



An Open Letter to the Leaders of Canada's Political Parties

September 25, 2008

There is little doubt that the world is changing. New technologies are enabling modes of communications and exchange that would have seemed untenable just a decade ago. High speed open global networks are creating exciting new opportunities for companies in the information, education and entertainment markets. The so-called knowledge economy is spawning a new need for highly creative and highly skilled workers as well as well as a new entrepreneurial spirit.

In the hardware and services markets Canadian companies like RIM and Thomson Reuters are now globally recognized and respected brands. When it comes to success stories in Interactive Media though, internationally renowned websites like flickr and Club Penguin, though created by Canadians, are now owned by US firms Yahoo! and Disney. Few people know that Canada is a world leader in the development and production of video game content, though again the majority of the revenues from these games travel to head offices outside our borders.

Globally, interactive digital media is experiencing rapid economic growth. Digital media has become embedded in virtually every facet of our society: entertainment, education, healthcare and skills training just to name a few. With a low carbon footprint and high wage jobs, it truly is the ideal industry for a 21st-century Canada.

Elections are an opportunity for substantial change, a respite from the day-to-day business of government that offers potential to conger a new vision for future of our country. We believe that interactive digital media markets offer Canada a prime opportunity to harness our world-class talent and stimulate a new class of globally oriented creative entrepreneurs to begin to transform our economy from one based on natural resources to one based on human resources.

As the authoritative voice of the interactive digital media industry in Canada, the CIAIC speaks for more than 1,000 companies working in this sector, producing everything from high production value titles for video game consoles, to convergent entertainment and education projects for kids, to blogging and software tools. As a whole, the industry contributed more than \$5 billion to the economy in 2006, and accounted for more than 52,000 full-time, part-time and contract positions.

As you may know, the only federal vehicle to assist emerging companies develop pure-play interactive digital projects, the Telefilm Canada New Media Fund, is winding down at the end of this fiscal year.



Over the past seven years, the programme has proved an invaluable launch pad for a wide range of businesses to take full advantage of the opportunities afforded by this emerging sector.

That's not to say that the Telefilm Canada New Media Fund is perfect, however. Over the past several years, our membership has been very vocal about the need for an increased focus on the development of content and services that can satisfy both domestic AND global markets, as well increased support levels to more effectively and strategically develop on the different interactive platforms (web, mobile, game console, etc.) . The CIAIC has identified these and several other key improvements that we feel should be part of federal government initiatives aimed at promoting interactive digital media, so that Canada's industry can face the challenges of the future.

These are:

1. More capacity. With its existing \$14.5-million budget, the Telefilm Canada New Media Fund is woefully undercapitalized. Because of this, the fund must turn away two out of every three interactive digital media projects that are submitted, whether they're world-class or not.
 - **RECOMMENDATION: Double the current annual funding for interactive digital media, at a minimum.**
2. More time. As we've seen from the Telefilm Canada New Media Fund, any funding mechanism assisting the interactive digital media industry needs a multi-year time horizon to be effective.
 - **RECOMMENDATION: Ensure the budget for any interactive digital media fund is safeguarded for at least five years.**
3. More stability. Producers using the Telefilm Canada New Media Fund have commented on the uncertainty that arises when their project is approved for funding at the prototype stage, but is turned down for development funding.
 - **RECOMMENDATION: Once approved for funding at the initial stages, interactive digital media projects should continue to receive financial support from the fund unless a material change occurs.**
4. More scope. Any interactive digital media fund and research should offer financial support not just for producers, but for the associations such as the CIAIC that support them through research, advocacy and communications work.
 - **RECOMMENDATION: Enhance non-production initiatives such as Sectoral Assistance/Development streams.**
5. More variety. Although it's often associated with broadcast television, interactive media is a distinct discipline. An interactive digital media fund shouldn't be a backdoor for broadcaster-led projects, but rather be open-ended enough to capitalize on trends in content forms and platforms as they emerge.
 - **RECOMMENDATION: Ensure access to funding for all interactive digital media formats, not just those serving broadcasters.**



This Thursday, September 25, members of your country's interactive media community will celebrate the first-ever National Digital Media Day – a testament to just how large the industry has grown. We hope you will seize the opportunity to voice your support for this vital and vibrant piece of not just the economy, but of Canada's future.

Sincere thanks,

Ian Kelso, President
Canadian Interactive Alliance /
l'Alliance interactive canadienne