



House of Commons
CANADA

Standing Committee on Canadian Heritage

CHPC • NUMBER 035 • 3rd SESSION • 40th PARLIAMENT

EVIDENCE

Tuesday, December 7, 2010

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Chair

The Honourable Michael Chong

Standing Committee on Canadian Heritage

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• (1530)

[Translation]

The Chair (Hon. Michael Chong (Wellington—Halton Hills, CPC)): Welcome to the Standing Committee on Canadian Heritage. Welcome to our 35th meeting, on this Tuesday, December 7, 2010.

We are here pursuant to Standing Order 108(2) to study the impacts of private television ownership changes and the move towards new viewing platforms.

[English]

Welcome to our first panel. We have in front of us, representing CBC/Radio-Canada, Monsieur Lacroix, Monsieur Lafrance, and Madame Stewart.

Bienvenue. Welcome to all three of you. We'll begin with an opening statement.

Mr. Hubert T. Lacroix (President and Chief Executive Officer, CBC/Radio-Canada): Thank you, Mr. Chairman.

Members of the committee, good afternoon. On behalf of Kirstine Stewart and Sylvain Lafrance, I'd like to thank you for your invitation to talk about the changing media landscape and what it means to the public broadcaster.

Let's begin with new platforms. At CBC/Radio-Canada they are an opportunity. They enable us to reach more Canadians and engage with them in more meaningful ways than we ever could.

As we said in our submission to the government's digital economy consultation in July 2010, CBC/Radio-Canada is becoming a catalyst for both the creation and the consumption of Canadian digital content.

Today I could spend some time giving you big numbers, like 20 million hits to content on CBC/Radio-Canada's YouTube channel, or 7 million unique visitors to our digital platforms every month. But numbers don't really describe the actual transformation that's taking place.

CBC/Radio-Canada is becoming more than a broadcaster. We are now a meeting place. Every day our digital content is bringing Canadians together, creating new links between the public broadcaster and the public we serve.

Last month, for example, Canadians watched our Remembrance Day tribute to Canada's fallen soldiers in Afghanistan with the television documentary *We Will Remember Them* on our French and English networks. Canadians are still connecting with that program on our cbc.ca website, where each soldier has a web page put

together by their families and friends, and audiences can add their thoughts on what that sacrifice has meant.

When we heard last year that the life expectancy of Canadians was declining, we decided to get involved. In January, CBC will be launching *Live Right Now*, a six-month, multi-platform initiative to help Canadians live healthier lives. We've created it in partnership with eight non-profit organizations like Breakfast for Learning, ParticipAction, and the Canadian Diabetes Association. It's built around a new online social network where Canadians can find advice and inspire each other to reach their goals.

They'll be able to sign up for the Million Pound Challenge, a group pledge to lose a million pounds by Canada Day.

Run Run Revolution will follow middle school students across the country training for a long-distance race.

In January, *Village on a Diet* will follow the residents of Taylor, British Columbia, who with the help of nutritionists and health experts inspire each other to get healthy.

That's how we're using multi-platforms these days to engage Canadians. But our success depends on that content being accessible. I believe this is where vertical integration poses some challenges.

[Translation]

CBC/Radio-Canada is now the only national broadcaster not owned by a cable or satellite company. We have concerns about the control and distribution of content by these integrated companies: how do we ensure Canadians will have equal access to a diverse range of Canadian content in this new environment?

That's part of the reason why we, at Radio-Canada, created TOU.TV last January. The video-on-demand platform is the only place where Canadians can find an incredible variety of dramas, documentaries, animation and websites from francophone public broadcasters the world over. TOU.TV is the new meeting place.

And the response to this initiative has been overwhelming: it has been critically acclaimed as the best website of the year and well received by Canadians who have watched over 18 million programs in 11 months.

Think about this: with the important exception of radio, virtually all Canadians now depend on cable, satellite, phone and Internet service providers for their information, enlightenment and entertainment.

And strangely, so do we. CBC/Radio-Canada depends on these companies to ensure that our content is available to Canadians. Of course, we've negotiated agreements with some distributors, such as Rogers, Quebecor and Bell, but we still have problems making our local programming available to Canadians.

Local stations are where our connection to communities is often the deepest. We think it is an essential part of our public broadcasting mandate. Yet satellite subscribers in Prince Edward Island can't watch their local Charlottetown CBC station because it's not offered by either Bell ExpressVu or Shaw Direct. In Quebec, Radio-Canada has six local TV stations. Bell carries only three of them on satellite. Shaw carries just one.

A strange situation: it's frankly counter-productive when the CRTC is trying to increase the amount of local content through the Local Programming Improvement Fund, but subscribers can't see the content that's created. This is a completely ineffective system.

We know the CRTC is looking at this situation. We believe satellite carriage of these local stations should be guaranteed.

Even the success of TOU.TV depends on the streaming offer by Internet service providers. So what if an ISP feels online video is taking up too much bandwidth on the Internet and starts to throttle back the speed of content? How can one ensure that vertically integrated companies don't give preferential treatment to their own properties?

We believe the only way is through effective regulatory safeguards that ensure Canadians have access to Canadian content regardless of who owns the distribution network.

• (1535)

[English]

We understand why these companies are integrating. They are adapting in order to find their way in the digital environment. So are we. But we also have a statutory responsibility to provide a wide range of programming that informs, enlightens, and entertains Canadians. That's our public service mandate, and it influences everything we do, every decision we take.

We've told you before about the financial challenges we faced and managed. I won't dwell on those issues today. We need to look ahead and invest more of our resources in creating content on all media platforms, so that we can continue to build and nurture this public space where Canadians interact. In order to do that, we needed a road map to guide us in the digital environment. We'll be sharing our strategy with Canadians in the new year.

For now, I will simply tell you that three principles will guide our thinking. Number one, we will create and deliver more original, quality Canadian content. Number two, we will reinforce our presence in Canada's regions. And number three, we will expand how we use our online platforms to engage Canadians.

The bottom line is this: CBC/Radio-Canada is well positioned to be a powerful catalyst in the creation and consumption of Canadian digital content. To achieve this, we would appreciate your help in three areas. First, we require support for stability in our funding, particularly the \$60-million envelope that is so crucial to our Canadian programming successes. Second, we would like guaranteed carriage of national and local television signals so that satellite subscribers have access to the local programming we offer. Lastly, we need effective regulatory safeguards to ensure that digital platforms bring Canadians more choice and diversity, not less.

Thank you for your time.

• (1540)

[Translation]

I will be pleased to take your questions.

The Chair: Thank you, Mr. Lacroix.

We have 50 minutes for questions and comments.

We'll begin with Ms. Crombie.

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

[English]

Welcome, Monsieur Lacroix, Monsieur Lafrance, and Madame Stewart.

I'm a big fan of public broadcasting, the service you provide to remote and rural areas, and the commitment you make in particular to Canadian content.

I don't have a lot of time, and I have a lot of questions. Perhaps you would keep your answers really brief so that we can get some important material on the table.

First of all, can you clarify what are the benefits to having, and investing in, a public broadcasting company?

Mr. Hubert T. Lacroix: I'm sorry, the question is...

Mrs. Bonnie Crombie: What are the benefits to having, to investing in, a publicly funded broadcasting corporation?

Mr. Hubert T. Lacroix: So it's what we bring to the party in terms of the ecosystem in which we live.

Mrs. Bonnie Crombie: Yes.

Mr. Hubert T. Lacroix: The public broadcaster, Madam Crombie, does many things that the private broadcasters just can't do.

Mrs. Bonnie Crombie: Exactly.

Mr. Hubert T. Lacroix: That includes Canadian content in prime time; our services in the north of Canada; two networks, French and English, that have no advertising on them; putting more news and current affairs programming in prime time than anybody else in our environment.

Mrs. Bonnie Crombie: Are the other networks subject to the same sort of Canadian content regulations that you are?

Mr. Hubert T. Lacroix: They have different levels of commitments in their licences. The answer is yes.

Mrs. Bonnie Crombie: And what about during prime time, or in all timeframes?

Mr. Hubert T. Lacroix: They have different obligations with respect to that. We actually do more of that than anybody else: 80% or so of our programming on the English side, and 100% on Radio-Canada's side.

Mrs. Bonnie Crombie: How can we better protect and promote Canadian content on television?

Mr. Hubert T. Lacroix: I think it's about ensuring that the public broadcaster can continue doing what it does. It's about stability of funding. It's about ensuring that the Canada Media Fund and the local programming improvement fund continue funding initiatives that are available to all.

Mrs. Bonnie Crombie: Thank you.

I think we've all received the letter that Bill Chambers has sent around. Perhaps I could ask you some questions about that in particular.

Mr. Hubert T. Lacroix: Sure.

Mrs. Bonnie Crombie: You've been in the midst of a court case with Quebecor. It's been getting some media attention. Some 1,200-plus ATIPs have been requested.

What do you think the rationale is? What are the underlying reasons for this dispute with Quebecor, and why the vast number of ATIPs?

Mr. Hubert T. Lacroix: First off, it's difficult for me to comment on a court case with Quebecor, because it involves Monsieur Lafrance and some of his comments. It's still in front of the court, so I'm not going to make comments on that.

With respect to the ATIP and the campaign that's been going on by the Sun Media newspaper and Quebecor with respect to what we do, there are two aspects. One is about accountability, and I think we've proven over and over again how transparent and accountable we are.

In the first three months or so of us becoming subject to the Access to Information Act, more than 400 requests came from people associated with Quebecor. They say that out of the 1,200 that we've received so far, more than 1,000 seemingly came from the same source.

To try to speculate on what the rationale behind their campaign is would be beyond my knowledge. I'm simply telling you what the facts are and how we're responding to it.

Mrs. Bonnie Crombie: We know that court cases such as these can be quite costly. Can you tell us what you've spent in legal fees to date?

Mr. Hubert T. Lacroix: Regarding the court costs with Mr. Lafrance's situation, we've invested the dollars necessary to respond to the accusations. The legal action instituted by Quebecor is still ongoing.

Mrs. Bonnie Crombie: Quebecor has taken out ads in their papers. Has this hurt you? I actually have a sample of one here—I don't know if I'm allowed to table it—and I've been reviewing it.

Do you feel that somehow it's given them an unfair advantage? Is this what we have to look forward to with further vertical integration into the sector?

The Chair: Madam Crombie, you can table it with the clerk. I'll have him translate into both languages and have it distributed to members of the committee.

Mr. Lacroix.

Mr. Hubert T. Lacroix: Madam Crombie, on the issue here about vertical integration and diversity of voices, I could comment, but what I will do is send the members of this committee two articles that speak in a non-partisan way of what's been going on.

In one article, Stéphane Baillargeon of *Le Devoir* talks about the control of information in the Quebec market on the Quebecor issue. He quotes journalists who share evidence about their directors force-feeding them and dictating the content of some articles.

In the other article that I will send you, Norman Spector of the *Globe and Mail* basically reminds everyone that every time Quebecor and the *Toronto Sun* and the *Ottawa Sun* attack the broadcaster, it obviously benefits their properties in the province of Quebec, because, as you know, there's an interesting relationship between Quebecor and Radio-Canada and the Quebec markets.

• (1545)

The Chair: Madame Lavallée.

[Translation]

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

Welcome Mr. Lacroix, Mr. Lafrance and Ms. Stewart. It's a pleasure to see you here in this committee again to talk essentially about convergence.

In your presentation document, Mr. Lacroix, you say: "We have concerns about the control and distribution of content by these integrated companies. How do we ensure Canadians..." When you say concerns, I sense that that's a euphemism. Usually when we say we're concerned, our concerns are clear and they are misgivings.

It is also difficult not to talk to you about Quebecor, which is the symbol of convergence in Quebec. That business has been around for much longer than any radio or television broadcasting company even in Canada. The convergence of Quebecor started in the early 2000s, whereas the rest of Canada got into convergence only a few years ago.

Quebecor is established in Quebec, at least as a cable company, where 60% of households are hooked up to Videotron, which is a lot. That doesn't leave a lot of room for the others, which gives it real power, about which some organizations have come to speak to us here.

As we know, Quebecor owns the TVA network and the radio network that is your main competitor, in addition to magazines and newspapers, and the cable undertaking I just mentioned, and is now operating in the wireless field. We sense that this business is extending into virtually all areas of communications and telecommunications.

I would like you to talk to us about the problems you're experiencing because, as I told you earlier, when I saw the word "concerns", I thought there was quite a lot more behind that word. I would like you to tell us not only about the problems, but also about the solutions that have previously been considered in Quebec or that the Standing Committee on Canadian Heritage could consider.

Mr. Hubert T. Lacroix: I'm going to let Sylvain explain to you, in two seconds, all the work that has been done to ensure an even greater presence in the various regions of Quebec.

It must be said that we're investing dollars in local stations and assigning journalists there. However, this work that we are doing in the regions of Quebec is becoming virtually pointless, hence my comments, when the local station's signal isn't easily accessible. It now comes via satellite.

When the cable company chooses to have an agreement with us, our position on cable is also the topic of a conversation that is both difficult and important for us. When this is the only business we work with, obviously the position of the national public broadcaster, the only independent at this time, becomes more complicated.

Mrs. Carole Lavallée: My colleague Roger will be talking to you about satellite in a moment, but I would simply like to point out that the Bloc Québécois has submitted a brief on this subject to the CRTC; so this is a file we know well.

However, I'm going to talk to you about cable because when you talk about Quebecor, you're talking about cable.

Mr. Sylvain Lafrance (Executive Vice-President, French Services, CBC/Radio-Canada): Incidentally, it's true that, from a practical standpoint, it's an understatement to say that the position this group occupies is a good topic for discussion. The entire issue of the diversity of voices is very important, especially in the specific context of Quebec, even more than in the Canadian francophone community as a whole. The Canadian francophone community is another issue in itself. So this is specific to Quebec. The conference of the Fédération professionnelle des journalistes du Québec has made diversity of voices its main theme. This is a real issue that is on all tables.

That said, we have done a lot to ensure our presence. Let's take the case of the regions, for example. We're currently making sure that we're more present than ever in the regions, precisely because we offer a response to that. We, the public broadcasting service, are presenting something of a response to diversity. We offer an increasingly specific line-up. Our presence in the regions is increasing. We're offering Canada the ability to be a very energetic presence in the digital age. So this is indeed a response to that.

Whatever the case may be, we're not always in the best position to talk about the position this is occupying, but I would say—and it's the old journalist in me that's going to respond to you—that the problem of the diversity of voices in Quebec merits study because a real problem is emerging in the media world in Quebec in this respect.

•(1550)

Mrs. Carole Lavallée: I'm not quoting you because I don't have your exact words in front of me, but you say you're afraid that Quebecor is granting preferential treatment to its own properties.

Do you have any examples of that?

Mr. Hubert T. Lacroix: In the current model, whether it be Quebecor, Bell or Rogers, the environment may impose a choice on them. For example, as I said in my presentation, they could choose to slow down bandwidth speed for technical reasons. If they do that, however, CBC/Radio-Canada's signal shouldn't be affected so that a signal associated with Bell or Rogers, for example, benefits from that choice.

When you're vertically integrated, when you're accountable to your shareholders, and major financial interests are associated with those choices, you're in a conflict of interest. In view of that situation, we're raising our hand and saying we have to watch out.

The Chair: Thank you, Ms. Lavallée and Mr. Lacroix.

Mr. Angus, go ahead, please.

[English]

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

Thank you for coming this afternoon.

This has been a very interesting study. I must say, at the start, that I think the CBC has certainly led the way in many areas in terms of new platforms—i.e., the original iPod downloads. Any show that you want to be able to hear, you're hearing it in multiple platforms. I think we're seeing right across the spectrum with the private broadcasters that they're exploring more and more new ways.

The question of importance for us, in terms of dealing with suddenly very large integrated empires that are dealing with control of the platforms and content, is on the anti-competitive nature and the potential problems.

I always think back to one of CBC's first real experiments, when you made national and international news when you wanted to show *Canada's Next Great Prime Minister* using BitTorrent. Part of the reason you made international news was that the show was completely throttled by the cable companies, because they saw it as.... Maybe they didn't even know what it was, but the experiment fizzled.

Are you concerned now that many of your number one competitors, and sometimes very hostile competitors, who are running the bandwidths might decide to throttle a little more content if you attempt to use new avenues like BitTorrent?

Mr. Hubert T. Lacroix: The answer is yes, and that's the purpose of my remarks. When we talk about integration, basically we focus on carriage issues, we focus on having a wider range of programming, and we talk about the concentration of voice issue. You heard my comments on what is happening with Quebecor in Quebec and my reference to the two articles.

But yes, in terms of the carriage of our signals, we would not want the competitors that basically compete with us every day, but now actually own the pipes, to create an unlevel playing field. That's what the comment is.

Mr. Charlie Angus: In order to just ensure that we have a level playing field, one of the suggestions has been administrative monetary penalties that the CRTC could bring to bear; otherwise, they don't really have much in their tool box. I don't really think they can pull a CHOI-FM decision on a national broadcaster. Quite frankly, they don't have really many options if someone doesn't want to play ball or just wants to slow things down.

Do you believe we should enshrine administrative monetary penalties?

Mr. Hubert T. Lacroix: Mr. Angus, this is a position in which we are in a conflict of interest position, because our conditions of licence can't be imposed on us without us agreeing to them. So the relationship we have with the CRTC is very different from the one that the other broadcasters have and the other companies have.

And I don't want to be making public policy, because that's not our job.

I'm simply highlighting the fact that there's an issue there, and it's for the policy makers to focus on that issue.

Mr. Charlie Angus: Fair enough.

I want to ask one question on the Quebecor issue. My colleagues have raised it. Certainly we know it's been a bit of a blood feud. You guys fight like dogs for the Quebec market, but hey, that's competition. I think that's great.

I don't really have.... You know, they run almost every newspaper in the country now. As A. J. Liebling said, "Freedom of the press belongs to those rich enough to own one", and Mr. Péladeau is certainly rich enough to own as many presses as he wants.

My concern is that when I pick up my little local paper, in which we used to have editorialists and we used to have a lot of local content, it's all gone now. We get the same three voices. We have Peter Worthington ranting on about the threat from the Middle East, and a couple of old dinosaurs like that. No offence to Mr. Worthington, but I read him every day, in all the same papers.

But now I'm reading from these little small-town newspapers that the best thing we can do is get rid of the CBC, and I'm thinking, "Why would a small-town paper editorial be writing about getting rid of the CBC? Don't people watch it? Wouldn't you want the content?"

I'm concerned that we have someone who's very hostile to the CBC in terms of Quebecor. Mr. Péladeau has made it clear again and again, and yet he's now in a position where he's got the papers. Quebecor runs the pipes. They want your market.

Do we need some clear ground rules just so that we can set aside personal political agendas from the public interest and make sure that for viewers like me, back home, I will be able to watch my content or read my newspaper and know that it's not being fingerprinted from up high?

• (1555)

Mr. Hubert T. Lacroix: If you want a comment on that, Mr. Angus, yes, in Quebec right now there is a situation where what we do with Radio-Canada is...and TVA, and V, and a couple of other

smaller players, is we to try to interest as many French-speaking Canadians as possible; they're not only in Quebec.

The environment in which we live is the one that is dictated by the framework, and the framework right now is that Mr. Péladeau and Quebecor have a vertically integrated company. They can use their Sun papers and create all sorts of stories that smear the public broadcaster, and we do what we need to do to make sure the information is corrected when it is used in ways that we feel is not fair.

Do we need a framework for that? I don't think that will change over time. It's back to diversity of voices. It's about making sure that our voice is heard, that we have access to the pipes, and that we are not put in a position where we play on an unlevel playing field. That's the message.

The Chair: Thank you very much, Monsieur Lacroix and Mr. Angus.

Mr. Armstrong.

Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC): Thank you, Mr. Chair.

Thank you for your submission.

I want to return to something Ms. Crombie brought up that has to do with the Federal Accountability Act and the access to information compliance of the CBC.

As you know, there were 70 agencies and crown corporations open to access to information for the first time recently. We believe access to information is a right that should exist in any democratic government. This is an important step toward openness and transparency. It's something that all parliamentarians worked toward cooperatively and passed that legislation.

With the CBC receiving \$1.1 billion in taxpayer money, are you aware that it is viewed as the most un-compliant crown corporation or agency in the 70 that this legislation opened up access to information to?

Mr. Hubert T. Lacroix: So there are two issues here.

Let's talk about accountability, because I think that's the point you're raising, Mr. Armstrong.

• (1600)

Mr. Scott Armstrong: Sure.

Mr. Hubert T. Lacroix: Accountability is something that starts with us and Parliament in annual reports. It goes into corporate reports. It goes to us in front of these committees. It goes to us in front of the CRTC. It goes to a new website where we now will be posting all of the information that is available and of interest to Canadians.

We were bombarded, as I said, by an inordinate number of requests under ATIP, 400 or so from the same group working for the same organization, in the first months after we became subject to the Access to Information Act. It was so much so that we had to sit down with the commissioner to try to figure out how we were going to deal with this, because this was not only about CBC; it was about the commissioner being swamped, and his office—well, it's now “her” office, but not at that time—not understanding how we were going to do this.

Today, as of November 26, 2010, of the 1,202 requests we've received, we have met 1,202. Since April we have received zero complaints on our timing for the requests that we are receiving. We have improved. We have not always been very good, but we are improving, and we have been learning from the situation.

I would like to remind you that 1,000 or so—because this is the information they've put out to the public—are coming from one office: two people. David Statham was actually in front of the Federal Court again and lost in front of the Federal Court. Both courts, the first court and the second court, actually declined Mr. Statham's request to blame us for our conduct in this file. Not only that, the appeal court endorsed the findings of the first judge and said—and I'm quoting—that Mr. Statham's conduct was less than exemplary.

When you put all of that in context, I would like to tell you, sir, Mr. Armstrong, that we believe in accountability. We're doing a better job. I'm very proud of the work we have done to handle this massive number of requests we have been the subject of.

Mr. Scott Armstrong: Have there been requests refused—for example, to release expenses of executives? I mean, why would you want to—

Mr. Hubert T. Lacroix: My expenses?

Mr. Scott Armstrong: Expenses, office furniture....

Mr. Hubert T. Lacroix: You can go to the website of CBC/Radio-Canada. My expenses are there. The expenses of all the CEP members are there.

They're very transparent. We believe Canadians should have access to those, so they're there.

Mr. Scott Armstrong: Are you currently at the Federal Court with the Information Commissioner?

Mr. Hubert T. Lacroix: Yes. That is a completely different subject matter, and I'd be happy to address that issue with you right now, if you wish.

Mr. Scott Armstrong: Go ahead.

Mr. Hubert T. Lacroix: Absolutely.

Mr. Scott Armstrong: Could you please explain it to us? Why wouldn't you just comply instead of taking the Information Commissioner to court?

Mr. Hubert T. Lacroix: They are two completely different stories, Mr. Chairman, and I need one minute to do this quickly.

The Access to Information Act is built in two different pieces. The first part of the Access to Information Act is about who is subject to

the act. It has certain exemptions—the information that you put out, and then you decide what you retract. There is no mention of CBC/Radio-Canada in there. You have to go to section 68.1, and I'll be referring to section 68.1 many times if we come back to this. This is the issue and the paragraph under which we're in front of the court.

It says:

This Act does not apply to any information that is under the control of the Canadian Broadcasting Corporation that relates to its journalistic, creative or programming activities, other than information that relates to its general administration.

So the act has a clear exclusion—not an exemption, an exclusion—for information that is considered to be journalistic, creative, or programming in nature.

And it's pretty obvious that the legislator here—because one of the first rules when you interpret a statute is that the legislator doesn't speak for no purpose—did not use superfluous words. We have an exclusion in section 68.1, and that is the subject of our conversation in front of the court: what is the ambit and the scope of section of 68.1? It goes to our journalistic sources. It goes to things that we believe in. We think that nobody but us should control that.

Mr. Scott Armstrong: If that court case comes back and does not rule in your favour, will you then comply with the request of the Information Commissioner? I think the taxpayers of Canada would be very interested in that. Will you then comply with what the Information Commission is asking you to do?

Mr. Hubert T. Lacroix: The answer is that obviously we will comply with any legislation that applies to us. But section 68.1 right now—this is not about expenses.

Mr. Scott Armstrong: My question was that if it comes back, you will then comply, so the taxpayers of Canada—

Mr. Hubert T. Lacroix: We will look at what our recourses are at that time. We will look at the content of that decision—

Mr. Scott Armstrong: So now you're saying you're not going to comply. You're going to evaluate at that time.

Mr. Hubert T. Lacroix: No. We always comply with legislation. If we still have a recourse in front of some court at that time, we will look at recourses, but at the end of the day, when all the recourses are *épuisés*, are no longer available, obviously we will comply with any kind of legislation. We comply with all sorts of legislation that affects us every day, sir.

The Chair: Thank you very much, Monsieur Lacroix. Thank you, Mr. Armstrong.

Mr. Simms.

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Wind-sor, Lib.): I'm going to be splitting my time with Mr. Scarpaleggia.

Welcome to our guests.

In your speech, you referred to the stable funding, year over year, of \$60 million. We found out the other day that the payment was actually \$47 million, tied up in a measure in budget 2010 about executive compensation.

Could you—

Mr. Hubert T. Lacroix: It's about wages. It's just an adjustment. We were paid ahead of time for a wage assessment, and the government chose to no longer give that assessment. We got the full value of the \$60 million last year.

Mr. Scott Simms: Okay. So the \$13 million you have not received, does that affect your programming whatsoever?

Mr. Hubert T. Lacroix: It affects our operations. We have to find it in some other way.

This is something that applies not only to us but to all crown agencies.

But the answer is yes.

Mr. Scott Simms: In your particular situation, how would that affect you, to find the \$13 million?

• (1605)

Mr. Hubert T. Lacroix: We have to find \$13 million in our operations, which means trying to increase revenues or reducing our costs.

Mr. Scott Simms: And you haven't discussed yet how you're going to do that?

Mr. Hubert T. Lacroix: This was for 2010-11. You know what we did in order to balance our budget on a two-year recovery plan. We balanced it last year. If things go as we think they will, we're going to be able to balance at March 31, 2011, for the year that finishes then. We sold some assets and made some readjustments to our workforce, unfortunately, and to our production methods. We have to continue doing that.

Mr. Scott Simms: Would it be safe to say that it would be much more beneficial for your corporation if you were given stable funding on a long-term basis, similar to the model that's used in the BBC? That certainly would go a long way, wouldn't it?

Mr. Hubert T. Lacroix: I can't tell you how important stable funding is for the public broadcaster. The answer to that question is obviously yes.

Mr. Scott Simms: Mr. Chair, how much time do I have?

The Chair: You have some more time. Go ahead.

Mr. Scott Simms: All right.

You know, we heard from the smaller independent people talking about...kicked up to the upper tiers from the cable companies. You did mention that in Prince Edward Island, if I have either Bell Direct or Shaw Direct, I do not get the local CBC.

Mr. Hubert T. Lacroix: Exactly right. We're the only local station in P.E.I.

Mr. Scott Simms: To me, that doesn't make any sense. You're a public broadcaster.

Mr. Hubert T. Lacroix: We are not on Bell Direct or on Shaw.

Mr. Scott Simms: What is the justification for that?

Mr. Hubert T. Lacroix: They have no capacity, seemingly, to carry us.

Mr. Scott Simms: So it has to resort to over-the-air?

Mr. Hubert T. Lacroix: It has to resort to over-the-air.

The Chair: Thank you, Mr. Simms.

Mr. Scarpaleggia.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Thank you.

Mr. Lacroix, I admire your passion for public broadcasting, which is on display today.

I'm not normally a member of this committee, so you'll have to excuse me if some of the questions seem a bit naive.

You're getting 1,200 access to information requests from the same source?

Mr. Hubert T. Lacroix: We've received 1,262. I think those were the numbers on November 26.

We never know where the access requests come from, but because the people who actually file those requests have been in the paper, and have been kind of gloating about the fact that this is what they've done—

Mr. Francis Scarpaleggia: Where is it coming from?

Mr. Hubert T. Lacroix: From gentlemen named David Statham and Michel Drapeau. They work together, and they clearly identified their link back to Quebecor Media.

Mr. Francis Scarpaleggia: It's interesting, because I normally sit on the environment committee, and we're dealing with a similar issue. We're looking at an environmental bill of rights, which would give citizens the right to complain against the companies that are hurting the environment. One of the concerns the Conservatives have raised is that this clause in the environmental bill of rights could be used by competitors to get at their competitors.

I found out the other day, when I was at a conference, that the Commission for Environmental Cooperation, which is in Montreal, as you know, which is a side body of NAFTA, has a mandate to investigate complaints about environmental infractions. They won't take complaints from competitors, one competitor against another.

Would you be in favour if, under the law or under regulation, competitors would not be allowed to abuse the ATIP system against other competitors? Is this something the government should be looking at? They don't like the idea when it's an environmental issue, but they seem to subscribe to it here.

Mr. Hubert T. Lacroix: You see, the law says that...

We're fine with this, by the way. We're fine with access to information that deals with the general administration of our business.

Mr. Francis Scarpaleggia: Is that what these ATIP requests are about?

Mr. Hubert T. Lacroix: If they are not about that, that's when—

Mr. Francis Scarpaleggia: Of the 1,200, how many are about that?

Mr. Hubert T. Lacroix: Well, I couldn't give you numbers.

Mr. Francis Scarpaleggia: Is it 10%, 15%?

Mr. Hubert T. Lacroix: Frankly, I couldn't say. The requests that we get are all-encompassing. They refer to the salaries of anchors, to our programming strategies, to what we do every day.

Mr. Francis Scarpaleggia: Understood. I'll move on to another question.

Maybe I misunderstood, but were you saying that with some broadcasters the members of the board of directors are feeding stories to the newsrooms?

Mr. Hubert T. Lacroix: No. I invite you to read the article that Mr. Baillargeon wrote in *Le Devoir*. He says in that article that it seems that directors of different sections of this particular newspaper actually imposed the content to reporters of what should be said on different matters.

Mr. Francis Scarpaleggia: I thought that under the CRTC-approved merger deals there were supposed to be *murs mitoyens*, Chinese walls, between administration and newsrooms. Did I misunderstand?

• (1610)

Mr. Hubert T. Lacroix: Sir, the answer is yes. I don't want to comment on it, because obviously I have a very partisan view. That's why I'm sending you to the two articles.

Mr. Francis Scarpaleggia: Understood.

Thank you.

The Chair: Thank you very much, Monsieur Lacroix.

Monsieur Pomerleau.

[Translation]

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

Good afternoon to all of you. Thank you once again for appearing before us.

Earlier in your presentation, you said: "We've negotiated agreements with some distributors, Rogers, Quebecor and Bell, but we still have problems making our local programming available to Canadians."

What exactly is lacking in those agreements? They don't go far enough? They don't cover certain topics?

Mr. Sylvain Lafrance: In the short term, the agreements are doing well. The problem is more the entire issue of vertical integration. A form of oligopoly is currently emerging in Canada. In the long term, will we still have the distribution guarantee that we should have? In the long run, won't we be yielding to the temptation to favour the content of each of the players?

So the problem for us is more long-term. In the current environment, the agreements we now have seem satisfactory to us. However, in the long term, there really is a risk that people will use this issue.

We agree that the profitable part of the industry right now is signal distribution, not content production. In the long term, that presents quite a major danger for Canadian content and its producers. Ultimately, what distinguishes us is that we're only a content producer. If one day those that produce content can no longer afford to distribute it because an oligopoly controls content distribution, that would become a real risk.

In my opinion, we have to establish guideposts to ensure that Canadian content is distributed to Canadians through normal distribution channels.

Mr. Hubert T. Lacroix: I would ask Kirstine to tell you what's going on as well with Bell and Rogers, with which we have agreements similar to those reached with Videotron.

[English]

Ms. Kirstine Stewart (Interim Executive Vice-President, English Services, CBC/Radio-Canada): With the plethora of channels that are out there and available through Bell, Rogers, or any distributor, the agreements you enter into essentially fight for space. We are fighting alongside any other broadcaster who is looking for channel space. There is only so much bandwidth and satellite-width to go around. We find ourselves fighting alongside Rogers, Bell, Cogeco, and other channels in order to make sure that we have that access. But it's not always guaranteed. It is something that's quite market-based.

[Translation]

Mr. Roger Pomerleau: So there are no guarantees for you.

I suppose that's what led you to say: "We believe satellite carriage of these local stations should be guaranteed."

As you know, my colleague recently submitted a brief to the CRTC, in which she recalled that Radio-Canada's regional programming is imposed on it by the act. It isn't up to you; you're compelled to do it.

That's why the Bloc made this recommendation, which I'll quickly read:

The Bloc Québécois recommends that DBS licences be conditional on the inclusion, in their basic service, of an obligation to distribute the geographically closest affiliated stations.

If this kind of thing were adopted by the CRTC and it could implement it—that's another subject—would that satisfy you?

Mr. Sylvain Lafrance: Yes, I would find that consistent, on the one hand, with the Broadcasting Act and, on the other hand, with the Local Programming Improvement Fund, the purpose of which is to enrich and permit the production of local content. I believe that fund is one of the great ideas that has come along in the media world in Canada in the past 15 years.

However, we can't guarantee funding for the production of local content, on the one hand, and not guarantee its distribution, on the other.

We really have to find a way to do this. I believe it would be entirely consistent to do so, to comply at the very least with the spirit of the act and also with the reality of Canada, which is a country of regions.

Mr. Roger Pomerleau: I'm going to ask you a political question, and if you can't answer it, don't. If you can answer it without going too far into the political field, please do.

We also recommended the creation of a Quebec agency equivalent to the CRTC. My colleague has often spoken about the underlying rationale of that request. The culture in Quebec is completely different from that of Canada, especially in the media field. Quebec and Canada are not facing the same problems. The English in Canada have to fight against American content. We don't see that in any way in Quebec. Quebecers watch Quebec television content, and there's no difference. There's nothing overly attracting them to American content. They're highly focused on what's produced in Quebec. There's clearly a demand and an audience.

So for that reason, the problems that arise on both sides are completely different over the long term. So we're seeking a repatriation of the powers that would enable us to create the equivalent of the CRTC in Quebec. If that were done, do you think that would give us a chance to improve the way we respond to our problems?

• (1615)

Mr. Hubert T. Lacroix: Obviously, Mr. Pomerleau, you'll understand that we can't make any comment on current cultural politics.

Some voices: Oh, oh!

Ms. Carole Freeman: It was a good presentation, Roger.

Mr. Hubert Lacroix: It's an interesting presentation, indeed. The CRTC constantly considers the question, and I believe it currently has the necessary expertise to work in English and in French.

I invite you to continue your thinking.

The Chair: Thank you, Mr. Lacroix.

[English]

Mr. Del Mastro.

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

Thank you to the witnesses for appearing today.

Mr. Lacroix, with due respect on the answers that you gave my colleague with respect to ATIP requests, I would expect, and I think all members of this committee understand, that if you have a concern with respect to....

We're all public servants, as is the CBC. We're on the public payroll. I think we would all expect that if the CBC wanted to investigate our expenditures, wanted to look into how government was spending money, it would do that with a dogged determination to get the answers for Canadians, because they would see that as being responsible to Canadians. And Canadians deserve the answers.

I think all parliamentarians have worked hard to increase the amount of information that we're providing, in fact to the point where for some folks it's been frankly embarrassing. But as we've said internally, never expense anything that you're not prepared to stand behind. If you're not proud of how you're spending money, then you may have to answer to your constituents for it.

The CBC's constituency is all of Canada. I think it looks very bad on the CBC when it releases ATIP requests that are largely blanked

out and that don't actually respond to the answers that the ATIP is looking for.

I think the CBC should be as open as a book. It should be completely transparent. You serve the public. You're owned by the public. When the public hears stories, stories that may be completely untrue, about lavish expenditures that other networks don't make, about folks who might be commuting back and forth to work from remote lakes on float planes that the taxpayer is paying for....

These are stories that have been out in the public. We should be able to push back against it instead of fighting it in court; I think all you do is fuel the fire.

Do you see that you're fuelling the attack against you by taking it to court rather than simply answering the question?

Mr. Hubert T. Lacroix: Mr. Del Mastro, I'm a bit disappointed by my lack of clarity. I must be unable to explain this, because the challenge we have in court is not about that. We believe in transparency. That is why we put up a new website, eight days ago, on which we will put up more and more information. We've put 70,000 pages of information out there.

This is about being transparent. We fully value and understand the trust about being the CBC, about receiving \$1.1 billion from taxpayers. This is important. We get that point.

Section 68.1—and that's why I'm coming back to that distinction—is not about that, sir. Section 68.1 is to ensure that nobody but a judge will say whether we should be exposing a journalistic source, or that we should be having conversations on...or opening investigation files that the CBC is working on.

This is what section 68.1 is all about. It's something that we want the court to interpret for us. It's not about not knowing whether I had a Coke or a sandwich last night for lunch. You can check my website right now. You'll know what I had for lunch if I was travelling.

I'm not afraid of those expenses. We all put the expenses in there. We want Canadians to trust the fact that they've entrusted us with money, important sums of money, and that we are responsible with it.

Mr. Dean Del Mastro: Well, I would simply argue that you employ lots of folks in the news business, and I know a number of them. I'll tell you that not a single one of them would give up on this story based on the fact that there are answers that aren't being provided and that you're currently avoiding providing the answers in court.

And they shouldn't give up on it, because that's their job. That's the media's job. We don't always appreciate it, because sometimes it's focused on you. Sometimes it focuses on us.

Mr. Hubert T. Lacroix: Mr. Del Mastro—

Mr. Dean Del Mastro: I can tell you that the best approach is always to be as open as you can possibly be. I think that's what the Accountability Act is about. I think that's why we have changed as parliamentarians in all parties; we've agreed to change our reports for how our expenses work. Under the Accountability Act, we have new fundraising rules. We have new rules that pertain to how we post our expenses.

There's no question, Parliament today is far more accountable than it's ever been in the past. And Canadians expect that from all their public crown corporations.

I would just argue with you that, in all honesty, you don't have a journalist working at the CBC who would let up on this story because they think they...the opposition thinks it smells blood.

• (1620)

Mr. Hubert T. Lacroix: I'm not sure what the question was, or what the comment was, but I'll just come back to section 68.1. I would like to think that walking out of this room today, if there's one thing that you, sir...because I know that you're very knowledgeable about these files and the stuff that we do every day. You've been following the media industry. Section 68.1 is not about my expenses. Section 68.1 is about principles that are so important that we want a judge to interpret the scope and ambit of what that represents.

That's why we're in front of the court—not to defend my expenses.

The Chair: Madam Crombie.

Mrs. Bonnie Crombie: Thank you, Mr. Chairman.

Let's continue with this line of questioning, if we can.

I'm just reviewing your accountability to Parliament, if I can put it on the record: annual report, corporate plan, appearances before committees, such as today, and to the CRTC your annual reporting, a regulatory report, licence hearings, innumerable policy hearings; financial reporting is reviewed annually by the AG, and every five to ten years she does a special audit.

So lets go back to section 68.1. What is the nature of these ATIPs and what is the concern? Is the concern that they're asking for competitive information or strategic information?

Mr. Hubert T. Lacroix: That's exactly right: it's either strategic, journalistic, or programming in nature.

And section 68.1...this is back to what the legislator said. A legislator does not repeat himself, speak in vain; it's a very important rule about interpreting a statute. So when we read section 68.1, somebody, a legislator, chose to carve out information, because we are the only broadcaster who is subject to the Access to Information Act, to protect some of the work we do.

It's very clear. That's what we're trying to clarify.

Mrs. Bonnie Crombie: Including investigative reporting, programming plans, strategic plans, salaries of talent, confidential sources, etc.

Mr. Hubert T. Lacroix: Absolutely.

Madam Crombie, can I add one level of accountability that's really important that we often forget? We have a board of directors. We have different committees of that board of directors that we respond to and are accountable to. That's the first level. We speak to them and they look at us, and they are populated by people who are independent of the CBC and named by government.

Mrs. Bonnie Crombie: Prior to 2008-09, what level of ATIPs were you receiving? Is this volume of ATIPS unprecedented?

Mr. Hubert T. Lacroix: We became subject to ATIP in September 2007. It went from zero to about 500 and some in the first three months. That's when everybody said, "Whoops, we have an issue here."

We sat down with the commissioner. We organized ourselves in a way where we could actually start working on it, and that's how we got to deal with 1,202 of the 1,260 requests that we've received.

Mrs. Bonnie Crombie: But the vast majority of them come from one source, you believe?

Mr. Hubert T. Lacroix: That's what I've said.

Mrs. Bonnie Crombie: Does this obstruct you from doing your day-to-day business?

Mr. Hubert T. Lacroix: We believe in transparency. We are going to do what's necessary to answer these requests. Obviously, when you realize that they are coming from the same source and they could be feeding some of the newspapers that perhaps are in the Quebec media environment, it gives a colour to it. But we have an act. We're going to respect the act. We'll answer the requests if they are within the spirit and the scope of 68.1.

Mrs. Bonnie Crombie: You're sounding like you believe more likely that they're sort of a publicly sanctioned industrial espionage.

Mr. Hubert T. Lacroix: I'm not going to comment on that.

The Chair: Thank you, Monsieur Lacroix.

Mr. Simms, go ahead.

Mr. Scott Simms: I won't get into espionage. I'll leave that to your drama department.

Voices: Oh, oh!

Mr. Scott Simms: It's actually a very interesting conversation, though, about your accountability, because I can find out if you had a sandwich and a Coke the other night, but you can't find out if I had a sandwich and a Coke the other night. I'll leave it at that.

When it comes to co-productions, I'm a big fan of the production and the work you've done across the country when it comes to these productions. A producer whom you've worked with, Paul Pope, in Newfoundland, is someone I know who has done good work. I've watched *The Tudors*. It's a co-production as well.

In light of what's happening in the vertical integration world that we are into now, what does it do for you for in terms of investing in productions?

• (1625)

Ms. Kirstine Stewart: Is that with particular reference to co-productions?

Mr. Scott Simms: No, I'm asking you to be a bit broader than that. I don't have a lot of time, and I apologize for that, but I'm asking about productions in general. The co-productions, yes, but also productions like the ones you did with Paul Pope in some of the productions he did on the east coast.

Ms. Kirstine Stewart: Yes; and in terms of vertical integration.

It's important to note that the CBC, beyond any other broadcaster, has the highest requirement for Canadian content in prime time. We embrace that, we enjoy it, and we exploit it to its benefit, because Canadians are now watching Canadian television more than ever. So when it comes to productions, either by Mr. Pope or various producers across the country, we find these to be very advantageous and very beneficial partnerships. We partner with the independent production community across the country, and we enjoy the benefits of their talents in the productions they make for us.

So it's important for us, because we believe we've seen an increase over the last four years in Canadians coming to Canadian content. That increase is something that we want to keep going with. It's beneficial to us, it's good for the production community. It means that Canadians are watching and want, and obviously demand, Canadian content more than ever.

In that light, when it's vertical integration and some of these other companies have lesser Canadian content requirements, and are even looking to perhaps lower those Canadian content requirements, we see ourselves as the Canadian voice, the place for diversity of voice, whether through production or news. It's the place where we can actually focus on Canada and content first.

The Chair: Thank you very much, Madam Stewart.

Thank you, Mr. Simms.

Mr. Del Mastro.

Mr. Dean Del Mastro: Thank you very much.

Mr. Lacroix, in your report you talk about local broadcasting quite a bit. I think Canadians have concerns about it, as I do in my constituency. I think you know you've operated under a licence in Peterborough with an agreement through Corus with CHEX-TV. There are concerns that CBC programming could be removed from the two Corus stations if an agreement isn't reached.

But I think you would find, in a market like Peterborough, that programming like *The National* and a lot of your other programming would typically get better ratings than it gets in other markets, where you don't have a local network. It seems that the CBC is recognizing that in this document.

Is this a change in focus for the CBC? It seemed that CBC was kind of withdrawing into big centres and becoming.... I think what makes local news work is that people want to see themselves or see people they know, or to see their community in the news. But in a lot of ways, it seemed that CBC was withdrawing in some of these communities.

Mr. Hubert T. Lacroix: Let me make a couple of comments on that, sir.

I came into this job on January 1, 2008. Quickly, quickly after that, with the team I have here, we looked at what the priorities would be. And you heard me say in my first couple of speeches how important the communities were, how important local programming was, and how important the CBC was in terms of the mandate we have with our links to the communities. And I think we've proven that.

I think that with the reorganization of news.... And the local programming improvement fund helped us also, in terms of our being able to stay in some communities. As Sylvain said a few minutes ago, it is a great vehicle and a great initiative. We benefited from that, but we also believed in it, and it was easy for us to match our priorities with these funds in the community.

So you heard me—you heard me in my remarks and in my conclusions—that's it's a priority for the broadcaster, and that's where we're going.

Mr. Dean Del Mastro: One program that's remained very strong for the CBC in English Canada has been *Hockey Night in Canada*. There is a lot of concern out there about it. In fact, there is a lot of talk out there that once this agreement comes to its end, you may not in fact be able to maintain that product with some of the competition that's sure to try to go after it.

Is that a concern at CBC, and if so, do you have a plan for how you would go after that? And is there a CBC post-*Hockey Night in Canada*?

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

Please be quick, Mr. Lacroix.

Mr. Hubert T. Lacroix: I'm sure you've put it in the right perspective. It's a different game right now. We have big corporations looking for content. CBC/Radio-Canada realizes and is very proud of what *Hockey Night in Canada* brings to Canadians, and we're going to look at all sorts of ways to ensure that it stays with us as we go forward.

The Chair: Thank you very much to CBC/Radio-Canada for your testimony. We appreciate your coming before our committee.

We'll suspend for a couple of minutes to allow our next panel of witnesses to appear.

• _____ (Pause) _____

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• (1630)

The Chair: We're coming out of a suspension of our 35th meeting of the Standing Committee on Canadian Heritage, this December 7, 2010.

We are here this afternoon, pursuant to Standing Order 108(2), for a study of the impacts of private television ownership changes and the move towards new viewing platforms.

We have before us today four groups. They are the Alliance of Canadian Cinema, Television and Radio Artists, represented by Madam Downey and Madam Deer; the Communications, Energy and Paperworkers Union of Canada, represented by Mr. Murdoch and Madam Auer; the Canadian Media Guild, represented by Monsieur Laurin and Madam Wirsig; and the Writers Guild of Canada, represented by Madam Parker and Madam Ashton.

Welcome to you all.

We'll begin with an opening statement from ACTRA.

•(1635)

Ms. Ferne Downey (National President, Alliance of Canadian Cinema, Television and Radio Artists): Thank you, Mr. Chair and committee members.

My name is Ferne Downey. I'm a professional actor and the national president of ACTRA. With me today is Joanne Deer, ACTRA's director of public policy and communications.

I'd like to thank you for giving us the opportunity to speak on behalf of our 21,000 professional performers in film, television, sound recordings, and radio and digital media who live and work in every part of our country.

Digital technology has brought Canadian artists a new world of incredible opportunities. Our diverse culture, talented performers, and unique Canadian voices can now be accessed by audiences around the world with the click of a mouse. However, with new opportunities come new challenges, and without adequate support mechanisms Canadian artists risk getting lost in a sea of content from creators around the world.

The fundamentals behind Canada's broadcasters have changed practically overnight. Where once we had an army of broadcasters, now we have been reduced to a mere handful. Vertical integration isn't just a buzzword, it is our new reality.

Four massive private telecommunications companies—Bell, Shaw, Rogers, and Quebecor—now control the majority of Canada's cable, satellite, Internet, and wireless services. As a result, Canadian content is now being controlled by fewer and fewer hands. I know you've already had these companies come before you and tell you how tough it is for them to be in this business. Predictably, they bemoan regulation, but there must be rules to ensure that Canadians have access to diverse voices, independent voices, and most importantly Canadian voices.

We humbly suggest four key fundamentals to make sure Canadian content is not lost: one, effective and enforceable regulation of broadcasting on both conventional and digital platforms; two, maintain Canadian control of our telecommunications corporations; three, increase public and private investment in the production of new Canadian content; and lastly, support independent and local voices.

We do hope the CRTC's new television policy will bring Canadian programming back to our screens when it is implemented this coming spring, particularly the underserved scripted drama and comedy genres. It is a crucial step forward, but by no means is it the end of the journey.

Increasingly, Canadians are turning to their computers, laptops, and mobile devices to watch content. It was an error in judgment for the CRTC to keep its hands-off approach to broadcasting in new media, especially considering how quickly these digital media platforms are starting to mirror their conventional counterparts. CTV's conventional network has to make space for Canadian programming. So why shouldn't their online presence? We understand the issues are different, but to us it makes sense to say that websites like CTV.ca or GlobalTV.ca must present consumers with Canadian options.

The same should hold true for “over-the-top” services like Netflix, Apple TV, and whatever new services that might emerge from the digital jungle. And apparently Shaw now agrees with us on this. Online broadcasters should be regulated.

It's also time that Internet and wireless service providers give back to the system. These companies make a lot of money from hosting broadcast content over their networks. Like their conventional counterparts, ISPs must be made to do their part and contribute to the creation of that content by paying a percentage of their revenues to a production fund.

We've heard the Canada Media Fund say that the revenues from BDUs are declining and will likely continue to do so as more Canadians seek their content online. It is critical that the federal government continue to support the CMF. However, ISPs must also step up and help fill this gap.

Our fear is that vertical integration, combined with weakened or inconsistent foreign ownership rules, will set the table for foreign corporations to come in and snap up our entire communications industry in one fell swoop. If that were to happen, the primary means of producing, promoting, and disseminating Canadian culture will be in the hands of foreign corporate interests.

Some believe that you can sell off telecom without affecting broadcasting. That might be conceivable in some countries, but not in Canada. Here telephone companies own cable, broadcast, and satellite assets and cable companies own telecommunications, satellites, and broadcasters.

•(1640)

Opening up foreign ownership in telecommunications would be disastrous. It would damage Canada's sovereignty over cultural policy and jeopardize Canadian content regulations. Our culture certainly cannot survive, let alone flourish, if decisions about our prime-time TV schedules and online content are being made by executives at NBC Universal in Los Angeles.

I'll now turn the microphone over to Joanne Deer.

Ms. Joanne Deer (Director, Policy and Communications, Alliance of Canadian Cinema, Television and Radio Artists): Vertical integration is tipping the scale against independent broadcasters who can't compete for content with the distribution rates promised by broadcasters affiliated with one of the big vertically integrated corporations. It leaves fewer doors for producers to knock on and increases the chances that broadcasters in the same corporate group will share the same programming. Why do we need hundreds of channel if half of them are airing the same programming? We need measures to ensure fair competition and to maintain editorial diversity in our broadcasting system.

Before the most recent rounds of vertical integration, the CRTC took steps with its diversity of voices policy to lay down some ground rules. Now that the commission is trying to oversee these huge, powerful conglomerates, it's acutely obvious that the tools it has to enforce the rules are not very effective. We strongly support chairman von Finckenstein's calls for the CRTC to have the power to impose monetary fines. We all know that money talks.

The CRTC must also take a more aggressive approach to protect diversity in this integrated world. We urge you to direct and empower the commission to ban exclusive content deals. These conglomerates should not be able to lock down content, especially when taxpayers have paid for it. We would also like to see a mandate that vertically integrated companies maintain separate management structures for cable, satellite, broadcasting, and telecommunications operations.

Canadians are looking to you, as our elected representatives, to provide the leadership and vision we will need over the next few years to put the rules in place now to ensure we can seize the opportunities in front of us in this digital and integrated world.

Thank you.

The Chair: Thank you.

We'll now have an opening statement from the Communications, Energy and Paperworkers Union of Canada.

Mr. Peter Murdoch (Vice-President, Media, Communications, Energy and Paperworkers Union of Canada): Thank you, Mr. Chair.

My name is Peter Murdoch. I'm CEP's vice-president of media, and with me is Monica Auer, our legal counsel in this area.

CEP is Canada's largest media union. Thousands of CEP members work in broadcasting and telecommunications, and many hundreds of them cover and broadcast the news across Canada and are keenly interested in your work.

Our starting point is the fact that vertical integration is not new. As table 1 shows, the CRTC has allowed BDUs to control radio and TV stations for 30 years or more. Vertical integration matters, because it will affect news diversity and because Canadians and democracy rely on trustworthy and competitive news sources. The CRTC said that the benefits from these ownership structures were "significant and unequivocal".

Have Canadians and news benefited from vertical integration? So far, programming employment, spending on local programs, and local broadcast hours have all dropped as ownership has concentrated. I refer you to the graphs in our submission. I think you'll find them interesting.

Could vertical integration strengthen our system? After all, BDUs now take in most of the revenues in broadcasting, while the TV programmers they own pay for most Canadian content. But since BDUs are accustomed to exceptional profits, they will fight any suggestion that they do more for Canadian programming. You have already heard Bell tell CTV that it must stand on its own two feet. The idea that more concentrated ownership would direct more resources to Canadian programming has been lost.

While vertical integration could benefit Canada, the CRTC has told you that its default position is to not regulate. It says that Canadians must prove the need for regulation. But since Parliament created the CRTC to regulate on Canadians' behalf, why should they now have to persuade the CRTC to serve their interests?

We have learned that the CRTC has spent \$2.7 million on consultants and research since January 2007. Yet, as our table shows, it has not undertaken or commissioned any research on the impact of concentrated ownership, or on cross-media ownership, or on BDU ownership of programming services. It has not researched integration's impact on programming investment, and does not know how many broadcast news bureaus exist, or how many reporters work in broadcasting. It has not measured diversity in news or the impact of diversity of voices policy. So how can the CRTC or Canadians understand the impact of vertical integration? The CRTC won't even release the raw data needed to prove why or when regulation works. This is partly because it cannot. The CRTC recently destroyed most of its own data, from 1968 to 1990. Since 2007, it has opposed requests to access the data it still has.

As for other issues, such as foreign ownership, the CRTC does not track the percentage of voting shares or level of debt held by non-Canadians in Canadian broadcasting. Without research on the impact of increased foreign investment in broadcasting or telecommunications, what convinced the CRTC to recommend increased foreign ownership last spring? After telling Canadians to prove why regulation is needed, it turns out that the CRTC has never assessed the impact of its deregulation, or its own decision to stop regulating ads in over-the-air TV.

Why isn't the CRTC studying these questions? Perhaps it's because the current Broadcasting Act completely insulates the CRTC's policies and regulations from legal review. So instead of a professional, 21st century approach to communications policy, Canadians are getting regulation by guesswork. We know this is not what the government or you want. Its 2007 rules for regulating, that are attached here, emphasize requirements for empirical evidence when its agencies deregulate. We need evidence on deregulation, not only regulation.

This is why we strongly support your current study. It should direct the CRTC to adopt this evidence-based approach. Therefore, instead of asking that integration be dismantled or stopped, we recommend that Canada obtain research explaining the dynamics of ownership, and media content. We propose a creation of a national, independent policy research institute to undertake impartial, quantitative research on electronic media regulation and policy.

● (1645)

Our proposal would not cost taxpayers money. One-tenth of 1% of the billions coming from next year's spectrum auctions could fund this institute. Alternatively, ownership transactions could fund the research. You could recommend that the CRTC direct 1% of the benefits from the Bell-CTV deal to this institute.

This research should begin now. CEP would be very pleased to submit a formal proposal that would give communications regulations a solid, evidence-based foundation. Your committee could then turn to the study in two years to review Canada's communications laws and their possible merger. Mr. Del Mastro has raised this several times, and we support it.

To conclude, vertical integration has so far given Canadians a very poor return on their asset of broadcast spectrum. In our view, the regulatory balance has demonstrably tipped away from Canada's interests—without Parliament's informed consent and without your input.

The CRTC's role in assessing vertical integration must be to determine the facts, to weigh competing interests, but above all to put Canadians first. Restoring balance through effective, efficient, and evidence-based regulation will benefit Canadians, our national interest, and entrepreneurs.

I welcome your questions. Thank you.

The Chair: Thank you very much.

We'll have an opening statement now from the Canadian Media Guild.

[*Translation*]

Mr. Marc-Philippe Laurin (President, CBC Branch, Canadian Media Guild): Good afternoon, Mr. Chairman. Thank you for this invitation.

My name is Marc-Philippe Laurin. I am president of the CBC/Radio-Canada Branch of the Canadian Media Guild.

Our union represents 6,000 workers across Canada, including CBC/Radio-Canada's employees outside Quebec.

[*English*]

We also represent broadcast workers at TVOntario, TFO, the Aboriginal Peoples Television Network, Shaw Media, and Zoomer-Media.

Our members are committed to the future of public service broadcasting, and we're here today to urge the government and Parliament to be active partners in ensuring that Canadians have a healthy diversity of media voices as our industry continues to change.

The CMG would like to use the opportunity of this important study to make some proposals on what Parliament and the government can do to balance the various interests in our country's media system as the companies in the private element continue to consolidate.

● (1650)

[*Translation*]

With me is Karen Wirsig, communications coordinator of the Canadian Media Guild.

[*English*]

She is our director for advocacy, and she will continue this presentation and explain to you seven recommendations that we bring to you today.

Ms. Karen Wirsig (Communications Coordinator, Canadian Media Guild): Thank you.

I'll just go through our seven recommendations very quickly because we don't have a lot of time, but I thought it would be important to go over them.

They involve three areas. One is the regulation needed to deal with vertical integration. We don't have anything very detailed to offer you, but we do support measures that we've heard proposed to ensure that the new and growing companies aren't able to throttle Canadians' access to content, aren't able to push out smaller independent and public broadcasters from the airwaves and from the Internet. What we're suggesting is corporate separation be instituted to ensure that the pipes remain separate from content in these new big companies.

The second big area is CBC. We think more money needs to be given to CBC for local content on all platforms.

The third main area is that we believe a local content strategy needs to be included in Canada's digital strategy, and we're really concerned so far that content does not seem to feature big in the government's thinking about the digital strategy.

So just to go over the recommendations, the first, as I said, is to implement a rule requiring the separation of operations and management between content distribution and programming elements within a single company, and measures enabling the CRTC to act on infringements against this rule.

The second recommendation is to provide additional funding to CBC for new local programming on all platforms in underserved and unserved communities. Frankly, we don't think stable funding is enough.

Number three is make support for independent local programming on all platforms a priority in cultural and broadcast policy. Further to that, direct the CRTC to undertake a strategy for radio, television, and digital programming in smaller communities that builds on the success of the local program improvement fund and includes community media initiatives. At the moment, the LPIF is only available to public and private broadcasters. We think that the only way local media is going to grow in smaller communities is with the involvement and support of local communities themselves. It doesn't look at this point like major professional media organizations are going to be putting a lot of investment back in the smaller communities of this country. Every time we see consolidation—this is not new, the vertical integration is the newest element of it—we see larger media companies with less interest and less investment, especially in smaller communities, but frankly in local programming across the board. We need to try to reverse that. We need a strategy for that, and I think the heritage committee is a good place to start on a content strategy for our smaller communities.

We also urge the heritage committee to recommend reserving broadband in the coming spectrum auction, or auctions, for public and community broadcasts and other uses.

Number six is include a local media initiative strategy in Canada's digital strategy. Implementation of these initiatives could be funded in part with a small portion of the proceeds from these future spectrum auctions.

Finally, number seven is to establish a coordinated national education campaign on the transition to digital television that among other things will target local communities that stand to lose their over-the-air signals, letting those communities know what they could do to replace this service for their residents.

Thank you.

The Chair: Thank you very much.

Finally, we'll have a statement from the Writers Guild of Canada.

Ms. Maureen Parker (Executive Director, Writers Guild of Canada): Good afternoon, members of the heritage committee.

My name is Maureen Parker, and I'm the executive director of the Writers Guild of Canada. Also with me today is my colleague Kelly Lynne Ashton, WGC director of policy. Thank you for inviting us.

The Writers Guild of Canada is a national association representing more than 2,000 professional screenwriters working in English-language film, television, radio, and digital production in Canada. We are here to talk about the changing infrastructure of the Canadian broadcasting system and its impact on the creation of Canadian content.

The Canadian broadcasting system is rapidly changing. Broadcast mergers in the last few years have resulted in significant media concentration, and acquisitions have led to vertical integration as cable and satellite operators such as Shaw and Bell have purchased broadcasters. Most recently, we have seen the introduction of over-the-top services such as Netflix and Apple TV. Although they are directly competitive with elements of the Canadian broadcasting system, these services are outside the jurisdiction of the CRTC,

because they are non-Canadian and because the legal definition of the Canadian broadcasting system is too narrow to include them.

The regulated players too—like Rogers, Shaw, and Bell—are playing in the unregulated space. Cable and satellite operators have set up their own online broadcasting services offering film and television programming free to subscribers. Moreover, most broadcasters such as CTV and Shaw Media have catalogues of their programming available for viewing online. However, because all of these services are unregulated, there is no obligation for them to carry or promote Canadian content, even though they are owned by regulated businesses.

Why are we concerned? It is because Canadians, through their viewing behaviour, have expanded their traditional concept of the Canadian broadcasting system to include these newer platforms. Canadians have not left the broadcasting television world, but they are increasingly choosing the convenience and portability of online viewing to supplement their broadcast television. According to the CRTC's latest "Communications Monitoring Report", Canadians watch an average of 26 hours of television per week, and this figure is fairly stable. Anglophone Canadians are spending an average of 14.5 hours per week online, two hours of which are spent watching TV online. This is any where, any time television viewing. However, the regulatory framework created by the Broadcasting Act has not kept up with consumer behaviour.

The CRTC created expenditure and exhibition requirements to ensure that Canadian broadcasters support Canadian programming. Without the CRTC's regulatory framework, Canadian audiences would not have had the opportunity to enjoy Canadian successes such as *Flashpoint*, *Murdoch Mysteries*, and *Heartland*. We need a similar regulatory framework for the digital platforms, which are now part of our broadcasting system.

The CRTC is representing the public interest to the extent of its reach. At the group licence renewal in April 2011, a new TV policy will be implemented for the three private broadcasters with specific programming expenditure requirements for drama and documentaries, among other things. We are optimistic that a return to an expenditure requirement will mean more Canadian drama on broadcast television. However, there is no guarantee that this additional programming will also be available or easily accessible online.

Kelly Lynne.

•(1655)

Ms. Kelly Lynne Ashton (Director, Policy, Writers Guild of Canada): We also don't know that there will be sufficient money at the Canada Media Fund to adequately support the new programs funded under the new TV policy. Each one of the CMF's programs is oversubscribed.

You heard from the CMF that the revenues from the cable and satellite companies used to grow substantially each year, but have now slowed to an expected growth rate this year of only 2% over last year's revenues. They expect the stagnation to only worsen as more people unplug from cable or downgrade to basic packages and take advantage of the opportunities to view content online.

The CMF has been mandated to fund both digital and television content because this government has seen that Canadians are on both platforms and need to have the choice to see Canadian content on those platforms. Both broadcast and digital platforms should therefore be responsible for contributing to the financing of Canadian content.

Is it logical to treat a new media broadcaster such as Rogers on Demand Online, or RODO, differently from VOD? Both services offer Canadians the ability to watch film and television programming at the time of their choosing. The only difference is that one functions through the television set and the other through the computer.

VOD services are required to make Canadian programming available and to help finance its production. Rogers VOD, for example, is required to ensure that not less than 5% of English feature films available are Canadian and not less than 20% of television titles are Canadian. RODO has no such obligation. Rogers VOD has an obligation to pay 5% of its gross revenues to a Canadian program production fund such as the CMF, yet neither RODO nor Rogers, as an ISP, has to contribute to Canadian program production.

The situation is the same for all of the major cable and satellite providers who have both online and VOD services. And let's keep in mind that while Rogers, Bell, and Shaw express concerns about the competitive threat of an unregulated Netflix or Apple TV, as ISPs they are benefiting from consumers' increased bandwidth use due to these services as well as their own online services.

In fact, while Rogers, Shaw, and Bell promote their online services as free to subscribers, use of the services will cost subscribers more if they go over their bandwidth cap. If you watch a few TV shows a month, you will go over your cap. So Canadians are being enticed to use large amounts of bandwidth-streaming television shows, some of which are supported by the CMF. While the revenues to the ISP business units are increasing, they contribute nothing to the creation of the content.

•(1700)

Ms. Maureen Parker: In conclusion, we now have a Canadian broadcasting system that only partially supports the goals of the Broadcasting Act, because it has been broken into regulated and unregulated systems. We encourage the government and this committee to think of the Canadian broadcasting system as one integrated system that can offer Canadians a wide variety of

Canadian programming on any platform that they choose. To do otherwise is to undermine the goals of the Broadcasting Act.

Regulation is not a dirty word. It protects Canadians while ensuring balance between competing interests. We would like this committee to include in your report a recommendation that all Canadian elements of the Canadian broadcasting system, including ISPs and new media broadcasters, should be subject to regulation under the Broadcasting Act so that they all fairly contribute to the creation and exhibition of Canadian programming.

We thank you for your time and we look forward to answering your questions.

The Chair: Thank you very much for all of your opening statements.

We'll have about 30 minutes of questions and comments from members. The chair is going to give each party about seven minutes. We'll just have one round of seven minutes each, because we have 5:30 bells and we'll be adjourning at 5:30.

We'll begin with Mr. Simms.

Mr. Scott Simms: With that in mind, I'll be splitting my time with Ms. Crombie.

I think I'm starting to get a common message theme here, or at least a message thread.

When we talk about regulation, the chair of the CRTC alluded to the fact about jurisdiction, a court decision involved in there as well. Is this a final decision? Many of you have expressed your concerns about regulation, to say the least.

ACTRA, you talk about monetary fines, but sovereignty over cultural content. That's a valid point.

Electronic media regulation from the CEP when it comes to...and I think you even went a step further in your recommendation, talking about an independent panel in that regard.

There's also content, and digital strategy, indeed. Some of you talk about corporate separation as well in that one, and that theme tends to come up quite a bit.

The Writers Guild provided some examples of successes under the old framework, as it were.

So I'm just going to throw it to each and every one of you, if you would like to comment further, because you say that this regulation is needed, in this digital age...to the extent that it was before? Would you agree with that statement?

And do you think it's possible, given the proliferation of the technologies that are out there and how the next generation is able to acquire content?

Ms. Ferne Downey: In answer to your first question, yes, and it is possible. When you have as your ultimate goal the creation of good, high-quality Canadian content, you can make anything happen that you need to happen. That's my simplistic high-level overview.

Mr. Peter Murdoch: I would add, and I think our submission lays a foundation for this, that whatever regulation you come up with—and we think it's possible that there is regulation that doesn't hamper the entrepreneurial aspects of even these large corporations—it has to be fact-based. It can't be “let's guess it and we go along”. It has to be fact-based, which I think is outlined in the cabinet directive we gave you.

We would say you can regulate it, but let's have the facts. Let's make sure it's based on something. We think it should be based primarily on evidence and the values that Canadians have put in their legislation.

Ms. Maureen Parker: Yes, it's possible, and yes, it's required.

The ISPs are operating in an unregulated environment, yet they're giving us the same programming. You know what? The future is here. I'm sure we're all watching the commercials: Netflix is offering us content for \$8.99.

We're here, folks, and we need to address it. We need to regulate this environment.

Mr. Scott Simms: And they're required from your perspective.

Ms. Maureen Parker: First of all, you can't regulate Netflix because it's a foreign company. The CRTC only has jurisdiction over Canadians.

Our own Internet service providers are providing content online, but they're not regulated to support Canadian content, nor are they required to promote it or offer it to Canadians.

Look at what's available and how we consume our content. I think we included a statistic in our piece that in terms of English-language viewing right now, two hours a week are spent watching television online. We want to ensure that some of those eyeballs are going to Canadian content.

There is a fallacy that the Internet cannot be regulated, that it's borderless. It sure can be regulated, absolutely. We can't get Hulu up here. We can't get some American shows up here. Broadcasters are businesses and they need to recoup their costs. To make entertainment programming is very expensive, and you have to recoup that cost usually in your domestic market.

So there are borders. There are regulations. These are businesses. We can absolutely look at this in terms of creating distinct territories in order to recoup investments.

What we need the ISPs to do is invest in content—that's the CMF—and to ensure that they're offering some programming that is available and that they're promoting it.

• (1705)

The Chair: Thank you, Madame Parker.

Monsieur Laurin or Madame Wirsig.

Ms. Karen Wirsig: We agree that regulation is certainly possible. It won't ruin the industry. It won't dampen entrepreneurial spirit. It is possible and necessary.

There is one caveat, though. In our experience, regulation alone will not create or make sure that the kinds of local content we've lost will be created. That's why we're saying we need regulation and additional initiatives to ensure local content.

The Chair: Thank you very much.

Madame Crombie.

Mrs. Bonnie Crombie: You're all overwhelmingly concerned with vertical integration in the market, and I think all of us over here sympathize with you.

Let me ask you, then, what do you think the future is for the small and independent broadcasters?

Mr. Peter Murdoch: I'm not sure there are that many small or independent broadcasters. I wish there were, but in fact there aren't. You've seen the recent purchases by Shaw and BCE.

For those that are around, I think they're finding their way, but they are very worried about access, and so they should be.

Our major concern is with the behaviour of the large corporations, because that's where the money is and that's where the viewers are.

Mrs. Bonnie Crombie: Anybody else? Okay.

So how do we ensure more diversity, local and Canadian content?

Ms. Monica Auer (Legal Counsel, Communications, Energy and Paperworkers Union of Canada): CEP has been recommending for some time that the commission give consideration to new methods of licensing, including competitive licences. At this point licences are effectively being bought and sold. They're being sold to the highest bidders because it makes sense. From an economic perspective, you want to maximize the profits from your investment.

The question is whether that is consistent with Parliament's goals for broadcasting, and in particular, the notion that you want to have the best possible licensees. If our goal is diversity, we'll have to ensure that either caps be imposed on the CRTC's licensing practices by Parliament, or that some other mechanisms be taken—for example, a research institute, as Peter had mentioned, looking at what precisely are the empirical foundations or the links between ownership and content.

The Chair: Thank you—

Ms. Monica Auer: By the way, in 1970, of course, we were already on the verge of massive concentration of ownership under the former 1970 royal commission on broadcasting.

So we've come a long way, but at this point we are at the tipping point.

The Chair: Thank you very much.

Madame Lavallée.

[Translation]

Mrs. Carole Lavallée: Thank you very much.

Ms. Parker, I believe it was you earlier who addressed the topic of viewing time on English-language television in Canada. I didn't understand whether you were talking about online television or conventional television. Were you talking about online television? It seems to me you said that Canadians watched 26 hours of television a week.

Do you have any statistics on francophones?

[English]

Ms. Maureen Parker: Yes, we do have, actually. It think this is footnoted in our presentation. We notice that there is a slight change. I believe it's 11.8 hours of online viewing, only 1.3 hours of which is devoted to television, and we believe that's because there may be less French content offered online. We don't absolutely know the facts or the rationale behind the lower figure, but we believe it's because there is less French content online.

• (1710)

[Translation]

Mrs. Carole Lavallée: You say that the total is 26 hours a week for anglophones and 11.8 hours for francophones. Is that correct?

[English]

Ms. Maureen Parker: That's online, so it would include YouTube or your banking, etc.

I don't know what the weekly figure is for television.

Kelly Lynne, do we know what it is for television?

Ms. Kelly Lynne Ashton: It's the same. The 26 is the same; it's for all of Canada.

Ms. Maureen Parker: So it's the same, but it drops in terms of actual television viewing online.

Ms. Kelly Lynne Ashton: May I just clarify?

The commission—

[Translation]

Mrs. Carole Lavallée: If you have any statistics, would it be possible to submit them to the chairman?

The Chair: Yes.

All Canadians watch 26 hours of television a week. Anglophones use the Internet 14.5 hours a week and francophones 11.8 hours a week.

On the Internet, anglophones spend 2 hours a week watching television online and francophones 1.3 hours a week.

Mrs. Carole Lavallée: Mr. Chairman, can you explain to me why?

Some voices: Oh, oh!

[English]

Ms. Maureen Parker: Thank you very much, Mr. Chair. I'm going to make sure to direct all my questions to you.

[Translation]

A voice: I hope you didn't include that in your speaking time.

Mrs. Carole Lavallée: I wouldn't hold it against him because it's good to hear him speak French. I'm ready to invest my time so that our chairman speaks more French.

A voice: He did that well.

Ms. Carole Lavallée: Indeed.

So, back to business.

You're a big group of witnesses, and you said a lot of things. I tried to sum them up, to pick out the most interesting things, because we clearly have to orient ourselves toward solutions.

One of you said that the functions of the business should be shared out. I found that interesting because that was the first time, to my knowledge, that we've heard that kind of suggestion.

A second person said that the Internet should be regulated, and, after the Liberals' response, you all seemed to say that was true.

I ask you this question: would merging the broadcasting and telecommunications acts enable the CRTC to regulate the Internet? Would there be other ways of regulating the Internet? I want to hear you say it.

I know I'm asking a lot of questions, but that's good because you'll be able to select one.

The question of the Canada Media Fund is a real problem. Money that was reserved for audio-visual production by general interest broadcasters has been taken and shared with the digital field without any more money being added. You're entirely right. However, are there any other ways to add money to the Canada Media Fund?

Lastly, as the telecommunications union suggested, do we have to wait for a research institute to conduct a major study on the subject, or is it possible to do certain things before that?

My questions are in utter disorder.

Go ahead, Mr. Murdoch.

[English]

Mr. Peter Murdoch: We're certainly in favour of merging those two acts. We think it just makes sense. I know there are some honourable members here who agree with that. We think it makes sense.

If you are prepared to do it, then Parliament itself will study the issue. It needs more data, but in the body of the act will come, we would hope, some regulation of the Internet and, as others have suggested—and we agree with them—some method of bringing some of the financial resources from the Internet to bear on Canadian content.

Yes, we think the time has come. It's probable that the time is past, but it's still before us to have a telecommunications or a communications act that combines both broadcasting and the telcos, and the sooner the better.

But we need to get some more information when we do that.

Ms. Maureen Parker: May I jump in with an alternate suggestion?

It may be simpler right now to just ensure that the government legislate that the CRTC has jurisdiction over new media broadcasting. That seems to be a rather immediate and pressing problem, and we need the government to weigh in on it.

It would be helpful if this committee would consider making a recommendation to government to clarify that the CRTC has jurisdiction over new media broadcasting.

• (1715)

Mr. Peter Murdoch: The last two times I have had the opportunity to appear here—I want to just congratulate you—the reports that have come out of this committee have been very beneficial, with some excellent recommendations, including the one on the LPIF, the local programming improvement fund. So you do have weight, and we would encourage you to look at this.

[Translation]

The Chair: Do you have another question, Ms. Lavallée

Mrs. Carole Lavallée: Pardon me, but I was waiting for the translation.

Yes I have another question, but I'm sure it won't take long. Whatever the case may be, thank you for the chance to ask it.

Can we consider other revenue sources? Because cash flow is currently being diverted. Things are being offered on the Internet for which people are paying more. After watching a television series on the Internet, such as *Flashpoint*, for example, people receive a bill for \$47 from their cable company—that's Videotron at my home. I swear this has already happened, in particular to my assistant, who lives in Saint-Hubert. He watched the series *Les Invincibles*, and that cost him \$47. He paid the cable company that amount, whereas, if he had bought the series at HMV, for example, it would have cost him exactly the same price, but the money would have gone to the producer, not to the cable company.

Shouldn't we require the cable providers or the BDUs, whichever they are, to pay any surplus money made from the use of content such as that into a kind of cultural production fund?

The Chair: Thank you, Ms. Lavallée.

[English]

Briefly...?

[Translation]

Mrs. Carole Lavallée: You need only say yes, yes, yes.

[English]

Ms. Maureen Parker: And it's called the CMF, CMF, CMF.

[Translation]

Mrs. Carole Lavallée: I don't think the interpreter translated that.

The Chair: Thank you, Ms. Lavallée.

Mr. Angus, go ahead, please.

[English]

Mr. Charlie Angus: Thank you. This has been an excellent session.

I want to begin by talking about getting access to data. I've been incredibly inspired by my colleagues Mr. Armstrong and

Mr. Del Mastro, the Sun Media Conservative party, and their openness for government and their commitment.

You know, I just got an access to information request back from the Conservative government that I waited two years for. It's 150 blank pages—that they made me pay for. Now that I have colleagues who are going to get accountability for the taxpayer, I'm feeling inspired.

I ask this because they certainly have a dog on for the CBC and its accountability. But this past April Mr. von Finckenstein appeared at the industry committee. He stated a number of positions and speculated about raising or changing the foreign ownership requirement.

So I put in a freedom of information request to find out if he had any data. A man of such august stature, stating such an important opinion, would certainly have lots of data to back it up.

It turned out there was nada. There wasn't anything. And I was thinking, "How could this be that he makes policy pronouncements without holding data?"

Now I see, Mr. Murdoch and Madame Auer, in your presentation today...

The last time Mr. von Finckenstein came here, he said, hey, it's way too early to make any pronouncements about vertical integration, the jury's out. So I thought, well, then they must doing lots of data. They must be still crunching the numbers.

Yet you're telling us that they haven't done any integration impact on programming investment, they don't know how many broadcast news bureaux exist or how many reporters are working in broadcasting, they haven't measured diversity in news or the impact of diversity in voices.

Now, I distinctly remember Mr. von Finckenstein saying there's lots of diversity out there, and it's called the Internet.

What should we expect from a public regulator in terms of keeping data and being willing to share that data through access to information with the public?

Mr. Peter Murdoch: The data we gave you here is alarming, I think, there's no question about it. It certainly alarms us. In terms of the access to information, it took us months and months just to get the bylaws for the CRTC. So there's a problem there.

Let me refer to the statement by, I think, Mr. Harper on effective and efficient regulation, streamlining effective and efficient regulation. What we want to be assured is that if there is going to be deregulation, it will also be effective. So far, in this environment of deregulation from the CRTC, where we make it up as we go along, we don't have evidence to support it. And it's alarming, because it's affecting Canadian content, Canadian programming, in all varieties. So yes, it's a problem.

We think it's incumbent on you folks to.... We were talking about the need for perhaps another form of punishment to bring the broadcasters in line at times. Maybe there needs to be something to bring the CRTC in line.

• (1720)

Ms. Monica Auer: Perhaps I could add one thing.

There's no requirement, currently, in the Broadcasting Act for the CRTC to provide reasons in its decisions, which is why it's so difficult to tackle them. And when there's no requirement even to give reasons in policy statements, we have no way of knowing why things are happening.

Mr. Charlie Angus: I'm going to have to ask everyone this question.

I've been here since 2004, and long before I came along, the line we always heard was, "Give us this one massive merger and we're going to get you more investment and more content." And every time I look at the data, I see more people getting fired. I see the same big players getting bigger and bigger. They were just here, and they said, "Oh, my God, you've got to give us deregulation. And filling out those forms about what we do for access to information and so on? That's red tape. Cut it."

Now I'm learning that under this great vertically integrated system, where we're going to deliver lots of content, the CRTC's decided to cut CanCon from 60% to 55%. They were talking about doing that in the conditions of licence, which would have been appealable, and there might have been some talk about it. But they just put it into the regulations, so it's a *fait accompli*.

I'd like to ask what the impact is when the national regulator, which tells us that its prime directive is to not get involved, cuts CanCon from 60% to 55% without giving us reasons. What impact does that have on our production sector?

Ms. Maureen Parker: Charlie, just going back to a couple of your questions, one of the interesting things I heard this week, in terms of the Internet service providers who were appearing before this committee, was that they weren't just asking for deregulation. They were actually asking for some regulation over foreign entities, such as Netflix, which I find to be highly ironic considering their own services are not regulated. So I really do believe that the starting point is to ensure that the Canadian broadcasting system remains one system and that it's regulated on both digital platforms and broadcasting platforms.

On the CRTC issue and the new television policy, there are good things in the television policy. Certainly what you just referred to is one aspect of the policy, but there are other things in that policy that we believe will turn the system around to some extent. There is an expenditure requirement coming in for both the corporate holdings and the individual specialty channels. And there is now an overall 5% spend required for drama and documentary programming.

Quite frankly, we saw a lot of the Canadian content being dedicated to entertainment "light" programming. If that would go towards making up the 60%, maybe it's a better deal to have actual money spent on local programming, of course, and drama and documentary. Maybe that's a trade that had to be made.

You know, we're looking at the TV policy and we're feeling rather optimistic.

The Chair: Thank you very much, Madam Parker.

Briefly, we'll have Madam Deer.

Ms. Joanne Deer: Chair, I just wanted to make two quick points, one in reference to the reporting and the CRTC.

Absolutely, there are some problems. Trying to get some data when we're preparing for hearings into broadcaster spending is a nightmare. It's like pulling teeth. But some of that also goes back to the broadcasters and the fact that they're not giving the CRTC the data in the first place. They don't want to give it to them.

I mean, you heard Shaw whining on Thursday about the new forms they're going to have to fill out in terms of their online content. They claim that they don't know what's on their websites and that it's a new job if they're going to have to figure it out and report that.

That's just another challenge we face.

The Chair: Thank you, Madam Deer.

Thank you, Mr. Angus.

We'll go to Mr. Del Mastro.

Mr. Dean Del Mastro: Thank you very much, Mr. Chairman.

Thank you to the witnesses today. It's an interesting panel.

Thank you, Mr. Murdoch, for your support of my position. I didn't think anybody was listening to me.

Voices: Oh, oh!

Mr. Dean Del Mastro: I kept on saying it, but nobody was taking any note of it.

I actually believe that it's time that we review that document. It's time that we take a look at it to see what it is we're trying to achieve. I think in some ways, and I think some of the other witnesses have noted it, we may be straying from that in some if not in many regards. I think we should be looking to see what outcome we are trying to achieve.

My discussions with the CRTC indicate to me that they wouldn't mind getting some additional policy direction from Parliament either. So it might be a positive outcome.

A number of you talked about ownership shares, specifically telecom ownership. I just wanted to ask if there was a specific position. What do you think the ownership should be? Should it be 100% Canadian? Should it be 80%-20%? Should it be 51%-49%, with an all-Canadian board and Canadian control ensured? What should it be?

Go ahead, Ferne.

• (1725)

Ms. Ferne Downey: Our position is status quo. What we got is an appropriately balanced mix. That's ACTRA's position: no change.

Mr. Peter Murdoch: We think it's okay the way it is. I'm not sure we've seen a lot of evidence on what the current levels are in broadcasting. We've asked for them; we don't see them. Particularly in terms of debt, there are....

It's interesting; when I compare it to the newspapers, for instance, we have the old Southam newspapers, currently Canwest newspapers, and now 92% of those shares are owned by foreigners, despite parliamentary acts that....

Yes, it's alarming; 92% of those shares are owned by essentially hedge funds in the U.S.

Mr. Dean Del Mastro: To understand the government's position on it—and I don't know what your positions are—in order to attract increased competition, because there's a concern that prices in Canada...

It may not be a legitimate concern, but I do hear it. I hear it in the riding. I'm sure even some of your members would talk about the fact that they feel that wireless is expensive. Mobile phones are expensive. Data plans are expensive.

They think that perhaps by introducing additional competition... and it's very difficult to introduce competition in Canada, because the players are large and they're somewhat territorial, right? If you want to go in there, there's a good chance they're going to undertake a predatory practice.

I would. If I had a major share of the market and somebody wanted to come in and take it from me, I'd probably take them on. So it's an understandable process that they're going through.

Do you see any merit in that, that perhaps you could see lower bills for consumers, or do you think that...?

Do you agree with what the telecoms are saying—namely, that essentially we have a very competitive system in Canada, it's geographically difficult to supply service across Canada, and all in all they're delivering a pretty good service?

Mr. Peter Murdoch: We do have a pretty good system. Our union represents telecommunications workers across the country. It depends on what data you look at in terms of the cost of mobile in this country. Do you look at just local or long distance? Do they get a

phone included? There are about 15 different ways of looking at this. When you start to drill deep into the OECD study, you'll see we are fairly competitive.

I think what's more interesting—and Europe, especially Spain, is a particularly good example of this—is where new competition has come into the market, it hasn't lasted very long. It hasn't been able to produce big, profitable numbers.

In a way, it drives down rates in the short term, but the competitors don't last. In some ways, it can be argued it creates a diversion for these larger companies. That's certainly their argument. But it's not necessarily a good thing in terms of the long process for those companies, or, by the way, the shareholders of those companies.

Mr. Dean Del Mastro: Thank you.

Ms. Maureen Parker: Can I just add one thing to that, Mr. Del Mastro?

We are concerned, too, about the increasing cost to consumers in terms of capping bandwidth, particularly consumers who want to download video content. Again, that's our feeling, that it must be a regulated broadcasting system for everything. For example, an ISP can't reduce their cable fees but hike up their bandwidth costs. It has to be regulated across the board to ensure fairness for all consumers.

● (1730)

The Chair: Thank you very much for your appearance and for your testimony. We appreciate it.

We must adjourn for the votes.

This meeting is adjourned.

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