



House of Commons
CANADA

Standing Committee on Canadian Heritage

CHPC • NUMBER 028 • 3rd SESSION • 40th PARLIAMENT

EVIDENCE

Thursday, November 4, 2010

—
Chair

The Honourable Michael Chong

Standing Committee on Canadian Heritage

Thursday, November 4, 2010

• (1530)

[English]

The Chair (Hon. Michael Chong (Wellington—Halton Hills, CPC)): I call the meeting to order.

Welcome to the 28th meeting of the Standing Committee on Canadian Heritage. It is November 4, 2010. We are here pursuant to Standing Order 108(2) for a study on the opportunities and challenges in emerging and digital media.

[Translation]

Welcome to the Standing Committee on Canadian Heritage. This is our 28th meeting, this Thursday, November 4, 2010.

We are here pursuant to Standing Order 108(2) for a study on the opportunities and challenges of emerging and digital media.

[English]

We have representatives from two organizations on our first panel today. From the Association of Canadian Publishers we have Mr. O'Hearn, who is director of the University of Ottawa Press, and Madam Ross, coordinator of digital initiatives. From the Great Northern Way Campus, via video conference, we have Madam Kopak, who is director of business development and operations.

Welcome to all of you.

We'll begin with an opening statement from the Association of Canadian Publishers.

Mr. Michael O'Hearn (Director, University of Ottawa Press, Association of Canadian Publishers): Thank you, Mr. Chair.

The Association of Canadian Publishers represents the interests of 125 Canadian-owned English language book publishers from across the country. It provides advocacy; promotes professional development; and fosters collaboration, most notably, over the past two years, in the production of digital content.

The transformation of publishing processes from traditional to digital is well advanced in editing, design, typesetting, printing, order processing, metadata management, and e-book production, but we are still at the early stages in developing e-book pricing models and in digital marketing of both printed books and e-books.

ACP has several goals in this digital environment, and I will enumerate and describe four of them here.

The first is to maximize the revenue potential of e-books.

Canadian publishers have eagerly embraced opportunities to convert their content into digital format, particularly with the growing popularity of e-readers for general interest and even academic reading. Dozens of Canadian publishers have already produced marketable works in the early stages of this e-book phenomenon, and many more are now engaged in this market. The challenge now is to move from the conversion of content into digital files to the creation of content in digital format. As this new revenue stream opens up for publishers around the world, it's vital that Canadian publishers be able to take full advantage of it.

The second goal is to maximize the potential of digital technology in raising awareness of Canadian books in print, digital, and all other formats. Traditional ways of selling books are becoming less effective, independent bookstores are closing down across the country, newspapers are dropping or sharply curtailing their book review sections, and our national book chain is further reducing the space it devotes to books relative to other merchandise categories. And also, e-books tend to cost much less than traditional paper books.

At the same time, technology is creating new ways of promoting and selling books. Online retailers such as Amazon carry a much wider inventory than traditional stores; blogging offers up all the critical opinion and debate of newspaper reviews; social networking functions as word-of-mouth publicity; publishers' and authors' websites can generate attention for Canadian books and facilitate sales; and a new portal currently in development, called Canadian Bookshelf, will make Canadian-authored titles from all publishers much more discoverable on the web, much easier for teachers to integrate into their libraries and course materials, and more accessible for any reader anywhere in the world.

This wholesale change in the way the public learns about books, seeks them out, and acquires them is transforming the business practices of the book industry, and Canadian publishers must be ready and able to exploit these opportunities.

The third goal is to participate in the development of new business models for book publishing and distribution. With the advent of the digital era, retailers and publishers are throwing out old pricing and discount structures, rewriting contracts, and inventing new ways of doing business. We wish to seize this opportunity to shape our market environment before larger, foreign-based companies do it for us. We must have the capacity to experiment with new structures that reflect Canadian realities and benefit Canadian authors, publishers, and readers.

A fourth objective for the ACP is to increase the presence of Canadian books in Canadian schools. In the past 15 years we've seen a decline of investment in school libraries as well as a decline in the proportion of Canadian-published books in these diminished collections. Our children need to hear Canadian stories, told in Canadian voices, to learn the history and culture of their own country and to understand the issues that shape their own communities. New technology is allowing us to promote Canadian books to this market, and we must make the most of this opportunity.

Looking at the role of government, we feel that we can see perhaps three strategies that we certainly would support. The first is to protect the value of intellectual property assets with solid copyright legislation. As many of you know, many Canadian publishers are worried about expanding the definition of "fair dealing" to include education, as is proposed in Bill C-32, and we look forward to working with government in the months ahead to ensure that Canadians—as consumers, as creators, and as producers—have a better understanding of the role of copyright in all aspects of their lives and in Canada's place in the digital world.

• (1535)

The second strategy or support that could come from government is the support of risk. I think the fast pace of change in the digital environment requires bold initiatives, willingness to experiment, and ability to learn from all outcomes, good or bad. The stakes are high, and the financial resources in a small business or small-margin industry are very limited. New solutions are required for the challenges of new formats and new business models. We believe that public investment programs must be flexible enough and strategic enough to support the risks that small businesses must take on in finding and building these new solutions.

Finally, we could certainly see government helping to facilitate access to capital, specifically through more broadly based funding programs, links to private investment, perhaps a loan guarantee program, and a federal tax credit for digital and print books.

The Chair: Thank you very much, Mr. O'Hearn.

We'll have an opening statement now from Madame Kopak.

Ms. Jeannette Kopak (Director, Business Development and Operations, Great Northern Way Campus): Thank you for inviting me. I'm sorry I couldn't be there in person. I'm in Ottawa next week, but not this week.

I am the director of business development for the Centre for Digital Media, which is an institution owned by the four universities in Vancouver. It was originally set up with seed money from the provincial government. We are now three years old and have 50 graduates. Eight companies have spun off from us, and I think we're

a Canadian success story. I also think we are the new world of digital media.

I don't have a formal opening statement. I just want to talk about how exciting the future is and the potential for Canada to be a real leader in this area, based on the examples of our students.

Our students come from all over the world and all over Canada. Some come from computer science, but we also have somebody who is a paleontologist. They come from a broad sector. They all work together on teams and produce projects for outside clients and outward-facing, for lack of a better word, people who pay us money to produce things for them.

Just before I came here, I met with six of our project teams to talk about issues and delivering, and I want to give you some background on what those projects are so that you can see how exciting this is and see the great breadth of what we can produce.

The first project is called Nom Nom Rider and Banana Samurai. It's produced for the British Columbia Innovation Council and Microsoft. It's basically a game for elementary school students. It's going to be launched on Monday on the new Windows Phone 7, and it's to teach them how to eat properly: if you eat bad food and you don't exercise, you eventually explode. It's based on the old idea of Mario Brothers. It's really cool, and the students we've tested it on love it. I just showed it to Telus, and Telus is really interested in bringing it into the market in both B.C. and Alberta. That's one little project.

Another project we're working on is something for the men's health initiative of B.C. The mandate of that project is to extend the healthy living lifespan of men by 10 years. They're doing a massive social media project using video and games to teach 20-something men that attitude is actually the reason they don't live as long as women. It has a lot of edge, and we're getting some really cool feedback from both DDB and Cossette Advertising.

These are just some of the projects we're working on.

A third project uses a science fiction novel to develop an alternative reality game for a small, independent production company in Toronto. They are producing a game as well as doing some artwork for the television series that's coming out of this science fiction novel.

Another one we're doing is called "Making It Work". Basically it's an e-learning manual to show people living with rheumatoid arthritis how they can actually work. It has a combination of animation and full-motion videos—real, live video.

We're doing a project called Gold Mountain for the UBC history department and the Barber centre at UBC. Its purpose is to teach Canadians, primarily high school students, about Chinese history in Canada. Instead of doing the traditional web portal, we're actually building a traditional Chinese town in virtual reality in the Cariboo, and it's going to be based on game principles.

Finally, the other project I just touched on was a project we're doing with BigPark, a game company that was just acquired by Microsoft. We're doing some R and D development on HTML5, which is the platform that will be running on the iPad and the iPhone.

That's just to give you some excitement about where we can take digital media. I could talk all day about our projects—we've got over 50—but I just wanted to give you a flavour of what this country can produce in a very short period of time. It's a really exciting future.

• (1540)

The Chair: Thank you very much, Madam Kopak.

We'll have about 45 minutes of questions and comments from members of this committee, beginning with Mr. Rodriguez.

[Translation]

Mr. Pablo Rodriguez (Honoré-Mercier, Lib.): Thank you, Mr. Chairman. Good afternoon to both of you.

[English]

Thanks for being with us.

[Translation]

Ms. Kopak, is the interpretation working properly?

[English]

Ms. Jeannette Kopak: Yes.

[Translation]

Mr. Pablo Rodriguez: Perfect, thank you.

Mr. O'Hearn, you said that e-books cost less, which we already know. What is the impact for authors and creators of the sale of their works in e-book format rather than as books?

• (1545)

Mr. Michael O'Hearn: You want to know whether there is an advantage?

Mr. Pablo Rodriguez: No. What is the impact? There may also be advantages.

Mr. Michael O'Hearn: It depends. It's not clear for the moment. Ninety-five per cent of the books we sell are books in paper format. Digital book prices are slightly lower. Production costs are virtually the same. You have to do page lay-outs, etc.

Mr. Pablo Rodriguez: However, there is no printing on paper.

Mr. Michael O'Hearn: That's true. Generally, paper does not represent more than about 20% of the cost of a book. We can save a little with digital books because we don't need paper or storage. We save on transport.

Mr. Pablo Rodriguez: It may be 30% or 40%. Ultimately, I assume authors or creators receive the same amount for their works.

Mr. Michael O'Hearn: Yes, but it's generally a percentage of the retail price—

Mr. Pablo Rodriguez: So they lose money.

Mr. Michael O'Hearn: Or net sales revenue. Yes.

Mr. Pablo Rodriguez: That means this isn't good news in the long term.

Mr. Michael O'Hearn: It's not necessarily bad news. However, the relationship between publishers and authors isn't clear. Some things are obviously changing. For example, in the area of university books, we generally pay copyright royalties based on net revenue. That may change in future, but it's not clear.

Mr. Pablo Rodriguez: That's it.

That leads us to a question you touched upon. I don't want to go into too much detail with regard to copyright, since we're going to debate that later. What's in the bill is important for the field of education. There are concerns. We definitely share some concerns with regard to the inclusion of a cultural exemption because we can't yet define exactly what is fair and what the scope of the exemption is. Isn't that correct?

Mr. Michael O'Hearn: Yes, you're right.

Mr. Pablo Rodriguez: For example, the business case you're advancing with regard to universities and colleges might not be realized, and your revenue sources could—

Mr. Michael O'Hearn: Yes, yes.

Mr. Pablo Rodriguez: You'll definitely be coming to testify before the committee on that subject.

Mr. Michael O'Hearn: Yes, that's one of the problems. I can take a step back in order to give you an idea of what we're doing in our association. We've decided to conduct an experiment with—

Mr. Pablo Rodriguez: Go ahead. I was asking how much time I had left.

[English]

I have about a minute left, that's all.

[Translation]

Mr. Michael O'Hearn: We're conducting an experiment with e-books, paper books and open access books. This is typical of university presses. The idea is to determine whether having e-books with open access would have negative, positive or neutral consequences for the sale of e-books in another format, let's say epub or paper books. That isn't clear; that's the problem. We're in this transition period. To tell you the truth, I myself am not—

Mr. Pablo Rodriguez: Pardon me for interrupting you, but the Chair will soon be cutting me off. I simply want to know what the future of paper books is. Is there a future for paper books or is it over and we'll be moving on to something else?

Mr. Michael O'Hearn: I hope there's a future. There's definitely a future for the moment. It's hard to say because, how do you say—

[English]

Mr. Pablo Rodriguez: You can say it in English, that's fine—in Spanish also.

[Translation]

Mr. Michael O'Hearn: *Perfecto. Hablo español.*

Some hon. members: Oh, oh!

[English]

Mr. Michael O'Hearn: It would seem to me that the future for paper books is in very fine, beautiful, hardcover books. That will continue. Whether the paperback will continue is another question, because certainly one can produce those in a much more interesting format electronically.

The Chair: Thank you very much, Mr. O'Hearn and Monsieur Rodriguez.

Go ahead, Monsieur Pomerleau.

[Translation]

Mr. Roger Pomerleau (Drummond, BQ): Thank you, Mr. Chairman. Thanks as well to the three witnesses, including Ms. Kopak, for meeting with us today, if only by videoconference.

Here's my first question. You said we wanted to avoid lagging behind in the digitization of books. Where do you think Canada stands internationally in that regard? In previous testimony, people have said that we originally had a head start but that we're now lagging behind. Is that the case for the digitization of books?

• (1550)

[English]

Ms. Jeannette Kopak: We're lagging behind, especially compared to where we were.

If you're in a big urban centre in Canada, you have access to high-speed Internet. You need to be able to push that out so that everybody has access to high-speed data lines.

We're not lagging behind in innovation by the young people who are coming out of our school system. Whenever I get a bit worried about the country, I spend 10 minutes with some high school students, who have a ton of ideas about where to take us. I think we're lagging behind in that we have to enable education systems to let them develop new ideas.

As an example, if you go to any high school or any elementary school, they'll all have SMART Boards in their rooms. If they get money, they can buy a SMART Board, which is an interactive whiteboard that they can do cool things on. Although the school boards will buy them for them, the teachers don't get trained on how to use them and there's no content to put on them, but at least we're trying to get them out there. Where we're lagging behind is in allowing that education system to catch up to the students.

I don't know if that makes sense, but Canadian young people are very eager to make new things and new content and to tell their stories and tell their parents' stories; we just have to enable that. In terms of technology, we're there. Where we're lagging behind, I think, is in education, and I think we're lagging behind in rolling out the high-speed Internet. We really need high speed.

The Chair: Thank you, Madam Kopak.

Mr. O'Hearn, would you like to respond to Monsieur Pomerleau?

Mr. Michael O'Hearn: Yes, thank you.

[Translation]

I recently went to the Frankfurt book fair. I was surprised at the Europeans' attitude toward e-books. I was there specifically to sell rights and to find books for co-publishing ventures. On a number of occasions, when we started the negotiations, I mentioned e-books and digital rights. Every time, that elicited absolutely no interest. It was surprising.

I think it's a bit hard to answer your question. Perhaps it depends on the publishing sector. With regard to university presses, for example, Canada is quite advanced in the preparation of e-books. In other areas, it may not be as clear.

This may be surprising, but I discovered that the most advanced publishing firm in this field in Canada is Harlequin Romance. That's very interesting.

Mr. Roger Pomerleau: Thousands of books are published there.

Mr. Michael O'Hearn: We can also use e-readers. That's a bit like a video where you can see trailers. We can do exactly the same thing with a book. The book can end in various ways. There are also interviews with characters in the novel. It's extraordinary.

Mr. Roger Pomerleau: What's your view, for example, of Google's attempts to compete with you by digitizing books and perhaps not paying what should be paid in order to do so? What's your view on that as a competitor?

Mr. Michael O'Hearn: Those are very complicated questions.

Mr. Roger Pomerleau: Yes, that's why I'm putting them to you.

Mr. Michael O'Hearn: Thank you.

I was going to say that if you have any important, technical or difficult questions, you can put them to Ms. Ross.

Mr. Roger Pomerleau: It's always the youngest people who have the answers when we talk about these subjects.

• (1555)

Mr. Michael O'Hearn: I have to admit that our company is working with Google.

With regard to e-books, we often have access to only one or a few chapters, or to a table of contents, for example, simply to encourage someone to buy the paper book.

The Chair: Thank you, Mr. O'Hearn.

Thank you, Mr. Pomerleau.

Mr. Angus, go ahead, please.

[English]

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

I find this conversation fascinating, because I started a magazine in 1995 when people were doing cut and paste. We used to have to get the light tables. We had a little Mac with a screen that big, and with PageMaker and QuarkXPress we suddenly were competing. Our stuff was as good as anything coming out of big professional houses. Now any kid on the block can put out stuff that looks fancier than what I could produce with my \$1,000 programs. There is a dramatic change.

What doesn't change, though, is the need for content and the value of content. I found it interesting that you said the jury is out on digital and books and whether the book is going to disappear. It would seem to me that we always look at digital in terms of one factor in a market that's changing dramatically on a number of fronts. Many small Canadian publishers used to feed a number of small suppliers then. They were only supplying one or two large chains, and those large chains told them they had to supply a massive amount of books, so they did; then, of course, all those remainders would go back, which would put them out of business. The small publishers couldn't feed one or two giants the way Random House could.

With regard to e-books and Google, do you not think that the issue—and you mentioned quality—is that at the end of the day, people still want to have something they can hold and something they can read? We blow through it on our BlackBerrys and we read all kinds of content, but to read a book is an experience. Don't you think that's why people fork out the dollars?

Mr. Michael O'Hearn: I would have to agree. I think that's what I was saying, though: that beautiful books, the hard-bound books with a lot of craftsmanship in them, will continue. I have no doubt about that.

I was thinking more in terms of two situations. One might be the easy read, in a sense. If you're on a plane trip or a vacation or something like that, you can bring along 100 novels or more, if you want to, on one of those e-readers. I don't know how many you could actually get in there.

I did an experiment the other day. My mother is 81, and I went trundling in with one very large book and an e-reader. I said, "Mom, what do you think?" She spent some time flipping through both, and her answer was, "Well, dear, I like the book. This thing is interesting and it has its place, but it doesn't bend."

Some of us are wedded. It's a cultural thing. The book is a cultural item. The way it works is as a cultural item. Many of us of a certain age are certainly wedded to it. I have also seen statistics, which unfortunately I don't have here, saying that for doing a lot of their research, university students still prefer paper books, but I don't know where that came from.

Mr. Charlie Angus: I have five books published, and two of them are on Google Books. I probably should check the others out. I would say that the value of the remaindered book is basically what you can sell it for out of the back of your car. Remaindered books are trashed by the hundreds, but now I find that with my books on Google, people are contacting me because they accidentally stumbled on a book they never would have read otherwise and are taking these out-of-print books. I actually am selling books, and I

find my wife is always racking up bills for books she's found online because they were on Google Books.

You say you work with Google. Do you think there's a way of building a market there for people who would never check out a subject or an issue in a bookstore, but when they do random searches, the books are starting to appear? Whether it's part of an article or a full article, they're going to want to track down that original book. Is that where that market is going to go?

Mr. Michael O'Hearn: I think Rebecca could answer that one.

Ms. Rebecca Ross (Coordinator, Digital Initiatives, Association of Canadian Publishers): I would say absolutely, because on Google Books you can do a full search. Even if you have a very specific search term and the book only displays 20%, you can still access 20% of the exact term that you want. Especially for small publishers, academic publishers, and publishers who publish in something specific, it really does drive a lot of traffic, at least to the website and at least to the publisher. I do see it as a tool to market to not only readers in North America, but all over the world. We have web traffic from Google Books from all over the world.

• (1600)

Mr. Charlie Angus: Thank you very much.

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

Go ahead, Mr. Armstrong.

Mr. Scott Armstrong (Cumberland—Colchester—Musquodoboit Valley, CPC): Thank you very much for your submissions. I enjoyed both.

Ms. Kopak, I was really...not shocked, but I was really interested in some of the work you've done with your phone apps and your other products combining health and digital media. I was wondering, and I'm sure our chair is wondering, if you have a digital phone app to increase the quorum at question period. It's something we've been working on quite a lot.

Ms. Jeannette Kopak: Actually, we could get a team working on that if you want. They're very good at it.

Mr. Scott Armstrong: I'm interested in where your students come from. Are these graduates of university, or are these high school graduates, or is it a combination? Where do you find and attract students to your programs?

Ms. Jeannette Kopak: It's a master's program, so everybody has an undergraduate degree. A third of them come from the sciences, such as computer science or software engineering. A third of them are from arts programs, usually either 2-D or 3-D art animation. A third are anything else. We've had Gemini-winning documentary filmmakers come through the program. We actually strive to have it as balanced as we can, because we're big believers that computer scientists work really well with artists and produce the best product when they work in these intensive teams together.

The interesting thing—and this is why I called it a success story—is that we are being courted heavily from outside Canada for our model, because our model is basically to focus on solving a problem, rather than to create a product for the sake of creating a product. When I agreed to come, I was actually going to do what our students do, which is a day in the life of a person using digital media. When somebody wants to create a digital media product, we say, “Why do you want to create this?” Then we work through the problem with them: “Who is your target market?” and “What is that person going to do every day?” Then you give them 13 weeks to create something. They usually can't finish the project, but they can do a proof of concept or a prototype. Then you take it out to someone to pay to finish the project.

We've been working with health a lot. Health information is much more interesting when it's presented in an interactive way rather than through a pamphlet. The day of the pamphlet is dying in terms of exchange of information, because if you want to find out about a drug, you tend to go online to find out about it. If you want to find out about almost anything, you go online. So how do you make that information relevant and reliable and interesting? You let people interact with the information, answer their questions, and then go to a doctor or health professional with that kind of information in hand.

Two of our arthritis projects have been very focused on the drug Methotrexate and the implications of using that drug. Again, that's what's exciting about it; it's because the potential is so huge for how we can change the way we use the media.

Mr. Scott Armstrong: Thank you.

Ms. Jeannette Kopak: Did that answer your question?

Mr. Scott Armstrong: Yes, it did.

There's another question somewhat related to that. You seem to be rather futuristic and ahead of the curve. Do you attribute that to the team concept that you build in your development, or is it because you don't put the cart before the horse? You actually look for a problem in society and then try to develop some sort of application, some sort of digital media, to approach that problem. Is that why you can stay ahead of what's happening out there?

Ms. Jeannette Kopak: Yes, that's it exactly. What's really interesting is that you can stay ahead of it as long as you're focusing on the problem that you're trying to solve and not just researching and thinking it would be so cool if you used 3-D imaging to do something. In the project that I described earlier, the history project with the Chinese cultural society—actually, with UBC—they wanted to build a boring web portal that would access a digital collection. Well, for a 17-year-old, that's really boring, so we said, “Okay, let's look at the 17-year-old”. We brought in a bunch of 17-year-old students and asked them what they wanted to learn history with, so we built the town.

Those are the kinds of things. If you're looking at using digital media to solve the problem, you're not just doing it to create a digital media product; you're actually using it to enhance something.

I can tell you that you also get much more engagement with the people you're working with if they feel you're solving their problem, not just giving them something that's cool.

• (1605)

Mr. Scott Armstrong: Thank you.

Mr. O'Hearn, do you see opportunity through digital media to deliver Canadian content outside of our country's borders? I know there are some difficulties with adjusting to the new business models that we have to adjust to, but with that, is there opportunity to deliver our content worldwide through these types of investments and these types of structures?

Mr. Michael O'Hearn: Well, yes. For example, we sell our books through Amazon.fr so that we can go through Europe. We combine the old model with the new. As any publisher would, we still have on-the-ground sales representation in Europe, for example, but they also use various forms of electronic media as well.

The Chair: Thank you very much, Mr. Armstrong and Mr. O'Hearn.

Go ahead, Mr. Simms.

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Wind-
sor, Lib.):** Thank you, Chair.

I'm very intrigued, Ms. Kopak, by what you're doing. What are the revenue streams by which you support your centre? Where does your funding come from for your day-to-day operations?

Ms. Jeannette Kopak: Tuition is primary. We were originally given \$40.5 million from the provincial government; \$2 million went into start-up, \$17 million went into an endowment, and \$20 million is going to a new building that we're building next year.

Because of what happened in 2008, our \$17 million turned into \$13 million, so we're very dependent on tuition. The tuition is full recovery, and these projects help us. We actually believe we're going to be in a profit situation, because there's more demand for getting into the school than we have seats for, so we're expanding our cohort intake next year.

Mr. Scott Simms: I'm very intrigued for several reasons, primarily because I'm from a rural riding. It's hard for me, because 30% of my riding is not connected via broadband. Last year one of the top students in my riding, in the whole province of Newfoundland and Labrador, was able to do long-distance education, and it was primarily dial-up, the old-fashioned way of getting onto the Internet. I don't know how he did it, but he managed it.

What he missed was the collaborative atmosphere that comes from contact with other students with the same interests. I'm sure that if an opportunity existed for him to be in your school, he would dearly enjoy it, but the problem is that there's just the one centre, and that's why I asked about the funding. I'd like to see economic development agencies get more involved in what you're doing in terms of the collaborative spirit of education.

Is that something you think we should be doing from an economic development perspective?

Ms. Jeannette Kopak: That's exactly it. It's funny, because we're also going to roll out a remote version of the program next year. We're experimenting with how you could actually develop the collaborative aspect online and how you could develop it in a different way.

I really believe that's the future. I met yesterday with the executive director of the congress of social sciences and humanities, and he was talking about the digital strategy and how to get money. I said, "You know what? You need to focus on how Lakehead University can actually participate in a conference with Memorial. You need to focus on these long-distance collaborations." If you can work out these long-distance collaborations and get that intense collaborative spirit, I actually think we would dominate the space.

I worked at CBC for many years, and the one thing we used to dominate was long-distance communication. Now I think we have the potential to dominate in long-distance collaboration, if we could get Cisco to reduce its prices a bit.

There is a huge potential. Canada is a very big country with very few people. If we could apply some economic development funding to the technology to do this distance collaboration.... Vancouver is the most expensive place to live in this country. The reason we don't get more students is that it's too expensive for them to come. If we could democratize that a lot and get this collaborative leading-edge thinking, I think we would dominate.

Mr. Scott Simms: I'm very interested in what you're saying because I think the Shangri-La of technology would be to be able to connect and live in all places in the country and be able to work and function as we do in the city. I think this issue of collaboration is very important, because without that, it's not really going to happen.

That's why a lot of people in rural areas feel frustrated; it's because they can't necessarily work from anywhere in the country. They still have to move and they still have to go for jobs that require technical expertise and computers.

I thank you for that.

Mr. O'Hearn, I want to get your comments on the proposed legislation in Bill C-32. One of the issues, and it's a very contentious issue, is TPMs and digital rights. I want to get your thoughts about the fact that the current legislation as it exists is very strict about circumventing digital locks. What are your thoughts on that?

• (1610)

Mr. Michael O'Hearn: Do you mean my personal thoughts or the thoughts of the ACP?

Mr. Scott Simms: I'm really interested in the personal stuff, because that's always the best stuff.

Mr. Michael O'Hearn: Even within the ACP and the Association of Canadian University Presses, which tend to work together, there's some discussion on whether they should or should not be there.

Rebecca, would you have a more intelligent answer than that?

We find ourselves personally in a slightly different position because of where we work. As a publisher at the University of

Ottawa Press, we're quite committed to open access, but I can't really speak for others.

The Chair: Madame Ross, do you have an opinion on digital locks?

Ms. Rebecca Ross: I'll only reiterate what Michael said. We don't have DRM on our books. They are open. That's really all we can say.

The Chair: Thank you for that opinion.

Thank you, Mr. Simms.

[*Translation*]

Ms. Guay, go ahead, please.

Ms. Monique Guay (Rivière-du-Nord, BQ): Thank you very much, Mr. Chong. It's a pleasure to see you again.

Good afternoon, Mr. O'Hearn. Good afternoon, Ms. Kopak.

You're talking about book technology. I'm going to tell you a brief anecdote.

My father is 81 years old, and I believe he knows more about technology than I do. That's simply because he has a disability and is almost blind. Consequently, through the Institut Nazareth, with which you are no doubt familiar, which is an association for the blind, he is able to obtain books on cassettes and compact discs, audio books.

So that's very good for him. He can continue engaging in one of his favourite pastimes. However, that's not my concern.

Instead my concern is for young people. Technological development raises problems everywhere. I know that, in some regions of Quebec, there is no high-speed Internet, or the system is not yet completely functional. That's the case in a number of regions. It must also be the case across Canada.

So it must be harder to establish a system such as yours. People may be less interested. What's your opinion on that point?

Technological development has to progress, and it's very slow. Efforts have been made with regard to the Internet for years. I have it at home, but the people in the neighbouring municipality don't have it, and they don't elsewhere either. So this situation is causing some problems. There are also bottlenecks.

In addition, with regard to comic books, what are you doing to digitize that? Reading a comic book as a book is quite different. How are you going to stimulate young people's interest? That's important.

Mr. Michael O'Hearn: Yes, I'm thinking of my children.

Ms. Monique Guay: That's a big market.

Mr. Michael O'Hearn: Absolutely.

There's no interest in comic books because there's no movement; things aren't moving. People obviously prefer to have a book.

Ms. Monique Guay: A real book in their hands.

Mr. Michael O'Hearn: That's it, yes.

Ms. Monique Guay: Earlier you said that Europeans don't really have any interest in e-books, but you know that Europeans love their books very much. A book also has a market value. An old book that has been preserved for years will have a certain sentimental value, but also a market value. I don't know if a book on diskette will have the same value. That also comes into play. Perhaps that's why Europeans are book lovers. In public places in Europe, in Paris, for example, they go looking for old books, interesting books, and they love to be able to hold a book in their hands and to read it. It's a completely different attitude.

For young university students, on the other hand, the vision is completely different. It's much quicker for them to search for a book on the Internet when they do their homework. They can determine very quickly whether they've reached such and such a chapter, paragraph or page. That's probably faster than if they had a book in their hands.

• (1615)

Mr. Michael O'Hearn: I agree.

Ms. Monique Guay: It may cost less too because university books are often very expensive.

Mr. Michael O'Hearn: It's definitely less expensive. That's also related to the way subjects are taught because, if teachers decide that children are going to read articles, for example, rather than read an entire book, that's something else. They prepare course packs. That encourages one way of addressing a book without it really involving a book as you describe it, as in Europe, for example.

As I previously said, a book, in Europe especially, but also in Quebec, is a cultural element, I believe, more than in the English-speaking world. It's virtually impossible to imagine a book fair such as Montreal's Salon du livre in Toronto. That's virtually unthinkable. People visit the Salon du livre de Montréal with their families. The same is true in Mexico. People go to the book fair with their families. It's different in Toronto.

Ms. Monique Guay: It's a completely different attitude.

Mr. Michael O'Hearn: I believe so.

Ms. Monique Guay: So you can't do the same thing everywhere.

Mr. Michael O'Hearn: We're simply making comparisons. It's somewhat different because it depends on the type of book, on geography and culture. These are all kinds of factors that make people accept or not accept e-books.

The Chair: Thank you, Ms. Guay and Mr. O'Hearn.

Mr. Del Mastro, go ahead, please.

[English]

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

I had an interesting tour today. I went through Ericsson in Ottawa west and saw some of the things they're working on. It really is remarkable to see how much power is going to be put behind the devices that we're using every day, the speed at which these are going to be able to operate, and the quality of the broadcasts that will be available. It's really quite fascinating.

They expect the total number of connections to the Internet to increase to 50 billion by the year 2050, with multiple devices owned by everyone connecting in many different directions. I think that's the challenge: how do we take advantage of the 50 billion connections that are thought to be possible by 2050? That's what we're really talking about here today.

Mr. O'Hearn, the Association of Canadian Publishers has been quite clear and quite strong in its support for modernizing the Copyright Act. I know that if we go back for generations, the profitability of the industry was always based on selling the book. You needed to have content to make a book, but the profit was all made on the sale of the book.

How do we get from selling the book to selling the content and making sure the industry works for both the authors and the publishers? Ultimately, how do we advantage Canada in that fashion?

• (1620)

Mr. Michael O'Hearn: I wish I had all the answers to that one. That's really the crux of the issue, exactly the way you've put it. I read something somewhere to the effect that the publishing industry really hasn't changed much in 500 years. It's just starting now to have to take this seriously.

You're quite right; it's the selling of the content in book form as we would understand it. That's where the money is made, and it's shared out from that. Of course, we're somewhat like the record industry, I suppose, thinking we can do the same thing with electronic books. Again, the jury is out on that, because a book, like anything else, is still subject to file sharing. There's always somebody who can break a lock. It's fun. It's not for me—I'm hopeless at it—but I think these people just find it's fun to do that kind of thing, and they'll find a way around it; it doesn't matter what you do.

Again, that's what I was saying a bit earlier. We're doing an experiment anyway, providing books free in a certain electronic format, which is basically PDF. We're also using a fancier electronic format, EPUB, which you can actually do something with; we're selling that one, and selling the print book. We want to see if having the PDF available for free will have any effect on the sale of the other books, but we don't know yet. We've just started the experiment and we're going to run it for a year or so.

Mr. Dean Del Mastro: Thank you.

I would suppose, though, that your support for the Copyright Act, not to digress into something.... But the modernization remains fervent. That's something you see as critical for the publishers.

Mr. Michael O'Hearn: Yes, it has to be. Even the way we deal with authors.... It's all completely changed, and we're still walking our way through that and trying to find the best way to do it.

Mr. Dean Del Mastro: Thank you.

Ms. Kopak, I see a few colleagues around the House who have made the plunge and picked up what you have by your left hand, an iPad. I suspect we're likely a couple of months away from every one of us walking around with BlackBerry PlayBooks and stopping with stuff like this everywhere, which will be another significant evolution here on the Hill.

How is this changing education? How is it changing learning? How is it changing how people are communicating? In your capacity, you must be seeing some very profound changes that are happening very quickly. Even for some folks who aren't that old, the rate of change is almost unsettling at times, isn't it?

Ms. Jeannette Kopak: I've been in digital media for 20 years, and the iPad and the tablet technology are the biggest things I've seen since Netscape in 1995.

My father is 91 and in a nursing home. I downloaded a whole ton of family pictures that I had digitized, brought them to the hospital, and showed them to him on my iPad. My dad was just totally.... You see, it's got a recorder on it, so my dad actually got to tell me the stories of the photographs of the family. That's a personal thing, but if you think about it in the context of cultural history and think about the potential of what this thing can do and the fact that we now can walk around with all this material that we can show people and share, it's huge.

A year ago I would have laughed at myself for thinking that this would make such a big difference, but it's just so easy to use. The best thing is that when you go to a nursing home and you're showing these photographs and getting people to talk about them, it's so cool. It's not the technology; the technology is an enabler. It's actually the content and the communication that's the cool thing about the potential for these things.

It's funny, because I worked in CBC archives for many years, and I'll tell you that if we can get archives onto these things and start getting people to talk about some of the images and to tell the stories behind some of the history that's sitting around, it would be a very cool thing.

The Chair: Thank you very much.

Ms. Jeannette Kopak: It's just easy; it's cool.

The Chair: Thank you very much, Madam Kopak.

Thank you, Mr. Del Mastro.

[*Translation*]

Do any other committee members have questions?

Mr. Pomerleau.

Mr. Roger Pomerleau: I'd like to ask Ms. Kopak a brief question.

You said at the very start of your presentation that your students come from around the world, that they have different backgrounds. You also said they did not find it very hard to work together.

Do the people who study at your institution have to have special training?

• (1625)

[*English*]

Ms. Jeannette Kopak: No. They need an undergraduate degree and they need to have good marks. They need to be able to communicate in English, but they get along very well. We had a team last year that had an Israeli, an Iranian, a Korean, and a couple of Canadians working together. I used to joke and say that if the world could work like this, just imagine how much better the world would be.

But the training is all undergraduate, and they need a desire to make a difference.

[*Translation*]

Mr. Roger Pomerleau: It's Silicon Valley up North.

[*English*]

The Chair: It's Silicon Valley North.

Thank you very much.

Merci, Monsieur Pomerleau.

Thank you very much, members of the committee. I want to thank our two witnesses, Madam Ross and Mr. O'Hearn, for appearing and testifying.

We'll suspend for five minutes to allow our next panel to appear.

•

_____ (Pause) _____

•

• (1630)

The Chair: We're resuming our meeting.

Welcome to our committee.

We have representatives here from two departments of the Government of Canada.

[*Translation*]

We have, from the Department of Canadian Heritage, Mr. Blais, Assistant Deputy Minister, and Ms. Kennedy, Deputy Director General, and, from the Department of Industry, Mr. Beaudoin, Director General, and Ms. Miller, Director General.

Welcome to all of you.

[*English*]

We'll begin with an opening statement from the Department of Canadian Heritage.

[*Translation*]

Mr. Jean-Pierre Blais (Assistant Deputy Minister, Cultural Affairs, Department of Canadian Heritage): Thank you very much, Mr. Chairman. It's a pleasure for me to be here with my colleagues.

We have a few slides to show you to support my remarks, just to simplify the presentation.

[*English*]

Obviously, Mr. Chairman, you'll understand that we certainly can't be here to speculate about future policy directions of the government, but we're more than happy to provide some factual information to the extent we can. If we can't provide it today, we'll follow up with the clerk of the committee. We'll try to be as helpful as we can within the limits of what we as public servants can or cannot do.

I bring your attention to the first slide, which is on page 2.

Whenever one does a policy framework, as you're looking at in terms of the impact of new technologies on creation here in Canada, the broad strokes of any tool kit would include legislation, institutions, and perhaps programs. On page 2 you can see the items in the current tool kit—the principal ones, not the sole ones—that we use to support creation of and access to Canadian content. You may notice that some of these date from a few years ago; however, they remain particularly resilient and adaptive, because when they were originally drafted by Parliament, they were done in such a way that they were pretty open-textured and were able to evolve over time. They have helped us to continue to support the strategic outcomes we're looking for, as I mentioned—the creation of and access to Canadian content—but now we're trying to do it on a multi-platform basis.

We will move to page 3. You've been at this and hearing evidence for a number of months, so none of this will come to you as a surprise.

Technology is indeed one of the most important drivers, though not the sole driver, affecting arts and culture these days. You've heard this from a number of folks. It's certainly affecting the way we create, share, and consume creative content. There's convergence in devices as well as suppliers. Traditional lines of business are completely blurring, and there is a significant disintermediation of traditional players.

Nevertheless, audiences out there, Canadians, want their content on the platforms that they want, when they want it. These new platforms don't necessarily compete with each other. It's amazing how people seem to have more time to consume more content at the same time, but the choices are multiplying and the choices are global. This actually is quite a great opportunity for Canadian creators, because the technology is providing our Canadian artists and creators with global audiences. Certainly content plays an important role, and it's actually driving the demand for devices and bandwidth. As well, you'll see in an ownership chart in the annex that it's actually affecting how people are organizing to deliver on it.

[Translation]

Within the department, we have been addressing the issue of the impact of new technologies on content creation at least since I have been in my position, that is since 2004.

At that time, we established a working group on new technologies, and we conducted basic research that put us in a good position to turn the corner.

On page 4, there is a summary of the major changes that we have managed to make in support of the programming.

● (1635)

[English]

For instance, in March 2009 Minister Moore was able to announce fundamental changes to the Canada Media Fund, which has \$134 million per year of contributions. If you add the private sector contribution, it totals over \$350 million per year. We announced changes to the Canada Interactive Fund, which replaced the former Partnerships Fund and the Gateway Fund. That's \$55 million over five years. The Canada Book Fund was reformulated in September 2009. That's another \$40 million. The Canada Music Fund was

renewed in July 2009 and given \$27 million. The Canada Periodical Fund, which was announced in February 2009, is another \$75 million.

Into every one of these programs, when we reviewed them, we incorporated a digital component adapted to those particular realities. We also have the Virtual Museum of Canada as well as the online works of reference.

The framework also includes, of course, the important role of the national cultural institutions. I'll let you read what's on the page. Certainly the National Film Board, Library and Archives Canada, the CBC, and others—national museums, for instance—through their archives and new collections are very important innovators in providing Canadian content to Canadians. It's quite remarkable. CBC, for instance, is one of the most successful media sites out there.

Since then, with our colleagues from Industry Canada,

[Translation]

and from the Department of Human Resources, we have worked together on the digital economy. We conducted a consultation between May and July. Interest was very great.

You've no doubt seen the document issued jointly by the three departments.

[English]

From our perspective, I think it's chapter 4 that deals with digital content. I recommend you read it if you haven't had a chance to do that so far, because it provides a road map for dealing with content in the digital world. We were quite surprised that almost half of all submissions dealt with content, so it's very much a driver of where we're going, and the page outlines that.

Looking forward over the coming months, again related to the digital story, there is the Copyright Modernization Act and the digital economy strategy. We are in the process of developing a forward strategy with the ministers.

As well, we are currently looking at the foreign investment policy in the book and publishing distribution business in Canada. The Red Wilson panel, you will recall, has recommended that we periodically review our investment policies; we're in the process of doing that, starting with the book policy. This policy was originally adopted in 1985 and revised in 1992, so it's certainly one that needs to be looked at.

That pretty much summarizes where we've been and where we're going. I'd be more than happy to answer some questions.

Now my colleague, Alain, will say a few words.

The Chair: Thank you.

Now we'll hear from Industry Canada.

[Translation]

Mr. Alain Beaudoin (Director General, Information and Communications Technologies branch, Department of Industry): Thank you very much.

I would like to thank the Standing Committee on Canadian Heritage for the opportunity to be here today.

[*English*]

I will first speak about some of the key findings from the consultations we had on the digital economy.

I want to clarify at the outset that I'm not in a position to comment on next steps with regard to the strategy, as this is the purview of ministers. However, I can tell you, as Jean-Pierre mentioned, that we're working closely with our colleagues at Canadian Heritage, HRSDC, and other departments as well.

[*Translation*]

On May 10, Minister Clement launched consultations on behalf of the Government of Canada.

Through an interactive consultation website, Canadians were given an opportunity to discuss ideas and provide recommendations. We received more than 270 submissions and numerous ideas, all of which have been available to the public on our website: digitaleconomy.gc.ca.

If you haven't accessed it, all submissions received are accessible to the public.

Meetings were also held with key stakeholders on various topics.

Overall, participants generally agreed with the key challenges outlined in the consultation paper, and the notion that everyone has a role to play on the digital economy.

• (1640)

[*English*]

I will now speak to some of the areas that fall under the purview of Industry Canada with regard to the results of the consultations.

On capacity to innovate using ICTs, participants noted that Canada suffers from underinvestment in ICTs and slow adoption rates. Additionally, stakeholders considered SMEs disadvantaged, because they often lack the time and resources to select and implement the right ICT solutions.

The private sector acknowledged that they have a role to play in better using ICTs, but also recommended some government leadership to incent change, such as awareness initiatives.

Several stakeholders called for speedy passage of bills related to spam, privacy, and copyright in order to strengthen Canada's regulatory and legislative frameworks that protect and foster the online marketplace, and also to increase the take-up and use of digital technologies.

Next-generation network infrastructure was seen as a critical part of modern infrastructure for all sectors of the economy. Stakeholders wished for new, innovative services and higher-speed broadband at the lowest possible price. Generally they felt that the competitive market is working reasonably well in urban areas; however, in smaller rural and remote communities, stakeholders indicated that market forces on their own would not lead to deployment of higher-speed broadband and felt that government intervention would be necessary.

On promoting growth of Canada's ICT sector, stakeholders pointed to the relatively small size of our firms, lack of commercialization, and insufficient exports as factors constraining the growth of the sector. They noted the effectiveness and usefulness of programs such as NRC's IRAP to support the ICT sector and the digital media sectors as well.

While the scientific research and experimental development tax credit, known as SR and ED, is seen as very essential, many called for changes.

Some stakeholders argued that governments should review their procurement practices in order to foster innovation. They also emphasized the importance of highly qualified people for the ICT sector, as well as the need for greater collaboration between public and private sectors.

[*Translation*]

This leads me to talk to you about government support for digital skills. For its part, the industry portfolio supports digital skills talent through various programs, such as the Canada Research Chairs, the Canada Graduate Scholarships, the Vanier Scholarships and the Canada Excellence Research Chairs.

Allow me now to discuss the separation of telecommunications and broadcasting. As you know, broadcasting is a sub-set of telecommunications and it is treated differently from other forms of telecommunications because of the role it plays in developing, protecting and promoting Canadian culture. The Broadcasting Act therefore is primarily cultural in nature.

The Telecommunications Act, by contrast, is primarily economic in nature, with emphasis on ensuring that Canadians have access to high-quality, affordable services.

[*English*]

Let me turn to government support for R and D in the digital media sector.

Since 2006, the government has committed an additional \$8.5 billion in innovation. These investments have been administered by a wide range of federal programs and agencies, as well as granting councils. ICT was identified as one of four priorities as part of the S and T strategy that was launched in 2007, with programs and initiatives that support digital media R and D and innovation, amongst others.

While we cannot provide you with an exhaustive breakdown of federal funding for digital media, some examples include the networks of centres of excellence program, which funds the Graphics, Animation and New Media Canada Network, known as GRAND, in British Columbia, and the centres of excellence for commercialization and research program, which funds the Canadian Digital Media Network in Waterloo, known as CDMN for some.

[*Translation*]

With that, I'll be pleased to answer your questions.

My colleague, Ms. Miller, will also be able to answer questions on telecommunications and infrastructure.

The Chair: Thank you.

I want to ask committee members a question.

Since there will be a vote at 5:45 p.m., do you want to adjourn the meeting at 5:15 p.m. or 5:30 p.m.?

[English]

Do you want to adjourn the meeting at 5:15 p.m. or at 5:30 p.m.?

• (1645)

Mr. Charlie Angus: At 5:15 p.m.

The Chair: At 5:15 p.m.? Thank you very much, Mr. Angus, for that direction.

We will have 30 minutes of questions and commentary from members of the committee, beginning with Mr. Rodriguez.

[Translation]

Mr. Pablo Rodriguez: Thank you. Good afternoon, everyone. We don't have a lot of time. I will ask a few brief questions.

Mr. Blais, at what point was your department consulted on development of Bill C-32?

Mr. Jean-Pierre Blais: As you know, under their enabling legislation, the Department of Canadian Heritage and the Department of Industry are both responsible for copyright. Consequently, we work together. Personally, I have taken part in the process since Bill C-60 was introduced. The department has always been involved in that file.

Mr. Pablo Rodriguez: So Canadian Heritage had significant input into the final version of—

Mr. Jean-Pierre Blais: That's the responsibility of both departments.

Mr. Pablo Rodriguez: And you at Canadian Heritage?

Mr. Jean-Pierre Blais: We have been taking part all along.

Mr. Pablo Rodriguez: Mr. Beaudoin, in your presentation, you mentioned the separation of telecommunications and broadcasting. Technically, you're correct. In actual fact, everything is virtually integrated. Everything is increasingly integrated. Bell, which in principle is a telephone company, is evolving, buying CTV and is now engaged in broadcasting and production through what CTV does. The best example is Quebecor, which is involved in cable distribution, owns a television network, TVA, is engaged in production and also owns a series of print media concerns.

How can we really think all that can be treated differently when it's all integrated?

Mr. Alain Beaudoin: I'm not an expert on the matter. So allow me to turn to my colleague for a few moments.

Mr. Pablo Rodriguez: All right.

[English]

Mrs. Pamela Miller (Director General, Telecommunications Policy Branch, Department of Industry): I think the point Alain was making in the remarks is that the different activities conducted by the companies are regulated differently. So even if they are engaging in communications activities that on one side have the broadcasting activities and on one side the telecom activities within the same company, they are subject to different acts. Therefore, just as many companies are subject to many, many different pieces of

legislation, the same applies in this case, where they're subject to two different pieces of legislation.

[Translation]

Mr. Pablo Rodriguez: Once again, you're technically right. In your view, would that mean that the door might be open to the purchasing of our telecommunications businesses by foreign interests and that, since this is governed by both acts, there would be no impact on the broadcasting components, even though the businesses are integrated?

[English]

Mrs. Pamela Miller: There is a very fulsome set of regulations under the Broadcasting Act that have to be adhered to if you are both engaged in broadcasting distribution undertaking activities and broadcasting activities, on which I would defer to Jean-Pierre. Those are extremely clear about the obligations one must fulfill in order to engage in broadcasting to Canadians. Those would fully remain in place under any scenario.

[Translation]

Mr. Pablo Rodriguez: I'm asking you the question, Mr. Blais. Can we permit the sale of telecommunications businesses to foreign interests without there being an impact in the broadcasting sector, even though those businesses, the major players, are all integrated?

Mr. Jean-Pierre Blais: As you know, the Industry minister has begun consultations on this issue, and Canadians were able to take part in them. This exact question was an issue.

Mr. Pablo Rodriguez: I know, but what do you think about it?

Mr. Jean-Pierre Blais: You're asking me to speculate about the government's political future. That's the issue that arises for the government following the consultations.

Mr. Pablo Rodriguez: I'm not asking you to tell me what it will do or wants to do or what it's tempted to do. Under the current act, if we open the door to the purchase of telecommunications companies, will that have an impact on broadcasting, based on what's there, not based on what the government wants to do? It will indeed do what it wants.

Mr. Jean-Pierre Blais: To ask the question whether the government will allow ownership by foreign businesses is to speculate about the future, something we can't do. What I can tell you today is that the provision under the Broadcasting Act is clear on the fact that ownership of broadcasting undertakings must be—

Mr. Pablo Rodriguez: So I can't ask you any hypothetical questions? I exclude any question that doesn't concern the present? Is that it?

Mr. Jean-Pierre Blais: That's not what I'm trying to tell you. It's that you're asking me to step out of my role as an official who does not take part in a political debate.

Mr. Pablo Rodriguez: I'm not at all dragging you into a political debate; I want to try to understand. In my opinion, if I observe what is currently going on, the two sectors are so interrelated that we cannot differentiate them from one another. My comment wasn't political. I engage in politics with them.

Mr. Jean-Pierre Blais: I can tell you, by consulting the annex to my presentation, that it is indeed only private sector companies, but if we had added CBC/Radio-Canada, we see that companies are increasingly realizing that their business strategies—and we recently saw this with the purchase of Shaw and BCE's proposed purchase, which is still before the CRTC—must be multi-platform strategies. Someone who has to deal with a number of regulations might say that's too complex, but that's the business reality.

• (1650)

The Chair: Thank you, Mr. Blais and Mr. Rodriguez.

Mr. Pomerleau, go ahead, please.

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

Thanks for coming to meet with us again. There are some people we've been meeting for some time now.

Here's my first question. Approximately when should the action plan whose development everyone has been invited to take part in appear?

Mr. Jean-Pierre Blais: You're talking about the digital strategy?

Mr. Alain Beaudoin: We have—

Mr. Roger Pomerleau: What deadline have you set for yourself to prepare a plan? I suppose it will be submitted to the minister, but how much time have you given yourself to produce it?

Mr. Alain Beaudoin: The consultations have been started. Since then, Mr. Clement has been clear on the fact that we did not set a specific deadline, but that we were going to take the necessary time to study and analyze the submissions and develop a strategy.

Mr. Roger Pomerleau: You're talking about the briefs that were submitted, etc.? Are you working on that now?

Mr. Alain Beaudoin: Yes, as Mr. Blais and I mentioned.

Mr. Roger Pomerleau: Will we at least be informed when there is a plan?

Mr. Alain Beaudoin: We're working on that.

Mr. Roger Pomerleau: All right. A lot of people from different fields who have come to meet with us have told us that, compared to what's being done elsewhere in the world, in many fields, we are lagging behind. First of all, is that true? I'd like to have your opinion on that point.

If we consider the amounts we are currently investing, that's not peanuts. We're investing large amounts and we seem to have programs that quite extensively cover the assistance we can give people. In spite of all that, other countries, especially in Europe, are apparently more advanced than we are. Can you tell me whether that's true?

Then perhaps you could provide some examples of that situation, if you have any or if you have previously studied the question. How can we explain why we have fallen behind despite everything we've done? What does that depend on?

Mr. Jean-Pierre Blais: The assessment as to whether we are lagging behind or not is very subjective. It depends on the fields. In the past, our frameworks have always been cultural support models. The French, the Germans and the Australians always came to see what we were doing. They recently came again, after the renovation

we've just done. Very recently, France has taken a real interest in what we are doing with regard to virtual museums. We've innovated in this field. France wants to learn how we're doing that.

A few years ago, I invited some British individuals to take part in a reflection exercise. At the end of it, their conclusion was that we were too hard on ourselves. We were always saying we had to do more. They told us they considered Canada a leader. As you know, Montreal and Vancouver are the third biggest video game producers in the world. So it depends on the field. It's true that we are in the midst of a stunning boom for industries. Everyone is trying to adjust to a very quick change. However, I wouldn't say we are losing more ground than other countries. We are dynamic as well.

Mr. Roger Pomerleau: So we're still in the *peloton*.

Mr. Jean-Pierre Blais: Yes, we're still in the *peloton*.

Mr. Roger Pomerleau: The others aren't leaving us too far behind.

Mr. Jean-Pierre Blais: Absolutely not. I previously mentioned to you that, in the field of music, Canada is the second largest exporter of musical talent in the world. That's as a result of policies adopted in the past. We are still modernizing them in order to maintain that pace.

Mr. Roger Pomerleau: My other question is for Mr. Beaudoin. It will be the last one, Mr. Chairman.

I live in a little village called Lefebvre, near Drummondville. The village was hooked up to the Internet as a result of funding that was released in order to install high-speed Internet. This isn't the only place where this hasn't yet been done. People from a number of small villages around there call me every day because it appears that, for all kinds of reasons, they can't be hooked up to the network. Either the company can't do it because it hasn't received funding, or those villages are already served by another company and that company doesn't want to serve everyone. An in-depth study is going to be conducted of all those cases.

My question is this: have you heard about similar problems in Canada? My colleague who was here earlier talked about that. She lives in St-Jérôme. The small villages around where she lives are experiencing the same problem. And yet funding has been provided to hook up to the Internet in the regions. Have you heard that there were problems in implementing that program?

• (1655)

[English]

Mrs. Pamela Miller: Just to respond to that question, there is a plan under the economic action plan, Broadband Canada, which has had two rounds of funding announced, and a third round will be announced. So there will be 220,000 households that have been connected or will be connected through that and there will be further numbers announced. So that is certainly progress being made.

In terms of specific problems and specific locations, there are often particular geographic issues that could arise and that providers will have to deal with. Part of the action plan will be that when we look at the end of the plan we'll assess if there are any remaining gaps. There has been a concerted effort to see where the gaps are, to see what we can serve through this and the funds that were made available. At the end of the program, there will be an effort to see what remaining gaps exist. But certainly, as you get closer and closer to closing the gap, the ones that are left are the hardest because they have the most challenging geography, the least population—

Mr. Roger Pomerleau: Who should I call if I have problems with a certain...?

Mr. Charlie Angus: Call Mr. Beaudoin. He'll deal with it personally.

Voices: Oh, oh!

The Chair: Thank you very much.

Before we go to Mr. Angus, perhaps Madam Miller could just tell us how that money is being spent, to answer Mr. Pomerleau's question. Through whom is the money being spent?

Mrs. Pamela Miller: It's being spent through Industry Canada. There is a national program. It was a competitive bid process. We did a mapping, first of all, to map all the unserved communities. Then there was a competitive bid through the private sector. It was basically the most coverage for the least cost. I think everyone liked that approach.

The Chair: And the applicants were the phone companies themselves and the cable companies.

Mrs. Pamela Miller: Yes, it was any private sector provider. There were two rounds of funding that were announced in May and in June. There is conditional approval for 77 projects with a total funding of nearly \$110 million. There's going to be a second round that will be announced as well.

The Chair: A third round.

Mrs. Pamela Miller: I'm sorry, a third round. Yes.

The Chair: Thank you very much.

Merci, monsieur Pomerleau.

Mr. Angus.

Mr. Charlie Angus: Thank you.

It's excellent to have both Industry and Heritage.

Mr. Blais, we've talked many times, so I'm not going to focus on you today, but I want to say that you did say Canada is a world leader. I certainly agree. I think that in the six years I've been here, with much of the frustration we've had about us lagging behind in terms of moving to the new platforms, of getting our isolated cultural silos into the digital sphere, I'm seeing phenomenal change, even within the last year. In particular I commend you on the magazine file. I think it's really exciting.

But I'd like to talk to Mr. Beaudoin because we don't get that opportunity very often. Please don't take it personally after I've complimented you.

Mr. Beaudoin, I'm interested in where we're going to be going in terms of becoming internationally WIPO-compliant in updating our copyright laws. Certainly we all agree that this is a key element.

I'm interested in the decision around the digital locks. Article 10 of the WIPO Copyright Treaty has some pretty specific language about the right of a country to bring into the digital realm, when it becomes WIPO-compliant, the exemptions that existed under its laws, and that the protection for digital locks, or TPMs, can be legally supported as long as they don't interfere with the rights that have existed already.

I see that under Bill C-32 the public will be granted a number of rights, but those rights don't supersede the digital locks. Why was the choice made to say you can have these rights as long as they don't interfere with the digital lock?

Mr. Alain Beaudoin: Thank you for your question.

I have to admit that I'm far from being the expert at Industry Canada on copyright and digital locks. If you don't mind, we'll take note of your question, and if you wish, we will get back to you.

Mr. Charlie Angus: Mr. Blais?

Mr. Jean-Pierre Blais: In fairness to my colleagues, Industry Canada is a big department, and the people I deal with on the copyright front aren't these folks. I deal with them on other fronts, and we work quite closely on a number of files. I almost have three ADM colleagues at Industry Canada I normally deal with. They really, in fairness to my colleagues over there, are not responsible for that area.

• (1700)

The Chair: So I will ask, as chair, that you provide that answer to the clerk, who will ensure that it gets distributed to all members.

Mr. Charlie Angus: I'll follow up with you, Mr. Blais.

On June 10 of this year, the WIPO Standing Committee on Copyright met and released that 19 out of 31 of the compliant countries had made the decision that TPMs would not override the existing exemptions that were within their own national copyright laws. Canada, it seems, will be out of step with those countries, many of whom are competitors.

Again, from your perspective, why would the decision be made to put this sacrosanct protection for digital locks when it doesn't seem to be the norm with many of our other WIPO-compliant countries?

Mr. Jean-Pierre Blais: I can't speculate as to how WIPO comes to conclusions on that.

What I can tell you is that the government has decided to go forward to modernize the Copyright Act in Canada. It has made certain policy choices that the special legislative committee will have an opportunity to discuss.

I can tell you that I watched with much interest the second reading debate. I was impressed by the depth and breadth of knowledge of members of Parliament on the subject matter. We'll have the opportunity to go into that.

It's really not easy for us as public servants to explain or justify why a political choice was made. I can tell you what that choice was, but it's very difficult for me to say why or why not or what other choices—

Mr. Charlie Angus: How about I simplify it, then? Being that the bill came out just around the time that the Standing Committee on Copyright released its report, did your department look at where our other WIPO-compliant partners were in terms of the digital locks so that you had a sense of where Canada would be? Or was this done based on a political decision?

Mr. Jean-Pierre Blais: No, absolutely the advice is informed not only by what's happening in Canada but what also is happening at the international level. You'll notice that in the preamble of Bill C-32, it does reference the fact that we are cognizant of international standards. So yes, it's part of the evaluation.

Mr. Charlie Angus: Thank you very much.

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

Mr. Brown.

Mr. Patrick Brown (Barrie, CPC): Thank you, Madam Chair... Madame...Mr. Chair.

I'm on the health committee too and Joy Smith is the chair, so I'm so used to saying "Madam Chair".

My first question would be to the industry officials here with us today. I wanted to get your perspective. One thing that there's been a lot of talk about in the last few years has been the copyright bill, and I want to know what your thoughts are in terms of its effect on a digital nation. What will a well-balanced piece of copyright legislation mean to the digital media?

Mr. Alain Beaudoin: Again, sir, to build on the previous question, the panel and I are not the experts as it relates to copyright for the department.

Mr. Patrick Brown: Do you have any thoughts that you can share with us in terms of how it will be affected?

Mr. Alain Beaudoin: I don't have any opinion whatsoever. I don't consider myself an expert.

Mr. Patrick Brown: Okay, fair enough.

I want to get the opinions of the Heritage officials here today on the current financial commitments with the CMF, if you could point to some of the successes we've had, what you're able to do with that funding, and what the potential is.

Mr. Jean-Pierre Blais: As I mentioned in my opening remarks, back in March 2009, the minister announced a replacement of the old Canada Television Fund and the old Canada New Media Fund, to create the new Canada Media Fund, and it was a merger of some of the moneys we had there. The federal government injects \$134 million into that fund, but it's a partnership with broadcast distribution undertakings, cable and satellite companies. So we now have over \$350 million being invested in digital content.

The first priority of the government at that time was to make sure the governance was right. The previous board of the Canadian Television Fund...the Auditor General had raised concerns about its ability to properly manage public moneys, because of potential for conflicts of interest. So we have now a smaller and more

streamlined, independent board, but more importantly we almost nudged the industry along, because the fund is in two big broad pools of money. The convergent stream, unlike the old television fund, actually requires television producers, if they want to produce a television program, to also produce something on another platform. That's been very successful to get television producers to think of the multi-platform world.

Similarly, there's an experimental stream, and this one is wide open. It's very much an innovation stream. It's not just the producers who can apply for it, but even somebody who has a new application can apply to this stream. It's a competitive stream, and it's really for the best ideas. The thinking was that once you innovate in this realm with the experimental stream, great ideas will then become the next generation for the convergent stream. That's very much what is happening. It's relatively new; we will be evaluating it over the coming years, but the experimental stream is already oversubscribed by really, really good ideas. So it seems to be working out there.

● (1705)

Mr. Patrick Brown: One thing I've asked before as we've looked at digital media is what your thoughts are on its effect for small towns, for communities. As the traditional forms of media grapple with the transitions into digital media, are any of these experimental ideas looking at that angle, sort of localization of media opportunities?

Mr. Jean-Pierre Blais: The overheads are much less when you're doing some of these innovative things. Although creative hubs and innovative hubs have developed in Canada, the reality is that a lot of these creators can create for these platforms away from major centres. So it actually has spread things out across the country in a positive way.

So can I tell you today exactly where those projects are occurring? I can't, but it's something we will be looking at as we evaluate the outcomes of the CMF.

Mr. Patrick Brown: In terms of the stakeholders who have been consulted with the CMF, do you notice you're getting those primarily interested in national affairs, or are you getting those of all forms and shapes—

Mr. Jean-Pierre Blais: It's been a very broad scope. We've incorporated in the contribution agreement that the media fund board—it's an independent board—has to constantly be consulting folks out there. The community is very engaged. It's all over the country, from major cities to the north. They've been all over, so they are very much engaged in the process. We're very hopeful that it speaks to all kinds. And it's not just the traditional players; new players have access to it. So we've gone beyond the traditional players that may not have been able to access the old Canada media fund, because it's not limited to independent producers anymore.

The Chair: Thank you.

Thank you, Monsieur Blais. *Merci, Monsieur Brown.*

Monsieur Rodriguez.

[Translation]

Mr. Pablo Rodriguez: I'm going to continue talking about the Canada Media Fund. How long will the government's financial commitment continue?

Mr. Jean-Pierre Blais: Of the \$134 million, \$34 million is in the department's A base and \$100 million has been renewed in the 2009 budget as part of Canada's Economic Action Plan. That amount will have to be renewed before April 1, 2011.

Mr. Pablo Rodriguez: There's no financial commitment after March 31.

Mr. Jean-Pierre Blais: There isn't any yet.

Mr. Pablo Rodriguez: I was wondering why there can't be a commitment of more than one year for such an important issue.

Mr. Jean-Pierre Blais: In Budget 2009, the Minister of Finance made a two-year commitment. Sometimes programs are renewed for one year, two years or five years.

Mr. Pablo Rodriguez: So every year, the Media Fund does not know what it will have the following year. It only knows that a budget has been adopted for a single year.

Mr. Jean-Pierre Blais: In this case, it was a two-year commitment.

Mr. Pablo Rodriguez: Yes, it was a two-year commitment.

The fund managers don't exactly know what they will have after March 31. It may be the same amount; it may be—

Mr. Jean-Pierre Blais: I can tell you that, since 1996, the former Canadian Television Fund and the new Media Fund have had one-year or two-year renewals. That's not new. Some way has always been found to renew it year over year.

I suppose a decision will be made in the coming months and may be announced in the next federal budget.

Mr. Pablo Rodriguez: That seems peculiar to me. I'm referring to all those past years. Why doesn't such an important institution have multi-year funding?

• (1710)

Mr. Jean-Pierre Blais: I believe that decisions are being made for the shorter term as a result of the prudent management of Canada's public finances.

Mr. Pablo Rodriguez: Yeah!

In Bill C-32, with regard to the exemption which is extended to education, where it refers to fair dealing, what does the word "fair" mean?

Mr. Jean-Pierre Blais: You're putting the question to a lawyer who also has a master's degree in copyright.

Mr. Pablo Rodriguez: So I'm asking the right person.

Mr. Jean-Pierre Blais: Yes, except that I'm going to simplify matters and I'm going to abuse the concept.

This is a concept in Canada for which there is a lot of case law. The key decision is really the Supreme Court judgment in *Law Society of Upper Canada v. CCH Canadian Ltd.*, which defines what fair dealing is.

Mr. Pablo Rodriguez: So, in your opinion, when we talk about fair dealing in education, we know exactly what we're talking about?

I've met a lot of people across the country and they have no idea what it is.

Mr. Jean-Pierre Blais: Indeed.

I will no doubt have the opportunity to assist the minister in answering your questions during the committee's meetings on Bill C-32.

There are two viewpoints on the scope of that right. However, a recent decision by the Federal Court of Appeal—I believe it may be the Trial Division—precisely addresses that issue.

Mr. Pablo Rodriguez: Can you tell me what you're referring to?

Mr. Jean-Pierre Blais: It's the Supreme Court decision in the CCH affair. We can give you the reference—

Mr. Pablo Rodriguez: Please.

Mr. Jean-Pierre Blais: —through—

Mr. Pablo Rodriguez: That will be done through our dear chairman, yes, of course.

Mr. Beaudoin, everyone agrees that the fact high-speed Internet is not available everywhere is an enormous problem in view of all the coming challenges.

We currently have a pipeline problem, a fundamental and very basic problem: we don't have high-speed Internet access in a number of regions.

The problem is that this isn't profitable for private companies. If you ask any company, Bell, Videotron or any other, to provide high-speed Internet at certain locations, they will say that, for what it will cost them and the number of subscribers, they're not interested.

So what can be done?

[English]

Mrs. Pamela Miller: There is a program to address that need, the Broadband Canada program. There are already 220,000 households that will be served through that and there will be additional funding forthcoming through that. And that was the priority of the economic action plan.

Mr. Pablo Rodriguez: Okay, but how does that program work?

Mrs. Pamela Miller: It's done by a competition process. There was a mapping to identify all the unserved communities. We then asked for tenders from the private sector who would then come back with their bids. The communities have been identified that will be served, so that's in the process of being rolled out right now.

Mr. Pablo Rodriguez: And the money comes out of the pocket of the government?

Mrs. Pamela Miller: Yes, it's funded by government.

Mr. Pablo Rodriguez: Partially or...?

Mrs. Pamela Miller: Partially. It's a competitive process, so whichever company comes up with the best bid will win.

Mr. Pablo Rodriguez: Do you have the list of those communities?

Mrs. Pamela Miller: We can provide those.

Mr. Pablo Rodriguez: Could you, please?

Mrs. Pamela Miller: Yes.

Mr. Pablo Rodriguez: Thank you.

Is it over?

The Chair: Yes.

Mr. Pablo Rodriguez: That was fun.

The Chair: *Merci, Monsieur Rodriguez.*

Merci, Madam Miller.

We're going to finish here because we only have a minute before the bells ring.

I would like to point out to members of the committee that we have received supplementary estimates (B) for the fiscal year 2010-11. Sometime between now and the Christmas recess, the committee,

if it so wishes, can review these estimates for Heritage Canada, which are for the amount of \$94 million. If you wish to review these estimates, please let the chair know, and we will schedule a day for departmental officials and you, as committee members, to review these proposed estimates.

Thank you very much for your time.

Thank you to the witnesses for their appearance.

This meeting is adjourned.

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

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

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

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

SPEAKER'S PERMISSION

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

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

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

Additional copies may be obtained from: Publishing and
Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

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

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

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

On peut obtenir des copies supplémentaires en écrivant à : Les
Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à
l'adresse suivante : <http://www.parl.gc.ca>