



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Canadian Heritage

CHPC • NUMBER 027 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Thursday, September 29, 2016

—
Chair

The Honourable Hedy Fry

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• (1105)

[English]

The Vice-Chair (Mr. Larry Maguire (Brandon—Souris, CPC)): Good morning, everyone.

It's my pleasure to be here as the vice-chair of the committee. Ms. Fry is unavailable, so I will be chairing the meeting this morning. I welcome everyone.

The first item of business is the notice of motion.

Mr. Waugh.

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): Thank you, Mr. Chair.

It's my pleasure to be here this morning. The motion is:

That, pursuant to Standing Order 108(2), the Committee immediately undertake a study into the government's rejection of an expert-panel's decision to locate the future Ottawa Hospital Civic Campus on federal land across the street from the existing Hospital; and that the Committee call the Ministers of Environment, Heritage, and Agriculture and Dr. Mark Kristmanson, CEO of the National Capital Commission (NCC), to discuss the matter.

The Vice-Chair (Mr. Larry Maguire): Mr. Poilievre.

Hon. Pierre Poilievre (Carleton, CPC): I'd like to be added to the speakers list on the motion.

The Vice-Chair (Mr. Larry Maguire): Mr. Poilievre, are you speaking to the motion?

Hon. Pierre Poilievre: Mr. Chair, I'll open by saying that I understand that a matter related to an individual hospital would not normally be the subject of study by any federal parliamentary committee, much less a committee on heritage, but this is not a normal circumstance. The issue arises from the fact that the federal government had previously approved the disposal of about 60 acres of land on Carling Avenue in central Ottawa for the construction of a hospital to replace the existing Ottawa Civic campus, which is now 92 years old.

The current Minister of Environment put a stop to the process after it had already begun and has, thus far, delayed the construction of the hospital for a year. After some period of quiet and confusion, she decided to give the issue over to the Minister of Canadian Heritage, who then delegated it to the NCC, the National Capital Commission, for which this committee does have jurisdiction. That is how we have ended up here today.

The Ottawa Hospital Civic campus serves not only our capital but also western Quebec, Gatineau, and eastern Ontario. I understand there are even some patients who use it for specialized services and come from as far away as Nunavut. The campus also serves as a

trauma centre for eastern Ontario, and the regional centre for cardiac and stroke. The federal government, by blocking the construction of the hospital on available land across the street, which was selected by an expert panel, is imperilling all of that.

The existing campus is in very rough shape. It's 92 years old and in desperate need of replacement and repair. That's why we're here today, to ask the Minister of Environment to come before the heritage committee, as she has delegated the matter to the heritage minister and the NCC, and explain her decision to delay the construction of this hospital.

That is the introductory comment I'd make on the matter. I welcome members to support the motion so that we can have a study at a time appropriate for the committee.

The Vice-Chair (Mr. Larry Maguire): Thank you, Mr. Poilievre.

Mr. Vandal.

Mr. Dan Vandal (Saint Boniface—Saint Vital, Lib.): We have some invited guests to talk about the subject matter at hand. I understand this is an issue that's been raised in the House of Commons. I'm a little surprised that it's being raised here by no less than an honourable member who has never been to this committee.

My understanding is that the location of a hospital is something that's not in our purview. It's the responsibility of the provincial government. I find it unique, bordering on bizarre, that we have a new member, a member who has never been to the heritage committee, now championing a debate on a motion on where a hospital is going to be located, which is the responsibility of the Province of Manitoba at a time when we have invited members to speak to a very important study we are doing on media in Canada.

I would hope that the honourable member would withdraw his motion so we can go through the regular channels and can continue with the study that's so incredibly important to the work we're doing.

The Vice-Chair (Mr. Larry Maguire): Mr. Poilievre, do you have a thought?

Hon. Pierre Poilievre: It's not my intention to distract any further from the testimony before us, but the motion was given notice. I am here today because I originally raised the matter at the health committee, which has said that committee is not responsible for this federal intervention in the hospital location. I'm here today because the health committee would not hear the discussion.

The reality is, this is now a matter under the control of the National Capital Commission, for which this committee is responsible. The member is quite right that normally no federal government would be involved in the location of a hospital, but your government has decided to involve itself, and there's now a federal process under way, under the direction of the heritage minister, studying 12 different locations in the national capital region.

Again, I wish I weren't here, and I wish we didn't have to have this conversation. I don't believe that the NCC, the heritage minister, or frankly the environment minister, should be involved in this matter, but they are. They have involved themselves. As a member of Parliament who represents 100,000 people who will be affected by this decision, and given that the federal government has appropriated the decision to itself, I have an obligation to get the facts, and that's why I've come before this committee.

The Vice-Chair (Mr. Larry Maguire): Thank you, Mr. Poilievre. That was my understanding of why it was brought up in your opening remarks.

It may be a clerical issue here, Mr. Vandal. Mr. Vandal, you mentioned in your remarks that it was the Province of Manitoba's responsibility. I think it's the Province of Ontario you meant.

• (1110)

Mr. Dan Vandal: Yes. I meant the province. I wasn't aware I said the Province of Manitoba.

The Vice-Chair (Mr. Larry Maguire): I only picked that up because we're in the same province.

Mr. Dan Vandal: Yes, it's the province's responsibility. I'm sorry.

The Vice-Chair (Mr. Larry Maguire): Mr. Samson.

Mr. Darrell Samson (Sackville—Preston—Chezzetcook, Lib.): Mr. Chair, I have to agree with my colleague Mr. Vandal. We're not the saviour of all saviours here. We have a very strict agenda. We have very important guests who are here today to speak on the theme that is so important to us.

Since I've been elected to the House of Commons, I've been focused on this work. We're trying to bring closure to this work by the end of this calendar year, keeping in mind that the National Capital Commission has a job to do. It's in the process. Let it do its job, and when the time is appropriate and the environment is appropriate, then it will be brought to the appropriate people to answer, but this is not the forum for that today.

Thank you.

The Vice-Chair (Mr. Larry Maguire): Thank you, Mr. Samson.

I guess it's only here because of the National Capital Commission falling under the Minister of the Environment. That was the comment that was made earlier.

Hon. Pierre Poilievre: That's right.

Mr. Darrell Samson: This is not the environment.

The Vice-Chair (Mr. Larry Maguire): Is there any other discussion on this motion, then?

(Motion negatived)

The Vice-Chair (Mr. Larry Maguire): Thank you for your indulgence.

I just wanted to point out, too, that we have time today and we'll certainly make sure that we get two rounds of questions in here for our witnesses who have great detail to provide us today as well. I'm really pleased they're here. I want to welcome our witnesses, and we'll move right into it.

I will just explain, as my colleague Ms. Fry does when she is chairing, that we open up with 10 minutes for each of the groups of witnesses to present their statements, followed by rounds of questions. I believe we'll have seven-minute rounds, and we'll try to make sure we get two of those in today as well, even if we have to go a bit past 11 o'clock. We'll have time in the second group to do the same.

With that, I'd like to welcome all of you here.

I invite Mr. Honderich to make a presentation on behalf of Torstar Corporation.

Mr. John Honderich (Chair, Torstar Corporation): Thank you very much, Mr. Chairman.

My name is John Honderich, I am chair of the board of Torstar Corporation, and I'm delighted to accept your invitation to speak today.

My message to you is a simple one. There is a crisis of declining good journalism across Canada. At this point, we only see the situation getting worse. What we see is far fewer municipal councils being covered. At Canada's second largest government at Queen's Park, there is now just one multi-reporter news bureau. Here in Ottawa, the parliamentary press gallery has shrunk, as Canada's large metropolitan newspapers, and that includes our own, have significantly cut back reporters. Across the land, I can say there is much less quality investigative reporting.

The implications of this trend for an informed citizenry and for local communities gaining access to the information they need are profound. If you believe, as we do, that the quality of a democracy is a direct function of the quality of information citizens have to make informed decisions, then this trend is indeed worrisome. I think it's something that should concern us all.

It is very important right at the outset for this committee to understand that newspapers are far from dead. From a readership point of view, we are still alive and kicking. Fifty per cent of Canadians still read a print newspaper. Close to 90%, in fact it was 88% last year, of Canadians read newspaper content on one of four digital platforms every week. In our bailiwick, the latest Vividata survey shows that the *Toronto Star* print newspaper, still the largest in the country, is read daily by more than one million people. This is twice the readership, I might add, of our nearest competitor. The latest figures show digital readership of the *Toronto Star* on one of the platforms is up 67%. Page views are up 39%. Unique visitors are up 30%. That, by the way, translates into 26 million visits a month.

Readership is not the issue. It is the business model. I would like to illustrate this paradigm shift through our own experience at Torstar.

We pride ourselves as a progressive media company, committed to quality journalism that publishes more than 110 newspapers and owns dozens of digital businesses. The company was founded on our flagship newspaper, the *Toronto Star*. The Star Media Group also operates thestar.com, which is one of the most visited websites in Canada; Star Touch, our daily tablet offering; the Metro chain of newspapers, with operations in Vancouver, Edmonton, Calgary, Winnipeg, Toronto, and Halifax; and *Sing Tao*, the Chinese language newspaper group, with papers in Toronto, Vancouver, and Calgary.

On the community side of our corporation, Metroland publishes more than 100 community newspapers spread across all of southern Ontario, plus the *Hamilton Spectator* and the *Waterloo Region Record*. Metroland is one of Canada's leading media companies, which, in addition to its newspapers, owns many digital properties, a vast flyer distribution network, printing facilities, shows, magazines, and directories. Finally, we are a one-third owner of Canada's national news service, the Canadian Press.

I think it's fair to say we know a little bit about newspapers. We have prided ourselves on the quality of our journalism across the entire group, and our connections to the communities we serve are profound. We have the awards to prove it. If you want to know what's happening in Toronto, you go to the *Star*. In Hamilton, it's the *Spec*. In New Hamburg, it's the *Independent*. In Parry Sound, it's the *North Star*, etc. I could do that for 110, and all of these are Torstar properties.

However, for the last decade, we have been buffeted by fundamental change in the newspaper industry. The digital revolution, plus the advent of the Internet, have fundamentally changed the business model under which we operate. The phenomenon is worldwide and has been well-documented.

• (1115)

But let me tell you the story from my perspective when I was publisher of the *Star*. I can remember that with our readership numbers I could boast, and I certainly did, that you had to advertise in the *Star*. Today there is an infinite number of digital places where advertisers can and do place their ads.

I can remember as business editor when we brought in \$75 million in career advertising. It's completely gone. I can remember when our classified section ran up to 45 pages. Today's it's Kijiji and Craigslist. We now run two classified pages every day, and our largest category is births and deaths. I can remember when our travel section was huge. It no longer is. All those revenues paid for a lot of reporters.

Without that revenue, we simply cannot afford as many journalists. Indeed, the very business model is at risk. I don't want this committee, though, to think that we've sat idly by and not tried to do anything about it. Torstar, in my view, has been one of the most innovative in trying new digital ventures, everything from Workopolis to WagJag, to Toronto.com, to Star Touch, to Blue Ant Media, to Gottarent.com, to Goldbrook.ca.

There have been some successes, but the structural pressures have been relentless. Advertising revenues continue to decline and as a publicly traded company, it's there for all to see. What does this mean for our ability to report the news in all our communities? Again, let the figures tell the story.

Over the past decade the number of journalists at the *Toronto Star* has decreased from a high point when I was publisher of 475. When we're finished our latest buy-outs it will be 170. At the *Spec* and the *Record*, the number of journalists has been cut in half. In our community papers the number of reporters has been cut by one-third. You may well have read that earlier this year we were forced to shut down the *Guelph Mercury*, one of Canada's oldest newspapers, because it was no longer sustainable. You can imagine that was a very tough decision.

Put all these numbers together and it spells out an alarming tale. Why? Believe it or not, newspapers are still the only media institutions, with a few exceptions, with large newsrooms. You don't find any reporters at radio stations or in digital operations. Some argue that the democratization of the web that allows constant bloggers and citizens to write is the answer. I don't agree. They have neither the resources, the expertise, nor the time to get to the bottom of the story or to really get onto serious investigative journalism, which to me was key.

Sadly, we see no remedies on the horizon, which is why we feel it is essential—and this is why I'm here—that there be a national debate and which is why we appreciate that this committee is asking the necessary and appropriate questions. As members of Newspapers Canada we report the recommendations that were filed with this committee and we feel strongly that without some action, quality journalism and connection to our communities will get even worse. The stakes are that high.

Thank you very much.

• (1120)

The Vice-Chair (Mr. Larry Maguire): Thank you very much, Mr. Honderich.

If I could make a comment, I'm still very glad to see that you have those two particular pages of classifieds going.

Mr. John Honderich: They're still very well read.

The Vice-Chair (Mr. Larry Maguire): I'm sure.

Mr. John Honderich: People seem to want to see a death notice in print—

The Vice-Chair (Mr. Larry Maguire): Yes, you just don't want to read your own.

Mr. John Honderich: —still to our great financial satisfaction.

The Vice-Chair (Mr. Larry Maguire): Having said that, we'll move right along to La Coalition pour la pérennité de la presse d'information au Québec. I'd like to introduce our guests today and presenters, Martin Cauchon, Brian Myles, and Pierre-Paul Noreau.

Welcome, gentlemen, and I'll be the next 10 minutes over to you.

[Translation]

Hon. Martin Cauchon (Executive Chairman, Groupe Capitales Médias, La Coalition pour la pérennité de la presse d'information au Québec): Thank you very much.

Mr. Chair, Mr. Parliamentary Secretary and members of the committee, it's a pleasure to be here today. It's also a pleasure because we consider the mandate entrusted to you as a lifeline. It's a mandate we welcome, obviously, and one we want to take part in. As has been mentioned several times, all the media throughout Canada—it's the same almost everywhere in the world—are in what is being called a “perfect storm” that is basically requiring that a new business model be implemented.

Today two of us will speak. Brian Myles, who is with me, represents *Le Devoir*. He's the director and publisher of *Le Devoir*. Also with us today is Pierre-Paul Noreau, president and publisher of *Le Droit*. We represent the Coalition pour la pérennité de la presse d'information au Québec.

Basically, the coalition is comprised of four major players in the Canadian newspaper industry: Groupe Capitales Médias, of which I am the executive chairman, *Le Devoir*, Hebdo Québec and TC Transcontinental, whose representatives testified before you here, a little earlier in the spring.

Coalition members publish 146 daily and weekly newspapers that, each week, reach nearly six million Quebecers or nearly 80% of the population. The coalition also represents newspapers in Atlantic Canada, Ontario and Saskatchewan. All of our members combined provide good jobs to more than 2,500 Canadians.

We are here today to sound the alarm and ask that we have a national discussion together on print media. It's a matter of democracy. As for the current situation of newspapers, in our case and in the case of all coalition members, readership is growing.

The first observation is that there is a need and a demand for all our products. It's important to ensure that, in Canada, we can work with professional journalists to continue to produce information that reflects the community, local information and quality information.

For a few years now, we haven't been sitting back as a coalition. We have already started to put in place certain modifications in our business models. Take the Groupe Capitales Médias, for instance; our information can now be found on many digital platforms.

Competition is fierce. It comes from all over the world, especially from giants like Google. When we talk about an intervention, which would be limited, of course, we must talk about information protection and copyright protection.

Essentially, we are asking you today to join us in transforming a business model that is already under way. However, as Mr. Honderich mentioned earlier, the findings are quite impressive. In my opinion, when I see the demand and growth in readership, I think that there will always be a place for good, quality information.

As for what we are asking you to consider, we have a number of recommendations. I will ask my colleague, Brian Myles to explain the various recommendations to you.

Thank you.

• (1125)

Mr. Brian Myles (Editor, Director, Le Devoir, La Coalition pour la pérennité de la presse d'information au Québec): Ladies

and gentlemen, thank you. It's a real pleasure to be here before you today.

As my colleagues said earlier, the situation is serious. I think that, if given the opportunity, every media owner would tell you pretty much the same thing today, which is that our traditional revenue from print is decreasing and digital revenue isn't offsetting the losses. Let me be clear: I wouldn't go back to the paper era. We aren't dinosaurs here. The digital revolution is fantastic, but for our business model, it means that we have traded analogue dollars for digital cents. We are failing to achieve a stable business model.

Our recommendations are in two parts: measures that provide direct assistance and measures that provide indirect assistance. The first, which is perhaps the most important, is an indirect measure. If the government can't help us, it could stop hurting us and use the advertising budgets at its disposal to fund our media, the national media of Quebec and of the rest of Canada.

The federal government currently invests about half a million dollars in its advertising in Canadian newspapers. Ten years ago, that amount was \$20 million. For us, that drop from \$20 million to half a million dollars is brutal.

Where has all the government advertising gone?

It's no big mystery. In fact, the investment in 2014-15 in digital platforms was some \$19 million. That \$19 million or, if we round up, that \$20 million is basically money inherited by American giants like Google and Facebook.

So the first recommendation is, of course, to make a significant and lasting increase to government advertising investment in our media. In addition, we think advertisers who are still brave enough to support the press here should benefit from tax credits for their advertising investment in our platforms. When I say “platforms”, that includes our printed pages, but also our screens, as we can now all be found on tablets and cell phones.

It would also be very important to update the Copyright Act. European countries are ahead of Canada and the United States on this. Here, we have let this entity called GAFA, or the giants Google, Amazon, Facebook and Apple, bleed our content dry and monetize it. It's an exodus of revenue, a major fiscal exodus. Improving the Copyright Act would make it possible to negotiate agreements and obtain royalties when our content is used on these major platforms.

We are also asking to be treated like all other media. These days, in the digital world, a screen is a screen. We need to consider that print media on digital platforms will also sometimes have a video and be on the Internet. For now, we don't have access to any assistance programs. Programs managed by the Canada Media Fund and Telefilm Canada aren't available to us. If we want to develop a video offering on our mobile site to reach new clients, young people, we have to pay for it ourselves. We don't have access to any tax credits, any assistance, direct or indirect. That the case for *Le Devoir* and all coalition members at the moment.

We think that payroll tax credits for hiring qualified journalists, and tax credits for creating applications would enable us to continue our digital shift. We don't expect ongoing assistance from the government. We aren't asking to be dependent on it. We think that transitional help would let us continue the activities we've already started and to pay journalists. In fact, information has a price, a value. But this value is that of brains, the intelligence of the people we hire and who are in the field to bring back quality material. These credits would certainly give us some breathing room, some time to get our business models in place.

Lastly, we pay GST on our products and QST in Quebec. We are asking both levels of government, Quebec City and Ottawa, to coordinate to exempt print media from the GST and QST. Of course, this measure would alleviate the problem a little. You can see for yourselves and around you that in the cultural arena, freebies are widespread, particularly among new information consumers. There are limits to what we can charge for subscriptions. We have a pay wall at *Le Devoir*.

• (1130)

We are one of the rare media that is successful in having our subscribers pay for quality information. We are well aware that we are stretching their flexibility to the limit by constantly increasing prices. A tax exemption would give us some manoeuvring room. The book industry in Quebec is exempt from the QST. Canadian magazines benefit from tax exemptions and have had access to the Canada Periodical Fund.

[English]

The Vice-Chair (Mr. Larry Maguire): There's one minute left.

[Translation]

Mr. Brian Myles: In a word, in the cultural or media industries, we note that all sectors have been assisted, with two exceptions. They are private radio—with public radio funded by the state—and the print media. We note that the per capita assistance to the print media is \$3 in Quebec and less than \$2 in Canada. In the United States, it is double, which is no small thing because that is the non-interventionist country par excellence. The countries with the most assistance provide up to \$80 per capita. We are not asking to get to the Scandinavian level overnight, but we feel that Quebec City and Ottawa must do more to support the media that are essential for the vitality of our democracy.

Thank you.

[English]

The Vice-Chair (Mr. Larry Maguire): Thank you very much for your presentation. Our time is up there.

I failed to inform you that the seven-minute question periods include the answers.

We'll move along and begin the questioning with Mr. Samson.

Mr. Darrell Samson: Thank you very much, Mr. Chair.

I'm not used to starting off, but I appreciate the gesture.

[Translation]

Mr. Cauchon, the members of your group and yourself have put forward a lot of solutions and I appreciate that greatly. We are here to find solutions.

Mr. Honderich and the two witnesses have clearly shown that we are going through a crisis and that is very important for us to take considered measures. I want to comment quickly on the five points that Mr. Myles raised.

The first point is about indirect assistance through government investments in newspaper advertising. The value has gone from \$20 million to half a million dollars. I am not sure that there is an easy solution. I would not want our government to invest \$10 million simply to keep newspapers alive. To be honest with you, I am not very comfortable with that. However, I am interested in your point about tax credits for those who place advertisements in newspapers. That has been mentioned as a strategy on a number of occasions, advertisers who would benefit from a tax credit of that kind could be more motivated to place advertisements in newspapers.

As I said, I am somewhat against your first point because fewer and fewer people are getting their information from newspapers. The video suggestion interests me as well. Points 2, 3 and 4 seem interesting. Point 5 also appears very interesting because we still have to distinguish between large newspapers and large media outlets and the smaller ones. Our study is principally about rural communities. The committee wants to find out what information is available in rural communities. In my opinion, the suggestions in points 2, 3, 4 and 5 are interesting if we want to support the print media, either by exempting them from the GST and the QST, by providing financial assistance for video production, or by granting tax credits to advertisers.

I see all those as possible tools and solutions in rural areas and smaller regions to ensure that the people there have access to good information. What I would like is to find strategies designed to help communicate important Canadian and local content to rural regions. I am ready to put money into that, but less so in urban areas where you certainly have huge resources available.

With that, I await your comments.

• (1135)

Hon. Martin Cauchon: Thank you very much, Mr. Chair.

Thank you for that question, sir.

Let us go back to the first comment you made about the \$20 million in government advertising that today stands at \$495,000. It must be understood that we are not asking for an additional advertising budget. We understand that the overall amount invested each year is \$20 million.

Essentially, we are saying to the Canadian government that, if it is sensitive in the area of local news, as you have just mentioned, it should continue to invest in our products.

Every day, in all groups, in all newspapers and coalition members, we meet people who, day after day, invest in our newspapers and buy advertising in them because they understand that we can help them to improve their sales and that we are partners. We also deliver results.

For several years, we have been moving from a paper platform to what is called the digital universe. We now deal with what we call multimedia. Essentially, we are telling you that something has to be done to help us, because the situation is completely unfair.

A little earlier, Brian Myles spoke about the assistance given to television. There was the debate about magazines; don't forget that I was there at the time. That was done correctly, in order to protect democracy, to maintain journalistic quality everywhere in Canada, and to ensure Canadian content.

I said that the situation is unfair. In fact, every day, if you take the members of my group, Groupe Capitales Médias, for example, 200 reporters cover the news professionally all over Quebec. This is quality news about the communities. Those newspapers reflect the life of the community, culturally, politically and economically. We do it with our own capacity and our own financial resources, and with very generous people. They do it almost on a volunteer basis, because they believe in their mission.

Then, we see the Googles of this world, essentially stealing, distributing and broadcasting the information through the entire platform without it costing them a penny.

So we have come up with a number of recommendations. I feel that the Government of Canada should stop talking and start doing something.

In addition, I feel that we should be dusting off the Copyright Act, as they are in the process of doing in Europe.

When the government decides to deal with the copyright issue, when it tells the American giants to stop stealing our information and to pay us for it, you will see a change in the tone of the American giants and major companies. They will come and sit down with us, because they would not like to have a business model imposed on them.

So that is what we are asking you for.

[English]

Again, Mr. Vice-Chair, we're very glad to be here today, to be around this table and to support the mandate you have. I do believe it's a question of democracy. As you said, we're talking about regions across Canada, and it's key. If I decided to move on in my life and get involved in the media business knowing that the business model is going through a major transition in a period of time that's difficult

for the media, it's because I believe in the information. I believe as well in the question of the quality of the information, and I believe and I know that we're making a difference in all the communities across Canada. That's the reason I'm here today.

Mr. Darrell Samson: I'm glad I asked a question, because he got a lot out.

The Vice-Chair (Mr. Larry Maguire): You have another 30 seconds.

Mr. Seamus O'Regan (St. John's South—Mount Pearl, Lib.): Go for it.

Hon. Martin Cauchon: If there is some time left, I can keep going.

• (1140)

The Vice-Chair (Mr. Larry Maguire): There will be another opportunity.

I'd like to go to Mr. Van Loan.

Hon. Peter Van Loan (York—Simcoe, CPC): First, I have some questions for Mr. Honderich.

In my constituency, we have three Metroland newspapers in the York Region news group: *Georgina Advocate*, *East Gwillimbury Express*, and the *Bradford West Gwillimbury Topic*. Yet almost all of them are often too indistinguishable from the *Newmarket Era* banner. You say there are these forces creating a separation of your newspapers from the community or an inability to connect. I'd argue that perhaps your own editorial or your own business model is a big part of that.

When people from Pefferlaw are wondering what the heck does what went on at Aurora town council this week have to do with them, they're reading newspapers that aren't really about their community but about other communities.

Mr. John Honderich: You make my point. I understand exactly what you're saying, and I know about those papers.

As I pointed out, on the community newspaper side, we have now reduced the number of reporters by 38%.

Hon. Peter Van Loan: This is not new. For years your local editors have gone around having to apologize in the community, in an embarrassed fashion, saying, "Sorry the article didn't appear. I don't have editorial control. The decisions are being made down in Newmarket and Aurora. I don't know why we have an article about something that happened in Aurora and the stuff about Georgina didn't appear."

They've been doing that for years. It's not new. It's not with the recent reductions in staff. It's one of the most embarrassing things about being a Metroland editor up in my communities.

Mr. John Honderich: I know there has been a centralization of some of the bureaus and some of those papers. I can take up the particular concerns you raise, but I know this is what's been happening as you reduce reporting, and this is not going on just suddenly. This reduction has taken place over a 10-year period. Where in fact you might have been able to afford a reporter to go to Pefferlaw and to go to each one of those communities you mentioned and report on all those councils today, we aren't. We make decisions. What we do is we bring papers together, and we bring editorial content together. You're seeing this phenomenon unfold across the country where, in fact, if we had more reporters, we could have more local content. Now they bring it together and, you're right, you have Aurora in Pefferlaw or in Barrie simply because that's the most efficient way to do it and what our resources will allow.

I don't like it any better than you do.

Hon. Peter Van Loan: It's not a resource issue when a local editor says, "Sorry. The article I wrote didn't run because they chose to run something else." That's what's been going on for years, and that's what they have to say.

Another example is, community groups will often come and say they have a notice that there's a church supper coming up or a charity garage sale, and they're told, "Well, we won't run your notice unless you buy an ad." That's also been going on for years.

Mr. John Honderich: Well, that's not a practice I would condone.

Hon. Peter Van Loan: Well, it's been a practice of your newspapers regularly over the years.

With the staff turnover you talk about, and there has certainly been a lot of that, one almost gets the sense that in your local newspapers someone from somewhere else is trying to tell you about your community and that they don't really understand it. We don't see these same phenomena in the local Quebecor papers or in the local independent paper.

It's not a resource issue. You have way more resources, way more advertising, and way more flyers than those other local papers, Quebecor or independent, which are effectively reporting. I'm putting it to you that it's your model. Perhaps, as some say, it's because the locals are being used to subsidize the *Toronto Star*. Is it perhaps not your business model to maintain the *Toronto Star* that is actually harming and causing the loss of local coverage in all these other communities?

Mr. John Honderich: First of all, I would stack up our community papers against the Quebecor papers any day.

Hon. Peter Van Loan: Not in my riding, you wouldn't.

Mr. John Honderich: Well, I can tell you that in terms of awards and looking at how they're doing, I would stack them up any day.

Clearly there has been a greater centralization in the community paper market because of these declines in resources. The decisions aren't made in Toronto. Metroland, which runs the community papers, is a separate company within the Torstar group. The decisions are not made by anyone at the *Toronto Star*. It runs itself. In fact, it's more profitable, far more profitable than the *Toronto Star*, exactly because of the attachment to community and the flyers.

Hon. Peter Van Loan: That's the point I'm making. It's profitable, but those profits are being used not to improve your local coverage,

they're being used to maintain and prop up the *Toronto Star*. That's what I'm complaining about. You are, as you admitted right now, taking the money from the local communities and using it where you're making a big profit to prop up the whole operation where you're not making a profit, at the *Toronto Star*. I say it's your business model that is hurting the community and local coverage, because of where you're taking the money from and where you're spending it.

Actually, I wanted to ask Mr. Myles—

• (1145)

Mr. John Honderich: Before you do that, could I please reply to that question, Mr. Chairman?

I did not say that.

Hon. Peter Van Loan: You said it's more profitable.

Mr. John Honderich: I said it's more profitable, that's correct. The *Toronto Star* is not doing as well as Metroland, but we are not using resources from the Metroland group to prop up the *Toronto Star*. I never said that and I wouldn't want that to go unchallenged.

Hon. Peter Van Loan: It's propping up the enterprise, and we know where the money's coming from and where it's being spent.

Mr. Myles, on the question of copyright, you want to see copyright laws changed. We've heard that from a few people. One question I've asked is, if that were to happen, if you were in a position where you could require that, is there not a great risk that we would see—as I'm told has happened in some jurisdictions where they've done that—these big carriers, like Google or Facebook, simply stop picking up your stuff? That would also result in a net loss of local coverage. You just won't exist on the web anymore to a lot of people who are depending on those outlets for their news sources. Is that a risk?

Mr. Brian Myles: I think it's a small risk, close to non-existent if you look at it from the Canadian or Quebec perspective. First and foremost, as Martin said, it will act as a triggering point, and providers will start to negotiate with the main media players to give us some form of relevance.

We think that, if they were to pull out, which I doubt would happen, then all our media would benefit. If Google or Facebook were to stop publishing stuff from Quebec or elsewhere, they would suffer an international backlash, and then everybody would have to come to our own application on the mobile platform, on the tablet. I don't see this as a threat or something that we should be concerned about.

The Vice-Chair (Mr. Larry Maguire): Thank you, Mr. Van Loan.

Mr. Nantel.

[Translation]

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

My apologies for the kerfuffle at the beginning of the meeting. It was not very acceptable, in my opinion.

There really is a major crisis; it is societal and probably all over the western world. The systems in place worked very well and worked together very well. Now, people are coming in from outside and we do not know what to do about it. Heck, we haven't even made them pay any sales tax on their services. We are really caught with our pants down. They come in and we just jump up and down, at the same time as they are eating up your business and our distinct cultural identity.

We may have our issues. We may feel that *Le Devoir* is not covering the NDP enough, or anything else you like, but that is not the point. We want to be happy that you can still be covering us in five years, for better or for worse. That goes for everyone. There may be complaints about regional weeklies. We may find all kinds of administrative issues, but the main issue is much broader, and I am glad that the committee is taking time to examine it.

Are you able to provide us with the wording of the section? I am pretty familiar with copyright as an issue. What is the wording of the section that allows Google to pirate your content, to take it apart and to redistribute it everywhere without compensating you at all? If you don't have it, could you send it to us? We do not have a ton of researchers here. It would help me a lot.

Mr. Brian Myles: We are going to check that, of course.

In our opinion, there is a legal void that allows them to use content without any compensation. The same thing was happening in all western countries, until some legislatures sat up and took notice, including the Europeans.

Mr. Pierre Nantel: Or woke up.

Mr. Brian Myles: You have understood very well what is happening to us at the moment. These foreign media, which are huge, are succeeding in grabbing our revenue. They are putting our news on their sites, in order to generate the clicks and attract the users they need. They sell advertising themselves. They use our content to create their audience and to sell advertising. When governments place their advertising on Google, Facebook and so on, what it means is that they are taking taxpayers' money, putting it into an advertising budget and giving it to multinationals who do "pass go" and do not pay taxes on the money they collect, by sending it off to God knows which tax haven.

Mr. Pierre Nantel: I would add that the accountant for the government's advertising service does not mention that no tax has been paid.

I will let you continue.

Mr. Brian Myles: We are not asking for the advertising budgets to be increased more than is reasonable. Essentially, we could just do with the \$19 million that is being invested in Google and other digital media. For traditional media, digital revenue is a drop in the ocean. It is very small, very marginal.

The same goes for the United States. The Pew Research Center has done a lot of research that shows it. In 10 years, the major American newspapers have seen their traditional revenue drop by 60%. Digital revenue is going up, but it never makes up for the losses. When I say that we have exchanged dollars for cents, it is the sad reality.

• (1150)

Mr. Pierre Nantel: Mr. Noreau, do you want to add anything?

Mr. Pierre-Paul Noreau (President, Publisher, Le Droit, La Coalition pour la pérennité de la presse d'information au Québec): Yes, very briefly.

Here's the clever way it worked. When someone lifted a story from *Le Devoir*, we used to say "according to *Le Devoir*". That is where the legal void lies. The practice has just been applied on a massive scale. When news from *Le Soleil*, *Le Devoir*, or any other paper appears in Google, they just mention *Le Devoir*, *Le Soleil*, or whatever.

Mr. Pierre Nantel: While still keeping up the Internet perception of virtual communities and sharing. It all seems very bucolic, but when you see the money being made by the folks riding around on fancy bicycles in California, it's not as bucolic as it looks. It seems much more profitable for them.

I would like to bring up something else with you. Do not feel bad when you say that you are looking for government support, because I believe that the feeling is common. We even had people from the Alberta Weekly Newspapers Association telling us:

[English]

"We're not much into asking for government support, but we must say it's getting tough."

[Translation]

When we hear that, we see that the problem is widespread. At times, a government's task is to repair an injustice or correct an imbalance that is occurring. You will not find that we are afraid here, or concerned about international treaties, because, internationally, everyone is dealing with the problem. We are protecting our diversity, our distinct culture in North America.

Would you be able to give us a comparison of the support given to other industries with what you receive? Since our study started, I see constantly that members of this committee are receptive, that they are looking for solutions, and that they are listening to you. The elephant not in the room in all this, and I do not blame him, is the Minister of Industry. I would like people in that department to be doing their bit.

How much support do you receive from the state? How does that compare to the support given to other industries? We are certainly talking about an industry here. If you do not have those figures with you, I would ask you to send them to us later.

My question goes to you too, Mr. Honderich.

Hon. Martin Cauchon: We will be able to get those figures for you. We have tables that provide comparisons with what is being done elsewhere in the world. You will be able to see that, in terms of government assistance in other countries, we can't even talk about a comparison. We are in the Stone Age.

Mr. Pierre Nantel: Can you compare the assistance you receive with the assistance given to other industries: textiles, lumber, automobiles, for example?

Hon. Martin Cauchon: We can check.

Just now, you said that we should not be embarrassed to come here asking for assistance. Essentially, what we are asking for is a partnership. We are asking for the government to intervene to settle issues that are basically unfair. It did it in the past, you know. It is the role of government to intervene when particular sectors need support. When we talk about a democracy, in my view, that is a constitutional question, a fundamental question.

The government did it in the past during the groundfish crisis in order to support a lot of communities and put them back on their feet. That was great; it was very good. They did it for the aerospace industry, precisely because some giants were competing very unfairly with Canadian companies. They did it to extend a helping hand, to get them to the same level so that they could face the competition on an equal footing. They did it, in a general way, for multimedia and technology. You know, no company operating in Canada today does not receive a tax credit.

Essentially, what we are asking, is for you to help us, on a specific and one-time basis, to turn a corner that all members of the coalition are already navigating. It is a matter of democracy, but also a matter of need. Basically, we know that our products make a difference. We know that our products help people who want to advertise theirs. We are asking the Canadian government to start publishing its advertisements in all our products once more. By that, we mean the paper versions, but also the digital versions that most members of the coalition have developed.

Mr. Pierre Nantel: Would Mr. Myles like to add anything?

Mr. Brian Myles: A number of industries are receiving assistance. The Quebec tax credit for the production of multimedia titles costs half a billion dollars. The Quebec tax credit for film and television production is up to \$115 million annually. The Canada Media Fund has reached \$375 million. All those funds have zero dollars for us. We have no access to them. However, we are launching ourselves into the digital universe like all the other media.

•(1155)

[English]

The Vice-Chair (Mr. Larry Maguire): Thank you. I'm leaving it there as well. Maybe Mr. O'Regan will let you finish that answer.

I'll turn it over to Mr. O'Regan.

Mr. Seamus O'Regan: Actually, I will.

Monsieur Myles, perhaps you'd like to take a few minutes to finish the answer.

Mr. Brian Myles: Well, it's basically that if you look into the cultural industry especially in Quebec, no one, no artist, would have thrived and survived without some sort of program, subsidy, tax

credit. The movie industry relies on tax credits. Those tax credits amount to more than \$100 million a year. The multimedia industry in Quebec is thriving. It's thriving because we subsidize jobs. We created a hub. It's at a cost of half a billion dollars a year.

When I say a screen is a screen, it's very important for us that we stop treating the print media differently from the electronic one, because we're not print any more. Right now I have a newspaper. My readers are willing to pay a hefty price for that paper, but tomorrow's reader will be on that thing here, and I need money to reach them with that. If I deliver a newspaper to their door, I'll have to give them a list of instructions to help them read through it, because they'll have to flip the pages and they won't know how to do it; they want to swipe.

We need access to those funds. We need to treat the print media like a digital media, to enable us to take our digital turn to the next step.

Hon. Martin Cauchon: If I may, Mr. Vice-Chair, we've been speaking about democracy and about newspapers from across Canada making the difference to local communities. This is what the coalition is standing for, essentially. Of course, when you look at our businesses, we're talking about 2,500 employees from across Canada who are waking up every day and getting to our local newspapers to provide people with decent, good quality news. We've been doing that for centuries. The paper *le Droit*, for example, we were involved in the community. We were involved in many fights. We did that with *Le Soleil* newspaper, *La Tribune*, *La Voix de l'Est*, *Le Quotidien*, *Le Nouvelliste* all very strong brand names from across the province of Quebec that people are very proud of.

I'm going to tell you something. In five years' time, I'm going to be back with the same coalition, and we'll be glad to report that we're still here, stronger than ever, because I'm sure that ahead of us, the Canadian government will choose to be a partner in making sure that, together, we are going to be able to transform the business model that we have. We did that in the past with the fisheries. I do remember very well because I was minister. We did that as well for the magazines, for the TV, and it's not going to be a never-ending story. It's going to be for a limited period of time. As a matter of fact, we do believe in what we're doing to the point that we have all started to get involved in the digital world.

If you look at Groupe Capitaux Médias, for example, a year and a half ago we were just print. Now we're what we call multi-platform. When you look at the business model that's developing all over the world today, look at the Gannett group in the United States and what they are getting into. It's exactly the new business model that we have ahead of us. We're simply asking you to help us for a brief period of time, because the people that we're fighting against are so much bigger and have so many more advantages than we do, and I do believe that we should take a serious look at amending the copyright law here in Canada, like they're doing in Europe, for example.

Thanks again. We're glad that you have this mandate.

Mr. Seamus O'Regan: Mr. Honderich, I'm somebody who's familiar with your paper, and when I say paper, I mean the *Toronto Star*. I don't read it as often as I used to, but I'm a big fan of Toronto Star Touch. You invested an awful lot of money in that a couple of years ago. I think it was \$25 million at the outset, and some \$10 million a year since.

If I had been listening to the proceedings of this hearing and if I were the patriarch of a newspaper as you are, I would probably do some of the same things. I would make a dedicated online platform that embraced tablet technology and was specific to it, modelled after La Presse+, which Monsieur Nantel brings up as a model time and again, and rightfully so. It's beautifully designed.

I would put money into good journalists, like Emma Teitel or Paul Wells. You may not always agree with them, but they're smart and they know what they're doing. I would invest in big stories. I would invest in newsrooms. If there's any newsroom, particularly in print, I would argue, and perhaps anywhere in Canada, that's most like the film *Spotlight*, it would be you guys.

You had a huge story last night about medical journals. It was on *CTV National News* as well. It sounds kind of mundane but it's a hugely important story. As somebody who used to do morning shows and health news, you would cite journals, and it immediately had an air of authority. We cite these journals all the time when we talk about health, which everybody pays attention to. You have a good investigative report on how they may be discredited through various takeovers. This is important stuff, but you're losing money, and I say that with despair. Don't get me wrong.

•(1200)

Mr. John Honderich: I appreciate your remarks and I thank you for them.

Toronto Star Touch set out to do exactly what you said, to establish, in effect, what *La Presse* had done in Montreal. We worked in close conjunction with them. The collaboration was absolutely extraordinary. When we started that, one argument was that this was something that would only work in Montreal with the French culture, with the French language, and so on.

We felt we could overcome that. I think it's been very successful. Apple rated our investigative reporting as its top digital news operation of 2015. Those stories you referred to are all there. We have three investigative stories on the front page. There's no one else who's doing this kind—

Mr. Seamus O'Regan: I agree.

Mr. John Honderich: But we've been cut by one-third.

In terms of Toronto Star Touch, the competition in the English market in Toronto is so great. People have so many options. I think the exclusivity of *La Presse* in Montreal gave it an added advantage. If you were to ask me—I'm going to volunteer this—who is our biggest newspaper competitor today, I would say it's the CBC. It's spending incredibly on its website—unlimited resources—and it's able to take advertising.

If you want to deal with an issue, you can look at the BBC model, where, in fact, they have exactly the same situation. They built up a huge digital presence, but the BBC is not allowed to take advertising. There's an issue for you to discuss.

You want to look at other options and you raised some of the issues about where to go. The Canadian periodical fund established after the *Maclean's* debacle, is a direct government subsidy for paid circulation magazines.

There's been a tradition that newspapers per se never wanted to get government subsidies. They never wanted to be involved. I can tell you that in Ontario there was a digital tax credit that the Province of Ontario brought in. They have now eliminated it. We certainly took that.

I can tell you that Premier McGuinty decided not to put the HST on the sale of newspapers because of the democracy argument. That's been in place, but there has never been anything full scale, like the support for the entertainment or creative industry across Canada.

The Vice-Chair (Mr. Larry Maguire): Thank you very much, Mr. Honderich.

We'll move to our second round of five minutes and turn it over to Mr. Waugh.

Mr. Kevin Waugh: This is interesting because we've sat here for eight or nine months and blamed Facebook, Google, Apple, whatever. We have to find solutions. We bring out our report in February, and we have to find some solutions.

Print is not like digital, first of all. It's changed. Newspapers were back in the industrial age, if you don't mind me saying so. You probably took longer to transform than you should have, but now you've caught up. I can't spend \$20,000 on that Ford full-page ad that I can get for digital, and that's the issue here. We have all talked about when Ford Canada buys a full page ad in the *Toronto Star*, they're probably paying \$20,000 or \$50,000 for that page.

Mr. John Honderich: I wish.

Mr. Kevin Waugh: Yes, you wish. What is the price, then? That's a good point, John.

Mr. Seamus O'Regan: Hire him. He gets a good price.

Mr. Kevin Waugh: What is the price of a full-page ad in the *Toronto Star*?

Mr. John Honderich: The answer to that is it depends. It depends on whether you're a regular buyer and the plan you might be under. There can be a whole series of plans, but it's not what it used to be.

Mr. Kevin Waugh: Yes.

Mr. John Honderich: When it comes to advertising, there are now an infinite number of places where digital advertising can go. You had this whole thing—

Mr. Kevin Waugh: That's okay.

Mr. John Honderich: It's absolutely okay. It's created this diffuse market. It used to be that we had a protected place. That's quite right. Now it's infinite and it's going elsewhere. That's the free market. That's where we're living, there's no question.

• (1205)

Mr. Kevin Waugh: The free market is when you give former employees severance all across Canada—I see it—and then they open small newspapers, community newspapers. I have one in my city right now that's doing very well. It's called the *Saskatoon Express*. It has come from the *National Post* people who got severance pay. They've opened up a niche and people have gravitated to that.

Thank God, we have some competition in the newspaper business because over the years, as you know, you guys have spread out from Toronto. As Peter has said, you've gobbled up the little ones and now, of course, the little ones aren't as profitable as they once were.

Mr. John Honderich: I can tell you that one of your Saskatoon colleagues, Bill Peterson, set up a whole chain of small independent newspapers, and unfortunately he wasn't able to make it.

Mr. Kevin Waugh: No, he went broke.

Mr. John Honderich: He went broke. He went at it for a while, but he wasn't able to carry it on. I watched that and I thought we might have given him some help.

Mr. Kevin Waugh: Yes, maybe you did.

You made an interesting comment about “less quality investigative reporting”, and it was your first comment. Is that why I don't buy your newspaper? I get tired of seeing the same story in your newspaper and across the country. There's no bite to it, but you did mention there is the odd story.

That's my issue with the newspapers, and maybe on the French side you can talk about it. We do need some competition. We need some investigative reporting. You've taken many of your journalists and thrown them on TV. We see them every night. I wondered about that. Most of your columnists now are either on radio or TV.

Hon. Martin Cauchon: First, you've been speaking about competition. Of course, I do support competition, but we all agree that we support fair competition. When every day we have 200 journalists in the province of Quebec getting into our newspapers to not only try to produce but to succeed in producing fantastic local news, then every day we're paying for those people to make sure that we will maintain a good community life and maintain democracy. On the other side, you have people grabbing your news without paying any dues, and I believe that's unfair. That's all we're saying about that for the time being

Second, I think we're making a difference. As you said, people are getting into the digital world. Indeed they are, but we believe that the new business model that's ahead of us is what we call the multi-platform. You're going to take tablets, and you're going to take smart phones, and you're going to look at the Internet, as well, and you'll take print. They all get involved in what I call the ladder of advertising. They all have a specific role to play. Those that are getting involved in print have a certain target and a certain vision. For those that are getting involved in the tablet, as well, it's different. In the mind of consumers, they don't react the same, so that's why we've chosen the multi-platform.

We're just asking you to make sure that we're going to be able to turn around that business model and that again we're going to have great newspapers across Canada. That's all we want.

When it comes to advertising, I'm pleased with the mandate you received, and I know you're hearing people from across Canada. I look—and we mentioned this many times—at about 10 years ago when \$20 million was invested in our newspapers. Today it's half a million dollars. Those dollars actually went away to people outside the country. They barely create jobs, and they barely create taxes, sir.

If you don't mind, I do believe that if you believe in your mandate, then you should walk the talk. We make the difference for a lot of businesses from across Canada that are putting their ads in our print and digital versions. I do believe that the Canadian government should be proud enough of our culture to stand and keep announcing that in our newspapers. That's what I believe, sir.

The Vice-Chair (Mr. Larry Maguire): Thank you.

We'll turn it over to Mr. Nantel.

[Translation]

Mr. Pierre Nantel: Thank you very much. This is a very good debate and I am very pleased that we had it.

I think that we asked representatives from the lovely GAFAs to come and meet with us so that they can measure the impact of their business on our system, which is stretched very tight. Unfortunately, our clerk has just left, but we will have to ask him why the people from Google, Facebook and those of their ilk are not here today. We certainly invited them, but they must have declined the invitation. If that's not so, they will let me know and they will change the research algorithm when people type my name into Google.

Mr. Cauchon, as we do not have a lot of time, could I ask you to answer as succinctly as you can?

• (1210)

Hon. Martin Cauchon: That will be difficult.

Mr. Pierre Nantel: Mr. Cauchon, you acquired a host of newspapers. You surely knew that the model was changing. But things must have changed more quickly than you thought.

Is that correct?

Hon. Martin Cauchon: When we acquired the six daily newspapers in Quebec, at first it was a business model. At the time, the Gesca group chose a business model for *La Presse+* that, as we know, has been a resounding success. Gesca remains a world leader in the field. I applaud those people because they had the courage to make the necessary investment and develop the product, which is the only one of its kind in the world.

However, the fact is that the Groupe Capitales Médias and the *La Presse+* media were following two parallel paths, and that, as time passed, these paths spread further and further apart.

Mr. Pierre Nantel: Were you expecting such a quick collapse of the advertising framework?

Hon. Martin Cauchon: When I acquired the newspapers, the difficulties were apparent.

Did things happen faster than anticipated? I can speak on behalf of the coalition members and say that the collapse has been brutal.

Again, we must look back. As I mentioned earlier, we decided to develop a number of platforms. For all the newspapers in the group, readership has never been as strong. Mr. Myles, for *Le Devoir*, and the other coalition members would tell you the same thing. The finding is very strong. There is a will, a need and a use.

Mr. Pierre Nantel: You're right.

Hon. Martin Cauchon: This has resulted in a fundamentally unfair situation. I'm in favour of competition, as long as it's fair.

Mr. Pierre Nantel: I understand.

Hon. Martin Cauchon: We're asking to receive assistance for a few years.

Mr. Pierre Nantel: I agree with you.

I have a follow-up question for Mr. Myles. The people from *Maclean's* and Carole Beaulieu from *L'actualité* told me that their readership has never been as strong, but that they've never had as little advertising. I have a hypothesis about that acceleration, but I would ruffle feathers by stating it.

Is it possible that advertising agencies and agencies that purchase seconds and minutes on the television, radio, and so on, receive a significant kickback if they choose digital media rather than the usual advertising service?

Mr. Myles, what do you think?

Mr. Brian Myles: In my view, advertising agencies and their clients must do some soul searching. The client, which is the government, to some extent, says that it has an annual budget of \$20 million and that the agency must provide a return on its advertising investment. Inevitably, the agency will try to opt for the least expensive client portfolio management.

Mr. Pierre Nantel: Do you think it's important meet with these people to hear their version of the story?

Mr. Brian Myles: I think the agency will adopt the mandate of Public Works and Government Services Canada, which manages investments for all the departments. That's where an ethical investment policy becomes important.

Mr. Pierre Nantel: Certainly for governments, but—

Mr. Brian Myles: The instruction must be given to favour national media first and foremost and not to only consider value for money by investing in programmatic advertising on Google and Facebook.

Mr. Pierre Nantel: You used the word “programmatic”, which we've heard a few times.

As a client, the government must undoubtedly adhere to a policy and a vision and establish why it's purchasing the advertising. However, Angelo's Pizza wants the most bang for its buck, and we can't expect otherwise.

That said, the idea is good. Often interests overlap, and those interests are not always expressed. Without putting anyone on the spot, I want to know whether *Le Journal de Québec* and *Le Journal de Montréal* have shown interest in joining the movement you launched yesterday in Montreal.

[English]

The Vice-Chair (Mr. Larry Maguire): You have just a few seconds left.

[Translation]

Mr. Pierre Nantel: Can we let him answer? Okay, thank you.

Mr. Brian Myles: They are welcome to join us if they wish to do so, but it would be up to them to answer the question and justify their absence.

[English]

The Vice-Chair (Mr. Larry Maguire): I know there are more questions. With the committee's indulgence, I'll allow another question. Is it Mr. Breton or Mr. Fergus? Both were interested.

Mr. Pierre Breton (Shefford, Lib.): It's me.

The Vice-Chair (Mr. Larry Maguire): Mr. Breton. Okay, go ahead.

[Translation]

Mr. Pierre Breton: Thank you, Mr. Chair.

Thank you to the witnesses for being here. Your recommendations are very clear and specific, which I truly appreciate.

I represent the Shefford constituency, which includes Granby. Mr. Cauchon, *La Voix de l'Est* covers 100% of my constituency. It's important. The quality information in the newspaper plays a central role in the daily life of citizens in my constituency. Every day, when I walk around the constituency, people speak to me about *La Voix de l'Est* and the local information in the paper.

I don't see how your newspaper could no longer exist tomorrow. Who will speak of the municipal council of each village? Who will speak of the soccer club that won the tournament in Repentigny? Who will speak of local artists who stand out and who want to develop in our society?

Clearly an unfair situation exists with regard to the major players. You don't need to convince me of the need for government intervention to support the various daily newspapers that constitute traditional media for me. The need is clear.

You spoke of temporary assistance or transitional assistance. I want to go back to that. It was vaguely referred to earlier. I heard a reference to two or three years. I want you to clarify this temporary assistance. What does it imply? I don't know whether it was Mr. Myles or Mr. Cauchon, but it was interesting when you said that you didn't want to depend on the government, but that you were in crisis and it was probably the time to help you.

Can you elaborate on this?

• (1215)

Mr. Brian Myles: We're asking for five years of assistance. We think that will be long enough to finish the transition that has already started. Contrary to what people sometimes think, we weren't "asleep at the switch." We didn't wait for the digital revolution to start moving. *Le Devoir* was the first Quebec media outlet to have a website in the mid-1990s. We have all been developing applications.

Hon. Martin Cauchon: It was after *Le Soleil*.

Mr. Brian Myles: It was after *Le Soleil*? So it was the first independent media outlet to have a website.

Voices: Oh, oh!

Mr. Brian Myles: The fact remains that five years of assistance would enable us to continue what we've already started. We have seen the results of ongoing assistance in France, and they have not been good. The government assistance in France is continuous. It's ongoing. It hasn't encouraged innovation. It has reinforced the media's position. We think a request for ongoing assistance would be detrimental and would be frowned upon by taxpayers.

Mr. Pierre Breton: Thank you. I'll share my time with Mr. Fergus, who wanted to ask you a question.

[English]

The Vice-Chair (Mr. Larry Maguire): Mr. Fergus.

[Translation]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Thank you, Mr. Chair, and thank you to my colleague, Mr. Breton.

Thank you to all the witnesses for being here.

My question is along the same lines. I'm a proud subscriber of *Le Droit* and *Le Devoir*, which I receive six times a week. I love that, because we don't have television at home. We listen to the radio and read the newspapers or visit your websites. It's also a way for me to keep track of news developments during the day.

Imagine that the government accepts all your recommendations and provides assistance for five years. Can you tell us how that

would affect the number of journalists working for you? Would it stabilize the number of journalists, or would there still be cuts?

Mr. Brian Myles: I want to specify that no cuts have been made at *Le Devoir*. We are maintaining our employment plateau. We even hired someone. I will soon be announcing the hiring of a journalist to operate our mobile application. We're stabilizing the number of journalists. In addition, when *Le Devoir* manages to break even, it will be a happy newspaper. Our idea of profits is very modest. We also reinvest in our future development.

What would the assistance change? Instead of using our own funds at this time for development, for the user experience on the mobile version and its development, I could create some room to manoeuvre with the tax credits. I know it would compensate for development costs. It would also allow me to hire staff. We're talking about hiring resources for journalism, videos and data journalism. We could also hire developers. We always see the journalist side of things because it's the most visible, and we see the names and signatures. However, an invisible army supports the journalists and consists of researchers, system operators, and others.

• (1220)

[English]

The Vice-Chair (Mr. Larry Maguire): Thank you very much. That's interesting.

I let this go quite a while because I think it's been a very interesting panel. I want to thank the witnesses today for providing such clear recommendations—the number of issues that you spoke on—and supplying the answers to all of these questioners who have done a great job here this morning.

We'll just take a short break while we move to the next witness. As we do that, I'd like to announce that both Google and Facebook have indicated that they won't be able to appear before our panel.

• (1220)

(Pause)

• (1225)

The Vice-Chair (Mr. Larry Maguire): Perhaps everyone could come back to their seats. I'd like to begin this next session.

I want to thank our witness, Mr. Baxter, for being here as the founding editor of iPolitics Inc. We look forward to your presentation. As I've said to other witnesses, there are about 10 minutes for your presentation and we'll do as many questions as we can. We may change the format of the timing to five minutes from seven, if my colleagues agree to that, and maybe then we can have a second round.

Mr. Baxter, I'd like to turn it over to you, please.

Mr. James Baxter (Founding Editor, iPolitics Inc):

Thank you, Mr. Chair.

Good afternoon, and thank you all for having me.

Before I jump in too far, I think it's probably worth my explaining how I moved from an ink-stained wretch to a digital publisher. I started my career in the late 1980s, following my father and grandfather into journalism, initially in radio but soon moving to newspapers and magazines. I was born in 1964, the very last year of the baby boom.

As much as publishers would like you to believe that they've been blindsided by the disruptive effects of the Internet, this downward spiral has been going on my entire career. As a journalist, my job security and that of my entire cohort have been governed by LIFO, last in first out. Journalism was never stable employment for anyone under the age of 50.

Over the decades we have moved from one advertising recession to another, never quite recovering from one before the next one hits. Publishers have known all that time that their model was fundamentally flawed. Very few publishers appear to have taken these warning signs seriously, and then came the digital revolution. For those of us in the news media, this is nothing short of an ice age, a catastrophic change in our ecosystem.

[Translation]

I had the privilege and luxury of spending a year at Harvard in 2007-2008 as a Nieman fellow. At that time, the economic situation was deteriorating in the media industry, particularly in the news media industry.

[English]

Of 30 fellows, 15 American and 15 from around the world, some of the very best journalists in the world, eight of us had been laid off in the previous year.

I use this imagery of an ice age. Why? Because I believe everything that is big and slow-moving will inevitably perish, and that only once the existing media civilization is allowed to perish can renewal truly begin.

I'm not here asking for a handout. I'm here with my hand up, asking you to stop. Fundamentally, I believe that preserving the old media is not an option. I want to suggest that you save your money by asking you not to bail out my competitors.

I also ask that the government stop funding the CBC's massive expansion into digital-only news in markets where there is already brisk competition or the potential for such. The CBC was created with two purposes: to provide a bulwark against American cultural imperialism, and to fill a void in rural areas where commercial news was not viable.

While the CBC has done many wonderful things, it is important to know that from my vantage point it is not some wonderful benevolent entity. It is an uber-predator. Because of the nature of its web content, the CBC is not out there competing with The Huffington Post and CNN. It is competing directly with *The Globe and Mail*, Postmedia, and yes, iPolitics.

Funding the CBC has a profoundly chilling effect on would-be entrepreneurs in this country, particularly when there are no undertakings on how and where that money is going to be spent.

Investors are justifiably reticent to put their money into a market, even when there is a clear void in that market, because of the likelihood that once they prove the viability, the CBC will begin shifting funds there to compete against them. That is the biggest single obstacle to there being a vibrant and innovative marketplace of ideas in the media space.

I am eager to get to your questions, so I'll jump to a lightning round.

I don't believe the advertising market will revive in any meaningful way to be what it was before. Would tax incentives help? Perhaps, but it's a blunt hammer. Subscriptions are the only viable way forward, and that demands that publishers invest in quality. But it requires other things too.

Please, toughen copyright protections—I know you've heard that from the previous group—that come with severe penalties and potentially even community service for serial offenders.

Ban for-profit aggregators, which draw from a very limited advertising pool without generating any original content, and instead encourage competing media to work together.

Require CBC/Radio-Canada to refrain from posting digital-only content. Their content should first be created for TV or radio. This is done by other public broadcasters in the world, including the BBC, and would go a long way towards levelling the playing field.

I am on the record as suggesting as well that any CBC content, because it's publicly funded—video, audio, and digital—be available in real time in the public domain for any other approved new sites to use, as long as certain key branding requirements are met. ProPublica in the United States works this way and ensures their stories are extremely widely disseminated.

I would also suggest that the CBC do joint ventures with for-profit companies to ensure investigative journalism and other comprehensive coverage are sustained and that the CBC's wealth of experience is shared.

For the purposes of news, I would say to focus your attention on public interest journalism. I realize there's no real definition of "public interest", but as Justice Potter Stewart is known for saying, "I know it when I see it." It is the kind of journalism that is community building, that convenes and alerts the population, that is democracy preserving, and that holds those in power to account.

Create a way for charitable foundations to support the creation and dissemination of news and opinion in the public interest. This needs to be done at arm's length and should be limited to only broadly based news and opinion, not to supporting specific causes, as that runs the risk of lobbying.

If you really, really want to spend money, I will admit, as you heard earlier, that the most useful program we've ever encountered was the ill-fated Ontario digital media tax credit, although, as designed, it was far too slow to be useful for anyone who is really an entrepreneur. It was great for the *Toronto Star* and Postmedia, which could wait for the payout for 18 months or for two or three years later, but for an entrepreneur who was bootstrapping, it was not a useful tool. That said, we're not turning away the money. Also, it was very poorly designed, allowing anyone who had a website, whether it was a funeral home or Walmart, to claim against it, and that also made it unworkable.

I'm certain that other ideas will pop up over the course of our discussion. I look forward to exploring them with you.

I look forward to your questions. Thank you.

• (1230)

The Vice-Chair (Mr. Larry Maguire): Thank you very much, Mr. Baxter.

I will turn it over to Ms. Dabrusin—

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): Thank you, Mr. Baxter. That was—

The Vice-Chair (Mr. Larry Maguire): —for five minutes.

Ms. Julie Dabrusin: Then I'll just jump in, because I don't have much time for a prelude with five minutes.

We heard from The Tyee at one of our last meetings. They talked about how much money it had cost to start up. I think it was \$190,000 to start up about 13 years ago. They were proposing we fund start-ups in the digital field.

Do you have any thoughts about what the best structure would be if we were to do something like that?

Mr. James Baxter: Since The Tyee is showing you theirs, I'll show mine.

We've been running iPolitics for almost six years now. We employ 23 people full time, and our entire operation has been funded with just over \$3 million. We travel, at times, to the major conventions. We try to be as much of a presence as we can. We're nimble, and we employ a lot of young people.

My feeling is not that the digital tax credit did this. It rewarded those who invested. It wasn't just free money. It matched you. If you could convince someone to give you \$1 million, and you spent x percentage of that on development and on journalism, they would refund you a portion of that. That was very helpful, and it allowed you to reach scale.

I think creating innovation funds that don't require the hard work of first coming up with an idea, and proving the viability of that idea, is mostly going to end in heartbreak.

That said, I think when David Beers started up The Tyee, he bootstrapped it amazingly well and found a lot of very interesting voices, and has developed some quite good journalism along the way.

• (1235)

Ms. Julie Dabrusin: All right. You talked about how over the course of your career as a journalist there was never any type of job security along the way, so that's not a new issue. But we did hear also, when we were speaking to the reporter from The Tyee—and I'm sorry, I just can't remember her name off the top of my head—that young journalists are struggling trying to find work in the current market.

I have two questions on that. One is on the composition. You said you hire young people. What's the age category? Are you hiring people straight out of journalism school? Are they staying with you for the six years?

Mr. James Baxter: No. Well, I am hiring out of journalism school and out of master's programs particularly, partly because they're the people who are most drawn to covering public affairs.

Hopefully no one else who's heard this before is listening. I've always used the analogy of *Saturday Night Live* in our operation. *Saturday Night Live* takes in young comedians, puts them in a writers' room—some of them are stand-ups; some of them are improv masters; some of them are sort of longer, dry-comedy writers—and they hope magic happens. But each of them is building a bridge to whatever is the next thing, whether that's a movie, a sitcom, or back on the Just for Laughs circuit.

My view of iPolitics was that if nobody jumped into the void that was being created in 2007-08, when Canadian media were really worried about what was happening and started cutting experienced journalists out of their newsrooms.... I went to family members who have supported the Michener prize in the past and said that if we don't create something that employs young journalists and gives them the skills, then when the last remaining journalists leave the *Toronto Star*.... I think when we started, iPolitics had a bureau of at least eight, and is now down to four here. As people leave the bureaus, they're not being replaced. There will be nobody to cover public affairs. There'll be no one who understands how to look at a budget, how to go through an AG's report.

[Translation]

The Vice-Chair (Mr. Pierre Nantel): Thank you.

We'll move on to Mr. Waugh, who has five minutes.

[English]

Mr. Kevin Waugh: You're a breath of fresh air here. Where have you been? Everybody wants to be on the government payroll receiving, and here you are saying, "Whoa, let's stop."

We have talked about that, that industrial revolution here that these guys are.... The *Toronto Star* and all the newspapers want to go back to yesterday, and you've hit it right on.

Yes, yesterday was pigs in the trough.

Mr. James Baxter: It was pretty funny.

Mr. Kevin Waugh: I enjoy your stuff. How are you doing? It says 18 bucks or \$17.50 a month. I enjoy your stuff. I get up early, and you tell me what's going to happen in Parliament. I find you refreshing, to be honest with you.

Mr. James Baxter: Thank you.

Everyday's a slog, but I wouldn't still be doing it if I thought it was a bad idea, that it would never survive. I'm not a glutton for punishment. Our news side in and of itself is not yet profitable. We don't have enough subscribers. We have too much material being ripped and read, and given away. We have some serial email forwarders in the morning who send our morning brief out to 300 of their closest friends.

Mr. Kevin Waugh: The government does that. They just found black stock.

Mr. James Baxter: There's that too, but in our case the government buys a site licence and they've.... We have no complaints with the federal government sending it around, but there is a government, a provincial government out there, that has one subscription, and yet we get many emails back complaining about things that may or may not have been in the coverage. Clearly, more than one is seeing it.

I could pull my hair out worrying about that. I would like to see stronger copyright measures, or if you opt for the side of funding, then only fund original content creators, and anyone who ventures into the aggregating role would not be eligible. You could do different things like that.

• (1240)

Mr. Kevin Waugh: We often talk about the Internet. The quality of journalism is not as high as regular newspapers. What are your thoughts on that?

Maybe the public doesn't mind that. Let's start there. You have 23, you said. Many of them are young. Many of them are starting out. They're not as experienced as others across this country, but you know what? Maybe around here that's okay. Maybe in the country that's okay.

Mr. James Baxter: I should be clear that I have 11 full-time reporters, and there are other editors and columnists. I don't have 23 reporters. I wish I did.

Mr. Kevin Waugh: You'd have a lot of people, a crowd.

Mr. James Baxter: Then I'd be answering your question by saying, "It's going really really well."

Mr. Kevin Waugh: Yes.

Mr. James Baxter: The Internet is a funny beast. Readership surveys seem to suggest that the ideal length for stories is either 200 or 2,000 words. There is no traditional 650- to 800-word newspaper article, and in fact, newspapers don't write the traditional news articles anymore either.

The attention span of the average person for the average news item that's not thrilling, doesn't have a huge appeal, or is not some kind of very insightful piece, whether investigative or that sort of thing, is about 200 to 300 words, and then they move on.

You're right in saying journalism at that level is becoming quite superficial, but that is as much at the reader level.... You give the

people what they want, to some degree, and then hit them the next day with a little bit more and little bit more. The story can go on longer, but you don't get the same sort of fullness of coverage. I agree with you.

Mr. Kevin Waugh: Do you see this as a growing industry? Let's start there. The Internet is funny, right? You come and you go. I've seen a lot of operations go faster actually than they started up. Do you see the trend continuing or what?

Mr. James Baxter: I see the trend continuing throughout the entire economy. We are in the phase of creative destruction. As we're seeing with so many things, Uber and others, the destructive phase is painful and the wealth creation has not yet followed. That only comes when people see opportunity and jump into a vacuum. Any efforts to hold back the Internet, which is—

The Vice-Chair (Mr. Larry Maguire): It's painful for me to jump in, but—

Mr. James Baxter: No, that's fine. I'll leave it as my economics lesson. We're in the destructive phase of creative destruction.

The Vice-Chair (Mr. Larry Maguire): Mr. Nantel.

[*Translation*]

Mr. Pierre Nantel: Thank you, Mr. Chair.

Mr. Baxter, do you want to continue your brief conclusion?

[*English*]

Mr. James Baxter: I think there is plenty that will happen when the dust settles, but it's going to be the next generation that takes it forward. It's not going to happen this year or next year, but we do need a clean field to get there. Sorry, that's it.

[*Translation*]

Mr. Pierre Nantel: Perfect. That's what we're here for.

I see iPolitics a bit as a trade journal. It includes farmers magazines and politicians magazines. It's your field.

Do you know the areas of interest or occupational backgrounds of your subscribers? If so, does that explain why, even though your field is very specialized, you still have a business model that works?

Mr. James Baxter: My French is very rusty.

• (1245)

[*English*]

Mr. Pierre Nantel: You can speak English. Did you understand the question?

[*Translation*]

Mr. James Baxter: I understand everything, but I'll answer in English.

[English]

When I first began looking at Politico in Washington, I met with some of the founders there. They said their goal was to be the ESPN of politics. By that they meant print, television, digital. They saw the niche as politics, and they're agnostic about the platform.

I came here with that idea. In a brief year, or even six months, between that conversation and arriving here wondering if this could work in Canada, everything in the industry started pointing to being even more granular. The verticals have to be even narrower. I now use the analogy of being *Baseball America*. I don't know if you're familiar with it, but *Baseball America* has statistics on single A baseball players playing in Topeka, Kansas, and that sort of thing. For the real baseball fan, that's where they'll go. They don't bother with *USA Today*. They don't bother with the local sports page.

If you look in the business world, there are three winners, essentially. There's *The Wall Street Journal*, the *Financial Times*, and Bloomberg. If you look in the entertainment world, at the business level it's *Variety*, and at the titillating level it's *TMZ*. So you need to be a specialist in what you do.

The typical reader now has a trapline of five or 10 things they check every morning. I'm very happy to hear that we're part of your trapline, because being able to move up that trapline brings you up in relevance.

Mr. Pierre Nantel: It reminds me that the issue is especially urgent for generalists. Would you say that your model can apply to generalist media?

Mr. James Baxter: No. I might be hated for saying this out loud. When we first launched, we had discussions with a number of well-known media companies, and this was when I came back from Nieman, which is in Boston. But the lesson I had learned was, whether you're the *Star*, or *The Globe and Mail*, or any of the Postmedia papers, you can't be all things to all people. You could take "Star" and be "Star Sports", and that would be a national brand. You could have "Star Toronto", and have that be focused intently on Toronto politics, Toronto who's who, and that sort of thing.

People want specificity, and they want to be able to pick and choose. We're so far behind in that. Coming back to the CBC it's one of the great.... Their biggest weakness is that they are hamstrung to one website, trying to give news in Kelowna, Toronto, and Halifax. It's a cumbersome, horrible news website that you're trying to update.

Mr. Pierre Nantel: Now you are addressing another layer. They are into information, but there is geographical dispersion.

Mr. James Baxter: Exactly, yes. No matter what, there is no specificity to what they are doing, no granularity.

The Vice-Chair (Mr. Larry Maguire): Thank you.

We'll move to Mr. Vandal for five minutes.

Mr. Dan Vandal: Thank you very much for your presentation.

Believe it or not, my first question was going to be, how concerned are you about the problems that traditional media are facing? We've heard a lot of presentations here from traditional media, and you have made that very clear.

Talk a bit about your sustainability. I know you said that big and slow is going to be antiquated, or is antiquated, but my experience has not been exactly that. Big and slow is difficult, and nimble and red hot is riskier. Talk about your sustainability—not you specifically, but your industry.

Mr. James Baxter: I come from a bit of a culture where failure is not defeat. Lots of things will be tried, and lots of things will fail, and that's okay. I think you need a bankruptcy act that is gentle on entrepreneurs who have tried to do something in this space. The American culture of entrepreneurship and failure is one we should draw on, because in order to find out whether something works, you have to make some mistakes. If I could start iPolitics all over again, I'm sure I could probably do it on less money and not make the same mistakes I made along the way, but they have been fantastic learning opportunities. Where possible, I have been mentoring and trying to help other people get started as well.

As I said at the beginning, I think that, as hard as we try, and as much as it might make our hearts weep, they are not going to survive. There is no indication anywhere in the world that big is beautiful in the media business. You need to get local. You need to create scarcity in your particular area, whether it's a geographical scarcity—your local rural paper—a demographic scarcity, or an expertise. There needs to be something that defines you as special so that people have to go to you.

When they have to go to you, they will actually pay for it. This is another problem, when you just throw stuff out there. The CBC gets money from the cable fund and from the government, so it goes, "Ha, we don't need subscriptions." Well, how do we know whether it's even useful information? They just throw it out there. Then they swing around, and the big tail of the T. Rex wipes out everything that's standing behind it.

• (1250)

Mr. Dan Vandal: Yes.

Where does your revenue come from at iPolitics?

Mr. James Baxter: At this juncture, we are about 60:40 subscription. The subscription is about half from individuals and half from the Government of Canada, the Government of British Columbia, the Government of Alberta, large law firms, and that sort of thing.

Mr. Dan Vandal: What about advertising?

Mr. James Baxter: It's about 40%.

Mr. Dan Vandal: Do you have any Canadian government advertising?

Mr. James Baxter: We do not. I think the only time we did was in the 2011 election. I am trying to remember how we worded the policy. It was things like Elections Canada, which have a public service message. The culture of the government had turned so much that any advertising seemed partisan, so we decided just to have a blanket refusal of it. That said, I'd like to say we had the choice more often than not. We didn't. No one was calling us.

Mr. Dan Vandal: You mentioned public interest journalism. What is your recommendation to us, once we wrap up our report and make some recommendations, on what we can do to encourage more?

Mr. James Baxter: There are a lot of people and a lot of foundations.... You can look at what's happening in the U.S. There are some very interesting funding models for groups like GroundTruth, which is a foreign correspondence network based in Boston. There is ProPublica, which does investigative journalism and also instruction. It teaches young journalists to become investigative journalists.

Those types of innovative projects are available to us, but the clamping down at the CRA on the definition of charities and what they can or can't do.... Well, some of it is absolutely legit. There were some serious—

The Vice-Chair (Mr. Larry Maguire): I'll get you to wrap up, Mr. Baxter.

Mr. James Baxter: You want to keep the advocacy out, but I think if there are people who can get into it, they should, and the government could match that if it wanted to.

Mr. Dan Vandal: Thank you.

The Vice-Chair (Mr. Larry Maguire): We'll go to a round of three minutes for Mr. Van Loan.

Hon. Peter Van Loan: Talk of limiting a subsidy to the CBC is invigorating to some over here.

I'm trying to understand something, and you could give me the arguments for it. You say you don't want the competition. How is that any different from the competition on the regular broadcast side that they gave to other broadcasters over the years who faced that unfair subsidy? What's the policy rationale behind it, and what are the impacts in terms of local coverage? How would that help us get better local coverage in far-flung remote corners of the country or even in places like mine, which CBC ignores these days?

• (1255)

Mr. James Baxter: I'm not here saying you should pull back the cheque. I'm saying that the unfettered CBC will take money and it will plunk it close to the manager to whom it's assigned. That will be people in Toronto, people in Ottawa, or people in Vancouver, and it will not get out to your areas. I couldn't agree more.

My other feeling is.... It's not a feeling; we see it every day. The CBC management is graded on all the same metrics that a commercial media manager would be: page views, revenues, various entirely commercial metrics. I think that is a problem for us, because they're going to look around and say, "How do I make sure I get my bonus? I'll just squish this bug over here." That is what they do. I can't blame them. That's how it's set up.

When it comes to the broadcast, I don't want to fight Izzy Asper's battles for him. He made his case. They did instead manage to get reductions in Canadian content and things that served their purposes. In our case, there's no chasing the CBC out of digital, but it's perfectly reasonable to have the same kinds of undertakings, which is to say that digital coverage has to be in a place where there is a scarcity or there is unlikely opportunity for competition. I think that would be my take on the CBC. I'm not saying don't cut them a

cheque. I'm just saying cut it with pretty clear parameters regarding how they're allowed to use it.

Hon. Peter Van Loan: What are those parameters?

Mr. James Baxter: In the digital space, it should be put in rural markets where there is a lack of resources being put by Metroland and others. I would also say don't take advertising. Give them enough money that they don't have to come in and take our advertising. I would say charge a nominal subscription. They're allowed to put basic news upfront maybe, but for any of their in-depth stuff, why is Chris Hall's opinion allowed to go out for free when the rest of us need to pay Michael Harris and Brent Rathgeber and others to—

Hon. Peter Van Loan: You don't have to pay them.

Mr. James Baxter: Well, we do have to pay them. Realistically, they do have to be paid.

Hon. Peter Van Loan: [*Inaudible—Editor*] you're not paying those guys.

Mr. James Baxter: It's not a competitive market. The CBC gets money from the cable fund. They get money from you, and they get money directly from the GR.

The Vice-Chair (Mr. Larry Maguire): Mr. Nantel, we'll move to you for three minutes.

[*Translation*]

Mr. Pierre Nantel: Is Mr. Rathgeber one of your contributors?

Mr. James Baxter: Yes.

Mr. Pierre Nantel: At the last meeting, I was struck by what was said by the people from *The Tyee* magazine, a type of non-profit organization that produces news.

Mr. James Baxter: What is the name of the magazine?

[*English*]

Mr. Pierre Nantel: It's mostly a not-for-profit movement in information. It might be because I am nostalgic, but I wonder if I should rely on goodwill. Nothing is free. If the person is there for goodwill, then there is probably some other price I will pay somewhere. So I'm asking you this. I see Tasha Kheiriddin, for example, on your list of contributors. Is she there as a contributor because she thinks your cause is worth contributing to? Or is she so well paid that she wants that job again and she wants to add this task to her workweek?

Mr. James Baxter: Tasha is a good example. She is paid for her column on a weekly basis, and she does one for us and one for the *National Post* at the same rate. She also has a radio show. She's stringing together a life, a little bit here, a little bit there. The term in the news business is "stringers". You get pieces of string and you eventually pull together a rope. That's how you build a career in most modern businesses. I've been a freelancer far more than I've been gainfully employed in a newsroom. That's just the nature of the business.

• (1300)

Mr. Pierre Nantel: I agree with you when you describe yourself as one of the last baby boomers, not having all these things our fathers and mothers had as far as security goes.

May I ask you, what precisely are you looking for in the copyright bill? Are you one of the few who can explain to us precisely what is the issue in the copyright bill?

Mr. James Baxter: Everything is the issue. I'd like anything that makes it harder for people to take not just your words—we know plagiarism is direct copy—but the essence of your work and represent it as theirs. This is done by a great many big and extremely

profitable operations, but they're profitable because stories are often sent maybe to Bangalore, which has huge banks of very capable journalists. They're paid to take the story and rewrite it and then they put it up as theirs. That's copyright infringement in my view.

I would welcome anything you can do that disincentivizes people from reading something and saying they could put out a version of the same thing that would be just as good or better and make them some money.

The Vice-Chair (Mr. Larry Maguire): Time is up.

I want to thank Mr. Baxter for being here with his non-conventional view that we have not traditionally heard. Thank you very much for your presentation and for being here today, and my thanks to our members for asking their questions.

Mr. James Baxter: Good luck to you in your operations.

The Vice-Chair (Mr. Larry Maguire): Mr. Van Loan, I'm sure you have a motion to make.

Hon. Peter Van Loan: Adjournment.

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