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Chair

Mr. Gary Schellenberger

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● (1140)

[*English*]

The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)): I'll open the meeting and then we'll discuss what we're going to do here.

Welcome to meeting number 10 of the Standing Committee on Canadian Heritage, pursuant to Standing Order 108(2), a study on emerging and digital media: opportunities and challenges.

This morning because of the vote we're out by half an hour. Our meeting will run until 1:05. I'm going to suggest that we split it into two segments of three-quarters of an hour each. This meeting will carry on until 12:25.

We welcome our first set of witnesses. We apologize for the short time here today.

As an individual, we have David Wolfe. From the Alliance of Canadian Cinema, Television and Radio Artists we have Stephen Waddell and Tyrone Benskin.

If you can keep your presentations to 10 minutes in length, or a little less, that will be great. It will allow for more questions.

Mr. Wolfe, please begin.

Professor David Wolfe (Professor of Political Science, Co-Director of the Program on Globalization and Regional Innovation Systems, University of Toronto, As an Individual): Thank you very much for the opportunity to appear. I'm delighted to be here.

By way of background, I'm a professor of research at the University of Toronto. For the past 10 years, I've been studying industrial clusters and economic development in Canada and the role of research and creativity in promoting the growth of Canadian cities. My expertise is in the development of digital media and digital media clusters as they contribute to regional economic development.

I tend to see digital media as an integrated set of activities that produce digital text, audio, and interactive computer graphic material that may be accessed through the Internet, films, and related communication channels.

It is important to note that where we have concentrations of digital media strength and firms in the country, it is usually where there is a preceding base of firms concentrated in related industries. These are the creative industries, such as film, television, and broadcasting. Sound recording often goes together with publishing, because the skills sets required to feed one industry draw very heavily upon the other industries. I'd be happy to go into that in more detail.

We also see, though, that the process of digitization is impacting all the creative industries and all the electronics industries, publishing in particular. In some work we did about a year ago in interviewing magazine publishers and book publishers in Ontario, everyone made a point of saying that they knew that their industries and their businesses were going to be strongly impacted by the process of digitization. It wasn't exactly clear how it was going to fall out and how it was going to impact them, but they were all trying to prepare for it.

The other thing about interactive digital media is that they tend to be very highly concentrated. In the work we did for the Ontario Ministry of Culture about a year or a year and a half ago, there was an overwhelming concentration in and around the greater Toronto region. There's some concentration in the Ottawa area. Some is spread out in southern Ontario through the Kitchener-Waterloo-Cambridge-Guelph area, down to London, and there is a small concentration in the Niagara Peninsula.

But it is hugely concentrated in the Toronto region. From related work that some of my colleagues have done, we know that there's a huge concentration, of course, in Montreal and Vancouver. Overall, nationally, those three large cities have the greatest concentration of digital media firms. We need to recognize the importance of those cities for this industry.

The other thing about the firms in this industry is that they tend to be quite small. There are some large firms in related industries that have established related activities in new media or digital media, but the majority of firms tend to be quite small. They tend to operate very much the same way firms in the television industry do; that is, they create teams on a project-by-project basis. That means that they draw very heavily upon a very deep labour market of people with strong skill sets, such as those represented by my colleagues to the right.

But the conditions of work in these industries are not always the greatest. They tend to be contract jobs. They tend to be project-based. In general, digital-media-cluster wages tend to be smaller than they are in related high technology industries. If you compare firms in these industries with ICT firms, you'll see a notable difference.

The importance of clustering is quite significant in these and other industries that we've studied in Canada. The advantages of clustering, in this particular industry, are first and foremost related to the labour market. There's a mutual reinforcing effect between the concentration of firms and the growth of a dense labour market.

The firms draw in labour and create a labour supply. Related educational institutions develop new training and education programs geared to the firms in the regional economy. That generates, in firms on the outside, more interest in coming in. The presence of a cluster of firms also facilitates specialization. Firms can concentrate on specific areas of strength, knowing that there are related firms in the regional economy they can work with and cooperate with. It also helps create branding and marketing for the firms in the region.

In the case of Ontario right now, the provincial Ministry of Economic Development and Trade is clearly recognizing this as an area of great strength. Both the industry ministry and the Ministry of Culture, and also the Ontario Media Development Corporation, are all focusing on digital media industries as an area of strength, and concentrating a number of policy tools that can go to support this. I'd be happy to go into those in more depth.

Also, as I said, once you have this concentration, you tend to get a response from local educational and post-secondary institution gearing programs. In the Toronto area and southwestern Ontario, which I know best, there's a tremendous concentration of strength. Sheridan College has long been known for its digital animation program, but in addition, Seneca College has an animation arts centre and has recently installed a state-of-the-art motion-capture facility. The University of Ontario Institute of Technology in Oshawa is offering degree programs in this and related fields.

The University of Toronto, in the last two years, has conducted university-wide surveys of all of the research activities going on in the university, with the intention of coordinating and mobilizing them more effectively. Also, there was a proposal several years ago to link this into the MaRS facility in downtown Toronto. That got put on hold when phase two of MaRS was suspended.

Most recently, Kitchener-Waterloo has taken tremendous initiatives in this area through the local high technology association, Communitech. They've obtained two significant grants, one from the federal Networks of Centres of Excellence commercialization program and the second from a provincial program. They're creating something in downtown Kitchener called the Digital Media and Mobile Accelerator hub.

It's a joint initiative of Communitech, the Centre for Digital Media, and the new Stratford Institute, which the University of Waterloo has established in Stratford, Ontario. They're partnering with some of the leading firms in the region: Open Text, Christie Digital, RIM, Agfa HealthCare, and COM DEV. The goal is to create a facility that ties in the creative artistic capabilities concentrated in Stratford and that part of southwestern Ontario with the more high technology display kinds of capabilities that some of the other firms in the Waterloo region have.

The bottom line is that linkages in this sector, in this industry, are hugely important, linkages in two dimensions: one between related firms within digital media itself and the other within the broader cross-section of other creative industries. Those linkages are hugely important, as are linkages with a broad base of supporting infrastructures within the regional economy.

If you're considering policy or policy recommendations, it's vitally important that policy be geared to the local level, to what's going on at the local level, and recognize and work to support capabilities at the local and regional levels. It's also hugely important from a federal point of view that you take into account what the provinces are already doing. Quebec, Ontario, and British Columbia in particular have a huge set of policies in place to support and promote the growth of digital media.

It is critical to help these small firms gain access to international markets. Very rarely will any of these firms survive and prosper on sales in the Canadian market alone, so federal programs and provincial support programs that help firms sell programs through Telefilm, through interrelated federal programs, and through EDC and related provincial activities are hugely important to help these firms sell into international markets.

My final plea is for greater efforts to try to achieve policy alignment across all three levels of government in support of these firms.

● (1145)

The Chair: Thank you.

Which one of you next gentlemen is going to present first?

Mr. Benskin.

Mr. Tyrone Benskin (National Vice-President, Alliance of Canadian Cinema, Television and Radio Artists): That would be me, thank you.

My name is Tyrone Benskin. I'm a Montreal-based Canadian performer with over 150 film and television credits to my name, including six national, international, and Canadian series, and numerous digital gaming programs. I'm also the national vice-president of ACTRA. With me today is Stephen Waddell, ACTRA's national executive director.

Thank you for giving us this opportunity to speak on behalf of the 21,000 professional performers in film, television, sound recordings, radio, and digital media who live and work in every corner of this country.

We are also pleased to represent ACTRA's Recording Artists' Collecting Society, which distributes neighbouring rights and private copying moneys to musicians, including the 17,000 members of Canada's AFM.

As creators, we are excited by the opportunities we see before us, as it gets easier for people around the globe to see and enjoy our work. We're already working in new and emerging media, creating the content that Canadians want to enjoy on their computer screens, cellphones, and iPods, through their gaming consoles, and sometimes even through their TVs.

Today Canada's cultural industries represent $85 billion, or 7.4% of Canada's GDP. As this is home to some of the largest video game manufacturers and most innovative digital creators, this number will get even higher as we move further into this digital world.

However, in order to seize the opportunities of this creative economy and compete in an increasingly digital and borderless world, we need your leadership.

Canada needs a national digital media strategy that combines several key components. These include: strict limits on foreign ownership; increased investment in content creation; a modern regulatory framework that ensures there is shelf space for Canadian content; and new copyright laws that give audiences access to the content while ensuring creators are justly compensated.

Technology has changed the way Canadians, and indeed the world, engage in new media. What hasn't changed is that content is king. And the demand for content has never been higher.

Canada has some of the most diverse, educated, and creative minds in the world. Canadian workers in communications technology are some of the most skilled in the world. That said, we need the leadership of the federal government—indeed, this government—in the development of a national digital strategy that ensures we don't fall behind when it comes to producing content.

But with that also comes space. For far too long we've struggled to get space in prime time on our own TV screens and screens in our own movie theatres. Now, when there's no end to screens and paths of distribution, I worry that we won't be prepared to fill that space.

The corporate consolidation and the rapid evolution of technology, telecommunications, and broadcasting have converged. Telephone companies own cable, broadcast, and satellite assets; and cable companies own telecommunications, satellites, and broadcasters. And content is being delivered to Canadians through all of these media.

How do we ensure in an increasingly borderless world that we are able to continue to create Canadian content, by Canadians, for Canadians and the world to enjoy?

First, make sure the Canadian-owned communication companies can flourish. That means maintaining the current restrictions on foreign ownership of telecoms and broadcasters so that Canadians, and not foreign interests, control our content.

Our converged communications companies are too economically vital to be given away to foreign conglomerates. We've seen what happens to other industries when they are bought by foreign companies. They send their folks in here to manage things for a while and take advantage of tax breaks. Then they shut them down and ship the equipment and jobs overseas, tossing Canadian workers aside. I suggest that this would be no different for the cultural industry.

Foreign companies won't care about telling Canadian stories. In the interests of cost versus profit, they'll ship prepackaged monoculture across the border, leaving Canadians without a voice. It is the government's duty to make our communications industries stronger, not to sell them off.

We also need to support Canadians who are creating Canadian content. Government must embrace policies that promote the production of content that reflects Canada to Canadians and the world, regardless of the types of screens we're watching them on.

● (1150)

The Canada Media Fund is a positive step in this direction; however, it isn't new money. For Canada's digital media industry to thrive, it needs enhanced, long-term government investment. CBC, Telefilm, and the NFB also need clear mandates and stable public funding to ensure that they are again leaders in telling Canadian stories in this new digital world.

A federal tax credit for original digital media production, similar to the Canadian film or video production tax credit, would encourage private investment, further developing and, as importantly, retaining Canada's highly skilled digital media workers.

The federal government could also offer incentives to encourage Canadian advertisers to support websites featuring Canadian content. You can expand section 19.1 of the Income Tax Act to give Canadian advertisers tax deductions for advertising on Canadian-owned websites that give prominence to Canadian digital media content.

I will now ask Stephen Waddell to speak about shelf space for Canadian content and about copyright reform.

Mr. Stephen Waddell (National Executive Director, Alliance of Canadian Cinema, Television and Radio Artists): Thank you, Tyrone.

Good morning.

If we're going to keep creating exciting content, we need to make sure that Canadians can find it. We need shelf space.

That's why ACTRA appeared before the CRTC last year to argue that digital media was just another way of broadcasting content. We asked the federal regulator to establish rules that would help provide shelf space in digital media for Canadian content. Unfortunately, the CRTC chose once again, as it did 10 years ago, to do nothing.

ACTRA also urged the CRTC to create a new fund for Canadian content online by requiring Internet and wireless service providers to make contributions to a digital Media Fund out of their enormous revenues. We remain hopeful on that one. ACTRA, together with several of our industry partners, are parties to the Federal Court process that will determine whether such a levy may be implemented to create a digital Media Fund like the Canada media fund.

The final and critical piece is to find a balance between giving people around the world access to our Canadian content and making sure creators are getting paid. We do that by modernizing our copyright laws.

Frankly, it's embarrassing and economically damaging that Canada has failed to update our copyright laws in keeping with international norms, especially when we signed the World Intellectual Property Organization Internet treaties 13 years ago, back in 1997. There's an international community out there that thinks it's okay to come and set up illegal downloading sites in Canada. We need laws that make it clear it's not okay.

The conversation about copyright is frequently not a dialogue. It is often a yelling match between the makers who want locks on their IP products and users who want free access to content.

Performers and other creators want a balance. Performers want people to enjoy their work where and when they want, but performers can't afford to work for free unless they choose to. We need a balance: a balance between the performer's right to protection and payment for use of their work, and Canadians' ability to enjoy what they have legally purchased when and where they want.

How do we get that balance? The answer already exists in audio recordings: it's called “collective licensing”. Canada's private copying regime in audio recordings has worked by putting millions of dollars directly into the pockets of singers and musicians since it was introduced in 1999.

The problem is that this regime is limited to devices people hardly use anymore to copy music—blank audio cassettes, mini-discs, and CD-Rs. So this income artists rely on is vanishing. The Copyright Act must be updated to extend the levy to devices that people actually use today.

To be clear, this isn't a new levy. It's merely updating something that already exists. If the government does not extend the private copying levy, then the government is taking money out of artists' pockets.

Last week, my colleague Graham Henderson and others appeared before you on behalf of Canada's major record labels. Despite what the media and others reported, the record companies, the recording industry, and performers agree that the private copying regime should be extended to include digital audio recorders.

In his appearance before you, Graham's main point was that the private copying levy is not a replacement for the millions of dollars lost to them and to us through illegal file sharing. However, it is much needed income for artists and for the record labels. That said, there's no doubt that the revenues flowing from the private copying levy contribute to creating more music and are critical to Canadian artists and the music industry.

On another copyright issue, fair dealing needs to stay where it is. None of us wants fair dealing to be endlessly interpreted by the courts, which is what will happen if the list of exceptions to copyright becomes merely illustrative, as proposed by some open access advocates.

We also need to expand the rights to audiovisual works now available only to audio performers and makers by getting the AV Performances treaty passed at WIPO. There is a real opportunity for the treaty to be passed this year and the Canadian government can play a leading role in making that happen.

This standing committee has a great opportunity to assist the government to steer the right course in its digital media strategy. In our view, there are four key compass points.

● (1155)

First, make sure control of Canadian communications companies remains in Canadian hands.

Second, invest in Canadian content creators and suppliers.

Third, reserve space and provide incentives for production of Canadian content in digital media.

Finally, extend collective licensing to make it easy for Canadians and people around the world to enjoy our content while compensating creators and makers for use of their products.

Thank you very much. We're happy to answer any of your questions.

● (1200)

The Chair: Thank you.

Our first questions come from Mr. Rodriguez, please.

Mr. Pablo Rodriguez (Honoré-Mercier, Lib.): Thank you, Chair.

Welcome to all of you.

Mr. Waddell, it's a pleasure to see you again. I guess you're here every day or every week; we keep you busy. We see you in every committee. Do you have another job or is that your full-time job?

Mr. Stephen Waddell: This is my full-time job, sir, coming to see you. It's a pleasure indeed. Thank you.

Mr. Pablo Rodriguez: Before we move to something different, you spoke briefly about the levy. Can you explain to me the difference between a levy and a tax, and if this levy were created how much money would that represent?

Mr. Stephen Waddell: Mr. Rodriguez, a tax is what the government applies. A levy, in this case, is something that the Copyright Board will assess, we hope, based upon presentations made by record labels and others, and determine a fair value for the levy.

This levy represents hundreds of millions of dollars. So far, it's paid out close to $200 million worth of earnings.

Mr. Pablo Rodriguez: Do you have an idea of the amounts that would be levied per—

Mr. Stephen Waddell: Oh, the amount that actually would be levied? Well, the Copyright Board has previously ruled that the levy would be between $2 and $25. Some folks have been advocating or suggesting that it would be up to $75. That's absurd. That's not the case. It would be as low as $2, and up to $25, depending on the capacity of the digital device.

[*Translation*]

Mr. Pablo Rodriguez: Let's look ahead a bit to the future. We know that people watch television less and less and use the Internet more and more, whether for listening to music, watching news and television programs, and so on. The other day, I saw somebody flipping through regular television channels on their mobile phone.

In today's new world where everything is changing with increasing speed, how can we continue ensuring that a certain portion of the content available is Canadian? How can we ensure that there is more Canadian content instead of less?

[*English*]

Mr. Stephen Waddell: Thank you, Mr. Rodriguez.

On the way in which we believe we can generate shelf space or generate product for Canadian content online, we'd love to see regulation, but that's not going to be the case. We certainly don't want to get painted with the view that we want to regulate the Internet; that's what they do in China and Saudi Arabia.

What we suggest, though, is that incentives be put in place, things like, as Tyrone suggested, amending section 19.1 of the Income Tax Act. For those who are not aficionados of the Income Tax Act, section 19.1 is something already in place.

It's a provision that allows advertisers to deduct their business expenses with respect to advertising placed on Canadian broadcasting outlets versus U.S. outlets. This was in the year, of course, when border stations were competing with Canadian stations. The government then put this in place, amending the act, to provide that advertisers could deduct their expenses if they put the ad on a Canadian border station versus a U.S. border station.

Well, it's not much of a stretch to apply section 19.1 to websites. If you put your ads on Canadian websites versus U.S. websites, that would be an incentive to put advertising on Canadian websites, which would obviously build up Canadian websites.

Another idea is to do as Google already does. When you Google, you're asked if you want to Google in Canada; everybody knows that. Let's apply that to Yahoo and the other search engines, again giving Canadians an opportunity to indicate a preference for Canadian material to come to the top of the heap when they're searching for materials.

Mr. Pablo Rodriguez: I have to interrupt because I only have a few seconds left. You touched on foreign ownership. What's the importance of keeping control of our cultural institutions in this new world?

Mr. Stephen Waddell: Well, clearly we're in a global environment; the web is available to everyone around the world. We can't cede our Canadian communication system to other countries, and obviously, principally, the United States, which would be anxious to buy up our telecommunications system and our Canadian broadcasting system.

So in order to retain an opportunity for Canadians, as our colleague Professor Wolfe said, we need to have Canadian clusters, a Canadian environment, and Canadian ownership. It all goes hand in hand.

● (1205)

Mr. Pablo Rodriguez: Would you like to add something?

Prof. David Wolfe: I'd like to add something on the cross-platform. I think it's really important to recognize that the dividing line between all the cultural industries is rapidly collapsing—television, film, and interactive digital media. So increasingly, producers in television, as part of their licences with broadcasters, are being expected to provide content for websites, for mobile devices. So a television licence no longer just applies to a licence for a particular TV show broadcast over one channel.

A huge proportion of those productions takes place with federal and/or provincial support from the federal funds and from the cable funds that are regulated by the CRTC. So it's really important to recognize that for these small independent firms that I was talking about, the potential to generate additional licensing revenue by licensing to other platforms, other media, is disappearing, as the large broadcasters that dominate the industry are expecting one licence fee to cover all of those.

What this means is that if we're going to continue to support and sustain those firms in business, whether in broadcasting or in digital media, the funding programs that are crucial to their survival are going to have to take into account and recognize the collapsing boundaries or barriers between the different cultural industries.

Mr. Pablo Rodriguez: Thank you.

The Chair: Thank you.

Madame Lavallée, please.

[*Translation*]

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): Thank you very much.

Mr. Waddell, I would like to get some clarifications on a point that has remained ambiguous since the last meeting of the Committee on Canadian Heritage.

Mr. Graham Henderson, of the Canadian Recording Industry Association, appeared before us last week. At first, he told us that his organization was not in favour of setting levies on MP3s. We then explained to him that while the levy was already included in the act's provisions, the act legislation needed to be amended to cover modern technological devices. We also told him that the levy was an ancillary support measure and not the only form of support for artists, or the only royalties they would receive. He said he understood and he admitted that setting levies on MP3s would be acceptable.

However, on that same day, I was checking out Twitter, which I follow regularly, and I saw that the Minister of Canadian Heritage had a Twitter account. He was declaring victory because, according to him, the music industry was against the setting of levies on MP3s.

I know that you follow our meetings religiously. Perhaps you are acquainted with Mr. Henderson. What do you think of his testimony?

[*English*]

Mr. Stephen Waddell: Thank you, Madame Lavallée.

What do I think of his testimony? Well, unfortunately, it was misinterpreted by some.

I know, having read his testimony, that Mr. Henderson was talking about his concern—and the concern of the music industry and ourselves—that only 5% of music on the Internet these days comes from legitimate copies. What he's concerned about is the other 95%, which is a result of illegal file sharing and which we all wish the government could do something about.

He was here to talk principally about the fact that illegal file sharing is killing the music industry. That's what his opening statements were all about.

In questioning, he was asked about the private copying levy, and he said it's an ancillary use; it does provide income to the companies. But he doesn't want the private copying levy to legitimize illegal file sharing. That's what his point was.

But just to be clear, if I can read from his testimony for the record, what he said was:

> We do support levies like this. We are also a member of the CPCC through our membership in the NRCC.

That's the Neighbouring Rights Collective. As we are. We all—

● (1210)

[*Translation*]

Mrs. Carole Lavallée: I can see that we have the same concerns. You even have the quote on hand!

[*English*]

Mr. Stephen Waddell: Yes, absolutely. I was prepared for this. Mr. Henderson went on to say:

> It's not just artists who benefit. It's independent labels, major labels, songwriters. A lot of people benefit from the levy....

So that's pretty straightforward.

[*Translation*]

Mrs. Carole Lavallée: I am now going to talk about the four main solutions you recommended. I am sorry that we have so little time to go over them. At least you'll have time to get started on the subject.

You recommend the following: ensuring that telecommunications companies remain under Canadian ownership; investing in digital media; setting aside space in the media for Canadian content; and extending collective licensing. Unfortunately, we will not have time to go over the four recommendations, but we can at least talk about the first one. I am referring to your concerns about foreign ownership. Could you give us more details on this subject?

[*English*]

Mr. Stephen Waddell: Our concern with respect to foreign ownership is that if you cede ownership of Canadian telecommunications, communications generally, broadcasting, we will lose the opportunity to tell our own stories. We're going to be part of the American monoculture, which already sweeps over us through broadcasting and digital media production.

We have to retain ownership, please, we argue to the government. We must retain Canadian ownership of telecommunications. There's some talk about how it's okay to sell off satellites. Well, it's not okay to sell off satellites; satellites are a component of the telecommunications system.

If you start selling off satellites, the cable companies are going to want the same deal. They'll want to sell off their companies and so on and so on. Once you sell off Rogers, you're selling off broadcasting as well—you're selling out broadcasting as well.

It's all converged. There is no country that is more convergent. You heard an expert from the OECD who came to this committee and talked to you. Well, what he didn't tell you was there is no country in the world—

[*Translation*]

Mrs. Carole Lavallée: You are talking about a different committee.

[*English*]

Mr. Stephen Waddell: Oh, I'm sorry. That was the industry committee. Sorry. I've been on a lot of committees lately.

Some hon. members: Oh, oh!

Mr. Stephen Waddell: At the industry committee, the OECD representative said there is no other country like Canada...that is as convergent as Canada in terms of media concentration and media ownership. We're different. We have to be concerned about that.

The Chair: You may have one very short question, Madame Lavallée.

[*Translation*]

Mrs. Carole Lavallée: I sat on the Standing Committee on Industry and can tell you that convergence is not the only factor we must consider. In fact, given the digitization of the media, mobile phones already are, and will increasingly become, broadcasting devices. Some countries already want to use them for broadcasting their television programming. France, among others, announced its intention to do so on Friday. They want to use mobile phones as televisions. In addition, in Canada and Quebec, mobile phones became broadcasting agents when smartphones with 16 applications were made available to users. In such cases, cultural choices have to be made. Another factor to consider is the arrival of "mobisodes," television episodes for the mobile phone. They are similar to "webisodes," which are available on the Internet. For instance, Quebeckers can watch "webisodes" of *Têtes à claques* and *Les chroniques d'une mère indigne*. Now, we are going to be able to watch "mobisodes" on our phones.

[*English*]

The Chair: I have to interrupt. I don't think there's any time to answer that, because I have given you almost two minutes extra.

Mr. Angus, please.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you, Mr. Chair.

I'm very interested in following up on this discussion on collective licensing and the need to find revenue streams for artists in a digital age.

At the *National Post*, which doesn't often pat the NDP on the back, they were talking about Minister Moore's comments about the levy. They said that while "we're on the fence" about the levy, they were not on the fence about "the government's nonsensical, 'Boo! Hiss! No new taxes!' response...which is just dumb...".

The *Edmonton Journal* said they felt that updating the levy was "a perfectly reasonable compromise", but that "to hear the Harper government tell it, it's the Boston Tea Party circa 2010". They went on to say that Minister of Industry Tony Clement was "misrepresenting its contents" and said, "Heritage Minister James Moore—who you might think would defend creators—also distorted" this "suggestion".

The *Edmonton Journal* went on to say, "The Tories are clearly playing pandering politics; let's hope the other opposition parties—and independently-minded Conservatives—sign on to a thoughtful compromise that upholds the basic Canadian values of straight dealing".

Why do you think this government and this minister, the consumer minister, have taken it upon themselves to come out so hard in attacking the right of artists to get paid for copying?

● (1215)

Mr. Stephen Waddell: Mr. Angus, that's an excellent question. I don't know. I really don't understand why our minister, the minister who should, as you say, be defending artists in this country, is attacking them and proposing to take money out of—

Mr. Dean Del Mastro (Peterborough, CPC): Point of order, Mr. Chair.

Mr. Stephen Waddell: —artists' pockets.

The Chair: Mr. Del Mastro.

Mr. Dean Del Mastro: The Minister of Canadian Heritage has done no such thing. He has never attacked artists in this country.

Mr. Charlie Angus: You can use your own five minutes.

Mr. Dean Del Mastro: Okay.

Mr. Charlie Angus: You have a lot of time, Mr. Del Mastro.

I want to go on. Minister Moore said the levy is "a real threat" and they will "fight this...every step of the way". He then justified it by saying that because money is paid to the Canada Council for the Arts, taxpayers are already giving musicians more money, so therefore the levy is irrelevant.

I'm trying to get the idea behind this concept because I don't know of any other state in the western world where, because taxpayers support an arts fund, consumers are exempt from copyright. Is there any logic to this? That because we have a Canada Council you don't have a right to get money from the levy?

Mr. Stephen Waddell: I don't understand the thinking on this at all, Mr. Angus. It's quite clear that we see this levy and other forms of collective licensing as the way forward. It's not only the way forward for artists. It's the way forward for record companies. It's the way forward for film and television companies.

It's the way forward for all elements of the industry to make money in the digital environment: through a form of collective licensing. It's the only way we see, and it has been proven in Europe and elsewhere, that collective licensing makes sense. It's economical. It distributes moneys to makers and to creators. It's very efficient. And it gives access to consumers to use content on multiple platforms and allows format shifting. It has everything that one wants in a system in the new digital environment.

Mr. Charlie Angus: And for mechanical royalties and other forms of royalty payments that are part of the Copyright Act, none of that money goes through the government?

Mr. Stephen Waddell: That's correct.

Mr. Charlie Angus: It's a separate transparent exchange for use of artists' copyrighted works.

Mr. Stephen Waddell: That's correct.

Mr. Charlie Angus: Do you think it would set a dangerous precedent if you had a minister running around saying that artists getting paid is an unfair tax, that consumers deserve lower taxes? Do you think that undermines the whole principle, not just of collective licensing, but of the whole mechanical and royalty system that we've set up in Canada with the Copyright Board?

Mr. Stephen Waddell: As I said before, I'm surprised by the minister's position and by the government's position on this levy.

Mr. Charlie Angus: Thank you very much.

Mr. Stephen Waddell: Thank you.

The Chair: Mr. Del Mastro, please.

Mr. Dean Del Mastro: I'll throw out where I was hoping to go with this and I'll have to respond to the nonsense I'm hearing here, Mr. Chair.

To begin with, I think it's a fair statement to say that no government...which is why I totally reject the statement that the Minister of Canadian Heritage is "attacking" artists. The Minister of Canadian Heritage has fought for the most significant budgets of any federal government, for all forms of the arts in this country, in this nation's history.

So to go out and suggest that he is somehow attacking artists is reprehensible, and I'd encourage you to withdraw that statement at some point, Mr. Waddell, because it's reprehensible, that statement. Mr. Angus can say it; he's a partisan. But I think it's reprehensible.

Secondly, if you want to go back to the issue of the "i-tax", I'm open to talking about it; they're close-minded about it. But I'd like to propose to you why it doesn't make sense and why—

● (1220)

Mr. Stephen Waddell: It's not a tax.

Mr. Dean Del Mastro: —in a court ruling, it was actually determined not to be a simple extension of the current regime.

When we had audio cassette tapes, it was pretty clear. An audio cassette tape could be used for a purpose: to record audio. That's what it was for. When we made the bridge to CDs, well, it wasn't quite as clear anymore, because they could be used for audio, they could be used for software, and they could be used for photos. So therefore, even though they extended the levy, there was less of a direct connection to it than there was with an audio cassette tape.

When we move on to devices with digital memory, which is what is proposed by the opposition, all devices with a digital memory, this, iPods, PCs, everything—

Voices: No.

Mrs. Carole Lavallée: *Non, c'est partisan, ça.*

Mr. Dean Del Mastro: Absolutely. Because that's what the statement says: that there should be a tax should be applied to those. Whether you call it a levy or a tax, it is coming from the pockets of consumers. So to the consumer, it is the same; it is exactly the same.

Now, if you want to apply it to a device...should I have to pay musicians if I want to store photos? Is that reasonable?

Mr. Stephen Waddell: Is that a question, Mr. Del Mastro?

Mr. Dean Del Mastro: Yes. Is that reasonable?

Mr. Stephen Waddell: Okay. Just to be clear, Mr. Del Mastro, the proposal is for the levy to extend to digital audio recording devices, that is to say, iPods and MP3 players, not—

Mr. Dean Del Mastro: Are these devices capable of storing other forms of media?

Mr. Stephen Waddell: They could, yes indeed, but that's not why consumers buy them. They buy them to copy music.

Mr. Dean Del Mastro: In fact, those memory devices are capable of storing all forms of media. In fact, they're capable of storing much more than that. They're capable of storing calendars. For a daytimer device, should I pay a levy to music for storage of my—

Voices: Oh, oh!

Mr. Dean Del Mastro: This is the problem—

Mr. Stephen Waddell: We're not proposing a levy on your calendar, Mr. Del Mastro.

Mr. Dean Del Mastro: This is the problem with this extension that they think is so simple.

The bottom line is, frankly, with our largest trading partner south of the border not proposing such a thing, how would you even police it? What in the world would stop...all we're going to do is cause a run on U.S. retail stores and online stores selling these things directly into Canada, because you're going to give a dramatic price advantage to U.S. stores south of the border. This is impossible.

First of all, the connection, in my view, becomes murkier and murkier as technology extends. I can appreciate where you're coming from on it. It's a big market and you'd like to get in on it. The problem is that the connection directly to music is not clear like it was with audio cassette tapes. Even you yourself would have to acknowledge that.

Mr. Stephen Waddell: Mr. Del Mastro, I was just checking to make sure the sky wasn't falling.

Voices: Oh, oh!

Mr. Stephen Waddell: The audio recording devices—

Mr. Royal Galipeau (Ottawa—Orléans, CPC): Cheap shots will get you a lot of friends—

Mr. Stephen Waddell: Thank you, sir.

Mr. Charlie Angus: It's a hostile crowd over there.

Mr. Stephen Waddell: Sorry, the audio...I'm just trying to remember what your question was.

On the audio recording devices, what we're talking about is a levy similar to the one that exists on cassettes.

Mr. Dean Del Mastro: On a device that is different, a device that is much different.

Mr. Stephen Waddell: The primary use, Mr. Del Mastro—and we all acknowledge it, and you have to acknowledge it—of MP3 players is to record music. What we're looking for is the levy to be extended to those devices, please.

Mr. Dean Del Mastro: Let me just—

Mr. Stephen Waddell: We're not looking for handouts. We're just looking for the opportunity for consumers, business, and artists all to share in the digital media industry. That's what we're here to talk to you about, Mr. Del Mastro.

Mr. Dean Del Mastro: I think the issue is that we have to get the copyright bill right so that the industry actually works, so that people are paying for goods that are produced, paying for intellectual property.

I wanted to ask you a question on the recent CRTC decision on value for signal, because I thought ACTRA was a huge loser on that. I really wanted to talk to you about that. Maybe at some point you can talk about it.

Mr. Stephen Waddell: I'd be happy to meet with you, Mr. Del Mastro, at any time, as we've done before.

The Chair: Okay. With that—

Yes, Mr. Rodriguez.

[*Translation*]

Mr. Pablo Rodriguez: I would simply like to ensure that we remain respectful towards our witnesses. This is an in-depth study on the future. There is no need for displays of partisanship.

You see, Mr. Galipeau, partisanship is what we must avoid. We are trying to conduct an in-depth study and, so far, it has been going well. We want that to continue. It is important for the future of our television, our radio and our artists.

Thank you.

[*English*]

The Chair: Okay.

Just one second, please.

[*Translation*]

Mr. Royal Galipeau: Mr. Chair, I find the point raised by Mr. Rodriguez to be very relevant. I fully agree with him. I hope that everyone sitting around this table will react objectively to his comments.

[*English*]

The Chair: Okay. With that, Mr. Wolfe, the last word is yours, because we do have to move on.

Prof. David Wolfe: I just want to try to make a very simple point for committee members. I think in debating these issues—and I realize some of them get quite heated—it's really important to appreciate that as Canadians we all have dual roles.

We are consumers of these products, but a growing proportion of the Canadian population, particularly in our larger metropolitan areas, is employed in these industries. In balancing the rights of consumers and producers, we also have to ensure that the policy mix we're putting in place is sufficient to ensure that the jobs will be there for the future, to continue to employ growing numbers of Canadians in these industries.

We need to think about our cultural and creative industries in a very broad and comprehensive sense and recognize that digital media are changing all of them. If we don't balance protections and rights on the consumer side with measures to ensure that the jobs needed for the future are being created, we're going to be doing our fellow citizens a huge disservice.

● (1225)

The Chair: Thank you.

With that, we'll recess for four or five minutes and then reconvene.

Thank you.

● (1225)

(Pause)

● (1230)

The Chair: We'll call the meeting back to order with our next witnesses.

Again, I apologize, but the meeting will be over at 1:05.

First of all, we have with us Mr. John Bonnett, the Canada research chair in digital humanities and an assistant professor in the history department at Brock University. We also have with us Steve Anderson, the co-founder and national coordinator of OpenMedia.ca.

First of all, Mr. Bonnett, I do understand that the presentation is in English, but there is a French text to go along with it. If you'd like to make your presentation, please go ahead.

Dr. John Bonnett (Canada Research Chair in Digital Humanities and Assistant Professor, Department of History, Brock University, As an Individual): Thank you, Mr. Chair.

Good afternoon, and thank you for the invitation and for the opportunity to speak here. I'm honoured to receive both.

My purpose in coming here today is a simple one. It's to provide a scenario, a forecast that points to two trends that I believe will be central in shaping the evolution of new media. By extension, it will impinge on the way that you, I, and those who follow us will communicate in the years and decades to come.

I do so first because I am a Canada research chair in digital humanities at Brock University, and, as such, I concern myself with how the computer can be used to support analysis, expression, and teaching in the various disciplines associated with the humanities.

I also do so because I am an intellectual historian. Canada was one of the first countries to systematically study the impact of communication on our planet's past and present, and my career has been dedicated to studying the life and thought of one of the field's founders, Harold Innis—

The Chair: Madame Lavallée.

[*Translation*]

Mrs. Carole Lavallée: I recognize the fact that an effort was made to have a written version in French, but if we cannot have the video in French also, I would like the televisions to be turned off, so that everyone can follow the presentation using the document. French is not a second language, it is equal to English.

[*English*]

Mr. Dean Del Mastro: Point of order, Mr. Chair.

The Chair: Yes, Mr. Del Mastro.

Mr. Dean Del Mastro: If we had a presenter who had gone to this trouble to present in French, Canada's other official language, and who had also gone to the effort of making sure there was a duplicate copy on paper in English, I would not object to that, nor would I feel slighted by it. I think the witness has gone to some effort. I'd just ask committee members to be fair-minded about this.

The Chair: Can we have a consensus?

No consensus?

Then we'll shut the presentation off.

Dr. John Bonnett: Mr. Chair, I have several graphics here that are in neither language. I could move forward to those and just skip the slides that are in any particular language. They are important in terms of my presentation.

The Chair: Okay. I will—

Madame Lavallée.

[*Translation*]

Mrs. Carole Lavallée: Their importance is another excellent reason for presenting them in English and in French.

Mr. Pablo Rodriguez: There is no text on the slides to which he is referring.

Mrs. Carole Lavallée: If there is no text, it's fine, but if there is, we will ask for a translation.

[*English*]

The Chair: Okay.

Go ahead, sir.

Dr. John Bonnett: [*Inaudible—Editor*]...the graphic and refer to it when I get....

Anyhow, as I was saying, I am a Canada research chair in digital humanities and an intellectual historian.

Both roles lead me to suggest that we now live in a period that is as important as the early 15th century, when Johannes Gutenberg invented the mechanical printing press.

Due to the development of new software, the Internet, new platforms and methods for information display, new methods for interaction with the computer, and ever more powerful computers, we are entering into a period that will fundamentally change the way we communicate. We won't dispense with the book, and we won't abandon print, but we will supplement the letter and the number with new instruments for representation that have different capacities, and supplement the book with new containers that store, display, and distribute content.

My purpose as a scholar is to adapt to this new expressive universe and help my colleagues to do the same. Our challenge as a country is, similarly, to adapt and help Canadians to do the same. It will mean expanding our definition of literacy. It will demand a redesign of the workflows we use and the tools we aggregate to produce knowledge.

And it will demand an overhaul of the institutions we use to store and archive knowledge. The library at the start of the 22nd century will likely be a very different place from the one we now know and will be filled with four-dimensional virtual objects and books that communicate with each other.

To put some substance to these assertions, let me describe two trends in computing and computing applications that are changing and will continue to change the way we communicate. The first trend is the topographic revolution, while the second is convergence.

The topographic revolution is a term I use to draw a parallel with a cultural shift described by media theorists such as Marshall McLuhan and print historians such as Elizabeth Eisenstein.

In their writings, they argue that European scholars, in the wake of the printing press, were faced with a revolution in practice, expression, and even thought that was so transformative that it later came to be known as the typographic revolution. Scholars worked in conjunction with printers to devise solutions to the expressive and practical problems presented by the printing press, devising work practices and formalisms used to support the production of books and journals.

I suggest that humanities scholars and others today face a similar problem. We are confronted with new instruments for representation that we don't know how to use, forms of representation that have some or all of the following properties: they are topographic, meaning they have two- and three-dimensional shape; they are dynamic, meaning they move; and they are autonomous, meaning they perform behaviours independent of any direct manipulation by their programmer or author. Their effect is akin to words self-organizing themselves into sentences.

From the standpoint of someone who works in the humanities and knows something of the history of human communication, these developments are incredibly important—even inspiring. But in the coming years, you, I, and the present and future generations of this country will be faced with a fundamental question: are they valuable?

We invest an enormous amount of time, treasure and infrastructure in this country to ensure that Canadians attain at least a minimal competence in the use of two instruments for representation: the letter and the number. Is a similar investment warranted to expand the expressive toolkit of Canadians to enable them to live and work with expressive forms that combine virtual reality, audio, pictures, and 2-D animations?

In my view as an educator, the answer is yes, for one very simple and important reason. People function better when they are able to perceive their environment and construct their knowledge through multiple forms of representation. They learn faster and they are able to perceive empirical patterns and conceptual relationships more easily and more quickly.

Let me offer two scenarios to describe what I mean. In the first scenario, consider what an investor does when it's RRSP time and he or she needs to purchase a stock or mutual fund. In principle, he or she could look at a table of numbers that outlines the price of the given stock, say, over the past six months. In practice, the investor won't.

Most of us, when making such a decision, rarely consult a table of numbers, because it's very hard to determine the trajectory and volatility of the price for the given investment. While the information is there, we would have to abstract it by memorizing and mentally visualizing the changing stock price over time. For most of us, that requires too much work. As a result, we consult something different—a graph—that instantly shows us the information we require.

The power of visualization and multiple formalisms is also indicated by the 3-D virtual buildings project, a project I initiated while working at the National Research Council and use now as a history professor at Brock University. Put simply, the project's aim is to accomplish two things.

The first is to provide students with the skills in 3-D modelling software needed to generate models of heritage structures, such as these ones produced by my students at Brock. One model shown is the house of William Hamilton Merritt, the founder of the Welland Canal. The other is the old courthouse in downtown St. Catharines.

● (1235)

teThe next animation was produced by a research assistant of mine while I was working in New Brunswick. It shows a representation of Sparks Street here in Ottawa as it looked in 1878. What you see there in the immediate foreground is essentially the area that's now occupied by the war memorial. Sparks Street extended to what was then Canal Street. This is heading down towards Elgin Street, north, then heading down Sparks Street. Most of these buildings are no longer extant except for the section of the white building there. The rest of them are no longer in existence.

Now, the project also has a second most fundamental aim, and that is to teach what I call the George Gershwin school of historiography. Do you know the opera *Porgy and Bess*? Set in Catfish Row in Charleston, South Carolina, during the 1920s, the work, among other things, features a not very reputable character named Sportin' Life, who expresses his belief that holy writ hasn't got it quite right, that it's just too much to believe that little David fought big Goliath, who then "lay down and dieth".

My aim as a historian and as a teacher is to make my students, at least in this respect, more like Sportin' Life. When they arrive at my university and in my classroom, far too many of them treat history books and the printed word generally as if they were holy writ. My job is to get them to the point where they, like Sportin' Life, say that *It Ain't Necessarily So*.

My job is to get them to a point where they realize that a representation of the past cannot be identified with the object to which it refers. The problem is to get them to believe it.

Most university students are the product of a public school system that rewards them for their ability to repeat content, not critically assess it. Repetition is a form of work that many like and wish to continue. Further, since most obtain their history from books, articles, and lectures, they are rarely afforded the opportunity to learn the true history of historical representations.

Historical works are not transparent windows to the past. They are arguments. They rest on the assumptions and reasoning of the historians who construct them, and they rest on the documentary and material traces that our forebears left us. These sources can tell us a great deal about the past, but the view they offer is ever partial, sometimes misleading, subject to misinterpretation, and often maddening in its capacity to withhold the one item of information that the historian wants.

The purpose of the 3-D virtual buildings project is to provide students with a deep understanding of the uncertainty that is part and parcel of the historian's craft. Toward that end, it asks them to construct a historical artifact and to pursue a course of instruction in which they literally see the challenges associated with historical reconstruction.

For example, in our tutorial, we present students with the following scenario related to the structure shown, the building of James Hope, an Ottawa stationer situated on the corner of Sparks and Elgin streets in the 19th century. To my knowledge, there is no photograph or drawing that indicates what this wall looked like. It's a common problem in architectural history.

For that matter, gaps in data are a common problem for the entire discipline of history. The only solution to it, as we tell our students, is to make an informed inference based on the construction practices in architectural conventions of the time and to accept the proposition that there are some things that we will never definitively know.

Moving on, the second trend to which I would like to direct your attention is convergence. Convergence, as I understand it, refers to the process that is shaping the evolution of the tools, software, and forms of expression that we currently employ. Put simply, it suggests that tools that were once separate can and should be brought together and repurposed to enhance the capabilities of their users.

It is this process that explains why your phone now works like a computer and why forms like the musical staff are now being used to support the composition of virtual worlds. It is in Canada's interest to contribute to this process. We have done it before.

Consider, for example, the geographic information system, the Canadian invention that merges maps with database technology and which is now used to support applications ranging from cartography to urban planning and emergency management. It is my belief that we will do it again and that our contributions will only be limited by the imagination and resources that Canadians are able to bring to bear.

To appreciate the potential of convergence, I'd like to present a storyboard that treats a former representation that I care about: augmented reality. Augmented reality, or AR, is based on the human practice of annotating our environment to support, among other things, navigation, recreation, and decoration.

● (1240)

The key difference is the form of annotation. Instead of marking the environment with texts or signs, AR uses computer-generated 3-D objects similar to those you would find in a virtual world. Users perceive these objects using devices ranging from see-through head-mounted displays to iPhones.

It is hard to overestimate the potential impact of this form of representation on human practice. Applications have been identified to domains ranging from construction to interior design. Contractors, for example, could use AR to show clients a proposed design on a building site, to show how the structure will blend in with the surrounding environment. Interior decorators could use the sky as a canvas to decorate institutions ranging from restaurants to churches.

My colleague Blair MacIntyre, a Canadian who, alas, is working at Georgia Tech, is one of the leading researchers in AR today. He is working to integrate AR into computer games, the first application domain in which AR will likely play a major role.

AR is an exciting technology, but it is also a new technology, akin in some ways to television in the 1930s. The image quality is rudimentary, and we need reliable, light-weight platforms and displays capable of representing and displaying AR objects. When the requisite technologies are developed, however, the impact of AR will be profound.

My interest in AR has always centred on how historians might apply it to support their expression. Toward that end, in prior work I've created a storyboard that considers how AR might be combined with a second emerging technology, e-paper, to create a novel platform to support historical representation. E-paper is a display technology that is light, flat as paper, and can be affixed to walls or whatever surface the user desires. It also has the potential to display the same content as a TV or computer monitor can now.

In this scenario, a historian 50 years from now, say, appropriates a football field for the purpose of composing and displaying a work devoted to Canadian urban history, one in which city structures and all their constituents are displayed in their actual historic size. To support this end, the historian constructs a platform composed of a wearable computer and a see-through head-mounted display akin to glasses. The computer is capable of generating AR objects and responding to the verbal and gestural commands of the historian. The platform is finally composed of a perimeter wall, one in which the surface facing the football field has been completely covered with e-paper.

At the start of this scenario, the historian enters the football field to begin a new chapter devoted to the history of Ottawa in the 19th century. Happily, he is not in a position where he has to start from scratch. In his time, he will have access to libraries of free open-sourced 3-D objects and representations, including the one he seeks: a representation of 19th century Sparks Street, which he can modify to suit his purposes.

To start his representation, the scholar begins by bringing the materials he needs on screen and on site. He starts by importing the AR representation, which emerges into the bounded space before him. However, given that the purpose of his platform is to produce a representation in which the 21st century is occluded from view, including the wall surrounding him, the historian supplements his representation by activating virtual reality representations of neighbouring sections of Sparks Street, representations that merge seamlessly with the AR representation in front of him. He does so by turning on the display screens affixed to the platform walls, as I'm showing here.

Once the historian has imported these objects into his space, he will be in a position to begin his narrative, and there is much that he will need to do. He will need to populate the space with the objects, profound and prosaic, that shaped Ottawa city life in the 19th century. He will need to fill the space with animate objects, the people and animals that populated this city some 130 years ago. He will need to construct a narrative, one that points to the social, economic, and cultural forces that touched Ottawa and played a role in changing the city's morphology, economy, and populace.

Our historian will be a busy man. But as we leave him to his task, we might briefly consider, in conclusion, what we can do in the here and now to make his life, and those of his contemporaries, a little easier.

To be sure, this committee has many important short-term concerns to consider as it weighs Canada's place in the digital era. How do we protect our citizens' privacy? How do we protect this country's intellectual property? How can we ensure that Canada retains a cultural presence in an increasingly interconnected planet?

These are important concerns, but it would be a shame to let them overshadow other more long-term questions, questions that, in essence, can be boiled down to a single one: how do you change a culture? How do you change a culture from one in which people predominantly use text to one in which people use 3-D and other multimedia objects to influence how they think, learn, communicate, make art, do business, worship, and play?

● (1245)

There are no easy answers to this question, but a few, at least, can be anticipated.

To start, Canadians will need access to easy, intuitive methods to generate multimedia content similar to the one our historian enjoyed. The more user-friendly the method for content generation, the more people will participate.

Second, Canadians, like our historian, will need access to digital content that can be re-purposed to meet their needs.

Finally, they will need access to computational power—lots of it.

It's for this reason that I am in strong agreement with SSHRC president Chad Gaffield. He rightly noted in his presentation to this committee last October that Canada's adaptation to the digital era will not be propelled by people like us. It will be led by its youth.

If we are to help that generation survive and thrive, we would do well to begin by making the targeted investments called for by President Gaffield: investments to support the creation and distribution of digital content; investments to support the definition and development of digital literacies in this country, including user-friendly methods for content generation; and investments in computing infrastructure to support the expressive and analytical needs of Canadians in the years and decades to come.

With that, Mr. Chair, I will conclude my presentation. My thanks to you and this committee for your time and kind attention.

● (1250)

The Chair: We've gone quite a bit over time here, so we're going to be short on time for questions.

We'll go to Mr. Anderson.

I didn't want to interrupt you.

I think from now on we won't do any powerpoint presentations, because we have to stick to 10 minutes.

Mr. Rodriguez.

Mr. Pablo Rodriguez: On a point of order, I have a meeting to go to at one o'clock because I'm also the Quebec caucus chair. I just want to make sure that if I leave around one, we will not be discussing motions or anything.

The Chair: There will be no committee business today after our presentations. Again, it's short. We have witnesses and we have to get them going.

Mr. Anderson, could you start, please?

Mr. Steve Anderson (Founder and National Coordinator, OpenMedia.ca): Thanks for having me here. My name is Steve Anderson. I'm the co-founder and national coordinator of OpenMedia.ca. I also write a monthly syndicated column called “Media Links”, about media, culture, and technology.

OpenMedia.ca is a national, non-partisan, non-profit organization and public interest network working to advance and support an open and innovative communications system in Canada. OpenMedia represents a growing network of independent media and civil society groups.

Some of you may also know me from SaveOurNet.ca, a project of OpenMedia.ca. SaveOurNet is a broad-based coalition of citizens and over 115 businesses and public interest groups working to protect the Internet's level playing field or “net neutrality”.

I think the timing for this meeting couldn't be better. The media and culture industries are transforming before our eyes. It's an exciting time to reimagine our media ecology in Canada. I believe it's a unique moment in history.

Last fall, the CRTC developed new traffic management guidelines. However, under these new guidelines, the CRTC will not enforce its own framework. Instead, the onus falls on the consumer to file a complaint and prove that an ISP is unjustly throttling their Internet connection.

It is unfair to force consumers to somehow obtain the technical and policy expertise to make their case effectively before the CRTC. To truly have an open Internet, either we'll need the CRTC to be mandated to conduct regular traffic management compliance audits, or we'll need a net neutrality law.

While we wait for that, the use of BitTorrent, one of the most radically democratic enablers of grassroots cultural production, is being systematically stifled by ISPs. I'm thrilled to see that the Canada Media Fund is planning to support experimental media, but I think it's odd to fund experimental media and at the same time allow ISPs to prevent media makers from using a key distribution tool like BitTorrent. This was a point made well at the CRTC's traffic management hearings by creator groups like ACTRA and the CFTPA.

As someone who was previously an independent video producer, I relied on BitTorrent for my own media production. This is what motivated me to get involved in this issue. In the early days of YouTube, I produced a mini-documentary. I was armed with no formal education in video production, and had no resources, but I was able to use free software and the open Internet—BitTorrent specifically—to produce and distribute my video.

That video has now been viewed over one million times online and broadcast on satellite and cable TV in the U.S. The same video also kicked off my professional video production career.

The reason I'm telling you all of this is that I really want to hammer home the point that the open Internet is the best training ground for professional cultural production. Any limit on BitTorrent is a limit on free expression and cultural production, and letting ISPs limit our access to such online services is indeed a slippery slope. There's a question that I think we need to ask ourselves: is it worth the risk?

Consider for a moment all of the great open Internet Canadian success stories we could lose. Michael Geist and others who have come before you have mentioned some of the exciting success stories in music, software, book publishing, and video production, so I won't get into all those, but I will mention some, including some new ones.

The NFB's screening room is a huge success, obviously, with 1,500 pieces of video and 3.7 million online film views in the first year. Now, imagine if they lost the ability to distribute these videos.

The CBC is hugely successful with digital media as well. CBC Radio 3 is a boon for independent musicians, operating like a MySpace for Canadian music culture.

The CBC is responsible for two of the most exciting digital video experiments in Canada: Zed TV and Exposure. Zed functioned much like a multi-platform Canadian YouTube, before YouTube existed.

● (1255)

Another Canadian media success story is *The Tyee*, an online independent news website in B.C. It is the recipient of top journalism prizes in Canada and the U.S. *The Tyee* has launched several innovative crowd-source initiatives, including its "Green Your Campbell Cash" website, which allows people to post their ideas and initiatives for tackling climate change through collective spending and action.

Another important success story is Rabble.ca, which is a national independent multimedia news organization that has been exploring innovative participatory journalism projects using social media. One of its initiatives, called "You Ask", invites participants to drive video interviews with newsmakers by posing questions in real time through its online chat feature.

It's important to remember that most of these independent projects are past the start-up mode now. While they have been successful, they struggle for survival. I think it's important to acknowledge that these projects wouldn't be around without the open Internet, and that needs to be safeguarded. But it's also important to figure out ways to financially support independent media and cultural creators in Canada.

I know that Heritage Canada is currently exploring how to bring something like the Canada Magazine Fund to online publications. This is a great idea.

In the Netherlands, which is a good example of how this could work, non-profit media associations receive government funding in proportion to their membership numbers. It's a very hands-off, independent source of funding for cultural creators. I'm hoping that Heritage Canada will come up with something similar and support online media in relation to membership numbers, using some kind of needs-based formula.

The Canada Media Fund is also currently undergoing a consultation process with industry to define its priorities. But from what I've heard, much of the independent media world isn't being invited to contribute to this process, which is a shame.

Big media outlets like CTV, CanWest, and Rogers, on the other hand, have guaranteed envelopes of millions of dollars. I'm wondering why a Media Fund dedicated to innovation and a leveling of the playing field provides guaranteed envelopes of cash to old media empires.

Furthermore, I'm wondering why neither the public nor media innovators have really been consulted in that process. We're talking about something like $130 million of actual tax dollars here. The Canada Media Fund would best fulfill its mandate if it focused on independent and public media rather than private broadcasters.

I'd like to reiterate what Jeff Anders, from *The Mark*, told you when he was here:

> 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.

I couldn't agree more with those sentiments.

In a similar vein, another great way to support culture in a digital environment would be to liberate the community media trust to local media innovation centres. Until now, cable companies have been using this public trust, which is collected through a cable levy, for their own commercial interests.

As most of you probably know, right now this is the subject of a CRTC public hearing that I'll be testifying before later this week. At stake is $100 million dollars a year collected through a cable levy for community expression. If the CRTC rules in favour of liberating the funds, it may not directly support professional Canadian cultural production, but creating local platforms for media innovation and citizen cultural production will invigorate the sector from the ground up. And there won't be any additional cost to the government or taxpayers, because it's already being collected. It's just being misused at the moment.

In terms of broader priorities, such as access to digital media, all roads point to the need for a national digital strategy. In recent years, Canada has gone from being a leader in Internet technology and adoption to being an Internet laggard. We have fallen behind many European and Asian countries in terms of Internet access, speed, and cost, causing Canada to drop from second to tenth place among the 30 OECD countries.

A recent Harvard study makes the situation yet more salient, concluding, and I quote: "Canada continues to see itself as a high performer in broadband, as it was early in the decade, but current benchmarks suggest that this is no longer a realistic picture of its comparative performance on several relevant measures".

● (1300)

Canada badly needs a national broadband plan that ensures universal high-speed Internet access, and I think the broadband plan will need to be part of a made-in-Canada digital strategy, one that takes the best from what other countries are doing and adds to it our unique talents. A centre point of that digital strategy should be open access. If you ask any of the experts in networking technology.... Yochai Benkler from Harvard was just up here, and he said that open access is what produces a competitive landscape and what will bring costs down for Internet access.

As I'm sure you all know, Tony Clement recently announced a national consultation on Canada's digital economy strategy, which I think is a great first step. The policies that come out of that consultation should address issues like these: broadband access; Internet openness, or Internet neutrality; open access rules; support for Canadian culture, media, and telecommunications ownership; and mobile Internet costs competition openness.

These are the issues at the top of Canadians' checklist in terms of digital strategy. All of these areas have been subject to policy neglect and we'll need to ensure that the consultation captures the imagination, creativity, and ingenuity of people from across Canada. I'm talking about face-to-face meetings rather than simply taking online responses to pre-selected questions.

I should also say going into this consultation that it's been revealed that there has been basically a year of telecommunications government meetings with clients and Stephen Harper, and that makes me nervous about how this is being set up. I think this should be a citizen-driven process, not an industry-driven process.

The Chair: I must tell you that you have about one minute left.

Mr. Steve Anderson: Okay.

I think it's worth making the extra effort here. After all, this is a truly historic opportunity to remake our media system and reinvigorate Canadian cultural production for a digital era. I think it's worth a little extra effort.

The Chair: With that, our time is up for this meeting. I apologize that we had a vote in the House that shortened everything up today. It's going to be my suggestion that if anyone around the table has any questions to ask of our last two presenters, through the clerk—

Mr. Del Mastro.

Mr. Dean Del Mastro: If I might make a suggestion—I don't know how tight members' schedules are—maybe we could just have a quick two-minute round.

An hon. member: Or we could have one question each.

Mr. Dean Del Mastro: Or we could have one question each. Is that fair?

The Chair: You could have one question each? I don't have a problem with that.

If we can do that, if we can make our questions relatively straightforward to our presenters, then go ahead.

Ms. Dhalla, go ahead please.

Ms. Ruby Dhalla (Brampton—Springdale, Lib.): I want to thank both of you, first of all, for taking the time to come before the committee.

John, especially, your presentation was very futuristic and where we need to be as a country, so thank you very much for giving us a little bit of vision and insight.

I have a very quick question because we're running short on time. As we look at the study on new and emerging media, if you could provide us with one recommendation that you think the federal government needs to implement in terms of its policy to ensure we can meet the demands of this emerging market moving forward, what would it be?

Steve mentioned in his presentation that it was the posting of his video that sort of gave him his start.

Could both of you, John and Steve, perhaps give us a recommendation?

● (1305)

Dr. John Bonnett: That's a very good question, and not necessarily an easy one to answer. As I indicated at the end of my presentation, changing a culture is not an easy thing.

The best thing I can suggest is that we need to find a way to impart these skills to our students at both the high school and university levels. I can't pretend to know what the specific mechanisms would be to enable that to occur.

I would love to be at a point where, when I'm dealing with my undergraduate and graduate students, they would know how to program and how to use the computing applications for 2-D, 3-D, and so forth. I would say the central problem is finding people with knowledge to be able to thrive and to innovate. That's the central challenge.

Ms. Ruby Dhalla: Steve.

Mr. Steve Anderson: I would say that there are two things that I think are most important. Besides the support for Canadian culture, which I outlined, it's also about making that neutrality enforceable somehow and having open access rules that enable a competitive Internet environment.

Ms. Ruby Dhalla: Thank you.

The Chair: Mr. Pomerleau.

[*Translation*]

Mr. Roger Pomerleau (Drummond, BQ): I would like to thank you both for the very interesting presentation; it was very technical, but at the same time very good.

My question is for Mr. Anderson.

Mr. Anderson, we have received many people who gave us their recommendations on how to revitalize the digital and emerging media industry on which our current study is based. We know that we have to establish a stronger global presence in order to become more competitive, to have access to more capital, to be able to control what is going on in Canada, and to strengthen our system.

However, strengthening our system would also imply creating large corporations against which regular individuals would be powerless. One example that comes to mind is the case of Mr. Claude Robinson, who is currently in a similar situation. He is alone, battling with Cinar, a multi-billion-dollar company. While his case is valid, Robinson has so far been unable to have his grievances acknowledged.

Another example that comes to mind is that of the individuals who claim that Google has plagiarized their work. They were told by Google representatives that if they had a problem, they could sue the company. But how is one to take Google to court?

I think it is a good thing that we want to make our industries increasingly powerful. However, by doing so, we would be running the risk of making them so powerful that regular individuals would no longer be able to seek justice against them. Do you see the problem? Do you have any solutions to offer?

[*English*]

Mr. Steve Anderson: Well, I don't think there's any easy solution. There are some big groups there. I think the ones I would be most concerned about would be the telecommunications companies. I think open access rules would help—we could then diversify them a bit—and structural separation would also help as part of that.

In terms of the media companies, some of the things I said about supporting independent media and cultural creators directly and creating local media innovation.... I think that empowers the individual and the small groups.

When we were talking about the Canada Media Fund, I was arguing for moving these big envelopes, in some cases $130 million or something for CTV, and giving that to independent media and cultural producers directly rather than these big entities.

If you took my suggestions and put them into practice, I think that would definitely go a long way in empowering the smaller groups.

The Chair: Mr. Angus, please, for a short question.

Mr. Charlie Angus: This is killing me, because this is a discussion we really need to have.

Quickly, Mr. Bonnett, I'm fascinated by your work and I would love to speak with you later about the possibility of using what you're doing with your students to create historical digital topographies. I think there's a phenomenal opportunity there.

Mr. Anderson, quickly, the FCC attempted to establish net neutrality rules in the United States and they were challenged, not surprisingly, by the giant cable players. They lost in court because the language under the FCC wasn't clear enough. The CRTC has said they have the tools to maintain access, to allow the smaller players, to allow innovation.

The NDP doesn't think the act is sufficient. We have recommended changes to section 36. Do you think we need to move towards codifying the elements of net neutrality to give the CRTC clear direction?

● (1310)

Mr. Steve Anderson: Yes, I think we do. I would also disagree that the CRTC has the tools. They have the tools if someone enforces them and wins the argument, but like I said, it's not a very fair battle right now. I could go every few weeks and lodge a complaint to the CRTC, but I'm going up against some of the biggest companies in Canada. And I have an organization, so what about individuals? They can't win those battles.

I don't think it's a fair set-up right now, and I think that codifying it.... I think something has to be done, either through mandating the CRTC to take a more active approach that involves them taking action rather than consumers, or what you have suggested.

The Chair: Mr. Del Mastro, please.

Mr. Dean Del Mastro: Thank you, Mr. Chair.

Thank you to both witnesses for your patience, for hanging around a little late, and for some pretty interesting presentations, frankly.

Mr. Anderson, I'm sure you're probably aware that a number of the things you said today are controversial within the arts community, that things such as BitTorrent sites are actually not well spoken of amongst art communities primarily because of how they're currently being used.

Just so I can understand your recommendation a little bit, because you talked about government support for the arts, would you see that as a replacement for the past models, the economic models of the industry? Certainly, BitTorrent sites and some of those operations are cannibalizing those revenues.

Mr. Steve Anderson: I'm sorry. Would I see what replacing models of the past?

Mr. Dean Del Mastro: Is that some part of your suggestion: government support, government grants? Is that how you see replacing the revenues that are lost through the cannibalization by some of the BitTorrent sites?

Mr. Steve Anderson: I think we need a mixed approach. I don't think it's that controversial, at least with the major artist groups I've talked to. They think the Internet should be open. They don't like things being taken, but they want an open Internet. They don't want BitTorrent to be discriminated against because they often use it. As an artist myself, I use it for legal purposes.

In terms of replacement of the revenue loss, I think that Michael Geist, in his presentation to you guys, threw out some statistics about how the markets are actually doing well. So there's not a net loss there necessarily; it's just that there's just more sharing. You could argue that there's more money to be made by performances and otherwise.

I would say we need a mixed approach. We need government to step in and stimulate, and to help out the small guys in some instances, as I argued. There's online advertising. There's a market-based approach. Charlie has put forth the levy approach. There are other approaches, with levies and things like that. I think a mixed approach is what we need.

I don't think we want to be blocking online services. People want open access to all that the Internet has to offer. That should just be the base point and then we'll work from there.

Mr. Dean Del Mastro: Okay.

The Chair: Thank you very much.

We have dwindled around the table, but I do thank everyone who participated and asked a question. I must say that I found this presentation very interesting.

I used to be in the decorating business, and I can remember when our company came out with, “Here's your room and you can paint your walls this colour”, and so on and so forth—

An hon. member: You made a lot of money.

The Chair: We never made any money on that, but as that has progressed now, you can place furniture and do all those types of things. Everything is just exploding.

Again, thank you very much for attending today and thank you for your candid remarks.

The meeting is adjourned.

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