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**EVIDENCE**

**Thursday, February 25, 2016**

**Vice-Chair**

**Larry Maguire**



## Standing Committee on Canadian Heritage

Thursday, February 25, 2016

•(0850)

[English]

**The Vice-Chair (Mr. Larry Maguire (Brandon—Souris, CPC)):** Good morning, everyone. I call the meeting to order.

I'll be doing the chairperson's work this morning, as arranged earlier in the week, as Ms. Fry is not available today.

We'll get right at it. We have three witnesses before us this morning in this first session in our fifth meeting of the Standing Committee on Canadian Heritage

I want to draw your attention to Mr. Demers, from the University of Laval.

Welcome, and thank you for being with us this morning, Mr. Demers.

Can you hear us all right?

[Translation]

**Prof. François Demers (Professor, Centre des études sur les médias, Université Laval):** Good morning.

[English]

**The Vice-Chair (Mr. Larry Maguire):** Very good. Thank you. We're just checking out the sound here.

Because of the weather, it's been suggested to me that perhaps we should hear Mr. Demers' presentation first in case we lose him as a result of the storm today, if that would be okay. Then we would go through 10-minute presentations from each of our three presenters this morning.

Welcome, also, to Monica Auer and Al MacKay, from the Forum for Research and Policy in Communications.

Thank you for being here.

From Carleton University we have Dwayne Winseck, professor, School of Journalism and Communication. These folks are with us, and we are ready to proceed.

We'll have 10-minute presentations from each of them and then we'll go through the questions from each member, as arranged. When those are exhausted, we have a few pieces of business to take care of and we will see whatever your wish is as to the length of the meeting at that point, once we've exhausted questions on our own business. I'll leave that to the committee members.

Welcome, everyone.

I'll turn it over to Mr. François Demers. Please go ahead with your presentation for us.

[Translation]

**Prof. François Demers:** Thank you, Mr. Chair. Good morning, everyone. I hope you are hearing me okay.

One of my colleagues and I have undertaken a study whose main concern is Canadians' consumption of Canadian cultural products, more specifically in terms of journalism. I will try to put the issue of local and regional information in that context.

At local and regional levels, it seems to us that the challenges are very similar to those in large regions and on the national level. This comes with a number of challenges, which you are familiar with and which I will not dwell on.

The first challenge, of course, is the multitude of cultural products available to Canadians. That multitude leads to a splitting of audiences, a scattering of attention and a turmoil that force practically all the stakeholders to reposition themselves.

In that context, other phenomena change consumption habits, such as the invitation to the piecemeal consumption of television or audiovisual products. This is a “time budget”, or time spent on those types of activities when there is considerable demand for activities not directly related to cultural products, such as outdoor or tourism activities. We are also talking about financial budgets and the consumption of cultural products. The data shows that there has been a transfer toward distribution infrastructure—in other words, money people are likely to invest in it.

The second major challenge is the funding of those activities, especially during a transformation period when the players must invest substantially in innovations, be it for existing media, transfers or reorganizations. As they say, deep pockets are needed to survive periods that are not always profitable. Everyone has heard about the experiment the Gesca group has undertaken with *La Presse +*, without really knowing whether it would break even. The funding aspect is very important.

When it comes to journalistic information, there has been a change in context regarding distribution. Previously, that information was disseminated through media providing other content, virtual or symbolic. They may have included a recreational and entertainment aspect. There was also advertisement, of course. We are talking about a place of public expression, not only for organizations and institutions, but also, to a certain extent, for individuals. Yet everyone knows that those four parts of public expression, to put it that way, are slowly splitting up, and that this is causing all kinds of problems in terms of journalistic information.

As far as consumption goes, the rural/urban divide was also a major challenge. There have been population movements for a very long time, and they favour urbanisation. However, it seems that the arrival of the Internet and electronic infrastructure has lessened the divide between rural and urban areas and made it less drastic.

As for the media landscape, four main players are involved in local and regional information in the Quebec City region, for example. The Transcontinental company, which owns weekly newspapers, has become extremely important. It does its own digital transfers. Of course, those transfers involve some trial and error, but it is clear that the company wants to move on to multimedia in the subregions where its weekly newspapers are distributed.

The Quebec City region also has Quebecor, which is using MATV to try something that is between entertainment television and social television. We don't have an evaluation on that, but it seems that there are transformation periods every six months. There is a great deal of experimentation in this area, which is related to television.

In the Quebec City region, there are also existing community media, some of which play a role, not in terms of journalism training as such, but in terms of regional cultural production. I am thinking of the first community radio stations, such as CKRL, to name just one.

Of course, we have Radio-Canada, which also seems to be going through a period of accelerated downturn. In fact, its ability to produce regional and local news in the regions has greatly diminished. I would obviously add *Le Journal de Québec* and *Le Soleil*, which are periodically rebranding and are also experiencing downturn to a certain extent.

Another extremely important change has more to do with local and regional news than news in general, but in this case, new competition in the form of foreign distributors has had a significant impact. Our study was carried out to consider that issue. We wanted to determine how, in terms of daily consumption by Canadians, the transfer occurred between foreign products and local products.

You may say that the game has changed on the local level. All media used to really be part of a group. There was a dynamic, an interaction among media when it came to local and regional news. The situation could be compared to a chamber orchestra, which contains a limited number of instruments. Now, the orchestra is large, but there is no conductor. There are instruments—in other words, media—and some take leadership from time to time.

An entire dynamic, stemming from the splitting of the audience, has led the media to reposition themselves in relation to each other. In that context, traditional media such as Radio-Canada or *Le Soleil* get a lot of their content from social media, which in turn get their

content mainly from websites, or individual, company or organization blogs.

The flow of information currently involves a lot of people. We are in a transition period where we are no longer sure who the main producers are in terms of daily regional information. That is a major challenge.

There is also an issue we are not really looking into—I'm talking about quality information compared with what could be considered as more unremarkable or fun information. That issue arises in the context of this dynamic of interactions, this game of the regional media orchestra. We are really facing a challenge.

In these conditions—and I will close with this—you may think of the crucial role Radio-Canada played during the interwar period. Radio-Canada was a very important factor in bringing Canadians together, be it in terms of infrastructure or content. There were exchanges between regions and so on. That role could be renewed, and Radio-Canada could again be something of a spine in this new context. It could be one of the main producers, but its internal operations, as well as its investments, would probably have to be reorganized.

Thank you.

• (0855)

[English]

**The Vice-Chair (Mr. Larry Maguire):** Thank you very much, Professor Demers.

You're just under your time, so we appreciate that as well.

Thank you very much for your insight.

What's the wish of the committee? Would you like to ask questions now and Mr. Demers can go, or should we proceed with the other presentations?

Madam Dabrusin.

**Ms. Julie Dabrusin (Toronto—Danforth, Lib.):** My preference would be to hear everyone on the panel.

**The Vice-Chair (Mr. Larry Maguire):** All right. Then I will ask the Forum for Research and Policy in Communications, Ms. Auer or Mr. MacKay—whoever wishes—to proceed.

• (0900)

**Ms. Monica Auer (Executive Director, Forum for Research and Policy in Communications):** Thank you, Mr. Chair, for inviting us to proceed.

My name is Monica Auer. I'm the executive director of the forum, a small non-profit and non-partisan organization that undertakes research and policy analysis about electronic media. We support a strong communications system that serves the public interest. I'm joined by Al MacKay, a director on the forum's board who has been involved in various aspects of broadcasting for more than 40 years.

We will address three issues this morning about local broadcast news: why it matters, what is known about it, and what can be done about it. We will be referring to the tables we have given to the clerk. I gather they have been distributed.

**Mr. Al MacKay (Director, Forum for Research and Policy in Communications):** Mr. Chairman, as your committee has already heard, local news is under severe pressure.

Strong local media serve many purposes. They foster citizen engagement and enable our democracy to exist. A vibrant local station is at the heart of its community, which relies on it for information on everything from school closures in bad weather to elections. Local media matter because every community is unique, with a different perspective on the issues that matter within and outside of its borders.

A friend who helped cover the last federal election made this clear to me in conversation. He talked about the extensive demographic changes he was seeing in many ridings and the significant differences between the issues discussed in the national media and those discussed on the doorsteps. While the national media were discussing the economy or the niqab, the local media in several ridings were hearing that the most important issue in that riding was family reunification.

But local media are in trouble.

Because of time, we're just going to focus on radio and television.

Just what do we know about broadcast ownership and local news?

**Ms. Monica Auer:** The primary source of broadcast data in Canada is the CRTC. Reviewing its decisions shows that since 2000 it has approved far more than 50 changes in broadcast ownership, worth more than \$13 billion.

Table 1 shows one outcome. In 2014 the five largest owners earned 82% of all radio and TV revenues.

Table 2 shows that of the 57 communities with private TV stations, 54 are served by one or more of the five largest TV broadcasters. Independent local TV stations operate in just 17 communities.

As ownership is consolidated, what has happened to local broadcast news?

Tables 3, 4, and 5 show that as TV ownership has concentrated, expenditures on local programming and local TV news decreased and staff have been cut.

Moving over to programming, table 6 sets out the CRTC's definitions of TV news. Radio news is not defined. The programming data that radio stations send the CRTC every month are shown in table 7, but as they do not identify any local news, the level of local news broadcast by radio stations is not known.

Table 8 summarizes a study that the forum undertook of local radio news, using CRTC decisions. In the 1980s, radio stations were broadcasting an average of 10.2 hours of news per week. In the 2000s, news stations were proposing 4.2 hours per week, or 58% less.

Table 9 shows the data that TV stations send the CRTC every month about their programming. Table 10 shows that some TV stations described programs produced outside their communities or by radio stations and counted these as original local TV news.

In our view, the CRTC TV log results concerning the level of local original news produced by TV stations are unreliable.

Table 11 compares TV stations' descriptions of their weekly local original news in 2000 with the CRTC's current requirements. The CRTC requires private TV stations to broadcast local programming but does not specify hours of local news or original local news. It dropped that requirement in 1999.

On January 25, last month, the CRTC discussed redefining local news. Its redefinition raises concerns, because as table 12 shows, talk shows, historical documentaries, and telethons would then count as local news, diluting the concept.

Table 13 lists the data that the CRTC collects from broadcasters about their annual operations. As it does not ask how many journalists they employ, their capacity to gather news is unknown. In general, it asks little about broadcasters' Internet news presence or its news resources online.

In brief, Mr. Chair, there are very few facts about Canadians' overall access to original local broadcast news concerning their communities or about stations' capacity to actually gather this news.

**Mr. Al MacKay:** What ought to be done about local broadcast news?

The proposal now on the table is for another fund for local television news. The first was the small market local programming fund approved by the commission in 2003. Since 2013, the five largest broadcasters have received 16.8% of its funding. The CRTC approved the LPIF in 2009. The five largest TV broadcasters received 80% of that funding.

Last month, the commission was asked to establish a new local news fund. It would shift millions of dollars from cable and satellite subscribers who now support community channels to private television stations. The fund's impact on local TV news is unclear. BCE, for example, said it would not broadcast more local news even with this fund.

It's clear that the problem of local broadcast news has no easy answer. The elephant in the room is the major gaps in data about local broadcast programming, which make it impossible to know if Parliament's objectives for local broadcasting are being met or whether the consolidation of ownership has strengthened or weakened local broadcast news. The CRTC's routine destruction of its older records means that these gaps are growing. The forum's concern is that basing policies on assumptions instead of facts creates new risks. Policies may be seen as favouring some at the expense of others. They risk failure if they focus on the wrong problems.

We have three suggestions to put forward for you this morning.

First, Parliament needs facts, not guesswork. The CRTC should consult with the public in the next year to revise its data collection and reporting systems. As the head of CTV once told the CRTC, "You can't manage what you don't measure."

Second, if Parliament wants Canadians to have access to broadcast news, there must be enforceable and enforced levels of original local news. The commission dropped such conditions in the early 1990s. It said competition would work just as well as regulation in ensuring Canadians' access to local broadcast content. Of course, in private TV, the number of competitors has fallen from 30 to 17.

Nearly all non-news local TV programs are gone, along with about 30% of TV station jobs. Central casting, whereby a remote production centre produces the local newscast and ships it back into the market, is ubiquitous. Some TV stations broadcast radio programming and claim it is news, and radio stations broadcast TV audio. While a survey found that 81% of Canadians said local television news is important, TV broadcasters say they can't afford to do it because they can't monetize it.

On February 1, the forum therefore asked the CRTC to restore conditions of licence for original local broadcast news for local television. That was the regulatory approach that was very effective from the 1970s to 1990. The panel's chair dismissed this concept as pure nostalgia. This was a bit odd, since on January 12 the CRTC denied requests from ethnic organizations for a public hearing into last May's cancellation by Rogers of all ethnic language TV newscasts for communities in Vancouver, Calgary, Edmonton, and Toronto, precisely because the CRTC had not set conditions for local newscasts in those licences.

If Parliament wants local broadcast news, the CRTC should be required to set conditions of licence for expenditures on, and hours of, original local radio and television news produced in, and predominantly about, the communities that those stations are licensed to serve. They can do that during the renewal of radio and TV licences over the next one to two years.

Third, Parliament ought to know if its objectives for its communications system are being met. The current statutes in the CRTC Act were written decades ago. They don't explain whether or how the CRTC should deal with the Internet or its ramifications or require the CRTC to serve the public interest.

Implementing the first recommendation, the one for better data, will position this committee for the next several years if it undertakes

an examination of whether Canada's communications legislation should be updated for the twenty-first century.

Mr Chair, local radio and television stations obviously help you and you colleagues stay in touch with your communities and your constituents. They help you find out what's going on back home.

● (0905)

Some say we shouldn't worry about the changes happening in the media and that the Internet provides all kinds of different sources of information, but for the most part these sources are aggregators that are taking material produced by professional print and broadcast journalists.

The goal for your committee and for the commission should be to ensure that in this era of constant upheaval, we do not lose a vital component of Canadians' lives—the local news, which, as Walter Robinson of *The Boston Globe* Spotlight unit so eloquently put it, gives people the ability "to make thoughtful decisions in a democratic society."

We welcome your questions when the other presenters are finished.

● (0910)

**The Vice-Chair (Mr. Larry Maguire):** Thank you very much, Mr. MacKay and Ms. Auer. That's a good deal of information in a short time. I appreciate your input into this matter as well.

I will now go to Carleton University's Mr. Dwayne Winseck for his presentation as well. Thank you.

**Prof. Dwayne Winseck (Professor, School of Journalism & Communication, Carleton University):** Thank you very much, Mr. Chair and members of the committee, for having me here today. It's a pleasure to come to talk to you about the state of the media landscape here in Canada, with some focus on the issue of media concentration.

I have four ideas that I want to share with you.

The first is that the overall media economy has grown enormously and become structurally much more diverse with the development of fundamentally new sectors over the last 20 to 30 years. This comes with both a great deal of promise, but also with significant perils.

Second, media concentration remains astonishingly high around the world, and Canada is no exception.

Third, emergent media do not replace traditional media, but they are important and they interact with them in complex ways that we'll talk about.

Fourth, I will finish with a half a dozen proposals about what might be done.

First of all, I do research at the Canadian Media Concentration Research project, which that I direct, and I'd invite you all to take a look at the reports we put out on an annual basis for a full explanation of some of the things I'm going to discuss today. My primary interest is in doing two things. One is mapping the growth and development of the media economy in Canada over a 30-year period, and the second is mapping the developments in concentration over the same period and asking a simple question: are media becoming more or less concentrated?

I do so because, sharing with Monica and Mr. MacKay, I know the problem with data is severe in this country. We also have a lot of people with a lot of opinions and little data to act upon. I think it's important that we do good research and have a solid base of evidence on which to draw.

I think it's important to talk about how I define the media, because I do not define the media in a narrow way, in a separate, silo-segmented way; I define the media expansively to include all of its component parts. I deal with each of the component parts separately, and then I combine them in what I call the scaffolding approach so I can get a view of the whole.

When I talk about the media, I'm talking about everything from cellphones to plain old telephone service to Internet access to cable television to broadcast TV, as well as pay television, newspapers, radio, magazines, search engines, social media sites, Internet news sources, browsers, and operating systems. We need to look at the entire universe, because increasingly all these components interact with one another, and we cannot deal with them adequately separately.

What do we know? We know a couple of things. We know that media have expanded greatly over the last 30 years from about \$19 billion in total value in 1984 to over \$75 billion in 2014, the last year for which a full set of data is available.

Some media are growing fast; others are stagnating, others are in decline, and yet others are being remade and are recovering. The music industry is the poster child of the last type.

We've seen the rise of fundamentally new media, especially cellphone service, Internet access, Internet news, and search engines. The rapid expansion of the pay television universe is another thing to remark upon.

Revenues are up greatly for the cellphone industries, Internet access, Internet Protocol TV, Internet advertising, pay and specialty TV, and television overall.

Some areas have stayed flat. Radio and cable television, in the last couple of years, are those types. Some are in significant decline. Newspapers, magazines, and broadcast TV are those types. Music, as I said, is in recovery mode.

The growth of the network media economy since 2008 has been slow and sluggish, reflecting the overall economic conditions of our time.

I think one of the things we can take away from the general description I've just given you is that in the new media environment it's not content that is king, but connectivity that made be emperor. This is significant for policy discussions.

We live in an age of information abundance, not scarcity. There are 695 TV channels in Canada, 1,100 radio stations, and 92 paid daily newspapers. Expert blogs abound. Most Canadians have a smart phone. One hundred hours of video are uploaded to YouTube every minute. About three million Netflix subscribers were in Canada in 2014, and some estimate the number is about four million today. About 18 million are subscribers or users of Facebook.

What do people do with the media they have at their disposal?

● (0915)

Well, Canadians have long used a wide variety of media very extensively by international standards. That's been the case since plain old telephone service in the early 20th century, and it remains the case today with smart phones and the Internet.

As I said earlier, most growth in the media has been in connectivity, not in content. Consuming old media still occurs. People are still watching TV. People are still watching movies. People are still reading the newspapers a great deal. People are still listening to music. However, they are doing it on their smart phones, on their laptops, on their desktops, in their bedrooms with the big screen TV. They're doing it in the movie theatres and so on and so forth. What we have is the same media, but they've been detached from the traditional delivery vehicles and now are being circulated across an expanding array of delivery devices.

When we look at what people are doing, we see that youth are not so much disconnected from the news as they are connected with it in different ways, and the types of news are perhaps not the kind that senior folks like ourselves would like to see. It's more lifestyle news and personal news that they can use. There are issues there. They are also getting their news via Facebook, Twitter, Reddit, and Google. These sources bring people to the news in droves, but engagement is fleeting, shallow, and not easy to monetize.

What could possibly be wrong in this scenario? There are several things that stand out.

One, access to the Internet, to mobile phones, and to other media is far from being universal. One in five Canadians does not have a cellphone or an Internet connection from home. The connection between income and access is strong. For people in the bottom income quintile, around one-third do not have access to a cellphone, and just over half, about 56%, have access to Internet at home. If you look at the top income quintile, everybody has both. It's income inequality.

Advertising-dependent media are in big trouble right now, and this is due to a number of factors that we'll talk about. We see the closure of nine daily newspapers since 2008, and 13 free daily newspapers, and 16 newspapers have scaled back their publishing schedule. Four TV stations have closed. This is not a good-news story for the real engines of the news environment.

Third, Facebook's average revenue per user in 2014 was \$28 for the entire year. A *Globe and Mail* subscription is a little over \$500. We can see the difference here in the scale of resources. They're not bringing a very big scale.

Now, the big point that I want to make today is that concentration in Canada is very high in most media sectors, although this is not uniformly the case, and I'll point to some of those later. In many media sectors, concentration levels are very high. Across the media as a whole, concentration levels are very high, and this is high by Canadian historical standards, high by international standards, high by empirical measures that are commonly used to assess the state of competition and concentration.

Vertical integration in Canada is enormously high and unusual by world standards, and it has doubled between 2008 and 2013 and remains at that level today. The top four media conglomerates in this country combine telecommunications, a wide variety of television assets, and in some cases newspaper assets and Internet access. They are Bell, Shaw, Rogers, and Quebecor. Between these four companies they own about 60% of the overall media universe. The trend has strongly been up. We have a bigger media pie but a smaller number of players controlling a bigger stake of that media pie. By controlling both the access pipes and the content, they're fundamentally shaping the way in which the overall media universe is unfolding today.

If we look at the evidence, what we find is that we have, as I said, some areas where things are okay. What are those areas? Radio is not very concentrated at all. Magazines are not very concentrated at all. Internet news is the bright light on the horizon. The sources that Canadians go to are a wide plurality of domestic, traditional, and new and foreign websites, and the trend is towards greater diversity, not less.

● (0920)

Where is concentration a problem? Moderate levels of concentration exist in newspapers, and concentration has taken a very significant jump upward with the recent acquisition of the *Sun* papers by Postmedia. This was a very significant transaction. It bumped up levels of concentration a great deal. Television concentration levels are very high overall. Cable and satellite television concentration levels are moderately high.

In the highly concentrated area we have broadcast TV, pay TV, and to show you that the Internet is not immune from concentration issues, let me point to the following that have the highest levels of concentration across the entire media environment.

**The Vice-Chair (Mr. Larry Maguire):** Mr. Winseck, I'll give you a few minutes to do that.

**Prof. Dwayne Winseck:** Sure.

In Internet access in Canada, 92% is controlled by either the cable company or the telephone companies in cities across this country. Internet advertising is very highly concentrated. Social networking sites are extremely concentrated. Mobile wireless is also extremely concentrated, as are search engines, mobile operating systems, desktop operating systems, smartphone operating systems, and so on.

We could talk a lot more, but I think my time is up. Perhaps we can get to some more through questions and answers.

Thank you very much.

**The Vice-Chair (Mr. Larry Maguire):** Thank you very much, Mr. Winseck, that's extremely valuable information. I'm sure there will be lots of questions that will bring out more of the items you wanted to speak about, and you'll have an opportunity to add to that.

With that, I would like to turn it over to Mr. Samson for the first seven-minute round of questions.

**Mr. Darrell Samson (Sackville—Preston—Chezzetcook, Lib.):** Thank you, Mr. Chair.

I really appreciate the information that was shared this morning. It's very helpful as we move forward in this very important process.

I want to begin by saying that a Canadian is a Canadian is a Canadian. I say that because it's extremely important that we understand that every Canadian across this nation should have access to information, valuable information, local information, and diversity and language are essential. That's why our government needs to make sure that access is available to all.

[Translation]

Mr. Demers has provided us with information and, according to my understanding, it is mostly a matter of repositioning funding and innovation.

I want to know what kind of innovation we should implement to ensure that, when it comes to language and diversity, rural regions receive up-to-date information.

Mr. Demers, could you share your thoughts on that?

**Prof. François Demers:** I believe the answer is twofold.

The first part has to do with attempts to design attractive and operational products for small screens. Most of the large groups are currently headed in that direction. They are trying to take advantage of their knowledge, taken from traditional media, to try to define products that can be provided on nearly all screens.

In that area, I see the new players suggesting to start with the design of products intended for small screens to eventually move on to the tablet, websites and, finally, to more rigid media such as written material, and so on.

However, I think that your question is at another level and that you would like to know how the government, among others, could get involved to ensure diversity in terms of access and production across Canada.

In my eyes, that is a political problem. But it is also a difficulty in the sense that we would have to determine which buttons to push.

That is why I concluded my remarks by bringing up CBC's substantial, constant and highly important role. For example, until the late 1990s, at least 30% of Canadian journalists were working at CBC. Its traditional role could be renewed. The corporation would have to innovate and change certain things. I am thinking of all the cuts made at Radio-Canada International. News content was made available on the Internet, but while reducing the number of accessible languages. That kind of a situation could be remedied.

● (0925)

**Mr. Darrell Samson:** Mr. Demers, thank you.



I am reminded of Steve Jobs, who is now deceased, when I think about companies that started out small 10 years ago, only to keep growing in size. Mr. Jobs had the same approach. Thank you very much.

I will move on to a second question.

[*English*]

This is to my colleagues in research, Monica and Al.

Your research helps us understand some key issues. What I'm interested in is the solution.

You shared some information on three very important factors. One data fact is probably the most important thing: to allow government to redirect, restructure, and reposition itself to better meet the needs of all Canadians. Then, of course, there is enforcing—having a law or a process in place, and then making sure that it's being enforced. Then there is meeting your objective.

I guess my question now would be, if we were to put this together, what would be our steps as we move forward to get this done quickly?

**Ms. Monica Auer:** As I think we mentioned, one of the biggest problems any researcher in Canadian broadcasting or telecom has is that there are practically no meaningful or relevant data. The commission publishes annual monitoring reports that are several hundred pages long. Virtually none of it has anything to do with section 3 of the Broadcasting Act, and very little has to do with section 7 of the Broadcasting Act.

One thing our organization is launching this year is a report card, just so that we can see what we are able to measure with respect to Parliament's objectives in both section 3 and section 7 of the two acts.

From my perspective, and not only because of my background as a quantitative researcher from my political science days but also now as a lawyer looking for evidence to try to make my case, it's data, data, data. It's like "location, location, location" in real estate. Parliament needs data.

You probably see the huge volumes you get from the CRTC. Very little of that relates to the two policy statements in the act, so it's data first.

I think Al will give the next two recommendations.

**Mr. Al MacKay:** I think if you don't have the information that you think you need to be able to find out whether the objectives of the Broadcasting Act are being met, then you should ask the regulator to put in place whatever steps you think are necessary to give you the information you need to make that assessment.

**Ms. Monica Auer:** This is not the first time that the heritage committee has asked the CRTC to provide data and to start measuring data properly. Perhaps the third time you will be lucky. The thing is, if you ask the commission to please start gathering data and perhaps make it clear what data you actually want, that will help.

The next thing, of course, is enforcement.

In 1968 and 1969, when the 1968 Broadcasting Act came in and Parliament took its first steps to try to strengthen Canadian culture in

the face of our wonderful neighbour down south, every broadcaster really did think they might risk losing their licence if they didn't step up immediately to the plate. We are not there now; licences are family dynasties. The only way to get a TV licence in Canada is to buy the assets of someone else, and thanks to central casting, many of the stations are really empty shelves that don't even have control of their transmitters. You hear from broadcasters that "we can't even give these licences away", and of course the licences belong to the government and can't be given away, but the assets.... It's true, because in some cases you may have a licence, but you have no means of actually getting programming to your audience anymore.

• (0930)

**The Vice-Chair (Mr. Larry Maguire):** Thank you, Ms. Auer and Mr. Samson.

I will now have to go to Mr. Waugh.

**Mr. Kevin Waugh (Saskatoon—Grasswood, CPC):** I thank all four of you here this morning. It was very enlightening, with lots of correct statements by all four of you.

It's interesting. Emerging media will never replace traditional media. The way I see it right now, you have the big corporate conglomerates—Bell, Rogers, Telus—who eventually will get into the game, and Shaw. They control everything here. Media now is all about this.

We saw it in the Olympics in Vancouver, when Bell decided to buy CTV because they were outside the stadium of the gold medal match of the women's hockey team. It just happened that the president of Bell couldn't get into the rink because there was a long lineup. Everyone was on their so-called smart phone. He realized it; two weeks later, BCE bought CTV back.

We don't need more subsidies, I don't think. We probably need more players in the game, but all four of you have just told me it's hard to get licences, and yet we've seen some growth in the industry. As well, all four of you have said that local news is very important. I think we've seen, in the recent federal election, that young people have stepped forward now and are going to have a bigger say.

Would you maybe just talk about that? I'm not really for more subsidies in this industry, when I see the big players around the table and see what their stock options are and where their stocks are sitting today.

Maybe Monica could start.

**Ms. Monica Auer:** My first starting point to that question is going to be the Broadcasting Act.

**Mr. Kevin Waugh:** It has never been updated.

**Ms. Monica Auer:** Paragraph 3(1)(s) tells the CRTC that they should require private networks and individual undertakings to put money into Canadian content with the resources that are available to them. The CRTC is interpreting this in a way that is actually fairly narrow. For instance, we know we have media convergence. Dwayne and Monsieur Demers have explained that very well.

What happens now in the 21st century is this. If a huge telephone company wants to sell smart phones and now has all this content that it can get from its TV companies, do we know that the TV companies are properly being compensated for all that content that's drawing in all those valuables? If there wasn't any content in all of these pipes, how many people are going to buy those empty pipes?

Al, I don't know if you wanted to add something.

**Mr. Al MacKay:** No, I'm good.

**Prof. Dwayne Winseck:** I'll start by saying I'm very, very skeptical of subsidies. The idea, to my mind, of putting any kind of a tax on Internet service providers or the pipes' owners to fund content is a non-starter, and should be a non-starter. It should be stillborn.

Part of the problem with the Canadian system is the idea that we think about it as a system, as opposed to a set of, let's say, Lego building blocks that we snap together in a variety of pieces to create things that reflect our desires and our wants. By thinking about things in terms of a system, we've created a dark, opaque labyrinth of slush funds that go from one pocket to another with regulatory blessing. I don't think this helps us out at all.

The subsidies that we do have are actually quite generous, over and above what we give to the CBC each year, which I believe should be strongly funded. I believe it's correct to restore the funding that it has lost. I believe the CBC has a core mission to play. However, over and above the CBC funding, I calculated in a rather rough and ready way, for a presentation a month or two ago, the subsidies that we give to the Canada Media Fund, the Canada Periodical Fund, and the music and sound recording industries, and it's about \$800 million.

In my view, we ought to remove each one of those little pockets of money—and let me be a little bit hyperbolic here—that have their cesspool of industry insiders and supplicants lining up at the trough and consolidate the funds into something that we call a general media and cultural fund. We take it out of the hands of the broadcasters. We take it out of the hands of the BDUs, the cable companies. They play no role in funding it, they play no role in administering it, and they play no role in taking any of the funds out of it.

As Monica pointed out, a significant slice of the funds for the local program improvement funds went right back to the large conglomerates who, in my view, have been putting these broadcasting entities in a very precarious spot because of foolish consolidation decisions and a field of dreams vision that they started at the end of the 1990s with convergence and the dot-com era. We need to stop that, and we by no means should be giving them any subsidies whatsoever.

I think we should keep the subsidies that we have because we have to recognize—and we do recognize this through the entire institution of intellectual property law—that information and news are a public good. The general public has never, ever paid the full freight for news anywhere in the world, in the past or today. The only people who have paid the full freight for the news have been financial traders and rich merchants who want to trade on advantages in time, secrecy, and exclusivity. For everybody else—for the

general population, and as a way of bootstrapping people into the role of citizens in a democracy—we have had a range of subsidies.

There are three sources of subsidies. There are advertising subsidies. We are seeing that those are in difficulty right now. There are government subsidies, and we have a significant number of them in Canada. I believe that is a good thing, but we ought to consolidate them. Lastly, we have rich patrons; that could be fine too, but we need to do something with consolidation.

I have one last point. We also have to recognize—and maybe later we can get into it—that there is some good stuff going on too in terms of some of the new journalism that is emerging.

● (0935)

**Mr. Kevin Waugh:** I am sorry, Mr. Demers, but I've run out of time for my questions to you.

**The Vice-Chair (Mr. Larry Maguire):** We will go to Mr. Nantel.

[Translation]

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

Good morning, Mr. Demers. I want to thank everyone.

I was shocked by your testimony earlier. All that information is really like a multi-grain loaf of bread, a giant pumpnickel we will have to digest. When we leave here, we will have a lot of information to go over based on what you have talked about. You have painted a fairly accurate picture of the situation. Clearly, this indicates that we will need data to pinpoint where the crises are, where the leaks are and what kind of support we can provide.

Mr. Demers, your study is very broad. What you have been working on for several years brings me to draw a parallel. Tell me if it is wrong.

I am 52 years old, and when I was younger, I read the newspaper. The only media we had access to were live television and the paper. Today, competition is huge and comes from all over. Local media are facing global competition, whether we are talking about a starlet's nonsense on TMZ, a documentary on fish or the Great Barrier Reef in Australia. All that causes us to show less interest in what is happening in the neighbourhood next to ours, such as the fact that a fire hydrant was installed in the middle of the sidewalk.

Is it fair to say that these are the phenomena with which our local media must contend? They are no longer the only source of information and, as you often say, of entertainment.

**Prof. François Demers:** What you are saying seems fairly accurate to me, but I would add that local media are facing an additional challenge. Aside from traditional media, there are new media. I am talking about young up-and-comers who are trying to find their place in the field. On a neighbourhood level—for example, in the Quebec City region—some of them are creating networks to try to support each other. But here is the challenge: the gateway to news, regardless of its nature, tends to be less and less about the brand, and more and more about a news item in particular. In other words, people no longer read *Le Soleil* and its contents, but rather a specific news item in *Le Soleil*.

In Gaspésie, a magazine became the website Graffiti. I worked there, as well as at *Reader's Digest*. Those experiences tell me that people are increasingly aware of new developments, but they access the news in a fragmented, piecemeal way. For instance, three or four years ago, about a third of people accessed the newspaper *Le Soleil* from Quebec City through its website; another third accessed it through search engines—so by looking for specific topics; and the remaining third accessed it through social networks because they were told about an interesting topic and provided with a link to access the article. The percentage of people accessing that content through search engines and social media is constantly growing.

In Gaspésie, the percentage of people who are going through social media and are interested only in a specific topic flagged by someone else was 65% from the outset. The media responsible for the news was not important to them. Nowadays, loyalty is focused mainly on our smart phones, instead of on specific media. Television is dealing with the same problem. Programming is no longer being consumed as a whole, but rather piecemeal.

● (0940)

**Mr. Pierre Nantel:** You said earlier that Radio-Canada seemed to be reducing its presence in Quebec City for all sorts of reasons. Mr. Winseck also talked about Radio-Canada's place.

I would like to turn to you, Mr. Winseck.

You talked about our regulatory approach and the fact that, up until now, our policy consisted in regulating how the material was delivered. Yet Mr. Demers just told us today that people are no longer interested in the delivery truck, be it red or blue. They already know what they want and are not at all concerned about which truck the content comes from.

Is that indeed what you said?

[English]

**Prof. Dwayne Winseck:** I would agree with Mr. Demers on that point for sure. Whether the thing comes in a delivery van, by Uber, or by whatever means, people really don't care. They are quite willing to connect their laptop to a Wi-Fi connection as they lie in bed at night or to flip through their cellphone or to get up and watch the screen in another room. The screen and the device are really just a substrate that delivers whatever content they want.

At the same time, though, we have to get away from the idea that the pipes are just empty pipes. The idea that somehow we have to fill up the pipes and that the pipes gain value from the content we might somehow give to them is exactly the folly that got the companies into trouble to begin with.

I can remember Bronfman, when he was head of EMI, saying that without us, the kings of the music industry, filling up the pipes, people will just have gray screens. No, no, no. People will talk on their phone in the most intimate detail and fill the pipes with the intimate details of their lives. They'll get content from everywhere they want. This is what Mr. Demers is saying.

One problem is that sometimes the use of the content is uncritical, and you ask how you judge whether that source or another source is credible. I see this when my students want to peddle stuff to me all

the time, in papers that they got from some generic search, and this just isn't on, for a university-level paper.

There are different sets of problems, but I don't think those are the ones we're dealing with here.

**Mr. Pierre Nantel:** Thanks.

**The Vice-Chair (Mr. Larry Maguire):** Thank you very much.

We will move to Ms. Dabrusin.

**Ms. Julie Dabrusin:** My question is for Mr. Winseck.

I wanted to pick up on a comment you made about good things emerging.

I was reading an article by Philip Smith yesterday online. He was mentioning that we need to redirect the conversation from how to save Canada's media towards questions about how to radically reinvent the media ecosystem to put Canada back on the global stage as having an exportable model and a product desirable beyond Canada's borders.

I thought that was an interesting idea. You just mentioned something about wanting to talk about the good stuff emerging. I thought maybe you could talk a bit about that.

● (0945)

**Prof. Dwayne Winseck:** When I say that we should have a kind of general media and cultural content support fund, I see using it to take advantage of what some people call Hollywood North, the idea that we have a lot of skilled labour in this country from the film and television business who have been producing for Hollywood and the TV networks in the U.S. One of the first Internet-to-TV programs was actually built out of Vancouver by people who had been working on Hollywood productions. I see video games. News bureaus were cut from nine to two by the likes of CanWest in a spate of three years at the beginning of the 2000s; I see them being reinstated. I see a lot of these kinds of things.

When we look around at the kinds of things that are emerging, there are many green shoots that are very good on the horizon. These are not just fly-by-night operations being put together by people with low skills or by hacks; these are done by former journalists who have been fired or laid off.

Look at the roster of *iPolitics*. It has a roster of some of the best journalists in this country. Some of them happen to be my colleagues. Look at *Blacklock's Reporter*, look at *Canadaland*. Look at *Policy Options*, with Jennifer Ditchburn. She's a major parliamentary reporter, very good at what she does and also very knowledgeable, who did her MJ with us at Carleton, and now she's the editor at *Policy Options*.

We also have the emergence of topical experts across a range of issues. Craig Forcese at University of Ottawa, on the national security file, is one of the tops, bar none. There is Michael Geist, in the digital media copyright area, and my colleague at Carleton, Josh Greenberg, on public health and the environment.

**Ms. Julie Dabrusin:** I appreciate the list of the green shoots, but what I'd like to know is how we can help grow the green shoots. What should we be looking to help to promote all of that?

**Prof. Dwayne Winseck:** There are three things.

One is the general content fund, the amalgamation of all the disparate funds into one general content fund. Get it out of the hands of the existing industry. Raise the money for it through general taxation, as opposed to siphoning funds from one pocket to another. Perhaps to cut some of the fat out of there, reduce the existing amount by a little bit. Call it a general fund and have it administered by independent entities. That's one.

Two, encourage the regulators that already are dealing with media concentration in a significant way, such as the CRTC in the last year, to continue to steel their spines. Through lobbying and political pressure, they are under extreme pressure for, in my view, taking the right course. They came down with four major decisions in the last year, and that is a very strong push-back against media concentration.

Let's talk TV, mobile TV, the wholesale mobile wireless framework, and the wholesale access to fibre to the home. These are absolutely great, because they lead to my third point, which is open pipes. We need to have open pipes that people can access without the vertically integrated media companies operating like editors, as opposed to just carriers.

Those are the three: subsidies, regulators with a spine, and structural separation so that we have open pipes.

**Ms. Julie Dabrusin:** That's wonderful. Thank you.

I've read some things that you have put out there about how we talk about media concentration and how it actually reflects political philosophy or our views about democracy. I know that—

How much time do we have?

**The Vice-Chair (Mr. Larry Maguire):** You have two and a half minutes.

**Ms. Julie Dabrusin:** All right.

We'll at least start this. I was wondering if you could outline, first of all, what you saw as the four ideologies or four perspectives. Then maybe we can continue with what that reflects about our political philosophies.

**Prof. Dwayne Winseck:** Sure.

The four that I lay out are, first, those who think that the sky is falling continuously, the Cassandras, who say that media concentration is bad, it's going from bad to worse, and democracy is on edge basically forever. That has been going on since I started studying, so that's 35 years.

There are the Cassandras, and then there are the others, the ostriches, the ones who think things are better than ever. It's all sunny skies, and how could we ever have anything better than what we have today? We live in an environment of information abundance, they say, and people who are thinking about media concentration in the age of Internet are a bunch of dinosaurs.

We have the Cassandras and the ostriches, and then we have the number-grinders, those who try to bury their heads in a mountain of data to try to establish a straight-line connection between who owns the media and a reflection of political ideology or bias in the output. You can't do that. You can't have single causal relationships in a complex institutional environment like this. That's a fool's errand.

The best research in this country by Colette Brin, Soderlund, and Hildebrandt comes to the same conclusion that other good researchers around the world have reached, which is that the evidence is mixed and inconclusive when you try to look at this kind of thing.

Then there's a fourth perspective, which tries to cobble together the good things from other places, and it's my perspective, I suppose. I draw on some others that I've learned from over the years. This perspective is that societies from time immemorial have oscillated between openings in communication and closures in communication, and it's hubristic to think of our times as somehow exceptional and that the forces of consolidation, concentration, and control have somehow vanished from the scene as if they're an extinct species. I don't believe that's the case. I believe that we need to take very strong preventive measures to ensure we have all the conditions possible that are most likely to lead to the most democratic media system possible.

That means adopting strong structural measures, including preventing media concentration, making sure the pipes are open and act as carriers rather than editors, and making sure we have adequate resources. That is most likely to produce a media environment that is conducive to a democratic system. We should minimize, therefore, any kind of content regulation or behavioural regulation.

● (0950)

**The Vice-Chair (Mr. Larry Maguire):** Thank you, Professor Winseck.

I'll move to Mr. Barlow to begin the five-minute round.

**Mr. John Barlow (Foothills, CPC):** Thank you, Mr. Chair.

I appreciate being able to sub in today for Mr. Van Loan. I spent 20 years in the community newspaper industry, and I am very interested in being a part of this discussion.

I want to change tactics a little and speak to Mr. Demers, but before I do, Mr. Winseck, I was really happy to hear you say that don't support additional subsidies in this industry. Everybody I've spoken with in the newspaper industry agrees with that. However, you did say that you agree with additional funding for CBC. That is a subsidy.

**Voices:** Oh, oh!

**Mr. John Barlow:** They're given a \$1.5-billion subsidy annually. I think it's important for them to come to a realistic cost structure for that industry to move forward. We're asking them to be a little more self-sufficient. At CKUA radio and places like that, they have to raise funds on their own if they want to do those things. I just wanted to clarify that.

Mr. Demers, you were talking about community newspapers. I know that you're specifically in Quebec, but in my experience, here's one of the biggest issues that community newspapers have been facing. They've been relatively successful because of their hyper-local mentality, right? If you're in a small community, the only place you're going to get that news is in the community newspaper. However, have you done any research on the cost of Canada Post? Has anybody else? Has Mr. MacKay or Monica?

For example, more than half the budget of the average community newspaper is for the delivery of the newspaper through Canada Post. Costs have continued to go up. Canada Post no longer allows community newspapers to be delivered as second class mail. If they're addressed, they have to be first-class mail. If they could reduce their costs for Canada Post, if newspapers could be addressed but be considered second class mail, that would save them hundreds of thousands of dollars a year. I'm wondering if you've done any work on that.

• (0955)

[Translation]

**Prof. François Demers:** A few years ago, we studied the federal government's indirect support for newspaper delivery. That aspect matters, but with all due respect, I believe that newspapers are no longer a factor. That would be a tiny measure, considering all their challenges.

I will give you a somewhat broader answer. It seems to us—or it seems to me—that the system for state financial and regulatory support for the Canadian production of cultural products, especially in the media over the course of a century, has slowly developed through a whole series of measures in the perspective of stimulating the production, the distribution and the branding abroad.

However, the major challenge the media are currently dealing with is not related to that. It's more a matter of ensuring that what we can refer to as Canadian cultural products are advertised to Canadians. They must be easier to access and more attractive than other products. That is what government support and innovation should focus on. The government should help rejuvenate, refresh and clean up everything else already in place. Some funds should perhaps be recovered in order to raise Canadians' awareness of the fact that Canadian products are offered to them—even when they are offered by other countries—and ensure that those products are well positioned and attractive.

[English]

**The Vice-Chair (Mr. Larry Maguire):** Thank you.

You have a few seconds left.

**Mr. John Barlow:** I want to throw this out there, Mr. Winseck, to see if you have something to add really quickly. You talked about the importance of access to high-speed Internet. We put in a program last year called the Connecting Canadians program, and I'm very happy to hear that the Liberal government has continued it.

Coming from a rural community, I would say that much less than half of my residents have access to high-speed Internet. When you talk about access to Internet, it's not just about access to physical cellphones and tablets, it's the fact that you don't have high-speed Internet. I think that's something we need to focus on as part of this as well.

**The Vice-Chair (Mr. Larry Maguire):** There are just a few seconds for the answer.

**Mr. Dwayne Winseck:** I agree that we need to extend universal service with respect to high-speed Internet. I filed a significant submission with CRTC on its review of this issue.

I'm going to say something right now that may sound a little bit out there. Going back to the post and the delivery of news and so forth, there's a lot of history there. It might sound a bit radical at the moment, but I've had a bit of a crazy idea in my mind for the last six months. It's a crazy idea of merging the CBC with Canada Post and creating the Canadian Communication Corporation.

What it might do is help to provide the delivery infrastructure for the news, as you mentioned, and it could serve as a provider of wireless Internet in remote and rural areas of this country. In the past, the post office has played a central role, especially in American history, as a major infrastructure for news exchange.

**The Vice-Chair (Mr. Larry Maguire):** Thank you, Mr. Winseck.

Thank you, Mr. Barlow.

I'll now turn it over to Mr. Breton.

[Translation]

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

Good morning, everyone.

First of all, I want to thank you for the valuable and very interesting information you have shared with us today. This is going to facilitate our decision making, especially the analysis we are going to do before making our recommendations.

I am from a rural area that is about an hour away from Montreal by car. My concern is the local media. Our local daily newspaper, our local radio and our community television are highly mobilizing forces for our fellow citizens, in my opinion. People want to know what is going on, whether at the municipal council, on the cultural front, on the sidewalks, or in the neighbouring village.

Media concentration is an important concern. In our region, there is a real consensus among people regarding the information they receive on a daily basis. If we start to receive information exclusively from Montreal, Trois-Rivières or Sherbrooke, obviously the community will not be as stimulating.

Mr. Demers, I saw that you had done research on regional media. I would like to hear your point of view on the future of local media, whether radio or newspapers. It is extremely important in my opinion that we consider this matter.

• (1000)

**Prof. François Demers:** You point to the crucial need for local information within local and regional populations, which, even if they reside in big suburbs, make up a sort of community. For other reasons, the withdrawal of traditional suppliers due to concentration, as well as their decision to only broadcast, as did television, Montreal-based products in all of the regions, is going to create a need to reconstruct the supply of local information.

Currently, the main obstacle is that these gigantic groups act as a damper in the regions. They control the advertising market, especially, and thus prevent the entry of new players. Even if they do not meet the needs of the population as well, they prevent the arrival of new players into this type of market. In the Quebec region, for instance, if the newspaper *Le Soleil* closes its doors, a new medium will appear that will be more focused on the region.

**Mr. Pierre Breton:** Thank you very much for these clarifications.

Once again, my question is about local information and local media, and other witnesses may of course reply as well.

You cannot stop change. As someone said earlier, the new generations look to other platforms to obtain news. I have only to look at my three children as an example. Unfortunately, they do not read the local newspaper, but when they get up in the morning, they consult social media on their devices. The content in those media is what interests them and what they find convenient.

The local media are also undergoing a transformation; they are transferring their paper newspapers to digital form. However, it is not always easy for them to attract this new clientele. I would like to hear your opinion on that.

Why do these newspapers that are now in digital form still have difficulty bringing in this new generation of young people who should be interested in them?

[*English*]

**Ms. Monica Auer:** If I might just quickly begin, one thing to bear in mind about the consumption of news is that it changes with age. When you're young, you like snack food. Who doesn't like a good McNugget? Then, as you get older and you have kids, you say that you need to have a proper meal. You need to have salad and you need to have vegetables and the whole thing, so you move from snack food to actual meals. Then, when your kids are in their teens, your mother comes over, and you have to make a really nice meal.

My point is that as the population ages, each generation has a slightly different need and will access the information it wants in a different way. Should we be saying that the sky is falling because millennials, for instance, aren't watching in the way that older generations watch? No. The issue is whether or not the professional content that is needed will be there when they need it.

You don't need a fire station or a hospital every single day—most of us don't—but when your house is burning, you'd really like to have that fire station nearby. It's the same with your local radio station and local TV station. When the floods are coming down the plain, you would like to know that they're coming. It's a little bit disconcerting when you realize that most radio stations have become automated and there may not actually be a person in the building. It's disconcerting when the Toronto anchors don't know the names of your local communities.

For print, we've always said that anybody can start a newspaper, and we don't need to regulate that, except for the Criminal Code. For broadcasting, we've said that we'll have limited frequencies and that we want the best use of the service, so we have standards. Also, Parliament has said that it wants to ensure that Canadians have access to news.

I know that some people believe that... It's often expressed as "Who cares who owns the press?" Well, there's a difference between having a hundred press owners and having two. That's why. It's because you worry about journalistic chill. You worry about the decreasing diversity of voices. When we say that ownership may not matter in local media, it matters when—

•(1005)

**The Vice-Chair (Mr. Larry Maguire):** I'm going to have to ask you to wrap up.

**Ms. Monica Auer:** I'm going to wrap up: it matters.

**Voices:** Oh, oh!

**The Vice-Chair (Mr. Larry Maguire):** Okay. I'm being pretty lenient here, but we'll allow that to go, and we'll turn it over to Mr. Van Loan.

**Hon. Peter Van Loan (York—Simcoe, CPC):** Thank you very much.

To the Forum people, you have a couple of tables documenting declines in local revenue, jobs, and local coverage. You don't have any table about the actual hours of local newscasts.

We could have an argument about content, but I don't want to talk about content and quality. Let's talk about quantity. My impression is that it hasn't actually declined significantly and that the networks have maintained it. Would that be an accurate impression?

**Ms. Monica Auer:** I'd hesitate to say no, that's an inaccurate impression, but what I can tell you is that the data from the 1990s, which were reported by the stations themselves, show significantly higher levels of original local news than they now provide. That's a slightly different take.

As I was saying before, it's very difficult to use the CRTC's TV logs to figure out how much is original news because, for instance, a program that's being produced in Toronto is being coded as a local TV station—

**Hon. Peter Van Loan:** My sense is that you could make the same complaint about their national news too. In terms of grabbing stuff from other broadcasters around the world, I think there's a lot less original news produced there too.

On the second question, you showed those revenue declines. The CRTC says there are more than enough dollars in the system to support it. How do you reconcile those two apparently contradictory positions?

**Ms. Monica Auer:** That's because the CRTC is looking at total revenues for all cable, satellite, television, radio, and pay discretionary services. When you say there are enough revenues, the current plan is to take part of the money that's being allocated to fund volunteer-run community programming and put it back to local TV stations. That's the idea. It's not that there is so much money they can get some out of thin air. They're going to take some from one group and give it to another group. It would be like taking money from the CBC and giving it to the private stations. They want to take money from the community sector and give it to the private sector. That's the plan.

**The Vice-Chair (Mr. Larry Maguire):** We'll move to Mr. Vandal.

[*Translation*]

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

[English]

There's a lot of information here, and I'm trying to put some focus to it. I'm trying not to look at things as problems, but I need to ask each of the presenters for their estimation of the number one challenge facing Canadian media going forward.

Let's begin with Al and Monica.

**Mr. Al MacKay:** I think it's figuring out how to do business in this particular world. As an old television journalist, one of the things I see is that they're still doing newscasts today the way they did when I first got into the business back in the seventies. There are a lot more bells and whistles and graphics today. You can go live anywhere, and there can be a reporter there with a smart phone. They don't need to have cumbersome trucks and all that, but they're still presenting the information in the same way. I don't think they've cottoned on to the fact that a lot of what they're putting forward in their newscasts at six o'clock and at 11 o'clock is content that people have already seen. They're already aware of it through Twitter, through access via their smart phones, and through the various news aggregators.

• (1010)

**Mr. Dan Vandal:** Why would that be a problem to Canadians?

**Mr. Al MacKay:** I want to draw the committee's attention to the Statistics Canada report that was released on January 15. It tracks the use of media for following news stories, and some of the statistics are quite dramatic.

The proportion of Canadians who said they follow news and current affairs every day is down from 68% to 60%. The number of people who follow the news on television declined from 90% in 2003 to 78% in 2013. I won't go through all the data. I'll leave this for the committee.

Of course, there's a lengthy background behind this. I'm just doing top-of-mind stuff, but people are not watching. They've decided that they're not going to watch. My view on it is that whoever's putting the news product out is not doing the job the way the people are expecting.

**Mr. Dan Vandal:** Thank you, Mr. MacKay.

I'll put the same question to Dwayne Winseck.

**Prof. Dwayne Winseck:** To me the biggest problem now is trying to figure out how we extricate ourselves from the problems that have been created through excessive media consolidation and vertical integration. In the years ahead we need to adopt solutions that will allow us to minimize the structural problems that have been created and gird a strong regulator on this question of concentration.

**Mr. Dan Vandal:** What evidence do you have that's a problem?

**Prof. Dwayne Winseck:** I'm sorry, of...?

**Mr. Dan Vandal:** Media concentration and vertical integration.

**Prof. Dwayne Winseck:** I think I spent much of my presentation trying to lay that out, and so I'm not quite sure if I can do much more of a job.

What I'm trying to suggest is that the levels of concentration have become significantly higher in a number of sectors across the media as a whole, relative to historical standards. By commonly used

standards and by international standards, we have an issue. We have those who are controlling the pipes and who are trying to exercise control over the content.

For example, Vidéotron's Unlimited Music service has not folded in commercial radio stations in general, or the CBC, so here we have a carrier acting as an editor, as opposed to doing what a common carrier is supposed to do. We have examples of direct editorial influence across the Bell TV stations on at least three occasions. We have editorial meddling at the Postmedia group and we have concerns that the Sun Media chain and the *Le Journal de Montréal* and *TVA* all have been used as a launchpad for a political career.

**Voices:** Oh, oh!

**Prof. Dwayne Winseck:** I'm not quite sure what more evidence you could want.

**Mr. Dan Vandal:** Thank you very much.

[Translation]

Mr. Demers, I would like to ask you the same question. In your opinion, what is the biggest challenge our country's media are facing?

**Prof. François Demers:** By far our biggest challenge is to replace the heritage that the presence of a certain number of media represent. We are talking about concentration and a small number of players. These players are on a diet and to some extent they will have to be replaced while they are attempting to survive by reducing their scope and size.

To me, our challenge is the number of providers who are dealing with a system we have inherited, where a certain number of large players were protected, in a way. These large players are trying to survive in a universe which is now open to all sorts of other content and other producers. This content reaches us through telecommunications, cable broadcasting, satellites and the Internet.

[English]

**The Vice-Chair (Mr. Larry Maguire):** Thank you, Mr. Demers.

We will move now to a three-minute question period from Mr. Nantel.

[Translation]

**Mr. Pierre Nantel:** Thank you, Mr. Chair.

You are correct, Mr. Demers. Today, providers of broadband Internet like Vidéotron are beginning to find that Netflix is a drain on their network. In prime time, at 7:15, we are talking about a 32% use of the bandwidth. That is a lot. As you said, our big players are weakened or are facing new challenges.

Ms. Auer or Mr. MacKay, what is your reaction to Mr. Winseck's analysis? Has there been too much freedom in the appropriation of funds? What do you think of the way our system has been managed? I would like to hear your reaction because our country's market is characterized by one thing. As compared to what happens in France, Brazil, the United States or elsewhere, here we must protect cultural diversity. A telecommunications or communications enterprise in Canada does not function like a business that sells lawnmowers.

Could you name a country as an example in this regard? Mr. Winseck's analysis is based on a business point of view and is certainly focused on the needs of Canadians to obtain information and the kind they want, whether that be tabloid news or more serious information.

Ms. Auer, what do you think?

•(1015)

[English]

**Ms. Monica Auer:** I'm not aware at this time of any research that would establish that there's any other country doing a particularly better job than Canada. On the other hand, Canada has always been uniquely positioned because of its proximity to the United States. That was the genesis of the early acts. That still seems to be the current genesis of the 1968 act and the 1991 act.

[Translation]

**Mr. Pierre Nantel:** I could also put the question to Mr. Winseck.

A lot of people who arrive in Canada and observe our market find it quite complex. As Mr. Demers said, our big players are protected. They are giants, but they are more fragile than before. The people who managed these businesses sometimes made mistakes or abused power; sometimes they were good players.

In your opinion, how can we find a balance? We know that there is no simple solution and that no one will leave here knowing exactly what to do. It is very complex, but in addition there is a layer of complexity that is linked to protecting our cultural diversity, wouldn't you say?

[English]

**Prof. Dwayne Winseck:** I think we have quite a few tools in the tool box right now, so we don't need to reinvent the wheel. We need to use what we have more effectively.

Look at the Telecommunications Act and the Broadcasting Act, for example. I think they're actually quite usable. There are sections of them that I would like to see used more. For example, two sections in the Telecommunications Act and Broadcasting Act respectively—section 4 in each, if I remember correctly—basically say that these two pieces of legislation shouldn't talk to one another. That doesn't make any sense, so get rid of section 4.

In the Telecommunications Act, sections 27 and 36 are basically the cornerstones of common carriage. One is an anti-discrimination principle in section 27 on the basis of price. Section 36 is on editorial control and influence over the meaning of contents that flow over networks. Section 36 hasn't been used except for one case since the 1990s, as far as I know. It was used in a small case in the 2000s. We ought to use it a lot more.

If we use this idea of separating the medium from the message, the carriage from the content, and we let the big players have their content, we can say that they have to buy access to the pipes on the same terms that everybody else does, instead of using them and saying to them, "Look, you own the pipes, but because we have this grand idea of what we want Canada to be, could you please gerrymander the use of your pipes to kind of fix the outcome in favour of Canada and Canadian content?"

This is a huge problem. We should open up the pipes for all Canadians to use on non-discriminatory terms.

**The Vice-Chair (Mr. Larry Maguire):** Thank you, Mr. Winseck. We'll have to move on.

We've come to the end of that part, and I'm going to turn it over to Mr. O'Regan. Would you like to have a question as well?

**Mr. Seamus O'Regan (St. John's South—Mount Pearl, Lib.):** What time do I have, Mr. Chair?

**The Vice-Chair (Mr. Larry Maguire):** You have five minutes.

**Mr. Seamus O'Regan:** First of all, thank you all very much for your work and for your critical analysis.

In our last meeting, an official at Industry Canada told us of a thing called the Internet, which provides us with both competition and innovation. While I was comforted to hear that, I did not find it particularly helpful.

I did find your analysis and your thinking quite helpful. While the industry itself has gone through a massive amount of disruption, I find that there has been very little disruption in public policy to foster that, to reflect it, and to regulate it properly, as it should be, in the interests of Canadians and in the interests of our country.

Having said that, I want to provide all of you with an opportunity to continue with some of your disruptive thinking.

Let me begin with you, Professor Winseck. I would love to hear more about your thought of merging the CBC with Canada Post. Is there anything else you'd like to add to that notion, or do you have any other disruptive thinking? I am starving for it, to be honest.

**Voices:** Oh, oh!

•(1020)

**Prof. Dwayne Winseck:** I haven't fleshed it out yet, but the idea of a Canadian Communication Corporation has a nice ring to it. It's this idea of using the postal system as a general purpose delivery network.

That was the case with the United States post office from its inception in 1792 all the way through into the 20th century. Some people have done analyses and suggest that the level of subsidies in current dollars was in the billions of dollars per year. One telling sign was that 95% of the weight of the postal delivery system was occupied by newspapers, but they accounted for just 5% of the revenues. It was a huge subsidy given by the United States government under the guise of the free press because it wanted to cultivate a vibrant press. What it did was give these enormous subsidies to the press by way of a general delivery platform.

What I'm thinking is that somehow we try to update that through the century that has passed and see if there's anything we can think about with respect to that today. We have post offices throughout this country, so let's put wireless masts on top of all the post offices. The post office could be a kiosk for getting your cellphones. The post office has a culture of being a common carrier. The idea is that you would have structural separation between the CBC, with the content side of it, and the delivery side of it. It would be similar to what I described with the structural separation in the vertically integrated private companies. It could be something like that.



One thing I've heard a couple of times here is that Winseck is against subsidies. I don't want to say I'm against subsidies. I want to make it very clear that I'm squarely behind subsidies for the CBC and for the general purpose content fund. This is because news is a public good.

I tried to make that point clearly. This is not Dwayne Winseck believing in some fantasy land that news is a public good because I think people should eat their kale. From an economic point of view, news is a public good and has never been solved with a market solution, except for a small slice, as I said, of financial traders and merchants who want to trade on the advantages of time, secrecy, and exclusive access. For everybody else it has been subsidized.

You can pick your subsidiser. Do you want a rich patron to do it? What's the cost? Do you want government to do it? What's the cost? Do you want advertisers to do it? What's the cost? There's no free lunch.

You have to recognize that news is not a normal economic good. The whole institution of copyright is predicated on this. We created a whole body of law to deal with one specific kind of property—information and news—because it doesn't conform to the other kinds of property that we have. It's all about balancing. All of those balances are just social settlements that are subject to change over time. That's what we need to do today. We need to bite the bullet, realize that we need to have subsidies, and who's going to get them and who's not.

I'm trying to say that we should not give subsidies to those who have blown up the system. We should not channel subsidies through an opaque labyrinth, as we've done throughout the last half-century. We should not allow the existing commercial players to be both the suppliers of the subsidies, the administrators of the subsidies, and the beneficiaries of those subsidies. It's riven with conflict of interest that is self-evident to anybody who asks or who looks at the evidence honestly.

• (1025)

**The Vice-Chair (Mr. Larry Maguire):** Thank you very much, Mr. Winseck. That used the five minutes, Mr. O'Regan.

Thank you very much to the panellists who are here with us today as well. Thank you very much for your information. We want to thank you.

That will be the end of our question round.

We have a few areas of business to clean up. It may not take quite 20 minutes, so would anyone still like a few minutes?

Mr. Waugh, you have a short time for a question.

**Mr. Kevin Waugh:** Thank you, Al, and thank you, Monica.

One thing we haven't talked about is technology and cost. The cost of running a television station has gone down dramatically, Al. You've been in the business as long as I have, and we haven't seen that reported. We have high definition now, we can use a smart phone, as you said, and we don't need a satellite truck to go on location. The cost of producing media has come down substantially.

**Mr. Al MacKay:** That's from the technological side.

**Mr. Kevin Waugh:** Absolutely.

**Mr. Al MacKay:** Then there's the human side. You need the boots on the ground.

It continues to amaze me that the first thing you do when economic times are tough is to take those people who are producing the product you're trying to sell and hustling them out the door.

**Ms. Monica Auer:** In fact, one of the great promises of concentrated ownership or consolidated ownership was precisely to save resources so that you could spend more on programming. That's the conundrum we're at. When concentration began in the early 1990s, it was always with the commitment to do more because you could spend less on your operations. The reverse has happened, and it happened under the watch of the regulatory authority, which presumably thought this was acceptable.

The issue now is that news gathering capacity seems to be down. We don't know what the news gathering capacity is in Canada. We don't know what it is in broadcasting. Should we? If we want to ensure that small communities are properly served by journalists, should we know that there are broadcast journalists in Canada? That's one thing.

Again, technology is wonderful. Why shouldn't we benefit from technology? Are Canadians deriving the same benefit from technological savings in broadcasting and telecoms as the companies that are actually using the spectrum for their benefit?

They should use it. I'm a business person and I believe in that benefit. It's whether there is a quid pro quo for the public interest, and where those savings are going.

**Mr. Al MacKay:** All I can tell you, Mr. Chairman, is that when I was running the news desk in the 1980s, I could put 10 to 11 reporters on the street on any given day to cover this community. That was when it was smaller and the issues were a lot simpler.

Trying to do that today with three, four, or five reporters for a market of this size—the fourth-largest in the country—just doesn't work.

**Mr. Kevin Waugh:** Bingo. You've said it all right there.

**The Vice-Chair (Mr. Larry Maguire):** Thank you, Mr. Waugh and Mr. MacKay.

Mr. Nantel, you have a question, and I'll let Mr. O'Regan have another one, and then we'll cut it off.

**Mr. Pierre Nantel:** Thank you very much for a bonus question.

[*Translation*]

Ms. Auer, I saw you react strongly when Mr. Winseck talked about the overarching notion of news and of this need. Would you like to add some comments on this topic?

[*English*]

**Ms. Monica Auer:** I think the question came up in the idea of what we can do going forward. I mean, we're here now.

I think if I were a major shareholder in Bell, I'd be really upset at the notion that the commission could come in arbitrarily and say that Bell couldn't have half of those licences. On the other hand, we're in a position, as with other industries, where we fear that we have the "too big to fail" and "too big to be allowed to fail" syndrome, but now we also have the "we're not going to actually do what you say because we don't have to" attitude.

I don't want to sound any more hyperbolic than my colleague Dwayne; it's just that the commission actually isn't prevented from having competitive licence renewal processes.

Suppose that you're in Ottawa and you thought you could do a better job. Maybe Al would like to start up a new company. Well, he's not going to get a new TV frequency, because they're so limited, but why couldn't he apply to use the frequency currently licensed to CJOH? It's called "competitive renewals". The CRTC prohibited the idea in 1978. At that time, there were 60 or 70 TV owners. There was ample competition. We're now down to 17 owners. Is that sufficient competition to ensure that Parliament's objectives are met? Rather than arbitrarily taking people's licences away, why not introduce competition in the licensing process?

• (1030)

**The Vice-Chair (Mr. Larry Maguire):** Thank you for that as well.

Mr. O'Regan.

**Mr. Seamus O'Regan:** Thank you, Mr. Chair.

Ms. Auer, I want you to take us back to this pure nostalgia era of the 1970s and 1980s and tell me a bit about what happened there.

Also, you don't necessarily have to answer this question, but this is where I think I'm going with it. Much of what you talked about was particularly about lack of data, the destruction of data, and that sort of thing. Given the fact that it's a quasi-judicial body, do we need to take a look once again at the role of the CRTC and the framework in which it works?

**Ms. Monica Auer:** It's easy to look back on the 1980s and say, "Weren't those times wonderful?" Well, they weren't wonderful if

you were a private radio broadcaster and you had to complete a detailed analysis of hundreds of program elements. That wasn't good. What was good is that if you look at the decisions from the 1980s, the commission would tell you exactly how much service was being given to the local community. I think that was a very good thing. That has been completely lost.

In terms of re-examining the role of the CRTC, the CRTC Act itself was created in 1975, as I recall. It's very old itself. The CRTC in 1968 was a large commission. There were many part-time members. These days there are very few members, and I think it might be worthwhile looking at whether the CRTC has the appropriate mandate, resources, structure, design, and governance to do its job properly.

**Mr. Seamus O'Regan:** Thank you.

**The Vice-Chair (Mr. Larry Maguire):** Thank you very much.

I see one more arm.

**Ms. Julie Dabrusin:** I was going to move to adjourn.

**The Vice-Chair (Mr. Larry Maguire):** One moment. That's not a debatable motion. We still have some in camera work to do.

Perhaps I will move that we end this session and thank our guests for being here. We will move in camera. I'd ask everyone else to leave the room. We need a few minutes for an item here.

Thank you very much for your presentations today.

**Ms. Monica Auer:** Thank you again for inviting us.

**The Vice-Chair (Mr. Larry Maguire):** Thank you, Mr. Demers, as well.

[*Translation*]

**Prof. François Demers:** Thank you.

[*English*]

**The Vice-Chair (Mr. Larry Maguire):** We will suspend for a moment.

[*Proceedings continue in camera*]







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