

Ottawa eyes new media issues

by: Mark Dillon - Mar 16, 2009

While the CRTC's Gatineau, QC hearing on Canadian broadcasting in new media recessed for a couple of days last month, across the bridge the production community was discussing what kind of role, if any, the commission should play in regulating the funding, accessibility and monetization of digital content.

Most of those who spoke on the Feb. 19 New Media Broadcasting & Cancon panel at the CFTPA's Prime Time in Ottawa believe that role should be substantial.

The Directors Guild of Canada is among several production groups seeking funding for online Cancon by asking the CRTC to impose on Internet service providers a 2% to 3% levy on revenues the ISPs derive from video traffic, and 0.06% on wireless service providers. It would first have to be determined, however, that such regulation falls within the jurisdiction of the commission, which has thus far kept its hand out of new media.

"We believe in the provision of the Broadcasting Act that each element of the broadcasting system should contribute appropriately to Canadian programming, and we believe as well that ISPs and WSPs do engage in broadcasting activity and are therefore an element of the broadcasting environment," said Brian Anthony, national executive director and CEO of the DGC, reiterating what he told the CRTC three days earlier.

While the production community's attitude is that if you make more high-quality digital Cancon, eyeballs will follow, global Internet giant Google feels that the proposed levy is unnecessary.

"We look at the current world of Canadian content online and we can actually see that it's been a huge success," said Jacob Glick, Google's Canada policy counsel. "There are hours and hours of broadcast-quality and other amazing, wonderful, innovative content available to people on-demand, all the time."

The volume of Cancon online is not so much at issue as that content's accessibility to Canadians, and the ability to promote it amid an endless array of options from around the world.

Glick points out that, without any regulatory involvement, current Internet tools - such as Google search - are tailored to provide users with relevant local content, while social networking sites such as Facebook and MySpace provide a potentially effective promotional platform, and, at no cost, producers and broadcasters can put trailers up for all to see on YouTube, which Google acquired in 2005.

But while the Internet democratizes content distribution in that it is open to all, tales of productions that have launched online and gone on to be highly profitable are few and far between. The results have been underwhelming even for some of the success stories.

One of those is Chilly Beach, an animated series featuring goofy characters engaging in all forms of Canadiana. A start-up that began offering webisodes in the mid-1990s, it found viewers on both sides of the border. While CBC picked it up for traditional broadcast here at home, international sales proved difficult, despite the fact that 80% of its online audience resided in the U.S.

As has been the tradition, the show's ultimate fate lay in the hands of TV executives, who in this case were squeamish about the series' sheer Canadian-ness.

"To be honest with you, it has not been that lucrative," said Daniel Hawes, president of March Entertainment, the series' prodco. But that's not to say he doesn't see the revenue potential in the Internet. "A couple of years ago, people used to say, 'Well, there's all this talk about making money on the Internet, but nobody is, really... Google's a big pipe [dream]," he recalled. "And that year [2006], Google had just announced net income of \$3 billion. That's money that came from other forms of media. Google is a media company. I think what we have to do in Canada is recognize the opportunity. It is the greatest opportunity, arguably, in the last hundred years, and if we don't embrace it and if we don't find a way to take advantage of it, we'll miss out."

While the likes of Google and the ISPs argue that computer monitors are not television screens and that it would be a mistake to try to transpose the regulatory model from one to the other, Hawes sees one area where that would work.

"We have one of the best tax-credit systems in the world that incents other people to come and put money in and co-invest. We should target that tax-credit system and use that same funding [model] to create shows that are not for TV," he said. If such a model was adopted, he added, "Wow, would you see a wave of innovation in Canada."

Toronto's Lifeforce Entertainment, meanwhile, recently launched online television channel Lifeforcetv.com, featuring original, HD-quality professional content in genres including lifestyle and comedy. Chantal Leblanc-Everett, head of production and development, said that the company opted for the Internet as the destination for its programs because the youthful team "didn't want to spend years pitching and promoting our shows."

However, the problem with producing broadcast-quality content for the web is that even if you get banner ads or pre-roll video spots from sponsors, you're getting mere dimes for them compared to traditional broadcast dollars, which hardly pays the bills.

"We as a production company still have the same overhead, the same production costs as any other independent producer in Canada," Leblanc-Everett said.