House of Commons
CANADA

Standing Committee on Canadian Heritage

CHPC • NUMBER 014 • 3rd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, May 11, 2010

Chair

Mr. Gary Schellenberger

Standing Committee on Canadian Heritage

Tuesday, May 11, 2010

● (1105)

[*English*]

The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)): I call the meeting to order.

Our time slots for witnesses will be shortened by 10 minutes each because we have some committee business we have to do at the end.

Welcome to the Standing Committee on Canadian Heritage meeting 14, pursuant to Standing Order 108(2), a study on emerging and digital media: opportunities and challenges.

Our first witnesses are Jeremy Butteriss and Kenneth Engelhart from Rogers Communications. From marblemedia Inc., we have Mark Bishop.

If you could keep your opening comments to close to 10 minutes, it would be appreciated. That way we can get an extra round of questions.

Whoever wants to start the presentation from Rogers, please do.

Mr. Kenneth Engelhart (Senior Vice-President, Regulatory, Rogers Communications Inc.): Thank you, Mr. Chair.

Good morning, members of the committee.

I am Ken Engelhart, senior vice-president, regulatory, for Rogers Communications Inc. With me is Jeremy Butteriss, senior director, broadband entertainment, Rogers Cable. Rogers welcomes the opportunity to discuss developments in emerging and digital media in Canada and how they are affecting Canadian cultural industries.

Time constraints will limit most of our comments to television broadcasting on the Internet. We have organized our comments using some of the questions posed by the committee.

Jeremy.

Mr. Jeremy Butteriss (Director, Broadband Entertainment, Rogers Cable, Rogers Communications Inc.): Thanks, Ken.

Thank you, everyone.

Consumers today want to watch what they want, when they want, and where they want it. They want to watch their favourite show at 8 p.m., but if they miss it they would rather see it later. They want to see content on their TVs and on their mobile devices and computers. A business plan or public policy initiative that does not come to grips with this aspect of consumer behaviour is doomed to failure.

There are many experts who predict that all television viewing will migrate to the Internet. Already we see services like Hulu in the U.S. These over-the-top providers threaten to put cable television providers and perhaps Canadian broadcasters out of business. This process is called disintermediation, and it has already replaced many bricks-and-mortar businesses with online businesses.

The “anywhere, anytime” vision, however, does not mean it is inevitable that all video viewing will take place from the Internet. We believe over-the-air broadcast networks and cable television networks could be with us for some time to come. But to survive, these networks need to be efficient and give consumers the functionality they demand.

So what can Canadian cultural industries do to benefit from developments in the emerging and digital media and prepare for future developments? We'll answer this question from the perspective of Rogers Cable and how we are hard at work giving customers anything, anytime, and anywhere by upgrading the Canadian television experience using modern digital technology.

Digital television viewers can see their favourite channels from other time zones, giving them a time-shifting option to watch their programs earlier or later than they air locally. Personal video recorders—PVRs—are also used by 20% of our customers. They allow consumers to easily record, fast-forward, rewind, and pause television programs. In addition, a large number of programs are available on video-on-demand, allowing customers to watch them whenever they want.

Rogers on Demand also offers Rogers on Demand Online, a service we launched last November. The vision behind this service is that consumers can watch the shows they subscribe to either on television or on the Internet, on a PC. While not all TV programs are yet available on RODO, we do have a very healthy offering of over 37 content brands. The service has been very well received by consumers. In the future, we intend to expand the service to mobile phones as well.

Digital technologies can also do more for the broadcasters. Cable operators in the U.S. are beginning to develop targeted advertising platforms so that different ads can be sent to different people, depending on their neighbourhood or their preferences. One of those is called Project Canoe.

This would allow TV broadcasters to charge more for their ads, which in turn would improve their business cases. In effect, it would make television advertising more targeted and measurable, like Internet advertising is today.

Ken.

Mr. Kenneth Engelhart: If Rogers succeeds in harnessing digital technology to modernize its cable television service, it means that the CRTC can continue to impose the Canadian content regulations it imposes today. These have served Canadian cultural industries well. For example, 55% of a television network's content has to be Canadian. However, if all television content migrates to the Internet, Canadian television will lose the benefit of Canadian content quotas.

We need the CRTC to adopt flexible policies to aid us in this transition, and with one notable exception they have. They have allowed us to put television programs on video-on-demand and to insert fresh ads so that broadcasters will have an incentive to provide programming to us. They have not imposed taxes or fees on our Internet service. They have indicated a willingness to allow us to sell ads on our U.S.- originated cable programming to pay for a targeted ad system, as U.S. operators do.

The one area of concern we have is the CRTC's recently announced value-for-signal decision. This will require us to pay large amounts for linear television at a time when customers are increasingly moving away from linear TV to watching on-demand and online.

There are also policies the federal government could adopt. For example, pursuant to section 19 of the Income Tax Act, Canadian firms cannot claim advertising expenses as an income tax deduction when they advertise in U.S. magazines or border TV stations.

The same rule should apply to U.S. websites. This will make it more expensive to place ads, for example, on Hulu, if it comes to Canada. The aim should be to make sure that Canadian advertisers prefer Canadian-owned and -operated services.

Federal tax credits should also be available for online content. The existing rules only allow credits for filmed entertainment production. Some provinces have moved in this direction, such as B.C., Ontario, and Quebec.

Canadian copyright payments are also out of control. We pay more copyright both for online and traditional media than U.S. media companies pay. This makes it hard for us to adapt and compete. For example, digital copies of music are more costly to download online than if purchased on a CD because of copyright tariffs and levies. Piling on additional copyright payments for digital media will continue to drive consumers to acquire music and other copyright products through unlawful file sharing on the Internet and to unregulated U.S. over-the-top providers like YouTube.

It is also a mistake when copyright discourages broadcasters from modernizing their operations. For example, if a radio station plays CDs, they face two different copyright payments. If they load the CDs into a server, they could have to make four more payments. Canadian radio stations pay twice as much in copyright payments as American radio stations. This is particularly disturbing since over half of the copyright payments go outside of Canada.

Canadian copyright payments need to be kept in check or Canadian radio broadcasting will not be able to compete against the Internet or other new technologies. This is one reason why we don't have Internet radio stations, and are now inundated with foreign services from more cost-effective territories.

In the U.S., PVRs are becoming more cost-effective by using the network PVR. A PVR is just a digital cable box with a hard drive in it. The network PVR centralizes the hard drive at the cable company's primary headquarters. This means that all digital boxes can be PVRs, giving all customers the flexibility of the PVR at a greatly reduced cost.

The last version of amendments to Canada's Copyright Act, Bill C-61, specifically prohibited the use of the network PVR by cable operators. We think this a mistake that should be corrected in the next copyright bill.

Rogers recommends a balanced approach to copyright reform and implementation of the WIPO treaties that will continue to reward innovation and creativity.

If we succeed in our vision of providing customers with television on any platform, it clearly will be good for our business. As discussed before, it will also allow the continuation of the Canadian content regulatory system. It will also allow creators of artistic and cultural content to be compensated for their works. An environment where all content is available free on the Internet does not provide the creator the ability to be compensated for their works. Our model will preserve the existing value chain and allow all providers to be compensated.

We do not believe changes to foreign ownership rules will have an impact on Canadian culture and content. Canada's foreign ownership rules can be changed for telecommunications carriers and cable companies. These businesses are primarily pipes that carry content. The foreign ownership rules can be preserved for the content providers. Radio and TV stations and specialty channels can remain in Canadian hands. This would provide the capital-intensive distributors with lower-cost access to foreign capital while ensuring that the vital content producers are Canadian.

Thank you.

● (1110)

The Chair: Thank you for that presentation.

Now we move on to Mark Bishop, please.

Mr. Mark Bishop (Partner/Producer, marblemedia Inc.): Good morning, Mr. Chairman and committee members. Thank you all for this opportunity to be here today and be a part of this discussion about this important study of emerging and digital media.

My name is Mark Bishop. I'm originally from Saint John, New Brunswick, and I now live in Toronto. I'm pleased to be here today to speak on this subject. I'm a board member of the CFTPA. I know that two of our staff appeared before you last week, and I support their remarks.

I'm the chair of the board of Interactive Ontario. Ian Kelso, our president, appeared two weeks ago, and I support his remarks.

I'm here today as co-founder and executive producer with marblemedia. Marblemedia is an integrated digital media production company. We are uniquely positioned in the marketplace in that we create content and distribute our own 360-degree multi-platform content.

We've grown from a shop of two in my dining room, nine years ago, to now 30 full-time employees in our studios in Toronto. We generate $15 million to $20 million in convergent production revenues every year.

Our focus from day one for the company has been on content, on telling stories that engage audiences on multiple platforms. We've pushed the envelope of experimenting with new platforms from the beginning of our company. High definition, web TV, mobile, convergent, transmedia—you name it, we've done it.

All of this has really been with the support of a number of the funding agencies in Canada that have allowed us to grow our company. The Telefilm Canada new media fund, the Bell broadcast and new media fund, now the Canada media fund, and many others have provided a springboard for our growth and allowed marblemedia to be seen internationally as a leader.

We were awarded Company of the Year at the Canadian new media awards in 2008, and we were named an “international next generation content producer” by the *Hollywood Reporter* last fall.

Our success has been in prime time and youth programming on all platforms. Some of our titles include *Taste Buds*, *deafplanet.com*, *This is Emily Yeung*, and *This is Daniel Cook.*

I wanted to mention *This is Daniel Cook.* I know it was mentioned as a reference by my colleagues at the CFTPA last week. Again, it's a cross-platform preschool series, for which we produce the web and TV in Canada. We've sold the television series internationally to 90 countries, and it has been dubbed into 11 languages. We created a six-volume DVD series, a soundtrack, books, and even a visit on the *Oprah Winfrey Show.*

We've also sold the web content. The interactive web games and mobile content have been licensed internationally to broadcasters and game portals. The interactive site “thisisdanielcook.com”, the preschool property corresponding with the television show, had 1.7 million hits per month at its peak, with a 14-minute average time that our preschoolers were visiting the site. That's pretty impressive when you think of the fact that it's a six-minute television property that we're talking about.

I share all of this to show that the investment of government in the content production industry works. It creates content for Canadians to enjoy, it creates jobs in Canada, it builds companies capable of export through the sales of Canadian cultural content internationally on all platforms. The investment provides a springboard to allow marblemedia to be a world leader in convergent storytelling. Our award-winning projects now attract foreign producers to increasingly work with marble and invest in our Canadian stories.

These new partnerships are emerging with lots of different players, content aggregators. One example is a new marblemedia digital web-based project with a company called Vuguru. They're an L.A.-based digital studio founded by ex-Disney CEO Michael Eisner. We've just committed to a new project with them where marble will produce and distribute the project in partnership with Rogers.

Another marblemedia project is a TV and web pre-licence of a new cross-platform kids series. We have presold the television and the interactive to the BBC and to ABC Australia, which both came on first, and then they encouraged our Canadian broadcast partner to come on board.

So there is lots of activity, but there is room for improvement, which I'll touch on today.

To get back to some of the things that are working for independent content creators, Minister Moore announced the official announcement of the CMF, the Canada media fund, on March 26. For us, that was an important link between the television and the interactive funds. It has sparked a great industry dialogue, one that has been ongoing for the past year. It has pushed broadcasters in Canada to think differently about content. It encourages experimentation in business models and storytelling.

With changes in social and technology trends, content is becoming platform-agnostic. Whether it's broadcast on TV, streamed online, or available for download on the...[*Technical difficulty—Editor*]... storytelling can now be a multi-screen and interactive experience.

● (1115)

The creation of the CMF is reflecting this new reality. It will have a positive, long-term effect on the independent content producers.

Our recommendation is to look at stabilizing the fund beyond one or two years. A five-year commitment from the government would allow for all stakeholders to develop longer-term business plans.

We'd also recommend looking at triggers other than TV broadcast, which is still the gatekeeper to unlock the funds with this new initiative.

The tax credits are another financial initiative to discuss. The TV and film tax credits are available federally, and most provinces have provincial tax credits. On the interactive side, the tax credits are still separate, and only exist in a few provinces, such as Ontario. The tax credit was intended to allow capitalization of companies and springboard their growth. This capitalization is key, although most have to reinvest their TV tax credits in projects, which was not the original intent. The drought of capitalization in this regard is crippling many companies.

The interactive tax credits, however—in Ontario as an example—have really allowed us at marblemedia to invest in R and D, to invest in new technology and innovation. Our recommendations are to review those policies, to expand the federal television and film tax credit to include new media, and to review those trigger points, as mentioned before, to not just include television broadcast.

On the national digital strategy, I was very pleased to have an opportunity to revise my comments based on yesterday's great news. From the mention in the throne speech and now the plan moving forward with industry and stakeholder consultation, the strategy is exciting to see. It's great to see that content is at the core, and is working with industry.

Digital media is crucial to both Canada's cultural and economic future. As Minister Moore said yesterday, “We recognize the important role the digital media and content sector plays in the digital economy, and we intend to develop a long-term plan that will stand the test of time.”

All of this will allow us to compete with others who are ahead of us, such as Australia, New Zealand, and Great Britain. We need top-notch pipes and wires controlled by Canadian companies and filled with our Canadian professionally produced content. Canadians will watch and will interact with our content if we make our compelling content available on the appropriate platforms.

We are delighted to see the government at the table leading this dialogue. Marble will continue to be an active participant in these talks, which include our partners at the CFTPA, Interactive Ontario, the National Film Board, and others.

On the subject of terms of trade, we feel that terms of trade are needed to help level the playing field. Producers are now having to bring on multiple broadcasters and multiple platforms, and often are faced with the difficult task of giving up their rights for no additional fees. It's tough work to negotiate, because the reality, with the producers and broadcasters in their tug of war, is that the broadcasters control all, as they have the key to unlock the CMF, the Bell fund, the tax credits, and other financial incentives.

Terms of trade are necessary to make this model of content export and revenue generation work for the entire system. We need to keep independent producers with independent voices at the heart of this. We were pleased to see that the CRTC expects the 2011 licence fee renewals will include this.

On the topic of foreign investment, we see the co-production treaties only reflect film and television. They're dated and they need to be revised. Our co-production treaties need to embrace interactive content and interactive platforms. As Canadian licence fees decrease from the broadcasters—and we see that more and more—we need partnerships and foreign investment into our content.

In closing, we at marblemedia are excited for the future of content production. Canada can and must be a world leader in the digital content age. We need the government as a partner to support our business by fostering a climate of innovation, storytelling, and export. Your collaboration is key.

The national digital media strategy is an ongoing discussion and is integral and vital to our future success. It puts professional content at the core, and access to that content on Canadian-owned services is key. The creation and distribution of content—again, professionally produced Canadian content, the majority of which would hopefully be from independent producers—must be available for Canadian audiences on whichever Canadian screen-based platform they choose.

● (1120)

Terms of trade are necessary to ensure equity and fairness in the system of independent producers and broadcasters. They allow all partners to conduct business fairly, and they allow new revenue streams to be realized.

It's time to review and update the existing programs, like the Canadian film and video production tax credit, the co-production treaties, and even the CMF. We need to look at full cross-platform content. TV broadcasters shouldn't be the only gatekeepers to trigger those funds.

As Canadian independent producers we will continue to innovate, adapt, learn, take risks, and push the limits on the new digital universe to tell our stories to audiences.

This concludes my comments. Thank you for the opportunity and for taking the time to conduct these proceedings. I look forward to questions.

The Chair: Thank you.

Mr. Rodriguez, please.

[*Translation*]

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

Good morning, everyone, and welcome.

[*English*]

Ken, I'll start with you. It's good to see you.

[*Translation*]

I am going to ask you some questions about your presentation. You mentioned that many experts are predicting that all viewers will be watching television on the Internet. So I ask myself if there is a future for conventional, linear TV. Are the CTVs and TVAs of the world doomed to disappear?

[*English*]

Mr. Kenneth Engelhart: Thank you for that.

I think there is, and the analogy I would draw is with the telephone network. A few years ago we heard that the telephone network was doomed; everyone was going to use voice over IP. They were going to make all their phone calls over the Internet. Sure enough, some companies like Skype and Vonage have nice businesses doing that. But the overwhelming majority of phone calls are still made over the phone network.

The reason, first of all, is that the phone network is a low-cost, efficient, high-quality way of making phone calls. Secondly, the phone companies have adapted by using Internet technology without using the Internet.

I think the same analogy applies to TV. If the cable television companies and the broadcasters adapt to the new digital technologies, they will keep a lot of eyeballs glued to the TV because it's a better viewing experience. If they modernize their networks they can stay in the game.

● (1125)

[*Translation*]

Mr. Pablo Rodriguez: What do we do to keep having a say on Canadian content? They say that fewer and fewer people will be watching conventional, linear TV, even if it continues. More and more people are watching television on-demand or on the Internet. With the mechanisms we have today, like the CRTC or anything else, what do we do to make sure there is still Canadian content on the air or online?

[*English*]

Mr. Kenneth Engelhart: It's a very important question. If we don't solve that problem, the TV business all around the world will be in trouble. The most classic example is the record labels. They saw all of the music content basically not just put online, but stolen. So people are getting all of that content for free. The only reason we still have a music industry is because the artist can make money from touring. But if we can't make sure that the people who produce TV are going to get compensated, we're not going to have a TV industry.

So it's important for the content creators. It's important for the Canadian regulatory system. We believe that even though a lot of the viewing is going on demand and on the Internet, the business model will still be the monthly subscription model. That's the model that makes sense. It creates the value that people—

[*Translation*]

Mr. Pablo Rodriguez: I understand, but how do we make sure that there is Canadian content? For example, how can we establish basic rules for Canadian content as we can today with linear television?

[*English*]

Mr. Kenneth Engelhart: That is why we feel very strongly that what we're doing at Rogers will allow that to continue. People will still pay their $60 a month. They will get Rogers cable TV. They will be allowed to watch it on linear television, on video-on-demand, on the Internet, and on the cellphone. But the linear programming part will still be regulated the way it is today, and that will ensure—

Mr. Pablo Rodriguez: But not the rest, because it's hard to regulate—

Mr. Kenneth Engelhart: No, but the rest is all linked to the linear. It's all part of the same subscription. It lets people watch what they want when they want. But the content is created for the linear and regulated by the CRTC, so it will continue to be promoted.

[*Translation*]

Mr. Pablo Rodriguez: I will ask this question quickly because there is not much time left.

With regard to foreign ownership, you seem to be saying that we can change Canadian rules on foreign ownership in telecommunications with no problem while keeping rules on foreign ownership for those who provide radio and television content. But things are more and more integrated today. A telecommunications company may also own a company that provides content, and vice versa. Everyone is into distribution, telephones, creating content.

I do not see how you go about dividing or separating the two.

[*English*]

Mr. Kenneth Engelhart: Of course you're right. Cable TV has a content component because we get to package, we get to price, we get to pick the channel they're on. Even telecommunications has a content component now, because people are using the telephone networks, the wireless networks, to download videos.

I guess our view at Rogers is that there's a trade-off. If you allow the pipes to be foreign-owned, you get the big benefit that those very capital-intensive businesses get access to foreign capital. You don't lose that much in the way of control over your cultural destiny, because those are primarily pipe businesses, and in the case of cable TV they're heavily regulated pipe businesses.

On the other hand, if you look at television producers, it's not a very capital-intensive business. They don't have a big need for foreign capital, yet they are far more important from a cultural perspective than the pipes.

So when you look at those two factors—capital requirements and the importance of the broadcasting to the cultural sector—we think it makes sense to allow foreign ownership for the pipes and not for the content.

● (1130)

The Chair: Thank you.

I will give Madame Lavallée a little extra time too, because I did that for Mr. Rodriguez.

[*Translation*]

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

[*English*]

A voice: Oh, 15 minutes for sure.

Voices: Oh, oh!

The Chair: No, it will never go that far.

[*Translation*]

Mrs. Carole Lavallée: You are all using up my time.

It is good that I have more time: I am going to need it because I have several questions. I am going to make some comments and then end with a question.

I am a little uncomfortable telling you this, Mr. Engelhart, but you do not provide a lot of service in Quebec apart from wireless. But I am still going to pass on some comments I have received about Rogers, and they are not fun to give or receive.

I have heard that Rogers may not be a good corporate citizen and that you may be in the business of television like someone else might be in the business of selling handbags. But making television is a privilege. It is a privilege to be able to provide one's fellow citizens with information and entertainment.

Making television is a privilege. But Rogers has a "bottom line" approach, meaning that its interest is in knowing how much can be made. This is why you take positions that are not very beneficial to artists. Let me explain what I mean. On Local Programming Improvement Fund royalties, for example, you produced an advertising campaign whose logic just did not stand up to intellectual scrutiny. In your advertisements, you said things that—forgive me for saying this—were not even true.

Then, in regard to copyright, you want to take money away from artists in Canada and in Quebec, whose average salary is $23,500. They need that money for sure.

Think of something else. Attack the companies that produce optical fibre, not artists making $23,500 per year. You say you have to pay more here than in the United States. We understand that; we pay more for a lot of products here than in the United States. Canada is a big country, with a lot of remote areas to serve. And we only have 30 million people, whereas there are 300 million in the United States. Population density alone means that we pay more for most things.

Then you say that Rogers is in the business of telecommunications, not broadcasting. But he who controls the medium controls the message. You must surely see the proof of that in your huge world of convergence. Quebec is a world of convergence, too, with Vidéotron and Quebecor. Wireless companies that are only subject to the Telecommunications Act will be moving into broadcasting now. I do not even need to give you examples of that, you know them better than I do.

For all these reasons, when you undertake some digital initiative or make suggestions on digital development, we cannot help believing that you are more interested in your profit than in the welfare of the artists who should be the ones profiting, than in the Canadian public that wants Canadian content and than in the Quebec public that wants Quebec content.

[*English*]

Mr. Kenneth Engelhart: Well, thank you for letting me put our view on that on the record, but I think....

First of all, I'm sorry to hear that you've heard negative comments about Rogers from your constituents. I can tell you that Ted Rogers always instilled in the company and in us the view that it had to be more than profits, that we had to be part of the Canadian broadcasting system, that we had to marry our private interest with the public interest. That was always what he believed in, and we have always tried to preserve that balance.

I'm not here to argue against the Canadian content rules. I am not here to argue against copyright. I am saying that in matters of copyright, we need a fair balance. We need to take a reasonable position, especially because a lot of the copyright payments we make go to the U.S., to musicians there. It doesn't make sense that our copyright board—

● (1135)

[*Translation*]

Mrs. Carole Lavallée: Forgive me for interrupting you, Mr. Engelhart. Rogers makes hundreds of millions of dollars in profit, and the artists' annual salary is $23,500. Does that seem like a fair balance to you?

[*English*]

Mr. Kenneth Engelhart: I can tell you that if we were still in the video distribution business, with the launch of satellite we'd be bankrupt today. But we've reinvented ourselves as an Internet company, and we provide telephone service. We're happy that customers find value in these services.

So yes, we are a profit-making entity and not ashamed of that, but I would agree with you that there has to be a balance between our corporate interest and the public interest.

I'm sorry to hear you say that you don't think we've achieved that balance, because that is what we are trying to do.

The Chair: Okay.

[*Translation*]

Mrs. Carole Lavallée: Do I have any time left?

[*English*]

The Chair: Keep it very short. You have one minute.

[*Translation*]

Mrs. Carole Lavallée: I would like to come back to the subject of telecommunications. As I said, he who controls the medium controls the message. Look at what happened with Globalive. You say that costs will go down if we allow foreign companies access. But the service that Windows Mobile provides is not much cheaper than others offering the same kinds of devices. Perhaps it seems to be cheaper, but you very quickly see that the service is extremely restricted, including in its geography. At the moment, even if we accept foreign ownership of telecommunications services, there is no evidence that services will be cheaper.

[*English*]

Mr. Kenneth Engelhart: I find myself agreeing with you that a lot of the criticism of Canada's telecommunications sector is unfounded. I think we do have good services here at reasonable rates. But I think we need to have a forward-looking policy. The idea of foreign ownership restrictions is seen increasingly by Canadians as an anachronism, but I think it's an anachronism that we need to keep for content producers.

I take your point that cable companies and telecommunications companies can influence content, but bear in mind that Canada has one of the most regulated regimes in the world. The CRTC regulates what cable companies can and can't carry, and the rules apply to foreign-owned entities as well.

The Chair: Thank you.

We'll go to Mr. Angus, please.

Mr. Charlie Angus (Timmins—James Bay, NDP): Thank you very much for coming, gentlemen.

I have a couple of questions. I just want to get right into it.

Mr. Engelhart, you've been following our discussions here. There are a number of things on our radar and there are a few things that are below the surface that would certainly affect competitiveness, affect copyright, and affect a digital strategy. One of these is under way right now, in the ACTA negotiations, with respect to a push, it seems, particularly from the U.S., to end the safe harbour liability for ISPs. When your customers download something, and the entertainment industry wants to go after them, they want to be able to go after you, too, for not having stopped that.

What's Rogers position on the safe harbour liability? Do you think it would impede further innovation in the digital realm if Canada were to adopt a strategy like that?

Mr. Kenneth Engelhart: Thank you for that question.

We are concerned, as many ISPs are, about the ACTA negotiations. It's supposed to be about counterfeiting, but it seems to have gone way past counterfeiting to being about ISPs and the downloading activities of our customers.

We don't think ISPs should be put in the position of being traffic cops that decide what is legal and what is not. We really hate any idea that we would have to terminate a customer's service based on a three-strikes policy. We do not want to do that at all. I have a great deal of sympathy for the copyright holders who feel that their content is being stolen. It's a big problem. But I don't want to see this done by putting ISPs in the position of having to disconnect their customers or aiding in the conviction of their customers.

● (1140)

Mr. Charlie Angus: We were speaking to representatives from the four large U.S. labels, and in the U.S. they've moved a great deal to lawsuits. One of my concerns about the lawsuit approach is that there's no system in there for someone who's challenged or charged with defending whether or not it was proper downloading. My concern is with the "three strikes and you're out" provision. If we don't have provisions in place to ensure that consumers can defend themselves, we might be swatting a whole lot of flies with tanks, and missing out.

How do the ISPs see their role in terms of fairness to your consumers and fairness to copyright holders?

Mr. Kenneth Engelhart: Right now we have a voluntary "notice and notice" regime. The copyright owner can send us a notice saying this particular IP address appears to be unlawfully taking some of our copyrighted material. We then send a notice to the customer telling them that they're infringing.

That does stop a lot of people from infringing. They've been told. Maybe the teenage son was doing it, and mom and dad got the message and told him to cut it out.

So those types of things we think are very useful. We're doing it today at considerable cost. It's not perfect, obviously not, but we think some of those types of mechanisms should be exhausted before any kind of more draconian measures are imposed.

Mr. Charlie Angus: Thank you.

Mr. Bishop, I find this discussion in terms of where we're going with the creation of content fascinating. When we did our television study, one of the things that was really clear was that to make good television in Canada, you have to make a lot of bad television, but it's too expensive. We used to have the Canada television fund. Boy, oh boy, if one pilot bombed, we'd have my colleagues over there up in the House, demanding an investigation as to why we were wasting taxpayers' dollars on this outrageous show. It seems that we became very unwieldy in terms of creating content. We had to be more safe than adventurous.

It occurs to me now, in this new realm, that it's possible to make some cheaper pilots that you could post on YouTube, start to see if kids get excited or if there's a market, before moving up into larger and larger investments of dollars. That would appear to me to provide a whole new realm of exciting opportunities for creation of Canadian content.

Could you speak to how your company is dealing with the new opportunities that actually exist?

Mr. Mark Bishop: Absolutely. It's a great question, so thank you for that, Charlie.

Something that we've been excited about since the very beginning of our company is the idea of using the interactive platforms to create content that can speak to audiences directly in a very niche audience. This was the case even years ago for our first project, *deafplanet.com*. Again, a website became a television series, secondly, for deaf children when it had a very tough time being developed for a traditional media platform. But by using the interactive platform, we were able to start to create some short-form content and connect directly with an audience and offer something that was unique and engaging to the audience.

So it's something we believed in from the very beginning and continue to do. I think it's an opportunity that's afforded to us now because audiences have caught up to this idea that we've talked about for a long time of engaging in content. Our funding agencies are now open to this idea and are doing more pilot programs. The Independent Production Fund, for example, just launched an online webisode funding stream to help fund, which is the one project I mentioned. We'll be working with that stream to fund online content.

So these types of initiatives do exactly what you're describing. The hope of the Canada media fund is that through the experimental stream we'll see some of those initiatives happen. That's the area where we have to be investing money. As I said before, the problem with the way the tax credits and the other initiatives are all set up is that they're so siloed; it's either broadcast television or it's an interactive property. It's very hard to have anything that's a hybrid.

So I think for real innovation to happen, we need to break down those barriers and look at that, and we need to encourage content producers to be able to create interesting, compelling content that maybe some day ends up on broadcast television and maybe not; maybe it's just an online series.

● (1145)

Mr. Charlie Angus: Thank you very much.

The Chair: Thank you.

Mr. Del Mastro, please, for the last question.

Mr. Dean Del Mastro (Peterborough, CPC): Thank you very much, Mr. Chairman.

Thank you to the witnesses here today.

Mr. Engelhart, first I want to get something out of the way. You talked about network PVRs and Bill C-61, and I just want to mention to you that I personally support your view on that. I think if the content owners or creators and the cable companies can come to an agreement on how they should be reimbursed for that content, I can't understand what the difference is between a network PVR and one on top of the television screen. I think the Copyright Act should be flexible in recognizing that as well. I think it's a very important innovation. As we move forward, we don't want to see Canada becoming a laggard, so you have my support on that.

Some of the things that really stifle innovation and that we don't talk enough about are things like fees and taxes. You talked about how we're paying substantially more for copyright. We're paying for format-shifting at the radio stations; in some cases, four times. To me that's not a support of Canadian content; in fact, it's stifling the actual promoters of Canadian content. It doesn't help them get that Canadian content message out. If anything, it keeps them in old formats. It prevents them from doing things like you're speaking about, such as launching Internet radio stations that would literally assist us in blasting this out around the globe. It's hurting our innovation.

I want to get your opinion of the value-for-signal decision, which you mentioned. To me, I don't think there has been a bigger assault on Canadian content than that specific decision; it puts all of the value in an over-the-air network that's going to come to you and want to negotiate the value of their signal and the ability to shut off the U.S. network. That's their trump card. And it's only the U.S. content they can shut off. So it seems to me this is a huge shot at Canadian content, something the CRTC is actually charged to protect.

I also think it's a violation of section 27 of NAFTA, which indicates that if a signal isn't broadcast by a Canadian rights holder, the U.S. signal must prevail. I'm really dumbfounded, to be honest with you, by the decision—which is now supported solely by CTV. It doesn't benefit the CBC at all; the CRTC put them on the sidelines. CanWest and the owners of CanWest have specifically come out and said they didn't want it. Shaw said they didn't want it. CORA said they didn't want it. The Jim Pattison Group said they didn't want it.

Can I get your views on this? We haven't heard you at our committee since the decision of the CRTC, and I'd just like to hear what you have to say on it.

Mr. Kenneth Engelhart: Yes, thank you. I wholeheartedly agree with your comments.

The other point that I think people might not be picking up on is that we have today 96% of our revenue coming from linear television, and 96% of our costs from linear television, but 10%, 20%, 30%—and increasing—of the viewing on the on-demand platforms.... People are watching The Movie Network on demand more than they're watching the linear programs.

So as we see the importance of the on-demand viewing—on cellphones, on Internet, on video-on-demand—increasing, we increasingly need to get those rights. We need to get that content. That costs money, and we're having a hard time getting it. At the same time, we see the CRTC loading us up with more costs to obtain the linear programming.

So the value for signal, on top of all the things you've said, is moving us away from the direction we need to be going. We need to be paying the rights holders for the on-demand content and getting a better on-demand experience for our customers. By loading up all these costs on the linear programming, I think it makes it much harder for us to modernize the system and move it forward.

Mr. Dean Del Mastro: Madame Lavallée indicated that Canadians are just used to paying more, and we'll get over it; we'll just keep digging in and we'll pay more.

It's not actually the case. I can tell you that I've reviewed my mother's Comcast bill from the place she has in Florida. I can assure you that her Comcast bill is not cheaper than my COGECO bill for the same services. In fact, I was surprised at how much she is paying.

Has the OECD not also come out and indicated the U.S. has higher cellphone rates than we have in Canada, despite the fact our country is bigger, with a less dense population? Am I mistaken on that?

● (1150)

Mr. Kenneth Engelhart: No, the OECD did say that, but I have to say, in fairness to my American friends, that I think the OECD study is somewhat badly flawed.

The measure that I think is more appropriate is average revenue per minute. When you look at that, Canada is one of the ten lowest-priced countries in the world for cellphone service. As you say, our cable rates are very competitive in Canada.

If you think a little about the cellphone service, too, the newspapers are full of stories about how AT&T can't keep up with demand. They're constantly dropping calls. People can't get data connectivity. Canadians get a very high-quality and very reliable service here.

Today we have three HSPA-plus networks in Canada, offering 21 megabits per second. There's not a country in the world that can say that.

So I think we do have good services here, but I agree with your point: Canadians do not want to pay more and they are not prepared to pay more; they want their service providers to be competitive.

The Chair: You can ask one last short question.

Mr. Dean Del Mastro: Mr. Bishop, I wish I had an opportunity to talk to you about co-production. I think it's really important. I'd love to meet with you to talk about it or even talk on the phone.

Mr. Engelhart, these types of fees and taxes are constantly talked about. If we want to get Canada on the edge of the wave and take advantage of emerging digital technologies, will these fees and taxes, this non-productive kind of approach to things, prevent us, in your view, or certainly stifle us, from being able to take advantage of all these digital opportunities?

Mr. Kenneth Engelhart: Absolutely. As I said to Madame Lavallée, there has to be a balance. We're not saying the value chain shouldn't be preserved. We're not saying there should be no copyright payments, or no fees, but there has to be a balance. Otherwise, we're going to drive consumers off the regulated system and onto the unregulated platforms, and that's going to be bad for everyone.

Mr. Dean Del Mastro: Thank you.

The Chair: Okay.

Thank you very much for your presentations and your answers to the questions that were posed.

We're going to take a short break to change witnesses.

Again, we hope to see you soon.

Thank you.

● _____ (Pause) _____ ●

● (1155)

The Chair: We'll call the meeting back to order.

Welcome to our next witnesses. We have Steven High, Canada Research Chair in Public History, Department of History, Concordia University. We also have—my French isn't very good, so I've had this translated into English—Mr. Pierre Proulx from the digital alliance network of the digital industry of Quebec.

Welcome, gentlemen. If you could keep your remarks as close to ten minutes as possible, that would be great. This meeting will be over at 20 minutes to one.

Dr. High, please.

Dr. Steven High (Canada Research Chair in Public History, Department of History, Concondia University, As an Individual): Thank you very much for the invitation to be here today.

I'll open with an apology. My glasses broke in half about five minutes ago, so I will have to read fairly closely to my paper in order to actually see it.

My presentation builds on two of the points raised in your terms of reference....

No, those glasses don't help. If anyone else has glasses....

Voices: Oh, oh!

Dr. Steven High: I had those glasses for ten years anyways.

I want to address two of the points raised in your terms of reference—namely, skills development and access. More specifically, I want to provide you with my perspective on how the digital revolution is transforming how we understand, represent, and interpret the past.

New media allows us to explore places in new ways. Digital technologies are even reshaping, I think, the ways in which people remember and share their own life stories. A sense of place or collective identity, be it Canadian, regional, or what have you, would be impossible without memory.

I base my comments on how the digital revolution is changing oral history practice at the Centre for Oral History and Digital Storytelling at Concordia University, a state-of-the-art research centre that is second to none in the world. The oral history centre has been the source of a great deal of digital innovation since its creation in 2006, including the development of new software tools, such as "Stories Matter", an open-source database software that is the first viable alternative to the transcription of oral history interviews.

I also want to share with you our experience with new media in a project called "*Histoires de Vie Montréal*", or "Montreal Life Stories", a five-year research project funded by the Social Sciences and Humanities Research Council.

The community-university research alliance program is a special one in that communities are supposed to become partners in research and not just objects of study. Community participation in the research process must therefore be real and sustained.

Our project is recording the life stories of 500 *Montréalais* who fled war, genocide, or other human rights violations mainly in Rwanda, Cambodia, Haiti, Hitler's Europe, and, sadly, elsewhere. As you can imagine, these are very difficult stories to tell, and they are very hard stories to hear.

From our vantage point in Canada, it is easy to assume that Rwanda in 1994 has nothing to do with us. It was another time, another place. Yet there are thousands of survivors living here today. Their stories have become part of our collective story now.

Oral history has the power to close distance, I think, to make history personal, and, in making it personal, to make people care. It also has the power to complicate taken-for-granted notions such as "us" or "them", "here" or "there". It is for this reason, perhaps, that Quebec's Bouchard-Taylor commission into reasonable accommodation recommended life stories as a way to bridge some of the social divides that exist not only in Quebec but elsewhere in Canada.

At this point, you may be asking yourselves the "So what?" question. What does any of this have to do with your deliberations on emerging and digital media?

In response, I would say that we have an incredible opportunity to deploy new digital technologies and new media practices to reconnect Canadians with their past. Oral and public history, or *histoire appliquée*, as it's known in Quebec, emerged in the 1970s in response to growing public interest in heritage and memory. It represents a shift not only in the intended audience but also in the research process itself. We often work in partnership with communities. We communicate our findings in a variety of ways, both textual and non-textual.

Today there are tens of thousands of oral history interviews sitting in boxes on archival shelves across Canada. Thousands more are being added by large projects that are recording the life stories of World War II veterans, Holocaust survivors, immigrant communities, and, of course, aboriginal residential school survivors. The truth and reconciliation commission is thinking of doing 60,000 impact statements.

With the death of Canada's last World War I veteran, it has become impossible for younger Canadians to hear first-hand Canadian stories of courage and sacrifice from that war. Very soon, we will no longer be able to hear first-hand stories about the Great Depression or World War II, either.

● (1200)

For decades, Canadian veterans have been going into schools, around Remembrance Day especially, telling their stories to young people. Survivors have likewise been at the core of Holocaust education in Canada for at least 30 years. Week after week they have gone into classrooms, telling their horrific stories to young people, to educate them, to make the world a better place.

Oral history is very good at making this kind of emotional connection. History is about far more than dates and statistics. It's about real people. Ordinary people live extraordinary lives.

But what happens when the last veteran or survivor is no longer able to do this important work? Who will keep these connections alive? Recorded interviews provide part of the answer, yet collection is not enough. Again, there are tens of thousands of recorded interviews sitting in archival drawers, computer hard-drives, or on library book shelves that have never been listened to. Their emotional power has been largely untapped. Worse still, most of these stories were recorded using now obsolete technologies.

A first step would be to digitize existing interviews to make certain that future generations will be able to listen to those who experienced Canada's twentieth century first-hand. This is a huge job, but one that needs to be done soon or the history will be lost forever. A few of these interviews have been transcribed, but these do a poor job as well in communicating, again, the emotional impact of these stories. This is where emergent and digital technologies are opening up new opportunities to access Canadian memories and to transmit them to young people in schools and outside of them.

To explain what I mean about the potential of oral history and new media, I would like to turn once again to the Montreal Life Stories project. We are spending a great deal of time working with the interview recordings of survivors of mass violence. Survivor testimony is being incorporated into radio programming, documentary film, theatre performances, art installations, exhibitions, and online platforms. We are mapping the Quebec secondary school curriculum and developing teaching modules to get these stories into classrooms. We believe that oral history can be a catalyst for public dialogue.

Not surprisingly, new media has been central to the work that we do. I would like to give you three examples. To access thousands of hours of audio or video recordings directly and easily, we have developed Stories Matter software. This open-source software, paid for by the Canadian taxpayer, enables interviews to be searched, sorted, browsed, accessed and the meanings mapped in large collections or in single interviews. We can now follow threads across interviews, making connections. The next phase in our Stories Matter development will enable researchers and larger publics to map these stories across space using a Google Map-type technology.

Our second strategy is digital storytelling. Digital storytelling has recently been described as the emerging "signature pedagogy" for the humanities and social sciences. A digital story is a three- to five-minute multi-media presentation online, using a combination of audio, video, and still images. These are often highly emotive stories.

From the outset, the Montreal Life Stories project has enjoyed a formal relationship with the National Film Board's online participatory websites called "CitizenShift" and "*Parole citoyenne*". Here, the process of creating the digital story is critically important.

There's a lot of talk today, and I listened to a couple of the podcasts, about content. I think process is really crucial, in terms of whose content this is. We could simply take stories out of the interviews unilaterally, for example, and produce digital stories that speak to us. But I think it is far more interesting to work with interviewees in the selection of the clips themselves. After the interview—we have interviewed survivors for five, ten, fifteen, twenty hours of recorded interview—we ask them, "What story would you like to tell the world? You have five or ten minutes. What are you going to say?" This question forms the starting point of the digital story-making process.

● (1205)

I'd like to encourage you again to consider how this content is generated. I always come back to these questions: from whom, by whom, for whom? The question of who is driving the process is vitally important. Is the public's role that of a consumer only, or can we envision a more substantial role where communities are more integrally involved in future directions in emergent and digital media?

Having targeted programs for digital projects that include community participation is something I strongly believe in. Projects that build community capacity to undertake digital projects—in disadvantaged areas, for example—would go a long way in pushing forward digital literacy skills. In the paper today there was an article about a study on the digital divide.

Our third strategy relates to “memoryscapes” and audio tours. Once confined to museums, audio tours have left the building and taken to the streets with the emergence of MP3 players, iPods, and smart phones. These mobile technologies have opened up new opportunities for researchers and communities to tell stories. Places are not simply points on a map, but exist in time as well.

A project that exemplifies the enormous potential of mobile technologies and new media is the Centre d'histoire de Montréal, the city museum of Montreal. They are planning a 2011 exhibition called “*Quartiers disparus*”, which will examine four working-class districts demolished in the 1960s to make way for Montreal's Ville Marie and Bonaventure expressways, as well as the Radio-Canada complex and the Habitations Jeanne-Mance housing project. Using its innovative “memory clinic” methodology, the Centre d'histoire de Montréal has organized group interviews with former residents, using old insurance maps and expropriation photos to prompt memories. This will be followed by walking interviews, where people walk through the present day, what's there now, alongside the expressway or what have you, again to generate stories.

In addition to the exhibition itself, a series of self-guided audio tours are planned. We are using Mscape software and GPS technology to immerse visitors in these former neighbourhoods. So you can imagine, you're walking through a space and audio files are being triggered by where you are walking and time-coded files are also triggered. Again, this tension between past and present is politically quite interesting.

One could imagine connecting interview recordings like this with war memorials, for example, where a class would visit a war memorial wearing Walkmans and hear stories of World War I or World War II veterans—the power, again, to remember.

In conclusion, I would encourage you to break down the universalized public and think about the role communities might play in the development of emergent and digital media. Humanities and social science researchers once had a monopoly over the research process. Communities were treated as little more than new data. A growing emphasis on community-university partnerships, however, has widened the circle considerably, enriching the conversation, and producing what I think is more innovative and humanistic scholarship. New media has contributed enormously to this shift, as it encourages collaboration and citizen engagement.

I want to leave you with a story of the 16th commemoration of the Rwandan genocide. Every April, Montreal's Rwandan community holds its annual walk to the St. Lawrence River when the children in the community throw flowers into the river. There are reasons for that in terms of Rwandan culture and the importance of rivers. They also organize a day of reflection. For nine hours, nearly 100 Rwandan Montrealers watch digital stories produced from, by, and for their own community. After each segment, there is a panel of elders or youth, depending, and then everyone in the audience writes down a memory and pins it onto a timeline. You can imagine a wall with a timeline with dozens and dozens of people's stories pinned onto the wall.

So here's an example of how new media becomes a catalyst for community dialogue, confronting major issues such as the role of the church in the genocide, for example, and the breaking of silence within communities. Cultural industries are far removed from these kinds of grassroots memory projects, so I think it is important that you also consider what is going on at a more local or community level.

● (1210)

The digital revolution enables us to rethink past practice, I think, in important ways. But again, issues of power—from whom, by whom, for whom—are fundamental to any discussion of emergent and digital media.

Thank you.

The Chair: Thank you.

We do have to finish this part by twenty minutes to one.

Mr. Proulx, go ahead, please, with your presentation.

[*Translation*]

Mr. Pierre Proulx (Chief Executive officer, Alliance numérique - Réseau de l'industrie numérique du Québec): Thank you very much.

I would also like to thank you for giving us the privilege of offering our point of view on emerging and digital media, opportunities and challenges.

First of all, the Alliance numérique is the business network for companies developing interactive digital content in Quebec. We have four sections, four alliances, as we call them. They are video games, Internet application services, mobility and e-learning. So we represent a lot of people in all sectors of activity in the digital world. We are perhaps best known for video games because of the fact that Montreal is Canada's video game capital. Of the 14,000 jobs in the area in Canada, Montreal alone has 7,000. This makes us the undisputed centre of the video game industry in Canada. We have also hosted the Montreal International Game Summit for six years. Recently, the Summit has averaged 1,500 people, 40% of whom come from around the world to our two days of meetings.

We are of course involved in commercialization, so we invite companies to join us in various trade missions to places like the United States, Europe and Japan. We literally go to the ends of the earth to help our companies grow.

I will move directly to our recommendations on the three areas that appear to us to be most critical: training, financing and commercialization. You understand that, in the world of digital convergence, borders no longer exist; the market is highly competitive and very global. We always need highly qualified human resources; in recent years, we have seen that they too are highly mobile.

So we feel that three critical elements must be considered in Canada's digital policy: we must ensure the excellence of our workforce; we must secure financing so that original content can be created and so that the excellence of companies already established in Canada can be supported; we must also try to push our leaders to go even further.

Specifically on the workforce, we must, of course, support provincial authorities and invest in programs that are already in place. We must above all make sure that training programs match industry needs. I confess that we are a little behind in this area, which, to a degree, is normal. Let me give you an example: ten years ago, we did not use Flash, it did not even exist. Today, we have Flash in digital content, so education programs have to be able to accommodate it. Often, in education, a lot of time is needed for a program to see the light of day. So we must try to become more involved in the technological issues so that we can respond more quickly.

As well, institutions of higher learning must clearly be provided with cutting edge infrastructures, again so that people in the industry can be better trained.

I would like to talk to you about one obstacle. When we want to bring foreign experts into our Canadian companies, the process must be speeded up. This has been a little difficult in recent years; in some cases, it can lead to projects being abandoned because getting people here takes too long.

We also invite you to consider establishing specific funding for the creation of original content. This fund would be mostly used to support the development of concepts and original productions. This is very important for Canadian companies. We are also suggesting that an investment fund be established for projects of that kind.

We have already indicated that we must continue to support the excellence of our companies. We must also encourage them to diversify and to expand abroad. In recent years, some aspects of commercialization have been removed and problems have resulted. It prevents us from appearing on the international stage more frequently. As we have told you, in our area of activity, the whole world is our market, so we really do have to look internationally. It is important for us to bring all participants together, either nationally, provincially or by establishing “clusters”, centres that already exist in Canada. Everyone's contribution is needed if we really want the industry to make best use of a new digital environment.

Thank you.

● (1215)

[*English*]

The Chair: Thank you.

Mr. Simms, you have the first question, please.

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): Thank you, Mr. Chair.

I want to thank both of our witnesses.

Mr. High, I want to start with you. You made some interesting points about the evolution of the technology that we're seeing, especially in regard to mobile technologies.

As an example, we have a group...and I'm from a rural riding. To tell its story beyond its own borders becomes a very challenging thing to do. I come from Newfoundland and Labrador, which in and of itself is a study in cultural differences.

So that particular area has a story to tell to the rest of the country, but it also has a story to tell to itself. A lot of the customs, ways, and traditions that are talked about in other identifiable groups are also lost because everybody is connecting with each other. My son is far more in tune with the social goings-on of Newfoundland than I am, and he lives in Kingston, Ontario. But that's because of Facebook and other things.

What I'm getting at is this. Where should the government stand on promoting this to its own people...or how far do we go with the level of support? Is it through a subsidy by which we engage the private sector to get involved in producing local videos to be uploaded, downloaded, and so on? Or do they do it through their own mechanisms in the department? Should we renew funds where they transfer technology from analog to digital?

I'm being very general, but I just want to gauge how involved the government should be, given the points that you make about the technology.

Dr. Steven High: I guess from my angle, what I'm seeing at my university is an explosion of creativity with old boxes of knowledge. History is a very traditional discipline, very archival, and we were very slow in adapting to new technology and new media.

What we're seeing now is this tremendous creativity, where community history, oral history, new media, and the arts collide. Great things are happening. Of course, this kind of work needs funding. It needs to grow, and sometimes these good ideas become commercial ideas.

In my mind, if you're talking about building capacity or training people on these new technologies and how to access these new technologies, you have to realize that content should not be an afterthought. It's what often drives people to the technology.

I think we need targeted programs that fund grassroots or local projects, but also national ones. I think a multi-approach is needed, as there's no one way. Even with things like server space, if you start talking about video files and so on, you need real server space. Having that kind of infrastructure for Canadians to speak to one another, I think, would be huge.

● (1220)

Mr. Scott Simms: There seem to be other countries out there who are far more giving in terms of enabling these new technologies and their culture. We see on TV things produced by the National Film Board and so on and so forth, but are we behind? In other words, are we concentrating too much on the content and not on the platforms as a government to get our message out?

Dr. Steven High: I certainly think that government making a contribution in terms of platforms would be huge, but also in terms of seed money for good ideas. Thinking of it as seed money, I think, would be really important too.

Whether Canada is behind or not, I'm not sure. Certainly in terms of universities' community partnerships in Canada, we're way ahead of other places. Having this space in the academy for community partnership is not always possible in Europe or the United States, but that's a small part of the funding envelope.

Again, I think academics, for example, often get caught up in the production side of things, where we write a book and send it off to the publisher, and we write another book and send it off to the publisher, but we don't spend time thinking about how we can make these books, these outcomes, websites, digital stories, or whatever we're doing, create a conversation. I think we can learn a lot, for example, from socially engaged documentary filmmakers, who have been doing this for a long time.

The Chair: Thank you for that.

Next is Mr. Pomerleau.

[*Translation*]

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

Mrs. Carole Lavallée: Before you proceed, I would like to explain the alarm. The fire alarm went off and people had to leave the House. They are just being called back in. I cannot tell you if it was a real alarm or just a test.

Mr. Roger Pomerleau: Things are getting hot in the House.

Mrs. Carole Lavallée: It is our opposition day.

[*English*]

The Chair: Go ahead, Mr. Pomerleau.

[*Translation*]

Mr. Roger Pomerleau: Thank you very much, Mr. Chair. Thanks to you both for coming to meet with us today and for providing us with your comments.

My first question is for Mr. High. You deal with young people and I liked what you told us very much. You are suggesting taking traditional history and making it into something totally new. I can understand how interesting that could be. You have given us some examples, like producing historical clips that can be accessed via the Internet or by other means. Daniel Bertolino produced something similar for television. They were clips two, three or four minutes long that were used to fill up time between programs. You also mentioned audio tours. You see something like that when you visit some museums and you could easily conceive of touring around a city with a similar system and a GPS providing specific information. There is a whole extraordinary world to discover. My question is this. Do the young people you are teaching and who are looking to their own futures see the commercial potential in what you are teaching them?

● (1225)

[*English*]

Dr. Steven High: I think so. Part of it is necessity, in the sense of young people finding their niche in the economy and their work lives. But certainly in our community of practice, our community of oral historians, there are people who are producing and going in that direction, in the sense of forming their own companies and so on.

We certainly see the linkage with tourism. There are dangers there, too, of homogenizing people's stories. But absolutely, I think that when people have good ideas, they run with them. When people get excited and motivated, great things happen, whether in terms of entrepreneurship and forming their own companies or their own digital tools. I think it's all an aspect of creativity. It's part of that explosion of creativity that's bursting these old structures that contain us so much still.

[*Translation*]

Mr. Roger Pomerleau: Yes, we need it. Mr. Proulx, you said that there is a day or a week dedicated to video games in Montreal each year.

Mr. Pierre Proulx: It is two days, actually.

Mr. Roger Pomerleau: Two days. And, of 1,500 participants, 40% come from overseas. How come I have never heard of it?

Mr. Pierre Proulx: You are probably not into video games.

Mr. Roger Pomerleau: It might be worth publicizing it a bit more.

Mr. Pierre Proulx: On the east coast, it is the biggest North American event of its kind. The other is the Game Developers Conference in San Francisco. That attracts about 12,000 people annually.

Mr. Roger Pomerleau: Not quite the same level, then. You are the third person to tell us about your difficulties with immigration when you need qualified people that you cannot recruit here. Could you be more explicit? I have been very involved in immigration and I am aware of the problem, but I would like you to tell us more about it.

Mr. Pierre Proulx: Let me give you a very concrete example. Let us say that the new *Batman* movie is in production and the movie company also wants to produce a game that will come out at the same time, in two years. A video game for a computer or a console takes 24 to 36 months to produce, so the clock is ticking. Say Studio X is interested in the project, but it has to bring in another team. A number of countries, not just Canada, have selected the video game industry as a tool for economic diversification. That means that we have to fight over experts wherever we can find them in the world, the ones with 10 to 15 years of experience. If a company needs one expert to train a team of 24 or 40 people, depending on the area, whether in programming, animation or game production, and if it takes 12 or 13 weeks to do the administrative paperwork, we have lost a whole quarter. Over 24 months, that is huge. In the last year, to my knowledge, three projects have unfortunately not been possible for a Montreal company to produce. The administration took too long and the people could not come later. They were needed there right away. The company had already identified them. There was someone from Japan, someone from Britain and someone from somewhere else I forget. Since they could not get them here, the project had to be shelved.

Mr. Roger Pomerleau: It really had to be shelved because of the administration involved?

Mr. Pierre Proulx: Yes.

[*English*]

The Chair: Thank you.

Mr. Angus, please.

Mr. Charlie Angus: Thank you.

This has been a fascinating discussion. When I'm not wearing my political hat, one of my other hats I wear is oral historian. I have 20-some years of doing oral interviews.

I find that technology giveth and it taketh away. I'm excited in terms of the role of the citizen archivist today, but changing technology does continually provide issues.

For example, I'd like to think that I know pretty much every historic photo taken in the early boom town of Cobalt. I've been in the archives for hours and hours. I know there's a computer project in there. They were setting up this historic...and they had a photo on the front. I asked where the photo had come from; I'd never seen it. They showed me a whole bunch of these photos, and they were fascinating.

I asked them, “What archives did you go to?”, and they said, “We didn't go to any archives. We just went to Flickr.” Then I tried to track down this guy on Flickr who's got these extremely rare photos. I tracked down this guy from British Columbia, who has photos that nobody's ever seen before. I still can't even figure out where they came from.

So the citizen's library is out there, and more and more citizens are engaging. But the downside is that over the last 20-some years, lots of research has been put on the “latest technology”. There were hundreds of interviews of mining widows done on these big floppy discs. It's all junk now. Nobody kept hard copies. The only thing I've ever found reliable is hard copies. I've done interviews on minidiscs. Now I can't find a minidisc to play them on. And that was cutting-edge technology five years ago.

Are there recommendations that should be given to the amateur community historians out there who are creating culture today and recording it so that it's not redundant or unusable in two or three years time? Are there standards that we should be starting to show people about how to gather interviews, to gather digital photos, how to keep them? Because it seems to me there's a phenomenal opportunity, but a lot of stuff might just end up being unusable if we continue to change formats.

● (1230)

Dr. Steven High: If we're going to wait for a standard, we'll be waiting a long time, I think. It's constantly changing.

I don't know how you get around that, because those old pneumatic tapes or reel-to-reel or audio or micro-cassettes.... You know, analog was also very fragmented too.

What I would say is that there's a power in the spoken word. When you hear someone's voice—the motions, the rhythm—there's power there that's very hard to translate on the written page. If oral history's power is to put a face and a name to the past, and make it personal, make people care, you've got to think twice before you're sure of that emotion. Certainly the meaning of a story, when people are talking, it might be full of irony or sarcasm, but how do you translate that? Or the body language; how do you translate that? So the great thing about new media is that it's forcing us to author in sound and image, in all these different ways that were very difficult not so long ago.

My practice has transformed in the last 21 years. I had these big honking VHS cameras that weighed 40 pounds 21 years ago. Now I'm going in there with multiple things and we're doing incredible stuff.

So the possibilities are amazing. You're right, there are challenges, but there always were and there always will be, I guess.

Mr. Charlie Angus: Yes. I guess in terms of a standard, I'm thinking about advice to citizen archivists and how they need to think of a project.

For example, I was going through a project I did ten years ago where I interviewed a bunch of pioneers, most of whom are dead. It was for CBC, so it was all audio. Now I'd like to do something with it, and I feel completely idiotic that I never took any photographs. I know that as soon as people listen to it they're going to say, “Well, where are the photographs, bonehead?” And I'm going to have to say, “Geez, I wasn't thinking in a three-dimensional world then. We were in soundscapes, so soundscapes is the best you've got.”

It seems to me that the opportunities are immense, but if we're going to have amateur historians and archivists, are there lessons that people can learn? Are there places they can go so that they know what they should be doing?

Dr. Steven High: What I would say is that oral historians have spent 40 years thinking about how to interview people—focusing on the interview, to do it right and so on—but we haven't thought about after the interview. Again, that's why we have these tens and tens of thousands of interviews sitting unheard.

Historica is doing some great work now with World War II veterans where they're doing digital stories online. Again, we're now thinking seriously about what happens after and how we make sure that these stories continue to tell long after whoever the interviewer was or the project that created these things—that recorded these interviews—is long gone.

Again, this explosion of creativity is messy, but things are being recorded that would never have been recorded 20 years ago. It's amazing what's going on out there. I'm thinking of the west coast with—

● (1235)

The Chair: Thank you very much. We have to move on to our last questioner.

Mr. Galipeau, please.

[*Translation*]

Mr. Royal Galipeau (Ottawa—Orléans, CPC): Thank you very much, Mr. Chair.

First, I am going to talk to Mr. High. I have quite a serious sociological question for you. Which hockey team is the best?

[*English*]

Dr. Steven High: *Montréal*: my seven-year-old would kill me if I said anything else.

Mr. Royal Galipeau: You're on the right track.

You're at Concordia, right?

Dr. Steven High: Yes.

Mr. Royal Galipeau: Right there on de Maisonneuve?

Dr. Steven High: *Oui, oui.*

Mr. Royal Galipeau: There's a big part of history right there outside your door—Norman Bethune.

I really enjoyed the passion with which you delivered your presentation today. There are a few of us here who are passionate about history, including this servant. But I have some questions that are more technical.

We're just trying to help, and we appreciate your helping us to do what's right, so I'd like to know your opinion. Do you think the widespread availability of the Internet is helping or hindering the consumption of Canadian content? That would be my first question.

Given that we're time-constrained, I think I'll ask the other two right now.

Do you find that content creation is diminishing with the emergence of the various forms of new media?

And if there's time, generally, what are the challenges and successes encountered by Canadian digital media?

Thank you.

Dr. Steven High: Those are all big questions.

I think the Internet collapses distance, in one way. People are going on to Twitter or doing Google image searches.

Mr. Royal Galipeau: I've heard of Twitter.

Dr. Steven High: Yes.

But the mine in Cobalt, Ontario, could be a mine in Siberia. In that way, it destabilizes—i.e., where does Canada fit into that universe? That's one question.

I've been seeing—certainly among students that I'm working with and community partners and so on—that it also reinforces locality and community in really interesting ways. Students are engaging with place and with their city or their nation in really creative ways, authoring in sound and image online. My students write term papers, but they also produce websites.

There was a project this past term where they were interviewing a milkman. There's a milkman in a neighbourhood in Montreal who's been delivering milk for 57 years. They interviewed him, they did a documentary film. They created a mapping of the neighbourhood of Upper Lachine Road with sound points, in terms of seeing what the customers think. It's all about community and identity and locality, but it exists in this global Internet.

I don't think it harms Canadian identity by nature. I think it's broadening horizons to all kinds of possibilities and all kinds of inspirations. I'm seeing it transform my classroom and my practice and my university and my community. If the government can foster that or contribute to that, I think it would be amazing.

There are always challenges. These structures are not.... For whom are they being created, and are they accessible to everyone? These are big questions that need to be addressed. Again, as an oral historian, for me what's important is people's life stories and their experience—to honour that and understand it. If the technology helps me to do that, I'm all for it. If it prevents me, if I'm looking at the technology instead of the person before me, then there's a problem. To me, a lot of this new media is about opportunities and horizon.

● (1240)

The Chair: Thank you very much.

I really do appreciate your presentations today. And thank you for your answers to the questions from our people around the table.

We are going to take a short recess, and then we'll go into committee business.

Thank you.

● _____ (Pause) _____ ●

The Chair: I'm going to call the meeting back to order so we can get our committee business done.

The next item of business is a motion by Mr. Angus.

If you like, Mr. Angus, please give your motion and speak to it.

Mr. Charlie Angus: Thank you, Mr. Chair.

Just to give you an overview, I'm asking for a couple of days of hearings into the proposed takeover of Lions Gate film by U.S. shareholder investor Carl Icahn. I do believe this falls within the mandate of our committee, because Lions Gate is a key sector player.

At the outset, I want to say that this is not about squashing any takeover bids or whatever; it's an issue of ensuring that due diligence is done given the importance of Lions Gate in the Canadian film and television sector.

I'll give you the two players and why I think we need to move on it.

Lions Gate is the leading Canadian film company. It's an international success. They have a huge presence in production and distribution in English Canada, Quebec, and the United States. They've spent over $800 million on productions in Canada. In 2007, Lions Gate entered into a significant partnership with the Société générale de financement du Québec to bring more film and production to Quebec, with an investment of up to $400 million U.S.

They have distribution wings through Maple Pictures. They distribute the second-largest film library in Canada, the second-largest Cancon library, and the largest French language Cancon library. They distribute numerous Canadian productions.

The company is also a big player in the various industry organizations, such as CAFDE, Women in Film and Television, the Canadian Film Centre, and the National Screen Institute.

Any serious shakeup at Lions Gate would have massive repercussions across the film and television sector.

Carl Icahn has undertaken a hostile takeover. His net worth is $10.5 billion. It depends on who you speak to in the industry, but Icahn has a reputation at times of trying to buy companies, cut out pieces, and sell them off. He's saying he might not do that with Lions Gate, but we're not sure.

If you look up Gordon Gekko, the character from *Wall Street*, on the Wikipedia entry, it says that Gekko is loosely based on two characters. One was Ivan Boesky, who was very notorious and who was a criminal. Carl Icahn is not a criminal, but he was the other character because of his reputation for moving in on companies, maximizing shareholder value, and pulling out.

Regardless of whether Mr. Icahn is in charge, or the present Lions Gate board, this could have serious impacts for the Canadian film and television sector.

Under the rules it's up to the Minister of Canadian Heritage to ensure there's a net benefit to Canada. In March 2010, Mr. Icahn said he would be negotiating with the Minister of Heritage on a takeover of this operation. At the same time, Lions Gate is in negotiations to possibly leave Canada for good. They're concerned that our court provisions don't protect them with the poison pill they need to stop this hostile takeover. Either way we are facing a potential serious shakeup of the industry.

What I would like to propose is two or three days of hearings. I think we need to hear both sides so it's on the record, it's in the public realm. I'd like hear from the heritage minister and his officials in terms of how they would proceed with this, ensuring due diligence. They may be other industry players who would want to speak to this, but at this point I'm feeling we need to hear from the minister, from Mr. Icahn, and from the Lions Gate board.

● (1245)

The Chair: Mr. Rodriguez.

[*Translation*]

Mr. Pablo Rodriguez: I agree with the proposal. That said, I would limit it to two meetings for the moment, because I am also a little worried about getting away from our present study. It is very serious and we have been working on it for a long time. To the extent possible, I would like us to produce at least an interim report or something before we leave for the summer, to the extent that the committee wishes.

But there is some urgency about Lionsgate. That is why I understand and support the motion. But I would limit it to two sessions at the moment, and then we can see. But we really should do something about our main study, ideally before we leave for the summer.

[*English*]

The Chair: Okay.

Mr. Del Mastro.

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

First of all, if the motion passes, I'd suggest that we strongly consider adding additional time to the committee rather than....

Well, then, find a sub. I'm happy to sit additional time so that we can continue to work on matters before the committee. We have set a schedule. I have no problem with adding some extra time, if that's the wish of the committee.

That said, the original motion was something that we could support. This motion is actually something that we can't support, as amended, because it calls on the Minister of Canadian Heritage and departmental officials, presumably to pass their decision over a hypothetical situation that has not yet come to fruition. There is no evaluation by the department on the impact of such a takeover, and you'd actually be asking them to pass judgment under the Investment Canada Act before they've actually even reviewed what has not yet transpired. This would not be a good precedent.

I understand Lions Gate Entertainment was here last week talking to MPs. I have no problem with their coming in to talk about what's before them. You can call on Mr. Icahn and representatives of Canada's film and television industry to talk about it, but calling on departmental officials to comment on a situation that is as yet a hypothetical situation, which does have market implications, would be irresponsible.

The Chair: Mr. Angus, then Madame Lavallée.

Mr. Charlie Angus: Thank you.

In response to Mr. Del Mastro, I certainly understand his concern. That's why I said—and I might not have been that clear—that I'd like to hear what steps they would take in terms of dealing.... I don't want to know if they are going to render a verdict that would be prejudicial, but I think it is fair for us to ask ministry officials to comment, given the scope of this, on whether there are parameters we could discuss concerning what one would look at in terms of net benefit.

I don't want to presuppose a decision on this, because it would be unfair, but I think we need to have a sense of how the ministry would evaluate any project, if they want to talk hypothetically or not, without getting into the specifics of Mr. Icahn.

The Chair: Madame Lavallée, and then Mr. Rodriguez.

[*Translation*]

Mrs. Carole Lavallée: Thank you.

This really is a very important deal. I have met with the Lionsgate people too. They have told me about the issues they have. Given our role, it is clear that our committee should look into a deal as significant as this one. We agree to meeting the people from Lionsgate as well as the people from Icon and from the department, especially since the minister's reply in the House was extremely vague.

Let us set aside two or three meetings for this. It will be just an interlude in the digital media study we are conducting at the moment. Having two full meetings on the matter would be no disruption at all.

● (1250)

[*English*]

The Chair: Mr. Rodriguez, please.

[*Translation*]

Mr. Pablo Rodriguez: I understand the logic of Mr. Del Mastro's remarks. Perhaps we do not need to see the minister now, especially if we want to expedite the study.

We can see what is going on with Lionsgate and with the other side. We could invite some officials to tell us what the process would be if, hypothetically, something came of it. If it eventually happens, we could ask the minister to come.

[*English*]

The Chair: Mr. Del Mastro.

Mr. Dean Del Mastro: That's not how the motion reads. As I said, we're still talking about a hypothetical situation. It's not like this has occurred. There is a potential it could occur.

I might add, Mr. Chairman, this comes up because some folks were on the Hill last week raising the attention of MPs to a situation, so let it be said that not all lobbyists are bad. On the Hill, I know we have a tendency to paint them as bad, but without folks coming to us and telling us what's going on, I'm not sure this would have come to our attention. So I'd simply like to put on the record that not all lobbyists are bad, even though we tend to attack them when it appears appropriate.

I have no problem with hearing from the principals involved in this, including folks from the film and television industry. If you want to talk to departmental officials about what net benefit to Canada means, or what the process is, I can't see that as being specifically market sensitive, but you would need to understand that they cannot tell you...or they cannot presuppose a decision on this, nor should we expect them to answer a question that could have market implications.

It will be a terrible precedent if you do that. We'll have folks in all the time making decisions that, you know, folks' retirement incomes are invested in. So it is dicey ground.

I think it is worthwhile to hear what everybody has to say. As I said, I'll set extra time aside to do that.

The Chair: Mr. Angus.

Mr. Charlie Angus: Mr. Chair, maybe we can wrap it up.

I can certainly understand where Mr. Del Maestro is coming from. I don't want to turn our committee into a kangaroo court; I've been on kangaroo courts in the past.

As long as we understand that ministry officials will be there to explain what a process will look like....

It's not for us to judge one side or the other, but I believe we have to hear both sides out. The implications are huge.

So that's my only proviso. I don't see that anyone will necessarily come down on one side or the other. It's not either/or.

Mr. Dean Del Mastro: So can we propose an amendment then?

Mr. Charlie Angus: Certainly.

Mr. Dean Del Mastro: So after “That the Standing Committee on Canadian Heritage hold hearings with officials from Lions Gate Entertainment Corporation, Carl Icahn,” we take out “the Minister of Canadian Heritage” and just have “and representatives from Canada’s film and television industry”.

So we would swipe out “the Minister of Canadian Heritage and departmental officials to address concerns”, and then we can add that we would further like to hear from departmental officials about the evaluation process.

Is that fair?

Mr. Charlie Angus: Yes. Good.

Mr. Dean Del Mastro: So after "and television industry", strike the balance, all the way to the word "with".

Then, after the period at "Carl Icahn", indicate that committee members would also like to hear from departmental officials about the process of evaluation.

Is that fair?

Okay.

Is there any agreement as to whether we can find an extra day or something to undertake this?

The Chair: According to the clerk, the first two meetings in June are still available. We could hold them on June 1 and June 3.

We've heard the amended motion. Can we just have agreement that we would forward and we would hold those two meetings on June 1 and June 3?

An hon. member: Perfect.

Mr. Dean Del Mastro: Can we hear just hear the motion, Mr. Chair?

The Chair: Michael.

● (1255)

Mr. Michael Dewing (Committee Researcher): The motion as amended reads as follows: That the Standing Committee on Canadian Heritage hold hearings with officials from Lions Gate Entertainment Corporation, Carl Icahn, and representatives from Canada's film and television industry to discuss the attempted takeover of Canadian film production and distribution firm, Lions Gate, by U.S. investor Carl Icahn; committee members would also like to hear from departmental officials in order to understand the process.

Mr. Dean Del Mastro: The "evaluation" process.

Mr. Michael Dewing: The evaluation process.

Mr. Dean Del Mastro: That's fine.

Mr. Michael Dewing: Yes.

The Chair: Okay?

An hon. member: *C'est bon.*

An hon. member: Good work.

The Chair: Carried.

Mr. Dean Del Mastro: No vote? We'll assume "unanimous"?

An hon. member: Yes.

The Chair: Unanimous.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

SPEAKER'S PERMISSION

Additional copies may be obtained from: Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the following address: http://www.parl.gc.ca

Publié en conformité de l'autorité du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

On peut obtenir des copies supplémentaires en écrivant à : Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : http://www.parl.gc.ca