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Chair: Mr. Scott Simms





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• (1300)

[English]

**The Chair (Mr. Scott Simms (Coast of Bays—Central—Notre Dame, Lib.)):** Welcome back, everyone.

This is our study of Bill C-10, now at the committee stage after succeeding through a second reading vote. Here we are with the study.

I'd like to point out one thing. During the question and answer session, please point out to whom you're directing your question. It will make things flow a lot easier.

To our guests, if you want to weigh in on a certain topic that's being asked about, you can use the “raise hand” function, if you wish, or wave your hand. The chair, meaning me, will not interrupt to provide you the opportunity. You will have to get the attention of the person asking the question.

Right now we're going to start with our five-minute opening statements.

We have with us Mr. Richard Stursberg. We have, from Corus Entertainment, Troy Reeb. We also have, from the Society of Composers, Authors and Music Publishers of Canada, Geneviève Côté and Martin Lavallée.

We're going to start with Mr. Stursberg, for up to five minutes.

Go ahead, please.

**Mr. Richard Stursberg (President, Aljess, As an Individual):** Good afternoon, everybody. Thank you for inviting me. It's a great pleasure to be here.

My name is Richard Stursberg. I am the author, with Stephen Armstrong, of *The Tangled Garden: A Canadian Cultural Manifesto for the Digital Age*. We were honoured to have our book shortlisted last year for the Donner Prize, which is given for the best book on public policy written by a Canadian. The book deals with many of the issues that are before you with Bill C-10.

I have worked in the broadcasting business for many years. I was the head of English services at the CBC, chairman of the Canadian Television Fund, executive director of Telefilm Canada, president of Shaw Direct, and CEO of the Canadian Cable Television Association. I am now retired and represent nobody but myself.

In the more distant past, I was the assistant deputy minister for culture and broadcasting. In 1990, I was one of the architects of the current Broadcasting Act, so it is a pleasure to have a chance to talk to you today about the new act.

I start from a simple premise. The reason we have a Broadcasting Act, along with the associate regulations of the CRTC, the tax credits and the Canadian Media Fund, is to support Canadian culture. We spend all this money and energy to ensure that Canadians can see themselves and their stories on television. The objectives of the system are cultural, not industrial or economic.

In approaching Bill C-10 today, I believe that the fundamental principles governing future broadcasting policy must be support for Canadian culture and equity of treatment. The latter point requires that the obligations imposed on Canadian broadcasters such as CTV and Global must be borne by foreign broadcasters such as Netflix and Amazon. By the same token, whatever advantages are enjoyed by Canadian broadcasters must be extended to the foreign ones operating in our country.

Today I would like to talk about the four key supports for Canadian television: Canadian ownership, the spending requirement, the system of subsidies and the definition of Canadian content.

First, under the present act, broadcasting companies operating in Canada must be owned and controlled by Canadians. There has been much talk about whether Bill C-10 eliminates this requirement. The legal issue is largely academic, since the requirement was ceded a decade ago. Over the last 10 years, foreign broadcasters like Netflix and Amazon have been offering TV programs to Canadians without any need to be Canadian-owned. There is no chance in the future that they will be forced to become Canadian-owned.

In the interest of equity, you may want to consider putting Canadian and foreign broadcasting on the same footing by amending Bill C-10 to make sure the Canadian ownership requirements are gone. Not to do so would be to disadvantage Canadian broadcasters in their own market.

Second, C-10, Canadian broadcasters have to spend a certain percentage of their gross revenues making and commissioning Canadian TV shows. Bill rightly extends this requirement to the foreign broadcasters and leaves it to the CRTC to determine the appropriate level. If the commission leaves it at 30% for CTV and Global, as it is now, it should be 30% for Netflix. If it is set at 20% for Netflix, it should be the same for Canadian broadcasters. Equity is key. You may want to make sure that the equity principle is clearly incorporated in Bill C-10.

Third, the system of subsidies for the production of Canadian shows is expensive and complicated. It consists of the Canadian Media Fund, federal and provincial tax credits, and Telefilm Canada. Last year, they collectively cost Canadian taxpayers over \$1.2 billion. Those subsidies are only available for Canadian shows, defined as those made by Canadian-owned production companies and employing Canadians in key creative positions. If we require foreign broadcasters to spend 20% to 30% of their gross revenues commissioning Canadian shows, they should have access to the subsidy. Again, the principle of equity should prevail.

The subsidy system itself is fiendishly complicated and expensive to administer. The long-standing joke has been that Canadian producers are not experts in making shows but in navigating the system. There has been some talk of collapsing Telefilm Canada and the Canadian Media Fund into one organization to address the problem. That is not the best approach. It would be much better to wind up Telefilm Canada and the Canadian Media Fund and transfer their financial resources to an enhanced tax credit. This would create a system that would be dramatically simpler, more predictable, better attuned to changes in the market and much less expensive to administer. *The Tangled Garden* estimates that this approach would save \$60 million per year in administrative costs.

• (1305)

You might want to consider amending Bill C-10 to make this change.

Fourth, and finally, all of these arrangements hinge on the definition of what constitutes “Canadian content”. For decades, Canadian content has been defined on the basis of a 10-point scale, where points are assigned to the creative talent involved in making the show. The problem is that as long as Canadians are employed, the show could be culturally completely foreign. It could be set in another country, featuring foreign characters and involving a foreign story. This has happened very often in the past. Toronto may be made to stand in for Chicago, while American characters struggle with losing their health insurance.

There has always been great pressure on Canadian producers to disguise the Canadian character of their shows so they can be sold in the States, making them more profitable and easier to finance.

**The Chair:** Mr. Stursberg, I'm sorry; I have to stop you there. We're over five minutes.

You can perhaps work in the next couple of paragraphs through the question and answer period. I apologize.

**Mr. Richard Stursberg:** I hope so. I'm going to tell you how to reform the Canadian point system.

**The Chair:** I'm sure we'll look forward to it. We also have it in writing. I hear your book is good, so maybe we can get it from that as well.

We will go over to Corus Entertainment and Mr. Reeb.

Mr. Reeb, I enjoyed your reporting for years. It's nice to meet you, albeit virtually.

You have five minutes, sir.

**Mr. Troy Reeb (Executive Vice-President, Broadcast Networks, Corus Entertainment Inc.):** Thank you, Mr. Chair.

[*Translation*]

Good afternoon to the committee members.

[*English*]

My name is Troy Reeb. I serve as executive vice-president of broadcast networks for Corus Entertainment.

On behalf of our 3,500 employees across the country, I want to thank you for inviting us to discuss Bill C-10, which we are urging Parliament to pass without delay.

Before getting into the bill, I want to provide a brief overview of our company. We're very proud to be Canada's leading pure play media and content company. We have Corus Studios, a leading producer and distributor of Canadian lifestyle programming; Nelvana, a premier animation studio; Kids Can Press, Canada's largest independent children's book publisher.

[*Translation*]

Lastly, Toon Boom, our Montreal-based division, creates software for international studios.

[*English*]

All told, our Canadian-made content is exported to 160 countries around the world, but our bread and butter remains broadcasting here in Canada. We operate 15 Global TV stations, 39 radio stations and 33 specialty channels, in both English and French, such as YTV, Séries Plus and Food Network Canada. We are the proud home of Global News, one of Canada's largest news organizations, delivering thousands of hours of local, regional and national stories every year.

To emphasize this, Corus is a pure play media business. We have no cable or telecom assets to subsidize us. We are an independent, publicly traded company competing in a trillion-dollar global entertainment sector. We think we've assembled the vision, the team and the expertise to build an international media powerhouse right here in Canada, but even the best people and ideas cannot overcome badly outdated regulation, and that's why your work today is so important.

You've already heard from many stakeholders about Bill C-10, and no doubt each of them has an interest in the Canadian broadcast system, but we have to remember that what the Broadcasting Act is really about is the rules for broadcasters operating in Canada. This act enables a web of regulations, policies, conditions and codes that touch every level of our operations. They dictate how much we have to spend on certain kinds of shows, when those shows can go to air, the types of songs we can play on our radio stations, the number of commercials we can sell to advertisers and from whom we can buy our programs. I could go on and on.

Most of these rules were designed for an industry that doesn't even exist anymore, one where licensed broadcasters enjoyed privileged access to Canadian audiences. That is no longer the case. We're doing everything we can to adapt and compete, but in far too many cases, the old broadcasting rules make it impossible to do so. After more than 10 years of escalating unregulated foreign competition, five years of rolling policy consultations, and one devastating pandemic, we simply cannot wait any longer.

Bill C-10 is not perfect, but it gets one big thing right: It will finally bring foreign digital broadcasters into the regulatory fold and start to level the playing field for Canadian media. For us, this is reason enough to support it.

Let me be clear. New players should not have to play by the old rules. The level of regulation currently applied to Canadian broadcasters is simply untenable in a world of open competition. Going forward, all players—foreign and domestic, digital and traditional—must have a more flexible, less onerous set of obligations than Canadian broadcasters have now. All players should be able to contribute to the system in ways that make sense for their audiences and their business.

Here at Corus, news is a prime example. We're very proud of our work at Global News, and we're uniquely able to provide news through local stations across Canada that foreign streamers will not and cannot replicate, but local news is a very challenging and expensive business. While it's still highly popular on all platforms, it is entirely dependent on ad revenues that have been increasingly siphoned away by foreign Internet giants.

For many years now, we have offset our losses in news by providing internal cross-subsidies from more profitable entertainment programming, but now our ability to do that is also fading fast. Foreign digital broadcasters are siphoning away those profitable audiences with no obligations in return to support Canadian content or communities. If this continues, we will soon face some very difficult decisions, as other Canadian broadcasters already have.

Going forward, news should not represent just one of our many obligations but should be recognized as our primary public service contribution. Giving us more flexibility to compete in other parts of our business will provide us a more sustainable way to cross-subsidize news in the future.

Now, as I've said, this bill is not perfect. In our written submission, we will propose amendments to improve it.

We're also strongly urging this committee not to amend the bill to empower the CRTC to regulate private dealings between broadcasters and producers. That kind of amendment would further benefit

producers who are now enjoying record profits at the expense of Canadian broadcasters, who are seeing record declines. The CRTC already rejected this "terms of trade" approach six years ago, and there is no compelling policy reason to reverse course now.

In closing, Canadian broadcast policy has always depended on strong private broadcasters. We want to continue creating Canadian jobs and serving Canadian communities, but we simply can't do that when faced with a regulatory environment that allows foreign players to scoop profits out of the country while leaving us as Canadians with all the obligations.

By prioritizing equity between foreign and domestic players and signalling that obligations should be suitable for individual circumstances, we believe Bill C-10 can help us begin the difficult work of building a fairer and more sustainable broadcasting system, and we urge you to move it forward.

• (1310)

Thank you.

**The Chair:** Thank you, Mr. Reeb.

Now we go to the Society of Composers, Authors and Music Publishers of Canada.

We have Geneviève Côté, chief of Quebec affairs and visual arts officer, as well as Martin Lavallée, senior legal counsel.

[*Translation*]

Mrs. Côté, you have five minutes.

**Mrs. Geneviève Côté (Chief Quebec Affairs and Visual Arts Officer, Society of Composers, Authors and Music Publishers of Canada):** Good afternoon. We are before you today on behalf of SOCAN. We represent the rights to musical works of our 160,000 members, songwriters, music composers and music publishers. In short, we grant licenses, and collect the rights arising therefrom, notably from traditional broadcasters—radio and television—and digital audio and audio-visual platforms, for the use of music as part of their business.

Because of this, we see the two perspectives of the economic value of music, the value for rights holders and the value for music listeners. It seemed important to us to come and testify before you to make a few points of clarification.

From the outset, like many players in the music ecosystem, we welcome Bill C-10. We believe that subjecting digital platforms to the same legislative and regulatory conditions as those applicable to all Canadian broadcasters will end the distinction that the music industry has been decrying for years.

• (1315)

[*English*]

When we compared distributions made to Canadian music rights holders with what was distributed to foreign writers in regard to uses in media, we came to a devastating conclusion. In digital media, royalties paid to Canadian creators were three times lower than those related to uses in traditional media. The average percentage for traditional was 33.9% over the past six years—

[*Translation*]

**Mr. Martin Champoux (Drummond, BQ):** A point of order, Mr. Chair.

[*English*]

**The Chair:** Sorry, Madame Côté, we just want to stop for one moment.

Monsieur Champoux, go ahead.

[*Translation*]

**Mr. Martin Champoux:** I'm really sorry for interrupting Mrs. Côté, but when she went to English, there wasn't any interpretation into French.

[*English*]

**The Chair:** Madame Côté, you're reading from a prepared text. Could you read the first sentence, just to clarify with our interpretation, please, in English?

**Mrs. Geneviève Côté:** When we compared distributions made to Canadian music rights holders...

**The Chair:** Carry on, then. It seems we've rectified the situation. Go ahead.

**Mrs. Geneviève Côté:** I'll be doing two other paragraphs in English, and then Martin will be speaking in English, and I'll be coming back to French.

[*Translation*]

**The Chair:** Thank you very much.

[*English*]

**Mrs. Geneviève Côté:** That's Canada.

When we compared distributions made to Canadian music rights holders with what was distributed to foreign writers in regard to uses in media, we came to a devastating conclusion. In digital media, royalties paid to Canadian creators were three times lower. The average percentage for traditional was 33.9% over the past six years, while in the digital realm, that average did not reach 10%. Even more alarming, when we focused on audiovisual media only, the average percentage of royalties paid to Canadian writers for uses remained over 30% but slid to a meagre 6.8% on digital platforms. That is almost five times less.

In light of these figures, we can only encourage the Canadian government and Parliament to pursue their desire to include the web giants in the scope of the Broadcasting Act so they have obligations towards discoverability and promotion of Canadian music and so they participate, as do their traditional equivalents, in the financial support programs and funds that help foster Canadian music.

**Mr. Martin Lavallée (Senior Legal Counsel, Society of Composers, Authors and Music Publishers of Canada):** SOCAN deals primarily with copyright issues as well, so we pay particular attention to any modification to the Copyright Act that would affect the rights of our members or play a disruptive role in our negotiations with users. Therefore, the proposed amendments that Bill C-10 introduces into the Copyright Act in respect of ephemeral recordings, which would add online undertakings to this exception, are simply unacceptable and go contrary to the intent of this bill.

An ephemeral recording is a copy of a program made by a TV broadcaster, for example, to permit them to broadcast the same program at the same time of day in different time zones. This is called time shifting. The proposed amendment wants to extend this exception to online undertakings, which, in our experience, should not be the case. In the digital realm, you can always choose what you see at the time of your choosing, so doing this broadens the scope of what is generally understood and applicable as of now. Neither online undertakings nor TV broadcasters have, to our knowledge, used this exception or even raised it in a negotiation.

As we saw when a plethora of exceptions were introduced in the act back in 2012, these exceptions triggered what we predicted: legislation by litigation. We've spent a significant amount of money and time to defend any overreaching interpretation of these exceptions. At the same time, technical giants resisted our effort to have them pay fair value, since they were claiming that such and such exception could be interpreted in their favour.

History must not repeat itself today in this very bill that aims at providing a means from which money will flow to creators. The proposed amendment to the Copyright Act is anything but status quo. In order to truly be status quo, the ephemeral exception absolutely needs to remain as is—limited to radio and TV—or clearly specify that those provisions do not include online undertakings.

[*Translation*]

**Mrs. Geneviève Côté:** In closing, there is another element of Bill C-10 that seems to us to require clarification, maybe even a correction, and that is the possible exclusion of certain social media activities from the application of the Broadcasting Act. Social media are enabling platforms used for music discovery. In all their iterations, digital media recommend content and generate “programmed” viewing. Platforms manage the user uploaded content and the access to it.

As other organizations have mentioned to this committee, notably the Coalition for the Diversity of Cultural Expressions, we believe the Canadian creative ecosystem would benefit more from Parliament, rather than excluding these services from the scope of the act, giving the power to the CRTC to determine how to better regulate social media under the Broadcasting Act.

In our opinion, the Canadian legislator should not focus on who uploads the content that Canadians turn to, but should rather target those whose line of business it is to recommend that content and monetize access to it, so that in the end, these giants share with content creators, the value they get from the use of their creation, of our Canadian music.

• (1320)

**The Chair:** Thank you very much, Mrs. Côté.

[*English*]

Just before we get to the questions, I want to remind everyone, especially our guests, that taking screenshots for your social media is strictly prohibited. Thank you.

Let's go ahead with questioning.

We have Mr. Waugh, for the Conservatives, for six minutes, please.

**Mr. Kevin Waugh (Saskatoon—Grasswood, CPC):** Thank you, Mr. Chair, and welcome to all three groups.

Mr. Stursberg, your ears must be ringing, as I have been talking exclusively in this committee about your book—I want to congratulate you, along with Stephen Armstrong—about the FAANGs—Facebook, Amazon and so on. You call them the FAANGs. They are FAANGs, and they have had a major influence in the world.

What's your take on the deal yesterday with Facebook in Australia? Let's start there.

**Mr. Richard Stursberg:** I'm not sure I fully understand the deal with Facebook in Australia. The deal, as I understood it originally... In fact, I had written a little article with Kevin Chan, who represents Facebook in Canada, saying that the original Australian deal wasn't a sensible deal, because in effect, every time the newspaper posted, or a citizen posted, then Facebook was obligated to pay. It had absolutely no control whatsoever over the number of posts that were made, which seemed a kind of tough situation. Effectively, anybody could make as much money as they wanted by simply posting more and more articles.

As I understand it, the Australian government has backed off that position now, and has fallen back to a situation where it has said simply that Facebook needs to negotiate with the news organizations. But I think the original structure has now been abandoned.

**Mr. Kevin Waugh:** You talk about “watering the garden” exclusively in your book. Maybe you could talk about that, because there could be a drought with this bill we're seeing, and the garden could dry up.

It's like flashback for you. You first got involved in this in 1991, and here you are, 30 years later, in the committee talking about the very same bill.

Your experience is valuable—Telefilm, CBC and so on—but you always, in the book, talk about watering the garden and making sure the garden is there for future generations.

**Mr. Richard Stursberg:** I think the key thing is that the centerpiece of the bill—which will require foreign broadcasters like Netflix, Amazon and Disney+ to contribute in the same way as current Canadian broadcasters—will make a very significant improvement in the watering of the garden.

For example, right now, Netflix makes, just to make the math simple, just over a billion dollars a year in Canada. If it had to spend the same amount of money on Canadian shows that Global does, at 30% of gross revenue, it would have to inject \$300 million into program production.

That's just one of them. If you cascade them up, as the Minister of Heritage has done in terms of his claims of how much more money would be injected into the system, he's quite right. It will be a very substantial amount of money. If we don't do it, however, then the problem is exactly as per what I was saying. The financial circumstances of the major broadcasters in Canada are extremely difficult, and they will be spending inevitably less and less on Canadian programming.

We're going to find a big shift in the system. Canadian production is going to be more and more supported by foreign broadcasters in Canada, and less and less by the traditional Canadian-owned broadcasters.

**Mr. Kevin Waugh:** Thank you.

Mr. Reeb from Corus, I guess you would echo those comments made today. We've talked to you before, but Mr. Stursberg is pretty well singing your tune here in committee today. Would you not agree?

• (1325)

**Mr. Troy Reeb:** Yes. The real risk is that the amount of Canadian production will just continue to decline with the revenues of Canadian broadcasters if these foreign-based Internet broadcasters are not brought into the system. They continue to take advertising dollars out of the country. They continue to take audiences out of the country.

We have no challenge whatsoever in competing. We believe we are well equipped to compete with companies even as big as Netflix, Disney and Amazon, but we have to do it with a level playing field. We can't do it in a way where we are so heavily regulated, taxed to the tune of 30% for what we need to spend on Canadian content, and facing a myriad other regulations in terms of how we operate, while our new primary competitors—and make no mistake, Netflix is the biggest television network in Canada every night in prime time—face no regulatory burden at all. That's what needs to be corrected first and foremost.

**Mr. Kevin Waugh:** That 30% should go to what, then?

**Mr. Troy Reeb:** We don't necessarily believe it should be 30%. Right now, the system has 30% on licensed Canadian broadcasters. It's not all, but depending on which company... For Corus Entertainment, Bell Media and others, it's around 30%, whereas the foreign broadcasters who are coming in through the Internet have a level of zero.

We think the right balance is somewhere in between. If you're going to bring the one up, then certainly you can bring the regulations down on the Canadian players. Give us more flexibility to be able to compete on an international scale and offset some of what the producers worry they might lose in the short term from Canadian broadcasters, by providing them much more from the Internet broadcasters.

**Mr. Kevin Waugh:** Thank you.

I'll go to the SOCAN group—

**The Chair:** Mr. Waugh, you have about 30 seconds to go. Go ahead.

**Mr. Kevin Waugh:** Madame Côté, you were the first in this committee to mention that digital media pays three times lower for rights. I want to thank you for that. Nobody has said that in the month or so that we've been doing this. Then you also mentioned it's five times for the Copyright Act. I want to thank you. That's a big difference between what music rights go for and what digital groups are going to pay for.

**Mrs. Geneviève Côté:** Just for clarity, it wasn't what they pay, but rather what Canadian creators get out of what they pay. I just want to make sure we have that clear.

**Mr. Kevin Waugh:** What a difference, though—

**The Chair:** I'm sorry. I'm going to have to end it right there. I apologize.

We'll go to Ms. Dabrusin for six minutes, please.

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

I'd like to begin by posing a question to everyone, just quickly. We can start with Mr. Stursberg and kind of do it in the order in which you did your first presentations.

How urgent do you believe it is for us to actually pass this piece of legislation?

**Mr. Richard Stursberg:** As far as I'm concerned, it's years past due, for all the reasons that Troy was talking about. I mean, the endless loss of advertising revenue, which has been in fact accelerated as a result of the—

**The Chair:** Mr. Stursberg, I apologize. I don't mean to break up your train of thought, but can you hold the microphone closer to your mouth? Our interpreters are having some trouble hearing you. You're a bit low.

Thank you.

**Mr. Richard Stursberg:** Sure. Is that better?

I think it's past time. We've found ourselves in this crazy situation for 10 years now. As Troy was saying, this level of unfairness is completely corrosive to the production of Canadian shows and Canadian culture. The faster you can move it, the better.

**Ms. Julie Dabrusin:** Great. Thank you.

Mr. Reeb, go ahead.

**Mr. Troy Reeb:** I would agree. The situation is urgent. It's dire. We've seen the ongoing degradation of employment levels at local broadcasters across the country. This isn't just about companies like

Corus, Quebecor, Bell and Rogers. This is about small broadcasters across the country who continue to lose advertising dollars to companies like Facebook and Google and continue to lose audiences to companies like Disney and Netflix.

That is not sustainable, when we are putting significant revenues and taxation on Canadian broadcasters that are not applied to the foreign competitors.

[*Translation*]

**Ms. Julie Dabrusin:** Mrs. Côté or Mr. Lavallée, is there anything you'd like to add?

[*English*]

**Mr. Martin Lavallée:** When you see the time it usually takes to introduce a new act or a new law that is favourable to most of the people who are around the table right now, I would agree with my colleagues that we want this bill to go forward. We support it. There may be some amendments that could be brought to it, but the urgency is there. The intent of the bill is something we fully support.

• (1330)

**Ms. Julie Dabrusin:** Thank you.

Mr. Reeb, you mentioned in your opening statement that we must have a system that's more flexible. I was wondering if you could tell me a bit about what that looks like to you.

**Mr. Troy Reeb:** Certainly, I think that inside of the regulations that we face are a myriad other subregulations around the kind of content that is prioritized in the system. There's a category of content called "programs of national interest", which includes dramas, comedies and documentaries, but it doesn't include the kinds of shows that we've shown ourselves to be very adept at making and selling in the world market, like lifestyle programming, where we've created a great system of Canadian stars and been able to have stars like the Property Brothers and Bryan Baeumler become stars internationally.

That favouritism inside of content categories, as well as the inability for us as a broadcaster to hold the rights to market our content internationally and still be able to take advantage of the kinds of tax credits that are available to the producers, just layers on extra complexity and reduces our competitiveness. It's not that we don't believe we need to have obligations put on Canadian broadcasters—we are prepared to accept obligations—but we just can't accept all the obligations. Some of that has to be transferred to the streamers.

**Ms. Julie Dabrusin:** Mr. Stursberg, some critics have said that this bill would reduce choice and increase costs to consumers. What would you respond to that?

**Mr. Richard Stursberg:** Well, I don't think it reduces choice; it increases choice. What will happen is that when the streamers are obligated to pay in the same way that Global and Corus are obligated to pay in terms of the development of Canadian content, you'll have more Canadian content and more choice by way of Canadian shows, not less. Frankly, I don't understand the argument. I think precisely what we want to get here is more choice for Canadian shows.



Maybe I'll pick up one small thing that Troy just said. Programming is also treated differently in this collection of subsidies we have for television shows. The most valuable subsidies go to documentaries and to drama, but for news—which, as Troy says, is under enormous pressure, as everybody knows, particularly local news, where stations are closing all over the country—we provide no subsidies.

We find ourselves in the most peculiar system, where we say, yes, we're happy to subsidize comedy, but we're not happy to subsidize news—which, if anything, is absolutely fundamental to our democracy. The irony is that we've said we'll give subsidies to the newspapers, but not to the television news operations. All the local television news operations are under water right now.

**Ms. Julie Dabrusin:** Thank you. Your book goes through many of the issues.

I have very little time left, so quickly, knowing all of the challenges that are faced within the current system of the broadcasting field, do you think this bill strikes the right balance?

**Mr. Richard Stursberg:** I think the bill's fine and it should move ahead. I don't think you should make perfect the enemy of the good. As we were talking about earlier, the bill should have been brought in 10 years ago, so now it's very important for you to move the bill quickly and expeditiously.

**The Chair:** Thank you, Mr. Stursberg, for that.

We now need to move on.

[*Translation*]

Mr. Champoux, you have six minutes.

**Mr. Martin Champoux:** Thank you very much, Mr. Chair.

I'd like to thank the witnesses for being with us today and giving us their time.

I'd like to start with Mr. Lavallée and Mrs. Côté, from SOCAN.

Mr. Lavallée and Mrs. Côté, your recommendations for amendments to Bill C-10 highlight the transparency of data from web giants, which could provide access to certain consumer information. Could you shed some light on that and provide some clarification?

**Mrs. Geneviève Côté:** I'm not sure I understand what part of the recommendations you're referring to, Mr. Champoux. I'm sorry. What's important about the bill is that social media and digital platforms are covered by the regulatory framework. As our colleagues have already said, this is important and long overdue. We're pleased to see it happening.

Could you enlighten me and tell me which part of the recommendations you're referring to?

• (1335)

**Mr. Martin Champoux:** You talked a lot about the importance of social media, which is somewhat forgotten, being covered by the regulatory framework. Tell me a little bit about how important that is to creators. What are the implications for them?

What role does social media play in the digital world in relation to the creators, the people you represent?

**Mrs. Geneviève Côté:** I'll ask Mr. Lavallée to talk to us about licensed platforms and what they represent for SOCAN.

**Mr. Martin Lavallée:** Mr. Champoux, thank you for giving us the opportunity to answer your questions and take part in the discussion. SOCAN thanks you for inviting us.

They are very important for our creators, precisely because the barrier of darkness is always found in the reality of negotiations with social media and digital service providers. The information is hard to get. The transparency isn't there. Obtaining usage reports can be complicated for multiple reasons, including confidentiality.

Our goal is to ensure that royalties are distributed in a way that reflects the actual use as much as possible. We want to make sure not only that we can maximize the royalties, but also, and most importantly, that any use of our inventory is allowed and paid for. I think that transparency with regard to [*technical difficulties*] and the regulatory obligation would improve and facilitate the work, all in the interest of our rights holders.

**Mr. Martin Champoux:** I believe that currently, a work has to be played for a minimum amount of time for the author to receive royalties. Am I mistaken?

**Mrs. Geneviève Côté:** You're not mistaken. The work needs to be broadcast for 30 seconds for the platform to indicate to us that it has been listened to or used.

**Mr. Martin Champoux:** Thank you.

I'd like to address Mr. Reeb from Corus Entertainment.

You talked a lot about the importance of making Canadian companies competitive on the international market. I think it's great that our Quebec and Canadian companies can shine in today's changing world of telecommunications and broadcasting.

Do you think it's possible to achieve this while striking a balance between protecting Quebec and Canadian culture and being competitive on the international market? Can we do both?

**Mr. Troy Reeb:** Thank you for your question, Mr. Champoux.

I'll answer in English.

[*English*]

I do believe we can be internationally competitive. We can create Quebec stars; we can create Canadian stars. I believe inside the Quebec marketplace there is the opportunity to have incentives and some regulation to require strong French-language original programming.

We need to have a level playing field to do so. A level playing field isn't just about taxing or putting program requirements onto the foreign Internet broadcasters at the same level that we have; it's about removing some of the anti-competitive regulations that are now on Canadian companies, some of those that tie our hands in terms of the kinds of programming that we can make and how we can sell it around the world.

We need to not only have a level playing field in terms of how much we have to invest in Canadian programming, but a level playing field in terms of the kinds of programming that we want to make our investments in so that it can attract audiences best domestically and attract buyers best internationally.

[Translation]

**Mr. Martin Champoux:** Do you feel that this is an objective we can achieve without necessarily relying on foreign investment?

Are Canadian companies financially strong enough to do so?

My question is related to the notion of Canadian ownership of companies.

[English]

**Mr. Troy Reeb:** Mr. Stursberg raised a very good point about the need for Canadian companies not only to be able to make the investments we want, but to be able to attract investments as well.

One of the things the bill gets right is to treat foreign Internet broadcasters the same as Canadian broadcasters. In doing so, it removes some limits on foreign ownership. We're not necessarily advocating for foreign ownership, but we do need to have the ability to attract foreign investment, if necessary, to compete against these trillion-dollar giants from Silicon Valley and Hollywood.

This is where the question of flexibility comes in. We want to create Canadian programming, but if our primary competitors are creating Canadian programming with billion of dollars coming from international markets, we need the capability to be able to do the same.

• (1340)

[Translation]

**The Chair:** Thank you very much.

Ms. McPherson, you have the floor.

[English]

**Ms. Heather McPherson (Edmonton Strathcona, NDP):** Thank you, Mr. Chair.

Thank you, witnesses, for being here today. This has been very interesting and informative.

I want to start by passing the microphone over to Mr. Stursberg.

Mr. Stursberg, you were interrupted during your initial discussions about the Canadian content proposals that you had put forward with regard to how we determine Canadian content and how we could fix that system. Could you elaborate or perhaps finish your comments on that?

**Mr. Richard Stursberg:** Sure. I'd be happy to.

What we have is an employment-based system right now. It's a 10-point system. You get two points for a director, two points for a writer, one point for each of the lead actors and so on. We say that a Canadian show is something made by a Canadian. That's what it is. It's a kind of employment-based test.

The problem with this test is that you could have a show that was made completely by Canadians but that has nothing to do with Canada. It could be about a completely different place. In fact, it's interesting—

**Ms. Heather McPherson:** It's not telling our story.

**Mr. Richard Stursberg:** Yes. It tells none of our stories and it shows none of our people. This has historically been the case, where Canadians have made shows but they've often disguised Toronto as Chicago or whatever it happens to be.

Even if you take something like *Schitt's Creek*, which is an enormously successful and brilliantly done comedy, you would never know for one minute that it was Canadian. You wouldn't know it. There's no reference to the people being Canadian, and there's no reference to the settings being Canadian. As more and more of the money that finances Canadian shows comes from, essentially, big foreign broadcasters, the danger of this happening more and more, it seems to me, increases.

What I think we should do is use the U.K. point system. The U.K. point system is not an employment-based system. It's a culturally based system. Very briefly, they have a 35-point system, and they call it the "cultural content test". You get points if it's set in the U.K., and if it has British characters, British subject matter, British creativity and heritage, etc. Of the 35 points, only eight points are based on the creative team.

It serves to ensure that when you're spending what is in effect public money—whether it's money derived from tax credits or from the Canada Media Fund or the money that a broadcaster is obligated to spend—you're going to get shows that are genuinely about us, in the same way the British system ensures that the shows that are made with British taxpayers' money are genuinely British.

The interesting thing is that the British system has not in any way reduced the attractiveness of British shows. In fact, the British export more cultural product now than they did before the system was put in place, and they export six times as much cultural product per capita as we do in Canada.

One of the things that Netflix has done, which I think is really interesting, is to show that there is a market for shows that are culturally distinct, so that even with the big shows now on Netflix, like *Lupin* or *Dix pour cent*, which are French shows that are completely French, you know exactly where you are. You're in Paris. It even has French stars. These shows are successful.

I think it is very important to be careful—because ultimately the goal is cultural—to shift the point system in a way that guarantees that when the foreign broadcasters are the principal financiers of Canadian content, we will get genuinely Canadian shows.

**Ms. Heather McPherson:** Canadian content is, of course, of vital importance.

One of the other things you mentioned, which I would like to get some more information about as well, was local news and your concern that local news is “under water”, as you phrased it.

What, in addition, can we be doing right now to ensure that local news and local programming are being supported? I agree with you. I think it is fundamental to our democracy and fundamental to our communities.

• (1345)

**Mr. Richard Stursberg:** What *The Tangled Garden* argues is that news generally, including local news, should be put on the same footing as drama, comedy or kids shows. It should get the same level of financial support that we provide to those kinds of shows. This would be an enormous shot in the arm for local news—and indeed for national news.

All the news organizations in the country are struggling. You know very well what's happening with the newspapers. The newspapers are on the point of collapse. The only reason we continue to have local television news—and actually, more Canadians get their news from television than they do from newspapers, overwhelmingly—is that the big organizations, whether CTV or Global, have been subsidizing the losses they take in local news.

If you were to say, “No, no, no, let's treat news the same way we treat comedy”, in terms of the subsidy structures by way of the Canada Media Fund and the tax credits, that would dramatically improve the situation and make it dramatically easier for people to continue to maintain local news.

**Ms. Heather McPherson:** Thank you.

I believe that might be my time.

Is that my time, Mr. Chair?

**The Chair:** You just have a few seconds left, Ms. McPherson.

**Ms. Heather McPherson:** I will cede them to my next round.

**The Chair:** Thank you very much.

We do have time for a full second round, although I warn everyone that I will cut you off mid-sentence if I have to, without any prejudice.

Mr. Shields, go ahead for five minutes, please.

**Mr. Martin Shields (Bow River, CPC):** Thank you, Mr. Chair, for the warning. I appreciate that.

As a reformed anarchist, I don't know.... When we have the federal government spending 80% of their advertising dollars on foreign social platforms, we have a federal government that doesn't understand where their money should be spent. For example, Stats Canada sent out news releases and wanted media to cover it with news stories, not paying for advertising. I think we have a problem, starting right with the federal government, in the sense of how we support the media.

Then we had the Yale report, and anybody who sat around the table with me knows I'm not a fan of the Yale report. They had a lot

of scary adjectives in there. Then when we look at this bill, with the CRTC getting more power and more regulations, I get really concerned.

I think the witness from Corus sort of touched on this but didn't really want to get into the examples of red tape, bureaucracy and regulations. As I said, as a reformed anarchist, I don't like regulations and I don't like rules. I see this legislation getting scary when we're giving more power to the CRTC, and if they're basing it on the Yale report, I have a problem.

Corus, do you want to respond to what I've said?

**Mr. Troy Reeb:** Certainly, Mr. Shields.

I think you raise a valid concern, that none of us wants to see a giant monster created at the CRTC. There is risk in this bill that this might happen, because it does give greater powers to the CRTC to determine many of these issues.

We think the simple fact that this starts the process of levelling the playing field and reduces this untenable competitive discrepancy between Canadian broadcasters and foreign broadcasters is reason enough to support it. Once it's brought in, there is no need for the CRTC to turn into a giant monster. Yes, it will be given new regulatory powers, but those regulatory powers should be applied with a light touch to the foreign players, while actually reducing the touch that they have on Canadian broadcasters.

As we said before, if you have a situation where you have Canadian broadcasters with this 30% level of required spending and foreign broadcasters at zero, there's no reason they can't somehow meet in the middle without having to increase the overall level of regulation in the system. As an operator, we find that the current level of regulation reduces our competitiveness, not only domestically, but internationally.

**Mr. Martin Shields:** Do you seriously believe that would happen? Governments never do that. They never take stuff out. I think you're being very nice and polite.

The reality is, once you give bureaucracy powers, they develop more rules. They don't go the other way. Really, you're being optimistic on that one.

**Mr. Troy Reeb:** After 10 years of no action whatsoever, we're eager to see some kind of action, and we're willing to take on face value that the first and most important step is to bring these players into the system. Then I think we will have to see how the government empowers the CRTC, and that's where I think the role of a watchdog opposition is going to be very important.

• (1350)

**Mr. Martin Shields:** Thank you.

Mr. Stursberg, in the minute or so I have left, are you that optimistic?

**Mr. Richard Stursberg:** I must say I'm with Troy. I worry about the.... It's very curious. The commission over-regulates the Canadian industry and, as Troy says, under-regulates the foreign broadcasters. The reason why we have this issue in Canada now, 10 years after Netflix started, is that the commission gave them a so-called digital exemption order. A digital exemption order allowed anybody who is digital and operating on the Internet to do whatever they please. It went on for years. The commission kept having a hearing, but instead of actually saying....

This is a curious thing, because it's kind of the opposite of your worry, but my big concern was that they didn't regulate at all. In the interest of simple fairness, they should, as we keep saying, have the same general set of rules for both Canadian and foreign operators in Canada.

**Mr. Martin Shields:** Of course, my position would be no regulations for everybody, and then we're all on the same playing field, so I'm maybe going in a different direction. However, I agree that there should be a level playing field for everyone.

My time's up. Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Shields, and congratulations on your reformed anarchy. I hope that works out well for you and everyone involved.

**Some hon. members:** Oh, oh!

**The Chair:** We go to Mr. Louis of the Liberals for five minutes, please.

**Mr. Tim Louis (Kitchener—Conestoga, Lib.):** Thank you very much, Mr. Chair.

Thank you to all the witnesses for being here. I'll do my best to get to everyone, so I'll keep things quick.

I want to address first Madame Côté from SOCAN.

We all know that the future of music is streaming. It's just too convenient for listeners, and it's too profitable for some to ever think that anything is going back. Real-world earnings on recorded materials have dropped, and you gave us the numbers as to how significantly they have dropped.

Right now, all that's left for a lot of these artists is live performances and licensing of their music to commercials, movies and TV, plus the streaming. We all know that live performances are gone right now. Every stage in the world is dark, so, really, the share of revenue that has been lost is overwhelming for creators in that field.

Most of the discussions are about the platforms. The platforms will continue to change. They're changing, and they'll continue changing, so the legislation we have has to be able to support these changes and into whatever is next.

I know that the foreign Internet broadcasters are increasing their revenue through subscriptions and through advertising, but the fraction of the royalties these creators are making is not even trickling down to the artists—we're talking fractions of a cent—and we all know this.

What is in Bill C-10, or what else can we do to strengthen Bill C-10, to support those creators who seem to get less and less of the pie as it's divided up?

**Mrs. Geneviève Côté:** As we mentioned in the brief, bring them into the realm, social media included. I'm sure you all have heard of the TikTok hits these last few months. That's social media. If we don't bring them in, then they can do what they want and not promote and not add some discoverability to our content. The less Canadian music is consumed, the less money Canadian creators will see trickle down.

The other thing is.... We were talking about programs, the point system and all of that. It was mentioned that Canadian intellectual property is very important and should be important, and making sure the stories or the music is Canadian would make a big difference for creators, all of them.

**Mr. Tim Louis:** To add to that, you mentioned discoverability and tracking. In other nations, are there examples of what we can do, or can we work together with other nations, because we're talking about companies that are international by definition?

**Mrs. Geneviève Côté:** There are some talks in Europe, as I'm sure you know, and Minister Guilbeault is trying to circle with everyone. I guess the European model is the one we know the most, and we'll see where that takes every country, but because there may not be a model out there yet, that doesn't mean we can't be the leaders that we were when we put together the MAPL system. Let's think together and let's do this.

• (1355)

**Mr. Tim Louis:** That's fair enough. I do appreciate it.

I wish I had more time. I want to pivot to Mr. Stursberg.

You started to talk about this, and we ran out of time. I was going to ask you about the digital media exemption order and how that's been a loophole. Sometimes people are talking about the 30% rule, or whatever the percentage might be of gross revenue that has to be spent on Canadian content, but we're not talking about physical ownership of companies, as we did back in the day, when they had to divest businesses in Canada to Canadians.

Can you explain how that digital media exemption order can be closed, in order to include foreign Internet giants?

**Mr. Richard Stursberg:** It's easy. You have the powers under the act to make a direction to the commission. You'd make a direction to the commission to close the digital media exemption. I think that's the government's plan anyhow in the context of the bill. You'd order them to close it, and then you'd order them to establish what are appropriate levels of contribution by the foreign broadcasters in Canada. In the process, you would probably also exclude them from the Canadian ownership rules.

It's pretty straightforward. As soon as the bill is done, then you just send the direction to the commission. Then the commission has to wind up the digital media exemption, and then they have to impose the conditions on the foreign broadcasters.

**Mr. Tim Louis:** Perfect, thank you.

I have less than a minute left, but I did want to ask.... I think it was SOCAN that mentioned the "legislation by litigation" back in 2012. Nobody wants that. Can you explain what we could learn from that?

**Mr. Martin Lavallée:** It's very simple. When the intent is clear, everybody agrees on how the market should act and how parties should behave; therefore, make it clear in the act. Make no mistake about it: Any overreaching interpretation of a new thing that is added to an act will serve as a tool or a weapon for anyone who is against it. They'll go to great lengths to try to come up with a different intent than what the government had first envisioned.

**The Chair:** Thank you, Mr. Lavallée.

[*Translation*]

Mr. Champoux, you have two and a half minutes.

**Mr. Martin Champoux:** Thank you, Mr. Chair.

Earlier, Mr. Stursberg talked about Telefilm Canada and the Canada media fund. He would simply replace them with a tax credit formula. I apologize. I'm very interested in his point of view, but since I'd like to get a Quebec perspective, my question will be for Mrs. Côté and Mr. Lavallée from SOCAN.

This type of organization is in charge of redistributing funds and must also protect Canadian and Quebec cultural content. Do you think we could do the same thing with a tax credit system?

I'd like to hear your thoughts on this.

**Mrs. Geneviève Côté:** Production and the rules that apply to it aren't really part of our world. I think the system is working well at the moment, and I'd prefer not to get involved in this.

**Mr. Martin Champoux:** No problem. I understand, Mrs. Côté. I wanted to see if you had an opinion on it, with your experience.

So my question will be for Mr. Stursberg, and I'll ask him if he thinks this system would offer protection for original Canadian, French-language and Quebec cultural content.

Shouldn't we implement an identical point system as part of a tax credit formula?

**Mr. Richard Stursberg:** The same system would be used because the current tax credits and the Canada media fund are based on the same system.

On the subject of content protection, as I said, the most important thing is to ensure that programs are distinctly Canadian or Quebec. For that reason, I think it's important to change the point system and adopt a system based on that of the United Kingdom, which will guarantee that the money from the subsidies will be invested in programs that are distinctly Quebec or Canadian.

I think it's easy to do. If we combine all the current subsidies and redirect them to the Canadian Audio-Visual Certification Office, the organization responsible for tax credits, we'll have a more efficient system that will always be based on the point system. The point system—

• (1400)

**The Chair:** Thank you very much.

[*English*]

My apologies, we're rushed for time.

Ms. McPherson, you have two and a half minutes, please.

**Ms. Heather McPherson:** Thank you, Mr. Chair.

I have the role in this committee every single meeting as being the last person to question our witnesses, so I want to give each witness time for a very brief answer and a bit of a final word, I guess.

To quote some of our witnesses, this bill has been 10 years coming and there has been nothing whatsoever done in the last 10 years. I recognize that the witnesses want to have this bill passed with some urgency, but I think it's really important, considering it's taken so long, that we get it right.

I'd like all of the witnesses, if possible, to give me the very top amendment that they would like to see with this bill.

I would start with Ms. Côté and Mr. Lavallée, please.

[*Translation*]

**Mr. Martin Lavallée:** The two most important things to ensure that the bill is perfect, as you say, are to include social media, as much as possible, since they are broadcasters like any other, and to ensure that we do not extend an existing exception in the act, especially since we are talking about one act by referring to another act, namely the Copyright Act.

[*English*]

**Ms. Heather McPherson:** Mr. Reeb, go ahead.

**Mr. Troy Reeb:** I think the bill needs to set the right environment for not only a level playing field but a reduced level of regulatory burden on domestic broadcasters going forward. The first and clearest way to do that is to eliminate what are known as CRTC part II fees. The bill does not contemplate charging these fees to foreign broadcasters, so it will maintain a multi-million dollar tax burden on Canadian companies that it would not put on foreign companies.

The first and easiest thing—it's not the biggest, but it's the easiest—would be to get rid of those part II fees.

**Ms. Heather McPherson:** Thank you.

Mr. Stursberg, I believe you have the last word.

**Mr. Richard Stursberg:** I'll give you a little list at the end of my talk, but on the issue of equity between the players, if the issue of equity is front and centre, then the problem that Troy talked about will go away, because if they're not paying the fees, then the Canadian broadcasters should not be obliged to pay the fees. If Canadian broadcasters are obliged to pay the fees, then they should pay the fees. The principle of equity needs to be enshrined in the law.

The other thing I would say, on Canadian content rules, is that I deeply believe that if we are going to be dominated by foreign broadcasters, it is absolutely essential to change the Canadian content rules to make sure we have distinctive content, whether it's in French or in English.

**The Chair:** Thank you, Mr. Stursberg.

I'll leave it at that. You do indeed have the last word.

I want to thank our guests for this first hour of testimony: Geneviève Côté and Martin Lavallée from the Society of Composers, Authors and Music Publishers of Canada, also known as SOCAN; from Corus Entertainment Inc., Troy Reeb; and Richard Stursberg, president of Aljess.

I thank you so much.

Colleagues, we'll take a break before our next round of testimony.

• (1400) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1408)

**The Chair:** Thanks, everyone, for joining us again on our second round. This is our analysis of Bill C-10 before we proceed with clause-by-clause.

I'd like to introduce our guests at this time. From the Fédération des télévisions communautaires autonomes du Québec, we have Amélie Hinse, director general, accompanied by Catherine Edwards. From Netflix, we have Stéphane Cardin, director of public policy. From Rogers Communications, we have Pam Dinsmore, vice-president of regulatory cable, and Susan Wheeler, vice-president of regulatory media.

As we've mentioned, you get up to five minutes. I'm going to be a little strict, because I'd like to get a couple of rounds in. Following that, we get into the questions.

Let's start with the federation. You have up to five minutes.

I believe, Ms. Hinse, you're starting.

• (1410)

[*Translation*]

**Ms. Amélie Hinse (Director General, Fédération des télévisions communautaires autonomes du Québec):** Thank you, Mr. Chair.

I'd like to thank you for having us today. We're very pleased to appear before the members of the Standing Committee on Canadian Heritage. This is the first time we've appeared before the committee, and we're delighted to have this opportunity.

I'm going to talk to you about community television in Canada. Community television stations have been established across the country for over 50 years. In Quebec, in particular, there are more than 40 independent community television stations, or ICTs, in 14 of the province's 17 administrative districts. There are 30 more in the rest of Canada, which is very few compared to Quebec. There were more than 300 in the 1990s, but the lack of specificity and guidelines for ICTs has meant that they have gradually disappeared as a result of amendments to the Canadian Radio-television and Telecommunications Commission Act, among others.

Our ICTs produce, on average, six hours of original programming per week, a third of which is news, which is still a lot. There are 200 full-time jobs, 70 part-time contract jobs, and more than 1,500 volunteers who focus on local production. Television stations generally have a budget that varies between \$45,000 to \$500,000 per year—a very wide range. In Quebec, we are fortunate to be funded by the Quebec Department of Culture and Communications, in addition to receiving a portion of the investments that are made in government advertising. This doesn't exist either at the federal level or in the other provinces.

The community component is essential to the Canadian broadcasting system. The community component is one of the three pillars of the Canadian system, along with the private and public sectors. Today, more than ever, we need a robust community broadcasting system. Newsrooms have been closing for a number of years now, while commercial business models are struggling to adapt to digital competition, among other things. Communities outside the major centres are being abandoned, and they are becoming media deserts quite quickly.

Studies clearly show that the lack of local representation compromises Canadian democracy. Community broadcasters are local non-profit organizations created by and for citizens. We are ensuring that minorities and local populations have access to traditional and digital platforms, which is very important.

The advantage of community media is that they're part of the community. They're there for the long term. They collaborate and provide visibility to businesses, community and sport organizations, local artisans and artists, educational institutions, as well as various levels of government, from municipal to federal, and elected officials who do not have a voice in traditional national or regional media.

The community model is effective, efficient and sustainable. It makes it possible to produce productions for much less than what is done in private companies.

We meet a need for local programming in Canadian media. We are very inclusive. We make sure that local communities are represented. Education and training are among the main missions of community television. To achieve this mission, we need more recognition and specificity in our role.

It's with this in mind that we've made the various requests for amendments to the act that we have presented to you.

Thank you.

**The Chair:** Thank you very much, Ms. Hinse.

[English]

Now we will go to Netflix.

[Translation]

Mr. Cardin, you have the floor for five minutes.

**Mr. Stéphane Cardin (Director, Public Policy, Netflix):** Mr. Chair, members of the committee, thank you for the opportunity to address you today.

[English]

Last September marked Netflix's 10th anniversary in Canada. We're grateful that over the last decade around seven million Canadians have welcomed us into their homes.

We filmed our first series in Canada in 2012, and our activity has grown ever since. In 2017, we signed an agreement with the government to establish Netflix Canada under the Investment Canada Act, which enabled us to hire Canadians directly. In return, Netflix made substantial commitments, including to invest a minimum of \$500 million over five years in production activity across the country. Canada is one of our top production countries globally, and since 2017 we have in fact invested more than \$2.5 billion here.

● (1415)

[Translation]

This includes our original series and films, as well as collaborations with independent producers and broadcasters in English and French. We also continue to acquire series and films, most recently *Le guide de la famille parfaite*.

Netflix also contributes to the vitality and competitiveness of Canada's audiovisual industry through long-term leases for stages, collaborations with leading animation and VFX studios, and the hundreds of vendors we work with across the country.

[English]

Earlier this month, we shared great news about our plan to open an office and hire a dedicated content executive in Canada. Netflix is excited to expand our connections with the Canadian creative community and to continue strengthening our local work and partnerships.

Our track record over the past decade is clear. Netflix is committed to Canada, and our message to you is equally clear. We will continue to bring Canadian stories to the world.

We understand that policy-makers must consider the nature of contributions from all players in Canada's entertainment ecosystem. To the extent that Bill C-10 aims to create a flexible framework that will enable the CRTC to tailor conditions of service applied to online undertakings and to recognize the different ways that online services contribute, we think such an approach makes sense.

However, simply imposing the regulatory obligations of licensed Canadian broadcasters onto online entertainment services would not be an appropriate approach to ensuring contributions from this otherwise vibrant sector. Services like Netflix do not perform the same roles as traditional broadcasters, nor do we have the same content strategies.

[Translation]

We look forward to discussing these issues at public hearings before the CRTC at the appropriate time. For now, we note our concern with an approach that would impose a uniform 30% Canadian programming expenditure requirement to the Canadian revenues of online video entertainment services.

Such an approach would not create a level playing field, nor would it be fair and equitable. Netflix seeks no regulatory benefits. Nor do we offer news or live sports programming—the categories that enable Canadian broadcast groups to meet the majority of their spending obligations.

[English]

Canadian consumers have more entertainment options than ever. An overly burdensome regulatory framework could result in reduced choice for Canadians. As new global services are launched, some may decide not to enter the Canadian market at all, while others may avoid regulation by providing their content through a Canadian intermediary instead of setting up here.

[Translation]

The government has stated its ambition to create a world-class communications sector for Canada and highlighted the importance of enabling and promoting Canadian culture, contributing to economic growth, and safeguarding the interests of Canadian consumers.

[English]

In order to achieve that ambition and build a well-balanced, forward-looking and resilient model, let's acknowledge the contributions of each participant in the system and enable them to play to their strengths for the benefit of Canadian stories, workers and consumers.

Thank you, Mr. Chair. I'd be happy to take your questions.

**The Chair:** Thank you, Monsieur Cardin. It's good to see you again, and I thank you for your testimony.

We now move on to Rogers Communications, with Ms. Dinsmore and Ms. Wheeler. Could I see a hand for who wishes to begin?

Ms. Dinsmore, you have up to five minutes, please.

• (1420)

**Ms. Pam Dinsmore (Vice-President, Regulatory Cable, Rogers Communications Inc.):** Mr. Chair and members of the committee, thanks for inviting us here to discuss Bill C-10. My name is Pam Dinsmore. I am vice-president, regulatory cable, and with me is Susan Wheeler, vice-president, B2B distribution and regulatory, for Rogers Sports and Media.

At Rogers, we are committed to leading our industry in broadcasting innovation, as well as in celebrating and amplifying Canada's culture and identity. We provide platforms for a diversity of voices and deliver rich local content that engages Canadians across the country. Through our 54 radio stations, seven local Citytv stations, five OMNI-branded multicultural and third-language TV stations, and our OMNI Regional service, we entertain and inform citizens from Medicine Hat to Waterloo, Gander to Victoria.

Across our cable footprint in Ontario, New Brunswick and Newfoundland, we have 30 community TV channels that provide Canadians with coverage of local events and community issues in both official languages. Through these local outlets and our Sportsnet-branded channels, our celebration of community and sport brings Canadians together, transcending gender, age and ethnicity.

We welcome Bill C-10's proposed reforms and urge all parties to work towards a swift passage of the bill, notwithstanding any amendments that might need to be made. We also believe more needs to be done, and quickly, to address the immense disruption happening in Canada's media ecosystem that has put Canada's private broadcasters at a distinct structural disadvantage. This is especially true when it comes to producing national and local news programming, which plays an increasingly important role in democracies as newsrooms shrink and disinformation proliferates across multiple platforms.

Above all, we would like to leave you with an understanding of how profoundly our business model has shifted since the current Broadcasting Act was introduced 30 years ago. The Internet has, over the past decade, turned the economics of broadcasting upside down. Foreign digital competitors operating without oversight or regulation have undercut revenues, splintered audiences and driven up our operating costs. The legislative and regulatory frameworks governing broadcasting in Canada have not kept pace with these changes. In fact, they have disadvantaged Canadian broadcasting companies that compete with foreign streaming services, which have no regulatory obligations.

To address [Technical difficulty—Editor].

**The Chair:** We seem to have lost Ms. Dinsmore.

**Ms. Susan Wheeler (Vice-President, Regulatory Media, Rogers Communications Inc.):** I can take it from there.

**The Chair:** Go ahead, Ms. Wheeler, please. Thank you.

**Ms. Susan Wheeler:** We have five recommendations to improve Bill C-10 and the government's policy direction to the CRTC that will follow the legislation.

First, include a provision that will ensure regulatory fairness between Canadian companies and foreign streaming services. Bill C-10 should direct the CRTC to impose comparable obligations on all media players drawing revenues from the Canadian broadcasting system. It is critical that Canadian domestic broadcasting companies do not have more onerous obligations than U.S.-based tech giants.

Second, dismantle the regulatory silos. Whereas U.S. streaming services are viewed as single entities despite their roles in both content creation and distribution, Rogers' broadcasting and distribution arms are not. Each is subject to a different set of regulatory obligations that prohibit us from evolving our business models and provide no incentive to invest in content creation. Rogers would like the act to give the CRTC the flexibility to regulate our broadcasting and distribution divisions as a single entity. This could take the form of conditions of service, as has been suggested by the CRTC in its "Harnessing Change" report.

Third, make local news and information a priority in the act. The act should allow Canadian broadcasters to prioritize the production of news programming over all other programming.



Fourth, eliminate part II licence fees from the Broadcasting Act. These fees are not directly tied to broadcasting and are not levied on foreign streaming services. The current bill proposes to keep these fees for Canadian broadcasters while letting the U.S. streamers off the hook. We think that is simply unfair.

Fifth, provide stronger protections to combat online content theft. If steps are not taken to address illegal online streaming, the objectives and debate around Bill C-10 will be moot, as the Canadian content ecosystem will fail.

Detailed amendments to implement these recommendations will be available in our written submission to the committee.

We thank you for your time and look forward to your questions.

**The Chair:** Thank you very much. I appreciate that.

Ms. Dinsmore, hopefully we'll have you back up and running. It looks as though you're okay now. You were frozen for just a bit. It looks like you're back.

Do you want to do a quick voice check for the sake of the questions?

• (1425)

**Ms. Pam Dinsmore:** Can you hear me?

**The Chair:** That should be okay. Thank you.

Now we will start with our questions and answers.

[*Translation*]

Mr. Rayes, you have the floor for six minutes.

**Mr. Alain Rayes (Richmond—Arthabaska, CPC):** Thank you, Mr. Chair.

My thanks to all the witnesses for being here today.

My first questions are for Mr. Cardin from Netflix.

Mr. Cardin, I'd like you to tell us more about the government's willingness to impose reinvestments to the tune of 25% to 45%, or 30% on average, in Canadian content. I would also like you to relate that to your position, because I'm sure you've been talking to senior government officials to try to understand the amount of \$800 million that would be reinvested in Canadian content.

Where did that calculation come from? Unfortunately, despite multiple requests, we are unable to access that information.

What do you think about it all?

**Mr. Stéphane Cardin:** Thank you for your question, Mr. Rayes.

As we said in our presentation, we support the flexible framework proposed in Bill C-10, as introduced last November 3.

However, from the time the bill was introduced, during some of the discussions the department had, the possibility was raised that Canadian spending obligations similar to those currently applicable to Canadian broadcasters—there was talk of 25% to 45%—could be imposed on online entertainment services.

Again, we want to contribute and do more, but in a fair and equitable manner. Given the services we offer, which are essentially se-

ries, films, feature documentaries and family programming, and given that we don't offer news and sports, we simply don't think the suggested percentages are appropriate. They are not fair and equitable.

**Mr. Alain Rayes:** Okay. Let me continue with this topic.

Netflix announced that it has invested \$2.5 billion in Canada since 2017. If you do the math as a percentage of revenues, I think that would be more than 30%.

You seem to be pointing out that the way the government or the CRTC does the math doesn't do justice to the investments your company is making in Canada. Why is that?

Is the business model different? Since it's a new business model, should Bill C-10 take that into account?

Is it a misunderstanding on the part of [*technical difficulties*] the reality of conventional broadcasters compared to digital broadcasters?

**Mr. Stéphane Cardin:** I think the main difficulty is simply related to the definition of “Canadian production”.

Let's take the example of the movie *Jusqu'au déclin*, which was shot in Lantier, in the Laurentians, and was written and directed by a Quebecker, with an all-Quebec film crew and whose entire cast from Quebec. A project like that does not qualify as a Canadian production, since Netflix financed it entirely.

So it's not only about the percentage, but also about what the percentage would be based on. Specifically, the items that were supposed to accompany Bill C-10, which we are awaiting and which the government has indicated as the policy directive or direction to the CRTC, could contain a revision of the parameters that qualify content as “Canadian”.

**Mr. Alain Rayes:** If I understand correctly, if the rules and parameters were such that what you invest in Canada could be considered Canadian content, given that you invest the entire amount in Canada, in Quebec or in any other province, things would be fairer already.

**Mr. Stéphane Cardin:** They would be fairer already. But, as I was also saying, I think that the premise of Bill C-10 is to recognize the differences between different types of services and to impose obligations that take into account the specific nature of these services.

Once again, between an online entertainment service and a broadcasting group that offers a much broader range of programming including, as I said, news and sports, things just have to be fair.

• (1430)

**Mr. Alain Rayes:** Okay.

What is your position on the issue we hear a lot about, that, very soon, the GST and QST will have to be collected on foreign services? What is Netflix's position on that?

**Mr. Stéphane Cardin:** From the very beginning, when the Quebec government asked us to collect the sales tax, we collaborated with them. We are doing the same with the Government of Saskatchewan, and we will do the same with the Government of British Columbia as of April 1. As for the federal sales tax, we will be collecting it as of July 1.

**Mr. Alain Rayes:** That's perfect.

I have one last question for you.

The Yale report raised a lot of expectations for Bill C-10. The government has decided to go ahead and not act on it. So it ignores the major social networks like Facebook and Google, which have access to many sources of revenue.

Can you explain your situation regarding your subscription revenues? How does it compare to other competitors or companies with different financial frameworks?

**Mr. Stéphane Cardin:** Our business model is very simple. We have a single source of revenue: the subscriptions of 7 million Canadian households that use our service in their homes. We don't sell advertising. So our revenue model is simple and clear.

**Mr. Alain Rayes:** Great, thank you.

I have one more question—

**The Chair:** Thank you very much, Mr. Rayes and Mr. Cardin.

[*English*]

We go to the Liberals now.

Ms. Ien, please go ahead for six minutes.

**Ms. Marci Ien (Toronto Centre, Lib.):** Thank you, Mr. Chair.

Thank you to the witnesses for joining us this afternoon.

Ms. Hinse, I'll speak to you first, if I can. Fifty years in the independent space.... You talked about local programming, community programming and its importance. Can you tell us what kind of representation, with regard to community broadcasting, you'd like to see in this bill that you're not seeing right now?

[*Translation*]

**Ms. Amélie Hinse:** Thank you for your question.

Actually, what's missing from this bill is the community component. First, it's not in the definitions. Unlike community radio, there are very few definitions for community television. There's also an amalgam between stand-alone community television, represented here by my colleague, Cathy Edwards, and myself, and cable-owned community television. We are tied to a cable company and don't have access to other online sources. Since the bill seeks to include online broadcasters, it's important to have a good definition of community so that we too can be part of the new online broadcasters and all that entails.

Ms. Edwards, did you have anything to add?

[*English*]

**Ms. Catherine Edwards (Executive Director, Canadian Association of Community Television Users and Stations, Fédération des télévisions communautaires autonomes du Québec):** As Ms. Hinse said, and as is in both of our briefs, Quebec and Canada are on the same page. We'd like a definition. There's a big section about the role of the CBC in the previous act and in the current draft act. Other than saying that the community element is one of the three elements in the system, there's no definition at all. We'd like a definition that it's not-for-profit.

Second, we'd like a definition of its role. There used to be a section about alternative media, which was never really used or actionable and almost exactly describes what we do. We serve niche groups and minorities that aren't served by mainstream media.

Third, in all of these different reports that come out, like the creative Canada policy framework and the Yale report.... We're not even mentioned in the 235-page Yale report, other than to take more money away from community TV and give it to private broadcasters. We're in a vacuum.

We've suggested some additional wording to be tacked on to some of the very strong sections in the act just to explain what we do. For example, the inclusivity around the needs for indigenous media has been beefed up in the current act, which we super support, but realistically, the way you're going to get media on most indigenous reserves and programming in the language is through community media. We can produce for a tenth of the cost. We train groups to do their own content.

We've added in our brief particular add-on phrases to clarify where we can address some of these challenges facing the Canadian broadcasting system, mainly around inclusivity and local content.

• (1435)

**Ms. Marci Ien:** Ms. Edwards and Ms. Hinse, thank you so very much.

I want to move on to Mr. Cardin of Netflix now, if I might.

Mr. Cardin, you were saying that Netflix is committed to Canada and telling Canadian stories to the world, but as we've seen and heard today, the point system that determines what is Canadian content isn't always working well. Can you tell us what you might do or what you might suggest to improve that?

**Mr. Stéphane Cardin:** Ms. Ien, as I mentioned a little earlier, the concern we have is that even when the majority of key creative positions are held by Canadians on shows that we produce, there's also another element: That's the element of financing and ownership, which can preclude a production from being certified as Canadian even if, as I said, 10 out of 10, or eight out of 10, or six out of 10 key creative positions are held by Canadians.

I understand that others may have raised concerns about the point system. For us, we think the question of certification criteria needs a bit more of a holistic revision. That's what we were happy to see in the documents that Heritage circulated at the time the bill was tabled, saying that these could potentially be part of a policy directive to the CRTC.

**Ms. Marci Ien:** We've heard private broadcasters, Mr. Cardin, talk about levelling the playing field. How do you see that happening? What does levelling the playing field look like to you?

**Mr. Stéphane Cardin:** It's the concept of like for like, and appropriate contributions considering the nature of the service. Again, we are not saying we do not wish to contribute. We want to participate in the system. It's just that doing so should be done in a manner that takes into consideration the nature of our service. As I mentioned before, our service is really just about entertainment programming—essentially film series, documentaries and family programming—so to us, like with like considers those kinds of elements.

**Ms. Marci Ien:** Mr. Cardin, thank you so much.

Finally, Ms. Dinsmore and Ms. Wheeler, looking through that lens at the importance of news, which you spoke about, what do you see as the short-term and long-term repercussions of enacting Bill C-10?

**Ms. Susan Wheeler:** The short-term implication of passing the bill as it is currently proposed is that it would enshrine, in our view, an asymmetrical approach to Canadian versus foreign broadcasters operating in the system. That's why we have proposed the amendments that we have today, to address some of that structural inequity that might be built into the legislation.

**The Chair:** Thank you—

**Ms. Susan Wheeler:** Our preference is that the language be broadened to capture all players in the system in an equitable fashion—

**The Chair:** Thank you, Ms. Wheeler. I appreciate it. I let you finish off your sentence.

Folks, I'll give you a sense of the timing I'm looking at now. We're running against the clock. It looks like we have time for only one round, given the time constraints.

Here's what I've done thus far, and I hope you accept it. I gave Mr. Rayes about seven minutes and a little bit. I just gave Ms. Ien seven minutes and a little bit. I am looking at seven minutes and a little bit for both the Bloc and the NDP, in the interest of fairness. That way, we can push the clock on the first round as far as we can. I hope that is okay.

• (1440)

[Translation]

Mr. Champoux, you have six minutes.

**Mr. Martin Champoux:** Thank you very much, Mr. Chair.

My thanks to the witnesses for being here today, because they always enrich us with their contribution.

I would like to start with you, Mr. Cardin. Netflix has invested the equivalent of \$2.5 billion in Canada since its agreement with the government, which is very good. That's about three-quarters of a billion dollars a year. Can you tell me how much of that goes to acquisitions versus what goes to production?

**Mr. Stéphane Cardin:** I don't have the exact figures for the ratio between acquisitions and original Netflix productions. They're both significant. In terms of our productions in Quebec, we have produced comedy specials and the feature film *Jusqu'au déclin*, which is an original creation, but we have also acquired several feature films, including *1991*, *Bon cop, bad cop*, *Bon cop, bad cop 2*, *Les affamés*, and others that were once in our catalogue but are no longer there because the rights have expired.

**Mr. Martin Champoux:** In terms of your investments, can you tell me the ratio of French-language to English-language productions? I'm talking about within Canada, of course.

**Mr. Stéphane Cardin:** No. Certainly, as far as the francophone proportion is concerned, we have to make additional efforts. I'll give you that. We are not hiding the fact. It is part of the reason why we decided to open an office in Canada. Our goal is to broaden our relationships with Quebec creators. I hope the proportion will be higher. Quebec, by the way, is a very important centre for us when it comes to visual effects and animation. We are very involved here and we want to increase that presence.

**Mr. Martin Champoux:** I'm pleased to hear you stress the need to make more effort in terms of French and Quebec content. Actually, I would like to make it clear that we are insisting on strict regulations to ensure that it is not simply a matter of good will, but also an obligation for those whose activities take place in our communities. I think you are very aware of this. In fact, it seems to me that, generally speaking, the regulations are not an issue for Netflix.

I would like to briefly talk about discoverability and to find out what you think about the following issue. We are being asked to make Quebec and Canadian content more easily accessible on platforms such as yours, to better identify sections, not necessarily at the bottom of the page, and to make the content visible without having to search for it. We often talk about productions that are a little more popular, but there are still some very interesting creations and we would very much like to find them on digital platforms.

What do you think?

**Mr. Stéphane Cardin:** Netflix's success is due in part to the fact that we make life easier for our users, our members, I should say, when they make choices and find what interests them. They can simply use the traditional search tool that allows them to indicate "Quebec" or "Quebec production," consult our "series" or "feature film" categories, which include a Canadian section. I believe that our members can easily find Quebec content. We provide a showcase for our Quebec members, but also for others. I think it's important to make that clear. I'll again use the film *Jusqu'au déclin* as an example. More than 21 million people around the world have seen that film, and 95% of them were outside Canada. Many Quebecers were able to see *Jusqu'au déclin*, but it also allows Quebec culture to be showcased worldwide.

**Mr. Martin Champoux:** These productions deserve to be funded, and I'm glad you recognize that. You won't be disappointed to find these obligations in the act, since you find them worthwhile and see a number of benefits.

• (1445)

**Mr. Stéphane Cardin:** We support the framework proposed in Bill C-10 as introduced last November 3, but I'm also telling you that we want to do more here in Quebec.

**Mr. Martin Champoux:** Thank you very much, Mr. Cardin.

I would now like to speak with Ms. Hinse about community television and radio, which are very close to my heart.

Ms. Hinse, thank you for being here today. You would like the bill to recognize the presence of community media, but I would like to address the issue of funding. When we met a few days ago, you talked about something that I find absolutely astounding. The cable companies that own community television stations were required to invest a certain percentage, but that obligation has been removed. Could you elaborate on that?

**Ms. Amélie Hinse:** Thank you for your question, Mr. Champoux.

In the latest amendments to the act, the CRTC stopped requiring cable companies in metropolitan areas to invest in community television and redirected them to local media outlets. In my opinion, this makes no sense because it means taking money away from some organizations and people who were doing local news and redirecting it to other local news. It's not effective in increasing the amount of local news across the country, and it doesn't make sense to take money from one area and put it somewhere else. We have demonstrated that we are much more effective and efficient at producing local news.

Right now, there is a crisis in the media, especially in local media. The Department of Canadian Heritage has recognized this by launching its local journalism initiative, in which we are participating. This is a very good first step. However, there needs to be a clear definition of what community media are and what they do. The lack of such a definition is what has allowed the CRTC to amend the act, with an extremely significant negative impact.

**The Chair:** Thank you, Ms. Hinse.

[English]

Monsieur Champoux, that was a little over seven minutes.

I know we have a problem with the clock when it comes to the second round. I'd like to promise all my colleagues that I'm going to try to work on something for this. With your blessing, I'm going to seek a solution such that, in the second round, we may not go the full time, which is according to the standing orders that we passed, but I will try to work something out so that everybody can be involved with the guests we have.

I know we lose 10 to 15 minutes for technical reasons. I'd like to gain a lot of that back. I apologize, but we don't have enough time for a full second round. What I'm going to do is end here with Ms. McPherson. I'll get back to you about a solution for the second round of questioning when this comes again. I find it a little bit off-putting that we get two rounds in the first hour but not in the second. I'm going to seek out some fairness.

In the meantime—

**Ms. Heather McPherson:** Mr. Chair, can I just clarify that this is the last time that I'll be asking questions? Is that correct?

**The Chair:** Yes.

This should take you past 2:55 eastern, which means I don't even have enough time for a first question on the second round.

Again, given that we lost 10 minutes for technical reasons, I'm going to seek a second-round solution—I'll discuss it during sub-committee—so that other people can get to ask questions in the second hour. I'm only seeking fairness. I'm not seeking anything that's biased in any way. I'll get back to you on that, because I feel your pain on this, given the virtual situation we are in.

That being said, Ms. McPherson, you have six minutes.

**Ms. Heather McPherson:** Thank you, Mr. Chair. Thank you for trying to give us as much time as you can with the witnesses.

I'd like to thank the witnesses for being here. This is very interesting. This is a very complex bill, and to have the different perspectives in the room is very important.

I'd like to start with Ms. Wheeler. You were interrupted earlier during your testimony because of time constraints. I'm wondering if you'd like to finish that thought before I ask you a follow-up question.

• (1450)

**Ms. Susan Wheeler:** Thank you for that.

I think I captured most of my initial concern about the short-term implications of the bill. We know that it's taken 30 years for us to look at this piece of legislation. Right now, with the provisions that are in the proposed bill, our concern is that this type of structural disadvantage or asymmetry will be enshrined for many years to come and not allow Canadian media companies to evolve their business and effectively compete with the increasing amount of foreign competition that is now in our markets.

**Ms. Heather McPherson:** We certainly see that. We see the need for this bill to be not only the bill we need right now, or the bill we needed 10 years ago, but rather the bill we'll need in 10 years. I appreciate that.

Obviously, we'll be going through it clause-by-clause and submitting amendments, but as it stands right now in its current formation, from your perspective, would it be better that it go forward or not go forward? Does it need to have those amendments added?

**Ms. Susan Wheeler:** We believe the time is now to get it right. The proposed amendments that we put forward should be considered and should be part of a future passage of the bill.

**Ms. Heather McPherson:** There is one thing that I asked in the last panel and I will ask with all of the panellists today, as well. Going forward, knowing that we have an awful lot of diverse opinions coming at this committee, if you could identify only one amendment that you would like to make sure makes it into this bill—into our recommendations for this bill—what would that one be?

**Ms. Susan Wheeler:** It would be the issues of asymmetrical application of the rules and regulations on Canadian companies, which would amount to more onerous obligations than those that are imposed on the U.S. tech giants. That is the core of our concern in this bill.

**Ms. Heather McPherson:** Perhaps I'll ask Ms. Hinse, as well.

I know that you spoke about the lack of acknowledgement of your portion of the sector. How do you see the current state of the bill? Would you like it to go forward? What is the one amendment that you would like to see included as we consider the bill in this committee?

[Translation]

**Ms. Amélie Hinse:** In its current form, the bill is far from ideal because we are still being ignored. This has a considerable impact on us and more particularly on local news production, an area that is already in crisis. The act needs to be modernized. Things must move quickly; we have been talking about it this for a really long time.

The one amendment I would like to see is to better define the community aspect and its role. That reflects what we have been saying since we started. It has impacts on funding and on our ability to be seen and heard on a number of platforms. Recognition like that would allow us to play a role in potential service agreements to be signed with the new online players.

[English]

**Ms. Heather McPherson:** Thank you.

We'll go from local to the very much not local, Mr. Cardin.

**Mr. Stéphane Cardin:** Along with the other members of the Motion Picture Association–Canada, we've proposed amendments to subsection 5(2), in Bill C-10, essentially to ensure that the CRTC considers competition, innovation and affordability in its broadcasting decisions, and that regulation should be efficient and proportionate to its purpose.

**Ms. Heather McPherson:** Thank you.

That takes me to about a minute left in my time. I would like to take a moment, Mr. Chair, if I could, to bring forward the two motions that I had tabled previously.

I would thank the witnesses for their contributions and would do that step next.

**The Chair:** You have about two and a half minutes left. Would you like to go ahead with your motions?

**Ms. Heather McPherson:** Yes, please.

**The Chair:** Go ahead.

**Ms. Heather McPherson:** I would like to bring forward the two motions that I have tabled to this committee. The first motion is:

That the committee call on the Minister of Canadian Heritage to provide the committee with the policy direction order intended for the Governor in Council, or any other documents pertaining to the regulation of online broadcasting undertakings, in relation to the C-10 Bill.

My understanding is that there is an amendment that will be proposed for that, which I am completely amenable to. I know that the clerk and the chair have also received a revised motion that was jointly created by Mr. Housefather and me.

• (1455)

**The Chair:** Ms. McPherson, can we deal with the first motion first?

Given the fact that we're dealing with two motions, may I be so bold as to thank our guests for being here today? It looks like we're going over time.

I want to thank Amélie Hinse from the Fédération des télévisions communautaires autonomes du Québec. I also want to thank Pam Dinsmore and Susan Wheeler from Rogers Communications. Also, from Netflix, I want to thank Stéphane Cardin. Good luck on Sunday on the awards show; apparently you're going to do well, according to rumour, so all the best.

Thank you to our guests for providing their input, amendment suggestions and so on.

Ms. McPherson, can we start with the first one you mentioned, the Governor in Council motion?

Is there any debate on that?

Ms. Dabrusin, go ahead.

**Ms. Julie Dabrusin:** I am going to propose an amendment. I have put it forward to Ms. McPherson before, so I don't believe it is contentious. It is just that the policy directive is in fact a draft policy directive. There is no finalized policy directive, so the amendment would be just to add the word "draft" before "policy directive".

**The Chair:** Do you mean "policy direction"?

**Ms. Julie Dabrusin:** Sorry, it's "direction", yes.

**The Chair:** It would say, "That the committee call on the Minister of Canadian Heritage to provide the committee with the policy direction draft"—

**Ms. Julie Dabrusin:** I was going to say "draft policy direction".

**The Chair:** So it's "with the draft policy direction", and the rest remains the same.

**Ms. Julie Dabrusin:** Yes, Mr. Chair.

**The Chair:** Does everybody understand the amendment? I'm seeing a lot of nods.

Can we proceed to the vote on the amendment?

(Amendment agreed to [*See Minutes of Proceedings*])

**The Chair:** We go back to the main motion as amended, the motion from Ms. McPherson on the Governor in Council. I don't think I need to read it again.

Seeing no further debate, I call the question.

(Motion as amended agreed to)

**The Chair:** Ms. McPherson, I believe you have a second one.

**Ms. Heather McPherson:** I do.

Mr. Chair, I'm not exactly sure, but would it be best for me to read the initial one, with the amended version that Mr. Housefather and I worked on, or would you like me to read the second, amended version?

**The Chair:** Let me provide some clarification on this. We're dealing with the Facebook motion. Is that correct? Can I use that term?

**Ms. Heather McPherson:** Sure, let's call it that.

**The Chair:** The motion put forward by you and Mr. Housefather.... I've seen some of the wording that has been proposed. Because this is not germane to Bill C-10, you need a 48-hour requirement to do that particular motion. It is not committee business, and it has to be germane to Bill C-10 to do that.

However, your first motion dealing with Facebook, which was submitted some time ago, on February 19, that one we can debate.

What I propose is this. If you wish to put forward the new motion that you and Mr. Housefather worked on, I would need unanimous consent to proceed.

Which avenue do you wish to choose?

**Ms. Heather McPherson:** Can I bring forward the one that I tabled on February 19, and then introduce the amendments to that motion that Mr. Housefather and I have worked on as an amendment to the initial motion, so that it would actually work?

**The Chair:** Yes, you can amend your motion.

**Ms. Heather McPherson:** Okay, why don't we do that?

**The Chair:** Mr. Housefather, I'm assuming, is amending this motion from February 19.

• (1500)

**Ms. Heather McPherson:** That's correct.

**The Chair:** Mr. Housefather, would you like the floor at this point?

**Mr. Anthony Housefather (Mount Royal, Lib.):** Sure, Mr. Chair, but wouldn't Ms. McPherson put forward her...? If you want me to do it this way, wouldn't Ms. McPherson put forward her motion, and then I speak to the amendment?

**The Chair:** I was of the understanding that she just did.

Ms. McPherson, go ahead.

**Ms. Heather McPherson:** I can read the motion, but I think everybody has a copy of it.

There was a desire to have Facebook reappear in front of the committee, for a number of reasons. One was the recent news that we had out of Australia and of course the important implications that has for Canada and for the work of this committee. Also, there is some reason to believe that, intentionally or not, Mr. Chan may have misled the committee in some of the testimony he provided in his first visit to us this sitting.

That is why I've brought forward this motion, and I certainly hope that the committee sees fit to approve it today.

**The Chair:** Thank you for that.

Mr. Housefather, go ahead.

**Mr. Anthony Housefather:** Thank you very much.

[*Translation*]

I worked on the amended motion with Ms. McPherson. I have distributed it in writing and in both official languages.

[*English*]

Everybody would have their written version by email.

I think the proper amendment is that I would move that the words after "That the Committee" in the first motion be struck and replaced by the words in our revised motion.

The revised motion is:

That the Committee invite Facebook, Inc. for a follow up meeting regarding the subjects raised during its testimony before the Committee on January 29th, 2021 and also to address Facebook's recent actions in Australia related to the Australian Government's consideration and adoption of the News Media Bargaining Code.

That the Committee requests that both Mark Zuckerberg, CEO and Mr. Kevin Chan, Global Director and Head of Public Policy, Canada testify on behalf of Facebook Inc.

That the Chair be asked to find a time in a non-sitting week in March for this meeting, based on Facebook's availability.

[Translation]

There are two differences between the two proposals. First, we are asking the committee to summon Mr. Zuckerberg and Mr. Chan, because the decision in Australia was certainly made at Facebook's headquarters, not in Canada. Second, we want to find a date for this work in March when the committee is not already hearing from witnesses, depending on Facebook's availability.

Those are the two major changes to the motion. I hope that the committee will be able to accept the amendment and the initial proposal.

Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Housefather.

Mr. Rayes, the floor is yours.

**Mr. Alain Rayes:** Thank you, Mr. Chair.

I would like to ask Ms. McPherson a question on her motion. When we initially accepted it, there was a direct connection to what had happened in Australia, but now that the Australian government and Facebook have come to an agreement, is it still as relevant for her? Does she have a view on that?

Could she give us her opinion before we move further forward into the debate?

[English]

**The Chair:** Ms. McPherson, go ahead.

**Ms. Heather McPherson:** Thank you, Mr. Chair, and I'd like to thank my colleague.

I think it is still very important and very relevant. The situation in Australia has not been resolved completely. We are looking at legislation, and we're looking at a study at this committee on how we will be interacting with Facebook in this country, so I think it is still incredibly relevant that we have this discussion.

I know that there has been some change since I tabled the motion, but it is certainly far from a resolved issue in Australia.

**The Chair:** Thank you.

Mr. Waugh, go ahead.

**Mr. Kevin Waugh:** Mr. Chair, the Conservative Party of Canada has their convention on March 18-19 virtually. We would not be able to partake in a virtual meeting with the heritage committee on those two days.

**The Chair:** Mr. Shields, go ahead.

**Mr. Martin Shields:** Thank you, Mr. Chair.

I would like just a quick ruling, please. Is that an amendment, or basically a rewrite of a motion so it is totally different in intent? Can we just have a quick ruling? Is it an amendment, or have we really significantly changed it so we're dealing with a second motion?

• (1505)

**The Chair:** I was going to get to that in just a few moments.

Mr. Rayes, your hand is up. Do you want to speak?

I'll get back to your point, Mr. Shields.

Mr. Rayes, go ahead.

[Translation]

**Mr. Alain Rayes:** I would like to continue because it is important for the decision that we will have to make.

I hear very clearly what Ms. McPherson is saying with regard to what is happening in Australia and I think that we all share that concern. However, this request is in connection with Bill C-10. But, as we all know, the Minister of Canadian Heritage unfortunately did not see fit to include social media and how to share and distribute the revenue, preferring to do so in a future bill.

Given the number of meetings we have, we are feeling a lot of pressure to move quickly with this bill. We want to hear from a number of witnesses and our schedules are full. I think it is good to hear from the Facebook officials. However, I am wondering whether it would be more appropriate to do so when we are debating social media, once the minister has introduced a bill that deals with them. I doubt whether he will do that in the short term, but we hope he will because it is a major issue.

[English]

**The Chair:** Thank you for your input.

[Translation]

I give the floor to Mr. Champoux.

**Mr. Martin Champoux:** I want to very quickly give my opinion on what Mr. Rayes has just said. I agree that it is not urgent to hear from the Facebook officials because, at the moment, it is true that there is nothing about social media. However, a number of speakers have told us their concerns with regard to Bill C-10's silence on social media. We are thinking about the issue. Without really being for or against, I feel that it would not be inappropriate to discuss it with the Facebook officials. Is this a good time to do so? Let's discuss that, but I would not dismiss the idea.

[English]

**The Chair:** Thank you very much.

I'm just going to hold on for less than one minute. I want to address the concern that Mr. Shields brought up, if you just give me one second.

Okay, folks. I just want you to bear with me for a moment as I'm going through the Standing Orders in the *House of Commons Procedure and Practice*, third edition.

I wanted to provide this as clarification on where I'm going. It talks about the motion itself as amended:

An amendment must be relevant to the motion it seeks to amend. It must not stray from the main motion but must aim to refine its meaning and intent. An amendment should take the form of a motion to....

In other words, what they cite here is that:

it is irrelevant to the main motion (i.e., it deals with a matter foreign to the main motion, exceeds its scope, or introduces a new proposition which should properly be the subject of a separate substantive motion with notice)

There is, in my opinion, a substantial amount to deal with in this particular amendment. Therefore, I have to seek unanimous consent to allow this motion to be debated.

Mr. Housefather.

**Mr. Anthony Housefather:** Mr. Chairman, with great respect, all of these could be done through two or three separate amendments. They were done as one amendment. The only thing that changes in this motion is that, one, it adds Mr. Zuckerberg to Mr. Chan as a proposed witness, and two, it directs you to find a time during a non-sitting week in March for the meeting, based on Facebook's availability.

There is nothing else in there that is a substantive change from the original motion put forward by Ms. McPherson. Therefore, I disagree entirely with the ruling that you just made, because I could easily take Ms. McPherson's original motion and make smaller amendments to do this. I think that to save time for the committee, it was easier to do it this way. I disagree that there were any changes that were beyond the scope of the original motion or that make great changes.

I could have just proposed to add Mr. Zuckerberg to the original words of Mr. Chan being invited. I could have just proposed to add the time that you would be asked to invite the committee.

• (1510)

**The Chair:** Yes. The substantive issues that I would invoke here are that there is a new date involved and that Mr. Zuckerberg is now involved in this.

**Mr. Anthony Housefather:** Mr. Chair, again, I have dealt with motions before. It would be a proper amendment to Ms. McPherson's original motion for me to suggest that Mr. Zuckerberg be added as a witness. There is no possible way that you would rule that was not a receivable amendment.

There was no time frame given for the original meeting date. I have seen many motions in the House of Commons where, when no time was given, we would instruct the chair as to when to call such a meeting—and that was a receivable motion.

I'm having difficulty understanding why these wouldn't be very normal amendments to a motion given at a committee. I find the ruling quite surprising.

Thank you, sir.

**The Chair:** Well, let me just deal with your shock and awe for just a moment. Let me consider what you just put forward.

Does anybody else have a comment on this? This is just my initial reaction to what I'm looking at right now. I will take that under advisement, and I will read this once again. As you know, I got this during committee hearings. Unless anybody else has a comment, I'm going to take a few moments to read this again. Thank you.

Mr. Housefather, here's the predicament we're in. The motion that was put forward by Ms. McPherson has been amended per se.

If you look at the original motion, after the word "that", it takes on a completely different form. At first blush, I have to look at this and say that it has been substantially changed, enough that you need to seek unanimous consent.

I understand what you're saying about the language of a person involved and just a date. To me, these don't seem like substantive matters. I know that.

Mr. Rayes, I will let you proceed.

[*Translation*]

**Mr. Alain Rayes:** Thank you, Mr. Chair.

I think that we all agree on the principle. Asking for unanimous consent could speed things up. Unanimous consent would allow you to accept what Mr. Housefather and Ms. McPherson are proposing.

[*English*]

**The Chair:** I was fine with that, but I think Mr. Housefather was quite adamant about what he wanted to speak about. I entertained the idea of whether we should or should not seek unanimous consent.

Now, if you so desire, I can seek unanimous consent.

I'm turning to Mr. Housefather. Would you like to weigh in on that?

**Mr. Anthony Housefather:** Mr. Chair, I'm fine to seek unanimous consent.

Thank you.

**The Chair:** Do we have unanimous consent to substantially change this particular motion? Is there any dissension?

Seeing none, we now go to the vote, unless someone else would like to talk about this.

(Amendment agreed to [*See Minutes of Proceedings*])

(Motion as amended agreed to)

**The Chair:** Thank you very much, everyone.

• (1515)

**Ms. Heather McPherson:** Mr. Chair, I just wanted to say thank you.

**The Chair:** It's not a problem.

All right, seeing nothing else, if we are done, then I can wish everyone a happy weekend.

For those of you on the subcommittee who want to attend, please be there this coming Monday. For March 8, we have the minister for two hours, and the department as well.

Thank you, everyone.









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