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Chair

Mr. Gary Schellenberger

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• (1110)

[English]

The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)): I'm going to call the meeting to order. There are still a few more people to get here, but I'm sure they're on their way.

Welcome to the Standing Committee on Canadian Heritage, meeting seven.

Mr. Charlie Angus (Timmins—James Bay, NDP): Mr. Chair, can I have a point of order for one second?

The Chair: Yes, you can have a point of order.

Mr. Charlie Angus: Just quickly, I will not be able to stay until the end. I don't want to be disrespectful to anyone, so I'll let you know now why I have to leave.

Second, Mr. Chair, we live in a cutthroat, partisan world. We kick sand in each other's face all the time. Nobody ever congratulates someone from another party. But I want to congratulate you for your role as chair here. You've done excellent work over these years. Because of your vote the other day, we managed to get the copyright levy discussion into the House of Commons, and it passed last night.

I think you stood on the principle of supporting artists. I want to thank you for the work that our committee does, and particularly you as chair.

Some hon. members: Hear, hear!

The Chair: Thank you, Mr. Angus.

Mr. Charlie Angus: So with that, do I get seven minutes on my round of questioning?

Some hon. members: Oh, oh!

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Wind-
sor, Lib.):** You're our new Governor General.

The Chair: I'll be going back to see the whip again.

Some hon. members: Oh, oh!

Mr. Charlie Angus: That was on the record.

The Chair: Anyway, I must say that, again, we'll carry on...that intervention.

Pursuant to Standing Order 108(2), we are continuing our study on the emerging and digital media, opportunities and challenges. Today our witnesses are from the Association nationale des éditeurs de livres, Aline Côté; from The Mark News, Jeff Anders; and from EyeSteelFilm Inc., Brett Gaylor.

Welcome to our witnesses. This meeting started at 11:10. It will run till 12:40.

Ms. Côté, go ahead, please.

[Translation]

Ms. Aline Côté (President of copyright and Editor, Association nationale des éditeurs de livres): Good morning. Thank you for this opportunity to speak to you on the digital revolution and its impact on the book industry. Before going any further, I want to thank you personally, Mr. Chairman. I was not aware that you had played such an important role about the vote that was held yesterday. You will soon understand why it will also have a significant impact on the book industry.

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): Mr. Chair, even though I too am very pleased with the way you voted here, the problem is that you did not vote the same way yesterday. I wanted to put that on the record.

• (1115)

[English]

Mr. Charlie Angus: The vote was applied. Cut the guy some slack. He made it possible. His vote brought it home.

We want that on the record, that it was Gary Schellenberger who helped us get that through.

[Translation]

The Chair: Ms. Côté.

Ms. Aline Côté: Our Association was created in 1992 and represents about 100 French-language book publishers of Quebec and Canada. French-language book publishers represent close to 7,000 titles and have annual sales of about \$850 million, which is a rather significant amount for authors.

I have prepared my statement according to your seven questions but I will answer them under three main sections. First, I will speak about what I consider to be the three stages of the digital era, each having had an impact on our industry, especially on our capacity to benefit from all those new technologies for the development of our authors.

In the first stage, the digital era represented a challenge to our marketing methods. It introduced new players, such as online bookstores like Amazon. Fortunately, it would seem that books are one of the most widely purchased items online, just after sex and close to CDs. So, at the very beginning, this new technology simply created a new shop window for physical books. During this presentation, I will refer to the various formats of our books, that is to say physical books as well as books in other formats.

So, one may say that, in its infancy, the digital era was beneficial to the book industry. It extended its visibility and allowed new actors to set up shop. Also, generally speaking, those actors respected our business models, our selling prices, etc.

During that time, the role of publishers did not change. For those of you who do not really know what we do, we discover new talented authors, we help them in their development, we create quality books and we reproduce them. I want to insist on this last point because reproduction is specifically related to copyright. It is what copyright protects, that is to say our exclusive right to reproduce works in various formats and to market them. Of course, the publisher guarantees that all reproductions will respect the integrity of the work and will apply international rules for its identification, which means that cataloguing will be done according to established standards. Then, the work will be marketed according to a very specific process which you all know, first as a hardcover, then as a softcover and, sometimes, as a luxury edition. Very soon, all the other types of digital formats will be inserted in that chain which is a part of the right of publishers to market intellectual works covered by copyrights.

Naturally, after all that, and taking for granted that everything is done properly, the publisher is able to follow all the uses made of the work and is able to compile all the monies received from the sale of the work or of the rights. That is how the publisher is able to pay the authors on the basis of the real utilization of their works.

Let us deal now with the very important issue of digitization. We are now in the second phase of a process which started about five or six years ago. I am referring to large bandwidth, high-speed downloading, interoperability and, recently, MP3s and mobile equipment. All this has impacted the very role of the publishers and of the various actors of the book industry. It has allowed new corporations collecting billions of dollars from cultural content, good-faith users, pirates and even libraries to assume some of the roles previously reserved to publishers, that is to say the creation of formats, the granting of rights to third parties and even the usurpation of some of the functions traditionally reserved to bookstores and libraries.

Cultural industries have never had to face such a widespread incursion into their field of competence from a sector totally foreign to the realities of publishing. The results are well known. Even where legislation had already been updated according to the latest WIPO agreement on digital industries, piracy appeared. So, we have seen libraries digitize copyrighted books and make them available for downloading free of charge. This is being done in Canada but, fortunately, not in Quebec.

We have seen libraries become accessories to counterfeiting by authorizing photocopies of copyrighted works. We have seen

copyrighted works being distributed on the intranets of teaching institutions, something that is very hard to control. We have seen equipment makers enter into the field of activity of libraries and bookstores. These days, any company producing e-book readers will immediately offer its clients a full digitized collection such as Kindle with 450,000 titles, the Sony Reader with 500,000 titles, and so on.

As a matter of fact, we have also seen Goggle take over nearly all the books in the world by digitizing millions of copyrighted books without authorization while imposing a new interpretation of the American fair dealing rule. Let me add that even the United States Copyright Office believes that this is a definite infringement of copyrights. Goggle is imposing its own definition of a book as well as a new statistical method of establishment of its selling price. In brief, these methods have really invaded the whole field of book publishing, including online bookstores, traditional publishing as well as book distribution.

● (1120)

If we accept the trend to convergence being imposed to all formats, we can expect to see very soon our books appear in audio formats, as MP3 files or on iTunes for 99¢ each. Books which might have cost up to \$70,000 to produce and to market might soon be sold for 99¢ each. Audio books are now being digitized, most of the time. You can imagine how far this process of convergence might take us to see how much our industry is been impacted.

Furthermore, we, the publishers, believe that the digital era has led temporarily to a series of breaks in the system. I say temporarily because we were very quick to react and we are presently rebalancing the forces in play. Those breaks with the operating methods of the publishing world are the following.

Let me first emphasize that each revolution in the field of reproduction leads to this kind of imbalance which forces all the actors to redefine themselves over a given period of time. There has been a break in the identification of the works because, since everyone is digitizing them and making them available, we do not know anymore if the works that are being downloaded are exact copies of the originals. We are unable to assess the quality of what is on offer. We do not know if what is offered is complete versions of the original works and if the wishes of the authors have been respected. In short, there is a loss of quality and of traceability which is jeopardizing the moral right of the authors and our capacity to pay them according to utilization.

There is also a break related to the reliability of books and that, I believe, is very serious. Many people will probably have access to digitized books without being certain that they are dealing with the real original works. In losing control of the market, are we not losing the relationship of trust as it is happening today in the world of music? These days, musical works are reproduced so many times in so many different formats that people are going back to purchasing records because what they download on various types of platforms is of poor quality. The quality and integrity of the works which we were able to guarantee to the users seem to be of very little concern in the digital world, but there will be a price to pay in the long run.

The third break is related to the marketing system. We used to start by producing hardcovers and then to market pocketbooks when the original costs had been covered. We always tried to reduce the costs gradually. When books are new, they cost more. Then, marketing methods allowed us to make books more and more accessible by producing them in new formats.

Nowadays, the problem is knowing when in this sequence we will publish the digitized version of the book. Some have tried to do that at the same time as they published the hardcover version, and they recorded good sales. We know now that digital books are sold all over the Internet with equal sales volumes. They are the same types of titles, with the same best seller lists as for physical books. One cannot say that access to digital books has led to the development of new market segments. We always find the same titles on best seller lists.

Then, there has been a break between the cost of production and the selling price, which is a very serious issue for the industry and for its ability to protect jobs in the field of creation and, of course, to pay its authors. After 99¢ songs, we got \$9.99 books on Kindle. More and more, this is a business model based on quantity, on volume. Sellers try to outdo each other on the number of books available, or the number of books offered with the purchase of their electronic reader, etc.

Historically, intellectual works have never been so accessible as today but everyone believes that there is an accessibility problem. We often hear it said that books are not accessible and that there is a problem of accessibility in the digital era. This is not true. Never have so many works be made available in so many formats. Taking into account all the other forms of marketing of books and of availability—from second-hand books up to the end of the chain—it is obvious that accessibility has never been so high. The problem is that people systematically confuse accessible books and free books.

Where...

• (1125)

[English]

The Chair: I have to interrupt.

Ms. Aline Côté: I'm going too fast?

The Chair: Could you perhaps come to an end? We have roughly ten minutes for each person.

Ms. Aline Côté: How much am I into it?

The Chair: I would like to have an hour for questions. Please conclude as quickly as you can.

[Translation]

Ms. Aline Côté: Mr. Chair...

[English]

How much time did I take?

The Chair: You're already over ten minutes.

Ms. Aline Côté: Is that so? I'm sorry.

The Chair: Perhaps you can shorten it up a little bit, please.

[Translation]

Ms. Aline Côté: Let me tell you about one of the major successes we have had in French-speaking Canada. Three years ago, the publishers reacted to this situation by developing very quickly their own digital platform. We agreed on the principle of a common platform and tried very quickly to set up a French-language digital collection for all of Canada through an aggregator. We decided that this aggregator would be based in Quebec, would come under Canadian law and would have a business model. Everyone talks about new business models and that is exactly what we established. It is an agency system that allows publishers to keep control of the quality of their works and to ensure that the contracts they have signed with their authors are respected and that selling prices are related to the value of the works.

This is now seen as a huge success that is known all over of the world as an important initiative. Several major publishers from France have copied our model and people from other countries have come here to see how we are implementing our model. One of the consequences is that several major publishers have signed an agreement with Apple and that the price of books is reaching a more acceptable level, \$14.99. We have earned five dollars by organizing ourselves and developing an effective model. This is also respectful of our readers, given the quantity of our production, as well as of our authors, given our ability to account for their works. This is a success that we absolutely wanted to mention to the committee. The development of this platform is even being considered for a prize.

[English]

The Chair: Thank you.

We'll now go to Mr. Anders, please.

Mr. Jeff Anders (Chief Executive Officer and Co-Founder, The Mark News): Thank you very much for inviting me to participate here today. It's an honour to be here, and really nice to see all of your faces—so many that you see on the news and in the papers—right here in the flesh. Again, thank you for having me.

My name is Jeff Anders. I am the co-founder and CEO of The Mark News, which is an online publisher of news commentary and analysis written by accomplished Canadian thinkers and doers, people currently working in politics, business, science, and the arts, in Canada and all over the world.

The idea is to give a platform to the global community of Canadian experts and to give the Canadian public a form of public access to the people and the ideas who are on the front lines making the decisions that become news. So we don't hire journalists, we don't hire writers, we don't report facts. This is analysis written by people like you.

I'll give you a quick explanation of my background. I am originally from Montreal and have lived there most of my life. After completing a Bachelor of Commerce at McGill, I worked for five years in management consulting at Mercer Oliver Wyman. Immediately prior to launching The Mark a couple of years ago, I was completing an MBA at MIT and a Masters in Public Administration at Harvard, focused on the question of how the emerging knowledge economy in developing countries was changing business and how countries like Canada could adapt and stay competitive.

I worked in early-stage companies in both India and China and saw the transformation up close, where it was clear that what the thinkers on the subject were saying was true: Canada would need to innovate. Innovation is simply the development and promotion of new ideas.

The Mark, at its core, is an operation, in my mind, that harvests Canadian ideas and brings them to a global market. Here is what we do. We hand-pick Canadian experts and give them a platform where they can publish about whatever they want, whenever they want. They can write articles or sit for video and audio interviews with our editors. Ambitious contributors can even host their own video and audio shows for which they invite guests, conduct the interviews, and publish at themarknews.com.

For example, any one of you, being a leader in our government, could host your own weekly radio show or video show at The Mark News where you would invite guests and essentially communicate whatever message you're trying to communicate to the Canadian public.

The Mark's contributor base now exceeds 700 experts. In the political realm in the last few weeks, we've published articles from Rob Nicholson, Stockwell Day, Lawrence Cannon, Kim Campbell, Michael Ignatieff, Jack Layton, Bob Rae, Alex Himelfarb, and dozens of others.

The community also includes a younger, global activist community of extraordinary people who are the new foreign policy actors. These are the influencers of the future, and we're very proud of them.

The Mark's mission is to foster conversation. Often that conversation starts with the most influential actors. Just before Parliament resumed, we asked political and other leaders to write about a single idea that government should pursue to restore Canadians' faith in government. A few weeks later we published a series of writings by Canadian leaders about their own political role models and the lessons today's leaders can draw from them. We are starting the conversation.

The core of our mission is to engage the Canadian public. A recent article at The Mark addressed the question of women in politics. One of the comments below the article asked, "Where is Martha Hall Findlay in this discussion?" A few hours later Martha Hall Findlay herself was there in the comments string, adding her views on the issue.

The platform can also be used quite formally. We are in early discussions with the federal ministry to explore the possibility of hosting a session at The Mark to engage the public in policy-making. In fact in advance of my appearance here today, I set up an area on

The Mark's Facebook page to solicit suggestions for ideas I would communicate to you here today, an example of crowd-sourcing.

The big project we are currently working on is a plan to launch The Mark in French. I can't say too much about it at this point, but imagine a website on which French-speaking and English-speaking Canadians could engage with each other in real time in their *langue maternelle*. We want The Mark to be the bridge that facilitates large-scale discussion between the two communities.

It's important to note that The Mark is by design not ideologically aligned. We recruit contributors based on their professional credibility and their connection to Canada alone. We do not ask where they live, who they vote for, or what language they speak, and we certainly don't tell them what to say. The result is a variety of points of view on the issues that matter to Canadians worldwide.

The Mark is founded ultimately on the idea that there are thousands of Canadians—in fact millions of Canadians—working all over the world who have expertise about the countries in which they live and work and who are looking for a credible venue where they can share their knowledge with a national audience. The Mark is their platform.

The results of this experiment, which began a little less than a year ago when we secured private funding and launched the beta test site, have been overwhelmingly positive. The audience is growing at a dramatic pace. Web traffic was up 80% in March over what it was in February.

- (1130)

The contributor community is growing by dozens of new people every week. The Mark weekly radio show is now being aired on seven radio stations across the country. Today—in probably about a half an hour—will be the beginning of a partnership with Canada.com, which will publish articles written by The Mark's contributors, giving them further reach and impact.

While the initial vision for this was a news commentary website, we now see ourselves increasingly as a media company that produces original programming for web, print, radio, and television.

My comments from here—I have a few minutes left—will apply exclusively to for-profit entities and those that can one day be financially independent. They do not apply to cultural organizations or projects that have other value.

The Mark itself is a for-profit company. My co-founder, Ali Rahnema, and I believed that a sustainable business model was the most solid foundation on which to build The Mark.

Speaking as one member of a vibrant community of start-up companies across the country, the message from the ground is that it's tough out there. Funding for early-stage companies, especially for media and information companies, is scarce. Venture capital investment is at its lowest point in Canada in more than a decade.

Government funding, while abundant, seems frustratingly out of reach. The Mark, for example, has reviewed at least 70 different grant programs and qualifies for surprisingly few. If we were a not-for-profit organization, or if we needed to make large capital investments in equipment, or if we printed our content on paper, we could have access to a whole slew of grants and loans. But that is not what we are and it is not what we're doing.

There is an incongruity between Canada's objectives—i.e., the urgent investment in all things digital—and the incentives being laid out for innovators and entrepreneurs like The Mark. We don't need equipment. We need operating support, funds to keep us going while we experiment and fail on the way to finding sustainable models. We need support making digital work, not encouragement to look backwards toward paper. We need a shift from protection to encouragement, to propulsion.

The Canada media fund is extraordinarily good news. It will provide the resources that start-up media and cultural organizations need to launch the new projects that would otherwise have stayed on the shelf. We will see a material difference as a result.

That said, I have heard some people in the start-up community lament the sums allocated to supporting the broadcasters in their moves to online. It is already hard enough for small companies to compete with the broadcasters and the vast resources they have at their disposal. These entrepreneurs argue that this funding drives up all industry costs and diverts talent, making it even more difficult for the little guys to compete.

But I disagree. If Canada is to develop the kind of digital strategy we need, support will be required across the board. Innovation will happen in all organizations of all sizes. We need to collaborate. Online competition is global, and Canadian organizations are natural allies in that arena.

I want to thank the committee for its attention to this matter. It is of such critical importance, not only for the perpetuation of Canadian culture but also for the protection of Canadian prosperity in general. I would be happy to contribute to that effort in any way I can, and I look forward to working with all of you in that respect.

Thank you again for inviting me here today.

• (1135)

The Chair: Thank you for that.

Our last presenter is Brett Gaylor, please.

Mr. Brett Gaylor (Documentary Filmmaker, EyeSteelFilm Inc.): Hello. Thank you for this opportunity to appear before the committee.

As someone who has never voted for anyone who was ever elected, it's nice to participate in the democratic process—although, as the Pirate Party, as you know, was recently given status, you guys should all watch your backs.

My name is Brett Gaylor, and I'm a filmmaker and web producer based in Montreal. I split my time between a private film production company called EyeSteelFilm, one of Canada's most successful documentary production companies, and the Mozilla Foundation, the creators of the Firefox web browser.

My most recent film, *Rip! A Remix Manifesto*, deals with many of the issues this committee struggles with on a day-to-day basis. Despite my reference to my colleagues in the Pirate Party, *Rip* does not fly the Jolly Roger. It does not advocate the abolition of copyright, nor do I believe in that.

In the tradition of Canadian point of view documentary, *Rip* is not journalism. It is not fair and balanced. It is my personal, impassioned plea for copyright reform. I set out to make the film eight years ago, because I believed then, as I believe now, that our copyright system is fundamentally broken. It does not make sense for those of us who grew up in the digital age. Not only does our current legal environment make an entire generation feel like criminals for experiencing culture in ways that seem as natural to us as turning on the tap, it criminalizes, and in some cases, when paired with digital rights management technologies, prevents the creative reuse and expression of culture.

I believe that this creative reuse, re-expression, and re-contextualization of culture using digital technology to be an important skill for today's generations of Canadians. It is an expression of a media-literate citizenry that has grown up with a medium that is not top-down, consumer-centric, or one-way, like television or radio. It is a two-way, participatory, interactive medium. Websites like Wikipedia and YouTube, and creative audiovisual works that combine or “mash up” the media landscape, are examples of the kind of democratic discourse we ought to celebrate in today's youth. But our laws criminalize and prevent it. Whether or not you agree with my position on copyright reform, I think all parties should know that there is an economic argument for reform in copyright, and in particular, in fair dealing.

Let me back up a little bit. *Rip* was created by our private, for-profit company, EyeSteelFilm, in Montreal. In addition to *Rip*, we have produced several award-winning films that have been broadcast nationally and internationally, have played in theatres, and have sold on DVD. They are films such as *Up The Yangtze*, *Taqwacore*, and *Last Train Home*. *Rip* was also produced as a co-production with the National Film Board of Canada. Additional funding came from arts councils and private broadcasters, who pre-licensed the film.

Since being released in 2008, my film, *Rip*, has played at over 25 major international film festivals, has been broadcast on television in at least 20 countries, and has played theatrically across this country as well as in the U.S., the U.K., and Australia and across Europe. It's available at Blockbuster and Rogers stores right across the country, and was recently nominated by the Academy of Canadian Cinema and Television at the Genie Awards.

The film was also released under a Creative Commons licence, meaning that the audience is free to download and remix the film. In fact, using these licences before the film was even made, we solicited remixes and contributions that actually comprised a large part of the material in the film itself. Because of this licence, the film can be found on both commercial television broadcasts and through web portals, such as Hulu in the States, but also through file-sharing networks and aggregators, such as the infamous Pirate Bay.

Due to this approach, we estimate that the film has been seen by some six million people around the world, and the figure could indeed be much higher. It has been a success by any measure, both financially and in terms of having Canadian content reach the broadest possible audience.

I'm proud of the accomplishment, but at the same time, I'm nervous. Here's why. The film is a complete and utter legal nightmare. *Rip* walks the walk in terms of both style and content. To make the argument that remixing is an age-old process and that culture always builds on what came before, we told the story through remixing. To show that Walt Disney's *Snow White* was based on a story from the public domain, we showed a clip from the film. To show how Walt created Steamboat Mickey, and thus the Mickey Mouse character, by riffing on Buster Keaton's Steamboat Bill, we showed both films. And we showed countless examples of contributions from our collaborators on a website called open-sourcecinema.org, the website we use to facilitate collaboration.

Our problem, however, was that we were Canadian. Unlike our filmmaking colleagues in the United States, who can rely on fair use, which protects this kind of expression and makes exceptions to the copyright law to allow critique, parody, and satire, the landscape is much murkier for those of us working up here. We're left wondering if the current fair-dealing exceptions for studying or newsgathering apply to us. We are, after all, a unique hybrid of art and journalism. And for those of us who want to see our work reach a broad audience, this is a big problem. The reason is that our work must be covered under errors and omissions insurance to play on television, at film festivals, in theatres, or in other commercial venues.

• (1140)

To get errors and omissions insurance, a lawyer must attest that the film does not violate the Copyright Act and open itself to a lawsuit. While we did feel that *Rip* was fair dealing, particularly in light of the CCH v. Law Society of Upper Canada College decision, many lawyers would say it's not. The case law on the subject is light.

To further complicate matters, while we were editing the film, the government tabled Bill C-61. While the bill was silent on fair dealing, it did impose stiff fines for circumventing digital rights management software, which was a necessary process for me to extract archival materials from DVDs and other formats. By giving the software to do that to my editor, I could have been incarcerated. I don't think anyone in this room would want a Canadian filmmaker in jail rather than at the Genies.

As I said, we did feel that *Rip* was legal under our interpretations of fair dealing, but as you can see I'm a copyright activist, and thus have had to devote a lot of time to this study. My other Canadian documentary colleagues have enough challenges without becoming experts in copyright law.

This problem has become a major focus for DOC, the Documentary Organization of Canada. In an internal survey, which you can find on their website, 85% of respondents said copyright is more harmful to them than beneficial. The survey was done in 2005, and at that time cost of copyrighted clearance for music and archival music consumed up to 25% of the budget of many documentaries. Eighty-two percent of respondents said that Canada's copyright laws discourage the production of documentaries. Not one person said

they encourage it. This is of course because documentary filmmakers need access to historical documents to build the arguments of their film, reflect on issues in contemporary society, and interpret the media landscape we now live in.

The survey also found that in 2005, nine films of the National Film Board of Canada were removed from circulation because the cost of renewing the copyright on the material was prohibitive. I know anecdotally that renewing copyright on material prevents many films from being streamed on the NFB's extremely popular website.

In response, and again in light of the CCH decision that called on user communities to define their own best practices, DOC has done just that, and prepared a best practices and fair dealing document that gives guidelines for filmmakers who wish to exercise fair dealing in their films. The document has been produced in collaboration with the University of Ottawa, and was created with broad consultation within the film industry, not just from documentary filmmakers but all sectors.

Unfortunately, I only received a copy of it this morning; otherwise, we would have submitted it to be translated. I would be happy to send that document to any committee members who wish.

Using this document, we hope to see many documentary filmmakers push the boundaries of fair dealing. Indeed, in addition to *Rip*, we have seen another popular film, *Reel Injun*, make use of fair dealing and indeed secure errors and omissions insurance for the film. It is the type of film that would be impossible without building on copyrighted material. It is a critique of the portrayal of aboriginal people in Hollywood films. I ask you, how could this filmmaker make the film without showing the films he is critiquing? Like me, the director, Neil Diamond, had to go to great expense and put himself, his colleagues, and his financial supporters at risk to tell that story.

In terms of what you can do as parliamentarians to support our efforts, I'm here begging you for a change in the landscape of fair dealing: to create language that is illustrative of the types of exceptions that the law would allow rather than exhaustive. This would leave room for the types of innovations that documentary filmmakers need in order to continue their tradition of excellence.

The documentary film industry is extremely efficient. With minimal public support, we create green, entrepreneurial, and far-reaching work. We employ a broad spectrum of Canadians, and our work creates a dialogue and interest in issues of the day. I urge you to read our best practices in fair dealing and to support reasonable reforms to fair dealing to allow us to do our work.

Thank you very much.

•(1145)

The Chair: Thank you for those comments.

First question: Mr. Simms, please.

Mr. Scott Simms: Thank you, Chair.

Thank you to our guests for coming. Thank you for your thoughts.

I'll jump right into the questions, because we won't have a lot of time and you do have a lot to say.

I guess the purpose in the beginning for doing this is that, as a committee concerned with Canadian culture and heritage, we have to come up with ways to protect what is distinctly Canadian. The world in which you live flies by at an incredible speed, one that legislation has a hard time keeping up with. So therefore the old days of regulation seem to be falling away to allow another type of regime—I mean not just business models but government legislation as well—to promote what is Canadian. So the international landscape is becoming much smaller.

You mentioned the Pirate Party. Is that right, the Pirate Party?

Mr. Brett Gaylor: Yes.

Mr. Scott Simms: They exist in Europe too. I'm a member of the Council of Europe, and I've been over there. They're much more popular over there—no offence.

But hey, I used to be a Rhino, so there you go. We all come from the fringe.

On that question, isolate it down for me in a short answer. That is to say, help us help the industry by it becoming distinctly Canadian: what do you think we should do as legislators? I know that the CRTC is hands-off to the Internet, but what can we do in relation to things such as subsidies, perhaps, or investments to help you out? You mentioned you're not paper and therefore can't get subsidies. I think it's an incredibly valid point.

This is a question for you, Ms. Côté. I've been lobbied in the past five years quite a bit by provincial education ministers about the accessibility of certain works for students, post-secondary. I'd like to get your thoughts on that as well. It's a big concern of many post-secondary institutions, and now the provincial governments have brought it to our attention.

I hope that's clear enough.

The Chair: There are five minutes for questions and answers, so please keep your answers relatively short for Mr. Simms.

Please go ahead, whoever would like to lead off.

[*Translation*]

Ms. Aline Côté: Education exceptions have been requested by the education ministers of all the provinces except Quebec. We believe that this would be an undue extension that would allow all possible forms of distribution. We already have intranets everywhere, as well as a photocopying. We are convinced that this would seriously weaken French-Canadian production.

We have very experienced collective management companies. They have signed agreements with the education ministries and they grant the required licences. Therefore, there is no interdiction or

obstacle to utilization. There are very broad agreements under which sums are paid yearly and redistributed to rights holders. Therefore, there is no real problem with access. Financial agreements exist and the management companies are extremely effective.

What is being suggested would represent a departure from a system that has been very effective for 20 years and which allows us to grant licences very quickly to schools and to pay our authors.

[*English*]

Mr. Scott Simms: Sorry for interrupting, but time is of the essence.

You would not agree, then, with the current rationale they're putting forward. Is that correct? Yes or no.

[*Translation*]

Ms. Aline Côté: Not at all, and it is precisely for reasons related to cultural protection.

[*English*]

Mr. Scott Simms: All right.

To my guests Mr. Anders and Mr. Gaylor, on the Canadian content issue I spoke of earlier, how can we do that as a committee? We're supposed to be the last bastions of protecting what is Canadian culture. How do we promote it, in your world?

Mr. Jeff Anders: Just to reiterate—I won't take any more time than I already have on this—revise whatever subsidies are already in place, because it's probably a lot easier to do that than to create new things; allow more an expansive interpretation of a content producer and a content distributor to include online; and revise subsidies to shift from capital costs to operating costs.

•(1150)

Mr. Scott Simms: That's a tough one.

Mr. Jeff Anders: Take a look at for-profit companies and try to help them, either through the companies themselves or through the investors who are making intelligent investment decisions in the right kinds of platforms and entities.

Finally, you guys need a multi-pronged approach and strategy, and certainly protecting what is there right now is critical. But those people are not fuelling the innovation—that is, figuring out where things are going and how Canadian culture will be perpetuated in the next century. If anything, they're just holding the fort. It's the very small organizations, the ones that are really high risk, that are figuring things out. Helping those companies and organizations is really the place where we need to focus our efforts.

The Chair: Go ahead, Mr. Gaylor, but could you keep it short, please?

Mr. Brett Gaylor: I'll be brief.

I agree with Mr. Anders that the Canadian media fund is a great step in the right direction, but it still heavily favours the incumbency of the broadcasters. I'm not sure if you're familiar with it, but there's also an experimental stream, and I know a lot of my colleagues are putting their eggs into those baskets. In the Canadian funding landscape, in terms of broadcasters...as far as documentary filmmakers, we hardly have anyone to bring our projects to anymore. The entire system is contingent on those broadcasters agreeing to fund our work.

We have hundreds and hundreds of documentary filmmakers across the country literally asking the same three people, "Please support my film." That's the only way they can trigger those broadcast envelopes to get their work done. So I think that needs a second look.

The Chair: Thank you.

We move on now to Madam Lavallée, please.

[*Translation*]

Mrs. Carole Lavallée: After having heard your various statements, which are very different because you operate in very different fields, I am a bit surprised to see that you have received no support from the Canadian government, either financial or technological, or as expertise or even as moral support, through a public statement. So, I want to put a question to Mrs. Côté in particular.

Before doing that, however, I want to make a comment to Mr. Anders who referred to the Media Fund. We, members of the Bloc québécois, support the digital revolution. We believe that we are laggards as far as helping Canadians and Quebecers, including consumers, to enter the digital era. I believe that there is some urgency about this.

Furthermore, we do not think it is a good idea to beggar the Media Fund in order to support digitization. We believe there should be a specific fund to support the move to the digital era, instead of taking money from the creators and producers. At the end of the day, what will happen is that there will be fewer Canadian and Quebec productions and creations because money will have been diverted to the digital media. We do not think this is a good idea. We believe that digital companies should have their own program or that a specific fund should be set up to help them, instead of giving them just a little bit more while taking even more from creators and producers.

I see that you are all facing significant problems. The one I am most aware of is the intrusion of Goggle in the book industry. It is a major attack. Ms. Côté, I believe that you will be better able than me to explain that to our colleagues. It is really a major offensive under which, if I understand correctly, Goggle has decided to digitize all the books and has told you that, if you have any complaints, you can just sue them. Is that what has happened?

Ms. Aline Côté: Exactly. They have come out with their own interpretation of the American fair dealing rule and have decided to go full-speed ahead. They had an enormous digitization capacity but no content. That was a way for them to find content.

You have to understand that their business model is to make money by placing ads next to digitized content, and they do this at the expense of creators from all over the world, including Canadian

creators. I did a small experiment. With Goggle, I searched *Les Belles-soeurs*, by Michel Tremblay. On six different pages, there was an ad for Tide.

Mrs. Carole Lavallée: The dishwashing liquid?

Ms. Aline Côté: Yes.

That gives you an idea of the relevance of the ads and of how difficult it is for us to protect the moral right of authors against this type of utilization.

I want to underline that in Quebec, French-Canadian publishers have generally reacted very well. We looked at the situation and concluded that our only power against such a major actor as Goggle violating the Canadian Act that is protecting us was to create our own collection of digitized books, a collection that we would control and that would respect our rights. So, we asked our members to withdraw en masse from the agreement.

• (1155)

Mrs. Carole Lavallée: You are referring to the agreement that Goggle was imposing to the whole Earth.

Ms. Aline Côté: That was because of a class-action. We were involved in that class-action because our books had been digitized in US libraries. There were 170 countries and I don't know how many languages. In fact, we had two options. Either we accepted the agreement to take advantage of the few benefits it would produce, or we decided to withdraw from it. Our conclusion was that, if we wanted to protect the French-Canadian culture, we had to create a critical mass of works in our language and from our culture, to get money to digitize them quickly, and to teach our publishers how to digitize their works.

We set up an aggregator which allows us now to reverse the situation with our thousands of digitized works, our own collection. We have a very specific culture that is recognized. This allows us to have some negotiating power in order to work with the big online bookstores of the world such as Amazon, Goggle or Apple. We have even set up some agreements with several online bookstores. We already sell our digitized books online. Furthermore, we are on the verge of concluding agreements with Apple for our aggregator to be present everywhere.

This will ensure the blossoming of the French-Canadian culture through our digital strategy, one of the components of which was, last year, our withdrawal en masse from the Goggle agreement. Ninety-three per cent of our publishers withdrew, and their decision is celebrated all over the world.

Mrs. Carole Lavallée: Did you receive any help from the Canadian government through the Department of Canadian Heritage? Did you receive any financial support, moral support or any other kind of support?

Ms. Aline Côté: I believe that we have received \$50,000 from the Canada Book Fund for the launching of the aggregator. There are also some subsidies to help the publishers to update their knowledge of the digital world.

However, what has been lacking—and which Quebec is presently providing us through SODEC—is a direct subsidy for the production of digitized books. The Quebec subsidy allows us to accelerate significantly the production of digitized books from all our publishers.

Mrs. Carole Lavallée: Did the minister...

[English]

The Chair: We have to move on. If there was a question for the other gentlemen, maybe they could get that answer to Madam Lavallée.

Mr. Angus, please.

Mr. Charlie Angus: Thank you.

Well, this is a fascinating discussion. I'd prefer to be meeting with each of you over a beer, or a glass of wine, to go further, but I have only five minutes; you're going to have to excuse me.

I want to start with you, Mr. Gaylor. *Rip* is seen as a manifesto on copyright change, but would it not be the case for many of the documentary filmmakers in Canada today who are not able to access works that have been picked up by corporate interests that control the copyright and will not allow access to footage that otherwise would be in the public domain? Is that a serious legal problem for the development of documentaries in Canada?

Mr. Brett Gaylor: Yes, certainly; I don't know if I got that across in my presentation, but as I mentioned, we have done surveys within our membership showing that the cost of clearing copyrighted materials is growing exponentially. Obviously, for documentary filmmakers, this is particularly challenging if we are taking on subject matters that the corporations who hold the copyright on the material do not agree with.

Just to use my own example, if I was making a critical point about Walt Disney, they are under no obligation under copyright law to license me that material for any price. So in that sense, having no fair-dealing release valve in our law, or no clear one, can act as de facto censorship. I know this has happened to many filmmakers. They're just unable to take on the types of issues they want to because of copyright laws.

Mr. Charlie Angus: It certainly happened with John Greyson and his film, where he used *Mack the Knife*. Even though *Mack the Knife* is in the public domain, they still threatened to sue him if he showed his film anywhere. Yet McDonald's took *Mack the Knife* and didn't ask permission, and had a television ad. So John is a potential criminal.

Madam Côté, I've written five books, and I've been a magazine publisher, so I feel very strongly about the idea of the quality of work. I agree with you; I have a new book project, and people tell me to put it online. Well, I could, but to me it's not a real book. Maybe I'm old school.

Madam Lavallée showed off some products, so I'd like to show some of my product. If anybody wants, they can buy some for the office.

Now, this is interesting. I have five books. Two of them are on Google Books. I was pretty shocked to find my books on Google. Two of them are on, and two of them we decided not to put on,

because the photographer said—I worked with a photographer—clearly, it's very easy to take the photos on the Internet, so it devalues the overall work.

So Google has two options. You could say sue them, but you can opt out. So we opted out for some of the books. We said no, we don't want them...because the photography could be easily taken.

Now these other books are remaindered, and this is the issue. When a book is remaindered, the book value of a remaindered book is zero. If there were a good small publisher, I'm sure your publisher would call the writer and ask them if they wanted to come and take all the books out of the warehouse. Otherwise they would go to the landfill or to bookstores to be sold for \$2 or \$3 or \$5, and the author would get nothing.

So I have two books on Google, and they can be researched. If someone wants them, they can go to Amazon and buy them. I guess I could probably say that...if I was saying I didn't want to support the Google revolution, it might help my pocketbook. My wife's a writer, and every time I come home there are five books sitting on the table. I say, "Where did these books come from?" She says, "Oh, I was researching, and I found this out-of-print book, and I went and found it on Amazon", and I say, "Laird tunderin jaysus, the last time I came home there were five rare books that you bought."

So how do we make it possible...? I like the model Quebec decided on. You decided you didn't like the Google model and that you were going to do your own. Is it possible that we can maintain a platform for people to find out-of-print books that otherwise would go to remainder, so that they can research them and find them? Do you think your model is a reasonable model for Quebec authors, or is this something we're going to have to continue to turn to legislators like us for to try to sell?

•(1200)

[Translation]

Ms. Aline Côté: We rejected the Goggle model not because it is not a good model but because it did not correspond to any of our practices. It did not correspond to our legislation and to our agreements with our authors. It would have squandered our cultural assets. Were we to find our books a bit everywhere for nothing, how would we be able to market them under other formats, on another platform, while at the same time paying the authors what they are due? We know that libraries have digitized books massively, even here in Canada, and that they have adopted practices that are not beneficial to publishers, but that is because they do not have enough money. For everything that is presently free of copyright—the whole national Canadian heritage that is not copyrighted—we should absolutely grant massive subsidies to our libraries to help them digitize it. If we want that to be available somewhere, it will be easy to set up agreements with the libraries so that it be present on our own platform, which would not be difficult to organize and would be fantastic. It would mean that all the books not protected by copyright could be found there.

Of course, everything that is copyrighted belongs to the publishers. We would rather that funds be used to support the publishers for everything that is copyrighted. That way, the publishing industry would be able to create quality works which... Every time there is a copy of a copyrighted book, the publisher would be able to grant the copyright free of charge to a library under the exemption rules already present in the legislation.

I must tell you that our platform is already linked to other French-language platforms all over the world, such as Numilog or Materiels.fr, and that the people who maintain it, that is to say our Association and the technology company, work with online bookstores. We negotiate contracts and agreements, we set up business models, and we work with the people who design e-readers such as the iPad. We would also like them to design audio readers for our visually disabled persons but, at this time, those exist only in English. That is one thing that Canada could do for its cultural minorities.

[English]

The Chair: We have to move on. We've gone almost seven minutes on that one.

Mr. Uppal, please, for the next question.

Mr. Tim Uppal (Edmonton—Sherwood Park, CPC): Thank you, Mr. Chair.

Thank you all for coming here today.

Mr. Anders, to me The Mark is a prime example of where our society is going, people going online not only to participate but to get information as well.

You say you're a business. Well, you are a business; can you elaborate on how your website exists and what advice you would give to the committee and other people looking to exist only online as an enterprise?

Mr. Jeff Anders: There are a few questions in there.

The first thing is how do we exist? I moved to Toronto in January 2008 with an idea and I said I was going to try to build this, a media company that was going to create Canadian content, targeting the Canadian market, at a time when the stock market was dropping 40%. People literally laughed at me. They said, "Why are you going to invest in Canada? Can't you make this into a global thing?" I couldn't find even a cent to put behind this idea.

Friends and family put a little bit of money behind me basically keeping me alive for a few months while I was doing consulting work out of my basement.

Eventually, we found a group of private investors who were prepared to put some funds behind the idea, the reason being that they saw there was some potential in building a platform. They saw that, in terms of mobilizing a community of experts, there was a proven model in the United States called "The Huffington Post". They saw that this thing could grow and become profitable. Without that element, this could never have happened. We didn't have a business model at that time. We had ideas that we wanted to incubate and experiment with, and they believed in it. That's how we got started.

How do we make money? We don't right now. In fact, we have almost no revenue at all. We have some number of months left before we're dead. But we are doing a number of things that I think are going to be very successful. One is advertising, standard advertising but not standard, because we can host conversations at The Mark where people who are contributing to that conversation are really interesting and we can engage a lot of people. So as an ad model, it's a little bit different.

We can syndicate content. We can sell it. We believe we can curate communities for universities and other companies that have communities of people who produce content.

For example, we have a partnership with Amazon.com where, if somebody comes to write for our website, there's a link on that page to Amazon.com where that person's books are featured. So you write something today as an author at The Mark, commenting on a current news story, and boom, traffic is flowing to your page at Amazon, your books are being sold, and we get a commission on that.

There are a variety of other things we can do as a media company to profit. We're not even close to there yet, but we're getting there very quickly.

To distill my remarks down to a summary, I would say the only way we could survive is if we were able to demonstrate to discriminating investors that we were going to be able to create something that would be self-sustaining and that was going to capitalize on trends and be sustainable into the future.

• (1205)

Mr. Tim Uppal: How do you measure your audience in terms of how far-reaching it is? How do you measure that?

Mr. Jeff Anders: That's a good question.

We measure it in a variety of ways. One is just the sheer numbers: how many eyeballs, how many pages, how much time do they spend on the page, what they do there, and those kinds of things. We also measure it by geography: where are these people coming from? Our audience is huge in Ottawa, Toronto, and Vancouver. We're trying to be better represented across the country.

Those are the main metrics right now of how we measure our audience.

Mr. Tim Uppal: Do I have more time, Chair?

The Chair: You have one minute.

Mr. Tim Uppal: Okay.

In the online world, there's a skill set there; you need to have some skills. Are people are coming into that world with the right skill sets, and what can we do to promote those skill sets?

Mr. Brett Gaylor: I think it's really about critical thinking. It's one of the reasons that while the remixing I'm describing now might seem almost trivial to someone who has done it, it's a very practical application of critical thinking. It's about somebody who's able to deconstruct advertising and political messages, and create their own. It's a very participatory act, a very democratic act, to add your own point of view to a discourse in a media landscape.

Mr. Tim Uppal: Can you teach that, though?

Mr. Brett Gaylor: Yes, you can teach that, absolutely. You can teach it in school, you can teach media literacy. I think Canada ought to have a media literacy component in its public schools. There's no better way to teach it than to give a 13-year-old girl a bunch of advertisements that are clearly targeted towards her and then have her break down the arguments presented to her, to break down the messages and use them to create something new and different, something that's her own contribution to that discourse. Unfortunately, the way our legal system works right now, that's completely illegal. But I think we ought to encourage media literacy.

The other part of my job is with the Mozilla Foundation, and there we call it hacking when you can see how something works and take it apart. A big part of the reason the Internet is successful is that anybody can click a button that says "View Source" and see how that web page has been put together. I think we ought to be able to do the same thing to the media messages thrown at us every day. You can't walk down the street without being sold something by a media company. That's happening every day.

So I think we ought to encourage, in a democratic society, this communication to be a bit more two-way.

• (1210)

The Chair: Thank you.

Ms. Dhalla, please.

Ms. Ruby Dhalla (Brampton—Springdale, Lib.): Thank you very much for coming before the committee. Your presentations were extremely interesting.

As someone who works extensively with young people, I know that, for individuals like Jeff and Brett, they have really gravitated towards using the Internet and getting their media sources and their information through new means.

I want to touch upon some of the stuff that Jeff said.

Could you perhaps describe for the committee the three biggest challenges you faced as an entrepreneur, as someone who had a vision of creating a new media platform to engage basically a whole new generation? Could you describe some of those challenges that you faced?

Mr. Jeff Anders: The biggest challenge was funding, which I already discussed, so I won't go into any more detail on that.

I mean, so much of it was easy. Getting people to participate was easy. Getting people to consume it is difficult, because there's so much noise out there. So I would say that building an audience is the second-biggest challenge we face. We've had to partner with established large media companies to make that happen—and this probably supports a lot of the views Madam Lavallée was mentioning. I think those are the two biggest things.

What has been quite easy, though, is getting support. So the investors who helped us.... This ties into your question, Mr. Uppal, about advice for people who are trying to do this in the future...is to go out and find senior people, or for this government to encourage senior people who have resources, be they financial or be they expertise, to mentor younger people and to throw their weight behind these types of projects. We could not have gotten to where we are right now, and could not continue to grow the way we do, if not

for their networks and the introductions they provide. It's way more than just the financial support.

When we've reached out to different organizations, they've all gotten behind the idea and said, "Yes, this would work for us."

Ms. Ruby Dhalla: Where do you see this going—perhaps Brett could tackle this as well—in terms of the visual media and the new media three to five years from now? If you could all answer very quickly before my time runs out, what is one recommendation you would give to the committee that we need to ensure we look at in the final preparation of our report?

Mr. Brett Gaylor: Fair dealing.

Also, to speak to something that Jeff spoke to earlier, one of the fantastic programs we have in Canada, and that Heritage has supported, is the Canadian film and television producers' mentorship program. That does exist for the filmmaking community. I benefited from that greatly, being paired with a professional filmmaking company. My salary was augmented for about a six-month period. Many of my colleagues have done the same.

We ought to continue to do that, but right now it's focused on, again, incumbent industries. I think we ought to—

Ms. Ruby Dhalla: Expand that.

Mr. Brett Gaylor: Yes, expand that to new players, but I think we have to create innovation regimes and legal regimes that support the creativity and the business models that these new players are going to want to create.

Mr. Jeff Anders: I would like to offer a philosophical guidance, that it would be a shift toward empowerment and encouragement and propulsion and away from protection. If you put a MacBook laptop in the hands of every 13-year-old person in this country, five years from now you'll have more content of supremely high quality that is really interesting to people of that age than you could ever imagine.

Content is not being created anymore top-down; it's at the grassroots. Everybody has a web cam, editing software, and it is just unbelievably easy. We're working on a plan at The Mark to put a web cam in every one of your offices so that you could—if you don't have one already—speak into it, email to us the file commenting on a specific news story, and we'll publish it. It's just...empower people by giving them the tools to create Canadian content in their living rooms.

• (1215)

[Translation]

Ms. Aline Côté: I have a somewhat different point of view.

As far as we are concerned, any type of exemption should be limited. Any broadening, such as the one proposed in the motion of Mr. Angus, for example, would open the door to numerous disputes that would have to be resolved to in court and would clog the system. Creators would have to police the market, which would be terrible.

That being said, we are not opposed to some compromises. Publishers are the biggest purchasers of rights. People may not know it but, like film directors, we have to purchase lots of copyrights. In the education field, we spend millions of dollars for rights that we then grant to photographers, illustrators and people in many artistic fields.

So, we are very aware of the issues relating to the purchasing of rights. Every time there is a problem, we wonder if we should weaken the copyright or instead find other funding to make sure that the copyright is respected.

I want to underline something else. If we accept exceptions that are clearly limited, in order to allow for some other utilizations requested by other industries, it has to be done without weakening copyrights and clogging the courts.

The key word is money. With digitization, we enter into the world of globalization. Other companies make massive investments, of hundreds of millions of dollars, to support their creators, to protect their network and to purchase rights. We are not doing anything comparable. Here, the funding reaches barely 1, 2, 3 or 5% of what exists elsewhere. In other countries, ministers and prime ministers make public statements to complain about Google. Here, our Premier and our minister of culture have not done so.

We have not felt any kind of support, here in Canada, in this kind of wild jungle that the digital world has become over the past five years. We have found some solutions. We see more and more clearly where we are going but it is obvious to us that money will be the key word if we want to be competitive with other countries that would want to come here and play in our markets.

[English]

The Chair: We will move on.

Mr. Pomerleau, please.

[Translation]

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

I will give part of my time to Mrs. Lavallée who always has interesting things to say.

First of all, I want to thank you for being here. I find this session very interesting.

Mr. Anders, I love what you do. I find that when we allow people to express themselves directly, without having to go through other persons, we reduce what is described by the expression *traduttore, traditore*, which means that translating is betraying. The more other people are involved, the more the message is diluted. From that point of view, I think what you are doing is fantastic. You have put forward an aspect that is totally innovative.

You have money problems. You said that venture capital is not as easy to find as you would want. Do you think that the little help you receive from the government is absolutely necessary for the survival of your company?

[English]

Mr. Jeff Anders: I should say that we haven't received any money at all from the government. We haven't really been all that

aggressive about pursuing it because it didn't apply to us. We didn't qualify for the vast majority of the funding. So right now we're doing it with private friends and family money as well as private investors. But now with the Canada media fund, I think we will have an opportunity at least to apply for something for which we do qualify.

I think in principle, though, what the government funding should do for companies like mine is not to sustain them on an ongoing basis, because the goal here is not to have companies that need to rely on government funding indefinitely. The idea is to give them what they need to have what we call the "runway"—the time that they can run to make the mistakes that are necessary to learn, and to figure out, and to puzzle over these questions that nobody has yet figured out.

What is the business model for the book publishing industry? Nobody knows, but we're trying to figure something out for the news and information publishing industry. We need time, and time is, as they say, money, to pay staff and to just keep the lights on for a few months. That's where I would ask for you to consider ways in which funding could be allocated to companies, not to pay for computers because the costs related to that in the information industry is very low. You can get email from Google for free, and network from Google for free, and everything else for free. What we need most is money to keep the lights on for some amount of time, to learn what we need to learn so that we can be sustainable.

• (1220)

[Translation]

Mr. Roger Pomerleau: You have referred to innovation, even more than the other witnesses. You have also used the word incubation to describe the launching of your company. You have used the word mentoring. You have said that you can easily see that in the future as something that could help us enter better in the digital era.

Taking all that into account, and broadening your perspective, would you have anything to tell us about the innovations that you have thought about, perhaps even going outside of your own company, and that could be put in place to help us face that?

[English]

Mr. Jeff Anders: It's a very broad question.

Mr. Roger Pomerleau: It is.

Mr. Jeff Anders: If you could, direct me a little bit more about what kinds of innovations you mean.

[Translation]

Mr. Roger Pomerleau: I am referring to innovations to enter the new digital market, taking account of all the problems that we have been discussing today. You do business in your field. You have incubated a lot and you have done a lot of brainstorming to innovate. I suppose that, while doing that, you went outside the box and started thinking about things that could potentially be put in place. Are there any things that you could mention here?

[English]

Mr. Jeff Anders: Sure. I can give an example of something that is quite interesting. It's called Flattr, which is a program that would allow users to allocate small amounts of money to producers of content all over the web. The way it would work is that as a user I would sign up, and I would say I'm going to put \$20 in my account this month, then I'm going to go all over the Internet; wherever I surf, and whatever I read, or whatever book I see or song I listen to, I click a Flattr button on each place that I like. If I click 10 times over the course of the month, then the \$20 I allocated that month is divided by 10 and given out to the producers of all of that content.

That is one example of how independent content producers might get paid, and it's only one of many. Of course, it would need massive scale. It would need ubiquity. It would have to be everywhere in order for it to work. There are a number of programs like it.

It's a really interesting question to me: how do people get paid for doing work that has tremendous value but they're not being compensated for it monetarily?

[Translation]

Mr. Roger Pomerleau: All right. Thank you.

[English]

The Chair: We'll move on now to Mr. Uppal.

Mr. Tim Uppal: Thank you, Mr. Chair.

Mr. Gaylor, today you've mentioned that you feel the copyright laws are too restrictive, and you have a concern that there's no mechanism for royalties and mashups. We as a government have done copyright consultations over the summer. We're in the process of developing copyright legislation.

I'd like to hear from you on the successes and challenges that you've had with homelessnation.org and opensourcecinema.org.

Mr. Brett Gaylor: I'm very impressed, Mr. Uppal.

Voices: Oh, oh!

Mr. Brett Gaylor: Viva Google.

Homelessnation.org is another project that my colleagues have embarked upon to try to bridge the digital divide. We work with homeless shelters, and other people who work with Canadians who are homeless or living in poverty, to help them to train themselves in digital literacy, more or less. We help them blog, we help them create short films, we help them create audio works.

Now, this is clearly a project that does not have, nor is intended to have, a business model. This was supported through initiatives from wings of our government that no longer exist. I believe they have been put into Service Canada and the National Film Board.

The challenge was that funding for it eventually ran out; however, that website is now self-sustaining. The folks who we helped to learn those skills have now taken this site over on their own. It's a very vibrant website of over 5,000 active users. A lot of the challenges that Mr. Anders described, in building a community and outreach,

they've done themselves. It was through that runway that we were able to get there. So it's an interesting example of social innovation.

With opensourcecinema.org, that's the website we created to build *Rip*. This was a website where I was, in an unconventional way, releasing the source material—if I can say it that way—of my documentary, inviting others to participate and create it together. We wanted to create a Wikipedia-type process for creating a documentary film.

Again, we had some support through the Canadian Film Centre and a fund that was set up by Telus. Then we had some other private funds in there. The challenges of that have certainly been those of incumbency, so with a lot of the funds we're only allowed to access them once we have a broadcaster, and that's an evolving model.

It's interesting that Jeff brought up Flattr, because I think a lot of people would recognize that as a very reasonable way to compensate some authors. It's interesting to note that this project was started by the founders of The Pirate Bay. Again, those are people who a lot of us in this room, especially as creators, would have a lot of beef with.

In making *Rip*, I had to study the history of copyright law and its intersection with technology. In pretty much every generation there is one group called “pirates”, and in the next generation they are called “admirals”. This debate was fought over radio, this was fought over the player piano, and of course it was famously fought over the VHS recorder, which spurned an entire industry. I think we're in the process of fighting that out over the Internet.

There are some really smart people who have put a lot of thought into how to compensate authors in an age when books are going to be digitized and music is going to be available. It is not a matter of “if”. We are already living it—right now. As much as we want to discuss in this room whether it's appropriate, it is happening.

I feel that your responsibility is to help us create environments where the proper business models can emerge rather than constantly trying to stop it...or in fact, as in the case of Bill C-61, the breaking of technological protection measures. Now that was protecting a technology that the industry had actually abandoned, in the case of audio recordings.

So I think we need to create environments that are very nimble. We need to have a fairly light touch, but we do need a touch.

Mr. Tim Uppal: That makes sense.

Thank you.

•(1225)

The Chair: Thank you very much.

I can only say thank you very much for your candid answers. I'm quite sure that the members around the table, if they have any questions, can direct them to you directly. I appreciate your appearing today.

With that, the meeting is adjourned.

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