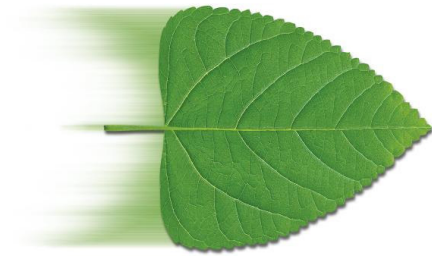


A Friendly Future for New Media



Executive summary of a white paper prepared by TELUS for nextMedia 2008 and Banff World Television Festival 2008

A copy of the full document can be obtained from twosolitudes.com/FriendlyFuture



The real question on everyone's mind today is "should we regulate the Internet?"

On May 15, 2008, the CRTC launched a consultation process on "broadcasting in the new media environment" as a preparatory step for a public hearing to be held in early 2009. The CRTC last took an in-depth look at new media online in 1999 and much has changed since then.

Context, perspective and semantics matter in the "new media" debate. We seem to be at once both within, and poised to begin, a period of extreme transition in media. While this has been said before, the difference between this statement today and 5 years ago is that it is now true. You don't have to go further than Facebook, Google, YouTube or CBC.ca to get the message.

Ultimately in considering the impact on the Net of the CRTC's new media initiative and other policy issues from net neutrality to copyright, we have to ask ourselves, will intervention help or hinder the development of new media in Canada? Is anything needed and, if so, what is it and where should it come from? TELUS submits that the starting point for any discussion of new media should not focus on traditional broadcasting. The online world is so much more than that.

The interactive nature of the Internet offers content creators and advertisers new opportunities to engage and interact with audiences in many ways on many levels. Content can be immersive, allowing the viewer to participate. Social networking can be used to build content-centric communities that enhance the experience and give participants a greater feeling of engagement than ever before. In some cases, content creators have used new media to engage in collaborative content creation or story-telling

activities. Gaming is big on the Internet. It is story-telling in a very different way, where each player experiences the story differently.

The Internet presents many great and unprecedented opportunities for Canadians, such as global reach and fewer barriers to entry, interactivity and engagement, personalization and the possibility for virtual worlds.

New media also presents new challenges, with new solutions. The media industry is being challenged in many ways. Existing models often don't work in the new media space. But the reality is that we simultaneously have a strong traditional broadcast system in terms of choice, diversity and Canadian success stories and a strong Internet model in terms of access to content and the dissemination of ideas. That's an opportunity. Because the traditional broadcast system is so healthy, policy makers can focus their energies on how to exploit the new world rather than regulate it in an attempt to protect the old.

Moreover, the original reasons for regulating broadcasting in the conventional media world don't apply in the new media world. There's no scarcity of capacity and the traditional barriers to entry for content creation and distribution are gone. Access to venture capital may be the greater challenge.

A strategy that focuses on industrial development, rather than culture, would provide the flexibility needed to harness the opportunities available in the new media environment.

Traditional media could benefit from more innovation online, but the growth of Canadian new media in general does not require cultural protection. It requires an industrial strategy that helps media businesses and content providers achieve global scale. Our traditional television content creation industry has grown over the years through the benefit of protectionist measures and an artificial economy but many elements of this model don't work in the digital age.

The focus online should be on enabling the opportunities presented by the digital economy. At the end of the day, this means a focus on enabling Canadian consumers to access, create and interact with content on whatever platforms exist – and doing this through industrial policy and economic stimulation is the way to go.

New media offers great opportunities for Canadians to develop, promote and sell content on the world stage with greater ease than ever before. An industrial strategy that balances, on the one hand, network investment in broadband with access, on the other hand, or fair use of content with the right to exploit intellectual property, is a better recipe for future success than regulation.

Balance is also required in addressing network neutrality concerns. TELUS believes that Canadian Internet users should be able to access and use the legal Internet content and applications they choose, including services featuring different levels of access to different content and applications (such as enhanced

quality of service for gaming applications or remote medical monitoring). On the other hand ISPs should be able to offer value-added services to content and application providers and to provide their own or affiliated content and applications, so long as: (a) the value-added services are generally available to other content and application providers, and (b) they do not have a material adverse effect on the ISPs' customers' ability to access and use the legal Internet content and applications of their choice.

TELUS makes the following ten recommendations to build a successful Canadian new media industry:

1. No content regulation of the Internet. It is already a hotbed of innovation, diversity and choice. The new media exemption is still the right policy. The issue is how to successfully take Canadian new media to market.
2. No new consumer taxes for Canadian production either through fee-for-carriage on traditional platforms or a new ISP tax. Rather, TELUS supports more efficient use of current mechanisms.
3. The government should match the BDU contribution to the CTF dollar for dollar with the new money being targeted to new media extension of linear content. This probably means another \$50 million from government.
4. The government should allocate the revenues from the 700 MHz auction to a fund for online new media content that is not associated with traditional broadcasting. That would begin in 2012 and focus on ensuring Canada's global competitiveness in this space.
5. Real new media (Web 2.0, social networks, etc.) should be viewed as economic/global market opportunities, not as raising cultural issues.
6. Funding of new media (as opposed to old media) online should be part of an industrial strategy. Funds and tax incentives should include dollars for application and network infrastructure development necessary to support the new media environment.
7. Creating incentives for deployment of even more advanced broadband infrastructure by facilities-based competitors should be promoted over more intrusive policies like unbundling that may stifle investment in Next Generation Networks (NGNs).
8. Rights holders should expect that their intellectual property in content and applications is protected through a balanced approach to copyright that equally enables fair dealing to promote innovation (e.g. mash-ups, etc.) and commercial returns.
9. Consumers should be able to access whatever content they want online, subject only to applicable law, governing contracts, and reasonable network management, and should have the freedom to choose Internet access services that suit their needs.
10. The CRTC should use its powers under Section 27(2) of the *Telecommunications Act*, if required, to ensure that ISPs provide Internet access without unjust discrimination or undue preference or disadvantage.