



July 11, 2023

Mr. Claude Doucet
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario K1A 0N2

Filed electronically

Dear Mr. Doucet:

Re: Broadcasting Notice of Consultation 2023-138: *Call for comments – The Path Forward – Working towards a modernized regulatory framework regarding contributions to support Canadian and Indigenous content* – Initial Comments of Shaw Rocket Fund.

1. We thank the Commission for the opportunity to comment on ***Broadcasting Notice of Consultation 2023-138: Working towards a modernized regulatory framework regarding contributions to support Canadian and Indigenous content*** representing Step 1 of a three-step process to establish a modernized regulatory framework regarding contributions to support Canadian and Indigenous content. We respectfully request that Agnes Augustin, President & CEO and Christine Shipton, Chair, Shaw Rocket Fund, participate in the hearing beginning November 20, 2023, on behalf of the interests of the Canadian children's production sector. We believe Canadian children and youth are the ultimate beneficiaries of the *Online Streaming Act* and these proceedings.

Executive Summary

2. The Shaw Rocket Fund ("Rocket Fund"), a Certified Independent Production Fund ("CIPF") is the only dedicated fund for Canadian and Indigenous children's and youth content. For over 25 years, Rocket Fund has been a vital partner of the Canadian children's media sector in offering children robust, world-leading content on all platforms. We invest in and support the creation and discoverability of high-quality Canadian and Indigenous children's and youth audiovisual and digital media content that reflects Canadian values and diversity, and most of all respects and speaks to children. We partner with Canadian independent producers and creators, broadcasters and networks, production funds, Canadian and international streamers and distributors to serve all Canadian children and youth, and to positively showcase Canadian leadership on the world stage. Rocket Fund supports programming in both official languages, as well as Indigenous and various minority languages, on platforms that air Canadian children's and youth programming. By working with producers, regulators, and governments, Rocket Fund aims to make quality Canadian and Indigenous content for kids a global priority for the content industry.

3. Rocket Fund’s submission is being presented in three sections:
 - i. First, we will discuss the media habits of Canadian children and youth.
 - ii. Second, we will provide an overview of the state of the Canadian children’s production sector from Rocket Fund’s perspective.
 - iii. Third, as a CIPF, we will respond to relevant questions set out by the Commission regarding the base contribution and proposed new contribution framework for the creation and discoverability of Canadian and Indigenous content as it pertains to Rocket Fund and the Canadian kids and youth media sector.
4. Canadian children and youth deserve to be considered a priority in these proceedings. The words “child, children, kids or youth” could not be found in Broadcasting Notice of Consultation CRTC 2023-138, CRTC 2023-139 or CRTC 2023-140¹. The Commission states in CRTC 2023-138 that “These policy objectives are also intended to ensure that the Canadian broadcasting system serves the needs and interests of all Canadians.”² Understanding that “all Canadians” includes Canadian children and youth, respectfully these notices of consultation do not acknowledge the special place children have in our society and the responsibility the broadcasting system has to Canadian children within these proceedings.
5. Children and youth of Canada are driving innovation and how we consume media. Generation Alpha (born 2010-2024) are raised with more diversity and technology than any previous generation and by 2025, they will be the [largest demographic living](#) on the planet. Being true digital natives, they are fearless and resourceful when discovering the content they desire. Traditional quality programming continues to be one of the many ways children and youth experience their content, but on the platforms that offer them choice and not on a broadcast schedule. The Canadian broadcasting system needs to be where the kids are.
6. Canadian children’s programming is a Canadian success story due to a historical robust broadcasting and funding system that supported the children’s production sector. While it appears that Canadian children’s production continues to thrive, we submit that it is reaching a tipping point. Years of regulatory policy that focused on genres and not the needs of Canadian children have inadvertently caused the Canadian broadcasting system to abandon the kids’ production sector, and ultimately Canadian children. There is an opportunity within these proceedings to incentivize further growth and long-term sustainability of the children’s sector through base contributions and the new policy framework.
7. Rocket Fund, with its 25 years experience and expertise as an independent production fund supporting and driving the Canadian children’s and youth media sector, is well positioned to implement and maximize the policy objectives of these proceedings with any contributions it may receive, on behalf of the Canadian children’s production sector.

¹ Broadcasting Notice of Consultation CRTC 2023-138, CRTC 2023-139, CRTC 2023-140

² Broadcasting Notice of Consultation CRTC 2023-138, para. 7

Section 1

Canadian children and youth

8. Canadians under the age of 18 represent over 20 per cent of Canada’s population based on Statistics Canada’s [2020 Census](#) of families with children by age. Statistics Canada also states that children younger than 15 years of age [represented](#) 17 per cent of recent arrivals in Canada, and it is expected to grow. We have a great responsibility to serve all Canadian children and ensure that original Canadian-made programming is available to them, and that such programming represents who they are and allows them to be seen on screen.

9. To effect change in our industry, Rocket Fund supported the Black Screen Office’s *Being Seen: Children’s Media Report* to help the screen-based industry better serve Canadian children, as acknowledged in the *Being Seen* report (page 5): “*The Shaw Rocket Fund believes that change starts with kids and requested that the project expand to include a specific look at children’s media to identify to what extent children are concerned with authentic representation in the media that they enjoy, and to compare it with the thoughts of their parents, and the creators and producers of Canadian children’s media.*”³ *Being Seen* as a whole is a research project aimed at improving authentic representation on Canadian screens by consulting with Black, People of Colour, 2SLGBTQIA+ and People with Disabilities and developing directives for the industry based on their insights. Selected quotes from the *Children’s Media Report* demonstrate the need for change:

“My son is mixed race and it’s really difficult to find that in media. He’s 11 and he’s found YouTubers who are mixed race and part Asian. It’s not something that I told him to do or I forced it on him but it’s cool that he’s finding these.”

“I want to see more stories of people from different cultures. People who write stories are not very open minded. I would like characters to have multiple things that they’re good at. (Age 9)”

“For my child, he’s 3 and we don’t really watch TV. He watches YouTube and I can do a keyword search and find him things to watch. I try to expose him to Nigerian cartoons and animations. But it’s hard.”

“When I was in second grade I’d watch Daniel Tiger’s Neighbourhood and there was a character named Christie, and she had cerebral palsy, and she had leg braces like me and I thought it was so cool to see a character with a disability in the show. (Age 13)”

“I’ve never seen anyone who has identified as gender fluid and is going through the same things that I am. It needs to be reflected more. I see people on TV who look like my classmates and feel like my classmates, but they never reflect somebody like me. (Age 7)”

10. Generation Alpha is the first generation born in the 21st century and raised with more diversity and technology than any previous generation. 2.8 million Gen Alphas are born globally each week and by 2025 will be the largest demographic living on the planet (Appendix A). Generation Alpha began being born in 2010, the year that the iPad was launched, Instagram was created and App was the word of the year – and so from their earliest years, Gen Alpha have been screenagers.⁴

³ Being Seen: Children’s Media Report, page 5

⁴ Understanding Generation Alpha - McCrindle

11. Since 2020, Rocket Fund has partnered with Dubit, a global studio with experts in kids, families and the metaverse for the **Shaw Rocket Fund Canadian Kids Media and Tech Report** (included as part of this submission).⁵ The objective of this annual study is to better understand Canadian kids in the dynamic media and tech landscape. The survey tells us that it is increasingly important to parents and kids that they have access to Canadian shows. According to the data, about 52 per cent of respondents said they feel more positive about a show if they learn it is Canadian, up from 40 per cent two years ago. About 41 per cent of parents said it is important for their children to have access to Canadian shows, up from 35 per cent in 2020. The data also demonstrates that Canadian content must take an omnichannel approach given the multiple mediums through which children watch programming.⁶
12. As the government’s [draft policy direction](#) notes: “The digital age has transformed how cultural products are created, shared, and accessed within an increasingly open, global and dynamic marketplace.” The Shaw Rocket Fund Canadian Kids Media and Tech Report confirms that of all channels and platforms Canadian kids watch, the top five are all streaming platforms: 1) YouTube; 2) Netflix; 3) Disney+; 4) YouTube Kids; and 5) Prime Video. The study shows that the most important factor when Canadian children are finding a program by a wide margin is good storytelling and likeable characters. Canadian children are driven by strong narratives. Friends and family are the primary sources of discoverability, not traditional broadcasting.
13. An objective of this new contribution framework is to ensure “Canadians continue to have access to a wide range of choice of high-quality audio and video content that is made by and for Canadians, as well as the best content from around the world, regardless of the platform, device or technology they wish to use”.⁷ As the Canadian production industry struggles with change on almost every level, children and youth are forging the way media is consumed and defining the future.
14. The government’s [draft policy direction](#) that “Broadcasting is an important cultural sector that provides diverse programming — such as programming for children and youth, dramas, documentaries, news and public affairs programming — for Canadian audiences, promotes democratic expression, allows for cultural exchanges and is important to social cohesion.” This role is more important now than ever. Media consumption not only forms part of kids’ lives but it is how they live their lives today. Flexible regulation is necessary to ensure that the Canadian broadcasting system as a whole, can evolve with new technologies to better serve Canadian children and youth, the future adults of our country.

Section 2

State of the Canadian children’s production industry

15. Rocket Fund is dedicated to the creation and discoverability of children’s and youth programming through our support of the production industry. While “children’s and youth” is considered a genre, it actually represents many genres of programming within audience groups under the age of 18 including educational programming, documentaries and scripted drama and comedies. Historically, regulators and governments as well as the production industry develop policies around genres without acknowledging the ongoing needs of this special audience, Canadian children. Rocket Fund

⁵ Shaw Rocket Fund Canadian Kids Media and Tech Report 2022, Dubit

⁶ Shaw Rocket Fund Shaw Rocket Fund Canadian Kids Media and Tech Report 2022, Executive Summary

⁷ Broadcasting Notice of Consultation CRTC 2023-138, para. 19

has been actively raising awareness of the need to support and sustain this very important sector of the production industry. On the surface, Canadian children’s programming does not appear to be in a crisis, however, we submit we are in the middle of a perfect storm.

16. Canadian children’s programming is a Canadian success story. Canada has been a world leader in the production of the highest quality programming for children and excels in animation (children’s and adult), both in service work and independent production as showcased in *The Globe and Mail* [article](#): *How decades of hard work - and the rise of Paw Patrol – sent Canadian kids’ TV to millions of screens around the world*. Canadian children’s content has a tremendous track record of selling internationally and our content can be seen on platforms throughout the world. This is a direct result of a historical robust Canadian broadcasting and funding system, which is being threatened.
17. As demonstrated in *The Globe and Mail* article, Canadian companies generally partner with international networks/platforms to finance and produce productions of scale. While these global franchises leverage international partners, they are a success because of the Canadian broadcasting and funding infrastructure. For example, Chris Kratt and Martin Kratts, the creators and producers of *Wild Kratts*, were recently listed as one of the 75 most powerful people in kids’ entertainment by [The Hollywood Reporter](#). While PBS plays a primary role in this series, *Wild Kratts* is a Canadian franchise supported by the Canadian broadcasting system. Rocket Fund has invested in every season of this series. It has been licenced by TVO, Knowledge Network and Télé-Québec, is distributed internationally by 9 Story Media and benefits from Canadian production tax credits and could not be produced without the Canadian broadcasting system.
18. The successful productions highlighted in the *The Hollywood Reporter* article showcase top franchises from the few established production and toy companies that have the means to create global kids content. It does not represent the many independent producers, including emerging producers and producers from equity-deserving communities, who do not have established international relationships and rely solely on the Canadian broadcasting system to finance and broadcast their productions.
19. In addition, the international success of independent Canadian children’s programming does not provide a direct financial benefit to Canadian broadcasters who do not have IP ownership.
20. From Rocket Fund’s perspective, since **CRTC 2015-86 Let’s Talk TV – The Way Forward: CREATE⁸** was implemented and genre protection was removed, private English language Canadian broadcasters have been commissioning fewer independent children’s programs. In 2015, 50 per cent (or 19) of the audiovisual projects that received Rocket Fund investment were licensed by private broadcasters including Teletoon, YTV, Super Channel and DHX Media.⁹ While WildBrain/DHX has commissioned in the past 2 years (all except 1 are in partnership with international partners) traditional broadcast licences from Canadian private English language broadcasters in Rocket Funded projects have been minimal, totalling 14 commissions over 5 years compared to 19 in 2015 alone:

⁸ Broadcasting Regulatory Policy CRTC 2015-86 para. 232-256

⁹ Shaw Rocket Fund Annual Report 2015-2016

Rocket Funded Projects 2018-2022						
Canadian Broadcast First Licences						
<i>(excluding Digital First)</i>						
	2018	2019	2020	2021	2022	Total
EN Private	2	1	1	5	6	15
EN Public	13	12	11	6	7	49
FR Private	1	0	0	0	0	1
FR Public	13	16	13	11	10	63
	29	29	25	22	23	128
	2018	2019	2020	2021	2022	Total
Bell/VRAK	1					1
Corus					1	1
WildBrain/DHX	1	1	1	5	4	12
	2	1	1	5	5	14

21. Furthermore, we submit that French language children’s programs can be more successfully financed within the current broadcasting system as the CMF licence fee threshold at 10 per cent is reasonable, whereas the 25 per cent threshold for English language broadcasters is not in the current broadcast environment.
22. As demonstrated above, significant international sources of financing are needed for a children’s production of scale to be financed and produced in Canada and is becoming a necessity for a Canadian broadcast commission. To add to the challenges of producing Canadian children’s and youth content, the global children’s industry is contracting and is in a serious state of flux. Many of Canada’s reliable international partners that have contributed significantly to Canadian productions, have cut their children’s divisions and children’s content:
- Netflix, HBO Max, and more streamers are [scrapping original kids series](#) and battling for more IP-based hits like ‘CoComelon’ in a ‘bummer year for animation’
 - HBO Max to [pull more kids](#) and family titles
 - [Disney Layoffs](#) Reach the Animation and Kids Division
23. Independent producers of children’s content are challenged to find sources of financing for their productions within the Canadian broadcasting system. Rocket Fund’s level of support for independent producers, who rely heavily on the Fund, has been impacted by the reduction in BDU revenues. There is a lack of commissioning from private broadcasters and a reduction in commissioning from public broadcasters, which also affects CMF contribution to kids’ programs. Additionally, with the dire state of the children’s business internationally, independent producers are finding it difficult to pre-sell their content to fund their productions at the level required to compete globally. As a result, we are seeing the highest level of producer investment and risk, reductions in budgets, as well as a reduction in the amount of content produced. This decrease in the production of high-quality content will ultimately affect the accessibility of Canadian content for Canadian kids. Hence, the perfect storm.

Regulatory history regarding children’s programming

24. A commitment to ensuring that Canadian children always have access to Canadian programming has been challenging. At the end of the century, the sector was flourishing and many Canadian broadcasters and studios willingly supported children’s content which led governments and regulators to believe that kids’ content did not require protection. Without a commitment to protect the interests of Canadian children and without safeguards, this “genre” of content has become threatened in the current broadcasting system.
25. **In Public Notice CRTC 1999-97 on Children’s Programming**¹⁰ the Commission determined that conventional English- and French-language broadcasters offered children's programming on a regular basis, and the system as a whole provided a variety of Canadian and foreign programming directed to children and youth. It was determined that the excellence of Canadian children’s programs, and its exportability ensured its availability without a regulatory requirement.
26. **In Public Notice CRTC 1999-205**¹¹ time credits for drama broadcast in children’s prime time was removed. The Commission determined that since children’s programming was eligible for funding as a category under the CTF (now Canadian Media Fund) and the Shaw Children’s Programming Fund (now Shaw Rocket Fund), that applying Canadian content time credits was not necessary. The Commission acknowledged the potential risk of a decrease in the production and broadcast of children’s drama and said it would monitor.
27. Under **CRTC 2015-86 Let’s Talk TV – The Way Forward: CREATE**¹² the Commission removed genre protection. The Commission recognized that not all Canadian programming services would be successful in the new television environment of the future. The protection of children’s programming was not considered - to the detriment of Canadian youth.
28. We submit that regulatory policies have inadvertently neglected the Canadian children’s production sector and ultimately Canadian children. With the removal of genre protection in a group licensing environment along with the challenges Canadian broadcasters are facing today, Canadian children’s programming is being abandoned by the Canadian broadcasting system.

Profile 2021/22 – Key trends

29. The Canada Media Producers Association’s Profile 2021/22 reports that according to statistics published by the CRTC, total revenue and CPE at five of Canada’s largest children’s and youth discretionary television services (i.e. YTV, Treehouse TV, VRAK, Nickelodeon, YOOPA) were both down by approximately one-third between the 2017 and 2021 broadcast years.¹³

¹⁰ Public Notice CRTC 1999-97 para. 65-97

¹¹ Public Notice CRTC 1999-205 para. 39-45

¹² Broadcasting Regulatory Policy CRTC 2015-86 para. 232-256

¹³ Profile 2022 Canadian television production Highlights, page 22

30. Profile 2021/22 reports the following key trends in Canadian children’s production:

- i. Children’s and youth represented only 14 per cent of the total volume of Canadian content production television (independent, broadcaster in-house, and service), the lowest level seen since 2013.¹⁴
- ii. Canadian children’s and youth television increased by 17.5 per cent from 2020/2021 (demonstrating the low-level last year) and is entirely due to live action production, and is believed to be post-pandemic catch-up.¹⁵
- iii. For animation, after hitting a 10-year high of \$411 million immediately before the pandemic in 2019/20, the annual volume has dropped by 45 per cent, with television animation down by nearly 43.2 per cent in 2021/22.¹⁶
- iv. While CMF allocated 14 per cent of its television budget towards children’s in 2021/22,¹⁷ the CMF contribution towards the financing of children’s and youth content was only at 8 per cent and the lowest contribution of all CMF funded eligible genres.¹⁸
- v. Children’s and youth represented the highest audience share of all CMF eligible genres at 59% in the English-language market and 72% of in the French-language market in the peak viewing period.¹⁹

Section 3

Rocket Fund comments in Broadcasting Notice of Consultation CRTC 2023-138: Call for comments – *The Path Forward – Working towards a modernized regulatory framework regarding contributions to support Canadian and Indigenous content*

31. The Commission states the new and modernized framework should ensure flexibility and adaptability in the future.²⁰

32. An objective of this new contribution framework is to ensure “A new and modernized framework should recognize the new perspectives and opportunities that online undertakings bring to the broadcasting system, and ensure flexibility and adaptability in the future. For these reasons, the Commission intends to apply an approach that recognizes that each broadcasting undertaking or group of undertakings is unique, and that focuses on desired performance standards and measures of success.”²¹ We submit that the same flexible approach is needed for production funds to best support the creation and success of Canadian and Indigenous audiovisual content today.

¹⁴ Profile 2022 Exhibit 3-6 Shares of volume of Canadian television production, by genre, page 36

¹⁵ Profile 2022 Canadian television production Highlights, page 22

¹⁶ Profile 2022 Canadian television production Highlights, page 22

¹⁷ Profile 2022 CMF contribution to television production, by genre, page 44

¹⁸ Profile 2022 Exhibit 3-18 Financing of Canadian television production, by genre, page 47

¹⁹ Profile 2022 Exhibit 9-6 Television audience share of Canadian programming, peak viewing period, page 82

²⁰ Broadcasting Notice of Consultation CRTC 2023-138, Page 1

²¹ Broadcasting Notice of Consultation CRTC 2023-138, Page 1

Q9. In the current system a variety of funds exist to support the creation and promotion of Canadian content. In what ways are the existing funds successful in their support of Canadian content generally, and in what ways could they be improved? Similarly, do the existing funds sufficiently support the objectives of the current *Broadcasting Act*, including those relating to OLMCs, diversity, inclusion and accessibility? How can they be improved? For example, should the Commission consider amending the CIPF criteria?

33. Over the past 25 years, Rocket Fund has invested close to \$275 million into 1,139 audiovisual and digital content for Canadian children and youth. Under *Broadcasting Regulatory Policy CRTC 2016-343: Policy framework for Certified Independent Production Funds*,²² Rocket Fund supports the creation and promotion of compelling high-quality Canadian and Indigenous content by way of flexible financial support for content creators. Rocket Fund accepts applications for productions that have a minimum 6/10 Canadian content points and are open to co-productions and co-ventures. We offer financing for productions that air on any platform available to a Canadian audience. In addition to investing in Canadian children’s audiovisual and digital content, Rocket Fund supports producers with promotion and discoverability to reach Canadian and global audiences.
34. As an independent production fund dedicated to children’s and youth content, diversity and inclusion are priorities for Rocket Fund as is supporting OLMC productions and accessibility. This can be seen in our investments and in our support of the industry through various initiatives as demonstrated in our annual reports. As set out in CRTC 2016-343, the Rocket Fund Board is responsible for funding decisions which allows flexibility to determine how to best support the underrepresented voices in our industry and content creators from equity-deserving communities.
35. Rocket Fund regularly reviews its investment guidelines and consults with producers of children’s content to evolve and continue to be relevant to the industry and the audience that we serve, with the resources we have. At a time, Rocket Fund investment was essential to close the financing of many productions. Today, Rocket Fund financing alone cannot help producers complete their financing.
36. With respect to amending CIPF criteria, the draft Policy Direction requires the Commission to “minimize the regulatory burden on the Canadian broadcasting system”.²³ We submit that the current Broadcasting Regulatory Policy CRTC 2016-343 Policy framework for Certified Independent Production Funds²⁴ is flexible and meets the objectives of the new proposed contribution framework.

Q11. Should base contributions flow only to existing funds or could they be directed to newly created independent funds? Should online entities be permitted to create their own independent production funds, to which their contributions would flow? If yes, what criteria should they be required to meet? For any proposal, please describe the initiative, including the level of funding that would be required to support it.

37. Rocket Fund brings 25 years of experience in Canadian children’s and youth content to the broadcasting system. Under the current CIPF policy we are positioned not only to meet the objectives of the current *Broadcasting Act* and the *Online Streaming Act*, we also have established

²² Broadcasting Regulatory Policy CRTC 2016-343

²³ Draft Policy Direction, 8(a)

²⁴ Broadcasting Regulatory Policy CRTC 2016-343

infrastructure and expertise in the children's and youth sector. This allows us to implement any new policy and act quickly to best serve the industry. As an independent production fund, our focus is solely on the growth and success of the Canadian children's production sector.

38. Being an expert in children's content, Rocket Fund is approached to partner on initiatives to help support and grow this sector of the industry. For example:
- i. **Being Seen: Children's Media Report:** Rocket Fund supported and initiated the children's report, which consulted with kids, parents and creators across Canada. The report was launched at a virtual panel as part of Kidscreen 2022 and Rocket Fund supported a live panel as part of the Banff World Media Festival, which was standing room only. The report has initiated conversations and self-reflection amongst creators, funders and broadcasters.
 - ii. **CMF-Shaw Rocket Fund Kids Digital Animated Series Program:** This program provides funding for digital first short form animated programs for children and youth audiences while encouraging the use of new technology. The total contribution is shared 2/3 from the CMF and 1/3 from Rocket Fund to a maximum of \$525,000 or 75% of the cost of production. After 5 Rounds, the program has provided a total of \$19,333,174 towards 43 short form animated series and provided the opportunity to support new and innovative concepts with a variety of online content creators.
39. As an independent production fund, we have received contributions from BDUs including Shaw Communications and now Roger Communications, but also from Delta Cable and Eastlink, and received tangible benefits from Access TV and Game TV, all in support of Canadian children's and youth content for Canadian children. As the expert in children's and youth content, and as an independent production fund, we can successfully administer regulated contributions on behalf of contributors for the benefit of the children's and youth production sector.

Q15. Should the Commission require that a certain percentage or proportion of an undertaking's or ownership group's base contribution be directed to a particular fund or type of fund?

40. Rocket Fund believes that contributors of regulated contributions should have the flexibility to choose how to contribute with a focus "on desired performance standards and measures of success"²⁵ as contemplated in the proposed new contribution framework. For example, contributors should have the flexibility to increase regulated contributions to CIPFs rather than having to contribute a fixed percentage to the Canada Media Fund. We strongly believe that contributors should have the choice to support Canadian children's and youth content with regulated contributions in partnership with the Rocket Fund.

²⁵ Broadcasting Notice of Consultation CRTC 2023-138, Page 1

41. We thank the Commission for the opportunity to comment on behalf of Canadian children and youth and the important media sector that knows and represents them. Canadian families deserve to have a broadcasting system that recognizes and takes into account the needs of our young people, the leaders of tomorrow. We would be pleased to answer any questions the Commission may have.

Sincerely,



Christine Shipton
Chair



Agnes Augustin
President & CEO

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Appendix A

