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Chair

The Honourable Hedy Fry

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•(0845)

[English]

The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)): I call the meeting to order.

Today we have Postmedia Network Canada Corp. for our first hour. I know that Postmedia understands the nature of the questions we're asking, concerning access to local media, local stories, and Canadian content. The questions also pertain to the impacts of media consolidation and digital media on that access, and how one sees the future unfolding to improve the access of Canadians, regardless of where they live, to their own stories and local news and their understanding of their regions.

Mr. Godfrey, Mr. Lamb, and Mr. Nott, welcome to the committee. You have 10 minutes to present. You can decide how to share that 10 minutes, but it is 10 minutes. I will give you a two-minute advisory when you have two minutes left. After that, we will go to interaction with the committee for questions and answers.

Without further ado, I would advise you to begin.

Mr. Paul Godfrey (President and Chief Executive Officer, Postmedia Network Canada Corp.): Thank you, Madam Chair, and honourable committee members. Good morning.

First of all, I would like to thank you for inviting Postmedia to participate in today's session. The heritage committee has quite rightly identified the very real need to explore Canadians' access to news and information. This is a critical time for Canadian news media, and the need for action is quite urgent.

My name is Paul Godfrey, and I'm the president and CEO of Postmedia. With me today is Doug Lamb, Postmedia's executive vice-president and CFO, and Gerry Nott, senior vice-president of content, Postmedia, and senior vice-president of the *National Post*.

Postmedia's daily newspapers have in total the highest weekly print readership in Canada, reaching 8.3 million Canadians each week. Our digital properties have 12.8 million average monthly unique visitors, including websites that rank number one in Canada in the newspaper category. We have more than 180 print titles in all, reaching cities and communities including Melfort and Gananoque, Saskatoon and Ottawa.

I'm here today to tell you that everything you read or have seen or have clicked on for telling the doom and gloom in the news media industry does not provide the picture. In fact, it is actually quite understated.

To be clear, it is not nearly as glamorous to own a newspaper as it was back in the heyday. Just last week another Canadian media company reported troubling results. As I'm sure the committee well knows, threats from all comers—new digital operations, massive international players, and shifting advertising budgets—have wrought havoc on the cornerstone of our democracy, a free and independent press. The myriad of challenges to the traditional news media business model is well documented. We all know that a free press isn't really free.

However, without community newspapers covering hyper-local stories, they simply would go unexplored, unchallenged, and unreported. Larger Canadian cities are made up of neighbourhoods that are represented in our urban daily newspapers, too. Even at a time when people everywhere have more access to news than ever and when anyone can take an active part in breaking the news around them through social media, it is still the role of professional journalists to delve deeper, to gain access, and to ask questions on behalf of us all.

Joelle Kovach of the *Peterborough Examiner* won an Ontario newspaper award for coverage of municipal affairs, including the debate around a city bureaucrat owning property being re-zoned for commercial use. Stories like this would simply cease to exist without people reporting from city halls and town offices across the country in places such as Nipawin and Portage la Prairie, Lloydminster and Kincardine. Even the city of Montreal has local stories that probably don't trend on social media. Nevertheless, Linda Gyulai from the *Montreal Gazette* waged a seven-year access to information battle to expose corruption in Montreal's municipal government. Her work has been nominated for a National Newspaper Award.

Last week, as wildfires burned, *Fort McMurray Today* was delivered to the citizens in evacuation centres. When those evacuation centres were evacuated, their local paper followed them to Edmonton, more than 430 kilometres from home. Even with the ever-expanding availability of news from around the world at our fingertips, it is important that we continue to preserve local perspectives, encourage discourse, and remain a reliable source of credible Canadian news and information.

At Postmedia we have undertaken a massive transformation in an effort to create a company that can survive in spite of this rapidly shifting landscape. But if current trends continue, Madam Chairman, more drastic measures will need to be taken, which could impact publishing schedules, amount of available content, staffing levels, and even the number of titles.

This ultimately affects not just our operations, but other media outlets that have always relied on newspaper content. Radio, television and web still rely heavily on the work of newspaper journalists, even more so as these outlets look to further reduce their own operating costs.

We have committed to taking out \$80 million in operating costs over the next couple of years. We have developed new business acumen and offerings and have teamed up with complementary businesses to develop new revenue-sharing opportunities. We're exploring new innovations that can transform our business model, but these efforts are not filling the widening gap fast enough.

● (0850)

In April 2015 we completed the acquisition of the English Sun Media properties in an effort to extend the runway for both companies and brands. When we met the Competition Bureau in the time leading up to receiving the okay for the acquisition, we made the case that this was the option that gave us the best chance to preserve the most brands possible.

In its “no action” letter regarding the merger, the bureau cited a number of reasons why the combination of businesses was likely to result in a substantial lessening or prevention of competition.

So what can be done? How can we work together to preserve distinctively Canadian views and protect access to proud local voices that may be silenced soon?

We very much consider this committee an ally in our quest. But be clear, we're asking the government to be an ally, not for a bailout of the Canadian newspaper industry. As this committee prepares recommendations to take back to the House, we respectfully submit that there are things that the government can do to help preserve our industry.

The first is a straight-up sales pitch: come back and advertise in our newspapers and on our websites. As with many advertisers, ad budgets have been cut, and the cuts from the Government of Canada have disproportionately been to newspapers.

According to the 2014-15 “Annual Report on Government of Canada Advertising Activities”, compared with the 2010-11 report, the share of government advertising spending has increased for television from approximately 48% to 54% of the total budget. Internet share increased from approximately 15% to almost double, 28%. The lion's share of that spending went to foreign-owned digital giants who create no Canadian content and employ few actual Canadians. The share for print advertising has been halved, declining from approximately 17% to 8.5%. Also, during 2014 and 2015 Canadian Heritage spent \$6 million on advertising, but did not include any print.

We would also ask that the government explore incenting other advertisers to advertise locally. Currently, Canadian companies can

write off the cost of advertising with foreign-based digital entities at the same rate as with Canadian newspapers. We would ask that the government consider a higher deduction for advertising with Canadian media.

Another avenue to explore is one of this department's existing initiatives, the aid to publishers program. Expanding the program to include daily publications and free community newspapers could help to support local voices, telling the most relevant stories directly from within the communities they serve.

Recently, Ontario significantly changed the Ontario interactive digital media tax credit, such that it no longer applies to our businesses. But this type of program, which included innovation in digital news and information creation, could be developed into a national program. Supporting innovation in Canadian news delivery could help give our industry some additional runway as we work to create the new model we all see. In a fight for survival, investing in innovation, while absolutely critical, is often what suffers most.

Madam Chair, I would like to again thank you and the honourable committee members for hearing from us today. Our hope is to have been helpful in this important endeavour. We will be available to provide further information should the committee request it of us.

We would be happy to take any questions you may have at this time.

Thank you very much.

● (0855)

The Chair: Thank you very much, Mr. Godfrey.

Now we will go to Mr. Vaughan.

Before we go to the questioners, I would like to advise witnesses that it's a seven-minute question and answer period. That means for questions and answers. Again I'm putting out my plea for everyone to be as succinct as possible, so that we can get as many questions and answers in as we can.

Mr. Vaughan, for the Liberals, you have seven minutes.

Mr. Adam Vaughan (Spadina—Fort York, Lib.): Thank you very much.

I read through the brief and listened to your presentation. I guess I'm struck by a couple of contradictions, which appear in your print pages and in your printed words that have been presented here to committee.

Your news organizations is one of the fiercest critics of government advertising. The phrase that caught my attention, when reviewing some of the things that have been published in your newspaper, was the following:

That's right: \$21.1 million, piddled away on catchy jingles. Think about the cancer drugs that would pay for. Think about little Madi, bravely fighting for her life—and the government won't pay for her meds. It makes me weep.

There has been no fiercer critic of subsidies to the media than the *Toronto Sun* and the *National Post*. How do you square your editorial position with your corporate position?

Mr. Paul Godfrey: Mr. Vaughan, you realize that columnists have the right to say what they want, which is quite often different from the policy of the paper. We know as a matter of fact that the government has to get a message out on many things. The fact is that because a columnist or an individual reporter makes a statement... You've been in politics for many years yourself and you realize that quite often the official position of the newspaper is quite different from the position of any specific columnist.

I'm stating our position, saying that if you're going to advertise, then you should give some consideration to Canadian publications. That's the point we're making today.

Mr. Adam Vaughan: In light of that comment, maybe you could explain the following. During the election, when the *National Post* wrapped itself in an editorial on the front page and one of your editorial writers resigned in protest, where was the freedom? If corporate decisions for revenue override journalistic freedom—and they have at the *Toronto Sun*.... We know of those cases. They have at the *National Post*. How do you square that comment?

You claim there is editorial freedom, and yet at the same time you've had editorialists resign over the lack of editorial freedom, precisely because of the way in which you've chosen to have advertising portrayed.

• (0900)

Mr. Paul Godfrey: Mr. Vaughan, I can answer both questions for you.

With respect to the wrap-around, the wrap-around was offered to all political parties. The Conservative Party at that time bought it, and the Liberal Party bought the home page of the digital operation, and both were fully paid for by the parties in question.

With respect to the resignation by the editor, he continues to be a columnist with our paper. The fact is that at election time, the policy of the paper is carried out by the proprietor of the paper. It's been done that way, many years, and continues to be that way, many years. It sure didn't have much impact on the results of the election.

Mr. Adam Vaughan: Getting back to more editorial statements that are delivered to government as advice, the following phrase was also printed in your paper:

Few people are prepared to invest or consume so long as governments are sending out conflicting signals...in all directions at once. So unless and until governments can stop "helping," things will continue to worsen because the corrective signals the market sends out to right itself are being drowned out by the din of...aid.

Again, you're here asking for support for an industry. At the same time, your industry says "don't support failing companies".

Mr. Paul Godfrey: Well, the industry is saying that, but you already have existing policies. I think what we're basically saying is that the government has been deeply involved for many years.

I can recall, when I first left politics and went into the publishing business, there was a postal subsidy to give to publications that had to reach Canadians in distant lands. Today, the fact is that governments—the previous government, this government—have

continued to advertise in U.S.-based or foreign-based properties on the web, and basically we think that the important thing is that this industry be kept alive. Just use the money you're going to spend.... We're not saying spend more money; we're not even telling you how much to spend. We're saying, whatever you spend, at least give some advantage to a Canadian operation.

I think we all believe that a free democracy should have a free press.

Mr. Adam Vaughan: On that point—

The Chair: You have two minutes, Mr. Vaughan.

Mr. Adam Vaughan: —Postmedia's largest shareholder is a U.S. hedge fund named GoldenTree Asset Management. GoldenTree and its fellow hedge fund investors in Postmedia thrive on acquiring distressed properties on the cheap and milking the remaining assets.

Why would we fund a failing business model that's owned by U.S. interests and that is in a situation in which it has failed to deliver profitability?

Mr. Paul Godfrey: Well, first of all, Mr. Vaughan, your facts aren't correct.

The fact is that this company is controlled by Canadians. Our share structure—who owns the difference between the equity and the actual control of the company are two different things.... That allegation—their milking of the company—is absolutely wrong. That is wrong in fact, and we can prove that, without doubt.

You're quoting an article that was absolutely wrong in fact. You have to get your facts straight before you make a statement like that.

Mr. Adam Vaughan: That being said, why would we bail out a U.S.-indebted company?

Mr. Paul Godfrey: You're not bailing out a U.S. company. In fact, if you take a look at the shares of Postmedia and the shares of almost any publicly traded newspaper, you'll find that everything is down.

You have a choice. You don't have to listen to anything I say or anything that anybody else says. I can tell you that there are newspapers in this country.... There is a newspaper that has already closed in Ontario called the *Guelph Mercury*. It doesn't print any longer. There's been a newspaper close in British Columbia. If it continues to follow the trend it's on, you won't be sitting here and talking about whether there should be subsidies or not; you'll be talking about how we are going to continue to create a group of journalists producing content for Canadians. That's what you'll be facing.

If you think that's not going to happen within the next three years, you're going to find that there will be a lot more closings. It's not going to be a question.

Canadians can step forward and buy newspapers, but none of them have. They've all had the opportunity. You can be critical of GoldenTree Asset Management, but I'll tell you that you're barking up the wrong tree, because there are no Canadians who have stepped up to try to buy the company that was once part of Canwest.

Mr. Adam Vaughan: That's your particular company.

Mr. Paul Godfrey: That's not my opinion, that's a fact.

The Chair: Thank you.

Now it's Mr. Van Loan for the Conservatives.

● (0905)

Hon. Peter Van Loan (York—Simcoe, CPC): Thank you very much.

Following Mr. Vaughan, I'm reluctant to give you advice on how to run your business. That said, I will first start with one observation.

That is that your local publications that have been successful in my neck of the woods have done so by being, in the past, extraordinarily in touch with the local community, whereas the Torstar or York Region news group or Metroland papers have tended to be very centralized in their production and to lose touch with their communities, which is why your papers grew favour.

The people of Pefferlaw don't like being told they live in Aurora all the time through their local media. I've seen some recent trends in which you're trying to do almost that Metroland model of centralizing editorial and control. I warn you that I think it will harm some of your long-term competitive advantage.

I offer that for unsolicited advice for what it's worth.

I want to focus on your recommendations. Firstly, you have a recommendation—you call it “shop local”. This is to have Canadian companies write off the cost of advertising.... Right now you want an advantage in writing off advertising in Canadian publications versus foreign-based digital advertising.

I want you to expand on that a bit and say whether there are any policy precedents. Finally, to clarify what you're asking for, since Mr. Vaughan is suggesting something, is this something that would benefit only your publication, or would it benefit all print outlets in the country?

Mr. Paul Godfrey: First of all, with print, it would encourage advertisers to advertise in Canadian publications. Who would it benefit? It would benefit the advertisers themselves.

You know, and I think most people know, that if you give a tax break to anyone, there's a tendency to follow the path of how they can achieve the tax break.

Right now, section 19 of the Income Tax Act basically says that if you're owned by a foreign publication and it's not cured within a year on the various opportunities to cure, then the ability for that advertiser to deduct that expense.... You can't deduct it as a proper business expense.

What we're saying is, why not reverse that? Use an encouragement to Canadian advertisers and say to them, instead of going to a foreign publication, a foreign website, a foreign tablet, or a foreign smart phone, give a better tax break on the write-off for business expenses if they advertise in any Canadian media outlet, which would be an incentive for them to do it.

It would be an incentive not just for us. We're not here talking about just Postmedia. I think my colleagues who are direct

competitors in the print business would tell you we all suffer the same problem.

That's what I'm saying. This is not something that we would benefit from directly. We would benefit if they advertised more, but they would get the result of that tax break.

Hon. Peter Van Loan: Next I want to focus on your third recommendation, which, although I am not a fan of the English involved in “incent innovation”, you've said very little about in your written presentation. Could you explain what you mean by this?

Mr. Paul Godfrey: I'm sorry?

Hon. Peter Van Loan: You mentioned “incent innovation”. I said I'm not a fan of the English there, but what are you talking about?

Mr. Paul Godfrey: In a digital world today, the digital world is changing so quickly. I think we would all agree that what is new today in the whole digital landscape can be old tomorrow. You see companies like Apple changing and bringing out more technologically advanced iPhones. Other companies are doing the same thing.

I think what I'm trying to encourage is that our industry be given incentives so that we can carry out the same exploration to improve the way we do things to make it easier for us to compete against these behemoths in the States, such as Google, Facebook, and others.

Hon. Peter Van Loan: And what would those incentives be?

Mr. Paul Godfrey: Well, those incentives would be to be able to attract more eyeballs to us. The more eyeballs we were able to attract, the more unique visitors we would get and the better the chance we would have to compete.

Right now, I don't think there's a newspaper company that could spend very much money at all on capital expenditures to basically achieve any level of competition.

Right now, for instance, Google—which is a great company, I'm not denying that, and I don't want anybody to misinterpret this—is a company I use every day; probably everybody uses Google. But they have in Canada alone about 30 million unique visitors a month. We are the leader amongst the news and information category, at about 12.6 million unique visitors per month.

The fact is that people are going to spend more to get to more eyeballs to attract advertisers in those areas.

● (0910)

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): Mr. Godfrey, you were the first newspaper to go digital and you thought that everyone was going to follow you with money. It didn't happen. Maybe just talk about that, because when you guys decided to go digital and back off on the print, it was a big shift in the newspaper industry. As we've seen, people really don't want to pay the 99¢ a month for the copies or a tablet that other newspapers are doing.

That was a big shift. Maybe just talk about that, because we've heard dollars to dimes, and that's one of the issues here.

Mr. Paul Godfrey: Very quickly, when I was at Sun Media, we started Canoe there. Canoe was a great success. We gave away the content free at that point in time. The issue is that, to compete against Google and Facebook, you couldn't keep up with the number of eyeballs that weren't watching us.

First of all, we've never given up on print. We couldn't give up on print. If we gave up on print, we'd be out of business tomorrow. Print still makes up the bulk of our revenue, even with the dramatic drop-off. We're now seeking alternatives.

Why did we charge for it? I don't know of another company that spends millions of dollars on content and then gives it away free. It would be like any other organization saying, look, we make cars, but we'll give them away free. We just can't do that.

So that's why we're seeking....

Doug, do you want to say...?

Mr. Doug Lamb (Executive Vice-President and Chief Financial Officer, Postmedia Network Canada Corp.): Yes. I was just going to say that I think it was successful from the perspective of audience. The newspapers reached 13 million people, digitally; it was multiples of what we ever reached in print. But the advertising dollars that support that content.... We estimate that as high as 70% of digital advertising is captured by Google and Facebook. Everybody else—our entire industry and many other new participants—are left to fight over the remaining 25% or 30% that's left.

I think that's why it hasn't worked. It's not from an audience perspective. The advertiser dollars are all flooding to two large oligopolies, almost.

Mr. Paul Godfrey: Our readership is up across Canada.

An hon. member: Yes, I see that.

The Chair: Thank you, Mr. Waugh.

Next is Mr. Nantel, for the NDP.

[*Translation*]

Mr. Pierre Nantel (Longueuil—Saint-Hubert, NDP): Thank you, Madam Chair.

I assume the witnesses all have their headphones on so they can listen to the simultaneous interpretation?

[*English*]

I'll ask a question first, before you're all settled up.

Mr. Godfrey, with all that you've been through in your life, all the transactions you've done, you could go and play golf and not bother about all this. Why did you come here? You know you're going to be asked "Why would we support you?"

Why are you doing this?

Mr. Paul Godfrey: You must have been speaking to my wife.

Some hon. members: Oh, oh!

● (0915)

Mr. Paul Godfrey: I guess I'm at an age in life—I don't mind saying it, I'm 77 years old—and always liked a challenge in life. I'm a great believer that it is important that a democratic country should have a media component that's available to challenge people, to challenge government, to challenge business. This is probably the most difficult challenge that I face.

I've run a sports team, and I thought that was a difficult challenge, because there can only be one winner, but this is a challenge because we have thousands of employees across this country.

Journalism is a very important thing for a country to have. Competitive journalism is even more important. I do this because, first, I love a challenge, and as long as I have good health and am able to continue, I will do it.

Money is not an object for me personally. I've been very fortunate in life.

Mr. Pierre Nantel: Yes, that's what I mean.

Mr. Paul Godfrey: I can only drive one car at a time. I only have as many suits as I want at the present time. The whole aspect of this is to seek a solution.

Mr. Pierre Nantel: That's what I wanted to hear. I knew the answer, and that's why I asked the question. Obviously, I think it's very chivalrous of you to come to say things like this, knowing that you're going to be attacked, because clearly between foreign ownership and foreign control there is a nuance.

[*Translation*]

I will speak in French now because the subject is getting more complex.

Mr. Godfrey, thank you for being here with us today.

Everyone agrees of course that too much advertising money is being spent on international platforms that do not have any local offices in Canada. They do not have any employees, do not collect any taxes and contribute nothing, absolutely nothing, to our society. People do of course have reasons for using them though. They offer a social network, which has its benefits. We cannot stand in the way of progress. People are there and the advertising industry has stemmed this trend. If they weren't foreign companies, the argument that they do nothing for Canadians would not even be raised. If they were Canadian companies, we would be happy to have strong companies that make money through good advertising on the social media that people use.

My question is for Mr. Nott or Mr. Lamb.

Do you think that—and I am not a specialist in international agreements—instead of saying "buy Canadian" or "buy American", we should say "advertise Canadian"? Would that violate any laws or international trade agreements?

[English]

Mr. Paul Godfrey: I believe this thing can be tailored in any way possible. I know that there is some adversity in saying “buy Canadian”. I think we do things as a country in many fields to protect industries.

The Government of Canada and the Government of Ontario we know asked for a bailout for the auto industry. We're not suggesting a bailout at all here. I'm not suggesting that you pay our debt, that you suddenly come forward and write us a cheque. I think that is out of the question.

We come here to seek a solution.

Mr. Pierre Nantel: Oh, absolutely. Don't get me wrong. I'm asking you a very technical thing and I'm expecting a short answer.

Would it be okay with these trade agreements internationally to have some policy of buying your ads from Canadian ad suppliers?

Mr. Paul Godfrey: There's nothing to stop that.

Mr. Pierre Nantel: Good. That's good news. Thank you. We take note of that.

I wanted to ask you, do you think that advertising agencies and

[Translation]

advertising agencies are exaggerating

[English]

the tendency towards the Internet?

[Translation]

Is there some explanation for that? Is there someone or some entity that benefits from the fact that social media are like the wild west with respect to rates and that they can get better commissions? Are they exaggerating the trend? *Le Devoir*, for example, has opted to remain a print newspaper. Some people still like to read a printed newspaper. On Saturday mornings, I have *La Presse+* and *La Presse* in print format and choose the latter.

In short, do you think advertisers are showing bad faith by directing people to online platforms because it is more profitable for them?

[English]

Mr. Paul Godfrey: The answer to that is that many of the ad agencies, as they reflect national news—because most advertisers, if they're a national company, and a lot of the new people at these agencies, are 25- to 30-year-old people—

Mr. Pierre Nantel: —as has always been the case: new, trendy people.

Mr. Paul Godfrey: —who don't read newspapers but go to the digital form....

You have to realize that the public at large today want the news when they want to receive it, and on the device they want to get it on. Advertisers know, and they can monitor much better in the digital format than they could ever do in print, the impact of an ad.

So to answer your question, yes, in the agencies the recommendations usually go up the ladder from a younger person who is more oriented to the digital life.

● (0920)

Mr. Pierre Nantel: But there is no unfair advantage for them in this, just a tendency because they have new people with new ideas.

Mr. Paul Godfrey: Yes, and when you have the opportunity, and that's why newspapers started off...and it's probably due to our own delay in thinking.

Back when we had a recession, everyone thought the fall-off in print advertising was totally caused by the recession. It wasn't; there was a structural change taking place.

When I came back to the industry after I left the Toronto Blue Jays in 2000, I said, “Wow, this industry has really changed”, and the people there started telling me no, it's going to come back in a couple of years. Instead the decline continued.

It's because these new devices came along. Mr. Van Loan asked me about innovation. I think the total industry all over the world were caught sleeping, and now it's probably time for catch-up, which is difficult, because you don't have the capital dollars.

To give you one example—

The Chair: Mr. Godfrey, I'm sorry, the seven minutes are up. You may want to address that to the next person who asks you questions.

Now we're going to go to Mr. O'Regan for the Liberals.

Mr. Seamus O'Regan (St. John's South—Mount Pearl, Lib.): Mr. Godfrey, I'll let you finish your point, and then we can carry on.

Mr. Paul Godfrey: I was going to make the point that most newspapers today, because of the drop in the bottom line and the cutbacks they've made, can't compete with the Googles of the world.

To give you one example, Google's been around for 18 years and, god bless them, you have to congratulate them for their great success, and I do that, but their market cap is close to \$600 billion. I sat down with the president of the Bank of Montreal yesterday and I said, “What's your market cap? You've been around for 200 years”, and he said \$50 billion. I said “Wow”, and he said “Wow”.

It just goes to show you the great impact that this basically young company has had. That's who we're competing with.

Mr. Seamus O'Regan: I guess that's the circle we're trying to square here as a committee. It's difficult. People have made their choices about whether or not they want to pay 99¢, as my colleague mentioned, for a newspaper subscription, but they have no problem paying \$7.99 a month for Netflix.

We want Canadian content and we want to make sure it's represented, yet at the same time people seem to be voting with their mouses and their keyboards, clicking on exactly what they want.

I look at the number of subsidies that are given. I don't contest it; I'm just trying to figure it out.

For instance, a number of your community newspapers receive funding from the Canadian periodical fund, and cumulatively it's a fair amount, but when you look at it, it's a small amount for each one of them—\$25,000 to \$40,000—and it does make a big difference to those newspapers. I grew up in a small town; I know what it is to have and rely upon a community newspaper, even if it has evolved to a website.

How do we—and I would ask the same question of Bombardier or anybody—justify taxpayers' dollars, in a free market area, subsidizing certain industries or companies, when the people are choosing somewhere else, whether it be within the country or exceedingly, it appears, outside it?

Mr. Paul Godfrey: That's a very important question.

I think it is a balancing act. I guess the same thing could be said about how a government could subsidize or lend any money to General Motors and Chrysler over the years. It's groundbreaking, in many ways.

I looked at this thing, and I said, "We are looking for an ally. We're not looking for a bailout." I think this is the important part.

I agree with you. Why are a lot of people objecting to pay 99¢, when for years they paid for a newspaper to be delivered to their door? Sometimes it didn't make it to the door; it made the driveway. In the winter it got awfully wet. Somehow they dried it off, continued to pay for it, and then read it. Yet if you take it through the door and put it on a screen, where there's no negative environmental impact whatsoever, they say they're not going to do that.

It has changed, and changed slightly. The problem is that even the 99¢ doesn't solve our problem. The problem we have is that our revenues are going down to such a degree that we are....

The heritage committee was set up. It was set up to find solutions for news media. It's not just newspapers: I can tell you that the television industry is not far behind where we are today. You know that many of the major television networks are suffering the same way we are suffering, but they haven't approached the point we are at. Magazines are ahead of us in suffering. We come second. You're going to see. You're going to have them coming forward, I am sure, to ask for certain amendments, especially the over-the-air channels, as they face more challenges. They're going to want to be treated the same way the cable channels are, by getting subscriber fees.

This is a phenomenon, and it's not an easy one for government. I recognize that. I'm here at your invitation to try to give you some solutions that are realistic, that can be done, and can be worked on—and not necessarily just to help the company, but also the advertiser, and to make things easier for them too, because they're going to get the tax break if you open up the door that way for them.

• (0925)

The Chair: You have two minutes.

Mr. Seamus O'Regan: I don't mean this in an accusatory or overly aggressive way, Mr. Godfrey, but the difference between an alliance and a bailout is.... We are talking about money, obviously.

Mr. Paul Godfrey: Look, there's no doubt. You can call it a rose; by any other colour it's still a rose. I totally understand that.

The committee invited me here to ask what some solutions would be. I could have come here just to state what the problems are and say, "Okay, here are the problems. You figure it out."

I think the industry is looking for an ally. These are ways.... Look, there was an Ontario digital tax credit for innovation. It was helpful for a few years. I didn't hear a public uproar, asking "Why are we doing this for these companies?" We were in better shape when that was put into place.

All we're saying now is that maybe should look at that, because the state of affairs in the industry is much worse today. I'm not trying to paint an overly bleak picture. I'm painting the picture that's out there. I will tell you that within three years, there'll be many more closures in some of your own communities because of the state of the newspapers.

We operate about 180 newspapers in this country. Local newspapers provide local content for people who can't get that information in other places. That's not going to be available if we allow this to continue.

We have made cuts for years now. I've been back in this business for six years. We have done everything we can. We believe that merging with Sun Media.... We went to the Competition Bureau, and spoke to them, and said, "That gives us a little bit more runway". The erosion of the print ad revenue has been so dramatic that even that runway is short.

Yes, you're absolutely right, an option for the government is to do nothing. You're our elected representatives. I commend you for even having this meeting. If you decide to do nothing, that's your call. I'm not trying to paint an uglier picture than what it is. It's ugly and will get uglier, based on the trends that exist today.

The Chair: Thank you, Mr. Godfrey.

Now we go to the second round and we're going to go for four minutes. We will begin with Mr. Maguire for the Conservatives. Actually it will be Mr. Waugh first.

Go ahead, Mr. Waugh.

Mr. Kevin Waugh: I'm going to talk about content. Local content is still king.

Mr. Nott, when I was at Bell in Saskatoon, when we lost one point in the local news from six o'clock to seven o'clock, it cost us \$1 million in advertising revenue. They didn't talk about that. So when you start cutting personnel and cutting people and all of a sudden you see your rating slip by three points, that's \$3 million you lose.

Content in newspapers—can you talk about that? It's still the most important thing. If I'm going to buy one of your newspapers, I want to see content. I know that ads make up 50% or 60% of each page and there's 40% content. Can you talk about that? The newspapers have gone from 40 pages to 32.

•(0930)

Mr. Gerry Nott (Senior Vice-President Content, and Senior Vice-President, National Post, Postmedia Network Canada Corp.): The business model requires that there be a balance between the advertising ratio and the news ratio. It's as simple as that. I think you would see that over the years, most of our newspapers would see their news to whole ratio dramatically higher than it used to be as the ad lineage has decreased.

I'd also make the point that as we've gone through the painful reductions we've had to make, all of us have been very mindful of the principle of maintaining local feet on the street. As we've had to look at editorial head count reductions, we've tried to find areas of duplication. We've tried to take out processes that were repeated in each of our newsrooms and centralize them so that we could reduce them. We've tried a common design so that we can make sharing non-local pages easier. All of those things have been geared towards keeping local feet on the street.

I think to the extent we've been able to do that, we've had some success. Your own paper in Saskatoon has two national newspaper award nominations. It's certainly at risk. I'm not sure we have much left to trim before we get to the feet on the street issue and reduce the local reporting strength.

Mr. Larry Maguire (Brandon—Souris, CPC): I'd like to thank all three of you for being here today and for your presentation as well.

Mr. Godfrey, you've expanded on the fact that you have 180 newspapers and that sort of thing, but where do you see the digital side of this going?

Mr. Paul Godfrey: I think digital news will continue to grow. I think as the next generations come along, there's no doubt that people will continue to see it on the websites and on the tablets, but I think the smart phone is the one that is galloping away with the eyeballs more quickly than anything. That's the reason we talked about the Ontario interactive digital tax credit. It gives industry an opportunity to help promote innovation, because that's where the trend is going.

I think a great number of people in our generation will still want to see print. I don't think print is going to disappear entirely in the next short period of time, but I do think there will be publications that will just not be able to survive. At this point in time, print revenue is still the most important part of our revenue stream.

People say, "why don't you charge more for the paper?" The fact is that if people want it for the content, they should pay more, but it's like everything else. In government if you provide something free and then you tell people you're going to raise the price, your phone starts ringing. They're not phoning to congratulate you; they're phoning to complain. We receive the same thing. The model that worked for many decades was that 80% of your revenue came from advertising and 20% came from the reader even though prices went up.

When I was a boy many decades ago, I remember the newspaper was three cents and then it went to five cents and then 10 cents. Then newspapers became a little greedier and they bumped it up to 25

cents because it was a single coin and you could get away with that. Now it's significantly higher.

I can remember from my days in municipal life, that when we raised the transit fares a couple of pennies, ridership fell off.

Mr. Larry Maguire: Mr. Godfrey, I have one more question.

The Chair: Mr. Maguire, you won't time have time. You've used up your four minutes.

I will go to Mr. Samson. I understand you will be sharing time with Ms. Dabrusin, but you have only four minutes.

Mr. Darrell Samson (Sackville—Preston—Chezzetcook, Lib.): I understand we only have four minutes, so we'll do it quickly.

What I want to ask if you're using Google more than using canoe.com?

Mr. Paul Godfrey: We use many of the websites.

We do business with Google. The reason we do business with Google is that you have to do business with Google, because they do provide access to our site. But that doesn't solve our problems. We're not here to be critical of Google. In many ways we admire Google, but you have to remember that Google does not produce content. We produce content.

Mr. Darrell Samson: I agree. I just had to ask the question.

The next question I'll ask in French. It has to do with the following.

•(0935)

[Translation]

Postmedia Network Canada Corp. owns two dailies in Ottawa, the *Ottawa Sun* and the *Ottawa Citizen*. The newsrooms of these two dailies have now been amalgamated and the content is also shared.

Don't you think that this kind of amalgamation will limit the diversity of points of view and local news?

[English]

Mr. Paul Godfrey: I'm going to let Gerry Nott answer that, because he was the editor of the *Ottawa Citizen* and publisher of the *Ottawa Citizen*, and now he's in charge of content for the whole country. I think he would do the question more justice than I would.

Mr. Darrell Samson: I appreciate it.

Mr. Gerry Nott: I think the first thing to say is that the merger of the *Sun* and *Citizen* newsrooms was not envisioned at the time we entered the agreement to purchase Sun Media, but became a reality of the business as we saw the decline of advertising dollars.

When we merged those two newsrooms, we stuck to our core belief of providing great local content. That's had some significant benefit, particularly on the *Sun* side, where the newsroom of the merged *Citizen* and *Sun* is a much larger newsroom than the *Sun* standing on its own. Therefore, it's had some benefit in terms of local content creation.

There have been, and there is, similarity in the content of those papers. We've charged those editors with the responsibility of trying to define differentiation by the brand values of a tabloid versus a broadsheet. The tabloid would focus more on crime, courts, and sports, and the broadsheet would look more at a deeper civic file, a richer national file, and a richer international file. It differentiates significantly on the use of columnists. Their columnists' voices maintain distinction, their editorial voices maintain distinction, and we separate the two that way.

We think the audience duplication in the Ottawa area is less than 15%, so when those stories do appear in both publications, it's not a significant duplicated audience.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): Just to follow up quickly on that—and I did have another question—my understanding is that as a result of the merger, including of the newsrooms, some 35 journalists were laid off in Edmonton, 25 in Calgary, and 12 in Ottawa, according to the information I have. Going on what you were saying before, are you saying that merger was a good one for promoting diverse local voices?

Mr. Gerry Nott: It's never good when the editorial head count is reduced in any newsroom. It was a reality that we faced in terms of the economics of the business. Our strategy was to get to a head count that was going to provide the maximum amount of local coverage in both tabloid and broadsheet markets, and sustain the audience and the editorial voice of those newspapers.

The Chair: That was it?

Mr. Nantel for four minutes.

[Translation]

Mr. Pierre Nantel: Thank you, Madam Chair.

I went to look on the Internet—I know I sound old when I say that. In the App Store, I see that you have two options for the *National Post*, and *The Globe and Mail*.

My general impression was that, except for older people who use a PC with a keyboard, apps for smart phones and iPads are part of the general trend toward tablets and smart phones. Do they not provide some independence from search engines such as Google?

I am like everyone else. I would point out that Google is one of the most popular brands in the United States, liked by Republicans as well as Democrats. Everyone likes Google. Obviously, everyone likes it and especially the little themes on Google that change every day. In reality, however, the giant is eating the roots of all the local plants. Do apps afford greater independence in respect of digital revenues as opposed to leaving the lion's share to search engines?

[English]

Mr. Paul Godfrey: I think the apps make it easier for readers to get to the content they want. There is no doubt that if people want to find a specific story on a specific date, they can google your name or my name or Mr. Vaughan's name, and they will get a big rundown of all the comments. We try to make it as easy as possible for readers on all our sites. We have spent a lot of money on developing it, and we have made some significant inroads in certain areas too, but the bottom line we come back to is the major loss of advertising revenue.

● (0940)

[Translation]

Mr. Pierre Nantel: With respect to journalists, newsrooms are smaller, there have been budget cuts and job losses. I have two questions for you in this regard.

Is this the reason—as I believe—for the greater number of syndicated or affiliated articles, such as those from the Canadian Press? I see the same article several times in the various newspapers I read, and the Canadian Press is often the source. Is this another type of consolidation? Newspaper newsrooms can be consolidated even if they have different readerships, and consolidation is also achieved with news agencies, which is what Quebecor has done with QMI.

Is this a reaction and the lesser of possible evils rather than having Canadian information sources, even if they are consolidated?

[English]

Mr. Paul Godfrey: The Canadian Press has existed as long as I've been either in public life or in the newspaper business, because we just can't put people in every location for stories, so it's really a pooling by all papers in Canada. We all belong to Canadian Press to get those stories. In fact, it's helpful to us, because otherwise people would ask why we hadn't had a particular story. We all face that. We have looked for every way to save money, so we have consolidated office space. When we put two companies together, the goal definitely was to have two separate newsrooms, one finance department, one advertising department, one HR department, one IT department, and one distribution department.

[Translation]

Mr. Pierre Nantel: Mr. Nott, do you wish to add anything?

[English]

The Chair: I'm sorry, Mr. Nott, but I have to cut you off. We have finished.

I just want to ask a particular question about something we've been hearing from other people. Everything you've said we've heard. We've been hearing the same thing. We've heard people talk a lot about the fact that journalism and journalists and the integrity of journalists writing news is a real problem.

Do you see any ways that we could help to ensure that journalists and journalistic integrity remain, because, as you say, as Google moves into news, Google will obviously put together whatever it can. It will take other people's content and put it together. You mentioned in your presentation that journalism and journalists are very important if you want to look at the integrity of reporting in the stories that are being told. How do you see us dealing with that? If print media is going to go downhill and if you're fighting for only a small piece of the pie in terms of the advertising on digital, how do you maintain a pool of journalists, the integrity of journalism, and the quality of journalism one is accustomed to? I think that is very important.

Mr. Gerry Nott: Let me start if I may. Your point is one that journalists, editors, and academics study and worry about very much. The challenge for us is that everybody can be a journalist today. Everyone is a publisher and the standards are very different across any digital platform or print platform that's there.

The integrity issue, the need to double-check, and the need for enterprising, investigative reporting have never been greater in that environment, and I can say only that the kind of thing you have heard from us today to help sustain the health of the business in the longer term will lead to better journalism. I would also argue that the journalism schools can help us here by continuing to raise the bar as the evolution moves from print to digital and multiplatform in the world where everyone is a publisher.

Mr. Paul Godfrey: We realize that the quality of journalism is extremely important. If we let the quality of journalism slip, we're going to lose readers quickly.

The Chair: I want to thank Mr. Godfrey, Mr. Nott, and Mr. Lamb for presenting to us. It was a very interesting session, so we would like to thank you.

This is the end of the session.

• (0945)

Mr. Paul Godfrey: Thank you for being so attentive and thank you for all your questions.

We shall give the witnesses a moment to leave.

• (0945)

_____ (Pause) _____

• (0950)

The Chair: We're not going to go in camera right now because we were dealing with Mr. Nantel's motion. I will remind you that we had passed his first motion, the one about bringing in the Canadian Olympic Committee and the Canadian Paralympic Committee. That was fine and we're going to do that on June 7 if I understand correctly.

Now we're dealing with Mr. Nantel's current motion:

That the Standing Committee on Canadian Heritage invite the CEO of CBC/Radio-Canada, Mr. Hubert T. Lacroix, for a televised one-hour meeting, to update Members of the Committee—

If you recall, Mr. Nantel made that amendment himself, moving the time from two hours to one hour.

—on the plans and strategies of the Crown Corporation, in light of the most recent reinvestment announced in the latest federal budget, and that this meeting be held before Friday June 17th, 2016.

We were dealing with an amendment by Ms. Dabrusin that proposed to replace replacing the words “before Friday June 17th, 2016”, with the words “on October 4, 2016”.

We will now entertain Ms. Dabrusin to speak to her amendment.

Ms. Julie Dabrusin: As I had the opportunity to mention to some of my colleagues, I would like to withdraw that amendment, just so there are no surprises, with the intention of introducing a new amendment.

The Chair: Is everyone in agreement that that's fine?

Some hon. members: Agreed.

The Chair: Then go ahead, Ms. Dabrusin, and introduce your new amendment.

Ms. Julie Dabrusin: My new amendment would be that the motion be amended by replacing the words “before Friday, June 17th, 2016” with the words “before October 31, 2016”.

The Chair: This amendment is up for discussion.

Mr. Nantel.

[*Translation*]

Mr. Pierre Nantel: So you are saying before October 31? I don't have a calendar in front of me. Does the committee have a meeting scheduled for that day, Ms. Dabrusin?

[*English*]

Is October 31 a sitting day for us?

Ms. Julie Dabrusin: It's the last day of the month.

The Chair: It is in fact a sitting day. It's a Monday, so one may have to look at the 27th, which is a Thursday.

Mr. Pierre Nantel: Okay. I don't know what you guys think about this, but I think that CBC/Radio-Canada has a very important mandate and has received the proper parliamentary credits to do this job. I am completely at ease to say that I switched from two hours to one hour to make it earlier rather than later. Since we're moving on later—

The Chair: You want your two hours back.

Mr. Pierre Nantel: I think I would bring it back to two hours. I don't know what you think about this, but if it's okay with you.... Are we in camera or are we not in camera?

• (0955)

The Chair: We're not in camera because we didn't deal with this in camera. We're public with this one.

Mr. Pierre Nantel: We are in public now?

The Chair: Yes.

Mr. Pierre Nantel: Good. The poor public. They left.

The Chair: We have to deal with the date change of the amendment, and after we've decided on that amendment, then you can bring in your amendment about two hours again.

All right. We're discussing the date change at the moment.

Mr. Pierre Nantel: As I say, it's fine with me, but I think this is important. I just want to make sure we all engage in having this.

The Chair: Monsieur Van Loan.

Hon. Peter Van Loan: I'm good with going to the two hours if it goes to the fall. It was a question of timing.

The Chair: It seems to me there's no more discussion.

Ms. Dabrusin.

Ms. Julie Dabrusin: Since I'm the one who's bringing this amendment, I wanted to say that I am fine with the two hours—

The Chair: We're not dealing with the two hours at the moment. We're dealing with the—

Ms. Julie Dabrusin: I know we can't agree with it, but given that his agreement to the amendment has to go before we go to any other amendment that he's going to make, I think it's fair that I at least put it out there.

The Chair: Well, let us deal with your amendment, which says “before October 31, 2016”.

(Amendment agreed to)

The Chair: Now we're dealing with the amended motion that has now had another amendment to it, which says, to update members of the committee for a televised “two-hour meeting”.

We will discuss the two-hour televised meeting amendment.

If anyone wants to, or if everyone is in agreement, I will call the question.

(Amendment agreed to)

The Chair: Good, then we now have a motion that reads:

That the Standing Committee on Canadian Heritage invite the CEO of CBC/Radio-Canada, Mr. Hubert Lacroix, for a televised two-hour meeting, to update Members of the Committee on the plans and strategies of the Crown Corporation, in light of the most recent reinvestment announced in the latest federal budget, and that this meeting be held before October 31, 2016.

Now, I'm going to ask everyone to vote on the amended motion.

(Motion as amended agreed to)

The Chair: Good. We can finish that.

Now we have another motion that we can deal with right now before we go in camera, and it is by Mr. Vandal. If you recall the last....

Yes?

Ms. Julie Dabrusin: If I may, given that his motion deals with issues that we are discussing in camera, it seems to me to make the most sense to be dealing with his motion in camera as well.

The Chair: Would you like that, Mr. Vandal?

Mr. Dan Vandal (Saint Boniface—Saint Vital, Lib.): I'm comfortable dealing with it now.

The Chair: I have no problems. It's just that we now must have a break while we go in camera.

Mr. Maguire.

Excuse me. Don't all speak, please. I will notice you when—

Mr. Larry Maguire: Well, we've haven't been in camera, and we're going in camera to do what?

The Chair: To deal with Mr. Vandal's motion that deals with our study.

An hon. member: I'm comfortable doing that.

Mr. Larry Maguire: I don't think we need to be in camera to do that.

The Chair: Well, certainly it's pertaining to business that we're going to be dealing with in camera, which is the travel.

Mr. Larry Maguire: That's fine.

The Chair: All right, now we're going....

Sorry, we want to discuss our travel arrangements out of camera? We've been discussing that in camera.

A voice: The motion.

The Chair: The motion pertains to your travel.

Mr. Larry Maguire: Just the motion.

The Chair: All right. You want the motion out of camera.

All right. Go ahead.

Now, Mr. Vandal, will you speak to your motion, please?

Mr. Dan Vandal: Yes, we had a conversation at our last meeting about potential travel, and I strongly feel that we should include Winnipeg. My motion reads:

That the Standing Committee on Canadian Heritage, as part of its consultations with the media industry, includes the City of Winnipeg as a Manitoba destination.

I think by having Winnipeg as the destination, it guarantees that we will hear from a more diverse group of witnesses, whether it's the *Pilipino Express* newspaper; the Aboriginal Peoples Television Network, or Streets FM, which is geared toward young aboriginal people;

[*Translation*]

or *La Liberté*, a French-language newspaper in Manitoba. There is also Envol91, a community radio station. We can be sure that their representatives will be in Winnipeg, but they won't attend if they have to travel three hours outside of Winnipeg.

[*English*]

I think that because of the diversity of witnesses guaranteed in Winnipeg, we should go to Winnipeg rather than Brandon.

They have a great hockey team, by the way.

The Chair: Is there discussion of the motion?

Mr. Maguire.

Mr. Larry Maguire: I agree with him on the last point. They have a great hockey team, and following our conversation at the last meeting, I even have the tickets already arranged for him for the game in September.

I believe we had agreed, because Brandon is in the middle of Saskatoon and Winnipeg. I think, logistically, it's a great place to be, because there is diversity in the opportunities for people to come to Brandon as well. I agree with that part of it. You certainly don't want to exclude anyone. Knowing some of those folks and some of the papers Mr. Vandal has indicated and some of the media outlets there as well, there are opportunities in Brandon. It's also a situation where we're looking at no Saskatoon. I will let Mr. Waugh speak to that himself. We're going to Edmonton, so there's an opportunity for Lloydminster, to go there, and anything on the northwest side of Saskatchewan. There is an opportunity here for many of the smaller communities, including Regina, to come to Brandon. Weyburn, Estevan, Yorkton have quite a news outlet there as well, for both radio and papers. Dauphin is the same, and we're trying to look at how we get media into rural and remote areas.

God bless Winnipeg, and I agree with it—I spent a lot of years there in the legislature—but it's not a remote area and it's certainly not rural from that perspective.

I agree that there is an opportunity to have those people come to Brandon. I also think there are many community newspapers, weekly and daily. With *The Brandon Sun*, there's a great story to be told by the Westman Communications Group in Brandon as well. Their co-operative has been a success in their whole process. In fact, I talked to their chair, David Baxter, when he was here just the other evening with the Canadian cable services group. He's the chair of Canada for them. He would make a presentation. He would be willing to do that as well. I've already spoken to some of them, and I said, of course, it was subject to.... There are some pretty good stories and pretty good opportunities there with local papers as well. That's part of the reason I suggested Brandon in the first place, and I appreciated Mr. Vandal's support for that the other day.

I appreciate just having the opportunity to discuss this openly. There is still a good opportunity to have Brandon as a major centre for the type of study we are doing.

• (1000)

The Chair: Mr. Nantel wishes to speak, but before we go any further, I would like to suggest that we had all agreed that, in the interests of efficiency and cost effectiveness, we would go to one place, not a major city, in each area.

So Mr. Vandal, I would put it to you that going to both Winnipeg and Brandon in Manitoba would not be in keeping with what we have done everywhere else where we've gone to one place and brought people to that place because it's cheaper to travel within a province than it is to travel across the country. Therefore, I would like to suggest that when we continue to discuss this, it be Winnipeg or Brandon. It cannot be both. It would be the only place in Canada where we would be doing that, going to both.

[Translation]

Mr. Pierre Nantel: Thank you, Madam Chair.

Winnipeg is a fascinating city with its many voices, whether francophone, aboriginal, Ukrainian or Filipino. The question is, could we hope to see people from Winnipeg in Brandon, as you suggest, Madam Chair? That is my question. Is that feasible and attainable?

[English]

The Chair: Yes. In terms of travel plans, it is feasible, because we're doing it everywhere else. We're bringing people from elsewhere into the place where we are meeting, so it is possible. So as you discuss, think about those options you have.

Mr. Vandal, go ahead.

[Translation]

Mr. Dan Vandal: I think it is much more realistic to assume that people from rural communities will go to Winnipeg. It is not as clear that the *Filipino Star* or even The Streets FM will be represented in Brandon.

[English]

which is an FM station geared toward young indigenous people. In fact, I think it's unlikely. It is more likely that it would be the other way around, and we'd be guaranteed a more diverse group of witnesses.

The Chair: Mr. Nantel.

[Translation]

Mr. Pierre Nantel: Thank you very much, Madam Chair.

Mr. Vandal, what you are touching on—and you know the Winnipeg media well—is that this community has a wonderful fabric. The problem you raise could apply to all the cities we visit, however. If for example it would be too much to expect people from a big city to go visit people in a small locality, we have a problem because that is part of the study we want to undertake. We want to study small media in the regions, and sometimes the nearest major centre.

In that sense, I think your concern is very valid. It means that the committee, perhaps in our capacity as envoys, we will have to convince the media in major centres to make the trip to the region for once. Unless I am mistaken, I think your concern applies throughout Canada and we need to address it.

• (1005)

[English]

The Chair: What you have in front of you is what we agreed to at the last meeting for travel. We are now entertaining on Thursday, September 22, a departure from Edmonton to Brandon. Mr. Vandal is suggesting that it not be departure to Brandon, but a departure to Winnipeg instead.

This is what we're discussing, because we had agreed on everything else. That's in front of you, just for you to look at it for your own information as you make a decision on how to vote on this issue.

Mr. Vandal.

Mr. Dan Vandal: I'd simply like to call to question.

The Chair: All right.

I'll call to question.

Yes, Mr. Maguire.

Mr. Larry Maguire: There is another option that hasn't been here before. I see it in the packages that we've been given, in option 5. On October 2 we would go to Ottawa or to Brandon, I guess, and then to Windsor. We hadn't discussed this, but this is the first time I've seen it.

I've wonder if this is an option that we need to speak about before we vote on this.

Mr. Dan Vandal: Madam Chair, I called to question.

The Chair: Which question do you speak to Mr. Maguire?

Mr. Larry Maguire: It's option 5 in the papers that we've just been given.

The Chair: We'll have to deal with this motion first, because this motion does not pertain to option 5, really.

Let us deal with the question here. Those in favour?

Mr. Larry Maguire: Madam Chair, I beg to differ. This does involve it because it makes quite a difference. I might make a totally different decision if I know we're going to Brandon in the third week, as opposed to option 1 being the only outlet for that area. We're combining Brandon and Windsor here, in option 5. That makes quite a difference, I think, to the schedules we have.

The Chair: I would just like to comment that what we have is option 1, and this is option 5, and it just means that we will take a different route. If you look at option 1, which is dealing with the western area, the departure is from Edmonton to Brandon—or it could be Edmonton to Winnipeg. I don't see there's a difference in the terms of where we go from where.

I'm just saying that the question is Winnipeg versus Brandon. I'm going to call the question, because it doesn't matter. If we leave Ottawa to go to Winnipeg, we're still going to be leaving in any option to go to Winnipeg.

Is it Winnipeg or Brandon, I will call the question Mr. Maguire.

Mr. Larry Maguire: I just make the point that I might support Mr. Vandal if I knew we were going to, in option 1, if it was even, as long as we were going back to look at option 5 and pass it, too. It does make a difference. That would be that third week of travel, but it's only two days. It takes in Brandon and Windsor, which wouldn't be in option 1, or option 2, then I'm assuming.

The Chair: I will have the clerk explain the options, please.

When we discussed this in the last meeting, we seemed to have agreed on how we were going to do this, and he has developed a budget based on what is the most cost-effective way to travel to those areas.

Maybe he can explain it to you.

Before the question, the clerk needs to explain the travel so that everyone can make an informed choice. Shall we Mr. Vandal?

Yes, go ahead.

The Clerk of the Committee (Mr. Jean-François Lafleur): Thank you, Madam Chair.

At the last meeting, when we talked about travel, we agreed about all the cities that we would be visiting, tentatively. Options 1 and 2 were the ones we discussed. After revising this with the logistics

officers, who are working with us, it seemed like we were going to Iqaluit first, in option 2.

Going to Iqaluit first saves us a lot of time. I will explain why. If we put Iqaluit in the middle of our trip, we have to plan backwards in adjusting for departure from, and arrival in, Iqaluit. With those two flights, we will have to work around this. If we do it first, logistically speaking, it will be much easier because we would leave on the Sunday, get there, arrange our meetings as we want, and leave afterwards. It doesn't have much effect on all the rest, as opposed to if it's in on Wednesday per se, when it would be really problematic. It could increase the costs of the airfare on top of that.

• (1010)

Mr. Dan Vandal: This should be talked about in camera.

The Chair: Not really. You guys wanted this to be discussed out of camera.

Mr. Dan Vandal: I wanted my motion to be discussed out of camera.

The Chair: I thought it was part....

Mr. Vandal, may I finish? Thank you.

I wanted to discuss this in camera because it is part of our travel. You decided that you didn't want it in camera, because you wanted to discuss it out of camera. I listen to the consensus. It should have been in camera, but you all wanted it out of camera. I don't impose my will on you, unless I think it's in the best interest of what we're doing. You wanted it out of camera, and now we're discussing this.

Now, Mr. Maguire, did this answer your question?

Mr. Larry Maguire: I note that Iqaluit is in here, which we didn't agree to the other day. We were going to do it at a separate time by video conference, but I have no problem going to Iqaluit with this process. I'm assuming, then, that would move us back and that taking Windsor out of the second week and Brandon out of the first week must be how they came up with option 5. I don't know if we have a travel budget for option 5 or not.

The Chair: We're not going to be discussing the travel budget to go out.

Go ahead.

The Clerk: Dealing with option 5, if I understand it clearly, option 5 is just a matter of giving some space, if you wish, for our two-week trip. That will be only a suggestion. On the third time out, we could do those two cities.

As far as we understand, again from a logistical point of view, that will give us more room to schedule our trips. I hear that some other committees are doing that. It helps them to hear from more witnesses; they're less rushed, and it allows for a better gathering of information. They can receive more information and therefore have a better report.

The Chair: The issue, therefore, is that I understand that Mr. Maguire could change his vote based on this particular discussion on logistics. So it's not that I am not allowing the vote, but the member said before he votes, he wanted some clarification, and we have given him the clarification.

Ms. Dabrusin.

Ms. Julie Dabrusin: I believe Mr. Vandal asked to call the vote and because he asked to call the vote, this entire discussion was moved from being in camera to being public. I think it just doesn't make sense according to the original plan for all of this discussion, so I suggest we call the vote and move in camera.

The Chair: Ms. Dabrusin, I had to honour Mr. Maguire's request for information. I think we cannot vote in a muddled situation. He wanted to have something clarified. It's now clarified and I will call the vote on this alone.

We're not discussing our travel yet, except changing it from Brandon to Winnipeg or leaving it as is, so Brandon instead of Winnipeg.

Now I'm going to call the vote, and the vote is basically on whether we go to Winnipeg instead of Brandon, or we go to Brandon instead of Winnipeg. I think I clarified that we're not going to both.

I will begin once more and read Mr. Vandal's motion, which says:

That the Standing Committee on Canadian Heritage, as part of its consultations with the media industry, includes the City of Winnipeg as a Manitoba destination.

(Motion agreed to)

The Chair: We will go to Winnipeg instead of Brandon, then.

How we get there is now what we will discuss in camera.

[Proceedings continue in camera]

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