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Chair

The Honourable Hedy Fry

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● (1105)

[English]

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

Good morning, everyone. We welcome the witnesses.

Pursuant to Standing Order 108(2), this committee is doing a study of the media and of local community access to news on all platforms, including digital, as well as access to Canadian content, what the impact is of consolidation of the media, and what future we can look forward to and bring recommendations on.

I want to thank our witnesses for coming today. We have with us Dr. Michael Geist, Canada research chair in Internet and e-commerce law and professor in the faculty of law at the University of Ottawa, and April Lindgren, principal investigator in the local news research project and professor at Ryerson University's School of Journalism.

How we begin, witnesses, is that each of you has 10 minutes to make your points. Then we go to questions and answers, where there is some interaction.

Shall we begin?

Go ahead, Dr. Geist, please, for 10 minutes.

Thank you.

Dr. Michael Geist (Canada Research Chair in Internet and E-commerce Law, Professor of Law, University of Ottawa, As an Individual): Thank you very much, Chair.

Good morning.

As you heard, my name is Michael Geist. I'm a law professor at the University of Ottawa, where I hold the Canada research chair in Internet and e-commerce law. My areas of specialty are in digital policy, including e-commerce, privacy, and intellectual property.

I appear today in a personal capacity representing only my own views. I'm particularly pleased to have the opportunity to speak before this committee on this study. My interest in the issue extends beyond my academic research into new business models and the laws and policies that often follow.

For more than 15 years I've written regularly for a wide range of Canadian media. This includes large media organizations like the *Toronto Star* and *The Globe and Mail*, specialty and local publications such as *The Hill Times* and *Vue Weekly*, and newer online publications such as The Tyee, The Huffington Post, and iPolitics. In that capacity, I've witnessed first-hand the different

readers, the different business models, and the different approaches to content. I've also been on the receiving end of cuts due to shrinking budgets as well as the conflicts that sometimes arise between editorial and business departments.

My comments today are divided into two sections. The first section is my take on the current landscape and the second is a discussion of potential policy reforms.

With respect to the current landscape, I've been following this study and the committee hearings closely. I note that you've heard from a wide range of witnesses who have offered up a dizzying array of suggestions and recommendations for reforms. Much of the commentary emphasizes the critical link between strong independent media on the one hand and citizen participation and holding governments at all levels to account for their actions on the other.

While there is little debate over the essential role of journalism, the tougher questions are whether policies are needed to save or assist existing news organizations and whether emerging digital alternatives can provide an effective substitute. I'm reminded that people like Clay Shirky, a well-known media professor in the United States, predicted the current struggles many years ago.

Indeed, in a widely read piece in 2009, Shirky wrote about the media concern with the digital world. He said:

Round and round this goes, with the people committed to saving newspapers demanding to know "If the old model is broken, what will work in its place?" To which the answer is: Nothing. Nothing will work. There is no general model for newspapers to replace the one the internet just broke.

While there are policies that merit consideration, Shirky's point is that the general public newspaper, as we have known it, can't compete with the Internet. It's not solely a function of lost revenue, such as classifieds, or declining readership; rather, the newspaper's role in aggregating diverse content is less relevant today, and that package has far less value than it once did, given that there are now other alternatives.

Moreover, newspapers face far more competition than ever before. In my view, some newspapers are disappearing not because of too few voices but because, at least under their economic model, there are too many. With few exceptions, the content they produce has substitutes from cheaper online organizations, NGOs, bloggers, and a myriad of other sources. We can debate the quality and editorial product, but there are alternatives for virtually all forms of information traditionally published, sometimes almost on an exclusive basis, by newspapers in the past.

When there is no substitute or premium placed on the content, experience shows the market will pay. Hence the success of financial and some sports information, as well as some specialty paywalled publications. For general interest publications, though, I think the question is whether digital news organizations, which enjoy low entry barriers, a reach into new audiences, and innovative business models, can in some instances replace some of those traditional organizations. I believe that there is some evidence to suggest that it can, at least in some areas.

For example, political news coverage is often viewed as most critical in holding governments to account. Some have pointed to the regional decline of membership in the Parliamentary press gallery as evidence of the crisis. I think it's more instructive to see how many new digital-only organizations are investing in original political reportage.

The current gallery membership includes newcomers such as The Huffington Post, Tyee—who I know you heard from—rabble.ca, National Observer, and VICE News. Moreover, there are a host of experienced freelance journalists whose work appears in many venues alongside specialty digital publications such as iPolitics, Blacklock's Reporter, and The Wire Report.

The work of journalists at these publications, along with the niche print sources and experts who blog or write independently, offers us the chance to reach different audiences and to cover specialized issues in greater depth than is often found in larger newspapers, which frequently emphasize big-picture concerns.

That's my take on the landscape. With that, I'd like to turn a little bit to some of the policy issues.

● (1110)

In the face of the obvious decline of some well-known news organizations, the temptation to do something is unsurprising, and there are, I believe, steps that can be taken to assist in the digital transition. However, we should be very wary of reforms that simply prolong the life of some unsuccessful entrenched entities or that have serious unintended consequences. Some of those—the ones that I'm concerned about—include proposals for taxes on Internet providers as a source of new revenue. This would be the equivalent of a digital tax on everything, making it costlier for Canadians to access the Internet and exacerbating the digital divide.

Another source of concern, I think, are the proposals we've seen at times for what might be seen as link taxes on digital aggregators, who drive traffic to original sites and only aggregate content that is made available by the originating source. These proposals have serious free speech concerns and run the risk of reducing the diversity of voices.

Third, we've heard of some proposals to reform copyright fair dealing by dispensing with the long-standing rule that copyright protects expression, not ideas. This runs the danger of protecting facts, excluding others from reporting, which I think would undermine reporting and add costs to other groups. Indeed, I think suggestions that somehow fair dealing and the expansion to include education have any implications for this are simply wrong. I believe these changes could have serious detrimental effects on the Canadian

digital landscape and ultimately harm new entrants that offer hope for more media choice.

What can be done? I think the policy goals should be premised on levelling the playing field, with the priority being good journalism regardless of the source.

I'd like to identify five possible steps.

First, the foundation for a robust digital media world is access for all, as both participants and readers. This means addressing the digital divide with world-class broadband that is accessible and affordable to all Canadians. We still aren't there in Canada, and experience suggests that the market alone will not solve the issue. Our emphasis should be on affordable equipment and affordable Internet access, along with digital skills development.

Second, with respect to Canada's public broadcaster, I know that the CBC's emphasis on digital delivery of news content has created frustration with many established news organizations. Reconciling the need for the CBC to remain relevant by embracing digital delivery with the financial impact on private sector news services could be addressed by requiring the public broadcaster to adopt an ad-free approach to its online news presence. That would ensure that it reaches its digital audience but does not compete directly with the private sector for advertising dollars.

Third, there have been, as I pointed out earlier, what I believe are harmful tax policy suggestions, but I think there are some useful possibilities as well. Private news services could benefit from a change to allow tax deductions for advertising on Canadian websites. Online services, I believe, should remain unregulated and free from mandatory contributions, but should be subject to general sales taxes. Levying GST or HST on Canadian services such as CraveTV while leaving foreign services in the media space like Netflix tax free would create a tax revenue shortfall and place domestic services at a disadvantage compared to their foreign counterparts.

Fourth, remove access barriers for journalism. This includes access to information rules at all levels of government and better recognition of journalists from all organizations in press conferences and availability.

Finally, focus on journalism, not organizations. For example, I believe the recommendations that you heard from the Canadian Association of Journalists on the value of embracing non-profit journalism, which has worked elsewhere, are excellent. While state subsidies for newspapers should be rejected, funding models for journalism projects as a media equivalent of the Court Challenges program, for example, might be helpful.

In conclusion, the uncertainty associated with digital models, the loss of jobs, and the future of some of Canada's best-known media organizations unsurprisingly elicit sadness, apprehension, and concern. However, emergence of new voices and innovative approaches of older ones point to the likelihood that journalism is neither dead nor dying. The trick is to avoid policy reforms that may do more harm than good and to trust in a transformation that has more access and more voices as its foundation.

I look forward to your questions.

● (1115)

The Chair: Thank you very much.

Go ahead, Ms. Lindgren, for 10 minutes.

Professor April Lindgren (Principal Investigator, Professor, Local News Research Project, Ryerson University School of Journalism, As an Individual): Thank you very much. It's a pleasure to be here today to talk about my research.

I launched The Local News Research Project after I left daily news reporting and became a member of Ryerson's faculty back in 2007

I should preface my remarks by saying that I'm going to talk specifically about local news, which is news produced by a local news organization that focuses on producing news about people, places, and events in a particular community. I'm not talking about national news or international news.

My interest in what I call local news poverty grew out of my observations about how some communities have a rich range of local news media to choose from and others do not. Toronto, for instance, has four dailies and many online television and broadcast outlets. By comparison, a nearby city like Brampton, which is Canada's ninth-largest city and has more than 500,000 people, relies pretty much exclusively on the *Brampton Guardian*, a community newspaper owned by Metroland Media. There's no local radio, no local television, and no local daily newspaper that focuses exclusively on news from that community.

The reality, as you well know, is that there has been a major disruption in the news industry. People who live in smaller cities, towns, suburban communities, and rural areas have fewer options to begin with, and in recent years their choice has become even more limited. The question then, of course, is whether this matters. The research suggests that the answer is yes.

In the United States, the Knight Commission on the Information Needs of Communities in a Democracy concluded, as it put it, that "Information is as vital to the healthy functioning of communities as clean air, safe streets, good schools, and public health." It went on to explain that news and information help communities develop a sense of connectedness, provide access to information for holding public officials accountable, and give people the information they need to work collectively to solve problems.

While local journalism is the subject of increasingly intensive scrutiny in the United States, there's much we don't know about what's going on in Canada. I think the committee has heard from some witnesses who have pointed this out, including Carleton University professor Dwayne Winseck, who earlier this year said

there are "a lot of opinions and little data to act upon" in terms of what's happening with local news.

I and colleagues Jon Corbett at the University of British Columbia and Jaigris Hodson at Royal Roads are trying to fill in some of these gaps. We launched our investigation into local news poverty last summer, and we've just now started to have our data ready for discussion with you.

The project's goals are to develop a tool that can allow us to track changes in local news sources, to measure the extent to which some communities are better served than others, to determine whether social media and digital-only news sites are filling the gap created by the loss of more traditional media, and to investigate why some communities are better served than others. We are also, in the longer term, interested in looking at the impact of the loss of these news organizations on civic and political engagement and in exploring the possible solutions.

Our project is basically divided into two main parts at this point. The first is the local news map. It's a crowdsource map that allows users to add information about changes to local news organizations: the launch of a new one, the closure of another news organization, services increases and service decreases. This is for local broadcast, online, and print media.

We launched the map in June. We wanted to do this to spark debate about what's happening to local journalism and to generate some data to inform that debate, as well as to help us identify trends and patterns if any emerge. The map, in general, can paint a big picture idea of what's happening to local journalism, but you can also zoom in on local communities and see what's changed at the local level. You can see what's happening to a specific type of news organization, such as what's been happening on the community newspaper scene or what's been happening in television or to local radio.

You can also monitor changes by media ownership. The map, of course, is a crowdsource map, so it's only as good as the information that people add to it, but we moderate the map and we think that the information is reliable and that the trends we're seeing reflect reality.

What are we seeing? Three months after its launch, the map tells a pretty powerful—and disturbing, I think, for many people—visual story of newsroom closures that far exceed the number of new ventures being launched.

When we examined the data at the end of September, there were 307 markers on the map highlighting changes going back to 2008, because we wanted to provide a historical perspective. Of those 307 markers, 164 documented the closure of a local news outlet in 132 different communities across the country. By comparison, there were only 63 markers highlighting the launch of a new local news source.

● (1120)

The second part of our project examines how local news outlets covered the contest for members of Parliament during the 2015 federal election. We were interested in election coverage because the race to represent a community in the House of Commons is a major news event that would warrant news media attention. As such, we think that in some ways it can be thought of as a proxy for the overall performance of local news media in general.

We looked at local news media and their coverage of the race for MPs in eight communities: Peterborough, the City of Kawartha Lakes, Oakville, Brampton, and Thunder Bay in Ontario; Brandon, Manitoba; and Nanaimo and Kamloops in British Columbia. We identified the local news outlets in those communities, and then we collected all of the stories that they did about the election race for their member of Parliament in the month prior to the vote.

I have some figures in the brief that I submitted, and they show significant differences in the number of local news sources in different communities. For instance, in Brampton there are three news outlets, which is 0.14 news outlets per 10,000 registered voters. At the other end of the spectrum, you have Kamloops, where there are 1.25 news outlets per 10,000 registered voters. There are nine altogether there.

This measure suggests that big suburban cities are relatively underserved in terms of the number of news outlets in them. Likewise, the data shows rural communities, such as the City of Kawartha Lakes, are also relatively underserved. At the same time, intriguingly, in medium-sized communities such as Nanaimo, Thunder Bay, Peterborough, and Kamloops, there's quite a variation. The question is, why? Why are some of them better served than others?

There is a second major observation that we can make at this stage, and I would emphasize that our data here is really preliminary and that we just got it in the last two weeks. The second observation is that there are significant differences in the number of stories about the local races to be an MP. Again, Brampton was relatively underserved with 43 stories in total, but more to the point, there were only about two stories for every 10,000 registered voters. If you lived in Thunder Bay or Kamloops, you were looking at 20 to 25 stories per 10,000 registered voters. Again, there is quite a disparity in the available stories.

I just wanted to draw your attention to Nanaimo, where there are about 15 stories for 10,000 voters. There were 103 stories that we found, but 57 of those stories were produced by the *Nanaimo Daily News*, which closed earlier this year, so those are 57 stories that a local news outlet is no longer producing.

Similarly, an online news site—quite a vibrant news site—in Kamloops called NewsKamloops, which was started after the closure of the daily newspaper in that community, also closed earlier this week. It produced, I believe, about 35 or 40 stories out of those 105 stories available to voters there.

We're seeing a significant lack of diversity, in some communities more than others. We did one more measure, which was to look at the variety of voices. Again, what we found was that in Brampton just one local news producer dominated the production of news. whereas in places like Thunder Bay and Kamloops the news coverage was spread more evenly among the different news organizations there, so people were able to hear from a greater variety of news organizations.

Our data so far indicates that news coverage of local contests for MPs varied significantly according to where you lived. By all three measures, people who lived in a place like Kamloops enjoyed relative local news affluence compared with people who lived in a city like Brampton or a rural area like the City of Kawartha Lakes.

The next step in our research is to take all these measures and reduce them to a single number in an index that we can use to create a ranking of communities in terms of the existence of local news poverty. In other words, the single number will reflect relative levels of news poverty, and then we can look at the characteristics of poorly served communities and try to figure out why they are more poorly served than others. There are some possibilities of lines of inquiry I can talk about, if you like.

• (1125)

The Chair: Thank you very much. I'm sorry, but we've reached the 10-minute mark. You can elaborate as the question-and-answer period moves on.

Now we're going to go to the questions. It is a seven-minute question-and-answer segment, and the seven minutes include both the questions and the answers, just so you know.

We will begin with Ms. Dabrusin from the Liberals.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): I'd like to thank both of the witnesses for appearing today. It was very helpful to hear all of that information and the points of view.

Dr. Geist, my first question is specifically for you, because you touched on copyright review, and there will be a copyright review in 2017. Having looked into that and the issues that have come up here, I was happy that you focused a bit of your comments on the affordability of broadband access. That's one part of the equation. When we've looked at the copyright issue, we've heard from some journalists and papers appearing before us that the other side of the issue is how we maintain viable journalism and the viability of journalism as a career.

Thinking about the upcoming copyright review, what are your comments about what we should be looking at when we're balancing all of those issues?

Dr. Michael Geist: Thanks for the question.

I'd start by noting that I don't think copyright really has anything to do with the viability of journalism. Indeed, one of the most essential exceptions within the Copyright Act is the one for news reporting. Frankly, if we don't have a robust fair dealing provision, one that incorporates a liberal approach with respect both to fair dealing and particularly to news reporting, the ability for reporters to use materials and reuse materials as part of their reportage could be severely compromised indeed.

I can think about the number of times when I was doing pieces within the mainstream media and found them "lawyered" because of different kinds of concerns that arose. If we were add the prospect of a fair dealing analysis because you were using other materials as part of your reportage and you feared potential lawsuits, I think that would severely compromise the kind of original journalism that's absolutely essential.

With respect to how fair dealing has been interpreted, including education and this notion that there are news sites out there that can fully copy my work and make it available without any sort of compensation, that simply isn't an accurate reflection of what fair dealing permits. It certainly permits uses and sometimes full articles for, let's say, non-commercial purposes in an education environment, but when we're talking about a commercial use—let's say by a competitor organization—the notion that somehow fair dealing would permit the copying of those materials and the reposting of those materials isn't an accurate reflection of the law.

Ms. Julie Dabrusin: I ask because it seems that several witnesses who have come before us have raised the copyright laws and have talked about concerns regarding aggregators simply collecting their materials and putting them out there, and their not being able to collect any types of royalties or payment once their materials are used by these aggregators. That's what I'm trying to get to.

Dr. Michael Geist: Sure, and I've seen some of those comments. I think we ought to distinguish between aggregators that take in that content for indexing purposes and then make snippets available and aggregators who take content and then simply repost, unchanged by and large, that same content.

I don't think those who take those works for indexing purposes, for search purposes, but don't make available the full text and send the person who's searching for this material back to the originating source are violating copyright. Indeed, I think it's a good thing because it increases the exposure of the original reportage.

If someone aggregates content and then simply takes that same content and reposts it unchanged, that will unquestionably raise issues. I know that there's a fine line with some sources when the perception is that they take that content, rewrite it a bit, and then make it available.

I'd come back again to the distinction between the protection of ideas and expression. I don't think we would want to see an environment or a law that protected both expression and ideas and said that the copyright protection covers your ideas as well, so that if one news organization published an exclusive, all others would be prohibited from covering that same story because somehow they had that broad-based protection.

Ms. Julie Dabrusin: Continuing on our discussion about fair dealing, then, would you make any suggestions for changes to that part of the copyright legislation when we're reviewing it in 2017, or would you just keep it exactly the way it is?

• (1130)

Dr. Michael Geist: No, as part of the 2012 reforms, I argued and I would continue to argue that, if anything, we need to move towards more of a fair-use model—the U.S. model—by removing the limitations. We have a series of purposes within the act—limited currently to eight—such as news reporting, research, and review, and

we should use those to say "purposes such as" so that we would potentially open the door to other uses.

The idea that we would legislatively try to roll back what the Supreme Court of Canada has said with regard to that balance strikes me as the wrong way to go. I think that would disadvantage not just education and the Canadian public but, quite frankly, some of the very same organizations that we're talking about here today. Their counterparts in places like the United States enjoy the flexibility of fair use. The idea that we would restrict some of those kinds of operational abilities, I think, would be very harmful.

Prof. April Lindgren: I was going to make the point that Dr. Geist did, which is that news organizations actually want aggregators that drive traffic to their sites. That's part of the way they build readership. It's considered a very powerful tool. They want aggregators that do the snippet approach, so that you read the first three sentences, then you click, and then it takes you right to the site.

Ms. Julie Dabrusin: Do I still have time?

The Chair: Yes, go ahead. You have about one minute.

Ms. Julie Dabrusin: Okay.

Another thing has come up along the same line, which is that some of the witnesses have talked about how money going to non-Canadian social media is depriving our Canadian media of revenues. I can put that to both of you. It's been an ongoing concern posed by, for example, Facebook and Google. What is your response to that concern, and what would be your solution?

Dr. Michael Geist: I don't mean to sound flippant, but my solution would be to compete. Yes, there are large players that have come into the marketplace, but the notion that we're going to close up the Canadian Internet to Google and Facebook when a large part of what they're doing is actually driving traffic to Canadian sites strikes me as a bit of a non-starter.

They're taking a portion of revenues, so I understand the frustration, but I do think that a digital environment with many readers, not just in Canada but on a global basis, suggests there are opportunities for Canadian organizations as well.

The Chair: Your time is up.

If Ms. Lindgren feels that she wants to comment during another session she can do so, but we have to move on.

We move now to Mr. Maguire for the Conservatives.

Mr. Larry Maguire (Brandon—Souris, CPC): Thank you, Madam Chair, and thanks to our witnesses today for being here and making your presentations.

Madam Lindgren, I am most interested in your local news research project. You mentioned Brandon—as Peter has mentioned as well—my home area, and I was wondering if you got the coverage of the 200 bushels of wheat that somebody donated to my campaign that we turned into \$6,000 at the food grains bank that night.

Anyway, welcome. I am really interested in what you can make available to the committee. Is there work that you have prepared already? You've been going for three months now, is it, with this project?

Prof. April Lindgren: I prepared a brief for the committee that has been circulated, and I have to say Brandon isn't in my data results right now because we had to do a little bit of finishing up of the.... We didn't finish Brandon in time to present it to the committee, but the pattern is that it falls in about the middle of the pack in terms of the availability of local news in that community.

In the brief I have the more detailed study, and going forward we hope to be able to work on this index and then look in more depth at why some communities are better served than others. I think that's the crux of the matter here: to understand what's going on and what's happening in these underserved communities, and to think about how to address the problems in those communities. A solution that might have an impact on a place like Toronto won't necessarily have an impact on a smaller rural community.

I would like to make a point on the earlier discussion about Facebook and Google. For online digital organizations to start up in a smaller community and survive, the issue is that they need eyes on the site. If you're in a community that has 60,000 people in it, your ability to reach enough advertisers at .00, or tiny little fractions of a penny per view, makes it that much more difficult to survive when you have content that's appealing only to that smaller audience because you're focused on local news and events.

• (1135

Mr. Larry Maguire: To follow up on that, then, Brandon is 52,000 people. Brampton's still 500,000 or more, as you say, or 600,000, so it's still 10 times larger. You're looking at smaller areas, including Brampton. We're looking at remote and rural areas. I understand that if you're from downtown Toronto, Brampton looks a little rural, but how do you choose the communities and regions that you look at? Does it come from the study that you've done or the calls that you get?

Prof. April Lindgren: When we chose the initial communities for this study, I was looking for a variety of communities. I wanted a rural community, the City of Kawartha Lakes. I was interested in Brandon because I think the local television station closed there a few years ago. I thought it might be interesting to look at the availability of news there for the purpose of comparing it with other small and medium-sized cities that do have a local television station.

What we can do with our data is look at how much news was produced by each local news outlet within the community and see to what extent TV stations are providing the news, versus radio or online sites.

I will add that one of the striking things that we're noticing is that we don't have very many new online sites registered on the map. That might be because people haven't added the information, but it also raises the question of why we aren't seeing a more vibrant response from online news organizations starting up in all sorts of different communities.

The closure of the NewsKamloops site just this week raises some really interesting questions about online news organizations' ability to survive. It was doing quite a good job of replacing and reporting on local news in the absence of the daily newspaper, which closed there in 2014. Now here we are, two years later, and it's gone.

Mr. Larry Maguire: In your work you were just looking at the independent journalistic ads that were generated in radio, television, and newspapers, not the politically paid ones, right?

Prof. April Lindgren: We didn't look at advertising. We just looked at news stories and news coverage.

Mr. Larry Maguire: That's what I was asking.

Prof. April Lindgren: We just looked at the actual number of news stories. We gathered data. We wanted to try to get at the quality, and we haven't analyzed that work yet. We looked at the variety of sources quoted in the stories and how long the stories were, and we tried to categorize them as more investigative or enterprise reporting, versus showing up at an event and doing a hesaid, she-said coverage of the event. That's the next phase.

We also gathered data on social media posts that had been posted by those news organizations, meaning Twitter and Facebook posts. We were trying to get an idea of the role that social media are playing in the local discussion of the election and in provoking debate and discussion as the election unfolded.

Mr. Larry Maguire: Right at the end of your presentation, you talked about the line of inquiry into why communities group together. Can you elaborate? I don't think you had a chance to finish that one.

Prof. April Lindgren: Sure. I was hoping for a question, actually.

Lines of inquiry we're going to pursue come out of studies that have been done elsewhere. In the United States, for instance, one of the things they've noted is that living in the shadow of a major media centre might be a problem. For instance, work that's been done on New Jersey and the problems they have there and the local media ecosystem there suggests that having New York overshadow you and swoop in to do an interesting story once in a while may have some bearing on undermining the vibrancy of local media. They might siphon off some advertising potential. That could be one problem. It could be something that's happening in Brampton and Oakville, and it's something we're going to take a look at.

Income also seems to be an indicator of how well a local community is served. Again, in New Jersey, they did a study of Newark, which has a poorer community that is more diverse, a middle-income less diverse community, and then a more affluent community with very little diversity. The more affluent community had more local news sources and more local news coverage that was focused on that community and relevant to that community in terms of critical information needs. There's been a list drawn up of what the critical information needs are, and they measured that.

(1140)

The Chair: You can elaborate later, I'm hoping. Thanks very much.

Now we go to Mr. Nantel from the NDP.

[Translation]

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

Ms. Lindgren, feel free to speak in English. I don't mind. [English]

If you have a thought to finish, please don't hesitate.

Prof. April Lindgren: I just wanted to point out a couple of other factors that might have bearing on how well a community is served.

There's been work in Europe that suggests that the existence of a good local newspaper might be a factor in the quality of the local news available. This research was done in Denmark. They said that newspapers aren't necessarily mainstream media anymore, because the vast majority of people don't subscribe to newspapers anymore, don't rely upon them necessarily as an information source, and don't even think of them as an important information source, but the argument is that newspapers actually play what is called a keystone role in the health of the local news system.

By that, they meant that they cover political affairs more than the television station does, more than the radio stations do, and in many cases more than most online sites do. They're providing that sort of base record of what's happened in the community. Moreover, their coverage is often picked up by the local radio, the local television, and potentially local online sites. They're not major players in terms of circulation, but they are players in terms of influencing what's happening and the vibrancy of the local news coverage in that area.

Mr. Pierre Nantel: I understand what you are saying about the mushroom effect. In Longueuil, which is in my riding, there is a community radio station, a newspaper, a community newspaper, radio and community television. They are all under Montreal's mushroom. I look at my local newspapers, and I have actually brought a few copies.

I would like to ask you whether our journalists are prepared to face that environment, which is very different from what it was when I was at Concordia University, 30 years ago. Are courses provided to explain to young people that they will not have a job with a pension plan for 25 years, for life, at the same place, as their professors may have had?

Could you give me a brief answer?

[English]

Prof. April Lindgren: It's true that current journalism is different for many young people starting out today, but we do offer them training that is different from what they used to get.

I'm teaching a course to new master's students. For part of the stories they're doing for me this term—first of all, it's covering a local award in the city of Toronto—they're going to be tweeting a story as well as reporting on it, and they're going to be shooting video as well as reporting on it.

Mr. Pierre Nantel: They're multi-tasking.

Prof. April Lindgren: Absolutely. They're learning how to multitask.

We also have a course on entrepreneurialism. It's teaching them how to be entrepreneurs in their own right. There are lots of examples of opportunities in the news business that we never knew existed five years ago.

Mr. Pierre Nantel: We're so much in a rush, and we have so little time. I hope I will have a second chance to speak to Mr. Geist, but the one thing I need to ask you is how the NewsKamloops site came to be closed. If I'm not mistaken, there was some local hope for it as a news hub.

Prof. April Lindgren: It was a local news reporting site. It was started by some former journalists who worked for the newspaper. I don't know. I haven't had a chance to talk to any of them yet, but I'm assuming it had to do with the financial viability.

Mr. Pierre Nantel: Now I'll come back to Mr. Geist.

Thank you, Mr. Geist, for being here.

Obviously, you know your stuff. You have been a reference for many people who are observing or who are players in the market.

[Translation]

For many industry people, you are among those who have adopted the "if you can't beat them, join them" approach. The idea is that the system is coming, digitalization is coming, borders are crumbling, and so protectionism must be set aside.

As we have seen, this study has been of great interest to many people. That has been the case with industries because it has to do with jobs, and on our side, we have a market that is currently being overtaken by international companies. I would like to point out in passing that, since our last meeting, ADISQ has requested support so that it could deal with its current situation with streaming content. Rogers is basically turning to online activities and trying to get rid of *Châtelaine* and *L'actualité*, which are intended for markets that are less profitable for the company because those markets are smaller.

● (1145)

[English]

The Chair: You have two minutes.

[Translation]

Mr. Pierre Nantel: Mr. Geist, yesterday's newspapers talked about the Conseil québécois du commerce de détail, which was in Ottawa. The story was covered in *Le Devoir*, *Le Droit* and *Le Soleil*. Everyone is currently reeling from these paradigm shifts.

In the 1970s, quotas were proposed for broadcasting, news visibility, current events and culture. Back then, would you have liked your industry and our cultural distinction to be protected from the rest of the world, or would you have said, if you can't beat them, join them?

[English]

Dr. Michael Geist: Thanks for the question.

It's hard to know what I would have said about it when I was eight years old. I don't know if I'm sure what I would have said in protecting some of the Canadian institutions you're referring to.

I think, though, that where we adopted more protectionist measures or measures that recognized a scarcity of either availability of, let's say, airwaves or things like that, important national policies and priorities needed to be reflected in the system when you had those limitations built in. It was unsurprising, I think, and largely appropriate to try to establish some measures to ensure that Canadians would see their country reflected in a system where there were those limitations.

What has changed in the decades since we adopted many of those policies is that, as everyone knows, we are in an era of abundance, not of scarcity. The fact is that there is in a sense too much choice, which then proliferates or disperses the potential revenues to so many players that it makes it difficult for certain individuals to succeed, at least in the way they did before. It is unquestionably transformative and represents a real challenge. I think it's also still at a really early stage, even when you look at those various headlines.

I see a lot of news that can be seen as quite discouraging, and it certainly is for many. At the same time, it suggests that what we are seeing is a lot of experimentation. We are at early days here. Coming in with new legislative solutions at a very early stage of trying to figure this out is one of the things I'm trying to caution against.

The Chair: Thank you very much, Dr. Geist.

We go now to Mr. O'Regan for the Liberals.

Mr. Seamus O'Regan (St. John's South—Mount Pearl, Lib.): Thank you.

Let me pick up from where my colleague from the NDP was talking about the system in shock.

Failing John Oliver from HBO's *Last Week Tonight* appearing before this committee, I'll quote him on a superb piece that he did on the future of journalism, in which he said:

Now that level of confidence is almost tempting fate. He is like a citizen of Pompeii saying, "what I love about this city is how volcano proof it is." Not a year goes by without our having to have our horrified reactions captured in ash forever.

He brings up a very good point about the importance of local news, which he describes as the media. He says:

It's pretty obvious without newspapers around to cite. TV news would just be Wolf Blitzer endlessly batting a ball of yarn around....The media is a food chain that would fall apart without local newspapers.

This is a good way to look at how often newspapers are cited and where stories begin.

What I found more chilling, and he cited this, was a similar hearing that is happening south of the border at Congress. David Simon appeared. He is the creator of the critically acclaimed show *The Wire*. He was a beat reporter at city hall in Baltimore before that. He never lost those lessons. His description is more chilling. He says:

The next 10 or 15 years in this country are going to be a halcyon era for state and local political corruption. It is going to be one of the great times to be a corrupt politician.

His argument is that unless you're at that level where property is zoned, where development is determined, then you're not going to figure out the rest of it. I know myself that I can't watch *Spotlight*. I haven't got through it. I find it too frustrating, because that in-depth investigative journalism that's incredibly important to a democracy doesn't exist anymore.

John Oliver said:

A big part of the blame for this industry's decline is on us and our unwillingness to pay for the work journalists produce. We've just grown accustomed to getting our news for free...Sooner than later, we're going to have pay for journalism, or we are all going to pay for it.

It does come back to a point that we spoke of earlier, and that's revenue. When we talk about copyright, and as my colleague was speaking of, an aggregation, I think any journalist wants his or her pieces to be read or to be seen or to be heard as much as possible. As you've said, that's not the issue; the issue is how you make a living from it. How do you pay for excellent journalism?

I congratulate you both on your presentations today. Yours have been some of the most substantive we've heard. The difficulty we're having is attempting to square that circle. It's a question of "show me the money".

Do you have any further thoughts on revenue particularly?

• (1150)

Prof. April Lindgren: There doesn't appear to be, at this stage anyway, a single magic bullet, and I doubt that one is on the way.

You've heard all the suggestions, such as tax changes in charitable status for foundations. In the United States, there is quite a bit of experimentation going on with foundation funding, trying to figure out how to create more sustainable local news ecosystems in different communities. However, the approach they're taking is not to subsidize the production of news, but to subsidize experiments in creating more sustainable business models.

You can subsidize the news, and then when you stop subsidizing the production of news, the whole thing falls apart. The idea and the approach they're taking is to subsidize experiments in, for instance, something as simple as creating a document and a website on basic media law that local start-ups for online organizations can go to.

Those are sort of microscopic interventions, but that's the level of experimentation that's happening out there and the thinking about how to approach this problem while the whole business model issue is still being worked out.

Dr. Michael Geist: To be honest, your question gives me almost a sense of déjà vu. I appeared before lots of committees when we were debating copyright for the better part of a decade. That question was essentially the same one that was being posed by the music industry or by the movie industry, something like, "Can't you do something about copyright to save us?"

It turned out that we did reform copyright, but in the successes that we've started to see in some of those sectors, whether on the video side or the streaming services—recognizing that there are still concerns about allocation—the fact that business models began to emerge ultimately had practically nothing to do with copyright.

There's been the suggestion that somehow copyright fixes a revenue problem in which the systemic problems are far deeper and have very little to do with control over your product. Some believe that is what copyright tries to do, although I think it's much more about balance. It isn't copyright that fixes these issues. There is the notion that if only we provided stronger protection for people who are writing, there would be new jobs. The systemic problems that I've tried to articulate and that this committee has heard for the last number of months that underlie what's taking place—more choice, more possibilities, and this disaggregation of revenue going out to so many places—that's not fixed by copyright. I think it is fixed, or at least addressed in part, through some of this experimentation when we begin to see some of the kind of journalism that you're talking about, though we don't necessarily associate it solely with a newspaper.

Mr. Seamus O'Regan: Ms. Lindgren, first I want to thank you. We've heard lots of evidence of a particular kind, but you've given us very recent and empirical data, which is key. It will figure into our final report. There's no question about that.

As an educator, you spoke about the different ways in which you're teaching journalism students. My concern is whether there is a marketplace for that. Is there a financial reward for the advancements they make in journalism school, albeit an adjusted one?

Prof. April Lindgren: Very good students are still finding jobs. That is the first point that I would make. They are not necessarily jobs for life—they might be a one-year contract—but some students are still finding jobs.

Everybody is experimenting now. One of the things we're experimenting with is giving our students tools as entrepreneurs so they can go and start some of these enterprises and can use the digital media to create news businesses and go from there.

Again, there is no single answer, but the idea is to imbue in them the skills they can use to go out and undertake this so that they know how to manage an entrepreneurial idea. I think that's one of the avenues we're taking.

• (1155)

The Chair: Thank you very much.

I think we've come to the end of this session. We're not going to have time for a second round.

I want to thank the witnesses very much, and I want to thank the members for having some very excellent questions. It has been a very good session.

I'd ask the committee to take about a minute to go in camera. We have something to discuss with regard to our budget.

[Proceedings continue in camera]

• (1155) (Pause)

● (1200)

The Chair: I call the second part of the meeting to order. We welcome the Department of Canadian Heritage.

We have with us Jean-François Bernier, director general, cultural industries; Marthe Bujold, director, strategic policy, broadcasting, and digital communications branch; Helen Kennedy, director general, broadcasting and digital communications; and Luc Marchand, director, periodical publishing policy and programs. Welcome.

I'm sure by now you know the drill. You have 10 minutes shared by all of you to present, and then we will go to the questions and answers.

Who will be speaking first? Monsieur Bernier, please begin.

● (1205)

Mr. Jean-François Bernier (Director General, Cultural Industries, Department of Canadian Heritage): Thanks for the invitation.

[Translation]

Nearly six months ago, my colleagues and I—the Canadian Heritage group of representatives—were the first ones invited to appear before your committee, as you were beginning your study on the media and local communities. Since then, you have probably been able to appreciate the complexity of the subject and the diversity of perspectives.

When we appeared, last February, we provided an overview of the newspaper industry and its challenges, especially those related to changes in consumer behaviour, revenue losses, the impact of the digital era, and the emergence of different business models. We finally talked about the federal government's policy toolbox.

We understand that, at this stage in your work, you would like to ask the department representatives other questions. However, before we do that, the document that has been distributed to you contains certain initiatives I would like to talk about because, since February, measures have been taken, and I would just like us to have the same information.

First, you have likely heard people talk about changes in the industry on several occasions.

[English]

How do we know the quality of journalism? Is everything that we're reading on all those websites true?

A partnership was announced a few weeks ago between Twitter, Facebook, and 20 other media companies. It is designed to improve the quality of online news. I guess the message here is they are not stupid either, and they realize everything that is circulating on their platform is not necessarily accurate or reflective of reality.

Facebook has also launched Instant Articles, which is essentially a model whereby publishers post content on Facebook, and Facebook shares the ad revenues with those publishers. There's Facebook 360, a video application incorporating virtual reality technology, and it is used by many publishers.

When we talk about Amazon and Facebook and Netflix, the word that always comes with it is "algorithm". Facebook has modified its algorithm to avoid what we call "clickbait". Essentially, clickbait means that whenever there's sensationalist news or a sensationalist event, it appears in flames on Twitter or on the various platforms, but at the expense of accuracy, so Facebook has changed its algorithm to avoid such clickbait.

With regard to Postmedia, we've certainly heard in the news that Postmedia has restructured its debt, and the company reports that they want to invest any savings from the restructuring in their digital projects.

[Translation]

Mr. Nantel talked about the restructuring of Rogers, which has divested itself of some newspapers and decided that some of them will be available only online. Changes have been made at Rogers.

Last week, you heard from a Quebec newspaper coalition. The representatives put forwards a host of proposals, including a fund to help with the transition. You are talking about a tax credit. Those are all the kinds of measures you have probably heard about through other individual presentations.

What Mr. Geist was saying earlier about copyright is interesting, as the coalition's list of suggestions included the strengthening of the Copyright Act to protect journalists' copyright.

● (1210)

So it's a proposal submitted to the federal government. About 10 days ago, VICE Media announced that it would expand the scope of VICE Québec.

I admit that this is a bit of a

[English]

my favourite highlight, because when I was reading this article, I saw that VICE Quebec was saying that they care about local news. It's not often that we hear news sites like this talking about the importance of local news, so I just want to draw your attention to that.

The Department of Canadian Heritage and the Department of Innovation, Science and Economic Development Canada—I can't get used to this name; it used to be Industry Canada, but now it's ISED—have procured a fairly important contract with the Public Policy Forum to provide the government with expert advice on the newspaper situation. They've run some research, round tables, and we're waiting for their report sometime in December with some policy options, just so you know that this is ongoing.

You have probably noticed that Hon. Mélanie Joly has launched public consultations on Canadian content in the digital world, and I'll ask if Helen wants to address this aspect at this point.

Thank you.

Ms. Helen Kennedy (Director General, Broadcasting and Digital Communications, Department of Canadian Heritage): Thank you.

[Translation]

I am here to provide you with an update on the consultations on Canadian content in a digital world.

● (1215)

[English]

In terms of process, there was a pre-consultation launched in April 2016 with the release of a document and an online questionnaire to get feedback on the issues of importance to Canadians. That ran until May 27, and we had approximately 10,000 participants. In terms of high-level results, 85% of respondents said that it was "somewhat" or "very" important to have access to Canadian content in a digital world, and 88% of public respondents said that it was "somewhat" or "very" important to have access to local content in their communities.

Those are obviously findings of interest to the committee.

The minister has also appointed an expert advisory group to support her in June. The group will carry out its mandate until February 2017. They operate as a sounding board for the minister. They provide insight into policy directions. They do not have any decision-making authority, nor are they required to draft a formal report.

The second phase of the formal consultations was launched in September with a consultation paper and a web portal, as well as the results of the pre-consultation survey. The scope of the consultations includes information and entertainment content as presented on television, radio, film, digital media and platforms, video games, music, books, newspapers, and magazines.

What are we trying to achieve in terms of the consultation? I'll quote from the actual documents that have been published.

While it's about evaluating the existing ways, we support creators and cultural entrepreneurs to adapt to a new environment, strengthening Canadian content, creation, discovery and export in a digital world and empowering Canadian creators and cultural entrepreneurs so they can thrive and contribute their best to Canada's economy and quality of life.

Strengthening Canadian content creation, discovery, and export in a digital world means creating pathways to markets so that creators can share compelling and engaging stories that positively shape an inclusive and open Canada. It means that Canadians take pride in their creators and actively seek out content produced by Canadians in both official languages and that Canadians can participate in our democracy by having access to high-quality news, information, and local content that reflects a diversity of voices and perspectives. Abroad, it means that global audiences are drawn to content produced by Canadians because it is unique and world-class.

Above all, it means we value the social and economic contributions of our creators and cultural entrepreneurs, recognizing that creativity is at the heart of innovation and key to a strong middle class and Canada's success.

If you want to participate in these consultations, there are a number of in-person events being held in six cities across Canada. The schedule is posted on the website. One has already been held in Vancouver. Coming up are Halifax, Toronto, Montreal, Edmonton, and Nunavut. Some of those events will be on Facebook Live, and Canadians of all walks of life can submit ideas and stories via the web portal. They can also submit any ideas on how to promote and support Canadian content in a digital world.

The Chair: Thank you, Ms. Kennedy.

Ms. Helen Kennedy: You're most welcome.

The Chair: Now we go to the question-and-answer session, beginning with Mr. Samson of the Liberals, for seven minutes. [*Translation*]

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

I want to welcome the witnesses. It's a pleasure for us to hear from you again. I hope that we will be wiser, this time, as we have had a lot of presentations and information from people on the ground. That has helped us give more thought to the issue.

I have a number of questions. The first question is about the fact that several witnesses who have appeared before the committee talked to us about a tax credit for advertisers in newspapers. They feel that this would be a good idea to ensure more revenues for those publications. What do you think about that idea?

Mr. Jean-François Bernier: All the ideas that have been presented to you are worthwhile.

Mr. Darrell Samson: Now that's a political answer.

Mr. Jean-François Bernier: Yes. That's because it is a thin line between....

I am here to talk facts. We have looked at that proposal, and at all the others, and we are analyzing them just like you are.

I would like to bring your attention to the fact that a number of proposals have been made concerning tax credit and sales tax. Since the Minister of Finance is in charge of taxation in Canada, you might want to invite him to the committee or invite department representatives to test some of those ideas.

At this point, I would like to reserve my comments on the proposal's merits. The Income Tax Act already provides Canadian advertisers with an opportunity to deduct their advertising expenses in print newspapers. We talked about that on February 23.

That is all I would like to say.

Mr. Darrell Samson: In the preliminary consultations on local content organized by your department, did any solutions come to the fore that you would like to share with the committee?

Mr. Jean-François Bernier: Again, Madam Chair, we have taken note of the proposals that have been put forward and we are analyzing them. The committee's work, your report, the recommen-

dations of the Public Policy Forum and the minister's consultations all contribute to the data we are considering to try to develop the best public policy possible and submit it to the government for approval.

Mr. Darrell Samson: Something else we have heard about and you may be able to provide details on has to do with linguistic duality in rural communities and local media. Have you received any complaints related to that? Have any solutions been developed to provide more support for local media? A file doesn't always have to be reviewed for improvements to be made. Over the past few years, have any changes been made in terms of strategy to better reflect that concern?

Mr. Jean-François Bernier: Your question is multifaceted because, in the department—

Mr. Darrell Samson: I must have picked up something!

Mr. Jean-François Bernier: It's okay. I will consider things from the perspective of linguistic duality. We currently have tools that support media. There is CBC/Radio-Canada and the Canada Periodical Fund.

In the Canada Periodical Fund, which is intended for community magazines and newspapers, according to the department's definition, the issue of linguistic duality is dealt with in a special way. The approach is different from the usual practices. It recognizes linguistic duality. There are various eligibility criteria for the periodicals that are operating in minority language communities.

We can provide you with more details on those criteria if you like, but to answer your question, our programs already contain criteria adapted to the situation of minority language communities—in other words, francophone communities outside Quebec and anglophone communities in Quebec.

● (1220)

[English]

The Chair: You have 30 seconds.

 $[\mathit{Translation}]$

Mr. Darrell Samson: In closing, then, you aren't commenting on what was said regarding possible solutions. Since our study began, however, has anything emerged to give you a better sense of the problems you have to fix?

Mr. Jean-François Bernier: As for the factors I mentioned earlier, impacts are being felt in terms of the digital shift, the change in consumer habits, and the flow of advertising revenues all over the globe, as opposed to north of the border. I would say those are the three main factors.

Obviously, from a more social standpoint, journalism quality is a consideration. Does long-form journalism still have a future? You heard Ms. Lindgren's comments earlier. On our end, and in terms of the issues the committee is hearing about, I would say those are the concerns that are emerging.

[English]

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

Mr. Maguire is next.

Mr. Larry Maguire: Thank you, Madam Chair, and thanks to our witnesses for being here from Heritage this morning.

Mr. Bernier, you mentioned in your comments that digital is the future. Would you agree with the statement that digital is where the future is for most of our media outlets, notwithstanding the fact that we've had many tell us that rural newspapers and local news are very important to them?

Mr. Jean-François Bernier: One does not exclude the other, but a short answer to your question is that I don't think we're going to go back, so yes, digital is part of the future.

There is still a very strong demand for print in community newspapers and some magazines. Yes, digital is now part of the ecology, but in 15 years will there still be a *Globe and Mail* print version? Maybe 15 years is a little far in the future, but within the next five years, Mr. Nantel will still bring real newspapers if he's...I don't want to presume the result of the next election.

Some hon. members: Oh, oh! **Mr. Pierre Nantel:** Thank you.

Mr. Jean-François Bernier: He will still have print newspapers.

Mr. Pierre Nantel: I'll do my best.

Mr. Larry Maguire: Maybe I'd better interject on his behalf.

There's no doubt there will be. My point is to know what means we can use to ensure that happens. What's the most effective way to make sure of that? The rural and remote areas are the ones that still continue to read their local newspapers and get the news that way. That generational shift continues to take place, and it may only take five years, not 10 or 15, because of how quickly we've changed in the last five. What's the most effective way of making sure that people use that new technology, other than they'll do it by choice? What's the most effective way to have quality news on those modems for the people in those areas, given the fact that, as you've just indicated, Twitter, Facebook, and the 20 other groups are getting together to try to improve the quality of that news?

● (1225)

Mr. Jean-François Bernier: That's a lot of questions.

There's certainly one thing for rural communities.... You need the broadband capacity to carry all that volume of news and Netflix and information, and in certain areas it's not obvious that the broadband is there to support this volume. The government has a plan to get broadband to a level where rural areas will have access to Internet just as you have in downtown Toronto, but it's challenging.

That's certainly one aspect of the equation: to have the digital capacity to carry all that information.

Mr. Larry Maguire: We started to expand that. I know the Liberals have expanded it as well, and we are looking at trying to provide more Internet service at a higher speed to those areas across the country.

I just wanted to check with you again, Ms. Kennedy, and see if there was anything you wanted to conclude with in regard to the scheduling of those meetings—not so much where they are held and stuff, but the outcome you hope to obtain from them.

Ms. Helen Kennedy: Thank you.

The consultation, as you have no doubt realized, is pretty multifaceted. It is broad in terms of content, but it is also multi-faceted in terms of ways of engaging people. There are the six in-person events that the minister will hold, and I believe three of those are also going to be on Facebook Live. Even if you are not in the room itself, you can have an opportunity to participate through Facebook Live.

The web portal is also there for Canadians to submit their ideas and so forth. There is also something called a consultation kit, which has been developed so that people can go out and organize their own consultations and then report back through the web portal. It's a way of spreading it out. We wanted to make it easy for people—MPs, interest groups—to engage Canadians, and to give them a tool, because there are many consultations happening. As you go out in your ridings or as creators or industry stakeholders do their thing, there is an easy way to engage Canadians and to get feedback on where this consultation should go.

In terms of what we are trying to achieve.... I know I was speaking incredibly quickly, because I was trying to get as much in as I could, and I thank you for indulging me in that. What I was really trying to do was give you the key points that are already in the government's consultation paper. It sets out a very high-level agenda for what we are trying to achieve overall. In that list of things, you may have noticed that the government says that Canadians "participate in our democracy by having access to high-quality news information and local content that reflects a diversity of voices and perspectives."

I think this consultation process is relevant for you, certainly, because the local content issue is there, and the consultation process allows an opportunity for all Canadians to speak up on that aspect. As we noticed in the results from the pre-consultation online survey, Canadians thought that having access to local content was very important.

I think that's enough for me.

The Chair: Thank you very much.

Now we go to Mr. Nantel for the New Democrats.

● (1230)

[Translation]

Mr. Pierre Nantel: Thank you, Madam Chair.

Thank you to all the witnesses for being with us today.

You appeared before the committee at the very beginning of our study to help set the stage for us.

We've heard many troubling comments. I think every member of this committee is trying to bring grist to the mill and consider the issues carefully. We're glad to know that you are reading the transcripts of these meetings and paying close attention.

We shouldn't lump all the issues together in the same basket. Regional media and media in general are having a revenue problem. Advertising is no longer what it used to be.

What's more, our cultural content is also suffering from a lack of visibility. You need only look on Netflix, under the Kids category, to see that. Of the nearly 600 choices listed, only 15 to 20 of them, at best, are Canadian. That's something we need to discuss. Products come and go, but overall, why is that the case?

It may have less to do with a lack of co-operation on Netflix's part than it does with the fact that our production and distribution system has been very carefully managed from a supply and demand standpoint. It's a very tightly woven system. Someone looking to make an audiovisual production will already know who will be distributing it in four years' time because that group has assumed the distribution costs and included them in the production budget. It's normal that Netflix not be involved, since the company wasn't there when these productions began. Netflix wasn't part of the system, and the rights of over-the-top service providers may not have even existed when the production was made.

Today, I'm glad we're talking about the revenues being lost by our local media. That's clearly the purpose of the study. It ties into the feeling of appreciation that every Canadian can experience when tuning in to their local media. Instead of being made to feel isolated and cut-off, they can feel that they are part of a real community that's being talked about, a community where life matters, whose young people and local businesses matter. That's a factor that comes into play.

Ms. Kennedy is here to talk about the consultations. I think there is a communication issue. I hope the government is going to say that recess is over. It has to stop for a minute and recognize the fact that we have a tightly knit system and that it's in everyone's best interest to protect it. I'd like for everyone to come and give their input and for no decisions to be made right away.

The past few months have felt like recess. The Canadian Audio-Visual Certification Office made changes to its rating system, the Canadian Radio-Television and Telecommunications Commission made changes to its evaluation of Canadian content, Shomi shut down because it wasn't profitable, the publications *L'actualité* and *Châtelaine* could be sold off, CBC is improvising, and the Canada Media Fund decided to post our content on YouTube for Canada's 150th anniversary.

An all-encompassing view of the big picture is needed, but doesn't exist. I would expect the Minister of Canadian Heritage and the Minister of Innovation, Science and Economic Development to take responsibility for that. But I was pleased that, in your presentation, Mr. Bernier, you referred to the study commissioned by Canadian Heritage and Innovation, Science and Economic Development Canada, or ISED for short, because it's important. ISED paid no attention to the matter for 10 years, on the pretense that it was strictly a heritage issue. I'm glad it's now at the table.

Ms. Joly has often said that everything was on the table. In that case, then, can we bring everyone to the table? Many people have called me to say that they would like to participate but that they weren't invited to the meetings. Must they go through Ms. Guindon and Mr. Smith, submit a four-page brief, stand up at the microphone, and say what they have to say? That doesn't work.

As I see it, I have no choice but to put my faith in you and Ms. Joly. You are both professionals who have been doing a very good job for some time, but the fact remains that the situation is critical. I shouldn't be mistaken for some paranoid person who's afraid of thunder. The truth is that our system is in jeopardy. The cracks are showing, and people are taking advantage of that. Foreigners who view Canada as just another market to conquer are capitalizing on the cracks in our system. I understand that mentality since it's in their best interest; they have to answer to shareholders looking for a return on their investment.

Regardless, we have a system in place, and I'd like to know what the formal process is in order to get an invitation to the table. I'm not one of the ones who want to participate, but many stakeholders would like to know that everyone is at the table.

One of them is George Cope from Bell Canada. He's at the helm of a company we have always been very proud of, one that leverages the benefits of spectrum for its wireless business. He's a major player representing a key public company.

• (1235)

Pension funds are at stake. Everything is important. Bell isn't some monster, but a hugely important player. It nevertheless has a responsibility to Canadians. The same goes for the family of Ted Rogers.

[English]

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

[Translation]

Mr. Pierre Nantel: There are major players, but everyone is affected, right down to the makeup artist on a music video production team. Everyone has a perspective. We're talking about an industry that represents a lot of people and a lot of jobs, one with a lot of visibility.

When will all those people have their say?

The consultation process is friendly enough when it comes to regular Canadians, but not when it comes to the big industry players. We aren't talking about museums or the arts. Everyone panicked when you first took the wheel. Many pointed to the fact that no artists were involved. We're talking about a culture-based industry, but that's not how it was presented. I think all the industry players want to have their voice heard. They must be heard.

Ms. Kennedy, I know it's a never-ending question, but I'm listening. Go ahead.

[English]

Ms. Helen Kennedy: I think I'll allow-

The Chair: Ms. Kennedy, you have 30 seconds to respond. Thank you.

Ms. Helen Kennedy: Okay.

Obviously there is the web portal and the minister's Facebook Live events, but on top of that the department is having technical briefings with key stakeholders after the in-person sessions with the minister. There are different ways for us to engage the players. Plus, as I pointed out earlier, MP kits, your consultations, and those sorts of things will also allow it.

Mr. Pierre Nantel: In this short period, having meetings with the minister, will this be known? Can we know who's going to meet with the minister to speak out? Can it be George Cope? Could it be the people of AQTIS in Montreal?

Ms. Helen Kennedy: Okay, so the-

The Chair: I'm sorry, you are well over seven minutes now. Thank you very much. Maybe Ms. Kennedy can try to fit that into the next question she gets.

Mr. Vandal is next.

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

[Translation]

Mr. Bernier, in 2010, the publications assistance program became the Canada periodical fund.

In two or two-and-a-half minutes, can you tell me the fundamental difference between the two programs?

Mr. Jean-François Bernier: In 2010, the Canada periodical fund resulted from the merger of two existing funds: the Canada magazine fund and the mail subsidy program administered by Canada Post. Prior to that, the Canada Post assistance program totalled \$80 million. In the 1980s, the program budget even hit \$200 million. The purpose of the program was basically to subsidize home delivery.

In 2010, the two funds were merged, and the way they were administered was overhauled. The formula is now based on readership.

[English]

We're rewarding success at reaching readers, and—I'll conclude on that, since I think I still have 15 seconds—all the money can be used not just to pay for the posting of L'Actualité but to pay for your website, your expenses related to writing, and pictures—maybe not to buy a yellow bus—related to the business of a periodical.

[Translation]

Mr. Dan Vandal: But the fact remains that official language minority communities are no longer recognized.

Isn't that right?

Mr. Luc Marchand (Director, Periodical Publishing Policy and Programs, Department of Canadian Heritage): The program criteria for minority language periodicals are actually less stringent. For example, to access the program currently, a publication has to have 5,000 copies sold, but, for minority language periodicals, that threshold is lowered to 2,500. That means we have made the program easier for them to access.

● (1240)

Mr. Dan Vandal: When the programs were merged, did the new Canada periodical fund receive the same amount of money, more money, or less money?

Mr. Jean-François Bernier: It received the same amount as the year before the two programs were merged. Generally speaking, the funding allocated to the two former programs wasn't cut. They were merged, and the same amount was allocated, approximately \$75 million.

Mr. Dan Vandal: Do you think that puts publications like La $Libert\acute{e}$, in Saint-Boniface, at a disadvantage? Its readership is scattered all over the province. In such cases, the publication has to be mailed, and postage costs have gone up 60% over the past eight years. What are your thoughts on that?

Mr. Luc Marchand: In *La Liberté*'s case, it did indeed lose funding when the two programs were merged. The figures show that. A large chunk of that decrease is due to the drop in subscribers. So, the lower the readership, the less funding the publication gets, as Mr. Bernier explained. But when you compare the former program, the publications assistance program, and the Canada periodical fund, the figures show that funding for French-language periodicals rose by about 30%.

Mr. Dan Vandal: Would you acknowledge that it's a no-win situation?

Mr. Jean-François Bernier: It's an issue.

Mr. Dan Vandal: Very well.

We can discuss it more later.

[English]

I have a very basic question that I realize I'm not sure on with regard to Canadian content. Maybe you can clarify. I think of Canadian content for radio and TV. Does Canadian content apply to newspapers as well?

[Translation]

Mr. Luc Marchand: In order to access the program, eligible publications must have at least 80% Canadian content.

Mr. Dan Vandal: Okay.

We've received a wide array of recommendations from witnesses.

[English]

There are all sorts of recommendations. Are you familiar with these? Could you comment on one of them, the Canada Media Fund, which funds digital content in television in both official languages?

There have been a few suggestions to include local news productions in being able to access the Media Fund. Could you comment on that?

Ms. Helen Kennedy: As you probably know, the Canada Media Fund, in terms of content, is provided to a limited number of genres: drama, children's, variety and performing arts, and documentaries. The decision around those genres is a policy decision on the part of the government. Opening up that fund to allow other genres to be eligible, such as news and information programming, would be a policy decision on the part of the government. It's essentially a policy issue.

Mr. Dan Vandal: I hear what you're saying.

Mr. Jean-François Bernier: If I may add to the response, the idea of including local news in the tax credit for film and television has also been raised. There again it's a policy decision. News is one of the eleven genres that is not eligible for the tax credit for film and television production, along with sports events, current affairs, porn.... There's a list.

Mr. Dan Vandal: How much time do I have?

The Chair: That's it. You did very well. Thank you.

Now we go to the second round. We do have time for a fiveminute second round, but I'm going to have to be very tight on the five minutes.

We will start with Mr. Waugh for the Conservatives.

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): Thank you, and welcome back.

This industry is changing quickly, isn't it? How much does Canadian Heritage spend on digital advertising? How much, and what is your percentage?

We've heard around the table here in the last number of weeks about how CBC shouldn't advertise and so on. When I go to their site, I see a well-produced 15- or 30-second ad on Canadian museums. It's fabulous. It's a great shot, and all that.

I am wondering, since we've heard the paper industry say we're spending too much on digital and they're not getting any. What's the percentage of your budget that is spent on digital, and how much?

• (1245)

Ms. Helen Kennedy: Just to clarify, you were asking about how much is spent on advertising?

Mr. Kevin Waugh: Yes. I mean just on the digital aspect of it. You've heard our meetings here; everyone who comes from television and radio and newspapers says government has dropped their advertising in those three sectors, yet obviously they've increased it in digital.

Mr. Jean-François Bernier: The advertising budget of the department is as tiny as the tip of a paperclip. I don't have the exact figure, but I doubt that it has three zeros after a number.

What I think you're referring to, if I may interpret your question, is that a lot of those who have appeared here have noted that the advertising budget of the government as a whole has shrunk like ice in June

Mr. Seamus O'Regan: It's gone from \$20 million to \$1 million.

Mr. Jean-François Bernier: Of course, government advertising was an important source of revenue for the media, particularly in local areas. The numbers are there. He says it's gone from \$20 million to \$1 million. That's probably right. That's what you've been hearing from....

Mr. Kevin Waugh: On the digital platform, the CBC has obviously been very robust at getting its ads up. The same is true for television, but not for radio. They don't advertise on radio, yet they get a lot of subsidies from the federal government. Why don't they?

I'm just looking at the three platforms. On digital they have lots of ads, on TV they have lots of ads, and on radio they have no ads. Why not and how come? Either reduce the subsidy for the general taxpayer or compete against the rest.

Do you know what I'm saying? I see the two platforms you're advertising on, and you're in direct competition, and yet on radio you're not in any competition.

An voice: We don't want ads on radio.

Mr. Kevin Waugh: You don't want ads on radio. Then why do we have them on television and why do we have them on the digital platform?

Ms. Helen Kennedy: I think those are very good questions to ask the CBC. Their mandate is to inform, enlighten, and entertain, obviously. I hear that the committee has invited the CBC to appear before it on October 25, I believe. I think that will provide a good opportunity to pursue those kinds of business questions with them, because obviously they operate independently of the department.

Mr. Kevin Waugh: I have one final question. Pre-consultation shows the differences, I think, in the public's and industry's responses. Foreign competition was cited by 41% of public respondents as being the most urgent challenge facing the culture sector, yet 54% of the industry respondents said that it was creator remuneration. We're seeing big differences in responses from the public and those from the industry here.

Ms. Helen Kennedy: There are some nuances certainly, but there's also a lot of convergence in terms of the importance placed on Canadian content and local news in particular.

I did notice in looking again at the questions around local news that it was interesting that when Canadians were asked to choose what kind of information they would most like, the public respondents said information around local news and regional news. On the stakeholder side, it was news about cultural events, which I think is pretty understandable.

I think it was good for us to have that sort of breakdown, because it does show you the importance from the stakeholder's perspective as well as from the perspective of those who chose to respond from the public.

The other thing we need to remember when we look at the results is that it was a self-selected group. It was self-selected. It's not the same as doing POR, public opinion research, with a rigorous methodological framework.

Mr. Kevin Waugh: You have a 15% difference here.

The Chair: Thank you, Mr. Waugh and Ms. Kennedy. You are over time.

Mr. Breton is next.

● (1250)

[Translation]

Mr. Pierre Breton (Shefford, Lib.): Thank you, Madam Chair.

I'd like to thank the witnesses for joining us today. It's a pleasure to see you again; it's been a few months.

I have questions about the survey. We haven't talked much about it this morning, but I'd like to hear your comments on that.

Some 10,000 Canadians completed the survey. You released the results in early or mid September—I can't quite recall. What's the significance of consulting 10,000 Canadians? Should we consider the results credible? What does it mean? I'd like you to speak to that a bit

Right now, we have data, facts. I'd like to know about the underlying assessment, what isn't necessarily obvious when you look at the results.

[English]

Ms. Helen Kennedy: I can make a couple of comments about it.

As I said earlier, the purpose of the survey was to try to get some feedback from Canadians and stakeholders on what the issues were and to get some sense of their views around the cultural tool kit. We wanted to do it in a tight way, in a targeted way, and we also wanted it to be voluntary, so it led to the development of an online survey.

As I mentioned before, there were 10,000 respondents. We were pretty pleased with that. We thought that was a good result, and it compared favourably with some other processes that we'd heard of. We do have to acknowledge that it is self-selected. The respondents are people who are by nature interested and want to participate and have something to say in this area. It doesn't have the same sort of statistical rigour behind it as, let's say, public opinion research, where you're not dealing with self-selected people but with a broader section of the population.

[Translation]

Mr. Pierre Breton: Very good.

In your analysis, did you compare those living in large urban centres and those living in small communities? I'm sure you can appreciate that that aspect could have some significance as it relates to our study.

No, you didn't examine that?

[English]

Ms. Helen Kennedy: No, there was no identification asked of participants, whether they lived in a big city or a little city, so we have no analytical breakdown according to cities.

[Translation]

Mr. Pierre Breton: All the results were analyzed as a whole. We didn't necessarily do any comparative breakdowns.

[English]

Ms. Helen Kennedy: No.

[Translation]

Mr. Pierre Breton: You didn't break down the results by gender, place of residence, or otherwise. Your analysis didn't take those factors into account?

[English]

Ms. Helen Kennedy: The province of residence is the only factor that we asked people to identify. From a segmentation perspective, that's it.

[Translation]

Mr. Pierre Breton: Okay.

I think it would be worthwhile to do a more in-depth analysis of the results, which collectively make up a whole.

Nevertheless, I'd like you to speak to the challenges facing the cultural sector. Mr. Waugh mentioned some of the more notable differences. Talk to us about what surprised you. What stood out to you? Even though you didn't do a detailed analysis along the lines of what we just talked about, you no doubt analyzed some of the results. Tell us, if you would, about one or two things in the results that were rather surprising to you. It would be interesting to hear your comments on that.

[English]

Ms. Helen Kennedy: For the most part, the results were not all that surprising, to be honest with you. They align with the views that we hear in other fora—for example, at CRTC proceedings and even before this committee. In large measure there weren't surprises.

I think there was some interesting feedback in terms of the importance of promoting Canadian content abroad and the importance of having Canadian content that's able to stand out. Those findings were quite interesting. People were asked to come up a level and to think about Canadian content more generally, as opposed to what they wanted?

Among the most urgent challenges facing the cultural sector, the public responses identified foreign competition and making content stand out online as very important ones. There was also a clear indication that CBC plays a very important role, particularly in providing news and information programming.

• (1255)

The Chair: Thank you, Ms. Kennedy.

Thank you, Mr. Breton.

I will go to Mr. Nantel for five minutes.

[Translation]

Mr. Pierre Nantel: Thank you, Madam Chair.

Earlier, I mentioned the Rogers family, which is at the helm of a Canadian company that chose to build networks such as Cantel. I have been a Rogers customer for 22 years, because its system is reliable and well-designed for our country's needs and geographic location.

Nowadays, the same companies are trying to tailor their products to Canadians' tastes. But we shouldn't expect Canadians to scratch their heads and ask for more Canadian content; we shouldn't expect that to be something they are concerned about. Nor should we expect them to stand up and proclaim they don't like *James Bond* movies or the show *Orange Is the New Black*, which everyone watches.

There seems to be a certain naïveté about this consultation, which, I would remind everyone, is anonymous. I don't see the point in that. Earlier, Mr. Breton said that we should be able to get more information. You mentioned that the province of residence of the survey respondents was known. I find all of this extremely frustrating, because, for a long time now, I have had high hopes for this consultation.

Whenever the opportunity arose to meet with one of our major players, I would tell them that I knew they wore several hats but that it would be beneficial to hear them talk about each of their roles. It would be beneficial to hear from the person in charge of media content and television production, to hear from them that they were having a rough time, that the competition was taking over the market. It would be beneficial to hear from the person in charge of broadband service hookups, to hear them say that, from a Netflix standpoint, everything was going quite well. That's the reality of these companies.

Bear in mind also that, a year or two ago, Mr. Dion sat on this very committee. He asked a Bell representative about FACTOR and the steps that needed to be taken in the case of MUSICACTION to bring in money, because there were no radio transactions.

The Bell representative basically said that Internet access functions could potentially be sufficient. Today, that's what ADISQ is calling for. Online merchants anticipate the need to regulate the service and collect a tax. Bell and all the big media companies are asking to be on a level playing field with the big providers. Could they at least pay sales taxes? That is rather basic, after all.

With that in mind, I have three questions for you. Before the consultations end, will we find out who is sitting at the adults' table and who is sitting at the kids' table? Will we find out who is invited and how to get an invitation? We need to make sure that all of our stakeholders are represented.

How does the process work? Many people are wondering, and many realize that the situation is urgent. It's as though we're dancing on the Titanic. What are we doing, then, to fix the hole in the ship's hull?

[English]

Ms. Helen Kennedy: As I said before,

[Translation]

it's an extremely open process with a number of ways to participate.

[English]

The in-person events are just one of the ways. There are meetings with the stakeholders on the side of those events. The stakeholders—

Mr. Pierre Nantel: How can we know who's there?

Ms. Helen Kennedy: The lists are developed for the invitations. I'd have to get back to you—

Mr. Pierre Nantel: Please.

Ms. Helen Kennedy: —in terms of whether or not they're being made public.

There's a real effort to ensure that there is a broad range of representation at the table. The events are aimed at about 60 participants. They're aiming to get a broad range of participants. It's stakeholders, but it's also academia, it's artists, it's creators.

For example, at a round table you might not have the executive director of the Writers Guild, but you'll have a member of the guild, whereas a meeting with the Writers Guild will happen—

Mr. Pierre Nantel: Yes. We were all happy to hear Ms. Smith, the young reporter from The Tyee, say that she participated.

Ms. Helen Kennedy: Yes.

Mr. Pierre Nantel: That is great. I'm not saying this is like a total darkness, but I cannot see what's going on, and I think all industry players need to know that transparency will be addressed.

• (1300)

Ms. Helen Kennedy: Right. The other point to make is that when you choose to participate through the web portal, it is public. That's a very public way of participating.

Mr. Pierre Nantel: What do you mean by "the web portal"? Do you mean if George Cope wants to participate, he can go on the web portal?

Ms. Helen Kennedy: Well, anybody can go on the web portal. There are different ways to do it. You can do a blog. You can write a submission. You can upload a story. That's the sense in which I was making the point that everybody can participate through the web portal. There are different ways of participating.

Mr. Pierre Nantel: Everybody is wondering how George would fill it out.

Ms. Helen Kennedy: Well, exactly. He may write his own submission or tell his own story.

The Chair: Thank you.

I think we've come to the end of that part. Before I thank the witnesses, I have one question I'd like to ask.

You said the people in your online survey were self-selected. Obviously the people who are interested would go on it, but it also is limiting, and I want to know your response to that. We know that we don't have broadband. Only people who can be online will participate. Does that limit the participation? That's the first question.

Second, we talked about a diversity of voices. We've heard from many ethnic newspapers, ethnic media, that they are very disadvantaged in terms of advertising, in terms of everything. They're not a player. Will they be involved in the consultations? Will they be specifically chosen to be involved? I'm referring to linguistic and ethnic minorities.

Ms. Helen Kennedy: On the first question with respect to access to the online survey, we did send out paper copies of the surveys to people who asked for them, so I note that.

With respect to the ethnic media, yes, we are looking at a broad range of intervenors, a broad range of participants. That will include, as I said, people from all of the media sectors.

The Chair: Thank you very much to the witnesses and the committee members for participating so passionately—Mr. Nantel—in this discussion.

I will now entertain a motion to adjourn.

Go ahead, Mr. Van Loan.

Hon. Peter Van Loan (York—Simcoe, CPC): I so move.

The Chair: The meeting is adjourned.

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