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Chair

The Honourable Hedy Fry

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•(0845)

[English]

The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)): Good morning, everyone. I'm calling the meeting to order.

As we can see, we have before us our witnesses from Bell Canada for our first hour.

Bell Canada, you have four presenters. You have 10 minutes to present, so you can decide amongst yourselves who is going to do it, and I will give you a two-minute notice when you have two minutes left. Following that, we have a question and answer session. Therefore, you will be up for about 50 minutes, with 10 minutes for the presentation and 40 minutes for questions and answers among everyone else. Who will begin?

Thank you, Ms. Freeman.

Ms. Wendy Freeman (President, CTV News, Bell Canada): Good morning, Madam Chair and members of Parliament.

My name is Wendy Freeman and I am the president of CTV News.

With me today are my colleagues Richard Gray, vice-president and general manager of radio and TV, Ottawa and Pembroke, and national head of CTV Two News; Kevin Goldstein, vice-president of regulatory affairs, content and distribution; and Pierre Rodrigue, vice-president, industry relations.

Every day, CTV News plays an important role in ensuring Canadians are informed about local and regional issues on our television and digital platforms. We are Canada's largest private television operator, with 31 local stations, some of which have been in operation for over 50 years. We are present in markets of all sizes, with 12 markets where we are the only local television news voice, markets such as Dawson Creek and Terrace in British Columbia; Prince Albert and Yorkton in Saskatchewan; London and Kitchener in Ontario; and Sydney, Nova Scotia.

Ratings tell us that the news these stations provide is of critical importance to Canadians. When a local news event breaks, we are there, with boots on the ground in each of our markets, to give viewers immediate information on what's happening, such as, for example, a boil water advisory in a community or a safe place to go in times of a natural disaster, such as the Calgary flood. These are but two examples of many. As such, the long-term viability of these stations across CTV and our competitors is vital to our communities and our country.

Unfortunately, our success in connecting and reflecting local communities does not necessarily translate into financial viability. Last broadcast year, all but five of our television stations lost money. In the previous year, 20 of our stations lost money. The trend is not in our favour. It's not just our stations. Local stations across the country are buckling under extreme financial pressure.

Despite these challenges—and this is a very important point I would like to make, given the topics this committee is studying—we are proud there has been no erosion in the amount of local news hours that each one of our stations provides to their respective communities. We are extremely proud of the role we play in providing local news in communities across the country.

In fact, for many years we have provided more local programming than the regulated minima in many of the markets we serve. For example, in Saskatoon, where we are required by regulation to provide only seven hours per week, we in fact air 32. In Winnipeg, we do 31.5. In Atlantic Canada, we air 18.5. Our local reporters and anchors, such as Sarah Plowman, a reporter in Winnipeg, and Tara Nelson, our anchor in Calgary, are an integral part of their communities.

But the amount of local news that we currently provide is not sustainable going forward. There is really no debate: local television is in a permanent structural decline. In fact, since 2011, advertising revenue generated by private conventional TV broadcasting stations has decreased by \$325 million and \$91 million at Bell Media stations alone.

Without a doubt, delivering local news is a costly undertaking. Changes are needed, and that is why, at the CRTC's recent hearing on local and community television, we made a proposal to reallocate existing money in the system and create a fund that provides an incentive to invest in local news. A previous but now defunct fund, the LPIF, was a lifeline for local TV stations, allowing many of them to keep their doors open.

Kevin.

Mr. Kevin Goldstein (Vice-President, Regulatory Affairs, Content and Distribution, Bell Canada): Local television remains the most effective way to reach a mass audience. It's where Canadians turn first for information about what is going on in their community, and it is the place where viewers expect to find the biggest shows, whether that's popular dramas, tent-pole events, or programs of national interest.

Local television is a megaphone for the discoverability of Canadian content on digital platforms. In that role, local television supports and promotes the digital ecosystem, which is why it is vitally important that it remain a viable platform.

But we must also be mindful of the business reality of local TV. With declining advertising dollars and no access to other sources of revenue, the business model for local TV is not sustainable. Local over-the-air television is the only form of regulated television that does not have any form of subscription revenue. As an advertising-only service, local television is simply no longer sustainable in its current form.

Some have argued that the growth of online news platforms is part of the solution. That is true, but the cost involved to gather and produce high-quality news remains the same regardless of the platform on which it is made available. Despite this, we still need to invest in these platforms, because it's what our viewers want, and local television newsgathering provides the backbone for us to do so.

However, the financial picture for local television has the potential to get worse in the near future.

First, in order to coordinate our spectrum policies with those of our neighbours south of the border, the government is repurposing the 600 megahertz spectrum band on which over-the-air television stations operate. While we are supportive of this initiative in general, it will cost Bell Media tens of millions of dollars, if not more, this after spending roughly \$30 million five years ago for the digital conversion.

Second, the decision by the CRTC to remove the ability to request simultaneous substitutions during the Super Bowl will result in a multi-million dollar loss of advertising revenue for CTV. Even this large amount pales in comparison to the broader impact on the Canadian economy, including the impact on local advertisers, who will lose an important vehicle to promote their products and services.

The impact is not just economic. Canadian consumers will be exposed to U.S. pharmaceutical drug advertisements that do not meet Health Canada standards, as well as advertisements for financial services that may be contrary to Canada's public policy objectives. Canadian tourism will lose the opportunity to promote our country to Canadians, and we'll lose the ability to promote Canadian programs, something that we have done with great success to date.

None of this is in anyone's interest.

Pierre.

• (0850)

[*Translation*]

Mr. Pierre Rodrigue (Vice-President, Industry Relations, Bell Canada): This committee has also been given the mandate to look at the unintended consequences of media concentration. Media concentration is not at the root of the problems facing local television. Far from being the problem, scale has allowed larger broadcasters to support their local television stations. Just think of the 12 communities we noted earlier where Bell operates the only local TV station. Without the scale and efficiencies that come from being part of a larger operation, these stations would not survive.

Overall, we believe that media concentration has been a positive for Canada.

Yet, while consolidation and scale have helped us to some extent—as well as Corus, Rogers and Québecor—we are no less immune to the structural decline in the over-the-air television sector than other licensees. As we pointed out earlier, only five of our stations were profitable last year, even though CTV remains the most watched local television group. We noticed, with interest, the comment made by one of your earlier witnesses that advertising-dependent media is in big trouble. We couldn't agree more.

[*English*]

Mr. Kevin Goldstein: In light of our comments, we make the following recommendations for this committee's consideration.

First, as we proposed in our submission to the CRTC, there must be a redirection of existing funds in the system to specifically support local news.

Second, given that local television does not receive a subscriber fee like speciality services do, some of the anticipated \$5 billion in revenue from the 600 megahertz auction should be used to cover at least the cost of relocating transmitters.

Finally, the wide-ranging impact of the CRTC's decision on the Super Bowl must be reviewed.

In closing, local television and, specifically, local news remain important priorities for the Canadian broadcasting system for Canadians and for Bell. We look forward to this committee's report as to how the situation faced by local stations can be improved.

Thank you for the opportunity to share our views. We'll be happy to answer any question you may have.

The Chair: Thank you very much.

I want to congratulate you on being two minutes short of your 10 minutes. That's very efficient.

We will now begin our questions with Mr. Vandal from the Liberals. I want to warn you before we time him that the seven minutes include the questions and the answers. If everyone can be as concise as you can be, we can really get in some good questions and answers. Thank you.

Mr. Vandal, you have seven minutes.

Mr. Dan Vandal (Saint Boniface—Saint Vital, Lib.): Thank you very much for your presentation.

[Translation]

Thank you for the opportunity to speak, Madam Chair.

[English]

I represent Saint Boniface—Saint Vital, which is in the city of Winnipeg, Manitoba, and our city and our province are abuzz with the news yesterday that Bell recently purchased MTS. I'd like to ask you some questions about that purchase.

We know that MTS currently has 2,700 jobs in Manitoba, and we understand that Winnipeg will become Bell Canada's western headquarters, and I think that's positive. However, a third of MTS stores in Manitoba will be sold to Telus, I understand. Can you give me and this committee, or at least this side of the committee, some measure of comfort that there will not be massive layoffs as a result of this acquisition?

• (0855)

Mr. Kevin Goldstein: I'll try to answer the question. It's a bit outside the scope of the area we operate in on the media side. I think, though, that the MTS transaction is obviously a very important transaction to Bell. It's important in terms of our overall broadband strategy, and we think it's an important and a good transaction for the people of Manitoba and for the Manitoba economy.

I can't speak specifically to what the plans are related to jobs. I think we're very committed to that, and we are sensitive to the overall issue you raise, but I think it's somewhat beyond, I guess, the area that this group focuses on.

Mr. Dan Vandal: Then you don't have any information on that.

Mr. Kevin Goldstein: I have no specific information, no.

Mr. Dan Vandal: You can't tell me if there's going to be a net job gain or job loss or...?

Mr. Kevin Goldstein: I can't speak to anything other than what was publicly said yesterday.

Mr. Dan Vandal: Is there anyone else on your side who can provide some sort of response?

The Chair: Can nobody provide a response? No?

Thank you.

Mr. Dan Vandal: Manitoba currently has wireless rates that are 30% to 40% lower than those in provinces where there is less competition. In my mind, this is clearly an acquisition that's going to result in reduced competition in Manitoba. Given that our rates are better than those of the majority of Canadians, can Bell foresee, with this acquisition, any increase in rates on the horizon?

Mr. Kevin Goldstein: Again, from the media perspective, it's hard for me to comment on that.

The only thing I will say in terms of what was discussed yesterday, both publicly and in terms of internal policy, is that right now the situation from a wireless perspective in Manitoba is that you have two fairly large players in Rogers and MTS, which have essentially most of the market share, and two relatively smaller players in Telus and Bell.

In theory, the concept of having four players and more competition may lead to lower rates, but I think you could also

say the same thing in terms of having competition between three relatively sized players: that it will also lead to potentially better service for the community.

Mr. Dan Vandal: Okay.

Here's another question. I understand that with this acquisition Bell has committed to investing a billion dollars to expand broadband wireless in rural and urban areas across Manitoba. Do you foresee this helping to bring broadband to areas that do not currently have the service or improving overall connectivity speeds for Manitobans?

Mr. Kevin Goldstein: I think it's going to improve overall connectivity speeds for Manitobans.

I'm not sure of the specifics as to the rollout plan. I'm sorry.

Mr. Dan Vandal: You have nobody on your side who has any specifics on this acquisition? You haven't given me a lot here, and that surprises me, frankly.

Mr. Kevin Goldstein: I'm sorry. We're here to focus on the specific issues of local news and media concentration and that—

Mr. Dan Vandal: Exactly. It's media concentration, which is the theme of this public hearing, and yet you come to the table with no information one day after rolling out a \$4-billion acquisition. I have to say that surprises and disappoints me.

Mr. Kevin Goldstein: I'm sorry for that. The only thing I would say on that is that the transaction in question is largely a telecom transaction and is not one overly focused on the media space, other than the small level of BDU subscribers. Obviously, the broadband acquisition side of it is very important and helps in terms of the broader rollout of the digital infrastructure and the advancing of the digital economy. That obviously touches on the media space, but it's not a kind of media concentration or transaction issue.

Mr. Dan Vandal: Okay. That's a longer discussion.

Manitoba Telecom Services have been very supportive of aboriginal production in Manitoba. I know that Telecom has been very supportive of APTN, which is based in Winnipeg and is one of the world's only national indigenous broadcasters.

Can you tell me if Bell intends to offer any special benefit for aboriginal producers in Winnipeg or any special benefit to the Aboriginal Peoples TV Network?

• (0900)

Ms. Wendy Freeman: We currently provide APTN all our video. We have a transaction through which we provide them everything. A lot of the videos you see on their newscast and on APTN, we give them. We've been doing that for many years and we will continue to do that.

Mr. Dan Vandal: Thank you.

My time is almost up. In closing, I'd like to say that I'm very disappointed, Madam Chair, that one day after publicly rolling out a \$4-billion acquisition in Manitoba, senior executives of Bell come to this table with no information. Winnipeggers and Manitobans are concerned about the repercussions of this. I'm not predisposed to say this is going to be negative; however, I would expect some answers when they come before a standing committee.

The Chair: Thank you very much.

I agree with you. I think what we're looking at here is not simply local news but the effects of media consolidation, and this was a question on media consolidation. I'm hoping that other members will get an answer to that question if they bring it up. Thank you very much, Mr. Vandal.

Now we go to Mr. Maguire for the Conservatives.

Mr. Larry Maguire (Brandon—Souris, CPC): Thank you very much, Madam Chair.

Thank you very much for your presentation this morning.

I think one of your key comments was that this is about media. You're not delivering the TV side of things at the present time, other than what you already do in Manitoba, and thank you for that.

Specifically, I want to know more about some of your lunchtime and supertime newscasts and that sort of thing. Are they continuing to lose listeners and viewers in terms of what's happening across the country? You've indicated that advertising-dependent areas are having trouble and struggling, but are your local lunchtime and supertime news broadcasts losing that audience as well?

Ms. Wendy Freeman: The interesting thing is that our ratings continue to remain high. It's the advertising revenue that we're losing. Most of our local newscasts are still doing quite well. It's really the revenue that's going down. There are still a lot of eyeballs on the shows.

Mr. Larry Maguire: You've indicated that you have five that are still profitable, whereas the rest are not. Can you give us some examples of what makes those kinds of affiliates profitable?

Ms. Wendy Freeman: Richard may help me out on this, but they were mostly in the larger markets—Toronto, Ottawa—those markets that are still doing quite well. What's happening is that advertisers are now moving over to digital. We're trading in big advertising dollars for digital dimes. They're moving their money over to digital, so we're getting dimes now instead of dollars, even though we still have a lot of eyeballs on all of our shows.

Mr. Richard Gray (Vice-President and General Manager, Radio and TV, Ottawa and Pembroke, and National Head, CTV Two News, Bell Canada): To provide you with a little more depth with respect to your question about the profitability of our stations, Ms. Freeman is entirely correct. It is all in larger markets, and it happens in larger markets because we're able to achieve greater economies of scale.

Our television station in Toronto, for example, is supported by a number of our other operations. Our television station here in Ottawa is supported to some extent by our local radio operations. In Vancouver, we cohabitate radio and television together, so there's a blended management team.

As a result of all of those actions, we're able to avoid the problem in larger markets that we've seen hit smaller markets, but I don't think that is something that's going to be sustainable in the long term.

Mr. Larry Maguire: Thanks.

A lot of younger people today are telling me that they're cutting the cord on cable. I'm just wondering about this. You have these markets that are innovations, and I'm wondering if you're making any innovations or modifications to the local news programming in some areas, in an attempt to keep.... You're indicating that the ratings are up but profits are down, but also, just to continue with the ratings side of it, what have they done to adapt in the new media environment?

Ms. Wendy Freeman: We have adapted and we continue to adapt. We have digital-first cultures in all our newsrooms now. The problem is, though, that we have to be everything for everyone. We have to be on every device.

I always give the example of my family. We have to be on Snapchat and on YouTube for my 17-year-old daughter, who watches news. We have to be on Facebook for my 20-year-old son. We have to be on a laptop for my husband, and then we still have to be on at six o'clock for my 70-year-old parents. We have to be everywhere on every device with everything possible.

We have a digital-first mentality now in all newsrooms, because the fact is that mobile is key and digital is key moving forward. We use also the behemoths such as Facebook, YouTube, and Google to try to get as many eyeballs as we can on our digital sites and our mobile devices, so that we can bring the most eyeballs possible to our sites. Again, what's happening is that we're trading dollars for dimes.

● (0905)

Mr. Richard Gray: To talk about the adaptation process, probably the biggest change that has occurred is the manner by which our staff in our newsrooms functions. It used to be that a reporter working in a newsroom would work on one story all day long. They would file that story for six o'clock, and their day would effectively be over.

As Ms. Freeman explained, we have adopted a digital-first approach. What that entails, what that involves, is that the reporter who used to work and file one story during the course of the day is filing multiple stories across the entirety of their eight-hour shift. They are keeping viewers, listeners, and folks who are tuning into our digital sites up to date on nuances and developments in that particular story. Effectively, their job has turned into one that is very much like working for a 24-hour news operation instead of a local television station.

The Chair: You have two minutes left, Mr. Maguire.

Mr. Larry Maguire: Thank you, Madam Chair.

I wanted you to speak about the specifics of the CRTC regulations. You mentioned the Super Bowl and the simultaneous substitution there. Are there other regulations that inhibit your ability to enhance or distribute local news that could be changed as well?

Mr. Kevin Goldstein: I think the main one is the structural set-up of over-the-air television, and its being an advertising-only medium.

The other types of services that the CRTC licenses, whether it be a specialty service or a pay channel, have access to a subscription revenue stream, including our own CTV News Channel or CP24, which is our local specialty service in Toronto. It completely changes the business reality for producing news when you have the ability to draw from two different revenue streams. I think that's a structural issue.

We've advocated in the past moving away from an over-the-air model to a local specialty model, such that you could shore up the finances of this medium but continue to provide the same programming depth. That hasn't been accepted, but I think that's the most important one I would mention.

Mr. Larry Maguire: You've mentioned that, but also, it must impact your business when the government subsidizes the CBC by adding \$100 million back into their coffers. Do you feel that this situation will impact your ratings in the private sector? How do you compete with that? Are there other ways that you could have an impact and encourage the private sector to promote more local news content as well?

Mr. Kevin Goldstein: In terms of the CBC and the investment, I think we'll have to see how those dollars are used in terms of whether or not they'll have an impact. I think the CBC is an important cultural institution.

For us, it is a challenge. Essentially, you could argue that CBC gets two revenue streams as well. They have access to advertising and they also get a government subsidy, whereas our stations just have the one revenue stream. There have been funds in the past, whether it was the LPIF or something else, that helped support local news for private television stations as well. As we indicated in our opening statement, it's something that we think is important to look at going forward.

The Chair: Thank you very much.

Now I go to Mr. Nantel for the NDP.

[Translation]

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

My thanks to the witnesses for joining us today. The fact that you are here in great numbers for the entire hour speaks well to the extent to which you participate in the industry in this country.

Do you agree with my position that we are living in a time when the system is being seriously questioned? You rightly noted that a lot of people are blaming you. Your company is the major player and it often gets the blame for a number of things. However, I feel that it is appropriate for a business to make money. That is why you exist, and your shareholders are happy to see a return on their investments.

Clearly, we must all pay attention to the health of our system. In your presentation, you brought up some points in support of the fact that things are getting difficult, even for you. At the very end of your presentation, you said that you could not agree more with someone who said that traditional media were experiencing very considerable losses in advertising.

Do we agree that the system is based on the fact that the public airwaves are managed by a government agency to make sure that the

country is represented and it is all based on an advertising market so that content can be provided at the best cost? With that said, do you wonder how, in our system, we can come to a decision such as the one the CRTC made to broadcast the Super Bowl including the American commercials?

Everyone here must have the health of our system at heart. Everyone involved has to make money, whether it is the performers, the reporters, the broadcasters, the distributors or anyone else. Everyone has to earn a living and to do so in the best interests of the country. However, how do we explain that we have reached the point where the CRTC chair can suggest something like that? Seen from that perspective, we wonder what is in it for you and for Canadians, except to see the Super Bowl's super ads.

● (0910)

Mr. Pierre Rodrigue: We appealed that decision because we really do not understand it.

The Council seems to have been persuaded by the argument that the commercials are part of the Super Bowl programming. I feel that we have to distinguish between the current situation and the one five or seven years ago, when the commercials were not accessible except by watching the game. Today, some of the commercials are often available online the night before the game and certainly on the day of.

One of the various proposals we came up with involved a site specifically for those commercials. You are correct that the system is being questioned a lot these days. Is this the straw that breaks the camel's back? I do not know, but it is one of the straws that will.

The advertisers' appetite for digital solutions also requires us to offer them. However, they are in their very early stages and they are extremely expensive. As Ms. Freeman said, the production cost is the same. Certainly, each dollar that comes out of the classic broadcasting system and goes into the digital system makes the overall system poorer.

Mr. Pierre Nantel: In that context, I would just say that, in 2015, you declared operating income of \$21.5 billion. Things are going pretty well. No one can say that things are not going well.

So the consolidation of your company, its vertical concentration, enables you to support less profitable activities, such as those of the generalist CTV television network. It is the most popular network, but its advertising revenues are in decline. How does the subsidiary that distributes Internet services benefit from that? The fact that people are flocking to the Internet is good for your business, isn't it?

[English]

Mr. Kevin Goldstein: I think ultimately every business division needs to stand on its own. I think historically in the media division the specialty and pay operations helped to prop up conventional television. The situation we're discussing today isn't something that has emerged over the last 18 months. This is something that has actually been occurring over the last 10 to 15 years. The specialty and pay business, which was healthy, helped to support that business. There were a bunch of reasons why that made sense at the time.

Unfortunately, as we're watching certain developments in the media space—for example, people exiting the regulated system, cutting the cord, cord shaving in terms of taking less services—that has put pressure on that profitable specialty and pay business. In fact, we have a whole new regulatory regime that is now allowing Canadians much greater choice in terms of how they subscribe to all of those channels.

We're not saying that's a bad thing. It just puts pressure on those assets that would have been in a position to support the money-losing asset in the past. You have a situation where you had one healthy division and one less healthy division, and now the healthy division isn't as healthy and the less healthy division is even less healthy. There comes a point in time when, if you continue to subsidize, you actually aren't just throwing good money after bad; you're actually impairing the business in terms of subsidizing.

• (0915)

[Translation]

Mr. Pierre Nantel: So let me ask you another question.

In your brochure, specifically point 7 of the 2016 report, dealing with material risks for investors, there is a sentence that I would like someone to explain to me. It says that one of the risks is “the adverse effect of the emerging fundamental separation of content and connectivity, which is changing our TV and media ecosystems and may accelerate the disconnection of TV services and the reduction of TV spending, as well as the fragmentation of the advertising market”.

Given that BCE subsidiaries are grouped together in terms of share ownership, how do you present the market we are heading towards to your shareholders?

[English]

The Chair: Mr. Goldstein, you look poised to answer that question. I think you might be able to do that at some point when you have another question.

Mr. Nantel, your seven minutes are up.

I'd like to go to Mr. Samson for seven minutes, for the Liberals.

[Translation]

Mr. Darrell Samson (Sackville—Preston—Chezzetcook, Lib.): Thank you, Mr. Chair.

Welcome, Mr. Goldstein. Thank you for being here today. It allows us to get a little feedback. I have to mention that I was the only Nova Scotia Acadian elected to the House last autumn.

I have several questions for you. The first is about the Internet and it follows up on the questions from my colleagues.

On April 19, you appeared before the CRTC. At that hearing, you indicated that Internet access was not a matter of money or affordability, but rather a poverty issue. Can you explain a little more what you meant by that?

[English]

Mr. Kevin Goldstein: I wish I could. I think you're referring to our appearance at the basic telecommunications services hearing. As I indicated on an earlier question from one of your colleagues, this is

the media group. I run the regulatory group for media and for Bell TV. I'm not as familiar with that proceeding or that file, so I apologize.

We'd be happy to follow up in writing, if that's helpful to the committee, but it's not an area on which I feel competent to comment here.

The Chair: Yes, that would be acceptable to the committee.

[Translation]

Mr. Darrell Samson: Okay.

At your appearance at the CRTC public hearings on January 25, you made a presentation and proposed the creation of a local news fund. How would that fund be financed and what does it mean for your company?

[English]

Mr. Kevin Goldstein: That hearing, I know, and I think what you're referring to is the local news fund that we proposed at the CRTC's recent hearing on local TV and community television. What we proposed is that certain of the funding that the broadcast distributors put into their community channels, as well as a small amount that goes into the Canada Media Fund, would be redirected to form this new fund.

The new fund wouldn't just be a handout. Essentially, you would be required to spend a certain amount of money. You would then get essentially two-thirds of the cost, and you would get one-third under the fund, but only for amounts above your regulatory minimum. Stations in Canada right now have essentially no obligations to specifically provide local news; they have obligations to provide local programming. There would be a base minimum of local news established per market, and where you exceeded that amount, you would be eligible for one-third of your over-and-above costs, on a pro rata basis, to be covered.

In terms of what it would mean to us out of that fund—I'm going from memory here—I think the fund was going to be somewhere in the range of \$65 million to \$70 million. I'm trying to remember. I think just over \$20 million would go to us to help support our local news operations.

By way of comparison, when the aforementioned LPIF existed, which was the previous fund that was eliminated in 2014, at its height we were receiving somewhere between \$23 million and \$25 million, and that really was a lifeline for our stations.

• (0920)

Mr. Darrell Samson: Thank you.

The other question would be more on the radio side. Have your revenues increased or decreased in the radio sector, and why?

Mr. Richard Gray: Radio revenues are down as well, and they're down sizably.

I'm going to use Ottawa as an example because that's the market I'm most familiar with, but it is representative of what's going on across the entire country. Over the course of the period of time since 2011, in the Ottawa market local television advertising revenue is down by 12%, and local radio advertising for our company is down 20%.

It's down for a couple of reasons, and this applies, as I said, to both television and radio. One reason it's down is that there's a fundamental change going on in local communities. The local retail landscape is very different today from what it has ever been at any time in the past. We are becoming communities of what I call boutiques and big-box stores. There is a level of business—"big small business" I call it—that in this country is disappearing. It's disappearing largely as a result of so many people adopting different shopping habits, those being shopping online.

The other big fundamental change going on in the advertising world is that "dollars to digital" doesn't necessarily mean dollars to digital advertising. What I mean when I say this is that the car dealer who's on the corner is being forced to make decisions now about how they spend every advertising dollar, and they need to be in the digital space. As a result of needing to be in the digital space, what they're doing is taking traditional advertising dollars and channelling them to website creation and maintenance and to creating and maintaining a social media presence. They're channelling those dollars to search engine optimization, and they're taking those dollars away from spending on advertising on local television and radio stations.

For my properties in Ottawa alone, my quick estimate as to the impact of that on an annual basis is \$2.6 million a year, and it's growing fast. These are changes in which, no matter what I do and no matter what my staff does, we can't influence a difference. What we're talking about are fundamental structural changes in the manner in which the economy functions in this country at the local level, in communities such as Ottawa, Winnipeg, and Calgary, and Brandon, Manitoba, and Halifax, Nova Scotia. This is going on across the country from coast to coast.

The Chair: Thank you very much.

Your time is up, Mr. Samson.

Now we go to the second half, but because of time constraints, I think we're going to go for three minutes only for this part, and we're going to go to you, Mr. Van Loan and Mr. Waugh. However you want to divide your three minutes would be up to you.

Hon. Peter Van Loan (York—Simcoe, CPC): I'll start, but with only three minutes, we'll see how far we get.

The worst way that public policy gets made is by the personal anecdotes of people's own experiences, so let me indulge in that.

My constituency is York—Simcoe, north of Toronto, at the north end of York region. I have municipalities such as Georgina and East Gwillimbury that are served largely by your CTV Two affiliate, which used to be the old "New VR", out of Barrie, CKVR. When I was first elected, I used to see a CKVR camera in my constituency just about every weekend when I was out and about. That's probably dropped to maybe once every four weeks now, though in fairness, when something big is going on, your helicopter out of Toronto will be flying overhead covering it.

In contrast, I don't think I have seen one of CBC's cameras in my constituency in literally years. When something big happens in my communities, it's generally shown by a map, and somebody on the telephone describes it as an area north of the GTA, even though, of course, it's part of the GTA. So when I hear you talk about the

challenges of CBC having a \$1-billion-a-year subsidy, I don't see from that experience how that subsidy is making it harder for you to compete, certainly in that market.

Can you tell me how that subsidy makes it hard for you to compete on local news?

• (0925)

Ms. Wendy Freeman: For us, it's about covering the news. If there is a story in your constituency, we'll be there. That's what's important to us. It's about being where the news is.

I can't talk for what the CBC chooses to cover, but I know that if there's news, we think it's news, and we deem it news, we will be there.

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): In full disclosure, I was a member of Bell until October 19, so I have a couple of things.

First of all, Wendy, it was the first time that local stations never covered the federal election, the first time in their history. You tell me how important it is, yet Toronto gave everyone the federal election results. Maybe you can comment on that, because that wasn't local. Every station in this country didn't report on it locally. Yes, they did after the election results, and they did the local news on the late-night news, but why did you make that decision?

Ms. Wendy Freeman: Again, it's very costly for our local stations to do what we used to call "cut-ins" during the federal election. What we did provide instead, though, was a constant local ticker in your region, and we did provide locally who was ahead and who was winning, etc., but again, it was a very costly undertaking.

Also, when we did the local cut-ins, we found that sometimes we would never get to the local station to say it, because something would be happening—a speech, or the new Prime Minister would be speaking—and we discovered that we weren't sometimes ever going to them anyway. Instead, though, we had what I thought was quite effective. We had a local ticker constantly, and in your region locally you were able to see who was ahead and who won, etc.

The Chair: Thank you, Ms. Freeman.

That's it, Mr. Waugh. I'm sorry. I know. Three minutes is not a long time.

Now we have Mr. Breton, who would like to share his time with Mr. Boissonnault.

I don't know how we're going to do that with three minutes, but let's go right ahead.

[Translation]

Mr. Pierre Breton (Shefford, Lib.): Thank you, Madam Chair. I will see if I can share my time with Mr. Boissonnault.

My thanks to the witnesses for joining us here today. It's a great pleasure for me to listen to you. Let me get directly to the point.

This country has a number of policies and regulations that affect broadcasting, television, and so on. In your view, what are the two best solutions or public policies that could ensure local and regional broadcasting all across the country?

[*English*]

Mr. Kevin Goldstein: I think the two best ones would be, first, a secondary revenue stream for local television, whether that's a fund or it takes the form of a value for signal fee-for-carriage regime, like they have in the U.S., where local television stations are thriving, while the second one would be to ensure that overall local television stations have the best rights of protection, such as simultaneous substitution and things like that, to ensure that out-of-market stations don't pull audience from their programs.

The Chair: Mr. Boissonnault, you have one and half minutes.

Mr. Randy Boissonnault (Edmonton Centre, Lib.): Thank you very much.

I have a question for you, Ms. Freeman. As you're embracing the digital shift, and with the work that Bell has done in convergence, if you cast out five to ten years, what are the moves you need to make now to ensure that not only is there is local programming, but that robust Canadian content is produced across the system five to ten years out?

Ms. Wendy Freeman: That's a good question. I can't predict even five days out anymore, to be honest.

Again, we really feel that mobile is key. As you know, for the younger generation millennials, an iPhone or a BlackBerry is part of their body, so it's important for us to be in that space at all times. Our whole future is about digital first and also about doing stories that in the end will attract people.

In the end, it's all about the storytelling, and people will watch a good story, no matter what, on any device. For us, it's about getting the most eyeballs on all devices and doing the best storytelling we can, so that people will always come. If it's good, they'll always come, no matter what.

• (0930)

The Chair: Thank you, Ms. Freeman.

Now, to round that out, we have Mr. Nantel for three minutes.

[*Translation*]

Mr. Pierre Nantel: Thank you, Madam Chair.

Mr. Rodrigue, let me go back to the question I raised a little earlier about your investors' brochure. I find that, for some time, we have not been talking enough about how interrelated our system is.

There are champions like yourself. Often, you are asked to make an effort and you reply that you are losing money here and there. That is the reason I asked, when the representatives from Rogers appeared, whether we could be assured that, at the major meetings that the Minister of Canadian Heritage hopes to hold, there will be a conversation that is as transparent as possible about the hats that everyone involved wears. Earlier, if I understood correctly, it was

mentioned that, in areas such as distribution and cellphones, the picture is wonderful.

It was also mentioned that moving to the 600 MHz band will result in costs for Bell Media, but that it is still going to generate a fantastic business opportunity for wireless telephone people.

Can we agree that it would be helpful for everyone that, when you are talking to your shareholders and selling shares, you might say that some subsidiaries are going very well and others are going quite badly. We need the complete picture. Basically, would it be helpful to have separate spokespeople for each one?

What do you think, Mr. Rodrigue?

Mr. Pierre Rodrigue: First, Mr. Nantel, be assured of one thing. When the minister calls, Bell, as a responsible player in whatever area we operate, will answer the call for comments on digital issues and Canadian content, whatever the platform.

Second, as regards our relationship with investors, a responsible company like Bell must be as clear as possible about the possible risks. Today, we could talk with certainty about everything innovation-related that has gone on in the past three years. However, we are not able to talk with certainty about what will be going on in three months.

Moreover, as a public company, Bell has a responsibility to criticize various regulatory decisions that may be made when it is talking to its investors, to talk about Canadians' different ways of life and about what our advertisers prefer, without knowing exactly whether another part of the company will be able to gain access to that market.

However, even if another part can gain access, how do we analyze its profitability? It does not mean that the dollars coming out of broadcasting or from advertisers—advertising revenue, for example—are automatically going to be made up elsewhere and with the same profit margin. That is why the company has the responsibility of explaining the risks once a year. It is a legal obligation, but it is also the way in which the system is built. Investors must be allowed to make their purchases at the right time.

This is all to say that, if a government, whether provincial or federal, asks those involved in the system for their opinion, Bell will be there and will continue to be there. The solutions we offer are not always adopted, far from it. For example, your colleague asked what we said last January. Some of the solutions we proposed were adopted, but others—

[*English*]

The Chair: Mr. Rodrigue, could you please finish your sentence?

[*Translation*]

Mr. Pierre Rodrigue: But you can be sure that we will be there and that we will participate.

[*English*]

The Chair: Thank you very much. That brings an end to this session with Bell Canada.

Thank you so much for coming in and for answering questions. We have to leave and move on to the next witnesses.

We'll take a recess for about a minute so that we can clear the room and get the new people in.

- _____ (Pause) _____
-
- (0935)

The Chair: We are going to begin the session. We have with us the Canadian Union of Public Employees, with Mr. Bolduc and Madam Blais, and the Canadian Association of Community Television Users and Stations, with Catherine Edwards.

I think Mr. Desrochers is with you, Ms. Edwards. Yes? Thank you.

Here's the drill. You have 10 minutes to present and then we have a question and answer session. I'm going to give you a two-minute cue for when your 10 minutes will be up so that you know you have two more minutes to go, and then I'll have to cut you off, I'm afraid. If you don't finish your presentation, you may be able to get some of your points in with the answers to the questions.

We shall begin with the Canadian Union of Public Employees.

Please begin, Mr. Bolduc.

[*Translation*]

Mr. Denis Bolduc (General Secretary, SCFP-Québec, Canadian Union of Public Employees): Thank you.

Madam Chair, members of the committee, thank you for inviting us to talk about local media. It's a subject that is dear to us since we represent workers that produce local content on a daily basis in Quebec, whether on the radio, on television or in print media.

My name is Denis Bolduc. I am the secretary general for the Canadian Union of Public employees in Quebec. I am accompanied by Nathalie Blais, from our research branch. In a previous life, both of us were journalists. We have prepared this statement with media workers that still work in the field, and who are both with us here today. They are Richard Labelle, a cameraman at TVA, who is also vice-president of the TV and radio workers for our communications sector, and Jean-François Racine, who is president of the union representing the editorial staff of the *Journal de Québec*. They will be able to answer your questions if you wish.

Today, we will not spend much time talking about the critical financial situation surrounding television and print media. I think you are all well aware of the declining advertising numbers. That said, we would like to highlight that it is actually the national advertising numbers which show a downward trend, while the local ad purchasing numbers remain quite stable. This is shown in table 2 of our report.

What we really want to talk about today is the importance of local media for our democracy and to emphasize our recommendations that aim to further support the production of local news content.

Let us start by looking at the local news landscape in Quebec.

Earlier this year, CUPE commissioned a study from Influence Communication, which was submitted as evidence to the CRTC during its consultation on local television. Here are some of its key findings.

First, in 2015, there was 42% more information from all sources circulating in Quebec compared to 2001 yet there was 88% less local news content. This means local news information that comes directly from the region of origin accounts for less than 1% of all news information available in the province of Quebec.

Second, if we compare each region, we see that the amount of local news content available varies quite a bit. This is shown in table 4 of our report. In the Saguenay—Lac-St-Jean region, for example, there is 18% of local content for about 275,000 people, whereas in Montreal, there is about 1% of available content for a population of about 2 million.

Third, the quantity of available local news content has an impact on voter turnout in elections. Influence Communication compared local news content with voter turnout during the 2013 municipal elections and found that, on the whole, voter turnout was greater in regions that had more local news content.

Local news content therefore has a direct and real impact on our democracy. This is the main reason why it is important to support the production of local content and to implement measures that will protect the expertise of the journalists and media professionals that produce it. The traditional financial model for television and print media may be weakened, but our solutions to strengthen it cannot ignore the importance of local news content and must ensure that the public interest is served.

In this era of change, some people have also changed the way in which they consume media. Those who are 44 years old or younger get most of their news online, whereas those 45 and older still prefer to read the paper or watch the news on television.

Nevertheless, the statistics show that most people get their information from multiple sources, and many from the younger generation still read the paper or watch the newscast on television. There are also those from the older generation, like me, who spend a lot of time reading the news online. Things are not black and white and all platforms remain relevant in 2016.

The biggest problem is that media outlets must shift towards digital platforms while revenues plummet and when the newer generation has become used to consuming its news content for free.

We are therefore recommending that the federal government create a new tax credit for advertising purchases on Canada's traditional media platforms, that is to say radio, newspapers and television. The tax credit's aim would be to support the communications industry during its transition to digital platforms.

● (0940)

Many studies have shown that advertising on traditional platforms is effective, though new trends and the smaller price tag can make online advertising enticing, even though it's harder to measure its real impact. The tax credit would rebalance things in the sense that the lower cost of online advertising—which is often offered by foreign companies like Google and Facebook—would be less appealing. These companies do not produce news content, and definitely do not produce local news content. In fact, traditional media platforms are still the source of much of the local news content on the web.

CUPE also recommends that the federal government implement a payroll tax credit to allow Canadian traditional media outlets to continue to fulfill their mandate of delivering local content despite their difficult financial situation. Newspapers, television and the radio have unmatched expertise in terms of news and information, and Canadians must still be able to have access to it, regardless of the platforms used.

This tax credit could be granted for every media worker directly involved in producing factual news content as long as the news outlets agree to adhere to an independent and well-recognized code of conduct, such as the Quebec Press Council Code of Ethics. Opinion-based journalism would not be eligible for the tax credit.

Finally, CUPE recommends that the federal government work to provide a better system for collecting data in the communications sector. Ten days ago, the Minister of Canadian Heritage launched a review of all the culture-related measures in place, including those that affect news content. However, the latest CRTC consultations on local and community television clearly demonstrated that there were gaps in the available data. For instance, we don't know how many journalists cover local news in Canada, or even how many hours of news content or news stories are broadcast weekly on the Internet, the radio or television. In this context, outlets like CTV and Global are looking to reduce their local programming, which is mainly news.

To address the lack of relevant data, the Governor in Council could make use of subsection 7(1) of the Broadcasting Act in order to instruct the CRTC to collect more statistics on the industry that it regulates. For written press, more detailed data could be collected by Canadian Heritage.

To conclude, CUPE believes that professional journalism built upon a recognized ethical framework is an essential part of our democracy, and must be supported. Canadians deserve to know what is happening in their communities from the best sources so that they can make informed decisions. The government has the responsibility to implement measures that will ensure that all Canadians have access to news and information that is diversified, complete and of the highest quality. Access to information is an essential part of a healthy democracy.

Thank you very much for listening. It would be our pleasure to answer your questions.

Thank you, Madam Chair.

● (0945)

[English]

The Chair: Thank you very much, Mr. Bolduc. That was well done.

Now we'll go to our next witnesses, Madam Edwards and Mr. Desrochers, from the Canadian Association of Community Television Users and Stations.

You have 10 minutes. Go ahead, please.

Ms. Catherine Edwards (Executive Director, Canadian Association of Community Television Users and Stations): Thank you, Madam Chair and members.

I'm Catherine Edwards, the executive director of the Canadian Association of Community Television Users and Stations, or CACTUS. With me is André Desrochers, our board member from Quebec.

CACTUS was formed in 2008 to bring it to the attention of policy-makers that Canada's formerly robust community TV sector had fallen behind the pace of technological change.

Thirty countries recognize community media as a third broadcasting sector complementary to the public and private sectors. In all countries except Canada, community broadcasting is defined by community not-for-profit ownership.

We see community ownership in Canada's community radio sector. Almost 200 not-for-profit community-owned radio stations provide local reflection in communities that are too small to support a public or private sector station as well as an outlet for a diversity of voices in urban areas.

However, community ownership is not the status quo for community TV in this country. Because Canada was the first to offer community TV in the late 1960s, before there were portable video cameras—only unwieldy and expensive studio cameras—the mandate for citizen access was placed under the stewardship of cable companies.

Over 300 *Wayne's World*-like cable production studios opened countrywide, serving most communities having more than 5,000 people and many smaller ones as well. Cable companies kept costs down by collocating studios with their head ends. For example, in a small place like Arnprior up the Ottawa Valley, the one employee who installed your cable was probably the same guy who opened up the studio and played back your videotape.

These channels were a huge success. They enabled free speech and a diversity of voices on broadcast TV. They offered media literacy training, incubating a generation of Canadian filmmakers, technicians, journalists, writers, and actors, such as Guy Maddin, Dan Aykroyd, and Frédéric Arnould. They also fostered civic engagement by providing unfiltered access to elected officials—such as you—to constituents through open-line “Dial-Your-MP” talk shows and election and council coverage.

All that changed when the digital transition began in the 1990s. Cable companies began to consolidate and to use fibre optics to interconnect formerly separate systems, and the head ends weren't needed anymore. More than 200 of the 300 studios that had enabled TV production in our smallest community disappeared with the head ends.

Even at the big-city studios that remained, cable companies were facing competition from satellite. Citizen access was sidelined in favour of staff-produced slick productions that cable companies hoped would help them retain subscribers.

Despite their efforts, cable penetration slipped from a high of over 80% in the 1980s to just below 60% today, so that a bare majority of Canadians can see the content on a cable community channel, let alone access a production facility to create content of their own.

More than a billion dollars in subscriber money has been spent on these channels over the last decade, yet Numeris reports that only 1.5% of Canadians watch them in a given week.

Subscribers in Montreal have even filed a class action suit against Videotron's MATv community channel.

• (0950)

[Translation]

Mr. André Desrochers (Board Member, Canadian Association of Community Television Users and Stations): As far back as 1986, the task force on broadcasting policy prepared the Caplan-Sauvageau report, recommending that community channels, which had reached their maturity, obtain their own licence in the new broadcasting legislation that would be passed in 1991. Similarly, in 2003, Clifford Lincoln, on behalf of the Standing Committee on Canadian Heritage, submitted the report entitled *Our Cultural Sovereignty*. However, those recommendations had no follow-up.

Thanks in large part to our members and the Fédération des télévisions communautaires autonomes du Québec, it is now possible to obtain a non-profit community channel licence. Eight CACTUS members were able to obtain one, but no funding model was created to support them while the anticipated development was stagnating.

Our members survive on TV bingo, bake sales and a lot of hope. However, 46% of residents in those eight communities watch their community channel weekly. CACTUS and over 2,000 Canadians participated in the CRTC's 2010 public hearings on reviewing the community television policy. They asked that the revenue from cable subscribers—over \$150 million a year—be directed to a new fund to develop non-profit community media centres.

[English]

Ms. Catherine Edwards: These digital media centres would teach not just audio and video production, as in the past, but also web design and gaming. Their content would be distributed not just on cable TV, but over the air, on satellite, on the Internet, and on mobile devices. This \$150 million is enough to fund 250 digital community media centres, restoring service to all communities of 5,000 people or more and to many smaller communities as well.

The CRTC did not heed our request. To prepare for the CRTC's most recent local and community TV policy review, we teamed up

with community radio, as well as online community media and the gaming community, to propose a single coherent policy to bring community media in Canada into the 20th century. This research and policy proposal was distributed to you in both official languages.

The relevance of digital community media centres to your study is threefold.

First is skills training. The mere existence of the Internet doesn't mean that everyone knows how to use it or that journalistic standards are met. The community sector can produce an hour of content for less than one-tenth of what it costs in the public and private sectors—\$500 compared to over \$6,000—because we leverage volunteer labour and community infrastructure, but it still takes facilities and professionals to train the public.

Second is more media for more communities. At the recent CRTC hearing on local and community TV, we heard that there are public and private TV stations in just 59 Canadian cities, almost all having populations over 100,000. Even if a news fund were created from the \$150 million currently earmarked to support community TV, for example, as some parties have proposed, it would primarily support existing big-city stations, and everyone acknowledged that such a fund would at best be a band-aid, not a long-term solution.

CACTUS's proposal to create a community access media fund, on the other hand, would lead to the reopening of not just television studios but full multimedia production and training centres in almost 200 Canadian population centres in addition to the 59 biggest. No other sector can make this commitment to you. Community media can serve francophone minorities in small to mid-sized markets and in at least some of our more than 500 first nations. The 2012 report from this committee, entitled "Emerging and Digital Media: Opportunities and Challenges", endorsed our call for digital community media centres.

Third, it would restore diversity. As you've heard from Professor Winseck, Canada's media ownership concentration is extremely high. The more concentrated it has become, the less sense it has made for the same large entities to control the so-called community sector, whose mandate is to provide the very diversity of voices that were lacking.

Our recommendation is that Canada needs a new vision for community media that will equip our citizens and youth with the digital media skills they need to generate their own content, to compete internationally, and to have meaningful dialogue with one another that's not limited to 132 characters on Twitter or fragmented platforms such as Facebook. The community sector offers the biggest bang for the buck to reflect our communities in all media. The money is there; it just needs to be deployed effectively.

Therefore, our recommendations are, first, the Department of Canadian Heritage should develop a digital community media policy for Canada that includes old and new media; second, we should create a community access media fund to support community-operated digital production centres; third, we should direct BDU subscriber revenues for community TV to this fund; and last, the service delivery via the fund and community centres needs to be coordinated with four other ministries, which include the Ministry of Science, Innovation and Economic Development and the Ministry of Employment, Workforce Development and Labour regarding the digital skills training mandate, the Ministry of Democratic Institutions regarding the civic and democratic mandate of community media; and finally, the Ministry of Infrastructure and Communities, because community media centres represent significant infrastructure.

Thanks a lot for doing this study. It is much needed. We look forward to your questions.

• (0955)

The Chair: Thank you very much.

Now we'll go to the question and answer period. It begins with seven-minute questions from everyone, but that includes the answers, so I'm hoping that everybody will be as concise as they can.

We begin with Mr. Breton from the Liberals.

[*Translation*]

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

My thanks to all the witnesses for joining us and for their presentations.

Some situations are concerning. Ms. Blais and Mr. Bolduc, you mentioned the decline in media sales—

Ms. Catherine Edwards: Could I have an earpiece, please? I can't hear you.

Mr. Pierre Breton: You mentioned the drop in sales and the importance of local news for our democracy. I certainly share your viewpoint on that. I live in the Eastern Townships. My riding is in the region, which has traditional local media. I am very concerned to hear that there is 88% less local content in our media.

We have 20 municipal councils. All the community organizations are involved in fundraising activities and our athletes are accomplished. However, we hear increasingly less about what is happening in our community. Clearly, we hear about what is happening in Quebec City, Montreal, Sherbrooke, Montreal's south shore, the major urban centres and so on.

Could you elaborate on the main solutions that could be implemented right away? You talked about a tax credit, but is there anything else you can think of?

Mr. Denis Bolduc: Actually, we must find a way to encourage the media to produce local news. We are seeing the same trend as you have so accurately described, and we are concerned. For a number of years, we have seen the importance of local news decline.

I started in 1985 as a journalist for the *Journal de Québec*. I stopped in 2011. At the time, whether for the *Journal de Québec*, *Le Soleil* daily newspaper, the TVA network or Radio-Canada, we would go throughout the regions, in the Lower St. Lawrence or elsewhere, to cover local news. Today, it takes major news to have reporters leave cities and urban centres. Otherwise, they no longer go out. We share your concern on this.

By looking at the situation, we see that incentives are a must. Companies talk about money. So we must find a financial incentive, which is why we are proposing the simple solution of a tax credit. If, in terms of local advertising in traditional media, a company in a small town has an advertising budget of \$50,000 a year and receives a tax credit of, say, 20%, perhaps it will still choose to invest its \$50,000 of advertising plus the 20% in more advertising. That would get the wheels in motion and encourage media to produce local news.

I think the incentive must be financial, which is why we are proposing those kinds of solutions. It is all well and good to talk about principles, but we are concerned about the quality of the information. That is why we mentioned a code of ethics in our brief. Those things must go hand in hand.

Businesses are increasingly asking news professionals to produce more news on several platforms and to spend less and less time on fact-checking the news, but to increasingly feed content to all sorts of platforms. For our part, we talk about the quality of information, which is not a major point of discussion for big businesses. We are concerned about quantity, but we are also concerned about quality.

• (1000)

Mr. Pierre Breton: Thank you.

We know that the media and telecommunications sector is undergoing an incredible technological transformation and the use of digital technology is growing. There are two sides to that. It is easy to bring information to our regions from everywhere that has nothing to do with the people. At the same time, the new generations, and even we, are consuming more and more of it.

What is the impact of digital platforms? How do you see this growth in relation to the broadcasting of local information?

Ms. Nathalie Blais (Research Advisor, SCFP-Québec, Canadian Union of Public Employees): Let's first distinguish between digital delivery, broadcasting on digital platforms and digital production.

We have been producing digital content for 20 years. So there is no issue with the production. The issue has more to do with the variety of digital platforms that must be provided with content. As Denis said earlier, it takes a single journalist a lot longer to feed content to a number of platforms than to produce a piece of news and deliver it on media such as television or a newspaper. Journalists have less time to do all the fact checking.

There is also the technological impact. Given that devices are easier to use, journalists are now also camera operators and editors. Sometimes, they are asked to broadcast remotely. We can only imagine what that means. In the past, this meant that they spent an entire day on a story, but now, the story takes one-third of the day. They spend the rest of the time on editing, sending the story and making sure the technology works. So once again, there is a loss of quality.

That is why we are proposing a payroll tax credit. Since their revenue is dropping, the media outlets are cutting jobs and rationalizing by using the technology at the expense of quality. It's not because of bad intentions. It's because the system is leading information in that direction.

Mr. Pierre Breton: Thank you very much.

[English]

The Chair: Thank you.

Now I would like to go to Mr. Waugh, for the Conservatives.

Mr. Kevin Waugh: Thank you, Madam Chair.

Thank you for these community television policies, all 170 pages at 2 a.m. today.

I've been adamant in these meetings about dollars to dimes—and we are hearing this every time somebody comes to this table—and the heritage must fit in somewhere. We just heard from Bell. We all know the situation there.

I will say for Bell, if you don't mind me saying so, that they did buy CTV for one thing: content. They need content. That's why they bought it, so don't feel sorry for them. There was a reason why they bought CTV: because they needed content for people, for their websites and their television stations and so on.

Ms. Blais, you talked about a payroll tax credit. How is that going to work? Just bring us up to date.

Everybody who has come to the heritage committee wants a handout. Whether or not it's the local news improvement fund that they had, everybody wants a pot of money, and I don't know where it's coming from. Now you've proposed another one here today. Fill us in on this, because that is the issue that we have faced here for three months from people. It's that there is or isn't a pot of money, but we need another pot of money. Where is this payroll tax credit coming from?

[Translation]

Ms. Nathalie Blais: The concept is simple.

We wanted to get away from the idea of a direct fund for news. We then looked for a solution that would provide funding based on responsibilities. Yes, we are proposing a tax credit. The money

would come from the government, but the tax credit would lead to results.

We see that there are fewer and fewer journalists in the regions. They cover what is happening around news stations, but they are less and less likely to step away from the station or newspaper. To encourage this regional coverage, we are proposing a payroll tax credit. Right now, in the media outlets where some of our members are working, local staff are losing their jobs for the sake of centralizing production. For instance, in the next few months, TVA will centralize production in Montreal for the Sherbrooke and Trois-Rivières stations. As a result, people in the regions will be losing their jobs.

If jobs are lost in the regions, their economy is weaker. That is why we believe that a tax credit, even if it meant the government spending more money, would be an asset for the regional economy.

● (1005)

[English]

Mr. Kevin Waugh: I would agree with you that the quality of news reporting has slipped over the years. I would absolutely agree with each and every one of you who is talking about that. Does community media fill that? I see a revival in community newspapers across this country, and local radio is doing very well in most communities. Where do you fit in on this?

Ms. Catherine Edwards: The purpose of community media is exactly to enable, to be that bridge for ordinary citizens who are producing content—we see that all over the Internet—but content that is not necessarily properly researched, that does not necessarily meet journalistic standards, and does not necessarily have good production values and quality. The purpose of a community media organization—for example, in your riding—would be to enable people who want to create content to learn how to make a good story, to research it properly, and to allow both sides of the story to be reported. They can come in and learn those skills, learn how to use cameras, and learn to post it on a web page properly footnoted.

That's what community media does. It enables the average person to meet those journalistic standards. That wouldn't happen on its own with just an open and free Internet. That's why community media organizations are still tremendously important. Not everybody has those skills. Even the tech-savvy kids who run around with camcorders, as you say, don't necessarily have journalistic training. That's what community media provides.

Mr. Kevin Waugh: Is it a relic or a renewal?

Ms. Catherine Edwards: It's definitely about renewal. It's every bit as relevant as ever. Back in the day, when community radio and TV were instituted, they were teaching media skills training on the latest media of the day at that time. It's even more complex now. You still need to know how to create audio, to edit, and to shoot and edit video content, whether you're distributing it on television or in all these different platforms that Nathalie talked about.

Now we have genuinely new media. Gaming has taken over in terms of the size of the film and television industries in Canada. There are new skills and there are new platforms and tools that are going to keep proliferating. For Canadians to keep up with that, to create their own content but also just to do things like fill out their tax return, there has to be somewhere where people can go for lifelong digital media skills training at the community level.

Mr. Kevin Waugh: Who would you partner with? Or do you need to partner with anybody? I'm just looking at my community. The food bank does a lot of it. They deal with that.

Do you need to partner with anyone?

Ms. Catherine Edwards: Yes, absolutely.

For example, John Savage is sitting in the back here. He's with the Ontario Library Association. They're introducing "makerspaces". You may have seen them in recent years. I see them more in Ontario than in Quebec. In the last four or five years, public libraries have been offering green screens and cameras to the public, and you can borrow editing systems.

The missing link is that they don't have the staff or the vision for a 24-7 production schedule to reflect a community back to itself on a consistent basis. It's still a bit ad hoc.

Municipalities need to have seats on community media centres, and local cultural organizations and professional associations need to have seats on community media centres to give them artistic and journalistic leadership. The beauty of a community-run not-for-profit is that you can get all the important local associations involved, including the chamber of commerce, for example, so that the community resource can be leveraged to serve the whole community.

[Translation]

Mr. André Desrochers: In Quebec, to support the core mandate of community television, the Government of Quebec provides financial support to community television stations that produce four hours of news programming a week. The amount of that support is between \$25,000 and \$35,000. Community television stations that broadcast on the Internet receive between \$8,000 and \$10,000 a year in financial support.

Our proposal is to create community media centres that bring together all the platforms, including radio and television. In the Sherbrooke area, where there is currently only one community television station, in Waterloo, and MATv that produces some news content, there could be as many as four community media centres in the Estrie region that could reach out to the entire world. At that point, local news could reach a larger number of people.

• (1010)

[English]

The Chair: Thank you, Mr. Desrochers.

That's it. We're finished, Mr. Waugh.

Mr. Nantel, you have seven minutes.

[Translation]

Mr. Pierre Nantel: Thank you, Madam Chair.

Thank you all for being here this morning. You have presented a very different view from that of the folks from Bell who gave their presentation earlier. This all makes a lot of sense and needs to be addressed.

Mr. Desrochers, I find your idea very interesting. This is not the first time we have heard about it. In my region, community media have this type of coming together. It is often an issue to find a place and so on.

Don't you think a choice needs to be made regarding the coming together? Potentially, by coming together in urban regions, we move away from local communities. Isn't the crux of the issue supporting the coming together without creating white elephants so that we don't ultimately end up with one single community television station for a large area such as the Outaouais?

Mr. André Desrochers: Our plan is to set up structures that respect the choices of communities. For a community of 5,000 residents that brings together perhaps four or five municipalities such as the Qu'Appelle River valley in Saskatchewan, the idea is not for community media to become big MATvs and to dilute local news, but rather for the communities to take charge and, if they wish, their community television and radio stations can work together. We don't want to impose anything. We want community media to agree on what they want and that, in a region such as Vaudreuil-Soulanges, they can partner up. If the neighbouring region wants to be separate, that's fine too.

Mr. Pierre Nantel: Furthermore, the mandate of Canadian Heritage is to support this type of initiative to weave the social fabric of communities. I invite you to visit the site GoGaspé.com. Perhaps you have not heard of it, but we have received representatives from anglophone community media who told us about the site GoGaspé.com. That is a similar type of centre, but more virtual.

I would now like to turn to the officials from CUPE.

As I just said, this initiative seems to fall under the responsibility of Canadian Heritage. What strikes me about you who represent the workers is that we have an industry that is hurting. We may talk about communities that are underserved locally, but the industry is hurting. In an industry, there are employees and you are representing them. I am constantly criticizing the failure of the Department of Innovation, Science and Economic Development to address industry challenges. We are not talking about heritage and culture, we are talking about employees who used to do a certain job every week and who suddenly must shift to another type of job. If there is a sector in which people's quality of life has changed, and the people have moved from a cushy job to freelance and jump from one contract to another, yours is it, isn't it?

Mr. Denis Bolduc: Yes, and increasingly the media are trying to use subcontractors and to ensure that jobs aren't unionized anymore. Most of these places are unionized. We've been seeing this trend for several years now. Information is not a product. It isn't like Hygrade sausages. Everyone wants them, everyone eats them, but when we stop eating them, nobody wants them anymore. We can draw a parallel like that.

When you start to neglect local news for primarily financial reasons, you convince yourself that people want news about the province or the whole country. When we requested this study at the start of the year, we had doubts that the local news would have an impact on participation in the municipal elections. We verified it, and we confirmed that it was possible to establish a correlation between the quantity of news produced locally and the rate of participation in municipal elections. The document even indicates that the same may be true in federal elections. We compared 2011 to 2015, and we noted a trend, but that it was not proven to the same extent.

There was an historic dispute at the *Journal de Québec*, a 16-month lockout. You mentioned that people in media are suffering right now. Yes, that's true in the case of the *Journal de Québec*. There was also a dispute at the *Journal de Montréal* afterwards. There have been a lot of unions in the media industry in Quebec that might not have had disputes, but that were asked to make major concessions. They made them and now have to work in a very different environment. They are facing increasing pressure, and the possibility of having people from the outside, who are not unionized or subject to a code or ethics or who are less—

• (1015)

[English]

The Chair: You have one and a half minutes.

[Translation]

Mr. Denis Bolduc: We are talking about people who have no protection and who are more likely to be influenced by the employer. So this has an impact on the quality of the information.

Mr. Pierre Nantel: Hence your idea to create a tax credit for individuals working in media.

You also spoke about a 20% credit for local advertisers. Is that what you said?

Ms. Nathalie Blais: We didn't give a number for the credit, yes, but we did speak about a tax credit for advertisers. There's this trend right now. Advertisers choose targeted advertising on the Internet, even if they don't know what the outcome will be. But 20% of people in some regions still watch the news every night and, when they do, they don't go from one channel to another. However, advertisers seem to have decided on the Internet, where revenue is much smaller.

Mr. Pierre Nantel: What comes to mind immediately is the 15% that is exactly the same as the sales tax and which isn't collected by these out-of-province advertising suppliers.

Ms. Nathalie Blais: Yes, that would be an excellent idea.

Mr. Pierre Nantel: Do you think it would be good to bring to the table some of these big players who have so far refused to reveal their statistics? Do we need these statistics to work better and make informed decisions for your industry?

[English]

The Chair: Madam Blais, I am sorry. Perhaps you can answer that when you have a moment with another question. We have ended our seven minutes.

Now we go to Ms. Dabrusin, from the Liberals.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): Thank you.

I was happy to receive in writing an answer to a question that I had asked of the CRTC at the beginning of our hearings about the diversity of voices policy from 2008. They have written to advise us that there have been no updates on the policy. It hasn't been reviewed, and there is no review planned for it.

I was wondering, Ms. Edwards, if you could tell me what your thoughts are about the diversity of voices policy, and whether it requires any updates. If it does, what do you think those updates should be?

Ms. Catherine Edwards: I can comment in an informed manner only from the point of view of the community sector. The 2008 diversity of voices hearing occurred before the most recent mega-mergers—before Bell bought CTV, before Shaw bought Global. We are, as you heard from Professor Winseck, in a much more media-concentrated environment, even more now than we were then, when it was of concern to the CRTC.

From the point of view of the community media sector, it's meant to be like a grassroots safety valve of last resort in a democracy. For example, when nobody would report in an unbiased way on Stephen Harper as a young Reformer in the west, he was on community media in Calgary when I was the volunteer coordinator there. When Elizabeth May can't get on a big platform, she can go to community media.

It's extremely important in a really media-concentrated environment. That's when you need community media the most, to provide a diversity of voices and an ability...even for professional journalists. We had a town hall in Toronto last year to talk about having a community media platform in Toronto. To our surprise, in addition to the usual suspects, so to speak—minority groups, the disabled, and Ethiopians who came and said that they're not seen on mainstream media—half the room was full of professional broadcasters who said, “We just want our voices to get out anywhere. We can't even have our documentaries seen anywhere if we have an important topic. And we can't find training.” As Nathalie was saying, it's very difficult. At the CBC you're not allowed to touch an audio cable if you're an editor. It's hard to get those skills.

For all those reasons, community media is the place where we can make sure, at least at the grassroots, there's a diversity of voices. That then percolates up and serves as a creative underpinning for our professional production industry.

So yes, we think it needs an update. Community media has a big role to play there.

• (1020)

Ms. Julie Dabrusin: Thank you.

The other thing I was going to ask about concerns something I saw on your website. You have a commentary about Digital Canada 150 that I believe you wrote yourself. It seems you were disappointed with what you found in that policy.

Do you have any suggestions for what you'd want to see when we're reconsidering the digital shift?

Ms. Catherine Edwards: Are you talking about the Canada 150 spending plans and celebrations for next year?

Ms. Julie Dabrusin: No, this was Digital Canada 150 from Industry Canada. This was from 2014, but it was written by you.

Ms. Catherine Edwards: Right.

We met with Industry Canada a couple of times, when we knew that they were in the process of creating their digital economy strategy that was published last year. I think a lot of parties felt that it wasn't very specific. There were broad generalities. But certainly one of their important recommendations was that Canadians needed digital skills training. There needs to be somewhere we can go for lifelong learning.

Libraries are taking a little step in that direction, but it's not far enough. They need help. There are community partners and organizations willing to do it, but there needs to be a coherent strategy to make sure that skills training is available to Canadians wherever they live, however small the community. There again, that's where community media can step in.

It's consistent to what we recommended and what this committee recommended in 2012.

Ms. Julie Dabrusin: Thank you.

In one of our last hearings, we heard from Telus. They spoke about Optik TV as one means of getting community voices out. I was wondering what you thought about that model and if you had anything to add.

Ms. Catherine Edwards: Cable companies, as I was describing, originally had head ends in every little community, so it was convenient and cost-efficient to have a studio there. What has happened with satellite companies and some of the ITP TV services like Telus is that they get licences over huge areas. Telus has licences for all of British Columbia and Alberta. They can't possibly, with their market share, open production centres or training centres in all those places, and yet they're required to spend 2% of their gross revenues on offering community television. It makes no sense. They have nowhere to offer those services. So what they're doing and Bell's doing is they're expending this huge budget, which country-wide is \$151 million, by writing cheques to independent producers.

The Optik TV community producers that came to the CRTC hearing were all paid. They're all receiving cheques. It's professional, commissioned, independent productions. Every one of those producers has a production company and a website. It's not the ordinary person who's supposed to be able to access community media to develop their voice and have a voice in the system.

I'm not saying there's anything wrong with those shows, per se, but it's not the use of the money that was intended by the regulations.

Ms. Julie Dabrusin: Okay.

Another witness, and I believe it was Rogers, just because we're talking about the 2% now, suggested that they would like to see the ability to shift around money, under the 2%, from one area to another. What are your thoughts on that?

Ms. Catherine Edwards: There are two issues with it.

One is that for CRTC community channels right now, the companies are supposed to spend 50% of their schedule and budgets facilitating citizens to have a voice. That's to try to encourage cable companies to provide community access. What Rogers is asking is whether they could move money from their big-city community channels, such as Toronto's, to some of their smaller channels. I say "smaller", but they've shut down the really small ones, so we're talking about mid-sized communities, which are generally the same communities in which we already have other private and public broadcasters. Rogers just wants more money to compete in those markets.

They want to reduce the access percentage in those markets to 30% and use the money to hire professional journalists to do news. Again, this is not the use of that money that was intended under the legislation. Really, they're looking for more flexibility to spend that 2%, which is supposed to serve community media, however they want on professional production, which is what they've been doing over the last 20 years anyway. They've tended to professionalize these channels in order to compete with satellite, as per my presentation.

For us, it's more of the same. It's not going to bring more service to small communities. It's just going to enable Rogers to compete head to head with other private and public broadcasters in mid-sized markets that already have broadcasters. It's not going to bring new news coverage or open new stations.

The Chair: Thank you very much, Ms. Dabrusin.

Thank you, Ms. Edwards.

I don't think we can do a second round, so I want to thank everyone for being here. We're going to move to business of the committee in a few minutes. Perhaps we could end the session now and move on.

Thank you very much for coming, Mr. Bolduc, Ms. Blais, Ms. Edwards, and Ms. Desrochers.

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(Pause)

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• (1025)

The Chair: Order, please.

I am suggesting that we have a motion from Ms. Dabrusin that we do not need to do in camera, so we will bring forward Ms. Dabrusin's motion. Then we will also look at a letter, which you all have, from Elizabeth May. Those two are in some way related, and that is one of the reasons why I didn't want to put Ms. Dabrusin's motion in camera.

Ms. Dabrusin's motion reads:

That, in relation to Orders of Reference from the House respecting Bills,

- (a) the Clerk of the Committee shall, upon the Committee receiving such an Order of Reference, write to each Member who is not a member of a caucus represented on the Committee to invite those Members to file with the Clerk of the Committee, in both official languages, any amendments to the Bill, which is the subject of the said Order, which they would suggest that the Committee consider;
- (b) suggested amendments filed, pursuant to paragraph (a), at least 48 hours prior to the start of clause-by-clause consideration of the Bill to which the amendments relate shall be deemed to be proposed during the said consideration, provided that the Committee may, by motion, vary this deadline in respect of a given Bill; and
- (c) during the clause-by-clause consideration of a Bill, the Chair shall allow a Member who filed suggested amendments, pursuant to paragraph (a), an opportunity to make brief representations in support of them.

That is the motion.

You will see in the letter of Ms. May that she feels this motion has implications that would be of concern to her. If you've read that letter, I'm going to ask that we discuss this. We're not discussing Ms. May's letter. We're just giving it to you for information. Now we're going to discuss Ms. Dabrusin's motion.

Ms. Dabrusin, would you like to speak to your motion? It's pretty straightforward.

Ms. Julie Dabrusin: It is pretty straightforward, so there isn't really that much to add to what you have before you. It's a chance to ensure that MPs from non-recognized parties are able to move amendments during the committee process. Originally, following a ruling of your predecessor, the independent MPs couldn't propose any amendments to committees. This is a change that would allow them a greater voice and an ability to do so.

• (1030)

The Chair: Is there any discussion on this motion?

Mr. Van Loan.

Hon. Peter Van Loan: I have much sympathy for this motion, and I will support it. I would have preferred that we do each particular reference separately as it came in and then were able to provide 48 hours' notice for each, but the principle remains the same and is a good principle.

Ironically, Elizabeth May, in her letter, speaks to this being a motion to restrict the rights of MPs. It's actually exactly the opposite. This is a motion that gives independent members the right to make amendments that they would otherwise not be able to make at committee.

What it prevents is one member of the House of Commons, as has happened in the past, namely Elizabeth May, tying up the entire House of Commons for days, and literally overnight, with endless voting on motions that are brought about not with the objective of having them seriously debated but rather that of simply tying up the

House in endless voting through the nights. The basis for that was that those amendments were not able to be made at committee. That was the basis for them being compelled to be voted on at report stage.

This gives the opportunity for independents to participate fully through proposing those amendments at the committee level and, as such, it is a sensible approach for the orderly management of our business here and in the House.

The Chair: Thank you, Mr. Van Loan, who is speaking in favour of the motion.

Is there anyone else who wishes to speak to the motion?

Mr. Nantel.

[*Translation*]

Mr. Pierre Nantel: Thank you, Madam Chair.

I read Ms. May's letter, and I am wondering about Mr. Van Loan's proposal and his support. Clearly, in Ms. May's case, it is very difficult for her to sit at the same time on all the committees when a bill will be debated because she is her party's only member.

Ms. Dabrusin, the parties that are not recognized are the Green Party of Canada and the Bloc Québécois. Have the Bloc Québécois MPs heard about this motion, as Ms. May did?

Ms. Julie Dabrusin: I think so, and I think that everyone had the same information.

[*English*]

I'm just saying that I don't think Ms. May received any special notice of discussion.

The Chair: With regard to Ms. Dabrusin's motion, Ms. Dabrusin's motion is suggesting this for the two parties that are not considered to be parties. What Ms. May wrote is pertinent to herself alone and is her response to this. We have not heard anything from the Bloc. I would think that they would find this agreeable to them as well, but Ms. May is the only one who protested.

Is there anything further, Mr. Nantel?

[*Translation*]

Mr. Pierre Nantel: No, thank you. I'll take note of it.

[*English*]

The Chair: All right. Since there is no further discussion, I'd like to call the vote on the motion.

(Motion agreed to)

The Chair: Thank you.

Now I would like us to move in camera, please, for further committee business.

I will give anyone who should not be here one minute to clear the room.

[*Proceedings continue in camera*]

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