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## Standing Committee on Canadian Heritage

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EVIDENCE

**Tuesday, May 25, 2010**

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**Chair**

**Mr. Gary Schellenberger**



## Standing Committee on Canadian Heritage

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•(1110)

[*English*]

**The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)):** I call this meeting to order. This is meeting number 16 of the Standing Committee on Canadian Heritage. Pursuant to Standing Order 108(2), this is a study on emerging and digital media, opportunities and challenges.

Mr. Rodriguez first and then Ms. Lavallée.

[*Translation*]

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

Since the committee is supposed to debate the motions that are in order, particularly the one put forward by Ms. Lavallée, and out of respect for the witnesses who are already here, may I suggest, Mr. Chair, since the committee is not sitting on Thursday, that we immediately set aside some time to discuss these motions next Tuesday. Moreover, we could start with that, and in this matter, the issue will be resolved. We could postpone these debates out of respect for the witnesses who are here today and, at the same time, we will ensure that these motions are dealt with.

[*English*]

**The Chair:** Madame Lavallée.

[*Translation*]

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** Indeed, if we deal with these motions at the beginning of next Tuesday's meeting, for a reasonable length of time, from 10 to 15 minutes—I believe that Mr. Del Mastro wants to debate them—that would be acceptable, even though the rules state that these motions should be discussed today.

[*English*]

**The Chair:** Mr. Del Mastro.

**Mr. Dean Del Mastro (Peterborough, CPC):** Thank you, Mr. Chair.

I think that's a reasonable compromise to get this dealt with.

I do want to put on the record that once again our committee is starting 14 minutes after 11. It's unacceptable. The previous committee didn't leave the room until well past five after 11. It gives us no time to set up. We have witnesses here today. We're already working on a tight schedule. We have motions that a member would like to have dealt with. By the way, her right to have those motions dealt with is within our Standing Orders, and we need to make compromises so we can fit things in.

I want it officially brought to the attention of whoever it is who oversees the committees that this is still not working and we need a resolution. That other committee should be starting 15 minutes earlier than it is.

**The Chair:** We'll take that upon ourselves again. I thought it was rectified. We'll send a letter to the whips to make sure. We sent a letter two weeks ago. We'll send another one.

**Mr. Pablo Rodriguez:** It's still in the mail.

**The Chair:** Yes.

Mr. Angus.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** I would like to fully support Mr. Del Mastro. We have raised this in the past. We're doing a fairly intensive study, and it's disrespectful to our witnesses to not have the chance to be fully questioned.

As well, I support the motion to deal with it next Tuesday. Mr. Del Mastro is correct; it is Madame Lavallée's right to have it debated now. But I think if we're all working together and we realize that to deal with a motion we need at least 15 minutes, let's plan it so we're not cutting off time from our witnesses now.

**The Chair:** Okay.

Ms. Dhalla, please.

**Ms. Ruby Dhalla (Brampton—Springdale, Lib.):** I want to echo what Dean said as well. I think this is the third or fourth time we've discussed this, and we continue to be in the same boat. If necessary, I'm sure other members of the committee would also be amenable toward switching rooms, or the industry committee could do that, so we can come up with a compromise and start on time.

•(1115)

**The Chair:** Madame Lavallée.

[*Translation*]

**Mrs. Carole Lavallée:** I would add the Bloc Québécois' voice to that of the other parties. I will raise this matter personally with the Bloc Québécois whip, in addition to the letter that you will be sending. If everyone did the same thing, eventually things would change.

Thank you.

[*English*]

**The Chair:** If that doesn't work, I'll make a sign and I'll march in front of the Parliament Buildings till we get our time changed.

**Mr. Charlie Angus:** You should do it in that little seal outfit. That's very effective.

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

**The Chair:** It would be really warm today.

Sorry for that, but we again welcome our witnesses and apologize. We're going to have to alter the length of your statements and answers somewhat, but we'll split it between the two. We'll cut this session by seven minutes or so.

From the Canadian Association of Research Libraries we have Ernie Ingles, and from Magazines Canada we have Mark Jamison and Jocelyn Poirier, director.

Mr. Ingles first, please.

**Mr. Ernie Ingles (President, Vice-Provost and Chief Librarian, University of Alberta, Canadian Association of Research Libraries):** Thank you very much, Mr. Chairman. I'm absolutely delighted to be here.

During the day I'm the vice-provost and chief librarian at the University of Alberta. But I'm here representing the Canadian Association of Research Libraries as its president.

We're an organization of 29 of the largest university libraries in the country, but our membership also includes three federal organizations: the Canada Institute for Scientific and Technical Information, Library and Archives Canada, and the Library of Parliament. Although the last three institutions do not take any part in our advocacy, they are there simply to be part of that network, which is providing Canadians with research content for their various uses.

Over the course of our 30-plus years, we've developed a capacity to partner in the research and higher education arena. We seek effective and sustainable scholarly communication activities. And we promote public policy, encouraging research and broad access to scholarly information.

We've done that over the years also by way of spinoff organizations. The three in particular that will be part of this presentation are the Canadian Institute for Historic Microreproduction, the Canadian Research Knowledge Network, and an organization called *Canadiana.org*.

We do welcome this opportunity to participate. The issues that you're dealing with are important issues, and they are particularly important to us. Although we have our few minutes today, you will be getting an extensive brief from us that will touch on a number of areas that I won't be touching on today. But they are certainly areas that are important for your energies, issues such as digital repositories, libraries as publishers of digital materials, and, most importantly—and I'll say one or two words about it later—the archiving of digital content.

Today I want to focus, though, on what is actually question five in your inquiry, and that is looking at digital content and particularly where digital content intersects with our users—Canadians of every socio-economic grouping—and making sure those individuals have access to the emerging and digital media.

Certainly, CARL encourages government to continue its efforts to extend broadband coverage to rural and northern communities so that all Canadians can have access to that content. We encourage the federal government to continue its program of ensuring that public

libraries have computers that patrons can use for their learning and civic engagement, particularly in the rural areas and in the north.

We also encourage the government to continue to support the development of the library and archives community across Canada by way of the programs of such organizations and institutions, such as Library and Archives Canada and CISTI, the Canada Institute for Scientific and Technical Information. Both are very important to our well-being.

All of these programs are important in providing the means for researchers, teachers, students, and all Canadians to obtain the information they need in their research, education, and self-development activities.

But the means of access to digital content is only one factor in the digital equation. CARL has been advocating for a long time that government has a direct role to play in providing digital content for Canadians and in so doing to protect existing materials for future generations by digitizing Canada's documentary heritage.

If you come away with one recommendation from my presentation today, it should be that the Government of Canada needs to take a leadership role in preserving Canadian heritage by investing in the digitization of Canada's documentary heritage.

Many of you know well Tom Jenkins of Open Text. He is one of Canada's entrepreneurs and part of our team. He is on the *Canadiana.org* board. He was quoted in *The Globe and Mail* a year ago or so, saying that

much of Canada's knowledge and creative output remains on shelves in books, journals, government publications, research reports, films and TV productions, and archives. Less than 1 percent is online. We must mobilize our knowledge resources while supporting and encouraging those creating new content.

The digitization of Canada's documentary heritage has been a strong interest for CARL for many years. Canada's research libraries have the responsibility for the long-term preservation of that heritage and the mandate to make it available to Canadians. Digitization is the current approach to achieving both aims.

Canada's documentary heritage is held in paper or other analog formats in libraries, archives, museums, and other facilities. Of older documents, there are few copies available and they are often in an extraordinarily fragile state.

● (1120)

Once scanned, the lifespan of the original is greatly increased, and the information carried by the original will survive even if the original itself does not. Digital preservation entails its own challenges, to be sure, but they seem to be more tractable than those of the long-term preservation of the physical artifact.

I would say parenthetically that with the leadership of Library and Archives Canada, plus the leadership of many of my CARL colleagues and the CARL libraries, we are developing a network of what are called trusted digital repositories across the country to ingest just the kinds of materials that we're today encouraging you to support the creation of.

The more important reason for digitizing Canada's documentary heritage is to increase access to and use of it by Canadians and by others interested in Canada. Documents dispersed across many libraries and archives are difficult to discover and difficult or expensive for a researcher to consult. Interlibrary loans of rare or fragile documents are often not possible and travel to consult items is unaffordable for many. Many of you will recognize that as the condition today—at least I hope you recognize that.

That sentiment actually was stated in 1976 in one of the royal commissions of the government of the time, which looked at the same situation that you're looking at today, except in a different medium. The medium of that time was microform. It's the same issue, though: making Canadiana accessible to all Canadians.

There are many projects under way today. I'm not trying to suggest to you that we are not without progress. Things are happening. Library and Archives Canada, as I've said, has digitized many Canadian government documents. Your own Library of Parliament has digitized the debates of the House of Commons and Senate for almost all of the 20th century.

The University of Toronto Libraries are working with others, including my own institution, the University of Alberta, to digitize millions of out-of-copyright books. My own institution, the University of Alberta, has embarked upon a digitization project of 30 million pages of early Canadiana—Canadiana published up until 1923. Bibliothèque et Archives nationales du Québec has digitized a great many collections of French language materials. As a more niche example, but an example representing a lot of things happening in the country, Simon Fraser University has a project to digitize publications relating to various immigrant groups in the country.

So a lot of things are happening, but “digitization” is a word that covers many processes. I won't go into them all today. It's complex. It's difficult. It means assigning what's called “metadata” in terms of being able to find things, indexing the text itself, and just making everything discoverable online. These are challenges, to be sure.

But they're all excellent projects and they're all precedents from which you can build a multi-institutional national project. As you can imagine, they represent a very small percentage of the voluminous number of documents that have yet to be protected. That volume is estimated to be at about 40 million titles, and we can't even estimate the amount of manuscript or archival materials we should be looking at.

The federal government has not been without a contribution, and we do want to thank the Department of Canadian Heritage. For example, in the CARL context, we had a grant of \$200,000 to support the creation of a software tool that is now assisting all of our libraries in doing what I just mentioned: assigning metadata to digitized collections. I think a couple of you were actually there; I know that Mr. Uppal was there a year or so ago when we launched that. It has been used extraordinarily well.

There is a bit of irony in all of this. For some of those projects I mentioned, it's a bit of a sad reality, I guess—the University of Alberta project, for example, and the University of Toronto project—in that most of the resources for the digitization of Canadiana in

those projects are coming from an American philanthropist and not from Canadian sources or the Canadian government.

We think there should be maybe a little more investment. We don't want a Google, particularly, where we have to digitize our heritage and then buy it back. That's something we are trying to avoid if we can do so.

We note that the recently launched digital consultation mentions the need for digitization. We'll make further comments on that through the process they're engaged in.

• (1125)

We also believe, however, that the development and marketing of value-added services around the collections might present cost-recovery possibilities, and certainly it represents possibilities for partnerships with the private sector.

Many of those materials I mentioned just a few minutes ago are being used by educational publishers, by all sorts of individuals in the educational media exploiting what we already have digitized. And we can only assume that the more content that's out there, the more opportunity there will be for those kinds of private sector partnerships and those kinds of private sector publishers. It's a big industry and we think we can contribute to it.

The availability online of our national wealth of historical documents would be a boon to that creative sector, saving writers and other creators much time and trouble and encouraging cultural creation in and about Canada.

I want to briefly touch on the issue of copyright. The research library community firmly believes and asserts that creators should indeed be compensated for their work. The issues we project to you today with regard to retrospective digitization primarily focus on out-of-copyright materials. But we did want to suggest that CARL is in the process of compensating creators and publishers to the tune of about \$250 million a year through our usage of those materials, through our purchase of those materials, and through licence fees we pay to Canada's various collectives.

As an association, we have participated in the government consultation, and we would be pleased to provide this committee with a copy of our comments. Our libraries want to be a part of the discussion when the government introduces the new copyright reform package, which we hear will be fairly soon.

We thank the heritage committee for inviting us to present today. We have appreciated the opportunity to underline for you the engagement of Canada's research libraries in the use, dissemination, and even the creation of digital media. We would be pleased to answer any of your questions.

Thank you.

**The Chair:** Thank you.

Now we move on to Magazines Canada. Who is the presenter?

**Mr. Mark Jamison (Chief Executive Officer, Magazines Canada):** That would be me. Thank you, Mr. Chair.

My name is Mark Jamison and I am chief executive officer of Magazines Canada. Jim Everson, our executive director of public affairs, is with me. Due to illness, my colleague Jocelyn Poirier sends his regrets. Jocelyn is a member of the Magazines du Québec board as well as the Magazines Canada board, and he is president of the TVA group, but unfortunately he is ill and he cannot be with us.

We appreciate that the committee is focusing on digital media. This is an environment that magazine publishers have embraced. We thank you for having us.

Canadians have benefited considerably over the years from progressive federal policies in the magazine sector. As the digital economy and new consumer demand evolve, policies need to be updated to continue to provide value to Canadian readers.

We would like to spend a few minutes talking about magazines today and tomorrow. Different monitors have the slides in French and English.

First, I have just a few words about the industry and Magazines Canada. Our national association provides advocacy, marketing, and professional development services for Canada's consumer, cultural, and business magazines. Members are mostly independent titles located in all parts of Canada, publishing in French, English, and aboriginal languages as well as many other languages.

Member magazines are Canadian owned and controlled, and that's a point we want to stress, plus the fact that most of our magazines have 80%-plus Canadian content. Together, our magazines deliver 700 million print titles annually and attract millions of readers online. The \$2.2 billion Canadian magazine industry provides direct and indirect employment to some 13,000, and that includes all our creative people—writers, designers, illustrators, and so on.

Are we tanking on the French slides here?

• (1130)

[*Translation*]

**Mrs. Carole Lavallée:** I would like to interrupt Mr. Jamison because we cannot follow.

It is still in English here.

[*Technical Difficulty—Editor*]

[*English*]

**The Chair:** Can we look at the monitors?

Okay, we have French there. Anyone on that side who wants to see it in English can maybe move around a little. We do have it up.

If that's satisfactory, we'll carry on, please.

[*Translation*]

**Mrs. Carole Lavallée:** Mr. Chair, the principle of distributing documents in French and in English has been respected. The principle has been respected. Perhaps the objective has not been achieved, but the principle has been respected. So we will be satisfied with that.

[*English*]

**The Chair:** Okay, thank you. It's the digital world we're in right now. That's why we're having this, so we can correct these things.

Carry on with your presentation, please. I'm sorry for the delay. We'll get some of the wrinkles ironed out here yet.

**Mr. Mark Jamison:** We underline that while government investment is appreciated and important, total government investment in the magazine industry in Canada by all levels of government collectively is less than 4% of the industry's value.

Federal policy on magazines is working. Over many years, Canada has developed and refined its magazine policy into quite a sophisticated set of tools. In the digital economy these tools will need refining but not replacing.

On the one hand, we have modest government investment that has garnered a high level of success. On the other hand, we have a completely open world marketplace for magazines here in Canada within which our Canadian publishers have been successful. To ensure that the success continues in the digital economy, we will need to update and refine the current tools, not replace them.

When we say that federal policy is working, here is the proof. The number of Canadian magazines continues to grow. Canadians want Canadian content, and magazines are delivering this. With this reader interest, magazines drive economic activity across Canada and create high-quality jobs.

Canadians spend about 41% of their money on Canadian titles when they purchase magazines. Canadian magazines also have 80% of the subscription market in Canada. This compares very favourably, for example, to the percentage of film time and television time devoted to Canadian content.

In this slide you see how the growth of print magazines over the last decade has paralleled the growth of the Internet. Even through this economic meltdown, magazine readership has been very steady.

In addition, magazines are read by everyone. A common theme and discussion is that young people are abandoning the print medium, but nothing could be further from the truth. The largest segment of print magazine readers are in fact people between the ages of 18 and 24. As you can see, it's pretty steady across all of the age groups.

However, as Canadians demand more access to Canadian content in new and different ways, our magazine publishers are responding. As time spent on the Internet increases, time spent on consuming other media will change. Magazine brands are responding to Canadian expectations by creating enhanced content on websites, blogs, Twitter, Facebook, and whatever else they'll invent next week that we don't know about. We want to show you how this is evolving.

Here is an example of Canadians' capacity to work together. Magazines Canada launched the digital newsstand just late last year. With 145 titles participating in both official languages and reader response growing, the project is supported in part by the Canada Periodical Fund. It demonstrates how this public-private partnership can achieve results in a digital economy.

The digital newsstand and related websites provide Canadians with options to access Canadian-created content. These digital formats also allow publishers to enhance core content with links to related sites, government information, business opportunities, and so on.

New platforms allow smaller publishers greater reach at home and abroad. Our magazines take Canada's cultural business commerce, communities, and policy ideas everywhere in digital. An example is *Sky News*, a small-print circulation magazine based near Belleville, Ontario. It's devoted to astronomy, with a very dedicated print readership of about 5,000 per issue. This is typical of small niche magazines. Look at what happens in the digital age: it is now attracting astronomy geeks worldwide.

Quality Canadian content has always been exportable, and now in the digital age it is much more portable. It's early days for this digital newsstand, but it is already opening doors for magazines of all types to reach even more readers at home and abroad. This will only grow with the right public-private nurturing, and we thank the Canada Periodical Fund for its help with that.

Unfortunately, Jocelyn couldn't be here, but I have to talk a little bit about *Clin d'oeil*. It's a proven magazine brand with a strong market in Quebec. It's a fashion and beauty magazine that shines in many different ways. One of them specifically is that it has also become a broadcaster; it is no longer just a magazine. It is doing all the Twitter, all the blogging, and everything you can imagine, but it is also the broadcaster of a web series called "*Comment survivre aux week-ends?*" Now in its second season, this series has been downloaded almost 1.6 million times. The story line comes from stories in the magazine, and there are other related things. Music and other story lines are also available. It's typical of where magazines are going. They're becoming portals for all types of content: film, music, as well as long-form magazine journalism.

• (1135)

When we talk about platforms, we have to include face-to-face events, and *Cottage Life* in Ontario represents that. The story here is the value a magazine like *Cottage Life* brings to businesses that advertise in the magazine, true of many magazines. Because *Cottage Life* is read by cottagers, it attracts advertising from Canadian businesses interested in that market, as does its show. A lot of business is done by people who share in a community built around this magazine. Without the magazine, its live show, its web presence, and other extensions, a lot of Canadians would be mail ordering for cottage supplies from U.S. businesses instead of buying them from Canadians. This is a point we really need to underline: the value of brands and making business happen.

The *Alberta Venture* brand is a regional business-to-business and business-to-consumer powerhouse. On multiple platforms it drives business, celebrates Alberta's business leadership, and promotes Albertans who demonstrate excellence. Readers across Canada also appreciate this brand, and it puts them in touch with issues and innovations by Alberta business people.

I want to end with *Hockey News* on this portion, apparently because Canadians like hockey—until last night. Hockey fans have found *Hockey News* a very important part of their lives. Hockey fans get updates, news dailies from up-to-the-minute scores, and so on on

their PDA devices. That PDA download is something in the neighbourhood of 500,000 of just the platform and 4.5 million page views monthly.

So in a world of digital platforms, print, online, TV, radio events, mobile iPads, where's Canadian content in Canadian consciousness? Right up front. Let's take a look at this one for a second. Step aside *American Idol*; five Canadian magazines beat out hot American TV shows like *American Idol* in audience, and by a long shot. Millions and millions of people read Canadian magazines.

Why are we doing so well? Once again, it's Canadian content. Our success in achieving this is in a crowded marketplace. It should be underlined that there are over 100 titles available per Canadian of all types, foreign as well as domestic, and we compete in a global marketplace right here at home.

We give a lot of credit to the Canada Periodical Fund, now in its new iteration. It has been redesigned to provide magazine content creators with the flexibility to manage funds strategically, for example, to reach Canadians and international audiences with homegrown content on multiple digital platforms. We think it's key. We would like to see it reinforced as we move ahead. We would like to see it retain its current funding level, including the \$15 million the Government of Canada ensured it had going into this round. We would like to see that renewed.

To close, succeeding in a digital economy, we'd like to see a robust CPF continue. We believe the Canada Council is doing a great job moving to the digital age. We are looking for copyright reform that supports creators so they will stay in Canada while ensuring ease of access to Canadian users of our content as well as international users.

We believe in-career skills development is absolutely essential to help our competitiveness in the digital age, and we believe supporting industry collectives to drive innovative marketing distribution and monetization will really help us.

Finally, we'd like to thank you for your time. We appreciate the Government of Canada's investment, and we invite you to join Friends of Canadian Magazines in either language.

Thank you.

● (1140)

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

We'll now move to questions. There will be one round of questions of five minutes each.

Mr. Rodriguez, please, to lead off.

[*Translation*]

**Mr. Pablo Rodriguez:** Thank you, Mr. Chair.

Good morning and welcome. Thank you for coming.

I will begin with you, Mr. Jamison. These figures are impressive and interesting. I am even surprised because we often hear that in this digital age, there is less space for print magazines and people are turning more and more to the Internet, to the digital media.

And yet you have told us another story, it is a good news story today. Magazines Canada is presenting good news today.

[*English*]

**Mr. Mark Jamison:** It is good news. The statistics support it. I think we do a lot of “perception is reality” assessment. But the bottom line is that print is as strong now as it has been for the last five years, and the projection over the next three to five years is that the decline will only be about 1.3% in consumer uptake of print magazines.

[*Translation*]

**Mr. Pablo Rodriguez:** I was also surprised, when you referred to age groups, to find out that young people are also big consumers of magazines.

What type of magazines do you people near the 20-year-old mark read?

[*English*]

**Mr. Mark Jamison:** All magazines, certainly all Canadian magazines, are very niche oriented, so whatever interests people in a particular age group is what they'll be going to. Interestingly, technology and computer magazines are very popular in print, and young people read a lot of those magazines. Canada does not specialize in celebrity magazines per se, but we certainly have a lot of interests, such as Canadian history and various niche products.

Young people do not seem to have focused in any particular area, but they do have their own interests, including the astronomy magazine I mentioned.

[*Translation*]

**Mr. Pablo Rodriguez:** Thank you.

Mr. Ingles, I would like to mention the issue of copyright. This is a bit of a technical issue, but I would like to comment on some aspects that both you and the representative from the Canadian Association of Research Libraries talked about.

You said that you are in favour of the “notice and notice” solution. Is that correct?

● (1145)

[*English*]

**Mr. Ernie Ingles:** Sorry, I'm not sure I know what you mean by “notice and notice”.

[*Translation*]

**Mr. Pablo Rodriguez:** Thank you. “Notice and notice”, or “*avis et avis*” in French, meaning that a notice is sent in the case where there has been an infringement of copyright.

I have here a text that says that you “encourage a 'notice and notice' approach to dealing with possible misuse of copyright materials on the Internet. An ISP should not be expected to 'take down' a website that may contain an authorized copyright material”.

This quote is taken from your documents. Do you know what I'm referring to?

[*English*]

**Mr. Ernie Ingles:** I'm afraid I don't. I'm going to have to get back to you on that.

[*Translation*]

**Mr. Pablo Rodriguez:** I am talking about the whole issue of fair use.

[*English*]

**Mr. Ernie Ingles:** Yes. I'm trying to think of a way of explaining it—in such a fashion that even I can understand.

I suspect that when dealing with copyright there are many perspectives. I'm afraid one of the things that will happen when the new act comes in is that no one will be totally satisfied.

We believe strongly in fair dealing, particularly within the context of our membership, which is an educational, research-based membership—the Canadian Association of Research Libraries is part of the university construct in the country. We believe that through various mechanisms, not the least of which is the fair dealing clause that exists in the Copyright Act for private study, research, etc., mostly we are in compliance with copyright as it exists today. However, when and where we may or may not be in compliance, we are supporters of fair application of the collectives in terms of tariff. We also, in many of our digital licences—in fact, almost all of our digital licences—negotiate and pay for rights to do the kinds of things that we think need to be done.

[*Translation*]

**Mr. Pablo Rodriguez:** I will ask you another specific question. Does that mean that you are absolutely against digital locks? Are you saying that there is room for this in the legislation providing that fair use has priority over digital locks?

This is a very technical aspect, but I am very interested in your answer.

[English]

**Mr. Ernie Ingles:** I think the answer is yes. I won't pretend to be an expert in that area. We have others who are, and we can get back to you. But, yes, we believe we have a certain package of rights under fair dealing, and where we don't have those rights, either through fair dealing or licences, we would apply those locks. But I have to admit, I am not an expert in that area.

**Mr. Pablo Rodriguez:** Okay, but fair dealing should overrule the digital locks.

**Mr. Ernie Ingles:** Yes, where fair dealing is an issue or provided for.

**The Chair:** Thank you. We'll carry on.

Madame Lavallée, next question, please.

[Translation]

**Mrs. Carole Lavallée:** Thank you.

Mr. Ingles, you are not the first person from the field of literature or libraries to come before us and set out the issues within the world of documentation as they relate to digitization. It is my understanding that there were four issues of interest. I would like to hear your comments on that.

I will present the first three and then talk about the fourth, i.e., copyright.

The first issue is the digitization of documents. I take it that, when you talked earlier about documents, you were not only referring to written documents, on paper, but other forms of documents as well. The digitization of documents, if I understand correctly, is the first issue. For representatives of the book or publishing sector, the problem is one of content, but that is not an issue for the library sector.

The second issue is Google. We know that Google has digitized millions of books, whether in French, English or Spanish, and sent letters to publishers stating that, if they objected to that, they simply could take the company to court. The industry in Quebec is waging a major battle against that. I would like to know whether you were affected by Google's actions, and what your response was.

The third issue is government assistance. You told us that you received a \$200,000 grant to support the creation of software.

• (1150)

[English]

**Mr. Ernie Ingles:** Two hundred thousand dollars.

[Translation]

**Mrs. Carole Lavallée:** Two hundred thousand dollars, okay. You received \$200,000 to create a software tool to assist in digitizing collections, but you say that if there is one recommendation we should come away with, it should be that the government needs to take a leadership role and invest in the digitization of our documentary heritage. What more would you like?

The fourth issue is copyright, but we can get to that if we still have time. Let us begin with the first three issues on which I would like to hear your comments.

Have I properly identified the issues?

[English]

**Mr. Ernie Ingles:** Very well indeed, actually.

As you said, the first challenge is digitization. In many ways, it's the easiest, but it's very expensive. It's easiest in terms of technologies involved. Those are sophisticated today. We know what we're doing and we know how to do it, but really it's just the cost of doing it.

The interesting thing about it, however, is that it's also a job creator, because we need to set up our sites and we need to utilize those sites in terms of doing that mass digitization—and the mass is huge.

In Quebec, just as an example, some of that digitization capacity is being developed by our first nations, so it's becoming job creation in the Quebec context. So there are some really interesting spin-off benefits, but it is a huge challenge for us.

Of course, just digitizing something doesn't make it accessible. It doesn't lead to its discovery. In and of itself, that's another item.

I don't want to leave you simply with the idea that the retrospective digitization is all of the problem. My colleagues here have talked very persuasively and very articulately with regard to the digital or electronic versions of those magazines, and I applaud them for that.

I hope they're considering the preservation of those files, not for five years, not for ten years, but our challenge within the research library community is to think of that preservation for 500 years. That is our challenge. I think we are the only ones in the country thinking in those terms. That's where trusted digital repositories come into the fray.

Google has been an interesting component of our lives. Access to all of the Google files is not yet a part of our service array in Canada. It probably will be, but there are still legal things to overcome.

But it worries me as a Canadian, perhaps not in my current role, that much Canadian content—thank heavens not as much as they think—has been digitized by Google, and we're now going to have to go in and somehow buy it back, retrieve it from another foreign repository. That gives me a certain amount of angst, I have to admit.

We would like to see more government assistance, particularly in making in-roads into those huge digitization projects that I mentioned. There's a lot of content out there. We think that content can be re-purposed in many ways by the cultural sector, the private sector, education, all sorts of things. Whether it's \$1 million or \$10 million or \$500,000, as we nibble into it, it's an important—

[Translation]

**Mrs. Carole Lavallée:** I apologize for interrupting you.

Are we finished?

[English]

**The Chair:** Yes, we're finished.

Mr. Angus, please.

**Mr. Charlie Angus:** Thank you. This has been a fascinating discussion.

Mr. Jamison, there's a book called *Free: The Future of a Radical Price*. Much of our discussion has been about the dangers of people using cultural goods they've never paid for. While I was in the magazine business for 12 years, for every magazine we sold, 10 people read it. That's a pitiful rate of return.

With respect to getting shelf space, our stuff was usually taken off the shelves and trashed before we ever sold anything. With many magazines I knew, rack space was almost impossible, so they had to find creative ways to sell. From what you've described, it seems that the Internet is creating phenomenal opportunities for Canadian magazines, not just to hold their own and find markets but to find international markets.

How do you see the role of digital in terms of equalizing the playing field that has been skewed against small magazines in this country?

**Mr. Mark Jamison:** The digital platform in itself is levelling the playing field because the efficiencies to get to market are much better. The Canada Periodical Fund, in its old iteration, basically paid for postal costs. Today the Canada Periodical Fund can be used to look at other forms of distribution, including digital, so a lot of cost is taken out there.

The digital newsstand I described is mainly inhabited by smaller magazines, and they are selling their magazine subscriptions. These digital platforms aren't giving the product away. When you see the uptake in other parts of the world, however small it is at this time, you see that potential.

The big challenge is monetization of all these platforms in the longer term. Right now it's money going in, hopefully with money coming out. It has been slowed by the economic downturn—those impacts still affect us tremendously—but the long-term opportunity is there for the smaller niche product to thrive, no question.

• (1155)

**Mr. Charlie Angus:** Thank you.

Mr. Ingles, I don't think there's any debate around here in terms of having digital locks, digital rights management, in terms of protecting copyright or works from being taken and bootlegged.

As you say, though, fair dealing rights are defined by the Supreme Court of Canada. They are rights that educators can use.

If a digital lock is placed on a library product or research material that abrogates those rights, how do you think we should develop our legislation to maintain the balance between using the digital lock to protect from theft but making sure that doesn't arbitrarily override rights for education, for private study, and the like?

**Mr. Ernie Ingles:** That gets into a bit of a technical and legislative view, and I'm sorry I stumbled on the issue before.

Mr. Angus, I'm not sure I'm the right person to give you a sense of what should be done. Certainly my community believes strongly, as I think you just articulated, that we have a lot of rights to use all sorts of materials in the day-to-day of what we do: educating people, research, and so on. Any limitation on those rights would severely prejudice our evolution as a society, our research capacity, and all of those kinds of things.

Certainly the Canadian Association of Research Libraries, as well as our individual members, understands and supports the notion that there has to be some protection for our creators, our publishers, and our industries such as my colleagues here today. We understand that, and we don't disagree.

But for our purposes there has to be this understanding of what we can do. Technically, legislatively, wordsmithing, I'm not sure.... Ultimately the more definition we find in legislation, oftentimes it works against us. Sometimes it's better to be a bit more vague than specific.

**Mr. Charlie Angus:** Or illustrative rather than exhaustive.

**Mr. Ernie Ingles:** Yes, exactly. Having said that, in some ways I'm not sure. Everything is interpretable, and probably we'll be interpreting whatever the wording is for years and years to come. Possibly it's going to have to be dealt with in the courts in some fashion, as it has been in many other countries.

But the principles you've outlined are our principles as well: use for those purposes for which use is essential, but protection for abuses.

**Mr. Charlie Angus:** Thank you very much.

**The Chair:** Thank you.

We'll go now to the last question, Mr. Del Mastro, please, for five minutes.

**Mr. Dean Del Mastro:** Thank you.

Mr. Chair, I'll be sharing my time with Mr. Galipeau.

Mr. Jamison, I've been saying for a little while that it seems all platforms are coming together, and it seems that magazines are making the most of that. There was a time where platforms were divided up, so you had newspapers, magazines, periodicals. That was a media source. Then you had perhaps television and radio, and then along came the Internet a little while later, and these were various platforms upon which you could kind of pitch a product.

It seems that the strength in magazines, where you are finding strength today, is a hybrid model in which you're making the most of multiple platforms and still working to promote, I suppose, your base platform, but not to the exclusion of other platforms.

Is it fair to say there has been a transition to magazines to make them current, to make them hip, to conform to or meet the new platform challenges out there? Is that a fair statement?

• (1200)

**Mr. Mark Jamison:** It's a very fair statement. It certainly doesn't suggest that the print platform is declining or is in danger of disappearing, but it does mean that we can take the Canadian content base, and these magazine brands already reach consumers in ways a lot of other media content creators can't. We're already there on these other platforms, and it's almost like the skills are transferrable to the new platforms. They are transferrable. We simply have to learn how to do it better.

Do you have something to add to that?

**Mr. Jim Everson (Executive Director, Public Affairs, Magazines Canada):** I would only say that the policy environment has been really strategic for that purpose. Mark showed how Internet users and magazine readers are the same people. What magazines have done is very effectively extended their readership into the Internet, so that you run a story and then you have a chat room and a lot more information on the website. Then you link it back to new story ideas that come out of the first one, back in the magazine. The policy environment has been really important to creating a stability that allows magazines, then, to take risks in terms of trying to monetize on the Internet and trying to get some revenue out of the online environment. Canada—

**Mr. Dean Del Mastro:** To be very succinct, the way we have actually structured the funding model, as opposed to simply the Canada Post subsidy that you used to receive, has been helpful in assisting you to meet these new platform challenges.

**Mr. Jim Everson:** Absolutely. We're only at the beginning of a new Canada Periodical Fund, which, as Mark pointed out, now rewards the reader in terms of accessing magazine content online as opposed to rewarding postage costs, which is basically what the postal assistance program did in the past. It's going to really be an important tool in terms of continuing the growth you're talking about.

**Mr. Dean Del Mastro:** Thank you.

Mr. Galipeau.

**Mr. Royal Galipeau:** Mr. Jamison, I have a quick question.

I saw the list of Canadian magazines you showed on the screen. Call me ill-informed, but I saw *Reader's Digest* on top of the list. Last time I checked, *Reader's Digest* was a foreign publication with a split run Canadian edition. Am I ill-informed there?

**Mr. Mark Jamison:** There's a little update on that. The way the *Reader's Digest* franchise works, there is *Reader's Digest Canada*, *Reader's Digest U.S.*, *Reader's Digest Europe*. They are all quite independent. But there are other magazines, like *Elle Canada*, and so on, that are actually franchise operations. They buy the rights to use the name. The content in Canada is primarily Canadian. It is edited, produced, published, printed, and distributed in Canada. It's specific to Canada, but it is not a split run. It was at one point, but that all changed in the late 1990s as a result of the changes made under the Foreign Publishers Advertising Services Act.

**Mr. Royal Galipeau:** Mr. Ingles, thank you very much for your presentation.

I have fun in libraries. I was six years on the library board at the Ottawa Public Library. I prepared a whole bunch of questions for you, but your presentation was such that you replied to my questions before I asked them. You were on point.

However, I am left with one open question, and you can burn the rest of the clock with it. What do you want us to do for you?

**Mr. Ernie Ingles:** Thank you very much for that opening. I don't know how much clock I have to burn...? One minute.

I'll waste a little bit of it to say that we share a bit of heritage. I also was a trustee of the Ottawa Public Library, from 1978 to 1983 or 1984, before I moved west.

There are a couple of things I would suggest. First of all, in all honesty, I know it's not politic necessarily to come in with one's hand out and say we need more money, but there has been very little real investment in the retrospective digitization of our heritage, particularly from our memory institutions. There has been some contribution, and I would be the first to applaud it, through the CCO program in Heritage Canada. I myself, for example, have sat on the board of the Virtual Museum of Canada for 10 years, and I've seen some great and wonderful things happen there, within that digital space. So I do think there has been an investment, but I truly, honestly think there needs to be more.

I think because we are memory institutions in that way, there also has to be more support for Library and Archives Canada, for example, to help us develop these trusted digital repositories. I know it may sound foolish to you to worry about a 500-year horizon, but that's the kind of thing we worry about, and we need to worry about it. If no one had started to worry about the print publications of the previous centuries, we'd have nothing to digitize and we'd have no heritage to look back on. So we have to look ahead, but we have to understand what it takes to look ahead, and the investment.

There are many things that we want to rely on the private sector to do for us, but there are many other things that we need public support to do.

• (1205)

**Mr. Royal Galipeau:** How much?

**Mr. Ernie Ingles:** Well, anything would be helpful. The cost of the digitization that I referred to is in the hundreds of millions of dollars. There's no question about that. But as I said earlier, every little bit helps—\$500,000 here, perhaps matched by this, that, or the other institution. That's the way we're doing it now.

Regarding the 30 million pages that I referred to at my own institution, we will be doing that without any government money. So it can be done. We have to work harder. If we had government money to leverage with some other kinds of money, it would be even more helpful.

**The Chair:** Thank you. Mr. Galipeau. You did sneak one extra little question in there.

Thank you very much to our witnesses for this first part. I apologize again for our lateness in starting.

We will recess for a few minutes to get our next witnesses ready.

• (1205)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1210)

**The Chair:** I'm going to call the meeting back to order and welcome our next witnesses.

From Astral Media we have André Bureau, chairman of the board, and Sophie Émond, vice-president, regulatory and government affairs; and from Corus Entertainment Incorporated we have Sylvie Courtemanche, vice-president, government relations, and Gary Maavara, vice-president and general counsel. Welcome.

This meeting will be over at one o'clock. Again, I apologize that we had a late start in the first part here today.

Astral Media, if you would like to start, please go ahead.

[*Translation*]

**Mr. André Bureau (Chairman of the Board, Astral Media Inc.):** Good morning, Mr. Chair, committee members and staff. First of all, I would like to thank the committee for inviting Astral to participate in its study on emerging and digital media.

Astral is a Canadian media company, active in the fields of specialty and pay television, radio, new media and out-of-home advertising both in the francophone and anglophone markets across Canada. The impact of the evolution of digital media on the broadcasting sector overall is, for us, a matter of the utmost importance. We have all been witnessing an acceleration of the pace of technological change that has been causing dramatic upheaval in the means of access to content on a variety of platforms. For a business such as ours, this no doubt presents enormities—I am sorry—opportunities—

**Some voices:** Oh, oh!

**Mrs. Carole Lavallée:** Was that a Freudian slip?

**Mr. André Bureau:** Yes, madam, I am being well looked after this afternoon.

**Some voices:** Oh, oh!

**Mr. André Bureau:**—but it also adds challenges. Our imperative is to find sustainable business models. We must adapt our TV and radio services in order to remain relevant in the broadcasting value chain in light of the emergence of new competitors; we must invest and progress in the interactive media and evolve in order to remain connected to our audiences.

[*English*]

We have followed the hearings of this committee over the past few weeks and have drawn two principal conclusions therefrom. First of all, the scope and complexity of the unresolved issues we all face, whether they be (a) public initiatives for the creation of a Canadian digital content, namely funds, tax credits for production, assistance in the digitization of content, assistance for the development of talent; (b) the current copyright scheme; (c) access to the new distribution platforms by both consumers and creators; (d) the adequacy of the current regulatory system in light of this new environment; (e) piracy; (f) Canadian ownership rules; and (g) the impact of international treaties on the ability to adopt measures favouring Canadian businesses. This situation is further complicated by the fact that the policies and rules originate from several stakeholders, organizations, or government departments, without the optimum coordination necessarily being present.

Secondly, while the debates have clearly been informative and have better enabled us to identify the collective issues, it is, we submit, unfortunately not in the space of several hours and individually in a one-hour timeframe that one can propose exhaustive solutions. It seems to us imperative that we take the time and take advantage of the existing expertise to find solutions together.

We have built the Canadian broadcasting system on a solid foundation based on public policies and with contributions of the

pillars of the system: private and public broadcasters, independent producers, and broadcasting distribution undertakings. Our Canadian broadcasting policy has provided the necessary conditions to enable the creation of and access to content that reflects Canadians' distinctive perspectives and ideas. It has been a key measure in supporting a Canadian cultural sovereignty within the overall North American context. It has also enabled the development of an important and vibrant Canadian economic sector.

Sophie.

• (1215)

**Mrs. Sophie Émond (Vice-President, Regulatory and Government Affairs, Astral Media Inc.):** Let's make sure that we do not lose the benefit of all that has been achieved in the latter sector, which provides a true showcase for Canadian creators and Canadian content.

What we submit to the committee today is that the time has come to consult and develop together a new comprehensive policy for the Canadian communications sector in its entirety, covering the broadcasting, telecommunications, and new media sectors, perhaps under the leadership of a new, unified communications department.

[*Translation*]

In this respect, we submit that an expert panel should be mandated with reviewing the current broadcasting policies, holding industry consultations and receiving expert studies in order to make concrete recommendations to the government, both with a view to developing an orderly transitional strategy and proposing a new national policy that is adapted to the reality of our global and multi-platform environment. Such panels have been successfully established, a few years ago, with regard to telecommunications matters as well as in the course of reviewing Canadian competition policies.

Until then, certain specific steps could also be taken, such as simplifying the management of copyright by the Copyright Board and the implementation of certain specific income tax credits and the long-term maintenance of the Canadian Media Fund.

By way of conclusion, Canadian broadcasters remain a key element in the landscape in order to ensure the development of a professional and high-quality Canadian content in new media. Let us, therefore, provide them with the best possible conditions for a successful transition toward this new multi-platform environment.

Thank you for your time.

[*English*]

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

We move on now to Corus Entertainment and Mr. Maavara, please.

**Mr. Gary Maavara (Vice-President and General Counsel, Corus Entertainment Inc.):** Good afternoon, Mr. Chairman Schellenberger and members of the committee. My name is Gary Maavara. I am executive vice-president and general counsel of Corus Entertainment. With me today is Sylvie Courtemanche, who is vice-president of government relations.

Mr. Chairman, members of the committee, Corus very much appreciates the opportunity to take part in this proceeding. We believe it is important for us to outline our perspective on digital interactive media markets in Canada and abroad. As you know, Corus is one of Canada's leading media and entertainment companies. We have extensive radio holdings across Canada that serve the ridings of almost all of the members of this committee. We have several national specialty and paid television services and three over-the-air television stations serving the communities of Peterborough, Kingston, and Oshawa.

We employ people across Canada, from Quebec to B.C. We also own Nelvana, one of the world's premier producers of children's animation programming. Our program library currently comprises some 3,300 half-hour episodes of Canadian-produced and co-produced content.

Kids Can Press is Canada's largest publisher of materials intended for children. Some of our brands in that book company include the popular Scaredy Squirrel and Franklin the Turtle, and the iconic Babar, who is everyone's favourite elephant.

Over the past several years we have been exploring new and innovative ways to capitalize on new technology-driven markets. To accomplish this we have been continually upgrading our physical plants and training our employees so that we can remain relevant to Canadians. For example, we are two days away from moving into Corus Quay, which will become part of the rebirth of the east end of Toronto's waterfront. The mega-million-dollar investment will establish one of the world's most sophisticated media centres.

We are making this investment in recognition of the fact that we need to be able to compete with the best that the world has to offer. We are competing with the world, and the world competes with us right here in Canada.

Corus provides Nelvana-owned Canadian content to multi-platform channels such as KidsCo in Europe, Asia, and Africa, and Qubo in the United States.

We also have a direct-to-consumer digital download strategy. The result of all this is that today, our productions are available in more than 160 countries worldwide in more than 40 different languages.

Why are we talking about foreign markets, you ask? Of course because that is where the market is that will allow us to expand our Canadian presence. New technologies are not just about threats; they provide us all with opportunities. But we must be thoughtful, nimble, and strategic to succeed.

• (1220)

[Translation]

**Mrs. Sylvie Courtemanche (Vice-President, Government Relations, Corus Entertainment Inc.):** In our recent appearances before the CRTC, we have argued for an approach to policy and regulation based on what we call the Corus "big six". We think that our big six principles are particularly relevant to this proceeding. Allow me to list them one at a time.

The first principle is to embrace the merits of fostering a Canadian-owned but globally competitive industry. It must be explicitly recognized that we compete in the world market. Of course

this has always been the case in traditional broadcasting. Our policies are built upon the realities of our small market, which evolves in juxtaposition to a huge market. Digital media simply broadens the scope of the problem. The adjacent market is now the whole world.

Government and regulatory bodies must align their domestic policies and rules so that we can have a Canadian-owned system that is globally competitive. We can no longer shelter our domestic market. The barriers that we have built to protect Canadian media can become a confining trap if we are not mindful of the change.

The second principle is to increase the probability of success of the Canadian media industry by encouraging the creation of larger and stronger enterprises.

Corus is a significant player in the Canadian market, but we are very small on a global scale. Google spent roughly US\$1.5 billion on research and development in 2007. That amount is greater than the revenue last year of the entire Canadian radio industry. So we must all recognize that the problem is worse in the digital realm than it was in traditional broadcasting. This makes it very challenging to fully participate in the new media world.

The third principle is to develop a Canadian industrial strategy for our sector. As has been the case in other industries, we need to look at our business from a strategic perspective. Strategic thinking means making decisions about what the priorities are for the system. That was one of the themes raised during the Canada 3.0 Conference.

As an immediate first step, we recommend the creation of a panel of experts to report on the state of the media environment and about what government should do. This approach was successfully implemented with the recent telecommunications review panel, as well as with the process that led to the Caplan-Sauvageau report in 1986.

The fourth principle is to recognize that private media enterprise success is what will lead to a stronger cultural system, not the current system of progressive fees, conditions and tariffs.

Imposing a regulatory system of conditions, tariffs and quotas on new media participants will not promote a greater Canadian presence in new media. In fact, it is likely to have just the opposite effect. Furthermore, the commission should make no attempt to regulate the new media activities of Canadian broadcasters. As we have said, this would only inhibit, not enhance, our ability to prosper in the digital universe.

•(1225)

[English]

**Mr. Gary Maavara:** Five, allow Canadians to experiment. Recognition of this principle is also key to new media. By their very nature, new media initiatives are risky, business plans are uncertain, and ultimate success is very much a matter of trial and error. In that type of dynamic, rapidly moving environment, we must be able to experiment, to innovate, to try out new ideas. We must be nimble and able to react quickly to take advantage of new opportunities when they arise. Regulation of our new media activities, no matter how well intentioned, can only hinder our participation in the new markets.

Six, recognize that our small market requires that government continue its support of the research, development, and implementation of intellectual property. One of the observations made at the Canada 3.0 conference was that technology is only as good as the people using it. Yes indeed, and we need to invest in the training and research to better understand how we will implement these new technology tools.

Mr. Chairman and members of the committee, those are the Corus big six. In short, we need to be able to experiment, to innovate, and to react quickly to new opportunities. That is the only way we will find out what works and what doesn't work with consumers. In our view, many of the current regulatory approaches are counter-productive. We fear that they stifle innovation and creativity and make it even more difficult to assure a meaningful Canadian presence in the content delivered over new media platforms.

Based on our experience and successes to date, we believe this is exactly the wrong approach. Instead of trying to regulate new media broadcasting, the government should be attempting to better understand it, and it should be aiming to identify and remove existing policy and regulatory barriers that limit the ability of the existing broadcasting system to fully exploit digital interactive media markets.

Mr. Chairman, that concludes our remarks. Thank you for your attention. We would be pleased to respond to your questions.

**The Chair:** Great. Thank you.

I think going forward we're just going to have one round. It will be seven minutes, and we'll stay to the seven minutes. You can share, split time, or whatever.

Ms. Dhalla, you can go first.

**Ms. Ruby Dhalla:** Thank you very much to our witnesses. Due to our limitation, I'm actually going to be splitting my time with my colleague, Scott Simms.

First of all, I want to thank both of you for appearing before the committee. I think that in your own respective ways you have been visionaries and have provided a lot of leadership to the industry.

I actually want to address this question to Mr. Bureau, who I guess is viewed in some ways as a pioneer for his leadership and vision within the broadcasting and telecom industry. One of the initiatives you have been pushing for quite a while is a unified communications department to take a look at the way government is doing things now

and perhaps provide the innovation, creativity, and leadership to do it differently.

You've mentioned a couple of those ideas within your presentation as well, some short-term ideas and also long-term goals. Could you perhaps provide to the committee an expanded approach to your vision of having a unified communications department, what that would entail, what it would look like, and why you think it's necessary now?

•(1230)

**Mr. André Bureau:** Thank you for the question. Thank you for calling me a pioneer and not a patriarch.

**Voices:** Oh, oh!

**Mr. André Bureau:** I've lived through different governments, whether I was at the CRTC or in business, always in the media business. I've seen the benefits of having one department in charge of both telecommunications and broadcasting at the time, and having one vision for the future.

As a matter of fact, the rest of the world came to see how it worked here and couldn't believe that we would have one regulatory authority, for example, for both telecom and broadcast when they had separate ones in most of the countries of the world, and the same thing at the level of the department. It's too bad that at some point that's been split—not because of the individuals involved at all; I'm talking about the vision of the government, the possibility to look ahead and have a coherent approach to all the issues that are coming up.

When we listed some of them that you've heard here during these hearings, we recognized easily that they all are interconnected, that they all have an impact, one on the other. To have different departments, different organizations taking care of these inevitably brings complexity, difficulties, and double approaches that are sometimes in conflict.

So we believe it's already complex enough. It's already going so fast that we need to have one department that will look at all these elements together.

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.):** I'll direct my questions toward Corus, and please weigh in if you wish to.

Content is king, or at least it is about to be. In a submission on February 26, 2009, you talked about new revenue models. You talked about less regulation, which you've talked about in your discussion here. But here is a situation. The way I see it is that with less regulation you have more of an open free market, which sort of bypasses many cultural norms, or cultural ways of communicating. Let's say we open it up and there are no regulations whatsoever, so Fox in the United States decides they are going to open up a new affiliate, Fox Toronto. Global loses *The Simpsons* and the rest of the programming on Fox. You, in effect, would lose—I am assuming, and correct me if I'm wrong—all broadcast rights to HBO, because you are HBO Canada. Are you willing to sacrifice that?

What I'm saying is that you have Teletoon. You have these networks that cherry-pick from American programming. I'm not trying to be aggressive or adversarial, but I'm not sure this is the way to go completely, although I congratulate you on what you are doing on content. Are you saying you want to throw all of this out?

**Mr. Gary Maavara:** No, we're not saying that at all. We don't have the time today to get into the details of what we're looking for in terms of regulatory improvements and what we think should be set aside—

**Mr. Scott Simms:** You mentioned here that it's stifling and not very innovative. What exactly are you talking about?

**Mr. Gary Maavara:** In the new media sector, for example, we're facing a process right now under which we're being asked to report on our new media activities. Reporting is inherently inefficient, and it requires us to devote attention and resources to making reports, when, frankly, first of all, the information we'll be giving to the government is irrelevant and, second, doing so will cost us resources.

Let me get back to your question about Home Box Office and channels like that. First of all, Fox is already here. They're available for the most part on every BDU market in Canada. But let me tell you about a practical change that has occurred in the industry. I've been at this since 1973 and have spent a lot of my career offshore working in other markets. One of the things that used to happen when we went to New York was that people were very polite with us. At the end of the day, they didn't really care about what we thought very much. As long as the cheque didn't bounce, everything was terrific.

There has been a sea change in that, and the thing we have to understand about Canada is that we are really, really, really very good at this. We are among the best storytellers in the world. The only constraint we have in Canada is the size of our domestic market. When we go to New York, we have a partnership, for example, with Hearst on Cosmopolitan Television. We're running the only English language channel of its kind in the world. There isn't one in the U.S. now. People really pick our brains. Whenever we have a board meeting, for an hour and a half after the meeting people are asking about how it's going.

We have partnerships with Viacom. When Astral and Corus did the deal with Home Box Office, Home Box Office did that deal because they understood that we understood this market better than they did, and this notion of them just dropping a program service into Canada wasn't necessarily the best way to go. It is better to have a local operator who really understands markets. So on the one hand, yes, we want to continue some of those roles, but the only way ultimately that we are going to succeed in the Canadian market, or in any other market, is by providing the absolutely most interesting service that those consumers want and need.

• (1235)

**The Chair:** I have to cut you off because we've gone to seven and a half minutes. I'm sorry for that. You might be able to ask a question later.

Mr. Pomerleau, go ahead, please, for the next question.

[*Translation*]

**Mr. Roger Pomerleau (Drummond, BQ):** Thank you, Mr. Chair. I would also like to thank the four witnesses for their presentations.

Mr. Bureau, you have spoken in quite some detail about the complexity of the various questions we are addressing as part of our study, whether it be copyright or other rights, regulations or international competition. You have drawn up an extensive list. All of that goes to show that this is a truly complex issue.

Under the circumstances, the solution that seems to be your priority—which seems to be shared by Corus—is the creation of an expert panel to make concrete recommendations to the government following an in-depth study.

Who do you believe should be part of that panel? Who would be the most suitable candidates, taking into account that they would have to remain impartial?

**Mr. André Bureau:** I think we need people like Tom Jenkins to be part of such a panel; people who have the expertise needed to understand the development of new media, and people who have had or who have good knowledge of our broadcasting system and today's new telecommunications sector. They have to be able to combine the two, so that action taken in one sector does not harm the other, in order to support even more stimulating development in the future.

I obviously do not have any names to give you, but I do think we need those three types of experts. There is no need to have 10 of them, perhaps a maximum of 6, but at least three should have that kind of expertise. We might also like to see someone with an in-depth understanding of all things financial, as well as someone who is more versed in the policy side, in order to consider how tomorrow's policies should be crafted.

**Mr. Roger Pomerleau:** Very well, that answers my first question.

I would have another one for officials from Corus, whether Ms. Courtemanche or Mr. Maavara.

You indicated, as part of your fourth principle, that we should not look to increase the current level of regulations. You said that: "Imposing a regulatory system of conditions, tariffs and quotas on new media participants will not promote a greater Canadian presence in new media. In fact, it is likely to have just the opposite effect."

Could I ask you to clarify your thoughts?

• (1240)

**Mrs. Sylvie Courtemanche:** That is in the context where we have to compete with the rest of the world. If we are required to follow rules that will compromise our ability to compete globally or have quotas that are higher than those of any other industry stakeholder, who would have free rein in our market, then that would really compromise our capacity, since, financially speaking, we would have obligations that would be greater than those of our competitors.

In the past, we had a national system, one that was truly and practically closed off to the rest of the world, and which allowed for the setting of quotas and obligations to be met by all industry stakeholders in Canada.

In the new media environment, where we must compete globally, that would put us at a disadvantage and really impede our ability to innovate and prosper. As Mr. Maavara said, ultimately, the way to reach consumers and audiences—and this is what we are trying to do—is to offer them excellence in programming. It is the excellence of our products that will set us apart from our competitors, and we will only achieve that objective if we have the freedom to innovate and experiment.

As things stand, we have no idea of what our business model will be; no one does, but we do know that we have to take risks and give it our best shot. That is how we will achieve our goals. However, if we are not given that freedom to take risks, because we have to meet all kinds of obligations, then that could have a really detrimental impact on our environment.

**Mr. Roger Pomerleau:** I have time for one more question.

Mr. Bureau, you have spoken about money—well, everyone has spoken about money, but you spoke about it more specifically in your last answer. From what I've heard since we started studying this issue of digitization, we are facing a revolution of sorts, somewhat like the industrial revolution of the 19th century, where money had to be invested in very risky propositions, for example the railway. Building the railway was not an easy task, but we know that Canada was finally built on the railway: cities, land, buildings, migrations, the building up of the territory. The consequences of this were extraordinary, but it cost a lot of money. I think that we are facing a problem of this nature.

How come you're having so much trouble getting venture capital from financial institutions?

**Mr. André Bureau:** I wouldn't say we're having trouble. When you have a solid proposal, you don't usually have trouble obtaining money to finance acquisitions or new projects. What I believe we should have is more incentives to undertake this kind of project, to take this kind of risk. This does not mean that we should replace funding by private financing, what we should have is an incentive so that people are willing to take this risk and to launch new products or to enter new fields.

In Canada, the communication sector is probably one of the strongest in economic terms. It is a sector that employs a large number of Canadians. Canada is lucky to have a very robust economy, especially in communications and related fields.

We're not asking the government to pay us to grow the system. What we're saying is that there should be more incentives which would encourage us to take risks. Those who normally provide funds to us and who trust us will come along.

[English]

**The Chair:** Thank you.

Mr. Angus, please.

**Mr. Charlie Angus:** Thank you.

This has been a very interesting discussion.

Mr. Maavara, I really liked your issue about the need to allow for experimentation. I mean, if we're going to make good television, we have to make bad television.

But it seems to me that what's impeding innovation is not any CRTC obligations; it's mostly that the big broadcasters don't want to spend any money on anything that's risky. So what we get are cookie-cutter shows that aren't going to offend anybody. We get something that's generally boring because it will pass enough focus groups, and then, by and large, new audiences stop watching because they can actually go online and see all kinds of interesting and different stuff.

How do we make sure, if we're going to maintain a system with the tax credits we have in place and with the enormous investments we make, that we're actually going to get quality products, so that some of it's going to be great and some of it's going to be really bad, but people are investing in it? I don't see that happening in the broadcast field right now.

• (1245)

**Mr. Gary Maavara:** Well, I'll have to take issue with that.

First of all, on the spending, Astral has numbers, but I can tell you that just on the 3,300 episodes I talked about, our expenditure was \$1.1 billion—billion—and those programs are seen around the world. We have the number two and number three most popular kids' shows in the United States market. We have—

**Mr. Charlie Angus:** But CRTC regulations aren't interfering with you making good product.

**Mr. Gary Maavara:** Well, actually, one of the areas that we have some concerns about is the need to access our programming on a quota system from independent producers. The independent production system is a relatively new process, but let me get back to.... I mean, we are all spending a lot of money. Can we guarantee good quality? Absolutely not.

**Mr. Charlie Angus:** Yes.

**Mr. Gary Maavara:** And that is part of the problem, but in terms of public policy, we see it as a mix.

We're supporters of the public institutions that are creating programming, such as SRC/CBC and the National Film Board. We're supportive of agencies such as Telefilm and the Canada Media Fund. We're supportive of the tax credit system. That makes up for the challenges we have with respect to the size of our domestic market.

The flip side of it also is that the commission seems to be moving towards what we would see as a more strategic approach to regulation. We're really looking forward to the group licensing process, because the commission has seemed to indicate that in fact they will allow us to take that pot of money we spend and allocate it in the best way possible.

One of the examples we use is that we have a channel called Encore. It's a pay television channel. It runs programming that is 15 years old or later than that. Our view is, why should we have to spend a quota amount of funds to create old product? Why wouldn't we be able to take some of that money and use it to in fact create new programming?

The commission seems to be amenable to that. We'll see what happens. That is a really positive sign. As operators of a number of channels, each company can pick its spots and say, "That's what I'm going to invest in." We think that's going to be a very positive development—if it happens.

**Mr. Charlie Angus:** In terms of digital media, though, is it now possible to invest in fairly cheap experiments? I've seen many TV pictures that don't get out the door, because if you've got a limited amount of funds and it's going to cost you a lot for a pilot.... There's your Canadian Television Fund money, and if you blow it, a committee might be asking questions: why did you put that crazy show on the air?

You can do all that online without spending much money. Are you using that like seed experimentation now?

**Mr. Gary Maavara:** We're doing a lot of that, but one of the mythologies of new media is that.... We all have these visions. And there's a kid in all our lives who's 14 years old, who's in the basement or in the garage, who's got a website, and it's terrific, and he's smart and he's going to do great things.

I was in a meeting last week with two enormously creative cartoonists who are looking to do a project. They had done some small things on YouTube, and it was great stuff and they asked us about it. We told them it was terrific. They asked us how much we thought it would cost. We said to do it right, for a kids' series, we're probably talking about \$10 million, and they each fell off the chair. That's the challenge we have. Yes, you can do a website for \$395 a year, but to make the really good stuff, the kinds of stuff that Astral and we put on the air....

By the way, we have just funded a group in downtown Toronto, inner city kids, and we are going to run their programming on air, on the big professional channel. This is 5- to 15-minute stuff they're doing. So we'll give them a window, but at the same time as we give those windows, we have to find a way to find that \$10 million. That's the challenge we have in Canada, and a lot of that's going to come from foreign markets.

● (1250)

**Mr. Charlie Angus:** Thank you.

**The Chair:** Thank you.

Mr. Del Mastro, please.

**Mr. Dean Del Mastro:** Thanks very much, Mr. Chairman.

Thank you to the presenters today. I think these are outstanding presentations. I really liked a number of the ideas that came forward, I have to be honest with you.

I want to talk a little bit about Astral. Madame Émond, you made a recommendation for the establishment of a new communications department to propose a new national policy on broadcasting. I think that is something that's overdue, frankly. I said last week a full review of the Broadcasting Act is something we should be looking at.

One of the things I really find remarkable is how often broadcasters are jumping through hoops to attend hearings and preparing presentations across the water. I would imagine there was

probably a tremor in Gatineau when you made that recommendation here at the committee. They don't like such recommendations.

But talk to me a little bit about how you'd see that evolving, how you'd see that working.

**Mr. André Bureau:** I think politically it will be difficult.

**Mr. Dean Del Mastro:** Why?

**Mr. André Bureau:** We have been told by the incumbents over the years, not just the current ones, that to create a communication department, from a purely political point of view, is to create a small department; it will go from the industrial level to a small department, and that in itself is the first hurdle, to consider that.

The second is that while some people consider putting these three together—new media, telecom, and broadcast—will create some form of a cultural-artistic type of department, that's not the way of the future. That's not really an industrial approach.

I don't believe these things should be seriously considered when we think of the benefits that would result from having one common vision for our country. I think they must be taken care of in other ways and that there is a real opportunity for us to take the lead in the world again by doing something like that.

**Mr. Dean Del Mastro:** Thank you.

I don't think it's impossible at all. I think it's something we need to undertake.

Mr. Maavara, I really like the Corus big six, but if I can cherry-pick one—and I'm going to—number four reads:

Recognize that private media enterprise success is what will lead to a stronger cultural system, not the current system of progressive fees, conditions and tariffs.

That is the establishment of our current system, isn't it? It's a system of fees; it's a system of tariffs. I'm told, for example, that Shaw's proposed takeover of CanWest could result in some \$200-million-plus in transfer fees. If this were real estate, you'd call that a land transfer tax, but that's really what they're looking at, a transfer fee to the tune of hundreds of millions of dollars, which really discourages Canadian companies from even looking at building stronger enterprises by taking these things over.

I understand Shaw is making a commitment of over \$150 million to Canadian content. They're keeping an agreement that was put in place by CanWest and moving that forward. Despite that, they're looking at a very significant transfer tax.

Is this something that enables or creates a stronger system, or, as you're saying, does this discourage innovation, discourage the strengthening of the Canadian broadcast system? It is discouraging enterprise success—to speak to your point four—isn't it?

**Mr. Gary Maavara:** The short answer is yes. We understand the social contract that, as Canadian citizens and Canadian taxpayers, there are a bunch of things that we should and need to do. The difficulty, though, is that we take not only our own creative content but the creative content that's supplied to us by independents across the country and we create the value in that, and if we can't be successful as value creators, whether we do it on radio, in television, or on new media platforms, and build that, then notwithstanding the new access to the market that the new media bring, if we can't build that core of value, the system basically will not be successful.

So our view is, yes, indeed, we are prepared to step up with public benefits in a variety of different ways, but the trouble is that the system has gotten top-heavy.

On the question of benefits, we're not aware of what Shaw is proposing, but one of the recommendations we made was that the system now, as we get up to these high values, should be stepped in the same way as the income tax is, that you fill out the form every year and it steps up. Right now we are facing a situation in television where it's just 10%. That may have been fine 15 or 20 years ago, but today, as you said, it's a lot of money, and in many ways, one has to ask, have we missed the boat with this system we're in now?

Similarly in the area of copyright, the collective system was supposed to be efficient, and now we have a system that is enormously inefficient and we need to take a careful look at that.

• (1255)

**Mr. Dean Del Mastro:** Thank you.

I'll ask my next question to both groups. I think it's really important that we allow our broadcasters and our cultural creators the opportunity to innovate. It seems you're spending an awful lot of time—in fact, I've really been taking note of it—providing testimony and witnesses and appearing at studies. There's always something going on, and it seems to be almost always the same folks who are appearing on different topics across the water.

How much time do you have to experiment, or how many resources are we losing in investment in this regard, when you're putting so many resources into this? I love the legal profession, but

you guys have to be spending an awful lot of money on legal services and representation, and so forth, across the water, that you might be able to spend on content.

**The Chair:** We'll have to make our answers as short as we can.

**Mr. Gary Maavara:** I have a really short answer on this. We have a big R and D department. We're really prepared to continue the commitment to that. But in terms of public policy development, at the Canada 3.0 conference in Stratford a couple weeks ago, one of the things that came across in a roomful of 2,500 people, ranging from high school students to doctors of physics and engineering, was that the policy-making team just had to do something.

**Mr. André Bureau:** First of all, I don't know what you would be doing if we were not coming here, but—

**Mr. Dean Del Mastro:** It's a beautiful day outside.

**Mr. André Bureau:** If, coming to a series of these hearings, one of our ideas is transformed into law, it's something positive.

The real issue here is that we appreciate the fact that in the multi-party types of meetings we have here, we can exchange with you and convey suggestions to you to make the system work better. That's really why we're here. It's not a question of cutting programming expenses. We do not only pay for programming. We do business with independent production, exclusively in our case, and we have a fund, the first private fund, created by Harold Greenberg. The Harold Greenberg Fund, which comes from Astral, has given \$1.5 billion over the few years it has existed, to develop new programs and new types of producing ideas.

**The Chair:** Thank you.

I must say that I've always had this idea, and we did it in a couple of studies, to have a round table. I agree—and this is off the cuff; it's from the chair. I think if you put a lot of those people in a room with different ideas and lock the door and said no one gets out until we come up with a strategy, it would be good.

With that, thanks for attending today.

The meeting is adjourned.







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