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Chair

The Honourable Michael Chong

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• (1530)

[Translation]

The Chair (Hon. Michael Chong (Wellington—Halton Hills, CPC)): Welcome to the 27th meeting of the Standing Committee on Canadian Heritage, this Tuesday, November 2, 2010. Pursuant to Standing Order 108(2), we are examining the topic on the agenda, emerging and digital media: opportunities and challenges.

[English]

We have in front of us this afternoon representatives from the Canadian Radio-television and Telecommunications Commission, Mr. Traversy and Mr. Anani.

Welcome to you both. You may begin with an opening statement.

Mr. John Traversy (Executive Director, Telecommunications, Canadian Radio-television and Telecommunications Commission): Thank you for the opportunity to be with you today.

My name is John Traversy. I'm the executive director of telecommunications at the CRTC. I am joined today by Namir Anani, executive director of policy development and research.

We would like to focus our comments on the following question, which was included in your study's terms of reference: what could be done to ensure that all Canadians, no matter where they live or what their socio-economic status is, have access to emerging and digital media.

As you know, digital media is part of how Canadians live and conduct business. Canadians are getting more and more of their information and entertainment from the Internet and through mobile devices. Content is available from almost anywhere at any time. This has given consumers more control over what they watch and when they watch it than ever before, and as a result business models are evolving to keep pace so that Canadian media companies can compete in the global environment.

Of course, none of these things are possible without an Internet connection, and more often than not in today's world, a broadband Internet connection. Through the regulation of telecommunications services, the Canadian Radio-television and Telecommunications Commission has a large role to play in making sure that Canadians have access to the Internet.

As to where things stand today, over the past four decades the commission has used economic incentives and other regulatory tools to ensure the deployment of telephone and cable television networks across the country. These nearly ubiquitous networks now serve as the underlying platforms for Internet access. We have relied

primarily on market forces to encourage companies to upgrade their networks or to build wireless and satellite networks in order to allow for broadband Internet access.

Where market forces have not been sufficient, targeted subsidies from both provincial and federal governments have helped to expand broadband to rural and remote areas. Industry Canada funded a \$225 million broadband Canada program to connect rural Canadians to the Internet. Several provinces have forged partnerships with the private sector to extend coverage to their residents. Prince Edward Island, New Brunswick, and Nova Scotia now claim to be at 100% coverage.

[Translation]

As a result of these efforts, broadband Internet services are widely available in Canada. Broadband Internet services are available to 95% of Canadian households through telephone, cable or fixed-wireless networks. Most households that do not have access to these services can still get broadband Internet through a satellite connection. In addition, 96% of Canadians can access the Internet using a mobile device.

[English]

I'd now like to turn to the CRTC's role in ensuring that all Canadians have access to basic telephone and Internet services.

Given that Canada has a small population spread across a vast and diverse landscape, it has been a challenge to deliver a high-quality, reliable, and affordable telephone service to all. In the late 1990s the CRTC instituted measures to ensure that all Canadians had access to basic telephone service regardless of where they lived.

As part of these measures, the commission developed a minimum target for residential services that included access to dial-up Internet services at local rates. These measures have worked well for considerably longer than 10 years. Today, over 99% of Canadians have access to telephone services that meet or exceed our basic requirements.

However, dial-up Internet just does not cut it anymore for many consumers in light of the significant competitive and technological developments over the last few years. In response, the CRTC is in the process of reviewing its approach to basic telecommunications services.

I was at a public hearing that began in Timmins last week on October 26 and continued this week in Quebec on November 1. The CRTC has invited a range of interested parties to provide views on a number of key questions.

Not surprisingly, the most pressing questions revolve around the Internet. Does the CRTC have a role to play in the provision of high-speed Internet services where these are not currently available? Should a goal be set whereby all Canadians have access to high-speed Internet services; if so, at what speed and in what timeframe? The commission expects to publish its determinations by March 2011.

Mr. Anani.

• (1535)

Mr. Namir Anani (Executive Director, Policy Development and Research Sector, Canadian Radio-television and Telecommunications Commission): Thank you, John.

Now I'd like to turn the focus to the framework for Internet traffic management practices.

Traffic over Internet networks has been increasing at a steady clip, with online video content now emerging as the largest category of data. With more and more people accessing the Internet through broadband connections, there is the likelihood that demand will exceed capacity. When that happens, users may find themselves in the cyberspace equivalent of a rush-hour traffic jam.

In October 2009, the CRTC announced a framework for Internet traffic management practices. As a starting point, the commission recognized that users should have as much freedom as possible to explore the Internet. But at the same time, Internet service providers, ISPs, should have the flexibility to manage the flow of data over their networks to ensure that their users receive an acceptable level of service.

The framework makes it clear that when congestion occurs, an ISP's first response should always be to invest in more network capacity. That being said, the commission recognizes that expanding and upgrading a network is not always the most practical solution. Other practices can be employed to ensure a network's integrity at peak usage times. These practices fall into two categories: economic measures and technical measures.

The main points of our framework can be summarized in the following way.

When traffic management is necessary, it should be done through economic means. Consumers should know in advance what they will be charged for the amount of bandwidth they need.

Technical measures should only be used as a last resort. The means employed must be as targeted and minimal as possible to achieve the desired results. They also must be non-discriminatory and cannot give an advantage to the network operator employing the measures.

We now require ISPs to inform their customers in advance if they intend to use an Internet traffic management practice. Customers must be told how the practice will affect their service, including the specific impact on speeds.

We developed a framework to review Internet traffic management practices that raise concerns or generate complaints. The framework spells out how we will judge complaints. The commission has received only a small number of complaints over the course of implementing the framework this past year. They have been resolved with minimal regulatory intervention.

[*Translation*]

Now I would like to address the new media exemption.

The CRTC has also been working to ensure that its regulatory approach to digital media remains effective in the context of changing needs and technological developments. In June 2009, the Commission announced that it would continue to exempt from its licensing requirements services that deliver broadcasting content over the Internet or through mobile devices. This decision reflects the Commission's view that these platforms currently act in complementary fashion to the traditional broadcasting system. Any regulatory intervention would only get in the way of innovation.

The Commission also made a reference to the Federal Court of Appeal to find out whether the Broadcasting Act applies to ISPs to the extent that they provide access to broadcasting content. In July, the court ruled that the Broadcasting Act's reach does not extend to ISPs. Given the dynamic nature of the digital media environment, the Commission expects to review the regulatory approach within the next four years.

The Commission also looks forward to the results of the recent consultation on a digital economy strategy and will consider how it can best contribute to the government's efforts in this area.

• (1540)

[*English*]

In conclusion, digital media continue to change our world at a rapid pace. The CRTC recognizes this new reality. We are working to ensure that our regulatory approaches continue to be appropriate for the competitive and technologically driven environment of today. We will continue to look for modern tools with which we can do this effectively.

In particular, one of the tools we are hoping to acquire is the ability to impose administrative monetary penalties across all our activities. This would allow the commission to adopt a less restrictive approach to regulation and ensure a level playing field for all competitors as we move forward into the opportunities of tomorrow.

Thank you very much. We would be pleased to take your questions.

The Chair: Thank you very much.

We had originally planned for five-minute opening statements, but that statement was ten minutes long, so there will be only 35 minutes for questions and comments by members of this committee, beginning with Mr. Simms.

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

Thank you to our guests who have come to us from the commission.

I would start by saying that I enjoyed seeing some of the emphasis placed on access to broadband Internet. My riding has 191 communities, and 54 communities have no access whatsoever to broadband Internet.

The problem with that is not just a consumer problem, but a business problem. It's hard for a small community that loses its plant to attract business when it doesn't carry broadband Internet, because companies now buy capital assets through the auction houses and these sorts of things—through the Internet—and it's just impossible for them to do.

But where do we go at this point? My understanding is that over the years it has always been that the CRTC relatively had its hands off the Internet, certainly when it came to content. How do you do this? How do you push the fact that we need 100% penetration across this entire country?

Mr. John Traversy: Well, setting a goal might be an important starting point.

The testimony we've heard over the last couple of weeks, starting in Timmins, was interesting. The statistics that are currently being provided to us are quite impressive, and our own monitoring report shows also that broadband is currently available to about 95% of the Canadian population. That's excluding satellite and mobile wireless, and it's using a broadband definition of 1.5 megabits per second.

It's interesting that we had some representatives from Barrett Xplore in Timmins last week who were telling us that they already cover, in their view, the last 5% of Canadians. Of course there have been pricing issues and there could be capacity issues with satellite, but they went on to explain that they have recently concluded transactions for a couple of high-throughput satellites, and as a result, in their view over the next 12 months they will be able to deliver a 10-megabit service to residents and perhaps a 25-megabit service to businesses. We'll wait to see how that turns out.

Mr. Scott Simms: Okay. But in the meantime, if we are going to promote 100% penetration, obviously we're in a position in which we have the P3 system of public-private partnership and so on. I still don't know what the role of the CRTC is in this and in mentioning it.

Given the way you regulate, I don't see how it's going to work out. For instance, you indicate in your notes that you're okay with live streaming of content from a television station over the Internet as well as over a PDA, because you already regulate TV signals in general. Is that correct? Am I reading this correctly?

Mr. Namir Anani: Maybe I can expand on that.

As you know, as a result of the new media hearing there was overwhelming evidence that this environment is very innovative and experimental, and a hands-off approach was necessary.

Obviously the commission made the decision to exempt that environment going forward. And since then we have seen evidence that competition is taking place in that environment. We have seen Rogers On Demand, we've seen illico from Quebecor, we've seen others who are presenting portals online and presenting content online. The approach the commission took in exempting that environment led to the industry's competing in that environment more aggressively.

You raise the issue of the content aspect. Let's not forget that there are several different funds available for content development. The CMF goes a long way towards providing, in its new form, content that supports the development of different programming on different platforms.

• (1545)

Mr. Scott Simms: But you don't regulate whatsoever. You're just saying it's hands off the Internet, period.

Mr. Namir Anani: That's correct.

Mr. Scott Simms: Okay.

Do you want to ask a question?

The Chair: Go ahead. You have some time. It's very limited.

Mrs. Bonnie Crombie (Mississauga—Streetsville, Lib.): With respect to exempting broadcasting content over the Internet, do you think Bill C-32 goes far enough in supporting your decision to exempt?

Mr. Namir Anani: Well, I think this issue is being debated today, so we'll wait to see how it evolves.

Mrs. Bonnie Crombie: You spoke of penalties, and an issue has come up in the legislation called "notice2notice". Are you in agreement with notice2notice?

Mr. Namir Anani: The penalty approach that we are emphasizing here is that.... If you look at several countries that took different strategies, whether Digital Britain, or Digital France 2012, or others, they had several pillars: access, content, and so forth. But they're also addressing components of what type of modern regulatory environment we need going forward.

I think it's important to look at the tools regulators such as we are would need within that environment. When we mentioned AMPs, the administrative monetary penalty tool, it's because we need to move from an environment that is restrictive, in which we ask industry to come back to us for pre-approval of every change they make, to an environment in which we'd act only when we have non-compliance.

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

Madame Lavallée.

[*Translation*]

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

Good afternoon, gentlemen. It's a pleasure to meet you.

There are some things I don't really understand. In your presentation you say this:

In June 2009, the Commission announced that it would continue to exempt from its licensing requirements services that deliver broadcasting content over the Internet or through mobile devices. This decision reflects the Commission's view that these platforms currently act in complementary fashion to the traditional broadcasting system

We agree that "mobile devices" means telephones. If I understand correctly, you made this decision assuming that, in any case, this was supplementary; that it was broadcasting, but that you were nevertheless going to exempt it. So you decided not to regulate mobile telephones.

Then you say you "made a reference to the Federal Court of Appeal to find out whether the Broadcasting Act applies to ISPs." I don't know why you yourselves made the decision in one case and referred to the Federal Court of Appeal in the other. If I understand correctly, you didn't ask whether that applied to mobile telephone services "to the extent that they provide access to broadcasting content."

In addition, when your chairman, Mr. von Finckenstein, appeared before the Standing Committee on Industry, Science and Technology, he said he wanted the three acts, the Broadcasting Act, the Telecommunications Act and the Radio-Communication Act, to be merged. Allow me to tell you that I am absolutely confused about the orientations that have been adopted, the means used to justify those decisions and the fact that your chairman concluded that these three acts should be merged.

I am very confused, and, very fortunately, I am not the only one. Today, for the average person, the telephone, Internet service, computers and television are starting to resemble each other quite a bit. Furthermore, when you plug a PlayStation console into your television set, you have the Internet directly on your television. I don't understand. Explain that to me.

• (1550)

Mr. Namir Anani: I'll try to do that. We did make that request. On a number of occasions, our chairman started a debate on convergence, on the fact that we need a communication act that, in a way is convergent. We can cite England's Ofcom agency as an example.

The reason is simple: for a number of years now, we have noted that there increasingly is convergence and consolidation in this environment. Recently, there was a merger between Shaw and Canwest. We are studying that between CTV and Bell. Everyone thinks they should offer innovative services on new platforms.

All that to say that we are currently subject to two acts: the Broadcasting Act and the Telecommunications Act. The rules are different in some instances. However, it is important, in an environment where convergence prevails, for the rules to be clear, simple and easy to enforce by means of modern tools that enable us to move forward. That's why we have started the discussion on a potential convergent communications act.

Mrs. Carole Lavallée: I find it interesting you that should mention rules that are "clear, simple and easy to enforce" because that's exactly what the entire industry is demanding from the CRTC. However, we can see that the situation is entirely the contrary in the case of mobile telephones and Internet service providers. Your approach and your reasons were different. We don't understand why, in order to enforce clear rules, the CRTC first of all did not strongly defend the need not to exempt other mobile telephones or Internet services.

Mr. Namir Anani: I'm going to go back to the hearing on new media. The people who testified clearly said they wanted the new platforms not to come under the CRTC's jurisdiction. The reason is simple: those people want to be competitive in that environment. However, the rules set for a limited spectrum period and a very specific Canadian geography do not apply in that environment. We found that the witnesses' information was complementary. That's

why we made the decision to exempt that environment. We are nevertheless going to monitor that closely.

[*English*]

The Chair: Mr. Angus.

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

I'm so glad you are here today, having launched the hearings in Timmins last week, where I was expected to be. However, in the world of politics, the person who is higher up than I am in the food chain is the whip, and he said it didn't matter that there were national CRTC things happening in my hometown. He said I was to take my spade and get back in my trench and keep digging here in Parliament, so that's where I was dutifully doing my work.

If I had been in Timmins, I probably would have started off telling the story of my daughter, who was in Kigali, Rwanda, on an education program and who came back and said, "Gee, Dad, it was amazing being in Rwanda, because they have free Wi-Fi in Rwanda and much better high-speed Internet and than I can get in downtown Ottawa." Of course we expand that out into the jurisdictions.

Like my colleague Mr. Simms, I represent a riding bigger than Great Britain. It is true that for perhaps 95%, broadband is available, although I would certainly question that number. When I talk to the telcos, they tell me that in terms of obligation to serve, dial-up is as far as they want to go. Dial-up—why don't we just use tin cans and string? I'm sorry, but 1.5 megabits is not high speed. It's not. If we are doing long-distance education programs with anything less than a 5-megabit download, people can't access their programs. In my region, where I have people in isolated little communities who want to get retooled in education, if they can't do this online program, then it doesn't really exist.

I'm looking at the role, and clearly it is an obligation of industry. It's an obligation of government to put the standards in place. When we look at Australia, which is undertaking the largest infrastructure program in their history, to have 93% hooked up at 100 megabits per second, it seems to me we're saying that we're going to go from the horse and buggy to the Model T, and we're going to get it up and working in 95% of our communities across Canada while Australia is at 100 megabits, Sweden is at 100 megabits, Korea.... Do you think, from what you're hearing, that we just have a really meagre vision of what is possible in terms of broadband speeds?

•(1555)

Mr. John Traversy: The questions and analogies you raise are the exact reasons we decided we would include broadband in our current review of what should be included in basic telecommunication services. What speeds there should be, what the target should be, how fast we should roll out: all those things are currently on the table in the proceedings that we've been hearing. We've heard a wide variety of testimony, and as you say, some don't think there's any role for the CRTC or really, for that matter, government, besides maybe setting an overall general strategy of what the target should be while letting the private sector and market forces do their work. Arguably, there have been some strides made in Canada to roll out broadband to Canadians.

There are others, of course, who, like you, are putting out on the table the targets they've come up with in other countries. They're clearly in front of us, and there is a wide variety of targets. Some have come forward and said it should be 100 megabits by 2015 or 2020 and have compared that to what the Australians have done. They have compared it to the broadband strategy they came up with in the U.S., that very shortly it should be four megabits, and then we should have a further strategy to get us to 100 megabits for a certain percentage of the population by a certain timeframe. All those things are in front of us, and we agree that this is important, and that's why we're taking a look at it right now.

Mr. Charlie Angus: One of the concerns of the New Democratic Party is that we feel there aren't enough tools in the tool box. That was one of the reasons we wanted to amend the Telecommunications Act: we don't believe subsection 27(2) and section 36 give enough tools to ensure there's no monkeying around with content.

We believe the issue of net neutrality is becoming more important. We have Rogers On Demand. We have Vidéotron and Quebecor as basically one entity now. Shaw runs its own television station. Bell is running its television station. They have small third-party ISPs who are very concerned about usage billing and whether they're going to be snuffed out by anti-competitive practices. We don't have very many players in this market in terms of ISPs, in terms of phone operations. They are the same people who are now controlling much of the content.

We feel we need very clear rules to ensure, number one, that the Internet continues to develop, and number two, that there are no anti-competitive practices. I'm interested in your recommendation for administrative monetary penalties. We've gone through this a few times in the past with Shaw and Vidéotron in particular, and it appears to us that unless we have some enforcement measures, we can be in a situation in which you can say what you want and we can say we want, but it would be very clearly anti-competitive. Frankly, actions contrary to the rules of the Telecommunications Act can be flaunted.

What would you suggest in terms of making these administrative monetary penalties come into law, and how would you see them being utilized?

The Chair: Please be very brief.

Mr. Namir Anani: I think you probably have some of the answers associated with that question. I'd be more than happy to

provide information on what the tools are, and the exactitude of those tools, but I think I'd leave it to others to follow up on that.

The Chair: Thank you.

Go ahead, Mr. Del Mastro.

Mr. Dean Del Mastro (Peterborough, CPC): Thank you very much, and thank you to the witnesses for appearing before us today.

Digital technology is obviously changing a lot of how we perceive things. I certainly think it's making the world much smaller. The CRTC was designed in the 1960s, when we decided we'd put a big wall up around the country and try to create a unique Canadian market. I think that challenge is something that the CRTC today struggles with greatly. Communities within a few miles of the border could stick up an antenna and receive those signals anyway, but when it got a little further than that, those signals couldn't be pushed that far, so you were able to create a largely distinct Canadian market.

Now we have the advent of the Internet. Mr. Angus is lamenting about some of the access to broadband and so forth, but last week he indicated something that I think is very true, which is that his kids don't watch TV; they're on YouTube. My nieces are on YouTube every night. They don't watch TV; they're watching what they want to watch, on demand. I was interested to see that we now have Apple TV, and Netflix has come to Canada.

Can you confirm if there are any Canadian content restrictions on Netflix or Apple TV in Canada?

•(1600)

Mr. Namir Anani: There aren't specific ones, no.

Mr. Dean Del Mastro: I'm not advocating that there should be. I don't believe there should be. I've been saying for some time that it's about time we had a review of the Broadcasting Act to determine exactly what the role of the CRTC is in moving forward in the modern digital environment. What is it that we're trying to accomplish? I think providing a stage and making sure that Canadian artists and quality Canadian content can access a global market is critically important for government, and I think it's of interest to all Canadians.

When the chair of the CRTC was here before, I said that the CRTC was established to be king of the sandbox; now the sandbox is in the middle of the beach. We're still trying to say who can play with the toys in the sandbox, but frankly, Canadians have a lot of access in terms of where they're going to go for their content.

If we look at modern technology and the choices Canadians are making, I'd relate this somewhat to vertical integration. You've indicated that you want to have a hearing on vertical integration and that you're concerned about it and where it's going, but if we look at examples like Netflix and Apple TV, clearly they are the models of where broadcasters want to go. They want to be able to provide people with the programming they want to watch, when they want to watch it, in the format that they want to watch it in.

How is the CRTC looking at that? What adjustments are you making, and what are your considerations with respect to that issue?

Mr. Namir Anani: As a result of the new media hearing, we mentioned that we will continue to monitor that environment. But it's clear that if you look at the landscape as it is now, there are many Canadian companies that have actually developed content and provided it either on iPhone or online. You hear radio now from different companies, whether Corus, the CBC, or others; Rogers Online is available; illico provides live TV from Quebecor. They're actually competing with the best of the best out there.

Although this environment is complementary, industry has taken action to provide content and make it visible in that environment. But it raises larger questions. In this abundance of content, how do you make Canadian programming or content more visible? How do you promote it and make it more visible in that world?

Mr. Dean Del Mastro: How much time do I have left, Chair?

The Chair: You have about 30 seconds left.

Mr. Dean Del Mastro: I don't have a lot of time.

I guess I'll close by again thanking you. I look forward to your appearing in the hearing we're going to have on vertical integration, because I think there's some commonality between what we're looking at here and what that study will be looking at.

Thank you.

The Chair: Thank you very much.

Madame Crombie.

Mrs. Bonnie Crombie: Where do I start? Let's talk about ISPs again.

CRTC ruled that ISPs aren't broadcasters, yet in June you said that a reassessment would be required if their role changed. Has there been a reassessment yet, and do you plan on doing one?

Mr. Namir Anani: You probably know that this went to the Federal Court of Appeal, and they categorically said that ISPs do not fall within the meaning of the Broadcasting Act. But there is another case now at the Supreme Court, and we'll wait to see what results. It's by the cultural communities. We'll wait to see what results come out.

•(1605)

Mrs. Bonnie Crombie: How will you measure consumption and availability of broadcasting content in the new media specifically? Secondly, how will you do so for Canadian broadcasting content in the emerging and digital media?

Mr. Namir Anani: It's a good question. As part of the proceeding on the new media, the commission made a decision to establish a new media measurement working group with the aim of having a better understanding between the cultural groups, the industry, and others, and to participate in that group with the aim of having better metrics of this environment and being able to measure it.

Establishment of this group is in the initial phases at the moment, but we look forward to seeing some standards and metrics developed as we go forward.

Mrs. Bonnie Crombie: Great.

Finally, on the issue of net neutrality, you've ruled on the matter and said that ISPs must ensure that the ways they use to manage traffic must not be "unjustly discriminatory or unduly preferential".

How do you ensure that ISPs manage Internet traffic in ways that are not unjustly discriminatory or unduly preferential?

Mr. John Traversy: We had a major proceeding in 2009 on net neutrality. We called it the Internet traffic management practices framework. We set up a framework, actually, and it's going to be complaint-driven. If we get a complaint in from an ISP, or from a Canadian who's concerned about traffic management, it will come to the commission, and we'll take a look at it through the framework. Some of the things we will consider are the purpose of the ITMP; whether the discrimination or preference created by the ITMP is as minimal as possible; whether it's designed to get to the specific purpose, which is traffic congestion with minimized unintended consequences for either the users or the content providers.

Mrs. Bonnie Crombie: Can I just ask as well, are there enforcement measures to prevent these practices? Have they ever been used before?

Mr. John Traversy: As we mentioned in our opening comments, all complaints that we've received to date have been resolvable very easily. Most of them have been related to disclosure requirements. We want to make sure that if any ITMPs are used by ISPs, they're prominently displayed on the website, to make sure that everybody realizes just what the consequence is, what the ITMPs are, what the effects are, and how these are going to impact on the user experience. We've had cooperation completely from ISPs, so it is working.

The Chair: Thank you very much.

Madam Dhalla.

Ms. Ruby Dhalla (Brampton—Springdale, Lib.): Thank you very much for coming today.

I want to touch on an issue Mr. Del Mastro raised in respect to the changing dynamic of the emerging and digital media.

Given the ruling that the Federal Court of Appeal made in July about the Broadcasting Act not applying to ISPs and the need for an overall review of the CRTC and their regulatory framework for some of this emerging and digital media, could you provide the committee with some suggestions as to possible recommendations and what the committee could do in its report to ensure that we can keep up with this fast-changing pace?

As Mr. Del Mastro was saying, the kids these days are all on YouTube, all on the Internet. How do we ensure that there is a component of Canadian content? How do we ensure that there are levels set for children to get the appropriate material? What suggestions would you have for the committee?

Mr. Namir Anani: Clearly this is a large question that we'd have to come back to you on. But it goes back to the modern tools that we need. I would be more than happy to provide something to you, in terms of what tools in addition to any AMPs are needed in this fast, innovative, experimental environment in which we need a hands-off approach and only intervene when there is non-compliance in that environment.

Ms. Ruby Dhalla: Does the CRTC have a working group set up in the process right now? As the policy and research executive director, do you have any type of group under way here? Are you in consultations with individuals to ensure that the parameters of this type of framework to keep up with the fast-changing pace can be addressed?

Mr. Namir Anani: We are clearly looking not only in Canada but also internationally at what different tools are out there. There are good examples out there of countries that have not only implemented a converged act but have developed modern tools to take it forward.

But I think it's fair to say that many countries are looking into this issue, because in any digital strategy it's not only about the access, the content, and the capacity-building. The fourth element, an important element, is really a modern regulatory approach, a modern regulatory system.

The Chair: Thank you very much, Madam Dhalla.

Madame Lavallée.

• (1610)

[Translation]

Mrs. Carole Lavallée: Pardon me, but I hadn't understood we were going to do two rounds.

Mr. Roger Pomerleau (Drummond, BQ): Thank you very much, Mr. Chairman. Thanks to both of you.

I'm going to continue in the same vein as Mr. Angus. He was saying that some services seemed to be better in Kigali than here. I come from the Drummondville area, which is surrounded by 20 small villages. The government has decided to invest money in order to accelerate access to high-speed Internet in those villages.

That's the decision. I'm telling you what's going on, even though that may not may under your jurisdiction. In spite of everything, I would like you to be aware of this state of affairs and to give me your opinion. When we request money to obtain Internet service, we're told that they can't give us money because we're already being served.

In some villages, there are indeed towers, but they don't reach everyone for all kinds of physical or geographical reasons. There are mountains, obstacles, etc.

Consequently, despite the towers, nearly 40% to 50% of the population cannot be served by high-speed Internet and is not entitled to funding to obtain the service because the village is already served. Is there any way to solve this problem?

[English]

Mr. John Traversy: As I was saying, to date we've relied really on the marketplace to extend broadband as far as possible. In addition to that there have been a number of targeted subsidy

programs introduced by both the provinces, the federal government, and in some cases municipalities, to try to roll out broadband to specific areas.

I've heard different concerns along the same lines as what you've just described: that certain communities are looking for broadband and are getting no cooperation from the service providers to roll it out. I think that's part of the rationale as to why, as I was saying, both the federal government in the national digital economic strategy it initiated in May is looking at ways whereby we can maybe bridge the divide and get broadband rolled out in a more efficient manner in Canada, and the commission decided to include broadband in its review of basic telecommunication services, to take a look at options and just what we can do to ensure that communities like yours have broadband going forward.

[Translation]

Mr. Roger Pomerleau: So you're advising me to speak to those people, despite all the problems we're experiencing back home.

[English]

Mr. John Traversy: Well, the first point of contact is with your service providers to get a full understanding of what their point of view is. And of course, yes.... I think the government's consultation closed, and ours is closed also right now, but we have received many submissions along the same lines as what you've just described that we'll be taking into consideration.

The Chair: Merci.

Madame Lavallée, *il vous reste une minute.*

[Translation]

Mrs. Carole Lavallée: The matter of surveys is raised on page 2 of your presentation. It states that 96% of Canadians can access the Internet using a mobile device. I'd simply like you to send us the results of the survey in question, through the office of the Chair, and the methodology that you used.

[English]

Mr. John Traversy: It's all available in the CRTC's monitoring report, and I'll ensure you get a copy.

The Chair: Merci.

Mr. Richards.

Mr. Blake Richards (Wild Rose, CPC): Thank you.

It looks as though I don't have a lot of time, so I'll get right to the question as quickly as possible.

I think we've sort of touched around the edges of this at least a couple of times in the questioning you've already had. With regard to the vertical integration in the industry, obviously changes are happening very quickly in the broadcasting industry and in the industry. I just want to hear a little bit more from you about what the CRTC is doing to modernize itself and to deal with all the changes that are happening very quickly in the industry. Also, where do you see the future taking us in regard to the technological advances and developments that are happening very quickly in the industries, and what are you doing to prepare yourself for that?

Mr. Namir Anani: This is part of the research we do internally and in consultation with the industry, academia, and others. We actually published a report called “Navigating Convergence” approximately a year ago, which reflects this changing environment, this dynamic environment, and it reflects the fact that while there is fragmentation as audiences go to new platforms, there's also consolidation. The ink wasn't dry on the report before we could see more and more consultations taking place in that environment.

We are monitoring this environment. We're following all the progress that is happening in different countries in terms of the modern tools that are needed, and obviously we're seeing advertising dollars shifting and we're seeing audiences moving into new platforms. It remains complementary for the time being.

However, on the issue of the consolidation and vertical integration, as you know, there will be a hearing in May on that, as a result of the previous hearing on Shaw-CanWest, at which several interveners raised this issue. We look forward to hearing all the input there so the commission can make a decision on that.

• (1615)

The Chair: Thank you very much, Mr. Richards and Mr. Anani. Thank you very much, Mr. Traversy.

We're going to continue with our second panel. We have 45 minutes for the second panel.

In front of us today we have representatives of CBC/Radio-Canada. We have Madame Rossier, who is the executive director of Internet and digital services, and Mr. Mattocks, who is the general manager of media operations and technology.

Welcome to you both.

We'll have a five-minute opening statement from CBC/Radio-Canada.

Mr. Fred Mattocks (General Manager, Media Operations and Technology, CBC/Radio-Canada): Thank you, Mr. Chairman, members of the committee. On behalf of CBC/Radio-Canada, Genevieve Rossier and I would like to thank you for the opportunity to participate in your study on emerging and digital media.

I'd like to start with the words of the president of CBC/Radio-Canada, Hubert Lacroix. In our recent 2010 public meeting, he spoke of our responsibility to Canadians. He said:

We are a creator and protector of a public space where Canadians come to share their ideas, their culture and their experiences, where Canadians come to debate, in a safe environment, the issues they care about. A public space that brings an increasingly diverse nation together and reflects a diversity of voices. Our programs and services enrich this space.

Today that space is increasingly a digital one. Digital media is not just part of life in this country; it is becoming part of the fabric of life. It supports unprecedented levels of dialogue and discourse in all aspects of Canadian life. As Canada's public broadcaster, the media company with the interest of Canadians as our *raison d'être*, we continue to play a leading role in strengthening that fabric.

We were the first broadcaster in Canada to stream audio online and the first to stream video on mobile devices. Our iPhone applications are among the most advanced in the world and among the most popular in Canada. The *Hockey Night in Canada* app alone

has been installed close to half a million times, the CBC Radio app more than 360,000 times.

Our content is the most downloaded on iTunes Canada. On Twitter, CBC Radio's *Q* has more than 17,000 followers. On Facebook, CBC Sports boasts more than 60,000 fans, *Dragon's Den* more than 35,000. On YouTube, *George Stroumboulopoulos Tonight* has more than 36 million total upload views, more people than we could ever reach on television alone.

We're also a leader in user-generated content. More than 300,000 comments are published about our stories on cbc.ca each month. During the G-20 in Toronto this past summer, thousands submitted photos and contributed comments on the developing story throughout the week.

This interaction with our audiences has changed the way we operate. Our users and audiences are now part of our content creation process, not only consuming media but also contributing, in ways that just weren't possible even ten years ago. Ensuring Canadians can do this is the new responsibility of a public broadcaster, and one that we're proud of.

You've heard from others who are working to carve out a digital space. In fact, CBC operates in one of the most competitive media markets in the world. We're competing not just with other Canadian media companies, but with global companies such as CNN and the BBC. But CBC is a creator, protector, and animator for the conversation about life in this country, and I believe our unique role in that respect gives us the edge.

I'd like to talk more about what we're doing, but I'm conscious of our time, so I'll now ask Genevieve Rossier to say a few words about the digital environment at Radio-Canada.

Genevieve.

• (1620)

[Translation]

Ms. Genevieve Rossier (Executive Director, Internet and Digital Services, CBC/Radio-Canada): Thank you.

As Mr. Mattocks said, since 1996, CBC/Radio-Canada has become the first broadcaster in the world to make its radio available live on the Internet. Today, Radio-Canada has the most elaborate media site in the francophone market. There you can find strong new offerings on the economy, international news, science and health, as well as technology. It also includes seventeen regional news feeds that cover current affairs across the country in real time.

Some 1,800 individuals put comments on the site, the address of which is www.radio-canada.ca. We attach a lot of value to the constant exchange we have with our audience. The Radio-Canada site attracts 1.7 million Internet users a month, 20% of Canada's francophone population.

One of the challenges in the francophone market is to retain enough room for diversity. That's why, since January, Radio-Canada has been offering a completely new service that has very quickly become the first francophone Web television in North America. It is called TOU.TV and, in partnership with eight broadcasters and tens of content producers, it offers an open platform accessible to everyone across Canada, and we offer approximately 3,000 hours of French-language television on demand on the Internet.

Since this past January, there have been more than 18 million hits on the new TOU.TV platform. Its success was immediate and its reputation has quickly exceeded our expectations.

TOU.TV attracts a younger audience than the conventional networks, and that audience tends to stay longer than on the conventional Internet. TOU.TV enables francophones across the country to watch programs produced by francophones from coast to coast. For example, a program like *Volt*, which is produced by TFO, which was hitherto available only in Ontario, is now available everywhere. It's also the ideal platform for launching Web series produced by Radio-Canada, the best known of which are undoubtedly *Les chroniques d'une mère indigne*, *En audition avec Simon*, *RemYx* and *Temp's mort*.

CBC/Radio-Canada wants to continue to distinguish itself as a leader in the digital universe. Direct competition is increasingly strong and forces us to improve constantly. Consequently, competition on the Internet really knows no borders; the BBC, CNN, France 24, all those sites can be competitors for Radio-Canada. In this context, we are concerned about our ability to continue forcefully asserting our francophone identity in an increasingly English-language digital universe.

We are absolutely convinced that Radio-Canada has a leading role to play in the future expression of culture and democracy in the digital universe and that we will be able to be a force for assertiveness and innovation in that area.

Thank you for your attention, and I hope we can answer your questions.

The Chair: Thank you, Ms. Rossier.

Now we have 40 minutes for questions and comments. We'll begin with Ms. Dhalla.

[*English*]

Ms. Ruby Dhalla: Thank you very much for coming. And congratulations for a lot of great work that you've done in reaching out to many young Canadians with some of your new and emerging media applications.

There are all these new and emerging technologies—you have these iPhone apps, and people like George Stroumboulopoulos have a huge following, along with many other of your CBC Radio personalities. Do you think the budget you have currently allows you to be able to meet the demands of some of the new and emerging technologies that you are in the process of delivering?

• (1625)

Mr. Fred Mattocks: The simple answer is that there's never enough money for all the things you'd like to do. We have to make choices. We have to make smart choices.

The imperative here is where Canadians are going: the devices they're using, the technologies they're using to connect with life in this country, to connect with stories, to connect with characters. Young people in particular have been leaders in digital space, for sure. We find ways of dealing with these, and we find ways of dealing with them successfully.

Part of that is around making smart choices. For a number of years the CBC has invested in CBC Radio 3, for instance. While not specifically aimed at a young audience, it attracts a young audience in a very real way, and it enjoys astounding success in that space.

We also look at leveraging the things we're already doing in terms of digital exposure and digital connection with audiences. One of the great things about digital technology is that it opens up a whole new potential for program content, in the sense of having a conversation with an audience, of engaging them, of actually having them be part of the dialogue. So whether that's voting in *Battle of the Blades* or ideas around *Dragon's Den*, we connect in a whole variety of different ways with people. We make it work.

I think our concerns are similar to other people who come to talk to you about this space, which is that we have a healthy industry.

Ms. Ruby Dhalla: Going on to the Canadian media fund, we know that it was launched to support the creation of Canadian content for television and for other digital platforms that were available, and I know that you're doing a tremendous amount of work. I believe approximately \$27 million was earmarked for the development of some of these interactive media. Has CBC been able to access any portion of that?

Mr. Fred Mattocks: We have been able to use some portion of it. We had a recent award under the experimental fund for a project that involves an augmented reality learning tool for very young children, and that's good.

It's the first year of this construct, but I think it's fair to say that we're having some difficulties, and that all parties are having some difficulties, in terms of aligning the intent of this with the realities of the business.

Ms. Geneviève Rossier: We also have been able to get some of the money, although the money goes to the producers in a lot of cases. Still, it is contributing to some content on Radio-Canada.ca. However, we also have, as Fred mentioned, some questions about the criteria and whether the way the funds are allocated for the various types of productions is really going to where young people are, and to the kinds of content that people want to see on the web and that are particularly popular on the web.

Ms. Ruby Dhalla: To gain a better understanding, Mr. Mattocks, could you perhaps elaborate on some of the difficulties that you think are there? I think that would provide the committee with a sense of some of the areas that need to be addressed.

Mr. Fred Mattocks: I think it really comes around to the division of the fund, the three separate sub-funds, and the definitions and rules that are attached to those. I believe they're still actually evolving. I think that in terms of the convergence fund, for instance, the rules are actually still evolving.

Sometimes the amount of money that's available and the kind of criteria required don't line up with the business realities, the audience opportunity, or the engagement opportunity for a particular property, so in order to qualify for the fund, you end up having to build a website. The website may in fact be for that particular kind of content, and not an appropriate part of an offer, but if you want funding out of this particular envelope, then you have to do that.

I think that the balance between experimental and convergent projects and the other projects that qualify for the fund is something that we have views about as a company. I know that we're participating at the CMF board and making those views known, and we're trying to come up with a balance, I think, that better reflects the opportunities and the intent.

The Chair: Thank you very much, Madame Dhalla and Mr. Mattocks.

Go ahead, Madame Lavallée.

• (1630)

[Translation]

Mrs. Carole Lavallée: CBC/Radio-Canada's business plan states that the corporation intends to increase its investment in new platforms, that is to say the content that can be watched or listened to on the Internet or on mobile devices such as cellular telephones, Walkmans, iPods, MP3 players and video, by 8% in 2009 and 2010.

We've already seen that with TOU.TV. That's really what Internet television is about. We even wonder how you have managed to make a thing like that profitable, if it is profitable.

I'd like to talk to you about a problem that has been brought to my attention in my constituency. It could have happened anywhere else. In fact, it probably has happened in all constituencies. This is the case of a woman who watched the first season of the series *Les Invincibles* on line, on TOU.TV. It's an excellent television series, and I understand why she didn't want to stop before the end of the first season. She watched the entire thing and thoroughly enjoyed herself. She did not download it; she merely watched it on line.

When she received her Videotron bill—I say Videotron because 66% of Quebecers subscribe to it—she was surprised to see an increase of \$47 on her bill. As you will understand, if she had gone to Archambault or Renaud-Bray—to mention two Quebec business—she would probably have paid \$40 or \$45 for the entire series and she could have watched it *ad nauseam*, if you can become nauseous watching it.

Ultimately, the problem is not that she paid \$47 without receiving any material product in exchange. That's not the problem. It is one, but it's not really the problem. The problem is that revenue was misappropriated. The \$47 that she paid to an Internet service provider didn't go into the pockets of the producer or of Radio-Canada—I don't know whether Radio-Canada produced the series—or into those of the artists or artisans. No one made a cent from that, except perhaps Videotron, which took in \$47 and, as we say in Monopoly, "passed Go".

That makes no sense because that's a misappropriation of revenue. The digital system and TOU.TV, which Radio-Canada has made available, currently make this misappropriation possible. And yet

we've seen no attempt by Radio-Canada to knock on the doors of Internet service providers, either in person or virtually, to ask them if they might perhaps share their immense profits, negotiate a better share and especially to see how artists can be remunerated in a situation such as this.

I wanted to know whether this misappropriation of revenue is a concern for you as much as it is for me and whether you're going to try to do something to "render unto Caesar what is Caesar's."

Ms. Genevieve Rossier: I'm not sure I can answer all of your question because, as you'll understand, in large part, it is not aimed directly at the people of Radio-Canada.

I would nevertheless like to reassure you that the producers, artists, the people who wrote the music, and all those who make the programs and a series called *Les Invincibles* possible, all those people were paid. Once you pick up a series to make it available on the Internet, those people receive what has been negotiated with the rights holders' representatives of each of the corporations with which we do business.

First I would like to reassure you on this point because Radio-Canada would not put products on line without recognizing the copyright of the people who make the series.

The other thing is that TOU.TV—it's true—experienced an instant success, as I told you, that has exceeded our expectations. Some people use it to see an episode they missed; that's one way of using it from time to time, when you've missed the program on television. Others watch the entire series. The capacity limits on the various ISP services aren't the same everywhere, and I believe Videotron recently increased—

Mrs. Carole Lavallée: —and perhaps has sold more—

• (1635)

Ms. Genevieve Rossier: In other words, the minimum amount beyond which a customer must pay more has been increased. That's clearly not in Radio-Canada's business plan.

What we've offered is a platform where content is free and we've done it in a legal and proper manner for content rights holders.

The fact that there have been 18 million hits means that there was really a need and that people may be prepared to pay more for bandwidth to meet their need to see programs. That's roughly the answer I can give you. I also want—

Mrs. Carole Lavallée: Do you acknowledge that that's a misappropriation of revenue?

Ms. Genevieve Rossier: Yes... well, no.

Mrs. Carole Lavallée: If you had put the first season of the *Les Invincibles* series on sale at Archambault—I know it's on sale—who would have received the profits?

Ms. Genevieve Rossier: Definitely the rights holders, as is the case when it's broadcast on TOU.TV. Certainly Quebecor, in part, because Archambault...

The Chair: Okay.

Mrs. Carole Lavallée: Regardless of how it's done, Quebecor always takes in money.

The Chair: Thank you!

Ms. Geneviève Rossier: I simply want to point out to you that, at the CRTC hearings on the ISP issue, Radio-Canada said it was in favour of a tax that would hand over money to content producers.

The Chair: Thank you.

Mrs. Carole Lavallée: Thank you, that's the answer I wanted.
[English]

The Chair: Merci.

Go ahead, Mr. Angus.

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

Thank you for being here today.

One thing that can be certainly said about CBC/Radio-Canada is that you are in the forefront in terms of digital access and digital products. I always love listening to CBC North in the morning and hearing people who are listening to the show call in from South Korea, because you can listen to the local show anywhere in the world, depending on where you are.

I'm interested also because in digital culture the big catchphrase is the long tail, and in terms of cultural products in Canada there isn't anything as long as the tail of CBC. For a long time we worried because a lot of that product was sitting in vaults, but I'm seeing more and more of it up online.

I just posted on my Facebook page an awesome little bit footage of *Don Messer's Jubilee* and got twenty-some comments. I don't know if that was off your page or if someone else had posted it, but I'm not going to quibble, because it's on YouTube.

By the way, there's phenomenal footage of Malcolm X being interviewed on *Front Page Challenge*. I think the Americans would go crazy if they knew that footage existed.

These are amazing cultural resources, and they are being posted on YouTube and on Facebook and so on. Is there is a coherent strategy on CBC/Radio-Canada's part to try to again get some of those eyeballs back to any kind of central viewing platform, to a place where people could access other content and perhaps at a certain point end up monetizing their traffic?

Mr. Fred Mattocks: That's a big question. Anything to do with the archives starts with the rights—artists' rights, creators' rights—that accrue to those properties, and that can be a significant consideration when we're thinking about it.

That said, when it's appropriate we build content from our archives into virtually everything we do. We don't do a news story that has profound implications for the country without some kind of historical reference. That content comes from archives. Similarly, archival products have a use in programming around current events and virtually everywhere in programming.

For a number of years we also, with the help of the Department of Canadian Heritage, worked on a digital archives website in both CBC and Radio-Canada. Its mission was to portray the history of this country and some of its events and characters in a digitally accessible and friendly form. At the end of the day, that's the good news about all of this.

The reality is that we do have huge archives, but access to those archives is restricted by two factors. One is the rights aspect that we talked about, and the other is simply the cost of digitizing that content and then mounting it on some kind of digital platform. Those are realities we deal with. We deal with them on a program and opportunity basis, and ultimately on a business basis. Parts of our archives are always being digitized as a result, but we don't have a comprehensive goal to digitize all of the content.

• (1640)

Mr. Charlie Angus: I think it is a major issue because of what is sitting in the archives. It could be seen anywhere around the world—not just in Canada, but people around the world could see it. For example, I saw Brendan Behan in a debate with some stodgy British aristocrat, and it was brilliant. It was on CBC, and you wouldn't see that anywhere else.

I'm running out of time, so I'm going to have to change channels. CBC made national and international news for two reasons: the first was their decision to use BitTorrent to distribute *Canada's Next Prime Minister*, and the second was the throttling of that show by some of the ISPs, who saw it as a peer-to-peer threat.

I'm interested in the decision to use BitTorrent for distribution and whether or not you're looking at these new platforms for further exploration.

Mr. Fred Mattocks: I think it's fair to say we're always evaluating ways to reach users or reach citizens in this country. In a way, we take our lead from them. What are they using? What are they interested in? How are they populating their devices? What technologies are they using?

The BitTorrent experiment—and it was an experiment—came right out of that. It was an experiment on a number of fronts. It was an experiment on a production front: what's the user experience going to be like? It was an experiment on an economic front as well. We'll continue to do that kind of thing.

We always have an eye on two things, really. One is having the right user experience for the right people, the target audience, and the other one is the economics of it: can we make it work on a sustainable basis?

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

Go ahead, Mr. Armstrong.

Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC): First of all, thank you for your presentation.

You used an interesting term: you call people who are connoisseurs of your productions “users”, not “viewers”. Is the term “viewer” something we're going to refer to less and less frequently? My father would be a viewer of *The National* every night in Nova Scotia at ten o'clock. Even if he could get it at nine o'clock, he's not going to watch it at nine o'clock. He's not going to watch it at eleven o'clock. He always watches it at ten o'clock, so he's a viewer.

Can you define what a “user” is?

Mr. Fred Mattocks: I think all users are viewers but not all viewers are users, in the sense that the viewing experience is the classical visual media experience. You can substitute “listeners” if you want to think about it for radio. It's the classical conventional media experience. It's one-way. “Passive” is the wrong word, because anybody who's ever listened to a radio program and really enjoyed it knows they're not being passive, but it's a passive experience in the way it's delivered.

On the other hand, the term “user” denotes an ability to engage in interactivity. Increasingly we are finding that lots of our viewers are becoming users at the same time. We've got tens of thousands of people watching *Hockey Night in Canada* on any Saturday night who are online at the same time, engaged in a live conversation with other people who are online about what's going on in the game. Sometimes with the program itself, we actually build that content into the conversation.

So that's the difference.

Mr. Scott Armstrong: I've been thinking a lot about this over the last few days, and it's really about the strength of content.

You've been putting a lot of emphasis on reaching out, interactive media, blogs, and the other things you put in so that people can comment back and, to an extent, direct your content. Do you think the competition you're now engaged in, with several different platforms, is going to make your content much stronger and much better overall against the competition that's causing that?

Mr. Fred Mattocks: I think so. I think all these different capabilities that are inherent in digital space give content new life. They give it new value and they build an experience beyond the content. They go right to the core of what media are all about, which are those fundamental human experiences. We all remember a storyteller in our lives, and the goal of every media company is to create those kinds of experiences. We do those with Canadian experiences. We are focused on those kinds of things.

I think there's opportunity here. I don't actually see this as competition between platforms; I see it as a way of creating a synergy.

•(1645)

Ms. Geneviève Rossier: On our side, we have found that making something available on the web doesn't cannibalize television or radio at all. It actually builds on the strength and the notoriety of the original brands. We really find that it's building things.

Mr. Scott Armstrong: Then there's no intimidation at all. I suppose there are business concerns, but you've embraced several different aspects of digital media.

In terms of content itself, is the production of television shows that can be seen at any time of the day changing the way your producers are thinking about the content they're producing? Can they now reach out to new markets that they couldn't get to before?

Mr. Fred Mattocks: At the end of the day, the impact or the effects on the business are profound. I'd say we were afraid a couple of years ago, maybe five years ago, and we've gotten over the fear. We're now at the point of opportunity, and as we look at the opportunities, we realize there are some things that make sense today. We look at where the economics are and we look at where the

audiences are, and those help us to define the opportunities. As we look forward, we see shifts in various parts of the industry, and we try to anticipate those shifts and work with them.

Ms. Geneviève Rossier: One example where you can really see a difference is with news. When I was a news reporter, you had news at eleven in the morning. You'd sit on it until six o'clock, or ten o'clock if it was really big. Today you just put it on the web and things move much more rapidly.

Mr. Scott Armstrong: You're on your fourth version of that story by six o'clock at night.

Ms. Geneviève Rossier: Yes, exactly—or fifth.

Mr. Scott Armstrong: Thank you.

The Chair: Thank you, Mr. Armstrong.

Madam Crombie.

Mrs. Bonnie Crombie: I just want to say welcome to you both and let you know that I've been a big CBC fan, both radio and TV, for forever and ever. I want to congratulate you, as well, for evolving as your viewers and listeners change, and your demographics change and evolve.

Just following up on Mr. Armstrong's questioning, do you view yourselves as net content providers, creators, or broadcasters, and how has that role been changing?

Mr. Fred Mattocks: I think part of the problem we're wrestling with, and everybody's wrestling with, is that the language doesn't always help us. Are we broadcasters? Yes. Are we net content providers? Yes. Are the two things the same thing? Sometimes they are. Are they different sometimes? Absolutely.

It's understanding both the intersections and the places where those descriptions diverge that's at the core of much of the exploration that media is doing around digital media, and trying to understand what that is, particularly conventional media companies.

You know, it all comes down to fundamentals. We're going where Canadians go. As their public service media provider, we need to be there. We have a mandate and a mission to be there, where they are. So that's an imperative.

As a business that is funded largely through public funds, we have a responsibility to be smart, accountable, and effective and efficient with those funds and that delivery. So that's an imperative.

At the end of the day, I've been at the CBC for 30 years. I started at the CBC by climbing transmission towers. I understand broadcast very well. I find myself in a space wondering what that term actually means any more. I think what it means is public media, where the public is.

Mrs. Bonnie Crombie: Right, exactly.

I guess sometimes with some news stations, do they define the news, do they report the news, or do they create new news? It's all the same.

In your corporate plan, you talk about increasing your investment in new platforms by 8%, and that's all content available to watch or listen to on the Internet, mobile devices, cellphones, or video, iPods, MP3 players, etc. How will this investment happen? Can you tell us, what's the value of 8%? How much is that in dollar terms? Do you know how you will prioritize that investment? What will it be spent on?

Mr. Fred Mattocks: I can't tell you what the dollar number is. We can get back to you with that number, for sure.

Mrs. Bonnie Crombie: What would be 8% of your budget?

Mr. Fred Mattocks: Well, 8% on.... It depends how you count our budget.

Ms. Geneviève Rossier: The 8% isn't on the total budget; it's on the digital budget. Digital budgeting is very tricky because it all depends on how you count. If I take the radio stream and put it on the web, it's helping the web, but do I count all the costs of making that radio stream? So it's difficult.

The number we had in the report last year was 8%. What is clear in my department, I think in Fred's as well, is that we're augmenting. We're in *croissance*.

•(1650)

Mrs. Bonnie Crombie: Exactly. Have you prioritized where that money will be spent?

Ms. Geneviève Rossier: *L'entretien*, how do you say that? The upkeep of the platforms is a lot of it. I'm assuming it's the same thing at the CBC. It's keeping up with all the tools. You want to be modernizing all your interactive and publishing tools all the time. It's a very rapidly growing and rapidly going thing.

You want to be creating content. You want to be paying, also, for *la bande passante*, the bandwidth, which is always going up as we're putting up more video, so it's growing in pretty well all the areas we're managing as managers of the Internet.

Mrs. Bonnie Crombie: Just switching gears, if I could, what mechanisms are in place to determine what's available for download from the CBC, and do copyright infringements enter into the equation for determining what is available?

Mr. Fred Mattocks: Copyright always enters into consideration. We don't put content on any platform without having paid appropriate consideration to copyright.

Mrs. Bonnie Crombie: Did you want to jump in on the other question? Sorry about that. I cut you off.

Mr. Fred Mattocks: I'll just come back to it in a second.

In terms of copyright, that's the answer for both of us. How do we determine what goes on download? Really, we look at it as a programming exercise. What is it the users want? How will they use it? These are considerations. There are revenue and cost considerations as well that go into it.

If I could come back to the question about the investment for a second, what's clear is that more and more Canadians are building this technology into their lives and building digital media experiences into their lives. Our spending will move with that over time. What will guide it will be the strategic principles the corporation takes.

The Chair: Thank you very much.

Monsieur Pomerleau.

[*Translation*]

Mr. Roger Pomerleau: Thank you, Mr. Chairman. Thanks to both of you for coming to meet with us.

Ms. Rossier, you told us how it is increasingly easy for Canadian francophones to talk to each other across the country. Personally, I'm watching TFO television more and more, programs that I previously had virtually no access to.

In your long-term strategies, are you considering the fact that there are really large francophone pockets in North America? In the United States, across the northeast, and other places, there are francophones with French roots who want to maintain those roots. I have family there who no longer really speak French, but who are interested in the French phenomenon.

I worked in Texas and Louisiana. I was really surprised to see the number of people who still speak French and who still understand it very well when someone talks to them. It's not folklore; it's really a language they regularly use. Unfortunately, they are not served directly in French.

The same is true in Los Angeles; I have friends who live there, and I go there from time to time. I realized that there were at least 100,000 Canadians of francophone origin living in Los Angeles who enjoy services that they pay for themselves, such as French lycées, community television and so on.

Does Radio-Canada intend to serve that clientele—perhaps not in the immediate future but eventually?

Ms. Genevieve Rossier: We have the Radio-Canada International service, which has been around for some time and offers some programming in French elsewhere in the world, and which moreover has to be modernized.

People outside Canada represent between 10% and 13% of traffic on the www.radio-canada.ca website. These are often Canadians who live outside the country and who use www.radio-canada.ca. I imagine the same is true of the CBC. People are very familiar with the site and know they can find information on it.

Approximately 50% of programs on TOU.TV are accessible around the world. These are the ones for which we own the rights, which enable us to make them available everywhere.

The Internet can definitely be used to meet the needs of francophones who are outside Canada.

Can we really conduct campaigns to tell these people that we are there? I'm not sure.

Mr. Roger Pomerleau: It's done by word of mouth.

Ms. Geneviève Rossier: However, we definitely know these people are there.

•(1655)

Mr. Roger Pomerleau: May I ask another question?

The Chair: A short one.

Mr. Roger Pomerleau: It concerns the audio-visual archives, Mr. Mattocks. You said that, most of the time, when it's not digitized, it's because there are copyright issues that have not been entirely resolved. Artisans may not want things to be digitized.

What is Radio-Canada's long-term strategy for those specific archives? Will there eventually be marketing strategies to make those television series accessible to the public? Are there any strategies?

Ms. Genevieve Rossier: I have a small piece of the answer. We recently entered into an agreement with the Institut national de l'audiovisuel, the Ina, in France, which is establishing a platform to commercialize archives. Some of Radio-Canada's French archives will appear on it. We've also reached an agreement with the NFB, which also has a platform for commercializing certain archives. Some of our content will appear there. On the French side, there's definitely a will to try to use that and to find ways to commercialize it, where possible.

As part of our programming, we have a program called *Tout le Monde en parle*, which is really designed to go into the archives of the events that we want to emphasize and re-examine, etc. It's very popular. People love it. These are processed archives. There's no guarantee that everyone would be interested in an entire program, so we're trying to exploit our archives in all kinds of ways.

The Chair: Thank you, Ms. Rossier and Mr. Pomerleau.

Mr. Del Mastro, go ahead, please.

[English]

Mr. Dean Del Mastro: Thank you.

Thank you to the witnesses.

First of all, I think it is only appropriate to congratulate the CBC for the work it has done on a number of its shows, whether it's *Battle of the Blades*, *Hockey Night in Canada*, *Being Erica*, or any of these shows.

I think your approach on digital has kept up and in some cases has exceeded what we see with others, in what is really a competitive space in Canada. That's really quite an effort that you've undertaken. I must say I'm pretty impressed with it. I would be remiss if I didn't say that if I miss Don Cherry when he's on, I want to be able to watch him later. In Peterborough, we love the Don.

Mr. Mattocks, you mentioned a little while ago that you started out with the CBC climbing broadcast towers. At the time, that was the lifeblood of a television network and a radio network. Without towers, you couldn't get the message out.

Mr. Fred Mattocks: That's right.

Mr. Dean Del Mastro: Now we live in an era when anybody can be a broadcaster. A little while ago Mr. Angus talked about how he

put something up on Facebook. He broadcast that to the world. He didn't have a tower. He didn't have anything other than maybe his BlackBerry.

It's a radical new environment that we live in. With so many platforms out there, is the CBC fighting for space? Is it fighting for relevance? Is that something you're finding yourself up against?

Mr. Fred Mattocks: I think there are more and more choices that people can make. One of the things we say internally is "In a world of choice, why us?" That is a question we have to be able to answer every day.

At the end of the day, the simple answer is that it's something that guides our thinking. It's a reality. If you're going to be a media company, and particularly a media company in the interests not of a marginal niche audience but in the interests of the citizens of this country, then you have to be relevant. That's our currency. That's our stock in trade.

You can't be relevant unless you're engaged in providing people media they want in the ways that they want. Multiple platforms aren't a problem. They're actually an opportunity for us. We need to be smart about how we use them. We need to be smart about how we produce them. We need to be smart about the choices we make. We see it as an opportunity.

• (1700)

Mr. Dean Del Mastro: One last question. We have two stations in Canada that still operate under licence, one in Kingston and one in Peterborough. I'd argue that they assist the CBC in getting ratings for its shows, introducing that programming to Canadians.

There's always been concern as the CBC has withdrawn from an awful lot of licence agreements across the country, which in my own opinion has been to their detriment in many ways. Are you looking at that situation? Are you looking at continuing those agreements, or are we under negotiations to that effect?

Mr. Fred Mattocks: We're in discussions as we speak.

Mr. Dean Del Mastro: Okay. That's great.

Thank you.

The Chair: Thank you very much.

We're going to adjourn now, because Madame Lavallée has indicated to me that she's not going to move her motion. So there's no need to go into discussion and a vote on her motion.

I want to thank our witnesses, Mr. Mattocks and Madame Rossier, for their testimony.

Without further ado, this meeting is adjourned.

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