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Chair

Mr. Gary Schellenberger

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•(1105)

[English]

The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)): Enough hockey; enough hockey right now. Remember, we're only halfway through the playoffs.

I call the meeting to order. This is the Standing Committee on Canadian Heritage.

This is meeting 15 of the Standing Committee on Canadian Heritage, held pursuant to Standing Order 108(2). The orders of the day are the study on the emerging and digital media: opportunities and challenges.

This morning, for the first hour, we have two gentlemen as our witnesses: Tom Jenkins, executive chairman and chief strategy officer from Open Text Corporation; and, from Score Media Inc., John Levy, chairman and chief executive director.

With that—

Mr. Pablo Rodriguez (Honoré-Mercier, Lib.): Mr. Chairman, as a point of information, are we discussing motions today?

The Chair: No, there are no motions today.

Mr. Pablo Rodriguez: Thank you.

The Chair: Mr. Jenkins, go ahead if you would, sir.

Mr. Tom Jenkins (Executive Chairman and Chief Strategy Officer, Open Text Corporation): First of all, thank you for inviting me to come and speak before you.

Looking around the room, I don't think any of you know me, and I don't know you either, because I don't come from the cultural world, per se. I'm a Canadian but I'm an engineer, a techie—one of those digital guys—and I've spent most of my career working in the digital world.

The company I'm part of is located in Waterloo, but it's based in many other centres throughout Canada. It's Canada's largest software company. What's interesting about that is not that we're a software company, but I've spent most of my adult life outside of our country; we're a billion-dollar firm, but 95% of our revenues come from outside of Canada. So we're a so-called 5/95 company.

I've spent probably the last 25 years working in the Internet to enable a lot of other cultural industries and nation-states and what have you. We make software that probably about one in three people use every day on the Internet. We make it for companies like BMW or the BBC or FOX News or Canal 5, etc., so we do this throughout the world.

That led me to getting more engaged in Canada, because a few years ago I realized that when it came to digital technologies, Canada was not adopting them as rapidly as I was seeing them being adopted elsewhere in the world, or in the different ways that were occurring elsewhere. So I got involved with several initiatives, one being a federal centre of excellence that was created two years ago, called the Canadian Digital Media Network. It was a so-called CECR, a centre of excellence for commercialization and research. The idea was to bring together all the various types of organizations in the country—from universities to private sector to public sector and so on—to start talking about this and start sharing research and what have you.

Perhaps the most compelling thing that's occurred in the short time since this centre was created is that it has run two national conferences. I've just come from the second conference, called Canada 3.0, held in Stratford just in the last two days. What I found very interesting—and I hope this will give everyone on this committee encouragement—was that it was like going to Woodstock; not that I'm old enough to have gone to Woodstock, although I'm almost old enough. There were many passionate Canadians there. There were 2,000 people there. The first year we were expecting 500. This year we expected around 1,000. We had so many people come, and yet we had not really advertised this conference, not through all the normal means. It was certainly adopted virally. We had a lot of people come.

I thought I'd share with you some of the things I heard. The sharing is just to give you an idea. There will be more fundamental documentation available to you as well, but the conference occurred just 48 hours ago. However, in keeping with the digital media theme, the viral or virtual aspects of the conference were available to all Canadians. We had more than 2,000 people participate online. If you want to go through the tweets right now and the blogs and what have you, you're welcome to do that. All the videos are up on the various sites to do with the conference.

Formal documentation will be created in three waves. Neither I nor the Canadian Digital Media Network is advocating anything. We're just trying to have a conversation about the impact of digital. In terms of the three waves that you'll see, in the next few days the conference chairs are going to create a communiqué that will be published for everyone to see, which will basically summarize what I hope to summarize for you right now. In about a month's time, the group will provide a written summary that's more fulsome, about 40 pages, that summarizes all the debates.

Just to give you an idea, there were 2,000 people, and they were broken up into five session themes, and there were session chairs who ran each of the session themes. So it was a very collaborative conference. You'll see that if you have a chance to read all that stuff.

Finally, there is a virtual site to which there are more than 3,000 people blogging and collaborating in a social media context—sort of like a Facebook—about the impact of digital on the country from a whole variety of perspectives. Just to give you an idea, of the 2,000 people who were there, there were 500 youth from either the university or high school level. Of the remainder, about one-third was from the public sector, one-third from the private sector—that's from the creative community and the like, toolmakers and tool users—and then one-third from the public sector.

Among the things that were debated was the issue that people generally thought our country needs a goal that encapsulates digital as a means of delivery. We've—maybe clumsily—referred to it as a “moon shot”. Some of the people at the conference said that's an American reference, and maybe this should be “beyond the next spike” or something like that.

The point is that to captivate all Canadians in this and to really explain to maybe the non-digitally literate, it would be wise for us as a country to have a goal. What that goal might be is something open to debate, obviously, but we did talk about some of the things that might be in such a goal.

The other thing that was interesting about this conference was that there was a measure of frustration—these are people who obviously are already very engaged in the digital world, which is why they came—and there was a lot of optimism about the opportunities for the future. So it was a mixed bag.

The other thing I found very interesting in the group was if you're under 25 years old now, you don't measure yourself perhaps the way the above-25 do. They have a very interesting split of being Canadian but also global. Again, I'm not a social scientist, etc., but it's a fascinating thing that you could easily notice in this conference that they have a different perspective perhaps from the over-25 crowd.

The other thing that became very clear is there are new and old business models that are completely in conflict with each other, the so-called long tail of how to recoup any kind of endeavour, whether it's cultural or any other. These business models are different and there is a transition, and it's a pretty brutal transition.

There was a great concern at the conference that if we didn't act soon on some things we would become a digital colony, and a colony not unlike the country experienced maybe 40, 50 years ago prior to the formation of the tri-councils and all the efforts that were made during the 1960s and 1970s. So there's a great angst about that, because one of the great data points we had presented to us is that depending on how you measure it, between 1% to 4% of all the content in Canada is digital, and that means either 99% or 96% is not. That's something I've noticed as I've travelled the world. Other nation-states have pretty substantial digitization efforts under way and we do not. We are not going to pass on our culture if we do not have it digital. If you're under 25 and it's in a book, you don't read it. You go online.

We have some great debates about connectivity in the country, but if we're just simply connecting to content outside our country, maybe we have to think about our goals a little bit more.

Digital literacy had no debate at all. It was clear: we need a program of digital literacy, very much in the same way that we would have thought of literacy 100 years ago as we moved from the farms to the cities and started to require people to become knowledge workers and to be able to read.

There was a big debate on the goal, about whether the goal's aspirations should be about economy or about our country as a nation. Again, it was a debate, and I think it was a fascinating one.

Something that I think you might find interesting, because I know you have a cultural focus, is that unlike other efforts...and this perhaps is the most important thing to remember, if anything, from anything I've told you. In the past, when we had radio signals or TV signals, you could discriminate what was cultural against what was business, etc. Take phones; you could maybe torture it and say they were both cultural and business. In the data world, with digital bits and bytes, if I'm sending an accounts payable invoice, or if I'm sending a song, it's on the same conveyance.

This goes to the heart of productivity and our country itself. How do we organize ourselves digitally? It's not an easily defined thing. Perhaps that's the greatest challenge with digital: it impacts everything. There is just not one part of our socio-economic structure that is not being impacted by this. So it is very much a centre-led type of thing, and I think that perhaps is one of the great challenges.

•(1110)

Along with productivity as a benefit, at the conference everyone talked about health care, and how health care in general in our country could benefit greatly by the adoption of digital.

The last thing to leave with you is this. There did seem to be a consensus among people that there were three themes that needed to be dealt with in the digital world and how it impacts culture. It came down to connectivity, content, and collaboration. They were cute to use three Cs, but what they meant by it was that, first, connectivity refers to speed and the fact that it's available; content refers to digitizing something or else it just does not exist in this world; and collaboration refers to the ability of people to have access and to have the digital literacy to be able to make use of those tools.

I'll stop there. I'd be happy to take any questions about these activities and my experiences.

•(1115)

The Chair: Thank you for that.

Now we move on to Mr. Levy, please.

Mr. John Levy (Chairman and Chief Executive Officer, Score Media Inc.): Thank you very much.

Just to start out, I'm not a techie, I'm a sports guy. What's interesting is that Tom and I just found out that we live in the same neighbourhood. Tom works out of Waterloo—and lives there as well, I presume—and I'm from the city without a hockey team, being Hamilton. We did have some connections there, because one of the other guys in his neighbourhood almost brought a hockey team to Hamilton, which we probably all remember.

So it's nice to see sports shirts in this room.

An hon. member: Especially the red ones.

An hon. member: Hey, easy.

Mr. John Levy: Listen, I'm from Hamilton, so I don't really care about the blue ones either.

Voices: Oh, oh!

Mr. John Levy: So good morning, members of Parliament and committee staff. My name is John Levy, and I am the chairman and CEO of Score Media Inc.

I'm here to talk about developments in emerging and digital media, how they are affecting Canadian cultural industries, and what federal institutions can do to assist Canadians and Canadian cultural industries to benefit from these developments.

Before I do so, I'd like to tell you a little bit about my background and about Score Media, because it's entirely relevant to why I'm here today.

I'm one of the few people in the Canadian communications industry who has had the privilege of being both a small cable system operator and a small broadcaster, thus bringing a unique perspective to this hearing. Before founding Score Media in the late nineties, I was the controlling shareholder of a company called Cableworks Communications, which was one of Canada's first cable TV systems. Cableworks was in fact founded by my father in 1959, and it grew to serve over 65,000 subscribers in the Hamilton area. I literally grew up in the Canadian cable and broadcast industries, and experienced first-hand the growth and transformation that was spurred by the introduction of specialty and pay-TV services and new technologies, including microwave transmission, fibre optics, and satellite communications.

At Cableworks, we were also one of the first Internet service providers. We launched a dial-up ISP business to prepare for the rollout of high-speed Internet over cable, which has become ubiquitous in less than a decade. As I will discuss later in my remarks, the proliferation of Internet access and the resulting ability of individuals to connect and share content instantaneously is, in my view, the most fundamental technological shift we will ever experience in our lifetime.

At Score Media we have invested heavily to make sure we are present and relevant at every important media platform, because that's largely where our 18- to 34-year-old fan community lives. Our core assets include The Score Television Network, which is a national sports, news, and information specialty service available in 6.7 million homes across Canada; Hardcore Sports Radio, which is a sports talk radio channel distributed across North America on Sirius satellite radio; and Score Media Ventures, our digital media division

that operates our website, thescore.com, our mobile applications, which we're going to talk a lot about, and our interactive TV applications.

While we've enjoyed significant growth from all of our new platforms and from our TV network, we are particularly proud of our mobile application. In June 2009 we launched ScoreMobile for BlackBerry smartphones, a product that has significantly propelled our brand both at home and internationally. A huge success in North America, with over 70% of our ScoreMobile users now coming from the U.S., our BlackBerry edition of ScoreMobile now has over two million downloads, which is a significant milestone for a Canadian corporation playing in this highly competitive industry. In fact, ScoreMobile on BlackBerry is currently the number one free sports application on BlackBerry anywhere in the world—and we're obviously very proud of that.

We have also had great success with our iPhone application, which has generated over a million and a half downloads since we launched it in July 2008, with over a third of these downloads coming from the States.

Combined, the applications generate—this is how we're measured, and this is how we sell advertising, which we'll talk about in a second—more than 1.3 monthly unique visitors, and we have over 50 million monthly page views.

Our new media platforms are an integral part of our operations and of our growth strategy. We very much consider them as independent platforms for growth in their own right, both inside and outside of Canada.

● (1120)

In addition, from a financial perspective, our revenue growth is reflective of our focus on these platforms as meaningful businesses. Nearly 10% of our advertising revenue is currently generated through our new media platforms, and we expect to grow and accelerate these exponentially in the years ahead. Our new media platforms are also meaningful, positive contributors currently to our operating profit.

We're an innovative company that is constantly moving and changing to stay ahead of the curve. In order to compete both internationally and globally, we have chosen to focus on digital and emerging technologies as the touchstone for our growth strategy.

I've taken the liberty of looking at a couple of the questions that were asked, and in advance of questions, I'll try to respond to some of them.

First, how are developments in emerging and in digital media affecting the Canadian cultural industries? Of course there are countless ways in which new media affects all industries, but we believe that the most important of these, with respect to Canadian cultural industries, is that technology has democratized the distribution of knowledge and of authority.

It is axiomatic that the barriers to entry for content producers have been eliminated. Anyone who has a desire to become an expert online and develop an audience can do so without a need to convince a traditional middleman—i.e., the broadcaster. That person can directly access his or her own audience and build trust and authority independent of mainstream media. This is unprecedented in modern history.

The key is for cultural businesses and industries to find ways to take advantage of these opportunities that afford this opportunity, rather than remaining mired in old models. For example, The Score has leveraged this phenomenon by using the Internet as a discovery mechanism for new and emerging talent. Some of these examples are The Basketball Jones, which is a group of four comedic basketball experts who have developed a substantial online following for their clever, cutting-edge video and podcasts; Paul Brothers, an individual who won a contest we ran called “Drafted”, which was an innovative cross-platform search for Canada’s next top sportscaster, and we did this in partnership with Procter and Gamble; and lastly, the bloggers in The Score Sports Federation, which is an aggregation of the best sports blogs all across this country.

These individuals, whose offerings now form the core of our web content, were brought to The Score because they used the Internet to grow their own brand and their own profiles. The reality is that we, as the broadcaster, need them more than they need us; I hope they aren’t listening to this. But this represents a fundamental shift in the balance of power and this is why we say that knowledge and authority have become democratized in a totally whole new way. This shift must be recognized and in fact embraced by all cultural institutions. Any institution that does not embrace the web as a wide-open democratic playing field will, we believe, quickly become irrelevant, and those who have learned to how to maximize the opportunities afforded by this new openness will take their place.

New technology has transformed media into a utility. Specifically, technology now allows media to be manipulated and shared. Traditional media that, via passive consumption, cannot be manipulated is quickly losing its appeal to today’s audiences. For example, the Internet is a perfect environment for reward and response. At our company, we can track who “fans” us, who shares the content the most, and which Score talent has the most engaged followers. Technology turns media into a two-way conversation. It’s a current. Our fans can become talent, and our talent become our fans. This, again, is a phenomenon that needs to be embraced by cultural institutions if they want to remain relevant.

Finally, we would like to comment on the policies that the federal government might adopt to help Canadians and Canadian cultural industries benefit from developments in emerging and digital media, and we’ve talked about this in front of our regulator, the CRTC.

Specifically, we believe that net neutrality must be a cornerstone of the Canadian communications and regulatory policy so that a level playing field exists for all content producers, whether they’re vertically integrated with Internet service providers, ISPs, or not.

As a small, independent Canadian sports player, we have learned how to be nimble in a business where our competitors are huge sports media giants and vertically integrated distributors, and with

businesses where sports leagues often hold most of the bargaining power to operate their own platforms.

In this environment, our success has come from respecting our audience, tapping into communities, and providing honest, authentic content. But we would have had no opportunity to succeed if we didn’t have access.

•(1125)

When life began for The Score over 10 years ago as a speciality service, it was the CRTC’s access and must-carry rules that ensured that this upstart sports network had a chance to find its voice. If our right to carriage 10 years ago had been left to the discretion of the BDUs, the distributors, this independent voice would not be participating at this hearing today.

In the new media world, the organic and explosive growth of the Internet has created an environment where small companies like Score Media can, with a little creativity, create a global business. Anyone anywhere with access to the Internet is a potential fan. However, as they say, the more things change, the more things stay the same. Today, again, access is critical to survival. In recent years, the power to grant access to the Internet has become increasingly consolidated in the hands of a select few. These ISPs have the power of life or death over every content creator who relies on the Internet to access the users. Many of these ISPs are integrated with content providers, and they have every incentive to use the power they have.

In conclusion, our goal through this presentation was to give some insight into our experiences with emerging and digital media and how we might help foster innovation within Canada.

In summary, our recommendation to the federal government is simple: embrace the democratization of information and authority that the media engenders, and please help keep the Internet open. We are very concerned about the ability of Internet and wireless service providers to act as gatekeepers, either because they are vertically integrated and have an incentive to prioritize their own content, or because they are partnering with major media players and providing preferred access. If we seek diversity of Canadian voices in new media, the Internet cannot become a pay-to-play zone.

Thank you very much. I’d be delighted to answer any questions.

The Chair: Thank you very much for those presentations.

We don’t have time for two rounds of questioning this morning. What I will do is allow seven-minute questions, and perhaps you’d like to share them amongst yourselves.

First of all, Mr. Rodriguez, I’m giving you seven minutes for questions and answers.

[Translation]

Mr. Pablo Rodriguez: Thank you, Mr. Chairman.

Thanks to the witnesses for being here today.

Mr. Jenkins, I'm going to ask you a general question. Which of all the changes that are occurring at a dizzying pace are the main ones that will affect the media world?

[English]

Mr. Tom Jenkins: Again, I'm an observer of the media world, and he's in the media world.

As an observer of the media world, the single biggest thing I see across every country, everywhere I go, it doesn't matter where—Europe, America, Asia—is that the media companies are grappling with what we call the “long tail”. This means that when you sell advertising in the newspaper, you get so many hundreds of thousands of dollars, or \$10,000 or whatever...or advertising in TV. But on the web, the long tail refers to the eyeballs that you get for many, many years from that content, and the digitization value is very small.

This is a huge issue for all media companies—all of them. It doesn't matter what regime or what regulatory environment they're in, this is a huge change in the business model.

That's easily the biggest thing I've been able to observe as a toolmaker to the media people.

• (1130)

Mr. Pablo Rodriguez: Mr. Levy, quickly.

Mr. John Levy: I just think everything is upside down. There are no gatekeepers anymore. The end user has complete control of the situation now. Unless those who are facilitating this embrace that, they're going to become redundant. What will happen is the same thing that happened in the record industry, where one minute they thought they could control how people were going to listen to music and what music they were going to listen to, and the next minute those companies were broke. The same thing's happening in the broadcasting industry.

[Translation]

Mr. Pablo Rodriguez: Do you two think that we in Canada have the necessary labour force and capacity to train the next generation?

[English]

Mr. Tom Jenkins: Let me first say yes, absolutely we do, but let me then qualify it. We are very fortunate in Canada that we have a very sophisticated.... I don't know how to describe it any more than to say that we have a very sophisticated people. They are as good as anyone in the world. And I know all the people all throughout the world doing this; our people are very good at this, so yes. However, we have many challenges in our country to give them the tools by which to further and keep up. We are a huge country and very sparse, so many of the issues we have are about access. A country like Singapore has a very simple model. If we were just all aggregated together within 10 kilometres of each other, it would be a simple story.

So we have the people, but our challenge is that we need the leadership from the centre, from government, to overcome some of the inherent challenges we have with the tools. Digitization is a big issue. You can be digitally literate, but if we do not have a program to get what makes us Canadians online—

[Translation]

Mr. Pablo Rodriguez: With your permission, that leads me to my next question. You mentioned that between 1% and 4% of our content is digitized. That seems very low to me. Exactly what are you referring to?

[English]

Mr. Tom Jenkins: This was a study done as part of the Canadian Digital Media Network and Library and Archives Canada. It is basically the repository of the country. In our country, by act of Parliament—again, I'm not an expert on any of this—after World War II in the early 1950s, we had to microfiche everything that was produced in the country, whether it was books, newspapers, etc., and we started to build an archive. A fantastic archive was built. The trouble is that it's an archive of yesterday. It's not an archive available to our children or to the very same people we are talking about who are digitally literate. We need it updated.

[Translation]

Mr. Pablo Rodriguez: If we compare ourselves to other industrialized countries, we have ground to make up. That's what you're saying.

[English]

Mr. Tom Jenkins: There are many opinions on this. Are other countries launching digitized efforts?

First, let me say that the other countries have the same problem we do. They're facing all these issues. Are they a few years ahead of us or a few years behind us? It depends on where they are. You could say Digital Britain understands it, you could say the Bibliothèque nationale de France understand this very well, the Germans understand it, under the Obama administration they've started to make moves on this.

I can't give you a specific credible benchmark. They all have this issue. Some of them are starting to move on it.

Mr. Pablo Rodriguez: Mr. Simms also has some questions.

• (1135)

The Chair: Mr. Simms.

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): Thank you, Mr. Chair.

Thank you to the guests.

Mr. Levy, first of all I want to say congratulations on acquiring a young gentleman by the name of Paul Brothers. I grew up with the guy. He's from my hometown of Bishops Falls. I just thought I'd throw that in for Paul.

It's a unique situation that you're in. I think it is. And I used to work at the Weather Network, Pelmorex. I would assume that you are like them. You're this small entity among a sea of bigger fish. But it seems to me—I'll make an observation and you can agree or not, or maybe add to it—that it's almost like you've discarded the notion of being a broadcaster as opposed to creating a special relationship with a particular consumer. Maybe you can call it “e-casting”—I don't know what you'd call it—but you've created a relationship with a particular consumer by way of this, television, all platforms that are there. However, 10% of your ad revenue is from new media. It's a bit risky, isn't it?

Mr. John Levy: Quite the contrary; it's just the beginning. I mean, 18 months ago that 10% was 0%, and 18 months ago I didn't have 1.4 million unique visitors coming to me. I didn't have any exposure. All I had...and I'm not demeaning what we have, because the TV network in Canada is amazing, continuing to grow, and we're going to continue to pump the heck out of it. But this is all happening overnight.

In terms of the growth that we've experienced in the digital world, we're seeing 5% growth, week over week, in terms of the number of downloads, the number of unique visitors. I am absolutely convinced that in the next two to four years we're going to be generating as much revenue offline, off of the television network, than we are from the TV network—

Mr. Scott Simms: Because of that special relationship that you create—that's my own analogy—are you striving to get more revenue from that individual? I don't mean that's a nefarious thing; I'm just saying that if you're tailoring advertising to that particular person, the consumer...

Mr. John Levy: The reality is that two things are happening. First of all, the consumer who we're talking to, the 18- to 34-year-old male or younger, isn't sitting and watching television the way I used to when I was growing up, as a kid, or as most people in this room did. Newsflash: they haven't been watching the 30-second ads for years. How many people in here have had a clicker in their hand for how long, and have been clicking away from commercials? This has been recognized for years, and only now with the new measurements are people actually taking hold of that.

In our particular case, what we wanted to do was make sure that we were moving where that consumer was going. The young audience, especially the sports-passionate crazy guy, that 18- to 34-year-old—and female as well, by the way—is gravitating to the new technology. That was the number one realization for us.

But the number two realization, which is really exciting for us, is that 60% of all our downloads for this are coming from outside of Canada. This is allowing us to take our brand, which was nurtured in Canada, which started here in Canada...and I am fully convinced that we are going to have, maybe like this gentleman's company—which I aspire to, truthfully—a brand that will be an international brand, started right here in Canada.

Mr. Scott Simms: Is there time for Mr. Jenkins?

The Chair: Right now we're at almost nine minutes. I'm sure Mr. Jenkins can get an answer in someplace along the line.

Mr. Pomerleau, please.

[*Translation*]

Mr. Roger Pomerleau (Drummond, BQ): Thank you, Mr. Chairman.

Thanks to our two witnesses.

Mr. Jenkins, you said you had worked in a number of countries around the world. You cited Singapore, where the situation is completely different from that in Canada. Singapore is the size of Montreal Island and the equivalent of three-quarters of Quebec's population lives there. So that's a completely different problem. You also talked about France and other countries.

You're telling us that Canada is perceived—ultimately by you, at least, but by us as well in many respects—as lagging far behind in the digital field. What exactly are the differences between the countries you have visited and Canada? Could you cite a few examples and tell us exactly in what way the situations are different? Is it because of regulations, investment, goals pursued?

[*English*]

Mr. Tom Jenkins: I apologize if perhaps the way I tried to phrase the last answer I led you to believe that I believe we're trailing. I don't think there's enough evidence yet to determine whether we're trailing or leading or what we're doing. That's what I was trying to refer to earlier, about where we are in terms of, say, measures such as digitization or connectivity.

This is a difficult topic, because this is moving so quickly. We could come up with, say, a new connectivity investment strategy that would put us at the very top of the OECD rankings. That would be a very capital-intensive effort, but we would never repeat that effort for another decade, like CANARIE, etc.

By the end of that cycle, we would then appear once again to be trailing, to then leapfrog again to be leading. So this is a difficult discussion about whether we're trailing or leading.

Mr. Roger Pomerleau: But for the moment?

Mr. Tom Jenkins: For the moment, I don't think it's clear enough. Certainly one can read OECD statistics, but I've spent some time reading OECD statistics and other commissions in work that I've done, and they can be misleading. So I don't think we can take one report of an OECD and then conclude that we're trailing or ahead, or take comfort or take solace.

One thing is true in all of this: we must keep pace. If there is one thing that is true whether we're behind or ahead, we must keep pace, because this is evolving so quickly.

We should understand that, as most reports are saying, digital content is doubling every 30 days—that's digital content in the entire world. So everything since the beginning of civilization to today will be doubled again by this summer.

That pace is maybe the thing to focus on most. How we rank with other countries does matter, but ultimately it's the pace at which we keep up that really is the thing that matters the most.

• (1140)

[*Translation*]

Mr. Roger Pomerleau: You also talked about the possibility that every health-related issue in Canada can be considerably improved through the use of networks, digitization and so on. Exactly what do you mean?

[*English*]

Mr. Tom Jenkins: We have a very good workforce of people, we have an excellent university system, and we have some excellent knowledge workers, but they do need tools that are beyond any institution or any organization to create. We do need leadership. We need leadership to set standards.

For example, if we were to digitize our entire country's content or some meaningful amount, what would be the standards of it and how would we do that? The act of Parliament, 50 years ago, was microfiche, because that was the technology of the day. It was a clear standard, so that became the standard for the country. We now have a rich archive that was created by a previous generation. It's that kind of thing that we need. We need to have leadership.

This is not necessarily about large amounts of money. I think it's leadership that sets standards and goals. I'm not talking about...and I think in fact we would do a great disservice. I'm a free market guy, so I don't like to see a lot of constraint outside of market expenditure.

But there does need to be leadership. That's what I was trying to say. We need to set standards. We need to set goals.

[*Translation*]

Mr. Roger Pomerleau: Mr. Levy, as in many other discussions held here, I would say that opinion is divided half and half. You're on the side that says we must not touch the Internet, that we mustn't set too many rules, that we mustn't slow down progress and that we have to let the situation evolve on its own. However, we realize that there are some major losers, and they are the real creators. I'm not talking about the ordinary individual who creates as a hobby; I'm talking about the people who have chosen creation as their occupation. The work of these people will often be copied, whether it be books, music or other objects of creation. Their works are put on the Internet and they never receive copyright royalties. That's a fundamental problem. I find it hard to see how we can resolve that without imposing regulations.

That's a somewhat philosophical point of view, but the idea of leaving this market completely free of all regulation makes me think of what Montesquieu said in talking about the weak and the strong, about total liberty that enslaves the weak and about law that makes them free. Law is important; it is in certain cases. If we let individuals do business with Google, even with millions of dollars, they will be cheated. We need rules that enable these people to receive compensation for their copyright. What do you think?

[*English*]

Mr. John Levy: There are really two levels here. When we're talking about open access, we're really talking about access that, first of all, has to be transparent and open. It has to be broadly distributed throughout the country and accessible and not controlled in a way where a select few can choose what content comes through or doesn't come through. That's really the thesis we're proposing.

I think you're referring to a completely different issue, which is the issue of copyright and ownership of the content. I wish I could have a response to you that would make some sense. There isn't one currently, because the whole matrix is changing. Who the content creators are is changing overnight.

Historically, it has been very few and we could identify exactly who it was creating the content, and then we could channel it through and protect it. But now it's coming from all over. It's a different ball game, and the same guy who's creating music in his basement now, who has access to the world and didn't have it before, doesn't really care whether he's copied or not. A lot of this relationship has to be talking to the new people who are creating this content, because I think the notion that we have to protect him the same way we protected the major labels may not be true.

I don't know what the answer is. All I know is that the matrix is completely upside down.

Let me give just one example.

• (1145)

The Chair: A short example, please.

Mr. John Levy: Okay.

In terms of protection of branding, our whole mantra at our company is that we give up our brand. Unless everybody accepts who The Score is in the community... I'm not out there protecting this thing. I'm not out there slamming people for using our brand. I want people to engage in our brand and use our brand.

Maybe that's a bit of an example as to how we can start to deal with copyright laws: reverse the thinking and let the people control that on their own. I don't know how we're going to control it anyway.

The Chair: Thank you.

We'll now move on to Mr. Rafferty, please.

Mr. John Rafferty (Thunder Bay—Rainy River, NDP): Thank you very much, both of you, for being here.

I have a question first for Mr. Jenkins. Almost 20 years ago I was at the first digital radio conference in Toronto, back in my radio days. It was interesting listening to you and hearing what you had to say about comparisons with the rest of the world, because back then, almost 20 years ago, technology was the issue and it's not so much the issue anymore. It's literacy and all sorts of other things.

I'd like to ask you...even though it's pretty clear that you can't really tell us whether or not we're behind or ahead, or even whether we're even with the rest of the world, nevertheless it's pretty clear there are dangers to falling behind. When you look at the technologies and the stable of products and so on in the rest of the world, what do you see Canada using that would benefit in particular our artists and our viewing public?

Mr. Tom Jenkins: Thanks for those comments.

I'm an entrepreneur, so I'm generally an optimist, and I take the optimistic view of this. But there are those who take the dire straits view and the digital colony and what have you.

We are a country that has only 2.5% of world GDP. We are a country that has an even smaller percentage of world population. So I believe we have to take that perspective, first and foremost, to realize our throw weight, our capacity, our critical mass.

Having said that, we have some tremendous attributes as a country. One, we have a multiculturalism.... I travel the world, and we have a wonderfully well-working country. Although, when I come back to Canada, I know we all talk about how terribly it works, we have a wonderfully well-working country. We really do. Many of you who are familiar with other parts of the world know what I mean.

That gives us an opportunity. When you consider some of the comments you've already heard, and the comment about the importance of relationships, we have an opportunity to capitalize on the reverse diaspora of this country in a tremendous way. We have capacity that countries of our size wouldn't normally have.

Think of it: we have Open Text; we have Research in Motion; we have Cirque du Soleil. And I could go on. For a country of our size to have so many world players at different things...? We're a small country, and yet we have an ability to leverage a lot of the infrastructure assets, along with the academic community, and our cultural community. But when you add in that reverse diaspora, then you have an ability for us to punch way above our weight in this regard.

That's where leadership comes in, where we create something—a set of goals, or a methodology—that creates an environment for us to capitalize on those advantages that we have. We have some tremendous advantages.

Mr. John Rafferty: Thank you.

Mr. Levy, I appreciate your comments on net neutrality. My question is to ask you to maybe expand your thoughts on that. The same things you said to the CRTC, and you mentioned again here, I happen to think are important. But particularly in the case of ISP providers like Shaw, for example, that is not in the business of delivering content that...they have it with CanWest or whoever the case may be.

I wonder if you could expand upon net neutrality, because I think it's a very important issue.

• (1150)

Mr. John Levy: Well, to try to reduce it to its simplest form, you simply have to make sure that those in control, those who are the gatekeepers, are not manipulating the technology to their own advantage and to the disadvantage of those who do not have the same controls. It's really a simple concept.

Now, that's not to say they can't maintain and manage their own business. It's a difficult business to run. There are pipe issues, there are costing issues, and they have to make money on it. The whole issue is that they should not be able to do it at the expense of those who would otherwise be able to access the community and the public.

The whole idea is that you manage your business appropriately, but don't shut out the ability of now hundreds and hundreds of thousands of content providers—it's not just a few, it's everybody—and allow them the same access to the same environment, the same community, the same world, that you have.

It really goes to basics: treat others like you treat yourself; don't treat yourself better.

Mr. John Rafferty: So speaking as a relatively small company—

Mr. John Levy: Very.

Mr. John Rafferty: —which you've indicated you are...although I don't think you're that small at all. It doesn't sound like you're that small.

But from your point of view, are your thoughts about net neutrality just more self-interest than anything else? Or is that a belief that you have in general?

Mr. John Levy: It's a belief in general. As I said, I've been hammered as a small cable guy. I've been hammered on both sides. We've lived that experience. We've struggled for access as a TV channel.

When I was a cable guy, I was able to put my own channel on channel 18, just like everybody else, but then, when you're not in that particular situation, you get channel placements, and we're becoming less and less significant, but.... So you just want to make sure that there's no preferential treatment, basically, and that's what we're talking about.

Quite frankly, our commission, the CRTC, is set up to make sure that stuff like that doesn't happen. Yes, there is some self-interest in this, clearly, but the reality is that I could be talking on behalf of everybody. It becomes more and more important as this universe opens up, because everybody can play in this universe now.

The Chair: Thank you very much.

Mr. Del Mastro.

Mr. Dean Del Mastro (Peterborough, CPC): Thank you.

Thank you to both witnesses.

I've got to tell you that I listened intently to your presentations, and I thought it was the most interesting testimony I've heard on this since we had Jacob Glick here from Google. I think it's really important that we put this into the proper context. This is all about looking toward the future. It's not about where we are right now.

We really have to as a committee, I think, and certainly as a government, look to where things are going, not where things are. And where things are is in flux. Old models are looking for walls to be put up. They're looking for old systems to come to bear to maintain them. Frankly, new models are reaching well beyond Canada's borders, and that is really what's driving this enormous....

You talked about the long tail, which is something that Jacob Glick talks about. I've read the book on it, and I think there's no question that models need to be redesigned to look at where things are going. I think that ultimately if this committee is going to put something forward that will really benefit artists, really benefit Canada's cultural scene, and allow us to build more strength, then we're going to look to the kinds of suggestions that you're making here today.

Mr. Jenkins, you talked a little bit about the under-25 crowd. I don't know if you're finding this; with conventional formats, over-the-air television is still very strong, but the way that people are actually consuming over-the-air television is changing. People still read what reporters write in newspapers, but the way that they're reading it is changing.

Are you seeing any evidence that it's actually spreading beyond? It started with the under-25s, but I'm getting a little closer to 40 than I care for, and what I'm starting to find is that I'm using all these models now. They started with it, but it's actually spreading the other way. It's not top down, it's actually bottom up. The kids are using...

Yes, I'm under 40, Mr. Chair, thanks.

So I'm actually seeing evidence that people older are actually picking up on all this new stuff, and what we may see, quite differently from what we used to see, is this stuff spreading upward as it becomes easier to use and more accessible.

• (1155)

Mr. Tom Jenkins: I couldn't agree more with what you said. Let me relate some of the experiences we have had, because when we're not doing the cultural industries, we have to build knowledge systems for the BMWs and the Coca-Colas of the world. We do this for hundreds of millions of people.

I would strongly encourage the committee to have someone come in who has been studying this, because we are now seeing studies showing the behaviour changes in 25-year-olds. Their brains are different. The physicality of their brains is now different. Kids, or those under 25, do not have memory ability the way we did. Their short-term memory is much smaller, but their ability to aggregate five or six pieces of information and integrate those is better than ours is. Their brains are different now.

There's no question, what you say is true. It's impacting the consumption of media, and it is moving up, because to stay relevant in society, the older people have to keep up with the ability to assimilate information or we will not be as productive as the others are.

I would like to add something to the comment on Google. People should realize that the most used website in the world is now not Google. It's Facebook, as of three weeks ago. This is a brutally competitive area. It is in tremendous flux.

You'd do well, when you are considering the future, to think of this as an evolutionary process and not as a piece of legislation at a moment in time. If you think of it that way, you'll get it wrong, because it is changing so quickly.

I would add to and confirm something you said and that I've seen in other areas: this is a tremendously emotional topic. We hold the

past very dear, and the things that we grew accustomed to. I like paper still. I like to read the newspaper. But the reality is that the models are changing, and we owe a service to the country to anticipate those model changes.

Mr. Dean Del Mastro: I appreciate that, and I'm going to say to my mother, who constantly tells me that she can't remember anything, that she's actually got the brain of an under-25-year-old. Her short-term memory is failing her because she's actually become an under-25er.

Could you recommend anybody who's doing these types of studies, or could you get back to us with that?

Mr. Tom Jenkins: Sure. I'll forward several for the committee to consider, absolutely.

Mr. Dean Del Mastro: That would be tremendous.

Mr. Levy, you talked about gatekeepers. This is really interesting stuff. In the past, we used gatekeepers for all sorts of things. The CRTC is a gatekeeper, right? It dictates what content is in Canada. It tells people how they can operate. It issues licences. It is a gatekeeper of the existing media platforms.

I'm not going to put words in your mouth, but you talked about the opportunity for Canadians, and for culture, and for companies such as yours to be able to operate in an open environment without gatekeepers. Can you talk a little bit about that? Can you expand on that?

Mr. John Levy: Just to clarify—

The Chair: I don't want to interrupt, but you have about a minute and a half to answer, sir.

Mr. John Levy: Okay.

That's an important one, because I have to appear before those guys at the CRTC on a regular basis. When I'm talking about gatekeepers, I'm really referring more to people in business, the parties that are represented in front of the commission. The commission, the CRTC, is really struggling with these issues. They're trying to deal with how to manage the gatekeepers rather than being the gatekeepers.

The CRTC was just trying to establish policy and rules from within the Broadcasting Act and try to.... Quite frankly, if it weren't for the CRTC, we wouldn't be here today.

Mr. Dean Del Mastro: I actually think our next step as a committee beyond this is to take a look at the Broadcasting Act. I think we have to look at a 21st century model. As I've said before, the CRTC is kind of the king of the sandbox, but the sandbox is now in the middle of the beach, and it's becoming a little more difficult to police.

I have nothing further.

The Chair: Okay. Thank you.

I have a few things to offer, and I will do that in my own due time. I have talked to various people over the last few days, and I have some ideas that I will be putting forward to my analysts, which I've put forward before.

Thank you so much for being here this morning and being our first witnesses today. Your testimony was of real value to this committee.

We will recess for five minutes to change witnesses.

• _____ (Pause) _____

•
• (1200)

The Chair: We'll call our meeting back to order.

Yes, Mr. Rodriguez.

• (1205)

Mr. Pablo Rodriguez: I just want to make sure that we reserve some time when we come back to see where we are in terms of our agenda. If possible, I'd like to have a list of witnesses in the next weeks and to see what's planned, because I think there are only eight meetings left, and two of those meetings are taken by Lionsgate. We have to decide if we want an interim report, because we have to give directions to our analysts.

The Chair: Mr. Rodriguez, I've just been informed that during the break, the clerk will bring forward a document to let us know where we are and who's coming in the next while.

Mr. Pablo Rodriguez: Okay.

The Chair: Madame Lavallée.

[*Translation*]

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): I wouldn't have wanted to interrupt the committee, but since it's already done, I'd like to say two things.

First, it seems that Mr. Ménard, our analyst, was unable to go to the Canada 3.0 conference. I have a suggestion to make on how to obtain the information. Perhaps you have one, Mr. Chairman.

The second thing is that, on Thursday, May 27, there won't be a committee meeting—I imagine everyone knows that—as a result of the visit by the Mexican president. So we have to take that into consideration in our calendar.

A voice: Pardon me. When is that?

Mrs. Carole Lavallée: In the morning of Thursday, May 27, President Calderón of Mexico, will be coming here. The proceedings of the House normally do not start until 2:00 p.m. There won't be any committee meeting in the morning because the president will be appearing in the House in the morning. With that in mind, perhaps we should take 10 minutes at the end to consider all these matters.

[*English*]

The Chair: I will say again that the clerk will be bringing forward a document, and we can go forward from there. I know we talked about an interim report, or something like that coming down the road. I think Mr. Jenkins did say here today that he would get those reports. So those reports from the 3.0 conference held in Stratford over the last two days are going to be available. When they come forward, I will personally try to keep in touch to make sure they get distributed to the group. We started a little late, I think, in getting Mr. Ménard to that conference. So next time, we'll start earlier.

Thank you.

I welcome our next witnesses. We have, from the Canadian Conference of the Arts, Alain Pineau; and from the Canadian Association of Community Television Users and Stations, or CACTUS, Catherine Edwards.

If you can keep your presentations to around 10 minutes, we would appreciate that.

We would ask Mr. Pineau to go first.

[*Translation*]

Mr. Alain Pineau (National Director, Canadian Conference of the Arts): Thank you, Mr. Chairman.

Members of the committee, my name is Alain Pineau. I am National Director of the Canadian Conference of the Arts, the oldest and biggest umbrella organization in the culture, arts and heritage sector in Canada.

The CCA's mandate is to foster informed debate on all federal policy and regulatory issues that concern this broad sector in one way or another. We are pleased to see that the debate on the need to develop a national digital strategy is at last being conducted in the public arena. We are concerned that it is focusing on not only economic, but also social and cultural issues as well.

The current debate too often focuses on infrastructure and its financing, and not enough on what is being conveyed by the new platforms, or on the interests of those who develop cultural and other content. We are therefore delighted that you, first, and the government, this week, have expanded the conversation and that you are looking into these fundamental aspects of the debate.

The advent of digital technologies has changed the way in which artists produce and the relationship that institutions have with their public. Interactivity is overturning business models and changing the ways in which cultural products are consumed.

[*English*]

The arts and culture sector wholeheartedly embraces the new possibilities created by digital technologies. Many individual artists have adopted them to produce performance arts and to otherwise meld technology with traditional artistic tools.

Beyond the use of digital technology in arts creation lies the impact of broadband, Internet, and wireless on its promotion and distribution. Individual artists, as well as galleries and museums, are able to digitally demonstrate the artists' creations. Some of the more innovative artists and institutions are reaching a far greater audience faster and more efficiently than before. The Internet offers new ways to engage the audience and to promote and process orders.

By the way, the democratization of production tools also raises interesting and fundamental questions about the professional status of artists and journalists. It is now relatively easier to produce a work of art and to make it accessible. Media outlets rely more and more on images and material provided by ordinary citizens, who report with mobile multi-tasking devices.

The upside of these new developments is that they encourage creation and participation. The downside is that they can debase the value of trained professionals' work, lead to the acceptance of lower standards, and, not to mention, threaten the livelihood of creators.

• (1210)

[*Translation*]

As many before us have said, the development of a Canadian digital strategy must be based on a new Copyright Act. There is an urgent need to acknowledge the importance of the intellectual property of those who develop content and to create a digital environment that encourages creation, distribution and protection of works. Our artists want to share their creations on the broadest possible platforms, but they must be able to do so in the assurance that they will receive fair compensation for their work, whether it be for online distribution or for transfer to other media instruments.

In this matter, we are in favour of extending the current private copy system. This isn't a tax, but rather a way as effective as possible to enable all Canadians to acquire the right to adopt the device of their choice to access legitimately acquired cultural products, while ensuring that the artist is compensated for his or her work. This is an important complementary measure to support the creation of content that, however, cannot replace the fundamental need for protection for the rights of creators through an update of the act.

Another aspect of the new reality is the fact that a number of users can take an artist's work and recreate new works. Once the work has entered the digital universe, it is possible to take it and make what's called a mash-up. It's important that, in developing a national digital strategy, the government include an innovative policy protecting copyright without discouraging the creativity that their works can in turn generate.

[*English*]

Let's now talk about training.

National Film Board commissioner Tom Perlmutter raised this issue very eloquently with you the other day, as part of his excellent call to action with regard to a national digital strategy. Artists and art administrators are more obligated to learn a diverse set of skills in order to compete on an open market. Those who have digital marketing skills and social media savvy will be able to promote, present, and professionalize their artistic practice. More attention must therefore be given to training young artists and creators, not only in digital skills but also in the basics of entrepreneurship.

A knowledge economy is a resource that will never run dry. Given the retiring cadre of professionals, we must invest in knowledge transfer programs, mentorships, and apprenticeships in cultural industries and in the arts.

Expanding digital literacy within the Canadian population is also an important part of a national digital strategy. This is why the CCA

supports the creation of multimedia community centres, as proposed by the Canadian Association of Community Television Users and Stations.

I welcome the happenstance that we're together. It was not planned—on our side, anyway.

We view this as one of the pillars on which to build a truly democratic national digital strategy, and we urge you to include it in your report.

Canadians have a right to their culture, a fact recognized by years of public policy through government support of international agreements under the United Nations and UNESCO. Over the past 50 years, our governments have developed various support mechanisms to ensure Canadian cultural products and services are made available to Canadians and to the world at large.

In the new digital environment, such policies are more important than ever. The government must use all the tools at its disposal, whether through direct financial support, regulation, or tax incentives.

As mentioned by ACTRA and CFTPA in their presentations, it's important to expand and adapt previous policies to new realities. This is why we at the CCA continue to support increasing public investments in the creation of Canadian works, whether through existing institutions like the CBC, Telefilm, the National Film Board, the Canada Council, or through new instruments like the Canadian media fund. This is also why, for several years now, we've advocated extending the contribution regime in place for over-the-air broadcasters, cable and satellite operators, to the new distribution platforms like the Internet and wireless.

Finally, we insist that the government maintain in all trade negotiations its official position that cultural goods and services are not like other goods and services and must be kept off the table, lest our federal and provincial governments lose their capacity to adopt or modify the cultural policies that have led to the development of our arts and culture sector.

This leads me to my last point, which is foreign ownership.

For the past several decades, the operating principle in Canadian cultural policy has been that Canadian ownership and effective control of our cultural industries will ensure that more Canadian content is made available to Canadians. It's been deemed easier to regulate Canadian-owned companies than foreign-owned ones. Moreover, Canadians are more likely than non-Canadians to tell our own stories and to present our own views to the world based on our own values.

The absence of appropriate regulation in the movie industry is the best illustration of the negative impacts of foreign ownership and control of a cultural industry. Film distribution policy does not distinguish the distribution rights for the Canadian market from North American rights, for most of the largest distributors. As a consequence, foreign film distributors maintain a lock on the majority of the film screen distribution activity in Canada. Foreign films, namely U.S. movies, occupy over 98% of screen time in English Canada, while the situation is somewhat better in Quebec cinemas.

There is debate about the wisdom of opening up foreign investment and having eventual foreign control in telecommunications. The justification is that by bringing in more competition, we will achieve lower prices for consumers. It's difficult to be against this objective, but there are serious reasons to fear the consequences of the current backdoor approach to changing long-standing cultural policies.

The 2008 competition panel report recommended a liberalization of telecommunications and broadcasting investment restrictions "following a review of broadcasting and cultural policies including foreign investment".

With due respect, we do not think that a handful of committee hearings here and at the Standing Committee on Industry, Science and Technology, where witnesses are limited to 10-minute presentations and questioning to five minutes, constitute an adequate review of broadcasting and cultural policies.

The chair of the CRTC recently stated before the Standing Committee on Industry, Science and Technology that:

any liberalized foreign ownership rules for telecom should give due consideration to the social and cultural objectives of the Broadcasting Act.... it is widely agreed that, given its economic importance

—and here I would add, its strategic and cultural importance—
control of the communications sector should remain in Canadian hands.

• (1215)

Foreign trade agreements may contribute to restricting Canada's capacity to adopt cultural policies. NAFTA's chapter 11 provides foreign investors with a right to sue the Canadian government and to seek compensation for foreign actions, including those of regulatory agencies like the CRTC, if they believe the decisions violate their rights under NAFTA. The CCA is very concerned with the fact that the Canadian government has tabled such a dispute resolution mechanism in the current comprehensive negotiations with the European Union.

Why are we concerned? First, in relation to NAFTA, the CCA would point out that the cultural exemption is limited in scope to the cultural industries that existed at the time NAFTA was created.

Importantly, this does not include the new media sector, such as interactive television, computer games, etc.

Second, chapter 11 rights could potentially come into play in two ways in this matter. If the rules in telecommunications are changed, a foreign company investing in a Canadian cable company or broadcaster could structure a deal in a way that mirrors the new telecom's rules. If the CRTC were to prevent them from proceeding, they could launch a chapter 11 challenge on the basis that they have been treated unfairly in relation to a direct competitor operating in the same marketplace

Finally, if foreign companies are permitted entry, or force entry, into Canada's broadcasting system, existing rules and regulations relating to the production and distribution of Canadian content productions may be sustainable, since the foreign company will be entering a market where those rules exist. However, if the CRTC or the government were to try to update the rules to reflect a new environment, the foreign company might have a cause for action under chapter 11.

These are the reasons we're concerned about the link with foreign trade negotiations.

[Translation]

Thank you for your attention, and I'll now answer any questions you have.

[English]

The Chair: Thank you very much.

Now we move to Ms. Edwards, please.

[Translation]

Mrs. Catherine Edwards (Spokesperson, Canadian Association of Community Television Users and Stations (CACTUS)): Before I start, I sincerely apologize that our presentation is not available in French. We've been in intense consultations with the CRTC for the past three weeks. We are a small volunteer citizens organization, and it simply wasn't possible. However, I would be absolutely delighted to entertain your questions at the end in French, if you prefer, and to answer them in that same language.

• (1220)

[English]

I thank the Standing Committee on Canadian Heritage for inviting CACTUS today. I will address questions four through six in your terms of reference, which deal with accessibility to emerging and digital media.

Our proposal is the same—but shorter—as the one we made before the CRTC in its review of community TV two weeks ago. We appreciate the value you attributed to independent community TV in the motion that you passed on April 30. As that motion dealt with Quebec only, I welcome the opportunity to present our vision of independent community TV for all Canadians, and access to emerging and digital media via those organizations.

For those of you whom I haven't met before in person, the Canadian Association of Community Television Users and Stations represents community-owned and -operated television channels that distribute over the air, on cable, and on the Internet; the Canadians who use and watch them; and also the majority of Canadians who currently don't have access to such a channel.

As you know, digital media are not really new. Computers have been common in Canadian homes since the 1980s, storing first text digitally, and then graphics and still pictures. The Internet as a means to share information developed in the 1990s, and digital formats to store audio and video became available at about the same time.

Perhaps what is new is the degree of convergence between computers and audiovisual technologies. It is this desire to share more bandwidth-intensive audiovisual information that is driving the demand for broadband access. The other big change on the horizon, of course, is the official switchover to digital television, which is driving production of HD content, purchases of digital television sets and set-top boxes, and the possible loss of free over-the-air TV for Canadian communities having fewer than 300,000 people.

With this switchover, the last distinction between previously analog and digital services will disappear. It is speculated that more and more television will be watched on the Internet, but no one really knows whether such demand can be accommodated, even with broadband.

With all the talk of bandwidth and distribution platforms, it's easy to lose sight of content. Media is still created in the same basic formats as in the 20th century: text, audio, still pictures, and moving pictures. New media platforms, such as the Internet, increase the possibilities to combine and interact with these media, but the basic media—and Canadians' need for training to produce these media—remains the same.

“Media literacy” refers to the ability to interpret media and to create media for oneself. For example, we teach children not only to read, but also to write. Forward-thinking public policy-makers have always been concerned that the general public benefit from new media technologies, both as creators and as consumers of content. It's widely acknowledged that the invention of the Gutenberg press drove the rise in written literacy in western culture. Public libraries became common, starting in the 19th century.

With the invention of audio and moving picture recording devices in the 20th century, forward-thinking governments and citizens sought access to radio and television. The first community radio channels began in the 1930s. The first community television channels opened in the 1970s, right here in Canada. Perhaps because the early video cameras broke down a lot, their maintenance and management of these channels were left in the hands of cable

companies, who were building an infrastructure at the time for local TV distribution.

In all countries that followed our lead in the eighties and nineties, however, when television equipment had begun to drop in price and complexity, communities themselves own community channels. In Canada, there are only pockets of community-owned TV, including in Quebec, as referenced in your motion. There are also seven over-the-air community TV broadcasters scattered across the country and two cable co-ops on the prairies that offer local services—only a handful.

But radio and television are traditional media. What do they have to do with public access to new and digital media? Canadians need both the know-how to create media messages and the technology to reach their target audience, and there is a hierarchy of both skills and cost to obtain these forms of access.

Reading and writing are considered so essential that they're taught in school. To create a radio program or audio message, you need to know not only how to write the script, but also how to interview guests, how to record sound, and how to edit. To create a television program or video message, you also need to understand such things as camera angles, lighting, and framing. And just as the skill level rises to produce text, audio, and video, so does the cost. Although digital cameras have fallen in cost, microphones, lighting, studio space, and transmission equipment have not.

So while anyone, it's true, can shoot raw footage with a camcorder and post it on YouTube, there are still multiple barriers for the average person in the new media environment. There are literacy barriers to produce effective messages. There are technological production barriers to capture civic or cultural events that require studios, lighting, multiple cameras, and crews. There are also technological distribution barriers to access audiences, especially local audiences, if the video is only available among the millions on YouTube. There may also be distribution or cost barriers if your target audience can't access or afford high-speed Internet.

• (1225)

Finally, as discussed by other presenters, there are legal barriers if you don't want to yield copyright to YouTube or other for-profit content aggregators.

There has been recognition by Canadian educators for almost 20 years that the definition of literacy must be expanded to include all media, including audio, video, and the Internet platform itself. Thanks to the Canadian Association of Media Education Organizations, or CAMEO, media literacy, including the rudiments of multimedia production, have been taught in the language arts curriculum across Canada since 2002.

Since the new media and digital tools will continue to evolve, however, there needs to be a resource in communities where Canadians of all ages—even if you're as old as 40—can both learn and use new media to distribute messages; a 21st century multimedia library and distribution hub, if you like.

In most parts of the country, the cable-managed model of community television still dominates and is unfortunately problematic. CRTC data revealed that more than 70% of the money cable subscribers pay for community expression is spent on cable-produced programs that promote their brand. More than two-thirds of the roughly 300 community channels that once existed have been closed. Consolidation in the cable industry has led to centralization of resources rather than the decentralization that is needed for an inclusive digital strategy. Rural Canadians are once more being excluded.

Finally, cable as a distribution platform has fallen from a penetration rate of over 80% a decade ago to just 60% today. So it's no longer universally accessible, especially in those same rural areas that have poor access to high-speed Internet and may soon lose free over-the-air TV.

Like libraries, the new multimedia training centres need to be publicly managed and accountable, freely accessible to the community, and to distribute content on all platforms.

So our vision of access by all Canadians to new and digital media is to build on and modernize the existing community television policy. The money Canadians already pay for community access could be directed to community-operated multimedia centres that would provide access to all media technologies as they become available.

By leveraging community manpower, they could generate the local content that has become so challenging to finance in the public and private sectors. They would distribute the content free over the air to cable and to the net and once communities have their own transmission infrastructures, and a couple of our members already do, they can offer retransmission of free OTA TV after the digital transmission if they choose, and other new media, including wireless Internet and mobile TV, as it becomes available.

The money collected from cable subscribers last year, which was more than \$130 million, is enough to fund 250 such centres. That's at least one for every community over 10,000 people, additional neighbourhood offices in cities over 500,000, and about 50 centres in rural areas. They would be within reach of more than 90% of Canadians.

An important part of our strategy is to build on existing infrastructure. For example, you may have heard that there are already more than 3,000 free Internet portals countrywide—they're called "CAP" sites—that have been funded by Industry Canada since the 1990s. Many are located in libraries and community centres just as we envision, and they already teach some Internet skills, including multimedia. So our vision brings together many such organizations that have been heading in the same direction anyway as technologies have converged.

To conclude and respond to your question six, we specifically recommend, first, that the CRTC redirect the use of cable funds

collected for local expression to community-owned and -operated multimedia centres by an arm's-length, fully transparent, and accountable fund.

Second, we recommend that one over-the-air frequency be reserved for community use in every market so that communities can benefit from new technologies for distribution as they become available. At present, it's not clear whether the CRTC, Industry Canada, or Heritage Canada could make this happen, and we request your assistance in obtaining clarification.

Third, over-the-air public and private broadcasters that elect to discontinue transmission in communities under 300,000 after August next year should be asked either to donate or give free access in perpetuity to their transmission towers and equipment so that communities that wish can step in to offer free over-the-air television, including a community TV service.

• (1230)

Again, I'd like to mention that two of our members currently already do this. They rebroadcast remote signals from the public and private sectors in addition to offering community service. So it's financially manageable for small communities. One of those communities has only 1,000 people.

I'd welcome your questions on behalf of CACTUS.

The Chair: Thank you.

Again, we'll do one round of seven minutes.

Mr. Pablo Rodriguez: Scott will start, and then I'll go.

The Chair: Okay, but it's not seven minutes apiece.

Mr. Pablo Rodriguez: No?

The Chair: We did go over the time a little bit last time.

Yes, Mr. Simms and Mr. Rodriguez can share time, but in total it will be seven minutes.

Mr. Simms.

Mr. Scott Simms: Just very quickly, Ms. Edwards, in my hometown...and I'll keep this as local as I can; I want to scope this out. I appreciate your comments about CAP sites, multimedia, OTA, fundamental reasons. But let me just ask you this.

In my community, in my riding, we have community access, and it's through one of the major companies that are out there. They play bingo for raising money. They do news shows that pretty much reflect the community. They recently changed format. There was a huge uproar. They went back; they changed their decision.

I guess what I'm saying to you is that I don't know a lot of people in my area who would complain about this company that provides community cable, branded under their own. So what would be your intention to enhance or to create even more access to my community?

That's not a policy pronouncement in any way. I'm just saying, how do you envision this? Or what's wrong with this?

Mrs. Catherine Edwards: First of all, we're not in any way against the channels that cable offer if they want to continue to offer them and people value the service offered by them. We just feel that maybe it would be more transparent for them to go back to the CRTC and apply for the kind of licence they want, which is more similar to a local private broadcaster, to be honest.

In the example you just gave, when you said your local cable provider reflects the community with the news program and that they changed format and there was an outcry, what you're talking about is a top-down model of programming where it's the cable company that's deciding what to produce. Again, there's nothing wrong with that; that's what private broadcasters do. They try to produce programming that people want to watch.

But that wasn't the original purpose of those channels. The Broadcasting Act is quite clear that there are supposed to be public, private, and community sectors. The money—the 2% of cable revenues that are currently collected—was meant to enable communities to make their own productions. That was the only window in the broadcasting system that was supposed to be open to the ordinary person.

So there's no reason that a completely open access channel, which is what those funds were originally for, couldn't coexist with a cable channel. We have no issue with that. If people in your community like that service, there's no reason they couldn't continue to enjoy it.

Most people in Canada now don't know that they have that right, because it's been about a dozen years since we've seen really active and robust community access television in Canada. For most of them it wouldn't even occur to them to go down to the cable operator and say, "Hey, I'd like to do a program", because they just haven't seen that on the airwaves for so long, except in little pockets in Canada, as I mentioned. So we think there's enough space in the system for all these models.

The other problem with the cable model, though, is this. As the person who's currently spending dollars collected from cable subscribers to give them local reflection, as you say..., As I mentioned, because they've gone to an all-professional model, they've tended to pay for that. They've consolidated their resources in big centres, where all their staff do the production, which as we know is much more expensive than doing it with volunteers, and then they pipe that programming back out to the regions.

I don't know what the percentage is in your community particularly, but there used to be 30 independent different services

in New Brunswick alone. Because of zone-based licensing—that is, the CRTC has allowed cable companies to consolidate what used to be quite small licence areas where there used to be one studio in each small area—they've allowed them to consolidate. So there now are only six studios in all of New Brunswick instead of thirty, and those studios contribute to one province-wide service.

Aside from the issue of whether it's professionally produced or really volunteer produced, it's just been consolidated. So we're seeing the same kind of loss of real local reflection in the cable community channel sector as we have in the public and private sectors, where studios have been shut in small communities.

Aside from addressing people's needs for access and skills training in digital and new media, our proposal also addresses the huge reduction in local programming we've had across the country.

You know, when I used to work, I was the volunteer coordinator at Shaw Cable in Calgary—

•(1235)

Mr. Scott Simms: I think I'm cutting into his time, so perhaps you could sum up.

Mrs. Catherine Edwards: Sure.

With eight staff we used to produce forty hours of new production per week. You can't do that with a professional model.

[*Translation*]

Mr. Pablo Rodriguez: Mr. Pineau, I have two minutes left. I'm going to ask you three questions very quickly, and I'll ask you to answer me as quickly as possible.

You're telling us that the development of a Canadian digital strategy must be based on the new Copyright Act. That's fine, but how do we do that? How do we determine the priorities of that new act? These are very broad questions, I know. How do we go about having more Canadian content in the new media, not less?

Third, some say that it isn't serious if we hand over what's called the container to foreign interests, provided we protect the content. My opinion is that that isn't true because, when you control the container, you partly control the content. Can you discuss that point briefly? These are three easy questions.

Mr. Alain Pineau: Indeed, these are three very easy questions. For the first one, I'm going to suggest some kind of amendment to the Constitution of Canada stating that I can't answer that question for you in the 30 seconds you're allowing me. The question is very complex, and we can come back to it.

I'll simply address the third question, concerning control of our cultural and digital infrastructure, and I believe that subject is very important. In a previous meeting, we talked about gatekeepers. I think that notion is very important as well. If we concern ourselves with the gatekeepers for content within Canada, we are even more right to concern ourselves with it when the decision-making centres are outside the country. That's why we say that, given the converging universe, we don't see how we can raise walls between the pipe and what passes through it. Currently, these are the same owners, the same infrastructure, and we really believe that the threat of international treaties is very significant. We don't believe the cultural exemption, as valid as it is, is enough to ensure that Canadian and provincial governments will have the freedom to legislate in the area of arts and culture in all kinds of ways.

When we open the door to court challenges as a result of action that has been taken because it harms foreign interests, I believe we're playing cultural Russian roulette.

Mr. Pablo Rodriguez: That's what I think too. Thank you.

[English]

The Chair: Thank you.

Madame Lavallée, please, for seven minutes.

[Translation]

Mrs. Carole Lavallée: Thank you very much. So you'll have the opportunity to explain your views at greater length, Mr. Pineau. First, this morning, I sat in on the Standing Committee on Industry, Science and Technology, where Minister of Industry Tony Clement appeared as a witness and spoke about foreign ownership. He essentially said that it was possible to separate telecommunications from broadcasting. It's difficult, he thinks, but it's not impossible.

I believe it's impossible. Broadcasting is now everywhere, and our wireless providers, which are subject solely to the Telecommunications Act, are engaged in broadcasting and are making immensely important cultural choices. He also told us that we could deal with each sector separately. There is that difficulty.

I must say that, even if there wasn't a debate on foreign ownership in this committee, the fact remains that that debate must be conducted, perhaps even here in the Standing Committee on Canadian Heritage, because we can no longer dissociate telecommunications from broadcasting. Consequently, the two acts must be merged. The CRTC is also talking about the Radiocommunication Act.

I'm going to let you speak on that topic, Mr. Pineau.

Mr. Alain Pineau: We're saying that it is important to conduct this debate in an open and comprehensive, not piecemeal, manner because we are changing longstanding cultural policies. This is being done through an amendment to the Telecommunications Act that appears in an omnibus bill on the budget. Accordingly, in the current circumstances, it will necessarily pass.

We're saying it is important to have this debate. There are people on both sides of the fence on this subject. Last week, I was speaking to someone who believes it is important to review the Telecommunications Act and the Broadcasting Act and fundamentally to evaluate them together. Other people—and some eminent people

whose opinions I was reading last week at a conference that was held here in Ottawa—say that isn't necessary, that there's enough flexibility. We have to have this debate. What is happening is that we are opening the barn door and, afterwards, we'll be wondering if we've done the right thing. That's the danger.

● (1240)

Mrs. Carole Lavallée: Among the eminent people who are speaking out on the subject, didn't you note that the ones who say we can allow foreign ownership in telecommunications are the kind of people who have no interest in the matter and very little interest in cultural development?

Mr. Alain Pineau: If you're saying that those are the remarks of the Minister of Industry, yes, obviously. That's not his concern; it's the concern of Mr. Moore.

We were pleased to see that three ministers were involved in the announcement made on Monday, including the Minister of Heritage and the Minister of Human Resources and Skills Development Canada, because all these sectors are extremely important in the development of a digital strategy.

What concerns us, however, is that the debate is being formulated mainly in economic terms. What we're telling you is that there are cultural terms and social terms. Ms. Edwards represents a large part of the social dimension of the digital strategy. We're here to support her and also to say that it's important from a cultural standpoint to have this debate.

The economy is important; culture is part of the economy, but culture goes beyond the economy.

Mrs. Carole Lavallée: Last week, representatives of the Groupe Nordicité Ltée came and testified and presented a study on the development of a comprehensive digital strategy. Unfortunately, they weren't explicit enough in their conclusions. Their conclusions suggested the creation of a panel that would consist of a number of individuals from a number of government departments and who would report directly to the Prime Minister.

In addition, on Monday morning, three ministers, led by Tony Clement, the Minister of Industry, conducted a consultation on the digital sector. Do you think a task force consisting of a number of eminent persons from a number of departments could now get to work? You know that Canada lags far behind on the digital strategy.

Mr. Alain Pineau: Far behind other countries, yes, it appears. I heard the previous witness say that depends. It's difficult; it's a constant race. We're on a treadmill.

Mrs. Carole Lavallée: France is already at the implementation stage.

Mr. Alain Pineau: Yes, I think we urgently need to have a comprehensive strategy that covers all aspects.

Pardon me; I missed the start of your question.

Mrs. Carole Lavallée: Essentially, Groupe Nordicité Ltée suggests a panel consisting of—

Mr. Alain Pineau: Ah, yes, on the mechanism.

At another time, we would have established a royal commission and, as the universe wasn't evolving so quickly then, two or three years later, we could have had some common sense suggestions. The mechanism is too unwieldy under the current system.

I had occasion to speak with a number of people about this concept that the government had used, for example, in the case of the blue ribbon panel on the contribution agreements and scholarships. It produces results. There's one on telecommunications. Provided the panel is balanced with regard to points of view that are to be considered. This is a more workable mechanism; it could be a panel that has a mandate limited to a number of months and that would conduct a national consultation.

It's good to have a consultation until July 9, but that's nevertheless still a bit... Yes, it's a piece of the puzzle, but I think we need to digest all that.

Mrs. Carole Lavallée: Do I have any time left?

[English]

The Chair: You have one more minute.

[Translation]

Mrs. Carole Lavallée: Perfect.

Earlier, Ms. Edwards referred to Gutenberg—indeed, I believe that a lot of things start from there. At a number of moments in history, we've experienced this kind of technological acceleration—in the case of printing, that's perhaps a bit much—an acceleration in the means of distribution. We're going through another one right now. The fact remains that the principles are still the same.

Right now, I get the impression that we're taking advantage of the digital debate to encroach on artists' copyright. Do you have any comments to make on that point?

Mr. Alain Pineau: I don't know whether it's deliberate, but we seem to forget them. They must absolutely be taken into consideration. The subject is quite complex. I was alluding to “deprofessionalization” to a certain degree. That has to be taken into account. We currently have functional definitions of what a professional artist, a professional creator, is. We have the funding systems of the Canada Council, for example, which are based on it.

We have a whole mechanism that's there, that we've developed over the past 50 years. The idea is not to throw out the baby with the bath water; the idea is to adapt things and to go back to basic principles. That's what we're still saying. If you go back to the basic principles of the act that led to the distribution system we currently have, you'll find the answers.

• (1245)

Mrs. Carole Lavallée: Thank you.

[English]

The Chair: Thank you.

Mr. Rafferty, seven minutes.

Mr. John Rafferty: Thank you, Chair.

Thank you to both for being here.

I have questions for both of you, but maybe I'll start with Mr. Pineau on foreign ownership.

We've been hearing that foreign ownership restrictions on telecom companies are being lifted. Do you believe it's possible to put firewalls up around cultural programming and content of these giant firms, such as Shaw, for example, to keep their telecom services independent from their broadcasting service?

Mr. Alain Pineau: I'm not a lawyer. I'm not a regulator. I would like to see what kind of laws. We are saying what kind of rules, and how this could be approached.

What we are saying is that if we are not very careful, it's through the back door of foreign trade negotiations that we may throw out the baby with the bathwater. That's where we run the risk.

We sound like we're crying wolf and nothing will happen, but it has happened at least once in the cultural sector, with NAFTA in 1997, with the UPS challenge to Canadian support programs for magazines. Canada has found a way to wriggle out of that and create something else that falls within the parameters.

But this is an illustration. I'm told there have been such challenges by private companies in the environmental sector, for example, which is very important.

In terms of what I'm saying here in terms of being careful about regulations that will affect the cultural sector, it actually affects all sectors of activities. We have to be very careful what we do with our sovereignty as a nation in this field.

Mr. John Rafferty: Maybe you have a brief thought about companies being faced with the requirement of having to divest their business, as it affects culture, in order to transfer ownership of their telecommunications to foreign owners. Could I have just your personal thoughts on that?

Mr. Alain Pineau: Well, I don't know; you catch me off-balance on this one, because I have never thought of those lines.

I mean, we have allowed concentration of ownership over the past decade, or maybe 15 years, in order to be efficient and compete. The vehicle and the content are more and more difficult to distinguish, so maybe we would lose a competitive advantage, and there may be other ways of trying to prevent that danger we're seeing.

But I say that on a very personal basis.

Mr. John Rafferty: Thank you very much, Mr. Pineau.

Mrs. Edwards, how do you see community programming centres, or multimedia centres like the ones you proposed, improving the digital literacy of Canadians? I'm thinking in particular of a riding like mine that is very large and rural and does not have the infrastructure necessary for that to happen. Would you like to make a comment or two about digital literacy and these centres?

Mrs. Catherine Edwards: We are already working on a plan—and they have supported our presentation before the CRTC—with, for example, the Canadian Library Association. We want to work with community centres and with video and film cooperatives that already exist; there are over 100 in Canada. So we want to work with existing organizations that already offer some of these services but don't necessarily have access to distribution, for example. Public libraries often have these free Internet portals and do limited amounts of Internet training, but again, they don't actually have facilities where people could record a town hall meeting and have that distributed.

As I mentioned, there is money in the system right now for community expression that could include extending this kind of multimedia centre to rural areas.

What is the population size of your riding, just as an example?

Mr. John Rafferty: We cover a large area. There is one larger centre at the edge. But the rest of the riding is quite small, in terms of 27,000 to 28,000 people spread over—

Mrs. Catherine Edwards: For the whole riding?

Mr. John Rafferty: —the rest of the whole riding.

Mrs. Catherine Edwards: Can you drive from one end of the riding to the other end in half an hour?

• (1250)

Mr. John Rafferty: No, in about five hours.

Mrs. Catherine Edwards: So it is very distributed.

There's money available for about 50 more regional centres, so what we envision in a case like that is that there might be one facility that's got full studio facilities, training facilities, and computer labs where people can use and access Internet. Then to serve outlying areas there may be just a camera and an edit suite and computers in an existing community centre or library facility, so it may not be a full studio but can remit content because that's easy to do by uploading on the Internet to a regional distribution centre. So there are different strategies to fit communities of different size.

The goal is to be able to reach 90% of Canadians so they can get to one of these centres and access tools and training within 30 minutes on public transportation, and there's enough money there to do it.

Mr. John Rafferty: We have no public transportation where we're at.

Mr. John Rafferty: Do I still have a moment, Chair? Okay.

One thing that the Internet age is illustrating to us is how many people interact personally with their media sources like Facebook and Twitter and those sorts of things. How would your proposal help foster a more interactive approach to community programming?

Mrs. Catherine Edwards: Well, community television traditionally, because it has a mandate to serve communities, has pioneered things like phone-in television and getting mobiles out into the community at community events. Even in a pre-interactive Internet age, the community television sector was always pushing the edge of interactivity.

An example of how that's morphed in the age now, with Internet, is one of the most advanced uses of community TV right now, a theatre company called Headlines Theatre in Vancouver. This company has 20-minute plays they develop in the community around things like homelessness, and meth addiction, which they present live in a theatre. People can intervene in the actual play and go up on stage and try to work out solutions. They're also broadcast over the local community channel, so people from home who are watching can actually call in and influence the outcome, too. They tell an actor, "Hey, why doesn't he try this?", and the person goes up on stage and does it. They have now added an Internet component—it's Web streamed—so that people around the world who are also facing the big-city homelessness, meth addiction, and other problems can type in their suggestions from across the world and have these things appear on stage.

So because its mandate and its interest is to facilitate the community, community-run organizations find those new applications for new media better than anyone else, because that's their job.

The Chair: Thank you.

Last questioner is Mr. Galipeau, please.

[*Translation*]

Mr. Royal Galipeau (Ottawa—Orléans, CPC): Thank you very much, Mr. Chairman.

First I want to speak to Mr. Pineau, whom I have known, moreover, for a number of years.

Just to put me in context, since it's been a long time since we've discussed this issue, I would like to know this: how many members does your organization have? Are they individuals, Crown corporations, private corporations?

Mr. Alain Pineau: We currently have approximately 570 members, 200 of whom are individuals who support the work we're doing. The others are organizations, and I can name a few of them for you. Most of the people who have come or who come and appear before you are representatives of member organizations of the conference. We are an umbrella organization. For example, we have the Royal Opera Canada, ACTRA, the Canadian Actors' Equity Association, on the English side, the Canadian Museums Association, the UDA, on the union side. There's also the APFTQ, the Association des producteurs indépendants. We also have organizations which themselves are federations, unions or professional associations. CAPACOA is one of them, which respect to announcers. There is the Regroupement des centres d'artistes autogérés du Québec, the Canadian Dance Assembly, on the Canada side, the Vancouver Arts Advocacy Alliance, the Saskatchewan Arts Alliance. This is a very varied representation of member organizations of the CCA which support the national work we do and that also reflect it to their members.

Mr. Royal Galipeau: With respect to funding, your members do

Mr. Alain Pineau: Sixty per cent of the funding for the Canadian Conference of the Arts comes from a contribution agreement with the Department of Canadian Heritage, which thus acknowledges our work. Nothing in that applies to our public representation work. That's for our research and reporting work. The rest comes from the membership and self-generated revenue.

Mr. Royal Galipeau: I want to know whether you think widespread access to the Internet promotes or reduces the consumption of Canadian content.

Mr. Alain Pineau: Theoretically, it should promote it. When we talk about regulation or adapting the regulatory system to the digital universe, to the Internet, to wireless and all that, we definitely don't advocate the same remedies that applied to another technology. What's important today is to make the content available and, for that to be done, first and foremost, there has to be content.

With regard to all possible forms of financial support—direct, indirect, private, public—we're in favour of that in order to generate Canadian content. The law of supply and demand does not apply to our culture. We know that; that's been recognized for a long time. We are too small and spread out over a large area.

•(1255)

[English]

Mr. Royal Galipeau: Mrs. Edwards, do you have anything to add to that?

Mrs. Catherine Edwards: I just think we have to be really careful about network managing practices that would discriminate against Canadian content in the future. For example, from the point of view of the community sector, which is the open access, grassroots production tier, if you like, in the long term if everybody is watching television on the net, for example, we might need to ask ISPs to make free server space or something for communities to reduce the barriers to access.

So it's monitoring the way it develops over time, I think. Someone else here today said that it's a moving target. It's just to keep an eye on all these little factors that either help or hinder people from getting access.

[Translation]

Mr. Alain Pineau: That goes back to the comment of a previous witness. His name escapes me. He talked about the importance—

Mr. Royal Galipeau: It was Mr. Lévy, whose name translates into French as “redevance”.

Mr. Alain Pineau: That's very appropriate.

This goes back to what he was saying about the importance of ensuring that the gatekeepers play the game honestly and that a regulatory agency establishes fundamental principles. Regulation isn't necessarily a bad thing. It depends on the way it's applied.

Mr. Royal Galipeau: All right. Does the emergency of new media slow down content creation?

Mr. Alain Pineau: No, I believe it accelerates it instead. As I said in my presentation, it raises a lot of questions that have to be resolved, such as people's professional status, what applies to whom, rights, royalties and intellectual property.

I was asked the question earlier, but it was impossible for me to answer it in the circumstances. The fact remains that we should soon have a bill that we can deal with. Like all other participants, we'll then have the opportunity to make all the necessary comments.

Mr. Royal Galipeau: In your presentation, you talked about English Canada and Quebec. Where is English Canada located? Are Embrun and Shawville part of English Canada?

Mr. Alain Pineau: It's very hard to use a language that expresses the at times geographic distinctions that we would like to make. In this case, perhaps I could have said the francophone or anglophone markets. It depends on the subject. I've long been responsible for regional situations concerning francophones outside Quebec at Radio-Canada, and I'm familiar with the problems of language associated with certain subjects.

We could talk about predominantly anglophone markets. With regard to community television, they are in poorer shape than the francophone markets in Quebec, even though the latter leave a lot to be desired. I'll take this opportunity to say, regarding the description Mr. Simms gave of his community station and of his community's satisfaction, that I'm quite happy for them, but, based on the evidence we have on this matter, his situation is in the minority. I don't believe the people of New Brunswick would give that kind of evidence on local content, given that they now have only one station for the entire province.

Mr. Royal Galipeau: Mr. Chairman, thank you very much.

[English]

The Chair: Thank you.

Thanks to our witnesses for their great presentations and great answers, and thanks to our committee for the good questions.

With that, the meeting is adjourned.

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