



February 29, 2016

Ms. Danielle May-Cuconato  
Secretary General  
CRTC  
Ottawa, Ontario  
K1A 0N2

**Filed electronically**

Dear Ms. May-Cuconato:

**Re: Broadcasting Notice of Consultation CRTC 2016-30 – *Call for comments on amendments to the Television Broadcasting Regulations, 1987, Pay Television Regulations, 1990, and the Specialty Services Regulations, 1990, relating to target audience markers***

1. We thank the Commission for the opportunity to discuss the importance of Canadian children's and youth programming, and its value to the Canadian broadcasting system, to Canadians and to our footprint both at home and abroad. We are encouraged that the Commission is of the view that "*children's and youth programming is an integral part of the Canadian broadcasting system*" as set out in Broadcasting Regulatory Policy 2015-86, and that the intent of this particular proceeding is to establish meaningful measurements to ultimately determine "*whether regulatory action is warranted to ensure that Canadians have adequate access to Canadian children's and youth programming*"<sup>1</sup>.
2. The Shaw Rocket Fund ("Rocket Fund") proudly remains a vital partner of Canadian producers and broadcasters in offering children robust world-leading Canadian content. Indeed, we support Canadian-made media that represents Canadian values, reflects our diversity, and most of all respects and speaks to Canadian children – while positively showcasing Canadian leadership on the world stage. With the Rocket Fund's investment and support, we are helping meet one of the key objectives identified by the Commission: *A Canadian television system that encourages the creation of compelling and diverse programming made by Canadians.*<sup>2</sup>

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<sup>1</sup> Broadcasting Regulatory Policy CRTC 2015-323, Section 1

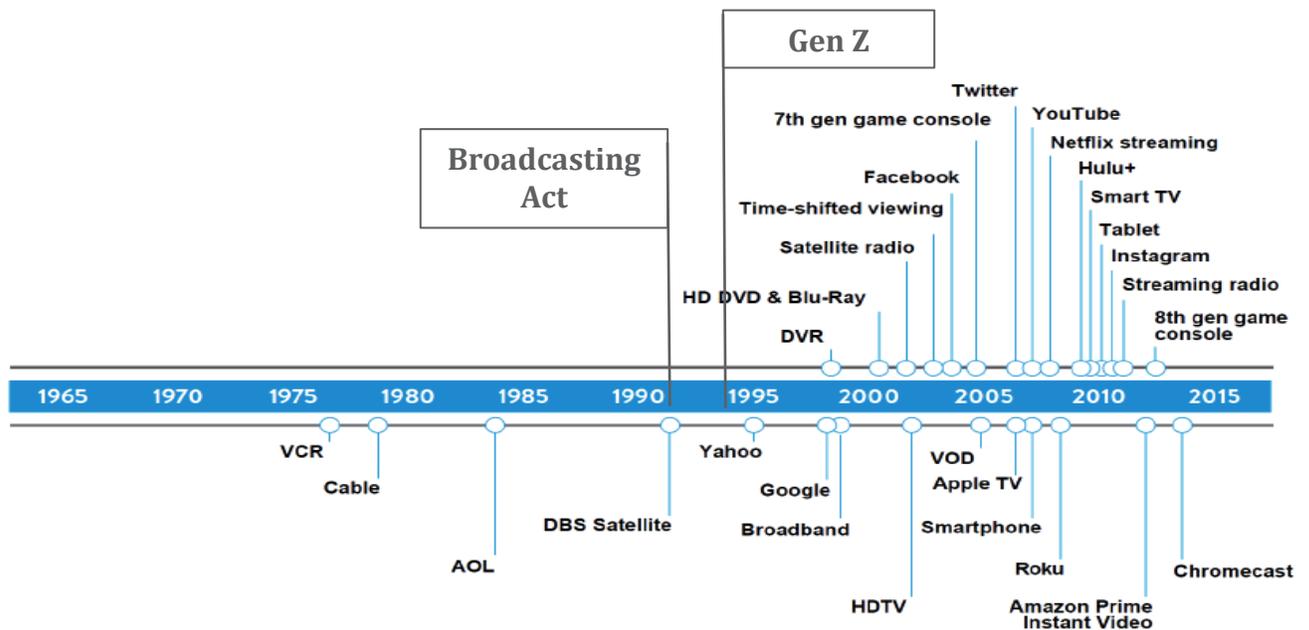
<sup>2</sup> Broadcasting Regulatory Policy CRTC 2015-86, Section 4

3. Our footprint is exhaustive: Since 1999, the Rocket Fund has invested over \$177 million into 607 television programs, and since 2010, into 83 associated digital media content for children, youth and families. We support programming in both official languages, as well as Aboriginal and various 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 across Canada and abroad. Working with governments and regulators along with the industry, we are responsive to a changing environment and help ensure that the media experiences for Canadian children, youth and families are maximized.
4. The proposed measurement of children's and youth programming, as set out in Broadcasting Notice of Consultation CRTC 2015-323 and followed with this Broadcasting Notice of Consultation CRTC 2016-30, is a vital step towards ensuring that Canadian-made programming for children and youth will continue to form a meaningful part of the Canadian broadcasting system in an ever-changing media environment.
5. We understand it is not an easy task to determine the right age groups for children's content in order to monitor the amount of children's programming Canadians have access to. We applaud the Commission for acknowledging the importance of Canadian youth programming by adding Teenagers (13-17) as a target audience, and we agree with the age range groupings proposed for children under the age of 13. We do, however, respectfully submit that the Commission expand its criteria for Adult (18+) programming by adding a category for "Family" acknowledging programming that is created for an entire family to enjoy together and speaks to the growing importance of co-viewership within the broadcasting system.
6. The Rocket Fund does not have any additional comments pertaining to the logistics surrounding target audience markers and reporting by broadcasters within this proceeding, and we respectfully defer to the licencees that report to the Commission on the effectiveness of such measurements.
7. In regards to determining if regulatory intervention is required for Canadian children's and youth programming as a result of these measurements, the Rocket Fund respectfully cautions the Commission on three key matters: first, the Commission must ensure such measurements effectively track trends to allow the Commission to make meaningful and timely regulatory decisions; second, the Commission must be prepared to take action and implement change quickly and efficiently; and third, it must ensure the sustainability of the Canadian children's production sector while such measurements are being tracked over the coming years.

#### **Forward-looking, useful and meaningful measurements**

8. While the new audience markers suggested in this proceeding are warranted, we caution the Commission about using this new measurement criteria as a starting point to track changes within the children's programming sector as it would render the measurement out-of-date; any trends identified would be behind the ever-changing environment of children's and youth screen-based media.
9. As described in the Rocket Fund's intervention letter for Broadcasting Notice 2015-467 – *Call for comments on the Commission's policies relating to Certified Independent Production Funds*, media habits of children are changing rapidly in a

time where technological advancement continues to effect how children watch their programming, and on what screen. Generation Z, born after 1995 - turning 18 between 2013 and 2028 and representing about two billion people worldwide - is deemed to be the first global generation. It is made up of true digital natives who have been born into a world where unrestricted connectivity and content discovery are the norm. They have access to an abundance of video options that can be experienced on any device of their choice, and where interactivity is expected. They are not early adopters of technology, nor are they converts to technology. Technology and choice are inherent in their lives. This generation was born just as Yahoo and Google were launched into the market and already live within a multi-screen environment that offers an abundance of content and choice.



10. Considering how children and youth consume media today and what is forecasted in the near future, we urge the Commission to obtain meaningful historical data from broadcasters that currently target children’s and youth audiences. We recommend that historical data be gathered from the previous three years at a minimum, in order to formulate an earlier comparative starting point to ensure that measurements being implemented today are useful and meaningful tools to monitor the landscape of children’s programming tomorrow.

**Keeping pace, focus on outcomes**

11. The responsibility to provide Canadian media content to children and youth has transformed into an even greater responsibility due to easily accessible devices and the vast abundance of choice for children. Media consumption for children and youth is seeing the most change of any demographic therefore the Commission must be prepared to take action quickly.
12. While this measurement of target audience is a solid start in the right direction, such measurement is only useful if the Commission establishes meaningful outcomes. Outcomes should include, but not be limited to, establishing the desired number of original Canadian children’s and youth programs produced each

year by target audience (or percentage of programs within the Canadian broadcasting system) including overall spend. Such a measurable outcome can be established today if the Commission obtains historical data from broadcasters of children's and youth programming as suggested above as this new target audience reporting is implemented.

13. While we agree with the Commission's intent to shift the emphasis from quantity to quality Canadian programming,<sup>3</sup> we submit that, with respect to children's and youth programming, a targeted number of hours of original Canadian programming is essential, as well as spend. This would ensure that the broadcasting system continues to provide Canadian children with a robust amount of Canadian-made media content that is relevant to them and supports their development and growth.
14. With a measurable objective in place, the Commission will be in a position to act quickly in the event that regulatory intervention is required to protect Canadian children's and youth programming and ensure the Canadian broadcasting system continues to meet this generation's media demands as well as the objectives of the Broadcasting Act.

### **Sustainability**

15. Given these measurements are being implemented at a time where the Canadian broadcasting system is rapidly changing, as a result of technological advancement and further as a result of the Commission's *Let's Talk TV* consultation, it is vital that the children and youth media production sector continues to thrive and adapt. Canadian families must have meaningful access to Canadian made programming that is affordable and discoverable.
16. The sustainability of this sector is dependent on reliable financial resources specifically for children's and youth programming and must be protected. While the Canada Media Fund ("CMF") continues to support children's programming through its broadcaster Performance Envelope Program, such funding is reliant on the allocation from vertically integrated companies that also support prime-time programming for Adults 18+. Allocation of CMF funding to children's and youth programming is not guaranteed. While the threat for this funding to be distributed away from children's and youth programming may not be imminent, considering the upcoming changes to the broadcasting system - including moving to a Pick and Pay environment - such reallocation could easily become a reality.
17. We respectfully submit that the recommended changes proposed by the Rocket Fund for the Certified Independent Production Funds ("CIPFs") (set out in its initial intervention letter submitted on December 18, 2015 in response to Broadcasting Notice of Consultation CRT 2015-467 – *Call for comments on the Commission's policies relating to Certified Independent Production Funds* and its reply on January 22, 2016<sup>4</sup>) are critical if the Rocket Fund is to continue to support the Canadian children's programming sector in a meaningful way. It would then be possible for the Rocket Fund to be more responsive to a changing media landscape in support of programming for this important demographic. The recommended changes to the Rocket Fund's policies would provide a more flexible funding system for this sector while supporting the Commission's goal where *the future "television" system will be one in which Canadians have a seamless experience when accessing their content of choice.*<sup>5</sup>

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<sup>3</sup> Broadcasting Regulatory Policy CRTC 2015-86

<sup>4</sup> Broadcasting Regulatory Policy CRTC 2015-467 – Rocket Fund Interventions, Dec 18, 2015 and Jan 22, 2016

<sup>5</sup> Broadcasting Regulatory Policy CRTC 2015-86, Section 17

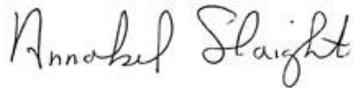
## **Children & youth: the future of television, the future of Canada**

18. To support the Commission in its goal to measure Canadian children's and youth programming, we respectfully resubmit Sections 14 – 20 of the Rocket Fund's intervention letter for Broadcasting Notice of Consultation CRTC 2015-467 as an Appendix hereto, which describes how the Rocket Fund sees the future of television for children and youth based on its research paper entitled *Media, Technology and Consumption Among Youth*, which is also resubmitted to form part of this submission.

### **Conclusion**

19. We believe that with the right balance of regulation and flexibility, the Rocket Fund is in a position to best serve the globally connected, interactive young consumers who will shape the Canadian broadcasting system through its meaningful and progressive support of the Canadian children's and youth production sector.
20. We thank the Commission for the opportunity to provide these comments and we look forward to supporting and building on them at further discussions on these matters as they pertain to the Commission's *Let's Talk TV* consultation. Should the Commission determine that a public hearing be warranted in respect to this proceeding, we respectfully ask to be invited to participate.

Sincerely,



Annabel Slaight  
Chair



Agnes Augustin  
President & CEO

## APPENDIX

### **SECTIONS 14 – 20 OF THE ROCKET FUND INTERVENTION TO BROADCASTING NOTICE OF CONSULTATION CRTC 2015-467 – *Call for comments on the Commission’s policies relating to Certified Independent Production Funds***

#### **Children & youth: embracing what we have learned on the future of television**

21. Generation Z is estimated to become the largest generation of our time, exceeding the Millennials (Gen Y)<sup>6</sup>. Statistics Canada estimates that Canadian Gen Z represent 22 per cent of our population<sup>7</sup> and this generation will become the largest group of consumers by 2030<sup>8</sup>. It is essential that we all are fully attuned to the changing face of media consumption habits amongst youth and children today, the future consumer and those with the buying influence in a family.
22. For Canadian youth, it is an understatement to say television (TV) is no longer synonymous with the content it carries into their homes. This is in stark contrast with their parents’ TV experience. As identified in the research paper entitled *Media, Technology and Content Consumption Among Youth* submitted as part of this proposal, Canadian children are driven by the desire to easily access compelling, relatable storytelling on the device of their choice. While TV is still the primary device for viewing their programming, it is simply one of the tools by which to consume it. “Let’s watch TV” has become “how do you want to watch your show?”
23. However, while TV is now just one of many vehicles young people are choosing to consume programming, it continues to maintain a central and familiar space in the homes of most Canadians. That space, however, cannot be taken for granted, as young Canadians continue to define their position within the growth of today’s digital storytelling eco-system. Our research shows that between 2010 and 2014, watching programming on TV decreased by 21 per cent, whereas the laptop/PC and smartphone have both increased by at least 20 per cent. By 2014, the number of hours spent with content via digital technology that is mobile surpassed traditional stationary TV by a ratio of 12.96 hours to 10.72 hours. By the same measure, 60 per cent of Canadian kids acknowledge the future of TV is online. By 2030, Gen Z is expected to be the most populous in Canada. Simply put, in order to remain relevant, the broadcasting system must adapt to these changing demographics and consumption habits by becoming more flexible and responsive to today and tomorrow’s reality.
24. Amongst this change, 60 per cent of Canadian children still desire high quality Canadian-made programming that is aspirational, relatable and relevant to them. Our research also shows that 68 per cent of kids 9-18 surveyed said they are proud when a show they like is Canadian, and 46 per cent like shows that reflect them as Canadians.
25. Similarly, Canadian parents feel it’s important that programming is made in and about Canada and that access to Canadian-made programming in households is important to families in every province:

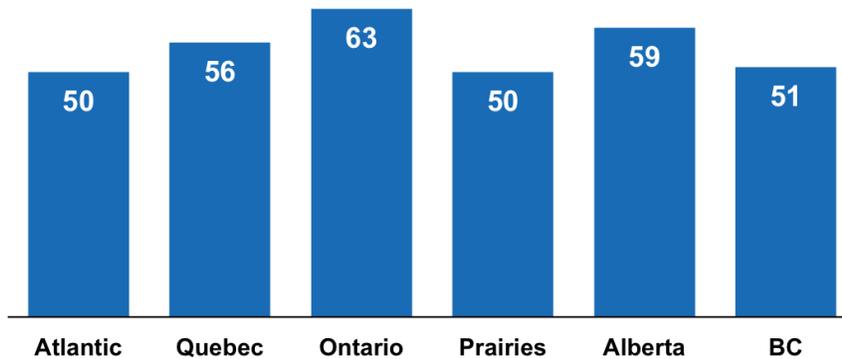
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<sup>6</sup> Celine Cooper: The Rise of Generation Z, Special to Montreal Gazette, Nov 1, 2015

<sup>7</sup> Statistics Canada 2011 Census

<sup>8</sup> Rocket Fund Research Paper: Media, Technology and Consumption Among Youth

**Importance of Canadian-made Programming is in  
Channels and Theme Packs for HH Purchase  
% Top 2 Box, Canadian Parents of <19yrs**



26. Parents believe that having government involvement in enforcing a minimum number of hours of Canadian made content is important for children of all ages including teens. Surprisingly, it is very important for teens to also have access to Canadian programming when making content decisions themselves.
27. The children of today are the consumers of tomorrow, and they expect the entertainment business of Canada to be aligned with their habits and their expectations. This includes access to quality Canadian programming on the device of their choice within a seamless experience.
28. The viewing habits of youth outlined in our Research Report are corroborated by the PwC Media Outlook Report which states<sup>9</sup>:

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

To put it simply, 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. It's time to embrace what we have learned.

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<sup>9</sup> PwC Global entertainment and media outlook 2015-2019