



January 11, 2019

The Broadcasting and Telecommunications Legislative Review Panel
c/o Innovation, Science and Economic Development Canada
235 Queen Street, 1st Floor
Ottawa, Ontario K1A 0H5

Filed electronically

Re: Responding to the New Environment: A Call for Comments
Review of the Canadian Communications Legislative Framework

Dear Review Panel:

1. We thank Broadcasting and Telecommunications Legislative Review Panel for the opportunity to comment on the Canadian Communications Legislative Framework. The Shaw Rocket Fund ("Rocket Fund") is the only dedicated fund that supports audio-visual and digital content specifically for children, youth and families in Canada. As a champion of high-quality Canadian children's programming, we maintain that the media consumption habits of young Canadians are a paramount consideration for this Review Panel and that the time to act is now.
2. Indeed, the Rocket Fund believes the future of Canadian children's content rests with a *Canadian Communications Legislative Framework* that meaningfully acknowledges the urgent need to support the creation, production and discoverability of Canadian content for our children and youth – on all platforms. It is also imperative that it recognize the contribution Canada's kids-focused media industry brings to our world-class Canadian communications sector.
3. Canadian children and youth, known as Gen Z and Gen Alpha, represent 22 per cent of Canada's population¹. Indeed, the children's production community in Canada alone serves close to one quarter of our population. Children and youth are Canada's future leaders and it is essential that the review panel take into account how the Broadcast and Telecommunications acts can better serve them.
4. Unfortunately, and perhaps shockingly, children's and youth voices rarely form part of any formal proceedings when it comes to the production sector. Since 2006, the Rocket Fund has actively given them a voice by participating in regulatory and government proceedings. While there may be references to children being early adopters of new technology, the importance of children's programming and the benefits this sector brings to Canada and its children, is not acknowledged enough. We see this review as the best possible forum to prioritize children and their interests within the Canadian communications sector. We welcome the Review Panel's identification of the importance of children's programming within this process.

¹ Statistics Canada Population estimates on July 1st, 2017 www.150.statscan.gc.ca

5. The Broadcasting Act states under Section 3(1)(d)(iii) that the Canadian broadcasting system should serve the needs and interests, and reflect the circumstances and aspirations of Canadian men, women and children. Section 3(i)(i) says programming must be varied and comprehensive, providing a balance of information, enlightenment and entertainment for men, women and children of all ages, interests and taste.
6. As acknowledged under Section B of *Responding to the New Environment: A Call for Comments*, Canadian children's programming is facing many challenges in the current broadcasting environment. We agree with the Review Panel's assessment that "For Canadian content programming to succeed both domestically and in the international marketplace, there must be clear policies that support quality creation production and discoverability." Distinct policies are required for children's and youth programming, separate from other genres such as drama, factual and lifestyle.
7. Policies structured around genre may have served their purpose when it comes to Canadian children's programming in the past considering the number of dedicated children's channels in Canada that commissioned original Canadian children's programming, however with the removal of genre protection under Broadcasting Regulatory Policy CRTC 2015-86, and the shift to focus on expenditures rather than exhibition quotas, it is evident that genre-based policies are no longer effective. In 2016/17, the overall volume of Canadian children's and youth television production dropped 17 per cent and the number of CMF-supported hours of children's television production was reduced to levels not seen since 2010.² It is forecasted that there will be even more drastic reductions in Canadian children's production in 2017/18 when the statistics become available.
8. In a time where Canadian children and youth have access to global programming on demand, we believe the entire Canadian media industry has a responsibility to ensure Canadian children and youth continue to have meaningful access to Canadian-made programming that represents Canadian values, reflects our diversity, and most of all respects and speaks to them as citizens of our country.
9. It is imperative that any resulting legislative framework from this review acknowledge the unique value that Canadian children's media brings to young Canadians, the Canadian broadcasting system, and to Canada's footprint both at home and abroad, separate from other genres.

About the Shaw Rocket Fund

10. The Rocket Fund is an innovative and vital partner in driving the creation of robust world-leading Canadian children's content on all platforms. We are a unique investor that supports Canadian-made media for Canadian children and youth while positively showcasing Canadian leadership on the world stage. With the Rocket Fund's investment, we are helping creators navigate these disruptive times to meet one of the key themes identified by the Review Panel: *Supporting creation, production and discoverability of Canadian content*.
11. The Rocket Fund, formerly the Shaw Television Broadcast Fund, was established 20 years ago as a certified independent production fund (CIPF) by Shaw Communications Inc. (Shaw) as a result of Public Notice 1997-98 – *Contributions to Canadian Programming by Broadcasting Distribution Undertakings*, benefiting from

² Profile 2017, page 41 & 50

20 per cent of the 3 per cent allocation of gross revenues contributed by Broadcast Distribution Undertakings to Canadian programming. In the beginning, the Rocket Fund provided top-up equity funding for Canadian children's television programs reacting to investment applications from the independent production sector.

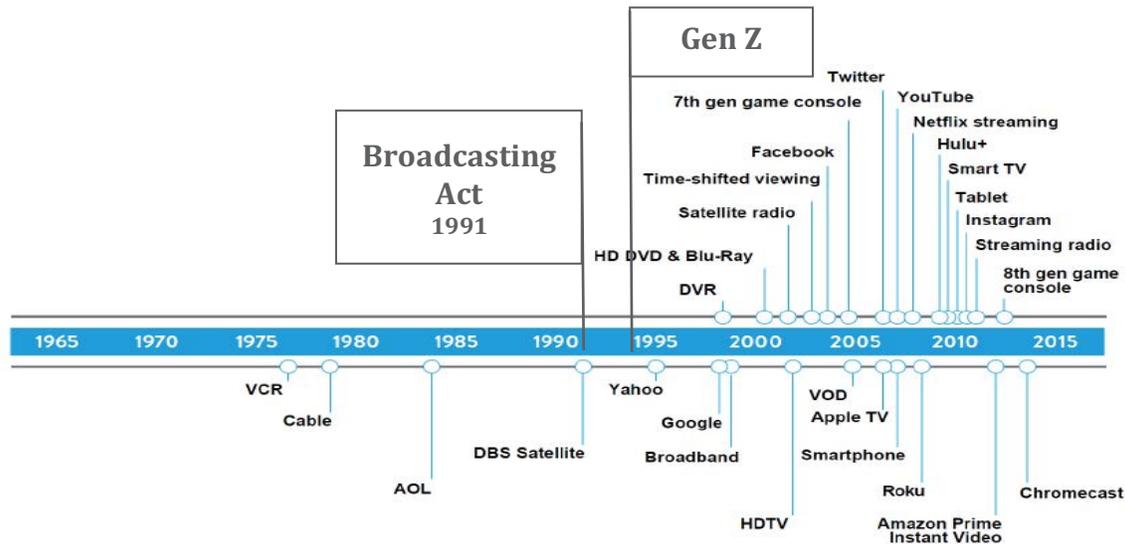
12. In 2004, the Fund shifted its approach and became a champion of Canadian children's programming by supporting and promoting high-quality programming for children and youth – the Rocket Fund's primary stakeholder and ultimate beneficiary of its investments. This was achieved through strategic subjective equity investments in television programming that contributed to the growth of the independent production industry.
13. From this strategic thinking came the coveted Shaw Rocket Prize, established to promote and enhance the profile of Canadian kids programming within Canada and abroad. Key buyers from around the world willingly sat on the international jury to select finalists creating global exposure for the high-quality independent children's and youth productions being produced in our country. Next, Canadian children and youth – the audience we should be listening to – screened the selected finalist programs along with the associated digital media. The kids themselves voted for the winner, further creating awareness of Canada's exceptional programming with Canadian families. Year over year winners were announced in Ottawa further showcasing the great work of the Canadian production community with governments and regulators. This Rocket Fund-led program ran successfully for 11 years.
14. Today, the Rocket Fund maximizes CRTC Regulatory Policy 2016-343 offering Canadian producers flexibility in a rapidly changing media landscape: allowing for a minimum 6/10 Canadian content points, having no broadcast licence requirement, allowing for co-ventures and supporting script & concept development while focusing on the promotion and discoverability of the programs we invest in. We work with governments, regulators and the industry as a voice for the children's production sector. We are a proactive investor who leverages our unique position in the Canadian and international children's media environment by developing strategic global partnerships to support producers while helping drive the discoverability of our great content with children at home and abroad.
15. The Rocket Fund's international work has established Canada as a global leader in children's and youth programming. The Rocket Fund-led international roundtable discussions on the future of children's media resulted in forward-thinking initiatives such as the Rocket Online Safety Program in partnership with kidSAFE Seal to certify the technology of digital content as safe for kids. The Rocket Fund has also been asked on numerous occasions to help raise awareness on the importance of kids' media globally from a Canadian point of view. Examples include being the inaugural partner for the International Emmy Kids Awards, representing Canada (NYC, 2012), creating an innovative workshop for industry executives: *The Future of Kids TV Summit* in conjunction with MIPTV (Cannes, 2014), asked to comment on the University of Westminster CAMRI's *Policy Solutions and International Perspectives on the Funding of Public Service Media Content for Children* (UK, 2016), represented Canada at a roundtable hosted by the Duchess of Cambridge at the Children's Global Media Summit (Manchester, 2017), and spearheading an international conversation on the media industry's role in cyberbullying prevention (Cannes, 2018).
16. Over the past 20 years, the Rocket Fund has evolved into a unique enterprise: a true equity fund within a not-for-profit framework, driving the production of high-quality diverse media for kids and youth through strategic equity investments with the goal

of reinvesting returns to benefit the wider children's production industry. The Rocket Fund represents an innovation-based model of social enterprise. Since 1999, we have invested over \$220-million into 865 audio-visual programs and associated digital media content for children, youth and families. We support programming in both official languages, as well as Indigenous and various minority languages, on all platforms that air Canadian children's and youth programming.

17. The role of technology, coupled with the viewing habits of children and youth, true early adopters of all things digital, are central to truly meeting the objectives of a legislative framework for the communications sector. The Rocket Fund is uniquely positioned to help advance such objectives through its role in the industry.

Children & Youth: Their media, their technology

18. Generation Z is estimated to become the largest generation of our time, exceeding Millennials (Gen Y)³. As mentioned above, Statistics Canada shows Canadian Gen Z and Gen Alpha represent close to 22 per cent of our population⁴ and it is expected that Gen Z will become the largest group of consumers by 2030⁵.
19. *"The manner in which iGens consume information is vastly different than previous generations. They're multi-screen-users and are accustomed to consuming large amounts of media from multiple touch points at once."*⁶



KPCB Internet Trends: Evolution of Content Discovery: 1975-2015, per Nielsen

³ Celine Cooper: The Rise of Generation Z, Special to Montreal Gazette, Nov 1, 2015

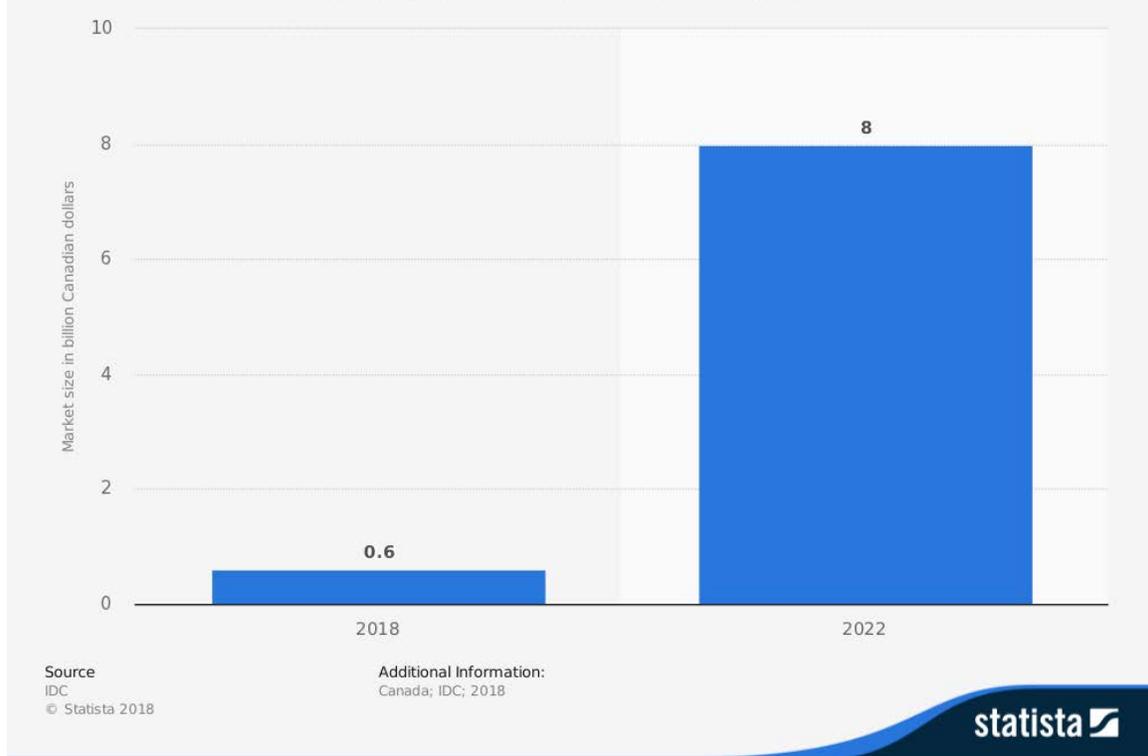
⁴ Statistics Canada Population estimates on July 1st, 2017 www.150.statscan.gc.ca

⁵ Rocket Fund Research Paper: Media, Technology and Consumption Among Youth

⁶ How to Market to the iGeneration, Harvard Business Review Article, May 6, 2015

20. This generation is setting the stage for media consumption throughout the world. A 2016 study from The Center for Generational Kinetics states that: *“The generation after the Millennials, known as iGen, Gen Z and Centennials, will determine how every other generation ultimately uses technology. The generations before iGen, including Millennials, Generation X and Baby Boomers, will eventually adopt many of the technology habits and attitudes that iGen already views as normal. This happens because, as we have uncovered, technology trends now ripple up: from the youngest adults to the oldest.”*⁷
21. Gen Z expects a seamless media experience across all platforms. Media experiences are evolving, not just the hardware, but the “audio-visual” experience with the advent of Artificial Intelligence (AI), Virtual Reality (VR) and Augmented Reality (AR) with such technologies being seen to rise exponentially in Canada. As children are early adopters of new and emerging technologies, Canadian creators of children’s content are already shifting towards incorporating such experiences within programming.

Forecast augmented (AR) and virtual reality (VR) market size in Canada in 2018 and 2022 (in billion Canadian dollars)



Source: <https://www.statista.com/statistics/866903/canada-augmented-virtual-reality-market-size/>

⁷ 2016 National Study on Technology and the Generation after Millennials

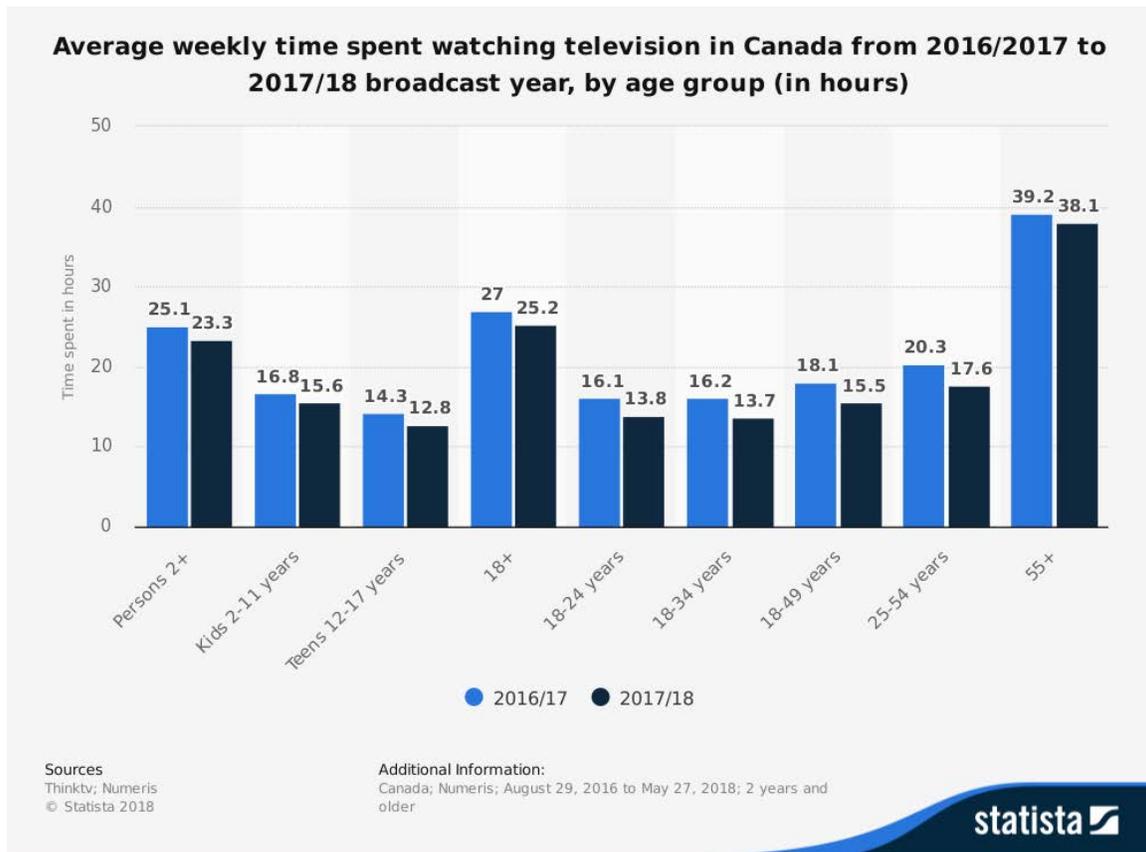
22. Incorporating new technologies is a necessity for content creators in order to succeed with their audience. The PwC Media Outlook Report 2015-2019 states:

Today's entertainment and media companies need to do three things to succeed:

- 1) Innovate around the product and the user experience
- 2) Develop seamless consumer relationships across distribution channels
- 3) Put mobile (and increasingly video) at the centre of consumer offerings

Today's entertainment and media industry is about consumer choice, innovation and experience, irrespective of whether delivery is digital or non-digital. Mastering the user experience is now critical to the success in this industry.⁸

23. It is well understood that viewership of traditional linear television will continue to decrease at a rapid rate. Recent studies show that Gen Z averages 14.2 hours per week (2-17) with teens only consuming only 12.8 hours per week in 2018, the lowest of all age groups.

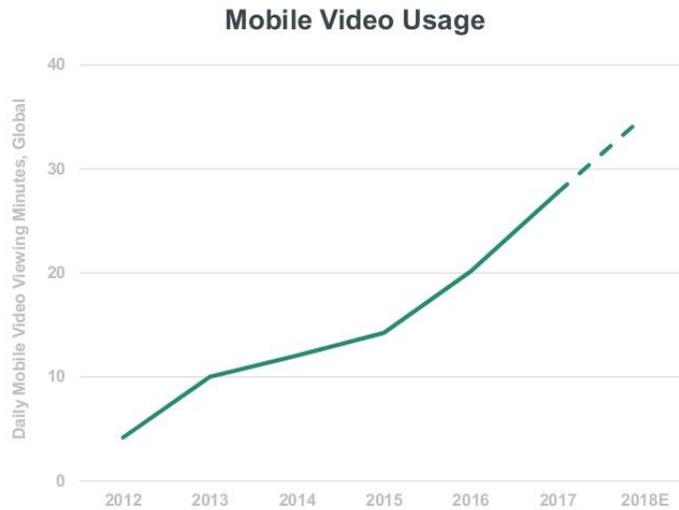


Source: <https://www.statista.com/statistics/234311/weekly-time-spent-watching-tv-in-canada-by-age-group/>

⁸ PwC Global entertainment and media outlook 2015-2019

24. As expected, consumption of video content on mobile devices continues to rise globally.

**Video =
Mobile Adoption Climbing...**



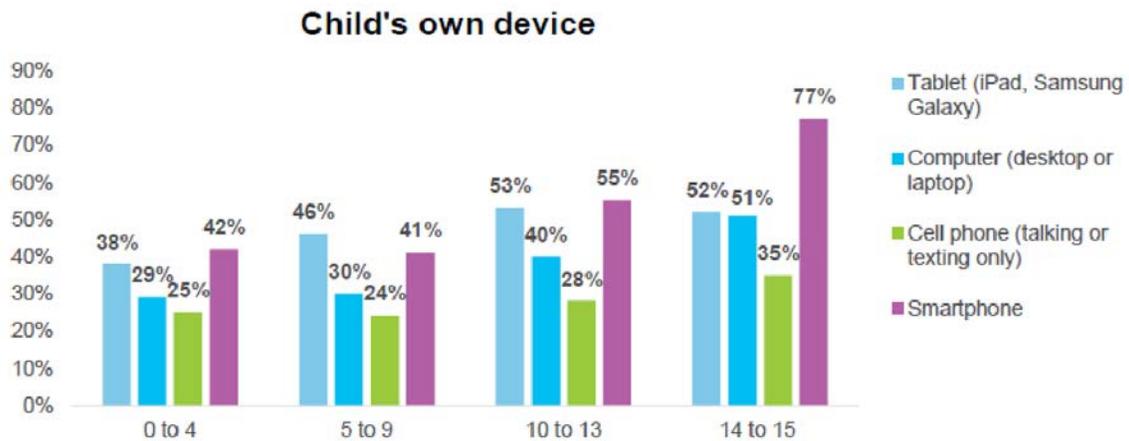
KLEINER PERKINS
2018
INTERNET TRENDS

Source: Zenith Online Video Forecasts 2017 (7/17). Note: Based on a study across 63 countries. The historical figures are taken from the most reliable third-party sources in each market including Nielsen and comScore. The forecasts are provided by local experts, based on the historical trends, comparisons with the adoption of previous technologies, and their judgement.

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Source: Kleiner Perkins 2018 Internet Trends

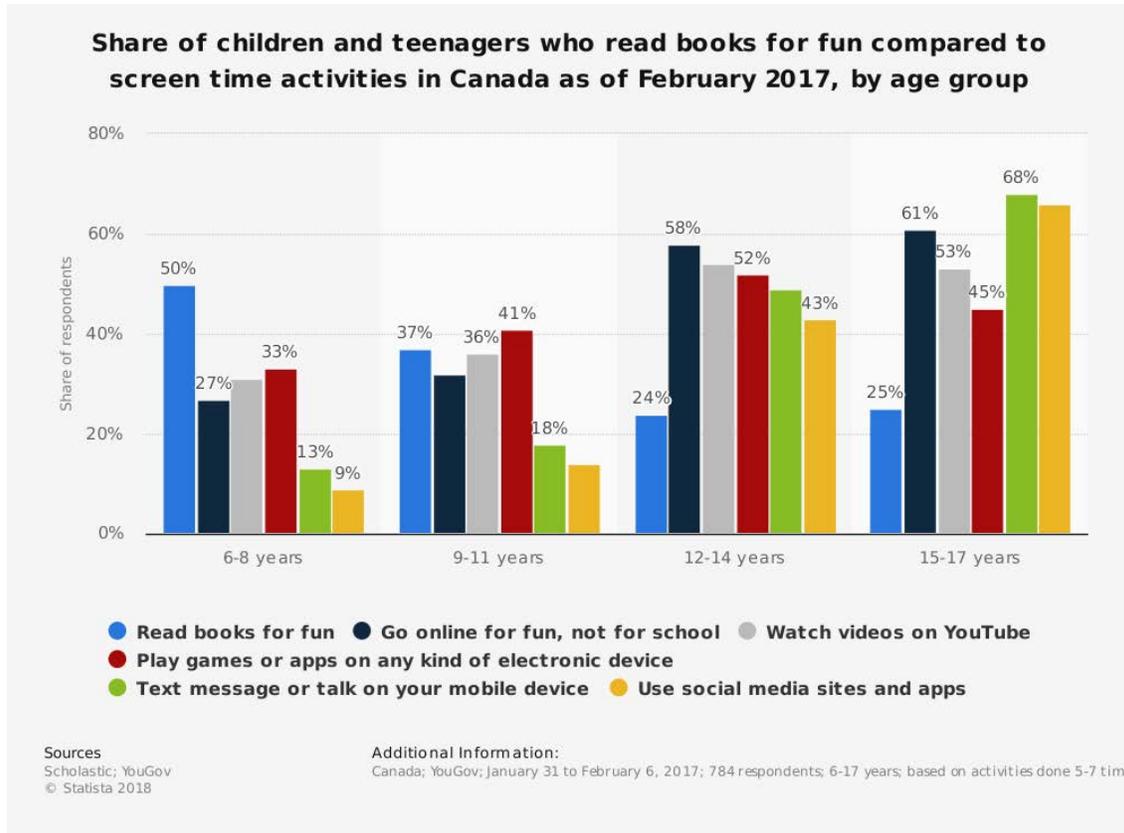
25. In 2005, only 6 per cent of Canadian children 9 to 10 years old had access to their own smartphone. This current study shows that over half of Canadian kids 10 to 13 today have their own smartphone with 77 per cent of 14-15 year olds owning their own device.⁹



SOURCE: Digital Well Being of Canadian Families – MediaSmarts 2018

⁹ Digital Well-Being of Canadian Families, MediaSmarts, 2018

26. Media consumption is driven by technology, both by its advancement and in its affordability. The increase in online usage by young people is a result of increased access to, and ownership of, devices.



Source: <https://www.statista.com/statistics/826167/canada-children-teens-reading-habits-vs-other-activities-by-age/>

27. Future trends in communications and technology use will be set by Gen Z. *“Looking ahead, iGen (Gen Z) also represents the best preview of future attitudes, beliefs and expectations about technology in the areas of privacy, security, dating, trust, work, and so much more.”*¹⁰
28. We now know that the media habits and consumption of Gen Z are setting the stage for the future. If acknowledged and truly considered they can contribute to the success of a new legislative framework for the Canadian communications sectors. In our view that success is critical to the fabric of our country.

Canadian-made programming for Canada’s children and youth

29. Having access to Canadian content and having it meaningfully discovered on the platforms where our children and youth consume their content is most important, now more than ever. Gen Z are, and will continue to be, “cord-nevers” – meaning they’ve never paid for a cable or satellite subscription and likely never will. For

¹⁰ 2016 National Study on Technology and the Generation after Millennials

Canada to meet their needs, we must create Canadian children's and youth content for the platforms they employ.

30. The future of Canadian children's content rests with a Canadian Communications Legislative Framework that acknowledges in a meaningful manner the importance of supporting the creation, production and discoverability of Canadian content for children and youth – on all platforms – and recognizes the contribution that the children's media industry will give towards a world-class Canadian communications sector. It is not too strong to say that there is a risk that our children won't see themselves in the content they consume if not protected under the framework.
31. In regards to Appendix B: Questions as set out in the Terms of Reference, the Rocket Fund limits its comments to the following sections in respect to their relevance to children, youth and families and the Rocket Fund, in general terms:

- a. Section 5. Safety, Security and Privacy

Online safety of our children is of utmost importance and the responsibility of all within the communications sector. To this end, the Rocket Fund launched its Rocket Online Safety Program in partnership with the kidSAFE Seal Program this year to help Canadian content creators ensure a safe technical environment for children when creating digital experiences. The program is based on three pillars: 1) online safety 2) data privacy and 3) cyber security. A tool-kit was also developed to assist content creators in meeting safety standards for kids' online content and is available on the Rocket Fund website www.rocketfund.ca. We urge the Review Panel to ensure that the safety of children is not only recognized in the new communications framework, but we urge the Review Panel to address it in a meaningful manner.

- b. Section 8. Broadcasting Definitions

Under paragraph 3(l)(i) of the Broadcast Act, "children of all ages" are recognized as a beneficiary of the broadcasting system. We urge the Review Panel to go beyond the definition of "children of all ages" and have it coincide with the CRTC definition of children's programming: *Children's Programming includes programs produced for children and teenagers under 18 years of age*¹¹. We submit that in order to capture all Canadian children in any policy, "children of all ages" must be amended to "children and teenagers under 18 years of age".

- c. Section 10. Support for Canadian Content and Creative Industries

In the CRTC report *Harnessing Change: The Future of Programming Distribution in Canada*, the Commission's conclusions include the recommendation that the funding strategy in Canada be restructured. We would like to take this opportunity to highlight the important and distinct roles that the Certified Independent Production Funds ("CIPFs") play in the Canadian communications funding ecosystem. As demonstrated in the *About Shaw Rocket Fund* section above, CIPFs not only provide much valued funding that compliments other funding, CIPFs offer unique and flexible financing and many additional benefits to better support the production community. The current allocation of funding to CIPFs is tied to a percentage of BDU revenue which has resulted in significant drop in CIPF revenues with a much greater impact than seen at the Canada Media Fund (CMF) due to

¹¹ <https://crtc.gc.ca/eng/dcs/glossaryB.htm>

the relatively size of CIPFs. It is imperative that any new funding strategy acknowledge the important contributions of the individual CIPFs and ensure CIPFs continue to receive allocations so that we may continue to support the creation of our great Canadian content.

In the case of Rocket Fund, being dedicated to children's programming, it is of utmost importance that we have stability and flexibility in funding to continue to best serve Canadian content creators of children's programming, and ultimately better serve Canadian children. Canadian children's content already has limited funding resources in Canada and such resources continue to diminish as demonstrated through the decline in production of children's programming in 2016/17. We respectfully submit that children's programming requires a dedicated review and dedicated consideration when funding strategies are being developed. Considering the Rocket Fund's unique position in children's content, we formally request to be part of any discussions regarding funding strategies in the new Canadian communications framework to provide our expert perspective on children's programming, as well as the roles of CIPFs.

d. Section 13. National Public Broadcaster

We are encouraged that Catherine Tait, President of the CBC, has announced the Corporation's commitment to children's programming on CBC's newly branded TV app Gem. *"Tait also emphasized a commitment to double the amount of kids content on the service, "Hopefully we will get to a place where we can start commissioning – right now we're looking at an acquisition strategy – but as we go forward, we want to showcase kids [content]."*¹² We respectfully submit that any new communications framework address the financial requirements of the CBC so that the CBC has the resources to deliver high quality and meaningful programming to Canadian children of all ages.

With respect to children, CBC's primary focus has been on content for preschoolers (5 and under). We submit that the CBC as Canada's national public broadcaster, must provide meaningful, appropriate and relevant programming for all Canadian children under 18 years of age, as set out in the Act under Section 3(i)(i): *that the programming be varied and comprehensive, providing a balance of information, enlightenment and entertainment for men, women and children of all ages, interests and taste.*

32. Recognizing and acting on the importance of Canadian children's and youth content is the responsibility of the communications sector as a whole. The creation, distribution and discoverability of Canadian-made programming for Canadian children, ultimately content that can be enjoyed by children around the world, must be weaved meaningfully into any new framework. Canadian children deserve to have access to Canadian content; Canadian children deserve to benefit from innovations this sector has to offer; Canadian children deserve to have the opportunity to experience our stories – their stories – so they can embrace our unique culture as the future adults and parents of our country. Canadian parents must have the ability to find Canadian programming on the platforms where their children are consuming their media.

¹²<http://playbackonline.ca/2018/09/12/cbc-to-rebrand-relaunch-tv-app-as-gem-with-kids-content-as-a-focus/#ixzz5cL4shNUC>

33. Should the Review Panel hold in-person consultation, we respectfully request that Agnes Augustin, President & CEO, and Chair Christine Shipton, be invited to present to the Review Panel on behalf of the Canadian children's media sector.
34. We thank the Commission for the opportunity to comment on this very important matter on behalf of Canadian children that do not have a voice in such proceedings as well as the media sector that represents them.

Sincerely,



Agnes Augustin
President & CEO



Christine Shipton
Chair

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