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The Honourable Hedy Fry

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• (1100)

[English]

The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)): I call the meeting to order.

This morning, as you can see, we have the Department of Public Works and Government Services for the first hour.

We will begin. Members of the department, you know the usual drill. You have 10 minutes between you, and after you finish there will be a question and answer session, then we will move on to the second hour after that.

Mr. Saint-Pierre.

[Translation]

Mr. Marc Saint-Pierre (Director General, Government Information Services Sector, Department of Public Works and Government Services): Madam Chair, ladies and gentlemen, my name is Marc Saint-Pierre, and I am the director general of government information services at Public Services and Procurement Canada, or PSPC for short. I am accompanied this morning by Louise de Jourdan, director of advertising coordination and partnerships at PSPC.

[English]

It's our pleasure to be here with you today to explain our department's roles and responsibilities to you as defined in the Treasury Board's new policy on communication and federal identity published last May, which relates to your important work.

As the main service provider for the federal government's departments and agencies, our department has two major functions that directly affect the media: first, advertising; and second, buying Canadian media sources.

[Translation]

As defined in Treasury Board's new Policy on Communications and Federal Identity, our main role with respect to advertising is fulfilled by the advertising coordination and partnerships directorate Ms. Jourdan is responsible for. These resources are available to hundreds of advertising and marketing specialists in the Canadian government. We advise and guide departments and agencies on the efficient implementation and management of advertising activities that comply with the government's laws, policies, and procedures.

Ms. Jourdan's directorate has regular discussions with associations and stakeholders in the industry about current practices and new trends. It also produces the Government of Canada's annual report on advertising activities, which you received a copy of.

Finally, the directorate manages the agency of record, a private company under contract to our department following a public tendering process awarded in June 2015. The agency of record is the only unit authorized to buy the vast majority of advertising space and air time at the lowest possible cost for the roughly one hundred government institutions subject to the Policy on Communications and Federal Identity.

Advertising activities in the Government of Canada are governed by the Treasury Board administrative framework and various rules to ensure sound management of advertising campaigns. First, departments and agencies must develop advertising projects that reflect the government's priorities and must submit them to the Privy Council, which is responsible for coordinating all advertising in the Government of Canada. The projects are then presented to cabinet, which decides which ones will be implemented and how much the overall budget will be. The cabinet also determines the maximum amount of funding for each investment and confirms the source of funding. Advertising funds can come from existing departmental resources or from the central advertising fund.

One of the basic principles of government advertising is that each department and agency is ultimately responsible for their advertising campaigns, including decisions on the type of media used. Institutions' media choice is based on a number of factors, including campaign objectives, target audience and market, campaign type, time and scope of the campaign, budget, and the cost of various media options.

You may recall that, in our 2014-15 annual report, total advertising expenditures were nearly \$50 million, with 54% of these expenditures being earmarked for the purchase of television ads, followed by 28% to purchase advertising space on the Internet. Ten years earlier, in 2004-05, television ads accounted for 44% of expenditures, followed by 17% of expenditures for advertising in newspapers and dailies, and only 1% of expenditures for online ads.

We do not yet have official data for the 2015-16 fiscal year since the annual report is currently being drafted. This report will be made public no later than January 31. Provisional estimates indicate that we have total expenditures of nearly \$42 million. For the period from April 1, 2016, to early October 2016, the fragmentary data on advertising purchased by the agency of record indicates a total of less than \$10 million, with over 90% of expenditures having gone to the spring 2016 census campaign.

•(1105)

At its peak, in 2009-10, the Government of Canada spent approximately \$136 million on advertising. Over the last six years, we have seen a significant decline in government advertising expenditures, averaging \$80 million per fiscal year.

I would remind you that, in Budget 2016, the government announced a recurring additional reduction of \$40 million per year. According to the data available, Canada is trending an expenditure of approximately \$15.5 billion U.S. in advertising in 2017. The Government of Canada's planned expenditures will account for less than half of a percent of that advertising expenditure.

[English]

I'll turn now to the second function of our department, which is media purchasing. For over a decade we have been managing the electronic media monitoring program known as EMM. It provides an effective option on common services to help departments and agencies to meet their responsibilities in monitoring and analyzing the public environment. The program provides media sources to over 100 eligible departments and agencies. This assists departments and agencies with identifying and tracking current and emerging issues related to department policies, program services, or initiatives.

PSPC negotiates the purchase of major sources from content providers that have exclusive news distribution rights. The department provides access to roughly 60 Canadian news sources. This includes newspapers such as *The Globe and Mail*, *La Voix de l'est* in Granby, and the *Saskatoon StarPhoenix*, as well as other media products, such as news wire and transcript from television and radio.

Each year more than \$6.5 million is invested in acquisitions from regional and national news sources in English and in French from various regions across Canada. More than 95% of these expenditures are earmarked for purchase of licences for print and online content produced by newspapers. This acquisition is essential for the government because it allows federal departments and agencies to use these sources legitimately and legally since they are, as you know, protected by copyright.

[Translation]

I would like to conclude my remarks with four short statements.

First, the choice of media for advertising campaigns is not within the purview of PSPC, but the institutions responsible for the advertising campaigns.

Second, Treasury Board's new Policy on Communications and Federal Identity, which came out in May 2016, indicates that digital media and platforms are the primary means for interacting with the public. Multiple channels are still used to meet the diverse needs of the public.

Third, Budget 2016 announced that the Canadian government's overall advertising budget in the foreseeable future would be modest and limited, far from the average spending in the 2009-15 period, which was more than \$85 million annually.

Fourth and finally, PSPC will continue to work together with suppliers to purchase Canadian media sources within its budget

allocation. The fast pace at which the news circulates is a technological challenge that government and industry must face. Our department will continue its efforts, working with its suppliers to maximize the delivery of sources in real time and in compliance with copyright.

On behalf of PSPC, I thank you for your attention. We would be happy to answer your questions to the best of our knowledge.

Thank you, Madam Chair.

•(1110)

[English]

The Chair: Thank you very much, Monsieur Saint-Pierre.

Now we will begin. The first round is a seven-minute round, which includes questions and answers. I'm asking everyone to be as close to your timelines as possible.

We will begin our first round of questions with Mr. O'Regan from the Liberal Party.

Mr. Seamus O'Regan (St. John's South—Mount Pearl, Lib.): Thank you both for appearing.

One of the common threads that we have heard from a number of smaller sources, particularly smaller local news sources—and not just rural, but smaller sources within cities etc., but basically media—whether it be newspapers, radio, or TV is that they are not receiving the amount of advertising dollars they used to receive from the federal government. Increasingly the federal government is using the new media in its acquisitions, and certainly your numbers bear witness to that.

We're trying to get a handle on the primary function, as you see it, of the federal government in purchasing advertising. In the eyes of some of the people who receive that advertising, these newspapers, radio stations, and television stations I'm speaking of, they see it as a support to them, as well as being a way for us to communicate with our constituents and with the citizenry.

Is that a condition, or is it a consideration, when you are acquiring advertising?

Ms. Louise de Jourdan (Director, Advertising Coordination and Partnerships, Department of Public Works and Government Services): In fact it's not. The communications policy is very clear: advertising is one way that the Government of Canada fulfills its obligation to communicate with Canadians about its policies, programs, and services, and the like. In the section on advertising, it's actually very clear. The choices are made by departments. Departments are not to use advertising in a way where it shows a preferential choice for a particular supplier. It goes without saying that media relies on ad revenues as their primary vehicle for sustaining their business. The Government of Canada policy is quite clear that it is not a socio-economic tool, so there are no considerations given to that at all.

Mr. Seamus O'Regan: Maybe walk me through the process of what guidelines exist, or how the departments themselves go through the choices of where they place their advertising.

Ms. Louise de Jourdan: First of all, the guidelines don't come from us. Public Works is the operational arm. The policies and any guidelines, processes, procedures come from Treasury Board Secretariat, which is responsible for administrative policy.

As the operational arm, I can walk you through the process. Our job is to in fact do just that: we work with departments to help them understand what the processes are; what laws, policies, and procedures they're supposed to follow in managing their advertising. I can't speak for their particular choices, but I can speak to the process writ large.

A department, typically, for a large campaign, would work with an advertising agency. Advertising agencies are *à la fine pointe* of their industry. They have proprietary research tools and other research tools. They stay on top of where to find their audience, what their media consumption habits are, what they react to, the time of day that they're on different media. They have access to all of this information.

Typically, a department would work with their advertising agency, and they would say to them—I'm just making this up—"Okay, here's my communications challenge. This is what I want to do. I need to speak to parents of small children about the importance of getting vaccinated." They would sit down, and they would say, "Here's what we've done in the past. Here are some numbers. Here's how successful we are. Here's where we think there might be a gap." They would work together with their ad agency, which would come back with research, so evidence, to support their recommendations for media. They would say, "Okay, according to the latest research, this is where you will find these people. Mothers of these small children are using this media, at this time of day. You might wish to do this." They'll come back with recommendations for a plan. It will be reviewed by departmental experts, so people who are professionals in the communications field, and they might challenge this back and forth. They'll look at whether it jibes with the budget and whatever else. If it all seems to make sense, they will approve that plan.

Then it comes into my group, which does not look at it from a communications perspective; that's not our job. Our job is to look at it and see whether the plan meets policy requirements with respect to things like the federal identity program. So, "Yes, you're creative. It's clearly marked Government of Canada in the way that it should be. You're reaching out to both anglophone and francophone Canadians in an equal way"—based on population distribution and those types of things—"Now with the new policy, your advertising is non-partisan." We look, and if it hits all of those marks, we then give it an authorization number. That then goes to the next step, which is the buying process. So that authorization number—sorry....

• (1115)

The Chair: That's okay. You just have one minute left that's all. I'm just warning you.

Ms. Louise de Jourdan: Okay. That authorization number then approves the purchase. There's a contracting department within Public Works. They issue a contract to the agency of record that Marc spoke about, which is the agency hired by the Government of Canada to execute most of its buys. I'm going to say 95% of all buys go through them for the purpose of getting volume discounts and

that kind of thing. Then the buy is executed. The agency of record will provide information during the campaign about the results at the end of the campaign, and it's monitored, and changes are made accordingly.

That's basically how it works.

Mr. Seamus O'Regan: Thank you.

The Chair: We go to Mr. Maguire for the Conservatives.

Mr. Larry Maguire (Brandon—Souris, CPC): Thank you for your presentations.

I think you've probably answered some of this. To continue along that vein of the government's responsibility, do you think it's to support local journalism through its advertising spending, or should it only focus on getting out the product in the best way possible?

Ms. Louise de Jourdan: Well, there's a word in there, "should". Should is different. I'm not going to speak about that.

Currently the policies and procedures dictate that advertising is a communications vehicle, a tool. Departments are monitored on their results in using advertising like other communications vehicles, how well they do it to meet the job at hand, which is to communicate with Canadians. It's not for any other purpose at this time.

• (1120)

Mr. Marc Saint-Pierre: The advertising budget is not a grants and contributions program, so it's specific to achieving advertising objectives in reaching the clientele you want to reach—as of now.

Mr. Larry Maguire: Do you believe that the federal government has a responsibility to support local journalism in that manner?

Mr. Marc Saint-Pierre: My understanding is that a department like Heritage has a grants and contributions program to help the print industry, but it's not within Public Works. It has no grants and contributions program.

Mr. Larry Maguire: In regard to something you mentioned in your presentation about digital media and that sort of thing as well, I just want to know all the digital media platforms that the government advertises on today.

Can you elaborate a little more on that, please?

Ms. Louise de Jourdan: Yes. We use Facebook, YouTube, Twitter, Pinterest, Google, Instagram, LinkedIn, Snapchat, Tumblr, Reddit, all in different proportions, the largest of which are Facebook, YouTube, and Google, for search purposes.

Mr. Larry Maguire: When you're using those mechanisms and say Facebook is the largest one, where do those funds go? Do you pay those to a Canadian subsidiary or the American side, or—?

Ms. Louise de Jourdan: It's paid. The bill is given to the agency of record. The agency of record is the one that enters into the contracts on our behalf. The contract would be between the agency of record and these social media platforms. It's paid in Canadian dollars.

Mr. Larry Maguire: Yes, so it's—

Ms. Louise de Jourdan: It's billed. The invoice is in Canadian dollars and it's paid in Canadian dollars.

Mr. Larry Maguire: Through the Canadian side of the company.

Ms. Louise de Jourdan: Yes.

Mr. Larry Maguire: Is that the same with Google and some of the other ones as well?

Ms. Louise de Jourdan: Yes.

Mr. Larry Maguire: Do you have any kind of breakdown of the specific campaigns of the largest three ad buys that they've done this year?

Ms. Louise de Jourdan: If you had asked me for last year, I don't think I would have it off the top of my head, but this year there's been very little advertising. There's really only been one major campaign run this year, and that was the census campaign. Advertising has not gone on in the same level as it had in previous years. There's been the census campaign, and a few tiny things here and there. Shortly, because it's November, Veterans Affairs will be coming out with its remembrance campaign.

Basically, those are the only two real campaigns. There's been a bit of advertising here and there. You know, Parks Canada advertising a park in one particular publication—

Mr. Larry Maguire: How would that differ, then? You're saying there was more advertising done in the past.

Ms. Louise de Jourdan: Yes.

Mr. Larry Maguire: Could you name the three from last year as well?

Ms. Louise de Jourdan: The three amounts?

Mr. Larry Maguire: The three top ones.

Ms. Louise de Jourdan: Oh, from last year.

It would be in our annual report. I don't know them off the top of my head, sorry.

Mr. Larry Maguire: Oh, okay, I thought you mentioned—

Ms. Louise de Jourdan: The Syrian campaign would have been a big one last year.

Mr. Larry Maguire: Pardon me, just because of time, I thought you had just mentioned that you had them from previous years.

Do you have any idea of what we'll be looking at for that campaign in the coming months and in the new year?

Ms. Louise de Jourdan: Which campaign?

Mr. Larry Maguire: The promotion and advertising that you would be doing.

Ms. Louise de Jourdan: It would be departments doing it, and I don't believe that it's public at this stage. The ad plan is the subject of a Treasury Board submission that has not yet been tabled.

Mr. Larry Maguire: I see.

Mr. Marc Saint-Pierre: In 2014-15 in the annual report, the biggest campaign done that year was \$8 million, *Le plan d'action économique du Canada*.

Mr. Larry Maguire: Do you have any kind of a breakdown on the dollar amounts by those departments for total advertising?

Ms. Louise de Jourdan: Yes. We produce an annual report every year. I think members may have been provided with the last copy, which was in 2014-15, and it breaks down the major campaigns, which we consider to be anything that's \$500,000 and above. In addition to that, every single department that spends a dollar or more on advertising is listed with their expenses.

• (1125)

Mr. Marc Saint-Pierre: On table 4, you have every department, and how much they spent in 2014-15.

Mr. Larry Maguire: Yes. Thank you. I've got it right here.

Ms. Louise de Jourdan: The one for 2015-16 will be published by January 30, 2017.

Mr. Larry Maguire: That's where I was going, just for what we had for this year. Okay. Thank you very much.

The Chair: You have 30 seconds.

Mr. Larry Maguire: I wondered who has the final decision-making authority? I think you were talking with my colleague in regard to that.

Ms. Louise de Jourdan: Departments.

Mr. Larry Maguire: No. Who has the final decision-making when the time comes to choose what type of advertising and what type of media mechanism that you use? I'm trying to look at how we get news out to the rural areas and for our study purpose here.

Ms. Louise de Jourdan: Departments.

Mr. Larry Maguire: Thank you.

The Chair: Mr. Nantel for the NDP, go ahead.

[Translation]

Mr. Pierre Nantel (Longueuil—Saint-Hubert, NDP): Thank you, Madam Chair.

I would like to thank the witnesses for being with us today. Their comments may help us better understand the purchasing policies and recommendations.

That's the subject I'd like to discuss with you. You made it clear that departments know the objectives of their campaigns as well as their target audience. They are the ones who make the choices. You, on your end, make sure those choices adhere to the various requirements.

First of all, I had a look at your organizational chart. Some 15 people report to Ms. Jourdan. I didn't see your name, Mr. Saint-Pierre. Perhaps it is somewhere else on the chart.

Are the analysts in place able to make media recommendations to the department? For example, this graph clearly shows why those in the print media came to us to say they had lost half of their advertising revenue. It's right there, and it's quite clear that they lost 40% of their previous revenue.

A comparable, and even bigger, increase is noticeable in terms of Internet advertising. Television seems to be the big winner in these investments.

Do you provide a consultation function for the departments? Are you able to offer recommendations, make choices, and monitor trends? Has your team of analysts been cut over the past few years?

Ms. Louise de Jourdan: Our role really isn't to make recommendations as far as media planning goes. As I said, our job is to check whether media plans adhere to the applicable policies and legislation.

That said, my group is split into two sections. In one section, analysts review media plans and other things for compliance. In the other section, another team in my directorate is responsible for capacity and resource building, and works on departmental communications.

We offer information and training sessions. That's where we share best practices and talk about trends and research. We develop tools. The goal is to make sure that the people in the departments have everything they need to make sound decisions. We do it to foster better decision-making.

As I said, we provide a variety of information and training sessions.

Mr. Pierre Nantel: Thank you for making it quite clear that the government's advertising purchasing program is not a grants and contributions program to help groups that might have fallen on hard times such as the print media. Ultimately, Industry Canada or the Department of Canadian Heritage, for instance, could choose to create a budget to encourage the purchase of advertising.

You said that it was up to the print media, which is facing fierce competition from new media, to show that it still has a relevant place in the market. That's precisely what we heard from members of the print media. The runaway trend seems to be to throw the baby out with the bathwater and to think that, because everyone is on social media, advertisers are turning away from the print media.

That is the claim, and I'm inclined to believe it. The figures actually back that up. Despite the fact that many people are increasingly turning to new streaming platforms and such, television is still the place where advertisers go because it seems to produce the best results. That's reassuring.

We are politicians. Doing an interview on CTV during prime time will reach a larger audience than if we were to do an interview that was broadcast on some small obscure website aimed at a very specific group of people. Therefore, television does offer that general interest appeal in terms of reaching the public.

You purchase an enormous amount of advertising. Well, not you, per se, but, rather, all the departments. That's a huge account as they say in the advertising world. As a corporate citizen, the Government of Canada should apply best practices. It is expected to be extremely savvy and to spend advertising dollars as effectively as possible. To that end, it might be advisable not to believe the hogwash claims that ad agencies make in an effort to convince clients that this type of advertising has seen its last day and that social media is the far better option.

Rumour has it that ad agencies get big kickbacks from new media. If they buy \$100 worth of advertising space on CTV, they get nothing in return. If, however, they buy \$100 worth of advertising space from Google or some other programmatic agency, they get a little kickback or something free in return. As a Canadian taxpayer, I would find it comforting to know that my government had an analyst overseeing all of its advertising purchases to make sure ads were taken out in the right places. It's a fair concern.

Do you think agencies would be interested in having that information? Obviously, it's in Parks Canada's best interests to take out ads in *Canadian Geographic*. We agree on that. Does the federal institution, however, benefit all that much from programmatic advertising on social media? Would it not be a good idea for the government to have an expert to set the record straight on the advertising value of traditional media versus social media?

• (1130)

Ms. Louise de Jourdan: We don't make recommendations per se. We don't review specific advertising campaigns to say whether the right media choices were made. That isn't what we do.

As I said, we provide the departments with the information on the subject. Absolutely no one determines that a certain type of media has no place. Every type of media, including the print media, has a role to play. There is no doubt that, in some cases, the print media is the better choice.

I can't comment on kickbacks, because I'm not at all familiar with that.

Mr. Pierre Nantel: It's not clear. I was just mentioning it.

[English]

The Chair: Mr. Nantel, thank you very much. We have reached seven minutes.

Ms. Dabrusin, for the Liberals, the floor is yours.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): Thank you. I'll be sharing my time with Mr. Vandal.

I'm looking right now at the annual report you provided to us. On page 15, appendix I sets out the Government of Canada advertising process. I just wanted to go through it. The second sentence reads:

It is designed to ensure that advertising activities align with government priorities, meet the communication needs of Canadians, comply with acts, policies and procedures, and provide value for money.

Are those basically your guiding objectives when you're—

Ms. Louise de Jourdan: Yes.

Ms. Julie Dabrusin: Are there no other objectives? That would set out—

Ms. Louise de Jourdan: Yes, those objectives are the ones set out in the communications policy.

Ms. Julie Dabrusin: Perfect.

We have heard from witnesses from different ethnic media, say, the *Punjabi Post* or the Ukrainian media, about the fact that they have lost advertising in their papers. I was wondering if you had examples. Where are the alternatives, when you are trying to reach people who speak different languages, perhaps not our two official languages, or specific communities, as those papers are? Where is the shift going?

Ms. Louise de Jourdan: I don't know what time period they are talking about. As Marc pointed out, the choice of media relates most importantly to the audience and the objectives. That's important. If there is a need to reach out in a particular way to an ethnic audience, sometimes you have the choice of television, although there is a minimum number. There is radio, and there are social media. We have research to demonstrate that. We also use newspapers. For the census, there was an ethnic media component. Like everything else, it has fallen off.

• (1135)

Ms. Julie Dabrusin: If we are using the census as an example, what was the ethnic media component then?

Ms. Louise de Jourdan: I don't have the exact number for the census, but if you want that broken down, I can get it.

Ms. Julie Dabrusin: That would be great, just as an example of how it was used previously. It gives us an idea of how we are doing it now.

The Chair: You can send that to the clerk, please.

Ms. Louise de Jourdan: Yes, I can absolutely send that.

The Chair: I believe Mr. Vandal had a question.

[Translation]

Mr. Dan Vandal (Saint Boniface—Saint Vital, Lib.): Thank you, Madam Chair.

I have a similar question. I am wondering about the right of francophone minority communities to have access to news and advertising in French. According to the numbers, the government spent \$4.3 million in 2009-10 and \$0.7 million in 2014-15.

How can we make sure that francophone minority communities in Manitoba and New Brunswick receive important notices from the federal government on subjects like the census? How can we guarantee the information is made available to them?

Ms. Louise de Jourdan: It's important to recognize that advertising isn't the only means the Government of Canada uses to communicate with Canadians. It is just one of many ways. Significant investments are made in websites. Every department has its own website. The Canada.ca site is now available. All kinds of communication methods are used.

Under the advertising policy, those responsible for preparing media plans are required to ensure equal communications targeting Canadians in minority and majority communities alike.

Mr. Dan Vandal: Many communities in Manitoba aren't hooked up to the Internet. These are fairly remote communities. They don't have Internet access, but they do have the weekly newspaper *La Liberté*. If ads don't appear in *La Liberté*, these communities could miss out on information.

Ms. Louise de Jourdan: Very recently, we reviewed that component. We made sure that Internet-based communications reached every province and territory in the country equally. Our analysis took into account the breakdown of the population as per the 2011 Census of Population. I can assure you that all online advertising communications by the Government of Canada target francophone and anglophone populations in accordance with the population breakdown established by the census.

Mr. Marc Saint-Pierre: For the past 10 years, the statistics have shown without a shadow of a doubt that total spending on print media, whether in minority language communities or not, has fallen year after year.

Mr. Dan Vandal: A private firm helps you with your communications, the Cossette group.

Mr. Marc Saint-Pierre: That's correct.

Mr. Dan Vandal: Does the firm take into account our official languages policy in its spending decisions?

Ms. Louise de Jourdan: Yes, absolutely.

Under all communication contracts for advertising, ad agencies are required to adhere to the Government of Canada's Policy on Communications and Federal Identity. Agencies have a list of legislation and policies that they must comply with in making their recommendations.

We serve as a second pair of eyes, if you will. At the review phase, if we notice that the department's choices do not reflect an equal distribution, we will recommend that it purchase more advertising. If it cannot and has chosen the Internet as its primary means of communication, we will recommend that it use other types of media such as the print media.

• (1140)

Mr. Marc Saint-Pierre: I have been overseeing Ms. Jourdan's team for 10 years now. I can tell you that we have excellent cooperation from the departments when it comes to official languages. Very seldom have we had to inform a department that its choices were not in line with the balance. Normally, the cooperation we see from the departments is fantastic.

Mr. Dan Vandal: Is there a way to make sure that, when you—

[English]

The Chair: Thanks, Mr. Vandal. Perhaps you can get that in the other round.

Now we'll go to a second round, and it's going to be a five-minute round.

We'll begin with Mr. Waugh for the Conservatives.

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): Thank you.

You said the bills from the Internet companies are invoiced and paid in Canadian dollars. I've said in this committee for weeks that we've known for the last seven months that the government has spent \$3.5 or \$3.6 million for Facebook.

Are these taxes applied to these invoices, and if so, where do the taxes go? If we are buying from the Canadian arm of these Internet companies like Facebook, like Twitter, do we get the taxes and do they go into Canadian coffers?

Ms. Louise de Jourdan: I can confirm to you that Facebook, Google, and Twitter are invoiced in Canadian dollars but these companies do not collect tax on behalf of the Canadian government.

Mr. Kevin Waugh: Why?

Ms. Louise de Jourdan: I don't know. That's not my area of expertise.

Mr. Kevin Waugh: There is silence in the room now.

Mr. Marc Saint-Pierre: That's outside our—

Mr. Kevin Waugh: Do you think they should be paying taxes?

The Chair: Mr. Waugh, it's not in order to ask that question of witnesses from the department.

Mr. Kevin Waugh: We all know that it's our 150th birthday starting in January. You said we're going to have more advertising. How much more advertising to celebrate the Confederation of Canada?

Ms. Louise de Jourdan: We're not going to have more advertising. Advertising programs haven't really got going yet.

The advertising plan, like the strategic plan, was approved but before advertising dollars get under way it's the subject of a Treasury Board submission. That's going to happen later this year.

As Marc pointed out, it's important to note that the government, during budget 2016, confirmed a \$40-million reduction in the advertising envelope so there will be some but overall advertising expenditures will be significantly less than in previous years.

It is my understanding that some money is earmarked for the 150th but I can't tell you how much.

Mr. Marc Saint-Pierre: And as you can see in 2014-15, Canada 150 got \$6.5 million of advertising. But once again, with the budget a \$40-million reduction will be significant.

Mr. Kevin Waugh: Yes.

We have heard from television broadcasters, and we've heard from newspaper executives here that they haven't spent as much money federally in their media outlets.

One of the problems I've always had as a broadcaster is that ad rates are always higher for federal agencies, and I think that is totally unfair. You can go back into the newspaper business—we have advertising from a federal agency and we are going to up our rates because that's where their rates are—whereas the business rates on Second Avenue are down. I have seen that in our business of television and I've seen that in radio and I've seen that in newspapers. There are two or three different rates. The federal government always pays the highest rates.

Mr. Marc Saint-Pierre: That's the agency of record, the entity that is buying for the federal government. One of their objectives, and they're being audited on this, is to give us the best possible rate, so when.... Right now the agency of record goes CTV, and I'm being told, Marc, we don't just buy your business, we have other customers

and we go to CTV and say usually we buy for x amount of millions of dollars.

I can tell you that we're not paying the highest rate that you are referring to. We're getting reductions, either in the cost or we're getting a second announcement that is free of charge. They're audited on getting us the best rate possible, giving the amount we buy. So if we buy for \$100 million, we're going to be able to have better savings than \$10 million. That's also a factor that you have to consider.

• (1145)

Mr. Kevin Waugh: Okay.

The Chair: Thank you, Mr. Waugh.

Mr. Samson for the Liberals.

[*Translation*]

Mr. Darrell Samson (Sackville—Preston—Chezzetcook, Lib.): I'd like to bring the discussion back to rural regions, minorities, and seniors. If they aren't hooked up to the Internet, do they receive essential government information? That worries me a great deal. Can you give me any reassurance on that issue?

Mr. Marc Saint-Pierre: Madam Chair, I am pleased to tell the member that, last week, the assistant deputy minister gave the go-ahead for an independent firm to conduct a detailed analysis of how people in minority communities learn about Government of Canada advertising, as compared with the rest of the population. The goal is to find out whether differences exist. If so, we want to know what they are. The findings of that study will be made public, as is proper. They will be shared with the people in our advertising communications community.

If minority communities learn about Government of Canada advertising through different means, knowing that will be very useful for future ad campaigns. The study is expected to begin in the next few months, in 2017. I have earmarked a budget specifically for this study. It's important to know whether these communities behave differently, and we will adapt accordingly. As I said, the study should begin in the next few months.

As with all public opinion studies and research, the findings will be available on the Library and Archives Canada website.

Mr. Darrell Samson: Thank you.

My question will be on the same theme. You explained something earlier. I understand that trying to determine whether rural or minority regions are targeted in advertising is not your responsibility. You said that it was the responsibility of Canadian Heritage or other departments. I would see a problem with this if the entire initial analysis was not available and no attempt was made to find anything out.

I have an example. Normally, basic investments are for everyone, but afterwards, they are enhanced to target a problematic location. According to what you said, that does not seem to be done. Help me understand.

Mr. Marc Saint-Pierre: I want to remind you that Canadian Heritage has a subsidy program to help periodicals. If memory serves, we are talking about \$75 million annually.

One of the mandates of Ms. de Jourdan's team is to ensure that, when campaigns are submitted to us, Canada's two linguistic communities will have reasonable access to that information. Ideally, it would be in the same media outlet and over the same period of time.

I will conclude by saying that we don't receive many complaints from Canadians telling us that they have not had access to Government of Canada advertising. The complaint letters I have received rather indicate the opposite. People have written to say that there was too much Government of Canada advertising.

However, I can tell you that, if we were to receive such a complaint, it would be treated very seriously because one of our objectives is to ensure compliance with the Official Languages Act. No compromise can be made in that regard.

Mr. Darrell Samson: Those kinds of complaints would probably pertain to the last 10 years. That was a quick point I wanted to make.

Mr. Marc Saint-Pierre: I have been in office for 10 years. I cannot talk about the years preceding my arrival.

Mr. Darrell Samson: That said, as my colleagues mentioned earlier, I dislike the fact that U.S. media don't pay taxes. That's a huge source of concern for me. What has earned them that privilege? I think that is a problem, and it should also be a concern for the government.

Mr. Marc Saint-Pierre: This has more to do with my colleagues from finance and revenue departments.

Mr. Darrell Samson: I just wanted to support my colleagues' view.

• (1150)

[*English*]

The Chair: Thank you very much.

We will go to Mr. Nantel for five minutes.

[*Translation*]

Mr. Pierre Nantel: Thank you, Madam Chair.

When we undertake a study, we often receive information from our analysts, such as Mr. Ménard. I love the way he structures his sentences, his word juxtaposition. It's beautiful.

So I will use one of the suggested questions: "The annual reports on the Government of Canada's advertising activities prepared by Public Services and Procurement Canada for the last five years show that the Government of Canada is turning more and more to online media and new media for advertising. What are the reasons for this decision [in your opinion]?"

I know you will tell me that you are not the one making decisions, but you still coordinate those purchases. How do you explain that?

Ms. Louise de Jourdan: You are asking why we are turning to new media and the Internet for advertising. I have prepared for that question.

As we explained earlier, the objective of an advertising campaign is to reach the target audience, while taking into account other considerations, such as budgets. As you know, budgets have been pretty tight lately.

That is why, first and foremost, we choose media that are used more by Canadians. Here are some statistics: 71% of Canadians with a Facebook account use it at least twice a week; 50% of them use it daily, and that figure goes up to 74% for younger people; 49% of people are on YouTube. The figure is slightly lower—27%—in the case of Twitter. And the list goes on.

As you said regarding television, it's really a mechanism that reaches Canadians, on the one hand. On the other hand, it's less expensive. We can do so much with very little money. You have probably heard from industry people that, when they create a good website to sell advertising, their revenue is higher than it was when advertising was printed on paper. That is because it's much cheaper on the Internet.

Another element is very important and that is the fact that results are instant. Most advertising campaigns are a drive to web.

We want people, after seeing the advertising, to go on the Internet for more information, perhaps to find registration forms for programs and services. Through the Internet, or using a mobile phone, people can instantly go on the desired website and complete the process.

Mr. Pierre Nantel: We often go on even if we don't want to.

Ms. Louise de Jourdan: Exactly. It leads to a certain behaviour, on the one hand. On the other hand, it is possible to get a multiplier effect in the sense that most of those platforms invite people to share information. With all due respect, it is rare for someone to take a newspaper, cut out an advertisement, make photocopies and distribute them to a number of people. With digital platforms such as social media, it's possible to do so. In addition, it's a way to support the action of someone we respect. The multiplier effect is even stronger.

Mr. Pierre Nantel: Of course. It's as if I said to someone that a Hyundai is a good car and they should buy it.

Mr. Marc Saint-Pierre: Madam Chair, I want to add for the member's benefit that digital advertising pays by the click. The more people click on it, the more money comes in.

When I would buy a quarter of a page of advertising in the Saint-Bruno newspaper, I didn't know how many people would see the advertisement and how many of them would remember it. That is another phenomenon that did not exist 25 years ago.

Ms. Louise de Jourdan: There are results.

Mr. Pierre Nantel: I don't doubt that.

Ms. Louise de Jourdan: It's highly measurable.

Mr. Pierre Nantel: Can I ask you whether you have relevant figures or measurements related to, for example, advertising? We are, after all, talking about a perspective that has to do with this issue.

I am fully aware that your mandate is not to give charity to the media that ask you for assistance. Your role is to ensure the communication of government activities and government programs. All that is quite clear. However, I just want to also ensure that social media are not leading us down the garden path. Basically, do you have any figures on the big billboards we see along the highway?

I live in Longueuil. I come to Montreal almost every day and I see big billboards. Do those billboards still have an impact on people? That is certainly difficult to measure. However, people see them. There probably is an impact when people see an advertisement on an event, which is sort of the equivalent of the full-page advertisement they used to see in a newspaper.

Are there any figures that indicate that, for example, CBS Affichage and Zoom Media are dying in their advertising market.

• (1155)

[English]

The Chair: Thank you, Mr. Nantel.

I'm afraid we cannot get a response to that because we've finished our five minutes.

[Translation]

Mr. Pierre Nantel: Okay, Madam Chair.

[English]

The Chair: I want to thank the department for coming.

One thing I wanted to point out is that, in certain parts of this very large country, we do not have access to the Internet. We know that by geography alone there are areas that do not have access, so is there a way you reach those areas? We hear that local communities in those areas do not have any access to that kind of information—government information, that is—never mind any other kind of information.

Have you done any analysis of how you can reach those areas?

Ms. Louise de Jourdan: It's really important to understand, as I think I stated at the beginning, that it's very rare that you would have an advertising campaign that rides alone. It's usually part of a broader communication strategy that includes a whole host of other mechanisms, so just looking at the advertising by itself would be unfortunate because there are usually additional mechanisms that are used such as public relations and so on, to make sure that there is coverage in all the areas.

The Chair: My question really is, how do you know whether you reach those areas? Are you doing an analysis of that? Are you checking to see that you have reached those areas? Again, the whole idea is your reach, the ability to reach people who are not going to be reached in the usual manner. That's what we're trying to understand.

Ms. Louise de Jourdan: I can't answer that one specifically because they're not my ad campaigns, and I'm not privy to the campaign results in a fulsome way. I see bits and pieces, but that's all, so you may wish—

The Chair: Who would have that data?

Ms. Louise de Jourdan: You may wish to call large departments that have multimedia campaigns to see how they monitor that and the results they are tracking on.

Mr. Marc Saint-Pierre: Under the communication policy, any campaign where the media buy is more than \$1 million must be tested before and after, so you may want to call one of those major announcers.

The Chair: Thank you very much.

We will just pause for a few minutes while we wait for the set-up to occur for the second round.

• (1155)

_____ (Pause) _____

• (1200)

The Chair: I call the meeting to order. This is the second hour, and I would like to welcome our witnesses.

Pursuant to Standing Order 108(2), this committee is studying media, access of local communities to all platforms and, of course, what has been the result or impact of consolidation of certain media within Canada, and how we ensure that these local communities have access not only to Canadian news but to Canadian stories.

Basically we are coming to the end of our study, and we have heard some fairly interesting points made by various media, so we called you in here to tell us what your departments are doing and to talk about how the Competition Bureau is looking at competitiveness in Canada with regard to platforms.

Thank you very much, Mr. Brazeau and Madam Pratt from the Competition Bureau.

From the Department of Industry we have Mr. Schaan and Mr. Scott.

Each department, not each person, has a 10-minute presentation time, and then we will open it up to questions and answers.

Perhaps we can begin with the Competition Bureau.

Monsieur Brazeau, begin please.

Mr. Julien Brazeau (Associate Deputy Commissioner, Competition Promotion Branch, Competition Bureau): My name is Julien Brazeau. I am the associate deputy commissioner, competition promotion branch, with the Competition Bureau. I'm joined to my right by my colleague Ms. Jeanne Pratt who is the senior deputy commissioner, mergers and monopolistic practices with the Competition Bureau, and to my left by my colleagues from the Department of Innovation, Science and Economic Development, Mark Schaan, director general, marketplace frameworks, as well as Adam Scott, director, telecommunications policy branch with the department.

We've been advised of a number of the issues of concern to the committee. I'll endeavour to address some of these issues in my remarks today.

[Translation]

I will begin by providing some context about the Competition Bureau and its mandate, then move on to our role as it relates to merger review and how we interact with the CRTC.

The Competition Bureau, as an independent law enforcement agency, ensures that Canadian consumers and businesses prosper in a competitive and innovative marketplace. Headed by the Commissioner of Competition, the bureau is responsible for the administration and enforcement of the Competition Act and three labelling statutes.

The Competition Act provides the commissioner with the authority to investigate anti-competitive behaviour. The act contains both civil and criminal provisions, and covers conduct such as bid-rigging, false or misleading representations, price-fixing, and abusing a dominant market position, among other things.

The act also grants the commissioner the authority to make representations before regulatory boards, commissions or other tribunals to promote competition in various sectors.

• (1205)

[*English*]

In reviewing mergers, the bureau undertakes an exhaustive, fact-intensive review, including an evidence-based quantitative analysis. It's also important to note that each review is conducted on a case-by-case basis, and decisions are made based on a thorough analysis of the available evidence.

The bureau conducts its merger reviews in confidence. All non-public information gathered by the bureau in enforcement matters, whether it be obtained voluntarily or through the use of formal powers, is held on a confidential basis. The law requires that we do not comment publicly until certain steps have been taken, such as referring a matter to the Competition Tribunal. This is done to protect the integrity of the bureau's investigations.

In our merger reviews, we consider many different factors, including the level of economic concentration in the relevant market, the merging parties' market shares, the degree to which the parties compete with one another, and whether there are other effective competitors that could constrain the exercise of market power by the merged entity. In examining a merger, the bureau consults with a wide range of stakeholders, including consumers, competitors, suppliers, and regulators.

Our act is a general framework piece of legislation applicable to all sectors of the economy. I would stress that when reviewing mergers, the bureau's focus is on economic competition and efficiencies related issues, such as the impact of the merger on prices, or in the case of media mergers, on advertising rates and viewership. As you well know, in conducting our analysis, we are bound by the four corners of our act. The factors I just listed are contained in section 93 of the act. It is important to note that it is the combination of these factors and not the presence or absence of a single factor that is determinative in the bureau's assessment.

While the bureau's focus is primarily on price and output, we also consider non-price dimensions of a proposed merger, such as quality, choice, service, and innovation. These factors are approached again from an economic lens and are considered especially in markets in which there is significant non-price competition. The Competition Act is not intended or designed to address social or cultural issues associated with media mergers, such as diversity of voices.

At the bureau, we are aware that there are a number of broader policy issues at play, as evidenced by the Department of Canadian Heritage's review of cultural content that encompasses the CRTC and that may impact this committee's considerations.

Discussions of media concentration and its effect on diversity of voices are not unique to Canada. While regulatory frameworks do differ from country to country, there is general international consensus that antitrust merger reviews should be focused on economic effects.

As such, antitrust authorities are seldom tasked with examining socio-cultural issues in the context of their reviews. The consideration of public interest issues such as diversity of voices is often the purview of communications regulators distinct from competition authorities. Notable examples include the United Kingdom, where the Competition and Markets Authority, which is the U.K. equivalent of the Competition Bureau, is tasked with reviewing mergers, including mergers of communications entities through an economic lens. Ofcom, which is the U.K. telecommunications regulator, considers public interest issues and advises the Secretary of State whether to intervene in a given transaction.

Similarly, in the United States, the United States Department of Justice's antitrust division is responsible for merger review, whereas the U.S. Federal Communications Commission is mandated with considering broader public interest considerations, including diversity of voices, in the context of their concurrent review with media ownership transactions.

Canada is generally aligned with its foreign partners in this respect. While the bureau through its economic efficiency lens conducts a rigorous economic analysis to determine whether a proposed transaction is likely to result in a substantial lessening of competition, the CRTC, in its concurrent review of proposed broadcasting transactions, is enabled to look at broader public policy issues, including diversity of voices in their determination of whether or not to approve a transaction.

• (1210)

[*Translation*]

I understand that one of the interests of this committee is the bureau's understanding of the current competitive state of the media and communications market.

Briefly, the bureau does not monitor any market on a day-to-day basis. As a law enforcement agency, our focus on competition in a specific market is driven by a proposed transaction in a given sector, complaints we have received or information that has come to our attention that there may be an issue in a market.

As I previously mentioned, bureau reviews are conducted on a case-by-case basis and thus, the bureau's understanding of the competitive landscape in a given sector is limited to the time frame in which the transaction or investigation arose.

[English]

There are many other issues of concern to the committee, so I will end my remarks here. I will note that while the bureau is responsible for the administration and enforcement of the act, the lead for competition policy rests with the Department of Innovation, Science and Economic Development.

I'll, therefore, turn it over to my colleague, Mark Schaan.

The Chair: Thank you very much.

Mr. Schaan.

Mr. Mark Schaan (Director General, Marketplace Framework Policy Branch, Strategic Policy Sector, Department of Industry): Good afternoon, Madam Chair.

As indicated, my name is Mark Schaan, and I serve as director general of the marketplace framework policy branch in the strategic policy sector of Innovation, Science and Economic Development. While our sector broadly includes such policy areas as innovation, telecommunications, and technology as clean technology, my branch specifically analyzes the role of marketplace frameworks in meeting the department's objectives.

This includes a deep analysis of corporate governance, competition, and intellectual property in their role in facilitating an efficient marketplace and the innovation economy.

[Translation]

Thank you for inviting me to appear today alongside my colleagues from the Competition Bureau.

I understand that there are issues you would like to explore further following your meeting last February 23, at which Paul Halucha, our former associate assistant deputy minister, appeared before you on behalf of Innovation, Science and Economic Development Canada.

[English]

As Mr. Halucha noted at that time, competition policy as opposed to enforcement falls under the mandate of our department. However, the greater question of Canadian media, its ownership and its future, is a crosscutting matter for us. It is one that touches upon questions of innovation, economic evolution toward the digital world, consumer affairs, and the place of government and regulation in the economy more broadly.

Indeed, these overlap noticeably with the central themes of the inclusive innovation agenda that our minister initiated last June as well as those of Minister Joly's current consultations on the digital future.

Since Mr. Halucha's appearance, our department has, in conjunction with the Department of Canadian Heritage, contracted with the Public Policy Forum to explore the role of media in the current environment, particularly its support of the democratic function and its capacity to seize digital opportunities as an industry.

This was touched on by Monsieur Bernier, the director general of cultural industries at the Department of Canadian Heritage during his appearance before your committee last month. We feel it important that an independent voice with a wealth of industry expertise have the opportunity to share its views so as to inform government policy

in addition to the work of your committee. We very much look forward to its findings as well as yours.

[Translation]

I would also like to underscore the efforts underway as part of the inclusive innovation agenda to promote Canada as a world leader in innovative growth and the modern economy.

While recognizing the importance of the current media sector and its role, the consultations have highlighted the unique opportunities afforded by the transformations underway.

While it remains critical to understand the challenges of this disruption, we can also see the opportunities it affords Canada to be a world leader in promoting inclusive innovation and real growth.

[English]

I would be happy to respond to any questions that you may have. I understand some of those may be in the zone of access to broadband and broadband, which is why I'm joined by my colleague, Mr. Adam Scott, the director of telecommunications policy within the department. We stand ready for your questions.

The Chair: Thank you very much.

You have been very efficient in your use of time, so that gives us the opportunity to get perhaps two rounds of questions going.

I'll begin with the first round, which is a seven-minute round. That includes, as you know, questions and answers. I'll begin with Mr. Samson for the Liberals.

• (1215)

[Translation]

Mr. Darrell Samson: Thank you very much.

My question is for the Department of Industry.

In my riding, Sackville–Preston–Chezzetcook, in Nova Scotia, the constituents have not been consulted on the placement of cell phone towers. They have sent several letters about that. I personally sent a letter, and another one is currently being prepared by the community.

The community is not against the installation of those towers, but it is against the chosen placement. What can be done? It seems that people cannot express their disagreement, as their letters have still not been answered. That's really a problem.

Mr. Adam Scott (Director, Business and Regulatory Analysis, Telecommunications Policy Branch, Strategic Policy Sector, Department of Industry): This is somewhat outside my field of expertise, but I will try to answer your question.

That is a typical example of a public demand. Many people are insisting on having mobile or Internet service that is dependent on a tower. However, it is difficult to decide where to place a tower because of aesthetic and environmental repercussions.

[English]

There are lots of concerns. The placement of the tower isn't decided by the government. That's a decision that's made by the company providing the service, and there is a process in place for consultation. Consultation doesn't always go as everyone would hope, so there is a tension, and we do see a lot of these letters.

It's something that we're going to face continually as the demand for the service grows. It necessitates placement of towers, and they need to be where the people are, which creates a fair number of tensions.

Mr. Darrell Samson: If I understand correctly, the company in question decides. If somebody in the region says, "Put it right here, I have an empty piece of land", they may choose that piece. Then the community, when they're voicing their concerns, based on certain factors.... For example, the Lawrencetown Beach in my region is probably one of the most famous beaches for surfing. With the tourism that will be attracted there, people will have to look at the cell tower, which is not very good to look at.

Now, the service is not the question. They agree that there have to be towers, and they agree there should be a tower, but they're saying that the tower shouldn't be there. They've used many possible opportunities to express that. They have continuously indicated that they have not been consulted in the way that they should be consulted and that no one is taking responsibility.

What do I tell this community that they should do next? That's my question.

Mr. Adam Scott: I would encourage them to continue speaking with the service providers. If they're having disputes, they can certainly reach out to our department.

Mr. Darrell Samson: The service provider, you realize, is the one who is putting the tower there and has the offer from someone to put the tower there.

Mr. Adam Scott: Understood.

Mr. Darrell Samson: No one is regulating that. There's no basis to that.

Industry Canada is indirectly letting it happen. My question is whether there is something we should be looking at that we're not looking at.

Mr. Adam Scott: There may be. I'm sorry, it's not an area that I'm overly familiar with.

Mr. Darrell Samson: Maybe we could get an answer from Industry Canada on that question.

I've written a letter, and a second one is on its way this week. Many people have written to the municipal council, as well as Industry Canada. They are finding a deaf ear. It seems like, if I understand it correctly, the provider has all the power in the world, and can pretend to consult but does not really have to consult. That's unacceptable, in my opinion.

The Chair: Mr. Samson, I really don't know that this is under the purview of our study or this committee at the moment, so perhaps you would like to ask a question with regard to media availability or to the other things that are on the table.

Mr. Darrell Samson: I appreciate your comment, Madam Chair; however, in my opinion, it does have to do with media because it has access to it, but I will forgive the rest of my time. Thank you.

• (1220)

The Chair: All right, thank you.

Does anyone want to pick up the almost two minutes that are left?

Yes, Julie.

Ms. Julie Dabrusin: I was happy that you, Mr. Schaan, raised one of the issues as being access to Internet. That's something that came up in some evidence we heard from Professor Winseck about Internet access not being universal because of income inequality. That's been raised in my community. I've heard that from people as well. I was wondering if there has been any analysis of that when we're talking about access to media and moving towards the digital shift in media. How do we ensure that people—who may not have access for socio-economic reasons—get to access the Internet? What are we doing at Industry try to increase that access?

Mr. Adam Scott: I can speak to that.

This is an area that we're starting to look at. More typically, Industry Canada's programming has been focused on improving access, and the issue of affordability hasn't been as directly addressed. The primary driver really is competition, and that's one of the most effective means of putting downward pressure on pricing. We do see a number of new providers coming to market with competitive pricing offers, so there's a wholesale framework in place by the CRTC that encourages new entry, and we do see a dramatic impact that those new entrants can have on lowering prices.

You're absolutely right that there is a difference in terms of subscriber uptake based on income. At the highest quintile, it's virtually 100% adoption of Internet services, and at the lowest quintile, I think we're about half or maybe in the 60% range. It's dramatic. It's fair to say that a large portion of those households that don't have Internet service are among the low-income earners. That's something that we're definitely looking at. It's something that came up extensively in a recent CRTC review. Their decision hasn't been issued yet, but there is a lot of evidence filed on that issue. When we talk about digital gaps, traditionally we focused very much on kind of the infrastructure gaps. This issue of an affordability gap is very top of mind.

Ms. Julie Dabrusin: It was mentioned that the Competition Bureau deals with pricing as one issue. I know the finance committee has been looking at telecom as well, I believe. I thought I saw it somewhere there.

Is there something from the Competition Bureau's perspective about how to increase competition with mergers between our telecom companies and affecting affordability?

Ms. Jeanne Pratt (Senior Deputy Commissioner, Mergers and Monopolistic Practices Branch, Competition Bureau): I guess I would speak to that.

We have our merger regulation in review. That's really geared towards making sure that media concentration with respect to a particular transaction is not leading to increased prices for consumers. We also have Julien's shop, which is the competition promotion shop, so we do a lot of work to try to advocate for competition and regulation because competition drives innovation. It's not our enforcement work where we would be doing that; it would be advocating for competition in our telecommunications sector generally.

The Chair: Thank you.

I'll go to Mr. Waugh for the Conservatives.

Mr. Kevin Waugh: I'm just going to pick up on that. When you look at the competition, is there a window that you look at? Is it a year out? Is it five years out? What is the rate of increase, if you can say, for a company that you would look at?

Ms. Jeanne Pratt: I think we look at each transaction on a case-by-case basis. We generally look at 250 merger transactions across all industries in the run of a year, so we are guided by what the competitive dynamics are in the particular industry based on the evidence that we obtain from suppliers, competitors, and customers in the marketplace.

Generally our guidelines would say that it is a forward-looking exercise. We're trying to predict what the competition will look like after that merger transaction takes place. In some cases, it may be that we're looking at a sustained price increase over a few months. It could be that in some industries we're looking at a few years. It really is guided by the particular facts of a particular case in a particular industry, and we're looking at it on a transaction-by-transaction basis.

Mr. Kevin Waugh: Okay. We've heard that the Broadcasting Act hasn't been updated for 25 years. What about the Competition Act? Has it been updated, and if so, when was the last time?

Mr. Mark Schaan: Maybe I can speak to that, just from the policy perspective.

Following the "Compete to Win" Red Wilson panel, substantive changes were made to the Competition Act in 2009. Then there's actually a bill currently before the House, Bill C-25, that makes a small amendment to the act to change and clarify the definition of "affiliate". My shop, in conjunction with our colleagues at the bureau, continue to analyze and assess the continued utility and functioning of the act to ensure that it's meeting its policy objective. Even in the wake of the 2009 substantive changes, where a significant number of the reforms recommended to the act were made, we continued to look at new changes that may need to be made, which resulted in the act that's currently before the House.

• (1225)

Mr. Kevin Waugh: When I look at media, and how it changes almost daily, I think seven years to update the Competition Act seems rather long, if you know what I mean.

Mr. Mark Schaan: Yes. The important thing about the act, though, is it is an act of general purpose, and it's not sector-specific. It sets out general principles that allow us to be able to continue to work on things like deceptive marketing, collusion, and then mergers and other transactions. Essentially, the assessment of those would be guided by principle, not necessarily by any new factor or information

that's particular to the segment or market. In the zone of telecommunications—and Jeanne might be able to speak to this—in terms of how they would approach a given transaction, the goal of the act is to be at the level of principles, and then allow for that new information, which potentially is extremely changing and rapid and agile, to come to bear.

Ms. Jeanne Pratt: We're evaluating the competitive dynamics of an industry at the time that a particular transaction is taking place. That allows the framework of the Competition Act to live, so to speak, in the real world of competition as it's occurring now. What we look at with respect to merger transactions is whether that particular transaction is going to result in a substantial lessening of competition. We're not looking at general consolidation in an industry. We're looking at the particular parties to the transaction, their business, the competitive dynamics in which they operate, to determine whether or not there's going to be a price increase or quality decrease as a result of that particular transaction. If we do find that, we aren't, ultimately, the decision-maker to challenge that transaction. It is the commissioner who brings an application before the Competition Tribunal, a specialized tribunal, who ultimately makes the decision as to whether it's an anti-competitive merger.

Mr. Kevin Waugh: We're seeing that in digital now. Nobody bought Twitter. The group before you talked about digital spending on Facebook and Twitter. How do we regulate this, then, when we have spent at least \$3.6 million on Facebook in the last seven months, and we don't know how much on Twitter? Who regulates this? They're not paying taxes, as we've just heard in this country, so who regulates that?

Ms. Jeanne Pratt: I can speak to what we've seen in recent transactions with respect to digital media, in particular with respect to local news and local voices. What we see there, in particular, is newspaper transactions, the Sun Media/Postmedia merger, the Transcontinental/QMI a couple of years ago, and what we see there is that definitely advertising revenues in the newspaper space are going down. It's a declining industry.

Mr. Kevin Waugh: And Internet's going up.

Ms. Jeanne Pratt: Internet is going up, but it hasn't become a substitute for advertising in local media. We've seen it increasing, but it's still on the margins. It's not part of that product market that advertisers are looking for. What they've told us in those transactions is that they continue to reserve a portion of their budget for that local advertising. It's part of their mix to ensure that they're getting that display advertising of their local products in the way that makes sense for their business.

Mr. Kevin Waugh: Okay. On the Internet now, we're seeing newspapers closing, but we're also seeing at the same time more and more Internet competition. Blacklock's, Rebel, are they regulated by you? Or can I just have an Internet company and start advertising tomorrow and have no regulations?

Mr. Mark Schaan: In terms of the regulation of advertising, as a commercial activity it would be regulated in the various forms that we regulate any commercial activity. If you are found to be anti-competitive or...a significant lessening of competition, you would fall under the guise of the Competition Act. For the purposes of incorporation of that new entity, you would likely choose to incorporate either federally or provincially, and you would fall either under the statute that I have oversight for, the Canada Business Corporations Act, or a provincial statute of that kind, which would require you to set out objectives of your company, and then have a corporate governance structure that would determine your actions. It would depend on what specific aspects of regulation you were looking for in terms of that direct-to-consumer—

• (1230)

Mr. Kevin Waugh: We're seeing more of those now. Would you not agree with me on that? We're seeing newspapers gone—let's say in Kamloops—and I see blogs with advertising on Kamloops.

Mr. Mark Schaan: Yes, and that advertising is regulated insofar as any advertising is regulated. If it makes a false claim, it would fall under the guise of the Competition Act.

This is more in the zone of the Public Policy Forum study that we have been working on. The PPF has encountered a number of local news media Internet-only sites that are filling a vital local news media gap. In northern Ontario there are some of those. On the east coast there are some of those. In Winnipeg there are some of those. In a number of zones, the ease of being able to incorporate in Canada, and the efficiency of being able to set up shop and set up shingle are actually relatively positive factors. We can seize the opportunity of digital and allow for that to fill a potential market void.

The Chair: Thank you, Mr. Waugh. I think we ended that seven-minute session.

Now we go to Mr. Nantel, please.

[Translation]

Mr. Pierre Nantel: Thank you, Madam Chair.

I want to begin by thanking the witnesses for being here.

We have heard so many things that add to our study. We have heard from representatives of print media and local media, which are at the heart of our study, talk about all their difficulties.

Mr. Schaan and Mr. Scott, could you tell me how many individuals in your respective teams have the mandate to deal with this industry?

[English]

Mr. Mark Schaan: My particular shop has roughly 35 people. We look at acts in general. All of my statutes are laws of general purpose. I have a team related to copyright and trademarks. I have a team related to patents. I have a team related to competition insolvency and competition. I don't have anyone in any given sector who looks at a specific sector.

Adam can speak about telecommunications.

Mr. Adam Scott: We have a similar set-up. We're not occupied with content. I have a small team focused on availability of

broadband and broadband policy. They want to know who has it and at what price, and what the competitive framework is. Within the department there's a much larger team that does program delivery, rolling out the government grants and contributions to fund the network. We're network-centric as opposed to content-centric.

Mr. Mark Schaan: Just to add to that, within each one of the functionings of our act, we have stakeholder communities dedicated to understanding the particular need. In copyright, a huge chunk of my stakeholders are publishers and content creators, and I spend a lot of time with them. These are the complexities of a department as large as Innovation, Science and Economic Development. Our functionality is split across different sectors. But in this spectrum, in the information technologies portion, there's a digital policy group that also looks at digital players. In their stakeholder group they have folks who are particularly interested in these digital transformations.

[Translation]

Mr. Pierre Nantel: Thank you.

[English]

You said that you're partnering with Canadian Heritage on consultations.

[Translation]

Are you referring to the consultations of sectoral tables that are currently taking place at Heritage Canada?

Mr. Mark Schaan: Yes. That contract is with the Public Policy Forum. That organization established the contract.

[English]

Over the course of the summer, they held eight or 10 round tables in Halifax, Toronto, Saskatoon, and Vancouver. In the course of those, they were dedicated to the question of the role of the media in the democratic function. I was an observer at the one in Ottawa and the one in Toronto. They were sector-specific.

[Translation]

Mr. Pierre Nantel: Okay.

[English]

But they are not a corollary of the consultations Minister Joly is holding now.

Mr. Mark Schaan: They are not. They are separate. There are a number of intervening pieces. My minister ran the innovation agenda consultations over the course of the spring, summer, and early fall, which had sector-specific as well as geographic-specific—

Mr. Pierre Nantel: So you don't have a representative, for example, in Montreal this week for

[Translation]

The consultation between Minister Joly and industry stakeholders took place last Friday. Many cultural industry stakeholders have told me that they were participating in a sectoral table held with Canadian Heritage representatives, among others.

So you are not part of that specific table?

•(1235)

[English]

Mr. Mark Schaam: No. We have a strategic relationship in terms of our continued discussions with our colleagues at the Department of Canadian Heritage.

[Translation]

Mr. Pierre Nantel: I apologize for interrupting you, but our time is short.

It is very rare for us to get an opportunity to hear from people with your qualifications and knowledge. When it comes to the retail sector, people have been saying for two or three weeks how complicated online sales were for them. In fact, taxes are imposed somewhat, and it's often too beneficial for the consumer. For the same product and at the same price, people are better off buying from Amazon than from a local retailer with a store and an Internet site.

Are any people from your department specifically in charge of retail?

[English]

Mr. Mark Schaam: Yes, my colleagues in the industry sector do have a sector that looks at the retail component. They look at retail across a whole series of sectors, including the e-commerce space, and then they liaise with folks like me in terms of the linkage between that e-commerce activity from a sectoral perspective in how it's then relating to our statute.

[Translation]

Mr. Pierre Nantel: It will certainly come as a relief to them to know that people are taking care of business for them. That has already been mentioned. During the studies, some people told us that the retail trade was being affected by online competition. So my conclusion is that, in the retail sector, you certainly have people specialized in the business, but you do not have people specialized in the media, in culture, in television production, and so on.

Is that correct?

[English]

Mr. Mark Schaam: I'd say yes and no. As a sector, we look at industrial activity in a number of different ways. Our colleagues at—

Mr. Pierre Nantel: —retail—

Mr. Mark Schaam: We do have folks who look at retail—

Mr. Pierre Nantel: —but not at media—

Mr. Mark Schaam: —but at media it would be enveloped because media, as a sector, would be shared with the Department of Canadian Heritage and so—

[Translation]

Mr. Pierre Nantel: Thank you.

I wanted to get that information. I understand that a thousand jobs in the area are still part of Canadian Heritage's governance, which, among other things, works to spread our culture and the things that distinguish us. Unfortunately, the employees working in the area have a little too much on their hands.

In my view, Industry Canada should pay particular attention to this changing area. You mentioned the people working on retail commerce. That's great for them because they need a lot of help. My observation is that the media industry would do well to call on you and bring in resources dedicated to their reality, which is actually quite overwhelming.

I know that I only have 40 seconds left.

I have a quick question for the people from the Competition Bureau.

[English]

The Chair: You have 30 seconds.

[Translation]

Mr. Pierre Nantel: I read in *The Guardian* that the European community is looking into the monopolistic nature of Google.

Could Canada be a leading player there? Could we participate in an international study into the monopolistic nature of Google and the data that the company is accumulating?

Ms. Jeanne Pratt: We did an investigation into Google; it wrapped up in April 2016. We looked into six practices about which we had received complaints. Our investigation took three years. We consulted hundreds of witnesses.

Basically, we found evidence for one problem for which we came up with a solution. In Europe, the dynamics are a little different. They have Google Shopping, which we do not have here.

We conducted an exhaustive investigation into it.

Mr. Pierre Nantel: Would it be possible to send that investigation to us? We would be really interested.

[English]

The Chair: Thank you.

Monsieur Breton.

[Translation]

Mr. Pierre Breton (Shefford, Lib.): Thank you, Madam Chair.

My thanks to our witnesses for being here today. Their expertise is extremely helpful for our study.

Could we talk about broadband Internet access in Canada and the costs for that access?

According to the table presented to us earlier, for example, in Quebec, 96% of households can have access to fixed broadband. I don't know exactly what the word "fixed" means. We see that 77% of those households are apparently connected, are apparently subscribers. I am more specifically interested in the 4% minority, the households for whom it is not possible. I am talking about the particular case of Quebec. Even the fact that it is only 4% bothers me, because they are often people in remote, isolated, rural regions. They have no access to broadband Internet.

Think of our farms in those regions, for example. They have increasingly sophisticated technologies that are very advanced. If we want them to be more and more competitive, they must have broadband Internet access.

What does the department intend to do to ensure better access, for those regions specifically?

• (1240)

Mr. Adam Scott: We have a number of programs, including Broadband Canada.

No, actually, that was the 2009 to 2012 program. Please excuse my error. It is actually the Connecting Canadians program.

This is a \$300-million program, which is designed to improve services all across Canada, specifically in rural areas and remote communities.

You are absolutely right. In any sector of the economy, including agriculture, these technologies are necessary. They are also important for families, whether for education, medical services, or anything else. Basically, everything in our lives now depends on Internet service. Through the program, 280,000 people and their households will be connected. It should be complete in 2019.

This is the program in effect at the moment. The most recent budget includes another \$500 million. This is for a program that is a little different and will not be focused on a minimum residential speed. Instead, we are talking about connecting communities to a service that can sustain innovation. We are starting to talk about fundamental changes.

[English]

We are talking about really big changes. What can that do to a community as opposed to just insuring to that baseline minimum?

Government action is definitely taking place. I think it's important to note that in Canada, the vast majority of the network is built and supported by the private sector. The government role has been focused on filling those niches where the economic model just doesn't make sense. It's incredibly expensive. If you're talking about a remote community, it's difficult to get the service there. If you're talking in an agricultural region, a rural area where the population density isn't high enough, it becomes incredibly difficult to support the network, based on the revenues you would collect from it.

[Translation]

Mr. Pierre Breton: The Competition Bureau officials will probably be able to answer my next question.

People often talk to us about the high prices they have to pay for Internet access.

Could you tell us about the current state of competition between Internet service providers?

Mr. Julien Brazeau: As we mentioned previously, when we study a specific market, we do so on a case-by-case basis. We do not do comparative studies. We do not study a sector for a specific period. We have no monitoring activities in a particular sector. For us, it really depends on the facts, on a specific case. That is why we cannot necessarily provide an opinion on the current status of competition in a specific market. As I told you, it depends on transactions as they arise and on conditions in the market at a specific time.

[English]

The Chair: Thank you.

We can go to the second round now. I think we'll have a three-minute round.

I'll begin with Mr. Maguire.

Mr. Larry Maguire: Thank you, Chair.

It's been a couple of decades since I appeared before the Competition Bureau on grain company mergers and that sort of thing in the Prairies, but this is a little different. You mentioned that competition drives innovation, Ms. Pratt. Can you or Mr. Schaan expand on the Competition Bureau's view of whether or not regulations are in place or things that would prohibit private digital media people from setting up small news sources in their own areas?

• (1245)

Ms. Jeanne Pratt: We would look at whether there are barriers to entry, and how high those are. Generally for media, I think they'd be less than a grain operation where you need strong distribution and a lot of infrastructure. We do take each case as it comes.

We drank the purple Kool-Aid that competition drives innovation, and we look through that lens when we're doing our enforcement work. For example, we have a case before the Competition Tribunal right now on innovation in the real estate sector against the Toronto Real Estate Board. We are constantly looking at that aspect of competition as well to make sure we are maximizing all opportunities for Canadian consumers to have lower prices and better products.

Mr. Larry Maguire: I wasn't trying to make a comparison between the grain industry and digital media. There is none, as far as I'm concerned.

Mr. Brazeau, you have the price and the non-price in your presentation in regard to making sure that things are okay under the Competition Act. How much do you put into the quality, choice, service, and innovation in regard to that side of whether these types of businesses can be established?

Ms. Jeanne Pratt: I guess I'd speak from the merger perspective.

We're looking at whether it's going to be negatively impacted by a particular transaction. Generally, we're looking at aspects on which the parties compete. Those would be things like service, quality, price, whether we're going to see a decrease in the drive to innovate as a result of a merger.

Those are our predominate focuses when we're conducting a merger review.

Mr. Mark Schaan: I'll just add that for new entities, organizations that wouldn't be as a function of a merger or an acquisition, one of the drives towards innovation within Innovation, Science and Economic Development is to facilitate ease of doing business. That is one of the reasons why incorporation in Canada remains an easy process. It's an online process. It allows for the entity to be able to set up relatively quickly. Then, in terms of regulatory burden, we have a consistent eye in trying to ensure that there's a relative ease.

In this particular market, for an Internet news entity, the barriers to entry would be relatively low.

Mr. Larry Maguire: In regard to—

The Chair: Thank you. That's it, Mr. Maguire.

Now I go to Mr. Vandal, three minutes.

[Translation]

Mr. Dan Vandal: Okay.

[English]

There's data that show that five of the largest broadcasters own 85% of the revenues in broadcasting. Several witnesses we've had over the last few months have indicated that there's not enough competition in the industry.

Do you have an opinion on that?

Ms. Jeanne Pratt: I'll say what I've said before. My opinion is formed on the basis of each transaction as it comes. Market shares in and of themselves are not a focus of ours. It is a sign that we will probably look a little deeper when we're looking at a transaction. It's likely that we will be taking a lot more time to look at the facts to see what the impact of the proposed transaction will be. However, it's not necessarily a cause for us to intervene in and of itself.

Mr. Dan Vandal: Do you have anything to add, Mr. Brazeau? No?

Okay, I'm going to reference the graph that Monsieur Breton referenced, which says that in my province, 98% of the residences or households already have broadband access to Internet. That was quite surprising to me. Across Canada, it's 98% or 99%. It's higher than what I thought. Although not everyone is subscribed in Manitoba, 74% of the households are subscribed.

In what regions it is most difficult to access broadband or Internet in Canada? I know it's largely in the north, but could you be a little bit more specific than that?

• (1250)

Mr. Adam Scott: The communities that are most in need, we identify as satellite-dependent. These are communities where there is not terrestrial infrastructure in place. They need to rely on a satellite, which means they're shooting a signal literally into space and waiting for it to come back down.

There are 25 communities in Nunavut that are satellite-dependent. There are no roads, no access to the electrical grid. They're fly-in communities. There are 14 satellite-dependent communities in northern Quebec, in the Nunavik region. There are several in northern Manitoba, first nations communities primarily in the northern part of the province that are also dependent on satellite. Those are by far the most difficult to serve. You don't have existing infrastructure that you can build on. You don't have hydro towers that you can string fibre optic across. Those are extremely challenging. Those are the remote communities.

We talk about two parts of the network. There's the last mile, and then there's the first thousand miles. The nature of the problem is different. In some areas, the reason you don't have Internet service is because with the distance from one customer to the next, the density is not there. With others, it is literally building that first thousand-mile infrastructure to even get a connection into the community or into the region.

So there two different types of problems.

Mr. Dan Vandal: Given the fact that—

The Chair: Thank you. Sorry, Mr. Vandal.

Mr. Nantel, for three minutes, please.

[Translation]

Mr. Pierre Nantel: Thank you, Madam Chair.

Mr. Schaan, our study on regional media clearly showed that many jobs are changing. For example, the local weeklies told us that their work used to be focused on analyzing and checking news about community events, news that they published once a week. Today, however, the weeklies have to publish information every day. So they need a huge amount of assistance.

We agree that, ideally, the Department of Industry would do well to take an interest. There are certainly adjustments to be made, as in every industry faced with competition, whether from outside or inside. Programs must be put in place to support this industry. It is particularly important because it allows communities to express themselves, to have a voice, and not to feel isolated at the end of a side road surrounded by countryside. Basically, they also need to know what is happening where they live.

However, culturally, the Internet does not just present a challenge or competition in terms of advertising, but it also has exclusive streaming providers of music, television and film. So that raises challenges in terms of access to those platforms. It is as if these new media outlets had invented a machine and that people had to get used to a new production format. But the content is not new.

Let me explain. Culture is still compatible with the technology, but our industrial system is not at all set up for it. At the moment, the system has been caught with its pants down. We were able to see during Minister Joly's consultations last Friday that there is certainly a great opportunity for our cultural industry to get access to those streaming platforms. However, there is also a huge challenge for the cultural industries, which, if they can use the global platforms, have to be part of a major international supply of content. That is the current challenge.

The CRTC has come up with figures from its analyses. I do not know whether all members of the committee are aware of them. Last week, that CRTC presented data in *La Presse* that showed that 61% of young people from 18 to 34 use Netflix. That is a huge penetration rate that, in industrial terms, Canada cannot achieve for all kinds of broadcasting reasons. Do you think that we can expect specific attention to this situation from Industry Canada, including monitoring and recommendations?

[English]

Mr. Mark Schaan: At Innovation, Science and Economic Development Canada, one of the tenets of the inclusive innovation agenda was the adaptation to the digital world, recognizing that a huge piece of the economy of the future, the modern economy, will be in this new world of Internet of things and streaming platforms and access to these sorts of digital industries.

In the same way that Minister Joly is consulting currently with respect to what that means for cultural policy, with a linkage over to what Minister Bains has been consulting on with respect to what that means for an innovation economy, we very much pay close attention to what this means, both in my world in terms of what that means for marketplace frameworks and what we need to provide as a foundation for innovation, but then also at the broader level of what sorts of supports, potentially, and even the linkages.... That is more outside of my remit, but some of my colleagues are looking at things such as the coding capabilities of young Canadians and the degree to which we're incentivizing and ensuring that we have both the talent and the workforce required to be able to participate effectively in that global digital world, but then also the business smarts and savvy to be able to create and adjust to those platforms.

● (1255)

[Translation]

Mr. Pierre Nantel: Thank you.

[English]

The Chair: Thank you, Mr. Nantel.

Before we leave, I have a question. What we have heard from witnesses over the course of this study and what we want to know as we develop a study and recommendations have not really been addressed, and I wanted to ask you some questions. They may sound very simple, but they are at the heart of what we're trying to find out.

For the Competition Bureau, you have said it is about the economics of the whole thing. That's what you look for in your objectives and your bottom line. At the same time, you're saying if it spurs innovation... We're finding that because those monopolies don't pay any taxes in Canada, such as Google, Facebook, and Netflix, etc., they have a competitive advantage over our telecom industry, that has to pay taxes. As a result, things like shomi and other broadcast media have died the death. We're finding that our own telecom competitors and broadcast competitors can't afford to compete because they have to pay these taxes and these others don't. They have full access, as industry would say, to our airwaves. They have full entry and full access, but they don't pay any taxes. They have a huge advantage.

We're looking at competition, and at the same time not just in economic outcomes. If we look at the very heart of a democracy, it requires a diversity of voices and requires local voices to inform, so that Canadians can make informed choices, and that's not happening. We're finding that is going. It's not there anymore. Journalistic integrity, independence of journalism, and diversity of voices, those things are being harmed daily in this country.

My first question is about finding that there isn't any better innovation being spurred by this competitive disadvantage that our telecom industries and broadcast industries face. Secondly, what about democracy? What about diversity of voices? Has Industry Canada looked at it from that perspective? That's an important piece to look at.

If you could each try and give me a quick and dirty answer on this, I'd be happy to hear it.

Mr. Mark Schaan: I'll start at the policy level on the diversity of voices piece.

With respect to the specific aspect of diversity of voices, as my colleagues from the bureau have indicated, it's not in their act to necessarily look at transactions within that lens. There are aspects of diversity of voices that are captured by lenses that are afforded to the bureau, particularly when it looks at the degree of competition, the number of competitors in a space, and the degree to which one competitor may negatively impact the overall state of the sector. While it's not a formal lens necessarily that we apply or that we've given to the bureau to look through, their economic analysis does have implications for the diversity of players in the marketplace, because lots of those economic impacts would be driven by the number of players in that zone.

I would like to answer the question of whether there is sufficient diversity of voices for the democratic function and for the civic function. I would say that part of the rationale for the Public Policy Forum study that we've commissioned is to try and understand what role that's playing, both from an economic perspective at Innovation, Science and Economic Development Canada, and also for my colleagues at the Department of Canadian Heritage, to try and ensure that we have had some assessment to look at what the marketplace may require to ensure that the vibrant marketplace in a digital era, as well as compelling that rationale for the civic function is maintained.

● (1300)

The Chair: Thank you.

Perhaps the Competition Bureau can answer my question about the fact that, indeed, there's an economic disadvantage. Our telecom and broadcasters are losing this battle. What is your comment on this?

Mr. Julien Brazeau: With the issue of regulation, I think you've pointed to Netflix and others as not being regulated the same way in Canada as it is in other countries. That is a concern that we have heard in the past. I would say that within the four corners of our act that's not a consideration that we take a look at particularly for whether the company is subject to any type of regulation, whether it be income tax or other considerations within the country. We do look, as my colleague Jeanne has mentioned, at the economic impact of a given transaction, and that really is the focus of our lens.

The Chair: At the moment, there is a negative economic impact in terms of Canadian telecoms and Canadian broadcasters.

Anyway, thank you very much. It was very good to have you here. Hopefully you've answered some of the questions that are flitting around in our little brains here, trying to make sense out of what we've been hearing from so many people with regard to access.

Thank you very much.

Would someone move that the meeting adjourn?

Hon. Peter Van Loan: I so move.

The Chair: The meeting is adjourned.

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