House of Commons
CANADA

Standing Committee on Canadian Heritage

CHPC • NUMBER 025 • 3rd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, October 26, 2010

Chair

The Honourable Michael Chong

Standing Committee on Canadian Heritage

Tuesday, October 26, 2010

● (1530)

[*Translation*]

The Chair (Hon. Michael Chong (Wellington—Halton Hills, CPC)): Welcome to the 25th meeting of the Standing Committee on Canadian Heritage, this Tuesday, October 26, 2010.

[*English*]

We're here pursuant to Standing Order 108(2) for a study on emerging and digital media: opportunities and challenges.

We have in front of us this afternoon witnesses from three organizations: from Telus Communications, Mr. Hennessy, senior vice-president of regulatory and government affairs; from the University of Waterloo, Professor Coates, professor of history and dean of arts, and Mr. Wilson, strategic adviser to the university; and from the Canadian Library Association, we have Madam Moore, who is the executive director of that association.

Welcome to all of you.

We'll begin with an opening statement from Mr. Hennessy.

Mr. Michael Hennessy (Senior Vice-President, Regulatory and Government Affairs, Telus Communications): Thank you, Mr. Chair and members, for allowing Telus to present on issues around the future of digital media in Canada.

I don't have a presentation today, per se. It was short notice, but I really appreciate being asked. We will have our notes translated and sent to the committee tomorrow.

Let me thank you again for presenting on issues around the future of digital media in Canada and what we see as the public policy challenges that massive change driven by the Internet now poses in respect of the achievement of cultural objectives.

The Internet, as we all know, is an open system and it's a system that has irrevocably changed the world of information and entertainment for good. What was once only available through the broadcasting system or in video stores is now easily accessible, not only to Canadians, but to people all over the world. That could be a huge opportunity for our cultural industries.

Companies like Apple, Google, and Netflix are reinventing the world of entertainment and using the Internet as their delivery vehicle, and they're not alone. Companies like Sony and Panasonic are introducing TV sets that connect directly to the Internet, and in response big U.S. broadcasters are pushing programming through Hulu directly to consumers.

Telus, for its part, is responding in turn by investing billions of dollars in world-leading wireless broadband and our new Internet-based Optik TV service to ensure Canadians and Canadian businesses, including digital entrepreneurs, can take advantage of these opportunities that access to global markets through broadband presents.

This brings me to the issue of foreign ownership. Government is currently considering removing restrictions for carriers regulated under the Telecommunications Act, but not for carriers regulated under the Broadcasting Act. This distinction put forward by government simply does not reflect digital realities, and in our view a telecom-only liberalization will lead to legal advantages made available for large foreign enterprises that will not be similarly available for Canadian enterprises. That cannot be considered fair.

Why? Today virtually all communications carriers carry or distribute video over the same physical network used to deliver traditional telecommunications. Digital networks just carry bits and are agnostic when it comes to traffic carried, and in fact they should be agnostic to ensure principles like open access to the Internet. While all networks today carry voice, video, and data traffic, you can't segregate that traffic. However, it's still relatively easy to protect and separate the business of content production and exhibition from digital carriage, even if you liberalize broadcast distribution.

We believe that when it comes to broadcast distribution or carriage you can achieve broadcasting objectives irrespective of ownership. Today, broadcast distributors have little or no discretion regarding the application of broadcast rules. Cultural priorities and fees are set by the CRTC and distributors have to comply. That would still be the same if foreigners ran the physical distribution networks tomorrow.

On the other hand, broadcasters like CTV, Global, or TVA make decisions on what programs to produce, license to independent producers, and exhibit on their channels. These activities are of obvious cultural significance and should remain protected. But for today let me make the suggestion that foreign ownership should not be your primary concern in terms of meeting the objectives of the Broadcasting Act. To Telus, the biggest threat to access, diversity, and choice arises from the unprecedented vertical integration we see in the broadcasting industry, not whether foreign or Canadian carriers actually distribute video under the same rules. After the Bell-CTV deal is approved next year—and it will be—the four largest broadcast distributors in this country will also control virtually all the broadcasters in the country. That is a massive consolidation that has occurred in just less than five years. This vertical integration creates a huge risk for abuses of market power in terms of access.

We are therefore pleased that the CRTC is planning to have a proceeding next spring to deal with the issues related to vertical integration, and we're equally pleased that last week your committee voted to make this a focus of an upcoming study. Foreign ownership is clearly a concern, but the carriage and distribution of content can be easily regulated to ensure that carriage priorities are met, irrespective of who owns the pipe.

● (1535)

A consolidation of control over that content into the hands of only four large players, however, should be a much greater concern. If government cannot ensure that all content producers, independent distributors, and, most important, all Canadians have open access to the system, then we all lose.

In our view, if we lose diversity and choice in the system in order to create larger Canadian enterprises, then debate about the impact of foreign ownership on the achievement of the objectives of the act becomes almost irrelevant.

Mr. Chair, committee members, that finishes my opening comments. I would be happy to answer your questions.

The Chair: Thank you, Mr. Hennessy.

We'll now have an opening statement from the University of Waterloo.

Dr. Kenneth Coates (Professor of History and Dean of Arts, University of Waterloo): Mr. Chair and members, thank you very much for the chance to speak to you.

As you know, the University of Waterloo is very heavily engaged in digital media production and new technologies. I'd like to present my comments to you in three areas—opportunities, challenges, and next steps—as we contemplate going forward.

I'm going to put it to you very clearly that I think digital media and our ability to compete in digital media is essential to the challenge of winning the 21st century on the economic front. This is not a small question.

Digital media has been allowing countries and regions to leapfrog each other economically in a way that's not really been possible in the past. We are seeing remarkable changes in places where they're least expected. The uptake of mobile phones, for example, in Africa is something that people had not predicted 15 years ago but is a reality of that continent.

We're also seeing a remarkable shift away from the digital media technology to digital content and services—not the capacity to use the Internet but in fact what goes over it. And we've seen some remarkable change in very short order from what we call Web 1.0, which was really the posting of information online, to Web 2.0, which is interactive websites, to what we're now describing as Web 3.0, which includes things like the semantical web, where the Internet and computers have the capacity to do an awful lot of thinking for you. And the transformational effects of that are really quite profound.

So what are the opportunities?

Number one, recognize that in Canada cultural production is a major Canadian competitive advantage. We do extremely well in producing content. Whether it's animation, video games, films, or what have you, we do very well.

Secondly, we have a tremendous opportunity in education. Canada's education is of very high quality, and at some point we'll realize that this in fact could be a globally competitive industry. The largest universities in the world are all distance education universities. They have two million to three million students in a single institution. If we can hook up into that, the brains and intelligence of Canada could be spread around the world.

We obviously can use digital media to overcome distance and isolation. And I think there are some tremendous opportunities in the promotion of Canadian cultural understanding. Christie Digital, a Waterloo-based firm, is one of the best immersive technologies in the world of virtual reality chambers, basically. The opportunity to use that technology for heritage sites and national parks has the potential to allow all of Canada to come together very quickly.

We also have a very great competitive advantage in the order of the rule of law and good governance. There's an opportunity for Canada around intellectual property rights and copyright protection. I think the world in fact would look to Canada if we were successful in addressing that major issue.

Finally, bilingualism and multiculturalism present enormous opportunities in Canada and beyond to actually connect up to the linguistic and cultural diversity of this country.

What are the challenges?

Mr. Hennessy and others will know the challenges on keeping up with infrastructure. It's a very significant challenge for us. But I think some of our challenges are more conceptual than they are technical. We have to learn to move much faster and more effectively in digital media. We've actually been moving quite slowly. We are not a fast nation when it comes to digital media. Countries as diverse as Taiwan, Korea—South Korea, in particular—Japan, and Malaysia are moving much faster.

To stick with Asia for a second, there's a very interesting phenomenon happening in digital media in East Asia and South Asia. For the first time in many years, those countries are basically becoming more regionally focused. They are producing digital content for themselves and not for North American markets. They are massive markets—a billion-plus people in China, many hundreds of millions in the region as a whole. And we are actually not well connected.

Some of you may know the name of Matthew Lien. I'm not sure if any of you have ever heard Matthew Lien. He's actually a Yukon-based musician, a very interesting man. I can almost never find anybody in Canada who's ever heard of him, but he's extremely famous in Taiwan and in China.

There's actually a fairly significant group of Canadians who have ignored the Canadian market and are doing very well overseas. We absolutely urgently need to do something about our Asia connections. Canada's Asia connections are weak, and they're getting weaker. They're not getting stronger. And on digital media, there's an enormous opportunity.

There are two other things. Perhaps one is a bit surprising. We're not as well connected up to the new mobile technology—not the technology, we're okay on the technology; it's actually the applications. We're not connecting up there as quickly as we could.

To offer a strange one, loyalty has become a fundamental challenge for Canada. We lose many of our highly qualified personnel. In fact, one of the standard realities of start-up companies in the digital media space is to basically get started in Canada and then leave, either to be sold outside of the country or to move themselves.

In contrast to other countries—and again, I would draw your attention to Taiwan, to South Korea, and to India—we are making very few efforts to bring those Canadian digital media firms and those individuals back home.

● (1540)

What are our next steps?

My suggestion would be that we actually make sure that digital content is more forcefully integrated into our national innovation strategy. Canada is spending hundreds of millions of dollars on national innovation, but cultural content and digital content is not really understood as a major economic force. It is now and will be in the future.

I think we need a major win in the area of Canadian heritage online, a major significant national project that shows that Canada is in fact ready to tackle global leadership in the field. We need to pick up our speed and our focus. Canada has to move faster and in a more targeted way. In digital media winners and losers change place very, very quickly, and we're not moving at the speed that we should be doing. We have seen some very important developments here. The Social Sciences and Humanities Research Council has done a great job of reconfiguring its activities in this regard, but quite frankly, at all levels of governments—municipal, federal, and provincial—our granting system does not move at the speed of the Internet. If you compare what we do in Canada to what they do in Singapore or Taiwan, where a handful of people can make decisions in a couple of days, our processes take as much as two years. Two years is a lifetime in the digital media space. It's not fast enough. We have to change.

We need to issue a loyalty challenge. There's nothing wrong with our country being proud about being Canadian and asking our entrepreneurs and creative people to stay in Canada and to invite those who've gone overseas to actually come back home. Other countries are doing that. They are leaving our country to go back overseas. We need to invite our folks back to this country.

Finally, I think we need a digital brand. We need a substantial digital presence that actually has a global impact. We have to show the world that we're in the game. There's a little bit of branding. Research in Motion and Open Text are two good examples of that, but Canada does not yet have a really truly national presence as a major digital nation.

I thank you for the opportunity to speak to you.

The Chair: Thank you, Dr. Coates.

Now Mr. Wilson.

Mr. Ian Wilson (Strategic Adviser, University of Waterloo): Thank you very much, Mr. Chairman. I very much appreciate this opportunity and I appreciate your interest in this subject.

I'm speaking today on behalf of the Stratford Institute, which is a new entity established with a partnership of the University of Waterloo, the City of Stratford, Open Text Corporation, and the Canadian Digital Media Network.

I've been tasked by the former president of our university to work at the intersection of business, government, and the creative sector. That's why we're in Stratford, a highly creative community with a Shakespeare festival supported by business and supported by several levels of government.

To create new conversations and begin doing linkages across those three areas, we've now twice run the CANADA 3.0 Conference in Stratford. In early May of this year, 2,000 leaders in government, business, the private sector, and our universities gathered in a hockey arena in Stratford to talk about our digital future. Only in Canada would you have digital discussions in a hockey arena. The Honourable Tony Clement came and launched the discussion paper on Canada's digital economy. The Honourable Diane Finley was there to launch discussions on human resource policy.

The consensus out of two days of discussion, first, foremost, and strongly, was that Canada needs to set a comprehensive, compelling national goal—perhaps we might call it “Canada, a digital nation”—to arrive at that point by 2017, our 150th anniversary, and provide that with visionary leadership nationally and regionally. It has to be a powerful, compelling goal that everyone, all of our sectors, can engage in.

Secondly, success in this area requires an unprecedented level of collaboration across government, universities, the private sector, and NGOs. The people gathered there expressed this with considerable urgency.

There was realization in response to the discussion paper that the issue facing Canada is not the digital economy—that's only part of it; the real issue is the digital society. What will that look like? How do we manage it? How do we use this technology? Our workplaces are changing. Our families are changing. Our children are living in a new sphere, the digital sphere. This is a transformative technology; it's not a passing fad. We are still in early days with this technology.

As you recognize in your hearings and in your preliminary report, this has significant impact in all the areas of cultural policy and endeavour. I will focus my remarks on the area I'm most familiar with, libraries and archives.

The Government of Canada has already taken some initiatives to respond to the demands and expectations of the digital world. In 2004 the government amalgamated our National Library and National Archives. The two institutions themselves said we should come together to meet the expectations of Canadians in a digital world. Quebec followed very quickly, and my colleague, Madame Lise Bissonnette, established La Bibliothèque et Archives nationales du Québec on the same model with a broad vision, as we had in Ottawa, to have and use all documentary media to record, to document society, to preserve that properly, and to enable all citizens to have appropriate access to their records of our memory.

We also ran the Canadian digital information strategy from 2006 to 2009. Workshops across the country, research papers prepared, a final national summit in Montebello, Quebec, and a full coalition of research libraries came together as Canadiana.org and several private corporations have become engaged in the issues out of that paper.

One of the key elements in this is to mobilize Canada's existing knowledge resources. I think it has become very clear that government cannot regulate content on the Internet. Our traditional ways of ensuring space for Canadian content in broadcasting, book publishing and distribution, and magazine and newspaper mailing are no longer effective in an Internet world. The only viable strategy, as other national governments are demonstrating, is to put extensive amounts of our national knowledge content online, make it easily and invitingly accessible, and encourage all citizens to use that in libraries, in schools, at home, in all of their reference work, and in continuing education.

● (1545)

For our national knowledge resources from print material, the best estimate at this point is that less than 4% of what Canada has published is currently available online. This is when our youth go to the web and they assume anything of any importance is already available. The best numbers we have in the library community would suggest it's less than 4% of what we've published in this country. Since the first press was in Halifax in 1751, we have less than 4%. For audiovisual material, it's less than 1% for educational broadcasters and our film producers.

In a recent poll, 95% of Canadians indicated they expect online access to their library and archival resources. So 4%, 1%—we just aren't there, at a time when Europe, the United States, Great Britain, and Australia are investing heavily in getting their national content accessible online.

Linked to that, we'd have to emphasize that we have to have a preservation policy and capacity to preserve the electronic materials. As someone has said, in a modern office environment, electronic records last forever or for five years, whichever comes first. Certainly in terms of government records, in terms of the official record of our society, federal, provincial, and municipal, there are real threats to the preservation and maintenance of the national memory. So we need to ensure we have preservation capacity for the electronic age.

Similarly, as a public policy issue, what to preserve? It's clear we are preserving websites of interest—gc.ca, for example. There are other public policy issues around what to preserve out of Twitter, Facebook, YouTube, and the other social media.

For a conclusion, it is very clear, I think, from your deliberations and from this brief outline of what we've already done in the library and archives community that digital technologies are having a substantive if not a transformative impact on our cultural endeavour and the preservation of access to our documentary heritage. We've changed the institutional base. We've rethought methodology and challenged the professions to deal with digital. By the way, we're still preserving all the analog, because that isn't disappearing; that has to be preserved at the same time. We're enabling institutions to reach a public we only dreamt of a decade ago.

In this environment, and the trends are very clear, everyone is both a creator of content and a consumer. We shift from a time of knowledge scarcity to one of abundance. Leadership has passed from toolmakers to tool users.

What do we want to do with the technology? Rural access is lagging behind the urban. Technology enables business models based on micro-payments, tethered content, creative commons licensing, and sharing knowledge and collaboration. Not hoarding, but sharing is the basis of innovation and creativity. A lot of experiments and pilot projects are under way. The whole cultural sector is shifting and changing, as you're seeing, very rapidly.

I would like, simply as my advice, my suggestion, to urge the standing committee to consider whether the time's appropriate to recommend a major study of Canada's cultural policy, including information, humanities, social science, and knowledge policies, to inspire and guide Canada's governments and institutions in the 21st century. It should engage digital natives, take an inclusive view of its role to include all forms of cultural and knowledge expression in a complex and diverse society. It must wrestle with the implications for all cultural sectors and institutions in an information-rich, technology-enabled global society.

It must provide vision and inspiration. I suspect this will require substantial rethinking and repositioning the role of our arts and knowledge champions, recognizing that their skills and creativity are now vital. They are central to Canada's success in the global knowledge economy as a digital nation.

The Massey-Lévesque commission in the early 1950s established the broad cultural map to aid and direct and inspire Canada's cultural development in the post-war years. I think that 15 years into a digital economy, it is time we had a review of those policies, our institutions, our approaches, to rethink these but to have a new generation do it and enable the digital natives to really engage in this.

I think it would be fun. I think it would be fascinating. It will provide real ammunition, real direction, and inspiration for the next 50 years.

Thank you very much.

● (1550)

The Chair: Thank you very much, Mr. Wilson.

Now we'll hear from the Canadian Library Association.

Mrs. Kelly Moore (Executive Director, Canadian Library Association): Thank you, Mr. Chair, and thank you for this opportunity to participate in this committee's study of emerging and digital media.

My name is Kelly Moore. I'm the executive director of the Canadian Library Association. CLA is Canada's largest national and broad-based library association, representing the interests of public, academic, school, and special libraries, professional librarians, library workers, and trustees, and all those concerned about enhancing the quality of life of Canadians through information and literacy.

Libraries of all kinds serve two primary functions: to provide access to information in whatever format it is produced or used, and to preserve information to ensure that it may be accessed in future. The digital revolution has caused an explosion in both the quantity of information and the variety of formats being produced, and the rate of change in technology is impacting information in ways we may not even understand. Certainly without strong digital and information policies, we risk losing material simply because we can no longer access it in the format in which it was produced.

Libraries are working to keep pace with the necessary changes to the ways we provide access, the materials we collect, the formats we preserve. Long gone are the days when a library's information was measured by stacks of books and drawers of card catalogues. Today, libraries are true centres of information within communities, schools, research institutions, and public and private sector work environments. In terms of digital information, libraries provide access not just to the Internet generally but also to electronic databases, e-journals, data sets, and other resources that are impractical or unaffordable for individuals themselves to maintain.

Libraries in Canada have some demonstrated successes with emerging and digital media. One key example is the metadata that allows digital images to be retrieved and which was developed by librarians. In Canada, initiatives such as Canadiana.org, already mentioned by Mr. Wilson, and the OurOntario project are using this metadata to help researchers access the digital files of items held in various different collections through a single search. It's no longer necessary to know that you must search for particular items in the holdings of a specific institution; you can find related items located in different physical spaces through a single virtual access point.

I would like to highlight some suggestions that CLA believes will help Canadians to meet the challenges and take advantage of the opportunities presented by emerging and digital media. For the most part, they will speak to questions 4, 5, and 6 in the terms of reference that this committee set out for the study. I will look at the need for a national digital strategy, the effect on copyright, access to broadband services, and the importance of open access to public information.

So what policies can the federal government develop to ensure that Canadians have both access to emerging and digital media and the skills needed to make the best use of the opportunities that these media provide? The first is the development of a national digital strategy. As has been mentioned in earlier submissions, various countries around the world have been investing in national strategies to take advantage of digital initiatives. Canada has no such plan to strategically digitize existing analog material to make it available online and to preserve and provide ongoing access to digitized or born-digital material. At present, there is no comprehensive overview of digitization projects already under way across the country. Efforts to develop and implement the national digital strategy are crucial to ensure that all information of enduring value to Canadians is and will continue to made accessible.

Such a digital strategy must also take into account the need for access to information at all stages of life. Canada's classrooms now have access to an unparalleled assortment of Internet and electronic copyrighted resources that allow for excellent access to information; however, too often access to such resources is limited to students, and there is often little opportunity for similar levels of access after students graduate. So these same resources must become seamlessly available to individuals as they progress through their careers. This will require support for the creation and purchase of digital content available to Canadians through public and academic libraries and in their work environments. In short, we must not let the fact that someone is no longer a student limit their ability to learn.

We must pass and implement a balanced copyright legislation. It is important to underline how decisions we make about copyright today will affect access in the future. CLA has issued a position paper on Bill C-32, and I believe that this committee, in some capacity, will be dealing with it in the coming months, but it is important here to reinforce the need for balanced copyright to truly benefit from emerging and digital media.

● (1555)

While there are elements of the bill that are very good, we are concerned that Bill C-32, as written, is not balanced. It provides copyright holders of material in an electronic format with almost unlimited power to determine the conditions under which people may use the material.

Libraries are built on the concept that most creative and innovative individuals cannot afford to purchase all of the material they must consult during their lives. All copyrighted material should be reasonably available through libraries, and copyright holders should not be allowed to lock out public use. Digital locks will act as a brake on the development of new applications and services. Allowing copyright holders the ability to determine how their products will be used creates barriers to the development of content for the new digital media.

The third point is to ensure access to sufficient bandwidth. In consideration of the impact of digital media, it is important that we think about how this information actually gets to users. There's a need to ensure that all Canadians have the means to access services and cultural content. Certainly access to broadband Internet in rural areas is a challenge that can affect the ability to take advantage of digital media. It is equally important to recognize that while there is sufficient bandwidth in most Canadian cities, cities are also places where the economically disadvantaged, new Canadians, and people with special needs who require services tend to reside. These Canadians often cannot afford broadband access, even when it is physically available to them. In order to participate in the digital environment, many urban residents also need high-speed Internet access in public places.

Libraries are here to fill this role. As Canada develops more digital content, more Canadians, both rural and urban, will turn to libraries for assistance. The reasons are clear. Libraries offer direction, assistance, and access to the technologies people require. For example, it is almost impossible for unemployed Canadians to find appropriate jobs without regularly checking online sites and having the ability to submit resumés electronically. The community access program offers some rudimentary access in this regard but is currently without secure funding. As we move forward, it will be important that CAP is strengthened and guaranteed.

The final point is to implement open access policies for public information and data. Emerging digital media requires content, and quality content can be developed through open access to Canada's public sector information and data. We encourage the government to make its information freely available in machine-readable formats based on common standards that can be exploited without the use of specific software.

There should also be a mandate from all major federal granting agencies that requires open access to publicly funded research. All researchers supported by Canadian taxpayers would be required to make public the published results of their research and the research data, with an embargo period of no more than six months. This initiative has already been undertaken in other national jurisdictions.

I want to thank you again for the opportunity to appear here today, and I will welcome any questions you might have. Thank you.

● (1600)

The Chair: Thank you, Madam Moore.

We'll have about 55 minutes of comments and questions from members of this committee.

[*Translation*]

We will begin with Mr. Rodriguez.

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

Ms. Moore, as far as Bill C-32 goes, An Act to amend the Copyright Act, it will be discussed by another committee. It will not be the industry committee doing the study, but a legislative committee. So even though it is very much related to today's topic, another committee will be carrying out the study. I just wanted to let you know that.

Good afternoon, and thank you all for being here. Mr. Hennessy, we have discussed this issue before. You are here today to talk about emerging and digital media, and the opportunities, challenges and terms of reference that entails. That covers a number of elements. You had the choice of addressing any one or more of those aspects, and you chose to focus on foreign ownership.

According to your logic, if we open up telecommunications to foreign ownership—and we must first decide whether we are going to and, if so, to what extent—then we must also do so in broadcasting.

That concerns me on many levels because I get the sense that there would no longer be any limits at that point. I get the sense that you are willing to open up our companies that operate under the Telecommunications Act to foreign interests. You are also willing to open up companies that operate under the Broadcasting Act to foreign ownership.

Obviously, as you, yourself, said, everything is integrated. There is tremendous vertical integration. Just about everyone today is involved in telephone communications, broadcasting, content and so forth. I am very uncomfortable with the idea of opening things up that way, because I worry about what we would be left with in Canada. What would we be left with in terms of broadcasting companies and ultimately creative companies, those involved in producing content? If I were to apply your logic on liberalization, there would no longer be any limits whatsoever, and just about everything would be open. The way I see it, that would likely harm Canada's cultural industries.

So I want to know whether you envision any limits in your approach. For instance, should we open up only some of the broadcasting sector to foreign ownership, or all of it? In that case, should foreign ownership be limited to 49%, or should full ownership be allowed? Should these companies have to pass certain tests before they could be accepted? I would like you to elaborate a bit more on that, please.

● (1605)

Mr. Michael Hennessy: Thank you, Mr. Rodriguez.

[*English*]

First I would say I do see limits, so as I suggested, there should be a clear delineation between the production and exhibition of programming content that is broadcasting today—CTV, TVA, Astral—and carriage.

A witness from Rogers earlier on suggested that carriers in many respects are the plumbing. They provide the pipe that signals go over, and the signals that go over that today are really inseparable, as you pointed out. You can't say we will only allow foreign ownership of carriers of voice and data service but not video services, because they all travel on the same pipe. I think they are inseparable.

You have to start from where we started from, which is we do not think it is appropriate for the government to introduce changes to foreign ownership that would only favour, perhaps in their mind, stand-alone carriers, perhaps like the new wireless entrants. I would even argue that today, as we roll out broadband wireless, video that travels over wireless networks will travel over the next-generation satellite Internet networks just as it does today over cable and telecommunications networks.

Our starting principle is if you're going to change the law, you cannot do it in a way that favours foreign carriers relative to Canadian, because if you do that, even if you think you're talking about small entrants, as we saw.... Take the case of Globalive today. Orascom, their Egyptian shareholder, is being taken over by a Russian company. That company, Orascom-VimpelCom, will have 174 million subscribers. That's who we compete with. So if you intend to change the act at all, you have to do it in a way that is at least as fair to Canadian carriers as foreign ones.

That is my starting point, and we can separate carriage from content, because integrated broadcasters today already separate them in terms of their business structure.

The Chair: Thank you, Mr. Hennessy.

[*Translation*]

Thank you, Mr. Rodriguez.

It is now over to Mr. Pomerleau.

Mr. Roger Pomerleau (Drummond, BQ): Thank you, Mr. Chair. I would also like to thank the witnesses for being here today. I apologize for being late, but something unexpected came up.

My question is for you, Mr. Wilson. To begin with, you pointed out that when it comes to digitizing our written heritage, we are only at 4%, as compared with many others in the world. As for video, we are at 1%. You ranked us against other countries, including Australia.

Last week, I was talking to a member from Halifax. Right now, in the Halifax harbour, the Mi'kmaqs are building a boat made of bark, like the ones they used to build 400 years ago. I am not sure whether anyone is filming it, but it may be the last time they do something like that, and it could be lost.

The Abenakis tribe, one of the 11 nations in Quebec, lives in my riding. Out of the entire tribe, only 2 people still speak the Abenaki language. Once they go, that will be it, the language will never be spoken again. If we do not put in the necessary work, that is what we are on the verge of losing.

Given that other countries in the world are managing to do a much better job than we are, how do you explain why we are where we are?

Mr. Ian Wilson: I do not know how to explain it. Librarians and records officers have been talking about it for eight years. Eight or nine years ago, we were leading the pack. Lise Bissonnette and I, as well as other colleagues, were ahead of the game. Unfortunately, governments did not heed the recommendations of librarians. We held consultations and workshops to discuss the issue in great detail, and we developed a national strategy. We built a professional foundation to facilitate progress. Unfortunately, however, there is no program aimed at digitizing our heritage.

The situation you described regarding the rapidly disappearing customs and languages of first nations illustrates the necessity to record them permanently and make them available on the Internet. It can be done, it is not that hard. I am saying that, now, it is not a matter of having the technology. Canadian technology is very sophisticated, it is great. We can use that technology to preserve our documentary heritage. That is what Library and Archives Canada, our museums and the National Film Board of Canada are trying to do, but they have very limited budgets. To my mind, this is a crucial project. It is not just another expenditure.

● (1610)

[*English*]

We've just spent how much money on stimulus programs to build buildings? Someone described what we want to do to create the knowledge network to put Canadian knowledge, Canadian detail, online as building the Canadian Pacific Railway. This is building the trans-Canada railway but for a knowledge society for our intellectual capital. This is a whole new world we're working in, and we're still using models that were really good in the 1980s—that was good stuff—but we're in the 21st century. We're dealing with a whole new way of working and we're working in an environment that's highly competitive.

In the United States, the last I heard, the Library of Congress was investing over $100 million in digitization. The French government sent some senators to Waterloo to talk with us at the university and with Open Text, and they're looking at spending 780 million euros over five years on a project to digitize the accumulated material in

[*Translation*]

the national library and, I hope, the national archives. It is essential for us, for Quebec.

[*English*]

But we are not in that game. What we're describing, what the Canadian Library Association, Canadiana.org, our network of major libraries in this country are describing is a key part of the infrastructure for a knowledge society. We're saying that if you only have to do it once, we should do it well. We should preserve it.

We should put a very powerful Canadian research engine on it. We have it. Between Open Text and in Montreal there's a company called Nstein, and their technology for semantic web and data mining is extraordinary. Why don't we have a very powerful...? This is the way to get Canadians engaged with their memory, with their creative expression, and build on it for the future.

The Chair: Thank you, Mr. Wilson.

[*Translation*]

Thank you, Mr. Pomerleau.

Over to you, Mr. Angus.

[*English*]

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

I thank you all for a fascinating discussion. We could go on for hours with this, but we'll have to limit our questions.

Mr. Hennessy, when I was looking at the Google-Verizon deal on content and non-interference of content, what disturbed me was that there was suddenly talk of the "public" Internet as though wired technology was the public Internet, meaning wireless was not part of the deal. Yet more and more of our content, as you can easily tell us, is being distributed wirelessly, in new platforms.

In Canada now we're looking at a situation where the content creators, who are backed up by hundreds of millions of dollars of Canadian taxpayers' money through the CMF, are now basically being run by a phone company and by a couple of cable companies. How do we ensure that we don't have preference on certain content over other content, or that new digital markets or new digital players are able to access content that might be controlled by, say, Bell-CTV and you're a competitor? If your people want to go on there and watch the CTV movie on Telus, how do we ensure that we don't have these vertically integrated giants using their power in an anti-competitive manner to limit access to content?

Mr. Michael Hennessy: Yes, a fair question, and I think you're quite right: the Internet doesn't stop with wires; it includes wireless.

Number one, and the CRTC has started that process, you use the powers under section 27 of the act to say that things like exclusivity, giving an affiliated business a preference to advantage you over competitors, is an undue preference. But how you put teeth in that I think is the bigger question. So you need to have a rule against exclusivity across all platforms, because that content has been created by public funding, or it is used.... You know, American programming or foreign programming—that contributes. So it has to be accessible to all Canadians.

The simple thing is an *ex ante* rule that says exclusivity of programming content from the broadcasting system, whether delivered on a wire or a satellite or a wireless network, is prohibited. This is as a general rule. Then how do you ensure that the vertically integrated carrier doesn't agree to give you the program but at such extortionary terms that exclusivity is pointless? You need transparency into the deals that went on in the past, before exclusivity. You need an arbitration process that is predictable in terms of timeliness, because, as I like to say, there's no point in winning the right to offer the hockey season on your wireless phone if you don't get the decision until baseball season starts. So timeliness is critically important. Then you need the ability of the commission, once they've made their decision or an arbitrator has made the decision, to force compliance quickly. If compliance isn't quick, then the decision has to be filed with the Federal Court so that the vertically integrated carrier knows that if they don't comply immediately, they could be in contempt of court.

If nothing like that works, you can then start talking about fines, but I think most companies at that point usually give up. But you need some *ex ante* rules to say some things are wrong and they simply will not be done, and exclusivity is a perfect example.

● (1615)

Mr. Charlie Angus: Thank you.

We've had the example of this great digital realm being like the Canadian Pacific Railway, yet it seems to me we continue to move on the idea that digital culture is something to be contained, as if we didn't want the railway to compete with the teamster horses so we have to limit how many tracks we're going to have.

Ms. Moore, I'd like to go to you on this. It seems to me that the notion of lifelong learning through digital education is crucial, yet we see with the imposition of digital locks. Rights that educators or students would normally have can be erased, and within Bill C-32 we actually see the provision of having to destroy class notes after 30 days because keeping your class notes would be some kind of threat.

I'd like to ask what you think of that. We look at our WIPO-compliant competitors, and within WIPO the digital lock provisions are really clear. Article 10 of the WIPO copyright treaty says that you can't use these measures like digital locks to override rights to normal use of a work. How do you think that allowing a software code designed by a corporation to limit, to deny, to exclude any kind of access arbitrarily will interfere with our ability to set up a truly forward-looking knowledge regime?

The Chair: Thank you, Mr. Angus.

Briefly, Madame Moore.

Mrs. Kelly Moore: It's going to be very problematic if you can't get at the material, if you can't transfer it to other formats when you need to, to make it accessible, to preserve it. But that information will have a very limited lifespan and a very limited applicability. So yes, the digital locks are going to be a problem with information going into the future, and we would certainly not encourage having that tool dictate what's going to be available to any information users now and in the future.

The Chair: Thank you, Madame Moore.

Mr. Del Mastro.

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

Thank you, witnesses, for appearing today. It's very interesting testimony.

Mr. Hennessy, I like to think not much escapes me, not much gets by me. I like to think that anyway. This is the first time in some time I've had the opportunity to have Telus before our committee, and there was something I needed to get off my chest. I wanted to congratulate you and your company, specifically for being recognized globally for your efforts in philanthropy.

I don't know how many members of the committee know that, but Telus was recognized globally for its efforts specifically in areas like support for our troops and their families and so many other worthy causes. I just wanted to thank you for that, because often corporations get beat up here, but I think you deserve a tip of the cap for your efforts in that regard.

● (1620)

Mr. Michael Hennessy: That's very kind. Thank you.

Mr. Dean Del Mastro: You're welcome.

Now, specifically on some of your testimony, you talked about vertical integration, and I actually see virtual integration as an opportunity. As much as there are problems around it, I think there are incredible opportunities, because we're getting beyond—and many would argue we've been beyond it some time—far beyond a time when access to content was limited to how far you could push a signal. You've talked about web-based providers who are providing content literally anywhere on the globe. That provides almost a limitless stage. Your stage is now global. Your stage is no longer simply a market. I think it was Mr. Coates who talked about Canadian content and the fact that we are really strong in that regard.

Keeping these things in mind, my own view is that content now becomes so important, not specifically where the content will play, but the actual content itself is where Canada and the government should really be focusing. Would you agree with that?

Mr. Michael Hennessy: Yes, absolutely. We don't oppose vertical integration, but we do, as I suggested, think you want safeguards to ensure that all Canadians and all independent producers and all competitors have an open access to the platforms, and that's probably a small price to pay for that level of integration. It's a huge global opportunity, but I would say there's one thing critical in all of this. I'll step out of my own business hat for a second and speak on behalf of some of my friends in the independent production sector. As you get into concentration, there are fewer windows of opportunity for an independent producer of film or television to find exhibition space for its wares on the traditional platforms. In today's environment, the traditional platforms still generate most of the money that then helps finance the ability to distribute that content on the Internet. If it doesn't get on television in the first place; it never really gets screen time. So that is a critical thing.

I absolutely believe we have to turn regulation on its head and say that with the Internet you have the operative in broadband; we have the opportunity to reach markets of such scale that we may never have to subsidize businesses again. But you have to start in your own marketplace by ensuring that the producers of the content have access to the networks we have without interference in that for competitive or strategic reasons of the network carriers themselves.

Mr. Dean Del Mastro: It sounds like you're onto a little bit of my personal quest for a full review of the Broadcasting Act so we could modernize it and take a look at how we could make the most of these opportunities. At least that's my perspective on it, that we should be seriously looking at how we can leverage the opportunities and the support.

I don't know what your view might be on this. Independent producers mentioned to me last week that part of the challenge they have—and you mentioned—is that broadcasters make the decision on what to produce and they would like to have that ability themselves. In other words, with the Canadian Media Fund, which was created last year and which I think has been very successful, right now the funding is actually provided to the broadcasters, who can then license to the producers to produce a show. What they're saying is that if you actually extended that to the producers, they could go and then cut a deal with the broadcasters; that might change some of the producers' rights. What would you think of that proposal?

Mr. Michael Hennessy: I was involved with the predecessor to that, the Canadian Television Fund. There will always be a battle between producers and broadcasters over licensing fees.

The more critical issue for the producers—because I don't think anybody has the appetite to turn the Canada Media Fund on its head yet again, good sport though it is—is that they need what are called terms of trade. They need some kind of guarantee of access, as British producers have. They need to hold onto their rights to the Internet and other platforms or they will never really be able to grow and exploit their content.

● (1625)

The Chair: Thank you, Mr. Hennessy.

We'll go to Madam Crombie.

Mrs. Bonnie Crombie (Mississauga—Streetsville, Lib.): Thank you, Mr. Chairman.

Welcome to our guests, and thank you for presenting here today.

I'll start with Mr. Coates. I was very interested in your comments with respect to Taiwan and Singapore as leaders in the creation of digital media. I had the opportunity to visit Taiwan last year, in fact, and I was very impressed with the vast industrial parks. I also visited a digital arts institute. What I found was that the government picks winning sectors and incentivizes them, whether through grants or favourable tax structures. And certainly it has an intense focus on the education levels of its population and on developing certain skill sets.

They were very interested in the work we do in digital media in Canada and would be interested in linking up with Canadian providers. I was trying to provide an introduction for them to Sheridan College and even to Electronic Arts, out in B.C. They say that we have a specialty in something called anime, which was new to me, but yes, we do.

I was just wondering about your perspective on a national strategy. Do you recommend that we also pick a sector—digital media, for instance—as a sector to nurture and invest in and incentivize?

Dr. Kenneth Coates: Obviously I'm a big fan of that. I think we need to take some real national risks. We basically dance around looking for a perfectly guaranteed solution, and we're not going to find one. This is a very fast-moving area.

Just to use Taiwan as an example, they decided about 15 years ago that the government would put emphasis basically on the guts of technology. So if you pick up almost any device you have—computer, cellphone, and all these kinds of things—you'll discover all sorts of what are called Taiwanese insides. They make all sorts of semiconductors and processors and all these different kinds of bits. Probably the only Taiwanese company you've heard of is Acer, which does actually produce the whole thing. But many of the things you'll buy, such as something that has “Toshiba” on it, will in fact, a lot of the time, have Taiwanese product inside.

They just made a shift within the last year and a half to basically say that digital content is the next wave, which is why you're seeing digital arts centres. They're putting all sorts of money into new institutes. They're basically designed to train designers, artists, creative personnel, and people of that sort. But here is the trick with Taiwan. They look across a very narrow strait and see more than a billion and a half people who speak Chinese, and their digital content is not aimed at Canada. They basically have an opportunity to use this remarkable access they now have to China, which they didn't have ten years ago.

What's also interesting about their particular model, and it's really hard to sort of imagine this working quite so well in Canada, is that they actually take people back and forth between the universities, the government, and the private sector. If you go in to talk to a government agency, half the people there used to be in universities and half used to be in industry. What really stands out about Taiwan is their commitment to loyalty. They basically are telling the Taiwanese that they have to come back home, that they have to work to make the Taiwanese economy strong, and that they're going to invest in people.

They've actually come over to people in North America, more in the United States than in Canada, and have said, “Pick up your company and bring it here. We'll give you a factory and we'll give you three years with no income tax.”

Mrs. Bonnie Crombie: Yes, exactly. Even in these industrial parks, they had dormitories for people to live in and they incentivize people to stay in place.

Thank you very much.

I want to ask Mr. Hennessy a couple of quick questions as well, and I too want to congratulate you on Telus being awarded the best global company for philanthropy by the Association of Fundraising Professionals. I sent your CEO, Mr. Entwistle, a note of congratulations, as well.

From your remarks I noted that Telus is one of the only digital media companies that I didn't think was vertically integrated into broadcasting, but you were speaking about a new network with Telus and IPTV. What differentiates IPTV, and what impact will you and your new wireless network have on developing digital media? And what economic benefits will accrue for Canadians?

Mr. Michael Hennessy: Let me try to strip down the technical language and keep my eye on Mr. Chong at the same time, for time.

Mrs. Bonnie Crombie: Let me sneak in one more question, because he's going to cut me off, I just know it, and you get to answer longer than I get to ask.

Quickly, how will the Bell-CTV deal impact you? And what effect will it have on Canadians and on the content that's available in the marketplace?

Finally, what threat will Globalive bring to the Canadian marketplace? How will it impact your business? Some of the naysayers or devil's advocates say that their entrance will provide consumers with greater choice and will perhaps drive down prices.

There you go, three questions.

Mr. Michael Hennessy: Quickly, Optik TV is really like a cable TV service. So it's not a content service; it's a distribution service. But it uses Internet technology, and it's licensed by the CRTC, so it has to meet all the Canadian content obligations. We now actually have 300,000 subscribers using this technology in Alberta and B.C., so it's very neat.

The second question was on Bell-CTV. This goes back to my point that it's not of material impact on us if the access to the programming that's protected under the Canadian broadcasting system is available to our customers, just as the Shaw-Global, the TVA-Quebecor, or the Rogers-City programming is. If we're excluded from accessing that programming, then we're unable to compete with the cable companies. That likely, if anything, apart from damage to us, keeps cable rates high.

● (1630)

Mrs. Bonnie Crombie: And choice in prices....

Mr. Michael Hennessy: Clearly, we continue to see prices going down. The primary reason for prices going down today has more to do with the fact that Bell and Telus have changed their networks into a global standard. So we're now able to bring in handsets from all over the world and introduce that technology. So we're really becoming much more of a smartphone-driven company.

The Chair: Thank you very much, Madam Crombie and Mr. Hennessy.

Monsieur Pomerleau.

[*Translation*]

Mr. Roger Pomerleau: Thank you, Mr. Chair.

Mr. Coates, you mentioned three things that struck me. First, you said that a series of factors gave Canadian production a competitive advantage: our sizeable cultural production, a large number of fairly well-educated people and bilingualism, which you referred to as an asset. First, thank you for that. People rarely point that out, but I know it to be true.

You talked about two other things, and those are what I want to ask you about. You said that we were not moving quickly enough when it came to digital media. I would like you to elaborate on that a bit and explain what we can do to speed things up.

Second, you mentioned our connections with Asia or emerging Asian countries. According to you, those connections are not strong enough or do not respond to the existing opportunities we should be seizing. I would like you to explain how we can strengthen those connections and what we can do to improve the situation.

[*English*]

Dr. Kenneth Coates: My apologies for not being able to speak French effectively.

We do have some very real strengths. It's interesting. As a cultural producer, as a content producer, Canada is actually extremely good. We produce way above our weight. We have wonderful filmmakers and novelists and musicians and what have you. We do very, very well. We don't see that as an economic sector as much as we should. If you look at something like Cirque du Soleil, a really brilliant organization, they produce hundreds of millions of dollars of benefits to Canada every year, yet for some reason they don't get seen as an economic power in the same way that Research In Motion does. We should start seeing it that way. The advantages of bilingualism and multiculturalism are very real; we have the opportunity to reach out way beyond our borders in a way that many other countries do not.

You asked about fast enough. First off, the question is, what is fast enough? Fast enough is a very good idea coming from a corporation getting funded within a month. Not fast enough is that same idea taking 18 months to go through regulatory procedures, or going through vetting processes. I feel sorry for governments right now. The accountability expectations on you are crippling, quite frankly, and everybody is very nervous, so decisions take way too long.

Singapore is a very small country, a very nimble country, but the person who makes the digital content decisions down there basically works with a staff of about two or three people and makes decisions within a week. Try running the same kind of thing through our regulatory procedures and our decision-making; it's a nightmare. Guess what happens. People go looking overseas to find the money to do the things they want to do, and sometimes they move with it. We lose too many people outside the country that way.

So faster basically is putting more faith in the hands of the civil servants who manage these processes, and having a sort of different kind of oversight in which you don't have long and incredibly complicated application procedures. Our university is very, very successful at filling in grant applications. You have one of the most innovative universities in the country, one of the best in the world, basically choked by the process of applying for grants. Is that what you want your key researchers doing, applying for grants, or actually doing the work? For the creative personnel, it's the same thing: do you want to turn our nation into a nation of grant writers? That doesn't actually propel the economy very far, success in filling out forms. So I would challenge... It is not about the federal government, provincial government, municipal government. The mindset in Canada is not fast enough. We need to really turn that around and turn it around aggressively.

I will speak more aggressively even about the Asian connection. Canada is amazingly disconnected from Asia. We do not know what's going on. I don't mean individuals here; I'm sure many of you have travelled over there. The scale is astonishing. Outside of Hanoi they are in the process of producing a science and technology city that will have 1.2 million people living in it. They have a little sign on the map saying they're going to put in a university, so I asked how big the university would be. They said 13. Well, 13,000, that's not so big. No, no, no, 13 universities will go on that one site. The scale in Asia is simply mind-boggling.

Take a look at Sangam's Digital Media City in Korea, outside of Seoul. It will have a digital media concentration of 25,000 researchers based in one location. Take a look at Z-Park in Beijing: it has over 400,000 employees. How do we compete? You compete by getting in the middle of it and understanding what's going on and what's happening on the cultural side. How do we do it? Take at look at what we're studying. We don't study Asia enough in universities. We don't study Asia enough in elementary and secondary schools. We need to know where our competitors are, and we need to know that right now. I'm very concerned about this, largely because of the lost opportunity. I would simply draw your attention to Australia. Australia made a decision about three prime ministers ago that they would become an Asian nation. Canada can do so. We have, through British Columbia, an outlet on the Pacific. We have a multicultural population, millions of Canadians who have access to Asia. We don't use them.

● (1635)

The Chair: Thank you very much, Mr. Coates.

Merci, Mr. Pomerleau.

Mr. Armstrong.

Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC): First, thank you all for being here and making your presentations to us today.

Mr. Wilson, I hear what you're saying, and I agree that we can't focus on stopping the information flow from coming to Canada from an international source. It would be kind of like stopping the ocean from coming in; we just couldn't do it. So we have to focus on the increase in the digitization of our Canadian content, and I agree with that.

The numbers you presented today, 4% written and 1% video, concern me. I was unaware of those. If we were to set a goal for the date you mention, the 150th anniversary of Canada in 2017, where are our competitors now, where are other nations now who are doing this well, and what percentages are they at? What would be an achievable goal we could set for Canada, do you think, for digitization of our history?

Mr. Ian Wilson: Thank you for that.

As it's an ambitious goal, the other countries have not published their figures concerning where they are, but given the investments they're putting in, it's obvious that they're going to move ahead very quickly, and we will benefit. If the United Kingdom is digitizing massive amounts of their material, and France is doing theirs, we will all benefit, because that's of interest to us.

I would think as a national goal we should be ambitious. We should challenge all of our governments.

First and foremost, let's deal with crown copyright. Why are we still defending crown copyright? Who is defending crown copyright? Why don't we take everything that governments have published in Canada and have it online—federal, provincial, municipal? It's simple: take everything, of every government. It's already published, it's out there. Take all the consultants' studies. We've already paid for those consultants' studies; they're sitting on shelves and in filing cabinets of many governments.

Why don't we challenge every government in the country to get involved, almost like ParticipACTION: “Get involved”. Let's have a national digitization campaign, train our young people in doing this, develop skills. It's going to be marvellous for future skills. Let's do it in governments.

What about universities, what about all of their publications? Why aren't they fully available online?

Why don't we then take everything that's old enough to be out of copyright—all the nineteenth century and early twentieth century material? Why don't we have all of that online?

Why don't we then work with our film producers, our educational broadcasters in Quebec, Alberta, and Ontario? Why don't we get that material up online, if they hold the rights?

I think all of us in this world, archivists and librarians, respect the rights of creators. But how do we perhaps develop some new business models? We have the public lending right, which recognizes the use of books in public libraries. Well, how do we change it to recognize the use online? You can measure use online—that's straightforward enough—so why don't we add something to the public lending right to compensate our authors for making their material available? Or there are other models of publication. I think we can be very ambitious.

In web terms and digital terms, 2017 is an awfully long way away. I think if we had, as Canada 3.0 emphasized, a national visionary, compelling strategy that we could all buy into and by which we could drive this thing, and if we all agreed we're going to do it once and do it well, so that you digitize it once—that's straightforward—and preserve it properly, it's going to outlast any building or any highway we've built this past year, if we do it as a capital project.

We get the cities, we get the municipalities, the universities, get the non-governmental organizations.... Get them all. Help them in some way, but help them get this digitization done. Let's become a digital nation. That's our birthday present to ourselves for 2017, our 150th birthday. It's an ambitious one. If we don't build a building, why don't we build a capital structure that every Canadian can get into—not a building in one place or one city, but something that.... Well, when Library and Archives Canada put the 1911 census online, there were 17 downloads per second. That is accessibility. We can put up other material—prime ministers' papers, and.... It's phenomenal take-up.

Canadians are searching for authentic information about our experience, our cultural expression, and this is, as I've argued in many places, finally the basis of creativity. Innovation and creativity don't come out of nothing; they're inspired by where we've been, by reading other people's works. Everybody I know who writes great novels has probably used the library and archives, because they're building on it.

Anyway, there are solutions to allow us to work within copyright and respect it, absolutely. But let's deal with all the other material outside of copyright. And finally, let's deal with crown copyright. Why are we still maintaining it? There's a huge amount of material that is valuable to us and valuable to other nations. There's research there that really needs to be available and accessible online.

Thank you.

● (1640)

The Chair: Thank you very much, Mr. Armstrong and Mr. Wilson.

Mr. Simms.

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

I particularly liked your example, Mr. Coates, about the situation in Southeast Asia and the market opportunities it presents, especially the comment about you get in the middle of everything. Currently on the east coast, on a much smaller scale, particularly on the island I come from—not P.E.I., but Newfoundland—we have a situation where we're trying to plug into geo-tourism with Europeans. We're presenting it in a way that they didn't realize, which is to say that we're showing them part of their heritage, because they went through periods and periods of heavy immigration whereas we didn't. So we're presenting them with what Ireland used to look like in some places. The process started, though, when the National Film Board did films years ago illustrating these communities. It was called the Fogo Island experiment. It seemed like it was only made for our consumption, and lo and behold several years later we brought this, through the advent of digital technology, through Europe and found ourselves in a pretty good situation where it's like a renaissance of tourism. You've seen the advertisements.

That being said, how do we take advantage of that situation? Do we invest more into the content of what we produce? Or do we invest more into the distribution system? Do we put it out there?

Dr. Kenneth Coates: Well, it's interesting. I guess I'm more of a fan of the content side. The distribution system is a very complicated one, and Mr. Hennessy can say more about that.

We've had some really good success stories. You've probably heard about Corus Entertainment. Corus Entertainment I think sells to something like 75 countries. They produce it in dozens and dozens of languages and they figured out how to do it. We actually have some other companies like Scotiabank, which is an interesting example of this, not the only one, that have figured out localization, how to take the services they provide in a Canadian context and change it and transform it into other places.

Canada is actually a saleable commodity in the stories we have, the experiences we've had, and what have you, but also in the cultural content we create. I don't think we're going to have too much difficulty selling what we produce in other parts of the world as long as we actually know what the markets are like, as long as we actually know how to get into them, how they work in those different kinds of environments.

China is not an easy commercial environment. It's not surprising we don't do very well there. Lots of countries don't do very well in China. Just because the Chinese market is there doesn't mean you snap your fingers and you're inside it. There are lots of questions we have to get at around the technology but also around the licensing regulations, copyright arrangements, in those nations.

The number one thing is we have to understand them and we have to actually be part of that world, as you say, in the middle of it, actually getting a better sense of what goes on. We do reasonably well in Europe, but you have a good example of our taking a long time to figure that particular one out. I just continue to draw your attention to the fact that we don't really know what's going on in Asia. We aren't connected up to the digital media realities over there, and we need to work much harder at it.

● (1645)

Mr. Scott Simms: There are two concepts I struggle with. Do you invest in the content up front? I guess what I'm saying is it's seeking the new business model that is out there.

Mr. Hennessy, I'd like to get your comments on that, because when it comes to what new business model is out there, the current debate or discourse is do you prefer the rights of pay per use, or do we go through the collective process, or a hybrid of the two, that sort of thing?

Mr. Michael Hennessy: I would take it back a step. We did a couple of papers over the last few years for the Banff World Television Festival on this kind of subject.

In answer to your first question, I would say you put the money into the content, not the distribution. We're building the networks; the market's allowing us to build the networks. In a digital world you can't just put it into the creation of content like we do today with things like the Canada Media Fund. You have to go back to understanding that digital media is something different. It's the marriage of Internet technology. It's about application and software development as much as it is about the content itself, because it's the actual interactive packaging around the content. You need to develop skills in that area. You really need content people to start to think about technology, and vice versa, and that starts at universities. So then where do you get the money to do all this and then to promote, through the Internet, that content to world markets so, as I say, you don't have to subsidize it?

I would say the best opportunity you have to get that money in the near future is the next time the federal government holds spectrum auctions, which should be probably early sometime in 2012. You will see anywhere from $1 billion to $2 billion plus, if past is prologue. Surely some of that money that's coming from the communication sphere can go back to actually create things that will ride on the networks that people are bidding on to build.

The Chair: Thank you very much, Mr. Simms and Mr. Hennessy.

Mr. Del Mastro.

Mr. Dean Del Mastro: Thank you.

Mr. Wilson, I've listened a couple of times to your comments, and Mr. Galipeau wants to jump out of his seat, but I'll take the questions instead.

I'm kind of perplexed by a couple of your comments, to be perfectly blunt. I find it hard to understand how, when you need to build transit systems, you're suggesting the government shouldn't invest in building transit systems, even though, clearly, large municipalities need these things. We've invested more in passenger rail, and both commuter and passenger rail in the country than any government in recent history. We've invested more in public transit than any federal government in history.

I don't know how you take the homeless off the street or provide homes for families that can't afford them if you're not going to build affordable housing. I don't know how you provide a health care system that responds to the needs of Canadians if you're not going to invest in it. I don't know how you support international trade if you're not going to develop the Pacific gateway. I don't how you support research and innovation if you're not prepared to put stimulus money into science and research. I don't know how you're going to connect people to the Internet if you're not going to invest in rural broadband. I don't how you're going to put blue collar workers in this country to work if you're not going to build things.

So I take some offence to what you're saying when you're suggesting that the government stimulus program is directed in the wrong directions. I completely disagree with that. I also think that you're looking beyond the fact that officials from National Archives, for example, who have already appeared before this committee, said that they have digitized their entire archives. The Canadian Museums Association has come in and said most of their members have virtually digitized all of their displays.

I don't think Canada is a laggard in this as you're suggesting we are. Could we do more? Absolutely, there's an opportunity to do more. I also would not suggest that this in any way reflects or is as significant to this country as the completion of the Canadian Pacific Railway, which was the completion of the impossible dream and which led to Confederation and allowed British Columbia to join this country.

I take some offence at some of the things you're saying. I agree with you that there is significant opportunity here, but I think we should be specific when we're talking about what the opportunity is and we should also acknowledge where Canada is on this, not where we could be but not as far behind as you're suggesting either.

● (1650)

The Chair: Mr. Wilson, go ahead.

Mr. Ian Wilson: Let me just indicate that I'm not comparing this to transit, to rail, or to all the other pressures, hospital care, education, that are on the agenda of government. I'm simply saying there is room, there is space in all of this, and hopefully in a stimulus package there is room to put it in the context of more of a capital project than simply as an out-of-pocket expenditure. It's something of benefit long term, and if done properly it's going to last, and last well. I think with the Canadian library groups that we have, it will last.

I think it's important that we're trying to create some space here to recognize that. I believe you may be mistaken in saying that entire National Archives is digitized. If it is, something really marvellous happened in the last year since I left that institution. Perhaps 1% might be digitized at this point, and that's millions of pages put up online. In fact, when I left we were having problems getting enough electricity to power the servers, because the demand on our servers was heavy. I believe you may have misheard what my successor said in terms of the digitization of our collection. There's still an awful lot to do there.

I'm just saying, let's have some space here, recognize it's a capital project, and recognize it has an extraordinary impact. In a knowledge economy, to get our intellectual capital available, it will have a whole range of impacts: lifelong learning students and the kind of research and development we need to do. The innovation and creativity is going to come from this experience. I'm saying we do it once, we do it well. This isn't a long-term project. It's do it once.

Mr. Dean Del Mastro: I agree with you 100%. I think responsible government looks at all of the responsibilities that it has and invests in that fashion. That's my point.

Now, with respect to the electricity supply, I will write a letter to Dalton McGuinty immediately and suggest that we do something about that.

Mr. Ian Wilson: Actually, the main building is in Gatineau.

Mr. Dean Del Mastro: Oh, my goodness. This is scandalous, Hydro-Québec, oh my goodness.

Mr. Ian Wilson: It simply indicates the extent of the demand for access to this kind of material. Canadians are looking for it. I hope we can find some time, the occasion.... We can get the private sector. I'm interested now that I've moved out. The private sector is willing to help on this one. There's some serious help there.

The Chair: Thank you very much, Mr. Del Mastro and Mr. Wilson.

The last member is Mr. Angus.

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

I'd like to follow up on my colleague because I think he might have been a little too defensive about what we do in terms of building a strategy, especially with the stimulus.

CRTC is in my hometown of Timmins and they're looking at the obligation to serve. I have areas that are on dial-up; I have areas that have no Internet access whatsoever. I'm being told that 1.5 megabits is a good standard for broadband in northern Ontario. Our northern college can't deliver educational resources at less than 5 megabits capacity. Then I find out that countries like Australia—very large, very rural—are looking to have 93% hooked up online, the rest, 7%, hooked up by mobile. They're talking of having 100-megabits-per-second capacity. We're looking at Sweden....

In terms of where we are in a digital realm, is it sufficient, given the vast geography of Canada, to assume that there's a market case to be made to get to the kinds of speeds our competitors are already way out in front on? Or do we need a major investment, a major plan, and to set major benchmarks to ensure that the rural parts of our country, the northern parts of our country, the isolated parts of our country, are not left to lag behind in terms of competition? I throw it out to anyone.

● (1655)

Mr. Michael Hennessy: It sounds like one I might want to catch.

The nice thing about the hearing today in Timmins, as a starting point, was that the company Barrett Xplore, which is launching a new satellite service that will be available in 2011, promised that their new satellites will have sufficient capacity to serve all what are considered to be the unserved and underserved households in the country, at speeds of 3, 5, 10, and 25 megabits per second for households and businesses. It's not 100%, but it's very good. So I think that is critical.

Wireless is starting to deliver mobile capacity. I think where we will see gaps in the country, because I think that will take care of a lot of residential need, will be in actually getting the fibre networks or satellite or wireless connections between cities. I think that's the biggest barrier. It's cheap to build in a town if you can get the facilities out there, and I think that will probably be the next hurdle to overcome.

The Chair: Thank you, Mr. Hennessy.

I think Mr. Coates has something to add. Go ahead, Professor Coates.

Dr. Kenneth Coates: I'm from Waterloo and was actually raised in the Yukon, so this one strikes really close to home in terms of access.

Canada has a surprisingly large number of people who live in rural and small-town areas. What I would also suggest we be very careful of is that the Internet is actually really harming a lot of small towns and rural areas, particularly on the commercial side. It's really interesting watching, as the Internet comes into communities, how you can actually buy things from Canadian Tire, you can buy things from Future Shop. We're starting to see some real bleeding of some of the small towns. It's already happening in these small towns, and you'll know this well.

We actually need to know an awful lot more about the full impact of the Internet on small-town areas. If you go back ten years, we were talking about the fact that the Internet would make it possible for professionals to live anywhere. Artists could live in these small communities and we would see a revitalization of small towns. Statistically, it's not happening. What's happening is people are living an hour away from a major city. So they'll live in Waterloo and come into Toronto twice a week or something like that. They're not actually moving to Moosonee and using the fact that the Internet's available there to do their work from a much greater distance.

So I'm with you on the need to provide the service, but I think we need to be really open-minded as to what the full impact is going to be and the effect it's going to have.

On the educational side, it's phenomenally rich in potential. You can change the whole experience of high school and elementary education in small communities, if we can get it right.

The Chair: Thank you very much, Mr. Angus and Professor Coates.

Before we adjourn, I just want to draw members' attention to the fact that on Friday we received notices of two order-in-council appointments. One is Daniel Jean, who's the new Deputy Minister of Canadian Heritage, and the second is Nicholas Offord, who's the new vice-chairman of the board of trustees of the Canadian Museum of Nature. If members wish to review these appointments, you have up to February 18, 2011, to do so, as per your right under Standing Orders 110 and 111. Just bring it up at our next discussion of future committee business.

I want to thank our witnesses for their testimony and for appearing in front of us today.

Without further ado, this meeting is adjourned.

MAIL POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid / Port payé

Lettermail / Poste–lettre

1782711
Ottawa

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

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

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this 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

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

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