June 25, 2014

Mr. John Traversy
Secretary General
CRTC
Ottawa, Ontario
K1A 0N2

Filed electronically

Dear Mr. Traversy:

Re: Broadcasting Notice of Consultation CRTC 2014-190 – *Let's Talk TV*

Introduction and Executive Summary

1. "Families are the cornerstone of our society. Families raise our children and build our communities. As our families succeed, Canada succeeds." Speech from the Throne, October 16, 2013.

2. The Shaw Rocket Fund (Rocket Fund) is providing these comments in response to Broadcasting Notice of Consultation CRTC 2014-190 – *Let's Talk TV* (BNC 2014-190). As the only dedicated fund that supports programming specifically for children, youth and families, and being an ongoing champion of high quality Canadian programming for Canadian children, we thank the Commission for the opportunity to respond to the important issues that surround television programming for Canadians today.

3. We respectfully request that Annabel Slaight, Chair, and Agnes Augustin, President & CEO, Shaw Rocket Fund, be invited to appear at the hearing commencing September 8, 2014.

4. Given the Rocket Fund's extensive experience with programming for children and youth, we believe children's viewing habits (and by extension the viewing habits of Canadian families) are critical to the success of the Let's Talk TV initiative. Children represent approximately 21 per cent of the Canadian population[1]. Other than being referenced generally, this 0-17 demographic appears to be under-represented in this notice. The Let's Talk TV: Quantitative

[1] Statistics Canada 2011 Census – Canadian Population 33,476,688 *less* Let's Talk TV: Quantitative Research Report – Weighting 26,502,270 adults 18+ based on 2011 Census, resulting in 6,974,418 or 20.83% of the population 0-17

Research Report, for example, includes statistics only for adults 18+;[2] Let's Talk TV: Choicebook - Analysis of CRTC Choicebook Public was based on the following participants: "*70% of all participants are male. Participant are also somewhat younger (though not under 25) and with higher levels of income*".[3] With this submission, The Rocket Fund is providing a voice for Canadian children who otherwise have no voice in these proceedings.

5. The Rocket Fund is dedicated to ensuring that children have access to high-quality Canadian media within a framework that benefits consumers and also supports Canada's economic growth. To allow the Commission to gain maximum benefit from the Rocket Fund's unique and comprehensive expertise and perception on the matters presented in this proceeding, we request that we appear alone rather than in a group with other organizations promoting children and/or media.

6. It has been said that it takes a community to raise a child. This extends to the well-being of Canadian children's experiences with their media, and is the responsibility of all. The primary focus of this submission is based on the fundamental belief that it is the responsibility of the entire media community to ensure that our children continue to have access to high-quality robust Canadian-made media that represents Canadian values, reflects our diversity and respects who they are as citizens of this country.

7. We call on the Commission to make bold changes to protect the interests of Canadian children, who represent nearly one quarter of the entire Canadian population. As stated in this BNC 2014-190 Section 35: *Regulatory intervention is only warranted where specific outcomes or objectives could not be met*. Regulatory intervention *is* a necessity to protect the media interests of Canadian children and their families today. Historically the Commission has approached regulation with a "one size fits all" view. We urge the Commission to treat children's content uniquely, and to prioritize children's media within any established regulatory framework.

8. As the Commission contemplates changes to the status quo, it must also consider the changing nature of how children and youth are consuming media, the current state of Canada's kids programming sector, as well as the shifts that are occurring.

9. It is well known that children and youth as early adopters of new technology drive the future broadcasting system. When it comes to the media consumption habits of the 0-17 demographic, the use of mobile devices and smart phones is growing significantly. Indeed, such products are now the "device of choice" for children and youth, and using such devices to view long-form programming is growing rapidly. Furthermore, children and youth are increasingly consuming over-the-top (OTT)/streaming services and other online content in addition to viewing on a traditional television.

10. In 2013 there was a 25.7 per cent decline reported in the production of Canadian kids film and television programming.[4] This new face of media consumption is having a clear effect on the wider kids' production industry. The

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[2] Let's Talk TV: Quantitative Research Report – statistics represent 18+ only without par, no questions targeted towards parents/families in the Choice Book, para. 4

[3] Let's Talk TV: Choicebook – Analysis of CRTC Choicebook Public: Methodology para. 3; Profile bullet 1

[4] CMPA Profile 2013, page 24

reduced Canadian programming for children within the broadcasting system is an increasing concern in the wake of advancing technologies, the proliferation of new platforms and changing consumer habits. Without timely action this decline will continue, and access to high-quality Canadian-made content for children and families will continue to diminish. This could lead to kids and their families turning more to online services that are exempt from supporting Canadian programming.

11. The Speech from the Throne includes a commitment to unbundle cable services and offer a pick and pay model, in the name of supporting and protecting Canadian families. The Rocket Fund strongly believes that in a pick and pay environment, discretionary services dedicated to children's content will be drastically affected. Protecting children and youth programming in the current declining Canadian market is important. It will be even more crucial in a pure pick and pay environment.

12. In the midst of the changing realities across this sector – from consumption habits and the decline of the industry, to changes being proposed in the Speech from the Throne and this proceeding - the Rocket Fund has an increasingly important role to play as champion investor, promoter and supporter of Canadian kids media content. It is time now for bold action by the Commission. The Rocket Fund cannot serve the children and families of tomorrow with the tools and supports of yesterday. We ask the Commission to unshackle the Rocket Fund from out-dated financial and regulatory frameworks that no longer serve the children's industry or the consumer. Financial flexibility is needed that will allow the Rocket Fund to expand its role through potential increased contributions within the existing regulatory framework as well as through contributions from exempt broadcasting services. This would put the Rocket Fund in a position to respond to the changing environment today.

13. 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. Responsive to a changing environment, it can ensure that the media experiences for children, youth and families are maximized. We are in a position to contribute and support two of the three public interest outcomes of these proceedings, for Canadian children and their families:

- *A Canadian television system that fosters choice and flexibility in selecting programming services*

- *A Canadian television system that encourages the creation of compelling and diverse Canadian programming*

About the Shaw Rocket Fund

14. The Rocket Fund, formerly the Shaw Television Broadcast Fund, was established 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* published on July 22, 1997, benefiting from 20 per cent of the 3 per cent allocation of gross revenues contributed by Broadcast Distribution Undertakings to Canadian programming. At that time the Rocket Fund provided top-up equity funding for Canadian children's television programs reacting to investment requests from the independent production sector.

15. In 2003-2004, it became apparent that as the only dedicated fund in Canada for kids content, there was an opportunity for the Rocket Fund to go beyond being just an integral form of financing for Canadian children's television programming, to also become a champion of supporting and promoting high-quality programming for the benefit of 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 within the existing framework that contributed to the growth of the independent production industry. It is the Rocket Fund's belief that encouraging and enabling producers to create the best programming for kids would benefit all of our other stakeholders, including the independent producers themselves, the production industry, governments and regulators and the Rocket Fund's Broadcast Distribution Undertaking (BDU) contributors.

16. From this strategic thinking came the Shaw Rocket Prize, proudly entering its 10th year. The Rocket Prize was established to promote and enhance the profile of Canadian kids programming within Canada and abroad. Key buyers from around world willingly sit on the international jury to select finalists each year creating global exposure for the high-quality independent children's and youth productions being produced in our country. Next, Canadian children and youth, the public and audience, screen the selected finalist programs along with the associated digital media and vote for the winner, creating awareness of Canada's exceptional programming with Canadian families. Winners are announced in Ottawa further showcasing the great work of the Canadian production community with governments and regulators.

17. The Rocket Fund's international work over the years has established Canada as a global leader when it comes to children's and youth programming. For example, international round-table discussions on the future of children's media – driven by the Rocket Fund – have resulted in forward-thinking initiatives such as an international writing program to strengthen the existing Canadian writing talent pool (currently in development). The Rocket Fund has also been asked on numerous occasions to help raise awareness of 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), and in conjunction with MIPTV (a world market and creative forum) creating the innovative workshop for industry executives: *The Future of Kids TV Summit* (Cannes, 2014).

18. In 2010-2011, the Rocket Fund began contributing to the related digital media produced in association with the television programs that the Rocket Fund invested in. This was supported by Broadcasting Regulatory Policy CRTC 2010-833 - *Contributions to Canadian programming by broadcasting distribution undertakings* published on November 9, 2010. To date, the Rocket Fund is the only fund in Canada that invests equity in convergent digital media (associated with television programs). The purpose of equity for convergent media content is to drive producers to monetize their digital media and discover new business models along with selling their television programs. Rocket Fund began recouping from digital investments this year.

19. Today, the Rocket Fund is 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 recouping and reinvesting returns to benefit the wider children's production industry.

Since its inception, the Rocket Fund believes in equity financing as a way to encourage excellence both in program production and the selling of our content globally, which builds and reinforces the industry as a whole to better serve the ultimate beneficiaries, children and youth – the very people the Rocket Fund prioritizes. The Rocket Fund represents a true innovation-based model of social finance. The role of technology coupled with the viewing habits of children and youth are excellent ways to advance key social objectives of governments and regulators, and the Rocket Fund is uniquely positioned to help advance such objectives through entertainment media.

Children & Youth: Their media, their technology

20. When it comes to understanding the media habits of Canadian children and youth, current statistics and research are extremely limited. Accordingly, the Rocket Fund is currently pursuing financing options in order to update its *Media and Technology Landscape Study of Young Canadians* from 2010. In anticipation of attending the hearing for this BNC 2014-190, the Rocket Fund will conduct a smaller scale research initiative to support its position, on behalf of Canadian children, to present to the Commission.

21. However, the research that does exist shows clearly that children and youth are media and technology savvy like never before. MediaSmarts (Canada 2014) states that 82 per cent of Canadian Grade 9 students own a mobile device/smart phone, with 52 per cent in Grade 7 and 25 per cent in Grade 4.[5]

22. In the US, three-quarters of kids say they watch short form video on their iDevice and consumption of long-form programming is growing. In 2013 more than 50 percent of kids with an iDevice watched long-form content representing a 23 per cent increase from the year before.[6] Generally, using smartphones overtook tablets for online video streaming in December 2012, with usage up 86 per cent.[7]

23. Given we know that 80 per cent of Canadian students use their personal electronic devices in the classroom to conduct research for assignments and that half of teens in 2012 had streamed television programs (52 per cent) with 46 percent watching full length movies,[8] it can be assumed that Canadian kids today are watching more long-form drama on their devices, exceeding the 50 per cent reported for US children. This is supported by the fact that Canadian children represent 21 per cent of overall Internet users in our country[9] and Canada remains a leader in Internet usage with 86.8 per cent penetration, ranking 16th out of 211 countries and outranking the 28th placed US (Canada was tied with the UK, and only behind such countries as Scandinavia, Iceland, Netherlands, and New Zealand).[10]

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[5] Steeves, Valerie. (2014) Young Canadians in a Wired World, Phase III: Experts or Amateurs? Gauging Young Canadians' Digital Literacy Skills: MediaSmarts

[6] Nickelodeon (2013) & Nielsen Research (2014) U.S. *Device data from Nickelodeon's device tracker, May of 2013. Cited Nielsen research from September 2012 to August 2013*.

[7] ADOBE DIGITAL INDEX, The U.S. Digital Video Benchmark, (Q4 2013)

[8] Steeves, Valerie. (2014) Young Canadians in a Wired World, Phase III: Experts or Amateurs? Gauging Young Canadians' Digital Literacy Skills: MediaSmarts

[9] Statistia.com, Distribution of Internet Users in Canada (Q4, 2013). Statistia.com Sources include market research reports from sources from Ipsos Media, Simmons Consumer Studies, Scarborough Research, as well as trade publications, scientific journals and government databases.

[10] Percentage of Individuals using the Internet 2000-2012, International Telecommunications Union (Geneva, June 2013)

24. Furthermore, Canadian children believe in the importance of Canadian content, on television and online as reported in the 2010 Rocket Fund Media and Technology Landscape Study[11]:

- ✓ TV content: At least 7 out of ten tweens (9-12yrs) and teens (13-17yrs) say "it's very/somewhat important to have new and fresh Canadian content development".
  - 76% for ENG Tweens, 74% ENG Teens
  - 82% for FR Tweens, 82% FR Teens
- ✓ Online content: At least six out of ten tweens (9-12yrs) and teens (13-17yrs) say it's very/somewhat important to have new and fresh Canadian content developed for online viewing.
  - 62% for ENG Tweens, 60% ENG Teens
  - 70% for FR Tweens, 69% FR Teens

25. From a consumer standpoint, it is not surprising that children today have a significant say and sway when it comes to family purchases.[12] In the US the following was reported:

> "71% of parents say they solicit opinions from their kids regarding purchases. Nearly all let the kids weigh in when what's being bought is mainly for the kids themselves, but more than two-thirds of parents take their kids' views into consideration when making family purchases.
>
> The temptation here might be to spout off about indulgent American parents, but it turns out that giving deference to the smallest members of the household is a global phenomenon, studies from Israel, India and the Philippines show.
>
> The popularity of iPads among kids still young enough to play with crayons is illustrative of a broader trend, and explains why companies are so eager to get in kids' good graces. A smaller concentration of brands makes the stakes even higher. Companies love when parents hand over the purchasing reins to their kids because that's money in the bank today and a down payment on the next generation of customers."

26. Looking to the future, PwC forecasts the following general trends in their Media Outlook Report[13].

Home Entertainment Growth: Streaming and on-demand services

- <u>Global electronic home video revenue will exceed physical home video revenue in 2018:</u> Globally, the total combined revenue from over-the-top (OTT)/streaming services and broadcasters' video on demand (VOD) services will grow at a CAGR of 19.9% to overtake physical home video revenue (the sale and rental of DVDs and Blu-ray discs) in 2018.

[11] Shaw Rock Fund: Media and Technology Landscape Study of Young Canadians, Age 9-17yrs, 2010
[12] American Families Increasingly Let Kids Make Buying Decisions, March C White (Time Magazine Online, April 11, 2013)
[13] Global entertainment and media outlook, 2014-2018; PwC, Informa Telecoms & Media

- OTT/streaming services will deliver the fastest rates of growth: OTT/streaming will see the fastest rates of growth (28.1% CAGR), rising from US$6.6bn globally in 2013 to US$22.7bn by 2018, and will exceed revenue from physical sell-through by 2018.

Internet Growth

- Internet access will generate more consumer spend than any other media product or service in the next five years: Total Internet access revenue will grow at an impressive 9% CAGR from US$413.8bn in 2013 to US$635.5bn in 2018. Growth will be driven by both developed and developing markets, with only Japan seeing a decline in consumer spend.

- More than 300bn apps will be downloaded in 2018: The number of apps downloaded globally every year will increase at a CAGR of 29.8% from 82bn in 2013 to 303bn in 2018, with the increasing availability of affordable smartphones and tablets driving adoption in both emerging and mature markets.

- Mobile will generate three out of every five dollars spent on Internet access in 2018: Mobile Internet access revenue will soar at a CAGR of 13.0% from US$208bn in 2013 to US$384bn in 2018, as the number of subscribers passes 2bn in 2014. In comparison, fixed broadband revenue will rise at a CAGR of 4.1% from US$205bn to US$252bn.

27. Children today have a say in what is being purchased, and as they are early adopters of technology, they will continue to migrate towards services of convenience that are available on their device of choice. A material amount of the revenue generated from the online consumer-generated content forecasted above will be from children. If changes to the Canadian television system do not respect the interests of children and their families including choice and cost, or reflect the changing realities when it comes to media consumption, the migration of viewing away from the television broadcasting system will continue at a rapid pace.

The current state of the Canadian children's production industry

28. The following key points illustrate the current state of the Canadian children's production industry:

    - The CMPA Profile 2013 reports a large 25.7 per cent drop in the production of children's and youth film and television from the year before, representing a record low since 2007-2008.[14]

    - The Profile also reports that live action children's production fell four times the rate of animation production, dropping by 37.9 per cent.

    - CBC / SRC were allocated only 5 per cent of their entire 2014-2015 Canada Media Fund (CMF) Performance Envelope for children's content with drama taking the lion's share at 83 per cent. The CBC / SRC envelopes represent $83m (a guaranteed 32 per cent of the entire

[14] CMPA Profile 2013, page 24, 25

CMF Performance Envelope Program) and only $2.2m was allocated towards kids programs.

- Conversely, due to its acquisition of Teletoon, Corus will receive a 72.5 per cent of the 2014-2015 allocated CMF Children's and Youth English Performance Envelope[15].

- With the recent budget cuts at the CBC and their ongoing priority to drama, the acquisition of Teletoon by Corus and the acquisition of the Astral family assets by DHX, there is much change and uncertainty within the Canadian children's broadcasting community.

- The Rocket Fund saw a decrease in the number of television applications for investment since 2012, dropping 30 per cent in 2014. As producers must obtain a broadcast licence to apply to the Rocket Fund, we believe this to be evidence of a continued trend of the decreasing number of children's programs commissioned by Canadian broadcasters.

- BDU contributions to the Rocket Fund have shown a continual decline since 2010, resulting in 17 per cent decrease by 2013.

- Conversely, Rocket Fund recoupment on its investments increased in 2013 by 63% per cent compared to 2010 despite significant drops in BDU revenues and contributions to the Fund. This demonstrates the growing international demand and market success of Canadian children's programs, however this level of success can only be sustained if high-quality programs continue to be available.

Shaw Rocket Fund response to Broadcasting Notice of Consultation CRTC 2014-190 – *Let's Talk TV* (BNC 2014-190)

29. The Rocket Fund will respond to specific questions set out in BNC 2014-190 as they relate to Canadian families, children and their programming.

30. While Let's Talk TV Phase 1 Comments identified that some participants felt that Canadian children's programs and information shows are important,[16] it is of great concern that Let's Talk TV: Quantitative Research Report concluded in its Executive Summary that children's programming is considered niche-programming and is one of the least likely to be seen as important by those surveyed.[17] Considering that children's and their family's interests were not represented in this research, this conclusion is unsubstantiated. Without question, programming for children is important.

[15] CMF 2014/2015 Performance Envelope Allocations: http://www.cmf-fmc.ca/documents/files/env-admin/allocations/2014-15-pep-allocations.pdf

[16] Let's Talk TV: A report on comments received during Phase 1, Canadian programming, Page 7, para. 1

[17] Let's Talk TV: Quantitative Research Report – Executive Summary, Key findings based on the survey results, last bullet

I. Canadian television system that fosters choice and flexibility in selecting programming services, Section 49

Q1. What are the potential effects, both positive and negative, of the proposed approach set out in paragraphs 40 to 48 above on different elements of the broadcasting system, including consumers, discretionary services, BDUs, the production sector, OLMCs and ethnic broadcasters?

31. Under the proposed approach to consumer choice set out in paragraphs 40 to 48 of BNC 2014-190, the Rocket Fund believes that the impact on children and youth programming – assumed to be unintended – will be detrimental to the health and vitality of a sector where Canada has a competitive edge globally. There is a clear need to deal with kids content differently than other genres of programming in the proposed framework: the model to provide a basic service for Canadian content followed by a pick and pay framework for the remaining balance of a consumer package.

32. If an all-Canadian basic service is established, such service would need to have a meaningful amount of programming dedicated to children and youth. While provincial educational services such as TVO and TFO (Ontario) and Knowledge Network (BC) may suffice in their region, children in regions that do not have an educational public service may not have access to any children's content offered on such basic service. Any such service <u>must</u> provide a meaningful level of programming dedicated to children and youth.

33. Although scientific research was not available for this submission, it is strongly believed that in a pick and pay environment, subscriptions to dedicated children's services would be materially reduced and that such discretionary services may not survive under a pure pick and pay model. With limited resources, families who are already migrating towards online options for their children would likely choose an over-the-top service (OTT) instead of a potentially costly stand-alone children's service that only offers a certain type of programming. Protection of programming for Canadian children would be required in such an environment. Even if consumers are able to create a package with their own choice of services, it is still believed that discretionary services dedicated to kids content would suffer significantly unless there were mandatory services.

34. YTV, Treehouse, Family Channel, Disney XD, Disney Playhouse are all dedicated services to kids content. Should these services fail to exist, the production of Canadian children's programming would be primarily left to public broadcasters with limited resources to commission original children's programming. Many well-established companies that produce media for children who employ a significant amount of the production sector and sell Canadian programming globally, would not survive. It is strongly held that the effect of a pick and pay model on the children's and youth production sector without protection could be devastating.

Q4. What effect would this approach have on the affordability of television services? Is there a particular impact on the affordability of sports services, for example?

35. The intent in the Speech from the Throne to unbundle cable services and offer a pick and pay model was to support families and defend the consumer: Speech from the Throne, October 16, 2013 - 2. **Supporting and Protecting Canadian Families**, Defending Canadian Consumers: *Canadian families work hard to make ends meet, and every dollar counts. While companies will look out for their bottom line, our Government is looking out for everyday Canadians.*

36. Stand-alone services for children's programming would likely not be affordable for Canadian families due to reduced subscriptions, or might not even survive under the proposed approach, driving families even more towards online services that are exempt from broadcasting regulation which do not guarantee Canadian made-programming for Canadian children. It is believed that children and families would be negatively affected by unbundling without the protection of children's programming.

Q5. What effect would this approach have on the cost of program acquisition?

37. The Rocket Fund does not have any scientific data to determine the effects on programming acquisitions, however it is believed that any of the discretionary services for children's content that survive a pick and pay model, would see their budgets grossly reduced affecting what resources would be available to licence original content for kids programs.

II. A Canadian television system that encourages the creation of compelling and diverse Canadian programming

<u>Financing and promoting compelling Canadian programming</u>

Q29. Do funding mechanisms for Canadian programming need to be modified to take into account changes in the way Canadian programming is watched?

38. In light of the current state of Canadian children's content and the trend of reduced programming for children within the broadcasting system, families will continue to be driven to alternative services. The Rocket Fund will need to have the financial flexibility to respond. Existing funding mechanisms should allow for a greater flexibility of financial resources to benefit youth and children's content, which do not rely on "genre allocations" where kids content competes for resources against other genres such as drama.

39. To address changes in how kids are watching their programming, with over 80 per cent of Grade 9 students owning a smart phone used increasingly for the consumption of long-form programming, it is requested that the regulatory requirement for the Rocket Fund to invest in television media only (the requirement of a broadcast licence or development agreement with a licenced broadcast undertaking pursuant Broadcast Regulatory Policy CRTC 2010-833) be removed specifically for the Rocket Fund enabling it to finance children's

content on any appropriate platform. The current 10 per cent allowance to invest in digital media unrelated to television remains tied to a broadcaster and is limiting in the changing world of media entertainment for kids.

40. An example of how this change could benefit the audience is the recent production of a webisode based on a popular children's book series that was produced to encourage creative feedback from children and determine audience interest (produced without Rocket Fund investment). The popularity of the webisode resulted in not only a broadcast licence but also the desire of all parties to build a brand around the property. A change to regulation would enable the Rocket Fund to support a series of this nature for the benefit of the audience, with the belief that it would eventually find a home on television.

41. As an equity investor, only programs that benefit the audience and make financial sense would be supported by the Rocket Fund; programs that air on television remain relevant to families and provide the Rocket Fund its primary source of recoupment. As such, removing the television barrier specifically for the Rocket Fund, would not result in the Rocket Fund abandoning television. In fact, it would allow the Rocket Fund to evolve with the audience, enabling it to support the entire audience experience for children wherever relevant, which today still includes television, and could even drive more television programming as demonstrated above.

42. The Rocket Fund also submits that Canadian OTTs must contribute towards Canadian kids' media as they have become a major provider of content for children, streaming many Canadian programs financed by the television broadcasting system, yet do not have to contribute to the production of Canadian children's content. If the broadcasting community as a whole is responsible for ensuring that our children always have access to high-quality programming, then such responsibility falls not only within the regulated broadcast system, but the exempt broadcasting system as well. While OTTs pay content providers a fee for the programs they acquire, such fees are discretionary and do not directly contribute towards the creation of new original Canadian media for kids.

Q30. Are any regulatory measures required to encourage the production, promotion or presentation of new, compelling and innovative Canadian programming? If so, what would those measures look like?

43. The production, promotion or presentation of new and compelling innovative Canadian children's media requires flexibility in the current declining Canadian market, and even more urgently in a pick and pay environment.

44. It is recommended that the regulatory requirement for investing in television media only content for kids be removed for the Rocket Fund, as set out in Section 39 above. This would allow for the Rocket Fund to support innovative content that reflects changing media consumption habits with a 360 degree view in any manner that is most appropriate for children. It would also speak to new types of contributions such as an allocation of revenues from exempt broadcasting services.

45. The Rocket Fund has been a successful champion of Canadian children's media within Canada and abroad as demonstrated earlier in this letter, with limited resources. When the 5 percent of BDU contribution administration cap was established, it was not contemplated that the Rocket Fund would evolve into the type of effective and forward-thinking fund it is today. Furthermore, with the Rocket Fund's limited and declining BDU revenues currently at approximately $13 million as compared to the CMF's $368 million, a 5 per cent cap limits the ability of the Rocket Fund to leverage its current footing in the marketplace on behalf of Canada and the Canadian kids production community. We therefore respectfully request a 5 percent lift up to 10 percent based on the Fund's current level of BDU contributions, to allow the Rocket Fund to further promote Canadian kids media worldwide and to leverage its existing position as a leading partner, investor and advocate of high-quality Canadian children's programming. Based on the Rocket Fund's model, this additional promotional activity will further contribute to the sustainability of the Canadian children's production sector by increasing awareness and stimulating sales of programming, which in turn is reinvested in Canadian children's programming and the kids production sector.

Q34. If exhibition requirements are generally reduced or eliminated, would there still be a need for specific exhibition requirements for particular types of programming, e.g. local or children's programming?

46. There is a strong need for specific exhibition requirements for children's programming. Canadian children have the right to have access to high-quality and diverse programming that speaks to them on many platforms. We recommend that exhibition requirements, where appropriate, should include a reasonable number of original hours of programming to avoid the repetition of out-of-date content which doesn't speak to kids today and is only in place to satisfy regulatory requirements.

47. Furthermore, any incentive program established should also include the requirement for the creation, production and exhibition of high-quality children's programming, within a framework that awards excellence to avoid "good enough" content produced to meet regulatory requirements. It is our belief that competition, such as a subjective financial process, is the basis of ensuring that the best programs are supported, produced and exhibited.

48. Canadian children's and youth programming must have a secure place within the Canadian broadcasting system, regulated or exempt.

Q35. Should the Commission encourage the promotion of Canadian programs, here and abroad? If so, how?

49. We believe that the Commission can and is able to encourage the promotion of Canadian programs here and abroad through established funds like the Rocket Fund. When it comes to children's programming, the Rocket Fund is best equipped to fulfill this requirement on behalf of the Commission, Canada, and the children's production sector.

50. In order to best achieve this, enabling the Rocket Fund to expand its role by providing more flexibility with the BDU contributions received by the Rocket Fund would allow for a greater commitment towards promotion as requested in Section 45 above. While an increase to the administration cap may appear to

be taking from the production financing pool, it is our belief, which has been proven with the Rocket Fund's recoupment success to date, that balancing strong investments, with strong partnerships and a strong footing in the marketplace through promotion will result in greater exposure for our world-class Canadian kids programming. In turn, this will lead to higher sales and returns which will then be reinvested in the Canadian children's production industry.

Q36. Is the current way to calculate contributions to Canadian programming still appropriate? For example, should the Commission update its definition of broadcasting revenues to reflect all broadcasting activities by licensees?

51. The Rocket Fund believes that any change to the regulatory framework for the broadcasting system is an opportunity to recognize and prioritize programming for Canadian children. We are strong believers in the Rocket Fund's successful investment model and are proud of what we have achieved, on behalf of the Canadian children's production sector, and Canada. We are in a position to do more.

52. At the moment, 3 per cent of the BDU's total 5 per cent contribution of gross revenues to Canadian programming is split 80/20 in favour of the CMF with the balance to a CIPF of the BDU's choice, with Shaw's discretionary contribution directed to the Rocket Fund. As stated in the Rocket Fund's response to CRTC Broadcasting Notice of Consultation 2013-558 - *Call for comments on the Commission's approach to tangible benefits and determining the value of the transaction*, the Rocket Fund calls on the Commission to use these proceedings as an opportunity to acknowledge the changing media environment for Canadian children and the current role of the Rocket Fund when allocating contributions.

53. We respectfully request that the Commission enable Shaw to determine, at its own discretion, the allocation of its 3 percent of gross revenue contribution to Canadian programming towards the independent fund(s) of its choice. Under current regulation, Shaw has the option to contribute 100 percent of its 3 per cent to the CMF, but does not have the flexibility for a greater contribution to the Rocket Fund (the CIPF portion). Any additional allocation to the Rocket Fund would ensure that Shaw's contributions were invested in a diverse range of kids programming throughout the entire Canadian broadcasting system, as demonstrated in the types of programs that the Rocket Fund has invested in.[18]

54. Entrusting the Rocket Fund with greater level of contributions for Canadian children's programming would not be taken lightly. As a not-for-profit organization, the Rocket Fund's primary motivation is to provide high-quality, Canadian-made media to the children and youth of our country, programming that can also be enjoyed by children worldwide. We would welcome the opportunity to expand our learnings and expertise in this sector so that we can better serve children, their families, and the wider Canadian public as well as the independent production community. We urge the Commission to recognize that a one-size fits-all approach to contributions is not effective or good enough for our kids and their media, who represent 21 per cent of the Canadian population and to strongly consider this change.

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[18] Shaw Rocket Fund 3 year list of program investments with associated broadcasters (submitted with this filing)

Q38. How should the Commission and Canadians measure success with respect to encouraging the production of compelling Canadian programming?

55. The Rocket Fund model of subjective and competitive based investments is a proven way to measure success and encourage production of compelling Canadian programming. Competition for investment drives excellence and accountability encourages good business. The equity model of the Rocket Fund is proven and provides a clear measure of success.

56. In addition, the Rocket Fund measures success through Canadian audience measurements on all platforms, and international success not only by recoupment but also through international presales used to finance new original Canadian programs. The Rocket Prize is also a vehicle that encourages and showcases excellence in Canadian independently produced children's programming.

Ensuring that television services can be made available while reducing regulation

Genre exclusivity and protections for Category A services, Section 113

Q58. Are regulatory measures necessary to promote programming diversity? If so, what measures can best achieve this objective?

57. The Shaw Rocket Fund's $160 million in investments to date represent a diversity of rich content for children of all ages, across all audiovisual platforms supporting stories that respect and reflect the current face of Canadian children and youth. The Rocket Fund has a balanced portfolio of investments that support diverse Canadian communities in every region of the country, while encouraging economic growth and contributing to the sustainability of the entire children's production sector. We invest in live action, animation, drama, variety, documentary and educational programming for all children 0-17 across all linguistic and cultural lines. Additionally, we partner with every broadcasting service that airs children's programming in Canada – public and private.[19]

58. Due to the Rocket Fund's support for a wide variety of program genres for children and youth, a potential higher portion of the regulated contributions of Canadian programming to the Rocket Fund as suggested in Section 53, would support continued diversity of programming for Canadian children.

Q59. What are the implications, both positive and negative, of eliminating the genre exclusivity policy? What would be the earliest feasible timeframe to implement this approach, in light of all the possible implications?

59. Canadian children's and youth programming must have a secure place within the Canadian broadcasting system as a whole, regulated or exempt. It must be acknowledged that Canadian children's content airs on various broadcasting services across Canada, not just dedicated services. Therefore, as mentioned previously in this letter, we urge the Commission to place a priority on children's and youth media throughout the entire broadcasting system and recommend a broader view than genre exclusivity when determining how best to ensure children have access to Canadian programming.

[19] Shaw Rocket Fund 3 year list of program investments with associated broadcasters (submitted with this filing)

Conclusion

60. In closing, we believe that it truly does take a community to raise a child, and that it is the responsibility of the entire media community to ensure our children continue to have access to high-quality Canadian-made media. A key component of protecting consumers is to first protect families by making kids programming a priority within any new regulatory framework. Doing so will maintain and enhance Canada's global leadership position and ensure all Canadians, irrespective of socio-economic or geographic difference, continue to have access to Canadian content across all platforms.

61. In a time of declining BDU revenues, and appreciating the Rocket Fund's important role in supporting programming for Canadian children and youth – nearly a quarter of the population – the Rocket Fund is actively seeking to expand its role in the industry, increase business opportunities for Canadian producers and maximize current resources of funding to ensure that a vibrant children's media business continues to thrive for the benefit of our children and youth. Keeping Canada at the forefront of this sector is a win-win-win-win for children and families, the wider kids programming industry and other private sector, our government and regulator partners and our country as a whole.

62. If Canada's success is based on the success of our families, then it goes without saying that the success of families is measured first and foremost by the success of our children.

63. We thank the Commission for the opportunity to provide these comments and we look forward to supporting and building on them at further hearings and discussions on these matters.

Sincerely.

Annabel Slaight
Chair

Agnes Augustin
President & CEO

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