MA MAJOR RESEARCH PAPER

PROMOTING CANCON IN THE AGE OF NEW MEDIA

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Canadian broadcasting policy has long pursued the belief that content produced by and for Canadians holds cultural value for its domestic audiences, in addition to economic significance for Canada’s media industries. As the capabilities of wireless and mobile technologies have developed to allow consumption of content traditionally broadcast on television, stakeholders have questioned how to ensure culturally-rich, domestically-produced content is available for Canadian audiences by such means. As industry stakeholders have debated the potential value of Canadian content in an increasingly globalized media landscape, technologies have continued to advance, and Canadians have increasingly turned to new media to be informed and entertained. With a lengthy history of media regulation, this paper will demonstrate how the Canadian government’s slow, uncoordinated response to developing new media policy effectively perpetuates inhibiting tensions between cultural and economic goals. Questions that frame this enquiry include: What role does Canadian content play as a reflection of Canadian culture and support of the production industry within Canada’s traditional broadcasting system? Is regulation of new media important to maintain traditional policy goals? If so, what kinds of regulation might be implemented in this new context? And to what degree does current new media policy succeed in pursuing cultural and industrial goals historically common to Canadian media regulation? In pursuing these questions, this paper will draw conclusions regarding the benefits of federal new media policy, and how the government can better advance domestic digital media production, as technologies continue to evolve.

Section One: Defining Canadian content

The notion that the federal government is obligated to support Canadian new media content has roots in Canada’s history of pursuing cultural and economic goals through policy and regulation. In turn, the goals and challenges associated with existing policy frames the
environment in which Canadian new media and related policy develops. A common tension, which has persisted in Canada, sees media’s democratic and cultural roles in society conflict with their commercial-driven realities as business entities. In theory, mass communication technologies serve as agents of democracy by disseminating a range of views that enable public scrutiny and cultivate a public space for debate and action.¹ In practice, however, media function in response to the features they share with other large industrial undertakings: a need for substantial physical and financial resources, the requirement for many specialized material and human inputs, and the capacity for mass-produced units of sale that reach mass audiences.² This being the case, media products serve non-economic motives – such as the desire to serve democracy – only when said motives do not interfere with the main objective of maximizing the return on the media company’s investment.³

Within the Canadian context, an additional tension exists between the media’s commercial function, and their obligation to offer content of cultural value to Canadians. Beyond the belief that art and cultural products are essential for a full and rich human existence, in Canada they are perceived as expressions of national identity. As such, Canada has historically tried to foster and preserve a distinct sense of culture through its media products.⁴ This proves particularly challenging, however, as foreign media products – predominantly from the United States – dominate English-speaking markets, while economies of scale make them

more profitable than their Canadian equivalents. Such realities have spurred the development of Canadian policy to support the nation’s cultural sectors, and ensure indigenous cultural products are available to its citizens. In order to promote Canadian content, the federal government has developed funding and subsidy programs for the arts, supported national cultural institutions, and in the case of broadcasting, enforced Canadian content regulations.

The case of television broadcasting in Canada exemplifies the tension between media’s cultural obligations and their industrial, profit-driven motivations, characterizing the environment in which the desire for Canadian new media policy later develops. Launched in the United States in 1946, American television quickly became popular across North America. While Canadian audiences consumed American programming, the Canadian cultural elite argued it an especially dangerous threat that served commercial interests as opposed to Canadian national needs. As the Massey-Levesque Report stated in 1949 preceding the advent of Canadian television, “A vast and disproportionate amount of material coming from a single alien source may stifle rather than stimulate our own creative effort.” This in turn would stifle television’s potential to serve as an instrument of national unity that reflects Canadian culture, while also hindering the development of domestic television industries.

Thus, as CBC television launched in 1952 and Canadian private television stations followed, the Canadian government developed broadcasting policy that strives to ensure quality Canadian content is produced in the Canadian interest. In 1958 the Board of Broadcast Governors was established as the regulatory authority over Canada’s public and private

broadcasters. Replaced in 1968, the Canadian Radio-television Telecommunications Commission (CRTC) was handed powers to “regulate and supervise all aspects of the Canadian broadcasting system” under The Broadcasting Act. This involved licensing individual stations, networks, cable companies, and eventually specialty channels and satellite operators.\(^8\)

Last amended in 1991, The Broadcasting Act is infused with cultural goals, stating the broadcasting system should:

encourage the development of Canadian expression by providing a wide range of programming that reflects Canadian attitudes, opinions, ideas, values and artistic creativity, by displaying Canadian talent in entertainment programming and by offering information and analysis concerning Canada and other countries from a Canadian point of view.\(^9\)

In turn, Canadian content is intended to support national identity and cultural sovereignty, while informing, enlightening and entertaining audiences.\(^10\) Beyond these cultural obligations, The Broadcasting Act holds economic and industrial goals to help Canadian television and related industries thrive. By stating each broadcasting undertaking must make maximum use of Canadian creative and other resources in the creation and presentation of programming, it promotes the development of Canada’s industries to produce high-quality products.\(^11\)

For Canada’s public broadcaster the CBC, meeting the objectives of The Broadcasting Act involves providing a range of programming that is “predominantly and distinctively Canadian,” and reflects Canada and its regions to national and regional audiences,” according to the Act.\(^12\) Cultural expectations differ for private broadcasters, however, as The Broadcasting Act recognizes their functions as corporate entities, which require substantial financial resources

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\(^8\) Attallah and Foster 220.
\(^12\) Vipond 135.
to thrive. While private broadcasters are required to “contribute significantly to the creation and presentation of Canadian programming” and be responsive to the evolving demands of the public, they are required to do so only “to the extent consistent with the financial and other resources available to them.”

This affordance in *The Broadcasting Act* is noteworthy, as Canadian private broadcasters rely on American programming to fill their schedules specifically because such programs prove more financially lucrative than Canadian programs. This in turn serves as a major rationale for broadcasting content regulation. Today, private broadcasters in English Canada continue to build their schedules around simulcasts of the most popular American shows, suggesting the cultural implications of Canadian programming are of secondary interest to their financial well-being. Based on audience size which spurs advertising revenue, producing and airing Canadian television, specifically dramatic programming, does not make its cost back let alone a profit. A discrepancy in quality between Canadian and American programming, based on a vast difference in production budgets, is often fingered as the cause of such challenges. While the average cost per hour to produce a Canadian drama is $1.5 million, American shows average about US $2.6 million per episode, and above US $8 million per episode for blockbuster series. Lower budgets greatly restrict the calibre of stars, writers and sets Canadian programs can afford, and in turn increase the challenge to draw audiences.

But even semi-successful Canadian dramas with average audiences of 700,000 do not prove profitable for a Canadian broadcasting group following the completion of the conventional broadcast window. In fact, once the Canadian program airs on a private television network, the

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13 Vipond 136.
15 McQueen, Nov. 2003.
16 McQueen, Nov. 2003.
The economist of Canada’s television industry therefore leads broadcasters to acquire and air American content, as it costs only about $100,000 to buy the free-to-air rights to a one-hour American drama, which is likely to draw higher ratings than the Canadian equivalent.

Though such economic realities explain broadcasters’ resistance to producing and scheduling Canadian programming, they also justify the need for policy and regulation to ensure Canadian audiences may be exposed to indigenous programming. As the 1949 Massey-Levesque Commission suggested, the best Canadian work must be available to those who wish it in order to make the appetite for Canadian culture thrive. The opportunities for cultural expression and self-reflection provided by programming indigenous to Canada must not be overlooked. As the Federal Cultural Policy Review Committee noted in its 1982 report:

Through the broadcast media we also obtain news, information and commentary that influence our attitudes to many issues of the day – social, political, scientific and cultural. It is no exaggeration to say that broadcasting continually colours and even shapes the way we see the world around us.

Thus, without the production and dissemination of Canadian television programming, Canadian citizens lack potentially influential tools in defining themselves and their culture. As the report states, good television programs can “reflect something vital, insightful and dramatic about their subject.” The challenge, it then points out, is that “if Canadians do not produce their own writing, music, theatre, films and television programs, no one else will.”

19 Massey-Levesque Report 72.
Based upon the saturation of foreign content broadcast in Canada, and acting upon the mandate of The Broadcasting Act, Canada’s broadcasting regulator, the Canadian Radio-television Telecommunications Commission (CRTC) has enforced Canadian content quotas since 1956. Today, Canada’s English-language over-the-air private broadcasters are required to air no less than 60 per cent Canadian content overall, and no less than 50 per cent Canadian content between the hours of 6 p.m. and midnight. In an effort to drive production and broadcast of underrepresented genres, broadcasters are also required to air eight hours of priority programming per week in peak hours between 7 p.m. and 11 p.m. Genres that qualify as priority programming include dramatic, music, dance and variety, documentary, entertainment magazine and regionally-produced programs in all categories other than news, information and sports. These requirements differ for specialty networks, for which Canadian content is enforced based on investing a certain percentage of the previous year’s revenue back into Canadian programming.

While The Broadcasting Act’s stated cultural goals for the Canadian broadcasting industry are clear, the CRTC’s Canadian content regulations have been argued to serve industrial goals over cultural objectives. Such arguments stem from the fact that the CRTC’s definition of Canadian programming does not consider whether its content tells stories of national significance. In fact, it does not consider the actual content of a production at all. Rather, to qualify as a Canadian program, the producer responsible for making decisions must be Canadian; the production must earn six out of a possible 10 Canadian Audio-Visual Certification Office

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(CAVCO) points based on specific creative functions being performed by Canadians; a minimum of 75 per cent of the production's costs must be paid to Canadians; and at least 75 per cent of the production's post-production costs must be paid for services provided in Canada by Canadians. 27

Such measurement of Canadianness, though not without flaws, is justifiably enforced based on objectivity. Ideally, the inclusion and promotion of Canadian themes and locales would be among the most important factors that define a production as Canadian. However, the subjectivity of defining a Canadian theme renders the requirement of such a factor seemingly futile for regulatory purposes. Despite Canadian media's longstanding goals to produce cultural content that reflects Canada, no one definition of Canadian culture exists. Consider, for example, the CTV shows Corner Gas and Degrassi: The Next Generation, two programs that in recent years have proven successful in attracting loyal audiences and being identified as distinctly Canadian. Corner Gas, a half hour comedic series, revolves around a group of characters at a Saskatchewan gas station. The series does not try to hide its Canadian roots, but instead sells itself on them. Its humour is deliberately low-key, for example, and filled with storylines about everyday life in this Canadian setting. 28 Degrassi: The Next Generation, meanwhile, is an updated version of the Toronto-set teen series that became popular in the 1980s. Its Canadianness is based on a position of prestige against its most obvious American competitors, as it boasts a more honest, unflinching look at growing up, which does not shy away from controversial issues. 29

29 Beaty 81.
While both *Corner Gas* and *Degrassi* have been identified as uniquely Canadian, it is impossible to conclude one is more Canadian than the other. Nor is it possible to state at what point they include “enough” Canadian references, images or themes to qualify. Thus, to attempt to define Canadian content based on qualitative cultural indicators would prove problematic, and potentially limit the range and integrity of any number of works created by Canadians.

Intrinsically, a production must therefore be believed to tell a Canadian story when it is written, produced, and otherwise created by Canadians.

By the same token, however, because Canadian content regulations do not specifically require programming to reflect Canadian culture, some of the country’s most successful or profitable programs are those which downplay their Canadian origins. Production companies who want to recuperate costs for high-budget programming that the domestic market alone cannot compensate for, may choose to minimize identifiably Canadian elements, in order to increase their appeal for sale in foreign television markets. In doing so, they strive to produce programs virtually indistinguishable from their American counterparts in hopes that these industrial dramas go unnoticed as Canadian.  

Canadian shows such as *Relic Hunter*, or *PSI Factor* have few if any Canadian indicators. Some, like *Sue Thomas: FBEye* are clearly set in the United States, while others, like *Stargate SG1* are set in space, giving them an arguably universal appeal.

Traditionally, the most successful Canadian series have been based on TV’s most common genres, such as cop shows, lawyer shows and mysteries, suggesting conventional

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31 Beaty 92.
programming with built-in familiarity appeals to the most people most quickly.\textsuperscript{32} Creating such programs in cooperation with other countries has proven successful for Canada in recent years, while further blurring the conception of what Canadian content looks like. Coproductions help satisfy local content quotas, open up domestic markets, and allow access to national and regional production incentives. Partners can thereby pool financing to raise the substantial budget required to produce a series.\textsuperscript{33} But by producing one media product for two or more different markets, coproductions run the risk of incoherently blending cultural references from each partner or deemphasizing cultural specificity all together.\textsuperscript{34} As Bill Mustos, creator of Canadian-American coproduction \textit{Flashpoint}, said before the show's premiere, though the series is set in Toronto, "You're not going to see a show that is screaming 'Canada.' It's a show in a big sophisticated urban city where crises take place. The stories we're trying to tell are universal stories."\textsuperscript{35}

Meanwhile, Canadian reality shows explicitly based on foreign formats have also proven successful for Canadian networks to draw audiences while fulfilling their Canadian content quotas. Series like \textit{Canadian Idol} and \textit{So You Think You Can Dance Canada} showcase Canadian talent, while abiding by universal brands with which Canadian audiences are familiar.\textsuperscript{36} While some debate the cultural value of Canadian content based on foreign originals, these shows manage to rally support around Canadian talent, while proving economically viable for the Canadian market. As Paul Attallah argues, “Surely the global \textit{Idol} phenomenon tells us not that

\textsuperscript{32} Attallah and Foster. 230.
\textsuperscript{34} Davis 366.
American culture is homogenizing us, but that in a world of increasing competition and fragmented audiences, everybody is looking for program formats that are both cheap to produce and wildly popular."\(^{37}\)

While saturated with foreign content, the Canadian television landscape is at once populated with indigenous programming that reflects distinctly Canadian themes, and additional programming that specifically evades the cultural intentions of Canadian broadcasting policy. Though said policy and regulation grew out of a desire to develop culture of prestige and distinction over foreign content, Canadian television grew in an environment inevitably influenced by external forces. As Attallah and Foster write, "Canada shares a border with the largest economic, military and entertainment power on the planet. It is hardly surprising, then, that Canadians have at least some of the interests and values of their American neighbours."\(^{38}\)

Thus, as Canadian audiences continue to consume American content, and Canadian television producers continue to develop content within certain economic limitations, the system that has emerged can indeed be considered distinctly Canadian. As Beaty and Sullivan write, Canadian television content as it currently exists reflects the unique position of the nation, as it "may well be the logical outcome of ongoing shifts in the relationship between culture, politics and economics."\(^{39}\)

**Section Two: CanCon Online**

As new media technologies have advanced to allow for the consumption of content traditionally broadcast on television, their potential to serve cultural purpose similar to the traditional broadcasting system has also been argued. Despite every indication that technological capabilities increasingly enable Canadians to consume culture online, the federal government’s

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38 Attallah and Foster 229.
39 Beaty and Sullivan 12.
approach to encourage domestic new media production has been slow and uncoordinated. Challenged by economic forces which parallel those of the traditional broadcasting industry, it is time the federal government strengthen its approach to promoting Canadian new media content in pursuit of cultural and industrial outcomes.

As new media's capabilities have evolved in recent years, the CRTC has twice reviewed the necessity, potential benefits and feasibility of enforcing Canadian content regulations on new media, as it has historically required of traditional broadcasters. In both instances the CRTC has exempted new media from its regulation, first in 1999 and again in 2009. In making its 1999 decision, the CRTC defined new media as services "delivered by means of the internet," including text and graphics, and streaming audio and video, among other forms. Because most content available online at the time consisted of alphanumeric text and photos, and the ability to deliver long-form audiovisual programming was emerging slowly, the Commission stated new media content fell outside the jurisdiction of The Broadcasting Act, and by extension its regulatory powers. Further, the CRTC stated, a sufficient amount of Canadian content already existed online, and regulation might stifle further innovation. "[T]here is no policy rationale for the Commission to impose regulatory measures to stimulate the production and distribution of Canadian content," the Commission's decision reads.

While the CRTC made similar statements in its 2009 exemption order, it also acknowledged new media's technological capabilities, along with audience behaviour, had

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advanced significantly between the two decisions. By 2009, the CRTC recognized substantial technological development now allowed high-quality audiovisual content to be consumed over the internet, encouraging the conception of new media platforms as providing broadcasting services.\textsuperscript{44} It therefore went on to define what it refers to as new media broadcasting, further establishing a link between traditional and new forms of audiovisual content, and strengthening the argument that new media content could serve Canadian cultural interests similar to those of Canadian television. As per the 1991 \textit{Broadcasting Act}, the term broadcasting refers to any transmission of programs by radio waves or other means of telecommunication for reception by the public by means of a broadcasting receiving apparatus.\textsuperscript{45} By extension then, new media broadcasting occurs when broadcasting services are delivered and accessed over the internet, or delivered using point-to-point technology and received by mobile devices.\textsuperscript{46} This has been interpreted to include the streaming or downloading of music or video to the public through websites, digital internet-connected applications such as iTunes, and peer-to-peer networks such as BitTorrent.\textsuperscript{47}

Equally important to the advancement of new media’s capacity to engage Canadians in broadcasting content has been Canadian adoption of services which allow them to access such programming. The CRTC has documented growth in Canadian high speed internet access subscription up to 93 per cent of residential subscriptions in up 2008. This means approximately 9.1 million households, or 69 per cent of all Canadian households, subscribe to high-speed internet services, which are required for real-time and rich media applications, such as video.\textsuperscript{48}

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\textsuperscript{44} CRTC, “Review of Broadcasting.” para. 28.
\textsuperscript{46} CRTC, “Review of Broadcasting.” para 33.
\textsuperscript{47} Grant 2.
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Along with broadband subscriptions, Canadian internet usage rose to more than 18 hours per week in 2010, surpassing the amount of time spent watching television. This is particularly relevant, as research shows a substantial amount of this internet usage is dedicated to watching broadcasting content. A 2006 Ellacoya Networks study of broadband users in North America found 51 per cent of traffic was dedicated to broadcasting. A 2007 Cisco study found similar results, suggesting 47.2 per cent of North American broadband traffic was dedicated to broadcasting, including music or video streaming or downloads.

As new media's capacity to broadcast content has been achieved, and Canadian audiences have taken advantage of such advancements, an ability to serve national cultural and industrial interests is implied. The CRTC has recognized since its initial exemption order, that the developing broadcast capabilities of new media offer "a significant opportunity to contribute meaningfully to the broadcasting policy objectives of The Broadcasting Act." Despite this recognition, however, the CRTC has not pursued the opportunity to support Canadian content in new forms, but used its continued development as a reason not to regulate new media. "We found that the internet and mobile services are acting in a complementary fashion to the traditional broadcasting system," CRTC chair Konrad von Finckenstein said upon announcing the 2009 new media exemption. "Any intervention on our part would only get in the way of innovation." As an alternative, von Finckenstein suggested a comprehensive national strategy be developed to secure Canada's digital future and maintain a competitive edge in the global

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50 Grant 3.
51 Grant 4.
environment, effectively removing the CRTC from responsibility to spearhead such an initiative.\textsuperscript{54}

Stakeholder opinions on the CRTC’s exemption of course vary. Canadian distributors generally oppose regulatory intervention to promote Canadian new media content, as they believe it is neither feasible given the openness of the medium, nor appropriate given Canadians’ use and expectations of digital media.\textsuperscript{55} Artist groups like the Writers Guild of Canada (WGC) and the Alliance of Canadian Cinema, Television and Radio Artists (ACTRA), however, argue Canadian content regulation of new media is necessary as a means to pursue familiar cultural and industrial goals.\textsuperscript{56} “We’ve already watched for 10 years as Canadian content has been submerged by foreign content,” Stephen Waddell, ACTRA’s national executive director said in 2009. “By not taking any measures right now to ensure a place for Canadian programming in this increasingly dominant medium, we can easily see a future where there won’t be any.”\textsuperscript{57} Ferne Downey, ACTRA’s national president, echoed such sentiments:

Broadcasting is broadcasting, and the CRTC has a duty to regulate it, whether it’s on a TV, a laptop or a BlackBerry. Failing to do so will mean less Canadian content and reduced Canadian presence in an era when we are already being submerged in U.S. content on our TVs, and now online. Instead of doing its job and showing leadership, the CRTC is throwing up its hands and passing the buck to government.\textsuperscript{58}

Such viewpoints challenge the CRTC to apply the cultural values and industrial goals it has pursued through Canadian content regulations to the new media realm. This would not only benefit Canadian audiences and media producers, but also justify the CRTC’s modern day relevance, as Canadians continue to look to new media for broadcasting content.

\textsuperscript{54} CBC News. “CRTC keeps.”
\textsuperscript{55} CRTC, “Perspectives.” para. 155.
\textsuperscript{56} CBC News. “CRTC keeps.”
\textsuperscript{57} CBC News. “CRTC keeps.”
\textsuperscript{58} CBC News. “CRTC keeps.”
The CRTC’s stance that policy to promote Canadian content online is unnecessary due to the expanse of the digital landscape and the fact that users can access seemingly endless amounts of content from around the world is easily challenged. One must recognize that in a sea of global content, the Canadian presence may be easily diluted. In fact, with an increasing number of content choices, national strategies to deliver Canadian content become all the more necessary, in order to take advantage of new opportunities to share Canadian stories to Canada and the world. As Joyce Zemans writes:

As we face a global future which links us to every part of the world through instantaneous communication and in which a new generation of information is added every several years, there is growing awareness of the importance of the local, the human need for community and for belonging . . . and the need to communicate our experiences to each other.  

The idea of using new media content to connect Canadians to each other clearly parallels the cultural goals embedded in Canada’s traditional broadcasting policy. In turn, comprehensive policy that promotes the production and dissemination of Canadian new media content similarly holds potential influence to connect Canadians and develop the talents of Canadian creators.

With such a need established, the approach to developing Canadian content policies and programs for new media demands consideration of the capabilities and conventions that differentiate it from television. From a functional standpoint, the ability to enforce traditional Canadian content regulations on new media is challenged by the fact that while conventional broadcasting is considered a “push” system, which schedules programming for the viewer, the internet and mobile devices are “pull” systems, which allow users to choose the content they want to consume when they want to consume it. This on-demand function undermines

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traditional Canadian content exhibition regulations, as there is no scheduled timeframe during which the CRTC could enforce specific quotas. For example, while broadcasters must ensure 50 per cent of their schedules in peak hours are filled with Canadian content, there is no prime time on new media platforms. Thus, exhibition regulations, as they are designed for conventional broadcasting, cannot be effectively upheld in the more expansive bounds of online and on-demand platforms.

Further, differences in content format and one's individual ability to broadcast such content subvert the limitations on which the CRTC’s Canadian content regulations are based. While traditional television broadcasting in Canada is held in the power of select few media corporations who have the financial resources to administer such massive undertakings, the internet and mobile devices don’t just allow more content for Canadians to choose from, but also allow easier access to producing and disseminating it. The average Canadian citizen with a digital camcorder and an internet connection can now shoot, edit and upload their own video content to the internet, essentially broadcasting themselves to the world. The CRTC identifies this type of content as user-generated, and states it is generally inexpensively produced, largely non-commercial and lower quality. That said, it is also the most popular form of content online in Canada, and effectively removes the high-cost barriers associated with producing and distributing traditional television content. From an independent producer’s standpoint, it provides new opportunities to create, and from an audience standpoint it provides new ways of engaging in original content representing any expansive variety of Canadian voices, viewpoints, stories and forms of entertainment.

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The CRTC identifies two other predominant forms of new media broadcasting content, which are professionally-produced and stand to serve the cultural and industrial interests of Canadian broadcasting, should policy and regulation help them flourish. The first is relatively inexpensive, commercial content, including news and sports clips, music and other information and entertainment content. This type of content, the Commission states, is generally viable in Canada without significant direct subsidy, and abounds on Canadian television and radio. It therefore is also easily repurposed from content produced for traditional broadcast. The second, is high-quality, relatively expensive programming such as drama and documentary. As established, such content is popular on Canadian television, but generally not produced in Canada on any platform without significant subsidy.

Though traditional Canadian content regulations would not be realistically enforced on digital platforms, funding and subsidy programs to support production and dissemination of professionally-produced Canadian content would enhance the amount and quality of Canadian content online, as it has helped support Canada's cultural industries - including traditional broadcasting - to date. Producing and making high-quality content available online simply cannot happen without the proper resources and funding. Even placing previously-produced television content on a broadcaster's website requires the money and resources to do so. Bandwidth charges for storing and serving can be significant, especially when large quantities of video content are involved. There also exist significant costs for content providers and broadcasters to acquire and clear program rights for new media platforms, including costs related to multiple format requirements, digital rights management protection, ad insertion and

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65 CRTC “Perspectives,” para. 130.
streaming. The production and distribution of ancillary content and content not associated with broadcast television similarly require substantial funding. With such substantial costs, broadcasters must decide whether they wish to invest further money into online distribution rights for Canadian content, American programming, original made-for-web content, or what combination of such investment would provide the greatest financial return. With the financing of Canadian television already an obstacle-ridden prospect, allocating funds to new media content could mean reducing that which is available to traditional broadcast projects.

The challenges of growing Canada’s new media broadcasting offerings while maintaining the health of traditional broadcasting have come to light as regulation that would influence access to such content has been hotly debated. Competing interests came to a head in January 2011, when the CRTC decided ISPs would be able to impose usage-based billing on subscribers. For consumers, this means those who use over a certain amount of internet bandwidth could be charged additional fees for continued access. While Canada’s big ISPs like Rogers and Bell already imposed fees based on usage, the CRTC’s ruling allowed them to also impose such restrictions on wholesalers, who are able to compete partially based on their lower, unlimited prices. As video streaming requires a great deal of bandwidth, usage-based billing could potentially reduce the amount of video content – Canadian or otherwise – consumers choose to view. Usage-based billing is viewed to benefit the larger ISPs, who are also broadcasters and content providers, as it could also limit competition from online video services like Netflix, which require high amounts of bandwidth. In turn, it also undermines the internet’s ability to provide Canadians access to a vast variety of content, including Canadian new media broadcasting. As Steve Anderson, national coordinator of non-profit organization OpenMedia.ca

66 CRTC “Perspectives.” para. 134.
suggests, usage-based billing is a roadblock “to the development of applications and services that drive experimentation, consumer choice and innovation online.”

CRTC hearings in June 2011 saw a number of Canada’s major media conglomerates jockeying to keep certain content exclusive to their wireless networks, which would also effectively limit Canadian access to it. Conglomerates including Bell, Quebecor and Shaw argued that allowing exclusive deals for content over their networks and devices like smart phones and tablets would help drive innovation. “Competition is what’s delivering value,” argued Mirko Bibic, senior vice-president of regulatory and government affairs at BCE. By contrast, Telus, which does not own any broadcasting properties, argued exclusive deals would allow large conglomerates to limit access to content, to the ultimate detriment of the Canadian consumer. “A dispute regarding the exclusivity of this content continues without resolution,” Michael Hennessy, senior vice-president of regulatory and government affairs at Telus told the CRTC. He argued that while some CTV content such as TSN mobile had been offered to competitors, “it has been excessively priced and is therefore not available on any other carrier than Bell at this time.” Both usage-based billing and the debate around exclusive content exemplify the complications around delivering Canadian new media content, as the country’s major media conglomerates seek to strengthen their economic interests, in ways that do not necessarily enhance accessibility of digital media to audiences.

Despite these complications, Canada’s conventional television producers and broadcasters have to date strategized to create and disseminate professional-quality new media

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broadcasting content. By 2007, only 17 per cent of Canadian broadcaster websites offered no broadband video player, according to a Nordicity report. In addition to full episodes of television programs made available after their broadcast premieres, audiences can consume shorter episode clips and ancillary content, such as cast interviews, behind-the-scenes featurettes, and mini “webisodes” featuring the show’s characters through such platforms. Nordicity cites CTVglobemedia’s conventional properties, as well as TSN and The Comedy Network as leaders in Canada in exploiting broadband properties in such ways.

Encouragingly, much of the new media broadcasting content on these websites is Canadian. A 2008 study conducted by Two Solitudes Consulting found 42 per cent of Canadian broadcaster websites offered full episodes of Canadian programs, 61 per cent offered episode clips of Canadian programming, and 44 per cent offered ancillary content related to Canadian programming. In each instance, these websites offered more Canadian than American content, allowing Canadians new opportunities to view and engage with programming that may hold cultural value specific to Canada. If one believes Canadian television content serves the goals of The Broadcasting Act, such programming can be viewed to hold similar value when digitally distributed. Such offerings also enhance the relevance of Canadian content regulations on traditional broadcasters, which have come to supply content for new media broadcasting undertakings.

The CBC’s website, meanwhile, has been cited as the most popular video-related television website in Canada, drawing 4.3 million unique visitors per month in 2007. As a

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72 CRTC “Perspectives.” para. 90.
73 CRTC “Perspectives.” para. 97.
national cultural institution, it has importantly identified the necessity to adapt to new media’s capabilities. In February 2010, Richard Stursberg, then executive vice president of English services at CBC, stated that the broadcaster intends to aggressivel push its content onto multiple digital platforms by negotiating deals with cable and satellite companies, and building on partnerships with major digital players like iTunes and Google. Stursberg said the CBC would have to transition from being a radio or television company to a content company, because content is increasingly untethered from its originating platforms. This strategy was seen as a sea change of sorts for the CBC, as even five years prior the corporation may have been concerned that putting its television content online would cannibalize its core audience and hurt ratings. It is an increasingly important stance for media companies and Canadian cultural institutions to adopt, however, for their own health, the health of Canadian production industries, and for the resulting availability of Canadian content, as the line between traditional broadcasting and new media continues to blur.

While it is clear Canadian broadcasters have strategized to offer Canadian programming through new media platforms, they can still substantially improve efforts to produce content specifically for online consumption. While 44 per cent of Canadian broadcaster websites offer ancillary content related to Canadian programs, the Two Solitudes study states 94 per cent of American broadcaster websites offer ancillary content related to their programs. The earlier Nordicity study also reflects this discrepancy, finding 28 per cent of Canadian broadcaster websites offer original ancillary content, compared to 78 per cent of American websites. Thus, as the Nordicity report states, it is rare for broadcasters to offer content through their online

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75 CBC. “The CBC’s Digital.”
76 CRTC, “Perspectives.” para. 90.
77 Nordicity 23.
platforms specifically commissioned for distribution online, even less so without affiliation to a program broadcast on their traditional television networks. Such trends fail to take advantage of the opportunities new media present to develop new types of Canadian cultural content, building on the strength of new and traditional media industries in the process. From a cultural standpoint, content produced specifically for new media platforms is necessary to populate the internet with reflections of Canada. From a conventional standpoint, it is required to respond to the unique characteristics of the medium. The fact that new media broadcasting content can be unbundled and consumed “one at a time” or to construct longer narrative and visual sequences requires consideration in developing story formats, narratives and visual styles that audiences will respond to. Its ability to be consumed from a computer screen, two-inch mobile phone screen, or connected to a traditional television set also holds technical implications regarding how to most effectively shoot, edit and essentially tell a story.

Beyond that, the creation of original content for new media platforms holds potential to strengthen audience engagement and loyalty to the original broadcast television show. CTV’s Degrassi is one often cited example of a Canadian program which produces a variety of ancillary new media content to engage its audience. In addition to regular episodes which air on television, fans can log on to the show’s website to access scripted “minis” (three-minute episodes created specifically for web), behind-the-scenes clips, music videos and actor and creator interviews. Incurring substantial costs, a Degrassi mini costs about $25,000 to

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78 Nordicity 18.
80 Dawson 235.
produce. As the CRTC points out, however, such content holds potential benefits as it allows media companies to exploit the interactivity of new platforms, while strengthening loyalty to programs and in turn potentially generating higher advertising revenue. By extending their reach beyond what is possible in the traditional broadcast environment, new media provides additional opportunities to generate sales and brand recognition. Like traditional Canadian broadcasting, then, appropriate funds and production resources are also required to develop such Canadian new media content to its full potential.

In addition to content associated with Canadian television broadcasting, independent producers would greatly benefit from financing to support standalone content developed for new media. Though Canadian independent producers may have a wealth of innovative ideas and valuable skills to contribute, they face increased barriers in producing and distributing content of a certain quality that also proves profitable. Toronto’s Lifeforce Entertainment, for example, launched an online television channel called Lifeforcetv.com in 2009. Chantal Leblanc-Everett, the company’s head of production and development, said she and her colleagues pursued the internet as their platform of choice because they “didn’t want to spend years pitching and promoting our shows.”

While the internet allowed the company to broadcast its HD-quality lifestyle and comedy content independently online, it did not eliminate the challenging economics of making money through the endeavour. Banner and pre-roll video advertisements are not enough for such productions to become profitable. "We as a production company still have the same overhead, the same production costs as any other independent producer in Canada," Leblanc-Everett said,

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82 Grant 7.
83 CRTC, “Perspectives.” para. 124.
emphasizing the need for funding and subsidy for new media content separate from productions associated with established television broadcasters.\textsuperscript{85} Should strategies to help produce and distribute such content be strengthened, new media producers would have greater opportunity to create content and develop their skills, while Canadians would gain access to a greater variety of high-quality domestically-produced content than currently allowed by the traditional broadcasting system. Once again, this would help new media fulfill democratic and cultural potential, by offering greater diversity of Canadian content for public consumption.

\textbf{Section Three: National Digital Economy Strategy and the Canada Media Fund}

The government of Canada currently has a substantial opportunity to pursue strategies for Canadian new media content through the development of its National Digital Economy Strategy. To date, however, said strategy has failed to substantially plan to ensure high-quality Canadian content is produced and distributed, as much as it has focused on industrial components such as Canada’s digital infrastructure. Launched in May 2010 under Stephen Harper’s Conservative government, the strategy welcomed public input through an online consultation regarding how to strengthen Canada’s digital economy. “Our government is committed to ensuring that creators, inventors and entrepreneurs have the incentives to innovate, the confidence to take risks and the tools to succeed,” said James Moore, Minister of Canadian Heritage and Official Languages, upon the strategy’s announcement. “We recognize the important role the digital media and content sector plays in the digital economy, and we intend to develop a long-term plan that will stand the test of time.”\textsuperscript{86}

In introducing the consultation process, the government identified five major themes to guide the strategy:

\textsuperscript{85} Dillon 3.

• Capacity to Innovate Using Digital Technologies;
• Building a World-Class Digital Infrastructure;
• Growing the Information and Communications Technology Industry;
• Digital Media: Creating Canada's Digital Content Advantage; and
• Building Digital Skills for Tomorrow.

By including 'Creating Canada's digital content advantage' as one of the strategy's five priorities, the government acknowledged the importance of Canada's new media content creators, the challenges they face, and the potentially powerful roles they hold in producing Canadian culture. In a paper published to commence the consultation process, the government noted the challenges Canada's media producers face in attracting audiences given the extensive amounts of foreign content available online, reflecting previously described concerns that have plagued Canada's broadcasting sector for decades. Moving forward, the government stated that with the right tools, media entrepreneurs would “find ways to meet the needs of Canadians as citizens, consumers and creators,” and in doing so distinguish Canadian digital offerings in a crowded global marketplace. From a practical standpoint, it suggested re-examination of government investments, other sources of funding, talent and sector development, and potential legislative change to The Broadcasting Act, Telecommunications Act and Copyright Act in order to effectively pursue Canada's digital content advantage through the national strategy. 

As the plan has developed, however, little emphasis has been placed on actively re-evaluating such elements, effectively relegating content behind the strategy’s other pillars in priority. After receiving 160 responses to the consultation paper over summer 2010, Industry Minister Tony Clement gave a verbal interim report on the National Digital Economy Strategy in November 2010. While he highlighted issues and approaches related to each of the plan’s five 

87 Industry Canada. “Government of Canada Launches.”
themes, the majority of his discussion focused on improving infrastructure to allow Canadians better access to broadband and mobile networks. Through a sound regulatory framework that supports competition and promotes the growth of successful telecommunications companies, he said, private industry can improve access to networks for Canadians in both urban and rural areas.\(^{90}\)

While development of such infrastructure would be highly influential in allowing Canadians access to digital content, the importance of having high-quality Canadian content available when they gain such access was but a footnote within Clement’s address. He reiterated the goal to make Canadian digital content available on all platforms, stating content drives demand for devices and bandwidth, and would therefore attract continued investment and talent.\(^{91}\) He did not, however, offer new solutions or strategies to develop content, and instead acknowledged the funding programs that exist through the Department of Canadian Heritage, citing only the Canada Media Fund (CMF) by name. “Our investment in the CMF, along with that of the private sector, is spurring innovation and increasing Canadian content on all platforms,” he said.\(^{92}\) In effect, the government expressed satisfaction with the funding bodies in place, unbothered to proactively evaluate their current success. This is problematic, as uncoordinated in comprehensive funding programs will fail to push the production and distribution of Canadian new media content to its full potential. As a 2009 Nordicity paper on the development of Canada’s National Digital Economy Strategy states:

A strategy that is just focused on opening up broadband service to everyone, or capitalizing on the growth of the digital infrastructure, misses the corresponding link to content and the need to create incentives for Canadian content developers


\(^{91}\) Industry Canada, “An Interim.”

\(^{92}\) Industry Canada, “An Interim.”
... Complementary to the increased access is the need for innovation in digital media, so that new services and new content forms can evolve from the current traditional forms.\textsuperscript{93}

Greater emphasis on how to enhance Canadian content is therefore necessary as the government develops the National Digital Economy Strategy, in order to ensure its overall strength through each of the interdependent pillars.

Though the government touts the CMF as its most substantial contribution to Canadian new media content, the Fund’s effectiveness in supporting the production of original cultural content created specifically for new media platforms is debatable. The Fund, announced in March 2009, was created in response to evolving technologies and television viewership trends, as well as stakeholder interests. Funded by the government and mandatory annual contributions from Canada’s broadcasting distribution undertakings (BDUs) enforced by the CRTC, the CMF merged the Canadian Television Fund and Canada New Media Fund, with the goal of ensuring the production of high-quality Canadian content be made available over multiple platforms.\textsuperscript{94}

Officially launched on April 1, 2010, funding through the CMF is available through two streams. The first is called the convergent stream, which requires funded projects consist of a traditional television component as well as a related digital component created to be consumed through an additional platform, such as the internet, mobile devices, or video-on-demand. The Fund’s second stream is called the experimental stream, and helps finance the development and production of digital media content and software applications that do not have links to

broadcasting content.\textsuperscript{95} Funding for the two streams combined amounted to $350 million for the CMF’s first fiscal year, with $27 million earmarked for the experimental stream.\textsuperscript{96}

The CMF’s mandate, vision and eligibility guidelines reflect the competing priorities Canadian media and broadcasting have perpetuated over time. As such, industry stakeholders have questioned the CMF’s primary function, much like the role of the CRTC’s Canadian content regulations has been challenged in the past. “Is it an industry fund or a cultural fund, or a mix of both?” Andre Provencher, president of Montreal’s La Press télé, asked of the Fund’s priorities as its guidelines were being developed. “I get the impression that it’s moving towards an industry fund.”\textsuperscript{97} For his part, Stephane Cardin, the CMF’s vice-president for policy and stakeholder relations, was not willing to voice an opinion on this matter, making one question whether those at the CMF even understood its priorities. “I don’t know. I’m not ready to say we are going clearly towards an industrialization of the fund,” he said during the Fund’s consultation process.\textsuperscript{98}

As per its mandate, the CMF “champions the creation of successful, innovative, Canadian content and software applications for current and emerging digital platforms through financial support and industry research.”\textsuperscript{99} While this emphasizes its role in stimulating the creation of innovative Canadian content through economic and industrial support, the Fund’s stated vision points to additional implications of its work. “The CMF strives to connect Canadians to our creative expressions, to each other, and to the world,” it states.\textsuperscript{100} Impling indigenous new
media content has the potential to connect Canadians through creative expressions unique to Canada, this parallels The Broadcasting Act's goals that the television system reflect Canadian attitudes, opinions, ideas, values and artistic creativity.

While the CMF's mandate reflects the intention of supporting Canadian content over multiple platforms, projects funded through its main convergent stream suggest the health of the traditional television system remains the constant priority. To receive funding through the convergent stream, a broadcaster must offer content through two platforms, one of which is traditional broadcast television. These funded television components must “speak to Canadians,” and be primarily intended for Canadian audiences, be shot and set primarily in Canada, and achieve 10 out of 10 points on the CAVCO scale. Interestingly, this last requirement is stricter than what the CRTC enforces to qualify as Canadian content, promoting increased support of Canada’s production industry. The digital media component of the funded program, meanwhile, must be produced in Canada with at least 75 per cent of its eligible costs being Canadian; its content must be intended primarily for Canadian audiences, and its underlying rights must be owned and significantly and meaningfully developed by Canadians. Though the digital media component does not have to fulfill any sort of point system, its requirement to be associated with an approved television production assumes it holds similar levels of Canadian relevance as a cultural product or reflection of Canada’s digital media capabilities.

As the CMF pursues cultural and industrial goals similar to those of Canada’s traditional broadcasting system, the convergent stream fails to fully promote the production of original

content made specifically for new media. Ideally, the guidelines state, an applicant’s second platform would consist of rich, original value added content related to its funded television program. This could include audiovisual, multimedia, or interactive content associated with the television component, and made available by way of a digital network. Expenses for such content are supported by the CMF, with broadcasters who receive funding for such projects required to spend at least 50 per cent of their broadcast corporate group’s envelopes on this type of content as a second platform.

However, other eligible second platforms under the convergent stream allow for the simple redistribution or repurposing of previously broadcast content, providing broadcasters the opportunity to produce the bare minimum of new digital content and still receive funding. The CMF provides funding to broadcasters who offer CRTC-licensed video-on-demand (VOD) services, such as Rogers On Demand or Shaw On Demand, with the VOD platform qualifying as either the broadcaster’s television or secondary digital platform. The CMF also considers digital distribution and unlicensed VOD platforms, such as those that stream content on CTV’s and Global’s websites, as second platforms. In both instances, the CMF’s funds are not intended to support the VOD or digital distribution platforms, but must be invested in the television programming, which will then be made available by digital means. As previously noted, the majority of Canadian broadcasters already offer their Canadian television content via digital distribution. The qualification of VOD and digital distribution as second platforms therefore allows them to merely deliver the status quo, making previously broadcast television content

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106 Canada Media Fund, “Townhall.”
107 Canada Media Fund, “Townhall.”
available online and on-demand. While this helps populate the internet with professionally-produced content, it does little to encourage production of original new media content that builds upon the platforms' unique capabilities.

In response to the CMF's convergent stream eligibility guidelines, broadcasters and digital media producers have been vocal in requesting further support for the health of their specific industries. "We're very concerned that there is enough money available for television production, because although content must be available over multiple platforms, television is still the driver, and English-language production TV budgets have increased," says Maureen Parker, executive director of the Writers Guild of Canada. "We don't want to see [funds] dispersed over different platforms and basically not being able to serve the majority of the audience, which is television." \(^{108}\)

Meanwhile, digital media producers predictably argue the inverse, expressing concern with their work being too closely tied to the television industry and requesting freedom to receive funding and develop their own independent projects. "The main structure of the fund still revolves around television as a primary platform for the establishment of new entertainment properties and brands," says Patrick Crowe, co-president of cross-platform production company Xenophile Media. "Of course this is becoming less and less relevant as the entertainment world evolves, but . . . it limits Canadian producers in exploiting the ever-increasing array of choices in introducing new content to audiences." \(^{109}\)

This concern has similarly been voiced by Brian Anthony, national director of the Directors Guild of Canada, who believes the guidelines obligate producers of internet content to

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\(^{109}\) Surridge, Grant and James Cowan. "Ottawa streamlines funding; TV and Internet." National Post. 10 March 2009. 2 July 2010. FP 1.
produce for television. "That obligation would create a back door for money designated for new media to end up back on old-media platforms," he says. Such attitudes suggest that while the CMF tries to be forward-thinking in its strategy to forge synergies between new and old media, its currently guidelines perpetuate tensions between stakeholders, which could hinder further development of Canadian content for new media consumption.

As of the third quarter of the 2010–2011 fiscal year, the CMF had distributed $164 million to 157 convergent projects through its Performance Envelopes, Francophone Minority and Aboriginal Program Productions programs. Of these projects, 58 (37 per cent) offer rich and substantial digital media as their second platforms. A number of CBC series, including Being Erica, Republic of Doyle, and Men With Brooms are among those that received funding for such content. Their web properties include streaming of full episodes and ancillary video content, blogs and episode recaps, interactive games and social media communities. YTV's How To Be Indie similarly received funding for rich, value-added content, with which it delivered an interactive game and behind-the-scenes videos on its website. History Television's Ice Pilots III, meanwhile, delivered an online game users could play while watching the series on television.

Meanwhile, 64 projects (41 per cent), offered digital distribution as their second platform, and 26 projects (17 per cent) claimed VOD services as their second platform. This means 58 per cent of funded convergent projects merely offered previously-televised content over a digital platform to qualify for convergent funding, without necessarily offering additional or even

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110 Surridge FP1.
112 Canada Media Fund, “Funding Results – Q3 2010 - 2011.”
113 Canada Media Fund, “Funding Results – Q3 2010 - 2011.”
114 Canada Media Fund, “Funding Results – Q3 2010 - 2011.”
115 Canada Media Fund, “Funding Results – Q3 2010 - 2011.”
repurposed content specific to the platform. Such projects do not take advantage of digital media’s full capabilities, nor do they promote the development of a thriving new media production sector in Canada. The fact that only 37 per cent of projects used CMF funds to produce rich, value-added content supports those who argue the CMF still serves primarily as a television fund. Whether convergent funding recipients strengthen their digital efforts in subsequent years with better knowledge of the Fund’s resources and digital technology’s capabilities will prove vital to evaluating the CMF’s success as a support of cultural and industrial value.

While the convergent stream holds limited value for independent new media producers, the experimental stream serves an important role as the CMF’s effort to support production of content made specifically for internet and mobile consumption, without links to traditional broadcasting content. The stream funds projects beyond traditional linear audiovisual content, including web 2.0 or higher applications, mobile applications, software applications with a connection to the Canadian cultural sector, videogames, and projects that contain both linear audiovisual content and significant interactivity.116 Like the digital component of the convergent stream, an experimental project’s underlying rights must be owned and significantly and meaningfully developed by Canadians, the product must be produced in Canada with at least 75 per cent of its eligible costs being Canadian, and its production must be under Canadian ownership and Canadian executive, creative and financial control.117 Also parallel to the digital component of the convergent stream, projects funded through the experimental stream are not required to achieve a certain number of CAVCO points, with the wide range of eligible formats challenging enforcement of such a system. "There is a requirement that 75 per cent of eligible

costs be Canadian and in our view that presupposes you will be making significant use of Canadian creative talent,” Creighton said after announcing the stream’s guidelines in March 2010.118

While indigenous media content has traditionally been obligated to carry some sort of Canadian cultural value, the CMF’s experimental stream requires funded projects to include elements of innovation, a term it intentionally refused to initially define. “Innovation may be expressed in terms of innovative business models, innovative content, or innovative technology,” the stream’s original guidelines stated. “The CMF does not define or delimit what is innovative – applicants are encouraged to pursue their own vision of innovation and articulate to the CMF how their project is innovative.”119 While such an open-ended definition could reflect the CMF’s intentions to allow digital producers ample creative freedom, it also suggests the Fund simply was not prepared to enforce more specific measures. Creighton herself alluded as much, stating “It's going to be messy the first year,” during the Fund’s initial consultation process.120 Meanwhile, Stephane Cardin, the CMF’s vice-president for policy and stakeholder relations, responded to questions of clarification with a “wait and see” mentality, stating, “The definitions will get more refined over time as the applications come in.”121

This lack of clarity, however, could not be left unaddressed if the CMF was to effectively justify its funding decisions. As guidelines stated web series would only be financed if deemed innovative, and Creighton stated leading-edge, innovative production companies would be prioritized for experimental stream funding, a clearer definition of the term and the stream’s evaluation process became mandatory. After administering its first round of funding in October

118 Canada Media Fund, “Townhall.”
121 Canada Media Fund, “Townhall.”
2010, the CMF reaffirmed the importance of innovation to funded projects, stating applications would be assessed on the following factors: innovation (40 per cent), production team (15 per cent), business plan (30 per cent), and distribution strategy (15 per cent). As such, the CMF also necessarily developed a more detailed explanation of the term, offering five classifications of how a project could qualify as innovative. The most innovative projects would offer something completely new that would break through the market; the least would refine features or add content to an existing product or service.

An important indicator of evolving media trends and the need to evaluate resources, the CMF confirmed demand for experimental stream funding exists well beyond that which it can support on its own. While the CMF had $350 million to administer its first year, only $27 million of this was earmarked for the experimental stream. Within its first round of funding, the CMF received more than 250 experimental stream applications requesting almost $90 million to support digital media projects, vastly exceeding the $16.2 million available for that round. During its second round, it similarly received nearly 200 funding applications for digital media and interactive software applications. These applications requested $72 million against an available budget of $10.8 million for development, marketing and production.

Examination of the CMF's subsequent experimental stream funding decisions highlights its role as an industrial support across Canada, funding projects that build Canada's digital skills and strengthen technological sectors, though not necessarily its cultural content portfolio. In its first year, the CMF granted experimental stream funding in two rounds, which amounted to a

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total of $27 million across 81 projects. Of this total, $21 million was dedicated to the production of 44 digital media projects, with the remaining $6 million dedicated to the marketing and development of such projects. Funded projects were produced across Canada, with four in Toronto, seven in other parts of Ontario, 12 in Montreal, 10 in other parts of Quebec, eight in British Columbia, and one in each of Alberta, Prince Edward Island, and Manitoba. Of these, 18 approved projects would be in English, 12 in French and 14 bilingual. The CMF’s emphasis of this geographic spread and linguistic diversity in related published material points to its role serving Canadian interests by growing the strength of Canada’s digital media sectors across the country, resulting in the engagement of Canadian audiences in both official languages.

The types of projects funded, meanwhile, emphasize the CMF’s overarching goal to support innovation, beyond traditional forms of Canadian audiovisual content. Of funded projects in production, 20 are games, nine are websites, seven are mobile applications, three are interactive web series and five are software applications. “The wealth of content and technological innovation demonstrated in the selected projects is truly remarkable,” Creighton said in a press release announcing the second round of funding. “The new approaches found to engage with users truly enrich the quality of our project portfolio. It’s a statement to the creativity and vitality of the Canadian interactive digital media industry.”

When one looks closely at the CMF’s funded digital projects, however, few boast overt themes of Canadian cultural significance. Of the 44 experimental stream projects approved for production funding, only one contains content with a direct link to Canada’s culture and history. *Enfants de la Bolduc* is a transmedia project commemorating the 70th anniversary of the death of

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125 Canada Media Fund, “Funding Results – Q3 2010 - 2011.”
126 Canada Media Fund, “Funding Results – Q3 2010 - 2011.”
French-Canadian singer Mary Rose-Anna Travers. This does not mean other projects are devoid of cultural relevance, however. Eight of the 44 funded projects offer users the ability to create their own culture through interactive mobile apps, games and web platforms. A mobile app called *Hyper Local Network*, for example, allows users to create videos and post them automatically to IPTV sites administered by APTN. A software application called *X-Agora*, meanwhile, promises to transform public spaces into interactive culture experiences. And the mobile app *Big Break* intends to engage youth in culture creation, by providing a platform to create and share their content within a fully moderated community. Such projects find ways to promote Canadian culture while taking advantage of new media’s distinct capabilities, and straying from traditional linear audiovisual formats.

In addition to entertaining, 13 experimental stream projects boast educational or strategic skills-development experiences. The mobile app *APPyWorld*, for example, is meant to engage and educate young people, develop their creativity and support discovery and enlightenment. An untitled French online game teaches players to develop strategies as acting manager of a sports team, while a mobile game called *Music Biz* gives players the opportunity to strategize and build their own music labels. The remaining 22 experimental projects, meanwhile, boast fun and engaging user experiences as their primary functions. A game called *Nun Attack*, for example, features a “ragtag group of five over-the-top nuns traveling through space and time to accomplish different funny and absurd missions.” The French-language *Fréquences*, meanwhile, is an interactive web series that tells the story of a group of guinea pigs imprisoned and subjected

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128 Canada Media Fund, “Funding Results – Q3 2010 - 2011.”
129 Canada Media Fund, “Funding Results – Q3 2010 - 2011.”
130 Canada Media Fund, “Funding Results – Q3 2010 - 2011.”
131 Canada Media Fund, “Funding Results – Q3 2010 - 2011.”
to the influence of a strange device. One would be hard pressed to identify specific relevance to Canadian culture within such content.

The diversity of funded projects in both format and content exemplifies the freedom digital creators are offered through the CMF’s experimental stream. Though inherent cultural values associated with certain projects may vary, the nature of digital media perhaps necessitates a rethinking of how Canadian content is defined, as it offers more than traditional linear audiovisual content. The range of projects Canada’s digital media producers have pursued can be viewed to parallel the diversity of content produced by Canada’s traditional broadcasters. The Canadian cultural significance of a project like Nun Attack, for example, could easily be questioned along the same lines as an industrial television program like PSI Factor that minimizes Canadian references. But an app that allows Canadians to create content for APTN’s website could be viewed to hold cultural value comparable to the original content the network broadcasts on television. The challenges and fluid definition of what Canadian culture looks like therefore persist in new media production, as they do in broadcasting.

Though the cultural significance of certain CMF-funded projects is debatable, the economic support the CMF provides to Canada’s digital media producers to create such work holds valuable implications. As Minister Moore has pointed out, in the process of enabling Canadian creators to innovate, the CMF’s support holds positive economic consequences. “We want to make sure there’s a broad diversity of Canadian content and Canadian culture available on the platforms that Canadians choose to consume it on,” he said at a CMF event in October 2010. “And I can tell you that any government . . . that says that it has a plan for strong economic growth but doesn’t have a plan for strong support of the arts is a government that doesn’t have a plan for economic recovery.” Noting that Canada’s creative sectors contribute $46 billion to the

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132 Canada Media Fund, “Funding Results – Q3 2010 - 2011.”
economy, and are directly responsible for more than 640,000 jobs across the country, Moore’s statements once again reinforce the CMF’s dual economic and cultural functions in supporting Canadian media content.133

Section Four: CRTC-Certified Independent Production Funds

The CMF cannot fund the entirety of Canada’s new media content, and as such, several independent funding bodies serve important roles in further supporting Canadian new media production as their mandates and resources allow. In 1997, the CRTC determined BDUs could direct up to 20 per cent of their mandatory annual funding contributions to one or more independently-administered production funds other than the former CTF, provided the funding agencies met certain criteria. To ensure the funds primarily support underrepresented television genres, sports, current affairs and news programming are not eligible to receive contributions from CRTC-certified independent production funds. Additionally, the CRTC requires approved productions achieve eight out of 10 CAVCO points, ensuring a consistent definition of Canadian content exists across the funds.134

Though initially intended to support broadcast projects, in 2010 the Commission amended its criteria to provide certified independent production funds greater flexibility to support new media projects. Encouragingly, in doing so the CRTC has established measures to promote the production of original Canadian content made specifically for new media platforms. Allowing contributions to support innovative, story-driven projects such as videogames, webisodes, mobisodes and interactive web content, it excludes broadcaster website development


and information technology enhancements, such as streaming video, from funding eligibility. This effectively prevents funding recipients from simply redistributing or repurposing content, as the CMF allows. The CRTC does limit the amount of support these convergent projects receive, however, emphasizing a goal to support new media content in the interest of traditional television production. To ensure the funding of stand-alone new media projects does not unduly affect the funding of television productions, the Commission institutes an annual cap of 10 per cent of BDU contributions to one or more independent production funds with respect to digital projects.

In practice, these funds support Canadian new media production only as far as their resources and mandates allow, and are still very much obligated to primarily supporting the traditional broadcasting industry. While some have evolved to focus a great deal on new media, others choose to focus solely on traditional broadcasting, therefore not contributing to the production and distribution of professionally-produced Canadian new media content. The CRTC lists 10 certified independent production funds that are eligible to receive funding from the BDUs’ annual monetary contributions. However, of these 10 funds, only four include provisions specifically for Canadian new media content. Two of the funds – the Canadian Independent Film and Video Fund and the Small Market Local Programming Fund – no longer exist. Meanwhile, the Cogeco Fund, Rogers Documentary Fund and Le Fonds Harold Greenberg finance the production of Canadian television drama, documentaries and French-language film and television projects, respectively. While each of these funds serves distinct cultural goals

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in the Canadian interest, they do not incorporate new media into their funding eligibility requirements. It is possible funded television programs will be made available digitally, but even so these funds do little to promote content made specifically for new media consumption. They therefore place increased burden on the CMF and other independent production funds to deliver comprehensive funding for new media projects.

Those certified independent production funds that offer specific support to new media projects do so to extents and outcomes their program guidelines allow. SaskFilm, for example, provides financial support to Saskatchewan production companies and filmmakers through programs designed to foster the growth of the film, television and interactive industry within the province. The non-profit organization helps finance diverse formats including theatrical feature films, experimental short films, TV movies and series, documentaries, and IMAX or large format productions. Producers may incorporate new media elements into their projects, though it is not mandatory. “Expenses related to the new media/digital component of eligible projects are allowable in a production budget,” SaskFilm’s eligibility guidelines state. Thus, while producers are afforded the freedom to develop new media elements related to their productions, digital elements are not required of funded projects and SaskFilm remains a predominantly TV and film-focused fund.

More encouragingly, four of the CRTC’s certified independent production funds actively and substantially support projects which involve new media elements or are exclusively digital. The Bell Broadcast and New Media Fund, Shaw Rocket Fund and Quebecor Fund do so through programs similar to the CMF’s convergent stream, supporting new media in relation to broadcast television programs. As each of these funds has ties to media conglomerates that count BDUs

139 SaskFilm 5.
among their portfolios, the continued health of the broadcasting industry remains their top priority.

The mandate of the Bell Broadcast and New Media Fund, or Bell Fund, is to advance the Canadian broadcasting system by funding the creation of Canadian digital media, promoting partnerships and sustainable business in the broadcast and new media sectors, and enhancing the national and international profiles of industry stakeholders.\textsuperscript{140} This mandate clearly suggests that the Fund, which receives annual contributions of more $8 million from Bell TV in addition to a $10 million endowment resulting from the BCE/CTV benefits package, is focused on supporting industrial and economic goals, which may have residual cultural effects.\textsuperscript{141} It also suggests a constant focus on promoting the interests of the traditional television industry through related digital media development.

Through its new media development and production programs, the Bell Fund provides funding to new media projects associated with television components. Like the CMF, eligible projects must have both a broadcast component and a new media component, intended to “extend, enhance and complement the television viewing experience.”\textsuperscript{142} This may include original linear content such as webisodes and mobisodes, over platforms such as websites and internet applications, ITV and mobile devices. The Fund provides a grant of up to 75 per cent of the cost of the new media component’s production, as well as a grant of up to 75 per cent of the total Canadian broadcast license fees for the televised program.\textsuperscript{143} Examples of digital projects include the AUX TV website, which features video, news, blogs, music and interviews relevant to the new-music specialty network. The Bell Fund also helped finance 4REAL.com, an online

\textsuperscript{141} Bell Fund, “About.”  
\textsuperscript{143} Bell Fund, “Production.” 5.
community for people interested in social change, related to a television series that saw celebrities travel around the world to contribute to local development projects.\textsuperscript{144}

The Shaw Rocket Fund, meanwhile, has a mandate to support Canadian children's programming through funding programs for both television and digital productions. With contributions from Shaw Communications, its television program gives preference to those proposals that include innovative digital media components, such as websites, mobisodes, webisodes and games.\textsuperscript{145} As a result, the Rocket Fund invests up to $2 million annually in digital projects associated with approved television programs. In addition to the aforementioned Degrassi webisodes, the Rocket Fund has invested in podcasts related to Family Channel's Life With Derek, an e-zine published to coincide with episodes of Renegadepress.com, and a platform action game with synergy to animated series Atomic Betty.\textsuperscript{146} It therefore serves functions much like the convergent stream of the CMF, with a focus on children's programming.

The Quebecor Fund, founded in 2000, attempts to support new broadcasting models through similar funding methods. With annual contributions of $6.8 million from Vidéotron, it strives to financially support the production of Canadian television programs that offer quality content, foster the development of new television models, and encourage partnerships between the broadcasting, telecommunications and information communication technology (ICT) industries. In doing so, it hopes to make the "best possible use" of Canadian creative resources to produce and distribute television programs using ICTs.\textsuperscript{147} Such objectives reflect a forward-thinking mentality which attempts to forge a healthy coexistence of traditional broadcast

television and new media. In addition to funding Canadian television content, it supports production of interactive multimedia components based on said productions that use high-speed internet, interactive television, VOD or mixed mobile terminals. To date, this has largely resulted in the production of websites related to television programs, reflecting varied levels of technological advancement. Like the Bell Fund and Shaw Rocket Fund, the Quebecor Fund helps populate the internet with Canadian digital content by funding digital media projects, but limits such projects to those linked to broadcast television programming.

Perhaps exemplifying most promise for Canadian independent new media production, the Independent Production Fund (IPF) represents interests unique from the previously-described CRTC-certified independent funds, in that it offers a program for digital projects which do not contain any link to traditional broadcasting. Established in 1991 by Maclean Hunter Ltd. with capital endowments of $19.2 million, it has since become independent of any parent company with annual revenues generated by the endowment and recoupment on investments, in addition to annual contributions from Mountain Cablevision Ltd. The CMF administers two funding programs, the first of which assists independent production companies in financing the production of Canadian television drama series for private sector broadcasters.

Most relevant to this discussion, in January 2010 the IPF launched a new funding program for web drama series. Established to assist independent producers in financing the production of original drama series created initially for the web, the IPF intends to explore the potential for high-quality, story-driven drama with new and innovative narrative forms through

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148 Quebecor Fund.
150 IPF, “About Us.”
this fund.\textsuperscript{151} To be eligible for support, projects must be new and original scripted, dramatic content that originates with an independent Canadian producer and creator. They must have a Canadian-owned URL or be hosted on a Canadian portal or Canadian online webcasting service.\textsuperscript{152} Such guidelines suggest the IPF is interested not only in funding the creation of Canadian new media content, but ensuring it actually has a home online to be distributed to Canadian and international audiences.

The IPF is importantly attempting to fill a gap in Canadian new media funding, as it funds projects of specific formats for new media consumption without requiring a link to traditional broadcasting. It launched the web drama series program in recognition of the fact that financing for web video without a broadcast license is very limited, and that specific funds of this sort would help independent producers explore the potential of high-quality, story-driven drama with new and innovative narrative forms.\textsuperscript{153} In the process, the IPF hopes to develop best practices and take advantage of opportunities that digital platforms provide for new production styles, processes, formats and business models.\textsuperscript{154} In doing so, it also proactively pursues the production of a genre for new media distribution that has traditionally faced economic challenges in the Canadian television industry.

Demand for funding through this program was high in its pilot year. The IPF received 166 submissions from Canadian producers and writers, and went on to invest $1.2 million in the production of 11 drama series in English and French, representing 942 minutes of linear drama, interactive activities and social media strategies. Budgets ranged from $300 a minute to $5,000 a

\textsuperscript{152} IPF. "Web Drama" 1.
\textsuperscript{154} IPF, "Independent."
In addition to supporting the production of these series, the IPF makes them available online through its independent web series dashboard called Wip. Funded series from the program’s pilot year range from an animated series for preschoolers called *BunnyBop!* to a comedy series called *Moderation Town*, about a maritime town that’s paralyzed when its pulp and paper industry slows down; *Papillon* is an airline comedy, *Ruby Skye P.I.* is a teenage mystery, and *In The Rough* tells the story of a professional golfer whose wife is cheating on him with his best friend.\(^{156}\)

Based on pilot year interest, the IPF announced in December 2010 that it would continue the web series fund, as it explores the possibilities and challenges of funding Canadian content of this format. “The creativity of the web series format is exciting and inspiring, but there are a few mysteries yet to solve in this experimental format,” IPF Chair Charles Ohayon said in a press release. “Time is needed to develop appropriate marketing, distribution and business models.”\(^{157}\)

The IPF’s continued commitment to exploring such models is admirable and should be pursued by other funding bodies in order to strengthen Canada’s dramatic storytelling capabilities and engage Canadian audiences in new ways by embracing digital platforms. A proactive approach to producing audiovisual new media content has the potential to develop the skills of Canada’s digital media producers, and build a portfolio of new media content that reflects Canadian culture.

Of course, substantial monetary resources are required in order to further develop new media programs through the CMF and independent production funds. While a range of fund

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\(^{157}\) Independent Production Fund, “Independent Production Fund renews.”
development options exist, the CRTC holds a powerful role to potentially increase the amount of money available to Canada's digital media producers, which would also strengthen its own position in support of Canadian new media content. One oft-cited recommendation is for the CRTC to impose a levy on internet service providers (ISPs), similar to that which is imposed on broadcasters to contribute to Canadian television content through the CMF and certified independent production funds. Since about 50 per cent of internet traffic is believed to involve the consumption of broadcasting services, ISPs can be viewed to perform similar roles to BDUs. Thus, the CRTC could serve similar Canadian audience and industry interests by imposing a levy on ISPs to support high-quality Canadian content made expressly for the digital platforms.\(^{158}\) While this would require the Commission to lift its exemption on new media, the benefits of doing so would be significant. Considering Canadian ISPs had residential broadband revenue of $3.7 billion in 2008, any levy on this growing base would be considerable.\(^{159}\)

The federal government's National Digital Economy Strategy must similarly serve to strengthen the funding mechanisms which exist for Canadian new media content. As Nordicity has stated, "a national digital strategy that considers the importance of content development needs to take a fresh and more comprehensive look at the various support programs for the cultural sector."\(^{160}\) By facilitating changes to support sustainable content production that lends itself to innovation, new business models may be pursued to monetize content assets on digital platforms.\(^{161}\) While the government has thus far cited the Canada Media Fund as a major stepping stone in pursuing the interests of Canadian digital content creators, resources and measures to support projects made initially for new media platforms must be strengthened. In


\(^{159}\) CRTC, "Communications Monitoring Report."

\(^{160}\) Nordicity, "Toward." 15.

\(^{161}\) Nordicity, "Toward." 26.
addition, innovation in packaging, marketing, and distributing content online is essential to the
development of a national digital economy strategy that allows digital content to thrive. Thus far, the Canadian government has not proven to address content in any such detail, but has rested on the piece-meal funding and policy that already exists. It must therefore take action now in order to ensure a healthy and thriving new media industry develops, and promote access to high-quality Canadian content for domestic audiences.

Moving Forward

A belief that the production of Canadian television content holds both cultural and industrial implications has long been embedded in domestic media industries and related communication policy. While The Broadcasting Act and the CRTC’s Canadian content regulations pursue cultural goals to ensure television content reflects Canadian identity and interests, the economic realities of the television industry challenge such efforts. As a result, Canadian television consists of predominantly American programming, which draws the highest audiences, Canadian programming modeled after or attempting to pass as American programming, and the occasional program upheld to represent distinct Canadian character and value. Though the true cultural intentions of Canadian content regulations have yet to be fully realized, Canadian television as it exists represents competing cultural, political and profit-driven economic forces unique to Canada.

As internet and mobile technologies have evolved to offer video comparable in quality to television, and as Canadian audiences have adapted to consume media over such platforms, the role of new media to pursue cultural and industrial goals similar to television has been debated. The expanse of new media and the on-demand nature of its consumption undermine the limitations on which traditional Canadian content regulations have been enforced. However, if

Canadian television content is indeed believed to represent the interests of Canadians, domestic media content distributed over new media platforms may serve parallel purpose. As conventional television content is often made available online after its initial broadcast, traditional Canadian content regulations and television broadcasters hold enhanced relevance in now promoting the production of multi-platform content. To ensure content is developed specifically for web, however, additional funding and subsidy is required, as has traditionally been the case within Canada’s media industries.

Though the Canadian government has acknowledged evolving media technologies hold the potential to uphold and enhance outcomes similar to Canadian television content, thus far its efforts with regards to new media have been slow and uncoordinated. Entering its second year of funding, the Canada Media Fund has supported a selection of projects created for new media consumption, with questionable links to Canadian culture. It has also failed to substantially support the production of Canadian new media content without a link to the traditional broadcasting system, effectively limiting the range of projects available to Canadians. While some CRTC-certified independent production funds similarly encourage the production of new media content related to traditional television programming, only the Independent Production Fund has developed a program to fund new media broadcasting content produced independently of a traditional broadcast program.

As such, the Canadian government, related departments and arms-length agencies must strengthen efforts to ensure Canadian media producers are able to create content that takes advantage of new media’s capabilities, for the enjoyment of audiences and the advancement of Canadian industries. This may be pursued in a number of ways. The creation of Canadian new media content must be more than just a question on the back burner of Canada’s National Digital
Economy Strategy, if Canadians are to gain access to high-quality indigenous media products that reflect the culture of the day and showcase the abilities of home-grown talent. The strategy must therefore develop coordinated funding and development programs, with substantial investments designated for both conventional and new media. The CRTC, meanwhile, must strengthen its approach to promoting Canadian new media content in order to maintain relevance within the current landscape. As independent funding bodies serve important roles in financing original new media content to the extent their limited funds allow, the Commission must evaluate how it may meaningfully contribute to their continued development. This may involve expanding the breadth of certified independent production funds eligible for annual BDU contributions, and requiring ISPs to make similar contributions specifically toward Canadian new media production.

The expansive nature of new media and the unpredictability of its development cannot and should not prevent the Canadian government from developing sound policy and funding options that promote the production of a wide-range of Canadian content for online and mobile consumption. Rather, the fact that the media is constantly evolving necessitates heightened strategy to connect Canadians, develop the talent of creators and producers, and assert a strong Canadian presence in the digital media landscape. New media can provide Canadian producers new opportunities to tell stories and showcase talents in ways television has struggled with in the past. Policy to encourage such potential must be strengthened, however, if traditional hurdles are to be overcome.
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