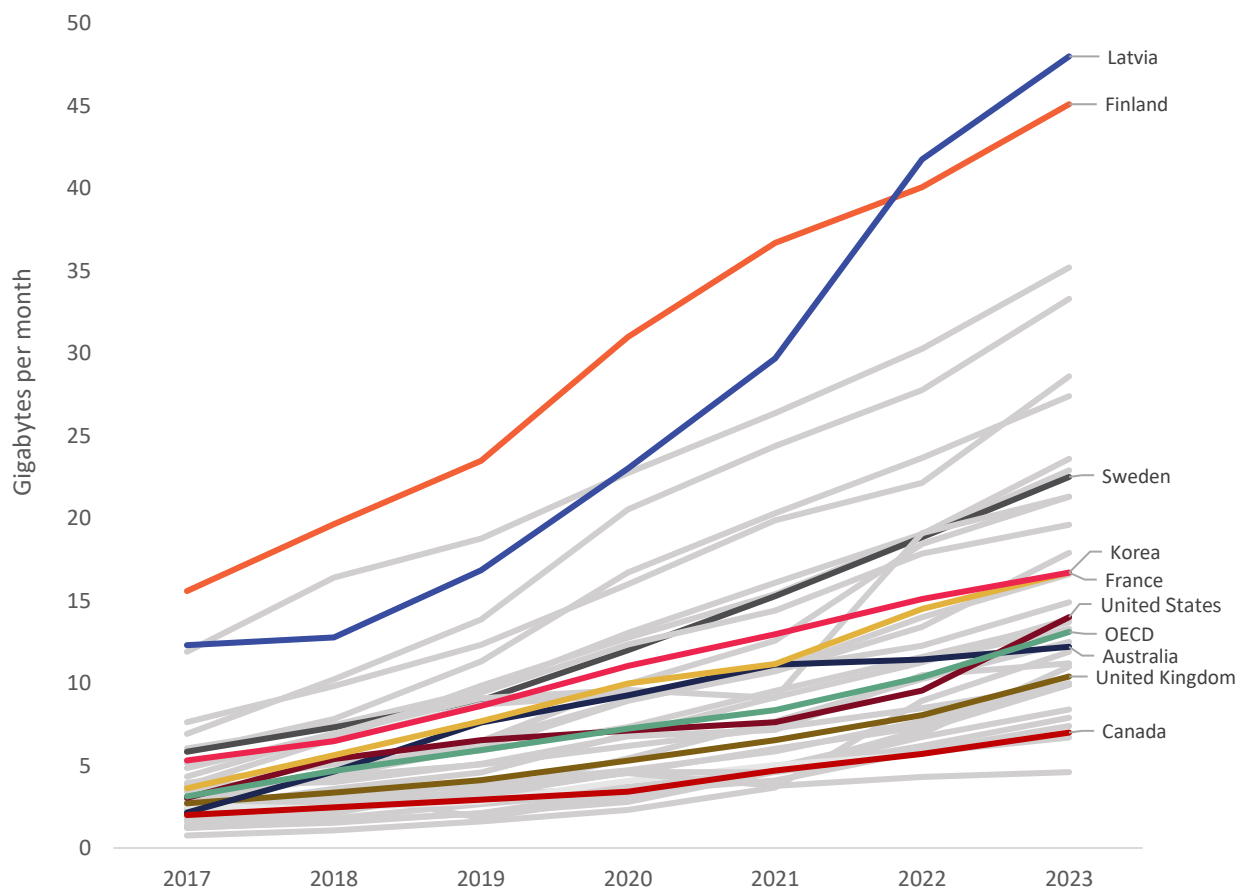


Source: OECD [Broadband statistics](#) (December 2023). Data for Canada is from CRTC. (2024). Communications market report, open data—mobile. Tab MB-S6 Mobile subscriber penetration rates, as a percent of total population, by province/territory (%), 2015-2023.

Significant improvement can also be seen in terms of mobile internet use. Mobile data usage per subscriber last year was three-and-a-half-times what it was six years earlier (i.e. 7 GB per month versus 2). However, even after such significant improvements, average mobile data usage in Canada is half the OECD average.¹⁵⁷ It is also continues to lag far behind usage levels in countries such as Latvia and Finland (the top two countries, with 48 GB per month and 45.1 GB per month, respectively), Austria (30.3 GB), Sweden (22.5 GB), Korea and France (16.7 GB), the U.S. (14 GB), Australia (12 GB), and the UK (8.1 GB).

The rate of mobile internet usage in Canada growth has caught up and slightly exceeded the OECD average in the last 3-6 years, meaning that the country is finally making up for lost ground.¹⁵⁸ That said, there is still a lot of catching up to do. As of last year, Canada ranked 36th of the 38 OECD countries that reported this information for 2023. Figure 26, below, depicts mobile data usage amongst OECD countries over the past five years, with a few select countries and the OECD average highlighted to illustrate the persistently low levels of mobile internet usage in Canada relative to other OECD countries.

Figure 26: Mobile data usage per mobile broadband subscription, 2023



Source: OECD. *Broadband statistics*. Mobile data usage per mobile broadband subscription. December 2023.

Canadians are getting far bigger data allowances in the mobile plans than in the past, but what is needed now are lower priced data plans tailored to the amount of

data that people actually use—i.e. 7 GB per month on average—rather than offering 50-100 GB per month where most of the data goes unused but is paid for all the same. Options that better meet people’s actual needs will help to improve affordability for low-income households and close the gap with other countries where such options are more readily available and smartphone adoption and usage rates higher.¹⁵⁹

The effective suppression of mobile adoption and internet usage in Canada for decades has also likely stifled innovation in, for example, video games, live streaming ecommerce and social media, and online news services that have taken-off in other countries, giving rise to what some call "social media entertainment".¹⁶⁰ Although it's impossible to predict what might have been under different conditions, the cost of prohibitively expensive mobile services have also likely put further strain on traditional media industries—newspapers, magazines, and broadcast television and radio—which likely would have benefited from improved mobile internet accessibility. This is especially so during commute times, where catching up on missed television series and the news, and playing games, are popular activities. These drags on mobile internet development have compounded the challenges that legacy advertising-funded media have confronted in the face of steadily mounting competition for people’s time, attention and money. There is also no doubt that the same factors have imposed significant burdens on people’s lives.

Concentration and competition in mobile wireless markets: National and regional dynamics and trends

The concentrated structure of mobile wireless markets at the national and provincial / regional levels, and the diagonally-integrated nature of the firms that operate in them,¹⁶¹ are key parts of the explanation for what had been persistently poor outcomes until very recently. Incoherent policies and inconsistent actions by the CRTC, Competition Bureau and ISED/Industry Canada have also contributed greatly to this state of affairs, although this too appears to be changing.¹⁶² The big question at present is whether the consummation of Rogers Communications’ \$26 billion acquisition of Shaw Communications last year will kill the fragile accomplishments that have been made over the years with respect to mobile wireless competition in many regions?¹⁶³

In its opposition to the transaction, the Competition Bureau warned that the merger:

. . . will result in a transfer of wealth from low- and moderate-income groups in society to the Respondents [i.e. Rogers and Shaw], whose shareholders include ultra-rich members of the family ownership groups of these companies.¹⁶⁴

The Bureau ultimately failed to win its case, but its unflagging opposition was a key factor in bringing about the spin-off remedy that Rogers accepted to get the deal approved. With a year of experience under our belt, we can now ask whether the deal has been as bad for Canadians as the Bureau and critics, including us, said it would be or, conversely, as fabulous for Canada and Canadians as Rogers, Shaw and their cheerleaders pledged?

We will review the results carefully in the pages ahead, but for now it can be said that the evidence is mixed. On one side, Vidéotron continues to set the pace by offering plans that are more affordable and have bigger data allowances than Bell, Rogers and TELUS. In addition, the Quebec-based communications giant recently announced a new international plan that includes 45GB of data and free international roaming in 100 hundred countries for \$60 per month.¹⁶⁵ This is unprecedented in Canada and, therefore, we can applaud Vidéotron for sticking to its “maverick” strategy, that is, of breaking ranks with the national three-way wireless oligopoly, to the benefit of Canadians.

That strategy follows in the footsteps of T-Mobile in the U.S. a decade ago when it embraced its ‘maverick’ strategy and offered a similar such plan after the Obama era Department of Justice let it be known that it would not approve AT&T’s bid to takeover the company. With the consolidation-path-to-glory closed, T-Mobile was forced to compete more assertively and creatively than it had. It turned to a “maverick” strategy to disrupt the cozy AT&T, Verizon and regional carrier oligopoly. Within years it doubled its market share, before it acquired Sprint and reverted to the norm. The competitive intensity of the U.S. market softened as a result.¹⁶⁶

From the opposite side of the coin, we must also ask if Vidéotron, like T-Mobile, will just follow the good parts of the “maverick” strategy or if it too will revert to the status quo after having elbowed its way into the ranks of the national mobile operators? As we have seen, the downward pressure on what people pay for mobile services has stalled and, by some measures, are drifting upwards again. Lower-priced options are also harder to find as customers are upsold to pricier plans with a lot more data than they may need. Lastly, the steady decline in concentration at the national and provincial levels has also stalled and, in fact, increased, as the following pages will show.

Concentration and competition in mobile wireless markets: National dynamics and trends

Regardless of these twists and turns over time, representatives of the mobile wireless industry have had one consistent message: “there is no competition problem in mobile wireless services in Canada.”¹⁶⁷ According to them, Canadians have it good by any standard: affordability, adoption, network quality, investment, and international comparisons.¹⁶⁸ Federal regulators, however, like the CRTC, the Competition Bureau, and ISED have disagreed over the years, pointing instead to: high prices, low mobile usage and adoption (especially amongst lower income groups), poor customer service, and exclusionary tactics. A swathe of independent research and scholarship reaches similar conclusions.¹⁶⁹

Industry Canada has used licensing and spectrum policy to promote some competition since first issuing competing licenses in the early 1980s to the Stentor consortium of incumbent telephone companies and the Rogers/Cantel/AT&T group, as discussed earlier. It also tried to foster more competition by licensing two new carriers in 1995—Clearnet and Fido—but both were taken over by TELUS (2001) and Rogers (2004-5). Industry Canada and the Conservative government doubled down on the policy of setting spectrum aside for the exclusive use of new entrants in the 2008 AWS spectrum auction based on the recognition that ongoing government intervention is needed to improve competition, affordability, adoption and quality in wireless services.

New entrants got a foothold as a result, but in a recurring story they were short-lived as TELUS in 2013 acquired Public Mobile, Rogers swallowed Mobilicity in 2015, Shaw bought Wind Mobile in 2016, and Bell took over MTS in 2017. Shaw’s takeover of new entrant and stand-alone mobile network operator Wind Mobile was especially significant because it was the last of the “stand-alone mobile network operators” in Canada. Stand-alone mobile network operators, in turn, are important because they tend to offer subscriptions for a fraction of the price and with data plans that are many times higher than mobile operators owned by companies that also focus on wireline telecom services. In the US, in contrast, for example, T-Mobile remains a stand-alone MNO, while Vodafone is a good proxy for this type of wireless provider in countries around the where it operates (although it has also moved into wireline telecoms in some countries in recent years). As the Finnish consultancy Rewheel concludes, the disappearance of the stand-alone mobile operator in Canada in 2016 goes a long way to explaining why it has amongst the most expensive mobile wireless prices in the world.¹⁷⁰

However, having taken over Wind Mobile in 2016 and rebranding it Freedom Mobile, Shaw bucked that expectation by introducing its pioneering “Big Gig” plans in 2017 that offered, at the time, an unprecedented 10GB for \$50. The next year it added its 100GB Big Binge plan that gave subscribers to its Big Gig plans who had also bought a phone, 100GB in data that would be automatically applied if they exceeded their monthly data cap.¹⁷¹

Although not a new wireless entrant itself, Manitoba-based telecoms operator, MTS, was also acquired by Bell in 2017. In that case, the Competition Bureau blessed Bell’s takeover of MTS by including a now-failed consent agreement that tried to create a new mobile rival out of the rural fixed wireless provider Xplornet. The effort floundered and then failed, however, when Xplornet sold the mobile wireless division to a U.S. private equity firm which shut it down altogether in 2022.¹⁷² As a result of this recurring pattern of new entrants being launched only to be taken over by the incumbent national mobile operators within a few years, mobile wireless markets have continued to be dominated by Rogers, Bell, and TELUS for the last two decades, and arguably since wireless services were introduced into Canada in the 1980s.

Despite the classic two-steps forward, one-step back nature of these events, regional rivals and alternative carriers like Freedom Mobile in Ontario, BC and Alberta, Vidéotron in Quebec, SaskTel in Saskatchewan, TBayTel in Thunder Bay, as well as Eastlink in the Atlantic Provinces have steadily clawed away at the three-way oligopoly that had been held for so long by their national counterparts, Bell, Rogers and TELUS. But progress has been slow. In 2008, they accounted for about 4% of the market; their share grew thereafter to reach 10.3% in 2022, before slipping last year. The HHI had also drifted steadily downward from 2008 until 2022, followed by an uptick last year. Even at their lowest ebb, in 2022, the big 3 national mobile operators still held 86% of the market by subscribers and 89% by revenue.

Given these long-standing realities, the three Canadian regulators responsible for the mobile wireless market—ISED, the CRTC, and the Competition Bureau—have regularly expressed concern over the persistently high concentration levels in mobile wireless markets. In 2015, for example, the CRTC noted that, “at the national level, there has been very little change in retail market shares (either by revenue or by number of subscribers) in Canada in the past five years, despite entry into the market by several wireless carriers”.¹⁷³ In 2019, the Competition Bureau concluded that:

Bell, TELUS and Rogers . . . possess market power at both the retail and wholesale level in most regions in Canada . . . [and] enjoy high levels of profitability compared to both their international and domestic peers".¹⁷⁴

Just one week after Rogers and Shaw announced their merger plans, the CRTC updated its policy for mobile markets, again finding that:

Bell Mobility, RCCI [Rogers], and TCI [TELUS] . . . together exercise market power in the provision of retail mobile wireless services in all provinces except Saskatchewan, where SaskTel exercises sole market power."¹⁷⁵

It also found that "barriers to entry into the retail market remain high and adversely impact new market entry or market expansion by regional wireless carriers and others".¹⁷⁶ It also pointed approvingly at falling mobile wireless prices but emphasized that this was a feature mainly in provinces and regions where a fourth 'maverick' player or independent carrier had obtained a market share of five percent or more and that prices in Canada remain high by international standards.¹⁷⁷ Concrete examples of the dynamic generated by regional competitors include the launch of unlimited data plans, plans that allow unused data allowances to be rolled over from month to month, better customer service, and other service features that have had a disciplining influence on the big 3 national carriers.¹⁷⁸

Given the modest and fragile gains so far, ISED continues to use spectrum licensing and other policy levers to foster greater competition in all regions of the country from small providers. The CRTC also continues to regulate the roaming rates that Bell, Rogers, and TELUS charge to regional competitors. It has also pushed the wireless carriers to offer "lower-priced data-only services" tailored to those who struggle to afford entry-level services. It has also recently expanded the range of services that must be offered to help regional carriers expand their footprint, although that intervention has had little measurable effect to date, while network-sharing agreements between the big three national carriers continue to provide them with an edge.¹⁷⁹ More promising, however, the CRTC has also declared that its policies will apply to 5G networks, indicating that pro-competition measures will continue to be necessary for the foreseeable future.¹⁸⁰

Beyond price and adoption, the Commission has taken steps to address undue preference rulings against Bell's use of its mobile networks to deliver its own catalogue of broadcast programming,¹⁸¹ and effectively banning Bell from "zero rating" specific content or applications as a means of distinguishing its service from rivals. The rulings were a significant win for both competition and common carriage or, in contemporary parlance, net neutrality.

Assessing Rogers' \$26 billion blockbuster takeover of Shaw Communications after a year

Even recent modest improvements in competition, pricing, adoption, and use, however, have been cast into doubt by Rogers' takeover of Shaw in 2023. Indeed, the future of the pro-competition policy agenda hinges on whether the spin-off of Freedom Mobile to Vidéotron will continue to bring the same kind of competitive vigor that Shaw brought to western Canada and Ontario and achieve the same kinds of success there that it has in Quebec.

When Rogers first announced its plan to acquire Shaw in 2021, the bid included both Freedom and Shaw Mobile. This meant that the fourth carrier policy would have been dead in BC, Alberta, and Ontario *if* the deal had gone ahead as originally conceived. It did not. Instead, it was reconfigured in the hope of overcoming stern opposition by two parliamentary committees which issued reports opposing the deal and skepticism from ISED Minister, François-Philippe Champagne.¹⁸² The Competition Bureau opposed the takeover from start-to-end on the grounds that it was anti-competitive and diametrically opposed to the policies of the Liberal government now in power and previous Conservative ones.¹⁸³ The CRTC, under industry-friendly leadership, capitulated from the start.

Rogers began to back away from its initial bargaining position, however, once it became apparent that the Competition Bureau would not relent in its opposition to the deal. The Bureau's stance was bolstered in the spring of 2022 when ISED Minister Champagne announced that he would oppose the "wholesale transfer" of Freedom's spectrum to Rogers. Vidéotron declared itself a potential buyer for Freedom Mobile from the outset, thereby offering Rogers and Shaw a chance to save the wireline combination that is really at the heart of the deal (see below). Instead, Rogers and Shaw initially put up two 'paper tiger' options for a spin-off of Freedom Mobile but then embraced Vidéotron *after* the Bureau filed its application for a full block of the deal.

Rogers' acquisition of Shaw finally cleared all regulatory hurdles and closed in early 2023. Ultimately, a realistic appraisal raises questions about whether the modified deal that got the Rogers-Shaw deal over the finish line has put even the modest gains since 2008 in jeopardy or, conversely, will turn out to have been the least bad outcome given Vidéotron's proven track-record.

On the positive side of the ledger, Vidéotron's achievements in Quebec puts it in a good position to export that success to Ontario, Alberta, and British Columbia. In addition, while the CRTC's 2021 MVNO decision spurned mandated access for

unlicensed MVNOs to the incumbents' networks it did permit mobile network operators to do so outside their home markets on a temporary basis. That decision was specifically tailored to Freedom, regardless of whether it was owned by Shaw or Vidéotron, and could bode well for a positive outcome in this context. Indeed, the Competition Tribunal's ruling banks on just such a prospect.

Finally, and as mentioned at the outset of this section, Vidéotron continues to challenge Canada's wireless oligopoly by offering more affordable plans with larger data allowances than Bell, Rogers, and TELUS. As noted earlier, it recently introduced an unprecedented \$60-per-month international plan, including 45GB of data and free roaming in 100 countries, underscoring its commitment to disrupting the dominance of the national telecom giants and providing better options for Canadians.¹⁸⁴

On the opposite side of the ledger, the potential for future success depends on a complex web of sweetheart deals struck between Rogers and Vidéotron that will be difficult for authorities to effectively monitor and enforce.¹⁸⁵ Indeed, the Competition Bureau remained skeptical of the companies' proposed remedy. This was on the grounds that the agreements upon which Vidéotron's success depends will hinge on one of its biggest rivals, Rogers, upholding its end of the bargain (with none of those deals available to anyone other than the companies themselves and regulators). We must also ask whether it is wise to trade-off an existing competitor with a strong proven track-record (Shaw) for a new one (Vidéotron) whose prospects outside Quebec hinge on so many unknowns.¹⁸⁶ Lastly, Quebecor has acquired spectrum licenses in the past only to flip them down the road years later for a tidy profit and after its original business plans fail to pan out. It could do the same again in this instance.¹⁸⁷

But beyond trying to predict the future, examining the facts that already exist reveals lost ground that can never be reclaimed. This reflects the fact that Shaw slammed on the brakes with respect to its own aggressive "maverick strategy" immediately after agreeing to Rogers' takeover bid. Indeed, days after the deal hit the headlines, Shaw withdrew promotion and marketing materials from its planned launch of 5G services.¹⁸⁸ It also sat out the 3500 MHz auction in 2021, meaning that it did not obtain the spectrum needed to effectively roll-out 5G service. Shaw also slashed investment in its wireless division in half in 2022 compared to a year earlier, and down further yet from investment levels before the transaction was announced.¹⁸⁹ It also dropped its plans to enter the business services market.¹⁹⁰ As Shaw downed tools on its maverick strategy, its previous path of steady revenue, subscriber, and market share growth stalled, or even fell, while the gap between

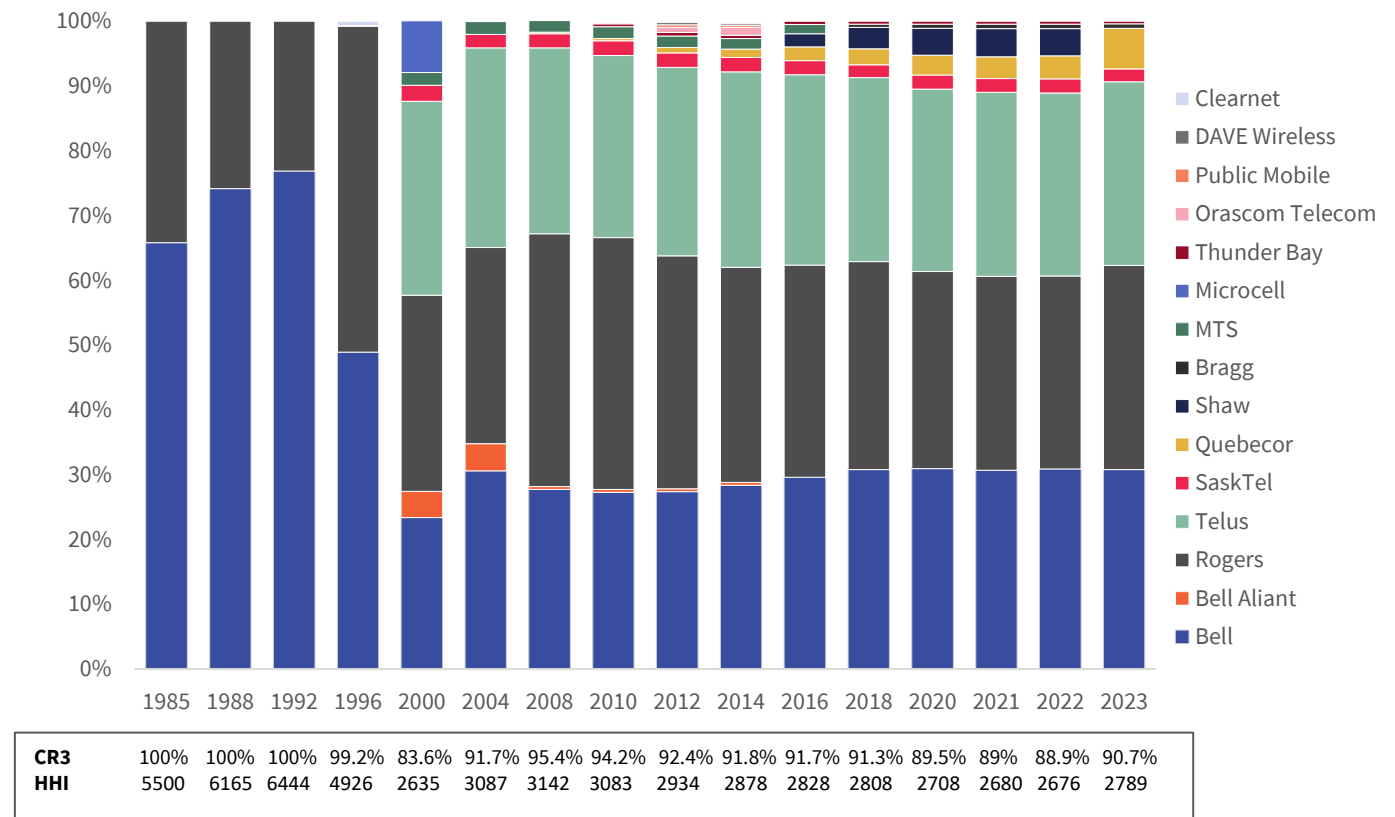
Freedom Mobile's pioneering plans and similar offers from Bell, Rogers or TELUS continued to close.¹⁹¹

The consummation of the Rogers-Shaw transactions and other shifts in the market also drove up the big 3's share of the national market last year from 86% to 87% based on subscribers and from 88.9% to 90.7% by revenue. All told, Rogers is now the largest mobile operator in the country, with 11.6 million subscribers, its national market share by subscriber rising from 30.3% to 31.4% and by revenue from 29.8% to 31.5% (It would have been 34-35% but for the divestiture). Bell trails close behind at 30.4% and TELUS has a 28.4% share of the market. Vidéotron's national market share based on revenue jumped from 3.6% to 6.3% on account of its acquisition of Freedom Mobile and growth in Quebec, and 10.4% by subscribers. Simultaneously, the collective market share by revenue of new entrants (including Vidéotron) and alternative carriers fell from 10.3% to 9.3% while the HHI rose over 100 points from 2,676 to 2,789.

These are indicators, dynamics and trends that raise the eyebrow of competition authorities, especially in already highly concentrated markets that threaten to be made even worse by a proposed transaction. That the Rogers-Shaw deal moved the dial significantly on these measures *even after divesting* Freedom Mobile reminds us of why the Competition Bureau opposed the deal in both its original and modified form. The spin-off of Freedom Mobile softened the impact, to be sure, but the idea that things could have been even worse is hardly a reason that commends the action to begin with. It must also be remembered that Rogers and Shaw's decision to spin-off Freedom Mobile to Vidéotron was a significant concession even though, in reality, its \$2.85 billion price tag made up a small fraction of the \$26 billion deal. The impact of the transaction stretch far beyond the wireless market, as we will see in the following sections of this report.

For now, however, the key point is that a market that has displayed stubbornly high concentration levels became more so in 2023. Figure 27 tells the story.

Figure 27: Mobile wireless operators’ national market shares, 1985-2023 (by revenue)



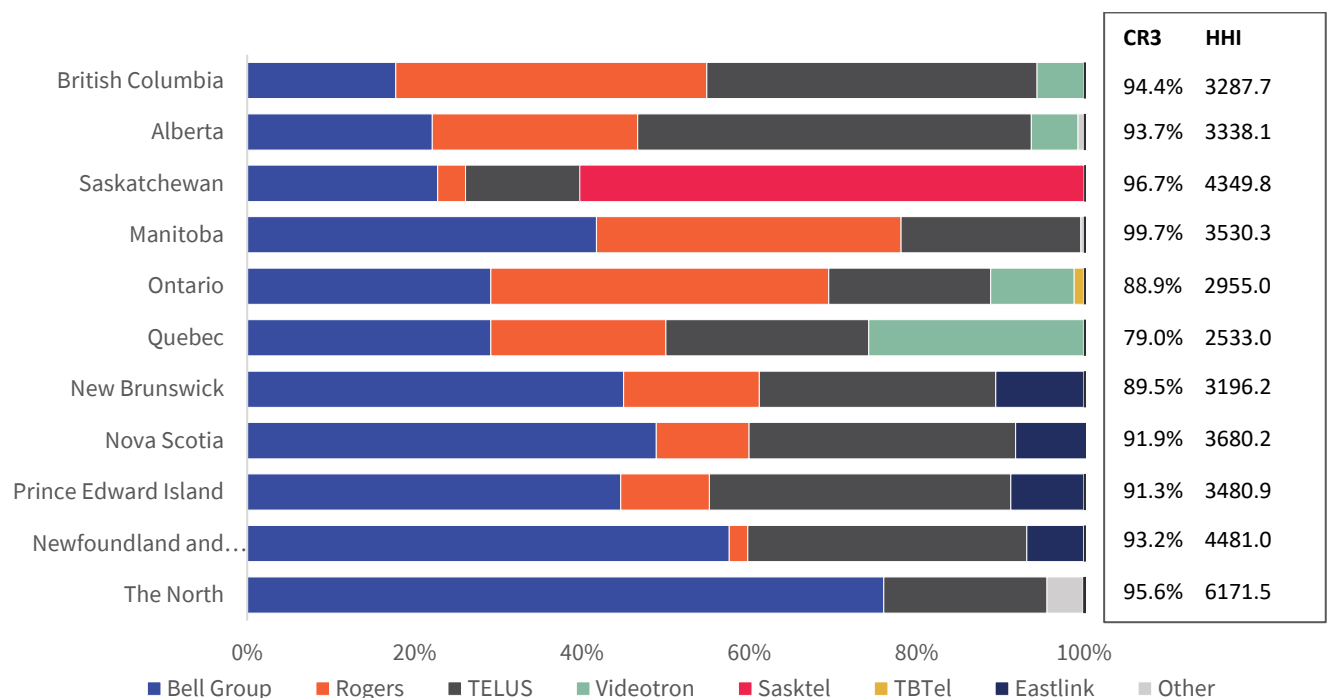
Sources: see the Figure 27 sheet in the [Excel workbook](#) accompanying this report and the “wireless” entry in the [GMIC Project—Canada open data sets](#) for the revenues of each company covered in this figure.

Rogers’ acquisition of Shaw Communications was a big deal by any standard. It was the biggest telecom ownership transaction in Canadian history, and sixth-highest valued corporate takeover ever in the country. In its original conception, Rogers sought to take over a wireless competitor that had made serious inroads into three of Canada’s most populous and prosperous provinces: Ontario, Alberta and BC. Despite spinning off Freedom Mobile to get its deal with Shaw past regulators, Rogers still gained over half million subscribers in Alberta and BC alone from its acquisition of Shaw Mobile. Yet, immediately after getting those subscribers, Rogers shuttered Shaw Mobile while grandfathering existing customers. Those grandfathered plans will likely become more annoying to keep, especially as Rogers tries to push those subscribers onto new plans with a higher ARPU.

Concentration and competition in mobile wireless markets: regional dynamics and trends

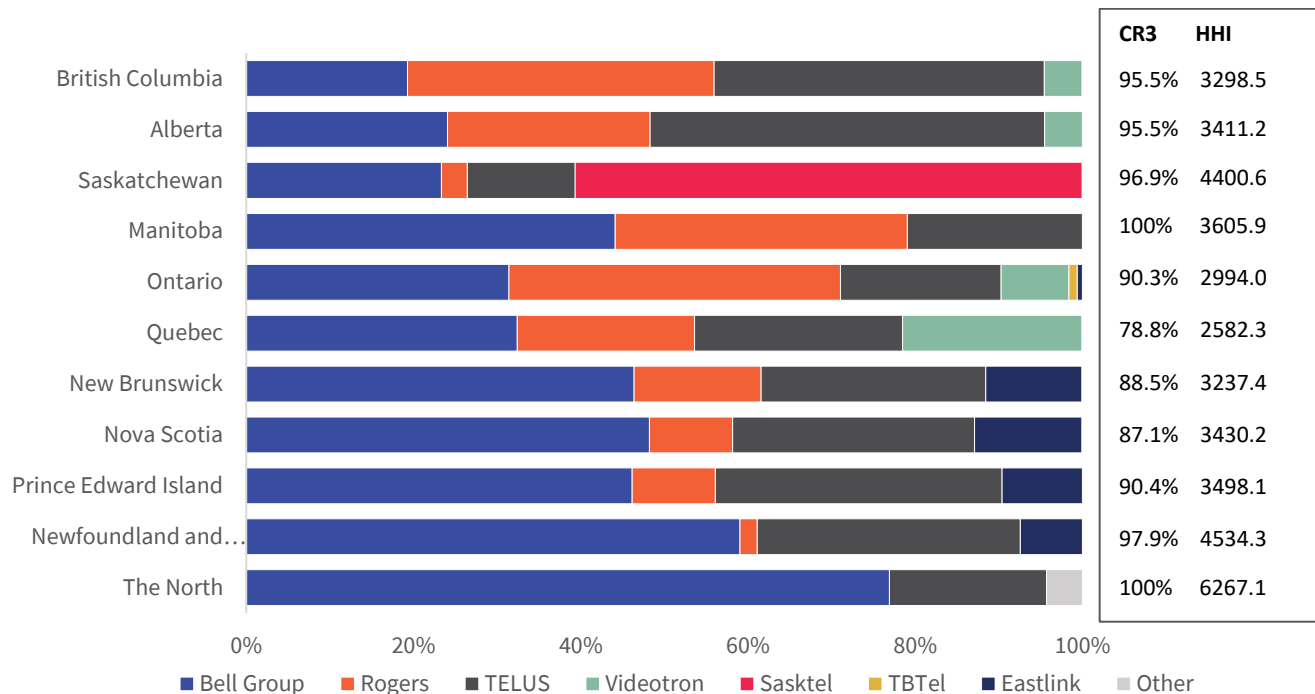
Instead of understanding Canada as having a uniform national telecom market, it is better to see it as consisting of a series of contiguous regional, provincial and local markets, each with its own history, dynamics and trends. An important caveat is in order, though: there is no readily available data that breaks down subscribers, revenue and market share by provider on a province-by-province basis, making such an analysis difficult. However, using the limited data that the CRTC does publish on the topic and clues left in the public record of the Rogers-Shaw merger review and other regulatory proceedings, it is possible to piece together defensible estimates of the situation on the ground. And if those estimates happen to be awry, hopefully others will offer better ones. Based on our estimates, Figures 28 and 29 below depict these wide variations in market conditions on a provincial and regional basis as of 2023.

Figure 28: Province mobile wireless market shares, by subscriber, 2023



Source: see the Figure 28 sheet in the [Excel workbook](#) accompanying this report.

Figure 29: Province mobile wireless market shares, by revenue, 2023



Source: see the Figure 29 sheet in the [Excel workbook](#) accompanying this report.

Given the history and conditions reprised so far about the wireless market, but also for the history of communications in Canada in general, it should not be surprising that the intensity of competition varies considerably from one province to the next. In all cases, however, one fact stands out in the wireless market as of last year: concentration levels are high by HHI standards (by subscribers and revenue), ranging from the 2,500-2,600 range in Quebec, to 3-4,000 in most provinces, and close to 6,000 and higher in the North. The problem in Northern Canada is especially acute where the weighted HHI average by subscribers and revenue across all regions is about 3,100—a figure well-above the threshold of 2,500 used to designate a market as being highly concentrated.

Yet, within this context, Quebec has the most competitive regional / provincial market, with the lowest CR4 scores, HHI indicators, and ARPU. The real success story of pro-competition policy positions taken over the last fifteen years or so has been Vidéotron. Last year it usurped the position of the second-largest player in Quebec from Rogers based on subscribers, and now stands third in terms of revenue, ahead of Rogers but still trailing TELUS and Bell. Last year, its market

share hit 21.5% by revenue and 25.7% by subscribers, up substantially year-over-year from 17.3% and 22.9% for revenue and subscribers, respectively. Adoption rates in Quebec have climbed in recent years after lagging the rest of the country during the early stages of mobile wireless development. These achievements vindicate government policy support for new entrants, while underscoring Vidéotron's ability to compete head-to-head with the big 3 telecoms.

Quebecor's acquisition of Freedom Mobile added 1.8 million subscribers in Ontario, Alberta and BC to those that Vidéotron already served in Quebec. Consequently, the Quebec-based communications conglomerate's year-over-year average subscriber base jumped from 2.3 million to 3.8 million. Its revenue also surged from \$1.1 billion to just over \$2 billion, while its share of the national wireless market doubled from 3.2% to 6.3%.¹⁹² As a result, it is no longer predominantly a Quebec-based wireless competitor but a national one, at least in Ontario, Alberta and BC.

Vidéotron already had a toehold in Ontario through its presence in Ottawa before acquiring Freedom Mobile, although with less than an estimated 40,000 subscribers that presence was tiny. Nonetheless, with five mobile operators competing for customers, Ottawa was probably the most competitive local wireless market in Canada. With Freedom Mobile now under Quebecor's ownership, that number fell to four, a small loss from a national perspective, to be sure, but a loss all the same.

To help gauge how Quebecor's acquisition of Freedom Mobile changed market conditions in Canada, it is helpful to recall that Shaw had acquired Wind Mobile in 2016 and shortly afterwards rebranded it as Freedom Mobile. Four years later it launched its eponymously named Shaw Mobile in 2020 to offer bundled packages of internet, cable, wireless and home phone services to better compete with TELUS in its home base provinces in western Canada. By 2022, Shaw's Freedom Mobile and Shaw Mobile had 2.3 million subscribers between them, 6.5% national market share by subscribers (and 4.2% by revenue) and a market share of 8-13% by subscribers and 5-8% by revenue in Ontario, Alberta, and BC.

As a result, Bell, Rogers and TELUS were now facing a substantial rival in Ontario, BC and Alberta (Freedom Mobile), and from Vidéotron in Quebec, SaskTel in Saskatchewan and Eastlink in the Atlantic provinces. These new entrants' combined national market share based on revenue doubled from 4.1% in 2016 to 7.8% in 2022, while the weighted average HHI score for provincial and regional markets based on subscribers had also come down from over 3,100 in 2021 to 2990 a year later.

Those trends came to a halt last year. New entrants' collective market share slid to 7%. The HHI also returned to right where it had been two years earlier. Effectively, Rogers' takeover of Shaw Mobile and the spin-off of Freedom Mobile on top of the damage that had already been done when Shaw had aborted its business, investment and spectrum acquisition plans once that deal was in play, have turned back the clock by roughly two years. No matter how well Quebecor executes its takeover of Freedom Mobile from here on out, those lost years cannot be recovered.

Rogers' gains from its acquisition of Shaw Mobile also translated into lost market share for new entrants in Ontario, Alberta, and British Columbia. This is because even though Quebecor-owned Freedom Mobile has ably picked up where its predecessor left off, its customer base is smaller by half a million subscribers because Rogers got them when it bought Shaw Mobile. Rogers also gained half a million new customers from "organic" growth in 2023. Having grown its market share by 4-5% in BC and Alberta based on new customers acquired through the Shaw acquisition and organic growth, Rogers now stands equal to TELUS in BC and second in line to that company in Alberta. The gap between Rogers and TELUS, on the one hand, and Bell, on the other, in western Canada has also widened as a result. In BC, for example, Bell's market share of 19.3% based on revenue is roughly half that of Rogers (36.7%) and TELUS (39.5%).

With its market standing strengthened, Rogers has been keen to up the stakes with the dominant player in western Canada, TELUS. This has prompted both companies to roll out aggressive competitive offerings of their own to better compete with one another and to push back the inroads made by new entrants, even if selectively targeted and with prices set higher or lower in synch with each companies' perceptions of specific local conditions. With investors breathing down their necks, they are also feeling the pressure to ensure that efforts to stare down one another and beat back new entrants with more aggressive pricing strategies than they would prefer, do not devolve into "ruinous competition" and "price wars" at all costs.

From cable and broadband to a unified digital communications system

The next section in this report reviews wireline telecom services growth, development, and concentration trends. It also reviews how the government and CRTC's optimistic assumptions that the competition and convergence policy framework they adopted in the mid-1990s could be used to effectively monitor and correct the abuse of dominant market power has since proven to be misguided, albeit without ever failing entirely to meet some of their goals. It concludes by examining the growing clash between even the biggest Canadian telecom conglomerates versus international big tech (Alphabet, Amazon, Bytedance, Meta, Microsoft), streaming media giants (Netflix, Spotify), and American marquee media brands (e.g. Disney, Paramount and Warner Media Discovery) being offered direct to consumers over the internet (including through app distribution platforms like Apple's App Store and Google's Playstore).

Wireline telecom continues to be the bedrock of the telecom industry and central to an increasingly unified digital communications and media distribution system.¹⁹³ Last year, the telecom market in Canada was valued at \$68.8 billion. The mobile wireless market accounts for \$32.5 billion of that total, while three segments that make up the wireline side account for the rest: internet access, broadcasting distribution, and a grab bag of wireline-plus services from POTS to home monitoring, smart farming, data analytics, health information, and other such things. Canada's big four telecom conglomerates straddle the wireline and wireless sides of the business, but their own presentations increasingly unify their operations under single labels such as "tech co" rather than a "telco" (BCE) or as a "Technology Solutions (TTech)" company (TELUS). Rogers now similarly blends cable television, internet access, home phone and home security into a omnibus cable segment that blurs the lines between those business lines (while also making it harder to discern the precise details of any of those segments).

Ultimately, despite extensive vertical integration and diversification into an ever-changing set of new services, telecom services still account for 80-90% of these companies' revenue. Broadcasting, information, and media services make up the rest. Given that telecom revenue weighs so heavily in these companies' organization and that it represents two-thirds of the network media economy - while streaming media services, online advertising, app distribution, broadcasting and publishing make up the rest - it is fair to say that control of communications—not content—is king of the internet-centric digital communications and media

universe. The next several pages examine internet access and broadcasting distribution (aka cable, IPTV and direct-to-home satellite).

Internet access and broadcasting distribution markets: what Rogers really wanted . . . and got

While the spotlight was on the mobile wireless dimension of the Rogers-Shaw transaction as the deal played out, it was not its most significant part by a long shot. This was clearly signaled by the fact that while the spin-off of Freedom Mobile to Vidéotron was a significant concession, its \$2.85 billion price tag belied the fact that it was only a small fraction of the \$26 billion deal. Obviously, something much bigger was at stake. The biggest and most coveted part was Shaw's extensive wireline system. Having acquired that, Rogers doubled its share of internet access and broadcasting distribution markets and catapulted itself into being a national player that is now much closer to being on par with Bell (see details below).

Shaw's wireline assets were the bedrock of its business and future growth opportunities. Indeed, with revenue of \$4 billion the year before its takeover, Shaw's wireline division was three times the size of the company's mobile wireless revenues of \$1.3 billion in 2022. Cord-cutting had been a major drain on Shaw's cable television division, but those losses were offset by gains on the internet access side—in line with trends across the industry. Shaw's profits were also much higher on that bigger revenue stream than for its mobile wireless branch.¹⁹⁴ Wireline networks have also become more important in the context of 5G networks because they depend on many small antennae spaced closely together and connected to one another through a wireline connection. It should not be surprising, then, that just as Shaw had slashed investment in half for its mobile wireless division amidst its pending takeover, it was plowing investment into the wireline side of its business.

The real crown jewel in Shaw's communication empire was its cable monopoly, retail internet access services, as well as the regional, national and Canada-to-US backhaul capacity that it had acquired twenty years ago from the bankrupt 360Networks after the dot.com bubble collapsed.¹⁹⁵ Shaw had integrated that new capacity and additional investment into its Big Pipe project with its existing cable system to build out its broadband internet and cable television services in Western Canada and its national business and wholesale services for business and government clients as well as independent ISPs across the country.

Rogers, in contrast, hardly had any such capacity in Western Canada. In fact, it had traded away what little it did have in its 2000 deal with Shaw to divvy up Canada into Cable Monopoly East and Cable Monopoly West that was discussed earlier. Fast forward twenty years, Rogers' acquisition of Shaw gave it a dominant position in retail internet access, broadcasting distribution, and mobile wireless markets in Western Canada. It also now comes close to rivaling Bell in stature and scope.

The above discussion of cable swaps between Shaw and Rogers, the acquisition of assets from bankruptcy proceedings that have been integrated into internet infrastructure, as well as cable distribution at both the local retail and regional and national wholesale markets, reveal that all of these intersect at the point of wireline telecom. This also means that cable television, internet access services and POTS have been yoked ever more tightly together from the 1990s onwards as the internet access market took off in Canada. As such it is helpful to tell their story together.

Cable television and internet access market developments, circa 1990 to 2010

Just as internet access was gaining traction in the late-1990s, cable television revenue was exploding, adoption levels were rising fast, while the promise of a 500 channel digital media universe gave the technology and industry a high-tech allure. Plain old telephone service was universal and affordable but soon set to decline forever thereafter. As highspeed broadband took hold just after the turn-of-the-century, it gradually came to undercut POTS and cable television, pointing to a future when those services and many others would increasingly converge into an integrated digital communications and media distribution system.

Cable television flourished in the 1980s and 1990s. By 1996, three-quarters of Canadian households subscribed to a cable or direct-to-home satellite (DTH) service compared to 15% thirty-five years earlier. Annual revenue had also soared from \$37 million in 1969 to \$716 million in 1984, before quadrupling again by 1996.

Going into the 1990s, the cable industry still consisted of hundreds and hundreds of local cable systems scattered across the country, with the top four cable system operators—Rogers, Shaw, Maclean-Hunter, and Moffatt—having a combined market share of just 41%. That changed rapidly, however, as Rogers' acquisition of Maclean-Hunter in 1994 spearheaded a round of consolidation that doubled the CR4 for the national cable market to 85% by 1996. Meanwhile, the advent of DTH television services helped to expand the broadcasting distribution market and to

counteract the ongoing consolidation amongst local cable monopolies. Consequently, the top four firms' market share was whittled down to 72% by the turn-of-the-century, with a concurrent decline in the HHI from 2,315 to 1,567.

That trend, however, was cut short by four acquisitions at the close of the twentieth century:

1. Shaw's consolidation of control of direct-to-home satellite television distribution company Star Choice as part of its broader acquisition of Western International Communication's broadcasting assets in 1998.
2. Shaw and Rogers' cable system swap in British Columbia and Ontario that carved up the country into Cable Monopole West and Cable Monopoly East, while striking an informal deal between the two cable giants to not compete with one another in their respective back yards.¹⁹⁶
3. Quebecor's acquisition of Vidéotron in 2000, with backing from the Quebec government's investment arm, Caisse de dépôt et placement du Québec, which traded investment for a 25% stake in the company, all to avoid the company falling into the hands of Toronto-based Rogers (the Caisse's held its stake in full until 2015 but then wound it down completely by 2018).
4. Bell consolidated its control over direct-to-home satellite television distribution company Expressvu in 2000 from a consortium of joint-owners, including itself, that had launched the service in Canada in 1997.

These transactions drove concentration levels to unprecedented heights. By 2004, the top four broadcasting distribution undertakings' (BDUs in CRTC parlance) in Canada—Shaw, Rogers, Bell and Vidéotron—collective share of the market reached 89% in a market now worth over \$5 billion. The market was split between cable system operators (about \$4.2 billion) and Shaw's Star Choice and Bell's Expressvu (\$869 million combined). Adoption rates continued to climb and by 2004, 84% of households (about 8.9 million homes) had a BDU subscription. On average, they paid \$47.19 per month, which was a steep increase over the \$29.43 paid in 1996. Thus, despite facing some competition from Star Choice and Expressvu, local cable monopolists still had enough market power to hike prices well above the CPI.

While common indicators of market concentration had gone down, competition had been blunted by Shaw's takeover of Star Choice, thereby ensuring that satellite television would develop as a complement to its cable systems in western Canada rather than as a threat to them. Bell had strong incentives, in contrast, to use

Expressvu to compete with Rogers, Vidéotron and Cogeco in central Canada and the Atlantic province, and it did. At the same time, however, its investment in a direct-to-home satellite television distribution company undercut its case for investing in fibre networks. Thus, while MTS, SaskTel and TELUS began increasing investment in fibre networks and rolling out Internet Protocol television (IPTV) services in the 2004-2007 period to compete with Shaw, Bell waited for several more years. This was because investing in fibre and rolling out IPTV services of its own was sure to compete with and, therefore, to cannibalize its revenue and profits from Expressvu. Consequently, Bell waited until 2011-2012 before rolling out fibre networks and IPTV in Ontario, Quebec, and the Atlantic Provinces. It also did so gingerly at first to minimize the effects of shifting its television distribution business away from Expressvu to Bell Fibe.

The internet access market blossoms, circa 1996 onwards

During the run of events just described in the broadcasting distribution market, the internet was taking off. During the 'competitive ISP era' in the late-1990s, one new entrant after another entered and cultivated the field: e.g. AOL, 360Networks, Axxent, GT Telecom, Fibrelink, AT&T, Call-Net (Sprint) and hundreds of others at the local level across the country. On the surface, it appeared that federal policies put into place to promote competition were having their desired effects.

As of 1996, the internet was still in its infancy and revenue was tiny at \$239 million, just one percent of the \$23 billion telecom industry. Small ISPs ruled this little corner of the telecom world and accounted for at least a third of the nascent internet access market by subscribers and revenue. That success, even if modest, was aided and abetted by the CRTC's regulated wholesale access framework from the start and the fact that incumbent telephone and cable carriers were slow to offer internet access services of their own at the time. In fact, they waited until the nascent market's potential became obvious before jumping in with both feet.

They did not have to wait long because by 2000 the internet access market in Canada was valued at \$1.8 billion. It has grown by leaps and bounds ever since, reaching \$6.4 billion in 2010 and \$16 billion last year.

The independent and smaller ISPs' fate changed for the worse after the dot.com bubble collapsed in 2000. The failure of many of the new entrants mostly redounded to the benefit of the larger Canadian companies who picked up their pieces at fire-sale prices and integrated them into their own efforts to expand into

new markets in their traditional operating territories and beyond.¹⁹⁷ Bell, Rogers, TELUS, Shaw, Vidéotron, etc. jumped fully into the now burgeoning market. To help bolster prospects for their own internet access services, they used a wall of obstructionist tactics meant to kill off what was left of the independent ISP movement. It was a redux of early-20th century telephone history, but now with the internet on the line.

Small ISPs' market share crumpled to just 6% in the early 2000s as a result. This result exposed the Liberal government's convergence policy strategy and the CRTC's 1994 regulatory framework. Both entities' deferential view of market forces and incumbent interests were revealed to be exceedingly weak reeds in terms of securing competition in telecoms and internet access services.

As broadband became more ubiquitous in the 2000s, independent ISPs faced a half-decade long regulatory battle for survival before a series of CRTC rulings, circa 2006-2011, helped turn things around.¹⁹⁸ The "speed matching" decision¹⁹⁹ in 2010 was decisive in this regard because the CRTC mandated that independent ISPs have access to the resources they needed to be able to match the telecom and cable companies' basic, express, and ultra-fast services. Without such access, they would be limited to offering the most basic—and slowest—tier of services, which would have been a sure and speedy path to their demise.

With a sturdier regulated wholesale access regime now in place, small ISPs could better compete with the incumbents across the full range of retail internet access services on the basis of speed, data allowances, quality, service, and price. As that happened, independent ISPs like Distributel, Teksavvy, VMedia, and too many others to name, doubled their market share to a high of 14% based on revenue (15.1% based on subscribers) in 2019. Household internet adoption climbed in tandem to 91% that year.²⁰⁰

At the same time, however, the frontiers were already shifting as the incumbent telecoms companies began investing in fibre networks and IPTV services. This led to mounting competition between the telecoms operators and cable companies, and the demise of local cable monopolies. However, it also ended up shifting the regulatory goals posts as the telecom and cable groups asserted that the regulated wholesale access regime and speed matching rule set down for copper and co-axial cable did not apply to new investments in fibre. This clashed with the doctrine of 'technological neutrality' that they wielded on every other front, and as expressed in the *Telecommunications Act* and the *Broadcasting Act*, but most importantly it posed another potential existential crisis for the independent ISPs whose future depended

on getting secure access to the new generation of fibre-based internet infrastructure. As we will see, from 2015 until this day, this led to the incumbents opening yet another multiyear, multipronged campaign to shut down that future as swiftly as they could.

The transition to fibre: Next gen networks or competition's demise?

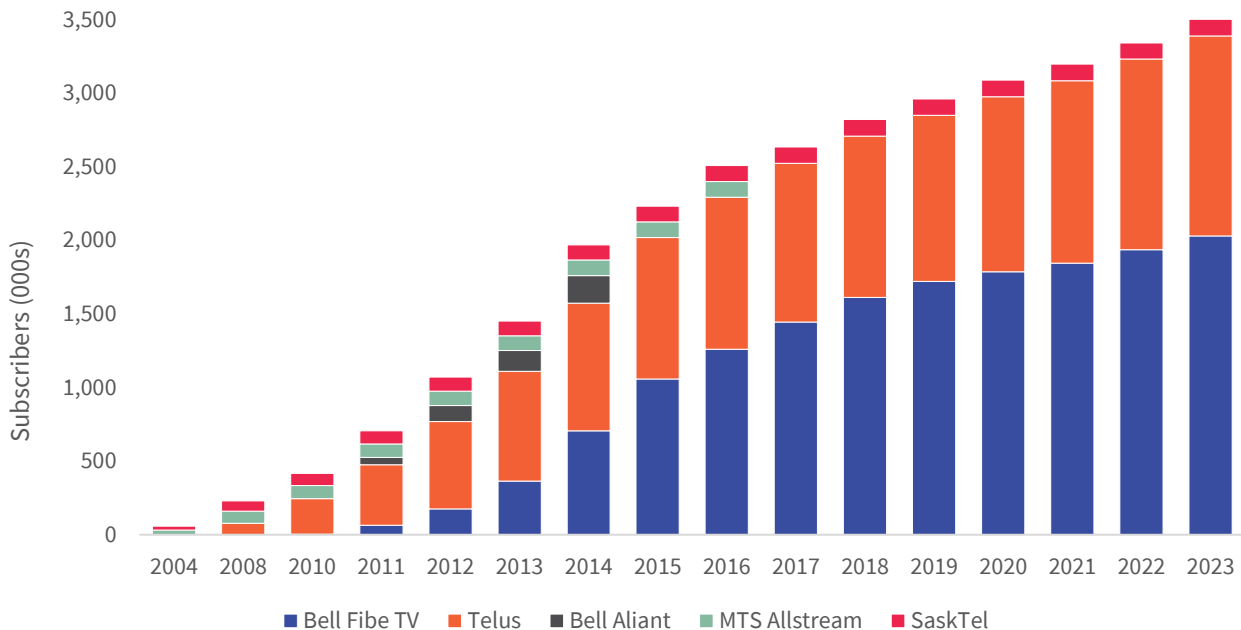
The prairie telcos and TELUS began wiring up central and western Canada for fibre and IPTV-based networks in the mid-2000s and years in advance of Bell, as described a moment ago. Bell began to build out its fibre network in a substantial way after 2010, while speeding up its 'rip-and-replace' approach to its old copper network in the last 5-8 years.

At the same time, Rogers, Shaw, Vidéotron and cable companies everywhere have been doing the same but trail far behind the telephone companies in the deployment of fibre. Nonetheless, their growing investments in fibre and IPTV based network and service architecture and set-top boxes means that they and the telcos are converging around FTTH and IPTV protocols. They, too, are also using their own migration to next generation fibre networks as a way to freeze out the independents from that future on the grounds that the regulated wholesale access regime upon which the independent ISPs' survival depends was built for copper and coaxial cable, not fibre.

IPTV services are also important because they generate the demand and revenue that telecom operators need to support the economic and business case for investing in fibre optic broadband networks. The fast growth and burgeoning demand for streaming video, games, and music services similarly drives the potential for investment in and subscriber uptake of fibre-to-the-premises/doorstep (FTTP). Susan Crawford calls FTTP the gold standard of telecom networks and sees them as a requirement for future economic growth and social well-being.²⁰¹ Game players and financial markets also need speed, capacity, and as little latency or lag as possible. For games publishing and platform companies—e.g. Epic Games, Valve, Roblox—poor quality networks and pay-to-play schemes that violate common carriage (aka net neutrality) rules—or where such rules are weak or do not exist at all—are bad for game players and, consequently, bad for their business. We will return to this point in the games industry section of this report.²⁰²

By the end of last year, the telecoms operators' internet-based television services had over 3.5 million subscribers and they now compete extensively with traditional cable television services in cities across the country. Figure 30 below shows the growth in IPTV subscribers since 2004.

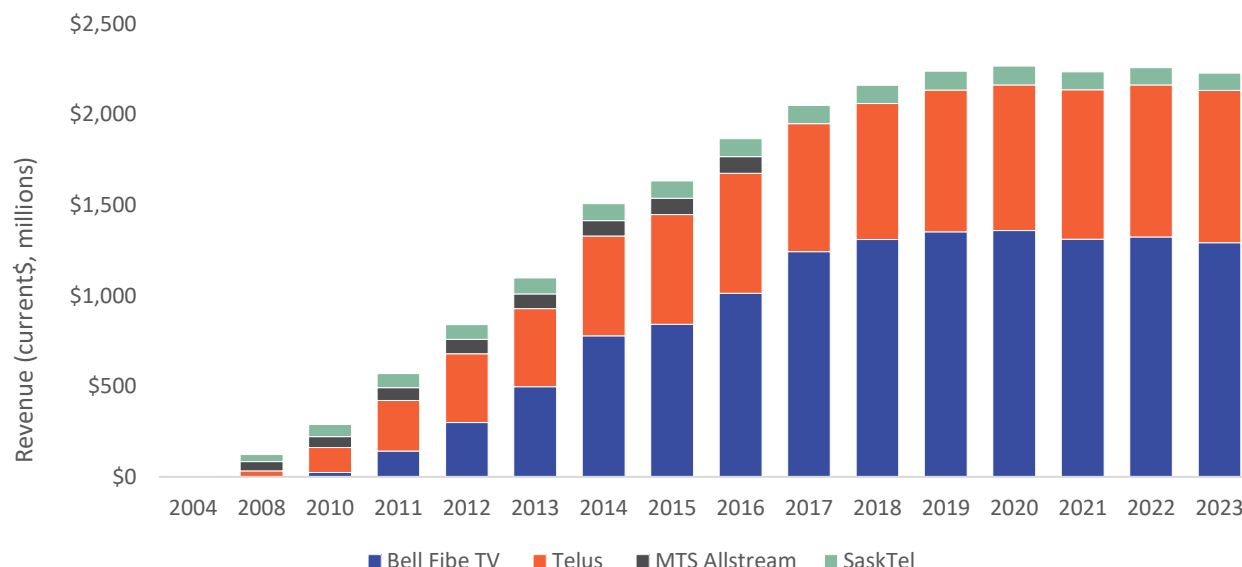
Figure 30: The growth of IPTV subscribers, 2004-2023



Source: see the Figure 30 in the [Excel workbook](#) accompanying this report and the “Multichannel video distribution” sheet in the [GMIC Project—Canada open data sets](#).

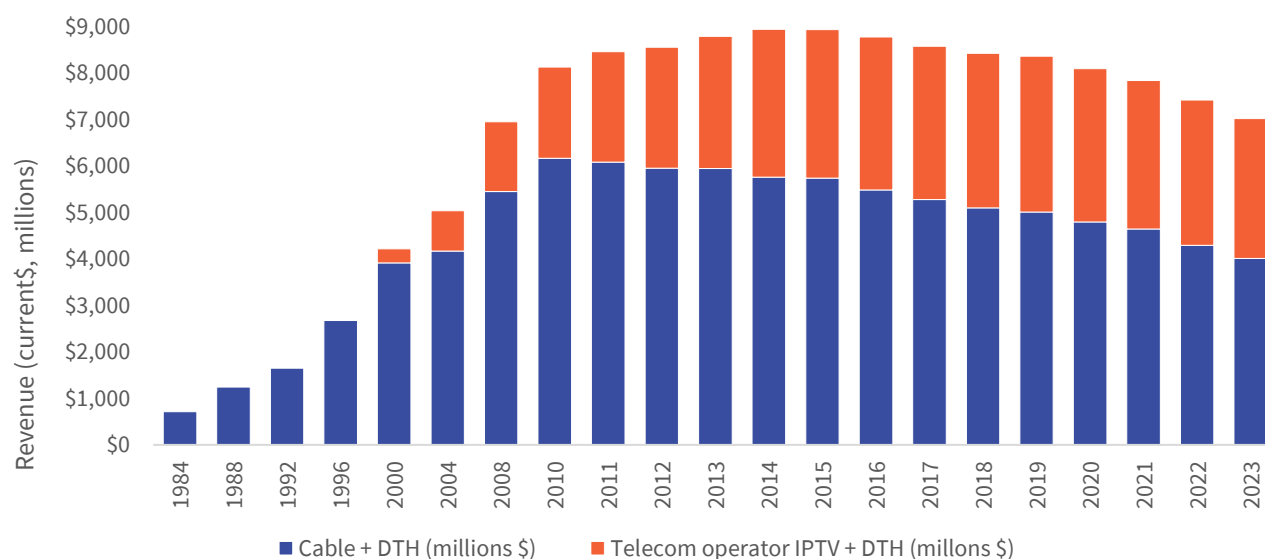
The telcos' IPTV revenue has increased sharply from \$1 billion in 2013 to nearly \$2.3 billion in 2020 where it has hovered since, held back by the fact that the broadcasting distribution market is in decline. The former cable monopolies, however, have taken the brunt of that decline, with their revenue falling close to \$2 billion over the same period, implying that for every dollar the cable companies lost, the telcos picked up a dollar and change. Telco IPTV revenue year-over-year was \$2.2 billion in 2023, while revenue for the BDU sector fell from \$7.4 billion to \$7 billion. Figure 31 below shows the trend for the telcos' IPTV services for the last twenty years, but also that their period of rising revenue has also come to an end. Figure 32 immediately afterwards shows the rise and fall of the broadcasting distribution market over the past forty years.

Figure 31: The growth of IPTV revenue, 2004-2023



Source: see the Figure 31 data sheet in the [Excel workbook](#) accompanying this report and the “Multichannel video distribution” sheet in the [GMIC Project—Canada open data sets](#).

Figure 32: Broadcasting distribution revenues by type of provider, 2004-2023 (current \$, millions)



Sources: see Figure 32 data in the [Excel workbook](#) accompanying this report and the “Multichannel video distribution” entry in the [GMIC Project—Canada open data sets](#).

By 2023, the telcos' IPTV services account for 37% of the TV distribution market based on subscribers, or 32% by revenue. Add Bell's ownership of Expressvu to the picture, and the telcos' share of subscribers climbs to 43%.

That the telecom firms have gained market share while cord cutting has gathered steam has added to the competitive pressure that the cable companies face from the telcos' IPTV services.²⁰³ In fact, the number of BDU subscribers has dropped from 85.6% of households at its highpoint in 2011 to 62.3% last year (9.4 million subscribers). The CRTC puts the rate even lower at 57%, probably because it counts total households in Canada (16.6 million) versus just the number of *occupied* dwellings (15.3 million).²⁰⁴ Regardless, the subscriber loss in both cases translates into a major revenue loss over time. In fact, revenue fell from its all-time high of \$8.9 billion in 2014-2015 to \$7 billion last year—a decline of 21%.

The end of cable monopolies, however, was drawing nearer due to mounting rivalry from the telecoms operators' IPTV services. MTS and SaskTel in the prairies were the first to roll out IPTV services in 2004, followed by TELUS in western Canada in 2007/2008. It was not until Bell started to roll out its own IPTV services in a concerted way in Ontario, Quebec, and the Atlantic provinces after 2012, though, that this force gathered steam. But steam it did gather. By 2023, the telecoms' IPTV services garnered close to a third of the TV distribution market by subscribers and 37% based on revenue. Cable companies have also been switching over to IPTV standards in recent years as they replace legacy coaxial cable systems with fibre networks. Simultaneously, both groups have been bundling fibre internet services with discount pricing on their subscription television services to lure subscribers to higher margin retail internet services.

They have also been bundling fibre internet services with discount pricing on IPTV services as part of a broader strategy to lure subscribers to higher margin fibre-based retail internet services, a subsidy in everything but name. This is reflected in the battle of the bundles that characterizes telco versus cable competition in midsize to large cities across Canada.

Driven on by these trends and dynamics, IPTV uptake in Canada is relatively high and an indicator that the telcos pose more of a competitive threat in this country than other countries where it is low. As a percentage of total BDU subscribers (37.2%), the IPTV adoption level in Canada, for example, is multiple times higher than in the United States. In the U.S., IPTV subscriptions have fallen in recent years to reach just five percent in 2023 as telecom operators in the U.S like Verizon and AT&T exit the pay television market.²⁰⁵

The end of the cable monopoly

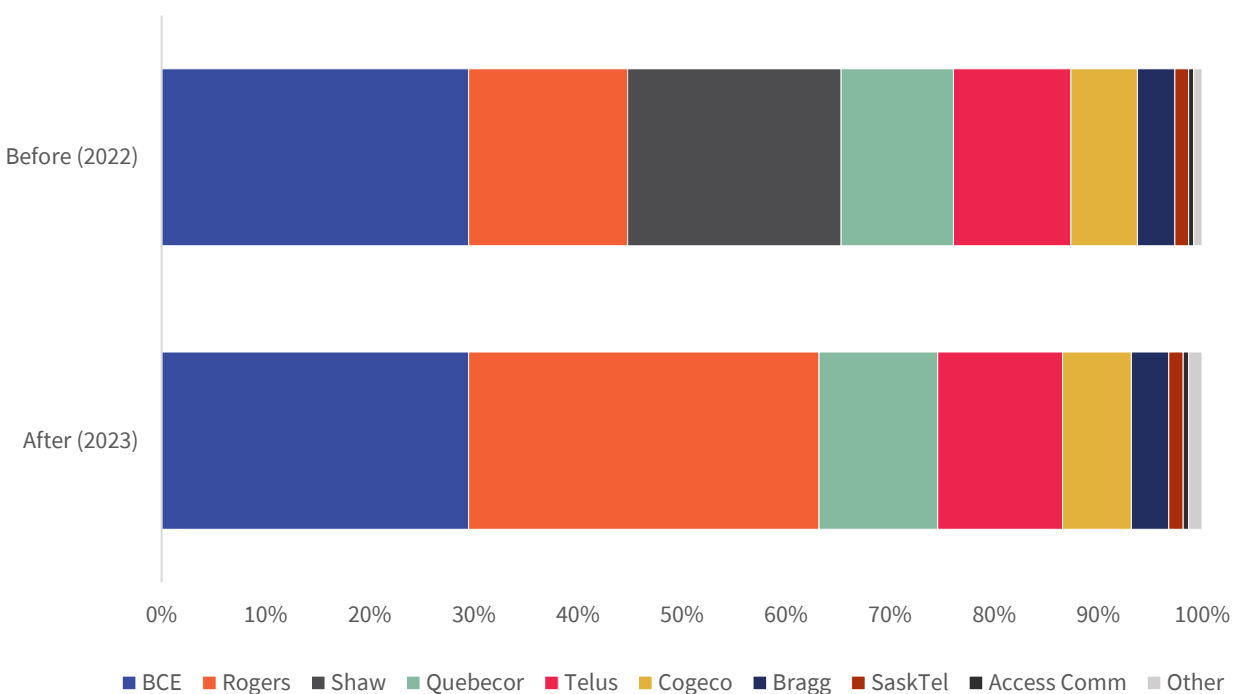
The growth of IPTV services demonstrates both the potential and the limits of facilities-based competition: a market that was once served by regional monopolies now faces competition, with former incumbent cable and telephone operators competing head-to-head in their respective regions. As the telephone companies' IPTV services have gained traction, both the CR4 and the HHI scores for the BDU sector have dropped significantly at the national and local levels. In 2004, and at its high point, the national market share for the top four companies—Rogers, Shaw, Bell and Vidéotron—was 89%; by 2022, the same top four companies accounted for 75-76% of the market based on subscribers and revenue. Over the same period, the national HHI also fell from 2,298 to 1,802. By the numbers, the cable television market had become more competitive than it has been since the early 1990s.

Rogers' acquisition of Shaw last year, however, restored concentration levels to what they had been twenty years earlier. Indeed, the post-merger Rogers more than doubled its share of the BDU market from 15.3% based on revenue before the deal to 35.8% after the fact (while rising from 15.6% to 34.3% based on subscribers). It also threw the positive momentum in concentration ratios into reverse, with the CR4 rising from 76.2% of the national BDU market based on revenue to 87%, and from three-quarters to ninety percent based on subscribers. The HHI also swiveled in tandem, shifting from being comfortably in the mid-range of the scale (approximately 1,800 based on revenue and subscribers alike) to bumping up

“Rogers’ acquisition of Shaw last year, however, restored concentration levels to what they had been twenty years earlier.”

against the threshold of the highly concentrated zone, i.e. the HHI rose to 2,340. These were the highest the CR4 and HHI scores for the cable market had ever been. Figure 33 below illustrates the “before” and “after” impact of the Rogers-Shaw merger on the national BDU market based on revenue.

Figure 33: National BDU market: "Before" vs "after" Rogers-Shaw deal based on revenue



Sources: see Figure 33 in the [Excel workbook](#) accompanying this report and the “ISP” sheet in the [GMIC Project—Canada open data sets](#).

Despite the scale of this transformation, the CRTC took a happy-go-lucky approach to the merger, waving it through ostensibly because Rogers and Shaw did not compete head-to-head in the same geographical markets. Once the ‘public benefits’ contributions to various media production and other funds had been established, the CRTC gave the deal the green light.²⁰⁶

The Commission’s pro-incumbent bias under its previous chair also meant that it did not bother to consider the impact on internet access markets. Nor did it seem

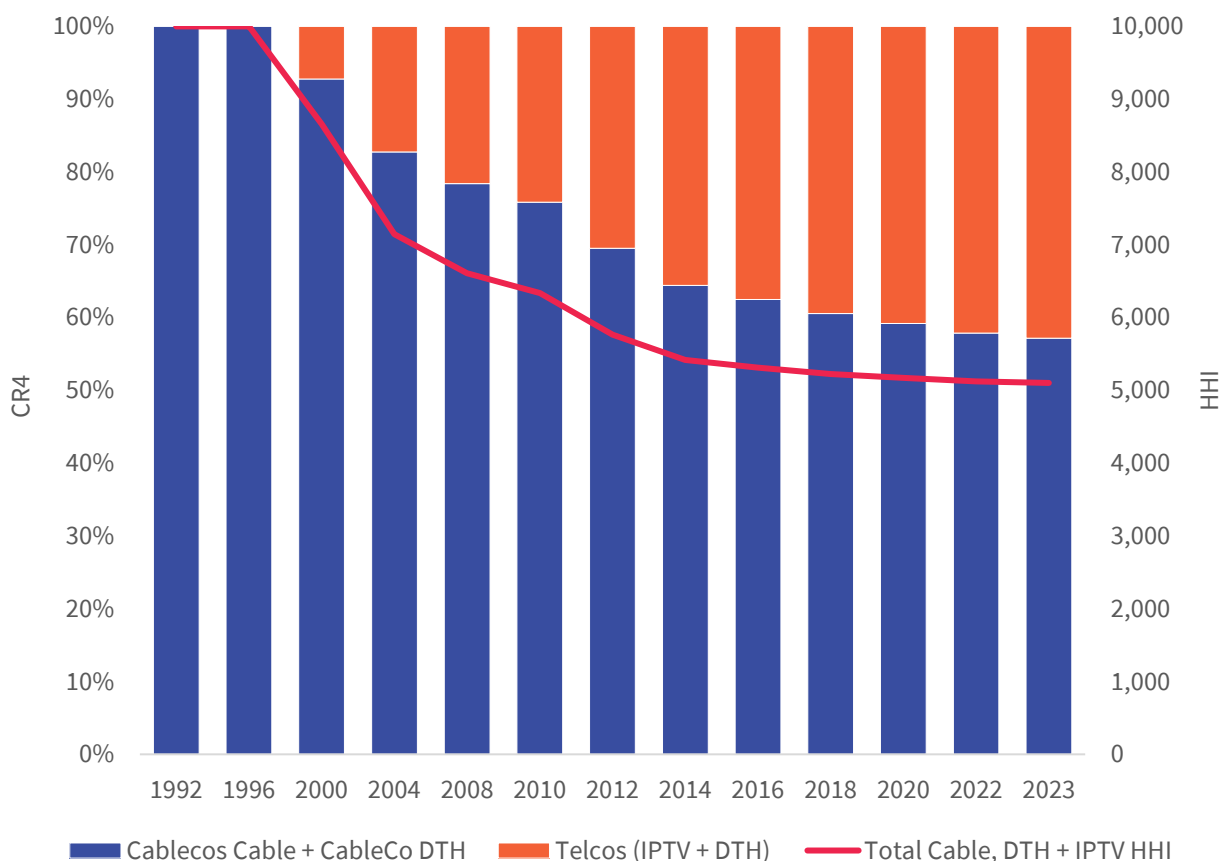
to care that Shaw had been one more door for television program producers and rights holders to knock on in the English-language television distribution market, thereby adding competition and choice in the programming market. After Shaw vanished from the scene, the number of doors drops to three across the country, and from three to two in the English-language regions of Canada. If program producers and content rights holders cannot strike a deal with Bell or Rogers, they will be either out of luck or tied up in regulatory disputes for years in a fast-shifting media landscape as new services (including Netflix, Amazon, YouTube Premium and Apple) move steadily deeper into Canada. This will also give them greater incentives to turn to Apple, Amazon, and Google for distribution deals, thereby tightening the cultural industries' dependence on the global internet platforms.²⁰⁷

A complaint filed by Corus Entertainment—a company still controlled by the Shaw family—to the CRTC already accuses Rogers of having unfairly acquired program rights from Warner Media Discovery for several marquee brands that it had held for decades (e.g. HGTV, OWN, Food Network) while degrading the terms of carriage and distribution for its other services. Corus also alleges that Rogers is discouraging subscriptions to its services by demoting their discoverability on Rogers' cable and streaming platforms in favour of the cable giant's own services and special promotional offers for the Disney+ streaming service.²⁰⁸

We will return to these issues further below, but for now it is necessary to climb down from the national broadcasting distribution market frame of reference to consider conditions at the local and regional where people actually live and subscribe to such services. When we consider things from this more fine-grained vantage point, concentration levels in the cable TV market have never been as diverse and competitive as the improving conditions at the national level imply. While the local cable monopoly has indeed been relegated to the dustbin of history, concentration levels are still sky high. Indeed, up until 1996, the HHI was 10,000 or, in other words, a complete monopoly. By 2004, however, the HHI for BDU services at the local level had fallen, on average, to 7,135—close to three times the threshold used to designate a market as “highly concentrated” but no longer a monopoly. By 2023, the traditional cable firms' market share had been cut down to 57%, while the telephone companies' share had swelled to 43% (including Bell's satellite TV). The HHI had fallen to 5,102. At this level, Rogers' take-over of Shaw will not move the dial one way or another.

Figure 34 illustrates the demise of monopoly cable TV and the rise of duopolistic competition between cable companies and telephone companies since 1996—the year when the Chretien Liberal government dropped the ban on cross-industry competition between the two groups of companies, as described earlier in this report.²⁰⁹

Figure 34: The decline of monopoly cable: Cable versus telephone companies, 1996— 2023



Sources: see Figure 34 sheet in the [Excel workbook](#) accompanying this report and the “Multichannel video distribution” sheet in the [GMIC Project—Canada open data sets](#).

Cable and broadband access in Canada: Decent service at a poor price

Cable pricing and the consumer price index

Despite the mounting competition described in the previous pages, cable operators and telephone companies continued to jack up prices well above the CPI to offset their losses from cord-cutting that began to take hold in Canada in 2011. That approach hit a wall by 2015, however, before drifting down ever since as people ditched cable television while turning to online video services such as Netflix and Bell's Crave. Early hopes that increased competition from those offerings would drive down consumer prices, however, have since been dashed, given the swift and far-above-CPI price hikes instituted by streaming services.

For a time, incumbent cable and telecom companies were able to hike prices for internet access services to offset softening cable prices and as cord-cutting gathered pace, circa 2013 to 2017. Thus, in 2013, the average internet access subscription cost \$45.17 per month whereas three years later it had soared to \$56.77 (a rate of increase multiple times that of the CPI); it was \$69.44 last year (see Figure 34 and surrounding discussion below).²¹⁰ Through these aggressive price hikes for internet access, the companies were able to more than off-set losses on the broadcasting distribution side of their business, at least temporarily. That fact, incidentally, also revealed that internet access and broadcasting distribution were becoming ever more tightly integrated into a unified wireline communication and distribution system, and were being managed by the carriers as such.

Legacy BDU providers' ability to increase ARPU further, however, was eventually limited by four countervailing forces. First, by the fact that the traditional cable market is shrinking. Second, the growing competitive pressure that legacy cable companies such as Rogers and Vidéotron faced from Bell, TELUS, and SaskTel's IPTV services also had a moderating effect. Third, the law of relatively constant media expenditures also constrained how much people will spend on media services (see Figure 4 and surrounding discussion earlier in this report). Finally, the fact that one out of seven subscribers have availed themselves of the \$25 per month skinny basic cable package mandated by the CRTC since 2016 has also put downward pressure on ARPU.²¹¹

Overall, total household outlay for cable television and online video and audio services has continued to climb relative to the CPI (see below). However, this masks different tendencies within the basket of services that make up the category that

Statistics Canada tracks for this purpose. In simple terms, the price hikes relative to the CPI have been wholly attributable to streaming video and music services like Crave, Disney+, Netflix, and Spotify since about 2015, whereas household spending on cable, DTH and IPTV services climbed sharply from \$39.19 in 2000 to \$66.08 in 2015 but then declined. Last year, households spent \$62.28 per month for cable services.²¹² Meanwhile, spending on streaming services had risen to an estimated \$342 per year per household, or \$28.50 per month, on average.²¹³

In sum, rather than rivalry between legacy broadcasting distributors and newer digital media distributors who offer their services directly to consumers over the internet driving prices down across the board, once online video services like Netflix and Crave gained a strong foothold in the television market, prices rose swiftly for online video and audio services while being cut down to size for legacy BDUs. People know this intuitively from watching their Netflix, Crave, Spotify and other streaming service bills keep going up, while cable TV prices have not come down in an equally conspicuous way.²¹⁴

Broadband prices and adoption

Overall, Canada fares poorly in terms of affordability / price, reasonably well for wireline internet adoption, average with respect to speed and usage (534 GB per household per month in 2024), and poorly with respect to the deployment and uptake of fibre-to-the-home connections.²¹⁵ It is also one of the few countries left where data caps are still a regular part of the service (Australia and the U.S. are also included). This characterization has held broadly true for over a decade-and-a-half, although recent changes show some improvement along some of those dimensions, as discussed below.²¹⁶

Household spending on internet access services (ARPU) reached \$69.94 per month in 2023 versus \$44.50 a decade earlier. The price of internet access rose significantly above the CPI during most of the 2010s, but as the battle for subscribers between incumbent telecom and cable companies and independent ISPs heated up, prices fell briefly between 2018 and 2020. However, that trend stalled as small ISPs' fortunes once again waned and most of the biggest ones were swallowed in a rapid-fire series of acquisitions by Bell, Rogers, TELUS, Vidéotron, and Cogeco in the last two years, as we will see further below. Consequently, the price of internet access has been treading water since.

Similar to observations about mobile wireless pricing, broadband internet pricing has improved in recent years when assessed against the CPI. Yet the case is not as strong here as it is for mobile wireless, where the decline in prices against the CPI is significant and more clear-cut, as Figure 22 introduced earlier in the context of the discussion of mobile wireless markets illustrates. As it showed, there were two- to three-years when steady price hikes for internet access pricing abated (2015-2017), spiked (2018), and declined (2019), before holding steady since (2020-2023).

Seen from another angle, CRTC data shows that average ARPU continues to rise, reaching \$69.94 last year, albeit at a lower rate than the CPI for the last three years when post-pandemic inflation rates have been unusually high. During this time, the average price for broadband internet access rose 3.5% versus the 4.7% rise in the CPI, consistent with industry claims that falling prices for internet access and mobile wireless have counteracted high inflation elsewhere.²¹⁷

Stretch the timeline back a few years to 2016, however, when the government began to pressure the carriers to bring down telecom prices, and the story changes: internet access pricing has risen faster than the CPI since then, i.e. rising 3.4% versus 3% for the CPI. Stretch the timeline again to cover the past decade and the rise in broadband prices relative to the CPI is more pronounced, i.e. 4.6% increase for broadband pricing vs 2.7% for the CPI. Lastly, turning to household spending, estimated monthly household spending on internet access was \$49.50 per month in 2016, rising to \$67.25 in 2020, and then to \$76.62 in 2023—a compound annual growth rate of 6.4% and well above CPI levels (i.e. 3%).²¹⁸

The main story is that internet access pricing remains high relative to historical benchmarks, the CPI, and in international comparative perspective. In terms of international comparisons, in the most recent edition of its *Communications Market Report*, the Federal Communications Commission in the U.S. finds that Canada ranks 25th out of 26 countries surveyed for fixed broadband services. This low standing is true whether broadband services is assessed on a stand-alone basis, as part of a multiservice bundle, or in terms of the price per GB of data.

The annual report prepared by Wall Communications for ISED and the CRTC reaches similar results. This year's edition of that study shows prices across the surveyed countries and service tiers to be moderating, and the gap between Canada and other countries narrowing. Ultimately, however, the Wallcom report shows that pricing for mid-range plans and high-end service plans at 100 Mbps and above are at the expensive end of the scale and on par with or slightly better or worse than the situation in the U.S., Australia, and Japan. Nowhere is Canada a

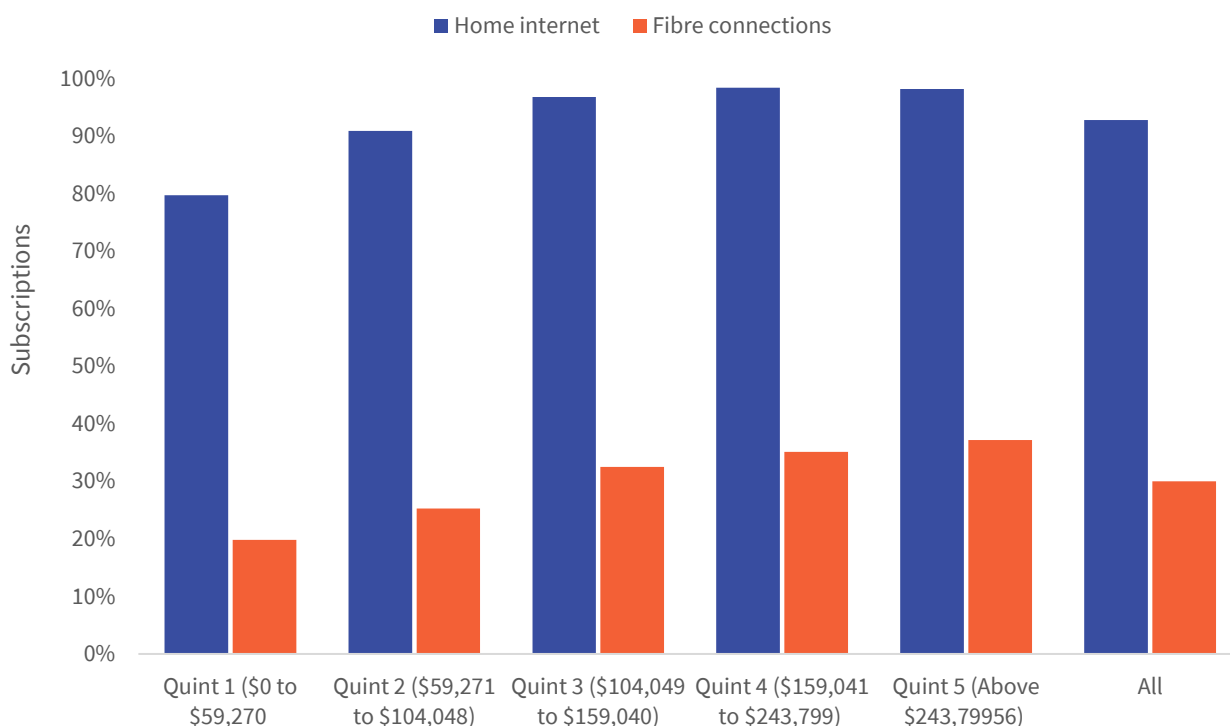
leader on this measure. On high-end services like fibre-to-the-home, the report finds that Canada consistently ranks at the very top, jockeying with Japan and the U.S. for the title of most expensive offerings.²¹⁹

Of course, services that are high priced are also likely to elude the ability of some people who would otherwise use them. Indeed, this is the case. Even though Canada ranks relatively high in terms of broadband adoption—12th out of 38 OECD countries²²⁰—broadband adoption is not universal. The CRTC's most recent data (2023) indicates that 93% of households have internet service. Another thing that stands out in recent trends is that wireline broadband adoption rates have levelled off since 2020 and, in fact, fell by one percentage point last year. While one year does not a trend make, this could be an early sign that as mobile wireless plan data limits become less of a concern, mobile broadband could become a more plausible alternative to wireline broadband.

CRTC data also shows that in terms of the availability and uptake of services that meet its broadband universal service target of 50 Mbps up and 10 Mbps down, 93% of households can access such services, but only 60% had a service that met that target last year.²²¹ People's adoption of broadband is also divided starkly along income lines. Significant disparities in access also exist within cities and between urban versus rural and remote areas, while Indigenous communities are especially poorly served. Figure 35 below depicts these disparities in internet adoption based on income.²²²

“People’s adoption of broadband is also divided starkly along income lines. Significant disparities in access also exist within cities and between urban versus rural and remote areas, while Indigenous communities are especially poorly served.”

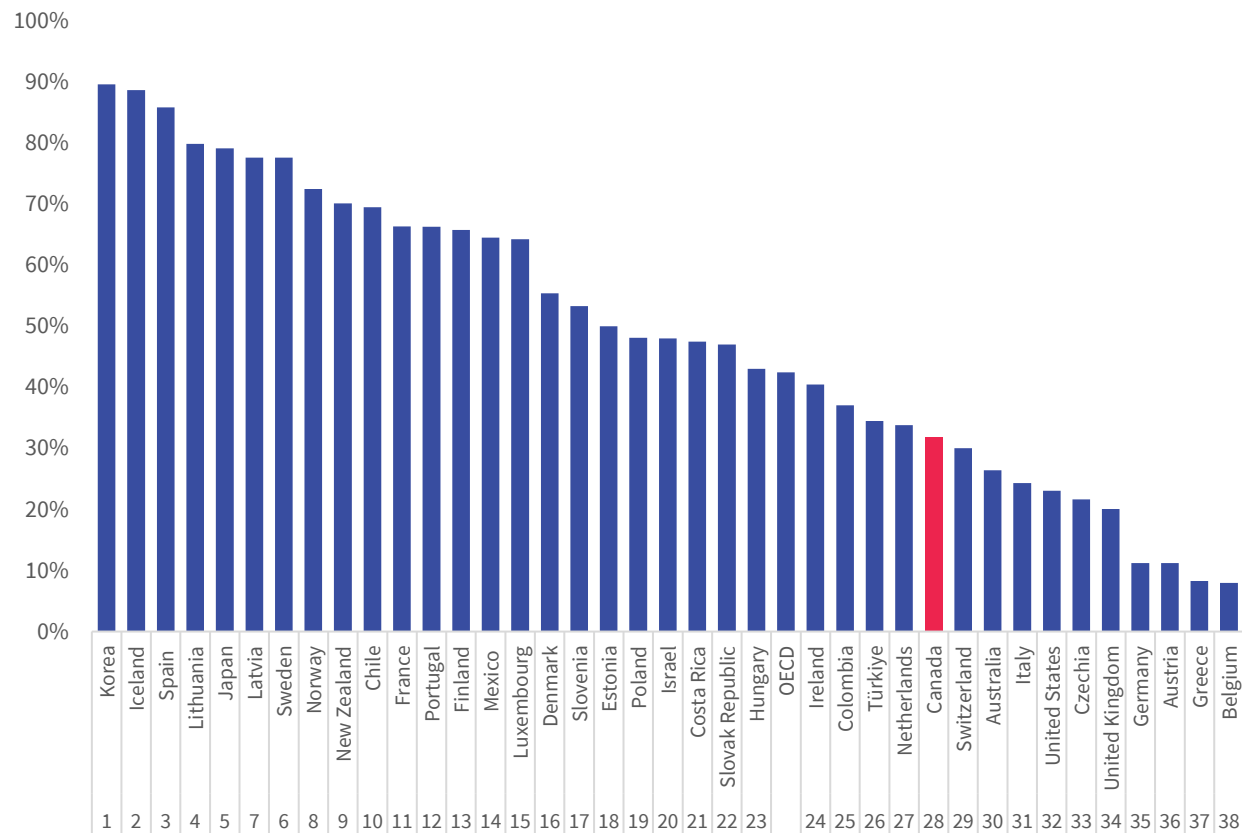
Figure 35: High-speed internet access and fibre subscriptions by income quintile, 2023²²³



Source: Estimate based on Statistics Canada (2023). *Survey of household spending in 2021*; for the percentage of household subscribed to fibre connections, see CRTC. (2024). Communications market reports – open data, retail fixed internet (Nov. 2024), Table N-I2 Overview of residential internet access market, 2017-2023.

Canada does not fare well in terms of the proportion of broadband connections that use fibre-to-the-premises. Indeed, less than a third (31.3%) of broadband internet connections are of that type. Again, this is better than in the U.S., where just a quarter of broadband connections use fibre, but far below the OECD average of 42.5%. It is also well short of the highwater mark set by Korea, Iceland, Sweden, Norway, and Japan, where 80-90% of total wireline broadband connections are fibre. Consequently, Canada ranked 28th out of 38 OECD in 2023. Therefore, while access to fibre networks has increased in Canada, having started late and proceeded at a slower clip than many other OECD countries, it fares poorly by international comparative standards.²²⁴ Figure 36 illustrates the point.

Figure 36: Percentage of fibre connections out of total broadband subscriptions (December 2022)



Source: OECD (December 2023). [Broadband statistics](#). Table 1.2.1. OECD Fixed broadband subscriptions per 100 inhabitants, by technology, December 2023 and Table 1.10. Percentage of fibre connections in total fixed broadband, December 2023.

However, if some broadband is better than no broadband, it is important to combine broadband adoption rates—how many broadband subscriptions per 100 people there are—where Canada does reasonably well, with fibre-based broadband, where it does just okay, to get a blended indicator that includes both. On this more forgiving metric, Canada ranked 16th out of 38 countries in 2023, a solid, middle of the pack outcome.

Thus, while telecom operators gloat about their world-class networks at affordable prices, the evidence suggests that the availability of those networks is thinly spread, expensive, and used less than could be the case. Once again, the boasts by the industry about world-class network quality needs to be heavily reined in.

Starlink: broadband for under-served rural and remote Canadians or trojan horse?*

A new generation of Low Earth Orbit (LEO) satellite constellations—and Elon Musk’s Starlink specifically—is improving internet access for rural and remote communities in Canada that have been poorly served for decades. LEO’s differ from Geosynchronous (GEO) satellites that hover over a fixed point on earth and have origins in this country stretching back fifty years to provide direct broadcast services, while expanding in recent times to include rural internet services. The increasing application demands of broadband services, and the desire of ubiquity in Canada’s Northern and Arctic regions, however, have exposed their limitations in terms of high latitude, low latency coverage. Starlink is helping to fix that.

Individual LEO satellites are not new; however, the concept of LEO broadband constellations has only recently been made feasible by lower cost launches, and more affordable ground-based user terminals. The best-known example of this is Elon Musk’s Starlink constellation that has been in service in Canada since 2019 and which has grown swiftly to serve towns, farmers, cottages, and Indigenous communities in locations where broadband internet access is poor and prohibitively expensive, if it is available at all. Given that such conditions exist in all provinces and the Northwest Territories, Starlink has grown rapidly. By 2023, it reached 300,000 subscribers and estimated revenue of \$420 million, which was equal to a 2.6% share of the national internet access market based on revenue (or 1.7% by subscribers). Consequently, it is now the sixth largest ISP in the country, just after Cogeco and ahead of Eastlink. The Ontario government’s recent commitment of \$100 million to fund user premise equipment starting in June 2025 will be sure to boost Starlink’s penetration as a broadband ISP in rural Ontario even further.²

By our reckoning, Starlink surpassed Xplornet as the leading satellite-based provider of rural and remote internet access service in Canada in 2022, whose subscriber base has collapsed from 400,000 in 2019 to an estimated 160,000 last year. With mounting woes elsewhere, including its failure to become a viable mobile wireless operator in Manitoba after Bell’s takeover of MTS, and an assist from ISED to help it achieve that goal (as described earlier), Xplornet’s prospects are dim.

Starlink has been a boon to many Canadians particularly in areas impacted by forest fires and floods. Subscribers have also shown great innovation by deploying Starlink terminals not just in rural residences and businesses, but also in support of civilian services and by

* *Written by Peter Garland, Ph.D. student in Communication & Media Studies, Carleton University, with contributions from Dr. Rob McMahon, Department of Political Science, University of Alberta and Dwayne Winseck.*

mounting terminals on trucks, boats and trailers. Consequently, social media, online video services, and video conferencing applications like Zoom and MS Teams have become part of everyday life for those who can pay the hefty price of at least \$140 per month in remote and rural communities.

There is no doubt of the technical innovation represented by Starlink. Benefiting from large NASA programs and at least one Department of Defense contract, Musk's company Space X has enabled low-cost launches. Starlink already has 6,000 satellites in orbit and reports state that there are another 34,000 to come to complete its full LEO constellation. Starlink has clearly demonstrated its viability, and of LEO services more generally in Canada.³

Beyond the friendly but sparse press releases, however, we must look at the potential long-term implication of Canadians relying on a private venture ISP based in the United States. In assessing the reason for the rapid penetration of Starlink in Canada the most obvious answer is that, "it is there." Given the decades-long failure to close the rural divide, Starlink provides our politicians with a lifeboat.

There are other options on the horizon (pardon the pun), demonstrated by ISED's recent commitment of \$2.1 billion for Telesat's Lightspeed LEO constellation and the Quebec government offering \$400 million on top of that, with the potential of another \$600 million for capacity once the Lightspeed constellation deploys in 2026.⁴ In the meantime, without faster deployment of Lightspeed, or an economic breakthrough in terrestrial alternatives, Starlink remains the only realistic solution and offers important benefits that it would be wrong to deprive rural Canadians of.

Nonetheless, there are some long-term issues regarding LEO constellations and Starlink specifically that must be considered. For example, as a rural ISP, Starlink provides service to the end user and determines price, the technology deployed at the consumer premise (i.e. a proprietary Starlink router/antenna), and the content available to the consumer, all entirely controlled from the United States. Should Canadians be concerned that Elon Musk owns the whole vertical chain from launch to the end user terminal router, and even content? As Steve Song has also observed, individual access to Starlink in remote/rural communities, also deprives those places of the most vocal advocates for properly public infrastructure.⁴

Alternatively, the Lightspeed option appears to offer wholesale service to local ISPs thus enabling local communities or existing content providers to be the point of contact, thereby making it potentially more responsive to local and regional concerns. This wholesale access model that Lightspeed contemplates also allows ISPs to provide the user with standards-based consumer terminals (iPhones and FTTH) using local terrestrial cellular or fiber connections for distribution. But will it be ready by 2026, as promised, and can we wait?

Given Musk's strident conception of free speech and his clout in the incoming Trump administration, he will be in a position to influence Canadian broadband policy and even programming offered via streaming media services.⁵ What happens, for instance, if the man with the On/Off switch and control over the LEO technology stack were to object to, for instance, CRTC regulations with respect to contributions to the universal broadband fund, information disclosure, and the need to consult with Indigenous communities?

The Ontario government claims that Starlink has given capacity assurances, but capacities and Quality of Service over a large population of users is notoriously difficult to measure, let alone police. In addition, Starlink mentions throttling back basic service in the case of demand from premium service customers, but what if that customer is the Department of Defense or another arm of the U.S government? Lastly, Musk has been very vocal about his disdain for the Trudeau government, and responsive to calls from Pierre Polievre to slap a "state-owned broadcaster" label on the CBC. Of course, he can have his personal political preferences, but with the amount of political power he has and seeming eagerness to wield it to get what he wants, it is right to ask if consumers getting a good deal from Starlink is, in fact, a good deal for Canada.

¹ Estimate based on average y-o-y subscriber base of 250,000 multiplied by ARPU of \$140/month based on posted prices for its standard plan in Canada. [Starlink](#) (2024). Service plans.

² Subscriber and revenue figures for Starlink and Xplornet are hard to come by but can be pieced together from various presentations by the companies themselves and reports in the press. The figures and estimates presented here are based on the following: Starlink ([July 17, 2024](#)). Post to Twitter / X claiming 400,000 subscribers in Canada; Cohen, S. ([Nov. 4, 2022](#)). Starlink in the North. CBC; Xplornet Communications ([June 11, 2020](#)). Xplornet Announces Completion of Sale to Stonepeak Infrastructure Partners; Xplornet Communications ([2019](#)). Xplornet: Canada's Largest Rural-focused Service Provider (presentation); Ulrichsen, H. ([Nov. 15, 2024](#)). Ontario launches \$100M partnership with Elon Musk's Starlink. *Northern Ontario Business*.

³ Pultarova, T. & Howell, E. ([Sept. 27, 2024](#)). Starlink satellites: Facts, tracking and impact on astronomy. *Space.com*.

⁴ Song, S. ([Nov. 6, 2023](#)). Starlink and inequality. *Many possibilities blog*.

⁵ Telesat's \$2.54 Billion funding agreements with Canadian governments for Telesat Lightspeed satellite constellation ([Sept. 16, 2024](#)). *SatNews*; ISED ([Dec. 9, 2021](#)). Universal Broadband Fund and Telesat low earth orbit capacity agreement.

The transition to fibre and small ISPs' never-ending struggle for survival

As previous pages indicate, small and independent ISPs have always had to fight to stay alive. This was so in the late-1990s as the internet access market took off, followed by another phase that led to the trilogy of wholesale access and speed matching decisions, circa 2006 and 2011 that kept their prospects alive. The frontiers shifted again as the incumbent telecoms and cable carriers switched more of their plant to fibre and to IPTV. While the telecom operators' switch over to IPTV and fibre put the nail in the coffin of local cable monopolies, both the telecom and cable groups now asserted that the CRTC's regulated wholesale access regime and speed matching rules that were created for copper and co-axial cable in 2010 should not apply to new investments in fibre.

Without seamless access to each new generation of telecom infrastructure, smaller ISPs like Teksavvy, Vmedia, and Ebox have to perpetually go back to policy makers to plead their case every few years, each time with their future survival at stake. As the following pages show, since 2015 until this day, the incumbents have carried on a multiyear, multipronged campaign to shut down that future by arguing against the application of the wholesale access regime to fibre broadband.

The incumbents' initial case was rebuffed in 2015 when the CRTC revised its regulatory framework to ensure that small ISPs would not wither on the vine as internet access shifted from copper and coaxial cables to fibre-to-the-neighborhood (FTTN) and premises (FTTP). Its ruling was emphatic: "there is limited rivalrous behaviour to constrain upstream market power", "incumbent carriers continu[e] to dominate the retail internet access services market", and whatever "competition . . . does exist today is . . . a result of regulatory intervention".²²⁵ The decision was supposed to allow independent ISPs to use the 'last mile' portions of next generation fibre networks owned by Bell, Rogers and Shaw to deliver their own services to subscribers.

True to form, Bell reacted to the CRTC's ruling with a petition to the Governor-in-Council, but that, too, was rejected by in May 2016.²²⁶ Progress was impeded nonetheless by disputes over the terms and costs of implementing the regulated wholesale access-to-fibre regime. Three years later, the CRTC ordered the incumbents to correct the excessive rates they were charging independent ISPs and to repay them the hundreds of millions of dollars they had over-charged.²²⁷ This was another decisive victory for the independent ISPs, but only if the story ended there. It did not.

Instead, the companies chose to wage another concerted campaign aimed to kill the prospects for independent ISPs to compete over fibre broadband infrastructure. As part of this campaign, they appealed to Cabinet again and to the Supreme Court to reverse the CRTC's ruling but were rebuffed both times. In 2020, with a former TELUS executive and industry-friendly chair at the helm, the incumbents convinced the CRTC to revisit its wholesale access-to-fibre regime.²²⁸ This effectively meant the Commission had to start all over again, with the chances for independent ISPs' survival, let alone success, diminishing as time passed.

The damage to the independent ISP sector was swift in coming. Since 2022, Bell has acquired ebox and Distributel, Vidéotron bought VMedia, TELUS took-over Start.ca and Altima, Cogeco purchased Oxio, and Rogers swallowed Comwave, to say nothing of its blockbuster takeover of Shaw. Consequently, the number of independent ISP subscribers plunged by 40% across Canada, and by nearly half in Ontario and Quebec.²²⁹

The irony in this is that the Rogers-Shaw deal was ultimately approved by the Competition Tribunal because the web of sweetheart deals that Rogers had struck with Vidéotron, *and* backed by the CRTC's wireline wholesale access regime, ensured that Freedom Mobile's chances of success under new ownership were good. The CRTC's facilities-based MVNO regime would ensure that it had access to the tower, roaming services and other resources it needed to expand its own wireless network coverage in Ontario, Alberta and BC, while the regulated access regime on the wireline side would allow Freedom Mobile to offer bundled internet, television and mobile wireless services wherever it competed with the incumbents. From this perspective, the Tribunal accepted that the biggest telecoms takeover in Canadian history would deliver pro-competitive results to the benefit of Canadians. The square was circled. The Tribunal's ruling was upheld by the Federal Court of Appeal on appeal by the Competition Bureau and the deal closed early in 2023.²³⁰

As new entrants in the mobile wireless market and well-known small ISPs across the country are taken over by the incumbents, and Teksavvy put up for sale in the face of the inhospitable realities of the market *and* regulation, the prospects for both have been dimmed. However, after the appointment of new leadership, the CRTC issued a speedy ruling late in 2023 giving small ISPs interim rates for access to the carriers' FTTP networks while it worked out a more permanent fix to this long-standing problem.

It is still too early to tell if the Commission's actions will be able to turn things around. On the one hand, the transitional access-to-fibre decision noted a moment

ago was exhibit A that it could. On the other hand, though, the subsequent ruling that fixed the costs that independent ISPs must pay to gain that access are seen as prohibitive, given that incumbents can charge wholesale rates that are higher than the retail rates they tout in some markets.²³¹

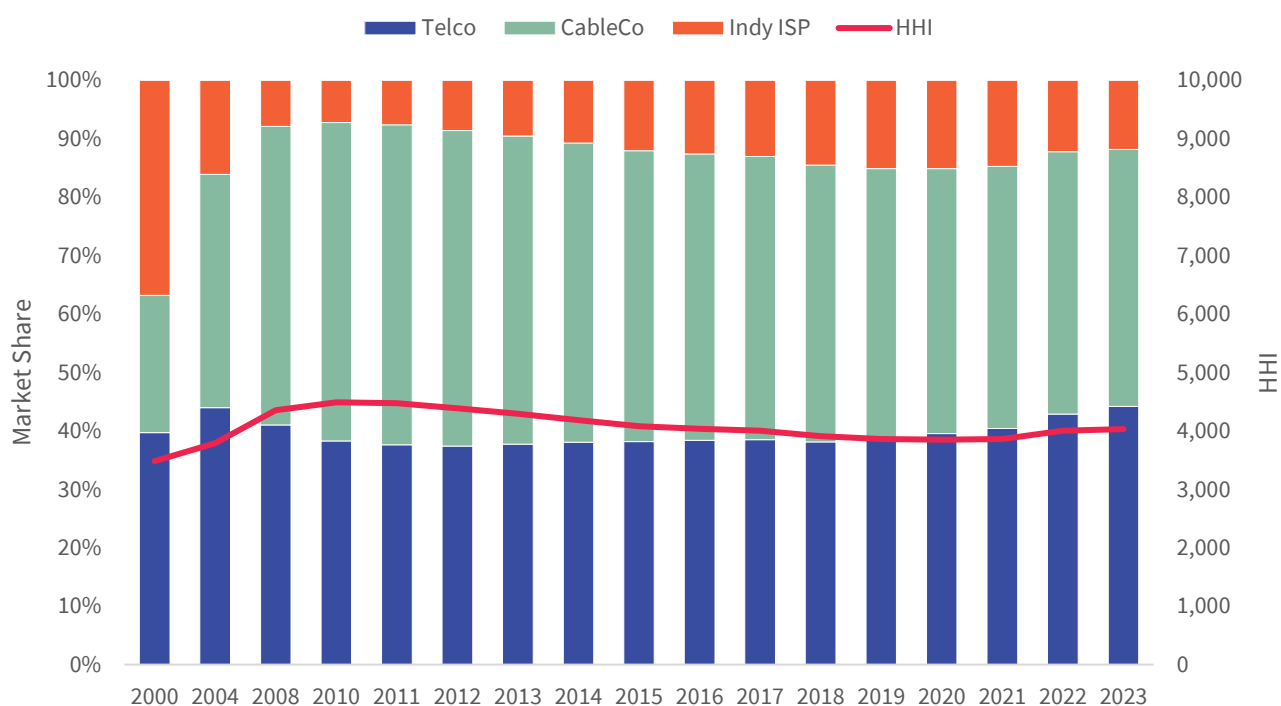
In addition, the ruling's inclusion of a sunset clause whereby the mandated access conditions will expire in seven years rests on the outmoded ladder-of-investment theory that says this temporary runway will give new entrants enough time to invest in their own systems but be taken away once that goal is achieved or time runs out. This approach, however, means unnecessarily duplicating network investment and is, therefore, inefficient. It also rewards the incumbents' time-tested tactics of obstruction in the hope that they can lawyer and lobby up to run out the clock before small ISPs do what the CRTC's decision assumes they will do: build their own facilities. Given the unrealistic assumptions behind the ladder-of-investment theory, it is not surprising that its original author has abandoned it.²³² The Commission and others who still support the approach should do the same.

Figure 37 below depicts the long-term dynamics and trends described above by showing the incumbent cable and telephone operators' as well as independent ISPs' share of the local retail internet access market over time based on subscribers. It also depicts how the independent ISPs had been steadily gaining revenue, subscribers and market share between 2011 and 2018, only to see that progress stall for the next few years before crashing in 2022-2023, for the reasons just

“By 2023, BCE, Rogers, TELUS, and Quebecor controlled just under three quarters of the national internet access market based on revenue and 84% by subscribers.”

presented. By 2023, BCE, Rogers, TELUS, and Quebecor controlled just under three quarters of the national internet access market based on revenue and 84% by subscribers. Locally, the telecoms- and cable-based ISP duopoly held an 87.3% share of the market based on revenue and 88.2% based on subscribers, with the rest in both cases going to independent ISPs.

Figure 37: Local residential internet access services by type of ISP: Market share based on subscribers, 2000—2023

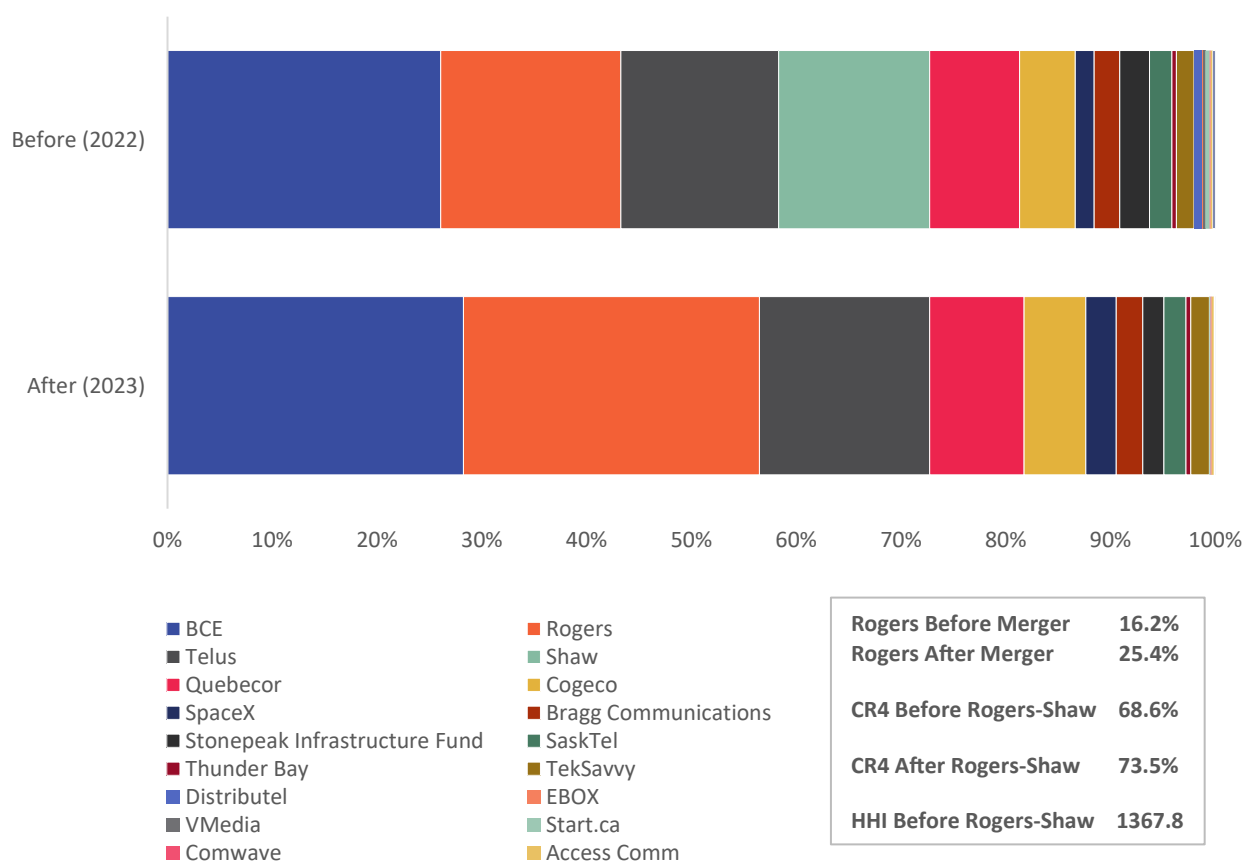


Sources and notes: CRTC (2024) Communication Markets Report. Figure 15: Residential Internet service subscriptions, by type of service provider (thousands), 2013-2023 and Figure 37 sheet in the [Excel workbook](#) accompanying this report. Also see Figure 37a in the accompanying workbook for the representation of changes in the market over time based on revenue.

In line with our assertion earlier that Rogers' take-over of Shaw was always primarily about acquiring its extensive wireline system, Rogers doubled its share of the internet access market. Whereas it accounted for 16.2% of the retail internet access market by revenue before the merger (and 15.9% by subscribers), post-merger, Rogers controls 25.4% of the national retail internet access market based

on revenue and 27.3% by subscribers, leaving it neck-and-neck with Bell based on revenue and just behind Bell on subscribers. The transaction also drove a spike in the CR4 from 68.6% to 73.5% based on revenue, or from just over three-quarters to four-fifths based on subscribers. The HHI also surged from 1,829 to 2,339 based on revenue and from 1,555 to 2,335 based on subscribers. Figure 38 below illustrates the “before” and “after” impact of the Rogers-Shaw merger on the national internet access market.

Figure 38: National retail internet access market: "Before" vs "after" Rogers-Shaw Deal (based on 2022 and 2023 revenue)



Sources: CRTC (2024) Communication Markets Report. Figure 15: Residential Internet service subscriptions, by type of service provider (thousands), 2013-2023 and Figure 38 sheet in the [Excel workbook](#) accompanying this report.

It is often asserted that because Rogers and Shaw's cable television and internet access services did not serve the same geographical areas, this merger would have no effect on these markets. This assumption is incorrect. While the companies did not compete with one another head-to-head, Shaw's earlier embrace of newer cable network and set-top box technologies than Rogers revealed it to be the more innovative of the two firms.²³³ TELUS (which does compete with Shaw directly in these markets) was forced to respond in kind, which led it to roll out Internet Protocol television and fibre-to-the-home in Western Canada five years earlier than Bell in Ontario and Quebec.

In addition, Shaw's choice to not enforce monthly data limits on subscribers in western Canada after the arrival of Netflix in 2010 was a welcome break while Rogers and Bell took the opposite approach. In the process, this highlighted the fact that not only are data caps an artificial construct but also the importance of having a diversity of choices from which people can choose for essential services like internet access. Will western Canadians now be forced to count their YouTube, CBC and Netflix viewing against a meter? The Competition Bureau's investigation into Rogers' "unlimited" Ignite mobile and internet offerings raise just this issue.²³⁴

It is also important to recognize that, with data combined from nearly 20 million Canadians integrated across Rogers' and Shaw's multiple cable and internet streaming platforms — internet access, mobile wireless and cable, mobile, devices, and browsers — this was also a "big data" deal. As such, it raises questions about the link between that data, market power, and privacy. Yet, even after the Competition Bureau's efforts to work at the intersection between big data and its own analysis of mergers and market power, nothing was broached on this front.²³⁵

In sum, the Rogers-Shaw deal drove a substantial increase in concentration in the national internet and cable markets, and more modest changes in the mobile wireless market on account of the divestiture of Freedom Mobile to Vidéotron. The scale of change in the internet access and cable markets would have run afoul of the revised *Competition Act* where bright line rules state that a merger will be presumed anti-competitive if it moves the HHI by more 100 points, pushes a market above an HHI of 1,800, or a post-merger company would have a market share over 30%.²³⁶ That the deal breezed by these guardrails for two-out-of-the-three markets it implicated—internet access and cable while being borderline for the mobile wireless market—reveals the audacity of those who pushed it. Under the revised *Competition Act*—updated in part because of the weaknesses that it

exposed—the Rogers-Shaw deal would likely be a non-starter. There is also no ‘efficiencies defense’ left in the act that would save it.

The clash of titans: National champions vs big tech

Prior to the deepening impact of IPTV services by the mid-2010s, consolidation in the BDU market had been rising for decades, with a brief interruption in the late-1990s after satellite TV services were introduced. The uptake of IPTV and the telecoms operators’ roll-out of fibre reversed that trend, although concentration at the local level, where people subscribe to such services, is still sky high. The rise of a new class of media aggregation and distribution service like Amazon Prime Video, YouTube Premium and Google Play Store, as well as Apple TV+ and Apple App Store is, in fact, intensifying convergence and competition between these massive international conglomerates and vertically integrated BDUs that have dominated the television distribution market for decades.²³⁷

Indeed, as we will see, Alphabet’s Google Play Store and Apple’s App Store now stand at the crossroads of the online media distribution market. They provide hosting, billing, and distribution services for millions of gaming, video, music, social media, dating, travel, and other apps, but with mobile games accounting for two-thirds of app store distribution revenue. Indeed, they are amongst the key gatekeepers whose power and influence fundamentally shapes how the gaming industry works and the fate of games publishers.²³⁸ The two tech giants take roughly thirty percent of as a service fee, with the sector split roughly one-third, two-thirds between Apple and Alphabet, respectively.

These realities have drawn regulatory scrutiny by U.S., Australian, Dutch, and German authorities in recent years.²³⁹ Pressure has also come from the games industry with an eye to making Apple and Google’s app stores’ terms of carriage and distribution more transparent to app developers, publishers, and consumers, and to trim their service fees, issues that will be taken up in below in the context of our analysis and discussion of the video games industry.

Given that people now routinely use Apple+, Amazon, YouTube Premium and app stores to replace—or at least complement—the classic cable bundle, we must ask how these services fit into the story told so far? Given the entrenched duopoly in traditional cable services, there is no doubt that consumers can benefit from the greater choices on offer. The advent of competitive alternatives is also benefitting television and film producers and rights holders, including some based in Canada,

such as Vancouver-based OUTtv and Shaw-Corus's Stack TV. To them, Amazon and Apple, for example, offer a welcome alternative to the traditional BDUs because, for one, the revenue splits between them and the digital platforms are better than they have ever received from BDUs.²⁴⁰ The digital platforms also give better insight into the terms of distribution, marketing, and billing, while offering access to global audiences rather than just domestic ones. Given the importance of data in the networked digital media universe, such advantages are very valuable.

Indeed, for a relatively small television company like OUTtv, the international market has become more important than the domestic market, and this is only expected to grow. Same, too, for Corus' Stack TV, which reports that after only four years of operation, the service had become a fast-growing new distribution window with an estimated 940,000 subscribers and \$146 million in revenue (close to 11% of its total revenue from television programming services) in 2023. Other services in Canada are pursuing such options and, of course, foreign-based services are being distributed in Canada by such means.

Bringing all this into perspective in the context of the *Online Streaming Act*, Concordia University Professor Fenwick McKelvey told the Senate Committee on Transportation and Communications that reviewed that bill the following:

The act . . . has one clear objective: ensure that the CRTC has the capacity to regulate large, economically powerful domestic and international firms involved in broadcasting distribution [T]he mission-critical function of the new act must address the convergence of large online video-on-demand services and the traditional broadcasting distribution undertakings. The maturation of streaming services to a few dominant players indicates that online services have become cable by other means.²⁴¹

Clearly, online aggregators and distributors have become significant players in Canada, but that's a knife that cuts both ways. On the one side, program providers and rights holders have more doors to knock on, which is especially important given that one such door in western Canada was shut when Rogers took over Shaw. The entry of free linear, ad-supported online platforms known as "FAST" services such as Samsung Plus, Tubi, PlutoTv (owned by Viacom-CBS), and others may also have a significant long-term impact. In the US, they have become a popular replacement for traditional cable.²⁴² While the available data on these fast-moving developments is still too sketchy to allow reliable estimates of their impact to be made, three considerations suggest caution. First, the scale of these companies' activities in Canada are opaque. The *Online Streaming Act* targets that problem

through information disclosure obligations that the CRTC has already set out in new rules. While the obligations the Commission has imposed seem unduly deferential to this writer, there are indications that its goal is to harmonize what it gathers and publishes for streaming service with what it already does for domestic broadcasting, pay television and audio services, and telecoms operators. Those standards on the broadcasting side have been in place for fifty years, albeit with significant improvements in the last twenty, while on the telecom side, as we have seen, those obligations can be traced all the way back to the origins of telecoms regulation in Canada in the early-1900s, as we saw early in this report.

The new information disclosure obligations being demanded of the streaming services should help to clear away some of the fog that currently shrouds these companies and, thus, on balance, are a good thing. However, even these minimal requirements are being fought tooth-and-nail by, for example, Amazon, Apple, Netflix, Paramount and Spotify, individually and collectively by their trade and lobbying organization, the Motion Picture Association—Canada.²⁴³

Second, it is not just the information disclosure obligations that these companies are contesting but the imposition of a 5% contribution levy on their revenue from regulated streaming services in Canada. We will return to how those revenues can be estimated in the online video section below, but the key in this regard is to define the services and markets to be included in the base versus those that are not.

For now, the key point is that the size of this levy is consistent with the levy imposed on BDUs for decades. As such, again the underlying idea is of harmonizing obligations for companies that are in the business of aggregating and distributing television, film and music programming, whether over the internet, the air, or cable. The extension of the levy via the *Online Streaming Act* reflects that principle. That it will apply to streamers with revenue over \$10 million in Canada is also meant to capture only large video and music streamers. Lastly, the 5% threshold stands out because the CRTC rejected the many lobby and interest groups who wanted to set the bar a lot higher at up to 30% on the grounds that streaming services should be treated the same as the big *conventional broadcasting ownership groups*, in contrast to lower figures that have always applied to BDUs (5%) as well as pay television and audio services (0-10%). That said, intractable controversies over how to define Canadian content threatens to overwhelm efforts to create new rules for online media aggregators and distributors by those who believe that CanCon is everything while sneering at anything else as “mere housekeeping”.²⁴⁴

Third, and in line with the point that McKelvey makes above, while the inroads made by digital platforms into the television distribution market are benefitting consumers and programming services alike, this could all turn on a dime as they accumulate a bigger share of the market. Indeed, this is already occurring as novel versions of old disputes between cable distributors and programming services break-out.

Thus, in late 2021, for example, Disney yanked ESPN, ABC, FX and some of its other marquee brands from Google's YouTube TV in the U.S. as part of a battle to get Google to pay for the rights to distribute them "as part of Google's YouTube TV's bundle of live channels".²⁴⁵ The dispute was short-lived, though, and the Disney channels restored within days after the two disputing behemoths came "to a new carriage agreement".²⁴⁶ More such disputes should be expected, with potentially harmful consequences for smaller services and rights holders, especially. In Canada, the CRTC's stand still rules and mandatory bargaining rules prevent the use of programming black-outs in the case of such disputes. The application of these measures to streaming media services is also being worked out by the Commission under the *Online Streaming Act*.

As in Europe, there is also growing concern from traditional media providers about becoming too dependent on digital platforms for distribution and access to audiences. In one such case, for example, the BBC withdrew its popular Global News Podcast and Brexitcast from Google Assistant, Google Podcasts, and other specific Google products after complaining that Google superimposed its own layer of control, branding, and audience analytics around the public service media operators' content. Apart from the loss of commercial and marketing value this entailed, Google's practices also hobbled the BBC's ability to meet its mandatory obligations to collect and disclose specific types of audience information related to its online digital media operations to the U.K. media regulator, Ofcom. Finding the situation untenable, the BBC stopped using these Google services. Similar cases abound, but the upshot is that the lessons they teach are being heeded by legacy media groups who want to steer clear of such pressures and limits on their autonomy.²⁴⁷

Indeed, it is also clear that, lacking the clout that Disney or the BBC have, Canadian services in similar situations will face an even more serious imbalance in the terms of trade. This is why a strong regulator, equipped and willing to deal forcefully with the realities of the international audiovisual media marketplace, is needed. This is one of the key justifications for the *Online Streaming Act*, albeit one that has been

lost amidst all the teeth gnashing between nationalistic Canadian content and culture supporters of the bill and free speech purists opposed to it.

A second dimension to such concerns is also emerging as Google, Amazon and Apple make deeper forays into the television, film, and video marketplace: self-preferencing and unfair cross-subsidies between monopoly (dominant) services and other services. This issue is more in line with telecoms regulatory measures that ban undue preference outright, but in this context, Google, for instance, could use the cross-platform ties that exist between its search engine and YouTube to such ends. Similarly, Amazon could do the same between its Prime Video distribution platform and AWS cloud service, on the one hand, and third-party programming services, on the other, who rely on Amazon and its cloud hosting service for distribution, marketing, audience data and billing, while simultaneously competing with them through the expanding catalogue of programming included in its Prime Video service, especially after its acquisition of MGM studios last year.²⁴⁸

Will the *Online Streaming Act* be up-to-the-task of addressing such issues?²⁴⁹ While it is too early to tell, the act's vague, discretionary and permissive language of "may" and "should" in terms of what the CRTC can do versus clear emphatic statements telling the Commission what it *must* do,²⁵⁰ as is the case in the *Telecommunications Act* and the *Online News Act*, raises concerns.²⁵¹ The lack of more precise guidance in the wording of the act in favour of punting this complex cluster of issues to the Commission to sort out does not inspire confidence, either. The fact that the Liberal government and the vast majority of those backing the new legislation have overwhelmingly framed the *Online Streaming Act* as being about Canadian content issues and transferring money from international big tech companies and streaming services to domestic broadcasters rather than the structural issues being raised here also does not bode well. Nor does the positioning of domestic communications and media conglomerates such as Bell, Rogers, Shaw, and Quebecor as national champions serving on the front line of defense against international "web giants" inspire confidence.

To sum up this section, market and gatekeeping power is well-established in traditional BDU markets, and nascent when it comes to online aggregators and distributors such as Amazon, Apple and Google. As these two sectors converge, competition between domestic and international firms will intensify. This will likely be beneficial in several respects, and at least in the short-term, but the CRTC and the Competition Bureau will also need expanded powers to deal effectively with both groups of powerful actors. This could include thresholds and asymmetric obligations for players with significant market and gatekeeping power, subject to

periodic review, similar to the *Digital Services Act*, *Digital Markets Act* and the *Audiovisual Media Services Directive* in Europe as well as legislative proposals that aimed to bolster antitrust laws in the United States, but which have since lapsed. We will put those possibilities aside for now and return to them in the final section of this report where internet policy and regulatory options are taken up.²⁵²

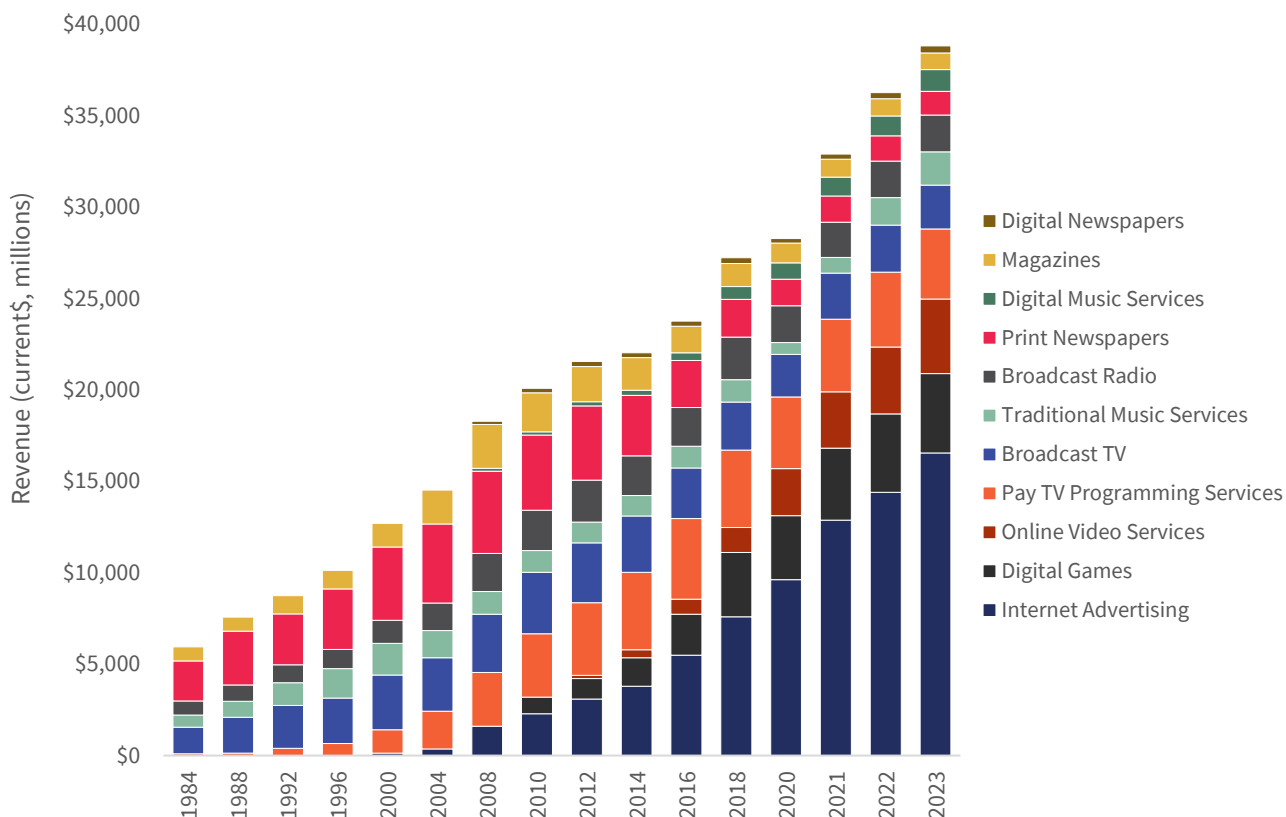
Traditional and Online Media Services: From Ad-Supported Content Media to Fast Growing Subscription-based Online Media

The remainder of this report shifts gears to examine ongoing developments in traditional and online media sectors. To begin, there has been enormous growth across the media content side of the network media economy, but that growth has been extremely uneven.

The overarching story across the content-oriented traditional and online (digital) media covered in the pages ahead is one of enormous growth, upheaval, and transformation. It also one where growth has been uneven and the wrenching transformations that have taken place have benefitted some while being devastating to others. Ultimately, however, most media sectors are vibrant and growing swiftly while the fate of several traditional media that have relied mainly on advertising for most of their history—for example, broadcast television and radio, newspapers, and magazines—is uncertain, at best.

Figure 39 below depicts the long-term growth of each of the traditional and online content media sectors covered by this project. As it shows, combined revenue for these content-oriented media has grown immensely from \$6 billion in 1984 to \$39.3 billion in 2023.

Figure 39: Traditional and online media revenue, 1984–2023 (current \$ million)



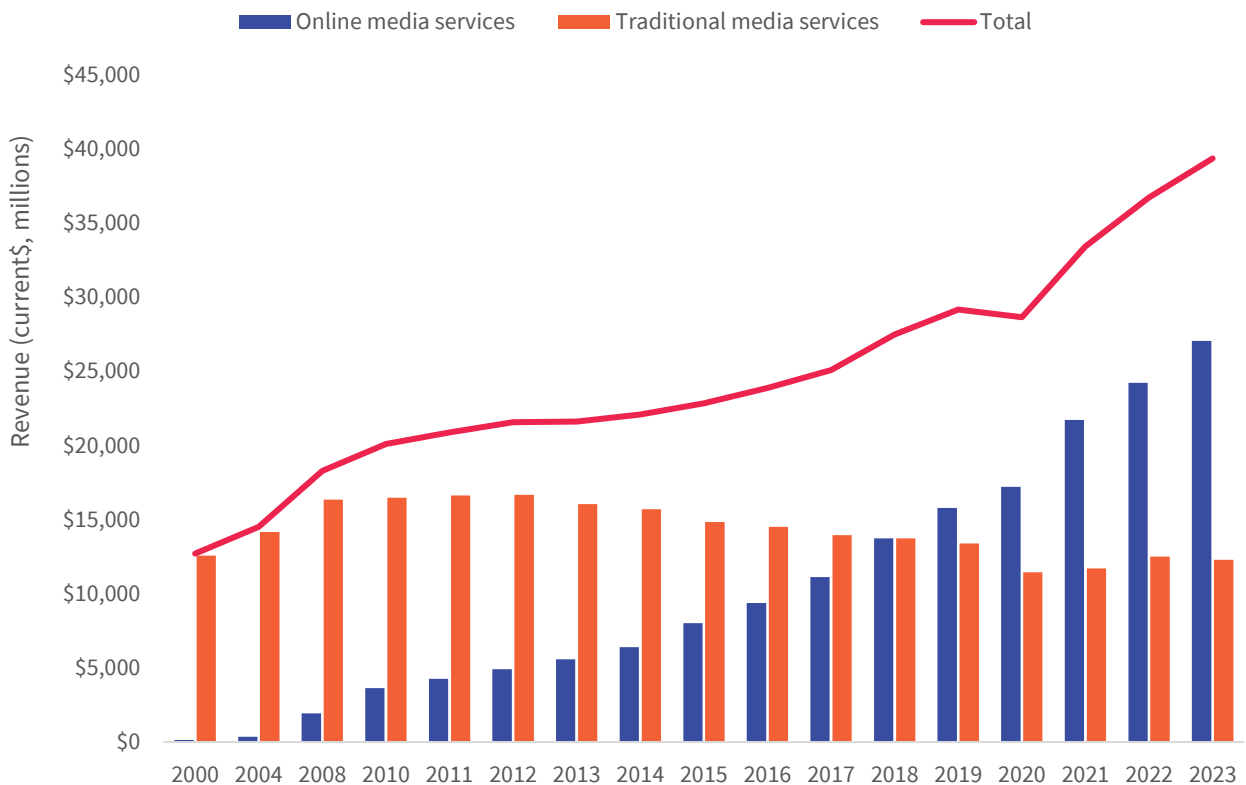
Source: see Figure 39 in the [Excel workbook](#) accompanying this report and each of the corresponding sector-specific sheets in the [GMIC Project—Canada open data sets](#).

We can also examine these trends by distinguishing between traditional²⁵³ and online digital media.²⁵⁴ Doing that shows that combined revenue for both jumped from \$21.6 billion to \$39.3 billion over the past decade while underscoring how there are now two separate evolutionary trajectories for traditional and online digital media. The basic story is about the pronounced shift to digital media where a wide range of big tech and streaming media services loom large as people increasingly turn to international big tech and streaming services, the most influential of which include Alphabet, Amazon, Apple, Bytedance (TikTok), CBS Viacom (Paramount), Disney, Meta, Microsoft, Netflix, Sony, Spotify, and Tencent. They aggregate and distribute a wide array of digital media over the internet, including television, film, video, music, games, app distribution, and news. Digital media markets also got a huge boost from the Covid-19 pandemic as people spent more time online and with streaming media services. Indeed, from the year prior to

covid (2019) until last year, online media revenue jumped from \$15.8 million to \$27 billion.

Figure 40 portrays the development of online and legacy media since 2000, but also the stagnation (2008-2012) and decline of the latter (circa 2013 until now).

Figure 40: Online media services vs legacy content media, 2000-2023 (Current \$, Millions)



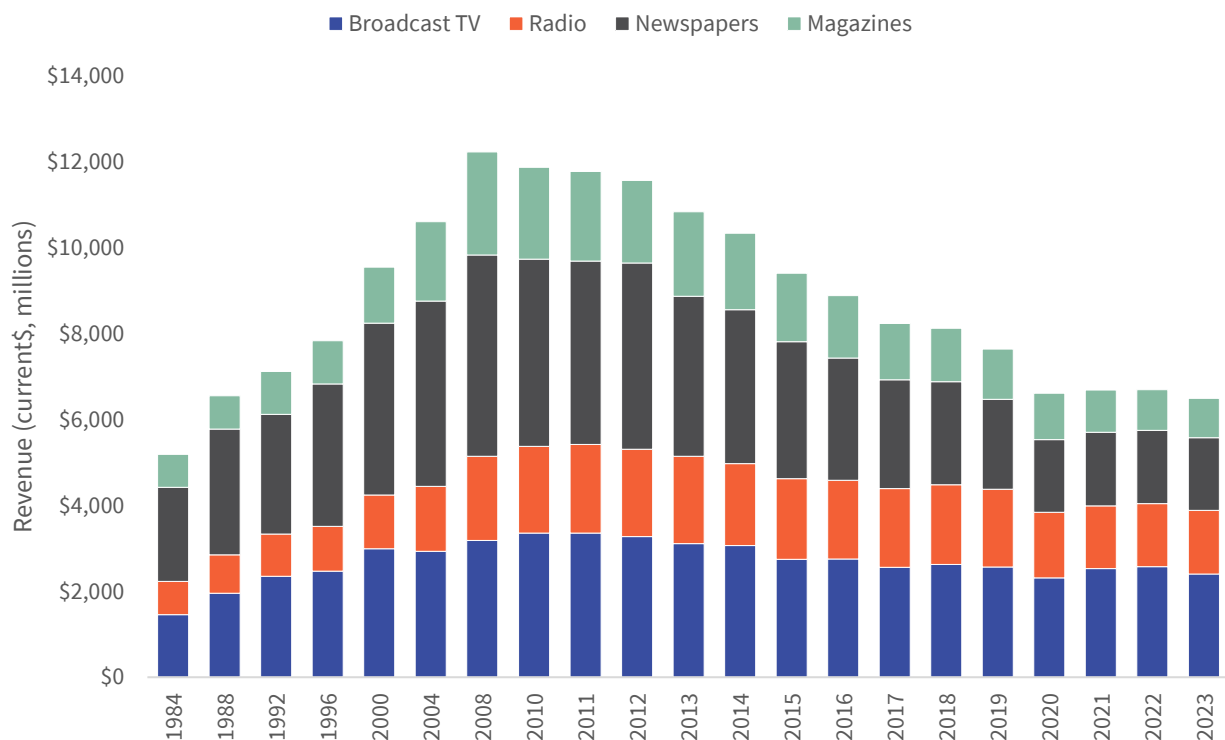
Source: see Figure 40 in the [Excel workbook](#) accompanying this report and each of the corresponding sector-specific sheets in the [GMIC Project—Canada open data sets](#).

While overall picture is one of enormous growth, greater diversification of media, and general upheaval, but for the subset of traditional broadcasting and publishing sectors that relied throughout the 20th century predominantly on advertising the story is more uniformly bleak. Those media include broadcast radio and television, newspapers, and magazines. They are in crisis. Collectively, their revenue has

plummeted by \$5.7 billion since 2008 and is now just a little over half it was then. There was some glimmer of hope sparked by the modest turn around in 2021-2022, but that hope was dashed last year when collectively each of these sectors (except radio) saw revenue decline again by nearly a quarter-of-a-billion dollars. Radio bucked the trend and was up slightly, i.e. \$10 million year-over-year on revenue of \$1.5 billion.

The bleak story of the last fifteen years or so is depicted in Figure 41 below. The Covid-19 pandemic dealt yet more devastating blows piled on top of those already suffered in previous years. Add in recorded music and pay television services, and their revenue dropped by another billion dollars between 2019 and 2023.

Figure 41: The rise and fall of advertising-funded media, 1984-2022 (current \$, millions)



Source: see Figure 41 in the [GMIC Project—Canada open data sets](#) and the “Total Revenue (Millions)” sheet in the [GMIC Project—Canada open data sets](#).

Several observations jump out from the developments just presented and discussed unfolded and are the subject of the rest of this report:

1. Advertising is becoming increasingly centralized on the internet and concentrated at a few international big tech conglomerates, with domestic media companies share of a bigger market getting smaller-and-smaller. Traditional media sectors (i.e. broadcast TV, radio, newspapers, and magazines) have been fighting and losing a battle over advertising revenue. As that fight rages, the core of the media economy is shifting towards subscriber fees for both online and traditional media services.
2. Most sectors that are vibrant and growing are distinguished from those that are not by the fact that they rely primarily on subscriber fees and direct consumer purchases versus advertising. The significance of paid subscriptions in the media economy has risen whereas media that have historically relied predominantly on advertising continue to slump.
3. A dual media economy is taking hold with one track based on mainly on premium subscription-based services that serve a relatively wealthy audience and another where ‘free’ content supported by advertising attracts a mass audience.
4. Online content aggregators and distributors such as Alphabet, Amazon, Apple, Meta, and Microsoft’s activities are converging and competing more with those of traditional BDUs. This gives people more choice and media content makers and rights holders more doors to knock on but it is also creating new instances of substantial market and gatekeeping power that regulators are only starting to address.

In the next section of this report, we take up those over-arching trends in relation to an analysis of the following online and traditional media services:

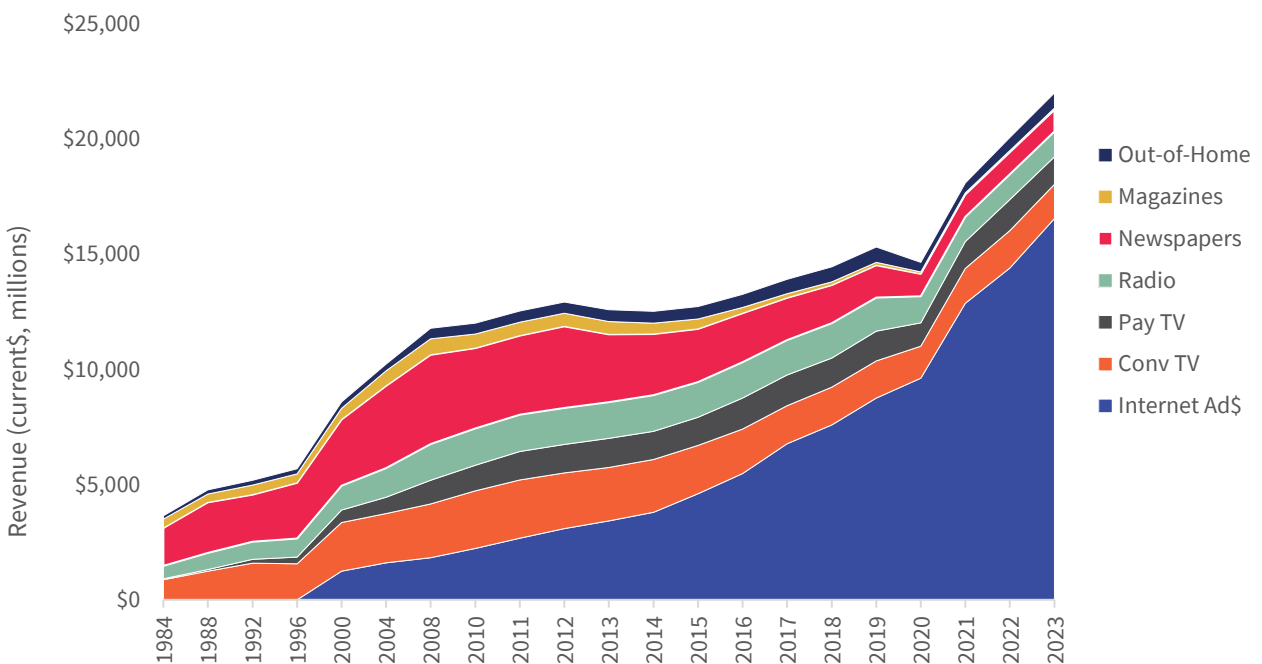
- internet advertising
 - broadcast television and radio
 - pay and specialty television and audio services
 - online video services (SVOD, TVOD, AVOD)
 - traditional (physical, publishing, live concerts) and online music
- (paid subscription and ad-funded streaming services and downloads)
 - games (console, PC and mobile)
 - app distribution
 - newspapers, magazines and online news

Internet advertising

The online advertising market has developed swiftly, reaching \$16.6 billion last year. This was up 15% from \$14.4 billion the year prior and over double what it had been five years ago. IAB Canada and eMarketer put the figure a little lower,²⁵⁵ but those slight differences do not distract from the fact that advertising is increasingly centralized on the internet. Online advertising now accounts for three-quarters of the \$22 billion in total advertising spend across all media in Canada. This, too, is up greatly from four years earlier when it comprised just over one half of all advertising spending.

Moreover, the pace of the shift of advertising to the internet has accelerated in recent years. It is also becoming more concentrated in a few dominant players like Alphabet, Meta and Amazon rather than broadly spread. Figure 42 below illustrates the changing mix of advertising spending across different media over the time frame covered by this report.

Figure 42: The centralization of advertising on the internet versus other media, 1984-2023



Source: see Figure 42 in the [Excel workbook](#) accompanying this report and the “Total Revenue (Millions)” sheet in the [GMIC Project—Canada open data sets](#).

Trends in online advertising need to be placed in a broader context that captures key trends and factors shaping the advertising industry in Canada. Advertising spending across all media has increased in recent years, reversing a slump that accompanied anemic and uncertain economic trends for most years after the global financial crisis of 2007-2008. Figure 42, above, depicts the period of slow to no growth in advertising spending from 2008 to 2016 before it picked up until 2019 before contracting sharply in 2020 as the Covid-19 pandemic hit. Total advertising spending then surged from \$14.6 billion to \$22 billion from 2020 to 2023, a remarkable 50% increase overwhelmingly due to gains in online advertising spending (all figures in current dollars, that is, not adjusted for inflation).

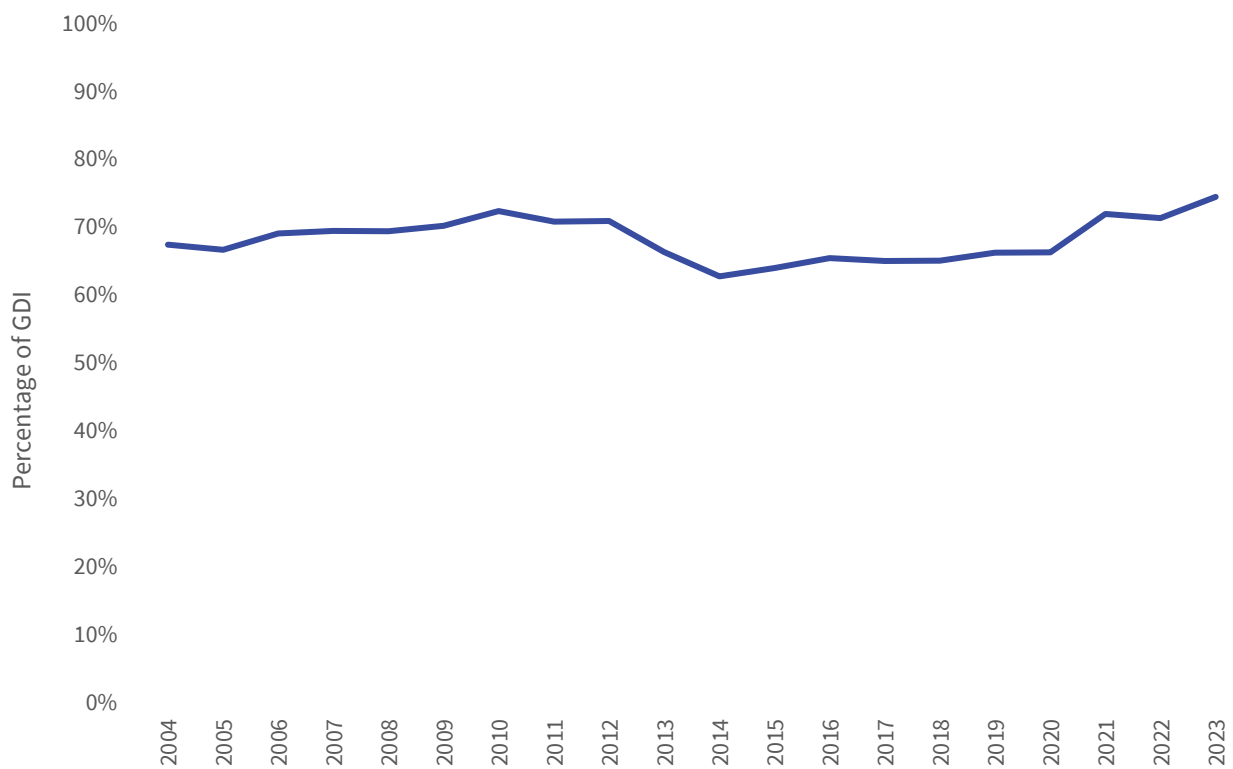
In contrast, other media registered either little to no growth (radio and newspapers), slow growth (broadcast television and out-of-home), moderate growth (pay television), or declines in line with long term trends (magazines). Even for legacy media, advertising revenue stabilized and even rose gently after the outbreak of the Covid-19 pandemic in 2020: \$5 billion then versus \$5.45 billion last year. The harsh reality, however, is that advertising revenue for legacy media in 2023 had fallen by nearly half from what it was in 2008.

Some of the recent relief for *some* media reflects the federal government's increased spending on advertising during the pandemic that was aimed at promoting public health messages, government services, support programs, and bolstering the commercial media economy. Whereas government advertising spending was \$45 million in 2019-2020, it surged to \$107 million in 2020-2021 and higher yet the next year, when it reached \$140.8 million. The lion's share of this increased spending went to broadcast television groups and pay television services. Newspapers also gained a modest share of that increase, helping to stabilize their revenue after unrelenting decline from 2006-2008. Nonetheless, this short-term reprieve will not reverse the long-term trend of more advertising migrating to the internet as well as Ottawa winding down its temporary bump in advertising spending with only \$86 million spent last year.²⁵⁶

While the headline is the just-mentioned shift of advertising to the internet, a less obvious story that needs more attention is that advertising spending tracks the economy in lockstep fashion.²⁵⁷ Indeed, advertising is the canary in the mine shaft, with increased spending signaling in advance when the economy is set for good times and decline when tough times await. That can also be seen in Figure 42 above. It can also be seen by tracking advertising spending against the size of the economy, too, as Figure 43 below does.

As Figure 43 shows, advertising spending has stayed within a narrow band of between .62% to .72% of gross domestic income (GDI) for two decades, moving up and down in tandem with conditions in the economy. It was stuck at the lower end of that range during much of the last decade before bucking that trend in the last three years. Those improved conditions can be seen in the bottom-lines of most broadcasting and publishing companies in Canada as well.

Figure 43: Ad spending as a percentage of Gross Domestic Income, 2004-2023



Source: see Figure 43 and the “All Advertising \$” sheets in the [Excel workbook](#) accompanying this report.

Had advertising stayed stable in the decade after the 2008 financial crisis at the levels it was in the early- to mid-2000s relative to GDI and on a per capita basis, there would have been close to an extra \$5 billion in advertising spending in the media economy, or \$594 million per year on average during the lean years between 2010 and 2020.²⁵⁸ Those ‘extra’ billions would have been a boon to media such as broadcast television and radio, newspapers and magazines during those lean years

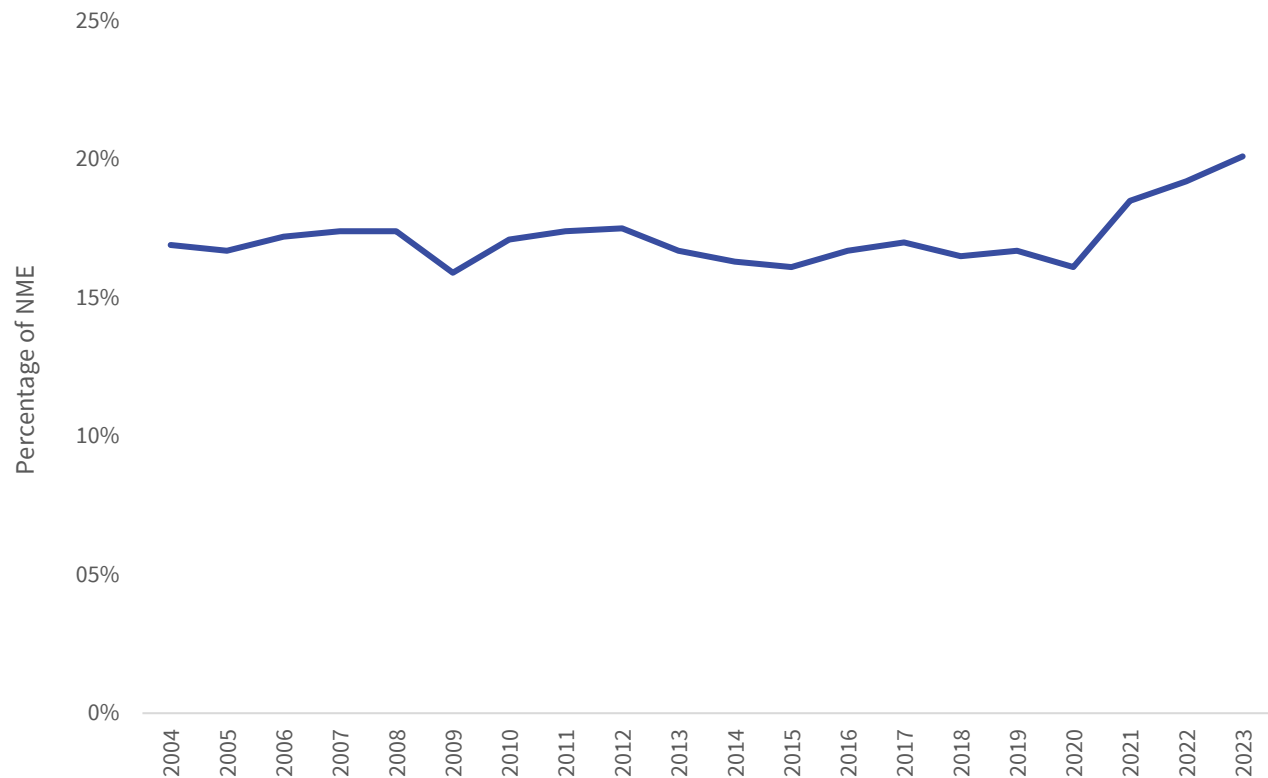
as they engaged in a struggle for survival with Alphabet and Meta over scarce advertising revenue, and while the digital duopoly were consolidating their grip on the online advertising market. Indeed, in this hypothetical alter universe where advertising stayed steady in terms of its share of GDI, that 'extra' money would have gone a long way to offsetting the crisis of advertising-funded media, *if it had not also been all gobbled up by the two big tech behemoths as well.*

Buried within these observations is another distinguishing feature of media economies everywhere: the extent of advertising spending relative to the size of national economies varies tremendously. Thus, in Canada, advertising, on average, made up .68 of GDI over the past twenty years, which is roughly two-thirds to three-quarters as much as in the U.S. but twice as much as Europe and four times as much for a broadly drawn Asia-Pacific region. Comparing the Canadian online advertising market to that of the U.S., for example, helps illustrate the point. Year-in-year-out, it is roughly 5-6% of the U.S. online advertising market, whereas a straight comparison of the two economies suggests that it should be close to 8%.²⁵⁹

Meta's annual report also highlights the point when it presents the differences between its average revenue per user in the U.S. and Canada (\$68.34 for fourth quarter 2023), Europe (\$23.14), the Asia-Pacific region (\$5.52), and rest of the world (\$4.5).²⁶⁰ This reflects differences in national economies, to be sure, but from the perspective of communication and media scholars the more striking fact they embody is the much higher commercialization of the U.S. media and society relative to Canada and, especially, the rest of the world.

A similar picture emerges when we examine advertising spending relative to the size of the media economy. In line with the observations just made, advertising spending on this measure was below what it had been in the early- to mid-2000s. As Figure 44 below shows, a path to recovery opened in 2016-2017, after stagnating advertising spending for years, but was closed shortly thereafter by the pandemic in 2020. Yet, twists became turns again and in the last three years advertising has risen again at such a quick pace that it has broken from historical trends to reach all-time highs.

Figure 44: Advertising spend as a share of the network media economy, 2004-2023



Source: see Figure 44 and the “All Advertising \$” sheets in the [Excel workbook](#) accompanying this report.

In simple terms, this means that one-in-five dollars in the media economy now comes from advertising. In the past, it was less than one-in-six. This bodes well for the near-term future of ad-funded media, but it is too early to tell if these recent trends will stick. A pointed question also remains: will international tech giants like Alphabet, Meta, and Amazon scoop up all that increase or will some of it go to telecoms, broadcasting and publishing companies in Canada? The answer to that question hinges on whether public policy measures are created to spread the spoils or if ‘market forces’ will be left to determine the outcome. We will address that question in the pages ahead.

These recent trends also prompt interesting questions about the commercialization and commoditization of communication and culture. Even the big bump in advertising spending in the last three years cannot conceal the fact that the

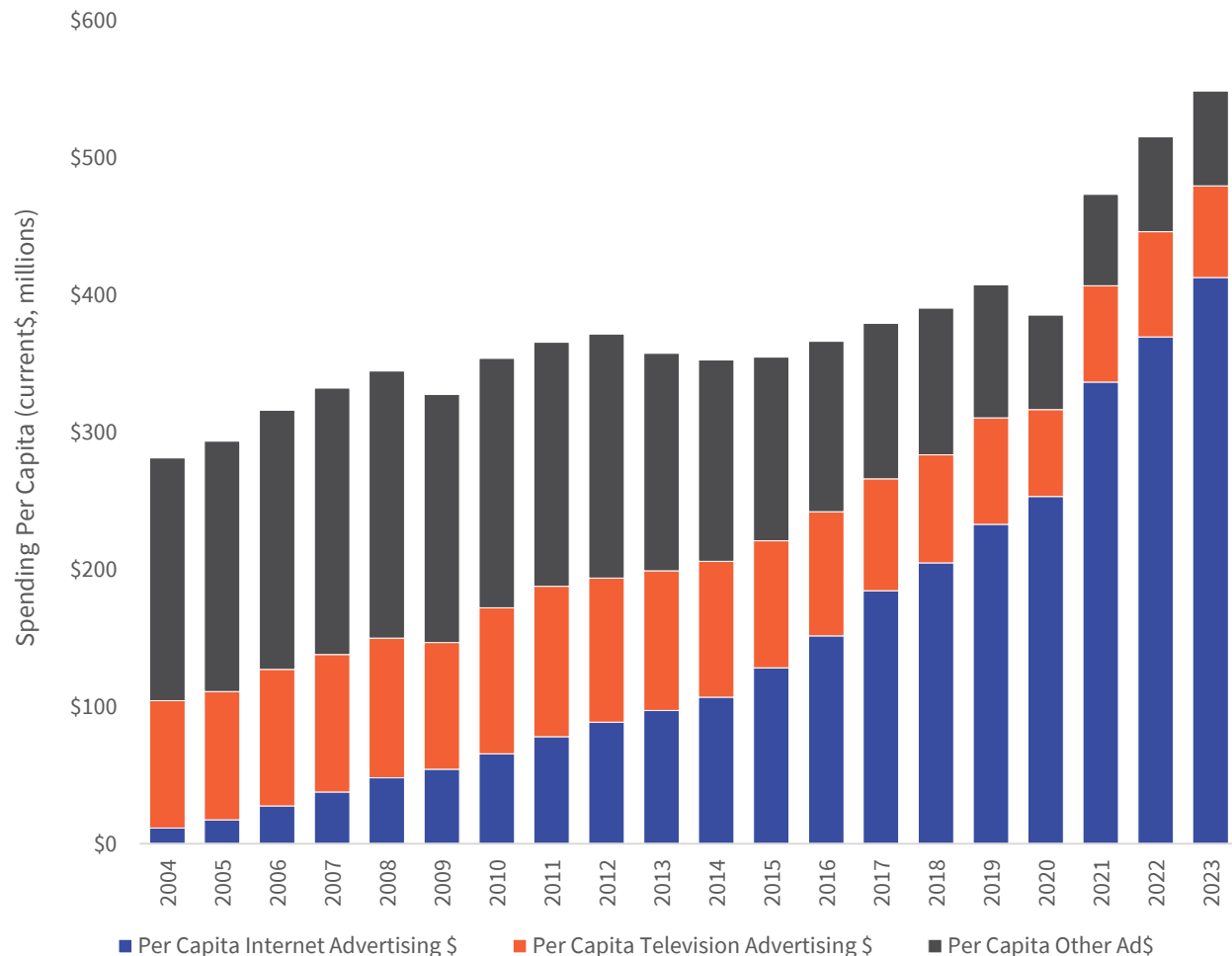
network media economy relies overwhelmingly on subscription fees by a four-to-one ratio. Communication scholar Vincent Mosco pointed out this nascent tendency when assessing the rise of the “pay-per society” in 1989.²⁶¹ Now, it has come to pass given the growing dominance of pay-per services, including telecoms, internet access, pay television services, online newspapers, streaming platforms, and app stores like Google Play and Apple App Store. These services contrast with advertising-supported media (now accounting for about one-fifth of the media economy) and publicly funded media like the CBC, which now represents just 1.3% of the media economy.

In this commoditized and commercialized landscape, communication is treated like any other product, sidelining principles of citizenship, equity, and universal rights. Consequently, as Mosco predicted, ability to pay has become the decisive factor in determining access to communication and media services, exacerbating divides between those who can afford access and those who cannot. This is also a world in which “bandwidth is king,” not content, signaling the supremacy of infrastructure over content in today’s digital communication systems.²⁶²

This is not to gainsay the significance of advertising but to get a proper measure of its place within the media economy. It is, of course, still extremely significant and becoming more so when we consider the amount of advertising spending on a per capita basis. Seen from this angle, advertising spending fell from \$344.56 in 2008 to \$327.61 a year later, recovered that lost ground within two years, but then lumbered along for the next five years with slow to no growth, until creeping upwards between 2017 and 2020. Then, as we saw earlier based on different indicators, the legs were kicked out beneath even this modest turn-around by the onset of the Covid-19 pandemic in 2020.

Yet, as people’s pent up demand to go outside and buy things, and having stored up money to do just that, advertisers opened their purses.²⁶³ Advertising spending has been on a tear since, soaring from \$385.32 per person in 2020 to \$548.33 last year, albeit with some significant exceptions to that trend, for example, television advertising last year (see below) Add to this the increase in the population of Canada during these years, and the evidence of an robust recovery in advertising spending is even more impressive. Figure 45 below illustrates these dynamics over the last twenty years.

Figure 45: Advertising spending per capita, 2004-2023 (current \$, millions)



Source: see Figure 45 and the “All Advertising \$” sheets in the [Excel workbook](#) accompanying this report.

Scrutinizing per capita advertising earmarked solely for television is also telling. Whereas television advertising spending grew steadily for decades to reached just over \$100 in 2007 and 2008, it too steadily slid downward ever since. Between 2012 and 2016, for example, it dropped to roughly \$80 per person, where it stayed for the next three years before plunging to \$63.39 in 2020. It then jumped to \$76.94 per capita over the next two years, aided by the big bump in advertising spending by the federal government. It dropped to \$66.95 last year. Why?

While it is impossible to say exactly why television advertising dropped last year, there are three explanations that might offer the key to a good answer. First, the federal government cut \$55 million from its pandemic-era advertising budget last year. Since television broadcasters like Bell, Rogers, Corus and Quebecor were the main beneficiaries of the pandemic era increases, it stands to reason that they were hit the hardest when Ottawa took those funds away.²⁶⁴ Second, online video services such as Bell's Crave, Netflix, Amazon, Corus's Stack TV and CBC Gem introduced discounted advertising-supported tiers. While this did not reduce advertising revenue it likely had the effect of shifting dollars once counted for television to the online advertising market. Third, from May to late September 2023, the Writers Guild of America went on strike, and were joined on the picket lines a few months later by the American actors guild SAG-AFTRA. Consequently, new programming production ground to a halt, with film and television production delays that are only being caught up to and resolved now.²⁶⁵

The observations just offered help us to get a clearer view of where advertising fits into the media economy and to address long-standing theoretical points about capitalism, communication and culture. They also tip us off to the extent to which advertising as a central part of the media economy changes over time, across media, and by country, thereby demonstrating why it is so important to pay close attention to details rather than glib generalizations. They also crystallize a critical point about how the fate of the media is coupled with the state of the economy, with each rising, falling and moving in lockstep with the other.

Finally, and of particular importance in debates over the impact of big tech and the internet on communication and culture, they also reveal that no matter how important Alphabet, Meta, Amazon, Bytedance, Twitter / X, and so forth have become, there are other factors that deeply impact the state and fate of the media. Another important dimension is that advertising-funded media have to compete with one another for a share of a relatively fixed pie—even a shrinking one based on some measures—after the financial crisis of 2007-2008, but also a roster of a few global internet giants that were consolidating their stranglehold on internet advertising and, in fact, the entire advertising market. Discussing the issues these developments raise is the task of the next few pages.

Concentration of online advertising

Advertising is not only becoming increasingly centralized around the internet but concentrated in the hands of a few internet giants, two of which stand out: Alphabet and Meta. Combined, in 2023, they accounted for three-quarters of the \$16.5 billion spent on internet advertising in Canada. This is up substantially from two-thirds a decade ago but down from 2020-2021, when the two digital juggernauts accounted for four-fifths of internet advertising dollars in Canada.

This softening of the digital duopoly is due to the fact that Amazon (14.3% share), mostly, but also Bytedance's TikTok (2.7%) and Microsoft's Bing (2.5%) have taken a bigger chunk of the market. As of 2023, the digital duopoly had effectively morphed into a three-way oligopoly that commanded 89.3% of the online advertising market. Adding TikTok drives the share of the big four big tech companies to 92% of the market. New social media/video sharing platforms have become prominent features in popular culture, policy discussions, and online media markets, as the rise of TikTok up the ranks of top-grossing advertising recipients shows, for example. However, it still only garnered a modest 2.7% of the online ad market in Canada last year, although that was enough to put it fourth on the list and ahead of Microsoft's Bing.

Figure 46, below, depicts the swift growth and consolidation of Alphabet and Meta's dominance of internet advertising since 2014, along with Amazon's quick rise in the last few years. It also shows the shrinking place occupied by nearly everybody else.

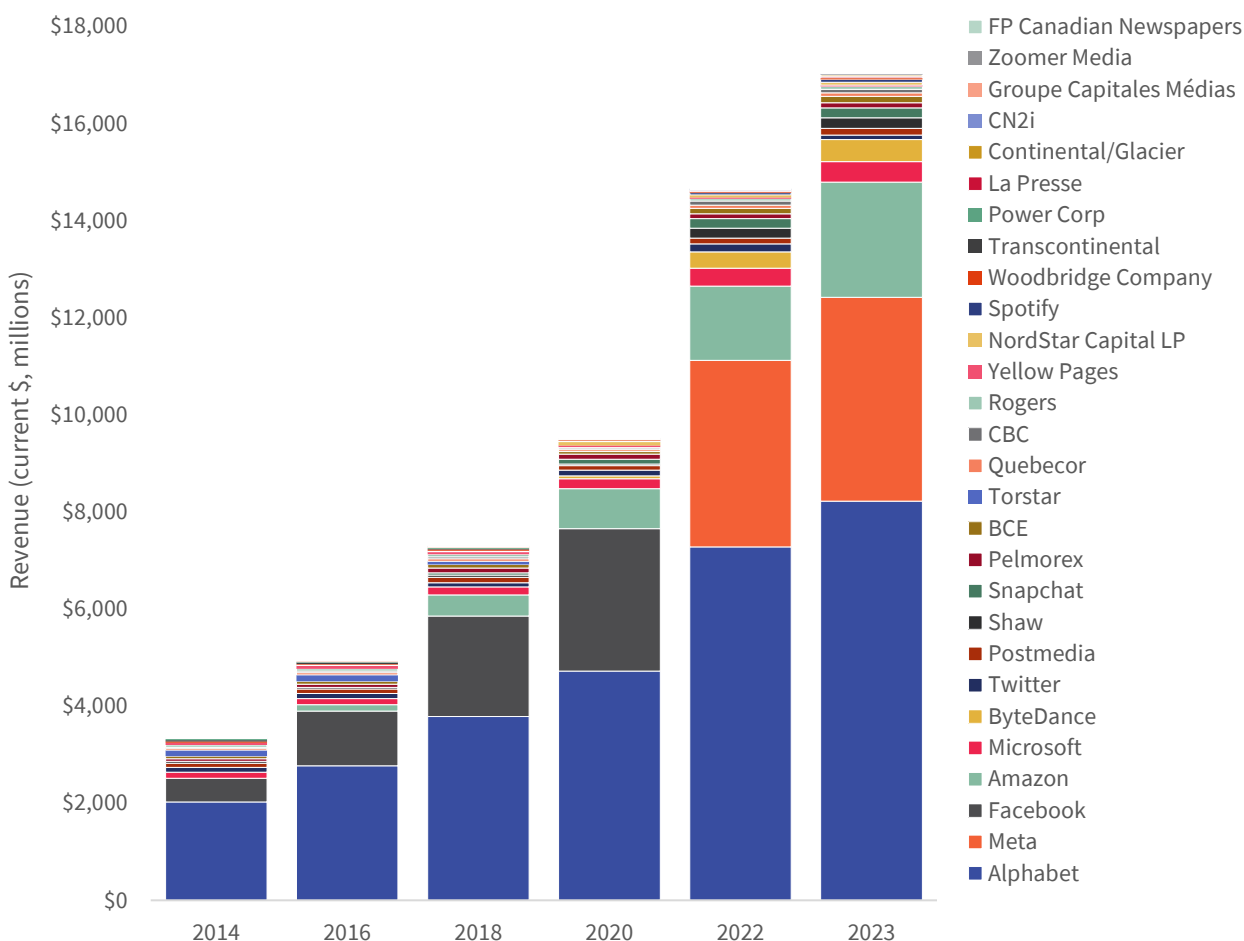
3/4

Combined, in 2023, Alphabet and Meta accounted for three-quarters of the \$16.5 billion spent on internet advertising in Canada.

92%

Alphabet, Meta, Amazon, and TikTok account for 92% of the internet advertising market in Canada.

Figure 46: Internet advertising: Revenue, market shares and concentration scores (based on \$), 2014-2023



Total \$ (mills)	\$3,793.0	\$5,485.0	\$7,592.0	\$9,624.0	\$14,391.0	\$16,551
Google + Facebook Share	66.2%	71.1%	77.1%	79.5%	77.3%	75.0%
CR4	69.5%	75.7%	84.9%	88.7%	90.3%	92.0%
CR10	81.7%	84.6%	93.1%	94.5%	97.9%	99.2%
Canadian Media Co Share	16.1%	12.2%	9.1%	5.5%	6.1%	6.1%
HHI	3069.2	3005.0	3272.2	3420.7	3405.5	3334.3

Sources: see Figure 46 sheet in the [Excel workbook](#) accompanying this report and the “Total Revenue” entry in the [GMIC Project—Canada open data sets](#).

As Figure 46 also shows, TikTok belongs to a second tier of U.S, Chinese (TikTok), European (Spotify), and Canadian companies with revenue in the \$95-450 million range, each with a 1-3% share of the online advertising market that also includes Microsoft (Bing), Shaw (Corus), Snapchat, Postmedia, BCE, and Pelmorex. While four Canadian companies are on the list, their share of the market is tiny at 5-6%, in aggregate, in recent years (or 7-8%, according to the IAB.Canada).²⁶⁶ In fact, their share of the internet advertising market has fallen to two-thirds to a half of what it was in the 2010s, i.e. in the 9-16% range.

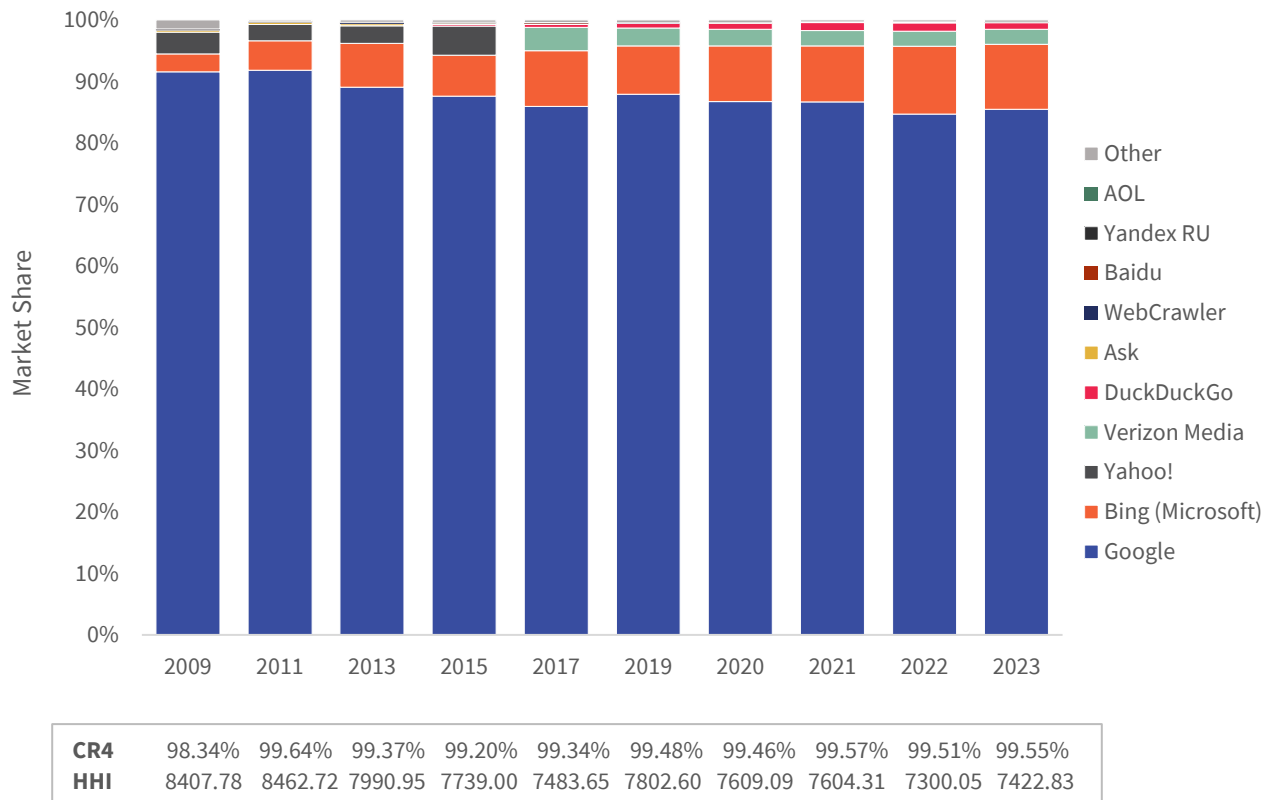
Alphabet: From search engine to diversified digital conglomerate

While Alphabet has diversified its operations over time, Alphabet still derives 77.4% of its revenue from advertising spending. Its dominance of internet advertising begins with its control of the search engine market, YouTube, and Google AdExchange, although subscription-based and paid services have become more prominent in recent years. That development, in turn, reflects its expansion into a growing range of markets over time.²⁶⁷

The early years of the commercial internet in the 1990s and early 2000s saw an eclectic variety of search engines before Google jumped in: AltaVista, Excite, Go, Lycos, Yahoo!, etc. Most of those entities went bankrupt or were quickly taken over by other companies, however, especially in the aftermath of the dot.com bubble's collapse. By the mid-2000s, this early phase of competition in the search market gave way to winner-take-all conditions, revealing the enormous economies of scale and scope and barriers to new entrants that have come to define the search industry.²⁶⁸

Since that time, concentration levels in the desktop search engine market have remained in the 85-90% range based on the CR4 method and the 7,400-8,600 range based on the HHI approach. As of 2023, Google had a 85.5% market share of the desktop search market; erstwhile alternatives such as Bing, Yahoo! (Verizon Media) and DuckDuckGo trailed far behind with 10.6%, 2.4% and 1.1%, respectively. Figure 47 depicts conditions in Canada since 2009.

Figure 47: Search engine market shares and concentration levels, 2009-2023



Sources: see Figure 47 sheet in the [Excel workbook](#) accompanying this report and the “Search engines” entry in the [GMIC Project—Canada open data sets](#).

Alphabet’s grip on the mobile search sector is even higher, hovering between 96.8% last year and 99.5% a decade ago. Consequently, the HHI score for the mobile search market has been nearly off-the-charts for over a decade, bouncing between a low of 8,348 (2014) and 9,900 in 2009-2010 (recalling that an HHI score of 10,000 represents a monopoly). Last year, it was 9,469. Thus, it is not just that these are stratospheric levels of concentration but that they have been entrenched for well over a decade.

It is the general search functionality that underpins Alphabet’s dominance of the whole internet whereas others like Meta, Amazon, TikTok and so forth have a reach that is limited to third party advertising buyers and sellers within their respective “networks” (e.g. Meta Networks), social media, display, or retail (e.g. Amazon). If we treat search advertising as a distinct market, as we should, Alphabet search

accounts for an estimated 93.6% of that \$7.4 billion dollar market.²⁶⁹ That's as close to monopoly in the simple sense of that word as one can find.

Alphabet's advertising-supported YouTube also dominates online video advertising (see below for details). With its internet-wide reach *and* dominance of advertising-supported video sharing platforms, Alphabet covers the whole internet.

Consequently, and not surprisingly, this is why it single-handedly accounts for just under half of all internet advertising spending in Canada with estimated revenue last year of \$8.2 billion. That figure has stayed fairly stable over the past half decade, but with a slight drift downward in the context of a fast-growing pie. No other entity comes close to matching Alphabet's scale or scope.

It should be noted, however, that just what to include in calculating that figure and, specifically, whether what Alphabet calls "traffic access costs (TAC), should be excluded is disputed.²⁷⁰ While complicated, the basic point is that "Google Network" partners are paid for generating the ads that Alphabet makes money on. Alphabet categorizes this as "TAC" or Traffic Acquisition Costs. In 2023, those costs amounted to just over a fifth of its advertising revenue.

There is a lot at stake in what might otherwise seem to be an esoteric dispute over method because if you take those costs out, Alphabet's revenue and market share fall by a matching amount. In the Canadian context, its estimated revenue would fall to about \$6.5 billion from \$8.2 billion in 2023 and its market share from fifty percent to forty. This also has implications for the amount of the levy that it will pay into media support funds established under the *Online Streaming Act* and *Online News Act* that came into effect last year.²⁷¹ The size of such levies are, at least in part, pegged to the revenue of Alphabet's broadcasting and news distribution services based on the simple principle that the bigger those revenues are the more it pays (more on both acts in the pages ahead).

The case *for* removing TAC from Alphabet's bottom line appears is simple, at least at first blush: they are pass through costs that Alphabet pays to Google Network parties: third parties who sell ads through its services. The amounts of TAC are easy to identify because they are singled out in its financial reports. This could also help check against the possibility of double counting whereby money counted for Alphabet might also be counted for, say, Bell, Rogers, the *Toronto Star* and *LaPresse* who sell their inventory of advertising space through Google AdExchange.

Taking this approach would also help address a problem encountered in generating estimates for this report over the years: the sum of individual firm revenues constantly bumps up against the ceiling imposed by the denominator, that is, the

total value of the internet advertising market. Lowering revenue estimate for Alphabet would make that problem go away.

The issue, however, is that the case *against* taking out the TAC charges is just as easy to make. Most compellingly, Alphabet itself does not do this. In fact, it racks up TAC as part of its revenue and, therefore, that revenue is included in its balance sheet for calculating operating profits and corporate tax purposes. In addition, while removing such costs for Alphabet might be easy, it's already extremely difficult to get good data from, or to generate good estimates for, international tech conglomerates in general to say nothing of doing this for every service they offer and in each of the countries where they offer those services. Reducing Alphabet's revenue and market share also seems to be out of step with approaches that most regulatory and tax authorities currently use. Lastly, it leads to results in a highly disputed domain that are lower than usual, which could take the heat off big tech behemoths that have only recently come under concerted sustained scrutiny from antitrust and antimonopoly authorities.

That said, the knife cuts both ways. Needlessly clinging to a method that does not accurately reflect the complexities of the digital economy risks being rendered obsolete by the brute force of reality. For the time being, we note this dispute and will make our decision between this report and next year's as to whether we will carry on as we have been or switch to this alternative approach.

Ultimately, Alphabet's dominance of the online advertising market does not turn on the outcome of this dispute, just the magnitude of that dominance. Under our current approach, it dominates half the internet advertising market, while with the alternative approach it would be forty percent. In either case, those are still indicators of monopoly power, and they have held steady for a very long time.

As intimated a moment ago, it is also important to recognize that we should speak not just of an omnibus internet advertising market but one that has become fractured into specialized segments like general search, video, display, social, and retail, each with their own points of dominance and dynamics. The next few paragraphs draw out this point, while branching out to assess other major and lesser interests in the internet advertising market in Canada.

Alphabet dominates the "video sharing platform" space through its ad-supported YouTube, with user generated content filling it alongside branded content created by Canadian, U.S. and international media brands. We will return to Alphabet's paid video and music options such as YouTube Premium Video and YouTube Music, as

well as the Google Play versions of each, below. Sticking to online advertising for now, it can also be said that Alphabet dominates the video sharing category.

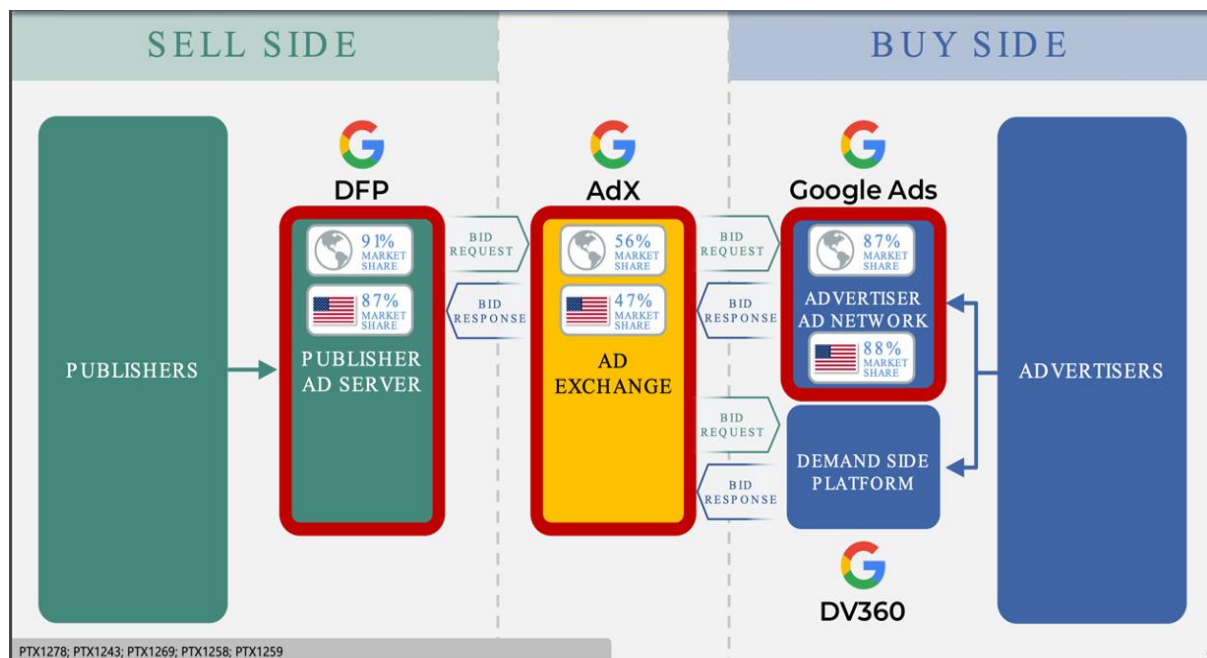
By our estimate, its advertising-supported YouTube video sharing platform crossed the billion-dollar mark in Canada last year (\$1,089 million), up from \$930.5 million year-over-year. That is about 13% of Alphabet's advertising revenue and represents just under sixty percent of the distinct video advertising segment of the online advertising marketplace. This result is ten points higher than the general advertising market, meaning that its dominance of the video sharing platform market is even stronger than it is in general search.²⁷²

Alphabet's dominance of online advertising is girded by the fact that it has vertically integrated its search and online advertising functions with its own proprietary digital advertising exchange (and the buying and selling of advertising inventory on both sides of that exchange), to say nothing of the dominant position several of its subsidiaries hold in relation to mobile and desktop browsers, the Android mobile operating system, and the Google Play app store. The cornerstone in Alphabet's sprawling reach across the internet stack, however, is its proprietary online advertising system. It has assembled that system through a series of acquisitions over the last twenty years, for example, DoubleClick (2007), AdMob (2010) and AdMeld (2011), amongst hundreds of other acquisitions.

“By our estimate, its advertising-supported YouTube video sharing platform crossed the billion-dollar mark in Canada last year (\$1,089 million), up from \$930.5 million year-over-year.”

In so doing, Alphabet has erected a walled garden around its own services, audience data, and the online advertising system, a stark departure from the company's original, beneficent-sounding mantra to help people navigate the 'open internet' and to slay the walled gardens that threatened that ideal. Figure 48 depicts the vertically integrated advertising technology stack and exchange that Alphabet has assembled over the last decade.

Figure 48: Alphabet's vertically integrated ad-tech stack



Sources: United States District Court, DC ([August 5, 2024](#)). Memorandum opinion. U.S. and Plaintiff States v. Google LLC [2023]. [Closing arguments-PPT Deck](#) (November 25, 2024) (Google Ad case).

In practice, Alphabet's control over its vertically integrated online advertising system means that media companies place their available advertising inventory with Alphabet services on the "sell" side while advertisers then bid in real time for that inventory on the "buy" side of the exchange. In other words, it controls both sides of the online advertising market and the market exchange itself in the middle and does so in ways that are impenetrable to either the actors involved or outside scrutiny. Comments by Alphabet executives revealed during testimony in the U.S. DoJ's advertising monopoly case against the company help capture what that means:

. . . is there a deeper issue with us owning the platform, the exchange, and a huge network? The analogy would be if Goldman or Citibank owned the NYSE."²⁷³ The court ruled against the company in August this year, while the remedies to be imposed as a consequence of that decision against the company are being worked out as this report is written.²⁷⁴

Alphabets' entrenched dominance of online search and advertising has underpinned a widening array of products that now have over a billion users each: Android, Gmail, Google Play, YouTube, Maps, Photos, and Docs. Consequently, it is no longer just a search and online advertising giant but a new kind of diversified multinational digital conglomerate with a dominant and entrenched position across several markets and the whole internet and within countries and around the world.

It is this tendency to lock-in their dominant position and to leverage that dominance to enter new markets that have caught regulators' eyes, not just in the U.S. but in Canada as well, and in a trilogy of cases in the European Union that have unfolded over the past fifteen years but that are only being resolved now.²⁷⁵ Indeed, in the U.S. alone, Alphabet has been found in two separate cases to be illegally using its monopoly in general search and online advertising to kill competition and, in the process, harm consumers and third parties such as news media organizations, broadcasters and publishers for whom such services are part of their life blood. Again, more on those cases later.

Alphabet's online advertising monopoly—that is, the ability to unilaterally set prices, terms of service, privacy standards, foreclose new entrants, etc. rather than controlling one hundred percent of the market—is underpinned by massive economies of scale and scope and barriers to entry. These forces stem from the fact that it takes massive capital investment to build a search engine that works on a planetary scale, assemble the corpus of all of humanity's expressions that underpin its search engine's day-to-day operations, to create the data centres that warehouse all of that 'content', and to build, buy and operate, either on its own or jointly with others, undersea cables and national and regional backhaul fibre connections that are needed to make it all work.

Busting up Alphabet is now on the table, but should we?²⁷⁶ In the online advertising case, the DoJ is proposing remedies that target those economic realities and the illegal conduct that put Alphabet on trial to begin with, while preventing it from resurrecting such power in the future or extending it to nascent markets like AI. The remedies proposed include:

1. Spin-off Chrome, Google Play, and/or the Android operating system (p. 5).

2. Ending paid exclusive distribution deals with Apple and Samsung where they preloaded their devices exclusively with Alphabet search in return for a split of its advertising revenue (p. 5). This would break those deals, prevent new ones like them, and offer people 'choice screens' with options such as Google, Bing and DuckDuckGo from which to choose.
3. Open data and operability options that rivals and new entrants could use to get access to the indexes, data, feeds and models behind Google search, AdExchange and AI (p. 7).
4. Ban exclusive deals with websites and content providers such as news media that lock out rivals while girding Alphabet's search and advertising dominance and give it a leg up in future-looking AI related markets (p. 8).

These are serious proposals with potentially very far-reaching effects. They recognize that Alphabet's monopolistic practices have harmed competitors and likely resulted in news publishers, broadcasters and other 'content providers' getting a smaller cut of advertising revenue if such conditions did not hold. The quality of Alphabet's services have also been degraded relative to what people say they want in terms of privacy and data protection, by pushing a steadily heavier advertising load in Google search results compared to its own past practice, and in relation to future technological and market evolution being susceptible to being bent to Alphabet's interests. Given the severity of the issues at stake—and the guilty verdict already issued in not just one, but two U.S. federal cases—it should not be surprising that the DOJ has reached for the biggest hammer in the antitrust regulator's toolkit: the break-up.

This also reflects what regulators have learned from one another internationally over the past dozen years or so. The EU's trilogy of market dominance cases against Alphabet is an outstanding case in point: i.e. its online search and shopping services ruling in 2017 (€2.3 billion fine),²⁷⁷ the Android mobile operating system case in 2018 (€4.34 billion fine),²⁷⁸ and in relation to Alphabet's dominance of the online advertising market last year.²⁷⁹ From each of these cases we see that Alphabet has been able to draw out the cases against it for over a decade. The Google Shopping case, for instance, began in 2010 but despite a ruling against the company in 2017 that came with headline grabbing fines and ongoing monitoring of specific behaviours that the Commission had found to be anti-competitive, it was only wound up in October 2021 after Alphabet's appeal to have the results of the case overturned by the courts was rebuffed.²⁸⁰ Throughout this period the EC continued to report ongoing problems in terms of Alphabet falling into line with what is

expected of it in response to these decisions, while the Commission and other regulators have also opened a slew of new fronts to scrutinize, including of Apple and Alphabet's app stores.²⁸¹

Some object that reaching for the break-up of Alphabet is too heavy-handed and that this cure could be worse than the disease. Others, however, argue that breaks up can be done well and are a lot easier to implement than conduct-based remedies that are hard to police and enforce in the long run. This is especially true given the enormous disparity in resources—money, knowledge, expertise, etc.—that is tilted greatly in favour of companies and against cash-strapped regulators on short political leashes.²⁸² The fact that the judge in the case raked Alphabet over the coals for its lack of candor and obstructionist strategy does not inspire confidence that the terms of any consent decree with the company can be effectively monitored and enforced.

But, what if, instead, the goal was not to break up Alphabet but to build a public back-end upon which new entrants could build and compete, with Alphabet mandated by the terms of a consent agreement with the DOJ to furnish the basic building blocks needed to do that: interoperability, the corpus of human expression referred to above, and rules laying down the principles and values for a fair carriage and distribution regime fit for the digital communications and media universe, following in the footsteps of common carriage in North America as it has applied since the late-1800s, as we saw in the first sections of this report? Some aspects of such an approach seem to be embodied in the DOJ's proposals regarding, for instance, the open data and operability options covered in point three above. It is likely that it has presented the full suite of options, knowing full well that it can swing for the fences but might only get to first or second base.

If Alphabet gets its way, the break-up will be dismissed out of hand by the judge. As the company stated in a blog responding to the DOJ's proposals:

. . . . We believe that today's blueprint goes well beyond the legal scope of the Court's decision about Search distribution contracts. Government overreach in a fast-moving industry may have negative unintended consequences for American innovation and America's consumers. We look forward to making our arguments in court.

Given that these cases ultimately boil down to questions of power, it could also be the case that Alphabet hopes that the whole thing will go away by January 2024 as the Trump Administration assumes power. It's CEO, Sundar Pichai, was quick to join the flock of big tech CEOs lining up in the final days before the 2024 election to

bend Trump-the-candidate's ear and among the first amongst world leaders to call to congratulate him even before all the ballots had been counted but the writing was already visible on the wall. If this all comes to naught, we will be staring at the real conditions of power and how those intersect with markets, wealth, technology and politics. And sometimes it must also just be said that some of humanity's most cherished ethical and political values should not be laid out for (potential) sacrifice at the altar of scale and efficiencies (or for reasons of wealth and power).

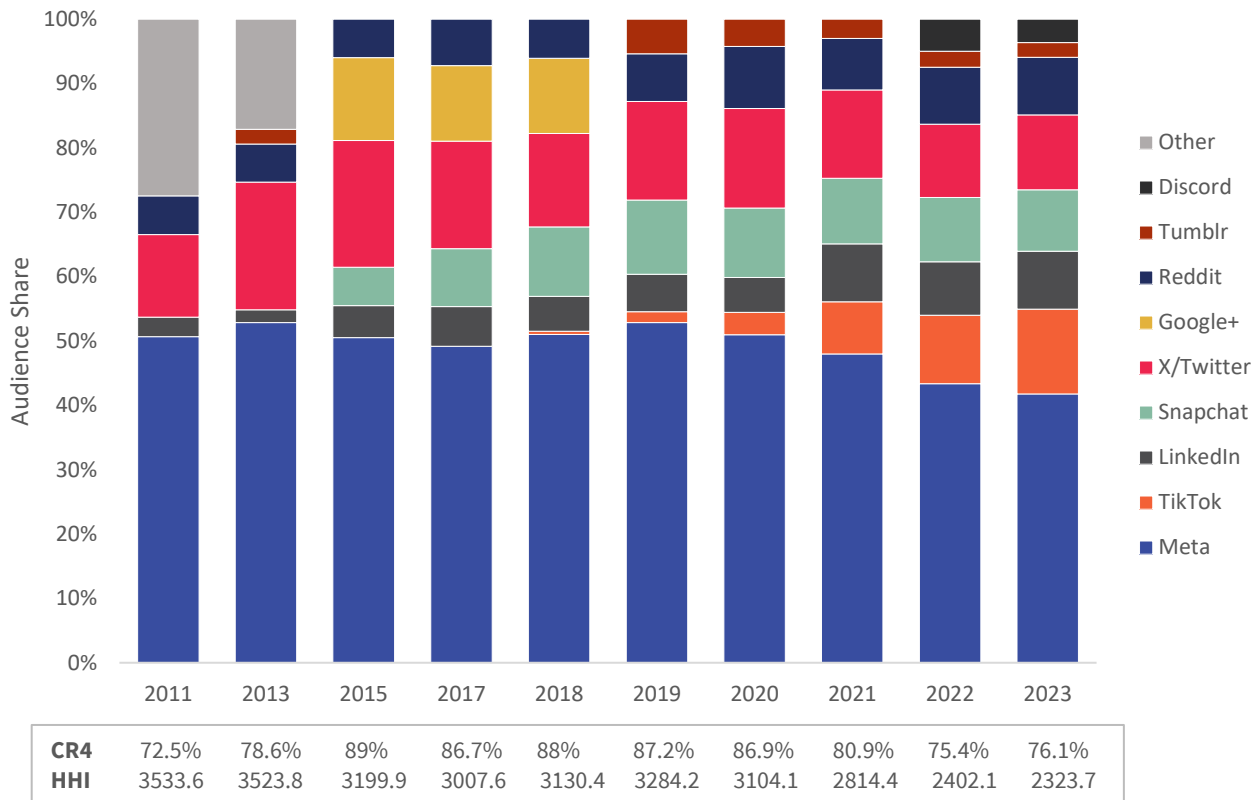
Meta: From connecting the world to international scofflaw

For its part, Meta had an estimated 37.4 million users for Facebook and Instagram in Canada in 2023 and revenue of \$4.2 billion—a sharp rebound from the previous year when it saw revenue decline year-over-year for the first time ever in Canada. Its place in the Canadian media economy appears to have peaked, however. Within the context of a growing market, Meta's share of internet advertising revenue has slipped from a high of 31% in 2021 to 25.3% last year.

Meta's clout is still substantial and grounded in its decade-long position as the foremost social media service in Canada and the world. In fact, its share of social media traffic based on self-reporting by Facebook and Instagram users remained above 50% for a decade before slipping to 48% in 2021. It was 41.8% last year, including Instagram.²⁸³ Meta's audience has seen sluggish growth in recent years, but with drops in the number of people who use its flagship Facebook offset by an increase in daily and monthly user traffic at Instagram (see below). However, for Meta, this concurrent softening with respect to its share of internet advertising and audiences must be a cause for significant concern, given that year-in-year-out, 98% of its revenue is from advertising.²⁸⁴

In 2023, Meta's four closest rivals, Twitter, TikTok, Snapchat and LinkedIn accounted for 13.2% 11.6%, 9.6% and 9% of monthly average users, respectively. To help put that in perspective, they attract audiences one quarter to a third of its audience for Facebook and Instagram, respectively, or about the same as Meta when combined altogether. These are clear signs of Meta's enduring market dominance. That said, Meta's rivals have doubled their market share in the past decade and from 31.2% to 43.3% over the last five. TikTok, in particular, stands out; in 2018 it had 365,000 monthly average users in Canada compared to 15.4 million last year, with its share of the market based on users soaring in tandem from next to zero to 15.2% last year. Figure 48 illustrates these points.

Figure 49: Social media audience share, 2011–2023



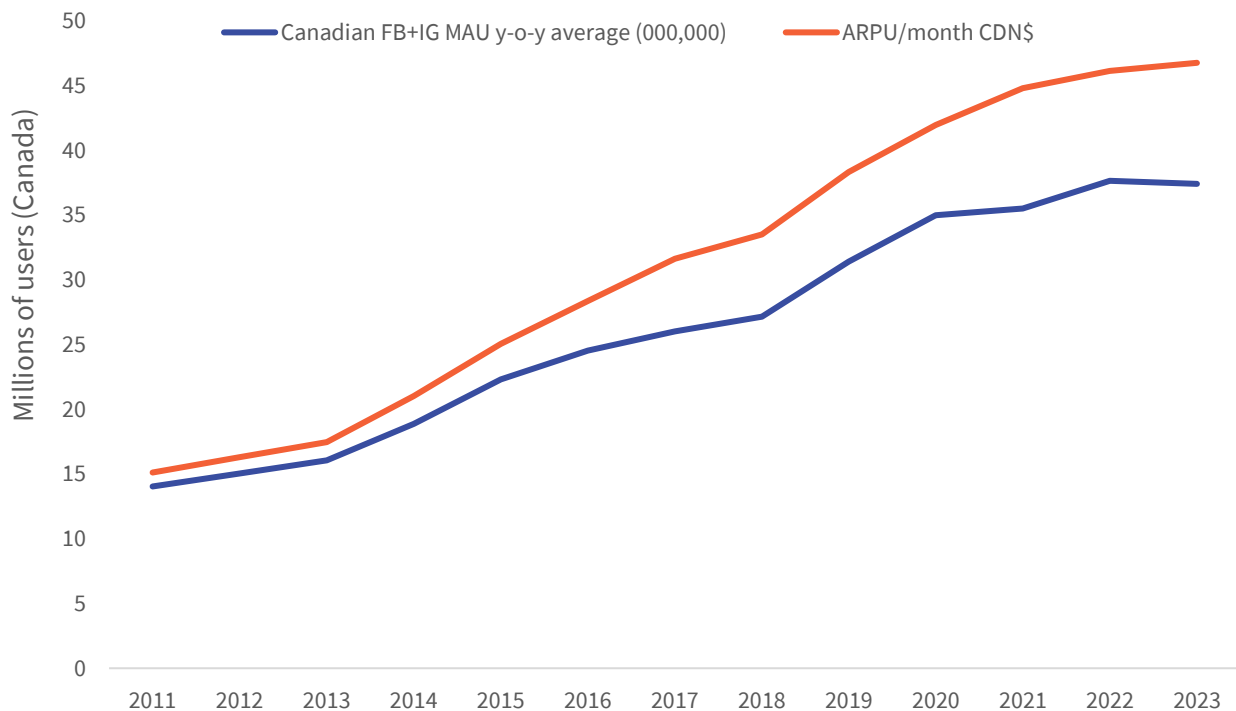
Sources: see Figure 49 Social Media entry in the [Excel workbook](#) accompanying this report and the “Social Media Platforms” entry in the [GMIC Project—Canada open data sets](#).

The gap between Meta and its closest rivals is more stark when considered from the point of view of the value of advertising revenue. Meta’s estimated revenue last year in Canada was three-and-a-half times its four closest rivals’ revenue combined. It is once again worthwhile to pause and focus on TikTok. Its advertising revenue last year reached an estimated \$455 million for a 2.7% market share. While Meta still stands head-and-shoulders above its rivals based on audience share and revenue, the gap has narrowed in recent years, as we have just seen. This story of Meta’s softening dominance in recent years as its share of audiences and advertising drifts down but still remains far-and-above all other competing social media services repeats itself for Australia, Germany, the U.K., and the U.S., as a spate of public inquiries have shown.²⁸⁵

Meta has so far been able to counteract the slowing pace of growth in its audience base over the years by increasing the monetary value of each user. By 2023, the annual average revenue per Facebook and Internet user (ARPU) in Canada was an estimated \$112.09 (\$9.34 per month)—close to seven times what it was ten years earlier.²⁸⁶

However, even by this measure, Meta’s ability to drive up ARPU seems to have stalled, with its ARPU last year basically unchanged from two years earlier while it actually fell to an estimated \$8.30 in 2022. Whether these are short-term trends that will be turned around in coming years remains to be seen, but the combination of softer revenue, ARPU, and audiences suggests that the world’s largest social media platform is facing strong headwinds, even if its dominance remains unrivaled. Figure 50 below depicts the growth of Meta’s revenue and ARPU in Canada since 2011.

Figure 50: Meta's Canadian subscribers numbers and average revenue per user (ARPU), 2011-2023



Source: see Figure 50 sheet in the [Excel workbook](#) for this report and the “Internet advertising” entry in the [GMIC Project—Canada open data sets](#).

The cornerstone of Meta's dominance is its own internet advertising marketplace where audiences are bought and sold. Like Alphabet, Meta also has its own digital advertising exchange called Meta Audience Network.²⁸⁷ Both companies also share control of the common currency used to buy and sell audiences and advertising inventory online: detailed knowledge of their audiences. They also have their own audience measurement and rating systems that help them to set and control the terms of trade upon which the online advertising system functions, in Canada and globally.

However, whereas Alphabet's search engine gives it reach across the whole internet that it uses to place advertising across the entire web, Meta Network's reach is not as wide because it has no comparable function to general search. Meta also does not do video sharing platforms or, more accurately, it has not yet done them well on anything comparable to the ad-supported YouTube where Alphabet is able to wall off the entire platform for the purposes of making it exclusive to Alphabet's advertising sales effort. In addition, whereas with Alphabet general search includes everything on the web unless specific instructions embedded in code say otherwise, for Meta whoever wants to join its Audience Network must take positive action to do so. In the advertising and marketing world, it is well known that inclusion by default is the easiest—and stickiest—option compared to opting in or out. In sum, any third party can embed simple code into their website or app that makes them a partner and an extension of the Meta Audience Network, but even that small act tilts the playing field in Alphabet's favour.

Alphabet and Meta's embrace of the mobile internet has also girded both companies' efforts to consolidate their grip on the online advertising market. Indeed, that Meta (then still Facebook) implemented the Audience Network as it pushed its embrace of mobile into high gear is telling. So, too, is the constant stream of acquisitions by both companies to speed along that transition. To this end, for example, Facebook has acquired messaging services (WhatsApp) and social media sites (Instagram) to eliminate competitive threats to its core business while it has also moved aggressively into political campaign management, marketing campaigns, news delivery, virtual reality, and more.

Based on the edifice at the centre of the online advertising market that it has assembled over the years, Meta accounts for about two-thirds of "social media" and "display" advertising revenue.²⁸⁸ This result tallies well with the Competition Markets Authority in the U.K. where Facebook was found to hold an estimated 50-

60% of advertising spending on display advertising in 2019.²⁸⁹ Once again, we can see that it is important to move from a general assessment of the internet ad market to one that drills down into its specific components, where already high levels of dominance at the general level are magnified at this more specific level. Such realities also align well with testimony in the Alphabet digital advertising case that found that Alphabet, Meta and Amazon try to stay in their own lane and avoid head-to-head competition as much as possible.²⁹⁰ In sum, display and social media advertising is a distinct market from general search or Amazon's advertising vertical, and in this context, Meta's dominance is long-standing and unrivaled.

It is precisely this kind of evidence that has spurred on one regulatory inquiry or case against Meta and Alphabet after another in, for example, Australia, Germany, the U.K., and the U.S.²⁹¹ This is also one of the driving factors behind why the U.K. created a new Digital Markets Unit three years ago. It is also why that country's Competition and Market Authority (CMA) blocked Meta's acquisition of Giphy last year, a service that controls popular GIFs and emoji. While GIFs and emojis are free for people to use they are a means to obtain user data and increase the stickiness of the sites that use them and, therefore, to buttress Meta's dominance of social media.

Already in its initial examination of the proposed merger, the CMA registered significant concerns and its intention to block the deal. Letting Meta acquire Giphy, the CMA said, "would result in a substantial lessening of competition (SLC) in social media and display advertising, harming social media users and businesses in the U.K."²⁹² A year later, in October 2022, the CMA blocked the deal and ordered Facebook to divest itself of Giphy.²⁹³

Amazon's rise: Yesterday's digital duopoly is replaced by a three-way oligopoly

The biggest change in the internet advertising market has been Amazon's swift ascent since 2018 to become the third-largest player in that market after Alphabet and Meta. Amazon's estimated online advertising revenue in Canada was \$2.4 billion last year, 14.4% of the total, a figure that solidified its place as the third-biggest player in the market. Altogether, the big three U.S. internet giants now account for 89% of internet advertising spending in Canada. Consequently, the internet advertising duopoly has become a three-way oligopoly.

Of course, this does not count the much greater revenue that its ecommerce platform, Prime Delivery service, cloud business (Amazon Web Services), and its

streaming video (Amazon Prime Video) and music services (Amazon Music Unlimited) in Canada generate. Based on an estimate of Canada's economy being 5-7% of the U.S., after the "Canada-is-a-less-commercialized-society" discount is applied, Amazon's revenue is probably in the \$20-25 billion range, a total that rivals that of Bell (\$24.9 billion) and Rogers (\$20.2 billion), with TELUS trailing not far behind (\$17.2 billion).²⁹⁴

Amazon has been significantly expanding its investments in television, film, video and music in recent years. It purchased MGM two years ago, the video sharing platform Twitch in 2015, and rights to select NBA games in the U.S. and to NHL on Monday nights in Canada this year. It also launched Amazon Music in 2015 and brought the streaming music service and Amazon Prime Video to Canada three years later. Some of these issues are out of scope at this point because they fit better with our discussion of the streaming video and music markets and we will return to them there. For now, however, Twitch, for example, does fall into the ad-supported video sharing platform segment, and thus competes with YouTube, but its audience reach and market influence is tiny by comparison.

We will set aside those developments for now and refocus our attention on Amazon's stake in the "retail" segment of the internet advertising market. eMarketer estimates that market to have been worth \$3.2 billion last year. Using our estimate of Amazon's revenue, that would mean that the e-commerce behemoth commands three-quarters to eighty percent of that total.²⁹⁵ Thus, once again, a dominant position of 14.4% in the general online advertising market becomes a more menacing number when examined specifically within the relevant sectors of the internet advertising market.

We must also temper the idea that Amazon's big footprint in online advertising challenges and disrupts the status quo based on testimony from Alphabet executives and experts in the digital advertising case that showed that Alphabet itself sees Amazon as primarily deploying online advertising within the confines of its e-commerce platform, where its distant rivals are not Alphabet and Meta but Advance (formerly Loblaw Media), a subsidiary of one of Canada's largest grocery chains. Indeed, even Alphabet does not see Amazon as a threat in the general search and ad market.

According to internal Alphabet documents introduced at the digital advertising trial as well, Amazon has helped to expand the online search advertising market because its users tend to turn to Alphabet more after starting a search within the Amazon platform rather than substituting Amazon's search and advertising tools for

Alphabet's own. As such, Alphabet and Amazon are not competitors but complementary services, each tilling their own walled gardens.²⁹⁶

The bird is dead: From civil rights defender Twitter to the bizarre world of X

Audited public financial statements for X / Twitter vanished after Elon Musk and a coterie of international interests from investment funds to Saudi royalty acquired it in 2022 and took it private. The company has since become a degraded version of its former self. X / Twitter's revenue in Canada is down from an estimated \$165.2 million in 2022 to \$94.7 million last year. Its share of the internet advertising marking was also down last year to three-fifths what it was the year before. Its audience has been diminished.²⁹⁷ Whereas it ranked sixth in terms of online advertising revenue in 2021, as of last year it was no longer in the top ten.

Musk's pugilistic and ideologically-driven stewardship of X / Twitter, and cozying up to Donald Trump and his incoming administration is one thing, and not a welcome one from this writer's perspective. However, his penchant to play fast-and-loose with truth is also leading to "some particularly bizarre trends in the data reported in X's advertising tools over the past year", as DataReportal recently put it.²⁹⁸ That coterie of investors referred to above also raises red flags about X / Twitter's autonomy from powerful interests with mountain size political ambitions. It consists of a who's who list of people from Silicon Valley to Saudi royalty who share with Musk the fact that they bankrolled and backed Trump and the culture wars that have also torn apart revered universities such as Harvard, Columbia and others, including, for example: Bill Ackman (Pershing Square hedge fund), Andreessen Horowitz (investment firm), Larry Ellison, and Saudi royal family frontman Prince Alwaleed bin Talal al Saud.

There are many other social media platforms, and in fact a well-spring of new entrants are rushing in trying to find a place as Facebook and X / Twitter lose their sheen. The list is long, and prospects for survival uncertain, including, for example: Bluesky, LinkedIn, Threads (Meta), Discord, Rumble, Truth Social, and Pinterest. Many of them are niche and polemical, like the partisan press of yore; others pitch themselves as trying to recreate something that at least aspires to being a part of the public sphere. It is unclear where all this is leading.

Do Alphabet and Meta dominate advertising across all media?

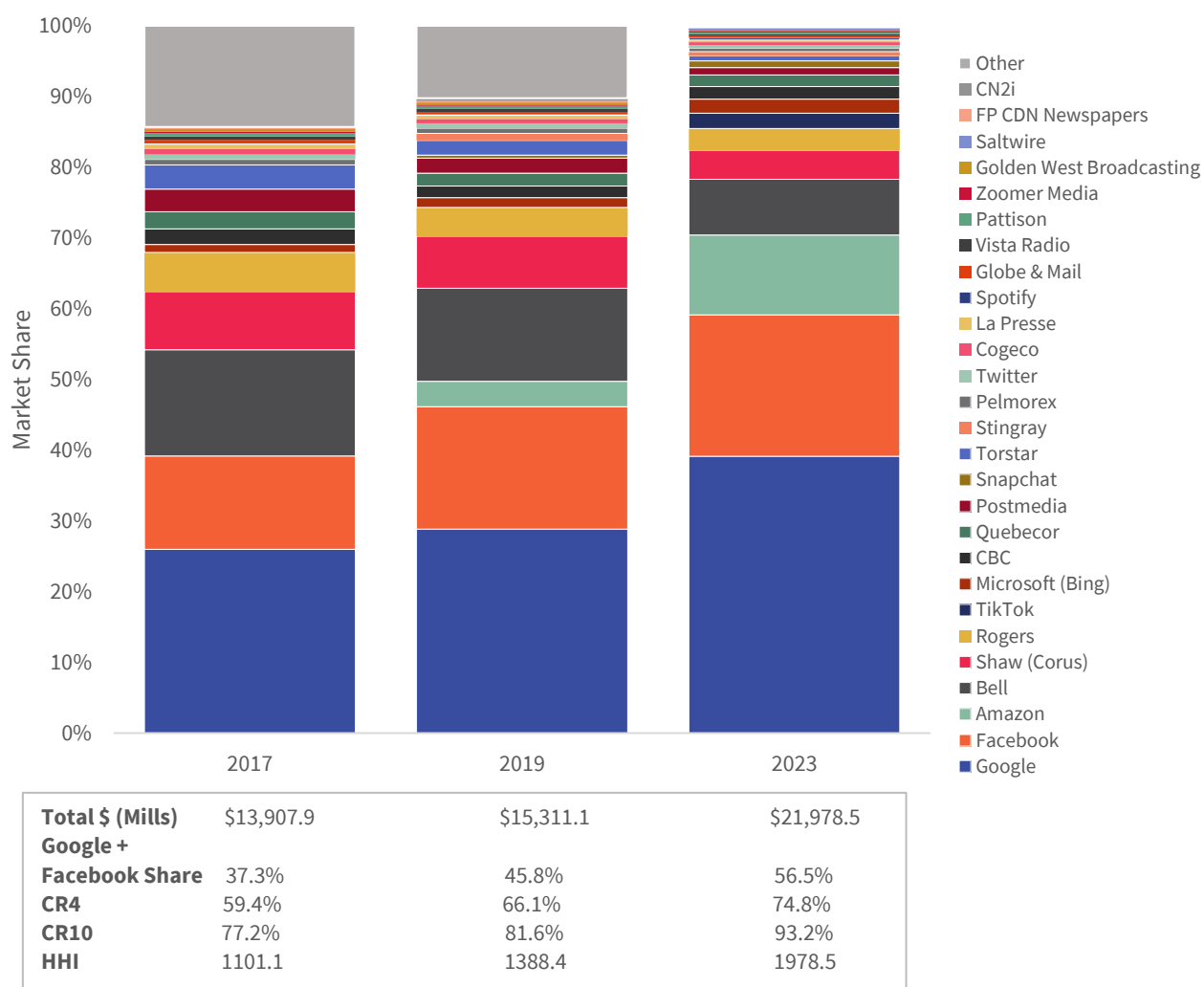
Alphabet and Meta's dominance of online advertising already appears to be entrenched, albeit with Amazon rising up through the ranks through its stronghold in digital retail advertising. What is of even greater significance is the extent to which they are rapidly consolidating their grip over the entirety of the Canadian advertising market. Until recently, it was hard to make the case that the two online advertising behemoths, or even the big three if we include Amazon, stood in such a position. Now, however, it is no longer credible to avoid it.

Indeed, within a remarkably short period of time Alphabet has come to stand in a league of its own astride the advertising market in Canada. This is true around the world, as well, although the magnitude and timing of its rise to such a status varies considerably and for interesting reasons that need to be closely studied. In Canada, by 2023, Alphabet hoovered up more than a third of the \$22 billion advertising market (i.e. 37.4%). Meta now commands a 19.1% share of all such spending. A year earlier, their share of the advertising market retreated for the first time, but in 2023 any sense that this set back might mark a turning point vanished, with their combined share of a much bigger market rising to an astonishing 56.5%. Even if we take the more conservative approach to setting the value of Alphabet's revenue—i.e. after removing its 'traffic acquisition costs', the two behemoths still account for just under half of the market. Add Amazon, and that stake rises above two thirds (based on our usual approach to estimating Alphabet's revenue). BCE, the biggest telecoms and media by comparison, had total advertising revenue last year of \$1.7 billion, or 7.5% of the total.

“Within a remarkably short period of time Alphabet has come to stand in a league of its own astride the advertising market in Canada.”

All told, in 2023, the top four companies—Alphabet, Meta, Amazon, and Bell—accounted for three quarters of the market. The HHI has also surged from the low-end of the scale (1,212) in 2018 to 1,979 in 2023. Figure 51, below, illustrates the scale of their share of advertising revenue and the rapidity with which they have consolidated their grip on the advertising industry since 2017.

Figure 51: Advertising revenue across all media, market shares and concentration scores, 2017 versus 2019 and 2023



Source: see Figure 51 sheet in the [Excel workbook](#) accompanying this report.

Figure 51 also reveals that Alphabet single-handedly now commands well over one-in-three advertising dollars in Canada. To get a sense of scale implied by this level of control, consider, for example, that Alphabet's advertising revenue in 2023 was five times as much as Bell, ten- and thirteen-times that of Shaw and Rogers, respectively, and whopping twenty-plus times as much as the two largest newspaper groups in Canada, Postmedia and Torstar, combined. In fact, Alphabet's advertising revenue is significantly greater than that for all the major Canadian communications and media groups combined, i.e. approximately \$6 billion (and regardless of what method we use to estimate its total revenue, as discussed earlier).²⁹⁹

For its part, Meta's \$4.2 billion in advertising revenue in Canada last year was four-and-a-half times that of all daily newspaper's advertising revenue put together, and over seventy times *The Globe and Mail's* estimated advertising revenue last year.³⁰⁰ While domestic media companies got a respite for two years running as advertising revenue rebounded, that faint whiff of hope was lost last year as traditional media advertising revenue shed \$200 million, ending up at \$5.5 billion in 2023 split across television, radio, newspapers, magazines and out-of-home. Clearly, the long-term story is one of advertising revenue being consolidated in the hands of big tech companies like Alphabet, Meta, and Amazon.

These harsh realities can be seen from the fact that even the largest Canadian company, Bell, has seen advertising revenue stagnate at roughly \$2 billion per annum for the best part of the last decade before falling to \$1.7 billion last year (and to a low of \$1.5 billion in the first year of the Covid-19 pandemic). At Rogers, advertising revenue fell from \$750 million in 2018 to under half-a-billion dollars in 2020 but has crawled upwards since to reach \$640 million last year, or about 2.9% of total advertising spending. Meanwhile, Shaw / Corus has seen its revenue slide from \$1.1 billion in 2017-2018 to the \$900 million-range between 2020 and 2022, before slipping last year to \$865 million. At Quebecor, advertising revenue bounced about the low- to mid-\$300 million range in 2017-2018, fell to a low of \$250 million as the Covid-19 pandemic roiled the world in 2020-2021, before climbing again to reach \$346 million last year.

For newspaper groups such as Postmedia, *The Globe and Mail* and Torstar in particular, the loss, with some variation between them, of half their advertising revenue in the last five or six years has been devastating. Other than Pelmorex and the CBC, all of Canada's media companies have lost large chunks of advertising revenue over time. This is yet more evidence that the centralization of advertising

on the internet and its concentration therein is benefitting only a few tech giants at the pinnacle of the advertising system.

Canadian telecom conglomerates, broadcasters and publishers fight back

The growing role of internet advertising amidst the long-term slump of other advertising sectors puts traditional media companies in the crosshairs of the internet giants, but also vice versa as the former marshal all the political, lobbying, and policy muscle they can muster to bring the latter to heel. In fact, well-established domestic telecoms and media companies are pursuing a two-track strategy of their own, both within their home countries and internationally: on the one hand, they are pushing governments to break-up the internet oligopoly's stranglehold on the resources that underpin their dominance of online advertising, notably data related to audiences and the online advertising system.

This is the direction taken, for example, in Australia's *News Media Bargaining Code* that news media organizations in Canada emulated as they crafted the *Online News Act* here in Canada.³⁰¹ Regulatory solutions put forward by industry to date, however, run the risk of being not only ineffectual but are also likely to leave the pernicious problem of digital media and internet concentration untouched while also spurring a race to the bottom on privacy and personal data protection.

Along the second track, Canada's telecoms conglomerates and media companies are seeking to copy the same strategies pioneered by Alphabet and Meta by, among other things, trying to create rival online advertising exchanges of their own. Bell began to pursue such a course of action through its Relevant Ads Program (RAP) in the early 2010s, for example, but that effort was shuttered after the Office of the Privacy Commissioner (OPC) (2015) found it to be offside with respect to Canada's personal information and privacy protection law.

The OPC's description of the RAP program should put to rest any notion that Bell or any other company pursuing such a strategy is more innocent than the IT giants when it comes to personal data and privacy:

... BCE's Relevant Advertising Program [RAP] is able to track every website its customers visit, every app they use, every TV show they watch and every call they make using Bell's network. When that information is combined with account and demographic information— such as age range, gender, average

revenue per user, preferred language and postal code – which the company has long collected, the end result is a rich multi-dimensional profile that most people are likely to consider highly sensitive.³⁰²

While Bell shut down its RAP program in 2015, the main thrust of the effort was resurrected shortly thereafter under CRTC auspices in a bid to create a pool of audience data that would be used by the industry as the basis for advertising and other purposes (see further below).³⁰³ The aim of this effort was not in the slightest to minimize the harvesting of personal data but to better redistribute the spoils of doing so amongst its members under the guise that doing so would help them to better compete with the Googles and Metas of the world. This effort, however, has floundered amidst internal squabbling amongst its Canadian participants, with others like Netflix pounding at the door and wanting in, but still shut out from the set-top box working group.

BCE moved further in the direction of a battle for control over data in late 2021 by acquiring Canada's largest data and analytics firm, Environics Analytics. The goal it touted for doing so was to "open up new opportunities for advanced media advertising strategies while further enhancing content apps and other delivery platforms."³⁰⁴ However, with estimated revenue of \$50 million dollars in 2020, Environics Analytics occupies a tiny place in the BCE communications and media empire, i.e. it accounts for less than 0.2 percent of the company's revenue.³⁰⁵

Nonetheless, Bell has already built on Environics Analytics by forging a joint venture with the digital ad-tech platform, Xandr.³⁰⁶ Through this move, BCE has joined forces, first with AT&T but now with Microsoft after the sale of Xandr to the latter in June 2022, in a bid to build a digital advertising platform intended to rival that of Alphabet. Cable companies are doing the same thing but building their system around the Comcast Xfinity IPTV platform. Overall, the result is a three-way battle between Google's dominant ad-tech stack versus Bell's Environics/ Xandr system licensed from Microsoft and finally the cable companies' Xfinity IPTV system.

Bell's sizeable stake of the advertising market grew again this year after its takeover of the largest out-of-home advertising company, Outfront Media. The deal added to its already large stake in this sector on account of its 2013 take-over of Astral Media, which was one of the largest outdoor advertising companies. The Competition Bureau found that this new deal would substantially lessen competition, and therefore required the company to divest a small number of its displays in Ontario and Quebec.³⁰⁷

While the acquisition was ostensibly all about buttressing cross media advertising opportunities with more addressable ad targeting capabilities, the tens of thousands of billboards and pieces of street furniture (e.g. bus shelters, benches, etc.) it acquired was just as much about using that street furniture as site locations for antennae needed for its rollout of 5G networks. As such, Bell could use its control of these seemingly innocuous facilities to its advantage by using them as site locations for its 5G networks. This aspect of the deal seems to have flown under the radar of the Competition Bureau. A more assertive stance could have made approval of the deal conditional upon those fixtures being subject to the CRTC's open wholesale access regime to avoid having control over street furniture and billboards become yet another arrow in BCE's quiver to hobble wireless competition.

But back to the main point, these broader moves are all part of the "battle of the stacks" between domestic telecom and media giants and their even bigger international rivals, to develop competing proprietary ad tech standards while locking advertising clients into their mutually exclusive ad systems. Beyond the data and privacy protection and market power issues these ventures raise, the proprietary protocols being deployed by each of these ventures destroy all of these actors' once shared commitments to the open protocols that used to define the internet.³⁰⁸ Consequently, the "essence" of the internet itself is being remade in the image of these corporate communications, internet, and media conglomerates' walled garden strategies, while the early hopes that people once had for a decentralized internet where power and control rested at the ends of the network and in the hands of its users increasingly seems like a dream from the distant past.³⁰⁹

From broadcast television to online video services

The formation of national ownership groups and consolidation of vertical integration, circa 1990s to the early 2000s

The following pages examine broadcasting television and radio before examining their paid counterparts distributed by cable, satellite and IPTV operators. After that we will turn to online streaming video services made available direct-to-consumers over the internet. Streaming music services will be taken up in the following section of this report.

To briefly recap earlier sections of this report, broadcast television and radio services were the centre pieces of the industrial media economy in the 20th century. Their collective revenue steadily climbed from \$392 million in 1969 to \$2.2 billion twenty-five years later in 1984. The CBC was still dominant with its parliamentary funding of \$837.3 million plus another \$216.6 million in television advertising making up almost half of all broadcasting revenue.

The public service broadcaster was followed by regional private broadcasters that still had not yet been consolidated into national broadcasting ownership groups, the top ten of which in the mid-1980s included: Baton, CHUM, Selkirk, Tele-Metropole, Canwest, Western International, Slight Broadcasting, Jean Pouliot, Maclean-Hunter and Rogers. Collectively, these ten groups held a little over a third of the broadcasting market. All of them were owned and controlled by individuals or families.

The broadcast television industry was much more fragmented and regionally-oriented in the 1980s and the first half of the next decade than what was soon to come. Multiple groups spread across the country still shared ownership of the private broadcast TV networks—CTV, Global, CHUM, and TVA—while Canada's public service broadcaster, the CBC, still loomed large. The advent of pay television services also marked the beginning of a shift from an environment of relative scarcity to one of relative abundance, and from a model of television subsidized by advertising and public funding for the CBC, to one where subscriber fees became the dominant source of revenue. As a result of fragmented ownership of the major broadcasting networks and the rise of pay television services, the level of diversity in the television marketplace was at all-time highs.³¹⁰

This shifted abruptly and irreversibly in the late 1990s and early 2000s in two steps. The first step occurred as a wave of consolidation led to the unification of the

ownership of Canada's three commercial broadcast television networks: i.e. CTV (Baton, circa 1997-1998), Global (Canwest, 1998) and TVA (Quebecor, 2001). Each of the big three commercial broadcast television networks, CTV, Global and TVA, also expanded into the relatively new domain of pay television services by acquiring several such services of their own (a form of diagonal integration).³¹¹ Two of the biggest players within the pay television sector also merged to form Alliance Atlantis in 1997-1998. At the same time, Montreal-based Astral Media became the largest pay television operator by owning exclusive distribution rights for premium HBO content in Canada and, over time, two-dozen pay television services. In 2002, it also expanded into the radio broadcasting market by acquiring Quebec-based Radiomutuel.³¹²

The three biggest cable companies were also extending the reach of vertical-integration between cable, broadcasting and publishing: Rogers in Ontario and part of the Atlantic Provinces, Shaw in Alberta and B.C., and Vidéotron in Quebec. Even after Rogers' blockbuster takeover of Maclean-Hunter in 1994, however, vertically-integrated cable-broadcasting-publishing conglomerates still accounted for less than 10% of the media economy in 1996. That changed dramatically, however, as Shaw and Vidéotron went on a buying spree. Shaw's acquisition of Western International Communications and Power Broadcasting in 1998-1999, for example, caused a significant bump in vertical integration in Alberta and BC. These transactions turned Shaw into a very significant, vertically-integrated company with its monopoly cable operations and Shaw Direct satellite in western Canada, and ownership of a large catalogue of television and radio services across the country, including the Family Channel (50% equity stake), Teletoon (20%), three pay television services (i.e. Movie Max, the Super Channel, and Viewers Choice), and twenty-nine radio stations.³¹³ It spun off its bevy of radio stations and specialty television services into a new company in 1999, Corus Entertainment, a company that has continued as separate legal entity but still under the ownership control of the Shaw family ever since.

Quebecor followed suit by acquiring the Sun newspaper chain, Vidéotron, and TVA in 1999-2001. Cogeco, a distant fourth cable operator in Ontario and Quebec, but never of the scale of the other three, also acquired limited stakes in broadcasting, but those stakes were neither significant nor long-lasting. From the 2000s onward, Quebecor stood astride a vertically-integrated colossus with Vidéotron in cable television, internet access and mobile wireless, ownership of the dominant commercial French-language television network, TVA, more than a dozen pay television services, the Sun chain of newspapers, the *Journal de Le Montréal* and *Le Journal de Québec*, and book publishing and retailing operations. By 2004, it

accounted for roughly five-and-a-half percent of the national broadcast television and pay television market, combined, and about four percent of the whole network media economy. Just within the province of Quebec alone that would have translated into it a fifth to a quarter of the French-language media economy. While it was the fifth-largest communications conglomerate nationally at this time, in Quebec it ranked number one or two alongside Bell, depending on just what markets are counted.

The next shoe to fall occurred when Canada's biggest telecoms company, BCE, took over the CTV network, a roster of brand name pay television services (e.g. Sports Network (TSN), Le Réseau des sports (RDS), The Discovery Channel, The Comedy Network, CTV NewsNet and Outdoor Life), and the nationally-oriented and influential *Globe and Mail* newspaper in 2000.³¹⁴

To sum up, by the turn of the turn-of-the-21st century, there were a half-dozen large commercial broadcasting groups operating on a national scale, or at least dominant in their province. In rank order of size, they were Bell Globemedia (CTV), Canwest (Global), CHUM (City TV), Rogers, Astral, and Quebecor (TVA). They were the centre of a fast-growing industry in which broadcast television, radio, and pay television had combined revenue of \$5.5 billion.

Vertical-integration between giant telecoms and cable operators on the one side and broadcasters and publishers on the other had also moved from the margins to centre stage. Whereas vertical integration had been around in various guises for a while, prior to 2000 it was exceptional, local or regional in scale and strongly curtailed by Bell's federal charter that prohibited it from owning, controlling or influencing the meaning of the messages it carried. With that gone, vertical integration soared. Whereas firms like Rogers had driven up vertical-integration levels from the 2-5% range in the early 1990s to close to ten percent in 1996, now there were five vertically communications conglomerates—Bell, Rogers, Shaw, Vidéotron, and Cogeco—and their collective share of the \$52.8 billion media economy in 2004 had soared to half (see figure 51 below). That said, Bell's convergence strategy failed and it exited the television and newspaper business in 2006 (see below), revealing that even the biggest conglomerates are far from infallible.

But going back to the early 2000s, the CBC was the seventh major actor at the time and accounted for a quarter of the broadcasting and pay television market altogether. Adding its reach to that of Bell Globemedia, Canwest (Global TV), and CHUM resulted in the big four broadcasting and pay television groups controlling

close to three quarters of the revenue across these markets in 2000, up from less than half in the mid-1990s. This was a somewhat high number by the standards of the CR4, but not overly worrisome, while the weighted HHI of 1,630 signaled moderate concentration.

Conditions varied considerably across different media sectors. The pay television and radio industries remained diverse by the standards of the CR and HHI metrics, for instance. Broadcast television, however, was a different story. It was highly concentrated by CR4 standards and those of the HHI with a score of 2562 in 2000. The biggest telephone company, Bell, had also entered the field, marking a major transformation and raising concern that allowing a carrier to own so much content might not be a good thing. At the very least, it was a novel development, given that it had only been four years since the federal government dropped the ban on Bell owning and controlling both the medium (the telecoms system) and the message (broadcasting and newspapers, given that it has also acquired *The Globe and Mail*).

In some ways, those concerns were assuaged by the fact this was the heyday of broadcasting. Revenue continued to soar for broadcast television and radio as well as for pay television services. New television and radio stations were licensed across the country. Revenue continued to climb. Broadcast television, for instance, saw revenue climb from \$2.5 billion in 1996 to \$3.2 billion in 2008 (inclusive of advertising and the CBC's public funds). Broadcast radio doubled to \$2 billion during the same period and pay television was on a tear, with hundreds of services available and revenue soaring from \$660 million in 1996 to nearly three billion dollars by 2008. The much ballyhooed 500-channel television marketplace became a plausible prospect, and the commercial internet was taking off.

Cross-media consolidation and the fall and resurrection of vertical-integration

Starting in 2006, a rapid-fire bout of ownership transactions once again thoroughly remade the television and radio landscape. Initially, it appeared like some of the excesses of the dot.com bubble at the turn-of-the-century were being unwound. For example, in 2006-2007, Bell Globemedia was dismantled. Its ownership stakes in the CTV network, dozens of pay television services, and *The Globe and Mail* were acquired by a newly formed company, CTVGlobemedia, which was controlled by the investment arm of the Thomson family that owns the *Globe and Mail* and backed by the Ontario Teachers Pension Fund, and other institutional investors.³¹⁵ This

marked an end to the telecom giant's first experiment in media convergence but it was only a temporary retreat, as we will see.

The iconic CHUM Media Group was also broken up and sold off in pieces in 2006-2007. Its radio stations were sold to CTV Globemedia and its CITY TV stations in Toronto, Montreal Winnipeg, Calgary, Edmonton, and Vancouver bought by Rogers.³¹⁶

But then Canwest ran in the opposite direction. Despite already being over-leveraged, the Winnipeg-based Asper family that owned the Global TV network, a big slate of pay television services, and the largest newspaper chain in Canada (the former Southam chain), joined forces with Goldman Sachs to buy Alliance Atlantis, the largest film distributor and fourth largest pay television services operator in the country at the time.³¹⁷ Canwest's acquisition of Alliance Atlantis in 2007 put it on the path to financial ruin, but in doing so it also put the pay television market on a path toward much higher concentration levels from which it has never departed. Closing out the year, Astral Media acquired Standard Broadcasting, the third largest commercial radio group in Canada at the time.³¹⁸

All of these transactions were also signs of the financialization of the media that had taken hold over the past decade, in Canada and around the world. As part of that process, highly leveraged mergers and acquisitions became routine, corporations loaded up with debt they could barely sustain, if at all, bankers and investors gained more influence, often through positions on boards of directors, higher profits were expected company-wide and on a division-by-division basis, and when things failed, companies were picked apart and sold-off in pieces.³¹⁹ Throughout these processes of consolidation and financialization, an overly deferential CRTC blessed each and every one of the ownership transactions that came before it. For its part, the Competition Bureau seldom had anything meaningful to add. It was a couple of years of major upheaval; Canada's media system was not better for it.

By 2008, the "big four" television ownership groups—CTVGlobemedia, CBC, Canwest, and Astral—accounted for 81% of revenue of the broadcasting and pay television markets. The latter had always been a beacon of diversity with a variety of players coming from everywhere, including beer brewing, television, publishing, domestic and international film production and distribution, and more. Now, however, the top four ownership groups controlled about seventy percent of the sector versus less than half in the early 2000s. The HHI score nearly doubled. The earlier stage where a diversity of ownership was easy to see had been replaced by

less than a handful of media conglomerates: CTVGlobemedia, Rogers, Shaw, and Quebecor. Concentration rates in broadcast television had never fallen much, but the little bit that they had was turned around and started to inch upwards at this time.

This bout of consolidation led to a slight increase in concentration levels in radio, but by the criteria of the CR4, the sector was still only moderately concentrated but diverse based on the HHI score of 1008. This reflected the ongoing presence of a handful of large, nationwide radio station ownership groups³²⁰, alongside several mid-size regional broadcasters, such as Newcap, Pattison, Rawlco, Vista, Maritime Broadcasting and Golden West. In fact, many of those mid-size ownership groups are still with us today. Consequently, radio broadcasting has been one of the most diverse media sectors for the last four decades.

Crucially, by 2008, cross-media ownership between broadcasters, pay television, and newspaper publishing had become the norm. Like vertical integration, cross-media ownership was not new. The Davey Committee gave us examples of it from the 1960s, for instance and as we saw earlier in this report. However, those examples were far and few between and when they did exist, tended to be local or regional, and exceptional. By the late-2000s, in contrast, cross-media ownership on a national and province-wide scale had become the norm. That's why this was a turning point. The continued existence of several mid-size media firms such as Astral Media, the second-largest pay television operator and biggest commercial radio broadcaster, as well as Standard Broadcasting in radio, for example, illustrated that some structural diversity was still built into the system.

In an extraordinary case of shutting the stable door after the horse had bolted, however, the CRTC adopted its Diversity of Voices policy in 2008. Its criteria for evaluating ownership consolidation in broadcasting and cross-media ownership between broadcasters and publishers were exceedingly weak, however, and in terms of vertical integration between telecoms and broadcasting, weaker still. In fact, from being worried about the run-of-events it had just blessed, the CRTC believed that cultivating national champions was good policy and the Diversity of Voices policy embodied that conviction. The chair at the time, Konrad von Finckenstein, now concedes that this permissive attitude toward consolidation was probably a mistake.³²¹

Vertical integration becomes the centrepiece of the network media economy

This was also a turning point because the instances of vertical integration described earlier got a lot more extensive by a series of events that started in 2008 and finished five years later. While Bell, Rogers and Vidéotron had all struggled at one point or another after embracing the media convergence bandwagon—so much so that Bell exited the field in 2006—after this next run of events, vertical integration was welded into the centre of the network media economy and has stayed there ever since. Indeed, with all its large commercial broadcasting services having been bolted on to much larger telecoms companies at this time, circa 2008 to 2013, Canada stands unique insofar that such conditions do not exist anywhere else in the world. This state of affairs was brought about in two steps.

First, Shaw massively increased its size and national stature by acquiring the broadcasting assets of Canwest in 2010 after that company went belly up. Canwest's Global TV network was the second-largest commercial television network at the time and had a thick catalogue of thirty coveted pay television brands, including several BBC themed channels, Discover Kids, Fox Sports, HGTV, Food Network, National Geographic, etc. This was a big addition to the sizeable stakes that Shaw already had in pay television, television production (Nelvana), and radio broadcasting on account of its ownership of Corus Entertainment. Its take-over of Canwest, however, transformed Shaw into a major vertically integrated communications and media conglomerate with cable and internet access services throughout Alberta and B.C., nine local television stations across the country, fifty-three radio stations, and thirty pay television services. The national newspaper chain part of Canwest's insolvent hulk was sold off at fire sale prices to Postmedia (see below) the year before.

The next and decisive domino to fall occurred when BCE resurrected its communications and convergence vision as it re-acquired CTV in 2011. Bell now owned the CTV network, forty-plus pay television services, and the country's largest commercial radio broadcaster. Given that Bell was already the biggest company by far at the time given its vast stakes in the wireline and mobile wireless markets, this transaction marked another watershed. Whereas the big four vertically-integrated communications conglomerates controlled just over a quarter of the total network media economy in 2008 before Shaw and BCE's transformative acquisitions, afterwards that figure more than doubled to 58%. Ever since, the future and fate of media in Canada have been tied to four vertically integrated telecoms conglomerates: Bell, Rogers, Shaw and Quebecor.

A year later, Bell acquired a joint-ownership stake (37.5%) with Rogers (37.5%) and Kilmer Sports (25%) in Maple Leaf Sports and Entertainment. Through Maple Leaf Sports and Entertainment, the three interests jointly owned the Toronto Maple Leafs, Toronto Raptors, Toronto Blue Jays, the Air Canada Centre in Toronto (since renamed Scotiabank Arena), and three pay television services: Leafs TV, NBA TV Canada and GolfTV. Bell continued in this three-way joint venture until this year, when it sold out its stake in that venture to Rogers.

In 2013, Bell acquired Astral Media—the largest independent pay and specialty television service and radio broadcaster at the time (together with Astral’s rights to premium pay television content, i.e. HBO Canada). Bell was already the biggest commercial television broadcaster in the country, but its takeover of Astral catapulted it into being the biggest pay television company and radio broadcaster in Canada, too. Interestingly, because Bell was not in radio already, the deal did not move the dial one way or another in terms of the CR4 or HHI score. The deal only replaced one radio station ownership group with another, although it did extend Bell’s reach into another media market in which it previously had no place at all and, moreover, placed it at the top-of-the-league amongst commercial radio broadcasters.

This transaction was initially met by fierce opposition from the Harper Conservative government-appointed head of the CRTC, Jean-Pierre Blais.³²² In a break with precedent and his immediate predecessor, Blais killed the first version of the deal in 2012. The deal only went through a year later after Bell agreed to spin-off some of the Astral pay television services and put it in front of the more lackadaisical Competition Bureau, first to get approval there before turning to the CRTC, essentially playing one compliant regulator off another stricter one. Several conditions were also imposed on the post-merger Bell that were later translated into industry-wide standards as the Vertical Integration Code.³²³

In sum, by 2014, Bell was not only the largest communications company in Canada but also the biggest media content company. Whereas the 1968 ban in its federal charter had prevented this, the coast had been cleared in the mid-1990s for it to expand just as it did. Having failed once, Bell sought to succeed the second time around. Once the dust had settled, it single-handedly accounted for 31.3% of the \$76.9 billion network media economy in 2014.

Six years later, and amidst mounting distress in the broadcast television sector, Bell acquired V Interactions, the second commercial French-language television network in Quebec in 2020.³²⁴ The deal extended Bell’s influence in Quebec by adding five

French-language stations in Quebec City, Montreal, Saguenay, Sherbrook and Trois-Rivières (the V Stations). Bell also folded the French-language pay television services and Noovo, an advertising-based VOD (AVOD) service, that it gained through this transaction into its deep catalogue of services, all of which were rebranded under the Noovo label. This helped Bell to maintain its one-quarter stake of the broadcast television market, but that did not offset the fact that a steady share of a shrinking market is still bad news for its bottom-line.

By 2023, the top four broadcast television groups remained much the same as they had been a decade earlier: the CBC, Bell, Corus, and Rogers (albeit with the latter swapped in for the French-language broadcast group Quebecor, TVA). The CR4 was 86.4% while the HHI was at 2,621, both squarely in the zone of high concentration. Add Quebecor to the list, and the “big five” had a combined market share of 94% last year. These results were in keeping with how things have been for the last decade, notwithstanding the ongoing decline of broadcast television (see below for more on this point).

Yet, even before that last acquisition, never before had telephone and cable companies owned so much of the media in Canada. It was a radical transformation that came with many beneficent promises about competing in a global media age and confronting the challenges posed by the internet and big tech giants like Google and Apple. Indeed, Bell was among the first to shine a bright light on these points in the context of the CRTC and Competition Bureau’s review of its take-over of Astral. It seemed opportunistic at the time but has proven prescient since. That said, Bell’s intention was never to curb its own ambitions, or to cut the big tech giants down to size, but rather to mobilize the looming threat to Canadian sovereignty and culture to get what it wanted. Credit where credit is due, though: Bell was an early promoter of the idea that multinational big tech conglomerates pose a threat to Canadian culture and democracy. It deployed that trope then to get what it wanted and ever since, although the beneficent pledges that went along with it have arguably not come to pass given Bell’s track-record while at the helm of the biggest media company in Canada (see below).

Today, Bell Media is still the largest television ownership group in Canada. It has thirty-five local broadcast television stations that make up the English-language CTV network and the second-largest French-language V network, respectively, twenty-six pay and specialty television services, the Crave and Noovo online video services, and 103 radio stations in fifty-eight cities nationwide, as of the end of 2023. It is also not hesitant to throw that weight around, regularly threatening to close local broadcast television stations unless the CRTC and government revamp the

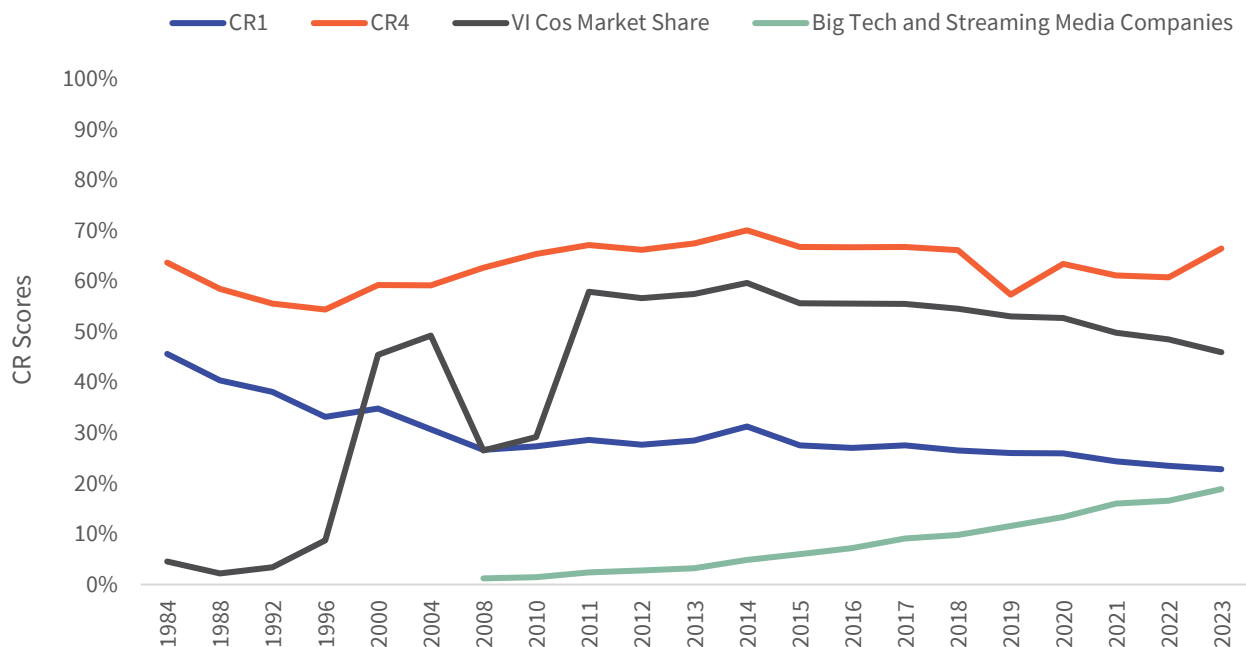
regulatory framework that Bell and other broadcasters operate under (as discussed in more detail below).³²⁵

It is not just that the extent of the vertically integrated communications and media conglomerate is unprecedented in Canada by historical standards but also by international comparative ones, too. Levels of vertical integration soared after 2008 and peaked in 2014 (i.e. 59.7%), as we have seen. They have slid steadily since in the context of a growing and bigger network media economy and as international big tech conglomerates, the streaming media extensions of major U.S. media conglomerates, and companies like Spotify and Netflix cut deeper into the previously protected turf. Indeed, these companies' share of the market has increased by leaps and bounds in the last decade and fell just short of twenty percent last year. Meanwhile, the big four became the big three last year after Rogers took-over Shaw (but not that company's media division, Corus, which the Shaw family still controls). By this time, the vertically-integrated conglomerates had fallen to 46%, a significant indication that they have, indeed, lost some control of the market. At the same time, three companies controlling this much of the \$108.1 billion network media economy is a strong sign of their ongoing market and gatekeeping power.

“Levels of vertical integration soared after 2008 and peaked in 2014 (i.e. 59.7%).”

Figure 52 illustrates the rise, fall and resurrection of vertical integration in Canada since the 1990s. It also depicts the share of the top one, four and ten companies over time as well as the fast rise of the big tech multinational and streaming media services in Canada since 2008, with the latter development slowly diminishing the vertically-integrated companies' status in the network media economy.

Figure 52: CR 1 and CR4 scores and vertically-integrated communications conglomerates vs big tech and streaming media services, 1984-2023 (market share based on revenue)



Source: see Figure 52 sheet in the [Excel workbook](#) accompanying this report.

Despite being diminished over the last decade, today's levels of vertical integration are still exceptionally high by historical standards in Canada and when compared to the U.S. and internationally. As briefly touched upon in the early pages of this report, there are three significant examples of vertical integration in the United States: Comcast NBCUniversal, Charter (Liberty Media) and Dish Network. Their share of the media economy in that country, however, is less than ten percent. There was an uptick in that figure on account of AT&T's acquisition of Time Warner

in 2018, but that relationship was cut short when AT&T spun-off its stake in the rebranded Warner Media into a joint venture with Discovery in 2022.

Similarly, in Europe, some telecoms operators such as Telia, Liberty Global, VodafoneZiggo, Bouygues, and Comcast, for example, own broadcast TV stations and pay television services in the Netherlands, Belgium, Italy, France, UK, Germany, Finland, Denmark, and few other countries. However, as in the U.S., the scale of their influence in each case pales compared to Canada. Thus, whereas examples of vertical integration probably exist everywhere, the reality is that it is typically exceptional and on a dramatically lower scale than in Canada.

The crisis deepens and widens

If scale and vertical integration were supposed to create deep-pocketed national champions that could and would help keep the media alive and flourishing, it has not worked. Indeed, while the industry consolidated, the crisis of advertising-supported media deepened and widened.

Take broadcast television for example. Last year, its revenue, including the CBC and its annual public funding, slid from an all-time high in 2010- 2011 of \$3.4 billion to \$2.4 billion. The CBC's public funding earmarked for its broadcast television operations has stayed relatively stable at around \$830 million per year, on average, over the past decade (although, in real dollar terms, that amounts to a significant decline over time). Last year, it was \$847.1 million. Additional funding this year will increase that further.³²⁶ Given its relatively stable funding for much of the past decade and recent top-ups, the CBC was still the largest service provider in this sector, with a 42% share of the \$2.4 billion broadcast television industry, based on both its public funding and advertising income.

The relative stability of the public broadcaster contrasts sharply with the commercial broadcast television sector, which has seen advertising revenue plunging from \$2.5 billion, circa 2010 and 2011, to \$1.5 billion in 2023. That is a drop of 42%. An uptick in spending in 2021-2022 due to the surge in advertising spending by business and government, respectively, and as discussed earlier, added a quarter-of-a-billion dollars to the sector's bottom line. A good part of that gain, however, vanished last year. Broadcast television is also unprofitable, with operating margins averaging -15% over the past five years; last year they were down by 28%, double the rate of the previous year.³²⁷ The crisis of broadcast television is getting worse.

The consequences of these trends have been harsh. Job lay-offs and cutbacks, for example, have been a constant theme for a decade. Consequently, the number of full-time jobs in the conventional broadcast and pay television sectors fell from 12,519 to 8,611 between 2012 and 2023, a drop of 31%.³²⁸ Eleven local TV stations have been closed since 2009: CHCA (Red Deer), CKNX (Midwest ON), CKX (Brandon), Sun News (Toronto), CKRN and CKRT (Rivière du Loops), Rogers Peel TV and three of its Omni affiliates in BC, Alberta and Ontario, and another station in Kenora (CJBN) that was closed by Shaw in 2017.

Quebecor's decision in early 2023 to axe 140 positions from the French language broadcaster and magazine publisher, TVA, underscored the nature of this harsh trend. It announced 547 more job cuts in November 2023, with nearly three-quarters of those cut from in-house production at TVA and its network of stations across Quebec.³²⁹ Bell's decision to close or sell nine radio stations, centralize programming operations at others, and to cut 1,300 media workers in June 2023 continued this dismal trend.³³⁰ Bell wielded the axe again in early 2024 when it sold off 45 radio stations from its roster of 103 across Canada while culling the wider Bell workforce by 4,800 jobs. Simultaneously CTV network cancelled weekday noon newscasts at all stations except Toronto, while all 6 p.m. and 11 p.m. newscasts on weekends at all CTV and CTV2 stations were also scrapped, except for its Toronto, Montreal and Ottawa newscasts.³³¹

There have also been severe cutbacks in local news programming at CBC local television and radio stations.³³² The CBC also announced that it would be cutting six hundred jobs and paring back its acquisitions budget by forty million dollars per year at the end of 2023.³³³ Those cuts were put on hold, however, when the federal government pledged an additional \$130 million dollars in public funding this year.³³⁴

The effects of plunging advertising revenue have been severe across the board. Rogers CityTV group of stations, however, have been the least worse off. Its revenue in 2019 was \$207.1 million while four years later it was \$193.8 million—a relatively modest drop of six percent. This likely reflects the fact that its CityTV stations are all located in the biggest cities in Canada, whereas all the others include both big and small city stations. It is broadcast stations in small- and mid-size towns, broadcasting execs, say, are the ones that are the biggest drag on their finances, and the most at risk. Rogers does not have that problem because it does not own such stations.

The hardest hit by the deteriorating advertising market has been Corus' Global Television network. Revenue at the second largest English-language commercial network in the country plunged by over forty percent between 2011 and 2020. It, too, has clawed back some of those losses in 2021-2022, but last year brought tough times again as revenue fell to under \$300 million.

Similar trends are also playing out in the radio sector. Revenue for commercial and public radio grew until 2011, when it was \$2.3 billion (including the CBC's parliamentary funds). Things bounced around at that level for the rest of the decade, but then plunged in 2020 to \$2 billion as the Covid-19 pandemic hit and advertisers pulled back on spending, where it has stayed since. Those losses have hit commercial broadcasters such as Bell, Rogers, Shaw, Cogeco and Pattison hardest, with the CBC somewhat insulated by its relatively stable public funding (at least in current dollars, so in reality, a decline when adjusted for inflation). Commercial radio advertising peaked at close to \$1.6 billion in 2008, but then slipped to \$1.5 billion in 2015 where it stayed until dropping to \$1.1 billion at the outset of the Covid-19 pandemic as advertisers hunkered down. That is where it has stayed more or less since.

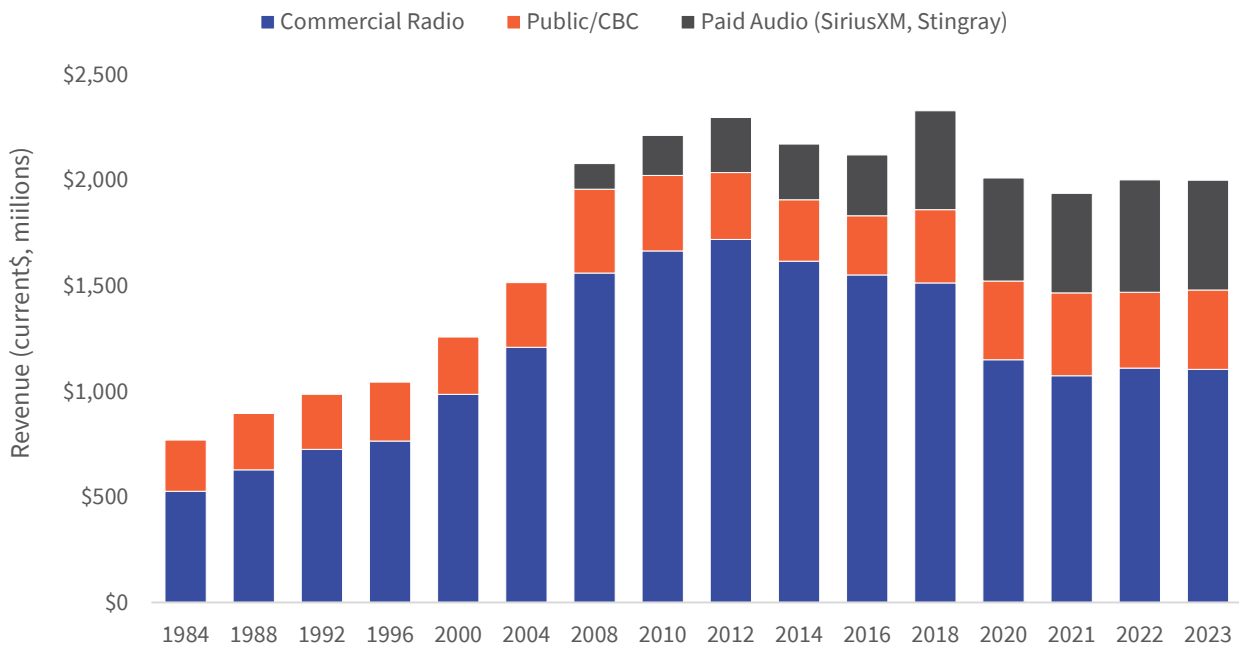
In 2016, the then new Liberal government raised the level of public funding for the CBC. The amount of that funding earmarked for CBC radio went up accordingly. That top up helped to restore public funding levels to what they had been before the Harper Conservative government cut them back in the latter years of its mandate. Since then, CBC radio's share of public funding has been, on average, \$360 million per year, roughly fifty million dollars more per year than it had been in the previous eight. It was \$375 million last year. The fact that the government also injected more money into the broadcasting industry by increasing its advertising budget and again boosted funding for the CBC, as noted above, also helped make things less bad than they would have otherwise been. Still, however, CBC funding remains far below its counterparts in Europe, albeit better than in Australia, New Zealand, and the United States.³³⁵

Concurrent to conventional radio broadcasters falling on hard times, subscription-based radio has taken off in Canada. There are two paid radio services operating in Canada: Sirius XM and Stingray. Their revenues have more than doubled from \$232.4 million a decade ago to \$520.7 million last year. As a result, Sirius XM is now the largest radio group in the country based on revenue, ahead of the CBC and Bell, respectively. The Stingray Group became the fourth-largest radio broadcaster after combining its paid audio service with a group of radio stations it acquired after buying NewCap Radio in 2018.³³⁶

The development of paid radio services also illustrates the expanding place of subscription-based services in the media economy. Whereas commercial radio broadcasters accounted for over three-quarters of the radio market in 2011, and paid radio services just 10%, since then the advertising-funded part of the radio market has shrunk to 55%, while paid subscription services provided by Sirius XM and Stingray now account for 27% (based on revenue). The CBC picks up the remainder, i.e. 18%. Combined revenue for commercial, public service, and paid radio services was \$2.6 billion a decade ago versus \$2 billion last year.

Despite the substantial growth of paid radio services, however, the radio sector has still lost ground since 2019. Figure 53 below depicts these structural changes in radio broadcasting over the last four decades, and waning revenue over the past four years.

Figure 53: Upheaval and the remaking of radio, 1984-2023 (current \$, millions)



Source: see Figure 53 sheet in the [Excel workbook](#) accompanying this report and the “Broadcast radio” entry in the [GMIC Project—Canada open data sets](#).

These changes are also reflected in a re-ordering of the ranks of radio broadcasting station ownership groups. While Bell was the biggest commercial broadcaster for

several years after taking over Astral, it ceded that position in 2018 to the paid radio service Sirius XM. Its revenue from radio broadcasting and share of the radio market has also drifted downwards over time. Last year, it had revenue of \$221.9 million and a market share of 11.1%. This is a substantial slide from its high point in 2013, when it had \$422.7 million in revenue, for a market share of 18.7%.

Bell is now the third-biggest radio ownership group after Sirius XM (revenue of \$467.5 million and 23.4% market share) and the CBC (\$375 million in revenue, and 18.8% market share). Beyond the top three radio groups, the list includes Stingray (revenue of \$176.8 million and 8.8% market share), Rogers (revenue of \$136.4 million and 6.8% market share), Cogeco (revenue of \$83.7 million and 4.2% market share), and Shaw (Corus) (revenue of \$76.3 million and 3.8% market share). As of 2023, the seven biggest broadcast radio groups accounted for a little over three-quarters of the sector's \$2 billion in revenue. That, in turn, was significantly lower than the year before when it was closer to four-fifths. While this means that smaller and mid-size radio groups are picking up market share, the reality is that nearly all radio broadcasters have seen revenue decline year-over-year for many years.

The radio sector also has some of the lowest concentration levels across the network media economy, with a CR4 in 2023 of 63 and HHI well into the highly fragmented and diverse zone by the standards of that metric, with an HHI last year of 1,204 and on a downward trajectory. This reflects the overhaul of the sector by the addition of paid audio services described above but also the reality that there are still a sizeable number of radio broadcasters with a reasonably strong local and regional presence, such as Pattison Media, Vista Radio, Golden West, Maritime, and Evanov, to name a few.

As a result of hard economic times, forty-two radio stations have been shut down or not had their licenses renewed by the CRTC between 2009 and 2023. Seventeen of those closures have taken place since March 2020. Most of the stations closed were those of commercial broadcasters.³³⁷ However, several community, university, and Indigenous owned and operated stations have also been closed in recent years. Sixteen new radio stations have also been launched during this same period, but they do not fill the gap.³³⁸ The closure and sell-off of over fifty stations by Bell in the last year, centralization of programming operations at others, and the slashing of its workforce in the last two years have all laid heavy blows against a floundering industry. Significant news programming cuts have been made at other stations, too.

There is no doubt that conditions are bad. Bell's radio broadcasting arm, for example, illustrates the point. Its revenue has slid relentlessly from \$422.7 million

in 2013 to \$221.9 million in 2023. Profit levels have also been squeezed on that smaller revenue base. However, Bell Media—the division of the BCE communications conglomerate that houses the radio division—still enjoyed a profit before interest, deductions and taxes of 22.4% in 2023. This is a level of profitability that is the envy of most businesses.³³⁹

Commercial radio revenue also seems to have found a floor in recent years on account of a more stable advertising market, government subsidies, and payments from big tech firms, both before and after the passage of the Online News Act. The fact that across the rest of BCE, profit levels are almost double those of the Bell Media division also implies that it has more than enough room to absorb slimmer profits at what is, after all, the smallest part of its corporate empire.³⁴⁰ However, when CEOs must adhere to the high demands of bankers, investment funds and Bay Street, such sentiment is naïve.

In February 2024, Bell sold another 45 stations. Perhaps the silver lining in this case is that rather than shutting down stations that were not meeting its aggressive profit expectations, BCE sold them to seven well-established regional broadcasters, several of which had cameos in earlier pages in this report: Vista Radio, White Oaks, Durham Radio, My Broadcasting, ZoomerMedia, Arsenal Media, and Maritime Broadcasting. These regional groups are focused primarily on one thing: radio. They are all experienced broadcasters that are more closely linked to the regions and local communities they serve. Moreover, it is unlikely that they will expect lush profits in the 25% range that have proven insufficient for Bell media.

The biggest beneficiary of Bell's sell-off, Vista Radio, acquired nearly half of the stations. It has promised no closures and no lay-offs will take place.³⁴¹ Thus, on balance, Bell reducing its radio footprint will make room for others who may make a better go of things. It will certainly reduce concentration levels in the sector, too, but determining by just how much will have to wait until next year's edition of this report—although they were never that high to begin with (see below).

Bell's moves drew unusually strong condemnation from politicians. B.C. Premier David Eby, for example, called BCE executives vampires and lambasted them for the "encrappification" of local broadcasting. Prime Minister Justin Trudeau and Heritage Minister Pascal St. Onge derided BCE for what they called its betrayal of a tacit pact whereby the company that had benefitted from a tolerance of high levels of broadcasting ownership concentration, as well as major new legislation designed to support the Canadian broadcasting and newspaper publishing sectors - the *Online Streaming Act* and the *Online News Act* - would do all that it could to keep

broadcasting and the journalism it supports alive. Such unusually strong language had previously been reserved for the internet behemoths from Silicon Valley but is now being leveled at the biggest communications and broadcasting conglomerate in Canada.³⁴²

All these considerations add up to a portrait of a crisis in local and network television and radio broadcasting. Given that they are significant sources of original news, this also contributes to the crisis of journalism.

Pay and Specialty (Subscription) TV

As broadcast television went into a tailspin, the pay television market continued to grow swiftly into a \$4.4 billion market at its highpoint, circa 2016-2017. Revenue fell thereafter to \$3.9 billion in 2019 where it has stayed somewhat stable since; last year it was \$3.8 billion. Nonetheless, these services have remained highly profitable with operating margins averaging 25% over the past five years. Last year, however, operating profit margins dropped to 15.1%.³⁴³

There should be no mistake, however, that profits for pay television services have been well-above average, and in many ways still are.³⁴⁴ Bell, Rogers, Shaw (Corus) and Quebecor have remained wildly profitable, in fact, with a few exceptions here and there along the way. Thus, in 2023, the media divisions of each of these firms posted operating profits of 22.4% (Bell) and 22.1% (Corus), although Rogers' and Quebecor's profit margins of 3.3% and 1.1%, respectively, were much lower and undoubtedly poor. Profit levels have hovered in the mid-twenty-to thirty percent range for these companies for years, although those profits are now being made on a shrinking revenue base, and it remains to be seen whether last year's sharp drop in profits—from an average of 25% over the past five years to 15% last year—marks the beginning of a trend.³⁴⁵

The problem, from a strictly financial point of view, however, is that profits like these do not hold up to the far bigger ones made by these communications conglomerates' other operating divisions and overall. Their mobile wireless, internet access and wireline divisions see revenue climb year-after-year and typically report profits in the 40% range. Quebecor, Rogers and BCE posted profits of 40-43% of \$5.4 billion, \$19.3 billion, and \$24.7 billion, respectively, last year. Despite its woes, Corus still clocked EBITDA of 22.1%.³⁴⁶ In short, these are very profitable companies.

In terms of the pay television market, the fact that subscriber fees outstrip advertising by a more than a two-to-one ratio helped cushion the blow of plunging advertising income that other media sectors experience. It also highlights the increasing role of the “pay-per” model in the media economy. That, plus the shift of advertising spending from broadcast television to pay services helped to buy some time, but the secular decline in advertising spending has finally caught up with the pay television market, too. Total revenue for pay services fell more than half-a-billion between 2016-2017 and 2023. While some of those losses were clawed back in the economic upswing that followed the easing of the Covid-19 pandemic, that respite also proved transitory. Revenue fell by a quarter-of-a-billion dollars last year.

The mounting difficulties for the pay television market have been uneven in their impact. Rogers has actually increased its revenue by a hundred million dollars from 2019 to just under \$800 million last year. This no doubt reflected its focus on sports and that it holds the rights to NHL games. Rogers’ market share rose in step over the same period from 16.5% to 20.8%, albeit in a smaller market. BCE, the CBC, and Quebecor have also weathered the downturn better than others. Their revenue has still declined but more modestly, at between 6-13% since 2019. They have achieved this, in part, by shutting or spinning off services to focus on their biggest brands. A few smaller groups such as Blue Ant, APTN, Zoomer Media and OutTV are in a similar spot.

In contrast, pay television revenue at Corus (Shaw) has tanked by \$413 million (or 37%) since its peak in 2014. Misery continues at the company with revenue since 2019 falling by close to a quarter-of-a-billion dollars, or 27%. Having just lost programming rights this year to its best-known brands from Warner Media Discovery that it had held for decades (e.g. HGTV, OWN, Food Network) to Rogers this year, its miseries are about to get worse.³⁴⁷ Its ongoing carriage dispute with Rogers is also unhelpful. How that dispute is resolved will also impact its fate.³⁴⁸ Several boutique operators such as Wildbrain (formerly DHX), Fairchild and Stingray have also been hit hard. Their future is uncertain.

Specialty and Pay Television Services: Diversification, Consolidation and Decline

The pay television sector was transformed by a handful of transactions that took place between 2007 and 2013, the combined effect of which was to drive

concentration to an all-time high that has been maintained ever since. Some of those transactions were introduced earlier, but are repeated in summary here for ease of reference, while I also place new emphasis on matters unique to pay television services. Two other ownership changes led by BCE, and that were unique to this period, are also listed:

- Roger's take-over of CHUM's television services in 2007.
- Canwest's acquisition of Alliance Atlantis the same year.
- Shaw's take-over of the television assets of the bankrupt Canwest in 2010.³⁴⁹
- BCE's re-acquisition of CTV in 2011.³⁵⁰
- BCE's acquisition of Astral in 2013.³⁵¹

Together, these ownership changes triggered the most significant bout of consolidation within the television industry in the period covered by this report. They caused the HHI score for the pay television market to jump from 871 in 2004—a sign of a highly diverse market—to 2,123 in 2013, which is at the high end of the “moderately concentrated” designation. It has stabilized at this level ever since. The CR4 was 78 and the HHI 2,034 last year. At the end of this bout of restructuring and consolidation, several consequences were apparent:

- Concentration levels in broadcast television, pay television services and for the total television market were the highest ever, and have stayed there ever since.
- Several iconic and specialized players in Canadian television had vanished: e.g. CHUM, Alliance Atlantis, and Astral Media.
- Others had been broken apart or gone bankrupt after loading up with unsustainable debt, with Shaw swooping in to purchase the assets of two such firms: i.e. Canwest and Craig (owner of the A-Channels and Toronto 1).³⁵²
- Astral Media's pioneering plan to launch an online video service in 2012 to compete head-to-head with Netflix was shelved after it was acquired by Bell. This left the nascent online video market exclusively in the hands of Netflix for two more years until Bell launched Crave and Rogers and Shaw co-launched the short-lived Shomi service.

From this time on, the pay television services market has orbited around three companies: Bell, Shaw / Corus and Rogers, with the CBC and Quebecor's TVA well-behind them. In 2023, the 'big three' collectively owned sixty-two broadcast television stations and eighty-five pay television services, down from 129 at their highpoint in 2014-2015. They also account for three-quarters of the pay television market, a figure that has stayed the same since 2013. Add Quebecor and the CBC into the mix, and collectively the five largest Canadian television operators controlled 84% of the pay television market in 2023. They also held close to two thirds of total television revenue (i.e. broadcast, pay and online VOD services revenue), although this was down from eighty percent five years ago.³⁵³

The vertical integration of all the major Canadian commercial television services into telecom companies for nearly a decade-and-a-half meant that all of Canada's main commercial television services were owned by telecoms conglomerates. This was unique to Canada's own history and Canada stands alone in this respect worldwide amongst comparable countries. This changed last year when Rogers acquired Shaw, but not Corus, meaning that the latter is no longer a member of the vertically-integrated club. Consequently, in 2023, the big 3 vertically-integrated companies (Bell, Rogers and Quebecor) controlled just under 71% of the pay television market and 46% of all television revenues once we include broadcast television and online video services (more on this below). Those figures were down by about ten percent in each case, but not because the market had become more diverse but because Corus is no longer a member of the vertically-integrated club anymore.

Even among the big three vertically-integrated conglomerates that remain, Bell stands out. It's \$1.38 billion in revenue and 36% market share in the pay television market in 2023 was roughly twice that of the Rogers and Corus, seven times that of Quebecor, and nine times that of the CBC.³⁵⁴ Crucially, Bell uses its advantages in scale and scope to lockdown long-term, exclusive rights to premium programming in Canada from several of the most important television and film distributors in the U.S., notably HBO and HBO Max (Warner Media), Showtime (ViacomCBS), and Starz (LionsGate). In 2021, it ventured further afield by acquiring the promoter of the Montreal Formula 1 Canadian Grand Prix.³⁵⁵

At its core, the heart of the commercial television business model in Canada relies on its biggest player, Bell, buying up exclusive rights to marquee U.S. programming to generate profits that will be spent on Canadian TV production. The same applies to every other broadcaster and pay service operator. In reality, their in-house production spending has not budged from, on average, \$1.1 billion a year, for

twenty years. This is exactly how much Canada's broadcasters spent last year. Total Canadian TV production has averaged \$4.2 billion over the same period. Last year it was above that at \$4.9 billion, likely because the industry was working overtime to catch up with the lost Covid-19 years when production ground to a halt.³⁵⁶

Bell's submission to one of the many planned CRTC proceedings on implementing the *Online Streaming Act* makes the case for why this framework should be kept in place. If it is not, Bell argues that Canadian television ownership groups should be relieved of their existing regulatory and financial contribution obligations, but that such obligations should be placed on foreign streaming services like Netflix, Amazon, Disney+, Spotify, etc. to fund Canadian television content and news, in particular. During the development of the *Online Streaming Act*, and initial hearings on how to implement the *Act* by the CRTC, Bell criticized international streaming services for "withholding" programming rights in recent years as they increasingly go direct to consumers. To counter this "threat" to the Canadian broadcasting "system", Bell argued, it should have first dibs at exclusive distribution rights for U.S. and international programming before streamers can offer it themselves directly to Canadians. Bell is not alone in this demand, but such wishes never made it into the *Act*, and so far the Commission has (rightly) rejected such self-serving appeals.³⁵⁷

Divestitures, Spin-Offs, Closures and Consolidation

The processes just outlined drove concentration in the pay television market to new heights, but several other forces have also shaped the pay television market in the past decade, especially since 2016-2017 when it began to lose steam (and precisely when the online video market started to really take off, as we will see momentarily). Four such factors stand out:

- The divestiture, spin-off, and closure of services by the major players.
- Consolidation amongst marquee brands and a narrower range of genres.
- Automation of services that now run with a skeletal to no workforce.
- The rapid growth of online streaming video services such as Netflix, Crave, YouTube Premium, Disney+, Stack TV, Apple TV and iTunes, Amazon Prime Video, and so forth.

In an attempt to lessen the degree of consolidation, after denying Bell's first attempt to acquire Astral Media in 2012, the Competition Bureau and CRTC approved a revised bid by Bell for the company a year later.³⁵⁸ However, both regulators granted their blessing only after Bell agreed to divest eleven of the services that it was acquiring from Astral—the largest independent pay service provider in the country at the time, a position it had buttressed by acquiring long-term exclusive distribution rights for HBO programming in Canada.

The most important of these services were sold to Shaw (Corus),³⁵⁹ while the rest were acquired by DHX Media (WildBrain, as of 2019), a Halifax-based broadcaster and producer of children's programming (Caillou, Degrassi: Next Class, Inspector Gadget, and Teletubbies),³⁶⁰ Stingray,³⁶¹ and V Media (now Noovo and once again owned by Bell) in Quebec.³⁶² The hoped for benefits of these remedies have largely failed to materialize, however, for reasons that will soon be apparent.

For one, these divestitures hardly put a dent in Bell's dominant position. However, for a time, it appeared that they might help firm up the ranks of second-tier television groups given that the lion's share of the services spun-off were acquired by Shaw (Corus). This also appeared to head off Shaw and the other smaller firms' opposition to the deal. Thus, while many voices from within the industry and public interest groups loudly opposed the deal, these companies stayed silent once the divestitures were on the table and earmarked for them. In fact, this author was in the room when DHX pulled out of the hearing at the last moment, likely signaling that it had struck a deal with Bell behind the scenes regarding who would benefit from the spin-offs being required by the regulator—an all-too familiar tactic in Canadian regulatory processes.

Second, while the smaller companies benefitted from these spin-offs for a time, and this added some important new voices and choices to from which Canadians and program rights holders could choose, their prospects were deeply uncertain from the beginning. In fact, DHX-cum-Wild Brain has been in decline since it obtained the services spun-off from the Bell-Astral transaction. V Interaction is no more as of four years ago, having been absorbed into the BCE fold. Collectively, the new players that remain have seen their revenue plunge and they now account for less than one percent of total television revenue, a fraction of the market share once held by the vibrant Astral Media before it was taken over by BCE in 2013.

Several pay television services have also been closed on the grounds that falling revenue and profits have undermined their commercial viability. For example, Bell and Rogers shut down their jointly-owned Viewers' Choice and GoTV in 2014 and

2015. Rogers and Shaw also shuttered their jointly-owned internet streaming TV service, Shomi, in November 2016, while Quebecor shut down Argent a year before that. Corus turned out the lights at the Cartoon Network in 2015 and Movie Central in 2018. As a result of these changes, the number of pay television services owned by the big five television ownership groups—Bell, Shaw (Corus), Rogers, Quebecor, and the CBC—has fallen from 129 in 2014 to 85 last year (meaning that nine more such services had been closed in just the last year, and just under twenty in the last five).³⁶³

In addition to service shut-downs, in 2016, Shaw spun-off the Global TV network and several pay television services to its sister company, Corus, to help finance its acquisition of Wind Mobile. This complex transfer of ownership was primarily about hiving off the TV group to a separate entity (Corus) to help finance Shaw's take-over of Wind Mobile and focus the Shaw company on communications rather than content. This corporate restructuring was also about setting up Corus for a potential sale, a possibility that executives at the company have publicly mused about for years. That option, however, has been foreclosed by regulators not disposed to allowing Corus Entertainment to be sold to an existing player like Bell or Rogers on account of the extensive consolidation that currently exists, while a potential sale to foreign investors is also ruled out by existing foreign ownership restrictions. Both restrictions have raised the company's ire.³⁶⁴

As the companies have shuttered services, they have also increasingly put their resources behind a smaller number of marquee services. Thus, last year, just a dozen services accounted for half of all revenue in the pay television market: Bell accounted for half of them, Rogers and Corus (Shaw) two each, and the CBC and Quebecor one apiece. Ten years ago it took twenty-six such services to reach the halfway mark. The range of these services has also become more narrowly focused on sports (e.g. BCE's TSN and RDS, Rogers' Sportsnet, Quebecor's TVA Sports), movies (e.g. BCE's Crave/The Movie Network, Corus's Showcase), news (e.g. Bell's CablePulse 24, CBC News Network and ICI/RDI) and a few thematic channels. The top four sports-themed services alone now account for well over a third (37%) of the pay television revenue, up from a fifth a decade ago. In sum, time, attention and money are being concentrated on a fewer number of big brands, stars and best-selling genres.

A few small pay television operators such as Pelmorex—the owner of the Weather Network—and OUTtv have actually done better, and for the latter, with its small loss of revenue at home more than offset by revenue from international markets that goes unreported to the CRTC (because it is not required to do so). Others such

as DHX-cum-WildBrain, Blue Ant and Stingray, for whom prospects were once high as the intended beneficiaries of the spin-offs from Bell's acquisition of Astral, have seen had their dreams and dollars crushed. The ethnic media service provider, Fairchild, no longer reports to the CRTC, likely because it is no longer viable in this domain.

The last point to be made in this section is the striking phenomenon whereby many pay television services have become, in essence, "ghost operations" insofar that they do not have any workers at all to keep them operating. Indeed, in testimony on the *Online Streaming Act*, the Forum for Research and Policy in Communications observed that there are sixty-three such services with no workers at all, including, for example, Bell's CTV Comedy (\$66.7 million in revenue in 2023) and DHX's Family Channel (\$33.8 million). Ten other such services have just one worker, including, for example, Animal Planet (\$5.5 million in revenue), while another forty have between one and ten staff. In other words, many pay television services have been either cut-to-the-bone or hollowed out completely.

Ultimately, this discussion of spin-offs, closures, automation and failure stands as a fine example of how "regulatory hesitancy" has failed to deliver on the questionable promise that industry consolidation would generate companies with the heft, expertise and financial resources they need to ensure that the television system in Canada could prosper. It should also draw our attention to the fact that rather than regulators trying to engineer complex and difficult, if not impossible, to police regulatory remedies—as was the case in relation to Bell's second and successful bid to acquire Astral Media—it is better to just say no to deals that drive ever higher concentration levels. The CRTC did the first time around when it rejected Bell's bid to take-over Astral. With the benefit of hindsight, it was right to have done so.

Online Video Services

Television is dead, long live television

For a quarter-of-a-century, pundits have declared the impending “death of television”, largely because of the rise of the internet, although that moment has never arrived. The amount of traditional television that people watched did not peak until about 2013 at about 29 hours per adult Canadian per week. It has fallen since to 23.3 hours, but watching television services such as Netflix and Crave over the internet and through mobile connections has shot upwards from less than two hours per week to nearly thirteen hours in the last decade, leading to a net gain. Consequently, Canadians now watch nearly five more hours of television in 2023 than they did a decade earlier.³⁶⁵

Despite the meltdown in broadcast television and the deepening impacts of cord-cutting on the cable and pay television markets, television when examined across all distribution platforms is thriving based on audience viewership, subscriptions, and revenue. The fly-in-the-ointment for some, however, is that the money is going increasingly to streaming services and multinational big tech companies—e.g. Netflix, Disney+, Google YouTube Premium, Amazon Prime Video, and Apple TV+—instead of traditional broadcasting and pay television groups. Indeed, since this means that all of Canada’s biggest telecoms conglomerates are implicated because they are also the biggest television operators, it is understandable that they are using every means at their disposal to stop it. The result is a five-way battle over the online video market being waged between “big telecom”, big tech, international streaming services like Netflix, and the direct-to-consumer extensions of well-known Hollywood brands like Disney+, with some independent broadcasters like the CBC and Corus also embroiled.

All of this is taking place, as Amanda Lotz observes, in a context where what we call television (and film) has fundamentally changed and continues to do so. It is no longer created under the norms that defined “television” for decades.³⁶⁶ Indeed, it has been utterly transformed and become more multifaceted. The range of services and how we connect to this expanded television universe has exploded over the past twenty years; a decade ago, broadcast television was supplanted by specialty and pay cable and satellite channels, now it is the rise of “connected television” that is driving this upheaval. Television is no longer linked to a one-way broadcasting distribution system like cable, but to wireline and mobile internet through an

expanding galaxy of devices, from smart TVs to smart phones. As such, connected television is ubiquitous, available anytime, anywhere—for better or worse.³⁶⁷

The next few pages trace how those changes are playing out in the online video services market as new entrants such as Netflix, Crave, Amazon Prime Video, Disney+, CBC Gem and Club illico struggle for the finite time, attention and money of Canadians.

Anchor Findings

- Online video service revenue and the total number of subscriptions continues to grow but at a slower pace, while the actual number of households subscribing appear to have slipped for the first time last year.
- The growth of online video services has expanded the revenue base for total TV services, along with Canadian television and film production investment.
- The rapid growth of online video services and entry of major new international players such as Netflix, Google’s paid YouTube services, Disney+, DAZN, Amazon, and Apple have led to a more diverse television landscape and falling levels of concentration.
- Netflix continues to be the biggest paid online video service in Canada but its share of the online video market has slid from half in 2019 to 37.4% in 2023 (29.5% if we include video sharing platforms like YouTube); 15% based on subscribers as of last year versus 42% four years earlier.
- A few big tech conglomerates and digital content aggregators (e.g. Google, Apple, Amazon), U.S.-based media giants (eg. Disney, CBS-Viacom) and domestic telecoms conglomerates (BCE, Rogers, Shaw/Corus, Quebecor) have moved in to occupy most of the space formerly taken by Netflix.
- Big tech and domestic telecom companies are subsidizing online video services, making it hard to pin a value on their services.
- The variety of online video service business models is increasing, and the advent of several niche services has helped to diversify and deepen the market.
- The level of concentration in the online video services market is declining.

From torrential growth to a maturing media market

In the past two sections we examined two key components of the television market: broadcast television and pay television. To complete the picture of the “Total TV Universe”, we now examine online video services. Our focus is on subscriber video-on-demand (SVOD) services such as Netflix and Crave, transactional video-on-demand (TVOD) services such as Apple’s legacy iTunes service and Google Play, and advertising-funded video-on-demand services (AVOD) such as Corus’ Stack TV. For the time being, video sharing platforms based largely on user created content such as YouTube, Twitch, and so forth are set aside, although this will be brought in from time-to-time to make certain points.³⁶⁸

The rise of online video services has dramatically changed the TV landscape in Canada and around the world. In 2023, estimated revenue for the online video services market in Canada reached \$4.1 billion, up from \$3.6 billion the year before and more than quadruple what it was in 2017 (\$975.9 million). If we bring Alphabet’s YouTube video sharing platform into the picture, total revenue for online video services rises to \$5.2 billion in last year. Regardless of whether we adopt the ‘narrow’ definition of the online video services market (just paid services), or the ‘broad’ one (inclusive of advertising supported video sharing platforms), such services have added immensely to the size of the TV marketplace in terms of revenue and choice, while also serving to drive down concentration levels.

For now, we will set aside video sharing platforms to keep the focus on the paid online video market. Last year’s growth in the paid online video market was an impressive 11.6% year-over-year. However, when measured against a compound annual growth rate of 33% for the past five years it also represented a slowdown and signaled that this market is in fact entering a state of maturity. There are other such signs as we will see in a moment.

Just as revenue has risen swiftly, so, too, has the number of subscriptions. In 2023, 77% of households subscribed to at least one paid SVOD service such as Netflix, Crave or Disney+ and we estimate that there were 32.2 million online SVOD subscriptions in Canada in 2023, up from 29.4 million the year before. This implies that each SVOD subscriber last year had 2.7 services, on average. That was also up year-over-year from 2.4 such services.

The ongoing rise in revenue and subscriptions suggests that the unbroken record of impressive growth for the online video services market is continuing apace.

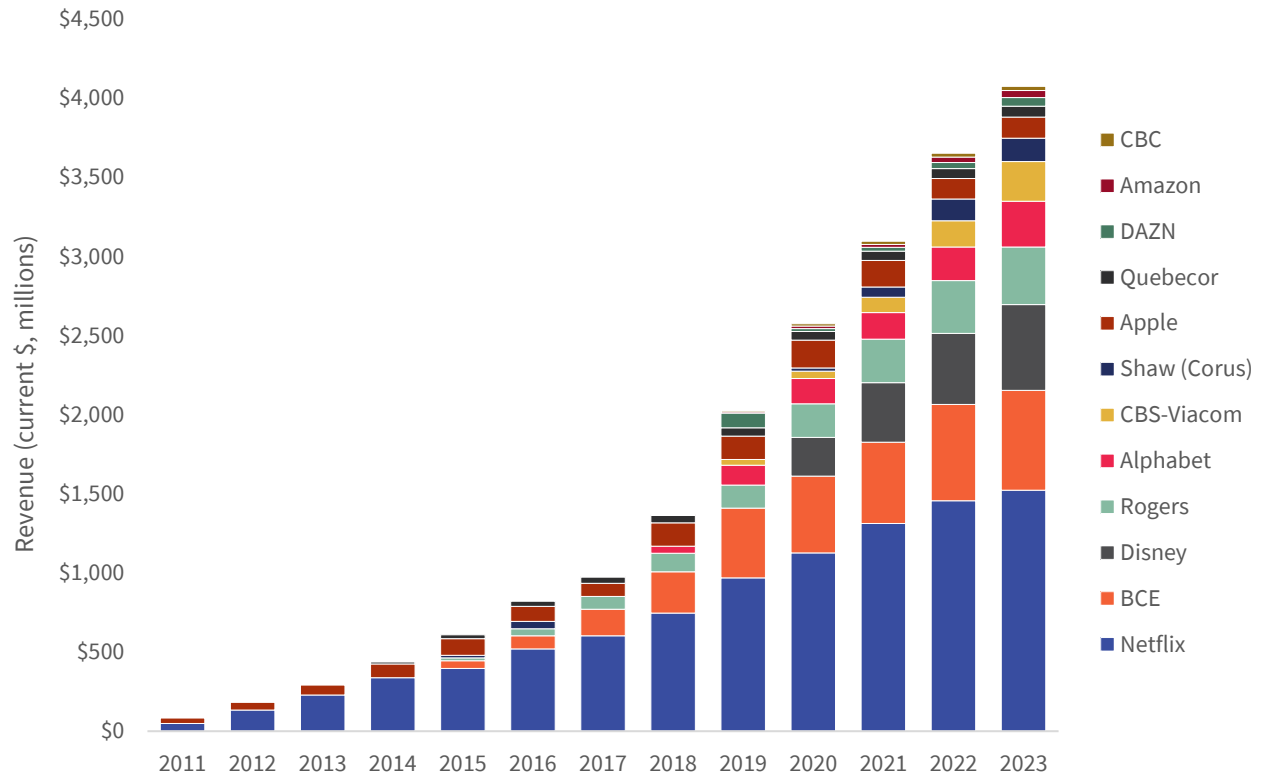
“There is also a gap between Francophone and Anglophone uptake of SVOD services.”

However, for the first time, last year revealed some trends that were running in the opposite direction. As we saw a moment ago, revenue has grown more slowly in recent years after a decade of blistering growth. Perhaps even more significantly, the percentage of households subscribing to an SVOD service declined last year from 81% in 2022 to 77%. This translates into the total number of subscriptions to online video services falling from 12.3 million in 2022 to 11.8 million last year, indicating that some households ditched subscribing to SVOD services altogether.³⁶⁹

It is too early to say exactly why this happened, but it is reasonable to point to cost-of-living troubles (inflation). Thus, in the face of tightened economic times, and the “law of relatively constant media expenditures”, some households dropped online video services, while others who do not feel the pinch on the family budget saw there was no need to cut back. In fact, they slightly increased the number of services they paid for, as noted a moment ago, which is also not surprising given the growing range of streaming services on offer. There is also a gap between Francophone and Anglophone uptake of SVOD services, with 78% of Anglophone Canadians subscribed to an online video service such as Netflix, Crave or Disney+; while among French speaking Canadians, the number was 72%. Uptake amongst racialized Canadians was in line with the former, while Indigenous Canadians had high levels of adoption at 90%.³⁷⁰

Figure 54 below depicts the revenues of the online video services in Canada since 2011 until the present.

Figure 54: Online video market growth in Canada, 2011-2023 (current\$, millions)



Source: see Figure 54 in the [Excel workbook](#) accompanying this report and the “Online Video” entry in the [GMIC Project—Canada open data sets](#).

As we can see from Figure 54, Netflix has been and still is the biggest SVOD service in Canada by far.³⁷¹ In 2023, it had a year-over-year average of 7.8 million subscribers in Canada and revenue of \$1.52 billion, up from 7.7 million subscribers and \$1.46 billion in revenue the year before. This reflects the continuing of the streamer’s long-running trend of growth in Canada, with its revenue nearly three times what it was five years earlier and the number of subscribers up by over two million.

As of 2023, just over half of all households in Canada (50.8%) were Netflix subscribers and two-thirds of those who subscribe to a paid streaming service subscribe to Netflix. Clearly, Netflix continues to lead the field and is the biggest streaming service in Canada by subscribers, revenue and market share. In 2023, it had a market share last year of 37.5% (or 29.5%, if we use the ‘broad’ view of the online video market).

However, Netflix's subscriber growth, like its revenue, has also slowed down greatly. This can be seen in the anemic growth of its subscriber base by just 136,000 last year. After a similarly slow increase the year before, Netflix has only added an estimated 278,000 subscribers in the last two years, which is a paltry cumulative annual growth rate of less than two percent. In the face of stagnating subscriber base, and an increasingly competitive market, Netflix was only able to increase revenue by hiking prices. Its ARPU rose from \$14.56 in 2021 to \$15.86 in 2022 to \$16.58—a rate of increase that is well above the CPI and, therefore, itself a contributing factor to inflation (see Figure 22 above).

Since Netflix first entered Canada in late 2010, many new players have also joined the fray. As of 2023, there are a dozen significant online video providers in Canada. In rank order based on revenue, they include: Netflix, BCE's Crave, Disney+, Rogers SN Now, Paramount+, Google's YouTube Premium and Google Play services, Corus' STACK TV, Apple TV+ and iTunes, Quebecor's Club illico, Amazon Prime Video, DAZN, and CBC Gem. A few earlier services, such as Rogers and Shaw's joint-venture, shomi, have exited the scene. New players entered the market at a fairly rapid pace after 2018, but that, too, has slowed in recent years. The analysis in this report focuses on the biggest online video services operating in Canada in 2023.

These new services are steadily chipping away at Netflix's dominance, driving down its market share from nearly two-thirds of the market in 2017 to just over a third last year (based on revenue) and to a little under one-quarter based on subscribers. Canadian services accounted for about thirty percent of the market based on revenue in 2023, a figure that has stayed stable since 2017. Based on subscribers, however, they account for a little over one-fifth of all subscribers.

The biggest Canadian streaming service is Bell's Crave. It is the second largest SVOD service in Canada, with 3.1 million subscribers and revenue of \$631.6 million in 2023. This was up marginally over the previous year when Crave had 3 million subscribers and revenues of \$608.6 million. Similar to Netflix, Crave has also seen the pace of subscriber and revenue growth trimmed in the past few years. Indeed, over the last two years its subscriber base has grown a modest 4.3%. Crave's revenue has certainly risen significantly—i.e. by 15.6% in the last two years—but that's just half the growth rate of the last five. Clearly, the slowing pace of growth is industry wide rather than limited to just Netflix.

Disney+ has grown rapidly since entering Canada near the end of 2019. Already by its third year in Canada, it was the third largest SVOD operator and that's where it stayed last year with estimated revenue of \$541.8 million last year and 4.8 million

subscribers. This was up significantly from \$448 million and 4.5 million subscribers the year before. By 2023, its market share based on revenue had grown to 10.5%, up modestly from 9.8% the year before, while it was 15% based on subscribers—a figure that has stayed stable for the last three years.

In contrast to Netflix and Crave, Disney+ continues to grow fast, with its subscriber base expanding at cumulative annual growth rate of 28% and revenue at just over 30%. Clearly, its deep catalogue of well-known and family friendly film and television programming has attracted a significant and growing audience in Canada and been a welcome addition to the streaming video market.

Rogers' SN Now was fourth in line, with estimated revenue of \$365.2 million and 2 million subscribers on average for the year, up significantly from \$335 million in revenue and 1.6 million subscribers the year before. Its market share based on revenue has stabilized at around 9% over the last three years, while its share of subscribers has gently drifted upwards from 5% to 6.3% over the same period.

Rogers SN Now continues to grow swiftly in terms of revenue and subscribers based on its strong holdings in live sports and its ability to broadcast sports programming across its cable, internet and digital platforms. Rogers' deal with Amazon Prime Video for NHL on Monday nights in Canada this year is a strong case in point. Its cross-promotional deals with Netflix and Disney+ on its cable and streaming platforms also reveals its concerted effort to expand into the online video distribution market. The fact that it cross promotes across all of its distribution channels—mobile wireless, internet access, cable, broadcast radio and television and pay television, streaming media, and live sporting events and arenas— also helps to drive awareness and publicity for the company's services. In short, Rogers is Canada's second largest communications conglomerate and it is using synergy between its many brands and services to its advantage.

At the same time, it is also imperative to note that it is very tight-lipped about the details of its streaming services. In fact, based on our experience, its reporting even on its well-established segments has gotten worse in recent years. As such, our estimates for Rogers SN need to be treated with caution. Rogers also presents a strong case for why the CRTC needs to ensure that this is fixed as it works to implement the information disclosure obligations found in the *Online Streaming Act*. Indeed, this is an industry-wide problem for streaming video services and for streaming services, app distribution and big tech generally.

CBS-Viacom's recently renamed Paramount+ has also swiftly moved up the ranks since its introduction into Canada in 2018 (originally as CBS All Access).³⁷² By 2023, it

had estimated revenue of \$251.4 million and just under three million subscribers. This was a big leap over the year prior, when it had estimated revenue of \$165.5 million and 2.2 million subscribers.

Paramount+ is another example of a major U.S. media conglomerate extending its familiar and deep catalogue of film and television programming built up over the last century now using those strengths to extend into streaming services that are offered direct-to-consumers wherever the company—one of the world's largest media conglomerates—sees a market worth pursuing. As one of the world's top ten or so media markets, Canada is one of those markets, while the shared language and cultural reference points also boost its efforts. As of last year, Paramount+ had become the fifth largest streaming service in Canada, with a 5% share of the market based on revenue and 9% based on subscribers.

Alphabet's YouTube Premium (SVOD) and Google Play (TVOD) now stand as the sixth-largest online video service in Canada last year—up one place from 2022. Last year, estimated revenue for these two services in the Alphabet conglomerate empire was just under a quarter-billion dollars. On a stand-alone basis, the YouTube Premium SVOD service had an estimated 2.8 million subscribers. Revenue was up significantly from \$171.6 million a year-over-year but the number of subscribers rose only modestly by about 200,000. In other words, like the other big streamers, Google appears to be leaning on price hikes and rising ARPU as growth in its subscriber base stalls. If Google's video sharing platform, YouTube, was included, that would add \$1.1 billion, bringing its total revenue in Canada from online video services to \$1.38 billion and a 26.7% stake in a more broadly construed online video market worth \$5.2 billion in revenue. Doing that would also make Alphabet the second-largest online video service in Canada, trailing not far behind Netflix and double the size of Bell's Crave in terms of revenue.

Corus launched STACK TV in 2020 and has introduced several other online video services since, including the Global TV app, Global News app, Teletoon and Pluto TV. It is a hybrid online video service. Its combined subscription and advertising revenue last year was \$146 million and it had about 937 thousand subscribers. This was a big jump in subscribers, but only a modest increase in revenue, which was \$137.8 million and a year-over-year average of 662,600 subscribers from its STACK TV service. In 2023, Corus was the seventh-largest online video service in Canada, up one position from a year earlier.

Cast over the past two years, Corus has seen revenue from its online streaming services more than double, offering a ray of hope for an otherwise beleaguered

company that has seen a drastic meltdown in its broadcast radio and television and pay television services. Yet, with its streaming services only adding just slightly more than eleven percent of its overall television subscriber and advertising revenue last year, it is unlikely that Corus' credible record on this front can make up for the damage it has sustained in the last decade on those other fronts.

Apple's SVOD service Apple TV+ and its once iconic iTunes TVOD service is now the eighth- largest online video service provider in Canada, down a spot from 2022. Combined revenue for its iTunes and Apple TV+ services last year was an estimated \$134.7 million. The subscriber base for Apple TV+ also grew to an estimated 1.25 million, which is a significant uptick of about 170,000 year-over-year.

That uptick also signals the transformation that has been taking place since Apple started phasing out iTunes in favour of Apple TV+, Apple Music and Apple Podcasts in 2019. Reflecting this, by last year, iTunes' share of the tech giant's total revenue from online video service had become vanishingly small. Those changes at Apple have also driven and been accompanied by concurrent changes in the overall online video market, with the transaction video (TVOD) segment increasingly irrelevant. In the early days of internet-based television, the launch of Apple's iTunes (2001) and app store (2008) created a secure and commerce-friendly alternative to television and movie piracy. This was especially so from 2005-2006 onwards, when Apple extended iTunes from music distribution into the television and film business, joining the ranks of Hollywood as it did.

Stepping back for a moment, it should also be noted that estimating Apple TV+ revenue and subscribers is tricky because Apple not only sells subscriptions but also gives away "free" time-limited subscriptions to people who buy one of its Mac desktop or laptop computers or iPhone. So, just how much revenue can be attributed to Apple TV+ anyway? We explain the steps taken to build our estimates in the notes to the data set accompanying the online video services market. The key point that for now, though, is that Apple's practice of giving away subscriptions to its online media services is part of a broader trend that we also see with Bell, Rogers, Alphabet, and Amazon, for instance. These cases reveal a key development: namely, incumbent telecom operators and big tech firms are subsidizing the media and cultural industries. Just how big this subsidy is, and what its implications are, is hard to tell.

Nonetheless, such practices follow in the footsteps of the tendency since the late-19th century for the media industries to develop in close proximity to the vastly larger, neighbouring telecom and big tech industries, with the latter using the

former to advance their business as well as their political and cultural interests, albeit without ever being completely subsumed by them. We saw some of this earlier with respect to the discussion of the history of radio broadcasting in Canada and in other countries, and especially the embrace of public service broadcasting. In many cases, railways, communications and electrical equipment manufactures, and telephone companies were active in broadcasting, often giving away programming for 'free' to help sell either their equipment (e.g radio receivers as well as transmission equipment) or drawing on sponsors and advertising to achieve the same end: mass audiences from 'free' entertainment. Plus ça change, plus c'est la même chose. The next few pages quickly run down some of the basic details of four other online video services to fill out our portrait of the top dozen such services in Canada: Quebecor's illico, the sports themed DAZN service, Amazon Prime Video, and CBC Gem/ICI Tou TV.

Quebecor's illico is the arm of the Quebec-based communications conglomerate that has filled many of the pages above. It is the ninth-largest online video service operator in Canada with its SVOD service, club illico. In 2023, club illico generated \$68.4 million in revenue, up modestly from \$63.3 million a year earlier. The service had 570,000 subscribers last year, a modest increase from 528,200 in 2022. Unlike most other companies that we cover, it is worth noting that Quebecor probably has the best practice of publishing data on its services in a clear, concise way. It sets standards for clarity that its rivals would do well to match.

The next entry on our list is the British-registered, sports themed SVOD service DAZN. In 2023, it ranked tenth last year on the list of the top dozen streaming video services with estimated revenue of \$54.4 million and 181,300 subscribers on average for 2023. This gave it just over a one percent market share based on revenue and .6 percent based on subscribers. Both figures were up from estimated revenue of \$37.8 million and 157,500 subscribers on average for 2022. The company is also extremely opaque in its reporting standards, however, and it is therefore necessary to be cautious about these estimates.

Amazon Prime Video ranks eleventh on the list of top dozen online video services. As noted earlier in this report, Amazon has significantly expanded its investments in television, film, video and music in recent years by acquiring, for example, the video sharing platform Twitch in 2015, MGM two years ago, and rights to select NBA games in the U.S. and to NHL on Monday nights in Canada (from Rogers) this year. It launched Amazon Prime Video and Amazon Music in Canada in 2018. We will address Amazon Music later, but for now simply highlight Amazon's expanding role in the online video market.

Last year, Amazon Prime Video had a huge year-over-year average of 5.3 million subscribers but a tiny sum of estimated revenue by comparison of just \$45.6 million. Thus, based on subscribers, it was the second-largest online video service with a 17% market share compared to Netflix's 26%, Disney's 15.4% and Bell Crave's 10.2%. However, switch the measure to revenue and it comes in at eleventh place with a market share of less than 1%. How can this be?

The answer to that question is like the one given for Apple, but with its own twists. To start to address it we must start with the fact that Amazon bundles the value of Prime Video with Amazon Prime Delivery. The Amazon Prime Delivery service, in turn, covers many things besides video, for example, 2-day shipping, music, etc. The big tech giant makes it hard for us to figure out the value of the Prime Video part because it also buries the Amazon Prime service itself in its "Subscription Services" category, which encompasses "fees associated with Amazon Prime memberships and access to content including digital video, audiobooks, digital music, e-books, and other non-AWS subscription services".³⁷³ In short, all this makes it extremely hard to determine the precise value of Amazon Prime Video.

For some people, the video component of Amazon Prime is not important at all. Conversely, some regular Amazon shoppers flock to its video service since it is "free" (because the subscriber feels they are paying for the shipping and not for the video subscription). In this sense, it is a classic instance of "economies of scope", which allows Amazon to take advantage of product extensions. Since "Amazon Video" is given away "free", it can also be seen as subsidizing a "loss leader" to lure customers to its main, and far more lucrative, business: its online retail marketplace. In other words, in addition to Amazon Prime giving users of Amazon's general online retail business "free" home delivery, it is also giving them "free video".

So, are you "really" paying for Amazon Prime Video? We lay out more details on how we arrive at our estimate in the notes to our master workbook, so will not go into more details here. The main point in these observations for now is that working through this paradox is not easy. It is, however, revealing because once again, it draws attention to the revival of a long-standing feature in the cultural industries where big tech companies give away content for 'free' to cultivate and shore-up their core business interests. Pegging a value on the video and music components of such services is more art than science, but it can be done. We walk readers through the steps we took to do so in the notes for Amazon entries in the workbooks that go along with this report.

“Pegging a value on the video and music components of such services is more art than science”

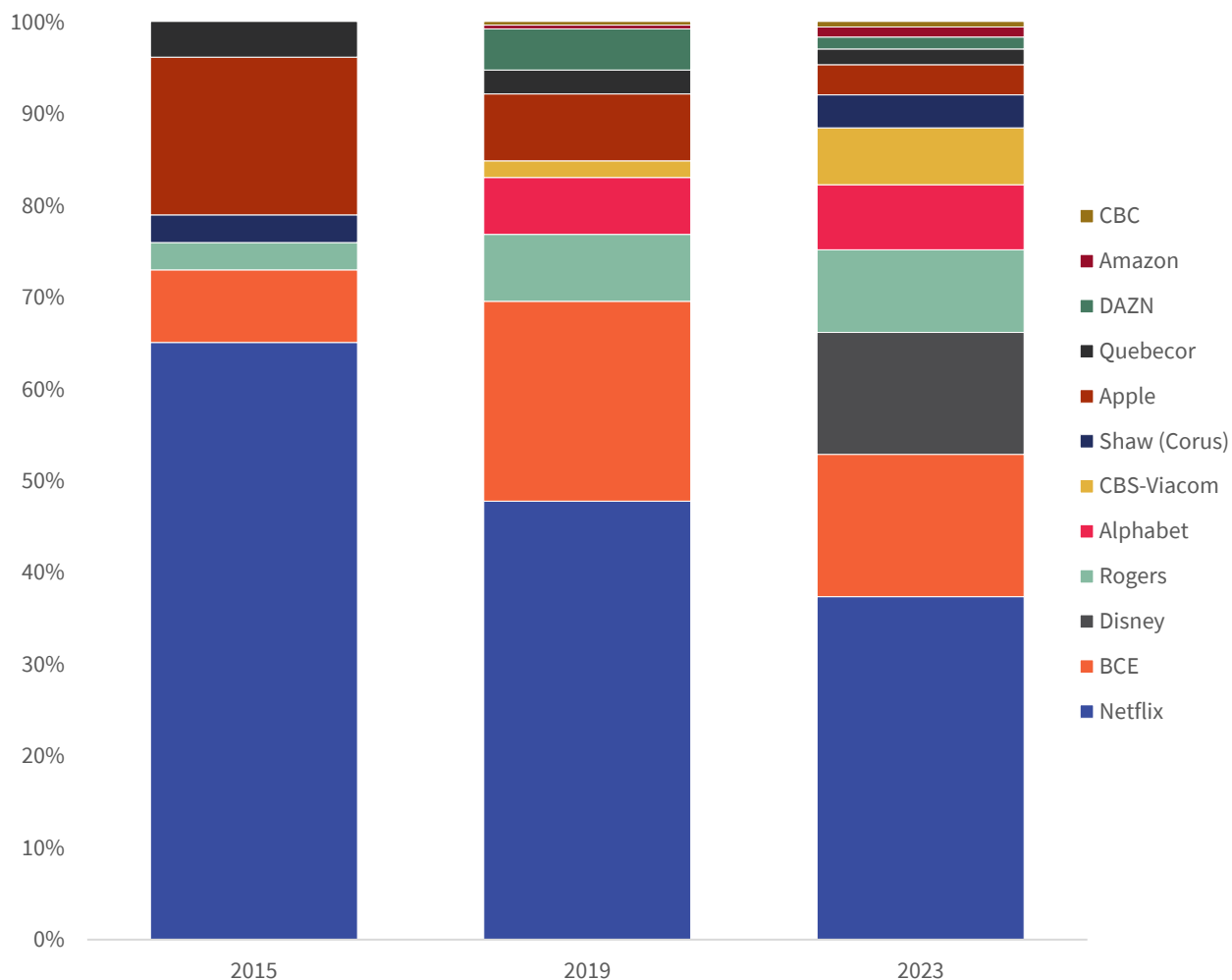
Back to rounding out our brief profiles of the top twelve online video providers in Canada, CBC Gem/ICI Tou TV, had revenue of \$25.6 million and an estimated 475,350 subscribers in 2023. Last year was also the year that CBC Gem/ICI Tou TV dropped the previous \$5 per month subscription fee as part of the public service broadcaster’s efforts to offer its service on all platforms as part of a revitalized conception of public service media in today’s age. As the CBC revamped its efforts it has also grown its revenue and subscriber base from \$23.8 million and a year-over-year average of 397,300 subscribers in 2022.

Concentration and diversity in the online video market

The following few pages switch gears to address one of our opening questions: has the online video market become more concentrated over time? The answer is no.

Taking the narrow view of the online video market that excludes advertising-supported video sharing platforms, online video is still highly concentrated by CR4 standards, with the top four providers—Netflix, Crave, Disney+ and Rogers—accounting for 78.9% of revenue last year. This was down significantly from five years earlier when the leading four services accounted for 88% of market. The same downward trend can be seen in terms of the HHI measure. Last year, it fell to 1932, a significant year-over-year decline, and down substantially from 2019 when the HHI score of 2,546 was still in the highly concentrated zone and a steep decline from 2015 when it was 3,345. Figure 55 below illustrates the point.

Figure 55: Online video market concentration trends 2015, 2019, 2023 (based on revenue)



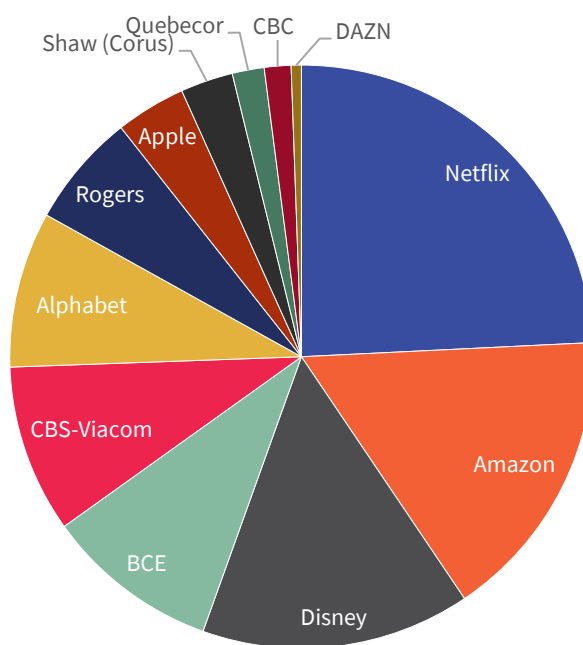
CR1 (Netflix)	65.1%	47.8%	37.4%
CR4	92.2%	87.8%	78.9%
HHI	3345.4	2546.3	2015.8
Total (Mills)	\$609.26	\$2,026.2	\$4,075.2

Sources: see Figure 55 sheet in the [Excel workbook](#) accompanying this report and the “Online Video Services” entry in the [GMIC Project—Canada open data sets](#).

Figure 56, below, presents data on the respective market shares of the top dozen services based on subscribers. It depicts a concentration ratio score that is moderate, with the top four players accounting for just under two-thirds of the \$4.1

billion market. The HHI clearly registers a high level of diversity, with the big players—Netflix, Amazon, Disney and Bell—offsetting one another and a market with a dozen other large to midsize companies also increases the range of choices on offer. In sum, based on subscribers, the online video market is competitive and pluralistic, and has become more so each passing year. That trend, however, could stall as the industry matures.

Figure 56: Online video market concentration, 2023 (based on subscribers)



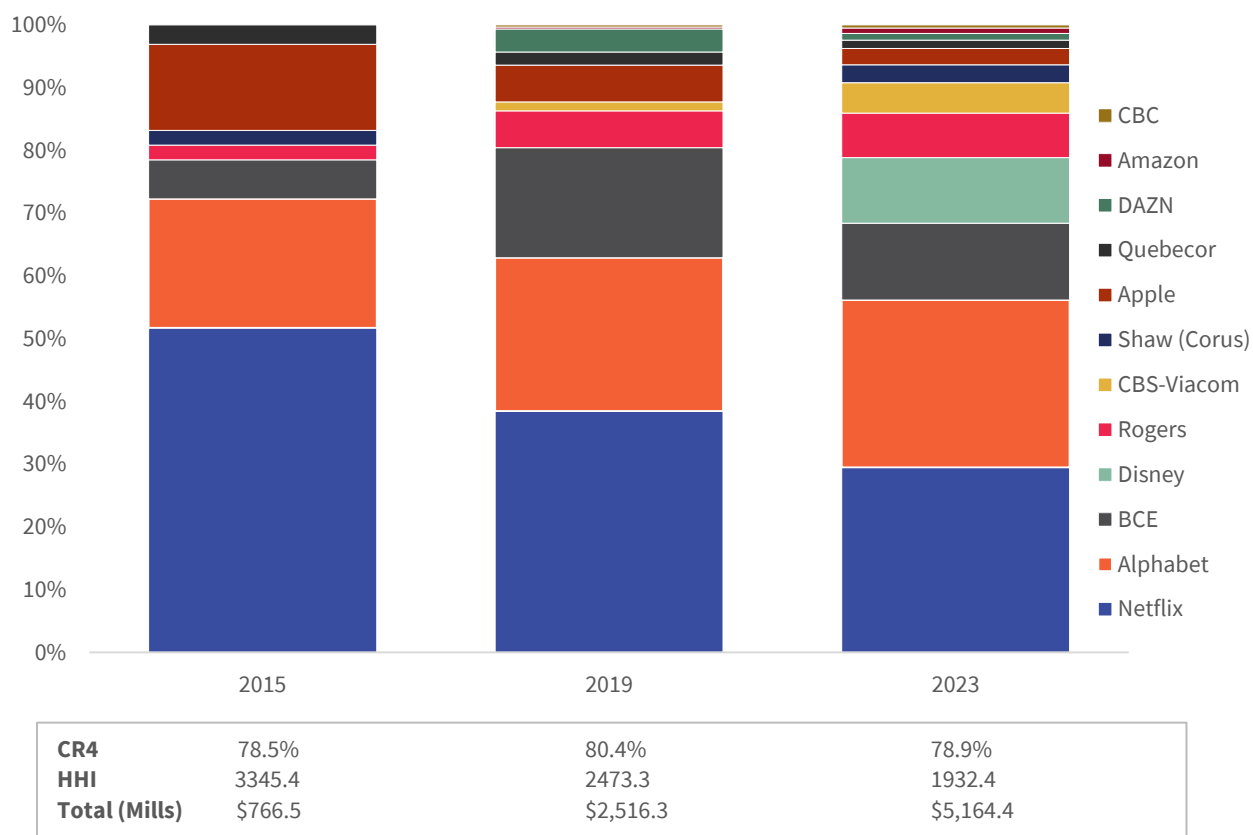
Sources: see the Figure 56 sheet in the [Excel workbook](#) accompanying this report and the “Online Video Services” entry in the [GMIC Project—Canada open data sets](#).

It is worthwhile to zoom out for a moment to take the broader view that includes video sharing platforms like YouTube. Figure 57 below presents this broader view. Seen from this angle, the online video market changes in terms of the rank ordering of its main players as well as levels of concentration. Clearly, Alphabet is now at the top of the ranks, not far behind Netflix, and in a league of their own. They are trailed far behind by two or three others with a market share between one-quarter

and one half of theirs, and then the rest of the list with markets shares from half a percent (CBC Gem) to Amazon, DAZN and Quebecor.

All said, in 2023, the top four players based on the broad view of the online video market were Netflix, Google, Bell Crave, and Disney+. Combined, they had a CR4 of 79% and that number has stayed remarkably stable for most of the past decade. Turning to the HHI measure, concentration levels have slipped appreciably into the mid-range of the moderately concentrated zone from four years ago, let alone ten. The HHI for this broad view of the online video market was 3,345 in 2015; it was 1,932 last year, a figure that fits comfortably into the lower end of moderate concentration.

Figure 57: Online video distributors including YouTube, 2015, 2019 vs 2023 (market share based on revenue)



Sources: see Figure 56 sheet in the [Excel workbook](#) accompanying this report and the “Online Video Services” entry in the [GMIC Project—Canada open data sets](#).

The significant and rapid decline of concentration levels in the online video services market, no matter how one looks at—that is, by either revenue or subscribers, or by the “narrow” or “broad” view of that market - is having positive knock-on effects across the television marketplace, as we will see in the next section.

To conclude, regardless of how one looks at it, the online video market in Canada has become much more diverse and pluralistic over time. Its dominant player, Netflix, has been cut down to size, while Bell’s Crave continues to hold the status of second-ranked player, largely based on the deep catalogue of programming that it has obtained exclusive distribution rights for from the big U.S. film and television studios.

Yet, it would be remiss to focus myopically on concentration ratios and HHI scores. This is because to do that would be to miss the fact that behind all this diversity stands another undeniable fact: the online video market is still dominated by a small clutch of neighbouring telecoms, ‘big tech’, finance, and industrial sectors (Hesmondhalgh, 2019). Indeed, behind the streaming icon of the last decade, Netflix, sits a parade of multinational tech conglomerates and digital content aggregators (e.g. Google, Apple, Amazon), U.S.-based media giants (eg. Disney, CBS-Viacom) and domestic telecoms conglomerates (BCE, Rogers, Quebecor). They occupy most of the space formerly held by Netflix. The result is a five-way battle over the online video market between giants with independent broadcasters like the CBC, Corus, and DAZN left far behind.

As such, old questions gain new life. We can rightfully ask, for example, how these international companies and the online video market itself can be subject to legitimate regulatory oversight to address gatekeeping power and market clout. Also, how can we address the need for more information and details about streaming media and platform distribution companies’ operations so that we can know more about who provides the cultural goods, texts and meanings that people enjoy but which subtly shape our perceptions and understanding of the world, too. The *Online Streaming Act* provides an initial downpayment on these points.

Already, however, the international giants and Canada’s biggest telecoms conglomerates are balking at the scope of the act and the powers of the CRTC. They are pushing back against demands for a peek behind the machines they operate that might reveal how the companies arrange their catalogues and structure the choice screens that people pick and choose what they want to watch from, how much money they make in this country, the marketing of programming for third parties, and a million other such questions. In this battle amongst giants,

one can be forgiven for thinking that the companies' trying to buck attempts at proper regulatory oversight—or really, any oversight at all—is not just bad for the market but bad for Canadian citizen-consumers and democracy.

The total television landscape in perspective

The following pages provide an integrated analysis of all three aspects of the “total television” landscape, broadcast and pay television and online video services. Its basic message is that while broadcast television has been in a tailspin since 2008-2012, and pay services have contracted since 2016-2017, adding online video services reveals a portrait of a flourishing television marketplace. The total television landscape has not only become more integrated, but also more diverse, while also leading to a redistribution of money, attention, and power that is creating new winners and losers, with all involved working as hard as they can to bend technology, markets, and policy to their interests.

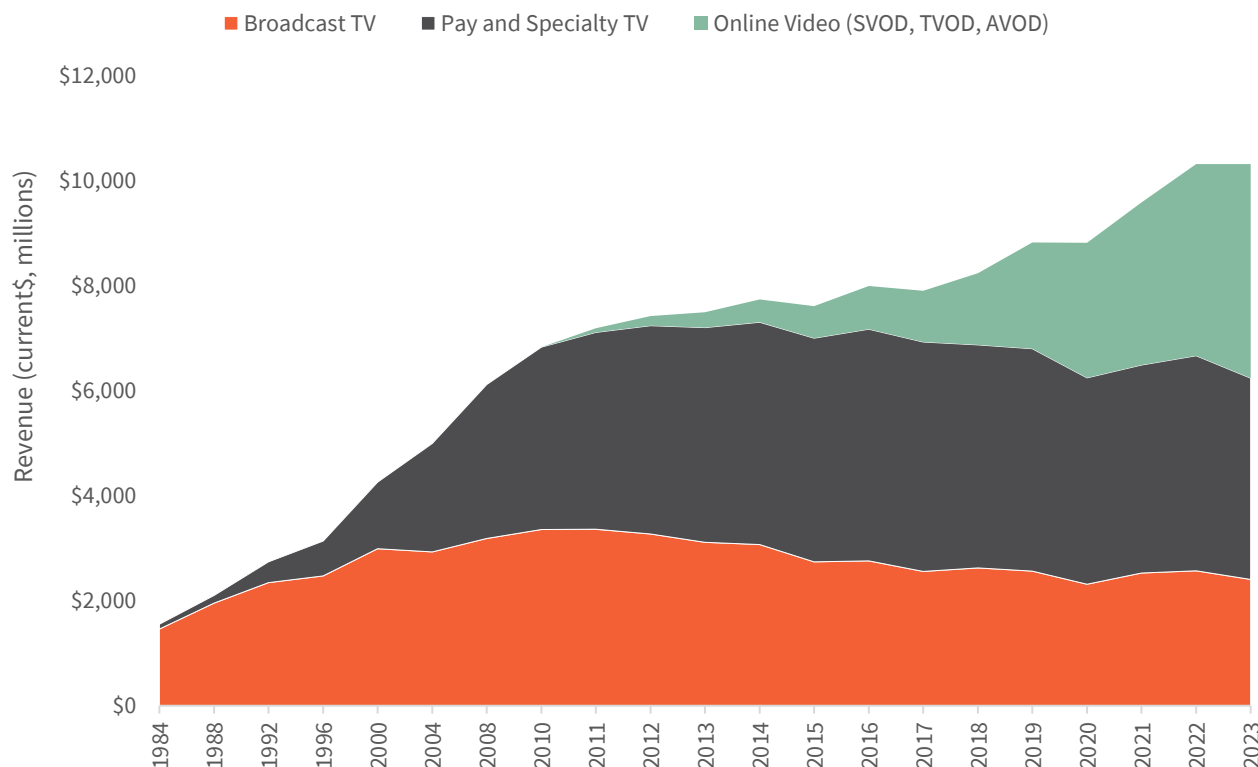
The total television universe has grown more than six-fold from \$1.6 billion in 1984 to \$10.3 billion last year. It is over two-and-a-half times the size of the market at the turn-of-the-century (or one-and-a-half times in inflation-adjusted dollars), when pundits were predicting its impending death on account of the rise of the internet and the claims that everybody could be a broadcaster. We do indeed have mass self-expression and livestreaming on a scale barely conceived, let alone grasped, at the time. But still, what we call television in all its mutations since that time has soared in terms of revenue, the volume of programming created, time spent watching television, subscriber options, payment modalities, sponsorship, subsidies, and so on.

A narrowly drawn conception that includes just paid online video services adds \$4.1 billion to the television marketplace; if drawn broadly to account for video sharing platforms on the grounds that “it is all video” now and people watch TikTok and YouTube just as much or more than CBC, HBO, CTV, Netflix, and the BBC on cable, that figure gets bumped up by another billion plus dollars. That would drive up revenue for the total television / video marketplace to \$11.4 billion. It is a vast universe indeed.

Figure 58 below takes this big picture approach to illustrate the growth of the total television marketplace over time, based on the narrow conception of online video,

broadcast television and pay television. It shows both the massive growth as well as the upheaval and reconstruction of television over the past forty years.

Figure 58: Growth & Upheaval in the Canadian Television Landscape, 1984-2023 (current \$, millions)



Source: see Figure 58 sheet in the [Excel workbook](#) accompanying this report and the corresponding sheets for each of the sectors covered in the [GMIC Project—Canada open data sets](#).

The changes that have taken place in the last decade are, indeed, significant. For instance, Netflix's share of all TV revenue has grown from less than one percent a decade ago to 13.3% last year. It is now the second-largest TV operator in the country, after Bell, and just ahead of Rogers, the CBC and Shaw (Corus), and three times as big as all of Quebecor's television operations, based on revenue, and of Disney+. Taken altogether, the big six U.S. streaming services—Netflix, Disney+, Paramount+, Google's YouTube Premium (SVOD) and Google Play (TVOD), Apple's Apple TV+ and iTunes, and Amazon Prime Video--had a combined revenue last year

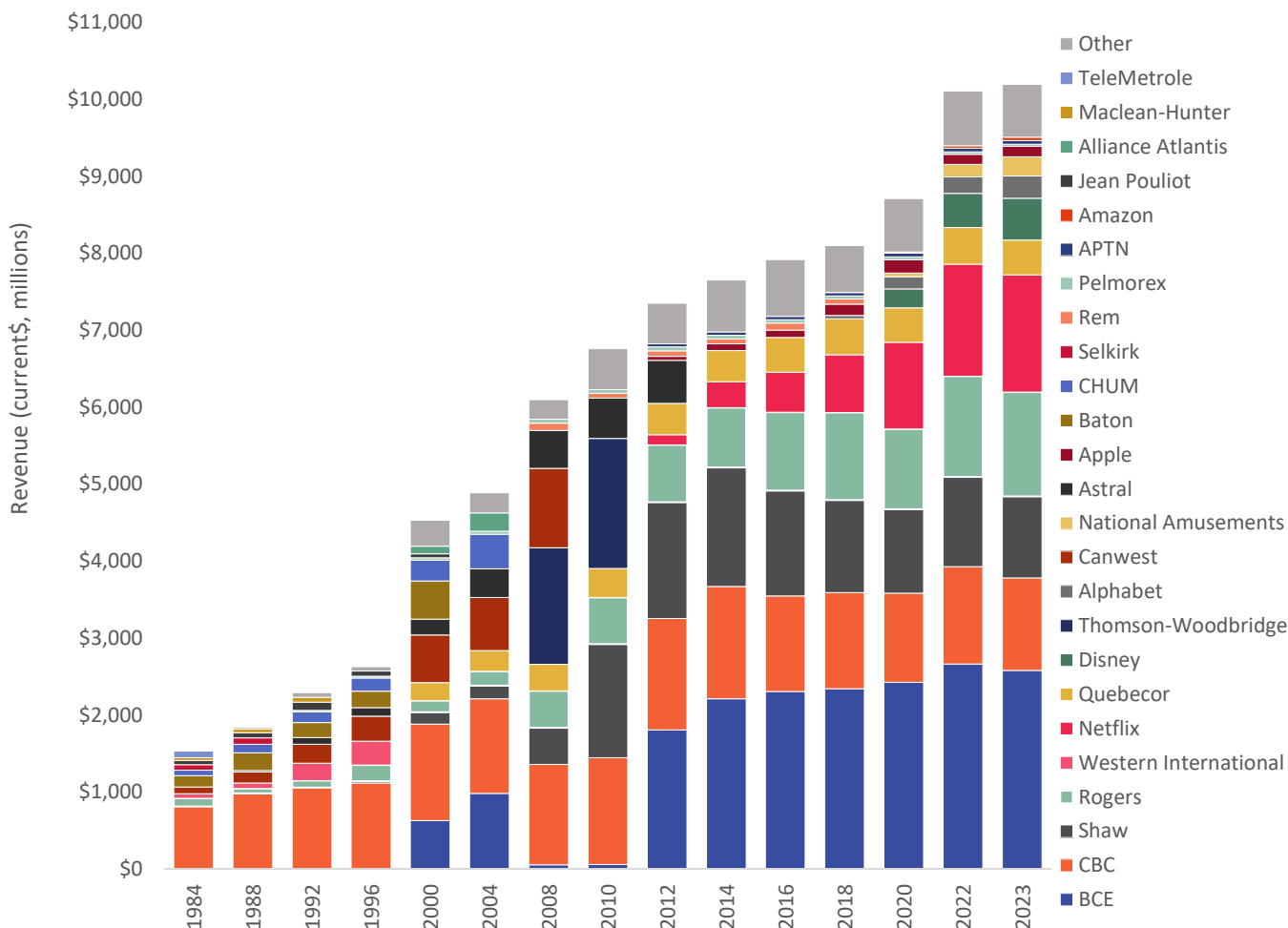
“Netflix’s share of all TV revenue has grown from less than one percent a decade ago to 13.3% last year. It is now the second-largest TV operator in the country, after Bell.”

of \$2.8 billion from their operations in Canada, or just over two-thirds (68%) of the online video services market and just under a quarter of the “total television market”.

Online video services have added immensely to the size and diversity of the TV market, with the industrial benefits going overwhelmingly to U.S. and international video services in Canada. To help keep this in perspective, bear in mind that the combined revenue of the big six U.S. online video service companies overtook that of Bell for the first time last year. Bell’s revenues from its television operations alone were \$2.6 billion. That is in line with Canada’s largest television and telecoms operator’s track record over the last five years. Its revenue across broadcasting, pay television, and online video has bounced around between \$2.5 billion and \$2.7 billion since 2018. Before 2011, by contrast, Bell’s television-related revenue was zero, but jumped to \$1.7 billion that year when it required CTV and its suite of pay television services, rising to \$2.2 billion two years later after it acquired Canada’s largest independent broadcaster, Astral. Then Bell’s revenue rose to the \$2.5-2.7 billion-range for the last five years, as mentioned a moment ago.

Figure 59 below portrays the main television ownership groups between 1984 and 2023.

Figure 59: Television ownership groups and the evolution of television, 1984-2023 (based on revenue, millions \$)



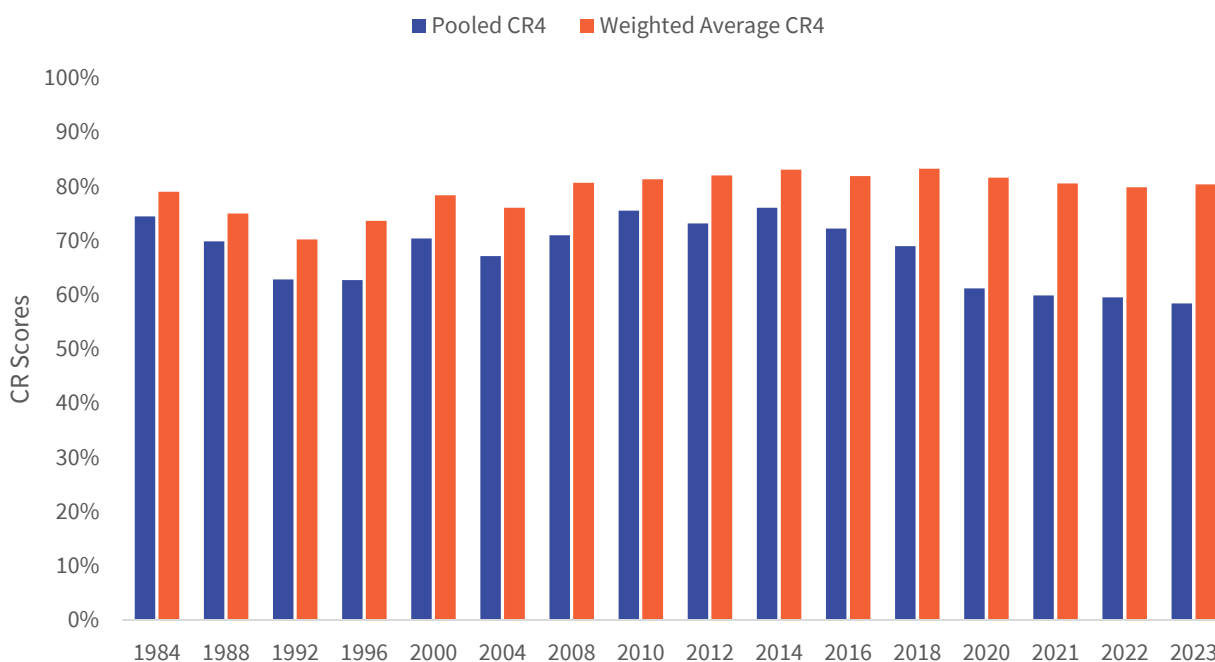
Source: see Figure 59 sheet in the [Excel workbook](#) accompanying this report and the corresponding sheets for each of the sectors covered in the [GMIC Project—Canada open data sets](#).

A similar story can be told about the other major telecoms-television conglomerates in Canada, but the salient point is this: as international big tech, streaming giants, and media conglomerates’ direct-to-consumer services garner more of the market—as Figure 59 shows to clearly be the case—even the biggest broadcast distributors in Canada like Bell, Rogers, Quebecor, and Corus’s ability to broker access to Canadian audiences on behalf of foreign program services—the core of their business model—is on ever more fragile ground.

In terms of concentration and diversity, these changes have driven down concentration levels a lot. Consequently, Bell, Rogers, Shaw, and Quebecor are seeing their share of the TV marketplace cut down to size, however, not nearly as significantly as many seem to suggest. Indeed, the top four players' share of the market has fallen from 78% in 2013 to 58.4% last year. The HHI has also fallen sharply from moderate levels of concentration for the “total TV universe” from contemporary all-time highs, circa 2013-2014, when the HHI score was in the 1,650-1725 range, to 1,081 last year. The HHI score slipped from the moderately concentrated zone to a diverse and pluralistic market structure around 2017-2018, a very clear indication that Canadians now have more choice than ever, while television, film and video producers now have more doors to knock on than ever. This is a very significant improvement on the past and a seeming reversal of the long-term trend toward ever higher levels of consolidation.

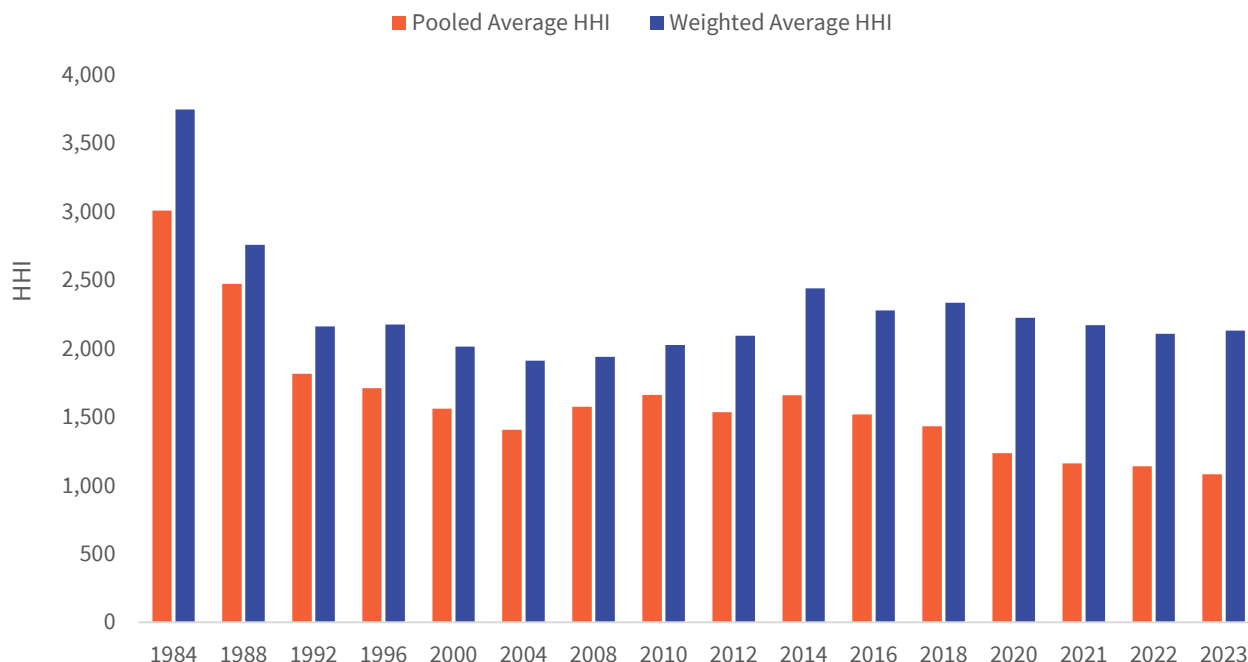
Figure 60, below, summarizes the trend for broadcast, specialty and pay TV, online video services and the “total television market” based on CR scores while Figure 61 after it does the same in terms of the HHI.

Figure 60: CR scores for television, 1984-2023



Sources: see Figure 60 sheet in the [Excel workbook](#) accompanying this report and the “Concentration Metrics” sheet in the [GMIC Project—Canada open data sets](#).

Figure 61: HHI scores for television, 1984-2023



Sources: see Figure 61 sheet in the [Excel workbook](#) accompanying this report and the “Concentration Metrics” sheet in the [GMIC Project—Canada open data sets](#).

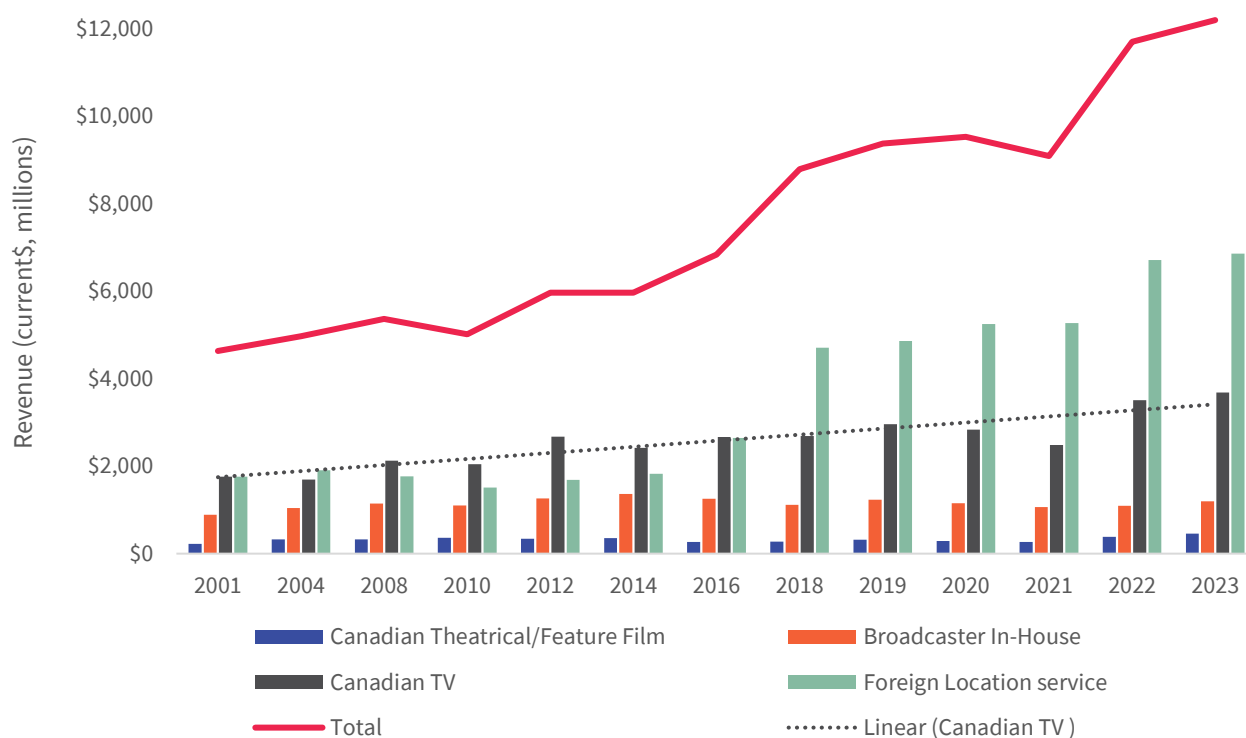
In short, after concentration across the total television market had been pushed to new extremes by the spate of amalgamation detailed earlier, circa 2007-2014, the tide has since turned in the opposite direction on account of the rapid and ongoing growth of online video/television services made available over the internet.

There is another indicator that the television and video marketplace in Canada is vibrant: soaring investment in television and film production. Indeed, total investment in television and film production in Canada jumped from \$5 billion a decade ago to \$9.5 billion in 2020. It fell back significantly in 2021 as television and film production across the country and around the world was shut down. However, the good times returned in 2022 as investment in television and film production in Canada ballooned to \$11.7 billion—a 23% increase over the previous record high two years earlier. As the Canadian Media Producers Association gloats, “[i]n almost every way, 2021/22 was a record year”.³⁷⁴

Figure 62 below depicts the trends. While Canadian investment rose modestly in the first half of the 2010s, since then it has been Netflix, Amazon and Apple, as well

as the traditional U.S.-based studios that have been driving the trend as they ramp up investment in original productions to feed the exploding online video marketplace at home and internationally. Production and post-production facilities as well as film and television production crews in British Columbia, Ontario and Quebec have also been working at full capacity because of these trends, with new facilities being built, and demand for skilled film and production workers at a premium.³⁷⁵

Figure 62: Film and television production investment in Canada, 2001-2023 (current \$, millions)



Sources and Notes: Nordicity (various years). [Profile: Economic report on the screen-based media production industry in Canada](#). See, in particular, Exhibit 1-2 Total volume of film and TV production in Canada. See Figure 61 sheet in the [Excel workbook](#) accompanying this report.

Such trends are not unique to Canada. They are also visible in the U.S. and the EU, for example, where a revival of investment in film and television production by the traditional studios has taken place after it fell off in the immediate wake of the

financial crisis a little over a decade ago. Like Canada, this increase is being driven by massive investments from streaming services such as Netflix and Amazon.

Thus, whereas Amazon and Netflix spent \$1.5 billion and \$3.4 billion, respectively, on original or acquired film and television programming in 2015, they had ramped up those amounts to \$5.4 billion and \$13.1 billion, respectively, by 2020. In 2022, Netflix's spending on original content alone was \$6.5 billion, four-and-a-half times what it had been a half decade earlier, while Amazon's investment in original content had multiplied four-fold to \$1.9 billion over the same period.³⁷⁶ These trends can also be seen in Europe.³⁷⁷ Underpinning this trend is yet another: the rise of "spectacular budgets" spent on a smaller number of blockbuster films and television series—again, with the aim of cutting through the cacophonous media and information environment so as to capture audiences' limited time, money and attention.³⁷⁸

Policy in Canada has rightly long sought to attract as much foreign investment as possible into film and television production for both international and domestic distribution. On this measure, the policy has enjoyed much success. While some commentators, however, complain that this such investment is for production in Canada by foreign firms destined for international markets, and therefore should not count as "true Canadian content". However, this is a short-sighted view, as Serra Tinic's seminal study of these issues, *On Location: Canada's Television Industry in a Global Market*,³⁷⁹ observed. This is because once projects financed by Hollywood film and TV studios or, in today's context, Netflix and Amazon are done and gone, they still leave an enduring legacy of skilled workers as well as production facilities that benefits the production of television, film and other kinds of media content in Canada.

Nonetheless, there have long been ongoing battles over the two main models of financing film and TV production at play, in Canada and internationally. In the first "commission-and-keep-it-all" model, those who commission and finance a production, hire a director and a crew to produce the film or television program but then retain sole rights to the ownership of the film or TV program at the end. In the second, "finance-for-rights" model, there are typically several investors who share the cost of financing a new production in return for a share of the profits and rights afterwards *but with control of the most* important rights for different distribution windows staying with the producer / production company.³⁸⁰

In Canada, the reliance on foreign location service productions backed by U.S.-film studios and now the big tech giants usually means that the first, "commission-and-

keep-it-all” model carries the day. A key issue in the protracted controversies over both versions of the *Broadcasting Act* reform bills has been whether there should be more reliance on the second model to allow for greater control over rights and money in domestic and international markets, and across different distribution windows. The passage of the *Online Streaming Act* (2023) and the investment obligations it entails put the government’s thumb on the scale in favour of the latter option.

The upshot of the above observations is a paradox whereby there is simultaneously more money than ever flooding into film and TV production in Canada, driven on by an international television marketplace that is largely flourishing, but also acrimonious debates that pit those happy with the large sums of money floating around versus those who want greater control over the money, distribution, and power that this entails to rest with Canadians.

If advocates of the *Online Streaming Act’s* vision prevail, the outcome will be that, in return for access to pooled investment in film and TV production in Canada, Canadian investors and producers will retain broader claims to the rights and profits accruing from different distribution windows and in international markets over time. Not surprisingly, therefore, Bell’s first ask in the trilogy of hearings convened by the CRTC designed to turn the *Online Streaming Act* into new regulations is that “a new contribution framework must incentivize foreign rights holders to partner with Canadian broadcasters”.³⁸¹

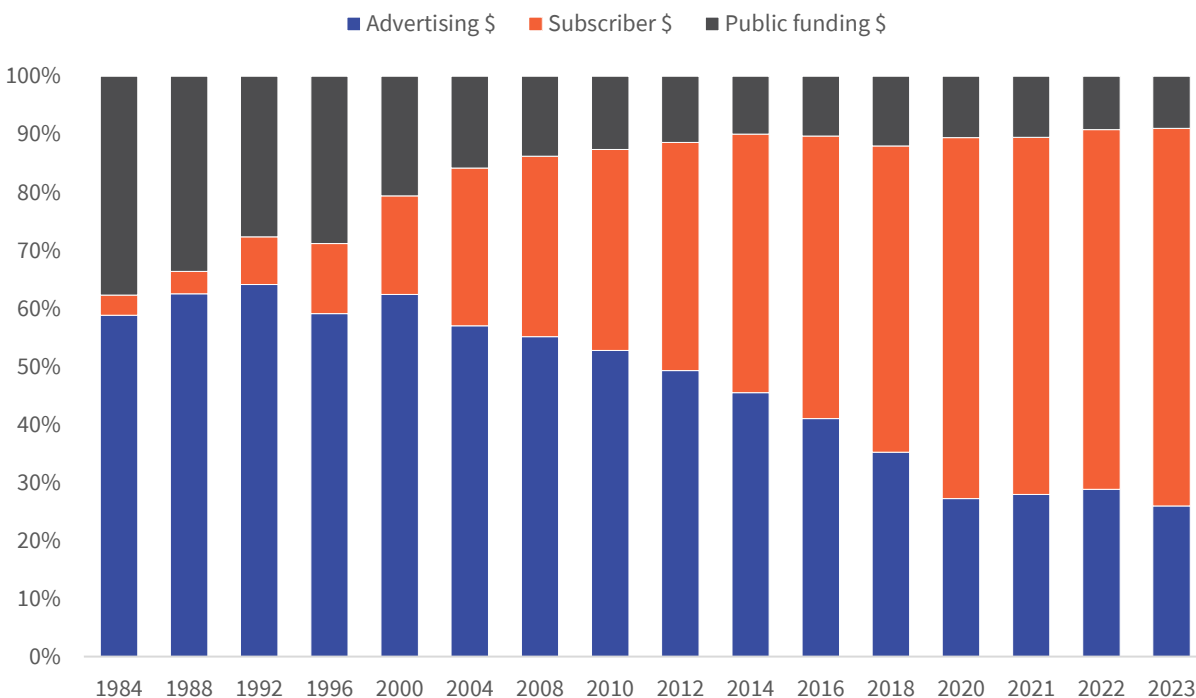
Bell’s second ask was for the state to secure Canadian broadcasters’ monopoly on brokering access to Canada. So far such please have been rejected. At the same time, however, there are vital functions that broadcasters provide, or are supposed to support. This includes producing and distributing Canadian production at home and around the world. They have also had the privilege of being granted exclusive rights to broker the trade of U.S. and international programming in Canada in return for agreeing to plow back a portion of the income that they generate from such activities into popular drama, sports and entertainment programming but also original and independent journalism.

As their status is challenged, how functions like these that have never been fully supported by ‘market forces’ can be supported is an urgent question facing Canadians, regulators, policymakers, politicians and all participants in the media industries. We have seen this point illustrated time and again in this report and will return to it one final time in the last section where key policy discussions are taken up.

For now, though, these issues and vexing questions also draw attention to fundamental changes in the economics and financing of television. As people watch, share, and pay more than ever for television, advertisers and the public purse are picking up less-and-less of the tab.

At the turn-of-the-century, advertising accounted for about 62.4% of television programming revenue. Subscriber fees accounted for just 17% and public funds for the CBC made up the rest (20.6%). By last year, advertising revenue had been cut by more than half. It now accounts for a quarter of all revenue in the television market (26%). Subscriber fees, meanwhile, have swelled to account for close to two thirds of the \$10.3 billion dollar television programming services market (65.1%) in 2023. Public funding for the CBC took up the rear with 9%—less than half what it was twenty-three years earlier and a paltry one-quarter of what it had been in 1984. Figure 63 illustrates this long-term radical overhaul in how television in Canada is paid for.

Figure 63: Changes in how we pay for television--advertising, subscriber fees, and public funds, 1984-2023



Source: see Figure 63 sheet in the [Excel workbook](#) accompanying this report and the corresponding sheets for each of the sectors covered in the [GMIC Project—Canada open data sets](#).

In sum, the pay-per model that Vincent Mosco anticipated back in 1989 is now the core economic logic driving television. This marks the triumph of the pay-per model and the marketization of media. The relative stability of subscriber fees also reflects industry efforts to wean itself off advertising to better weather the uncertainties and episodic shocks of shaky economic times. It also underscores how far the status of the public service broadcaster, the CBC, has been cut down to size. One can only imagine the response in many political quarters if we asked to make the CBC great again by turning back the clock to 1984 when, pound for pound, it was getting four times as much as it does now. That would drive its parliamentary funding envelope up from the \$1.27 billion dollars it was for 2022-2023 to around \$5 billion.³⁸²

The knife cuts other ways, too. The pay-to-play economic logic raises pressing issues of affordability, inequalities of access, inclusion, and effective participation in society. In Canada there has been a century worth of policies aimed at fostering universal and affordable broadcasting, telecoms and internet services. Now we need to ask what, if anything, can and/or should be done to address such issues today? What would a revitalized conception of universal, affordable communication and digital media services look like in the context of today's capabilities, needs, and realities?

This logic also impacts other policy priorities, too. For example, even if attempts to bring Alphabet, Meta, and Amazon's dominance of the advertising market to heel are to succeed, the tide is moving strongly in the opposite direction, away from advertising to paid subscriptions, and has been doing so for forty years. Meanwhile, the big rump that remains has been thoroughly colonized by the multinational big tech conglomerates. That fight is worth having, and we must have it. Fortunately, the Competition Bureau's new suit against Google demonstrates its willingness to enter the ring.

Yet, there's no single bullet solution to the structural transformations of the media economy being described here. Really addressing the core problems besetting commercial media will require pushing on other policy and funding levers as well. That will include, for example, the need to increase public funding but also to think about measures to support personal and household spending. How that can be done is not easy to say, but the question must be posed first before it can be tackled. Government policy measures since 2019 to support journalism by giving individuals tax credits for newspaper subscriptions, tax credits for publishers, and to convert private businesses into charitable organizations all push in this

direction.³⁸³ The use of vouchers to support consumers' media choices, as is done in France and some other countries, might also be part of the policy toolkit.

We will return to these questions in the final section of this report. In the next section, however, we turn to the app distribution marketplace, streaming music services, and the games industry, followed by another on newspapers, magazines and online news media. Thereafter, we will wrap up the sector-by-sector and mid-range analysis that have occupied us so far to turn to one that aggregates all those sectors into a holistic analysis of the network media economy.

Newspapers and Magazine Publishers in Peril

Anchor Findings

- Newspaper revenue has been in precipitous decline but seems to have reached a bottom in the last three years. A small uptick last year resulted in revenue increasing year-over-year to \$2 billion, although that is just two-fifths of what it had been at its peak, circa 2006-2008.
- Online news sources continue to sprout, including several non-profits, but none come close to matching, let alone displacing, the role of declining legacy news outlets.
- The Liberal government's policy measures in support of a free press include subsidies, Covid-19 pandemic relief funds, changes to the tax code that encourage the development of non-profit news organizations, and the *Online News Act*. Combined, these measures offer a comprehensive set of policy and regulatory responses to the 'crisis of journalism', despite being extremely contentious, and the backlash mounted against the *Online News Act* by Meta.

The Collapse of Newspaper Revenue

As we saw for broadcasting television and radio that rely predominantly on advertising, conditions have been perilous for a decade-and-a-half or so. The same is true of newspapers, magazines, and online news sources. Indeed, with advertising spending overall sinking for the better part of a decade after 2008, and

Google, Meta and, more recently, Amazon consolidating their holds on search, social and retail advertising, conditions have only become worse for advertising-funded media, especially those that have been central parts of the news media.

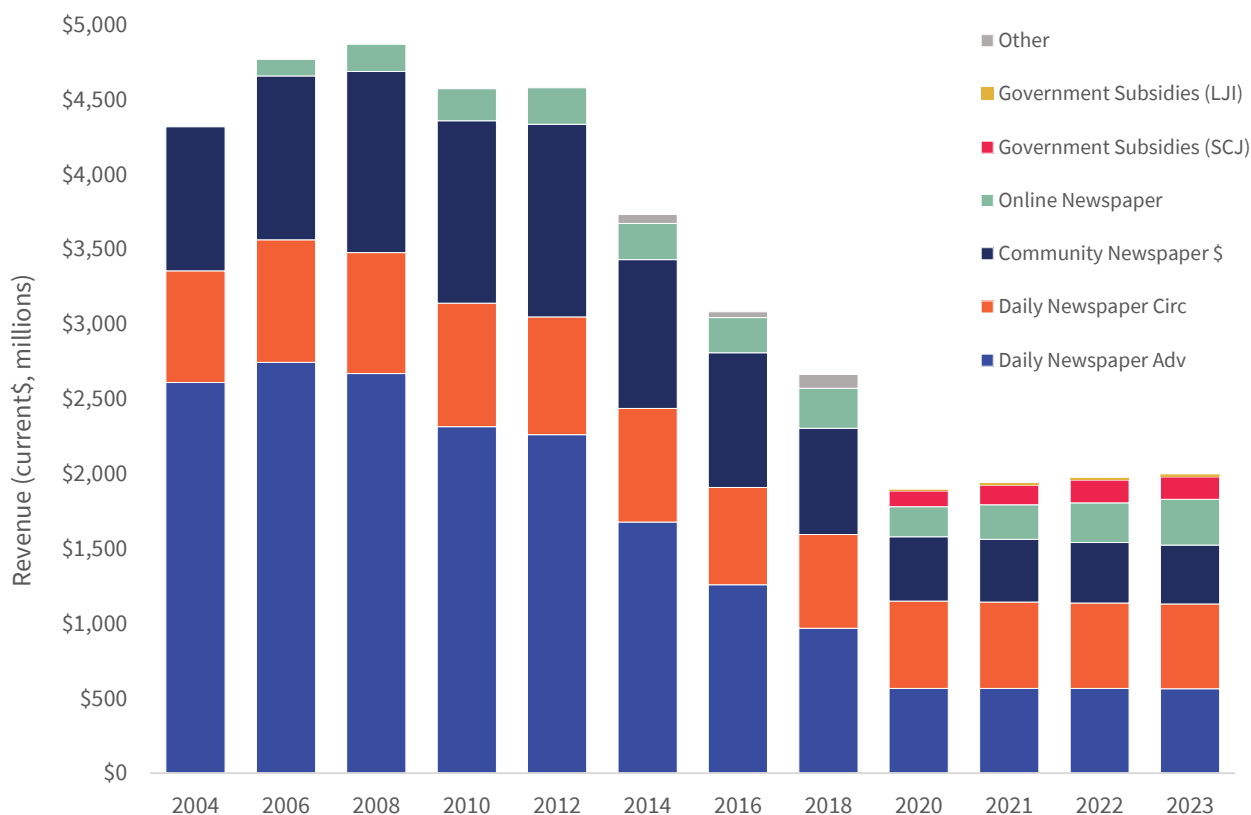
We must see such things systemically as well, rather than as one-off issues confined to one or another sector. Thus, seen in this way, the deepening crisis of broadcast television and radio, especially in terms of its impact on news divisions at broadcasters that we recounted above, is inseparable from what has been happening across the news media. Indeed, the systemic nature of the crisis is revealed in the extent to which news media have been falling apart. To grasp how and why such issues are so important, we need to briefly reprise the recent past of two historical cornerstones of the news media: newspapers and magazines. On a more positive note, we also need to bear in mind that Canadians are getting news from more credible sources than ever. The next few pages examine trends with respect to newspapers and magazine growth, upheaval, and concentration as well as what the evidence says with respect to how people access and share online news.

The first tell-tale signs of “the decline of newspapers” in Canada began in the 1970s. It was at this point when circulation on a per household and per person basis started to fall, even though circulation numbers, in absolute terms, continued to rise until the early 2000s, while revenue continued to hang on for a few more years until falling off a cliff. As Figure 64 below shows, revenue from all sources, and

“The systemic nature of the crisis is revealed in the extent to which news media have been falling apart.”

inclusive of both “daily” and “community” papers, peaked between 2006 and 2008 at just a little over \$4.8 billion. It has plunged ever since, although a bottom of sorts seems to have been reached since 2020. In fact, there has been a small increase of \$100 million in the last two years and this lifted the bottom line to just under \$2 billion, for reasons that will become clear in the pages ahead. Nonetheless, revenue is now forty percent less than it was a *decade-and-a-half* earlier.

Figure 64: Newspaper revenue, 2004-2023 (current \$, millions)



Source: see Figure 64 sheet in the [Excel workbook](#) accompanying this report and the “Total Revenue (Millions)” sheet in the [GMIC Project—Canada open data sets](#).

Magazines stand in a similar position to newspapers. Magazine revenue peaked in 2008 at \$2.4 billion. Fast forward to 2023 and revenue has plunged to \$917.7 million, a loss of over sixty percent of what it was in 2008.³⁸⁴ Collectively, these historic engines of journalism and public record have seen a loss of \$4.35 billion in

the past fifteen years—a sixty percent drop from their high point. As the bottom on print circulation and advertising revenue fell out, there was a counter-trend, of course, of rising digital revenue from online subscriptions and advertising to newspapers and magazines, but has never been enough to cover the gap, as we will see.

New and emerging revenue sources: Built to last or a house of cards?

That revenue seems to have bottomed out for the last four years is a function of several factors. First, advertising, subscriber and digital revenues all stabilized for the first time in a long time. Second, the federal government’s Journalism Support Program and the Local Journalism Initiative injected a total of \$650 million dollars of public funding into journalism in the 2019—2023 period. In its 2023 Fall Economic Statement, the Liberal government prolonged and increased the Canadian journalism labour tax credit by increasing the proportion of journalists’ salary eligible for the rebate from \$55,000 to \$85,000 and, temporarily, increasing “the tax credit rate from 25 per cent to 35 per cent for a period of four years”. This amounted to an additional \$129 million in news subsidies over the next five years.³⁸⁵ Third, media organizations also drew on the Canada Emergency Wage Subsidy that ran between March 2020 and October 2021 to help businesses offset the blows of the pandemic. Altogether, newspaper publishers got over a half-billion dollars from CEWS; another half-billion dollars went to television and radio broadcasters. Nonetheless, news outlet closures and journalistic job cuts continued during this time, according to Lindgren, Wechsler and Wong. Nonetheless, federal subsidies and increased advertising by the federal government (see earlier) no doubt helped to slow the tide.³⁸⁶

Fourth, Google, Facebook and Apple News+ all signed a flurry of deals with news groups across Canada and internationally to use their news content in the tech giants’ search, social media and app store services. Colin McKay, Google’s Head of Public Policy and Government Relations in Canada, for example, told a parliamentary hearing on the *Online News Act* that Google has struck one hundred and fifty deals with Canadian news groups as part of its Digital News Initiative and Google News Showcase initiatives (as it has done with other such groups around the world).³⁸⁷ Google also provided funding to 229 news outlets—print, broadcasting and online—in Canada from its Journalism Emergency Relief Fund between 2020 and 2022, including to titles that run the gamut, from some of the biggest national broadcasters and publishers such as Bell Media and Torstar, to

mid-size regional publishers like FP Canadian Newspapers (publisher of the *Winnipeg Free Press* and *Brandon Sun*), ICI Media and National Independent Information Cooperative (CN2i), as well as to small publications, radio broadcasters or online news sources.³⁸⁸

After years of policy brawls, in November 2023, Google also agreed to pay \$100 million per year into a news fund for the next five years. The agreement was prompted by the passage last year of the *Online News Act*. The money is to be indexed to inflation and will be administered by a new body, the Canadian Journalism Collective, and paid to qualifying Canadian news media outlets, with qualification turning on maintaining editorial independence, employing a minimum number of full-time journalists, being eligible for other policy support measures, and ensuring that the funds obtained go to paying for the creation and distribution of news and not the bottom line of publishers.³⁸⁹

As we will see below, the *Online News Act* is not just about funding, but also about creating a new regulatory framework for digital news intermediaries such as Google, Meta, and others that meet its designating criteria based on audience reach, revenue, gatekeeping power, and strategic significance. Although some claimed that Google's \$100 million per year funding agreement meant that the act would no longer apply, they were wrong, as the CRTC's ruling on the matter makes clear.³⁹⁰ Facebook had also announced such deals through its News Innovation Test with eighteen news media ownership groups in Canada through to November 2021.³⁹¹

While there is no doubt that such funds have been welcome to the recipients of them, nothing was known about the amount of money involved in any of these initiatives. In fact, there is little known about any of their details. In submissions to Parliament on the *Online News Act*, however, Meta did reveal its estimate of the value of news content shared on its services from Canadian sources: \$230 million dollars—a figure in line with the sums paid out in Australia since it adopted the News Media Bargaining Code in 2021.³⁹² That this clue to how much Meta thinks news is worth was pried loose from the company only after the debate over the *Online News Act* (Bill C-18) was in full-swing is interesting in its own right for at least two reasons.

For one, newspaper publishers have been trying to obtain payments for the use and sharing of their content through search engines and social media services since the late 2000s, but it is only in the last few years, with threats of regulation hanging in the air, that significant amounts of money begun to flow into their coffers.³⁹³

Second, just the threat of regulation hanging in the air helped to bring to light insights that are foundational to a basic understanding of the interactions between platforms (or digital news intermediaries, as the *Online News Act* calls them), and news media groups. Thus, while the headline objectives of both the *Online News Act* in Canada and the *News Media Bargaining Code* in Australia are to tackle the imbalanced terms of trade between the tech giants and news media, it is also about gaining access to more information about how these entities operate and into the news ecology overall.

The obvious question now, however, is what will happen when these additional and substantial lines of revenue from government subsidies, increased government advertising, pandemic economic support measures and funding from ‘big tech’ are withdrawn? While the news media groups no doubt welcome the current reprieve, it is reasonable to ask if the whole edifice now girding their operations is a house of cards that could collapse when these sources of funding support—individually or collectively—disappear?

In fact, Meta (Facebook) did just that midway through 2022 when it told news groups in the U.S. that it will no longer pay for their content to appear in Facebook’s News Tab.³⁹⁴ Moreover, we have not needed to wait long because some of the fallout from the contentious debates over the *Online News Act* has already begun to be felt since Meta pulled the plug on news sharing and distribution of Canadian news sources in 2023 as part of its campaign against the Act. This has led to a serious drop in referrals being driven to news sites by Meta.³⁹⁵

A study by the McGill University-University of Toronto Media Ecosystem Observatory tracked some of the impacts for news media organizations a year after Meta after implementing its ban on news distribution and sharing on its FB and IG services. The findings were bleak indeed:

- There has been a precipitous drop of 43% in online engagement, i.e. people liking, sharing and cross-posting news stories on Meta’s Facebook and Instagram products.
- Many news media outlets that were active on Facebook and Instagram no longer are.
- Losses on FB & IG have not been offset by gains on other social media platforms such as YouTube, TikTok, X. In fact, many such news outlets have reduced their activity on all social media.

- The study also suggests that there has been significant fall-off in revenue for Canadian news media organizations who can no longer gain audience attention on Meta products or benefit from the advertising and new subscribers it had funneled their way.

There is no doubt that Meta's decision to ban the distribution and sharing of Canadian news content on its services in Canada have not been helpful. However, there are several shortcomings with the Media Ecosystem Observatory study and other claims about the nature and severity of the impact.

For one, the study reported that only a small minority of Canadians are even aware of Meta's ban on news distribution and sharing. That point, while not picked up on by the study, reveals a key problem that predates the *Online News Act* and Meta's news ban: audience traffic to and people's engagement with news media on social media platforms tends to be short, shallow, and not worth much in terms of new subscriber or advertising revenue. It also loosens the ties between news sources and news content, resulting in a slurry of indistinguishable content that dilutes brand identity and, consequently, news source authenticity and credibility. What all this means is that the effects of Meta's news sharing ban is likely to have had only a marginal impact on news media groups' income.³⁹⁶

Our results this year illustrate the point insofar that there has been no significant acceleration in revenue decline since Meta's news ban. It must be said upfront, however, that for every setback experienced by the newspaper industry, its main publishers and trade group, News Media Canada, have responded by releasing poorer and poorer data that makes it more difficult to know for certainty important details about the industry. That said, we do know enough to say the following.

In support of the claim above that Meta's news ban has likely only had a marginal impact, consider the following points. First, losses for most news media organizations—Quebecor, Winnipeg Free Press, Postmedia and Toronto Star—have continued in line with trends over the last decade-and-a-half. Others have seen revenue stagnate or tick upwards slightly on account of federal subsidies and new sources of revenue from philanthropy and big tech payments: Globe & Mail, *La Presse*, and *Le Devoir*.

Second, in some cases revenue has collapsed. For example, at Coopérative nationale de l'information indépendante (CN2i), revenue was cut in half from about \$70 million in 2019 to \$35 million last year before it declared bankruptcy. The loss of its publications was substantial, but it cannot be ignored that CN2i itself had been formed by well-placed Liberal Party insiders in 2019 to take over Groupe

Capitales Médias after that entity went belly-up. Groupe Capitales Médias itself had been formed in 2015 specifically to pick up distressed community and daily newspapers that were being spun-off by bigger publishers who were trying to exit the business as the crisis of news continued to pick up steam with no end in sight. It started with a group of five papers spun-off by the powerful Quebec-based *LaPresse* owner Gesca in 2015 as that company restructured itself in preparation to become a non-profit trust three years later. The group then acquired another dozen in 2017 from Quebec-based printing and publishing company Transcontinental. Despite its efforts, Groupe Capitales Médias went bankrupt in 2019. CN2i stepped in to pick up the wreckage to see if might have better luck. It did not, and after watching its revenue cut in half over five years, it too folded last year.³⁹⁷

There are other similar stories of turmoil, papers that had been around for a hundred years (or many decades anyway) shut down, upheaval, and bankruptcy in the newspaper industry. For instance, Saltwire went bankrupt early this year. A dozen of its twenty-seven local newspapers in the Atlantic provinces were scooped up by Postmedia.³⁹⁸ Metromedia—a division of *Toronto Star* publisher Nordstar—closed 78 community papers but relaunched 71 of them as digital only publications shortly thereafter. The Local News Research Project led by April Lindgren at Toronto Metropolitan University and Jon Corbett at the University of British Columbia document the closure of nineteen other local news media outlets since August 2023.³⁹⁹

As if these conditions were not enough, misery has been piled upon misery by other local and regional factors. For instance, decisions by the Quebec-based Transcontinental to eliminate Publisac, which delivered community papers along with flyers, led to a loss of up- to-half of the advertising dollars for Metroland. Changes in bylaws in Montreal also reduced the distribution of advertising in the city. These forces added to the loss of advertising spending at traditional media that has been going for close to two decades. On top of all this, Meta's ban on news distribution and sharing did not help matters, either.

In short, the newspaper industry has endured a decade-and-a-half of crisis. Meta's news ban may have kicked the last legs out from under them, and the three-way internet advertising oligopoly has also been progressively choking off a desperately-needed source of oxygen—advertising revenue—for a decade but blaming international tech giants as *the* cause of these problems is woefully inadequate. Policy and regulatory remedies built atop such a misdiagnosis are unlikely to do what is needed to truly fix the problems.

On the flipside of Meta’s news ban, it has prompted major news media organizations such as CTV, the CBC, Toronto Star and its community papers to do their utmost to repatriate audiences to their own websites and apps, with some success. Nordstar’s announcement in September 2023 that 71 of its community newspapers in Ontario would become digital-only publications, for instance, reflects this newfound resolve. The upshot is that Meta’s news ban has forced news media organization to re-assert more control of their news service, its presentation, advertising, and audience data. The effect has been to reduce their dependence on social media platforms.

In keeping with this idea that the crisis of news is bad but not all is lost, the *Online News Act* contains measures that could also help reduce publishers’ dependence on platforms and better serve Canadians by requiring designated digital news intermediaries to disclose more information about their operations in Canada, including having the deals they strike with specific broadcasters and publishers and through the Canadian Journalism Collective reviewed by the CRTC. The fly-in-the-ointment on this score, however, is that not all of what the Commission gets to know will be made available publicly. However, the Commission does appear to be committed to publishing data about their operations at a level similar to what is found in the financial summaries already provided by broadcasters and through its *Digital Media Survey*.⁴⁰⁰

The real crown jewel in the *Online News Act* is the fair carriage principle that it contains, the basic thrust of which is this: designated digital news intermediaries—Google and Meta for now but potentially Apple, TikTok, Twitter, and others in the future—must not use that power to confer undue advantages upon themselves or subject others to unjust forms of discrimination. Indeed, tearing a page from the *Telecommunications Act* (1993), section 51 of the *Online Act* explicitly *prohibits* digital news intermediaries “from acting in any way that (a) unjustly discriminates against the business; (b) gives undue or unreasonable preference to any individual or entity, including itself; or (c) subjects the business to an undue or unreasonable disadvantage.”⁴⁰¹

That principle, as we saw early in the report, has been progressively articulated and adapted through the courts going back to at least 1890s, then through the *Railway Act* and Canada’s first federal regulator, the Board of Railway Commissioners, in the early 1990s, all the way to the present. The CRTC is now stepping into those shoes, and its first major decision on such grounds is a promising first step.⁴⁰² Crucially, there is no escape hatch from the regulatory framework in return for payments made, as some misleadingly asserted.⁴⁰³ Google’s \$100 million per year

commitment (indexed to inflation) over the next five years gets it out of the mandatory bargaining provisions of the act, but even there, its agreements with news broadcasters and publishers are reviewable by the Commission. The main outcome in this regards is that Google got to choose the organization that will administer the fund, the Canadian Journalism Collective. This was against wails of opposition from News Media Canada and the Canadian Association of Broadcasters, and that will be subject to CRTC overview, but the rest of the act applies, including the fair carriage regime set out in sections 51 and 52 of the *Online News Act*.

Long before the *Online News Act* was even an idea, however, newspaper publishers have pursued other ways to stanch the losses affecting them. One key effort in this regard has been the erection of paywalls. Prior to 2011, there were no significant daily newspapers with paywalls in Canada. However, paywalls were erected so fast and extensively between 2011 and 2015 that they were more prominent in this country than in either the U.S. or the UK.⁴⁰⁴ By 2013, there were 27 dailies accounting for 45% of daily circulation with paywalls. By 2015, the number had grown to 38 dailies and well-over half of all circulation. The use of paywalls climbed to two-thirds of daily newspapers by 2018 and have remained in place ever since.

Despite such efforts, there are two key problems. First, the revenue gained has *never* come close to matching what has been lost. Thus, while online revenue grew from zero in the mid-2000s to an estimated \$306 million last year, this gain pales in comparison to the nearly \$3 billion in lost revenue per annum that has occurred since 2008. In other words, paywalls have really generated digital dimes for every dollar lost. Second, online revenue has been uneven. It steadily ramped up to become a significant source of revenue—i.e. just under \$250 million, on average, between 2011 and 2018—and then appear to have slipped for the next three years. Online revenue streams have regained steam amidst the uptick in good fortune that has attended the media economy generally since 2021, going about \$300 million for the first time last year, as noted a moment ago. However, compare this to the music industry, for instance, where revenue from streaming services, advertising and downloads now accounts for close to two-thirds of the industry's revenue, and still rising.

Clearly, therefore, online distribution and revenue is not a silver bullet for all types of media in equal measure, as naïve advocates for 'digital-first journalism' seem to believe. In sum, paywalls and digital dollars will not likely save commercial journalism.

The newspaper industry becomes more fragmented as it falls apart

Increased digital revenue, new policy supports and public funding, payments from big tech, and the *Online News Act* have come together in the last five years to offer some respite to a beleaguered industry. Over the longer run, however, a series of significant ownership changes and bouts of corporate restructuring have led, not to ever more consolidation, but fragmentation of ownership and decentralization via the institution of regional newspaper ownership groups in both the press and magazine industries. A quick review of such trends will help to set the scene.

Long before today's economic woes beset the industry began, concentration levels had risen steadily from 1984 until 2000. In 1984, the biggest four groups accounted for nearly two-thirds of the industry's revenues, a number that stayed relatively steady before bouncing up to 70% in 1992 as a significant new player began to acquire a series of regional papers across the country: Conrad Black's Hollinger Newspapers. Concentration levels rose sharply to 80% over the rest of the decade as Black took over the Southam newspaper chain and Quebecor added the Sun stable of broadsheets in a half-dozen cities to the two daily papers that it owned in Quebec (*Journal de Montréal* and *Journal de Québec*).

Yet, no sooner had that bout of consolidation taken place than it began to fall apart. The Hollinger chain of papers was sold to Canwest in 2000 and its chair went to jail. Mired in debt and controversy, the company spun-off several newspapers within a few years, thereby fueling the growth of several new regional press groups (e.g. Glacier Media and Black Press). Some of this served to increase ownership diversity, but often these ownership changes were based on heavily leveraged takeovers that soon took their toll. The short-lived Osprey group of newspapers in Eastern Ontario and Quebec was one example of this. It sold out to Quebecor (2007). By 2010, a new nucleus to the sector had emerged, with the four largest newspaper groups then controlling 80% of the market (based on revenue): Postmedia (24.2%), Quebecor (23.7%), Torstar (23.2%) and the Globe and Mail (9.1%).⁴⁰⁵ This was the highest ever for the period covered by our research

As the economic crisis gripping the industry deepened due to the triple-knuckled blow of excess consolidation, bloated debt, and floundering circulation and advertising revenue, many of the big press groups, notably Postmedia, Power Corp (Gesca), Quebecor and Transcontinental, once again turned to spinning off some of their local and regional newspapers. Several of the mid-size ownership groups formed over the previous decade took advantage of the situation to create a series

of contiguous, regional newspaper monopolies in one area of the country after another. In other words, while newspaper concentration fell at the national level, it was being reassembled at the regional and local level.

The best example of this occurred in late 2017 when Postmedia and Torstar announced a major deal to swap forty-one newspapers, most of them community papers, thirty-seven of which were immediately shut down. The transaction also effectively divided the province of Ontario into two zones of mutual exclusivity. The Competition Bureau seemed to swing into action to investigate potential collusion and anti-competitive behaviour, but quickly returned to sleep mode.⁴⁰⁶

The upshot of this pattern is that several regional press groups have been consolidated across the country, each with a de-facto monopoly in their territory.⁴⁰⁷ Others have abandoned the field altogether, such as Transcontinental. In August 2020, the once venerable Torstar was sold to NordStar Capital, and taken private. This has made it even harder to keep tabs on the state of the press in this country.

Still others have become paler versions of their former selves, i.e. Quebecor and Power Corp, although Quebecor continues to own the influential *Journal de Montréal* and *Journal de Québec* while Power Corp converted its flagship paper, *La Presse*, into an independent, non-profit public trust in 2021. That change reflected changes to the *Income Tax Act* at the time, and heralded a wave of new non-profits being brought to life across Canada. In addition to *La Presse*, this new group of non-profits include La Liberté, the Narwhal News Society, New Canadian Media, The Local TO, Journaldesvoisins.com and The Canadian Jewish News. The rising importance of non-profit news organizations is itself a positive contribution to structural diversity in the field.

While consolidation at the regional level proceeded apace, the overall trend over the past decade has been for national concentration levels to fall. The CR4, for example, has fallen from 80% in 2010 to 59.4% last year, with concomitant declines in the HHI. That, however, was a year-over-year increase of 5% after Postmedia acquired Brunswick News and Saltwire, amongst other ownership changes.

Postmedia is still the largest newspaper ownership group in the country and while its grip was slipping in the mid-2010s, its acquisition of the Sun newspaper chain in 2015 put its share of the market right back to where it was before and has stayed since, i.e. in the 20-25% range. Last year, its share of the much-diminished newspaper market had risen to 24%, up slightly year-over-year on account of its acquisition of the Brunswick News chain of papers in the same year from the Irving

family-controlled diversified conglomerate, J.D. Irving, Ltd. Once again, none of this has drawn much scrutiny from the Competition Bureau.⁴⁰⁸

Similar patterns have also reshaped the magazine sector in the past few years, with the leading magazine publisher since 1994, Rogers, vacating the field after selling off a fleet of its mastheads to Quebec-based Transcontinental in 2016 and the rest of its titles to St. Joseph's Publishing in 2019.⁴⁰⁹ In terms of market structure, magazines have been the least concentrated of all media sectors that we cover since the early 1990s. Concentration levels fell by nearly half based on CR scores between the early 1990s and 2023, with the top four publishers' share of the market based on revenue hovering in the 20-40% range for the last two decades. It was 24% last year, while the HHI was at the extremely low level of 187—a fraction of what it was at its high point in 1988 (2,315).

Tough times but with some flickering lights on the horizon

That ill winds continue to buffet the newspaper industry can also be seen in the fact that since 2008 the number of paid daily newspapers has dropped from 98 to sixty-plus.⁴¹⁰ Even this latter figure, however, must be taken with a grain of salt since it is only achieved because News Media Canada has turned in recent years to fudging the definition of what a "daily newspaper" is. Consequently, it is no longer possible to compare today's data on daily newspapers with what those figures referred to not-so-long ago. Worse, in 2023, News Media Canada did not publish its standard *Ownership Groups—Canadian Daily Newspapers* report at all because its members have become even less forthcoming with the information needed to put it together than they have traditionally been.

That this is so at the same time that journalism is supposed to provide a public accounting of important developments, and as politicians and lawmakers have delivered a comprehensive and supportive package of subsidies, wage supports, and new laws like the *Online News Act*, suggests that the news media groups' sense of their public obligations are out of synch with the public policy supports they receive. It is not unreasonable to make the supply of such policy-supports contingent on their recipients demonstrating more commitment to being transparent about their own operations and to other public interests.

Nonetheless, the punishing effects of these trends are clear, with some of the more illustrative highlights from the past few years listed below to illustrate the point:⁴¹¹

- In November 2018, Postmedia pared back its publishing schedule by one day per week at eleven local newspapers: the *Kingston Whig-Standard*, *Belleville Intelligencer*, *The Brockville Recorder and Times*, *Chatham Daily News*, *Cornwall Standard Freeholder*, *Owen Sound Sun Times*, *Sarnia Observer*, *Stratford Beacon Herald*, *Woodstock Sentinel-Review*, *St. Thomas Times-Journal* and *Simcoe Reformer*. This followed the closure of six other small town papers in June and publishing schedules cut at four others.⁴¹²
- In November 2017, Torstar and Postmedia swapped 41 newspapers, mostly community papers, the vast majority of which (i.e. 37) were immediately shut down and 290 employees laid off.⁴¹³
- Torstar cut 220 positions in 2016 and eighteen positions were cut at the *Globe and Mail* in 2014 (with the latter cuts bringing the number of lay-offs at the *Globe and Mail* to 100 since 2012).⁴¹⁴ Voluntary retirement programs for journalists and editorial staff have been a steady feature at the paper ever since.⁴¹⁵
- *La Presse* announced the elimination of 102 full-time staff positions and fifty-six in 2015.
- In 2020, Canada's largest newspaper ownership group, Postmedia, closed 15 community papers, laid off fifty people, cut seventy others and imposed a temporary 5-30% salary cut for journalists and staff making over \$60,000 per year, despite receiving \$10.8 million from the federal government's journalism support program, another \$40.3 million from the Canada Emergency Wages Subsidy and \$1 million from the Quebec government's subsidy program for news media organizations. In 2020, Postmedia recorded operating profits of 36% on revenue of \$190.7 million.⁴¹⁶
- Summing up the trends, Lindgren and Corbett found that four hundred community newspapers and forty daily newspapers, forty-two radio stations and eleven television stations have closed since 2008. Since 2023 alone, Bell closed 6 AM radio stations and Rogers closed another AM station in Ottawa. That said, Lindgren and Corbett also conclude that the pace of closures since the highpoint of the Covid-19 pandemic has eased somewhat largely because of the federal journalism subsidies and Covid economic support measures helped keep an even worse outcome at bay.⁴¹⁷

In a recent article in *The Walrus*, April Lindgren, draws on interviews and data from one of the unions representing journalists, CWA Canada, to illuminate the human

dimension of the losses.⁴¹⁸ As she observes, for example, the number of newsroom staff at *The Ottawa Citizen* has dropped from 190 in the 1990s to fifty in 2019. At the *Montreal Gazette*, the CWA Canada had 275 members in 1990; that newsroom now consists of forty-one people.

Elsewhere, Lindgren and her colleagues note that 57 per cent of journalist respondents to their survey said there are fewer people in their newsrooms than in 2016, and that those cuts had eroded the quality of journalism in their publication.⁴¹⁹ As Lindgren concludes, the casualties in all of this are people who live in cities, towns, and rural communities across the country. They have been left with little or no access to local news or they are being given gruel rather than the robust, timely, verified and independently produced news required to navigate daily life.⁴²⁰ It is also the case that these grim tidings must not be read in isolation from the ill-fortune besetting the news media outlined earlier in the context of radio and television. The problems are systemic and, accordingly, systematic solutions are needed.⁴²¹

Yet, several things must be born in mind when reading or listening to interested parties and lobby groups such as News Media Canada present the case about journalism in decline based on these scholars' work. First, while the net loss of thirty daily newspapers over the past close to two decades is significant, it is also the case that sixty percent of the titles lost were free commuter dailies that have never been held up as bastions of original reporting, the free press, and democracy. Moreover, the vast majority of local news media closures since 2008, i.e. 393-out-of-511, were community papers, most of which were typically published once a week.⁴²²

While such publications have likely contributed to a feeling of community by publishing accounts of local events and announcements, their main function has been to bring advertising to people's doorsteps on behalf of local businesses. As such, mourning the loss of community weeklies and free commuter papers as a loss for democracy rests on a misleading and false equivalency between these publications and daily newspapers based on original journalism. Yet, it is just such sleights of hands that too often allow private commercial interests to cloak themselves in the rhetoric of the public interest and the free press to further their own ends.

How to square the circle in this regard is not at all clear. Yet, unless we figure out how to do that, the result will be situations described a moment ago where groups such as the U.S. hedge fund-backed Postmedia avail themselves of public subsidies

from the government of Canada while slashing and burning the very thing that such subsidies are supposed to fortify, i.e. full-time journalists committed to making the free press work in the public interest.

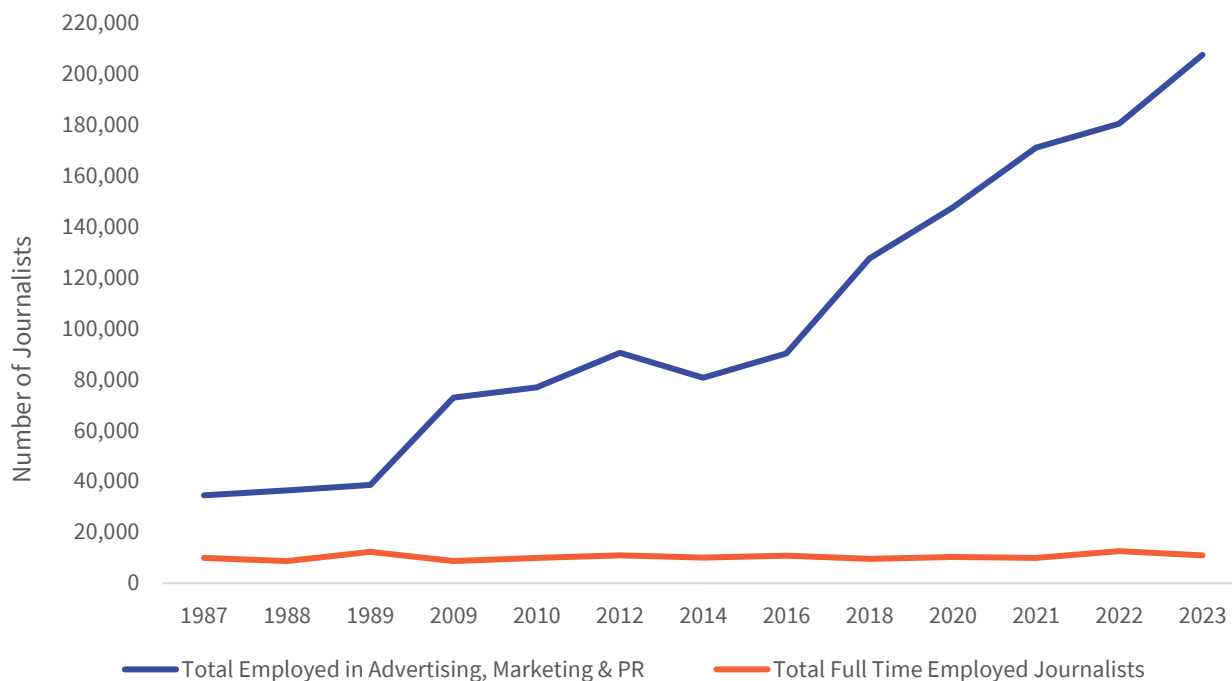
It is also important to get a robust measure of the scale of lost journalism jobs over time to get a proper gauge of the seriousness of the crisis of journalism and the policy measures that might counteract it. In this regard, Statistics Canada's data on the number of full-time journalists employed over the past three- and-a-half decades is the most complete and comprehensive source on the subject.

The headline based on Statistics Canada's Labour Force Survey data is that the number of full-time journalists in Canada fell from 12,600 in 2013 to 10,000 in 2019—a drop of 21% and a low point in this precipitous downward spiral. That has, indeed, been a bad news story. It also appears to have changed for a few years after that low point, given that the number of full-time journalists clawed its way back to 10,000 in 2020, stayed steady in 2021, and then jumped to 12,600 in 2022. Reflecting the precarity of conditions in the news media industry, however, a big chunk of those gains was lost. As of 2023, Statistics Canada reports that there were 10,900 full-time journalists at work.

While the trends are too volatile to say anything definitive at this point, a few observations are worth making. For one, the loss of full-time journalists has never been as disastrous as the figures circulated by lobby groups and think tanks, especially in the context of the ongoing debates that are taking place over the Online News Act. Nor have things been as rosy as those who find any notion of journalism policy anathema imply and who routinely berate *any* attempt by the Liberal government to address the crisis of news.

Finally, the fact that this turn-around in full-time journalist jobs coincides with stabilizing revenues for both newspapers and broadcasting for the last three years also imply that the recent round of journalism and media policies—e.g. the Supporting Canadian Journalism, the Local Journalism Initiative (LJI) and the Online News Act—may be having their desired effect.⁴²³ These blindspots apply to antagonists on all sides of these debates. They know full well that the Statistics Canada data exists, but studiously avoid it, likely because it is neither as lurid nor lulling as they would like us to believe. Figure 65 illustrates the twists and turns that have defined the uneasy fate of journalists in Canada for nearly four decades.

Figure 65: Journalists vs the public relations, advertising and marketing professions, 1987- 2023



Sources: Statistics Canada Statistics Canada (2024), Labour Force Survey, custom tabulation: Total employment for journalists (NOC 51113) and Professional occupations in advertising, marketing and public relations (NOC 11202). See the Figure 65 sheet in the [Excel workbook](#) accompanying this report.⁴²⁴

It is also important to note two other things. First, pinning the number of journalistic job losses to 2013 is selective, given that this was the high point of journalism jobs ever. Prior to that, the number of full-time working journalists in Canada had stumbled upwards over the past three-and-a-half decades, growing by roughly fifty percent to 12,400 full-time journalists at the end of the 1990s, then plunging thereafter amidst the dot.com financial crisis, before inching ever so slowly upwards after that until reaching its peak in 2013 (at 13,000, to repeat the figure from just a moment ago). Second, the slowing pace of cuts since 2020—a small piece of good news in a sea of misery—has not garnered any headlines. Why?

The circumstances look even more grave, however, once we consider that the modest increases that have taken place over time did so against a media economy that has quadrupled in size and relative to increases in the size of the economy and

the general population. Moreover, as Sabrina Wilkinson observes, not only are the number of journalism jobs in decline, amongst those that do remain, fewer are permanent, and less job security is now the new normal.⁴²⁵

Also, consider the grim fact that the drop in the number of full-time working journalists has been countered with a huge expansion in the public relations, advertising and marketing professions. In 1987, there were four people working in the publicity business for every journalist. By 2023, the imbalance had ballooned to an astonishing 19:1. Given these huge numbers, the reality is that many journalists who once worked for Canada's broadcasters and news publishers, but no more, now work for them as public relations and marketing specialists whose job it is not so much to deliver these facts in an even-handed way but to promote positions that get their employers the publicity and policy wins they want.

Will online news sources revitalize the free press?

Of course, new commercial news outlets and even a few philanthropically supported, internet-based approaches to journalism and public commentary have sprouted up all over the country in the past twenty years.⁴²⁶ Thus, alongside news outlets closed and journalism jobs slashed, we must also tally up those cases where news services have expanded, and new outlets created. Again, as the Local News Research Project observes, between 2008 and October 2024, 388 local news outlets have come into being, with 260 of them remaining in operation: eighty newspapers (only one of which is a daily), 123 online news outlets, 17 radio stations and ten television stations (half of which are public). Ninety percent of those new outlets that have survived now serve 162 communities, thereby adding to news diversity within them and pushing back against the proliferation of news deserts. The biggest growth has been with the 113 online news sources launched during this period.⁴²⁷

As traditional news media have floundered, some online news sources have flourished. The discussion of online news sources also brings us back to the vital role that Google and Meta have built up over the last decade-and-a-half within the news industry and the social flow of news. Indeed, they have become significant pathways to the news for between a third to half of all Canadians.⁴²⁸ The *Online News Act* applies to Google and Meta precisely because of the large role that they play in the distribution and sharing of news and, of course, on account of the entrenched nature of their dominance of the advertising market, as was recounted earlier. While such conditions at present are only seen as applying to both of those companies, the *Act* can be expanded in the future to cover other news distributors

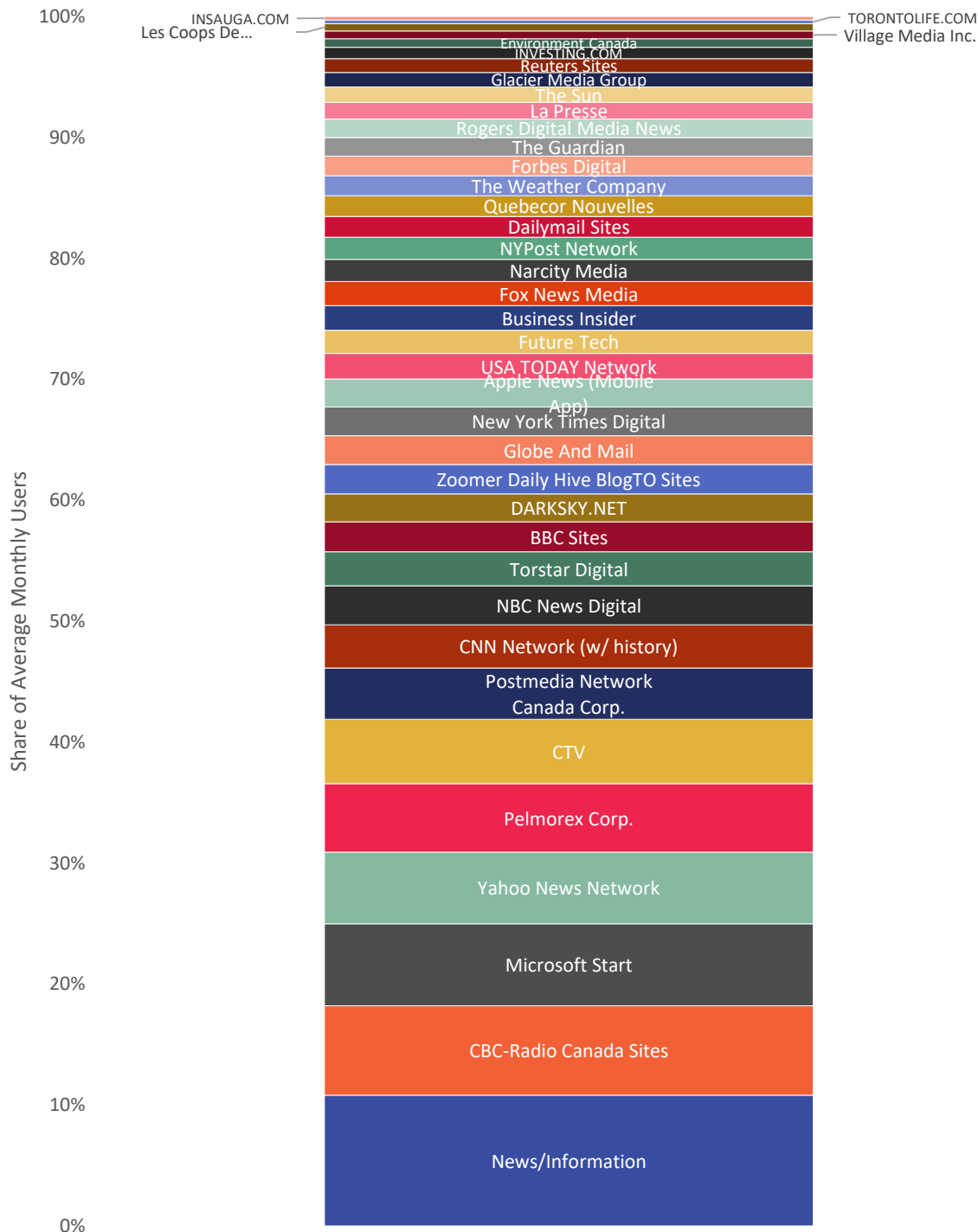
that meet the act's criteria regarding who is and is not a designated news intermediary. Apple, Microsoft, Samsung, X (previously Twitter), and TikTok are other possible candidates. That the act's thresholds for designation are based on revenue, audience reach, and strategic significance over time is one of its key strengths.

Google and Meta's role as online news intermediaries also serves as a prelude to a similar phenomenon –namely, the imbalance in the terms of trade between platforms and publishers that we will see later in relation to a wide range of online media services, including video services, games, apps, and music. To understand this point, we need to start by sketching the nature of the “imbalanced terms of trade” between platforms and publishers that have caught the eyes of policymakers, scholars, activists, business competitors, and a variety of others here in Canada and around the world. The key consideration in this context is that these are not problems besetting individual media sectors, but are systemic. They need to be treated as such.

Part of that imbalance of power between platforms and news sources stems from the collapse of revenue and the growing fragmentation of the industry that has taken place through the ownership changes and the regionalization of press groups that we saw a moment ago, and the fact that Google, Meta, and Amazon really have sucked up way more of the remaining money than should probably be permitted. Postmedia and Quebecor still stand at the centre of the English-and French-language press, respectively. *The Globe and Mail's* does, too, especially for its elite audience that is much more highly valued than just sheer numbers would imply. Yet, despite their relative positions within the news media ecology, all three of these well-established news brands are scrambling to navigate their way through a much smaller and more fragile sector whose prospects remain uncertain. *The Globe and Mail* in particular seems to have found a path to money.⁴²⁹

Yet, there are a flurry of 'new entrants' and glimmers of hope for journalism. Amongst these is the fact that people turn to a wide variety of online news sources, well-established and new, domestic and international. The range of sources that Canadians use makes the online news sector one of the most diverse sectors studied in this report. Figure 66 below illustrates the point for 2023.

Figure 66: Internet news sources—share of average monthly users, 2023



Sources: see Figure 66 in the [Excel workbook](#) accompanying this report (based on Comscore Media Metrix Multi-Platform Canada, News/Information Category, News & Information Category - Top 35 Ranked by Average Monthly Users (Average Monthly Visitors (000) January - December 2023).

Canadians get their news from a diverse range of online news sources, including familiar domestic ones such as the CBC, Bell Media, Postmedia, the *Toronto Star* and *The Globe and Mail*, *La Presse*, Rogers, and Quebecor, along with new ones such as Narcity, Zoomer Media (Daily Hive, BlogTO, etc.), Village Media, etc. This range also includes major international news media such as CNN, NBC, the BBC, *The Guardian*, *USA Today*, *The New York Times*, Fox News, Reuters, and so forth. It also encompasses news aggregators like Microsoft Start, Yahoo News Network, and Apple News (mobile app) and a few weather services (e.g. Pelmorex).

Based on this evidence, traditional news organizations are still the most important sources of journalism for Canadians. However, those sources also exist in a networked relationship with other sources, online and off, to form a web of connections and relationships rather than standing as discrete entities on their own. They employ more journalists than any of the digital upstarts. They originate far more stories that the rest of the media pick up and amplify or dialogue with. Indeed, the “crisis of journalism” is important because traditional news media continue to set the agenda for the rest of the media. Online news sources have not come anywhere close to picking up the slack. It is doubtful they ever will. This is not to say that they are unimportant but rather to acknowledge their limits and focus attention on the need for measures to shore up the faltering news system that remains indispensable to democracy. If we are keeping a running tally for-and-against the *Online News Act*, this can be marked down as being in favour of the Act.

To be sure, many new news media outlets are still trying to find their footing. Many of them are operated by independent owners and regional media groups such as The Logic, Overstory Media Group, The Discourse, *iPolitics*, *Policy Options*, and the Hill Times’ suite of publications (e.g. *The Wire Report*). and so on. These news sources have often been created by people with deep experience as journalists or otherwise in the media, all of which bodes well for them.⁴³⁰ They also occasionally break stories that can set the local, regional, national and (rarely) international news media agenda and that others have neglected.

The reality, however, is that none of these news sources have yet to break into the ranks of the three dozen online news sources that Canadians turn to on a routine basis.⁴³¹ This implies that they account for less than one percent of online news consumption ie. they serve tiny, specialized audiences.

While it is disappointing from the standpoints of news diversity and influence to not see more new start-ups on the list of online news sources, there’s a brighter upside to what we do not see on this list: dubious sources of information, commentary and

agitation, such as Rebel Media, *The Epoch Times*, America One, Breitbart, and others on the far right do not appear to have any traction either. These sources can be called dubious because they refuse, and indeed flaunt their refusal, to follow the professional conventions of independent journalism such as fact checking, publicly acknowledging mistakes and correcting them, seeking to promote understanding rather than a particular point of view or political agenda, and so forth.⁴³²

There are many other reasons for why we should not be too naïve about new online news sources. While established professional contacts certainly bode well for many of the new entrants, we must also bear in mind that they are not for the faint-of-heart and require solid financial backing. Thus, whether it is the commercial *iPolitics* or the not-for-profit *La Presse* (see below), some of these outlets are heavily subsidized, not by advertising or government funding, but wealthy patrons. For *iPolitics*, it was the Molson family, until it was taken over by Torstar in 2018, while for *La Presse*, the Desmarais family, one of the wealthiest and most politically well-connected families in Quebec and Canada, has helped to keep it afloat.

That reality, in turn, also points us to another relatively new development in Canada: the emergence of non-profit news organizations. The transformation of several news media groups in non-profit news organizations has been aided by the measures in the federal government's Supporting Canadian Journalism program that explicitly aim to promote just this.⁴³³ Perhaps the best-known example of a not-for-profit journalism organization in Canada is the remaking of *La Presse* from a subsidiary of the diversified conglomerate, Power Corporation, into a free-standing and independent charitable trust in 2021.⁴³⁴ After some painful "right-sizing" in the previous years, i.e. lay-offs, cutbacks and the sell-off a handful of newspapers owned by its private owner, Power Corporation / Gesca (see above)—*La Presse* now appears to be doing well as a digital-only publication.⁴³⁵ Indeed, with advertising revenue up, more donor money, subsidies from the federal and Quebec government, and some payments from big tech companies, *La Presse* has held the line under its new status as a non-profit media outlet and continues to support respected and high quality journalism.

There are now a dozen such not-for-profit journalism organizations that have taken root in the past few years in response to both the conditions outlined in these pages and the new federal policy measures designed to help nurture their existence: *La Presse*, *La Gazette de la Mauricie*, *La Liberté (Presse-Oest Ltée)*, *Le Devoir*, *The Narwhal News Society*, *Chateauguay Valley Community Information Services*, *New Canadian Media*, *The Local TO*, *Journaldesvoisins.com*, *Coopérative nationale de l'information indépendante*, *coop de solidarité (CN2i)*, *Coop de*

Solidarité Pivot, and The Canadian Jewish News.⁴³⁶ This is up from nine last year, and eight the year before that. Non-profit journalism is carving out a bigger place for itself than ever before in Canada. This is also consistent with trends in the United States and the United Kingdom, too.⁴³⁷

Altogether, this remaking of news, opinion and public commentary media in Canada has also brought academics-as-public intellectuals back into prominence in ways that have added expertise and diversity to journalism and the public sphere. The revival of the partisan press, while unfortunately also fueling vitriol and extreme political voices, can also offer new voices that strengthen and reinvigorate democracy by engaging people to be more actively involved in it.

Overall, this flurry of activity and the mix of commercial and not-for-profit journalism reminds us that, while the crisis of journalism is real, the time is also ripe with opportunity to create a more robust, vibrant, and networked digital free press. To achieve that, however, the caliber of the debate needs to improve a lot. And to do that, in turn, means that we need to turn down the dial on the shrillest voices mouthing nostrums about the free press and free speech, but who also seem to know little about the history and economics of media.

Convergence 2.0: App stores, video games and streaming music services

A unified digital communications and media distribution system is emerging. In this emergent system, wireline and wireless broadband networks are increasingly overlapping with one another while more frequently butting up against app stores (e.g. Apple App Store and Google Play) and other intermediaries across the digital media distribution value chain, including search, social media, ecommerce, operating systems, browsers, and device interfaces. These services all play an integral part in how we communicate and in organizing media distribution, discovery and use in the online digital media world.

Our focus in the following pages is how these dynamics are playing out within three specific dimensions of the online media distribution system: app distribution stores, video games, and streaming music. We also look closely at the increasing role and clash of 'big telecoms' and 'big tech' in media distribution markets as well as how they blunt the sharp edges of competition by cooperating with one another. We also cover these sectors because they are now integral parts of the media

ecology and people's media use. Doing so also sheds light on perennial debates between those who have long held up the internet as an antidote to ownership concentration in the "old media" versus those who claim that core elements of the internet possess powerful dynamics that are in fact driving consolidation.

The wireline and wireless telecoms networks that Bell, Rogers, TELUS, and Quebecor own are the foundational infrastructure of this emerging unified communication and media distribution system. This confers extraordinary gatekeeping power on them and the following pages aim to show how that power is manifested in the app store distribution, video games, and streaming music markets. As mobile internet plans with data allowances of 100 GB or no data caps at all become more common (albeit still expensive), the mobile internet is becoming a more viable option in this intensifying process of convergence, competition, and cooperation.

This clash of titans, however, is softened by the fact that each is dependent on the other to certain degrees. For example, Rogers bundles access to Netflix, Disney+ and other streaming services with its own, partly to drive growth in its telecoms services but also to help shield its own media services from threats and to take advantage of international distribution opportunities with the global tech players. Bell, Quebecor, and TELUS all do the same. Corus entertainment is betting big that its deal with Amazon Prime Video will help to make its Stack TV portfolio of online television and video services a success. Smaller players like OutTV, from Vancouver, do the same (see more below).

Competition and cooperation is also set against a scene where even the biggest Canadian companies, while still having revenue multiple times higher than the big tech and streaming companies do in Canada (recalling from Figures 5 and 14 earlier that the big four Canadian telecoms conglomerates control 62% of the entire \$108.1 billion network media economy; the big tech companies 19%), they are in a tango with multinational internet and big tech conglomerates that cut a towering presence on a global scale and across multiple digital markets and layers of the internet stack. These tech giants have (near) trillion-dollar capitalizations, planetary scale and revenue to match, and portfolios with services that have a billion users or more each, for example, in search, social media, video sharing platforms, operating systems, browsers, devices and more. This means that telecoms conglomerates domiciled in Canada, no matter how big, have definitely met their match.

The core internet resources that the multinational tech giants provide are platforms upon which many others rely. They are often "free". They are essential to media

distribution, billing, discovery, navigation, and audience reach. They are also all either monopolistic or highly concentrated. We saw this earlier, too, where a broad and indiscriminate conception of internet advertising results in, at best, a three-way oligopoly in which Alphabet, Meta, and Amazon account for 89% of the \$16.6 billion market in Canada; tighten the focus to look at their dominance within each distinct submarket they operate in and their dominance is greater yet: recalling from earlier that, for instance, Google dominates an estimated 93.6% of the search advertising market, Meta controls about two-thirds of the social media and display advertising segment, while Amazon is believed to hold from three-quarters to eighty percent of the online retail advertising market (see Figure 46, above).

The available evidence also shows that most core sectors of the internet that these companies call home have concentration levels that are far above the HHI's threshold of 2,500 to designate a highly concentrated market and often close in on 'perfect monopoly' territory. Of course, there are also a few exceptions. For example, as Meta has lost some of its lustre and its market share in recent years, concentration levels for social media have declined. Thus, whereas in the first half of the 2010s, the HHI was around 3,500, two years ago it slipped past the threshold from high to moderate concentration. Last year, the HHI for social media was 2,224.

We also observed that the online video market has become more diverse over time with the HHI falling to 2,015 if we just consider the 'narrow' view of the paid subscription market. It is even lower at 1,932 by the HHI if we use the expanded view that includes video sharing platforms like Google's advertising-funded YouTube. It's lower yet if we consider market share by subscribers, where Amazon's huge number of subscribers because it is basically giving away Amazon Prime Video (and Amazon Music) for "free" drives the HHI down to just 1,400. That result is well into the green zone of robust competition, a surfeit of consumer choice, and seemingly a "tube of plenty", to riff on Erik Barnouw's classic book of that name.⁴³⁸

But maybe here we are running up against the limits of the HHI and other concentration metrics rather than getting the best picture of reality? To wit, is it really a pluralistic marketplace that meets the hopes and dreams of audiences, a free market and a democratic society when the main war for time, money and attention is being waged between an international streaming giant whose decade-long run of dominance is slipping (Netflix), the cultural industries branches of three planetary scale tech giants (Alphabet, Amazon, Apple), the brand extensions of American media conglomerates (Disney+, Paramount+), three sports streaming services (Rogers, Bell, DAZN), a "Canadian" service that mostly resells HBO, Warner Media Discovery, and other Hollywood fare (Bell's Crave), followed far behind by an

under-nourished public broadcaster (CBC's Gem/ICI TOU.TV)? Numbers have their strengths; judgement tells us they also have their limits.

Bear in mind that those are the exceptional instances where conventional concentration metrics show that market concentration is low to moderate. In the vast majority of cases, however, the reverse is true; concentration is sky-high. The HHI for internet advertising last year was 3,336, for instance; for app stores it was 5,072; for desktop search it was 7,423; it was higher yet for mobile search at 9,469 (a near monopoly). For desktop operating systems, the HHI was 4,972; for mobile operating systems 5,171; for desktop web browsers 4,236, while for mobile browsers it was 4,309. The shift from the wireline internet to a more mobile internet over the past decade has amplified this tendency for concentration levels to be sky-high, as the higher scores for the mobile versions of search, operating systems and browsers show.

These metrics are registering, in most cases, concentration levels that are off the charts. Those figures have also often climbed upwards and been stuck at very high levels. They apply across digital media markets and layers of the internet stack. The hypergiants are also international in scope, and they are all located in two countries: one an increasingly unstable democracy (the United States), the other an authoritarian country that is proud of it and whose people say they are happy with this state of affairs and eager to wave the country's flag (China). Only in the last decade have such realities raised popular consciousness of 'the big tech threat' and driven increasingly muscular regulatory responses.

Until recently, regulators have been reluctant or unable to address these realities. Thus, even where regulators have shown resolve, such as the European Commission's landmark search and shopping, online advertising, and Android operating system cases against Google, experience has taught that the regulation that has been attempted has been piecemeal and ineffective. It may be time to reach for a set of bigger regulatory hammers like break-ups, firewalls, public obligations, and public alternatives.⁴³⁹

In the past decade there has been an increasing focus on the systemic nature of large digital intermediaries and the imbalances in terms-of-trade between them on the one side and all those who use them, from third party media services to audiences who access media and interact with one another via these platforms. The Australian Competition and Commerce Commission (ACCC)'s trilogy of digital services inquiries was one of the first to crystallize this framing of the power dynamics between search and social media platforms and news media, advertisers,

and digital markets as being *systemically driven by an imbalance in the terms of trade*.⁴⁴⁰

The European Commission's *Digital Services Act* and *Digital Markets Act* that came into effect last year has also put a spotlight on systemic risks and the mitigation strategies needed to deal with those risks and to address market dominance, power, and control among the few select platforms that meet their thresholds for designation, namely: 45 million monthly average users (MAUs) or 10,000 active annual business users, annual revenue of €7.5 billion and market capitalization of €75 billion.⁴⁴¹ Platforms that meet those criteria are subject to a graduated regulatory framework that falls heaviest only on the biggest platforms that are designated as very large online search engines (VLOSE) or very large online platforms (VLOP) under the *DSA* or as gatekeepers under the *DMA*. They are obliged to identify systemic risks, to report them, and to take whatever steps they can—individually, collectively, and privately—to mitigate them. They also must prioritize citizen-consumers' communication, privacy, due process, and consumer rights over their own, especially in the context of content moderation. There are effectively rights of 'fair carriage' embedded in both acts as well.

The rights of citizen-consumers, commercial media, and public media services to not be deplatformed, demoted or demonetized without proper notification, explanation, and channels of recourse are also front and central in these efforts. These are all cast in the language of human rights under the European Convention on Human Rights and overseen by the European Court of Justice.⁴⁴² That is, this is market regulation in the name of fair competition, human rights, and democracy.

If designated "gatekeepers" and VLOP and VLOSE fail to do these things, the Commission can step in with penalties and the courts can also be engaged to adjudicate disputes and uphold people and business' fundamental rights. In short, the *DSA* and *DMA* encourage private industry-led regulation but done according to state-specified rules, norms, and processes, and with the threat hanging in the wings that national governments and the European Commission can step in with heavier sticks if the carrots do not work.

The United States has also struck numerous inquiries, legal cases, and proposed bills of its own, including the recently concluded search and internet advertising cases where Alphabet was declared guilty of illegally maintaining a monopoly in both markets. Where things will go in the U.S. in the years ahead, however, are extremely uncertain, given the incoming Trump administration.⁴⁴³

Canada has also taken a seat at the table since adopting the *Online Streaming Act* and *Online News Act* last year. The Competition Bureau's just announced suit against Alphabet's alleged anticompetitive abuse of its internet advertising market redoubles that sense that Canada is now engaged with digital markets monopolies and regulation in ways previously not seen. The pattern is clear that after a quarter-of-a-century of the state playing handmaiden to the commercialization of the internet the watchdog regulatory state is getting back (some of) its teeth.⁴⁴⁴

The following pages take up these issues in the context of app store distribution, video games, and streaming music. Each of these digital markets development is charted, key firms analyzed, and the question posed as to whether they can best be defined as being wide-open, competitive and pluralistic or centralized and concentrated in the hands of a few dominant players. The answers to that question differs for each of these digital markets, with app store distribution being extremely concentrated, streaming music services moderately so, and video games not at all, even after Microsoft's blockbuster acquisition of Activision Blizzard closed last year.

App Stores

App stores have grown at a torrid pace since their launch in 2008⁴⁴⁵

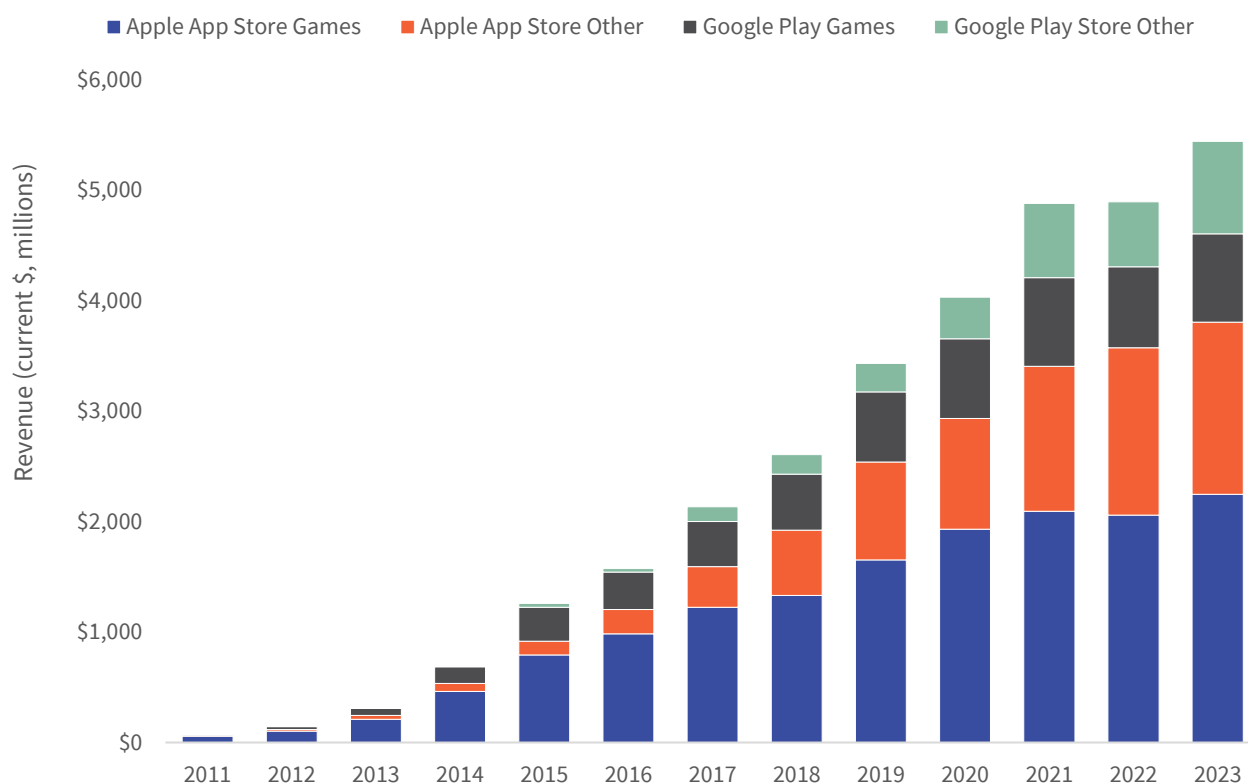
The app distribution market has seen torrid growth since 2008 when Apple launched its App Store alongside the iPhone and Alphabet debuted the Android Market (later rebranded Google Play Store in 2012), respectively. By 2023, the two iconic app stores are estimated to have facilitated an estimated \$5.4 billion in transactions in Canada from the millions of gaming, video, music, social media, dating, travel, and other apps that they host and distribute. While Apple's App Store and Google's Play Store host and distribute a wide variety of apps, mobile games account for just under two-thirds of app store revenue internationally (63%) and about 56% within Canada, reflecting the reality that mobile gaming apps are much more popular internationally, especially in Asia, than they are in Canada and the United States.

Topline revenue for Apple's App Store and Google Play was about \$3.8 billion and \$1.6 billion, respectively, last year (or a roughly 70 / 30 split in favour of Apple).⁴⁴⁶ Apple and Alphabet, however, do not keep all the value that their app store marketplaces generate. Given their standard fees on transactions of 25-30%, their

combined cut from that total was about \$1.5 billion, with the rest going to third party app creators and publishers. Mobile gaming apps account for over half of app store revenue. Consequently, this means that app store distribution has become a key pivot point around which the gaming industry swings. It is now fair to say that Apple’s App Store and Alphabet’s Google Play Store stand at the crossroads of the online media distribution market.

Figure 67 below shows estimated revenue for gaming apps and other apps at Apple’s App Store and the Google Play Store to produce a view of revenue for the app store distribution marketplace since 2011.

Figure 67: Appstore distribution and video game app revenue, 2011-2023 (current\$, millions)



Sources: see Figure 67 sheet in the [Excel workbook](#) accompanying this report and the entries for each segment in the “Total Revenue (Millions)” sheet in the [GMIC Project—Canada open data sets](#).

As figure 67 also shows, app store revenue was up significantly year-over-year from \$4.9 billion the previous two years and \$4 billion in 2020 when the mobile app business in Canada really took off, driven on by the routines of everyday social interaction being penned in by pandemic-related public health restrictions. The torrid pace of growth throughout this period added juice to what had already been a decade-long run of surging growth. In fact, the cumulative annual growth rate (CAGR) of 42.9% since 2011 means that the app store distribution market is the fastest growing digital market covered in these pages. The paid online video market grew by a CAGR of by 38.3%, by comparison, and internet advertising by 16.4%.

While app store revenue has a near perfect unbroken record of soaring over time, setbacks can occur. For example, in 2022. Why?

There were two principal reasons: first, the games industry suffered a bad year because of a lack of sufficient blockbuster content, so as its revenue slipped, so did the app stores, whose primary third party supplier is the games industry. Second, Apple's App Store and the Google Play store both implemented modest cuts starting in 2022 on account of regulatory and industry pressures, as will be discussed more fully in a moment. The cuts were done in the face of criticism and legal challenges from big-name games firms, notably Epic.⁴⁴⁷ While Epic largely lost its legal case, Apple made modest changes to its terms of service and cut its service fees to 25% for some small app developers and publishers, but left the standard 30% fee in place for most. Alphabet followed suit quickly. We assume a standard 28% service fee starting in 2022 and thereafter to account for these fee reductions. But back to the main point, the combination of fewer blockbuster new game titles and these modest services fees reductions knocked revenue in the app store market back a bit for the first time ever.

Amidst the eye-popping figures being bandied about here, it helps to keep things in perspective by recalling that even after a decade of relentless cord-cutting for traditional television distributors (aka cable television), that core sector of media distribution still raked in \$7.0 billion last year. Obviously, though, the trajectory for app distribution and broadcasting distribution are running in opposite directions. This underscores the idea that the former is fast-becoming central to digital media distribution while the latter sector wanes. Albeit this is in a context where telecoms operators are themselves holding their own and pushing hard to carve out new vectors of strategic significance within this converging digital communications and content aggregation and distribution system, and with considerable success as we have seen.

The app store marketplace is extremely concentrated

The app store marketplace is extremely concentrated, with a CR2 of 100 and an HHI of 5,071. An increasing share of revenue is occurring within Google and Apple's app stores, but they do not—individually or collectively—dominate the digital games sector, which we will take up next on its own. Canada's gaming sector is growing fast and is robustly diverse. To be sure, Samsung and some games publishers like Epic and Roblox have opened their own digital store fronts and app distribution platforms, but their market share is too small to measure in the context of the general app store distribution or too specialized to include them in the discussion here. That said, we will touch upon some of these services in the pages ahead and highlight specifically the App Store and Google Play's prominent role in the gaming and music industries.

Apple and Alphabet's entrenched control of the app store marketplace has drawn regulatory scrutiny by American, Australian, Dutch, and German competition authorities in recent years.⁴⁴⁸ Pressure has also come from the games industry with an eye to making Apple and Google's app store's terms of carriage and distribution more transparent to app developers, publishers, and consumers, and to trim their service fees. These issues that will be taken up in below in the context of our analysis and discussion of the video games industry.

But for now, it is striking in the broader context of the app distribution marketplace that major games developers and publishers like Epic Games, Activision Blizzard (before its takeover by Microsoft), Electronic Arts, Roblox, etc. publicly raise alarms about the extent of app store and digital platforms' dominance of the video games industry. As they observe, for example, forty- to eighty percent of their revenue comes via just five big tech companies: Alphabet, Apple, Microsoft, Nintendo and Sony.⁴⁴⁹ The launch of branded digital store fronts and resurrection of PC-based platforms such as Steam have created new distribution channels, but this has not put their concerns to rest. Epic Games addresses the nub of the problem as follows:

We cannot publish our titles without the approval of hardware licensors that are also our competitors . . . and, in some cases, the exclusive means through which our content reaches gamers on those platforms . . . If these platforms deny access to our games, modify their current discovery mechanisms, communication channels available to developers, operating systems, terms of service, or other policies (including fees), our business could be negatively impacted.⁴⁵⁰

We will take these issues up further in the next section. For now, though, it is also essential to highlight how the games industry itself stresses that the risks do not come only from “big tech”, but also “big telecoms”. This is because poor internet connections and weak or no laws governing internet neutrality can lower demand for their gaming titles and distribution platforms, drive up the cost of doing business, hinder the functionality and performance of games, and so forth.⁴⁵¹ The lack of strong net neutrality rules can also tip the balance of power in favour of local ISPs who wield “significant political and economic power of local Internet service providers . . . that [could] impede our growth, cause us to incur additional expenses, or otherwise negatively affect our business.”⁴⁵²

This is why countries like Canada must double down on telecoms regulatory tools like common carriage while adapting and extending them to the new roster of big tech gatekeepers. It is one more reason to think through how the principle of “fair carriage” for the increasingly unified digital communications and media distribution system might be applied. We will have more to say on the principle of fair carriage in the final policy section of this report but for now a quick reprise of its basic tenets will help set the stage. The unified principle to govern the increasingly unified digital communications and media distribution sectors being described and analyzed in these pages would be a blend of the best parts of common carriage from telecoms, on the one hand, with the “must carry” rules in the *Broadcasting Act* (colloquially referred to since its revision in 2023 as the *Online Streaming Act*) that designates a specific list of services of high public interest value that all broadcast distributors must make available to citizens-consumers (incidentally, thereby including an element of universal affordable service in such rules as well). In contemporary CRTC parlance, these are 91(h) services that must be carried by all broadcasting

It should also be noted that such a move in this direction can already be seen in the *Online News Act* and, less so, the *Online Streaming Act*. It can be seen in the European Commission’s *Digital Services Act* as well which can be read as a “must carry” regime for all lawful content, backstopped by rules requiring designated search engines and social media platforms to notify, explain and provide due process to citizen-consumers and media services that are deplatformed, demoted or demonetized. When the rights of citizens-consumers or publishers and media providers clash with those of distribution platforms and app stores, it is the former that prevail. In cases where content has been wrongly taken down, blocked, demonetized, etc., then after a finding of such through either internal review processes or the courts, the effected speech / expression / content must be put back up.⁴⁵³

The games industry is a big, complex, and highly competitive business⁴⁵⁴

The app store and video games markets are closely intertwined, as we saw in the previous few pages. And a key reason for this is that they are mutually dependent on one another: video game apps are *the* biggest genre of apps and revenue spinners in Apple's App Store and the Google Play Store, and app stores are an essential part of the distribution infrastructure for games, a major source of their revenue, and integral to people's overall gaming experience. While Alphabet's Play Store accounts for twice as many downloads as Apple, the latter's App Store took in nearly three-quarters of consumer spending on gaming apps last year (est. \$2.25 billion), while Alphabet's Play Store accounted for the rest (an estimated \$800 million).⁴⁵⁵

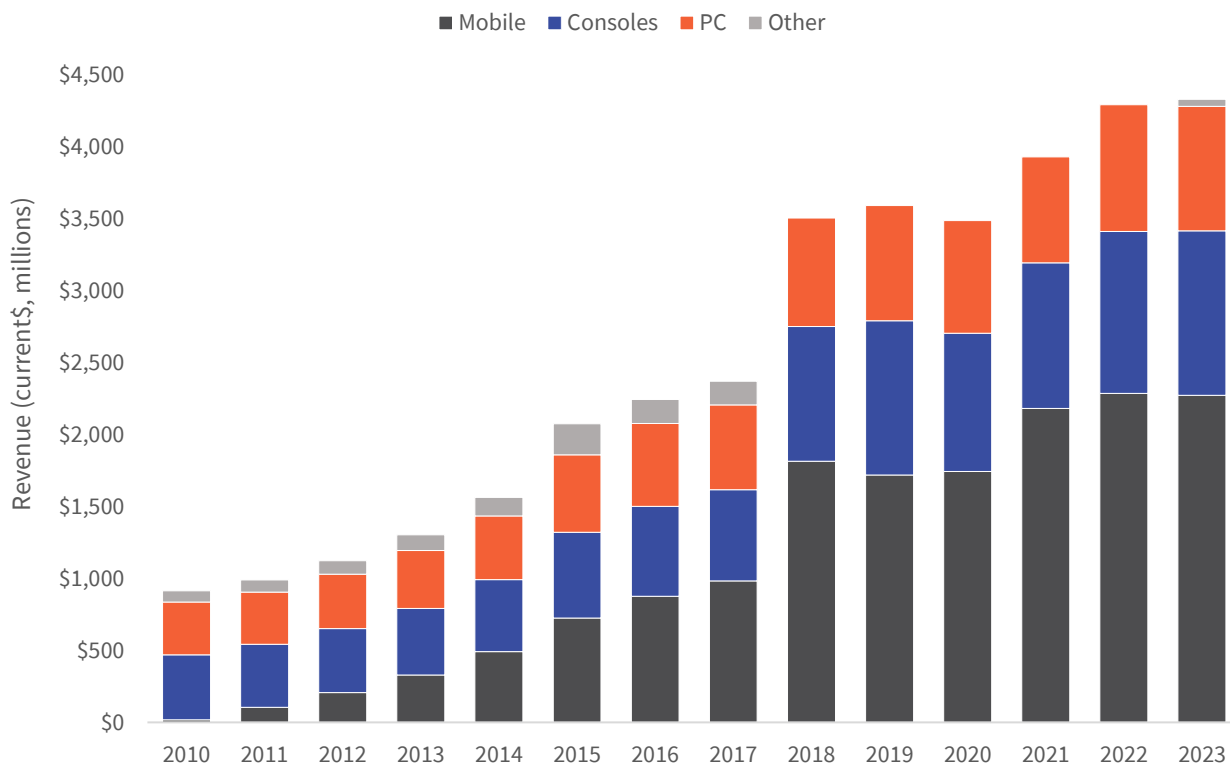
This reflects the fact that Apple focuses on the high-end of the consumer market while Alphabet aims more at the mass market. It is one more piece of evidence that adds up to a portrait of the dual media economy that is taking place, one for the well off and the other for everybody else.

Just to reiterate a point of detail from above, last year games made up about 56% of the value of the app distribution market in Canada last year and that figure was significantly higher at about 63% globally given that mobile gaming apps are much more popular internationally than in Canada.⁴⁵⁶ At the same time, it is also likely that the big bump in the size of mobile data plans in Canada, as well as significant improvements in the price of mobile data—all matched by a big jump in mobile internet usage, as we saw in the earlier discussion of the mobile wireless market—have helped drive growth in the games industry in this country in recent years.

The games industry has become big business. Last year it had revenue of \$4.3 billion last year, with little year-over-year change either way. This was greater than both the pay television (\$3.8 billion) and the paid online video market (\$4.1 billion), respectively. It was also twice the revenue of the music and newspaper industries. In fact, by last year, the video game market was the largest sector of the media and cultural industries after internet advertising.

The evolution of the gaming industry since 2010 is depicted in Figure 68, below. It also helps to illustrate the changing relative weight of the mobile, console, PC, and "other" segments in the industry over time. The speedy growth of the mobile games segment over the last decade stands out in this regard.

Figure 68: Gaming industry revenues in Canada, 1984—2023 (current \$, millions)



Source: see Figure 68 sheet in the [Excel workbook](#) accompanying this report and “Video games” entry in the “Total Revenue (millions)” sheet in the [GMIC Project—Canada open data sets](#).

Given this sustained and significant growth, many new game-makers have also entered the market. The games development side of the industry is, in fact, more diverse, complex, and hard to track than its publishing and platform distribution dimensions. This can be seen in a study by Nordicity prepared for the Entertainment Software Association of Canada (ESA), for example, which found that there were 596 video game companies in Canada in 2017, growing to 692 in 2019.⁴⁵⁷ Because the developer side of the industry consists of so many entities that come and go, often on a project-by-project basis, our analysis is limited to games publishers and distribution platforms. Developers, hardware, and accessories, as well as live streaming and e-sports, are not included (although this exclusion, too, will likely have to be revisited in the years ahead).⁴⁵⁸

Ideally, it would also be good to treat each of the different components of the games industry depicted in Figure 68—console, PC, and mobile—on a stand-alone basis. That can be done in the aggregate for each of these sub-sectors, but it is not possible at the level of individual firms, at least given the available data in Canada, and to the best of our knowledge. As such, we treat the games publishing and distribution platforms elements of the industry in an integrated fashion but hope to be able to obtain better data in the future to study them separately before combining them together as we do here.

Be that as it may, this integrated treatment also reflects the reality of the criss-crossing ties that bind the many different dimensions of the games industry together. Historically, for example, hardware manufacturers like Nintendo, Microsoft and Nintendo bound their own game titles and those from independent developers and publishers exclusively to their own hardware such as Microsoft Xbox Live, Nintendo (Wii, Wii U, and Switch) and Sony PlayStation. These ties are widely thought to have harmed the industry in the 1990s and early-2000s, however. Now, however, both games publishers and distribution platforms are increasingly creating games for cross-platform play to better reflect the reality that “gaming audiences like to play and socialize across different devices”.⁴⁵⁹

The mobile games revolution

The emergence of mobile as the leading segment of the games industry has also given rise to new business models. This is also shown in Figure 68. In fact, mobile games that are mainly distributed through app stores now stand alongside the traditional console and PC-based games distributors as major forces in the games industry. Together, they are the nexus for a complex set of revenue streams, business models, and relationships that run between publishers and platforms, and a dizzying array of in-game advertising as well as optional payments for character enhancements, merchandising, virtual coins, and other accessories that are now key aspects of the games industry.

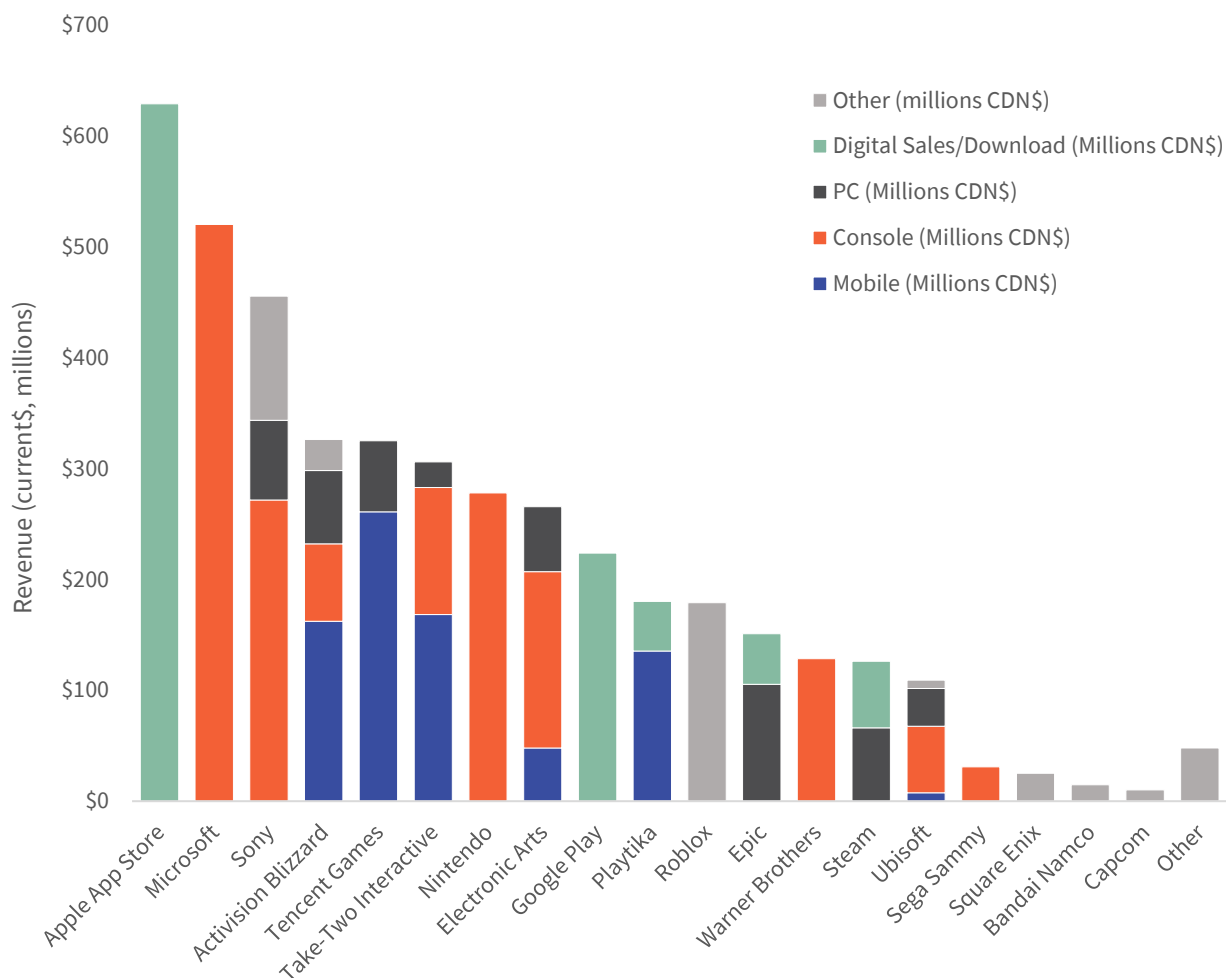
Mobile games overtook console- and PC-based gaming platforms in 2015 in Canada. The ‘mobile revolution’ in the gaming industry also drove the advent of other mobile distribution platforms and apps, such as Roblox, and a revival in PC-based games and some new firms in that segment of the industry such as Valve (Steam). Given this development it is no surprise that Apple’s App Store and the Google Play Store are now pivotal parts of the games industries. Sped along by the fast-paced development of mobile gaming applications over the last decade, and

“Mobile games overtook console- and PC-based gaming platforms in 2015 in Canada.”

the multitude of business practices that define the mobile corner of the gaming market. These include in-game purchases, game enhancements, and advertising, their app distribution platforms have garnered a place for themselves alongside Microsoft, Sony, Nintendo, Electronic Arts and a few others that have maintained a strong position in the gaming industry for decades based on the console and PC side of the business.

According to our estimate, this new position at the centre of the games distribution industry netted Apple’s App Store \$629 million in revenue in 2023, making it the biggest actor in the industry, while Google Play took in \$223.8 million. Altogether, the two app stores accounted for about one-fifth of all revenue across the games publishing and platform distribution market. Apple is followed in the number two spot by Microsoft. It had revenue of \$520 million in Canada from its hardware, games and services, and publishing segments in 2023. Sony is next on the list with revenue of \$455.5 million. That Sony still does not have a viable mobile gaming division is anachronistic. Activision Blizzard ranks fourth, with revenue of \$326.1 million. These four gaming giants accounted for 44.6% of industry revenue, which is a relatively low level by the criteria of the CR4 metric and indicative of a competitive market. Adding Tencent, Nintendo, Electronic Arts, Google, Playtika and Roblox rounds out the top ten games companies operating in Canada. Add the other eight companies that we were able to gather decent data for and that are active both in Canada and internationally, and altogether a dozen-and-a-half games companies comprise the core of the games industry in Canada. They are listed in rank order based on revenue below in Figure 69.

Figure 69: Leading games platforms and publishers in Canada, 2023 (current \$, millions)



Source: see Figure 69 in the [Excel workbook](#) accompanying this report and the corresponding entry for video games included in the master workbook in the [GMIC Project—Canada open data sets](#).

The broad array of companies listed above also pursue a diverse mix of business models. While far too numerous to list exhaustively, examples include revenues from:

- subscriptions to gaming platforms (such as, Microsoft's Xbox Live, Sony's PlayStation Plus, and Nintendo Switch Online).

- subscriptions to specific games or libraries of games (such as Activision Blizzard’s World of Warcraft, Microsoft’s Xbox Game Pass service, and Electronic Arts’ EA Access service).
- direct-purchase game downloads provided by software publishers (such as Microsoft Halo; Activision Blizzard’s Call of Duty, Destiny, Diablo, and Overwatch franchises; Electronic Arts; NFL, NBA, NHL, FIFA, and Star Wars franchises; and Valve’s Steam library).
- in-game purchases and micro-transactions, such as player enhancements, tokens, and other merchandise from both direct-purchase and “freemium games” (such as Valve’s DOTA, Riot’s League of Legends, Epic Games/Tencent’s Fortnite; Activision Blizzard’s Hearthstone).⁴⁶⁰

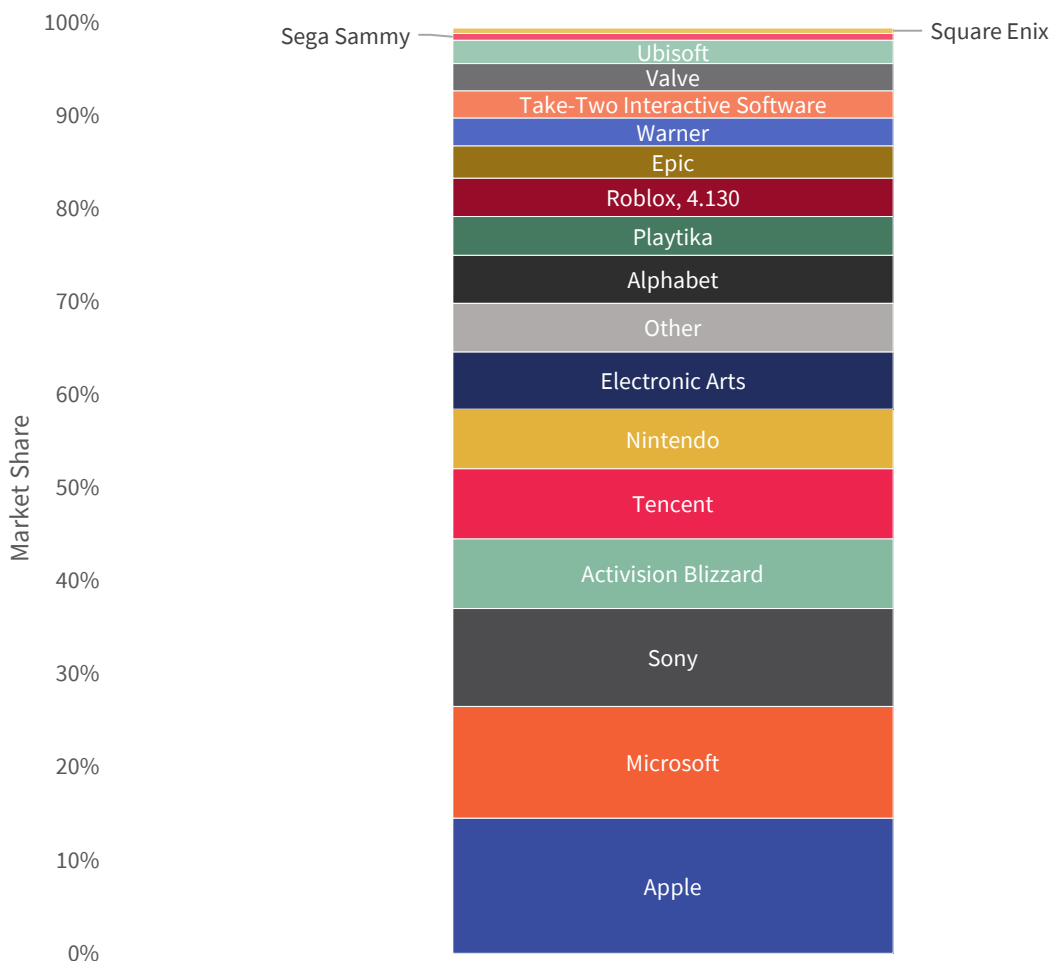
This combination of a diverse array of companies and business models are evidence of a competitive market. Indeed, by all the usual standards of assessing concentration, this is the case. Simultaneously, however, most of the gaming industry’s revenue and audiences are funneled through a small clutch of big tech conglomerates and app marketplaces. As Epic Games observes, for example, eighty percent of its revenue comes through just five companies: Sony, Nintendo, Microsoft, Alphabet and Google.⁴⁶¹ According to Activision Blizzard, just four distribution platforms account for sixty percent of its revenue: Apple, Google, Sony and Microsoft.⁴⁶² Electronic Arts raises the same point, but also notes that the launch of its own digital store front in 2018, and the emergence of PC-based platforms such as Steam, have also created new distribution channels.⁴⁶³

This dependency of games developers and publishers on a small number of distribution platforms heightens their risk. Take-Two Interactive describes that heightened risk in the following quote:

. . . We cannot publish our titles without the approval of hardware licensors that are also our competitors . . . We also derive significant revenues from distribution on third-party mobile and web platforms, such as the Apple App Store, the Google Play Store, and Facebook, which are also our direct competitors and, in some cases, the exclusive means through which our content reaches gamers on those platforms . . . If these platforms deny access to our games, modify their current discovery mechanisms, communication channels available to developers, operating systems, terms of service, or other policies (including fees), our business could be negatively impacted.⁴⁶⁴

The market shares of leading games publishers and platforms are shown in Figure 70 below. The top four firms—Apple, Microsoft, Sony and, before its takeover by Microsoft last year, Activision—accounted for 44.6% of music industry revenue (not including live concerts). The top ten accounted for 78.1% of the market. The HHI for the industry was 805. Recalling our analysis of other sectors of the network media economy in Canada thus far, this implies that the games market is remarkably competitive and diverse both by the standards of commonly used concentration metrics and relative to other media industries.

Figure 70: Gaming publishers and platforms, 2023 (market share based on \$)



Source: see Figure 70 in the [Excel workbook](#) accompanying this report and the corresponding entry for video games included in the master workbook in the [GMIC Project—Canada open data sets](#).

Games publishers are also acutely aware that broadband network availability, quality and regulation can have significant effects on their businesses. Roblox states, for instance, that poor internet connections and weak or no laws governing internet neutrality, “could decrease the demand for our Platform and increase our cost of doing business [They could also] adversely. . . effect the . . . functionality, and other performance aspects of our Platform, . . .”.⁴⁶⁵ Activision Blizzard picks up on such points as well, observing that “laws or regulations that adversely affect the growth, popularity, or use of the Internet, including laws impacting “net neutrality” or the availability of bandwidth could impair our consumers’ online video game experiences, decrease the demand for our products and services or increase our cost of doing business.”⁴⁶⁶ Ditto for Epic Games, which notes that the uncertainty surrounding net neutrality in some countries like the U.S., coupled with the “significant political and economic power of local Internet service providers . . . [could] impede our growth, cause us to incur additional expenses, or otherwise negatively affect our business.”⁴⁶⁷ These companies also say much the same about app stores (e.g. Google Play and the Apple App Store) and operating systems, too.

In Canada, the big three national mobile network operators (MNOs)—Rogers, Bell and TELUS—have campaigned hard against net neutrality, and thus stand at odds with gaming companies’ stated views. They also boast that they operate world-class networks that serve Canadians well, including those who use their networks to play games. While their claim about their fast download speeds being ‘world-class’ is true, on other measures such claims fall flat. Thus, as we saw earlier in this report, high subscription plan and mobile data prices have suppressed mobile broadband adoption and usage rates. They would also limit people’s ability to play games and, therefore, likely dampen the growth of mobile gaming in Canada.

In addition, when it comes to the quality of the big three mobile operators’ networks for video and gaming uses, Bell, Rogers and TELUS score from fair to very good, but never at the top of the international rankings. Thus, in a recent edition of the same report by *OpenSignal* that the big three carriers often hold high to justify their claims about operating ‘world-class networks’, when it comes to Canadians’ experience playing games on mobile devices over the internet, we find the following observations.

The Games Experience of all three operators places in the Fair category (65-75). This means users find their experience to be ‘average’. In most cases, the game is responsive to the player’s actions, with most users reporting that they feel like they have control over the game. The majority of players report that they notice a delay between their actions and the outcomes in the game.⁴⁶⁸

In short, the relationship of games publishers to big tech and big telecom matters. On the one hand, burgeoning consumer demand for games is a driving force behind wireline and mobile broadband investment and usage. On the other hand, however, distribution platforms and telecom carriers can and do set the terms of carriage that greatly influence the conditions under which both the gaming industry and game players operate.

Indeed, games publishers, as the quotes above show, are acutely aware of how the 'hidden' elements of communications / internet connectivity and distribution platforms can influence online media services like their own, and how people use them. Consequently, they are between a rock and hard place, on the one side acknowledging how important these companies' terms of carriage, billing systems, audience data, and so forth are to their ability to survive and thrive, while on the other also being acutely aware that the same control over resources critical to their survival can do great harm to their audiences and, ultimately, their business prospects. On the telecom side of things as well, poor quality networks, pay-to-play schemes, and weak or even no common carriage (aka net neutrality) rules are just as bad for players and, consequently, for the games business, too.

None of this is novel or new. Instead, it is another instance that reflects a century-and-a-half long history whereby the cultural industries' proximity to larger communications and technology firms has been defined by an uneasy degree of dependency but typically without the former ever being fully commandeered or controlled by the latter.

The games industry is a risky business: the role of blockbusters and catalogues in managing and reducing risk

Not only does survival and success in the games industry depend heavily on navigating relationships with more powerful actors in the adjacent big tech and telecom sectors, it also requires being able to regularly create blockbuster productions and cultivate a rich catalogue of popular titles. This is because most games produced fail to succeed and lose money as a result. Creating blockbuster hits, and keeping a deep catalogue of popular titles, subsidize these losses while shoring up the bottom lines of individual firms and for the sector. This is the same logic that has applied to television, film, music, newspapers, and book industries from inception until now. Now, it applies to the games industry, too.

Thus, while there has been a steady upward swing in overall market revenues, look closer at individual game publishers and it immediately becomes clear that their results change erratically from year-to-year depending on whether they have a blockbuster title (or a few of them) as well as a catalogue of titles that people want. Activision Blizzard nicely sums up this state-of-affairs when it observes that “[c]onsumer preferences for games are usually cyclical and difficult to predict.”⁴⁶⁹

The pursuit of blockbusters, with their big production and promotion budgets are one strategy that aims to offset such risks. According to Ubisoft, “the industry continues to shift towards mega-brands and long-lasting titles that can reach players across the world, across platforms and business models”.⁴⁷⁰ A couple of examples from leading international games publishers helps to highlight just how important blockbuster hits and a rich catalogue are to their fates:

- Electronic Arts, for instance, gestures to its portfolio of wholly owned brands (such as Apex Legends, Battlefield, and The Sims) and more than three hundred games that it licenses from other developers, but then states that its “revenue . . . is . . . primarily driven by sales related to our FIFA and Madden franchises, Apex Legends, and The Sims 4”.⁴⁷¹
- According to Activision Blizzard, just three of its franchises account for four-fifths of sales: Call of Duty, Warcraft, and Candy Crush.⁴⁷²
- For Epic Games, the Grand Theft Auto franchise alone drove a third of the company’s revenue last year.⁴⁷³
- At Ubisoft, the Assassin’s Creed trilogy, Brawlhalla, The Crew, Far Cry and a series of adaptations of star author, Tom Clancy’s Rainbow Six and The Division generate the lion’s share of revenue and profits.⁴⁷⁴

Of course, creating blockbusters and keeping a catalogue of titles that people enjoy is easier said than done. To help manage such risks, the games industry, like its counterparts in the television, film, music, and publishing industries, is pouring bigger-and-bigger production and promotion budgets into a select few global brands in their drive to “develop hit titles.”⁴⁷⁵ Such imperatives are also driving consolidation, as even the biggest firms seek the greater financial and distribution resources they say are needed to compete in what is still a highly competitive industry.⁴⁷⁶

In addition, just as audiences’ tastes are hard to predict and control, so, too, is the creative process that goes into conceiving and building new games. Again, a few

quotes from games publishing companies themselves highlights the point. Thus, as Epic Games observes, “we are highly dependent on the expertise, skills and knowledge of our key creative personnel responsible for content creation and development of our Grand Theft Auto and other hit titles and titles based on other brands.”⁴⁷⁷ In other words, the well-being of the company hangs on a few games developers behind the one franchise—Grand Theft Auto—responsible for a third of the company’s revenue to begin with.

Games development work, however, and like much work in the cultural industries, is notoriously hard to manage. A key reason for this is that the people who create games must be given a higher degree of autonomy than is usually found in most types of production work. While that is intended to spark the creative energies needed to create blockbusters and a rich portfolio of titles, it also creates fertile soil for big egos, toxic workplaces, and precarious work.⁴⁷⁸ All of these considerations are yet more reasons why the cultural industries are often called “risky business”.

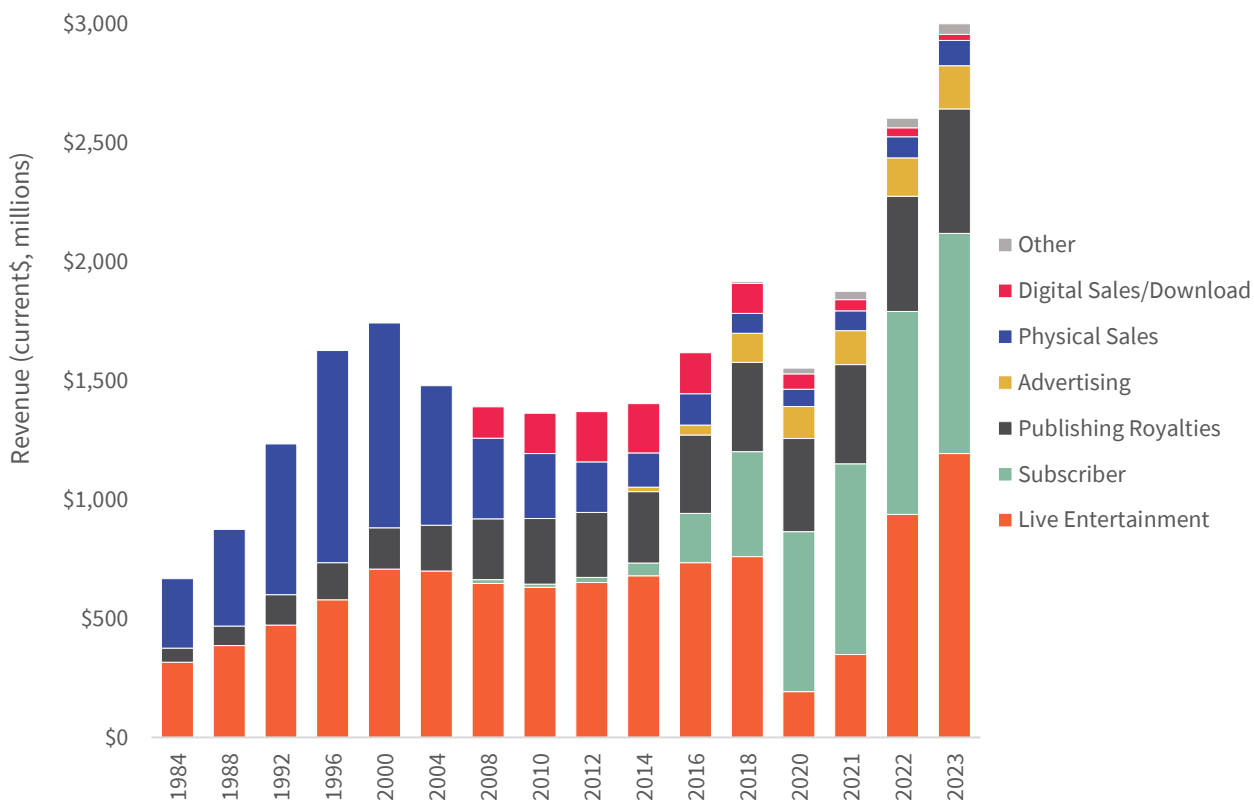
Thus, while there has been a steady upward swing in overall market revenues, look closer at individual game publishers and it immediately becomes clear that their results change erratically from year-to-year depending on whether they have a blockbuster title (or a few of them) as well as a catalogue of titles that people want. Activision Blizzard nicely sums up this state-of-affairs when it observes that “[c]onsumer preferences for games are usually cyclical and difficult to predict.”⁴⁷⁹

The reconstruction and resurrection of the music industries in Canada

The music industry is an interesting example of a media industry seemingly battered by the rise of the internet and mass piracy in the early 2000s, only to recover in the last decade to become a case of how such upheaval can and has been successfully navigated. Indeed, after a decade-long slump between 2004 and 2014 brought about by those forces—the rise of the internet and mass piracy—combined revenue across the music industries (i.e. physical sales, online streaming and download services, publishing royalties, and live concerts) once again started to flourish, albeit with serious questions also arising about who the winners and losers have been in the massive overhaul of the industry that has taken place over the last quarter-of-a-century.

The music industries grew swiftly in the last two decades of the 1900s, with revenue tripling from \$666.7 million in 1984 to \$1.7 billion. Thereafter, the music industries went into a drawn-out tailspin, bottoming out at levels that hovered around \$1.4 billion over the 2006-2014 period. Then the tide turned. Total revenue for the music industries rebounded to \$2.1 billion in 2019, stumbled during the first year of the Covid-19 pandemic, but then surged to hit \$3 billion in 2023—an all-time high. Figure 71 below charts the rise, fall and resurrection of the music industries in Canada from 1984 until last year.

Figure 71: Total music industry revenues in Canada, 1984—2023 (current \$, millions)

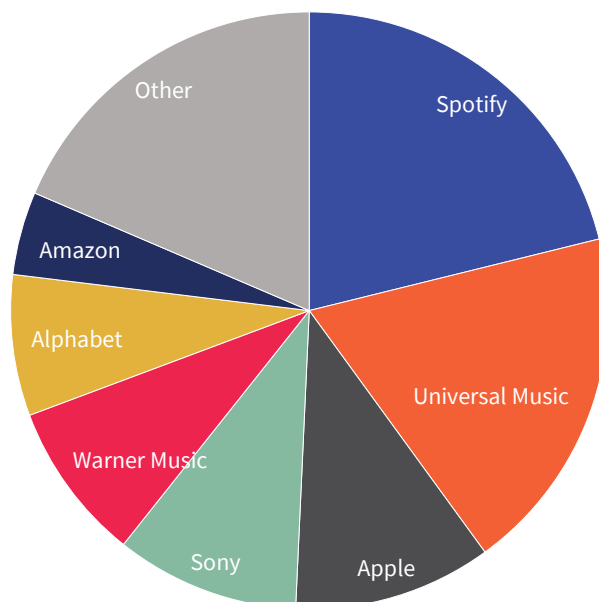


Source: see Figure 71 in the [Excel workbook](#) accompanying this report and the entries for music services in the “Total revenue (millions)” in the master workbook in the **GMIC Project—Canada open data sets**.

The revival of the music industries was jump-started in 2014 when Spotify entered Canada, followed by Apple’s launch of a streaming music service as part of iTunes in 2015 (rebranded as Apple Music in 2021). Three years after that, Google’s YouTube Music Premium and Amazon’s Music Unlimited entered Canada. As of 2023, the four international streaming services have combined estimated revenue of \$1.7 billion dollars from their operations in Canada. The big three recorded music companies have also clawed back lost ground, with Sony Music, Warner Music, and Universal Music revenue tripling from an estimated \$228.7 million in 2011 to \$823.6 million last year.

These changes have led to a more diverse and competitive market structure by the standards of the CR and HHI metrics. In fact, the top four players in 2023 (Spotify, Universal, Apple and Sony) accounted for three-quarters of all revenue.⁴⁸⁰ This is a high level by the standards of the CR4, but low relative to most other sectors that we cover. With an HHI of 1,736, the music industries are moderately diverse, pluralistic, and competitive by the standards of that measure. Figure 72 below illustrates where the music industries stood on these measures as of 2023.

Figure 72: Music platforms and publishing, 2023 (market share based on \$)



Source: see Figure 73 in the [Excel workbook](#) accompanying this report and the entries for each company in the “Unified” sheet in the **GMIC Project—Canada open data sets**.

A Note on Method

Our analysis of the music industries tracks revenue across four of its main components in Canada: physical sales, online streaming (paid subscriptions and advertising-funded) and transactional / download services, publishing royalties, and live concerts. We also include a fifth, “other” category that tries to include the value of “free” music that is bundled together with the purchase of, for example, an Amazon Prime membership or on a time-limited basis for those who buy a new mobile wireless plan from one of Canada mobile network operators or an Apple iPhone.

The main data sources that we use are from the Recording Industry Association of America (RIAA), Statistics Canada, SOCAN and PWC’s *Global Entertainment & Media Outlook* for concert revenue (ticket sales are included but not sponsorship and merchandising). Our estimates for the different revenue streams that make up the music industry in Canada starts with revenue data for each of these streams from the RIAA for the U.S. We take that baseline and then project it to the Canadian context based on the relative size of, for example, paid streaming services in Canada versus the United States, based on PWC’s *Global Entertainment & Media Outlook*. In 2022, for example, for paid streaming music services, the average for the size of the Canadian market relative to the U.S. was 6.47%, for advertising-funded services 5.85%, and for download services 7.54%.

This approach leads to higher revenue estimates compared to a pair of solid reports that put the average weight of streaming services in Canada relative to the U.S at 4.6% over the period 2012-2023.² Both of those reports give a low and high figure for each of their estimates. While we hold those reports in high regard, the estimates they foreground seem low, based on the PWC report cited above and trends in other sectors.

Lastly, we reviewed annual reports from music labels, streaming music services, app stores, and concert promoters that are active in the music industries internationally and in Canada, including: Spotify, YouTube Music, Apple Music, Amazon Prime Music, Universal Music, Sony Music, and Live Nation. Although we include concert revenue because we believe it is a crucial part of the music industries, we exclude when calculating market share on the grounds that the information on both the firms and overall market in this domain are not good enough to reliably do such a calculation.

Detailed notes accompany all our estimates and datasets. Please consult them to see how we have done what we have done, and for concerns we flag that need further attention. A big difficulty in analyzing the music industries is the intertwined ownership and revenue streams between the ‘big three’ recorded music companies—Universal Music, Warner Music (Access Industries) and Sony Music—and the ‘big four’ streaming services in Canada: Spotify, Alphabet, Apple and Amazon. Consequently, there is no doubt that some double-counting is occurring.

¹ Recording Industry Association of America (RIAA). ([March 9, 2023](#)). *Recorded music revenue by format*; Statistics Canada ([2005 and subsequent years](#)). *Summary table: The sound recording industry in Canada, 1998 to 2003*; SOCAN’s [Annual Report](#); and PWC’s *Global Entertainment & Media Outlook* for concert revenue.

² See Wall Communications ([2022](#)). *Study of the economic impacts of music streaming on the Canadian music industry* (Study prepared for Heritage Canada); Wall Communications ([2019](#)). *Study on the economic impacts of music streaming platforms on Canadian creators* (Study prepared for Heritage Canada).

That said, it is hard to look at the above chart and not notice that a small number of familiar big international players continue to dominate the industry. Indeed, this pattern is similar to online video services, app distribution, and games markets. The familiar big international brands—both old and new—control the flow of revenue, distribution platforms, billing systems, as well as the marketing and promotion of musicians and their music.

Two other considerations must also be borne in mind as we assess the contemporary music industries. For one, it would be a mistake to see the players included in Figures 72 and 73 as stand-alone rivals in the music marketplace. They are thoroughly intertwined with one another by way of inter-locking ownership ties between the traditional music publishers (e.g. Sony, Warner, and Universal) and the streaming music platforms (e.g. Spotify). The fact that Sony, Universal, and the Chinese “big tech” conglomerate, Tencent, hold major ownership stakes in Spotify exemplifies the inter-locking ownership relationships that now define the industry and the markets they operate in.⁴⁸¹ Second, the revenue sharing deals between the music streaming platforms and publishers are shrouded in secrecy because of the non-disclosure agreements that mediate their relationships to one another.

While the details of those agreements are not known for certain, from a variety of leaks, insider accounts, and educated assessments, Spotify is thought to turn over around seventy percent of its income to the big three recorded music groups. As Andrew deWaard, a Canadian music industry expert and Assistant Professor at the University of California, observes in his forthcoming book, *Derivative media: How Wall Street devours culture*,

. . . streaming platforms are thought to pay out roughly 70% of their revenues to copyright-holders, which means the labels are the recipient, not the artist. Spotify claims “nearly 70%” in its detail-lacking attempt at transparency on its website; Apple Music claims 71.5%, and artist-championing Tidal proudly proclaims 75%. However, because the Big Three labels require strict non-disclosure agreements (NDAs) in these licensing deals, there is no way to verify this arrangement, even for the artists whose recordings are subject to these contracts

Another glimpse into the black box occurred in a 2015 report conducted by the consulting firm Ernst & Young and the French record label trade group SNEP, which traced where the money earned from a streaming subscription fee in France ultimately ended up. . . . [T]hey found that the streaming platform keeps roughly 20% and pays about 17% in taxes. The label keeps about 45%, leaving just 10% for

the songwriters / publishers and a meager 6.8% for the artists. As a percentage of the revenue the platform delivers after taxes, labels keep a whopping 75%.⁴⁸²

One thing that distinguishes the music industry today from that of the past is the large role now played by Apple and Google through their app stores and their own music streaming services. In fact, the two tech behemoths' share of the music industries have swelled from next to nothing a decade ago to around forty percent of streaming music revenue last year. Similar to our appraisal of the digital games industry, neither Apple nor Google—either single-handedly or in tandem—can be said to dominate the music industries. Nevertheless, the music industries do increasingly swivel around what these two big tech companies' do. In other words, they, along with streaming giants like Spotify, and legacy recorded music ownership groups like Sony, Universal and Warner, can probably be thought of as forming an oligopoly that set the terms of trade for the distribution and consumption of music within Canada and internationally. It is for that reason that they, too, have been swept into the debates over the *Online Streaming Act*.

It is also the case that concentration levels in the music industries would likely be a lot higher if we could pry apart its constituent parts—streaming music services, publishing royalties, and live concerts—to examine each of them on a stand-alone basis. Yet, that cannot be done given the poor information reporting standards that prevail amongst all companies involved.

Once again, the inscrutability of “big tech” and others in this sector, including the role of Live Nation in concert ticket sales, cries out for reform. Without such reforms, efforts to create wise cultural policy will be next-to-impossible. If nothing else, the mandatory information disclosure obligations of the *Online Streaming Act* is one thing for which it can be commended.⁴⁸³

That said, we have a reasonably clear view of the paid- and advertising-supported streaming and download services of Spotify, YouTube Music, Apple Music, and Amazon Prime Music. Based on this, the Canadian operations of these services had combined estimated revenues of \$984.8 million last year, out of a market total of \$1.1 billion, yielding a CR4 of 89%. That is at the high-end of the CR4 scale. The HHI results deliver a similar message, clocking in at 2,188, which is considered the upper end of the moderately concentrated zone by the standards of this method.

In sum, more research is needed but awaits clearer insight into these companies' complex ownership ties and the terms of their revenue sharing agreements. In the meantime, however, we can offer a few observations by way of a conclusion for this section and before moving on to the next.

Those caveats about the need for more research aside, the emergence of these new companies, as well as the alliance between them and the well-established record labels have generated a renewed sense of optimism in the music industries over the past decade. Thus, already in 2015, SOCAN, the trade association that represents music composers, writers, and publishers in Canada, boasted of “a banner year”.⁴⁸⁴ For several years running thereafter, SOCAN proclaimed record high levels of “licensing revenue and distributions to our members”.⁴⁸⁵ In 2019, such fees hit a record of \$405 million. They dipped the next year in the face of the pandemic, largely on account of the temporary shut-down of television and film production, which are vital sources of publishing royalties, before once again picking up steam for the rest of the first year of Covid. For the last two years, publishing royalties have once again reached all-time highs.⁴⁸⁶

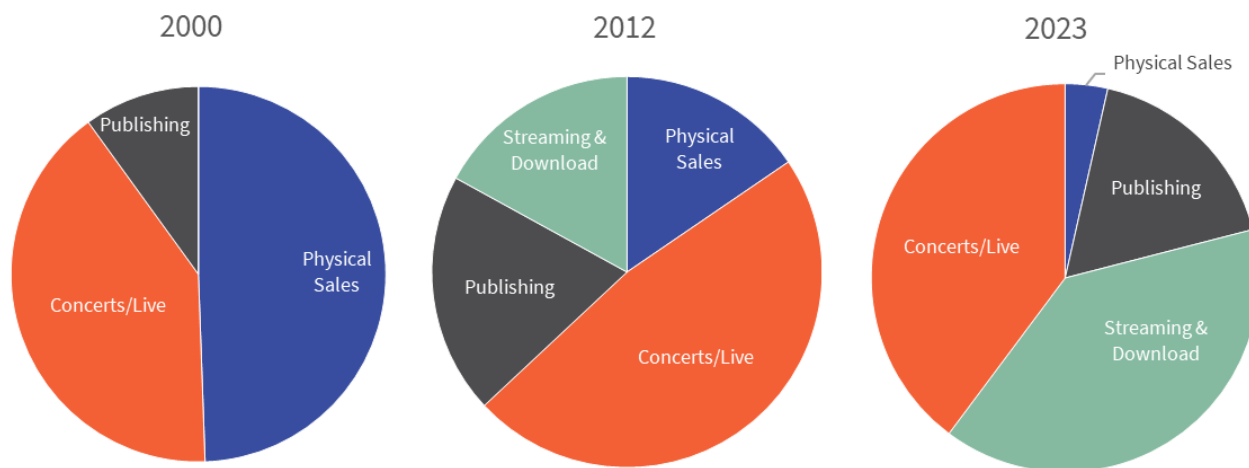
This turn-around was international in scope, too. As the IFPI stated as early as 2013 in its annual *Digital Music Report*, for instance, “the music industry achieved its best year-on-year performance since 1998”.⁴⁸⁷ Even as the Covid pandemic took hold several years later, the IFPI remained upbeat, stating:

The universe of opportunities for artists and labels is diverse, vast, and fast expanding. There’s strong growth in both subscription and ad-supported streaming, with plenty of runway around the globe. At the same time, the pandemic has accelerated consumer adoption in areas like gaming, live streaming, social media, and in-home fitness.⁴⁸⁸

A common thread in each of these sources is that because the music industries embraced the online media world earlier than other media, their fortunes have turned around more quickly. Already by 2012, the industry was obtaining about 15% of its revenues from online, mobile and digital sources.⁴⁸⁹ Online music services now account for two-thirds of all revenues in the music industries in Canada by our estimation.⁴⁹⁰ In other words, after having suffered the blows from the onslaught of the internet and illicit file sharing early on, the music industry has been out in front of other media sectors in embracing the realities of an ever-increasing internet- and mobile-centric media world. These lessons also hold true for other media as well, as we have seen earlier in this report. That, however, is not true for *all* sectors, as the next section of this report on newspapers attests.

To illustrate the points further, Figure 73 below depicts the proportionate size of the music industries over the last two decades and its drastic transformation away from one centred on recorded music to one where concerts, online music services, as well as publishing royalties play pivotal and growing roles.

Figure 73: The structural transformation of the music industries in Canada, 2000, 2010 and 2022 (current \$, millions)



Source: see Figure 73 in the [Excel workbook](#) accompanying this report and music services entries in the “Total revenue (millions)” sheet in the master workbook in the **GMIC Project—Canada open data sets**.

To be sure, as with so many aspects of this discussion, the evidence is not all to one side and contentious issues remain. Several new questions have also arisen, four of which stand out.

First, like online video services and the games industries, the online music industry is a complex and fast developing sector of the media economy. Part-and-parcel of this is a diversifying range of business models taking hold as different actors from the traditional music industries and big tech companies enter the scene. Those business models include paid streaming and, while in steep decline in recent years, transaction-download services like Google Play and Apple’s once iconic-but-now-closed iTunes. There are also ‘freemium’ models in which advertising serves to pay the bills, and which companies like Spotify, Google and Amazon employ to try and lure audiences onto their paid subscription-based services. Despite the diversity of these business models, however, one thing is clear: paid subscriptions, not advertising or “free” music, are driving the music industry’s growth, and will most certainly continue to do so in the future.

Second, and despite the comment just made about “free music”, as we saw with the online video market, streaming music is often given away “free”. For example, Amazon bundles a “free” music element into its general Amazon Prime

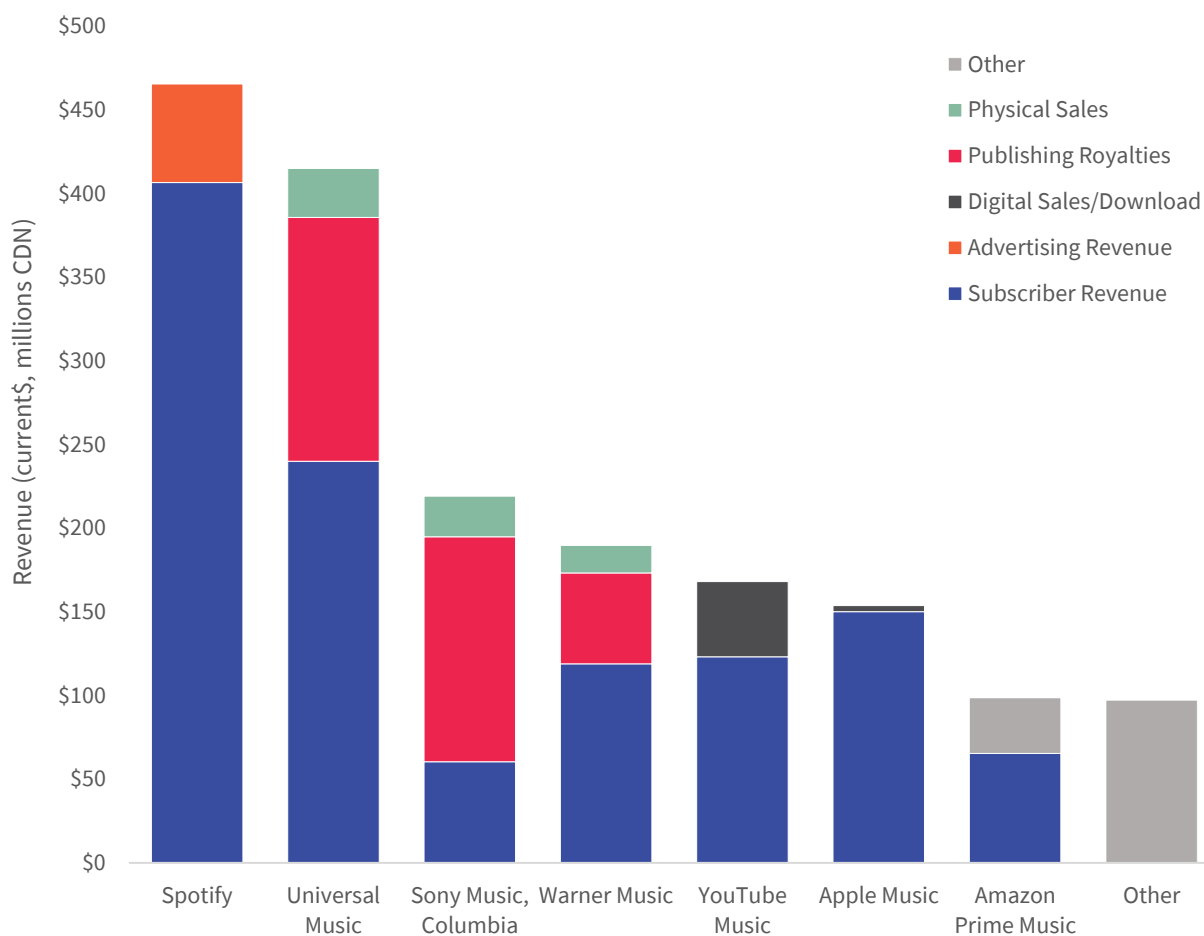
membership, while telecoms operators do the same thing to connect their brands, to burnish their images as well as to differentiate themselves from one another, as Vidéotron, Rogers, and Bell do from time-to-time. Ditto for Apple, which bundles time-limited Apple Music subscriptions in with the purchase of a MacBook, iPhone, or one of its other devices.

As we have also pointed out several times in earlier sections of this report, such practices reveal that big tech companies are subsidizing the distribution and consumption of music. That also reveals a defining characteristic of the cultural industries, whereby technology firms often see in the cultural industries the basis for extending and commercializing their much bigger and more lucrative operations. While people get the advantage of ‘free stuff’, and musicians may benefit from increased international exposure, the very existence of such practices and cross-subsidies underscores the subordinate status of the cultural industries to the technology industries.

In sum, there are benefits and disadvantages baked into the core of the cultural industries-big tech ties. This is what makes debates over the relationship between technology, culture and commerce so contentious. Each side of the debate picks up one dimension of this reality to mount their case “for” or “against” the impact of big tech on the media but precious few examine both dimensions. This is also what makes it so incredibly hard to track the growth and significance of such services and the broader media landscape of which they are a part.

Third, while the ascent of streaming services like Spotify, Apple Music, Amazon Music Unlimited, and Google Play, alongside the reconstruction and resurrection of the “big three” international music publishers (i.e. Sony Music, Warner Music, and Universal Music), has led to a more diverse industrial structure, it is hard to ignore the fact that it is still a relatively small number of big international players that continue to dominate the industry. We saw this same phenomenon earlier with respect to the online video market, app distribution, and gaming industry. This point was exemplified in the latter case by the fact that a handful of distribution platforms straddle the crossroads through which most of the revenue destined for the major games publishing companies now flows. Revenue for the big four streaming services and the big three music labels from their music operations in Canada are shown in Figure 74, below.

Figure 74: Leading Music Streaming and Publishers in Canada, 2023 (current \$, millions CDN)



Source: see Figure 74 in the [Excel workbook](#) accompanying this report and the entries for each company in the “Unified” sheet in the **GMIC Project—Canada open data sets**.

The role that international music streaming services play, in alliance with the big three traditional music labels, raises serious questions about their influence on the music business. As Gerry Wall observes, for instance, “several factors (for example, technology and third-party service companies) are changing the industry”, including complex overlapping ownerships between traditional music publishers and the streaming music platforms, namely the cross-ownership stakes that Sony, Universal and the Chinese “big tech” conglomerate, and Tencent have in Spotify.⁴⁹¹ Such complicated ownership structures and revenue flows also compound the difficulty of accurately mapping out the current state and development of both the

firms and markets that define today's music industries. This is over-and-above the fact that the firms themselves are anything but transparent when it comes to disclosing information that might help shed light on such matters.

Fourth, there is the perennial question of whether the emergent structure and dynamics of the music industries have made it easier or harder than ever for musicians to make a decent living?⁴⁹² Once again, Wall is instructive on the point, noting that we stand face-to-face with a conundrum: "Streaming revenues are growing dramatically and resuscitating a moribund recorded music business, but many (perhaps most) music creators are struggling to make a living wage".⁴⁹³

As David Hesmondhalgh observes, however, there is need for great care all the way around on this question, but he concludes that:

. . . more musicians rather than fewer might now be able to earn money from recorded music than in preceding recorded-music systems. But the current system retains the striking inequalities and . . . poor working conditions that characterised its predecessors, and that better debate requires greater transparency about usage and payment on the part of streaming services and music businesses.⁴⁹⁴

In terms of the present juncture, while debates in Canada continue to rage around the impact of "big tech" on the cultural industries as we move from contesting the *Online Streaming Act* to implementing it, our message suggests that the invocation of the 'starving artist' trope may be doing a lot more work than it can carry to advance a constrained policy agenda. Instead, a positive policy agenda can be articulated without the pretense that things were once better than they are now.

The problem, however, now as always, is that it is not just the concerns about the status of culture and artists that is carrying the day but the two other issues just raised about (1) the impact of new players and their diversifying business models but also (2) the reality that new structures of market power and dominance are clearly taking shape, even if some aspects of the media marketplace objectively feature more new players and competition than ever.

In fact, all three of these contentious issues have been central to debates in Canada over the *Online Streaming Act* over the past two years and underscore the value of the kind of research offered here. Even since passage of the *Online Streaming Act* in April 2023, these animated debates continue to cloud every move to implement the provisions of the act. Indeed, vested interests and loud voices on all sides are tossing about claims that have little factual basis one way or another, and that are

being wielded to win policy advantages rather than improve our knowledge and understanding of the cultural industries.

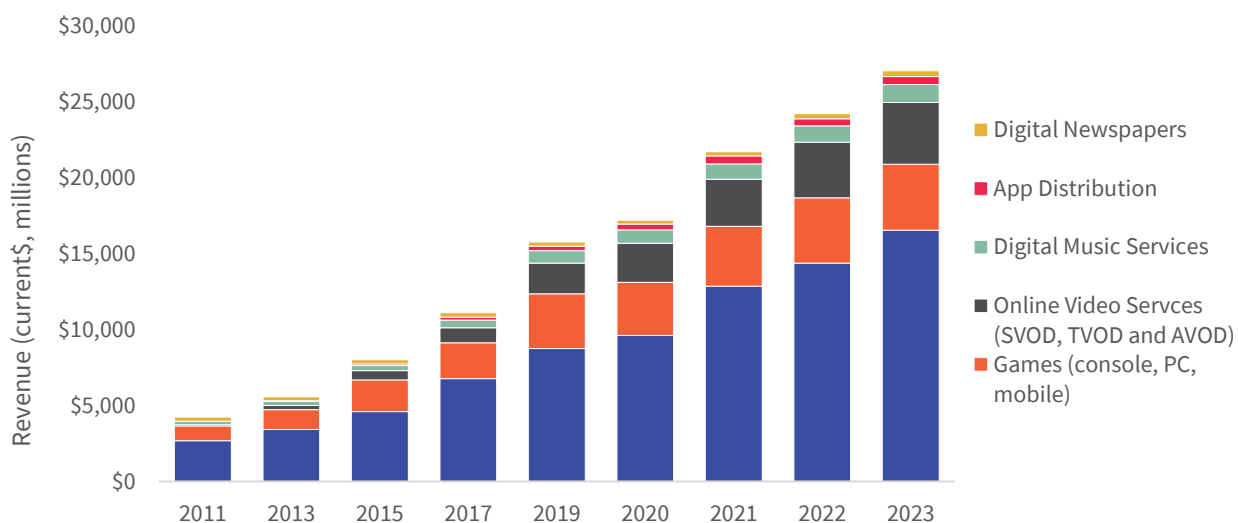
In the context of the music industries specifically, the bottom line is that musicians need better insights into the conditions of their work and that means gaining greater access to the data that streaming services and publishing groups have on how people use these services. It also requires more insight into who gets paid how much and why? Too often, however, tough questions about money, working conditions, and power seem to take a back seat to a rhetoric of cultural nationalism and a constrained conception of “discoverability” and playlist quotas. We are the poorer for that, and it is likely that musicians are, too.

Online media services (media content): Growth, diversity and consolidation

In keeping with the scaffolding approach that underpins our work, the next section draws together all online media sectors covered in this report—internet advertising, online video, games, music services, and app stores—into a composite view. This is in line with the scaffolding method that we use where individual sector-by-sector analyses are successively folded into larger groups of similar media and, ultimately, into a single, integrated portrait of the network media economy. Once this is done, we wrap up with some reflections and policy proposals in the concluding pages of this report.

Online media as a group of sectors have developed at a very brisk pace from next-to-nothing in 2000 to a set of industries with combined revenue of \$27 billion last year, as Figure 75 shows. As it also shows, the pace of development gathered steam in the last decade with revenue for online media last year being close to five times what it had been in 2013. Pandemic-era public health measures that limited people’s ability to socialize with one another face-to-face accelerated the trends further yet, driving revenue to close to double between 2019 and last year.

Figure 75: Growth of the online media economy, 2011-2023 (current \$, millions)



Sources: see Figure 75 in the [Excel workbook](#) accompanying this report and the entries for each segment in the “Total Revenue (Millions)” sheet in the **GMIC Project—Canada open data sets**.

“A dual-track media economy is arising that consists of the waning legacy media and fast-growing digital media markets.”

We also observed earlier in this report (i.e. in Figure 40), how revenue for the online media group of sectors—online video, streaming music, digital newspapers, app stores, internet advertising, and video games—surpassed those of the traditional media—broadcast and pay radio and television, newspapers, magazines, concerts and publishing royalties—in 2018. The gap between the two has become a chasm, with traditional media revenue in the aggregate sinking to \$12.3 billion last year. This was roughly three-quarters of what it had been when at its peak in 2011-2012.

Simultaneous to these trends, a dual-track media economy is arising that consists of the waning legacy media and fast-growing digital media markets. This two-tier media economy is also defined by the fact that subscriber fees and direct purchases have eclipsed advertising and public funds by an ever-widening margin across both groups of media and the broader network media economy. The implications of this development are significant in terms of people’s media consumption and social polarization driven by inequalities of wealth and access to the resources needed live well in today’s world, given the strong link between income and the uptake and use of media, from mobile broadband to internet access, and streaming media.⁴⁹⁵

Of course, the vast expansion of digital media has allowed a phalanx of international big tech conglomerates and streaming, search and social media giants like Alphabet, Amazon, Apple, Bytedance, Meta, Microsoft, Netflix, and Spotify to cut ever more impressive figures on the media landscape in Canada. They are also

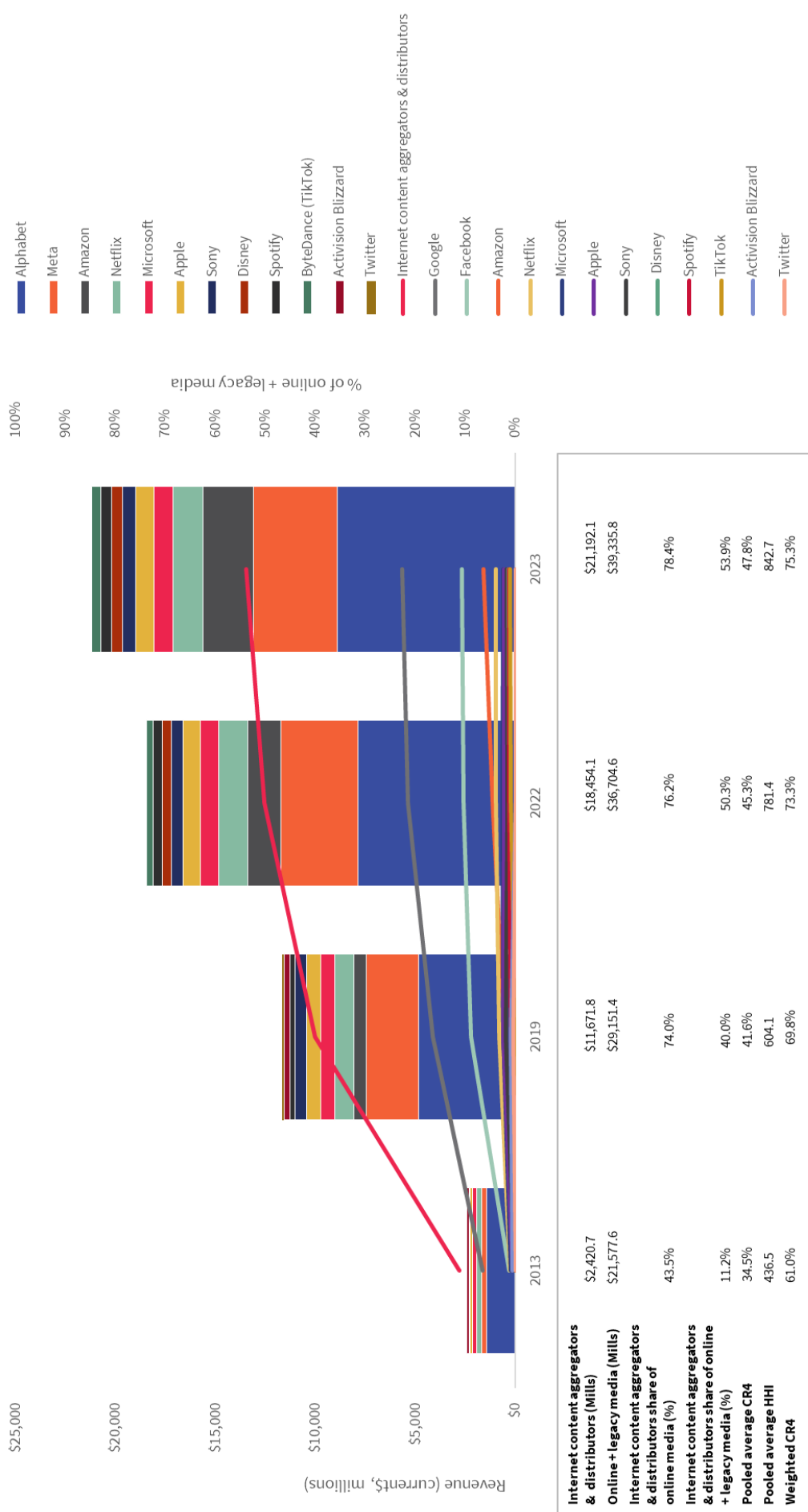
joined by U.S. media conglomerates like Disney, Comcast NBCUniversal, and Viacom-CBS-Paramount, whose direct-to-consumer streaming services are attracting a significant body of subscribers in Canada. Those companies' 'free' advertising-funded services such as Tubi (Paramount), for example, are also picking up growing audiences who now get to watch catalogues of old television series, movies, and programs for 'free' on the internet.

Sometimes such services are intermediated by Canadian companies like Corus Entertainment who appears to be brokering and managing Tubi's programming in Canada. Canadian companies are also striking international carriage and distribution deals with their American and international counterparts. The deals that Bell, Corus, and OutTV have each struck with Amazon in recent years signal this development.

Collectively, the combined revenue of the top ten multinational digital conglomerates—in rank order, Google, Meta, Amazon, Netflix, Microsoft, Apple, Sony, Disney, Spotify, and Bytedance—from their media-related activities in Canada reached \$21.2 billion last year. This was equal to a little over three-quarters (78.4%) of all online media revenue and over half (53.9%) of all revenue across the online and legacy media markets examined in this report. These content aggregation and distribution giants' revenue is nearly double what it was five years ago and nine times what it was a decade ago, and their share of online and legacy media markets almost nine times what it was at that time. Figure 76 provides an overview of the top ten international big tech, streaming, and media companies' development in Canada over the past decade.

“These content aggregation and distribution giants' revenue is nearly double what it was five years ago”

Figure 76: Internet content aggregators & distributors' growing share of online and legacy media revenue 2013-2023 (current \$, millions)



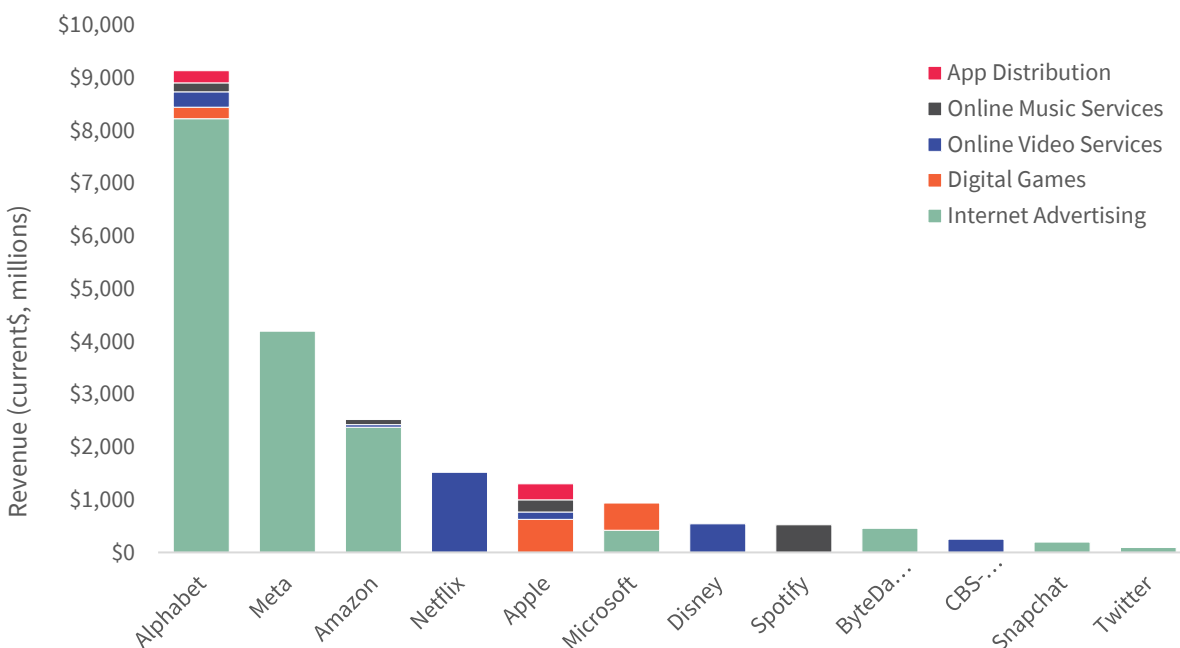
Sources: see Figure 76 in the [Excel workbook](#) accompanying this report and the entries for each company from the “unified sheet” and for each sector from the “Total Revenue (Millions)” sheet in the **GMIC Project—Canada open data sets**.

Clearly, these developments embody a massive and sweeping transformation of the content media economy, which impacts how people find and consume media. The ensuing upheaval has no doubt been wrenching for domestic firms who have, until recently, been shielded by a relatively protective industrial, technological and regulatory structure from the full brunt of U.S. media and international forces in the past.

Examining Alphabet closer for a moment can also convey a sense of the conditions that have taken hold over the last decade. In 2023, it had total estimated revenues of \$8.9 billion from online advertising as well as its YouTube Premium video and music services, and single-handedly took in 23% of the revenue from the media content side of the network media economy in 2023. This does not include Google Play, the company's app distribution marketplace. Adding that to the picture, and all told Alphabet had revenue of \$9.1 billion. It would be more if its cloud computing service was included, as we will do in the next section of this report to give a ballpark estimate of what that entails and how it adds to the picture being painted here. It was the fourth-largest company to operate in Canada's network media economy last year. A little over a decade ago, it had just cracked the ranks of the top ten. Figure 77 below brings app distribution into the frame and summarizes the estimated Canadian revenues of the international big tech companies last year.

“These developments embody a massive and sweeping transformation of the content media economy.”

Figure 77: Leading internet content aggregators and distributors in Canada, 2023 (millions\$)

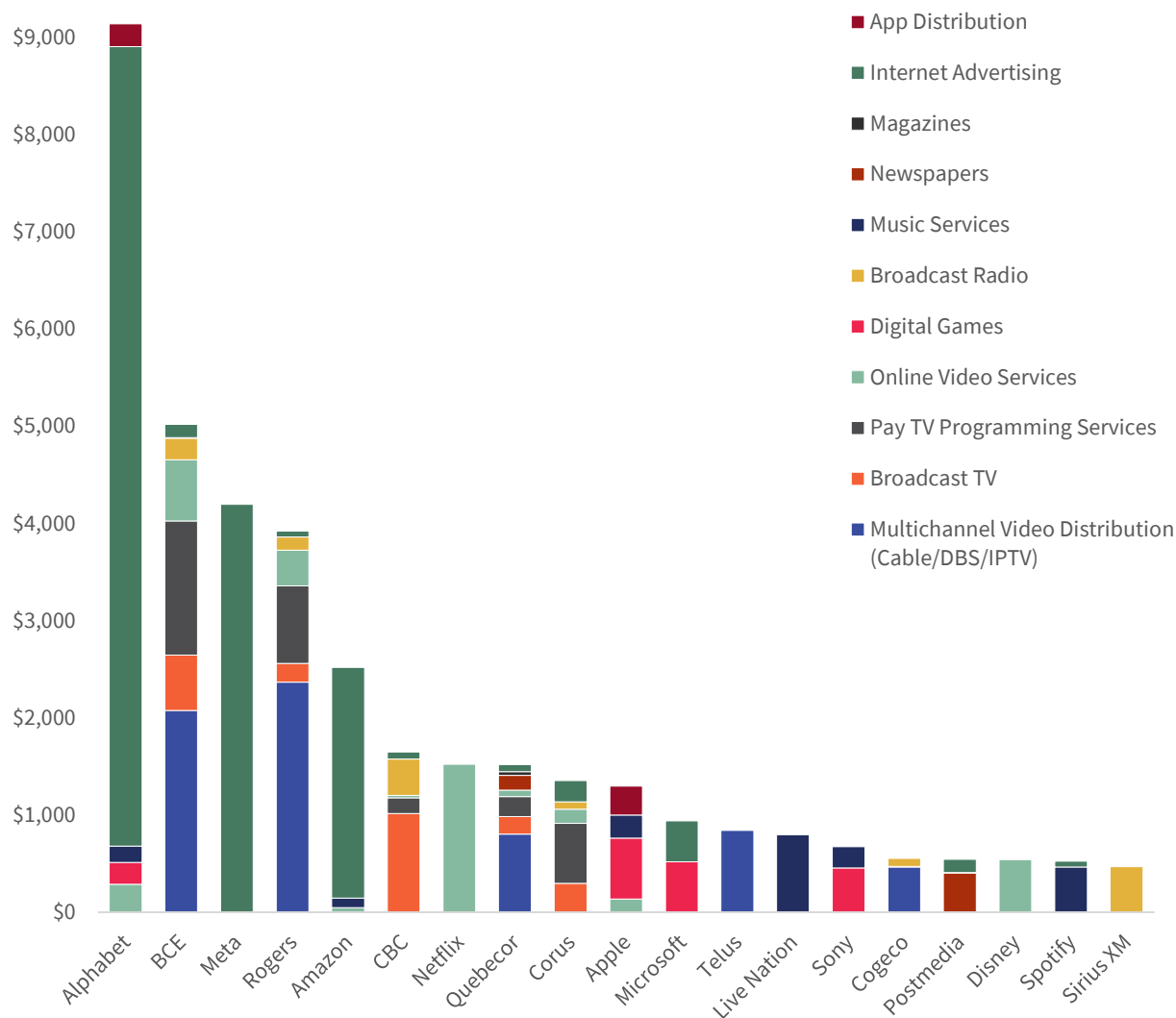


Sources: see Figure 76 in the [Excel workbook](#) accompanying this report and the entries for each company from the “unified sheet” and for each sector from the “Total Revenue (Millions)” sheet in the **GMIC Project—Canada open data sets**.

Clearly, digital media sectors have grown by leaps-and-bounds, and this has catapulted a clutch of powerful international companies from having next-to-no presence in the country a decade ago to now controlling over half of the content media markets in Canada. In short, there is no doubt that Canadian media are facing intensifying competition from the world’s biggest multinational internet companies on many fronts.

Next, let’s return to our earlier observations regarding the growing convergence and competition in the online video market between digital platforms such as Google’s YouTube Premium, Apple TV+, and Amazon Prime Video, on one side, versus traditional BDUs, on the other, such as Bell, Rogers, Shaw and Vidéotron. To do this, our analysis reconfigures the relevant markets to include not just app distribution stores, as we just did, but broadcasting distribution undertakings as well as the full-range of digital and legacy media we cover in this project. The only thing *excluded* from this portrait is the telecoms sectors. This survey of the media aggregation, distribution, and content market is presented in Figure 78 below.

Figure 78: Leading media aggregation, distribution, and content companies in Canada, 2023 (Millions\$)



Sources: see Figure 78 in the [Excel workbook](#) accompanying this report and the entries for each company from the “unified sheet” and for each sector from the “Total Revenue (Millions)” sheet in the **GMIC Project—Canada open data sets**.

Seen from this angle, Alphabet stands out as the biggest media aggregation, distribution, and content company in Canada, controlling nearly a fifth of the \$46.4 billion in revenue generated within the sectors covered by this profile. The international big tech behemoth’s control over the online advertising system, its

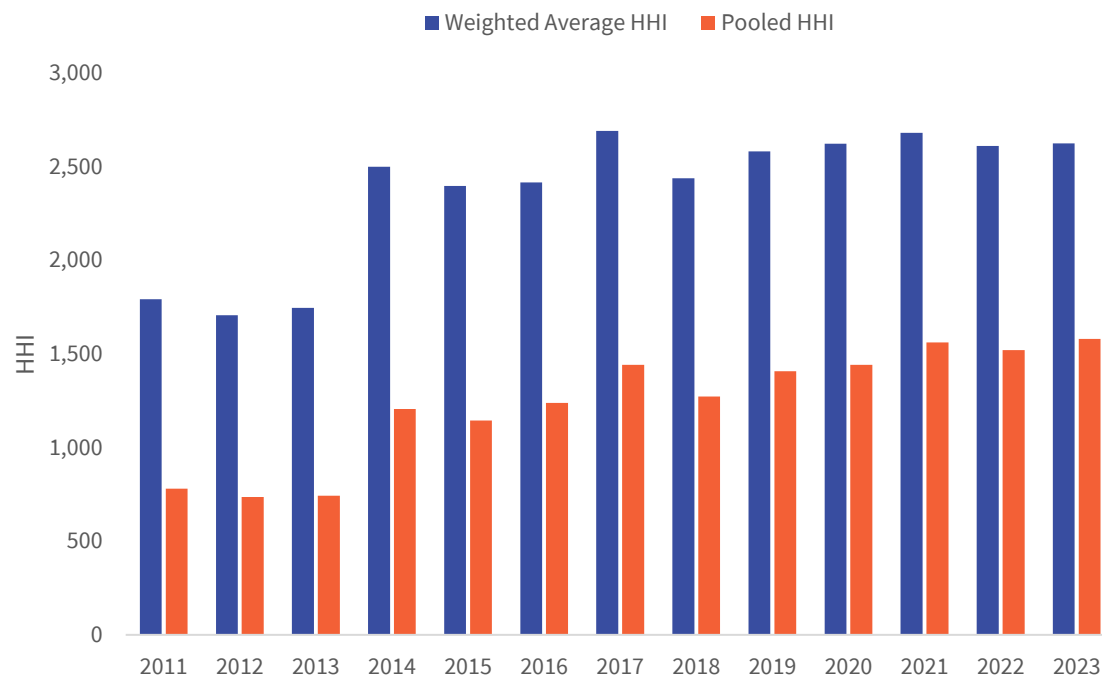
advertising-supported YouTube video sharing platforms, paid video and music services (YouTube Premium and YouTube Music), and app distribution store, Google Play, all add up to a company with \$9.1 billion in revenue in Canada last year.

Alphabet also stands out because it is nearly twice the size of its biggest Canadian rival, Bell, which ranked a distant second, with revenue from the content aggregation and distribution side of its business of \$5 billion. This conferred just over a ten percent stake of the content media market in Canada. It is trailed not far behind amongst Canadian companies by Rogers, which had total revenue from the content side of its business of \$4.2 billion last year, which translated into a 9% stake of the market. Other domestic media providers fall substantially behind the second-tier Canadian behemoths Bell and Rogers, and include the CBC, Quebecor, Corus, and TELUS, but with the ranks interspersed by big tech and internet companies, like Meta, Amazon, Netflix, Apple and Microsoft. Altogether, these are the top dozen media aggregation and distribution companies in Canada. The media aggregation and distribution market was split roughly 50/50 as of last year between domestic media companies and international ones. The four companies at the top of the content media market accounted for nearly half of all revenue and the weighted HHI had shot back up to 2,230—a result that is at the upper end of the moderately concentrated zone by the standards of that method.

There is no doubt that people can pick and choose from a more competitive and diverse range of options today than they could ten, twenty or forty years ago. Yet it is also clear that the days are over when the addition of new streaming media services, app stores and internet advertising—and the companies that offered those services—translated into greater diversity year-after-year as domestic companies' lock on the media market was loosened. This can be seen from Figure 79 above, where four companies at the top of the content media market—Alphabet, Bell, Meta, and Rogers—accounted for nearly half of all revenue while the weighted HHI had once again reversed course in the preceding decade to climb back up to 2,230—a result that is at the upper end of the moderately concentrated zone by the standards of that method.

These tendencies can be seen from a variety of different vantage points in addition to the one just discussed. Thus, we can see much the same pattern when we treat digital media markets on their own, as Figure 79 does, or when digital and legacy media markets are combined and assessed together as one integrated whole, as Figure 80 afterwards does.

Figure 79: Weighted CR4 & HHI for digital media, 2023

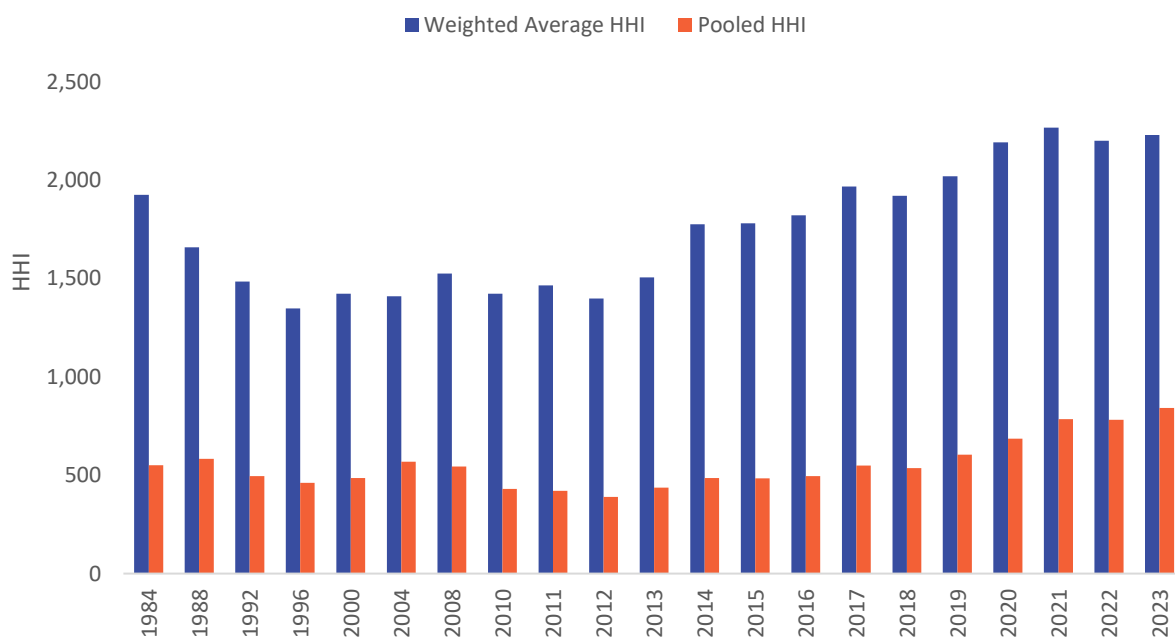


Sources: see Figure 79 in the [Excel workbook](#) accompanying this report and the entries for each company from the “unified sheet” and for each sector from the “Concentration metrics” sheet in the **GMIC Project—Canada open data sets**.

As Figure 80 below illustrates, concentration for the media content sectors fell from the 1980s until 2013, with some bumps along the way, into the pluralistic end of the scale by the standards of the ‘weighted’ HHI (by the ‘pooled’ HHI, the impact was even greater).⁴⁹⁶ Thereafter, however, the trend was thrown into reverse. Concentration has climbed significantly since. This reflects the findings that we saw in the previous section such as the consolidation of internet advertising and app store distribution, most notably, but also in the streaming video and music and digital games sectors. Even though the latter three examples revealed some cross-cutting tendencies that have led to more choice in online video and music markets in recent years while the latter two (games and music) have been characterized by relatively low concentration since their inception, once the cross-media influence of the big tech, streaming media, and U.S. media conglomerates are deployed it underscores the fact that a small number of firms have a big impact on a wide variety of media.

This is exactly what our scaffolding approach and weighted concentration metrics are designed to detect. They have succeeded in that task. As of last year, the weighted HHI was 2,230 across all content media and had been moving steadily closer to the threshold used to designate a highly concentrated market for a decade. It is just such realities that have drawn greater scrutiny of ‘big tech’ and streaming giants in the past decade as well as driving a relatively new wave of digital platform, big tech, and streaming regulation that can be seen in Canada and many countries around the world. Figure 80 illustrates those realities, while the final section of this report will swing back to discuss their implications for policy and regulation.

Figure 80: Weighted CR4 & HHI for digital & legacy media, 2023



Sources: see Figure 80 in the [Excel workbook](#) accompanying this report and the entries for each company from the “unified sheet” and for each sector from the “Concentration metrics” sheet in the **GMIC Project—Canada open data sets**.

Thus, while it was once fervently believed that internet centralization and concentration was impossible, today, all but four core sectors of online media services have astonishingly high levels of concentration, i.e. online news sources, online video, games, and online music services. Figures 76-80 provide the visual

documentation of this radical transformation by which the internet has, essentially, been remade in the image of its dominant firms. Rather than a wide open, decentralized network in which centralized control is impossible, the reality now is one in which a series of interconnected archipelagos—digital platforms and content aggregation and distribution services—have emerged above the waterline. Policy, and how we talk about the internet, digital platforms, and content aggregation and distribution companies, needs to change in order to better align with such realities.

Indeed, as we noted at the top of this section—Convergence 2.0: App stores, video games and streaming music services—there is a stark fact that stands out in the vast majority of cases related to core internet markets and resources, namely: commonly used metrics reveal a series of markets where concentration is sky-high, and in most cases has stayed that way for the better part of a decade. Now, taking the series of individual markets and looking at the interconnections that tie them together into a more integrated digital media market reveals a similar finding, albeit not nearly as strong. This is because having moved from a big pond (individual markets) to a great big lake, even the biggest fish do not seem to be quite as big and there are more of them.

From the point of view of diversity and the needs of citizen-consumers in a democratic society, however, we need to clearly see what is in front of us. Is the battle for mind share and audience attention amongst a dozen-or-so international streaming companies (Netflix, Spotify), the media divisions of a handful of big tech behemoths (Alphabet, Amazon, Apple, Bytedance, Microsoft), a few U.S., European, and Japanese media conglomerates (Disney+, Paramount+, Live Nation, Sony, Universal Music, Warner Music), a couple of “Canadian” streaming services that mostly resell Hollywood fare and sports programming (Bell’s Crave, Corus’ StackTV, Rogers Sports Net Now, Quebecor’s illico), followed far behind by a poorly resourced public broadcaster (CBC’s Gem/ICI TOU.TV), really the communications cornucopia that free market fantasists yearn for?

Thus, even where the case is fairly weak with respect to claims about digital monopolies, oligopolies, or dominance, the fact of the matter is that only a relatively small number of traditional media, big tech, or domestic communications conglomerates hold sway. As of 2023, only ten such firms accounted for just under 70% of the online and traditional media market (as configured in Figure 78 above).

Yet, it is also important to not overplay the claims being made here because even if the textbook portrait of digital media markets being wide open and intensely competitive misses its mark, there is, in fact, a cross-media “clash of titans” when it

comes to aggregating and distributing television and film content, games, news, and music direct to people over the internet. Indeed, while the precise shares that any of the international diversified digital conglomerates and other corporate interests such as Netflix, Spotify, Universal, and so forth, hold in any one of the industries we have covered, and fluctuate somewhat over time, the pattern is of duopolistic and oligopolistic rivalry between them. Thus, for example, Alphabet and Apple clash in operating systems, app stores and browsers, while Alphabet does the same—to a degree—with Meta and Amazon in the online advertising market, for instance.⁴⁹⁷

To be sure, Alphabet and Apple sometimes battle one another for market share with respect to mobile devices, for example, but the latter also pays the former a lot of money every year to use its maps and search software in Apple products. As the U.S. case that found Google guilty of using illegal methods to keep its search monopoly revealed, a marketing and distribution agreement between the two tech giants has seen Alphabet pay Apple billions of dollars per year—\$20 billion in 2022—to make Google the default search engine on Apple devices. This was not a one-off deal, either, but an industry wide standard for other deals that Alphabet struck for exclusive placement of Google search on the home screen of other major device makers like Samsung, LG and Motorola for years.⁴⁹⁸

Therefore, the digital market is characterized by a jockeying for the first and second rank positions in markets that companies do compete in, for example, apps and operating systems, but also co-existence and cooperation in others, for example, search. These are further examples of a clash of titans rather than a competitive marketplace. All of this conforms well to the second school of thought that sketched early in this report, that is, the ‘creative destruction’ theoretical perspective inspired by Joseph Schumpeter in the mid-20th century. In most of these cases, such patterns of dominance have been deepened and locked in for a decade or more. Meta’s dominance of social media services is an excellent case in point, even if it has lost ground in the last decade in terms of social media audience share and some market share and revenue in the past two or three years. What this latter case means is that tendencies can be visible and strong, but they are not iron-clad.

It is also important to bear in mind that Schumpeter himself was no fan of democracy. In fact, he thought it was a fairytale from times past and no longer suitable for the age of industrial capitalism. We can only imagine what he would make of our current era of digital capitalism. Yet, make no mistake, Schumpeter did not just idly rebuke democracy from his safe place in the ivory tower, but actively

sought to push it back and occasionally flirted with authoritarians in his time. That too echoes our present conjuncture, with captains of big tech courting those who could well be considered a threat to democracy. These are the big stakes in the debate of internet and platform regulation, and we will address them head on in the final pages after the next section.

The network media industries in Canada: the view from the top of the mountain

It has been a long hike up the mountain but now that we are here, we can get a panoramic, birds-eye view of the network media industries in their entirety. The task of the next few pages is to relay that view and to explain the implications of what we see, before turning in the final section of the report to the policy solutions that could address the issues and concerns that we identify.

To recap briefly, the network media economy in Canada has grown enormously and become far more complex and more deeply integrated into all aspects of our economy and society. Last year, the network media economy generated total revenue of \$108.1 billion, which was up greatly year-over-year, and a significant increase over the course of the three years of post-pandemic economic recovery.

Stretch the timeline back a decade, and the network media economy is one-and-a-half times the size it was then; stretch it further back to 2000, and it has grown two-and-half-fold, five-fold from 1984, and nearly fifty times the \$2.3 billion that it was back in 1969 when the Davey Committee's inquiry into media ownership and concentration was just ramping up.

Back then the entirety of the telecoms, broadcasting, and publishing industries made up 2.6% of the national economy. Since the early 2000s, the network media economy has come to occupy a much larger 4%, signaling the arrival of networked digital capitalism. But perhaps we have already reached the limits of just how big a space communication and media can occupy in an economy given that the 4% figure just stated appears to have topped out at this level for the last twenty years and even receded slightly in the past two years.

Some might object to bandying about big numbers like this on account of the fact that doing so misses the impact of inflation. If so, these big figures about how much larger the media economy is today versus the past would be cut down to size if we consider this factor. Not so.

Switch the metric to inflation-adjusted, real dollar terms, and a similar story can be told. Thus, in real dollar terms, in 2013, the network media economy was worth \$95.9 billion, meaning that it has grown by about 13% in real dollar terms over the past decade—despite uncertain economic times. Look back twenty years to 2004

when the harsh effects of the collapse of the dot.com bubble had dissipated, and the network media economy today is now twenty-five percent bigger than it was then. And if we look all the way back to 1984, when the bulk of our work begins, revenue for the telecoms, broadcasting, and publishing industries at that time was just over \$50 billion, so the media economy then was half the size it is now. Stretch further back to when the Davey Committee's *The uncertain mirror* was in the works, the \$2.3 billion media economy at that time translates into \$18 billion in today's dollar terms. These are all indicators of the general transformation of the economy, society and our communications system from the height of industrial capitalism to the gradual onset of digital capitalism over the past half-century.⁴⁹⁹

When we drill down to look at average personal and household spending on telecoms, internet, digital media, broadcasting and publishing goods, we can see similar trends but also some confounding ones, too. Twenty years ago, for example, spending per person, on average, was \$2,000 per person in non-inflation adjusted, current dollars. It inched up to just \$2,100 in 2014. Spending then soared to \$2,700 per person last year in lockstep with the explosive growth of the internet and digital media, while spending per household also shot up from \$5,100 in 2004 to just over \$7,000 last year.

Remarkably, however, in real dollar terms, those figures have stayed stubbornly flat for the last two decades at roughly \$2,700 per person (it was \$2,696 last year) and just over \$7,000 per household (it was \$7,041) in 2023. This can be interpreted in a couple of different ways, but one way is to suggest that even with huge growth in the range of media available, there is a strong tendency for people and households to cap how much they spend on them. This is consistent with the 'law of relatively constant media expenditures' and its corollary that advertising also tends to stay constant on a per capita and share of the economy basis over time.

The upshot of these structural constraints is that telecoms, digital platforms and media, broadcasting, and publishing firms must compete with one another for a relatively fixed share of people's money, time, and attention. In some ways, it is a zero-sum game. The harsh reality is that this means that in this competition for scarce resources, some media will flourish, others will flounder. As such, telecoms conglomerates, broadcasters, digital media companies, and publishers in Canada are not only squaring off against international big tech conglomerates, streaming giants, and (mostly) U.S. media companies, but doing so to either keep what they have or to get a bigger slice of a relatively fixed pie. The media business is a risky business, it is often said, and this is a key reason why.

The 'old' and 'new' lords of the network media economy

In Figure 5, early in this report, we presented a rank ordering of the biggest three dozen telecoms, digital platforms and digital media, broadcasting and publishing companies. The basic gist of Figure 5 was that while there are hundreds of companies active in different areas of the network media economy, a smaller group of companies accounts for the lion's share of the spoils. In fact, in 2023, there were only thirteen such companies that account for one percent or more of total revenue, i.e. they had revenue over one billion dollars. Of those, the top ten companies accounted for close to 83% of the \$108.1 billion network media economy. The top ten companies, ranked in order based on revenue, last year were: BCE, Rogers, TELUS, Alphabet, Quebecor, Meta, Amazon, CBC, Cogeco, and Netflix.

Of course, just who is on that list of top ten companies and who ranks where changes over time. Charting and explaining those twists and turns reveals significant changes in the structure, composition, and dynamics of the network media economy.

Close to a decade ago, all but one of the companies on the top ten list were Canadian: BCE, Rogers, TELUS, Shaw, Quebecor, the CBC, SaskTel, MTS, and Torstar. The one exception was Google. It had estimated revenue at the time of \$2.2 billion, which was enough to place it sixth on the top ten list with a market share of just under 3%. Google ranked fourth last year, with estimated revenue of \$9.1 billion accruing from its operations in Canada (not including cloud computing and device sales) and a 9.5% market share at the time.

Not only do the ranks change, but so, too, does the big ten's share of the network media economy. By observing such changes, we can answer our opening question about whether concentration has increased or fallen.

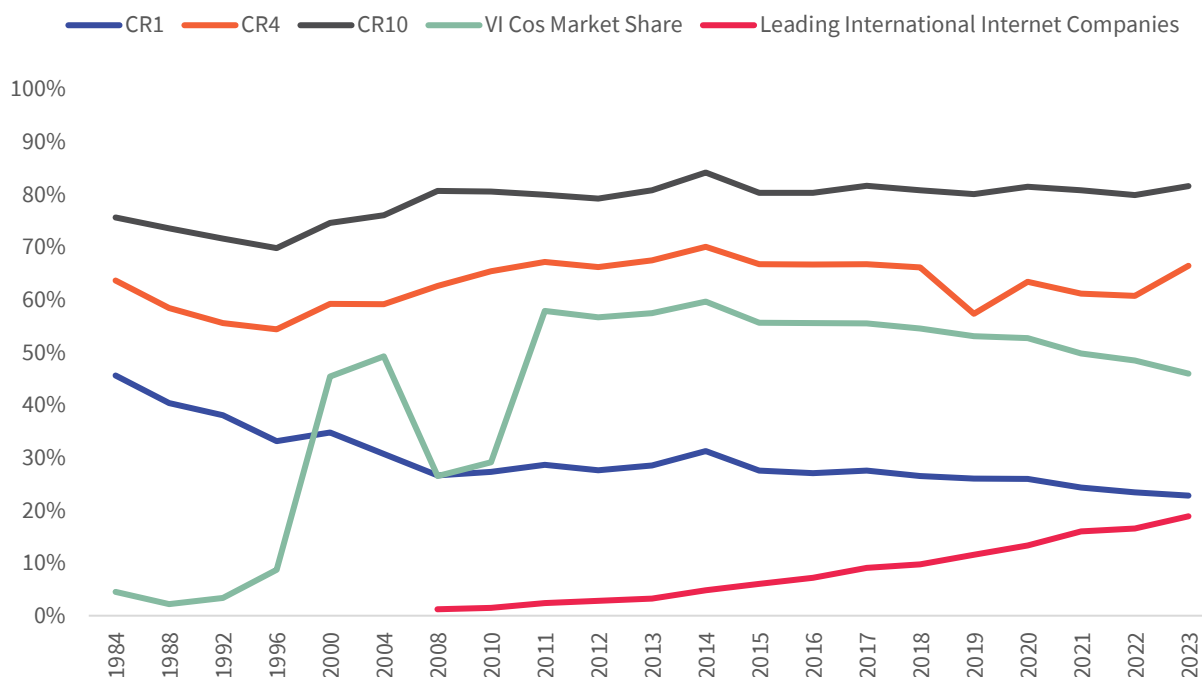
In 2013, the top ten companies accounted for 81% of the network media economy; today, as we just saw, they control 83%. On this measure, concentration is up only modestly in the last decade.

Rather than being reason for complacency, however, this requires that we look elsewhere to get a fuller picture. The real turning point took place a half-decade earlier when a wave of consolidation put four vertically integrated telecoms-broadcasting-publishing (less so for the latter) conglomerates at the heart of the

network media universe. This was the moment in time when Bell, Rogers, Shaw, and Quebecor locked down their ownership and control over all the biggest commercial television services in Canada, big stables of radio stations (except for Quebecor), newspapers and magazine publishing (Rogers and Quebecor), as well as book publishing, printing and retail music shops (Quebecor).

This was also the moment when concentration across the whole of the network media economy soared. It has remained locked in place at that high level ever since. For three decades before that, the top ten companies typically accounted for 70-75% of all revenue in a smaller media economy. A ten percent jump between those previous realities is a very significant increase and constitutes a turning point in the historical evolution of the media in Canada. Figure 81 clearly illustrates that step change and several other vitally important points that we will turn to next.

Figure 81: CR 1, 4 and 10 scores and vertically integrated and ‘big tech’ companies’ share of the network media economy, 1984-2023



Sources: see Figure 81 in the [Excel workbook](#) accompanying this report and the entries for each company from the “unified sheet” and for each sector from the “Concentration metrics” sheet in the **GMIC Project—Canada open data sets**.

To be sure, and as we recounted above, it is not that vertical integration never existed before this point. We highlighted some examples of this from 1984, for example, when Maclean-Hunter, Rogers, Selkirk, and Jean Pouliot (Videotron) were vertically integrated companies with holdings in cable television, broadcasting and (for the first two on the list) newspaper and magazine publishing. Collectively, they controlled a comparatively tiny 4.5% of a much smaller media economy. So, yes, vertical integration existed, but it was also exceptional, marginal and usually provincially-bounded.

Rather than the rampant pursuit of vertical integration and cross-media consolidation, the top four- to ten firms in the 1980s and early-1990s, and before, were usually dominant in one or two fields. When firms did expand, it tended to be via *horizontal integration*—i.e. expanding into or buying up enterprises in the same market to create a national newspaper chain or broadcasting network, for example—or diagonally into adjacent fields, which is when, for example, broadcasters enter the pay television market, or wireline telecom operators add mobile wireless and internet access to their offerings—rather than up-and-down the value chain (vertical integration), or all over the industrial map (diversification).

Things ramped up from the early-1990s in a spate of acquisitions, such as Rogers' takeover of Maclean-Hunter (1994) and Shaw Communications acquiring WIC and Power Broadcasting (1999). Figure 81 above charts these transactions, albeit without naming them, by showing how the combined share of the media economy held by the vertically-integrated companies of the time jumps from 2.2% in 1988 to 8.7% (after Rogers acquires Maclean-Hunter), then to just under 50% at the turn of the century as Shaw, Quebecor and BCE join Rogers as the poster children of Convergence 1.0 and become the nucleus of a vertically-integrated roster of the biggest telecoms, broadcasting, internet, and publishing companies in Canada.

Figure 81 also shows that after having declined in the 1980s and most of the 1990s, the share of the top four and top ten telecoms, broadcasting, and publishing groups reverses and starts to climb again. Thus, the CR4 rises from a low of 54.4% in 1996 to 70% at its high point twenty years later, while the CR10 simultaneously climbs from just under 70% to 84% at its high point over the same period. The only line that falls during this period is the one that designates the market share of the biggest firm—BCE—which slides from 46% in 1984 to a low of 27% in 2008, before the series of acquisitions closed by Canada's biggest telecoms and broadcasting conglomerate rises again to hit 31% at its high point in 2014 before sliding down since to 23% last year. We will return to this point in a moment.

But to double back to the mid-2000s for a moment, the high-water mark at that time for vertical integration instantly retreated halfway through the decade when BCE sold off its stake in CTV and the *Globe and Mail*. Figure 81 illustrates how the vertically integrated companies' combined market share was cut in half as a result. However, all that decline was regained again, and then some, following a bout of cross-media consolidation, circa 2007-2013, and decisively, when BCE rejoins the fray by re-acquiring CTV and its big stable of pay television services in 2011, followed by its takeover of Montreal-based Astral Media, the biggest independent pay television group and commercial radio broadcaster at the time, two years later.

The rise, fall and resurrection of vertical integration from the 1990s through the 2010s has defined the network media economy in Canada ever since. As Figure 81 also shows, at the same time vertical integration was consolidated, a new breed of internet company was also entering the scene and carving out a bigger-and-bigger place for itself: multinational diversified digital conglomerates: Google (Alphabet), Amazon, Facebook (Meta), Apple, and Microsoft (also known as GAFAM).

GAFAM hardly appeared on the radar until the late-2000s but thereafter their rise is steady and relentless, with their share of the fast-growing media economy increasing from 1.5% in 2010, to 3% in 2013, to 19% last year. This represents a radical restructuring of the field and yields two clusters of giant conglomerates that now tower over the network media economy in Canada: a clutch of vertically-integrated firms—i.e. “big telecoms”—and a roster of international diversified digital conglomerates, i.e. “big tech”.

This is the origins of the “Goliath vs Goliath” battles between “big telecoms” and “big tech” that that we have referred to repeatedly in this report and which now define the network media economy in Canada. The following few pages work through the signature features and implications of this state-of-affairs, while also drawing out more observations based on Figure 81 above and taking up new lines of analysis as needed.

The big get bigger and in a much bigger universe

As stated a moment ago, and as observed in Figure 81 above, the biggest company's share of revenue across the media in the 1980s was 46%; by 2023, it had fallen to 23%, although within a vastly larger media universe. In 1984, that company was BCE. Today, Bell is still the largest company in the network media economy, although that gap closed greatly last year on account of Rogers' acquisition of the

fourth-largest communications conglomerate at the time, Shaw Communications. That catapulted Rogers from a third place ranking the year prior, with revenue at that time of \$14.8 billion and market share of 14.3%, to second place in 2023 with revenue of \$20.2 billion and 18.7% market share, followed not too far behind by TELUS. For its part, TELUS had total revenue last year of \$17.2 billion and a share of the network media economy of 15.9%.

Together, BCE and Rogers—the “big two”—had combined revenue last year of \$45.1 billion, meaning that they controlled a whopping two-fifths of the network media economy (actually, 41.7%, to be precise). This is more than double the revenue and market share of the international big tech, streaming giants, and U.S., Japanese, European and Chinese media conglomerates combined.

Add TELUS to the picture, and the “big three” had total revenue last year of \$62.3 billion. This yields an unprecedented level of market domination in which just three companies account for 57% of the market. This is indeed a situation of big fish getting even bigger in a larger ocean (even if they must now swim with sharks). Seen in this light, BCE, Rogers and TELUS still control the gates to the network media economy in Canada.

Trailing far behind is Google. It’s \$9.1 billion in revenue from its operations in Canada last year are a little less than a third of Bell’s and roughly half those of Rogers and TELUS. All-in-all, the “big four” enterprises accounted for two-thirds of all revenue across the network media industries last year.

Quebecor swings in behind Google as the fifth largest telecoms-internet, broadcasting and publishing conglomerate in the country, but with roughly half the revenue of Google. Its revenue surged to \$5.1 billion last year from \$4.7 billion a year before due to its acquisition of Freedom Mobile that was spun-off midway through the Rogers-Shaw transaction to get the deal blessed by the Competition Tribunal and ISED Minister François-Philippe Champagne, as observed in previous pages.

Bell, Rogers, TELUS and Shaw are the “big four” diversified communications giants in Canada and accounted for 61% of the revenue of the \$104.4 billion network media economy in 2022—a figure that has stayed remarkably stable over time, after falling during the early phase of market liberalization, the advent of new technologies, and the emergence of pay television and mobile wireless services in the 1980s.

Overall, however, there has been a steep drop in concentration between 1984 and the early- to mid-2000s based on both “weighted” and “pooled” HHI scores, but those steep declines then came to a halt and switched direction, as is depicted in Figure 82, below. Those figures then rose to new heights again over the next five years on account of the bouts of consolidation discussed above, drifted down slightly for several years thereafter. Last year, however, they jumped substantially on account of the Rogers-Shaw deal.

Figure 82: “Weighted” and “pooled” HHI scores for the network media economy, 1984-2023



Sources: see Figure 82 in the [Excel workbook](#) accompanying this report and the entries for each company from the “unified sheet” and for each sector from the “Concentration metrics” sheet in the **GMIC Project—Canada open data sets**.

The magnitude of the bump upwards in both the “weighted” and “pooled” HHI at even this high level of aggregation reveals the industry and market transforming impact of the Rogers-Shaw deal. That is fitting given that it was the largest telecoms ownership takeover in Canadian history, and the sixth largest case of ownership

consolidation in the history of the country. Even seen from this ‘top-of-the-mountain’ view, had the sweeping reforms that took place to the *Competition Act* earlier this year been in place then, the deal would have likely been dead in the water. The companies, thus, not only beat the regulator—the Competition Bureau—but also the clock.

For some observers, the steep drop in HHI scores in the waning years of the 20th century mark the start and end of the story. In this view, markets became more competitive, and we can be thankful for the gains made, and put our worries away. In the years that have followed, a great big unified “digital media ecosystem” has emerged, and in that context, it’s a battle of all against all, with no meaningful lines between any of the various media sectors that make up the “digital ecosystem”.

We reject that conclusion, however, for several reasons. First, it ignores the fact that the move toward a more competitive communications and media economy bottomed out in the first decade of the 21st century, and concentration has risen significantly since, as we have seen. Second, concentration as measured by the weighted HHI, even when at its lowest, has bounced above and below the threshold of even the watered-down standards of that measure adopted by the Obama Administration in 2010, i.e. an HHI above 2,500 signifies a highly concentrated industry. The far tougher earlier standards were once again reset by the Biden Administration last year and the conclusions to be drawn on the basis would be even more damning. The “pooled” HHI, which does not calibrate the measure based on the relative size of each of the sectors included in the network media economy, presents a more forgiving picture. But even then, the general trend of a steep decline from the 1980s until the mid- to late-2000s, a significant rise thereafter until peaking in 2014, followed by a slow drift down until last year hews closely to the better portrait provided by its weighted counterpart, even if a more forgiving one.

The interim drift downwards in the last half of the 2010s reflected the deepening inroads made by the international big tech firms (e.g. GAFAM), streaming services (e.g. Netflix and Spotify), and U.S. media giants such as Disney and CBS-Viacom from this point onwards. However, the fact that they steadily tightened their dominance of the online advertising market and made their direct-to-consumer streaming services available in Canada put upwards pressure on concentration levels. The upshot is that these international forces have undoubtedly disrupted the cozy Canadian oligopoly that had reigned for years and created new and intense competitive forces. In sum, there is no doubt Canadians have more media choices to pick from, but we have also entered a new phase of consolidation where adjacent and overlapping monopolies, oligopolies and limited competition have

generated a clash of titans that constrains the boundaries of competition and choice.

Third, while it is essential to take the “bird’s eye” view of the network media economy and track changes over time - in keeping with the cultural industries research tradition that we follow - our research also pays attention to the fine details of different media industries, their relationships to one another, and to adjacent big tech and big telecoms operators that deeply influence the media in terms of access to audiences, billing, technical standards, etc.. We do so because not only do we need to focus on changes over time, but we also need to understand changes in and across different media and how changes in one sector compare to circumstances in others.

This is why we use the scaffolding approach that starts by examining individual media markets one-by-one and then groups them together to build a comprehensive view of the network media economy. From this approach, we can see that changing the level of analysis from a sector-specific and mid-range analysis as we did during all the earlier sections of the report, then moving up to a birds-eye view, as we are doing here, leads to different observations, interpretations, and conclusions.

As we have seen, and as the summary of concentration rankings by sector in Figure 6 shows early in the report, concentration levels vary considerably. Concentration levels across the telecoms and internet access infrastructure sectors are high. Many core sectors of the internet have had even higher concentration levels for a decade or more: app stores, mobile and desktop browsers, operating systems, and general and mobile search. This is true of the internet advertising market too, where Google and Meta have tightened their grip on the sector over the last decade, albeit with Amazon elbowing its way into a more prominent place in this sector in the past five years or so.

At first blush, Amazon’s rise appears to have upset the Google/Meta duopoly and replaced it with a three-way oligopoly. Yet, this neglects the reality that the internet advertising market is not a generic whole but one where each of its main subcomponents—general search, text and video; social media and display; and online retail submarkets—have even higher concentration levels, because they are each dominated by one of the big three tech giants, respectively, as we have shown. Even Alphabet was clear in the context of the DoJ’s recently concluded case against its ad-tech monopoly that it sees Amazon’s online retail advertising service as complementing rather than challenging its dominance in search, video and text

advertising. Just to put a fine point on it, remember the court found in favour of the DoJ; we now await what it will adopt as remedies to this state-of-affairs.

The relentless migration of advertising spending to the internet, as we have also shown, means that advertising spending across all media is becoming more concentrated by the standards of the HHI. The abuse of monopoly power in this context also means that media in Canada are likely getting less than their fair share of advertising revenue. That, in fact, is exactly what the Competition Bureau claims in its just announced case against Alphabet / Google. In sum, to say all this is not mere speculation but is supported by a broad base of empirical evidence and a mounting track-record of litigation.

That said, and as we always try to emphasize, the ratchet does not go in just one direction. There are four online media services, for example, that are either becoming more diverse or already very diverse: online video, games, music and news sources, respectively. The same can be said of several 'legacy media' sectors as well, including newspapers and magazines, a broad conception of the TV marketplace that includes broadcast television, pay television, and online video.

For some of these latter sectors, for example, magazines and newspapers, this is because things are falling apart, and their long-term viability is in serious doubt. At the same time, however, we have also shown how a combination of changes in government policy and public funds—as well as increased commercial and patronage payments from Google, Apple and Facebook—have thrown a bit of a lifeline to the newspaper industry in the last few years. Policy changes have also opened a window of opportunity by encouraging the advent of non-profit journalism organizations that might yet help to revitalize journalism and, along with it, democracy.

Turning to the online video services market, Netflix's half-decade period of dominance has been cut down to size as a wide range of other services enter the Canada market, including extensions of international big tech and U.S. based media giants, but also the brands of Canada's biggest communications and media groups, notably Bell's Crave. Concentration levels have also fallen in pay television services, albeit for reasons that are mixed and ambivalent. These trends in both pay television and online video services, in turn, have driven down concentration levels across the television marketplace, which is a welcome and significant reversal of trends that had been running in the opposite direction for close to a decade-and-a-half.

The bouts of consolidation that led to this state of affairs not only led to restricted choices for audiences but also harmed the industry as they lumbered into the highly uncertain and risky world of digital media aggregation and distribution. These were self-inflicted wounds. Policymakers and regulators must be sure that any future policy tools they adopt do not offload the costs and consequences of those industrial choices on to the public. They must also be sure to resist incumbent interests who see all this upheaval, uncertainty and risk as cause for consternation, and who seek to return to the protectionist ways of the past.

Whereas the Canadian business-friendly, industrial-cultural policy regime that had held sway for a half-century has been on its last legs for years, incessant lobbying and the manufacturing of a sense of existential crisis for the Canadian broadcasting and news media industries—and the nation—has been fused into the heart of the *Online Streaming Act* and *Online News Act*. On balance, despite having opposed both acts from the outset on the grounds that they had been captured from conception by incumbent interests, this author has come to believe that they contain some much-needed measures and are fitting responses to the changing realities being described here. This point will get greater attention in the last section that includes reflections on key policy issues.

The Canadian media landscape is distinguished by its exceptionally high levels of diagonal and vertical integration

Diagonal integration

Concentration levels in Canada and many countries are often much higher than people tend to think, but where Canada stands out is in terms of its high levels of diagonal integration between different “network media” (e.g. mobile wireless, internet access, BDUs) (essentially, telecoms operators) and television services (e.g. broadcast television and pay television services) as well as vertical integration between telecoms operators and commercial TV services (other media content).⁵⁰⁰

Diagonal integration refers to situations where a company owns operations in adjacent sectors complementary to one that they already operate in. In terms of diagonal integration, the most outstanding example of diagonal integration is that all the country’s main telecoms and distribution networks (mobile wireless, wireline,

ISPs and BDUs) are owned by one and the same player. In many other countries there are stand-alone mobile network operators (MNOs) and cable and satellite TV distribution services. In these other countries, this has allowed more affordable mobile virtual network operators to emerge organically and to compete within their home base markets, such as mobile wireless, for example, with integrated firms whose operations cut across multiple markets. Those latter firms find themselves torn between competing all out with the stand alone upstart or making sure it is not competing *too aggressively* so as to harm its adjacent lines of business.

In general, the existence of one or more stand-alone MNOS has improved the affordability and adoption rates for mobile wireless services. That has been especially beneficial to low-income, racialized, indigenous, and new immigrant communities. In Canada, in contrast, MVNOs have not organically developed and the CRTC's facilities-based MVNO framework will not do much to change that.

Canada is also unique, for example, in the extent to which wireless and wireline infrastructures are fully integrated into single firms, with the last stand-alone MNO—Wind Mobile—acquired by Shaw in 2016, but with that company now spun-off to Videotron as part of the Rogers-Shaw take-over that closed last year. In the US, T-Mobile remains a stand-alone MNO, while Vodafone is a good proxy for this in many countries where it operates (although it also operates wireline networks in a few countries as well, for example, New Zealand).

High levels of diagonal integration matter for several reasons. For one, diagonally integrated companies often manage demand, rivalry, and prices across each of their “platforms” in a way that aims to ensure that whatever one branch of the company does, it does not cannibalize the revenue of another. This undercuts the thrust of market-based competition and regulators should deal with that “natural” inclination accordingly.

Diagonal integration also matters because the presence of a stand-alone MNO affects the services on offer in terms of affordability, data allowances, and availability. As the consultancy Rewheel shows, for example, stand-alone mobile operators (e.g. Free in France, Hutchison 3 in the U.K., or DNA in Finland) offer data allowances that are many times higher than in countries such as Canada without such a competitive mobile wireless operator, and for a fraction of the price.⁵⁰¹ This situation, however, has not been fully born out in Canada, where Videotron and Freedom Mobile, both before and after the Rogers-Shaw deal, helped to drive much more generous mobile data allowances. That continues to be the case.

Vertical integration

Contemporary conditions in Canada also stand out with respect to the extent to which four vertically integrated communications-internet and broadcasting conglomerates have sat at the apex of the network media economy: Bell, Rogers, Shaw, and Quebecor. Last year, of course, this number was reduced to three when Rogers acquired Shaw, leaving Corus to stand on its own as the country's largest, but struggling, independent broadcaster. As we saw earlier, before the mid-1990s, such entities hardly played a role at all, while in the 2000s, the fortunes for vertically integrated companies ebbed, waned, and then rose again before being locked into place, circa 2007-2013.

Consequently, once the dust had settled from this wave of consolidation, four vertically integrated companies accounted for 60% of total revenue across the network media economy at the height of their powers in 2014, but with that figure slipping to 46% last year.

In addition to being extremely high by domestic historical standards, levels of vertical integration in Canada are high in comparison to U.S. and international standards as well. In fact, Canada has stood apart from its international peers for more than a decade insofar that all the major domestic commercial TV services—until last year—have been owned by telecoms operators. In contrast, vertical integration levels in the U.S. are a fraction of those in Canada. AT&T's acquisition of Time Warner in 2019 raised vertical integration levels in the U.S. considerably, but AT&T spun-off the renamed Warner Media into a joint-venture with Discovery in 2022, without retaining powers of control in the new company, Warner Media Discovery, but rather just an equity stake.

The basic lesson in this is that telecoms companies are well-known for large-scale engineering projects and wiring up cities and nations, but they know little about producing film and television programming or managing the processes of creativity in the cultural industries. This reality also bedeviled AT&T's recent experience, with seasoned producers and managers at Warner Media and HBO often in open revolt against AT&T top brass.

The growing role of international big tech companies and U.S. media giants in Canada

While a handful of diversified and vertically integrated telecoms conglomerates in Canada have consolidated their existing positions and expanded into new markets, they have also been engaged in an intensifying battle with a relatively new set of powerful international actors who have simultaneously been carving out a bigger-and-bigger place of their own in Canada, a dozen of which stand out: Google, Meta, Amazon, Netflix, Apple, Microsoft, Sony, Spotify, Bytedance (TikTok), Tencent, and Twitter. They have also been joined by major U.S. and international companies such as Disney, Activision Blizzard, and Universal Music.

Over the course of the past decade, these companies' combined revenue has soared from an estimated \$2 billion in 2012 to \$20.4 billion in 2023. The biggest three tech giants—Alphabet, Meta, and Amazon have parlayed their dominance of the online advertising market into a position where they now command more than two-thirds of the \$22 billion spent on advertising across all media (although, it would be remiss to not note that BCE's 7.5% stake of all advertising receipts drives up the CR4 for this sector to 74.8% (see Figure 51, above).

As we have shown in these pages, casting our eyes more broadly across the core elements of the internet, we see a recurring tendency for Google and Apple to dominate operating systems, app stores, and browsers. As we have suggested, these trends and dynamics represent a clash of titans rather than a competitive marketplace, but that reality, in turn, is also seen by some observers as being fully aligned with the 'creative destruction' school of political economy inspired by Joseph Schumpeter in the mid-20th century. What has also become striking with the passage of time is that these patterns of dominance are not transient, as Schumpeter and his acolytes would have it. Instead, they are fairly stable features on the landscape.

Of course, there are also exceptions where the trend cuts in the opposite direction. For example, this is the case for the online video services market as Netflix faces more rivals from both its "big tech" peers—i.e. Apple, Google's YouTube Premium, and Amazon Prime Video—U.S. based media giants—i.e. Disney+ and Paramount+—and a couple of domestic national champions, such as Crave (Bell), illico (Quebecor), Stack TV (Corus), and CBC Gem. While the details of the online video market in Canada are unique, this phenomenon whereby international big tech firms compete with U.S. media conglomerates, and large domestic firms is being replicated in countries around the globe, as researchers in the GMICP show.

Drawing this altogether, and to a close, big tech firms and foreign media giants have become formidable forces in Canada and internationally. That said, and as we have tried to do throughout these pages, it is imperative that we assess their scale, scope, and clout relative to the local conditions in which they operate. By now, we will have hopefully got a better sense of who they are and how they got that way, and how these firms—as they should, at least under the logic of capital and markets—are vigilant about protecting these interests and often aggressive in gaining new ground.

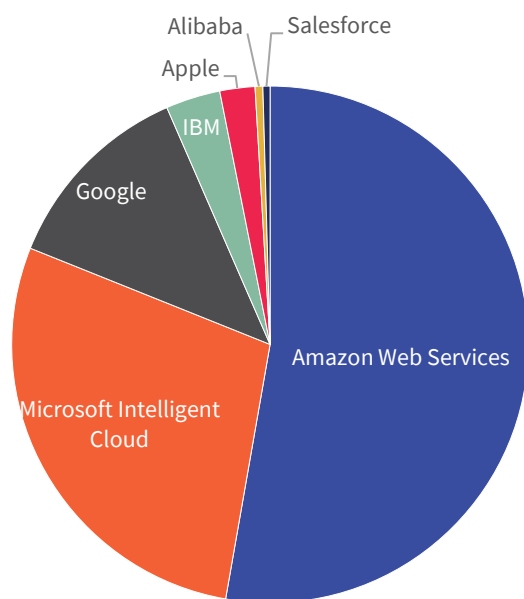
Focusing on the largest three dozen firms operating in Canada reveals a mixture of Canadian, U.S., and international firms. The list of non-Canadian firms in the ranks is long and this represents significant change in itself, to be sure, with Google (Ranked #4), Meta (#6), Amazon (#7), Netflix (#10), Apple (#13), Microsoft (#15), Sony (#17), Disney (#19), Spotify (#20), ByteDance (#22), SpaceX and X / Twitter (23), Activision Blizzard (#25), and Tencent (#26). The speed with which these entities have scaled the ranks is especially noteworthy. That said, the idea that these firms dominate the media economy in Canada is an illusion. As of 2023, as noted earlier, collectively, these international companies took in just under 20% of the \$108.1 billion network media economy in Canada.

Of course, this will change and tracking such changes will be the task of future editions of this report. One moving target in particular that needs to be charted is the emergence of cloud computing. At present, this is mostly an enterprise, government and institutional level development, but already it is becoming more common for people to subscribe to cloud storage services, such as Apple's iCloud or Google's paid Google drive service.

“Collectively, these international companies took in just under 20% of the \$108.1 billion network media economy in Canada.”

The estimated value of this market is under-developed and the estimates that do exist vary. For example, the consultancy IDC puts the figure at \$16.2 billion USD last year, or \$21.8 billion Canadian.⁵⁰² That figure seems very high. Using a series of reports from the respected CRN, corporate annual reports for the big cloud providers—Amazon, Microsoft, Google, IBM, Apple, Alibaba, and Salesforce—and estimates for Apple’s iCloud service in Canada, we put the figure just under \$12 billion. The estimated split for each cloud service provider in Canada as of last year are shown in Figure 83.

Figure 83: Cloud computing in Canada, market share based on revenue, 2023



Sources: see Figure 83 in the [Excel workbook](#) accompanying this report and the entries for each company from the “unified sheet” and for each sector from the “Concentration metrics” sheet in the **GMIC Project—Canada open data sets**.

Incorporating that estimate into our portrait of the network media industries in Canada obviously has a significant impact. Thus, if we take our estimate as a base, total revenue for the network media industries balloons to \$119.6 billion. This would represent an 11% increase in the size of these industries. That amount would

“Adding cloud computing would raise Alphabet’s revenue, for instance, by close to \$1.5 billion but paradoxically lower its market share from 9.5% to 8.8%.”

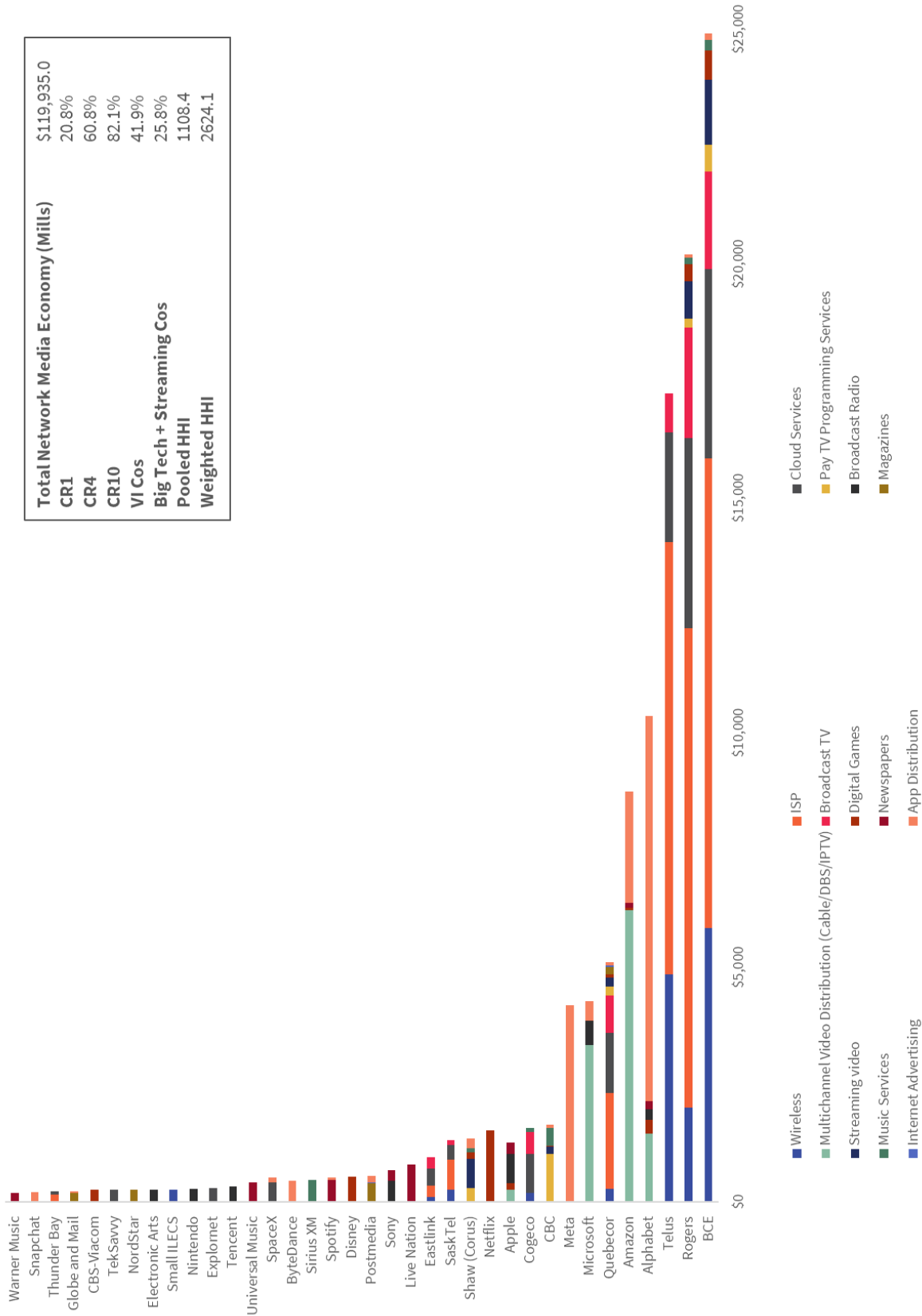
be added to the telecoms and internet access infrastructure sectors, in turn, and change the analysis in those domains accordingly.

Of course, adding cloud computing also changes the view from the top of the mountain that we have been talking about in these pages. It would not change the positions of the top four companies—Bell, Rogers, TELUS and Alphabet—but it would reduce each of their market shares a proportionate amount to the addition (because they are big fish but in an even bigger pool).

Adding cloud computing would raise Alphabet’s revenue, for instance, by close to \$1.5 billion but paradoxically lower its market share from 9.5% to 8.8%. It would also raise the revenue estimates for Amazon (from \$2.5 billion to \$8.7 billion) and drive a very large increase in its market share from 2.3% to 7.3%, while lifting it up the ranks from seventh place to fifth. It would have a similar effect on Microsoft, lifting it up from the 15th spot and revenue of 938.8 billion to \$4.3 billion, with a matching increase in its market share from .9% to 3.6%. Adding Apple’s iCloud would increase its revenue and market share as well, but not nearly in as dramatic a fashion, lifting it from 13th position to 11th and with \$1.5 billion rather than our current estimate of \$1.3 billion based on the configuration of the network media economy without cloud computing.

Figure 84 depicts the results of this experiment and potential addition to next year’s report.

Figure 84: Leading telecom, internet, cloud computing and media companies in Canada, 2023 (based on revenue, millions\$)



Sources: see Figure 83 in the [Excel workbook](#) accompanying this report and the entries for each company from the “ unified sheet” and for each sector from the “ Concentration metrics” sheet in the **GMIC Project—Canada open data sets**.

These changes would also drag new players onto the list, such as IBM, whose estimated revenue of \$402.8 million would give it a roughly .3% market share and a 25th place rank on our list of leading telecoms, internet, cloud computing and media industries. That would be on par with, for example, Space X / Twitter, Universal Music, Tencent and Xplornet.

But these are changes that we will only be able to explore more fully in our next edition of this report. For now, they serve, however, to illustrate how we can define the network media industries in different ways, but all in line with our basic theoretical commitments and the scaffolding method we use to analyze the state of the media in Canada, past, present, and future.

For now, let us conclude with a few comparisons based on our standard concentration metrics that help place Canada in an international comparative context based on the labours of GMICP scholars so far. Seen from this angle, Canada does stand out relative to other countries for the high concentration levels from this mountain-top view of things. The biggest company, BCE, has the highest market share of all countries reporting this data so far, except Brazil. Ditto for the CR4 and CR10, except Australia and Brazil.

We have just begun to use the “weighted” HHI, so results on this measure are incomplete. We can still reiterate what we said earlier, however, and this is, by the standards of this measure alone, Canada has concentration levels that teeter back-and-forth across the threshold to designate a highly concentrated market. It is also significantly higher than the U.S., which sits in the middle of the moderately concentrated zone (but that is to be expected, ie. very big fish but in an ocean). Turning to the “pooled” HHI, once again Canada comes out near the top, but not in a good way, since it has the highest level of concentration amongst the nine countries surveyed, except Brazil.

Let’s conclude this section with one more observation about the extent to which “big tech”, streaming giants, and international media conglomerates have penetrated the network media economy in Canada. Of the eight countries reporting on this method, China stands out for the extent to which such firms have cut deep paths into these markets, with just under 30% of that country’s massive \$1.3 trillion (2021) network media economy now the preserve of companies like Alibaba, Tencent, JD.com, and more. Italy, France, and Brazil are at the other end of the spectrum, with about 10-13% of their media economies consisting of these enterprises.

Figure 85: International comparison of CR4 and HHI figures

	United States	Austria	South Korea	China	Italy	Spain	France	Switzerland	Australia	Canada	India	Brazil	Mexico
CR1	11.2%	14.6%	15.4%	17.9%	19.6%	18.2%	21.1%	26.1%	25.0%	23.0%	31.7%	32.0%	47.2%
CR4	32.9%	39.2%	40.9%	42.0%	42.7%	46.8%	54.2%	56.2%	58.0%	60.7%	70.1%	82.6%	72.7%
CR10	54.5%	57.6%	56.0%	65.4%	67.3%	65.8%	77.6%	74.7%	84.0%	79.6%	82.1%	99.4%	92.9%
Big Tech	18.3%	NA	NA	29.6%	10.2%	14.4%	12.0%	21.2%	19.0%	18.9%	10.6%	13.1%	17.3%
Pooled HHI	384.5	492.6	542.2	648.0	689.0	691.3	935.3	1076.7	1167.0	1263.3	1662.6	2165.9	2552.6
Weighted HHI	2027.0	2153.8	NA	2097.9	NA	3936.4	NA	NA	3677.2	2502.1	NA	NA	5033.9

Sources: Country reports for the GMICP.

For its part, Canada sits in the middle alongside the US, Australia and Switzerland. In these countries, the big tech, streaming giants, and international media conglomerates that have come to occupy so much scholarly, public policy, and popular discussions and imaginations of what the media economy looks like at this point in the 21st century, now account for 18-21% of the network media economy.

The next and final section of this report takes up the policy implications and options now on the table in relation to telecoms, digital platforms and intermediaries, streaming media, broadcasting and publishing, and in terms of long-standing questions about media, the public, citizen-consumer rights, and democracy.

Conclusion: Control over communications must be matched by strong regulation and public interest obligations

So, we have come full circle. From the telegraph and telephone in the 19th and 20th centuries to broadband and the mobile internet now; control over communications has conferred great power. Policymakers and regulators must decide anew which tools from competition law as well as telecoms and broadcasting regulation should be updated, adapted and applied—and where new tools are needed to address emergent realities with respect to digital platforms and online media—to ensure that with great power comes corresponding constraints and public obligations.

The lessons of the past 150 years can be crystallized as follows: the ideal of the political economy of telecoms and broadcasting regulation in Canada has been to promote as much competition as possible and to regulate as necessary. However, there has always been a gap between ideal and reality, growing larger or less so depending on prevailing politics of any given moment. At the same time, successive governments from the two governing parties—Liberal and Conservative—have also relied on a variety of mechanisms, including public funds for the CBC, for example, creating funding pools that eligible media services can draw on, and subsidized distribution, to support the development and availability of an independent, free press and literary culture, as embodied historically in magazine publishing.

On the telecoms and internet infrastructure and access front, at a minimum the Canadian state as well as provincial and municipal governments have used a variety of tools to, both, promote competition and regulate as necessary: competing corporate charters, spectrum auctions, cable and telephone cross-ownership bans and approvals. Markets have been segmented along industrial, technological, and regulated lines, sometimes by corporate fiat, other times by policy choices. A mix of provincial, municipal, private company, coops, and other mixed ownership types have also always played a role. Common carriage principles have been applied since the 1890s at least to telegraphs, telephones, broadband and mobile operators. All these tools and more have been used, even if haphazardly, to build communications systems that are, while not world-class as the industry and its government backers like to tout, pretty good.

In the most sweeping of terms, Canadians have reasonably good access to high quality wireline and wireless networks, although with patchy coverage outside of big cities and towns. Broadband prices are in the moderate to high range by international standards, and trending downwards in recent years. Mobile wireless plans are still amongst the most expensive in the world, but also trending down.

Communications services are thus accessible, but not necessarily affordable; and this only applies to those who are well-served. For example, while fibre optic systems are fast replacing coaxial cable and copper in cities, such efforts took a long time before gaining steam in the 2010s for the pace of deployment to gather steam. Meanwhile, many Canadians—in rural and remote areas, Indigenous and First Nations communities, and inner-city neighbourhoods—continue to be poorly served by either wireline or mobile wireless services, suffer constrained bandwidth and limited data, and expensive data overage charges that fall on those least able to afford them.⁵⁰³

Elon Musk's Starlink has taken advantage of this neglect to grow rapidly in Canada as well. As we noted earlier, Starlink now has 400,000 subscribers and by the end of 2023 it had estimated revenue of \$420 million. It is now the sixth largest ISP in Canada. It is also set to grow much bigger, for example, with the Ontario government's recent commitment of \$100 million to fund subscriber equipment and assured capacity starting in June 2025.

In Northern regions, many residents of fly-in communities have rapidly adopted Starlink, thereby impacting the market for services offered by Northwestel, which itself has just been sold by BCE to an Indigenous-led investment group, as well as Indigenous non-profit providers like K-Net and Broadband Communications North that generate local employment for technicians based in communities where such opportunities are often lacking. The reason for this rapid uptake of Starlink's services has an obvious answer: "because it is there." Given the decades-long failure to close the digital divide, it provides rural populations and politicians with a lifeboat.⁵⁰⁴

However, because Starlink manages the entire value chain from end-user service, to pricing, to proprietary technology (Starlink router/antenna), and content, and all operated from the U.S., this centralized control raises long-term concerns in relation to questions of sovereignty and security that have shaped Canadian telecommunications policy since the dawn of the telegraph. Should Canadians be concerned that a U.S. billionaire with extremely close ties to the incoming Trump

Administration own the whole vertical chain from the satellite's launch to the end user's terminal?

On the one hand, Ontario's funding announcement mentioned capacity assurances from Starlink, but, on the other, will those be enough if and when the chips are down? Might Canadian users face service throttling or interruptions if resources are redirected to higher-priority users like the U.S. Department of Defense? The fact that Starlink prioritizes premium services also raises the risk that residential customers, particularly those outside Ontario, will struggle to pay the price of service. As such, Starlink's LEO constellation is already universally available, but is it affordable, as the *Telecommunications Act* also demands?

Telesat's Lightspeed LEO constellation, supported by ISED and Quebec, offer a promising alternative, not least on account of the community aggregator model it will use once launched in 2026. This wholesale access model allows diverse providers, including regional and nonprofit ISPs like K-Net and Broadband Communications North, to operate and use flexible, locally connected consumer terminals, while also creating employment in areas where job opportunities are scarce. A key problem in the interim, however, is whether or not Lightspeed will make its target day for launch in early 2026 is unknown. Crucially, while we wait, the success of Starlink is already driving subscribers away from Northwestel and Xplornet. Indeed, the latter's subscriber base has collapsed already from 400,000 to less than half that. As a rural ISP that was already struggling before these recent developments, it may not have much runway left. If so, Starlink will have a monopoly on satellite communications in rural and remote communities across Canada.

This alternative community aggregator, wholesale model that Lightspeed intends to offer echoes early 20th-century Canadian policies that fostered independent telecom services in underserved areas based on liberal interconnection rules, the outlawing of exclusive access to prominent places that define a city or community like railway stations, and fair revenue sharing agreements, all overseen by the first federal regulator, the Board of Railway Commissioners (and distant cousin of today's CRTC).

The tradition of regulated competition has echoed through time up to the CRTC's current approach in support of wholesale access. This approach remains critical for small ISPs like TekSavvy. As we saw, the long-standing proclivity towards regulatory and policy hesitance in Canada, combined with endless lobbying and litigation, and a myriad of twists-and-turns, since 2015 or so has done much damage to the

independent ISP sector in Canada. Indeed, a lethal mix of deference and dithering under the last chair has been devastating to independent ISPs with nearly all of the biggest ones taken over by incumbents and with the number of subscribers they served plunging by 40% across Canada, and by nearly half in Ontario and Quebec.⁵⁰⁵

All along, incumbent operators such as Bell, Rogers, and TELUS continue to wield undue influence, asserting that robust wholesale policies will deter their investments in next-generation network. This argument is one that they have made for over a century. However, the reality is that such investment did not fall in the past when regulators went the other way while newcomers thrived. Quite the opposite, in fact. Instead, people and regions that would have otherwise lacked affordable access to good quality services got both when they otherwise would not have, or at least would have had to wait until the incumbents felt the business case made sense. Moreover, for more than a century, those same incumbents have consistently enjoyed lush operating profits that would be—and are—the envy of most industries and businesses, suggesting considerable room for sterner policy measures to support competition.

The regulated telecoms competition model has a long and illustrious history coterminous with the history of telecoms in Canada. Furthermore, the introduction and promotion of competition in Canadian communications for close to a half century in its recent form now runs nearly as long as the regulated monopoly regime did in its time. Like its predecessor, it has some virtues and many vices.

In terms of concentration, levels in Canada are not all exceptionally high by international standards, or historical ones, for that matter. The biggest companies now and for the past 150 years have been telecoms companies. Today, four diversified conglomerates dominate telecoms in Canada: Bell, Rogers, TELUS, and Vidéotron. Until last year there were five before Rogers swallowed Shaw. These companies' position at the apex of the network media economy reflects the ongoing triumph of carriage over content. There is no doubt that the eclipse of broadcasting distribution by online digital media distribution, however, also means that international big tech giants, streaming companies, and media conglomerates now play a bigger role than ever. The telecoms industries still vastly outstrip traditional and online media services, however, by a wide margin and, furthermore the only way for streaming media services, apps and so on to end up in people's hands and in front of their eyeballs is through the common carriers. This is a power that is unrivalled by big tech or big media.

Around the world, telecoms and internet access, digital content aggregation and distribution as well as online and traditional media, tend to be a lot more concentrated than often assumed. This is true whether we take the birds-eye view of the network media economy or climb down from this lofty perch to take a closer look at where many sectors of the network media display stubbornly high levels of concentration; notably in core sectors of the internet. Canada is no exception in this regard. Where it does stand out, though, in terms of the exceptionally high levels of vertical and diagonal integration relative to both historical and international standards. In all cases, there is little room for complacency.

There are two streams of issues at stake: first, policy options must get a proper gauge of which sectors of the network media economy are thriving vs those that are not. Second, where concentration is entrenched within markets and across them, it is essential that policymakers and regulators deal with both accordingly.

In terms of the first point, this report has shown that the network media economy is generally vibrant and continues to grow briskly. In fact, three-out-of-four sectors of the telecoms and internet access industries—e.g. wireline, mobile wireless, internet access (broadcast distribution is the exception, see below)—are in such a state. Beyond those sectors, internet advertising, online video services, the games industry, online music services, and app marketplaces are also thriving. Broadcast distribution, or cable television, in contrast, is seeing serious subscriber losses, falling adoption rates, and a steady decline in revenue, none of which have serious prospects of being regained. Losses for four sectors of the legacy media that have historically relied primarily on advertising are severe, i.e. broadcast television and radio, newspapers, and magazines, are very significant, and not likely to improve, at least to the level of making these moribund sectors viable again from a commercial point of view. Declines in pay television services have been shorter in duration and not nearly as sharp, but have been amply offset by the rising fortunes of the online video marketplace.

The upshot of these observations in concrete policy and political terms is that it is wrong to generalize from the crisis of some media to the situation *as a whole*, despite the seemingly immovable tendency in ongoing communication and media policy debates in Canada (and elsewhere) to do just that.

The basic rule seems to be that those traditional media sectors that have historically relied the most on advertising are in crisis. Public policy needs to target them in terms of sustainability and public funding.

Regional and national companies like Bell, Rogers, TELUS, Videotron and, until its take-over last year, Shaw Communications, continue to play the largest role in the mobile wireless and wireline markets (internet access, broadcast distribution, POTS, and a mix of other information services). In fact, the vast expansion of wireline and wireless markets has also fueled their move into new and adjacent markets, mostly in the broadcasting sector, but also into new areas that we do not track, such as TELUS' move into healthcare and health-related information services, or BCE's push into data analytics through its acquisition of Environics in late 2021.

Some markets in these companies' portfolio of activities such as conventional television, commercial radio, and cable distribution are objectively in decline. However, their losses in those markets come nowhere close to offsetting their gains from communications and online media services, as we detailed throughout these pages and summed up a moment ago. Consequently, Canadian communication companies are still big fish in a surprisingly big pond. This was evidenced by the fact that Canada has the sixth largest mobile wireless market in the world (see Figure 12). Canada's network media economy overall, with revenue of \$108.1 billion last year, also stands in sharp contrast to the steady drum beat of those who claim that the media economy in this country is a pygmy amongst giants. Canada consistently ranks amongst the top ten markets based on revenue.⁵⁰⁶

That said, Canadian companies are increasingly skirmishing with a handful of planetary-scale, mostly U.S.-based big tech firms like Alphabet, Amazon, Apple and Meta, as well as a previous generation of technology firms such as Microsoft, Nintendo and Sony. Those skirmishes have primarily played out in the context of the rapidly evolving online video, games, music, journalism, and advertising sectors. Whole new sectors have also been created, such as the app distribution marketplace, where the Apple App Store and Google Play Store lead the way.

As we have shown, international big tech and Canadian telecom firms *both* straddle the crossroads of the digital markets. The online video and music markets, for example, include a complex mix of international streaming giants such as Netflix and Spotify, major foreign media conglomerates like Disney+ and Paramount+, streaming services offered by multinational digital conglomerates like Alphabet, Amazon and Apple, specialized sports streaming service like DAZN, and a smattering of national media enterprises such as Bell's Crave, Rogers SportsNet Now, Corus' widening portfolio of online video services (e.g. Stack TV), Videotron's Club illico, and CBC Gem. A few smaller independent television services such as OutTV have also embraced online distribution platforms to gain access to

international audiences, create new lines of income, and to diversify their business models while also reducing their dependence on Canadian cable operators.

Amidst these sweeping changes and industrial upheaval, several dynamics are coming more clearly into focus, four of which stand out and are summarized below:

1. **New centres of power in content aggregation and distribution are a defining fact of the media economy.** An overlapping and competing constellation of big tech and telecom services provide the essential facilities including broadband communication connections, distribution platforms, billing systems, audience data, and advertising placement that mediate the relationship between audiences and their favourite games, music, films, news sources, and television programs. As we saw, the fate of even the biggest international games companies such as Epic, Ubisoft, Take Two Interactive, and others hang on a handful of tech firms such as Microsoft, Nintendo and Sony, as well as Alphabet and Apple’s app stores. Combined, the “big five” games distribution platforms account for up to 80% of the of the gaming publishers’ incoming revenue.

In the music industries, a modified cast of leading firms that includes Spotify, the traditional big three recorded music groups—Sony Music, Universal Music and Warner Music—as well as Apple, Alphabet and Google, sit in a similar position. The timing is different, too, while the controversies have their own distinct character. In this domain, a major controversy is whether musicians are getting a fair shake from the return to boom times in the music business. The jury is still out on that charge, we suggested.⁵⁰⁷

Similar issues apply to the news business. Regarding the controversy over whether it is in crisis, however, the jury is in. It is. A journalism policy toolbox exists that could help right the floundering ship, but the ability to select the best tools in the box for the tasks at hand is mired in myths of the free press and free markets that falsely believes that the idea of journalism policy itself is sacrilegious (see below).

2. **Big telecom and big tech companies are giving away media services and programming content for “free”.** Both groups of companies appear to be routinely cross-subsidizing some of their media offerings by bundling them together with the purchase of other things, whether that’s a mobile wireless plan from Rogers, Bell or Videotron, an Amazon Prime membership, or as a time-limited complementary add-on to the purchase of a new iPhone, iMac, or MacBook Pro.

While this may be good for consumers, the old adage that “there’s no free lunch” also applies. In this case, it is unclear if whatever increased audience reach by way of such practices have actually resulted in any more income going to media companies, media workers, musicians, and journalists. These practices also raise important questions about how we can establish a price tag for such things, and otherwise pierce the corporate veil of secrecy that shrouds these companies’ business models. This is why the mandatory information disclosure obligations found in the *Online Streaming Act* and *Online News Act* are so important, if only just a start.

3. **Diversifying business models.** The points above also reveal the emergence of a diverse array of new business models. As we see in the online video marketplace alone, a handful of business models have taken root: 1. **SVOD (Subscription video on demand)** where a pure player service where content is provided without commercials and charged a subscription rate (e.g. Netflix); 2. **TVOD (Transactional video on demand)** is a pure player service where content is provided without commercials, and the user is charged a one-time fee for the right to watch the content as often and much as they want (e.g. Apple iTunes); 3. **AVOD (Advertising-supported video on demand, aka Free-Ad-Supported-TV (FAST))** is a pure player service where content is free of charge but served with commercials (e.g. YouTube); 4. **Linear Streaming Service** is a system where linear programming is offered and a subscription rate is charged; 5. **Hybrid Services** consist of a hybrid player that mixes two (or more) of the above (e.g. Stack TV).⁵⁰⁸

Similar developments can also be seen in the games and music industries. These developments are fascinating, and demand that we not only take account of the rise and fall of entire media types, but also of the changing balance between a variety of diversifying business models within each. The upshot is that media industries are riven with complexity and the state-of-play is far from settled.

4. **The media and cultural industries develop in the shadows of big tech.** Each of the above points, illustrate another truism: namely, for all the talk that slips into pitting commerce against culture, the reality is that the media industries have developed in the shadow of telecom and big tech since the consolidation of industrial capitalism in the 19th century. Today, there is a remaking of communication, culture and capitalism, and it is the job of researchers, reports like this, policymakers, and regulators to make sense of that.

The historical lesson also teaches that while the media industries have long taken shape and operated right next to telecom and 'big tech', they have never been totally dominated by them, either. There have always been antagonisms and power imbalances between the two, and efforts from both industry and regulators to carve out some autonomy between them. A key role of communications regulation and antitrust law, for example, has been to temper those realities while trying to limit the scope of powerful actors' negative influence and harmonizing their operations and interest with public interests. That is as true today as it has ever been.⁵⁰⁹ This requires that we strike a stance that neither vilifies nor venerates big tech or big telecom, but scrutinizes each in the name of promoting public interests, an informed body politic, and a democratic society.

In practical terms, the above observations must direct our attention to how things that might seem to stand far apart are, in fact, interconnected. In this report, we focused on how a unified field of media distribution consisting of ISPs, mobile wireless providers, app stores and digital content aggregators and distributors, and legacy broadcasting distributors was emerging, as the quality of mobile networks, affordability, adoption levels and the price of mobile data allow people to create, share and consume online video content, play games, listen to music, etc. We called this Convergence 2.0.⁵¹⁰ The fact that mobile broadband pricing remained so high for decades but with significant improvements in recent years means not only that wireless adoption levels and mobile data usage have been long suppressed, but also that the processes of Convergence 2.0 have been suppressed.

That is now changing, and its effects will likely be significant. This alone is why policymakers and regulators should avoid an early victory dance in favour of keeping the pressure on. It is not just cheaper internet and mobile wireless services that are at stake—although those are worthy goals in their own right—but the evolution of digital markets generally. This also points to the imperative to see communication and media policy as two sides of the same coin, in contrast to the tendency in this country to simply hone in on media and culture.⁵¹¹

Too often communication policy in Canada ignores such connections between bandwidth and networks on the one side and culture and content on the other. Indeed, it is a trait of such policy in this country that it is systematically hijacked by an excessive focus on cultural policy tools like content quotas, program production spending obligations and "discovery" issues. Regrettably, such debates suck up all the oxygen.

The incursions of big tech and the centralization and platformization of the internet have triggered a defensive reaction from domestic industry interests, industry lobby groups, civic groups, and too many scholars who cast these issues in nationalist terms. Doing so distracts from the reality that these are systemic issues, not ones that cut across national versus international lines.

Their efforts have no doubt lit a fire under the backsides of formerly complacent politicians, policymakers and regulators. However, their one-sided criticisms vilify the multinational big tech and streaming giants but fail to address the systemic nature of digital market development and concentration issues across the board. They also too often try to force-fit internet services regulation into the broadcasting regulation mold. A better approach requires ruthless criticism of big telecom, big tech, and big media in equal measure, all backed by tough policy and regulatory measures that aim to redress the dominance of communication and digital media markets all around, and to better serve public interests and democracy.

Such widely held views in policy and academic circles entails a disfigured view of communication and crowds out important conversations and policy issues. There has been nothing comparable happening in terms of communication and internet access policy, for example. As a result, evocative ideas in the BTLR report (and other sources) about those issues are left to wither on the vine. Such misplaced priorities have also clearly framed the debates that have raged over the *Online Streaming Act* and the *Online News Act*, first when they were legislative bills, and now as they are being implemented. In both cases, most of the attention has been on funding contributions, content and catalogue quotas, and “discovery”, and hardly at all on questions about terms of carriage and distribution, market power, privacy, and data protection, and so forth.

We need to reset the terms of policy discourse and debate in Canada so that communication policy is put on an equal footing with media policy. Debates in both domains also need to break free of the tendency to be cloaked in nationalistic terms. This tendency plays into the hands of those, including the biggest communications and media firms in this country, who seek to misleadingly lay the blame for whatever ails communication, markets, society and democracy in Canada at the feet of international forces. Instead, we must shine equal light on the homegrown sources of issues that need to be urgently addressed as economic polarization and a rising tide of forces that are hostile to democracy gather force outside our doors. The future of Canadian communication, culture, capitalism and democracy depends on it.

These realities of Convergence 2.0 have drawn political and regulatory scrutiny in the U.S, Australia, Canada, China, India, the U.K., France, Germany, the Netherlands and the European Commission, and many others.⁵¹² Indeed, Google's Play Store and Apple's App Store are now in regulators' crosshairs to address claims that they set unfair terms of trade with the third-party music, gaming, video, and news services that rely on them to access consumers.⁵¹³ These realities are in keeping with our observations that, far from being immune to high levels of concentration, core sectors of telecoms *and* the internet are characterized by astonishingly high and stubborn levels of concentration.

Yet, as we have also insisted, there are also a handful of exceptions to this tendency. Online video services, online music markets, and social media platforms have seen concentration levels drift downwards and into the moderately concentrated zone in recent years, while online news and digital games have been diverse and competitive from the start. They remained that way in 2023, even if we take into account Microsoft's blockbuster acquisition of one of the biggest video game producers and publishers, Activision Blizzard, that closed late last year.

The point is not to crack down on big telecom over big tech or big media, but rather that we must stare reality in the face and do what is needed across all three domains in the name of competition, innovation, the public interest, freedom of communication, and democracy. In terms of more concrete recommendations, market and gatekeeping power is well-established in telecoms and pronounced for online media aggregators and distributors such as Amazon, Apple and Google. As these two sectors converge, competition between powerful domestic and international firms will intensify. This will likely be beneficial in several respects, detrimental in others.

The CRTC and the Competition Bureau need expanded powers to deal effectively with these conditions. Such measures could include, for example, thresholds and asymmetric obligations for players with market and gatekeeping power, subject to periodic review, and similar to the *Digital Services Act*, the *Digital Markets Act*, and *Audiovisual Media Services Directive* in Europe and a suite of bills designed to bolster antitrust laws in the United States.⁵¹⁴ As we have also seen, the Competition Bureau did gain some of those needed new powers in the sweeping reforms to the *Competition Act* enacted over the last two years.

Following up on the overlooked notion of 'full-stack neutrality' in the Broadcasting and Telecommunications Review Panel mentioned a moment ago, the well-deserved status of gatekeeper and accompanying common carriage (aka net

neutrality) obligations currently only apply to telecoms operators in Canada under the *Telecommunications Act* and a robust body of both old and new case law.⁵¹⁵ As a result of its century-plus long commitment to such principles and values that inform them, Canada's common carriage framework is the international gold standard. The less stringent vertical integration and wholesale codes also apply to common carriers when they act as broadcast distribution undertakings under the *Broadcasting Act* for much the same reasons, but with more bark, less bite—a point we will return to momentarily.

Net neutrality rules have also been tightened up in the European Union through a series of recent rulings by the European Court of Justice that found that internet access providers that zero-rated some services while throttling others once data allowances are met, or set limitations on roaming, tethering and speed, all violated the EU's net neutrality rules.

In the U.S., in contrast, the status of common carriage under the *Telecommunications Act* (1996) swings back-and-forth depending on the party in power. Thus, no sooner had the principle been resurrected earlier this year after the last Trump FCC killed it, that the incoming FCC chair in the new Trump Administration, Brendan Carr, has made it clear that common carriage's days in the U.S. are numbered.⁵¹⁶

Ultimately, questions about common carriage are so important because they embody a philosophy of communication, one that says that people being able to use their internet and mobile connections to communicate, entertain, express themselves, work and play as they want—within the limits of the law—is a fundamental part of what communication rights and free speech look like in the 21st century. When “the means of communication” are artificially restricted by the carriers' business models and pursuit of profit, however, those rights are threatened. The status of common carriage in any given context goes a long way toward determining whether the expressive rights of people, content creators and distributors, and so forth come first, or whether those of the carriers and ISPs will be paramount when these different claims to communication rights clash.

Canada's sturdy common carriage regime effectively puts the regulator and law's thumbs on the scales in favour of the first group. The Commission has also leaned heavily on the principles and history of common carriage to achieve these ends. In so doing, it has staked out a fairly ambitious view of what Canadians need and deserve in “the digital media age”, rather than embracing the idea that people have

to accept only what the market gives them. Now, those principles need to be extended up-and-down and across the internet and digital communications stack.

At present, the limits to common carriage in Canada are set by the fact that only the broadcasting rules apply to the big tech and streaming content aggregators and distributors under the *Online Streaming Act*. Given the structure, logic and dynamics of Convergence 2.0, it is time to adapt both acts to create a common “fair carriage” principle that would harmonize regulation across the board and up-and-down the internet stack. This “fair carriage” principle would apply to telecoms-internet infrastructure at the ‘bottom of the stack’, then up from there to app stores and other digital intermediaries further up that stack and perhaps even to digital device makers who serve as the endpoint in this chain of gateways and portals to the vast digital media universe that continues to take shape before us.⁵¹⁷

In fact, that principle has already been extended to digital news intermediaries such as Google, Meta, and others that meet its designating criteria based on audience reach, revenue, gatekeeping power, and strategic significance. While critics of the act, and internet services regulation sui generis in effect, claimed that Google’s agreement with the Department of Heritage to put \$100 million per year into an independently-administered news fund meant that the act would no longer apply, they were wrong.⁵¹⁸ The CRTC’s ruling on the matter makes it clear that the principles of “fair carriage” contained in sections 51 and 52 of the act apply.⁵¹⁹

Beyond the CRTC, as we have also seen the Competition Bureau also gained some needed new powers in the sweeping reforms to the *Competition Act* embraced in the last two years. Ironically, some of those measures have become law in the wake of the Competition Bureau’s well-fought but ultimately lost battle to block Rogers’ takeover of Shaw Communications. While hardly a consolation prize to savour, how the transaction played out revealed the weaknesses of Canada’s communication regulation and the unreformed version of the *Competition Act* (1984) that structured the review of that transaction, fragmented regulatory authority, and long-standing penchant for regulatory hesitance.⁵²⁰

The past two years brought a flurry of activity around the issue of *Competition Act* reform, and with more success than the past forty years since the Act was originally adopted. Echoing its views in recent years and its position during the Rogers / Shaw transaction, the Bureau’s submission laid out a body of law that had prevented it from acting decisively, particularly in digital markets that have captured the attention of international antitrust authorities.⁵²¹ As noted elsewhere, with the “efficiency exemption” that had excused otherwise harmful mergers now dropped

and tougher, bright line rules as to when a merger will be presumed anticompetitive, it is likely that the Rogers-Shaw deal would have been dead-in-the-water had these reforms already been in place.⁵²² These are very important advances and the fact that they had cross-party support means that they will likely stay in place even if the current Liberal government is replaced.

Beyond legislative reforms, the Bureau's leadership under the more assertive Matthew Boswell has been renewed, temporarily anyway, while it has also hired thoughtful experts in a bid to fortify its newfound vigor. The leadership at the CRTC has also been refreshed, with experienced and smart competition policy and communications regulation experts brought in to fix what the previous industry-friendly chair broke and to, hopefully, give the Commission back its teeth. Their first steps in implementing the *Online Streaming Act* and the *Online News Act*, Canada's signature legislation ushering in a new era of internet services regulation, are in line with what it is needed, with more steps promising further progress on this front.

What remains to be seen is how much ISED Minister François-Philippe Champagne will stand behind the regulators. To effect positive change across the telecoms-internet access, digital media distribution as well as online and traditional media sectors, the Industry Minister will have to sing from the same hymn sheet as the Cultural Minister, Pascale St. Onge, at the Department of Canadian Heritage. Both ministers will also have to get ISED, the Competition Bureau, and the CRTC to join them. Only if these joined up actions are realized can the problems of regulatory hesitation and opportunistic forum shopping by entrenched corporate interests be overcome. Doing so could also transcend the perennial tensions between commerce and culture—and between communication and content or telecoms and broadcasting—so that we can have good communication regulation *and* antitrust policy. All of this is needed to create a fairer and more competitive communications and internet system better able to serve the needs of Canadians, competition, innovation, and democracy.

The Structural turn in communications and antitrust regulation

Over the past decade, governments, regulators and the public have adopted more skeptical views of market concentration, especially in digital communications and media markets. This can be seen in the press, in parliament, public discussion, and demonizing depictions of big tech as vampire squids. The images can be wild, and the discussion sometimes all over the map, but there is a valid concern there, as we have shown.

This gradual sea-change in discourse and politics has also translated into meaningful changes in policy and regulation. In some ways, telecoms-internet access and digital markets regulation are leading the way, drawing on well-established policy and regulatory toolkits, and inventing new tools when they need them.

Presumptive bans against mergers

Changes in telecoms regulation in some ways have been the canary in the coal mine for digital markets regulation. Since the early 2010s, for example, there has been a de facto presumption against 4-to-3 mobile wireless mergers in Canada, the U.S., and the EU, albeit with exceptions. The Rogers-Shaw deal as originally conceived was banking on that exception, but the Competition Bureau's steadfast opposition from start to finish no doubt helped force the sell-off of Freedom Mobile to Videotron.

The primary reason behind the presumptive ban on 4-to-3 mergers is the difficulty in monitoring and enforcing conduct remedies. In the U.S., regulators have struggled with managing the extensive conditions placed on T-Mobile and Dish to approve T-Mobile's acquisition of Sprint. This deal allowed the fourth-largest operator, Sprint, to merge with T-Mobile, provided a new competitor—Dish (Boost Mobile)—was created. Dish, a satellite television provider, was that chosen vehicle. The prospects of Dish's success were dim from the start, but it seems obvious, at least in retrospect, that conduct remedies that require T-Mobile to “act against its own interests . . . [and] assist its direct competitor” were always untenable.⁵²³

A similar logic influenced the Competition Bureau in Canada during its 2017 review of BCE's acquisition of MTS. The Bureau approved the deal on the condition that BCE transfer subscribers and storefronts to TELUS and Xplornet, creating a new competitor. However, Xplornet's mobile operations failed, ultimately being sold to a New York investment firm and shut down in 2022. The merger eliminated a viable competitor, leaving Manitobans and Canadians worse off.

The T-Mobile-Sprint and Bell-MTS mergers cases underscore the dangers of trading an effective competitor for a hypothetical future one..⁵²⁴ This is why the Competition Bureau was right to push for a full block of the Rogers-Shaw deal.⁵²⁵

Its position was also informed by a dizzying array of digital market dominance cases pointing in a similar direction. The European Commission's trilogy of market

dominance cases against Google is an outstanding and early case in point. All were decided in the Commission's favour (eventually!): the online search and shopping services ruling (2017, €2.3 billion fine, but not finally wrapping up until October 2021 after Google lost its appeal to the courts to have the ruling overturned (the case began in 2010)).⁵²⁶ The Android mobile operating system case was the second in 2018 (€4.34 billion fine),⁵²⁷ and the online advertising case was the third in 2022.⁵²⁸ Google was found to have abused its market dominance to harm rivals and users in advertising, search, and its Android operating system.

Like incumbents in telecoms, Google stonewalled. It drew out the European cases against it for a decade.⁵²⁹ Throughout that protracted process, the Commission reported that it faced problems at every step of the way in getting Google to do what the rulings said it should do. Similarly, in the U.S. Google search and advertising monopoly cases, Google was rebuked for being less than forthright and candid. In Germany, the Federal Cartel Office also found Facebook to have abused its dominant market power in social networking to the harm of advertisers, social media rivals as well as to the quality of the privacy and data protection it gave to its users. The social media giant tied up the case with appeals to the court and other authorities but finally brought its practices into line with regulatory requirements two years later once those avenues were shut down.⁵³⁰

Instead of being deterred by these efforts and obvious disparity between regulators and the big tech conglomerates, however, regulators have opened new fronts. For instance, they have put Apple and Google's app stores under the microscope while the Competition Bureau in Canada launched its case against Alphabet's online advertising monopoly in late 2024.⁵³¹ The EC's *Digital Markets Act* was also written specifically to include measures modeled along the lines of those pioneered by German regulators in the case just relayed and with clear reporting procedures that aim to give it better ongoing insight into regulated platforms' machinery, conduct, and business.⁵³²

Regulators are also learning from one another, though, through trial-by-fire, showing up at one another's cases, and sharing their experiences. Trade-and-industry groups like the International Institute of Communication, the International Network of Digital Regulation Cooperation Forum, the OECD, and the ITU are also facilitating this learning. Increased inter-agency cooperation at home is also taking place, as is the case with the Canadian Digital Regulators Forum.⁵³³ New sector-specific regulators or specialized regulatory sub-units are also being created to fill in the gaps.

The Digital Regulatory Unit in the U.K., for instance, that was created within the CMA is a case in point. No mere gap fill, it has a wide range of authority from monitoring markets to implementing ownership or functional separation in digital advertising markets, if and when it believes that is needed.⁵³⁴

Frustrations with the ineffectiveness of conduct-based regulation for telecoms and digital platforms has become glaringly obvious in recent years. Despite headline-grabbing fines, conduct-based regulatory remedies have failed to bring about their desired results. This is raising questions about their usefulness. It has also spurred a conversation over the merits of reviving structural solutions from earlier eras of enforcement that have been neglected in the last few decades.⁵³⁵

To remedy these problems, there is a growing appetite for presumptions against further consolidation, i.e. bans on competition-killing mergers and acquisitions, break-ups, spin-offs, and line of business restrictions (see below). This is the direction taken in the new merger guidelines in the United States. Thus, after a quarter-of-a-century in which regulators mostly sat on their hands as hundreds of internet- and tech-related acquisitions took place, this marks an about face. This change can be seen in academic and policy circles as well.⁵³⁶ Changes to the Competition Act in Canada over the last two years reflect this newfound disposition. The case for those reforms is stronger than ever based on the evidence covered in this report.

All this said, it is not as if this newfound enthusiasm for the biggest tools in the regulators' toolkit be unbridled. The heated rhetoric about big tech and monopoly power was put on cooler ice in the landmark *Digital Markets Report* in the U.S. by the use of such qualifying language as "regulators should consider" rather than directing them to do something. The discussion of structural remedies in the EC's *Digital Markets Act* is also hedged by suggestions that big structural remedies like market entry bans and spin-offs should only be pursued after *systemic non-compliance* with the Act and strong regard for the substantial risks that such approaches entail.⁵³⁷ Win or fail, though, this dizzying array of initiatives highlight policymakers' and the public's newfound resolve against further consolidation in digital markets.

Structural solutions: Wielding the biggest hammers in the regulators' toolkit

In this context, the virtues and ease of application of break ups, spin-offs, bright-line rules and presumptions against future market-consolidating take-overs is getting a fresh look and, in some cases, a new lease on life. This is because structural regulation is simpler to implement and police than alternatives that focus on monitoring and changing the conduct of trillion-dollar multinational digital conglomerates.

As the conversation turns to “breaking-up” big tech, several recent and/or ongoing U.S. cases against Facebook and Google have put the idea of the “divestiture of assets” and other kinds of “structural relief as needed to cure any anticompetitive harm” at the front of the line of proposed regulatory solutions.⁵³⁸ This is exactly the kind of thinking that informs the DoJ’s recommended remedies in the Google search and advertising cases.⁵³⁹ In the UK, the Competition and Markets Authority (CMA), for instance, blocked Meta’s acquisition of Giphy in 2022, a service that controls popular GIFs and GIF emoji’s, while ordering it to divest itself of the company.⁵⁴⁰

When it comes to Alphabet, the most likely path to break-up is to dismantle its digital ad-tech stack and to do so following the fault-lines of its past major acquisitions such as Double Click, AdMob and AdMeld. These acquisitions are what allowed it to assemble this monopolistic ad-tech system to begin with, so those should be the first to go, while also requiring it to hive-off bits and pieces from its suite of services (e.g. search, Gmail, YouTube, Google docs, etc.) and its mobile operating system (Android). Here, the possibilities extend to forced divestitures at the hard end of the scale to operational separation at the other.

While break-ups can be seen as the ultimate hammer in the regulator’s toolkit, line of business restrictions represent a less intrusive means to similar ends. To prevent firms from leveraging their dominance in one market into adjacent ones, line of business restrictions either prevent entry into select markets or create internal firewalls to keep parts of the same organization separate in order to ensure fair treatment between a company’s own business and other third parties that it serves as an intermediary for.

In Germany, for example, the Federal Cartel Office imposed line of business restrictions on Meta to prevent it from sharing people’s data across the Facebook, WhatsApp and Instagram services without their clear consent and opt-in measures.⁵⁴¹ Stopping short of breaking up the company, the ruling effectively erected a firewall between different arms of the Facebook empire.⁵⁴² Having

stepped back from the precipice of ordering that sterner measure—i.e. breaking up the company—now it will fall to the Federal Cartel Office to effectively monitor and enforce these measures. This will not be an easy task, as we have seen. The *Digital Markets Act* includes a similar data separation obligation for the largest digital platforms.⁵⁴³ The U.K.'s CMA makes similar proposals for the power “to mandate data separation (or data silos)”.⁵⁴⁴

Germany's ‘must carry’ rules for digital intermediaries build on this principle by requiring fair treatment for users and, especially, media organizations distributed by designated gatekeepers by giving them rights to be notified, reasons given and avenues of appeal if their expressions are demoted, demonetized or deplatformed, and to be put back up if those appeals are successful. These are strong measures in favour of people's freedom of communication and media's right to maintain the integrity of their programming and media freedoms guaranteed under the European Human Rights Convention and the new European Media Freedom Act, for example. Similar obligations are a cornerstone of the DSA as well.⁵⁴⁵ The “fair carriage” for news rules set out in sections 51 and 52 of the *Online News Act* in Canada also display such characteristics.

This approach has a long history in Canada, as we saw earlier, where common carriers like Bell have been banned from owning and controlling broadcasters, publishers, and other sources of content creation. The trilogy of FCC Computer Inquiries in the U.S. between the late-1960s until the 1990s also advocated for such measures. Its views were incorporated into the break-up of AT&T in 1982, underpinned parts of the *Telecommunications Act* (1996), and were key drivers of competition and innovation in the early commercial history of the internet.⁵⁴⁶ The key point is that these have long been tools in the regulators toolkit. They should use them, and they are—even if hesitantly and somewhat late in the game

Of course, while such conduct-based regulations are vulnerable to the same limitations we outlined above, they provide regulators with a less-interventionist option in the emerging digital communications regulatory toolkit. The similarities between the telecoms and cable operators in Canada, especially as they struggle to build their own digital advertising exchanges to do battle with the likes of Google, offers an obvious point at which regulations can be harmonized across different dimensions of the network media economy and digital media universe.

Public obligations—The Rights and responsibilities of digital platforms

Narrowing a potentially wide-ranging conversation, the following discussion focuses on three elements of the potential role of public obligations for a new generation of digital communications and media regulation: transparency of complex technological and infrastructural systems, data and privacy protection rules, and audiovisual media and cultural policy and regulation.

Mandatory information disclosure requirements and transparency

Since shortly after the creation of the first formal regulatory agency in Canada in 1903, the Board of Railway Commissioners, regulated entities have had to meet mandatory minimum levels of information disclosure on a routine and regular basis.⁵⁴⁷ This tradition has continued to this date and is an important function of the regulatory process overseen by the CRTC. However, it has been seriously compromised in recent years by the failures of the regulators to live up to the spirit of such practices and by big name global brands such as Netflix, Google and Meta that have fought tooth-and-nail against the formalization of such requirements.

That has changed with the passage of the *Online Streaming Act* and *Online News Act*, although the details of these requirements still need to be worked out by the CRTC. They will likely require that all “broadcasters” and “digital news intermediaries” operating in Canada disclose information about corporate ownership, revenue, expenditures, catalogue titles, subscriber numbers, and other data related to their operations, for example, similar to what is already collected in line with policies that have guided the CRTC for decades.

As the Commission states on its website, “[w]ho owns a broadcasting or telecommunications entity is of concern . . . [because] we strive to ensure that each market has access to content from a variety of sources and provided by a variety of services”.⁵⁴⁸ Similar principles are found in telecoms regulation⁵⁴⁹ The European Media Ownership Monitor expresses a similar view when it observes that all print, broadcast and online media that have the potential to influence public opinion should be covered by this access to information principle.⁵⁵⁰

Some progress has been made through the information reporting requirements of the European Commission’s *Digital Markets Act*, *Digital Services Act*, and *European Media Freedom Act*—and for bonafide researcher access to that data.⁵⁵¹ Concerns

about how to identify corporate ownership has also risen up the policy agenda internationally in regard to banking, finance, taxation, and pharmaceuticals over the past decade. At bottom, these cases share in common an effort to rectify the power and knowledge asymmetry that almost always exists between regulators and those they regulate. The goal is also to harmonize standards of information disclosure for telecoms common carriers, broadcasters, and multinational big tech and streaming services.

Just as financial institutions undergo regular and regulated certified audits, audits of Alphabet, Meta, TikTok and Spotify's ownership, revenue, business practices, algorithms, and content moderation policies could make them more accountable to the creators whose work they make available over the internet and to the consumer-citizen-publics that they serve. Such data will provide regulators and policy-makers with a picture of international companies within our borders. It will also ensure that we never see another moment where a major streaming service like Netflix can defy a request for basic information from the CRTC, as was the case in 2014 when the then CRTC chair, Jean-Pierre Blais, clashed with Netflix's director of global public policy, Corie Wright, on this very point.⁵⁵² It would also benefit researchers who find the current dearth of information imperils their own ability to understand the digital media landscape.⁵⁵³

In line with such calls, Oren Bracha and Frank Pasquale (2008) suggested a Federal Search Commission that would conduct annual audits to internet companies but also telecoms and digital media services as well.⁵⁵⁴ The goal of these audits would be to create a unified standard of algorithmic transparency and accountability across all actors in the network media economy. The Australian Competition and Consumer Commission's (ACCC) *Digital Platform Inquiry* report and ensuing News Media Bargaining Code is predicated loosely on such an idea.⁵⁵⁵ While the ultimate aim of new laws like this in Australia, Canada, and elsewhere is to have Google and Meta pay news media organizations for the news content they use as part of their online search and social media services, it is unfortunate that too many observers seem to forget about, or at least ignore, these other key elements of the emergent digital platforms regulatory regime.⁵⁵⁶

While these are potentially valuable steps in the right direction, the Australian and Canadian laws also favour ex post reviews of the platforms' behaviour versus bright line rules. In addition, it is likely—but not inevitable—that laws like these will end up with a lot of the information disclosed still being shrouded in claims of “commercial sensitivity” and confidentiality; for information to be of public benefit, it must be

made public. Those claims of “commercial sensitivity” should be put on a very short leash.

Opening the black box of complex economic-technical systems so that regulators, the public, and increasingly “platform dependent” media service providers and so-called ‘creators’ can glean their workings, would also go a long way to reducing the market power of dominant players. It would also provide those who rely on such services with the ability to adapt to the platforms’ changing technical conditions, while affording greater insight into audience data, promotional efforts, billing details, revenue distribution, and so forth. In this regard, just like the CRTC has adopted ‘no head-start’ rules to level the playing field between distributors and programmers, perhaps the Aussies were on to something with their proposed “heads-up” rule that would have required digital news intermediaries thirty days advance notice of any planned technical and business changes that might upend their already fragile business models.

This is what a new “discovery” mandate should look like rather than the idea that “discovery” means getting more content in front of Canadians’ eyeballs.⁵⁵⁷ That the *Online Streaming Act*, and comments by the last Heritage Minister and CRTC, seem to render anything to do with regulating distribution platforms’ algorithms as ‘off-limits’ that notion needs to be revisited and rescinded. Indeed, this is a sign that, far from being too heavy-handed, the *Act* walks too gingerly once nearing the real levers of power in the emerging internet-centric, digital media environment.

Reigning in the surveillance capitalism business model

Another critical flaw of the *Online News Act* in Canada, the *News Media Bargaining Code* in Australia, and various iterations of the *Journalism Competition Protection Act* in the U.S., is that not only will they likely have limited effects in prying information from regulated streamers and big tech intermediaries, they do precious little to reign in what those enterprises know about us. Yet, contrary to that need, in the politics of the Australian, Canadian and American platform regulation cases being discussed here is that domestic companies have been pushing just as hard as any international big tech conglomerate and streaming services to get a bigger slice of the country’s ‘big data’ pie. The original bill for the *Online Streaming Act*, for instance, did not include measures at all to protect privacy and personal data, although calls from some academics and lawyers to turn that around delivered some much-needed results in the law as adopted.⁵⁵⁸

These problems need to be fixed in the *Online News Act* itself while the potential of the *Online Streaming Act* to do good things with respect to privacy and data protection will need to be fleshed out early on in the initial hearings being held by the CRTC on both acts. Broader potential fixes to the current situation include revisions to the *Digital Charter Implementation Act* bill that has been bandied back and forth for years to address these concerns just raised: i.e. undue deference to business, lack of human rights standards, and failure to cover political parties.⁵⁵⁹

The EU's General Data Protection Regulation (GDPR) tools and principles—e.g. privacy as a human right, depersonalized data, cross-platform data portability, algorithmic transparency, enforcement powers for data protection authorities and privacy by design principles—could and should also be applied to all actors in the network media universe. Doing so would enhance protection and control of personal information and align Canada with its EU trading partner.

Increased audit powers for the Office of the Privacy Commissioner would also put it in a position similar to the U.K. Privacy Commissioner which was able to seize the servers and audit the business records of Cambridge Analytica. Such enhanced powers would also include greater enforcement powers and AMPs (Monetary Penalties) for the OPC (already included in the *Digital Charter Implementation Act*). These are issues well-suited for the Canadian Digital Regulators Forum and perhaps they are already being taken up there.

Taking such an approach would also flesh out and update the under-appreciated privacy dimensions of the common carrier principle to match today's realities by applying similar values and regulatory standards to broadcasting (although the revised Broadcasting Act remains silent on this point). Such standards could also be applied in the process to "content aware" internet platforms like Meta, Google, Amazon, and so on, as well as to smart television sets and other "smart" devices. Taking that route would also align well with the ETHI committee's report *Democracy Under Threat: Risks and Solutions in the Era of Disinformation and Data-polities* and the previous Privacy Commissioner's reply to that report, as well as Abramson and McKelvey's recent intervention along similar lines in relation to the *Online Streaming Act*.⁵⁶⁰

Media policy and regulation

The next plank in the public obligations dimension of a new generation of digital communications and media regulation is probably the most difficult and

contentious: developing media policy for online media services delivered over the internet. The *Online Streaming Act* brings influential television, film and music streaming services such as Netflix, Crave, Disney+ and Spotify under the *Act* and the authority of the CRTC, while exempting user-created content uploaded to and shared via YouTube or Meta.

The *Act's* proponents have been fixated on a vision that hews closely to existing modes of broadcasting regulation and laser focused on making streaming services contribute a portion of their revenue to Canadian programs. This means that digital media aggregators have to contribute through levies on their revenues to, for example, the Canadian Media Fund and a wide array of other funds designated by the CRTC that are meant to support Indigenous, Black, Queer, and other marginalized creators get the work produced and distributed. The Commission set the levy at 5% of revenue for streamers with revenue over \$10 million in Canada with the intent to capture only large video and music streamers. YouTubers or TikTokers are excluded, unlike what critics of the act screamed from the rooftop from first sight of the bills to what was passed as law,

The 5% figure is similar to what cable television providers have paid since 1994, extended to direct-to-home satellite providers in 1995, and to telecom operators' IPTV services a decade-and-a-half after that.⁵⁶¹ Cast in this light, the levy simply extends a long-standing practice whereby things that look, sound and feel like television are regulated as such, whether delivered over cable, satellite, fibre optic cables or "the Internet". But this does not in the least mean that the internet *suis generis* is broadcasting or that everything on the internet is regulated as such. That was the critics' and dogmatists' sleight-of-hand all along. Once again, they were wrong on the finer details of how all this works.

The 5% threshold also stands out because the CRTC rejected the many lobby and interest groups who wanted to set the bar a lot higher, even up to 30%, on the grounds that streaming services should be treated just like big *conventional broadcasting ownership groups* where the standard does apply. But that was a cherry-picking move because the lower 5% figure has always applied to BDUs (5%) and arguably the analogy of digital communications and content aggregators and distributors to broadcast distribution is a better fit than the straight streamer-to-biggest broadcast program ownership group move. Pay television and audio services have also historically been set at much lower rates (0-10%). Thus, the reach of many of the cultural policy and broadcast industry advocacy groups was opportunistic and ill-fitting. Mercifully, the Commission seems to have felt that way too in settling on the lower figure.

Around the world, and throughout modern history, countries have regulated and set policy for media and cultural goods, whether books, newspapers, radio, film or television. Properly administered, public subsidies have provided an open and transparent way by democratic governments to serve expressive and democratic ends. Far from being antithetical to “the free press”, they are part and parcel of the history of liberal democracy, and they should continue to be so.

Media policy and public alternatives

Indeed, the history of broadcasting and public culture in liberal capitalist democracies cannot be understood without grasping this role. There are, of course, details to be worked out, for example: where the subsidy will come from, at what level it will be set, to whom will it be directed, has the framework been set up through legitimate, democratic means, and will it meet the goals sought?

Where public subsidies have not been forthcoming, or are insufficient, or poorly executed, two other types of subsidies have stepped in to fill the void: advertising and wealthy benefactors. As advertising declines, or is uncoupled from this role, it is not surprising that some other form of assistance is being sought and brought about. As we also saw, pound-for-pound, public funding for the CBC today is now worth quarters-on-the-dollar for what it was when the public broadcaster was a central fixture in the public sphere. Recall, for instance, Figure 63 above that shows that in 2023, the CBC’s public funding accounted for 9% of all revenue in the “television system”; in 1984, that figure had been 38%.

A renewed conception of digital communications and media services regulation also requires a commitment to strong public alternatives beyond the structural solutions, firewalls, and public obligations introduced in the preceding pages. In this respect, the next few pages offer a modest proposal and a more ambitious one. As inspiration for the proposals that follow, bear in mind that the original goal of the U.S. Post Office was to bring “general intelligence to every man’s [sic] doorstep”, while serving as a heavily-subsidized vehicle that was explicitly designed to cultivate the free press and to deliver newspapers and magazines to and from publishers and editors across the country free of charge as an integral part of that objective.⁵⁶²

First, the modest proposal: eliminate advertising from the CBC. Doing so would focus the CBC on its public service remit and remove it from competing with commercial media for limited advertising dollars. The CBC also needs to be provided with adequate funding, more in line with historical levels that had once

been embraced by successive governments in contrast to contemporary tendencies to let it atrophy over time, A big boost in public funding for the CBC would also put it on par with its international peers. Currently, the CBC receives around \$36 per person in annual funding from Parliament.

The campaign by the advocacy group Friends to raise the annual parliamentary subsidy to a minimum of \$50 per Canadian per year seems modest in this context and could be used as a floor for where the annual parliamentary subsidy should be. This is a modest ask.

This is because while public funding for the CBC looks to have stayed stable over a long stretch of time, with some rise in recent years, pound-for-pound, and after taking into account growth in the size of the broadcasting industry and inflation, the CBC is getting a quarter-on-the-dollar today relative to what it was getting when it was in its prime. While a call to increase the CBC's public funding by four hundred percent could be taken for a sign of madness, it would not be out of line with past practice or the needs for a robust public service media enterprise dedicated to original programs and independent news, all available as a benefit of citizenship and made available to all Canadians through multiplatform distribution strategies.

As a compromise, maybe thinking about doubling or tripling current public funding would do the trick. It would certainly put the CBC in line with other well-funded broadcasters. As scholarly research consistently shows, a well-funded, independent and robust public media service is good for you and linked to strong democracy.⁵⁶³

This more ambitious view is needed to restore the more prominent place that public media, communications, and culture had in Canada even at the outset of the 1980s. This big increase in parliamentary funding from, more or less, \$1 billion per year to \$3-4 billion per year would net the CBC \$90-120 per person. By comparison, Austria, the Scandinavian countries, the U.K. and Germany spend between \$100 and \$180 per capita.⁵⁶⁴ In short, this ask is reasonable and in line with historical and international norms.

Perhaps a levy placed on advertising-funded VLOPS similar to that applied historically to BDUs could make an effective contribution to this refunding of public service media in Canada. Based on Google and Meta's combined revenue in Canada in 2023 of \$13.3 billion, such a five percent levy would generate roughly \$667 million that could be applied to restoring public service media while the rest would have to be made up by other means.

An even more ambitious view of public service communication and media could encompass not just the 21st century version of broadcasting but also a contemporary view of communications and culture. Such an enterprise might include such things as operating as the fourth mobile wireless carrier offering services both to the public and at the wholesale level. Given the persistent lack of progress in achieving objectives such as universal and affordable communications services, reliable public media services, an accessible archive of nationally significant documents and artefacts, a clear break from Canada's steady state is in order.

In terms of institutional arrangements, imagine the creation of a Great Canadian Communications Corporation (GC3) by bringing together Canada Post with the CBC, the National Film Board and Library and Archives Canada, for example. To fulfil this ambitious view of public service communications, media, and culture, the GC3 could repurpose some of the CBC's existing spectrum holdings and broadcast towers for mobile wireless service coast-to-coast-to-coast, real estate could be combined and used to locate towers, local post offices used to sign up new mobile phone subscribers and sell devices. It could also be used to blanket cities with public WiFi, to light up the vast stock of under- and unused municipal and utility-owned dark fibre strands and extend broadband access to under- and unserved people in rural, remote and poor urban areas.

Concerning entertainment, culture and public memory, the GC3 could disseminate and make public art and culture as accessible and enjoyable as possible. These activities would be funded from the general treasury, not the opaque intra- and inter-industry funds that now exist, perhaps with revenues raised from the planned-for new digital services tax and HST/GST and applied to digital platforms could be earmarked for such ends. In this sense, the GC3 would function as a national public platform for the aggregation, hosting, and delivery of media, information and culture made in, and of historical, social and political significance to, Canada. Such an effort would reflect the core hallmarks of institutions such as the CBC and NFB, but its remit would also include being the custodian for and access point to a national digital archive and library.

Ultimately, the collapse of advertising *and* public funding for valuable broadcasters and journalism is a big problem, although not a one-dimensional one or without valuable new additions to the public sphere being made by others. Amongst those triumphs stands the diversity of well-established and new online news sources—both domestic and international in origin, the expanding number of non-profit news sources cultivated by changes to the Income Tax Act, and the return of the

public intellectual to the town square. All enrich the Canadian media ecosystem, are needed, valuable, enjoyable, and should be funded as such and consider to be part of the benefits Canadians get via public policy.

The extraordinarily rapid manner in which Google and Meta have consolidated their stranglehold on online advertising and increasingly extended that dominance to the whole field of advertising, while skirting effective regulation, leads to the idea that a levy applied to a select few very large online platform services could be a good idea—if pegged to the development of a broad sense of public information goods and public culture. This was an idea brought to life, to the best of my knowledge, by the Public Policy Forums *Shattered Mirror*.⁵⁶⁵ At the time that report seemed so bent by a policy agenda driven by industry needs and insiders that the notion of a levy applied to digital platforms seemed like a terrible idea.

However, the platformization, centralization, and remaking of the internet in the image of a few multinational digital conglomerates changes things. It changes what the internet is. It also makes those digital conglomerates look more-and-more like broadcasters because, at the end of the day, they are aggregating, distributing, and making money from content provided mostly by others, but occasionally by their own affiliated media enterprises. The best known examples of this are, of course, Google YouTube Premium and Google Play, Amazon Prime and Amazon Music Unlimited, Apple Music, and Spotify. Now that they look a lot like broadcast distributors like cable, the levy seems like a better idea.

The problem however is how to treat them this way while simultaneously steering clear of a Pandora's Box of problems once you start thinking about big tech and streaming media giants *too much like* broadcasters. Out from the box spring all kinds of horrors, some of which do have just cause for concern, while others that trade on outmoded notions of media effects cooked up in the early-1900s have long since been rejected by most serious scholars. In this context, real concerns with "fake news" and the integrity of the political and public sphere mingle promiscuously with a trumped up sense of moral panic. This is where the real impact of 'lawful but awful' content is not its direct and deleterious effects on people's attitudes, behaviour, and beliefs, but its secondary effect of being corrosive to public trust in media, in journalists, in truth, and everything else that makes a civil and democratic society possible.⁵⁶⁶

This enthusiasm for cracking down on platforms-as-broadcasters-and-publishers and their allegedly lurid effects on people's well-being and democracy also has a powerful diversionary effect. This deflects attention from the past half-century of

economic polarization and political alienation that have given birth to the cultural and political forces that now want to smash democracy to bits.⁵⁶⁷ In so doing, such diversions delay our ability to properly diagnose the problem so as to be able to turn that around.⁵⁶⁸

Some of that ‘turning things around’ also means doing exactly what we are focused on here: devising a regulatory philosophy and edifice that will reconcile the power and wealth of big telecoms, big tech, and big media with public obligations to match their influence, not just in terms of the messages they aggregate and transmit, but the very contours of the communications media they create. So, yes to the critique of all these things, but only while: offering better diagnoses of the conditions that are causing democracies to back slide *and* developing a clear-eyed understanding of the role that big tech behemoths that seem determined to evade accountability play in aggravating those conditions.

As this report has also made clear, now that the potential for greater regulatory oversight to address current realities exists, we must ask if the problem is not likely to be too much regulation on account of the new *Online Streaming Act* and *Online News Act*, but the propensity for Canadian regulators to be too deferential to corporate power and business prerogatives. As a matter of fact, the *Online Streaming Act* and *Online News Act* have included some measures to address market and gatekeeping power, with the latter offering much sturdier tools to deal with such realities than the former. For instance, and to its credit, the *Online News Act* prohibits “digital news intermediaries” from giving undue preference or advantage to one news service over another, or discriminating unjustly between them.⁵⁶⁹

This measure, the ‘crown jewel’ of the act, adapts and applies the long-standing common carrier tradition to contemporary realities, where traditional broadcasting distributors and a new breed of online news aggregators and distributors serve as pathways to the news. The question now is, will the CRTC effectively use that power? Its first major ruling on this point is promising.⁵⁷⁰ Yet, even if the current CRTC under the leadership of Vicky Eatrises continues to use this power well, will the Commission do so under whoever takes her place? The track-record of regulatory hesitancy and occasional dramatic swing from one Chair to the next, as was the case with the last head of the Commission (Ian Scott) relative to his predecessor (J. P. Blais), does not inspire confidence. The fragmentation of regulatory authority between two very different ministers (Heritage and ISED) and regulators (i.e. the CRTC and the Competition Bureau) also raises cause for concern.

The bigger problem is that the *Online Streaming Act* contains only a watered-down version of this principle.⁵⁷¹ As such, it is unlikely to be up to the task when confronted by a situation where, for example, Amazon's Prime Video or Google's YouTube Premium are locked in what looks like the carriage disputes that have been part of the cable television business for decades. As we saw, in the battle between Google and Disney the latter was able to quickly get the former to accept "a new carriage agreement".⁵⁷² Canadian services in such a situation would not have comparable clout to Disney, and thus would be more prone to the dictates of Google.

Whether the *Online Streaming Act* would be of any help in such a situation is an open question. The more assertive language of the *Online News Act*, however, puts it in a stronger position by forcing the regulator to take a tougher stance in favour of "fair carriage" when charges that conditions are otherwise are presented to it. In both cases, an even more powerful lever would be to give the CRTC powers of investigation so that it can proactively investigate existing terms of carriage and distribution rather than having to wait until aggrieved third parties bring complaints to it.

The broader policy community, including advocacy groups for the cultural industries and creators, will and should also play a big role in shaping the direction that these new acts take. Yet, they also need to jettison an ongoing penchant for threat inflation that may be good for drawing attention to their cause and even getting what they want but which plays fast and loose with the facts. These same sources also tend to bend reality in the comparisons they draw between what they want the obligations of the *Online Streaming Act* in Canada to be and what those expectations are in the countries that comprise the EU, for instance. We also saw some of this a moment ago in relation to the discussion of the levy that has been extended from traditional cable distributors to online streamers and digital audiovisual aggregators and distributors.⁵⁷³

Even the CRTC has displayed this tendency in the not-to-distant past by publishing data that exaggerated the scale of big tech and streaming players revenue, subscriber penetration rates, and impact on traditional broadcasters and news media. Indeed, in the late 2010s and in the lead up to the Broadcasting and Telecommunications Legislative Review Panel, this was an especially pronounced problem. Indeed, so much so that the Commission eventually walked back its own data upon which the whole edifice of *Broadcasting Act* reform was built, albeit without saying a word out loud about it. None of that inspired much confidence in its ability to oversee the *Online Streaming Act* and the *Online News Act*. But then

again, the leadership at the CRTC has changed and the depth and quality of the research and data—and the research group engaged in the task—that is now being published is leaps-and-bounds better than recent past practice.

These issues are especially pressing in the context of the Liberal government's ongoing effort to pass online harms legislation.⁵⁷⁴ In this context, calls to dispense with—rather than say, fine-tune—the limited liability model that has governed internet intermediaries until now have been dropped from recent incarnations of the law. This is to the good. The offices and people behind the bill also seem more open and dedicated to a wider and more nuanced view of what such a bill can and should do and what it cannot and should not. That some of the same forces that have tried to shoe-horn contemporary digital communications and media regulation into a conservative model of broadcasting policy have seemingly either lost or given up the fight for their earlier regressive views is a sign that public policy debate in Canada can and still does work to improve what will eventually become the law of the land. The last thing we need is multinational conglomerates who run the back end of digital communications and markets being enrolled as chokepoints against all the social and political ills we face.⁵⁷⁵

Whatever public obligations ultimately are adopted in the *Online Harms Act* need to be targeted and bounded. This does not diminish the need for online harms regulation one bit. However, it does reflect strong reservations about the tendency to make content regulation the first tool to reach for. This is the path that too many media and cultural policy advocates and academics tread as they attempt to justify their preferred policy agenda. The idea that tackling “illegal and harmful speech” in the same breath is fair game also reflects a penchant to turn to broadcasting regulation for guidance. It also reflects a poor understanding of the processes of social communication and media effects, as noted earlier.

While these efforts are often presented as applying rules in a ‘platform neutral’ way, they are better seen as a Trojan Horse, taking the exceptional standards and limited carve-out set for broadcasting content regulation established in the mid-20th century and applying them, tout court, across traditional and online media spaces in the same manner. If successful, the effect of such efforts would be to ratchet the standards of freedom of expression and free press down to the exceptional and restrictive standards of broadcasting and film set in the early 20th century, based mostly on exaggerated worries about the pervasiveness and powerful socio-psychological effects of film and broadcasting that have long since been rejected by most communications and media scholars. The purported evidence justifying such a radical course of action that invokes filter bubbles, echo

chambers, the incapacity of people to discern good information from bad and people's alleged dependence on platforms as "pathways to news" typically downplays or ignores a raft of scholarship indicating that such concerns are more modest and contingent on a range of intervening variables than commonly implied.⁵⁷⁶

Yet, with the *Online Streaming Act* and the *Online News Act* now the law of the land, and the *Online Harms Act* reigned in greatly from its original conception, with the most contentious and arguably tendentious parts of the bill set aside for another day, suggest that here, too, a new level of maturity is being brought to the table in digital platform regulation debates.

The beauty of the regulatory options outlined above is that they are oriented toward structure and conduct, not content. In free speech and media freedoms traditions, the less and lighter the state touches directly on expression, the better. I agree with that. The regulatory solutions stressed in this report do not skirt the need to regulate some kinds of expression and content, and certainly do not look askance at properly funding the media we want and need.

However, they do suggest that the first line of development should be regulatory solutions that could be used to dismantle the conditions, business models, and technical capabilities that have enabled disinformation operations and other threats to democracy to flourish in the first place. They also aim to first redress the very real imbalanced terms-of-trade borne of concentrated digital markets that are systemic across these industries.

This approach is also grounded in a realistic appraisal of telecoms, broadcasting, and now big tech and digital markets regulation that teaches us a clear lesson: powerful corporate interests will fight with all their might against regulation that seeks to redress those power imbalances in the name of serving public values and the needs and desires of free citizens in a democratic society.

This report is also written from the conviction that we do not need to reinvent the wheel to address the urgent issues in front of us. That is because a lot of good tools in the regulators' box have been devised over the past 150 years. We need to dust off and press into service the good ones, toss the bad, and create new ones for new problems where we really need to. We hope that this report helps to guide decisions on which is the best approach to take.

¹ Competition Bureau ([Nov. 28, 2024](#)). Competition Bureau sues Google for anti-competitive conduct in online advertising in Canada. Ottawa: Author.

² There have been several name changes to the company over the 140-plus years of its existence. The charter was to the Bell Telephone Company of Canada.

³ Plantin, J.-C., Lagoze, C., Edwards, P. N., & Sandvig, C. (2018). Infrastructure studies meet platform studies in the age of Google and Facebook. *New Media & Society*, 20(1), 293-310.

⁴ Noam, 2016, pp. 1018-19.

⁵ Buckweitz, J. & Noam, E. (2024). [Media ownership and concentration in the U.S. of America](#). Global Media & Internet Concentration Project, p. 2; Athique, A., Ilavarasan, V., Parthasarathi, V., Sharma, T., Thomas, P. & Vyshakh, M. (2024). [Communications, media and internet concentration in India, 2019-2021](#).

⁶ Note, formally speaking, comparatively ‘pure play’ streamers such as Netflix and Spotify do not have the variety of business divisions to merit the “conglomerate” designation.

⁷ Napoli, P. M. (2019). *Social media and the public interest*. New York, NY: Columbia University Press; Flew, F. Martin & R. Gillett (eds.). *Digital platform regulation: Global perspectives on internet Governance*. London, U.K.: Palgrave Macmillan; Hesmondhalgh, D. (2019). *The cultural industries*. Thousand Oaks, CA: California, pp. 16-22, 217-218; Poell, T., Nieborg, D. & Duffy, B. (2022). *Platforms and cultural production*. London, UK: Polity.

⁸ Picard, R. G. (2011). *The economics and financing of media companies*. Fordham Univ Press; Garnham, N. (1990). [Capitalism and communication: Global culture and the economics of information](#). Sage Publications; Miège, B. (1989). [The capitalization of cultural production](#). International General.

⁹ It has dropped to about one percent in the last three years. See below for further details and discussion.

¹⁰ Hesmondhalgh, D. (2019). *The cultural industries*; Picard, R. G. (2011). *The economics and financing of media companies*; Garnham, N. (1990). *Capitalism and communication: Global culture and the economics of information*; Miège, B. (1989). *The capitalization of cultural production*.

¹¹ See, for example: Amazon (July 3, 2024). Notice of appeal: Amazon.com.ca and the Attorney General of Canada (re. CRTC Broadcasting Regulatory Policy CRTC 2024-121). Ottawa: Federal Court of Appeal; Apple Canada Inc (July 3, 2024). Notice of appeal: Apple Canada Inc and the Attorney General of Canada (re. CRTC Broadcasting Regulatory Policy CRTC 2024-121). Ottawa: Federal Court of Appeal; Motion Picture Association-Canada, Crunchyroll, LLC, Netflix Services Canada ULC, Paramount Entertainment Canada ULC and Pluto Inc. (July 2, 2024). Notice of appeal: Motion Picture Association—Canada, etc. al. and the Attorney General of Canada (re. CRTC Broadcasting Regulatory

Policy CRTC 2024-121). Ottawa: Federal Court of Appeal; Spotify (July 4, 2024). Notice of application: Spotify AB and the Attorney General of Canada (re. CRTC Broadcasting Regulatory Policy CRTC 2024-121). Ottawa: Federal Court of Appeal.

¹² See, for example, The International Institute of Communications (nd). [International regulators forum](#); Patterson, M. E. (Oct. 4, 2024). Digital regulators forums: growing cross-mandate and cross-border collaboration. [Dentons Canada regulatory review](#); Competition Bureau (May 24, 2024). [Canadian digital regulators forum: Year one in review and year two preview](#). Ottawa: Government of Canada.

¹³ An ongoing tally of public inquiries, regulatory proceedings and legal cases can be found in [Winseck & Puppis, nd](#).

¹⁴ Ang, I. (1991). *Desperately seeking the audience*. London, UK: Routledge; McGuigan, L. & Manzerolle, V. (eds.). *The audience commodity in the digital age*. Briston, U.K.: Peter Lang; the problem is also international. See Athique, A., Ilavarasan, V., Parthasarathi, V., Sharma, T., Thomas, P. & Vyshakh, M. (2024). *Communications, media and internet concentration in India, 2019-2021*.

¹⁵ United Kingdom, Information Commissioner's Office (2019). *Update report into adtech and real time bidding*. London, U.K.: Author.

¹⁶ See Albarran, A. (2010). *The media economy*. Taylor & Francis, p. 48; Doyle, G. (2013). *Understanding media economics* (2nd ed.). London: Sage; Noam, E. (ed.) (2016). *Who Owns the World's Media*.

¹⁷ Competition Bureau (2011). *Merger enforcement guidelines*, p. 19.

¹⁸ U.S. Department of Justice (2010). *Horizontal merger guidelines*.

¹⁹ European Commission (2020). *Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings (2004/C 31/03)*.

²⁰ See Stucke, M. E. & Grunes, A. P. (2012). The AT&T/T-Mobile merger: what might have been. *Journal of European Competition Law & Practice*, 3(2), 196-205; Mazzucato, M. (2014). *The entrepreneurial state: Debunking public vs private sector myths*. New York: Harper Books; Kwoka, J. Tommaso, V. (2021) *Unscrambling the eggs: breaking up consummated mergers and dominant firms*. Industrial and Corporate Change. Kwoka, J. Waller, S. W. (2020). *Fix it or forget it: a "no remedies" policy for merger enforcement*. Competition Policy International.

²¹ *Emphasis added*, U.S., DoJ (2010), p. 19.

²² U.S. Department of Justice and Federal Trade Commission (2023). *Merger guidelines*, pp. 2-3.

²³ U.S., DoJ (2010), p. 1.

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- ¹⁴⁴ CRTC. ([2015](#)). *Let'sTalk TV - The way forward - Creating compelling and diverse Canadian programming*. p. 1.
- ¹⁴⁵ CRTC. ([2024](#)). *Communications Market Report, Open Data--Mobile*. Tab MB-S6 Mobile subscriber penetration rates, as a percent of total population, by province/territory (%), 2015-2023.
- ¹⁴⁶ CRTC. ([2024](#)). *Communications Market Report, Open Data--Mobile*. Tab MB-F13 Mobile EBITDA margins (%), 2013-2023.
- ¹⁴⁷ Affidavit of Sudeep Verma. ([2021](#)). *Rogers—Shaw—Notice of Application pursuant to s. 104 Vol. 7—Public*, (Competition Tribunal, [September 17, 2018](#)).

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¹⁵³ CRTC. ([2021](#)). para 121.

¹⁵⁴ OECD. ([2024](#)). *Broadband statistics*; Winseck, D., & Klass, B. ([2019](#)). *Competition in Canadian mobile wireless markets: Pricing problems and wholesale solutions [Telecom Notice of Consultation CRTC 2019-57, "Notice of hearing—Review of mobile wireless services" For the Consumers' Association of Canada (Manitoba Branch) Winnipeg Harvest the Aboriginal Council of Winnipeg]*; Innovation Government of Canada. ([2013, May 16](#)). *Strategic Policy Sector (SPS)*. Innovation, Science and Economic Development Canada; Rewheel research PRO study. ([2021](#)). *The state of 4G and 5G pricing, 2H2021 – operator rankings*.

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¹⁶⁰ Cunningham, S. & Craig, D. (2019). *Social media entertainment: The new intersection of Hollywood and Silicon Valley*. New York: New York University Press; Jiang, M., Han, X. & Zhang, J. (2024). "Communications, media and internet concentration in China, 2019-2021." Global Media and Internet Concentration Project; Athique, A., Ilavarasan, V., Parthasarathi, V., Sharma, T., Thomas, P. and Vyshakh, M. (2024) *Communications, media and internet concentration in India 2019-2021*, Global Media and Internet Concentration Project.

¹⁶¹ Diagonal integration means that mobile network operators are integrated into companies that also operate in adjacent wireline, internet access and broadcasting distribution markets. In Canada, there are no stand-alone mobile operators unlike in the US (T-Mobile), Europe, Asia, Africa and most parts of the world where a mobile-centric operator offers a competitive alternative to telecom operators that offer wireline and wireless services, typically ensuring that neither of them competes so intensively that they cannibalize the revenue of the other. Genakos, C., Valletti, T., & Verboven, F. (2018). Evaluating market consolidation in mobile communications. *Economic Policy*, 33(93), 45–100; Middleton, C. (2017). An introduction to telecom policy in Canada. *Journal of Telecom and the Digital Economy*, 5(4), 97–124; Benkler, Y. (2006). *The wealth of networks: How social production transforms markets and freedom*. Yale University Press.

¹⁶² See [Middleton, 2017](#) and [Benkler, et. al. 2009](#).

¹⁶³ The Competition Tribunal's ruling and the Federal Court of Appeals decision upholding that ruling can be found here: Competition Tribunal (January 1, 2023). Reasons for order and order. Competition Tribunal, CT-2022-002, [Pleading #826](#); Federal Court of Appeals (January 24, 2023). [Commissioner of Competition vs Rogers Communications, Shaw Communications and Vidéotron](#). Ottawa: Federal Court of Appeal. The public record of the Competition Bureau's case against the proposed take-over of Shaw—Canada's fourth largest communications conglomerate by Rogers, the second largest such operator in Canada can be found here: Competition Tribunal (2022). [Commissioner of Competition v. Rogers Communications Inc. and Shaw Communications Inc.](#) We will have more to say on this issue in the next report.

¹⁶⁴ Competition Bureau. (2022). *Reply to the response of Rogers Communications*.

¹⁶⁵ Vidéotron (2024). Canada-international phone plans—45 GB.

¹⁶⁶ Noam, E. (2016). *Who owns the world's media*, pp. 540-541; Winseck, D. (2013). Mobile Wireless in Canada: Recognizing the Problems and Approaching the Solutions [[Report](#)][[CPAC Coverage](#)], pp. 30-31. International Institute of Communication (Canada), 12th Annual Conference, Ottawa Convention Centre November 18-19, 2013.

¹⁶⁷ See, for example, Rogers Communications, (2019). Further comments to CRTC (2019), *Telecom Notice of Consultation CRTC 2019-57: Review of mobile wireless services*.

¹⁶⁸ Ghiz, Robert (2020). Facilities-based competition is a good policy and a worthwhile "obsession," CWTA: Ottawa.

¹⁶⁹ Klass, B. (2020). Wireless carriers competing?

¹⁷⁰ Rewheel (2022). The state of 4G and 5G pricing, 1H2022 – country rankings; Rewheel (2023). The state of 4G and 5G pricing, 1H2023 – Inflation edition.

¹⁷¹ Freedom Mobile ([Oct. 26, 2017](#)). Network upgrades, Big Gig data plans, and iconic devices to make Freedom Mobile more attractive than ever. *Cision*; Shaw ([Nov. 19, 2018](#)). Break free from data overages: Freedom Mobile introduces unprecedented 100 GB Big Binge. *Global Newswire*.

¹⁷² Karadeglija, A. ([July 18, 2022](#)). Xplornet Mobile shut down is a signal for government to ‘stop approving telecoms mergers’. *National Post*; ISED ([2021](#)). *3500 MHz Auction—Final results*.

¹⁷³ CRTC ([2015](#)). Telecom Regulatory Policy CRTC 2015-177. Regulatory framework for wholesale mobile wireless services, para. 35.

¹⁷⁴ Competition Bureau ([2019](#)). Telecom Notice of Consultation CRTC 2019-57 — Further Comments of the Competition Bureau, p. 3.

¹⁷⁵ CRTC ([2021](#)). Telecom Regulatory Policy CRTC 2021-130: Review of mobile wireless services, p. 1.

¹⁷⁶ CRTC ([2021](#)). Telecom Regulatory Policy CRTC 2021-130: Review of mobile wireless services, para 1.

¹⁷⁷ That is, in Ontario, Alberta, BC and the National Capital Region where Shaw’s Freedom Mobile operates, SaskTel in Saskatchewan, Vidéotron in Quebec and Ottawa and Eastlink in the Maritime provinces and Timmins, Ontario.

¹⁷⁸ CRTC ([2021](#)). Telecom Regulatory Policy CRTC 2021-130: Review of mobile wireless services, paras 132-151.

¹⁷⁹ CRTC ([2018](#)). *Telecom Decision CRTC 2018-475: Lower-cost data-only plans for mobile wireless services*.

¹⁸⁰ CRTC ([2021](#)). Telecom Regulatory Policy CRTC 2021-130: Review of mobile wireless services, p. 2.

¹⁸¹ CRTC ([2015](#)). Broadcasting and Telecom Decision CRTC 2015-26, Complaint against Bell Mobility Inc. and Quebecor Media Inc., Vidéotron Ltd. and 53 Vidéotron G.P. alleging undue and unreasonable preference and disadvantage in regard to the billing practices of their mobile TV services Bell Mobile TV and illico.tv; CRTC. ([2017](#)). *Telecom Regulatory Policy CRTC 2017-104: Framework for assessing the differential pricing practices of internet service providers*.

¹⁸² INDU ([2022](#)). *Proposed acquisition of Shaw Communications by Rogers Communications: Better together?* Also, Winseck, D. & Klass, B. ([2021](#)). The Great Reversal: Why the Rogers-Shaw Merger is a Raw Deal and Regulators Should Deny It.

¹⁸³ Competition Bureau ([May 9, 2022](#)). Notice of application. *Competition Tribunal*; Competition Bureau ([Sept. 2, 2022](#)). Rogers - Shaw - Fresh as Amended Reply to the Response of Rogers Communications Inc. of the Commissioner of Competition. *Competition Tribunal*; Commissioner of Competition (Jan. 13, 2023). Commissioner of Competition and Rogers Communications, Inc., Shaw Communications Inc. and Vidéotron Ltd. *Commissioners Book of Documents (Vol. 1)*. Federal Court of Appeals.

¹⁸⁴ Vidéotron ([2024](#)). Canada-international phone plans—45 GB.

¹⁸⁵ Kwoka, J. Waller, S. W. (2020). Fix it or forget it: a “no remedies” policy for merger enforcement. Competition Policy International.

¹⁸⁶ Competition Bureau (Sept. 2, 2022). Rogers - Shaw - Fresh as Amended Reply to the Response of Rogers Communications Inc. of the Commissioner of Competition. *Competition Tribunal*; Commissioner of Competition (Jan. 13, 2023). Commissioner of Competition and Rogers Communications, Inc., Shaw Communications Inc. and Vidéotron Ltd. *Commissioners Book of Documents (Vol. 1)*. Federal Court of Appeals.

¹⁸⁷ Thanks to Dr. Greg Taylor, Department of Communication, Media and Film, University of Calgary, for underscoring the importance of Vidéotron’s track-record of acquiring spectrum licenses in Ontario and Western Canada in the past only to sell them off later, raising questions not only about its own propriety but government policy of spectrum set-asides for new entrants.

¹⁸⁸ Commissioner of Competition (Dec. 9, 2022). Final written argument of the Commissioner of Competition. CT-2022-002. Doc. #774. Filed with the Competition Tribunal in Commissioner of Competition and Shaw Communications, Inc. and Shaw Communications, Inc. and Vidéotron. (paras 1 and 41). Testimony of S Verma, Transcript, Vol 2, Nov 8, 2022, p 420:6 – 17. April 12.

¹⁸⁹ Shaw *Annual Report 2022*, pp. 8, 35; Shaw *Annual Report 2020*, pp. 51-83. Commissioner of Competition (Dec. 9, 2022). Final written argument of the Commissioner of Competition. CT-2022-002. Doc. #774. Filed with the Competition Tribunal in Commissioner of Competition and Shaw Communications, Inc. and Shaw Communications, Inc. and Vidéotron. (paras 1 and 2).

¹⁹⁰ Commissioner of Competition (Dec. 9, 2022). Final written argument of the Commissioner of Competition, p. 8.

¹⁹¹ Shaw *Annual Report 2022*, p. 8; Consumer Association of Canada, Manitoba Branch (2021). *What’s the right number? A consumer friendly telecommunications marketplace*, pp. 52-53.

¹⁹² Quebecor (2024). Management discussion and analysis 2023, p. 6; Rogers Communications (2024). *Annual report 2023*, p. 17.

¹⁹³ Buckweitz, J. & Noam, E. (2024). [Media ownership and concentration in the U.S. of America](#). Global Media & Internet Concentration Project, p. 2; Athique, A., Ilavarasan, V., Parthasarathi, V., Sharma, T., Thomas, P. & Vyshakh, M. (2024). [Communications, media and internet concentration in India, 2019-2021](#).

¹⁹⁴ Shaw *Annual Report 2022*, pp. 8-35; Shaw *Annual Report 2020*, pp. 51-83.

¹⁹⁵ Shaw (2002), *Annual report, 2001*, p. 15; Shaw (2006), *Annual report, 2005*, p. 5.

¹⁹⁶ Shaw (2002), *Annual report, 2001*, p. 35.

¹⁹⁷ [CRTC, 2004](#), pp. ii, 23-24.

¹⁹⁸ See CRTC (2006). *CRTC TD 2006-77 Cogeco, Rogers, Shaw, and Vidéotron—Third-party internet access service rates*; CRTC (2008). *CRTC TD 2008-17. Revised regulatory framework for wholesale services and definition of essential service*; CRTC (2010). *CRTC TRP 2010-632 Wholesale high-speed access services*

proceeding; CRTC (2011). *CRTC TD 2011—44 Usage-based billing for Gateway Access Services and third-party internet access services in 2011*.

¹⁹⁹ See CRTC (2010). *CRTC TRP 2010-632 Wholesale high-speed access services proceeding*; CRTC (2011). *CRTC TD 2011—44 Usage-based billing for Gateway Access Services and third-party internet access services in 2011*.

²⁰⁰ CRTC (2024). *Communications Markets Reports—Open Data, Retail Fixed Internet*. N-I1 Overview of retail fixed Internet sector and broadband availability, 2017-2023 and N-S1 Supplementary Table 1 Retail internet service revenues (\$ millions), 2013-2022. Prior to 2013, CRTC (2015). *Communications Monitoring Report*, 2015 Tables 5.3.2 and 5.3.4.

²⁰¹ Crawford, S. (2019). *Fiber: The Coming Tech Revolution—and Why America Might Miss It*. Yale University Press.

²⁰² See Roblox (2023). [Annual report 2022](#), p. 28.

²⁰³ Rogers' Ignite TV is an IPTV-based service. It had 800,000 subscribers in 2021—about 55% of the company's subscriber base (Rogers Annual Report 2021, p. 34). In the past, IPTV-based networks were associated exclusively with the incumbent telephone companies, but this is becoming less so with the passage of time as cable operators switch over their systems to fibre- and IPTV-based technology.

²⁰⁴ The subscription rate that we present have been slightly different—and slightly higher—than that of the CRTC in recent years. We both agree that there are 9.4 million subscribers but whereas the Commission reports 57% subscription rate, we indicate 62.3%. The difference stems from the number of households assumed to be in Canada. We assume 15.3 million households, the CRTC says 16.6 million. Our estimate is based on Statistics Canada (2023) *Census Profile. 2021 Census of Population. Private dwellings occupied by usual residents* (table) (Released March 29, 2023), with years between census data points based on CAGR. The CRTC cites Statistics Canada for its estimate but does not offer anything more than that. One possible explanation is that 1.3 million difference is the difference between "private dwellings occupied by usual residents" versus the total number of households, which would include, for example, vacant homes and temporary abodes such as cottages, both of which we do not count in our total. The difference is significant for the politics of policy, with the CRTC's approach accelerating and amplifying the effects of cord-cutting. CRTC. (2024). *Communications Market Reports - Open Data, Broadcasting-distribution-sector, Tab U-T5. Evolution of broadcasting distribution revenues (\$ billions) and subscribership (millions) compared to the number of households in Canada, 2009-2023* (Nov. 2023).

²⁰⁵ Jordan, G, Zhao, W., Jurkevic, J. & Hamza, M. (Nov. 5, 2021). Operators bet on streaming video as pay TV penetration declines worldwide. S&P Capital IQ (paywall); TMT Geography Knowledge Base (2024). S&P Capital IQ (paywall); North America IPTV market summary (April 3, 2021). S&P Capital IQ (paywall).

²⁰⁶ CRTC (2022). *Broadcasting Decision CRTC 2022-76. Shaw Communications Inc. – Change of ownership and effective control*.

²⁰⁷ Winseck, D. & Klass, B. (April 2021). *The Great Reversal: Why the Rogers-Shaw Merger is a Raw Deal and Regulators Should Deny It*. Submission to the Standing Committee on Industry, Science

and Technology of the House of Commons (Canada) regarding the proposed acquisition of Shaw by Rogers.

²⁰⁸ CRTC ([Aug. 12, 2024](#)). Public process number: 2024-0418-5. Allegation of undue preference/disadvantage - Corus Entertainment Inc. v. Rogers Communications Canada Inc.

²⁰⁹ Crucially, this was the year when the Chrétien Liberal government's new *Convergence Policy* document lifted the restrictions that had prevented both sets of companies from competing with one another on their "home turf" and that had kept telephone companies like Bell from owning and controlling broadcasting and other types of content. In short, it was the moment when vertical integration between telecommunications and TV was given the green light.

²¹⁰ CRTC 2024 CMR Open Data Retail Fixed Internet N-I4. Points of interest related to residential ARPU, 2013-2023.

²¹¹ As of 2022. See CRTC (2022). [Broadcasting Notice of Consultation CRTC 2022-267-2: Call for Comments Call for comments on an application by Bell Canada, Cogeco Communications Inc., Bragg Communications Incorporated, carrying on business as Eastlink, and Saskatchewan Telecom regarding the increase of the maximum retail price of the basic service – Disclosure of aggregated information previously filed in confidence.](#)

²¹² CRTC ([2024](#)). *Communications Market Report—Open Data*, Broadcasting Distribution. Tab U-T5. Evolution of broadcasting distribution revenues (\$ billions) and subscribership (millions) compared to the number of households in Canada, 2009-2023.

²¹³ Based on estimated revenue of \$4.1 billion for paid online video services and \$1.2 billion for paid streaming music services such as Spotify and 15.4 million households.

²¹⁴ The "BDU + Subscription TV, Video & Audio Services" category has traditionally covered BDU and Pay and Specialty TV services. Statistics Canada, however, expanded this category to include most streaming and transaction-based video services made available over the internet such as Netflix, Crave and Amazon Prime in 2015. It did so again in 2019 to include paid audio services made available over the internet such as Spotify. It calls these services "Audio and Video Subscription Services" (Personal correspondence with Statistics Canada, Nov. 23, 2022; also see Mitchell, T., Feb. 27, 2019, An analysis of the 2019 Consumer Price Index basket update, Based on 2017 expenditures, Statistics Canada). We use a slightly different label to be consistent with the language that has long been used to describe these services, including by Statistics Canada, the CRTC and in these pages.

Online video and audio services have grown greatly since being included into the CPI. As of 2023, they accounted for about a third of revenue in this segment. As streaming services continue to grow and traditional BDU services to slip in the years ahead, we will have to adapt our terminology and discussion accordingly.

²¹⁵ In terms of speed and price, Canada tends to rank in the top quarter- to one-third of OECD and other comparable countries. CRTC. ([2024](#)). *Communications Market Reports - Open Data*, Retail Fixed internet (Nov. 2024), Table N-I1 Overview of retail fixed internet sector, 2017-2023. In the U.S. average data usage per month was 641 GB per month last year versus 500 GB two years earlier. King, J. ([Feb. 8, 2024](#)). US broadband consumption climbs as "power users" proliferate. *Fierce network*. S&P Global Market Intelligence, 2022, Broadband customer data usage by operator, Q1'20-Q4'21 (GB)). In the

UK, average household data usage per month per fixed broadband connection was 535 GB in 2023 (Ofcom, [Communications Market Report 2024](#), Telecom Data). FCC (2022). 2022 Communications Market Report, [Appendix G](#). pp. 25, 69; Wall Communications (2024). *Price comparisons of wireline, wireless and internet services in Canada and with foreign jurisdictions, 2023 edition* (pp. 38-54). Ottawa: ISED; OECD (December 2023). [Broadband statistics](#). Table 1.2.1. OECD Fixed broadband subscriptions per 100 inhabitants, by technology, December 2023.

²¹⁶ Yochai Benkler, Robert Faris, Urs Gasser, Laura Miyakawa, & Stephen Schultze. (2010). *Next generation connectivity: A review of broadband internet transitions and policy from around the world*. Harvard University; OECD. (2011). *OECD Communications outlook 2011*. OECD.

²¹⁷ Canadian Telecommunications Association ([March 18, 2024](#)). Fighting inflation one gigabyte at a time (also published as an op-ed in *The Hill Times*).

²¹⁸ Statistics Canada ([Aug. 30, 2024](#)). Table 36-10-0124-01. *Detailed household final consumption expenditure, Canada, quarterly (x 1,000,000)*. Also see Figure 4 in the [Excel workbook](#).

²¹⁹ Wall Communications (2024). *Price comparisons of wireline, wireless and internet services in Canada and with foreign jurisdictions, 2023 edition* (pp. 51-54). Ottawa: ISED.

²²⁰ OECD (2023). [Broadband statistics](#). Table 1.2.1. OECD Fixed broadband subscriptions per 100 inhabitants, by technology, December 2023.

²²¹ CRTC. (2024). Communications Market Reports - Open Data, Retail Fixed internet (Nov. 2023), Table N-I2 Overview of residential internet access market, 2017-2023.

²²² Mersereau, M. (2023). Telecom Notice of Consultation CRTC 2023-56, Review of the wholesale high-speed access service framework - Public record: 1011-NOC2023-0056.

²²³ Estimate based on 4-year CAGR for each communication and media service, with preponderance of increased growth in high-speed internet access over this period allocated to the bottom two income quintiles. CAGR data from CRTC Communications Market Report, Open Data (Mobile, Internet and Broadcasting Distribution Undertaking), 2015-2023. For percentage of household subscribed to fibre connections, CRTC. (2024). Communications Market Reports - Open Data, Retail Fixed internet (Nov. 2024), Table N-I2 Overview of residential internet access market, 2017-2023.

²²⁴ OECD (December 2023). [Broadband statistics](#). Table 1.2.1. OECD Fixed broadband subscriptions per 100 inhabitants, by technology, December 2023 and Table 1.10. Percentage of fibre connections in total fixed broadband, December 2023. Also see CRTC. (2024). Communications Market Reports - Open Data, Retail Fixed internet (Nov. 2023), Table N-F6 & F7 Residential Internet access service subscriptions by access technology (%), 2013-2023.

²²⁵ CRTC (2015). *TRP CRTC 2015-326 Review of wholesale wireline services and associated policies*, paras 122-127.

²²⁶ Bell Canada. (2015, October 20). *Petition to the Governor in Council to Vary Telecom Regulatory Policy CRTC 2015-326, Review of wholesale wireline services and associated policies*; Governor in Council ([May 5, 2016](#)). *PC 2016-0332 Order declining to vary the Canadian Radio-television and Telecommunications Commission Telecoms Regulatory Policy CRTC 2015-326*.

²²⁷ CRTC (2019). *TO 2019-288 Follow-up to Telecom Orders 2016-396 and 2016-448—Final rates for aggregated wholesale high-speed access services.*

²²⁸ CRTC, (2020), *TD 2020-342 Requests to stay the implementation of Telecom Order 2019-288 regarding final rates for aggregated wholesale high-speed access services*; CRTC (2020). *TNC 2020-187_Call for comments – Appropriate network configuration for disaggregated wholesale high-speed access services*; CRTC, (2021), *TD 2021-181 Requests to review and vary Telecom Order 2019-288 regarding final rates for aggregated wholesale high-speed access services*).

²²⁹ CRTC (2023). *TD CRTC 2023-358 Review of the wholesale high-speed access service framework – Temporary access to fibre-to-the-premises facilities over aggregated wholesale high-speed access services.* Also see the entries for ISPs in the last two years in the master workbook accompanying this report.

²³⁰ Competition Bureau (Sept. 2, 2022). Rogers - Shaw - Fresh as Amended Reply to the Response of Rogers Communications Inc. of the Commissioner of Competition. *Competition Tribunal*; Genakos C, Valletti T & Verboven F (2018) Evaluating market consolidation in mobile communications. *Economic Policy*, 33(93): 45-100; Kwoka J Tommaso V (2021) Unscrambling the eggs: breaking up consummated mergers and dominant firms. *Industrial and Corporate Change*. Kwoka, J. Waller, S. W. (2020). Fix it or forget it: a “no remedies” policy for merger enforcement. *Competition Policy International*.

²³¹ CRTC (2024). *Telecom Order CRTC 2024-261 Interim rates for aggregated wholesale high-speed access services over fibre-to-the-premises facilities.*

²³² Cave, M. (2014). The ladder of investment in Europe, in retrospect and prospect. *Telecommunications policy*, 38(8-9), 674-683; Rajabiun, R. & Middleton, C. (2014). Regulation, investment and efficiency in the transition to next generation broadband networks: Evidence from the European Union. *Telematics & Informatics*. 32(2), pp. 230-244.

²³³ Shaw, 2005, pp. 6, 35.

²³⁴ Posadzki, A. (Dec. 4, 2023). Rogers ordered to produce documents for Competition Bureau probe into ‘infinite’ data plans. *The Globe and Mail*.

²³⁵ Competition Bureau (2018). Big data and innovation: key themes for competition policy in Canada.

²³⁶ House of Commons of Canada (2024) *An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 21, 2023 and certain provisions of the budget tabled in Parliament on March 28, 2023.* Ottawa: Canada.

²³⁷ Winseck, D. (Oct. 18, 2022). Opening Remarks to the Standing Senate Committee on Transport and Communications on the *Online Streaming Act* (Bill C-11); McKelvey, F. (Oct. 5, 2022). Standing Senate Committee on Transport and Communications on the *Online Streaming Act* (Bill C-11)—Evidence. The following paragraphs have also been informed by ongoing conversations with Brad Danks, CEO of OUTtv Media Global.

²³⁸ Van Droonen, J. (Nov. 28, 2024). Musk gets into gaming. *Super Joost Playlist*.

²³⁹ See, for example, Australian Competition and Consumer Commission (2021). *Digital Platforms Inquiry--Interim Report #2: App Marketplaces*. Melbourne, Australia: Author; Authority of Consumers GMIC Project – Canada Report 2024

and Markets (Netherlands) (2019). *Market study into mobile app stores*. The Hague, NL; Germany, Bundeskartellamt (Oct. 5, 2023). *Ongoing proceedings against large digital companies*; United States, Judiciary Committee (Oct. 6, 2020). *Investigation of Competition in Digital Markets*.

²⁴⁰ That said, this simplifies things because the BDU carriage deals offer access to audiences of a set size for a longer period of time, whereas the digital platforms do not.

²⁴¹ McKelvey, F. (Oct. 5, 2022). Evidence.

²⁴² PlutoTV is a division of Paramount Studios which, in turn, is owned by Viacom-CBS. FAST stands for free advertising supported television and is primarily a service focused on making back catalogue programming available once again. In these developments, we can also detect the resurrection of the classic “windows” distribution model that, since the end of World War II, had divided film and television markets based on time, geography and technology, with the release of a film, for example, staggered so that it came out first at the box office in the US, then progressively to other regions of the world thereafter, then to a pay-per view video-on-demand service, then premium cable, standard cable channel, broadcast, etc. For the last two decades, many have thought that the rise of streaming services would lead to the demise of the windows model as Netflix, for example, jumped the queue from the back to closer and closer to the front of the line the bigger it became, until simultaneous release became a significant phenomenon, not just at Netflix, but Warner Media and others, during the first year of the Covid pandemic. Throughout this process, the windows model was being compressed both in terms of time (i.e. simultaneous release and shorter waits between box office and home distribution) and space (i.e. films released simultaneously in the U.S., Europe, China, etc). Now, however, the rise of the FAST model and other developments appear to be restoring the windows model albeit in changed form.

²⁴³ See, for example: Amazon (July 3, 2024). Notice of appeal: Amazon.com.ca and the Attorney General of Canada (re. CRTC Broadcasting Regulatory Policy CRTC 2024-121). Ottawa: Federal Court of Appeal; Apple Canada Inc (July 3, 2024). Notice of appeal: Apple Canada Inc and the Attorney General of Canada (re. CRTC Broadcasting Regulatory Policy CRTC 2024-121). Ottawa: Federal Court of Appeal; Motion Picture Association-Canada, Crunchyroll, LLC, Netflix Services Canada ULC, Paramount Entertainment Canada ULC and Pluto Inc. (July 2, 2024). Notice of appeal: Motion Picture Association—Canada, etc. al. and the Attorney General of Canada (re. CRTC Broadcasting Regulatory Policy CRTC 2024-121). Ottawa: Federal Court of Appeal; Spotify (July 4, 2024). Notice of application: Spotify AB and the Attorney General of Canada (re. CRTC Broadcasting Regulatory Policy CRTC 2024-121). Ottawa: Federal Court of Appeal.

²⁴⁴ Stursberg, R. (2019). *The Tangled Garden*.

²⁴⁵ James, M. (Dec. 17, 2021). YouTube TV loses ESPN, ABC and other Disney channels in fee dispute. *Los Angeles Times*. YouTube TV is currently not available in Canada.

²⁴⁶ Perez, S. (Dec. 20, 2021). YouTube TV settles its contract dispute with Disney, credits customers \$15. *TechCrunch*. As an aside, that Google’s YouTube TV has a subscription price tag of \$64.99, or CDN\$81.50, for a bundle of 85 television channels bears a striking resemblance to the traditional cable package, thereby girding the case being made here about the convergence between these two markets/services.

²⁴⁷ Cridland, J. (2019, March 25). *The end of open: BBC blocks its podcasts on Google [UPDATED]*. Podnews. For a fuller discussion of European media concerns about excessive platform dependence, see Winseck, D. & Thompson, P. (2023). Share and share alike? News sharing models in the digital media ecology: selected international case studies. [Study prepared for the Department of Canadian Heritage](#). Gatineau, QC: Department of Canadian Heritage, pp. 68-69. Other examples are raised in EBU (Jan. 23, 2023). Is big tech tampering with media content? Brussels: EBU. Another example closer to home was the decision by Elon Musk to slap the government-funded media label on the CBC's Twitter account at the behest of opposition party leader, Pierre Poilievre, earlier this year (a move that it also applied to other public service broadcasters, from NPR in the US, to the BBC in the UK, before reversing that decision a short-time later amidst a firestorm of controversy). See Scherer, S. (April 17, 2023). Canada's public broadcaster's Twitter account labeled 69% Government-funded Media'. *Reuters*.

²⁴⁸ Maas, J. (March 17, 2022). Amazon closes \$8.5 billion acquisition of MGM studios. *Variety*.

²⁴⁹ See Canada (2023). [Online Streaming Act](#) (information sheet); Canada (2023). [Broadcasting Act](#) (legislative text). Canada (2023). sec. 9.1(h).

²⁵⁰ Forum for Research and Policy in Communications (Sept. 22, 2022). *Practical and Necessary Changes To ensure that the Online Streaming Act achieves Parliament's goals—Submission to the Senate Standing Committee on Transportation*. Ottawa: Author, p. 12.

²⁵¹ Canada (2023). [Online News Act](#) (information sheet); Canada (2023). [Online News Act](#) (legislative text). See sec. 51, which explicitly *prohibits* digital news intermediaries, i.e. Google, Facebook, or other designated entities, "from acting in any way that (a) unjustly discriminates against the business; (b) gives undue or unreasonable preference to any individual or entity, including itself; or (c) subjects the business to an undue or unreasonable disadvantage."

²⁵² European Commission (2020). Contestable and fair markets in the digital sector (*Digital Services Act Package--contains both Digital Service Act + Digital Markets Act*); United States, House Committee on the Judiciary (June 23, 2021). *H.R. 3843, the Merger Filing Fee Modernization Act of 2021; H.R. 3460, the State Antitrust Enforcement Venue Act of 2021; H.R. 3849, the Augmenting Compatibility and Competition by Enabling Service Switching Act of 2021 or the ACCESS Act of 2021; H.R. 3826, the Platform Competition and Opportunity Act of 2021; H.R. 3816, the American Choice and Innovation Online Act; H.R. 3825, the Ending Platform Monopolies Act. Bills, Amendments, Votes*. Thanks to Dr. Ana Bizberge from the National University of Quilmes, Buenos Aires, Argentina, for helping clarify these points, in particular with respect to 'asymmetrical obligations'.

²⁵³ Includes: broadcast radio and television, newspapers, magazines, recorded music.

²⁵⁴ Includes: internet advertising, streaming video and music, digital games, app distribution, online news.

²⁵⁵ We use PriceWaterhouseCooper *Global entertainment and media outlook, 2024-2028's* estimate for online advertising as of July 30, 2024 (after currency conversion at US\$:CDN\$ of 1.3497). PWC and IAB Canada work closely together and their results usually closely align. However, when the IAB released its 2023 Internet Ad Revenue Survey in November 2024 it had lowered its estimate to \$15.927 billion (IABCanada, 2024). eMarketer's estimate for 2024 is \$16.2 billion (Briggs, P. April 2024, Canada Digital Ad Spending 2024, eMarketer).

²⁵⁶ Canada (2024). *Annual report on Government of Canada advertising activities, 2022-2023*; Canada (2023). *Annual report on Government of Canada advertising activities, 2021-2022*, p. 2; Canada (2022). *Annual report on Government of Canada advertising activities, 2020-2021*, p. 2.

²⁵⁷ Picard, R. G. (2011). *The economics and financing of media companies*. Fordham Univ Press; Garnham, N. (1990). *Capitalism and communication: Global culture and the economics of information*. Sage Publications; Miège, B. (1989). *The capitalization of cultural production*. International General; Vogel, H. L. (2010). *Entertainment industry economics: A guide for financial analysis*. Cambridge University Press.

²⁵⁸ The basic idea here is that advertising spending as a portion of GDI was below its long-term average—i.e. .65% versus .68%—between 2013 and 2020. Had the average figure held steady for these years, the sum would equal the amount being spoken about here.

²⁵⁹ The U.S. internet advertising market had revenue of CDN\$303.68 billion last year. PWC. *Global entertainment & media outlook, 2024-2028*.

²⁶⁰ Meta (2024). *Annual report 2023*, p. 69.

²⁶¹ Mosco, V. (1989). *The pay-per society*. New Jersey: Ablex. Parenthetically, Professor Mosco passed away earlier this year. He will be missed.

²⁶² Odlyzko, A. (2001). Content is not king. *First Monday*.

²⁶³ Thanks to my colleague in the Communication and Media Studies program at Carleton University, Ira Wagman, for these insights and his generous engagement with me on these points and another that follows shortly about how strikes by the Writers Guild of America and the American actors' guild SAG-AFTRA in 2023 may help to explain the quite steep drop in television advertising that year.

²⁶⁴ Canada (2024). *Annual report on Government of Canada advertising activities, 2022-2023*.

²⁶⁵ Again, thanks to my colleague Ira Wagman for this point on the possible impact of the WGA and SAG-ACTA on sagging television advertising revenue in Canada in 2023. Also see Steinberg, B. (Jan. 18, 2024). Advertisers ride the brakes: Sharp drop in TV spending make media companies vulnerable. *Variety*.

²⁶⁶ IAB.Canada (Sept. 2024). *2023 Internet Ad Revenue Survey*, p. 43.

²⁶⁷ Alphabet (2024). *Annual Report, 2023*, p. 63.

²⁶⁸ See van Couvering, E. (2011). Navigational media. In Winseck, D. & Jin, D. Y. (eds.) (2011). *Political economies of media*. London, Bloomsbury; Hindman, M. (2018). *Internet trap*; Noam, E. (2016). *Who owns the world's media?*

²⁶⁹ IAB.Canada (Sept. 2024). *2023 Internet Ad Revenue Survey*, p. 14. This involved taking the estimated revenue for the ad-supported Google YouTube video sharing platform (see below) and adjusting for IAB.Canada's lower estimate of total internet advertising revenue, i.e. \$15.9 billion versus \$16.5 billion from the source we use based on PWC's *Global entertainment and media outlook*.

²⁷⁰ Debates are taking place in the GMIC Project on this question, but without yet being resolved. See, for example, the use of this alternative method by Buckweitz, J. & Noam, E. (2024). *Media ownership and concentration in the United States of America*. Global Media & Internet Concentration Project; The Centre D'Etudes sur Les Medias ([August 2024](#)). *Advertisement report* also appears to exclude TAC, for example. See Alphabet ([2024](#)). *Annual Report, 2023*, p. 73 for a discussion of TAC. Thanks to Jason Buckweitz at the Center for Tele-Information (CITI) and Columbia Business School at Columbia University for prompting and engaging in this discussion.

²⁷¹ Although less so under the *Online News Act* since Alphabet has already negotiated a fixed sum payment of \$100 million per year for the next five years, indexed to inflation. More on this below.

²⁷² IAB.Canada (Sept. 2024). [2023 Internet Ad Revenue Survey](#), p. 16.

²⁷³ United States, Department of Justice ([Jan. 24, 2023](#)). United States, Commonwealth of Virginia, State of California, State of Colorado, State of Connecticut, State of New Jersey, State of New York, State of Rhode Island and State of Tennessee v. Google LLC (Digital advertising case)(complaint), para 6.

²⁷⁴ United States District Court, DC (August 5, 2024). Memorandum opinion. U.S. and Plaintiff States v. Google LLC [2023]. ([Decision](#))([Closing arguments–PPT Deck](#)) ([DoJ proposed remedies](#)). (Google Ad case); Mulholland, L. A. ([Oct. 9, 2024](#)). DOJ's radical and sweeping proposals risk hurting consumers, businesses, and developers. *Google Blog*.

²⁷⁵ As this section of the report was being written, the Competition Bureau in Canada announced that it had filed a suit with the Competition Tribunal (a specialized court dealing with matters under the *Competition Act*) alleging illegal anti-competitive behaviour by Alphabet in relation to its online advertising exchange. The suit alleges that such activities have resulted in media companies getting an unfair cut of advertising revenue and other consumer harms, while seeking to have the company divest aspects of its ad-system and to pay penalties for the harms caused. Competition Bureau ([Nov. 28, 2024](#)). Competition Bureau sues Google for anti-competitive conduct in online advertising in Canada. Ottawa: Author.

²⁷⁶ United States District Court, DC (August 5, 2024). Memorandum opinion. U.S. and Plaintiff States v. Google LLC [2023]. [Closing arguments–PPT Deck](#) (November 25, 2024) and [Proposed remedies](#) (October 08, 2024). (Google Ad case); Mulholland, L. A. ([Oct. 9, 2024](#)). DOJ's radical and sweeping proposals risk hurting consumers, businesses, and developers. *Google Blog*.

²⁷⁷ European Commission ([2017](#)). *Commission Decision—Google Search (Shopping) (AT.39740)* ([Decision](#)). Brussels: Author.

²⁷⁸ European Commission ([2018](#)). *Antitrust: Commission fines Google €4.34 billion for illegal practices regarding Android mobile devices to strengthen dominance of Google's search engine* ([press release](#)). Brussels: Author.

²⁷⁹ European Commission ([2019](#)). *Statement by Commissioner Vestager on Commission decision to fine Google € 1.49 billion for abusive practices in online advertising* ([press release](#)). Brussels: Author.

²⁸⁰ European Commission (EC) ([2017](#)). *Competition Policy: AT.39740 Google Search (Shopping)*; European Commission (EC). ([2018](#)). *Competition Policy: AT.40099 Google Android*. CASE AT.40411: Google Search

(AdSense), ([March 20, 2019](#)); Szucs, A. ([2021, November 10](#)). *European General Court upholds \$2.8B fine for Google*. Andolu Agency (AA).

²⁸¹ Australian Competition and Consumer Commission (ACCC) ([2021](#)). Digital Platforms Inquiry—Interim Report #2: App Marketplaces; Authority of Consumers and Markets (Netherlands) ([2019](#)). *Market study into mobile app stores*; [US. \(2020\)](#). *Investigation of competition in digital markets: Majority staff report and recommendations*. pp. 377-402; Bundeskartellamt. ([2019](#)). Facebook, Exploitative business terms pursuant to Section 19(1) GWB for inadequate data processing, B6-22/16 (Bundeskartellamt [Federal Cartel Office] of Germany February 6, 2019). p. 4.

²⁸² Kwoka, J. & Valletti, T. ([2021](#)). Unscrambling the eggs: breaking up consummated mergers and dominant firms. *Industrial and Corporate Change*; Kwoka, J. Waller, S. W. ([2020](#)). Fix it or forget it: a “no remedies” policy for merger enforcement. *Competition Policy International*; Khan LM ([2021](#)). *Memorandum: Vision and Priorities for the FTC*; Khan LM (2020) The end of antitrust history revisited. *Harvard Law Review* 133.

²⁸³ Except for a small dip to 49.2% in 2017. Data is monthly average users based on self-reported user survey data from DataReportal ([2024](#) and earlier years). *Digital 2024: Canada*. LinkedIn does not publish MAU. DataReportal figures are based on its registered members, but that would likely exaggerate its size because not all members use the service on a monthly basis. To better approximate its reach consistent with other social media, LinkedIn's registered members are multiplied by .485, the estimated number of its MAUs according to App Ape, as reported by Statista ([2024](#)). In other words, roughly half of LinkedIn's registered users check in once a month. Twitter data has also been adjusted because, as DataReportal reports, there's "some particularly bizarre trends in the data reported in X's advertising tools over the past year. Given this, Twitter/X data from 2021 onward has been revised downward in line with observations by Iqbal, M. ([Feb. 22, 2024](#)).

²⁸⁴ Meta ([2024](#)). *Annual Report 2023*, p. 75.

²⁸⁵ Australian Competition and Consumer Commission (ACCC) ([2021](#)) *Digital advertising services inquiry. Final Report*; Bundeskartellamt ([2019](#)) *Facebook, Exploitative business terms pursuant to Section 19(1) GWB for inadequate data processing (Case Summary)*; United Kingdom, Competition and Market Authority ([2020](#)). *Online platforms and digital advertising*, p. 245; United States Federal Trade Commission ([2021](#)). *Federal Trade Commission vs Facebook, First amended complaint for injunctive and other equitable relief*; also see Winseck & Bester ([2022](#)). Regulation for a more democratic internet.

²⁸⁶ Calculations based on data from Meta/Facebook annual reports. For more details, see the Figure 45 Facebook Growth sheet in the [Excel workbook](#) accompanying this report and the “internet advertising” entry in the GMIC Project—Canada open data sets.

²⁸⁷ Meta ([nd](#)). How Meta Audience Network works; Constine, J. ([Oct. 7, 2014](#)). Facebook opens its mobile ad “Audience Network” to advertisers and apps. *TechCrunch*.

²⁸⁸ IAB.Canada (Sept. 2024). [2023 Internet Ad Revenue Survey](#), p. 17.

²⁸⁹ United Kingdom, Competition and Market Authority ([2020](#)). *Online platforms and digital advertising*, p. 245; United States Federal Trade Commission ([2021](#)). *Federal Trade Commission vs Facebook*; also see Winseck & Bester ([2023](#)). Regulation for a more democratic internet.

²⁹⁰ Testimony of Prof. Michael. D. Whinston ([Oct. 5, 2023](#)). U.S. and Plaintiff States v. Google LLC, p. 11.

²⁹¹ Australian Competition and Consumer Commission (ACCC) ([2021](#)) *Digital advertising services inquiry. Final Report*; Bundeskartellamt ([2019](#)). *Facebook, Exploitative business terms pursuant to Section 19(1) GWB for inadequate data processing (Case Summary)*; United Kingdom, Competition and Market Authority (2020). *Online platforms and digital advertising*; Germany, Bundeskartellamt ([Oct. 5, 2023](#)). *Ongoing proceedings against large digital companies*; Germany, United States, Department of Justice ([Jan. 24, 2023](#)). United States Department of Justice ([2023](#)). U.S. and Plaintiff States v. Google LLC.

²⁹² United Kingdom, Competition and Market Authority ([2021](#)). *Completed acquisition by Facebook, Inc of Giphy, Inc—Provisional Report*.

²⁹³ United Kingdom, Competition and Market Authority ([2022](#)). *Completed acquisition by Facebook, Inc (now Meta Platforms, Inc) of Giphy, Inc Final Report*.

²⁹⁴ Our research shows that while the Canadian economy is roughly 8% of the US economy, there is a ‘cultural discount’ that applies at different rates to different media. As noted earlier, the online advertising market is about 5.5% the size of its counterpart in the U.S., while for streaming services there seems to be considerable variation, ranging from 7-11% depending on whether one is referring to video or music, services that are funded by subscribers or advertisers, etc. The idea of the ‘cultural discount’ is meant to channel Hoskins, C., McFadyen, S. & Finn, A. ([2000](#)). *Global Television and Film: An Introduction to the Economics of the Business. Canadian Journal of Communication*, 25(2) and Grant, P. & Wood, C. (2005). *Blockbusters and trade wars: Culture in a globalized world*. Toronto: Douglas & McIntyre.

²⁹⁵ The following source states that retail accounted for 19.9% of the online advertising market in Canada in 2023 that it estimated to be worth \$16.2 billion. Our estimate of Amazon’s share of that market assigning its advertising revenue to the segment, but one could adjust this downward by assigning some of that amount to Twitch. eMarketer states that Amazon accounts for 80% of the digital retail advertising market. Briggs, P. April 2024, *Canada Digital Ad Spending 2024*, p. 5.

²⁹⁶ United States Department of Justice ([2023](#)). U.S. and Plaintiff States v. Google LLC, p. 38; Testimony of Prof. Michael. D. Whinston ([Oct. 5, 2023](#)). U.S. and Plaintiff States v. Google LLC.

²⁹⁷ Iqbal, M. ([Feb. 22, 2024](#)). *Twitter Revenue and Usage Statistics (2024)*. *Business of Apps*. DataReportal ([2024](#)). *Digital 2024 (various years): Canada*; Mac, R. & Conger, K. ([Nov. 24, 2023](#)). *X May Lose Up to \$75 Million in Revenue as More Advertisers Pull Out*. *New York Times*.

²⁹⁸ DataReportal ([2024](#)). *Digital 2024*. Canada.

²⁹⁹ This sum also includes the “Other” category, assuming that most of the companies in that category are Canadian.

³⁰⁰ See the “All advertising sheet” in the [Excel workbook](#) accompanying this report and individual entries for companies in the Master Workbook that underpins this report and all our work.

³⁰¹ Australia ([2021](#)). *Treasury Laws Amendment (News Media and Digital Platforms Mandatory Bargaining Code) Bill 2021*; Turvill, W. ([Dec. 2, 2021](#)). *Canada’s news industry wants up to \$150m annual windfall GMIC Project – Canada Report 2024*

from Australia-style big tech crackdown. *Press Gazette*. The Canadian adaptation of Australian news media bargaining took the form of Bill C-18, the *Online News Act*, which was passed earlier this year and comes into effect December 19, 2023. Canada (2023). [Online News Act](#) (information sheet); Canada (2023). [Online News Act](#) (legislative text). See Winseck, D. ([April 19, 2022](#)). Bad News: Ottawa's Proposed Online News Act Misses the Mark. *CIGI Online*.

³⁰² Office of the Privacy Commissioner ([2015](#)), *Results of the Commissioner Initiated Investigation Into Bell's Relevant Ad Program*, Ottawa: Author, para 73.

³⁰³ CRTC ([2018](#)). *Set-Top-Box Industry Working Group-Update*. Ottawa: Author. The group consists of Shaw (Corus), Bell, Rogers, Sasktel, TELUS, TekSavvy, the CBC, Blue Ant Media, Cogeco, Eastlink, Pelmorex, the Canadian Cable Systems Association and Independent Broadcasters Group. While this gives the appearance that the effort levels the playing field, the obvious exclusion of Netflix, for example, gives the lie to that and, thus, smacks of protectionism—if in fact, the group and its goals were desirable to begin with, which is a questionable proposition to say the least. Quebecor also quit the STB Working Group in 2019. Thiessen, C. ([July 5, 2019](#)). Vidéotron to challenge CRTC ruling on set-top box data sharing. *Broadcast Dialogue*.

³⁰⁴ BCE (2021). [Annual Report, 2020](#), p. 39.

³⁰⁵ This estimate based on BCE's Q1 2021 Shareholder Report which states that 19.4% of the company's revenue in its "Other services" category in the wireline segment was attributable to the EA acquisition (p. 18) That revenue was \$74 million in Q1 2020. That is roughly \$14 million per quarter, or \$60 million for the year.

³⁰⁶ AT&T acquired AppNexus in 2019 (renamed Xandr).

³⁰⁷ Competition Bureau ([July 12, 2024](#)). Competition Bureau statement regarding the acquisition by Bell of Outedge Canada.

³⁰⁸ Helmond, A. ([2015](#)). The platformization of the web: making web data platform ready. *Social Media & Society*, 1(2); Nieborg, D. & Poell, T. ([2018](#)). The platformization of cultural production: Theorizing the contingent cultural commodity. *New media & society*, 20(11).

³⁰⁹ on AT&T's acquisition of AppNexus, which it rebranded into Xandr, see AT&T ([2020](#)). *Annual report, 2019*, p. 17 and AT&T ([Aug. 15, 2018](#)). AT&T completes acquisition of AppNexus. On BCE deal with AT&T Xandr, see Connell, M. ([2021](#)). Bell Media partners with Xandr for self-serve DSP, *Media in Canada*. Also, BCE ([2022](#)). *Annual report, 2021*, p. 53.

³¹⁰ In Canada, television services made available to subscribers over cable, DTH or IPTV services are formally referred to as specialty and pay television services. Throughout the rest of this report, they will be referred to as 'pay television' services because that is less cumbersome.

³¹¹ See: Quebecor and Vidéotron in 1997, its English-language equivalent in Canwest and Western International Communications in 1998, and CTV's acquisition of Netstar in 2000 before its acquisition by BCE.

³¹² See: Alliance and Atlantis in 1998; CRTC ([2000](#)). Decision 2000-5 Radiomutuel.

³¹³ Shaw *Annual Report 1999*, p. 6; Shaw *Annual Report 1998*, p. 9.

³¹⁴ CRTC (2000). Decision CRTC 2000-747 Transfer of effective control of CTV Inc. to BCE Inc; Winseck, D. ([Sept. 27, 2000](#)). Take cover, here comes Mediasaurus. *The Globe and Mail*.

³¹⁵ CRTC (2008). *BD CRTC 2008-69. Transfer of effective control of BCE Inc. to a corporation to be incorporated and a consequential change in ownership of CTVGlobemedia Inc.*

³¹⁶ CRTC (2007). *BD CRTC 2007-165. Transfer of effective control of CHUM Limited to CTVGlobemedia Inc;* CRTC (2008). *BD CRTC 2008-69. Transfer of effective control of BCE Inc. to a corporation to be incorporated and a consequential change in ownership of CTVGlobemedia Inc.*

³¹⁷ CRTC (2007). *BD CRTC 2007-429. Transfer of effective control of Alliance Atlantis Broadcasting Inc's broadcasting companies to MediaWorks Inc.*

³¹⁸ CRTC (2007). *BD CRTC 2007-359. Astral Media Radio (Toronto) Inc. and 4382072 Canada Inc., partners in a general partnership, carrying on business as Astral Media Radio.*

³¹⁹ DeWaard, A. (2024). *Derivative media: How Wall Street devours culture*; Winseck, D. Financialization and the "Crisis of the Media": The Rise and Fall of (Some) Media Conglomerates in Canada. *Canadian Journal of Communication*, 35(3), 1-28.

³²⁰ Namely, the CBC, Rogers, Corus, Astral and CTVGlobemedia.

³²¹ The then head of the CRTC, Konrad von Finckenstein, now concedes that the CRTC's permissive attitude toward consolidation during his leadership from 2007 to 2012 was probably a mistake.

³²² The then head of the CRTC, Konrad von Finckenstein, now concedes that the CRTC's permissive attitude toward consolidation during his leadership from 2007 to 2012 was probably a mistake.

³²³ CRTC (2011). Broadcasting Regulatory Policy CRTC 2011-601. Regulatory framework relating to vertical integration.

³²⁴ CRTC (2020). *BD CRTC 2020-116: V Interactions Inc.—Change in ownership and effective control.*

³²⁵ BCE (2024), *Annual Report, 2023*, p. 43; BCE ([July 11, 2023](#)). *Comments of BCE Inc.: Broadcasting Notice of Consultation CRTC 2023-138: The path forward—working towards a modernized regulatory framework for contributions to support Canadian and Indigenous content*; Hudes, S. ([June 14, 2023](#)). Bell cutting 1,300 positions, closing or selling 9 radio stations. *The Canadian Press / Financial Post*.

³²⁶ Wolf, M. & Kane, J. ([April 16, 2024](#)). CBC getting \$42-million in budget after warnings of job cuts. *Globe and mail*.

³²⁷ CRTC (2023). *Financial summaries for broadcasting sector—conventional TV.*

³²⁸ CRTC. (2024). *Financial summaries for conventional TV and discretionary and on-demand services*; Government of Canada (nd). [Statistical and financial summaries for broadcasting sector—2016](#).

³²⁹ Quebecor ([Nov. 9, 2023](#)). Quebecor Inc. reports consolidated results for third quarter 2023. Press release. Canadian Press ([Feb. 16, 2023](#)). Quebecor to cut 240 jobs, including 140 at TVA. *Montreal Gazette*.

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- ³³⁰ Hudes, S. ([June 14, 2023](#)). Bell cutting 1,300 positions, closing or selling 9 radio stations. *The Canadian Press / Financial Post*.
- ³³¹ Canadian Press ([Feb. 8, 2024](#)). Bell Media planning cuts to CTV, BNN Bloomberg following BCE layoffs, sale of 45 radio stations. *CBC*. Pawson, C. ([Feb. 8, 2024](#)). B.C. premier calls out 'corporate vampires' after BCE announces layoffs, sale of radio stations. *CBC*; Urquhart, M. ([Feb. 8, 2024](#)). BCE Inc.'s massive radio sell-off includes 5 radio stations in Maritimes. *CBC*.
- ³³² Lindgren & Corbett ([2024](#)). *Local News Map data reports—raw data*. Lindgren and Corbett's data also shows some increases in service, and a few partial reversals of previous cut-backs, but these do not alter the general run of events.
- ³³³ Tasker, P. ([Dec. 5, 2023](#)). With layoffs looming, CBC execs want foreign streaming giants to may more to support Cancon. *CBC News*.
- ³³⁴ Wolf, M. & Kane, J. ([April 16, 2024](#)). CBC getting \$42-million in budget after warnings of job cuts. *Globe and mail*.
- ³³⁵ Neff, T., & Pickard, V. ([2024](#)). Funding Democracy: Public Media and Democratic Health in 33 Countries. *The International Journal of Press/Politics*, 29(3), 601-627.
- ³³⁶ This discussion is based on Sirius XM and Stingray's annual reports and filings with the CRTC as well as Nordicity (2023). *Harnessing Change Financial Model of the Canadian Audio Sector* (Study prepared for the CRTC). p. 20 and CRTC ([2022](#)). *Harnessing Change: Financial model of Canadian audio sector, Figure 6: Audio sector revenue in Canada by platform*.
- ³³⁷ Lindgren & Corbett (2023). [Local News Map data reports—raw data](#).
- ³³⁸ Lindgren & Corbett (2024). [Local News Map data reports—raw data](#).
- ³³⁹ BCE ([2024](#)). Annual report 2023, p. 124.
- ³⁴⁰ BCE ([2024](#)), *Annual Report, 2023*, p. 109.
- ³⁴¹ Joannou, A. ([Feb. 9, 2024](#)). No layoffs or closures says buyer of 21 Bell radio stations in B.C. *Global news*.
- ³⁴² Pawson, C. ([Feb. 8, 2024](#)). B.C. premier calls out 'corporate vampires' after BCE announces layoffs, sale of radio stations. *CBC*; Urquhart, M. ([Feb. 8, 2024](#)). BCE Inc.'s massive radio sell-off includes 5 radio stations in Maritimes. *CBC*.
- ³⁴³ CRTC ([2024](#)). *Financial summaries for broadcasting sector—discretionary and on-demand (summary)*.
- ³⁴⁴ CRTC ([2024](#)). *Financial summaries for broadcasting sector—discretionary and on-demand (summary)*.
- ³⁴⁵ CRTC ([2024](#)). *Financial summaries for broadcasting sector—discretionary and on-demand (summary)*.
- ³⁴⁶ BCE ([2024](#)), *Annual Report, 2023*, pp. 107-109; Rogers ([2024](#)). *Annual report, 2023*, p. 34; Quebecor ([2024](#)) *Annual MD&A & financial documents*. p. 11; Corus ([2024](#)), *Annual Report 2023*, p. 5.

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- ³⁴⁷ Canadian Press ([June 17, 2024](#)). Corus replaces CEO after losing key content rights to Rogers. *Globe and Mail*.
- ³⁴⁸ CRTC ([Aug. 12, 2024](#)). Public process number: 2024-0418-5. Allegation of undue preference/disadvantage - Corus Entertainment Inc. v. Rogers Communications Canada Inc.
- ³⁴⁹ CRTC ([2010](#)). *BD 2010-782 Canwest Global Communications Corp, on behalf of its licenced broadcasting subsidiaries*.
- ³⁵⁰ CRTC ([2011](#)) *BD 2011-163 Change in effective control of CTVglobemedia Inc.'s licenced broadcasting subsidiaries*.
- ³⁵¹ CRTC ([2013](#)) *BD 2013-310 Astral broadcasting undertakings – Change of effective control*.
- ³⁵² This also includes Bell Globemedia, whose first attempt at cross-media ownership by acquiring CTV and *The Globe and Mail* in 2000 ended in failure in 2006, after which the company abandoned the field, only to return in 2011 after re-acquiring CTV, while maintaining a 15% ownership stake in *The Globe and Mail* all along.
- ³⁵³ CRTC ([2024](#)). *Financial summaries for broadcasting sector—discretionary and on-demand (summary)*.
- ³⁵⁴ See the “Pay Television Programming Services” sheet in the [GMICP Workbook—Canada](#).
- ³⁵⁵ BCE ([2024](#)), *Annual Report, 2023*, p. 77. While details are not available for these licensing agreements, such agreements are typically last for five years. Recall, as well, that in early 2021 AT&T spun off Warner Media into a joint venture with Discovery Communications.
- ³⁵⁶ Nordicity (various years). [Profile: Economic report on the screen-based media production industry in Canada](#). Study prepared for CMPA, Heritage Canada, Telefilm Canada & Association québécoise de la production médiatique). See, in particular, Exhibit 1-2 Total volume of film and TV production in Canada. See Figure 27 below for further details.
- ³⁵⁷ BCE ([July 11, 2023](#)). *Comments of BCE Inc.: Broadcasting Notice of Consultation CRTC 2023-138: The path forward—working towards a modernized regulatory framework for contributions to support Canadian and Indigenous content*; CRTC ([June 4, 2024](#)). *Broadcasting Regulatory Policy CRTC 2024-121: The Path Forward – Supporting Canadian and Indigenous content through base contributions*.
- ³⁵⁸ CRTC ([2013](#)). *BD 2013-310 Astral broadcasting undertakings – Change of effective control*.
- ³⁵⁹ CRTC ([2013](#)). *BD 2013-737 TELETOON/TÉLÉTOON, TELETOON Retro and TÉLÉTOON Rétro – Licence renewal and amendment*.
- ³⁶⁰ The Family Channel, Disney Jr. and Disney XD.
- ³⁶¹ MuchVibe, MuchLoud, MuchRetro and Juicebox.
- ³⁶² MusiquePlus and MusiMax. Those services were subsequently excluded from Bell’s take-over of V Media in 2020. CRTC ([2020](#)). *BD CRTC 2020-116: V Interactions Inc.—Change in ownership and effective control*.
- ³⁶³ See the “TV Services Ownership Groups” sheet in the [GMICP Workbook—Canada](#).

³⁶⁴ CRTC. (2016). *Broadcasting Decision CRTC 2016-110: Various television services and stations – Corporate reorganization (transfer of shares)*; Willis, A., & Dobby, C. (2018, June 12). Shaw trying to sell its stake in Corus Entertainment to focus on Freedom Mobile expansion. *The Globe and Mail*. More equity stakes in Corus were sold and acquired by a consortium of Canadian banks in 2019; Jackson, E. (2019, May 16). Sale of Shaw stake could mean more deals for Corus: Analyst. *Financial Post*; However, ownership and control still rests with the Shaw family through the Shaw Family Living Trust, which represents “85% of the outstanding Class A Voting Shares, for the benefit of descendants of the late JR Shaw and Carol Shaw”. Corus. (2021). *Corus Entertainment Annual Report 2020*. p. 41. Also see the CRTC. (2021). *Corus Corporate Structure* [Ownership chart].

³⁶⁵ CRTC (2024) *Communications Monitoring Report Dataset, Tab TV-T1*. Similar patterns are visible in the U.S. and U.K. In the U.S., year-over-year viewing time stayed the same between 2021 and 2022, after having increased in recent years, while broadcast TV's share of total viewing time slipped to 21.6%. Nielsen (August 2022). Streaming claims largest piece of TV viewing pie in July. *Nielsen Mediatique* (2020). *Connected TV gateways: review of market dynamics* (A report for Ofcom), p. 59.

³⁶⁶ I want to thank Amanda Lotz, Professor, Digital Media Research Centre, Queensland University of Technology, Australia, for her help in clarifying and refining the discussion in the following section.

³⁶⁷ See, for example, Amanda Lotz (2017). Portals: A treatise on internet-distributed television; Jennifer Holt & Kevin Sanson (eds.) (2013). *Connected viewing*. On the increasing role of subscriber fees in this context, and the origins of the subscriber-based video services in the practices, financing and business models of HBO, see Holt, J. (2019). Teasing apart television industry disruption: consequences of meso-level financing practices before and after the U.S. multiplatform era. *Media, Culture and Society*, 41(7), pp. 923-938.

³⁶⁸ The method we use to arrive at revenue and subscriber figures for each company examined in this section can be found in the notes attached to the individual cells of each company in the “Online Video” sheet in the [GMIC Project—Canada open data sets](#). The dearth of reliable publicly available information regarding online video services must be acknowledged, both from the service providers (e.g. Netflix, Amazon, Apple, Bell, or Rogers) as well as from the CRTC. That said, it is possible to develop sound estimates based on these companies’ annual reports, recent changes to how Netflix reports its operating results to U.S. regulators, accounting for year-over-year growth for other providers, and publicly available information sources.

³⁶⁹ See the “Online video services” sheet in the GMICP-Canada workbook and the notes explaining how we arrived at our estimates for each service’s year-over-year subscriber numbers. Those results were summed and divided by the number of households subscribing to such services, i.e. approximately 12.3 million in 2022 and 11.8 million the next year. The figure of 81% households subscribing to at least one online video service subscription is the sum of OTT only, OTT + Pay and OTT + OTA subscriptions in CRTC (2023). *Communications Market Reports - Open Data*. Television Sector—composition of household television subscription type by language market, 2017-2022 (Tab TV-T25). MTM (June 9, 2022). Two-thirds of streaming subscribers still have cable. *Media in Canada* reports that 82% of Anglophone Canadians “subscribe to at least one SVOD service”. CRTC (2024). Annual highlights of the broadcasting sector 2022-2023. Figure 13B: Penetration of digital and traditional audiovisual services by demographic, 18+, 2023; MTM (Aug 1, 2024). Gauging demand for on demand: the SVOD landscape.

³⁷⁰ MTM (Aug 1, 2024). Gauging demand for on demand: the SVOD landscape.

³⁷¹ Estimating Netflix's subscriber and revenue numbers has become easier since December 2019, when the company changed how it reports its financial results. These changes allow us to break out revenue and subscriber figures for the U.S., which leaves a residual from its broader U.S.-Canada (UCAN) region that can be attributed to Canada.

³⁷² Littleton, C. ([April 23, 2018](#)). CBS All Access begins international expansion with launch in Canada. *Variety*.

³⁷³ See, for example, Amazon ([2023](#)). *Annual Report 2022*, p. 69. The discussion here draws heavily on Noam, E. (2021). *The technology, business and economics of streaming video*. London: Edward Elgar. In previous years our estimated revenue for Amazon Prime Video was converging with that of the CRTC but it now puts the number significantly higher at \$73.6 million. That said, the principle is the same: there is no clear link between subscriber numbers and revenue, and estimating the value of this specific component is more art than science. See CRTC ([2024](#)). *Communications Market Reports - Open Data*. Television Sector—Tab TV-T10 Estimated revenues in Canada of SVOD services (\$ million), 2018-2023. It should also be noted that our estimates also cover a broader range of services than the CRTC, including internet advertising, as we saw earlier, and Amazon Music Unlimited, as we will see.

³⁷⁴ Nordicity ([2023](#)). *Profile 2022: Economic report on the screen-based media production industry in Canada*.

³⁷⁵ Nordicity ([various years](#)). *Profile: Economic report on the screen-based media production industry in Canada*.

³⁷⁶ FCC. ([2022](#)). *2022 Communications Marketplace Report*. paras 216-275; also see Todd Spangler. ([2020, January 16](#)). Netflix Content Spending to Top \$17 Billion in 2020. *Variety*; FCC. ([2020](#)). *FCC Releases 2020 Communications Marketplace Report*. para 190.

³⁷⁷ IBIS World. ([2022](#)). *Television Production Industry in the U.S. - Market Research Report*. IBIS World; IBIS World. ([2019](#)). *Television Production Industry in the U.S. - Market Research Report*. IBIS World; EuroStat ([2023](#)). *Annual detailed enterprise statistics for services (NACE Rev. 2 H-N and S95) (motion picture, video and television programme production activities)*. Brussels: EuroStat.

³⁷⁸ Lotz, A. (nd). *Everyday Screen Stories: Society-making and 21C Video Cultures*. unpublished ms.

³⁷⁹ Tinic, S. ([2005](#)). *On Location: Canada's Television Industry in a Global Market*. University of Toronto Press.

³⁸⁰ Amanda Lotz (2022). [Netflix and Streaming Video: The Business of Subscriber-Funded Video on Demand](#). London: Polity.

³⁸¹ BCE ([July 11, 2023](#)). *Comments of BCE Inc.: Broadcasting Notice of Consultation CRTC 2023-138: The path forward—working towards a modernized regulatory framework for contributions to support Canadian and Indigenous content*, p. 16.

³⁸² CBC ([2024](#)). Annual report 2022-2023, p. 26.

³⁸³ See Lindgren, A. (2020). Local news is being decimated during one of its most important moments. [Policy Options](#) and Scire, S. (2020), In Canada, a government program to support local news tries to determine who's deserving, [NiemanLab](#), for a fuller account of the beneficiaries of the journalism support fund. For details on these programs, see these two sources; Canada (2020). [Supporting Canadian Journalism](#); Canada (Canada Revenue Agency (Nov. 15, 2021). [Guidance on the income tax measures to support journalism](#).

³⁸⁴ See the "Magazine" entry in the "Total Revenue (Millions)" sheet in the [GMIC Project— Canada open data sets](#).

³⁸⁵ The Supporting Canadian Journalism program announced in the 2019 budget provided \$595 million to be distributed over 5 years while, in 2019, the Local Journalism Initiative (LJI) added \$50 million over five years to encourage and support local journalism. The supporting Canadian Journalism program has three components: 1. A new refundable tax credit for journalism organizations; 2. A non-refundable tax credit for subscriptions to Canadian digital news; and 3. Access to charitable tax incentives for not-for-profit journalism. See: Government of Canada ([2019/2024](#)). [Supporting Canadian Journalism](#). Government of Canada ([2023](#)). [Fall economic statement](#). Another \$20 million was added to the Local Journalism Initiative through the Recovery Fund for Arts, Culture, Heritage and Sport Sectors in 2021 and the 2022 federal budget. Both public subsidy programs will run until 2023-2024, with pay-outs split across each year as shown in the Figure 63 sheet of the [Excel workbook](#) accompanying this report. While the funds are allocated according to the federal fiscal year, the funds here are distributed based on the calendar year.

³⁸⁶ Lindgren, A., et. al. [The Covid years: Risk, reward and rethinking priorities](#). *J-Source*.

³⁸⁷ Canada, Standing Committee on Canadian Heritage (October 18, 2022). *Bill C-18, An Act respecting online communications platforms that make news content available to persons in Canada* ([Minutes](#)).

³⁸⁸ Google (nd). [Journalism Emergency Relief Fund](#) (including a spreadsheet of recipients internationally since the fund began in April 2020).

³⁸⁹ Heritage Canada ([Nov. 29, 2023](#)). Statement by Minister St-Onge on next steps for the *Online News Act*; CRTC ([2024](#)). *Online News Decision CRTC 2024-262: Exemption Order from the Online News Act granted to Google*; CRTC ([2024](#)). CRTC approves Google's application and paves way for annual \$100 million contribution to Canadian news organizations.

³⁹⁰ Geist, M. ([Nov. 9, 2023](#)). Salvaging Bill C-18: Government Upends Legislation To Bring Google Onside the Online News Act, *MichaelGeistBlog*; CRTC ([2024](#)). *Online News Decision CRTC 2024-262: Exemption Order from the Online News Act granted to Google*.

³⁹¹ Meta (Nov. 2, 2021). [Meta partners with Canadian news publishers on News Innovation Test](#).

³⁹² Meta (Oct. 21, 2022). [Sharing our concerns with Canada's Online News Act](#); Sims, R. (2022). [Instruments and objectives: explaining the News Media Bargaining Code](#). Judith Neilson Institute.

³⁹³ Nielsen, R. & Ganter, S. (2022). *The power of platforms*. London, UK: Oxford University.

³⁹⁴ Fischer, S. (July 28, 2022). [Scoop: Meta official cuts funding for U.S. publishers](#). *Axios*.

³⁹⁵ Parker, S., Park, S., Pehlivan, Z., Abrahams, A., Desblancs, M. & Owen, T. (2024). *When journalism is turned off: Preliminary findings on the effects of Meta's news ban in Canada*. Montreal, QC: The Media Ecosystem Observatory.

³⁹⁶ Myllylahti, M. (2019). Paying Attention to attention: A conceptual framework for studying news reader revenue models related to platforms. *Digital Journalism*, 8(5); Nielsen, R. & Ganter, S. (2022). *The power of platforms*.

³⁹⁷ CN2i was the publisher of Le Soleil of Quebec, The Daily Saguenay, Le Nouvelliste of Trois-Rivières, La Tribune de Sherbrooke, La Voix de l'Est Granby, Le Quotidien, Chicoutimi and Le Droit, Ottawa/Gatineau since acquiring the distressed publications in CN2i is a cooperative group consisting of the six Quebec based newspapers that were formerly part of the Groupe Capitales Médias that had been formed in 2015. That company itself had been formed by well-placed Liberal Party insiders to pick up distressed community and daily newspapers to see if they could make a go of them, starting with a group of five papers from *La Presse* owner Gesca in 2015 and another dozen in 2017 from Quebec-based printing and publishing company Transcontinental. PWC (Nov. 19, 2019). Rapport du Syndic Sur L'Etat des Affaires ed des Finances de la Debitrice. Annex 1. Correspondence with a well-informed who has close ties to the publisher (04092024).

³⁹⁸ Bousquet, T. (March 12, 2024). The end of SaltWire: What happened and what happens next? *Halifax examiner*.

³⁹⁹ See Lindgren & Corbett (2024). *Local News Map data reports* and Lindgren & Corbett (2024). *Local News Map data reports—raw data*.

⁴⁰⁰ See, for example, CRTC (Oct. 15, 2024). Data collection – news; CRTC (nd). Aggregate annual returns.

⁴⁰¹ Canada (2023). [Online News Act](#) (information sheet); Canada (2023). [Online News Act](#) (legislative text).

⁴⁰² CRTC (2024). *Online News Decision CRTC 2024-262: Exemption Order from the Online News Act granted to Google*.

⁴⁰³ Geist, M. (Nov. 9, 2023). Salvaging Bill C-18: Government Upends Legislation To Bring Google Onside the Online News Act, *MichaelGeistBlog*.

⁴⁰⁴ Toughill, K. (2013). Paywalls are more prevalent in Canada than in U.S. and U.K. [J-Source](#).

⁴⁰⁵ See the “Newspaper” entry in the [GMICP Workbook—Canada](#).

⁴⁰⁶ Competition Bureau. (2018, March 12). *Statement from the Commissioner of Competition regarding searches in the greater Toronto area* [Statements]; Jackson, E. (2018, March 23). Competition Bureau's concerns over Postmedia-Torstar newspaper swap revealed in court filing. *Financial Post*.

⁴⁰⁷ See: Black Press and Glacier media in British Columbia, Torstar and Postmedia's community papers in southwest and northeast Ontario, respectively, ICI, Groupe Capitales Médias, Group Lexis Media and Raffoul Media in parts of Quebec and eastern Ontario, and Saltwire in the Atlantic Provinces.

⁴⁰⁸ Edge, M. (2016). *The News We Deserve: The Transformation of Canada's Media Landscape*. New Star Books; Edge, M. (2018, January 1). Year of reckoning looms for Canada's newspapers. *The Conversation*. See both for the best accounts of these processes and the issues they raise.

⁴⁰⁹ In the first transaction, Rogers sold seven business-to-business specialty magazines: *Advisor's Edge and Advisor's Edge Report, Conseiller, Le journal du Conseiller, Benefits Canada Advantages, Canadian Insurance Top Broker, Canadian Investment Review, and Canadian Institutional Investment Network*. In March 2019, it sold the last of its magazines--7 in total, including *Maclean's*, French and English versions of *Chatelaine, Today's Parent, Hello, Flare, Canadian Business*.

⁴¹⁰ News Media Canada reported 72 dailies in 2022, but in October 2022 SaltWire Network cut the Monday edition of its four newspapers in Atlantic Canada, while a month earlier Montreal-based, *Métro Média* declared bankruptcy. News Media Canada (2022). *Ownership Groups - Canadian Daily Newspapers*; Canadian Newspaper Association (2009). *Daily Newspapers circulation report, 2008*. File on record with the author.

⁴¹¹ Thanks to Dr. Sabrina Wilkinson, a recent Ph.D. graduate from Goldsmiths University (London, UK) for her past contributions to this section.

⁴¹² Canadian Press. (2018, November 7). 11 Ontario Postmedia newspapers to publish one less day of the week. *J-Source*.

⁴¹³ Competition Bureau Canada. (2018, March 12). *Statement from the Commissioner of Competition regarding searches in the greater Toronto area* [Statements].; Jackson, E. (2018, March 23). Competition Bureau's concerns over Postmedia-Torstar newspaper swap revealed in court filing. *Financial Post*.

⁴¹⁴ Press, D. P., *The Canadian*. (2017, November 1). Torstar CEO: Cost-cutting has preserved cash needed for business transformation. *Financial Post*; Salamon, E. (2017, December 20). All the cuts (and a few hires) in Canadian journalism in 2017. *J-Source*.

⁴¹⁵ Houpt, S. (2013, April 22). *Globe announces voluntary separation program for staff*. *The Globe and Mail* (Online); *The Globe and Mail*; Miller, J. (2013, April 25). *Drown the kittens*. [Blog].

⁴¹⁶ Postmedia (2021). *Annual Report 2020*, pp. 9, 55, 71. April Lindgren also addresses broader concerns that the Canadian government's journalism support program will prop up the dying newspaper sector and go to the incumbent players such as Postmedia and Torstar, while the same companies will take taxpayers' dollars but continue to cut the resources needed to do good journalism, close community papers and slash staff while giving priority to CEO compensation and payouts to shareholders. Lindgren, A. (2020). Local news is being decimated during one of its most important moments. *Policy Options*. The reality is that public subsidies for the press are long-standing, but their track-record is mixed. It takes great care to ensure that private interests do not free ride on public funds and public policy. In short, public subsidies for public interest journalism are essential but not an easy to assemble silver bullet. See Murschetz, P. (ed. 2014). [State aid for newspapers](#).

⁴¹⁷ See Lindgren & Corbett (2024). *Local News Map data reports* and Lindgren & Corbett (2024). *Local News Map data reports—raw data*; Lindgren & Corbett (2022). *Local News Map data reports*, p. 4. The Local News Research Project's regularly updated tally of newspaper and broadcasting stations that have been closed, opened, or decided to either pare back or expand their news schedules can

be found is an extremely valuable resource that other researchers may want to consult on a routine basis, if they are not already doing so.

⁴¹⁸ Lindgren, A. (2019). What the Death of Local News Means for the Federal Election. [The Walrus](#).

⁴¹⁹ Lindgren, Jolly, Sabatini & Wong (2019). [Good news, bad news: A snapshot of conditions at small market newspapers in Canada](#).

⁴²⁰ Personal correspondence with author, November 18, 2021.

⁴²¹ Pickard, V. (2019). *Democracy without journalism*. London: Oxford University.

⁴²² Lindgren & Corbett (2023). [Local News Map data reports](#), p. 6.

⁴²³ The Liberal government's 2023 Fall Economic Statement prolonged and increased the Canadian journalism labour tax credit by increasing the proportion of journalists' salary eligible for the rebate from \$55,000 to \$85,000 and, temporarily, increasing "the tax credit rate from 25 per cent to 35 per cent for a period of four years". This amounts to an additional \$129 million in news subsidies over the next five years (Government of Canada ([November 21, 2023](#))).

⁴²⁴ Statistics Canada's (2023) Labour Force Survey transitioned from the National Occupational Classification (NOC) 2016 to version 2021 in January 2023. Its estimates for the number of full-time journalists were also revised slightly, showing a few hundred more or less full-time journalists in any given year for the period 2006-2021 than originally reported. These changes do not alter the story one way or another.

⁴²⁵ Wilkinson, S. (Nov. 19, 2019). [Canadian journalism in decline: Fewer permanent jobs, less security](#). *The Conversation*.

⁴²⁶ See: the *National Observer*, *The Tyee*, *AllNovaScotia*, *Policy Options*, *Canadaland* and *Blacklock's Reporter*, for instance.

⁴²⁷ See Lindgren & Corbett ([2024](#)). *Local News Map data reports* pp. 3 & 9.

⁴²⁸ Brin, C., Charlton, S., Côté, F. & Marois, A. ([2023](#)). News consumption habits in Canada, Centre d'études sur les médias p. 7, excerpt published in Newman, N., Fletcher, R., Kalogeropoulos, A., & Nielsen, R. K. (2023). Reuters Institute Digital News Report 2022. *Reuters Institute for the Study of Journalism*, Digital News Report.

⁴²⁹ Gupta, N. ([May 31, 2022](#)). How The Globe and Mail has managed to grow revenue, subscriptions – and print. *World Association of Newspapers*.

⁴³⁰ Lindgren & Corbett (2023). [Local News Map data reports](#), p. 6.

⁴³¹ See: the *National Observer*, *AllNovaScotia*, *The Tyee*, *Canadaland*, *Blacklock's Reporter*, etc.

⁴³² On this point, see Benkler, Y., Faris, R. & Roberts, H. ([2018](#)). *Network propaganda: Disinformation, manipulation, and radicalization in American politics*. New York: Oxford University.

⁴³³ Canada ([2019](#)). *Budget 2019: Tax Measures, Supplementary Information*.

⁴³⁴ “As La Presse becomes the first media outlet to be able to issue charitable tax receipts, some see it as a risky business” ([Feb. 1, 2021](#)). *The Charity Report*.

⁴³⁵ See Mark Hill ([May 10, 2024](#)). The future of news. *The Hub*; La Presse Annual Report 2023, p. 7; personal correspondence with contact at LaPresse who has intimate knowledge of the trust's operations (29082024).

⁴³⁶ Canada Revenue Agency ([October 31, 2024](#)). List of registered journalism organizations.

⁴³⁷ Winseck, D. & Thompson, P. (2023). *Share and share alike? News sharing models in the digital mediaecology: Selected international case studies*. Research study commissioned by the Department of Canadian Heritage.

⁴³⁸ Barnouw, E. (1975). *Tube of plenty*. New York, NY: Oxford University Press.

⁴³⁹ K. Sabeel Rahman (2018). The new utilities: Private power, social infrastructure, and the revival of the public utility concept, *Cardozo Law Review*, 39, pp. 1621-1689; Winseck & Bester (2022). Regulation for a more democratic internet: Lessons from 19th & 20th Centuries Antitrust and Communications Regulation for 21st century Digital Platform Regulation. In T. Flew, J. Thomas & J. Holt (eds.). *Sage Handbook of the Digital Media Economy*. Thousand Oaks, CA: Sage.

⁴⁴⁰⁴⁴⁰ Australian Competition and Consumer Commission (ACCC) (2021). [Digital Platforms Inquiry-- Interim Report #2: App Marketplaces](#). Melbourne, Australia: Author; Australian Competition and Consumer Commission (ACCC) (2021). [Digital advertising services inquiry. Final Report](#). Melbourne, Australia: Author; Australian Competition and Consumer Commission (ACCC) (2019). [Digital platforms inquiry. Final Report](#). Melbourne, Australia: Author.

⁴⁴¹ The European Commission's (2020). *Digital Services Act* applies to all internet intermediaries but is based on a graduated regulatory scheme so that its most significant requirements and obligations on apply to the largest very large online search engines (VLOSE) and very large online platforms (VLOP), which are defined as those that have a monthly average user base of 10% of the European Union population, or 45 million users at the time it came into effect, i.e. 2023. The EC (2020), *Digital Markets Act* (section 3) is based on a similar scheme but includes other thresholds based on business users, market capitalization and revenue, as just indicated, to designate gatekeepers with significant power over the online market. As of September 2023, there were six such designated gatekeepers that accounted for 22 services: Alphabet, Amazon, Apple, Bytedance, Meta and Microsoft. EC ([Sept. 5, 2023](#)). Digital Markets Act: Commission designates six gatekeepers.

⁴⁴² This and the next few paragraphs rely on the following sources: Quintais, J.P., Appelman, N. & Fahy, R. (2022). Using terms and conditions to apply fundamental rights to content moderation (November 25, 2022). *German Law Journal*; Kettemann, M. C. & Tiedeke, A. S. (2020). Back up: can users sue platforms to reinstate deleted content? *Internet policy review*, 9(2); Martin Husovec & Irene Roche Laguna (2022). Digital Services Act: A short primer; Folkert, W. (2022). The Digital Services Act (DSA)—An overview. They are also informed by a two month visiting scholar position at the Institute of Information Law (IViR) at the University of Amsterdam. Contributors to the DSA Observatory [blog](#) hosted at IViR is also a very valuable resource as is the [blog](#) hosted by Martin Husovec, an associate professor of law at the London School of Economics and Political Science. Paddy Leerssen at IViR is also a very knowledgeable source on these matters. See for example, Leerssen, P. (2021). Platform research access in Article 31 of the Digital Services Act: Sword without a shield?, *VerfBlog*.

⁴⁴³ Authority of Consumers and Markets (Netherlands) (2019). Market study into mobile app stores; US. (2020). Investigation of competition in digital markets: Majority staff report and recommendations.

⁴⁴⁴ Indeed, there are so many such activities on the policy, legal and regulatory front with respect to these issues that Manuel Puppis and I have maintained an open-source dynamically update chronicle of the most significant ones. That list now runs 130 entries long and far from complete because things are shifting too fast to keep up with. See Winseck, D. & Puppis, M. (last updated [Nov. 2024](#)). Platform regulation inquiries, reviews and proceedings worldwide.

⁴⁴⁶ Estimated revenue for the Apple App Store and Google Play Store revenue is from Aqbal, M. (January 24, 2024). App Revenue Data (2024). *Business of Apps*.; also see Curry, D. (February 6, 2024). Google Play Store Statistics (2024). *Business of Apps*. Games account for an estimated 59% of Apple Appstore’s revenue and 71% for Google Play internationally but within Canada that breakdown was 59% and 49%, respectively. This reflects the fact that mobile gaming apps are much more popular outside the U.S. and Canada, especially in Asia.

The U.S. share of app store revenue between 2016 and 2023 is from Aqbal, M. ([January 24, 2024](#)). App Revenue Data (2024). *Business of Apps*. / and Wylie, L. ([June 24, 2024](#)). US App Market Statistics, 2024. *Business of Apps*. The stand-alone estimate for Canada uses the “social and casual gaming” category in PWC’s Global entertainment and media outlook as a proxy for the distribution of app stores and mobile gaming revenue in the two countries, i.e. 7.4% in 2023. Both companies reduced their standard transaction fees in 2022 from the standard 30% across the board to 25% for some third parties. We estimate that the average service fee for both is now about 28%.

⁴⁴⁷ Epic Games, Inc. v. Apple, Inc., No. 21-16506 and 16695 (9th Cir. 2023); Browning, K. ([April 24, 2023](#)). Apple largely prevails in Appeal of Epic Games’ app store suit. *New York Times*.

⁴⁴⁸ See, for example, Australian Competition and Consumer Commission (2021). *Digital Platforms Inquiry--Interim Report #2: App Marketplaces*. Melbourne, Australia: Author; Authority of Consumers and Markets (Netherlands) (2019). *Market study into mobile app stores*. The Hague, NL; Germany, Bundeskartellamt (Oct. 5, 2023). *Ongoing proceedings against large digital companies*; United States, Judiciary Committee (Oct. 6, 2020). *Investigation of Competition in Digital Markets*.

⁴⁴⁹ Epic Games (2023). [Annual Report 2022](#), pp. 11-12, 20; Activision Blizzard (2023). [Annual Report 2022](#), p. 8; Electronic Arts (2023). [Annual Report 2022](#), p. 4.

⁴⁵⁰ Epic Games (2023). [Annual Report 2022](#), p. 22.

⁴⁵¹ See Activision Blizzard (2023). [Annual Report 2022](#), pp. 8 & 33; Electronic Arts (2023). [Annual Report 2022](#), p. 4; Epic Games (2023). [Annual Report 2022](#), pp. 11-12, 20-22; Roblox (2023). [Annual report 2022](#), p. 22.

⁴⁵² TakeTwo Interactive (2024). [Annual Report 2023](#), p. 27.

⁴⁵³ Kettemann, M. C. & Tiedeke, A. S. (2020). Back up: can users sue platforms to reinstate deleted content? *Internet policy review*, 9(2); Quintais, J.P., Appelman, N. & Fahy, R. (2022). Using terms and conditions to apply fundamental rights to content moderation (November 25, 2022). *German Law Journal*.

⁴⁵⁴ The following analysis and discussion benefits greatly from many conversations with and insights from games industry experts and GMIC Project contributors, David Nieborg, Joost van Druenen and Aphra Kerr. Any errors, however, and of course, are my responsibility alone.

⁴⁵⁵ To do this analysis, we used the free version of Newzoo's annual [Global games market report](#) for 2015-2023 and breakdowns for the subcomponents that make up the games industry: consoles, PCs, mobile, digital services and other. Newzoo also breaks down global revenue into several geographical regions: North America, Latin America, Europe, Asia-Pacific, Middle East & Africa. The Canadian share of North America is split between the U.S. and Canada based on the relative size of their respective markets, as reported by PWC in its *Global entertainment and media outlook*. We also reviewed annual reports from games publishers and platforms that are active internationally and in Canada, including: Alphabet, Apple, Bandai Namco, Activision Blizzard, Epic Games, Electronic Arts, Microsoft, Nintendo, Playtika, Sega Sammy, Sony, Roblox, Take-Two Interactive, Tencent, Ubisoft, and many others deeper into the media landscape in Canada than ever before.

This diverse list of companies and the wide array of activities they are involved in makes it difficult to separately account for different lines of revenue within firms or the revenue split between platforms and publishers. That, in turn, makes it hard to avoid some double-counting of revenue. Nonetheless, alert to that possibility, we have done our best to do minimize it and added detailed notes to our estimates to help guide readers through the steps that we have taken to generate the results being presented here, while also flagging areas of concern that we aim to improve on in future iterations of this report.

⁴⁵⁶ This is down, though, from a decade ago when games made up between 80-85% of app store revenue. On the relationship of games to app stores, and details on the U.S. share of app store revenue, downloads, etc. See Aqbal, M. ([May 2, 2023](#)). App Revenue Data (2023). *Business of Apps*; also see Curry, D. (May 2, 2023). Google Play Store Statistics. *Business of Apps*. Also see Curry, D. ([May 2, 2023](#)). Google Play Store Statistics. *Business of Apps* and Wylie, L. ([Sept. 5, 2023](#)). U.S. App Market Statistics, 2023. *Business of Apps*.

⁴⁵⁷ Nordicity & Entertainment Software Association of Canada. ([2021](#)). *The Canadian Video Game Industry 2021*.

⁴⁵⁸ Van Dreunen, J. ([2022](#)). Bigger means different: Four pro-competitive arguments in favour of the proposed acquisition of Activision Blizzard by Microsoft. *Submission to the U.K. Competition and Markets Authority review of the proposed. Microsoft / Activision Blizzard acquisition*, p. 9.

⁴⁵⁹ Van Dreunen, J. (2022). Bigger means different, p. 9.

⁴⁶⁰ Poell, T., Nieborg, D. & Duffy, B. (2022). *Platforms and cultural production*, London, UK: Polity, pp. 26, 47, 74; Kerr, A. (2017). *Global games: Production, circulation and policy in the networked era*. London: Routledge.

⁴⁶¹ Epic Games (2023). [Annual Report 2022](#), pp. 11-12, 20.

⁴⁶² Activision Blizzard (2023). [Annual Report 2022](#), p. 8.

⁴⁶³ Electronic Arts (2023). [Annual Report 2022](#), p. 4.

⁴⁶⁴ TakeTwo Interactive (2024). [Annual Report 2023](#), p. 12.

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- ⁴⁶⁵ Roblox is a games publisher that focuses on children and a games distribution platform, e.g. Miner's Haven, Skywars, Islands) See Roblox (2023). [Annual report 2022](#), p. 28.
- ⁴⁶⁶ Activision Blizzard (2023). [Annual Report 2022](#), p. 33.
- ⁴⁶⁷ Epic Games (2023). [Annual Report 2022](#), pp. 11-12, 20.
- ⁴⁶⁸ Khatri, H. ([February 2023](#)). *Mobile network experience* report. OpenSignal.
- ⁴⁶⁹ Activision Blizzard (2023). [Annual Report 2022](#), p. 20.
- ⁴⁷⁰ Ubisoft (2023). [Annual Report 2022](#), p. 3.
- ⁴⁷¹ Epic Games (2023). [Annual Report 2022](#), pp. 8-10.
- ⁴⁷² Activision Blizzard (2023). [Annual Report 2022](#), p. 19.
- ⁴⁷³ Epic Games (2023). [Annual Report 2022](#), p. 30.
- ⁴⁷⁴ Ubisoft (2023). [Annual Report 2022](#), p. 3.
- ⁴⁷⁵ Epic Games (2023). [Annual Report 2022](#), p. 10.
- ⁴⁷⁶ Activision Blizzard (2023). [Annual Report 2022](#), p. 19; Epic Games (2023). [Annual Report 2022](#), p. 6; Ubisoft (2023). [Annual Report 2022](#), p. 23.
- ⁴⁷⁷ Epic Games (2023). [Annual Report 2022](#), p. 10.
- ⁴⁷⁸ The stories of both toxic workplaces and precarious work take up considerable space in games companies annual reports. They also have gained considerable attention from academics working on the games industry, such as Poell, T., Nieborg, D. & Duffy, B. (2022). *Platforms and cultural production*, London, UK: Polity, pp. 26, 47, 74; Kerr, A. (2017). *Global games: Production, circulation and policy in the networked era*. London: Routledge; Hesmondhalgh, David. 2019. *The Cultural Industries (4th ed.)*. London, UK: Sage Publications, pp. 37-38.
- ⁴⁷⁹ Activision Blizzard (2023). [Annual Report 2022](#), p. 20.
- ⁴⁸⁰ Live concerts are not included in the market being assessed. One reason for this is because it is too difficult to break down beyond top-line revenue for the sector.
- ⁴⁸¹ Wall Communications ([2022](#)). *Study of the economic impacts of music streaming on the Canadian music industry (Study prepared for Heritage Canada)*.
- ⁴⁸² Waard, A. (2024). *Derivative media: how Wall Street devours culture*.
- ⁴⁸³ See Wall Communications ([2021](#)), *Study of the economic impacts of music streaming on the Canadian music industry (Report for Industry Canada)* for an excellent effort to cut through these obstacles to give us the best possible view of these ongoing developments in the music industries in the Canadian context.
- ⁴⁸⁴ SOCAN (2015), *Annual Report*, pp. 1 & 8 (copy on file with this report's author).

⁴⁸⁵ SOCAN (2019). *Annual Report*, p. 2 (copy on file with this report's author).

⁴⁸⁶ SOCAN ([2022](#)). *Annual Report*, chapter 6.

⁴⁸⁷ IFPI (2013). *Digital Music Report*, p. 5. (copy on file with this report's author).

⁴⁸⁸ IFPI ([2022](#)). *Global Music Report*, p. 2.

⁴⁸⁹ IFPI (2013). *Digital Music Report*. (copy on file with this report's author).

⁴⁹⁰ Also see Wall Communications ([2022](#)). *Study of the economic impacts of music streaming on the Canadian music industry (Study prepared for Heritage Canada)*.

⁴⁹¹ Wall Communications ([2022](#)). *Study of the economic impacts of music streaming on the Canadian music industry (Study prepared for Heritage Canada)*.

⁴⁹² This is the focal point of the SSHRC-supported [Cultural Capital](#) project led by Brianne Selman, Brian Fauteux, and Andrew deWaard. That project "investigates the political economy of music in the streaming age and the struggles of musicians in a highly consolidated, global industry". I also want to thank the directors of that project for their insights and discussion of the evidence and story being presented here.

⁴⁹³ Wall Communications ([2022](#)). *Study of the economic impacts of music streaming on the Canadian music industry (Study prepared for Heritage Canada)*.

⁴⁹⁴ Hesmondhalgh, D. (2022). Is music streaming bad for musicians? Problems of evidence and argument. *New Media & Society*, 23(2).

⁴⁹⁵ The following passages draw on the dual media economy crystallized by Adrian Athique and colleagues. See Athique, A., Ilavarasan, V., Parthasarathi, V., Sharma, T., Thomas, P. & Vyshakh, M. (2024). [Communications, media and internet concentration in India, 2019-2021](#).

⁴⁹⁶ The difference between 'pooled' and 'weighted' concentration metrics is important. The first aggregates revenue across all sectors and for each of the firms in those sectors and assesses the 'pooled' results for both firms and markets. The idea here is simple: in a much bigger pool, even big fish from smaller ponds look smaller. The 'weighted' approach goes a step further to 'weight' the size of each market and firm based on the relative size of the market, meaning that both markets and firms are assessed in proportion to their size.

⁴⁹⁷ See, for instance, data from StatCounter. *Global Stats (Various Years)*; Curry, D. ([May 2, 2023](#)). Google Play Store Statistics. *Business of Apps*; Curry, D. ([July 28, 2023](#)). Amazon Statistics (2023). *Business of Apps*; and our notes accompanying each of these sectors in our master workbook.

⁴⁹⁸ United States, et al. v. Google, LLC, No. 20-cv-3010 (APM) ([Aug. 5, 2024](#)), Dkt. No. 1033; Associated Press ([Aug. 5, 2024](#)). Google loses massive antitrust case over its search dominance. *NPR*.

⁴⁹⁹ Schiller, D. (1999). *Digital capitalism*. Boston, MA: MIT.

⁵⁰⁰ Discussions of these points tend to distinguish between "horizontal" and "vertical" integration but in our research, we follow Gillian Doyle (2013) to add a third type: "diagonal" integration. In this conceptualization, horizontal integration refers to ownership transactions within a single market; GMIC Project – Canada Report 2024

diagonal integration refers to those that take place across markets at similar levels of the “value chain”, for example, between a company operating as a BDU and a competing or complementary distribution network like an ISP or mobile wireless network. Shaw’s take-over of Wind Mobile in 2016 is an example of this. Vertical integration occurs when a company takes over another firm that is upstream or downstream in the production chain and is usually of two types: the first is where those who own the distribution network own TV and other content services delivered over them, while a second type involves, for example, integration between those who produce TV and film content and those who finance, distribute and own the intellectual property rights to it. Disney is an example of this, given that it owns one of the main Hollywood film studios, the ABC TV network and pay TV services as well as a deep catalogue of programs and associated rights. Doyle, G. (2013). *Understanding Media Economics*. Sage.

⁵⁰¹ Rewheel (2020). *4G&5G prices are 2x to 4x lower in markets with four MNOs*, p. 5; Rewheel research PRO study. (2021). *The state of 4G and 5G pricing, 2H2021 – operator rankings*.

⁵⁰² IDC (2024). *Worldwide Software and Public Cloud Services Spending Guide*. February, 2024.

⁵⁰³ Mersereau, M. (2023). Canadian Radio-television and Telecommunications Commission Subject: Telecom Notice of Consultation CRTC 2023-56, Review of the wholesale high-speed access service framework - Public record: 1011-NOC2023-0056; Consumer Association of Canada, Manitoba Branch (2021). *What’s the right number? A consumer-friendly telecommunications marketplace*, pp. 52-53.

⁵⁰⁴ This paragraph relies heavily on co-written op-ed, led by Peter Garland, Ph.D. student, School of Journalism and Communication, Carleton University (Ottawa) and holder of the American Institute of Aeronautics and Astronautics 2014 award for contributions to Space Communications, and Rob McMahon, Department of Political Science, University of Alberta (Edmonton) and a (non-Indigenous) member of the First Mile Connectivity Consortium, a national association of First Nations non-profit technology organizations. The op-ed was accepted for publication as this report was being prepared, but not yet published.

⁵⁰⁵ CRTC (2023). *TD CRTC 2023-358 Review of the wholesale high-speed access service framework*.

⁵⁰⁶ Noam, E. (ed.) (2016). *Who Owns the World’s Media*.

⁵⁰⁷ Hesmondhalgh, D. (2022). Is music streaming bad for musicians? Problems of evidence and argument; de Waard, A. (2023/forthcoming). *Derivative media: how Wall Street devours culture*.

⁵⁰⁸ Noam, E. (2021). *The technology, business, and economics of streaming video*. London, UK: Elgar.

⁵⁰⁹ Hesmondhalgh, David. 2019. *The Cultural Industries (4th ed.)*. London, UK: Sage Publications, pp. 17-21; Miège, B. (1989). *The capitalization of cultural production*. International General; See Winseck, D. & Bester, K. (2022). *Regulation for a Broken internet: Lessons from 19th & 20th Centuries Antitrust and Communications Regulation for 21st century Digital Platform Regulation*.

⁵¹⁰ Thanks to Guy Hoskins, Project Manager at the GMICP and postdoctoral fellow at Carleton University, for crystallizing this point.

⁵¹¹ See, for example, Richard Stursberg’s (2019) book, *The Tangled Garden*

⁵¹² See See Winseck & Puppis ([unpublished, nd](#)) for an ongoing tally of these inquiries, regulatory and legal rulings, and legislative proposals.

⁵¹³ Poell, T., Nieborg, D. & Duffy, B. (2022). *Platforms and cultural production* offers pathbreaking analysis and discussion of these developments and their implications for the cultural industries.

⁵¹⁴ European Commission ([2020](#)). Contestable and fair markets in the digital sector (*Digital Services Act Package*--contains both *Digital Service Act* + *Digital Markets Act*); United States, House Committee on the Judiciary ([June 23, 2021](#)). *H.R. 3843, the Merger Filing Fee Modernization Act of 2021*; *H.R. 3460, the State Antitrust Enforcement Venue Act of 2021*; *H.R. 3849, the Augmenting Compatibility and Competition by Enabling Service Switching Act of 2021 or the ACCESS Act of 2021*; *H.R. 3826, the Platform Competition and Opportunity Act of 2021*; *H.R. 3816, the American Choice and Innovation Online Act*; *H.R. 3825, the Ending Platform Monopolies Act. Bills, Amendments, Votes.*

⁵¹⁵ Sections 27 and 36 of the *Telecommunications Act*. The common carriage principles were extended to wireline and mobile wireless broadband services in 2009 and 2010, respectively. Along with the 2015 Mobile TV and 2017 zero-rating decisions, Canada has a very robust conception of common carriage developed over the course of one hundred and thirty odd years. CRTC (2017). [TRP 2017-104](#) Framework for assessing the differential pricing practices of internet service providers. Also see, for example, Klass, Winseck, Nanni & McKelvey. (2016). [There ain't no such thing as a free lunch: Historical and international perspectives on why common carriage should be the cornerstone of communications policy in the internet age](#). Submitted before the Canadian Radio-television and Telecommunications Commission Telecom Notice of Consultation CRTC 2016-192, Examination of differential pricing practices related to internet data plans (June 28, 2016).

⁵¹⁶ U.S. FCC ([May 7, 2024](#)). FCC restores net neutrality; Bode, K. ([Nov. 18, 2024](#)). Trump tags Brendan Carr to dismantle what's left of broadband consumer protection at FCC. *TechDirt*.

⁵¹⁷ For some further reflections on why this is necessary, see, for example: Winseck, D. ([Oct. 18, 2022](#)). Opening Remarks to the Standing Senate Committee on Transport and Communications on the *Online Streaming Act* (Bill C-11); McKelvey, F. ([Oct. 5, 2022](#)). Standing Senate Committee on Transport and Communications on the *Online Streaming Act* (Bill C-11)—Evidence. The following paragraphs have also been informed by ongoing conversations with Brad Danks, CEO of OUTtv Media Global.

⁵¹⁸ Geist, M. ([Nov. 9, 2023](#)). Salvaging Bill C-18: Government Upends Legislation To Bring Google Onside the Online News Act, *MichaelGeistBlog*; CRTC ([2024](#)). *Online News Decision CRTC 2024-262: Exemption Order from the Online News Act granted to Google*.

⁵¹⁹ Canada (2023). [Online News Act](#) (information sheet); Canada (2023). [Online News Act](#) (legislative text). See sec. 51, which explicitly *prohibits* digital news intermediaries, i.e. Google, Facebook, or other designated entities, "from acting in any way that (a) unjustly discriminates against the business; (b) gives undue or unreasonable preference to any individual or entity, including itself; or (c) subjects the business to an undue or unreasonable disadvantage." Heritage Canada ([Nov. 29, 2023](#)). Statement by Minister St-Onge on next steps for the *Online News Act*; CRTC ([2024](#)). *Online News Decision CRTC 2024-262: Exemption Order from the Online News Act granted to Google*; CRTC ([2024](#)). CRTC approves Google's application and paves way for annual \$100 million contribution to Canadian news organizations.

⁵²⁰ Yochai Benkler, Robert Faris, Urs Gasser, Laura Miyakawa, & Stephen Schultze. (2010). *Next Generation Connectivity: A review of broadband internet transitions and policy from around the world*. Harvard University.

⁵²¹ Competition Bureau (2023). *The Future of Competition Policy in Canada*.

⁵²² House of Commons of Canada, Bill C-56 (2023). *An Act to amend the Excise Tax Act and the Competition Act*.

⁵²³ Economides, N., Kwoka, J., Philippon, T., Seamans, R., Singer, H., Steinbaum, M. & White, L. (2019) Economists' Tunney Act Comments on the DOJ's Proposed Remedy in the Sprint/T-Mobile Merger Proceeding, pp. 7-8.

⁵²⁴ State of New York, State of California, State of Colorado, State of Connecticut, District of Columbia, State of Maryland, State of Michigan, State of Mississippi, Commonwealth of Virginia, and State of Wisconsin, plaintiffs, v deutsche Telekom ag, T-Mobile US, Inc., Sprint Corporation, and Softbank group corp., defendants. (2019). *In the United States district court for the southern district of New York*. p. 22; Economides, N., et. al. (2019); Singer, H. (2021, February 25). The terrible T-Mobile/Sprint Merger must be undone. *Wired*. Wang, Melody, & Morton, Fiona Scott. (2021, April 23). The T-Mobile/Sprint merger: A disastrous deal from the start. *ProMarket*. Public Interest Spectrum Coalition. (2021). *Group FCC Letter on T-Mobile 3G CDMA Network Shutdown* *Group FCC Letter on T-Mobile 3G CDMA Network Shutdown*. Public Interest Spectrum Coalition.

⁵²⁵ State of New York, State of California, State of Colorado, State of Connecticut, District of Columbia, State of Maryland, State of Michigan, State of Mississippi, Commonwealth of Virginia, and State of Wisconsin, plaintiffs, v deutsche Telekom ag, T-Mobile US, Inc., Sprint Corporation, and Softbank group corp., defendants. (2019). *In the United States district court for the southern district of New York*. p. 22; Economides, N., et. al. (2019); Singer, H. (2021, February 25). The terrible T-Mobile/Sprint Merger must be undone. *Wired*. Wang, Melody, & Morton, Fiona Scott. (2021, April 23). The T-Mobile/Sprint merger: A disastrous deal from the start. *ProMarket*. Public Interest Spectrum Coalition. (2021). *Group FCC Letter on T-Mobile 3G CDMA Network Shutdown* *Group FCC Letter on T-Mobile 3G CDMA Network Shutdown*. Public Interest Spectrum Coalition.

⁵²⁶ European Commission (EC) (2017). *Competition Policy: AT.39740 Google Search (Shopping)*; European Commission (EC). (2018). *Competition Policy: AT.40099 Google Android*. CASE AT.40411: Google Search (AdSense), (March 20, 2019); Szucs, A. (2021, November 10). *European General Court upholds \$2.8B fine for Google*. Andolu Agency (AA).

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⁵²⁸ European Commission (2019). *Statement by Commissioner Vestager on Commission decision to fine Google € 1.49 billion for abusive practices in online advertising* (press release). Brussels: Author.

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⁵⁶⁶ To be sure, the reach of disinformation during the 2016 US election was huge, for example, with 87 million people, mostly Americans but also 620,000 Canadians, exposed to “fake news”, it is a fundamental mistake to confuse *exposure* to “fake news” with conclusions about negative individual, political or social effects. As a series of studies by Allcott and Gentzkow (2017) finds, even though Americans use social media a lot, only a small portion

of people relied on them as their “most important source of news” during the election. TV was the main source of political news, by far. Those who did get their news mainly from social media were exposed to fake news that favoured Trump by a wide margin, but only a few could remember “the specifics of the stories and fewer still believed them”, notes a Poynter Institute commentary on their work. It is also likely that the increasingly partisan media, and Fox News in the US especially played a much greater role in ‘poisoning’ the well of public discourse and, thus democracy, than Russia’s disinformation campaigns and efforts to meddle in the American elections. Warren, J. ([2017, January 18](#)). Did fake news help elect Trump? Not likely, according to new research. *Poynter*.

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⁵⁶⁹ As noted earlier, section 51 explicitly *prohibits* digital news intermediaries “from acting in any way that (a) unjustly discriminates against the business; (b) gives undue or unreasonable preference to any individual or entity, including itself; or (c) subjects the business to an undue or unreasonable disadvantage.” Canada (2023). [Online News Act](#) (information sheet); Canada (2023). [Online News Act](#) (legislative text).

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⁵⁷¹ Forum for Research and Policy in Communications ([Sept. 22, 2022](#)), p. 12.

⁵⁷² Perez, S. ([Dec. 20, 2021](#)). YouTube TV settles its contract dispute with Disney.

⁵⁷³ See, in particular, BTLR. ([2020](#)), pp. 122-123. Compare the flawed analysis in those pages, for example, with the much better scholarly research conducted by, for instance, Donders, K., Raats, T., Komorowski, M., Kostovska, I., Tintel, S., & Iordache, C. ([2018](#)). *Obligations on on-demand audiovisual media services providers to financially contribute to the production of European works*. pp. 14-15. Komorowski, M., Iordache, C., Kostovska, I., Tintel, S. & Raats, T. ([2021](#)). Obligations for VOD providers to financially contribute to the production of European works, a 2021 update. Brussel: imecSMIT-VUB; European Audiovisual Observatory. ([2022, November 4](#)). *Revised AVMSD Tracking Table*. Eleven of the 27 EU members impose financial obligations to promote European work on the providers of VOD services: Belgium French-speaking Community and Belgium Flemish Community, Croatia, Czech Republic, France, Germany, Italy, Poland, Portugal, Slovenia and Spain. The Belgian and French-speaking regions of Belgium count as one region each, hence why there are seven countries listed by the number of members with such obligations is identified as being eight. Four more are expected to pass financial obligations on foreign OVOD providers in the near future: Czech Republic, Slovenia, Ireland and Spain.

⁵⁷⁴ See BTLR. ([2020](#)), pp. 190-194 and recommendations 94 and 95, in particular.

⁵⁷⁵ Tusikov, N. ([2016](#)). *Chokepoints: Global Private Regulation on the internet*.

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