



November 25, 2016

***Re: Canadian Content in a Digital World Consultations:
A Strong Ecosystem Must Consider the Needs of 22% of Canada's Population***

Dear Minister,

Thank you for the opportunity to participate in the Canadian Content in a Digital World Consultations. It is a very important and timely review for the future of Canadian-produced digital content, something we at the Shaw Rocket Fund are very passionate about.

The Shaw Rocket Fund is a vital partner of Canadian producers and broadcasters to offer children and youth robust world-leading Canadian content that is respectful of who they are as children, both as citizens of our country and as citizens of the world. We support Canadian-made media that represents Canadian values, reflects our diversity and respects and speaks to Canadian children—all while positively showcasing Canadian leadership on the world stage. With the Rocket Fund's investment and support, we are helping meet many of the key objectives identified by your government.

Since 1999, the Rocket Fund has invested more than \$194 million into 757 television and associated digital media projects for children, youth and families. We support programming in both official languages, indigenous languages and other minority languages, on all Canadian networks that air children's and youth programming with public and private broadcaster support split evenly. The Rocket Fund is a model that supports the sustainability of the children's production industry and the ongoing contribution to the creation of high-quality media content for kids that is enjoyed by children here and abroad. Responsive to a changing environment, we help ensure that the media experiences for Canadian children, youth and families are maximized.

As you may know, it is estimated that Generation Z—those 20 years old and under known as the first global generation—will become the largest demographic by 2030¹. This means two billion people worldwide will have only known a world that is connected digitally, and this generation currently represents approximately 22 per cent of Canada's population². While Millennials have easily adopted and embraced new technology, we know from our research that Gen Z will drive it³. As the youth of today are connected without barriers, creating Canadian stories that represent Canadian values for this generation is more important than ever.

¹ Celine Cooper: The Rise of Generation Z, Special to Montreal Gazette, Nov 1, 2015

² Statistics Canada 2011 Census

³ Rocket Fund Research Paper: Media, Technology and Consumption Among Youth

It is well known that the opportunities to reach different audiences are vast, which is why the Shaw Rocket Fund wholeheartedly believes that the digital future of Canadian content is about access supported by a flexible and aligned cultural ecosystem. This means creating robust content that is interactive and engaging, and allows users to have personal experiences with their programming in various ways. Not only does this promote creativity among producers, it allows the content to thrive in an ever-changing digital world where Gen Z is encouraged to be part of the technology. This is key.

In our pre-budget submission, the Shaw Rocket Fund recommended that the Government of Canada invest \$10 million over five years in support of the creation of an online entrepreneurship fund for youth dedicated to helping Canadians 18 years of age and under become future innovators to spur economic growth. Given its proven track record and expertise in this sector, the Shaw Rocket Fund proposes to oversee this fund and dedicate resources to skills and training, ensuring the discoverability of Canadian stories and conducting robust qualitative and quantitative research that will allow Canada to maintain its competitiveness in digital media production. This is only one example of how digital content can evolve and thrive in today's Gen Z reality. In this context, funding models need to be modernized and they must be flexible in order to create opportunity—they must not be guided by century-old ways of thinking. We need to balance entrepreneurship and cultural values by telling Canadian stories in unique and innovative ways. We must listen to those with proven abilities and knowledge in these areas and work in partnership with them to let them do what they do best.

At the Shaw Rocket Fund, our role is to invest in brands that build companies that in turn enrich kids' lives on multiple platforms. This role is more important than ever: Data tells us that kids and youth are watching content on all devices. While television remains the most preferred vehicle today for accessing the storytelling kids desire, we are witnessing a fierce move towards on-demand digital distribution both on the television screen and on mobile devices⁴. This means that TV is no longer the only source for kids to find their content. Instead, it is one of the many tools in which youth consume their media and why it is imperative that today's digital content speaks to them in engaging and interactive ways.

What does a cultural system that supports creators and respects citizen choice look like to you?

In today's world of choice, we would like to see a Canadian cultural system that is flexible in order to meet the demands of today's consumer. Regulation, policy and access to funding for Canadian content must not only support media on various platforms and devices, but also encourage stronger global partnerships. In the children's production sector, this would allow creators to continue to produce the notable high quality programming that Canada is known for, increase the export value of our great Canadian-made programming and allow for new funding models to support the creation of the content at a level that the audience (consumer) expects today. *Sixty seven per cent of Canadian children surveyed in our research said they were proud when a show they liked was Canadian.* A flexible Canadian cultural system would encourage the creation of high quality content that Canadian kids today are proud of, resulting in an increased demand for Canadian children's programming.

We would like to see a cultural system where the creation of Canadian children and youth programming is a priority. We would like to see a system that appropriately serves the 22% of our population who are influenced more than ever by their media. We would like to see a cultural system that acknowledges that Canadian storytelling for our children is a priority and that the needs of children, our future adults, must be considered at all levels: policy, regulatory and cultural.

⁴ Rocket Fund Research Paper: Media, Technology and Consumption Among Youth

In Canada, the children's production sector has excelled in its export value for many years, however challenges in the current broadcasting system are putting a strain on this Canadian success story. Recent changes to regulatory policies have and will continue to impact the ongoing creation of high quality original programs for kids, and the ability to create content for various platforms, which children anywhere in the world expect today. As a result fewer original Canadian programs will be available. The changes include:

1. Consolidation in the broadcasting system, specifically in the children's sector, along with the group-based licensing policy will have an impact on the creation of new original programming for kids. In Broadcasting Regulatory Policy CRTC 2015-86 blanket policy was established for all discretionary broadcast services with the removal of genre protection and the introduction of a 35% standard level of overall daily exhibition requirements by broadcasters⁵. Historically Canadian children's programming has been categorized as a "genre" of programming and not recognized as programming for a specific target audience (22% of Canadians). The requirement for broadcasters to support a minimum amount of original Canadian children's programming does not exist, and the removal of genre protection will allow broadcast groups to shift their focus to programming that generate higher ad revenues, such as drama. Furthermore, some dedicated broadcasters of children's programming had higher quotas than 35% for original Canadian programming.
2. In Let's Talk TV Broadcasting Regulatory Policy CRTC 2015-86, dedicated children's channels were not included in the "basic package". While public broadcasters (CBC and TVO) who air children's programming were included, channels dedicated to children's programming are left to compete for carriage by Broadcast Distribution Units (BDU) and for subscribers. It is expected that the "pick and pay" model will rise the cost of many standalone channels (which previously benefited from amortization of revenues by being packaged with other channels that had higher subscriptions) driving many Canadian families away from the Canadian broadcasting system to lower cost options such as Netflix and YouTube, who do not have any Canadian content requirements.
3. In the CRTC's recent ruling on the Certified Independent Production Funds (CIPFs) policy framework in Broadcasting Regulatory Policy CRTC 2016-343, CIPF funding for digital content of any nature is now limited to 10% of each fund's BDU contributions⁶. Prior to this ruling, CIPFs did not have a cap on funding digital content associated with a television program, recognizing that consumers enjoy their content on various platforms, in various ways. By redefining digital content in this framework to "non-programming content" which now includes all digital experiences and all falling under the 10% cap, there will be a material decrease to the great digital content produced in Canada, as all CIPF support will be limited to 10% including the Bell Fund (which currently supports digital content at about 80%). In addition to affecting the young entrepreneurs of this country who tend to create and produce this digital content, this ruling is expected to have a large impact on the children's production sector. We estimate that 50% of the Bell Fund's contributions supports digital experience for children, and given that the Rocket Fund is the only dedicated funder of Canadian children's content, this ruling will greatly limit our ability to grow digital experiences for kids compounding the reduction of digital content support through other CIPFs.

⁵ Broadcasting Regulatory Policy CRTC 2015-86, Section 195

⁶ Broadcasting Regulatory Policy CRTC 2016-343, Sections 44, 45

The Canadian cultural system includes regulatory policies established by the CRTC and policies by the government falling under Canadian Heritage. While we understand that both operate independently, cohesion is critical. A successful cultural system can only be achieved if all policy makers work together with the same goals and objectives in mind, especially when establishing new frameworks for Canadian content to meet the demands and expectations of Canadians, as well as audiences around the world. Given our Prime Minister's focus on youth and children, it is more clear than ever to us that children and youth, and how they intake their experiences, must be considered in all policy – especially cultural.

'Quality programming exposes children to diversity and teaches them valuable lessons from learning the alphabet, to learning the meaning of integrity.'

Prime Minister Trudeau
November 23, 2016

How do we support Canada's artists, content creators and cultural entrepreneurs in order to create a cultural ecosystem in which they thrive?

As noted above, flexibility within our cultural ecosystem will allow for greater opportunities to finance and produce content which will then create more opportunities for artists, creators and cultural entrepreneurs. As seen with many great examples in the children's sector (i.e. *Toupie & Binoo, The Next Step, Degrassi, Anne of Green Gables*) building brands and offering a variety of rich audience experiences drives discoverability and balances the ecosystem. It has been our experience that the export value is much higher when a brand is built around a program, more so than for a single stand-alone television program.

For our cultural ecosystem to be strong, there is a need for alignment across all those contributing to it, both in terms of goals and measurable outcomes.

How can we meet the challenge of promoting Canada's creativity in the digital world?

The Canadian broadcasting system and all of its robust funding support has always been dedicated to the production of Canadian programming that is aired in Canada. While we have seen great export success with some our programming, especially content for kids, today's funding system must expand. It must support producing and airing the programs in Canada but also financially support the distribution and discoverability of the programming we create in Canada for viewing here and abroad. Canada historically focuses on the number of original hours produced as well as funding programming for our diverse and rich cultural landscape throughout Canada. While these priorities remain, we must better balance our resources to ensure that the programming we create is also backed by resources for promotion and discoverability. Among other, support could include funding for social media tools, building effective YouTube channels, and strategic online advertising.

The Rocket Fund's proposed Youth Online Entrepreneur Fund, as described above, would help build skills and awareness in the online world. Ongoing research about kids and their media habits is critical to the sustainability of digital content that tells Canada's unique stories. They are after all, our future.

Rest assured, the children and youth production sector is always looking ahead as producers create value-added and meaningful programs. As Canadian broadcasters and content creators embrace apps, on-demand services and a seamlessness that allows for control and choice, so too should Canadian policy makers and regulators. With the power of media today, it is imperative that our youth have access to Canadian stories. We believe our regulators and policy makers can be equally empowered. The consumers of tomorrow will expect the Canadian media business to be aligned with their habits and their expectations.

We congratulate you for undertaking this important consultation and look forward to working with you in developing solutions and implementing recommendations in the near future. We are happy to share our detailed research with you and your officials, and look forward to continuing a dynamic conversation around kids and youth programming.

Sincerely,

A handwritten signature in black ink that reads "Agnes Augustin". The signature is written in a cursive, flowing style.

Agnes Augustin
President & CEO

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