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## **Standing Committee on Canadian Heritage**

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**EVIDENCE**

**Tuesday, May 17, 2016**

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**Chair**

**The Honourable Hedy Fry**



## Standing Committee on Canadian Heritage

Tuesday, May 17, 2016

• (0845)

[English]

**The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)):** Good morning everyone. I think we should begin the meeting now.

This morning we have our first set of witnesses, from the Radio Television Digital News Association.

Welcome. Mr. Koenigsfest and Andy LeBlanc. You have 10 minutes to present, and then we will have a question and answer session.

You're aware of what we're studying and of the questions we're asking. We're looking for input on whether there is access across Canada to local news, to Canadian content, and to regional stories regardless of where you live and regardless of what broadcast medium you're using. We're also asking whether media consolidation has in fact had an impact on this access, and we're looking at whether digital media has an impact on this access, good or bad. Then we're looking at the future of how we can develop legislation, policies, or programs to ensure that Canadians have access to local news, regional stories, local stories, and Canadian content.

Begin, please, sir.

**Mr. Ian Koenigsfest (President, Radio Television Digital News Association):** Good morning, Madame Chair, and members of the committee.

Thank you for the opportunity to present our brief and to take questions on the issues that are so important to all Canadians.

My name is Ian Koenigsfest. I'm president of RTDNA Canada. Representing the association with me is Andy LeBlanc, past president and member of our executive committee.

In the next few minutes we'll tell you what the RTDNA is doing to strengthen journalism in this country with an updated code of ethics. We'll tell you about our national conference and awards program, and offer some recommendations that we think may make local news more sustainable in this country.

**Mr. Andy LeBlanc (Past President, Radio Television Digital News Association):** Let's begin with a little bit of history about our association.

RTDNA Canada began as RTNDA in 1962. A few broadcast journalist news directors had been members of the U.S. Radio-Television News Directors Association in the late 1950s and early 1960s.

In 1962 they founded the Canadian RTNDA, and then 49 years later in 2011, we changed our name to Radio Television Digital News Association to keep up with today's technological realities and to open membership in the organization to digital as well as broadcast journalists. This change also broadened the membership criteria to include all working journalists, not only news managers.

**Mr. Ian Koenigsfest:** We are updating our code of journalism ethics. The preamble to the existing codes states that an informed public is vital to democratic society and that Canadian journalism's purpose is to serve the public interest. The updates reflect the changing landscape of our industry. Anyone using these guidelines, broadcast or online, will meet the standards of professional journalism in Canada.

As an association we are committed to delivering local news and making sure that local communities are informed of events that impact them with the necessary context and a diversity of opinions. Our members recognize the responsibility of broadcast journalists to promote and to protect the freedom to report independently about matters of public interest and to present a wide range of expressions, opinions, and ideas.

• (0850)

**Mr. Andy LeBlanc:** The RTDNA has a strong relationship with many journalism schools across Canada, and through its partnership with its foundation it works actively to promote journalism as a career opportunity for young Canadians.

Many of our regional awards events are held at local journalism schools and often involve students in the event planning and production. We share a common goal with the Broadcast Educators Association of Canada and welcome a representative from the BEAC to our board discussions. RTDNA is also forging stronger partnerships with other journalism groups such as the Canadian Association of Journalists and Journalists for Human Rights.

**Mr. Ian Koenigsfest:** Our awards program for broadcast and now digital journalism was first launched 50 years ago and to this day an RTDNA award is regarded as great recognition for journalism excellence.

Despite concerns about the broadcasting industry and local journalism, our awards program is running stronger than ever. We had more than 700 submissions this year. Dozens of award categories are presented for video, audio, and digital storytelling, first in each of the four regions—so at a local level—and then at a national conference.

In addition to the regional and national awards, the RTDNA also acknowledges outstanding contributions to the industry through the lifetime achievement award and the president's award. Recipients of these awards include Lloyd Robertson, Linden MacIntyre, Vicki Gabereau, Robert Hurst, Henry Champ, Lowell Green, Rex Murphy, Craig Oliver, Dick Smyth, Knowlton Nash, and Jack Webster.

Next month we'll be honouring Peter Mansbridge, Tom Clark, and Lisa LaFlamme at our national convention.

Last year the president's award was given symbolically to the Canadian journalist. The citation stated:

As an association, we are extremely proud of our Code of Ethics which has been put to the test repeatedly.... The code has been described as the standard for Canadian excellence in [broadcast] and digital journalism.... Our industry has been under extraordinary pressure on the very foundations that support journalistic freedom in our country and our members have not wavered.

To this end, in 2015 RTDNA Canada presented the president's award to Canadian journalists as they have stood firm in protecting not only the code of ethics, but the very essence of journalistic integrity.

**Mr. Andy LeBlanc:** Our founders followed the U.S. RTNDA standards and practices, until the Canadian association adopted its own code of ethics in 1970. This code has been modified slightly over the years, but over the past year a considerable rewrite of the code has been created. If the membership accepts the revisions at the national meeting, the new code of journalistic ethics will replace the current code now administered by the Canadian Broadcast Standards Council to adjudicate viewer and listener complaints. The CBSC has endorsed the revised code, pending the association's approval.

The proposed revised code reaches out to all practising journalists to use the RTDNA code of journalistic ethics as a guiding principle, along with the standards and practices defined by individual news organizations and independent journalists. The revised code is platform-agnostic. The code has been the standard for broadcasters in this country, and we hope it will also be the differentiator between online sources that do journalism and the pretenders who present information with a bias or deliberately misinform the public.

While we applaud the freedom of expression that exists in this country, we need to ensure that society continues to be informed and enlightened by factual, fair, and balanced storytelling, so the public and lawmakers can make informed decisions.

The existing code covers 14 articles, and the proposed code is divided into five general areas: accuracy, fairness, independence, integrity, and respect. In this code, as with others, the purpose is to always act in the public interest. Accurate, reliable, unbiased, and independently reported facts are what this code is about, and what journalism is about.

**Mr. Ian Koenigsfest:** Our association could not exist without the tremendous support of the major networks. Their involvement as

special partners and participants in our annual national conference and their ongoing commitment to our board and to our awards program are critical to journalism in Canada.

At our national conference this year, we are focusing on “Surviving and Thriving in the Changing Media Landscape”—finding the best way to transition from the successful business, technical, and editorial practices of the past to new strategies of engaging our increasingly fragmented audiences. Our panels will focus on new audience metrics, which we need to pay attention to, explore new tools that assignment desks are using to verify and break news, and outline new revenue models by publishing video and articles directly to social platforms.

Canadian journalists are resolute and adapting to the rapid pace of change, but they still require a steadfast commitment to protecting the integrity and efficacy of the profession by all news managers and by ownership. This partnership, we believe, will allow local journalism to continue to play its vital role in society.

• (0855)

**Mr. Andy LeBlanc:** Our membership depends on the continuing support of owners of news operations. With fewer owners now covering Canadian news, there are also fewer news directors, and every year brings new batches of layoffs of newsroom staff. That results in less original reporting, less investigative reporting, and less connection with the community. In some parts of the country, investigative journalism has disappeared almost entirely.

We understand the economic realities that have led to covering local news this way. Some witnesses to this committee have already talked about the shift from dollars to dimes in advertising revenue, when comparing TV news to online news viability. We have also heard that in most cases the number of minutes and hours of local news hasn't changed much. However, the quantitative measure isn't always reflective of the qualitative impact of changes in newsrooms. While the sustainability of local TV and radio news is an important question for regulators to discuss from the advertising revenue perspective, that is not our expertise. We wish to leave it to the employers and regulators to resolve.

**Mr. Ian Koenigsfest:** Is ownership concentration the key issue, or is the potential for a shrinking diversity of voices, especially at the local news level—

**The Chair:** You have two minutes.

**Mr. Ian Koenigsfest:** —the heart of the issue being assessed by this committee?

It is imperative that there be more local news coverage in small communities across the country that are not already served by journalists who live there. Local news isn't only about the local bingo, baseball game, or community fundraiser. It is about connecting the community and its leaders to accountability. As journalists, we would like to think there is a way for truly local news to survive without tapping into the revenue streams of the major players.

**Mr. Andy LeBlanc:** The very nature of local journalism today is changing due to the rapid transformation of our media environment. This revolution is placing into question the future of local journalism as we have known it, because no business models have yet been developed to make it sustainable. The digital media environment undoubtedly represents considerable potential for inspiring new forms of local journalism, but we need to go beyond the notion that so-called citizen journalists will be able to replace trained professionals who adhere to codes of professional ethical conduct.

**Mr. Ian Koenigsfest:** Some of the possibilities that might be considered by the committee include the following.

One, the RTDNA recommends that the CBSC scope expand to include online journalists who commit to abide by our code of journalist ethics. The CBSC could adjudicate formal complaints as they now do for traditional broadcasters. Two, the RTDNA recommends that seed money be made available for truly local news online sites that agree to abide by journalistic standards. Three, the RTDNA in consultation with industry could help to administer a fund that would help maintain the existence of viable local news in communities across the country. Four, the RTDNA supports the call for funding research into how the quality of journalism is being impacted by the concentration of ownership at the local and national levels, and how rapidly changing factors affecting broadcast, print, and online journalism are being played out in communities across Canada.

In conclusion, we ask that the committee also consider a factor that is of crucial importance, that local journalism is an essential component of our Canadian democracy.

Madam Chair and members of the committee, thank you again for this opportunity to present our case to you.

**The Chair:** Thank you very much. That was pretty close if not bang on time. You must have practised.

We're going to open it up to questions and answers now. Here's how that works. In this first round we allow seven minutes for each questioner, and that seven minutes includes questions and answers. Please be very succinct so that we can get in as many questions and answers as possible. Thank you very much.

We go to Ms. Dabrusin for the Liberals.

**Ms. Julie Dabrusin (Toronto—Danforth, Lib.):** You talked a bit about the concentration in media impacting local stories, but I was wondering if you have any studies on whether the concentration in the media has impacted the diversity or gender composition of journalists and people working in newsrooms? Is it having a gendered impact? That's my first question.

**Mr. Ian Koenigsfest:** That's a good question. I don't know the answer. Our fourth recommendation is to research these issues

properly. A lot of research is happening in the United States and Europe, looking specifically at the impact of the concentration of media on the diversity of voices. To my knowledge, I'm not aware of such a study being done in recent times in Canada. That's something that we strongly support because we need the context and the understanding of how things have changed in the last five or 10 years and how rapidly they're changing now, to be able to come up with solutions for a Canadian way and how we can move forward.

• (0900)

**Ms. Julie Dabrusin:** Is your membership made up of entirely journalists, or does your association include other people working in the newsroom?

**Mr. Andy LeBlanc:** We have a number of membership categories, and the active membership category is essentially everyone who is a practising journalist. Our organization began as a group of news directors and news managers, and it has expanded over time to include people who've practised.... It used to be just radio and television, and with the changing times, digital has been added, and so we're expanding the organization to include pretty much anyone who is a practising journalist who wishes to abide by the code of ethics.

Other membership categories are non-voting, such as associate memberships. If someone is in the communications field, but is not as a practising journalist, that person can be a member and participate in the association.

**Ms. Julie Dabrusin:** What percentage of your membership is now in digital media?

**Mr. Ian Koenigsfest:** In a lot of newsrooms you may be a radio journalist, you may be a digital journalist, you may be a television journalist, so the lines that are drawn are not that clear anymore. I don't know if we can give you an accurate answer.

**Ms. Julie Dabrusin:** Do you have any percentage that's purely digital media? I'm throwing out names, but for example The Tyee, or Rabble, or Rebel, just for the sake of adding names.

**Mr. Andy LeBlanc:** We would welcome any of those organizations that would like to join. Part of our accepting a member is that they agree to abide by the code of ethics. So if The Tyee wants to do that, they could be a member. I couldn't list offhand list the members are, but many of the journalists are practising solely in, or at least most of their work is in, digital. We also have people who are working in radio and television and, of course, we're all working in digital now.

**Mr. Ian Koenigsfest:** Simply for clarification, we don't have group membership, just individual memberships. That's why it's difficult to give you a precise answer.

**Ms. Julie Dabrusin:** You mentioned that you're going to be discussing new audience metrics. Could you quickly expand a bit on that? What are the new audience metrics that you're looking at?

**Mr. Ian Koenigsfest:** They're looking, in particular, at digital and online metrics. Traditionally, radio and television have based their metrics on ratings. There's a whole new frontier out there for understanding the consumption of local news. Part of our discussions at our national conference next month will be about broadcasters, news managers, and journalists getting a better understanding of what new metrics are out there. As the delivery of news is changing, so are the ways people are measuring it. We therefore need to get a better understanding of how that's done.

**Ms. Julie Dabrusin:** Have you done any studies as to how that is changing?

**Mr. Ian Koenigsfest:** No, but we will be having some presentations at our conference on the new metrics.

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

Have you developed any analysis on what new revenue models might be in the changing market?

**Mr. Ian Koenigsfest:** We haven't. Once again, as an association we see our role as providing for discussion and as a forum for debate. The revenue model issue is obviously a major concern, not only to the major networks but also to all journalists in terms of sustaining new delivery systems of news and information without necessarily getting the same return on investment. That, again, is another forum of discussion we are hosting.

**The Chair:** You have two minutes, Julie.

**Ms. Julie Dabrusin:** Yes, okay.

I know that Mr. Breton had a question, so I'm giving him my last two minutes.

[Translation]

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

Thank you for being here.

I have a question.

We have heard from many witnesses since we began our study. They talked about investments, income, spending, and advertising. They also talked about how social media platforms are often not Canadian. That is something that we have been hearing regularly. Witnesses also mentioned that social media do not produce very much local content. I would like to hear from both of you on that. We have approximately a minute and a half.

[English]

**Mr. Ian Koenigsfest:** Social media outfits are often merely aggregators of other people's news. There are some organizations that may have offices in Canadian cities but don't have any reporters on the ground. What they are doing is aggregating other people's information and then using it, dispersing it pretty much.

Our recommendation for social media aggregators would be to abide by our code of ethics, because then we know there's journalistic integrity and professional conduct. The next step would be to try to get these organizations to have reporters on the ground. That's our concern, boots on the ground and a diversity of voices, because an aggregation service is not necessarily adding any new information, and is not adding anything to the discourse and dialogue within Canadian communities.

• (0905)

**Mr. Andy LeBlanc:** I think I would add—

**The Chair:** You only have 15 seconds.

[Translation]

**Mr. Pierre Breton:** Go ahead.

[English]

**Mr. Andy LeBlanc:** I would differentiate between the journalist on social media versus the individual who is on social media and who doesn't necessarily follow journalistic practices. I think there's a significant variation in the level of trust that someone reading social media will have. It depends on whether the person is an original source with a journalistic background, or an original source from Joe on the street who sees something happening. They each have varying degrees of credibility.

[Translation]

**Mr. Pierre Breton:** Thank you.

[English]

**The Chair:** Now, Mr. Waugh for the Conservatives.

**Mr. Kevin Waugh (Saskatoon—Grasswood, CPC):** I always thought that your organization was top down and that it really only centred around the news directors. In small and mid markets, everyone was scrambling in February because you have these national awards. To be frank with you, the journalists in the newsrooms were never aware of anything until somebody picked their story to go up for a national award.

I'm going to be very critical here, since the fact is that I've been in a newsroom for 39 years. We were never really associated with your organization as reporters. It was always top down. The news directors went to your meetings. They would never come back and share with us, unless your organization would happen to have its annual meeting in our city that year.

Has that improved? If you don't mind my saying, we never heard from you unless you guys actually had the annual meeting in Saskatoon. Or if I was up for a national award, and they knew in advance that I would win something, I might have had the chance to go to Brandon or Winnipeg, or wherever you were holding your meeting.

I really thought your organization was top down and didn't get the journalists on board. Has this changed in the last three or four years?

**Mr. Ian Koenigsfest:** Yes, and thank you for your question.

We were in Saskatoon, I believe, in 2006; I think that's the last time we were there. In 2011 when we changed the name of the organization, we also changed the fact that it was not only for news directors, but open to journalists. I would say there has been a significant shift in the operation of the association to make it welcoming to students, for example, and to make it welcoming to reporters. At our last convention, we probably had more working journalists attending our sessions than we had news directors and news managers.

It's a valid criticism, but I would say that the process to change began in 2011, and we continue to make it an open and diverse group. With our new code of ethics, the move now is to push it even further and to include as many people as possible.

**Mr. Kevin Waugh:** I think you have to go there, and I think you guys know that you have to go there. You're going to have to engage some journalists.

In a lot of newsrooms in this country, there is no PD, no professional development. It's just trial and error, and if you screw up, you're into the office the next day. That has to be addressed in this country, because many news directors are so busy pushing paper right now that they can't deal with the day-to-day stuff, and deal with journalists and to improve the product on the air.

You made a point, and you're very correct, that we're still filling massive hours. Every news bureau in this country still has the hours to fill and many of them are exceeding those hours, but the quality is certainly not there, as you pointed out.

I want you to talk about how we are going to get journalists up to speed, because the quality of journalism that I've seen in this country over the last 40 years has deteriorated greatly.

**Mr. Ian Koenigsfest:** On the quality of journalism, I'm not sure I agree with you, sir, respectfully. If our national awards and our local and regional awards are an indication of the quality of storytelling, I think it matches storytelling in journalism anywhere in the world.

Where I do agree with you about there being fewer voices and a lack of diversity. The commitment that our association has made is to broaden the dialogue and the extent of the discussion of journalism in this country. Through our code of journalistic ethics we offer opportunities to sign up to a professional code of conduct, whether you work for a network or you are an individual working on social media, that I believe will protect the integrity of journalism in this country.

• (0910)

**Mr. Kevin Waugh:** I came from a C market or maybe a B market. When we lose broadcasting in Red Deer, in Kamloops, and all these small markets, I saw the journalists coming into a mid-market or so, and they were struggling.

They used to be able to own their trade in really small markets and then jump to mid-markets. Now there are no small markets. I think that's where I'm coming from. That's maybe where your organization should focus, as I do see the bottom tier in the newsrooms really struggling right now.

They are coming in with little experience. The newsrooms just don't spend enough time on professional development, and they have

never in my 40 years of broadcasting spent any time on professional development.

Can you comment on that, because we don't get anything: there is no personal development whatsoever. There is no PD in any newsroom. It is run day to day, 24-7. Nobody is accountable until you screw up.

**Mr. Andy LeBlanc:** I have about 36 years in the business, so I understand a number of the viewpoints you have. I think that when it had the initial name of RTNDA back in the day when it was mainly news directors and new managers, they would come to the conference, have the various learning opportunity sessions, discussions with other news directors and so on, and bring that information, that knowledge, and whatever they picked up back to their newsrooms and use that as an opportunity to teach staff.

In many cases I do think that has happened. There are a number of times.... One of our awards, the Creative Use of Sound, was in its first year, and a number of people saw the results of that. The news directors took that back to their newsrooms, and the next year the submissions that came in for that particular category were amazing.

I had the ability of judging—

**The Chair:** You have one minute.

**Mr. Andy LeBlanc:** —that particular category. It was quite nice to see that people took what was discussed at one conference, and the next year you saw concrete results. People actually said, "I'm going to get one of those." Many people didn't get the award, of course, but what they did was that they tried, and just raised the bar slightly on the quality level.

**Mr. Kevin Waugh:** I'm going to mention the photojournalists. When they came in, it was like, "You've got a camera, go do it." You'd come back with blue video and somebody would say something and that was it. That's what I'm talking about here. It's this lower echelon, because we have fewer people in newsrooms today than we did yesterday. When you get stuck with a camera, go out and shoot and come back, there's very little training in this business.

**The Chair:** Thank you very much, Mr. Waugh. Your time is up. I want to congratulate you on being politically correct in mentioning both Brandon and Winnipeg in the same sentence.

**Voices:** Oh, oh!

**The Chair:** Thank you.

Now we go to Mr. Nantel from the NDP for seven minutes.

[*Translation*]

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

[*English*]

Clearly, we're into a changing market.

[Translation]

Thank you for being here and sharing an interesting perspective, that of managers of various news services.

I have noticed that the media sector is changing. When your organization was created, the television had just become mainstream. It suddenly became a professional media service, along with print media. As my colleague Ms. Dabrusin pointed out, you are now in competition with members of new media and you are trying to include them in your organization. They have changed things.

The fact that we are receiving less and less information makes it seem as though the news is at risk, as though democracy is at risk. I noticed again this morning while watching TVA, that the same journalist was assigned to cover the story of the fires, the engineers' strike in Montreal, and the arrival of refugees at the Trudeau airport. There are no longer any specialized journalists. They have to be prepared to cover any story at any time. The same thing is happening at the CBC.

It seems as though journalists and new directors are providing information to you directly. Are you also working with international organizations? We know that this is a global problem. The democratization of information is a global phenomenon, particularly with YouTube, which is designed to allow people to see themselves on screen. This calls the entire system into question.

Are you in touch with other organizations similar to yours in countries other than the United States?

• (0915)

[English]

**Mr. Ian Koenigsfest:** Our main link is with the RTDN in the United States. At this time, we don't have any formal links with international organizations. However, as part of our outreach we've actually started working locally with the Canadian Association of Journalists and Journalists for Human Rights, and our goal is to encounter and dialogue with international groups in the future.

You are absolutely correct in your point about people being expected now to cover everything. The nature of the specialty beat—someone who covered city hall or covered the police department—has gone, particularly in small communities. The danger of that is losing the relationships and networking and being able to know when things were not how they should be. That's how exclusive stories and scoops happened. That is something that we are extremely concerned about.

**Mr. Andy LeBlanc:** I would add that social media doesn't replace mainstream media. At the local level, it is a wonderful thing, a great advance that the local town hall is available as a webcast perhaps, so that any of the citizens can watch. The reality is that most citizens aren't watching, and no one is necessarily there to watch or pay attention—not to what is happening on camera, but to know more about the other questions that hold local officials to account, or the various spin-off stories that might happen out of a town hall meeting.

If we don't have the boots on the ground in every local community, then are we really able to generate the kinds of local news that perhaps isn't quite as interesting? It's not going to have the same number of clicks and reach the trending top of Google or

Facebook, but it is nonetheless important for the people at that very local level.

[Translation]

**Mr. Pierre Nantel:** Your association represents journalists. It is basically made up of news desk editors and news directors.

Would it help to join forces with community television to gather information? Is that an option? It might not be the best option for workers in the industry, for journalists. However, we are trying to determine how we can maintain regional coverage by small media in small markets.

What do you think of that idea?

[English]

**Mr. Andy LeBlanc:** Collaboration with any journalistic organization absolutely is an option. At RTDNA, we believe we are about journalism and trying to maintain good standards and ethics in what we practice. Many other organizations have similar objectives. We can work together, and as journalists we should work together, to bring the quality of journalism up if possible, but at the very least to sustain the level of journalism that is happening out there. The community television stations play a role in distributing that kind of information, as do CAJ, JHR, and so on. There are a number of organizations that do that. We do have communication from time to time with most of these organizations, but wouldn't it be wonderful if we could all sit down together and actually—

[Translation]

**Mr. Pierre Nantel:** With regard to print media, we know that articles from *The Canadian Press* are being used more than ever. The same article is sometimes printed in three different newspapers because of a lack of resources. This type of news syndication is good for editors. Obviously, media workers also care about the survival of the medium that employs them.

You are saying that a code of journalism ethics is needed and that startup capital must be invested to encourage the next generation. You are offering to administer a fund to collect money. Could you tell us more about your third recommendation, please?

• (0920)

[English]

**Mr. Andy LeBlanc:** We would all like to say that we have enough money to do things. Where the money comes from, I think, is the nature of the question.

**Mr. Pierre Nantel:** What's your third recommendation? Could you elaborate on that?

**Mr. Ian Koenigsfest:** It is to administer a fund that would help maintain the existence of viable local news. We would need to find money, as we said, in collaboration with industry. We're not sure where it would come from, but once we have found it and have access to that fund, then our association could help administer the protection of local journalism in communities across Canada.



I think the networks and news managers agree with us that the protection of local news is important. It's a matter of finding a sustainable way to do it that would be reasonable and economically viable. If there were a fund developed specifically for local news, as there has been in the past for the movie industry and the entertainment sector, we think that would move in the right direction in terms of the protection of local news.

**The Chair:** The next person is Seamus O'Regan for the Liberals for seven minutes.

**Mr. Seamus O'Regan (St. John's South—Mount Pearl, Lib.):** When talking about local news and the media, you said something very interesting about social media and local news, that the mainstream is still more dominant, or at least more beneficent towards local news than social media. Yet it seems that what we're seeing more and more often is that social media is media. It's increasingly becoming mainstream, when you look at how young people now acquire their news.

I agree with you on aggregators: they are not the same as those who produce content. That's for sure. But you can understand the challenges that confront this committee as we face a demand from our constituents for local news. They want more local news. They've never had access to more media than they do now, and yet when we look at the state of local news, what they actually get, and the cuts that these organizations have had to succumb to, we're trying to square that circle. I know you know that I know a bit about it, and I'm telling you that despite my years of experience, I don't know. We look to organizations like yours.

I know this stuff probably keeps you up at night. How do we square that circle, given that there is a generational change, given that this is the future and that the future is happening now?

**Mr. Andy LeBlanc:** We've had many discussions with so many people about this, starting with the very basic separation that all journalists are part of the media, but social media isn't part of journalism necessarily. If you're practising social journalism, you may be completely accurate in reporting what just happened, but you may not. You may have another motive. You may be trying to skew the information.

There is a certain amount of citizen justice that takes place when someone is very wrong on media, and we've all seen that. It equates to the social media equivalent of public stoning. People can get controlled.

The key is that at the very local level, we fear a time when the only news coming out of a community, the only information about things that are happening, is from people who have motives and specific bias. They're not putting it through the kind of filter that a journalist has, who has had years of experience understanding how to filter things that are happening and ask the other question. We fear a day when that doesn't happen at the local level.

I think we could probably say that at the very localized level, many small communities in this country do not have any local media representation, as in a journalist in town who writes about what is happening in town.

**Mr. Seamus O'Regan:** Therefore, there is an incredible amount of competition between accredited journalists who have to fight to

get that story out as quickly as possible and are under an incredible amount of pressure from the newsrooms, and the people who are out with their iPhones taking pictures. They try to hold themselves up to those standards, but they're under so much pressure to get stuff out fast that they can't be as accurate as they perhaps desire to be.

All that said, I think we recognize the problem, but what do we do?

• (0925)

**Mr. Ian Koenigsfest:** I think part of it is trying to spread the level of accountability that the proponents and those who use social media, who may not be affiliated with news organizations.... Our appeal is to try to bring them under our code of ethics so there is some level of accountability.

If journalism is expected to and does hold public officials to account, so journalists should be held to accounts as well. We feel the playing field is no longer level because, as you point out correctly, networks are competing with individuals with iPhones.

If there's a way to bring more people into the tents who understand and sign off on a code of ethics, at least we have a greater level of accountability amongst our profession. It's to try to find a way in which, regardless if you work for a network or for a local radio station, you have agreed to operate in an ethical way that will serve everyone.

**Mr. Seamus O'Regan:** Let me interject because we only have so much time.

What does your membership, of which I was once a member, tell you about what we need to do to fund local news, to make sure that local news has the resources it needs to be held up to these standards that you rightly put forward?

**Mr. Andy LeBlanc:** The starting point is that we do need more research. In the U.S. in particular, and in the U.K., there are organizations like the Knight Foundation that are doing research. They are gathering tons of data, to say this is what's happening, this is what people think, this is what trust is. All of these questions are being analyzed. I don't believe we have anything near that degree of research happening in Canada.

The other part is essentially putting the code online. If we have someone who is handling a local town hall and writing a blog on that, one may not consider that person to be a journalist. However, if he agrees to abide by the code of ethics and is held accountable to the code of ethics and produces town hall reports that are in line with that, then I would be willing to call him a journalist. Not only that, but it brings credibility to the site.

**Mr. Seamus O'Regan:** I want to get back to money.

**Mr. Andy LeBlanc:** On the money, I know that that the Canada Media Fund exists, and there are a number of different categories in there. There isn't something that specifically says "news".

Is there a category that would apply to startups of local news enterprises in small communities that are right now not serviced by any journalists on the ground? Would there be an entrepreneurial journalist who wants to begin covering the news in whichever location, say Saskatchewan, and be the journalist of the community who asks the right questions of the mayor and of others in the community?

**Mr. Seamus O'Regan:** Large companies that own the majority of the outlets your membership works for, whether it be Bell, Rogers, CBC, are saying that they don't have the money they used to have for local news and, therefore, they're cutting and cutting. We've all been there, and two of us at least have been in the front lines of it.

What do we do about that? What is the answer to that? It is obvious to the audience that it is hurting local news and the ability of these fine people to do their jobs.

**Mr. Ian Koenigsfest:** Well, perhaps—

**The Chair:** You have two seconds in which to answer that.

**Mr. Seamus O'Regan:** And there you go—

**Some hon. members:** Oh, oh!

**The Chair:** I'm sorry, but perhaps you can expand on it as we go into the second round. Thank you.

Now we go to the second round for five minutes each. We begin with Mr. Maguire for the Conservatives.

**Mr. Larry Maguire (Brandon—Souris, CPC):** I want to thank both of you for your presentation this morning.

As Seamus just mentioned, social media doesn't replace local media. I want to follow up on that.

Mr. LeBlanc, I think that's one of the comments you made earlier. We have seen a deterioration, perhaps, of some of the type of reporting.

You were talking about the credibility of journalists, the training and that sort of thing, the qualifications, and the standards you have. I'd like you to comment on the code of ethics a bit in regard to what is there and what you may see is needed down the road for the future as well. Or is it enough now just to make sure that more people qualify for it?

Also, I'd like you to talk about the quality of the analysis of research in journalism, which you think is needed as well.

**Mr. Ian Koenigsfest:** I'll handle the research part and let Mr. LeBlanc discuss the code.

Because to our knowledge there probably isn't contemporary research in terms of what this committee's looking at, we've said that we support that, and I know there are many journalism schools and universities that are adequately and well equipped to conduct that research. We think that will provide us as an association, and also our membership, with a better understanding of the exact impact small communities in particular are facing with the demise of local news reporting and the impact that online, digital, and social media reporting is having on those communities.

I think that research needs to get under way and needs to happen quickly, because the landscape is changing so rapidly. It's become a

cliché to say that, but it is. With the next social media application, the whole nature of collection and distribution of news and ideas changes.

We support that, and do so with a sense of urgency. It would allow us, the industry, and practising journalists in Canada to fully understand the shifting sands in the nature of the business and how to keep abreast of those changes and to be in a position to ensure that communities receive local news.

We support that, and we support the notion that this is not just the networks. This is local journalists. This is about the people who you've referred to in the newsrooms in Kamloops and in the smaller communities in this country, who are often working in desperate situations and trying to keep up with the demands expected of them.

● (0930)

**Mr. Andy LeBlanc:** The code of ethics has been around for a good number of years. It really reaches back to the origins of the U. S. RTNDA. Over time, because of technological change and so on, there has been a need to update the code—or, because of experiences that have led to great ethical questions, there were more discussions that led to changes to the code.

Over the last couple of years, our association was hearing from its members that there was a need to update it, because many of the things we were saying were very applicable to radio and television and the tools that radio and television use, but the reality is that practically any journalist anywhere now is really a digital journalist. Certainly, radio and television use digital equipment now. A print journalist is using digital equipment now and very often posting video to the newspaper site, so really, where is that differentiation?

The real differentiation comes back to the terms of the code. Anybody today can pick up a camera. We all have cameras. There are probably 30 cameras in this room right now, with our iPhones and so on. We can shoot video and it could land on tonight's newscast easily enough. The technology is there. It's the ethical filter that isn't necessarily there in all cases of people picking up the camera.

We went through the code over the past year and updated it in such a way that it would be platform-agnostic, so that no matter what equipment you are using, whether you work in digital in any form, the rules would be applicable. Being accurate is the same anywhere.

**Mr. Larry Maguire:** Thanks, Mr. LeBlanc.

I just wanted to say—

**The Chair:** You have 25 seconds.

**Mr. Larry Maguire:** There's an evolution in the rural areas as well, because there are not as many communities as there used to be. Is that the same thing that we're looking at in journalism? We're saying that there may be a shortage of credible journalism, and there isn't the same number of communities. Some of them are growing and some aren't. I've seen a number of them disappear over my lifetime in some of those areas as well.

When you talk about the quality of analysis, it's important to have the local quality of life represented through local journalists. That's what's keeping our weeklies alive, probably more so than some of the dailies. That's one of the areas. I wondered if you could comment on that. From your journalists and your organization, where do you see the future going?

**The Chair:** I'm afraid you're going to have to hold that thought until we get to the next questioner. We have run out of time.

Now I go to Dan Vandal, for the Liberals.

Five minutes, Mr. Vandal.

**Mr. Dan Vandal (Saint Boniface—Saint Vital, Lib.):** We talked a little bit about your membership, first of all. Do you have digital-only journalists who are members of your organization?

**Mr. Andy LeBlanc:** Yes, we do.

**Mr. Dan Vandal:** In terms of general members, how many are radio/TV journalists, compared to digital ones? Could you give me some numbers?

• (0935)

**Mr. Andy LeBlanc:** The quick answer is, not immediately. We could get that to you.

**Mr. Dan Vandal:** Are there more than 50?

**Mr. Andy LeBlanc:** More than 50 people?

**Mr. Dan Vandal:** Yes.

**Mr. Andy LeBlanc:** My guess would be very close to that, but the majority are still radio and television. The thing is, many of the people working in radio and television are working in the digital—

**Mr. Dan Vandal:** I imagine, then, you'd have no idea of how many independent digital broadcasters/journalists are not represented by your organization? I'm assuming you know who is in your organization. You want to know who's not in.

**Mr. Ian Koenigsfest:** Right, there are many who are not.

**Mr. Dan Vandal:** How are you financed?

**Mr. Ian Koenigsfest:** How is the association financed? Through membership fees and through sponsorship of our national and regional conventions.

**Mr. Dan Vandal:** What is your budget?

**Mr. Ian Koenigsfest:** It's \$100,000.

**Mr. Dan Vandal:** But you can't tell me approximately how many members you have?

**Mr. Ian Koenigsfest:** There are 200-plus members, but I'm not sure in terms of their designation, because you don't sign up within a particular category of journalism.

**Mr. Dan Vandal:** Okay.

In terms of the Broadcasting Act, it stipulates that each component of the broadcasting system must create Canadian content, and, as you know, that doesn't apply to digital content. Do you have an opinion on that, or would you like to share something on it?

**Mr. Ian Koenigsfest:** I think we made the point this morning that we would like digital, and online, and social media to be part of our code. Our code recognizes the importance of fairness, accuracy, accountability, and integrity. I'm certainly a believer that regardless

of the medium in which you are operating as a journalist, the rules should apply across the board. One of our recommendations was that an organization such as the Canadian Broadcast Standards Council might want to look at administering online and social media journalism as well, to ensure there is that level playing field in terms of accountability and integrity. We would welcome online and social media being brought into that fold.

**Mr. Dan Vandal:** There's about a minute and a half left.

What are the greatest challenges—

**The Chair:** Actually, you have two minutes left.

**Mr. Dan Vandal:** —for your members?

**Mr. Andy LeBlanc:** On a daily basis the greatest challenge is producing the news to the top quality possible with all of the ethical factors in place—and yes, that can always be a challenge. Information comes in very rapidly from more sources than ever before. Filtering it is a greater responsibility than ever before. Getting it first is really important, but getting it right first is much more important.

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

I don't have any more questions.

**The Chair:** Perhaps I will ask either one of you to answer the question Mr. Maguire asked.

**Mr. Andy LeBlanc:** On the rural point?

**The Chair:** Yes.

**Mr. Andy LeBlanc:** I would like to talk to it. I'm not sure I have a complete answer, but I think it's a bit like the chicken and egg perhaps. Which came first, or which left first? Did the people leave the community; therefore, local journalism left the community? Or are they connected? Is there a sort of cause and effect there? I don't really know.

One thing I do know is that there was an organizational study that I read recently—I don't know if it was in the U.K. or U.S.—which essentially reflected on citizen engagement, especially at the local level, the small-community level. What they found was that in the small places where there was local journalism, people were more engaged. The number of people who would go out to vote and participate in civic events was much higher than in the places that did not have local journalism.

Is that the cause? That requires further study, as with many things, but there certainly does appear to be an association connected with that. We do know from voting results that at the federal level we have the highest level of voter participation. At the provincial level it's down a notch, and then we get down to the municipal level, and in many cases less than one out of three eligible voters is actually going to the ballot. Does that reflect—

**The Chair:** Thank you, Mr. LeBlanc.

Mr. Nantel for five minutes.

• (0940)

[Translation]

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

[English]

**The Chair:** A quick five minutes.

[Translation]

**Mr. Pierre Nantel:** Yes, of course.

Sometimes I wonder about the news and television services. Our goal is to verify certain things. I think that Parliament is doing its job, that it is trying to find solutions to a serious problem, which is only going to get worse.

The other day, I was watching KING 5, a Seattle television station that is associated with NBC. I was surprised by one of the ads. It was a corporate ad that sang the broadcaster's praises. It lasted about 30 seconds or maybe even a minute; it seemed fairly long to me.

[English]

Your local broadcaster does that.

[Translation]

It was interesting, but I think that sort of measure is a bit extreme.

Sometimes, I get the impression that the industry that provides content on our usual platforms is a bit like Canada's furniture industry, which is having the life sucked out of it by the Chinese. People think that a couch should not cost more than \$500. I am sorry but that is impossible if you want a couch that was made by workers with good working conditions.

Right now, the competition is similar to that experienced in the music industry about 10 years ago when music suddenly became free. How can you compete with free?

We all agree that the purpose of our study is to show that regional news matters, that it helps build a sense of identity among people in that region. Whether the news is delivered via newspaper, radio, or television, it breathes life into a region, which as a result, is no longer just a bedroom community in the middle of a field with no local identity.

Could we not follow the example of great sites like GoGaspe.com? Someone talked to us about that. It is a news, local media, and local advertising aggregator. Would our large converging consortia agree to allow community television stations to broadcast their local news content? Today, my community was mentioned on the national news. Is that a possibility? I think that we need to rethink the model.

Before I turn the floor over to you, I would like to remind you that the music industry thought it had all the answers when I was working there. However, it was not until Steve Jobs came along that anyone thought of selling songs for \$0.99. Have we gotten to the point where we have to sell news for \$0.99?

[English]

**Mr. Andy LeBlanc:** It's a very complex question and I think the answer is likely complex as well. The initial question, if I understand it, is if you have the GoGaspe.com providing video that may be used by a regional or even national network, will they be interested in airing it in their limited number of minutes for each broadcast daily? Maybe yes, if it's that kind of story, if it's significant enough.

But I think what we're talking about here in local news is the kind of news that isn't going to make it there. The question is what is the

value of that local news? We believe there's great value in local news, with people having greater engagement in their rural communities, as well as urban communities. Instead of asking about the advertising revenue, maybe we should ask what the real price or cost is of not having local journalism.

**Mr. Ian Koenigsfest:** Maybe it's how do we make sure that GoGaspe.com can survive? Part of what we talk about, whether it's seed money or a fund, is specifically for the GoGaspe.coms of Canada to be able to be viable entities for providing that important local and regional news. If information does make it on the national or regional broadcast, that's a bonus, but that shouldn't be the focus, I don't believe.

**Mr. Pierre Nantel:** Do you feel that the Ministry of Industry—we are relevant to Canadian Heritage—is doing enough for this challenged news industry?

**Mr. Andy LeBlanc:** My guess would be that industry is doing what they are able to do to generate a profit based on the rules.

**Mr. Pierre Nantel:** Sorry, I meant the government ministry, Industry Canada.

**The Chair:** You have 30 seconds, Mr. Leblanc.

**Mr. Andy LeBlanc:** I would really just say that there is always more that we can do, in particular to try to find ways that maybe are not only looking after the larger entities, but also asking the question, how can we be creative about planting those seeds out there in the small communities to create more local news, that can operate independently and thrive?

● (0945)

**The Chair:** I want to thank our witnesses.

This is about journalism and the ability to have journalistic integrity in the news, etc. This has been an issue that we've been talking about quite a bit, and we've heard people speak to it. You're the first one to tell that it could be possible with a code of ethics. So thank you very much for coming.

I'm going to suggest that we suspend for two minutes so that we can get our next witness, who is video conferencing, on board. Before we do, I should tell you that there are going to be bells beginning at 10 o'clock for votes at 10:30. We have someone who is coming online. I wanted to get some consensus from you, or a decision from you, as to whether we should give this person half an hour and then maybe leave here in time to get to the 10:30 vote at about 10:15 or just a little after that.

Can I get consensus on that? Can I get agreement?

**Hon. Peter Van Loan (York—Simcoe, CPC):** Do you think it will be 10:30, or do you think it might be 11 o'clock?

**The Chair:** The last information I have is that the bells will be at 10 for 30 minutes for a 10:30 vote. I don't know if that will change, as you well know.

**Hon. Peter Van Loan:** It's Tuesday. There's no need for them to go to orders of the day.

**The Chair:** Yes, but I think we have all been asked to go to vote, and I'm sure you've been asked to go to vote.

**Hon. Peter Van Loan:** Not yet.

**The Chair:** The orders of the day do require everyone to be there; we saw what can happen when everyone is not there. I just think that we have to do this. If we can stay here and give this particular person a half an hour, is everyone in agreement with that?

**Some hon. members:** Agreed.

**The Chair:** We'll suspend for two minutes to get this up and running.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
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**The Chair:** We'll begin now. We have 25 minutes. There is a PowerPoint presentation, which is not bilingual, so I am going to suggest that our witness speak to it and send it to us.

Is there unanimous consent to show the PowerPoint presentation in French only?

**Some hon. members:** Agreed.

**The Chair:** You can proceed, because we have a very short period of time. We must go to a vote, so we may have to cut short your part of the question and answers, Mr. Crevier.

• (0950)

[Translation]

**Mr. Guy Crevier (President and Editor, La Presse):** Thank you very much.

I am very happy to be here today.

I basically want to talk to you about the newspaper business model and how we managed to majorly transform our industry with *La Presse* and *La Presse+*.

I would like to begin by saying that business in the newspaper industry is rather simple. There are two components: advertising revenue and readership revenue.

Over the past seven years, newspapers printed in North America have lost 63% of their revenue or \$29 billion. During that entire period, newspapers only managed to generate \$700 million in additional revenue on the Internet. We are talking about a loss of \$29 billion on one hand and revenue of barely \$700 million on the other. It is therefore easy to see that this industry is experiencing a serious crisis. I do not think that any industrial sector, even the traditional textile sector in Quebec, has ever run into so much difficulty so quickly.

The second important fact is that people have less intention to read the news. In a Canadian survey that began in 1998, people are asked whether they intend to read a newspaper, either paid for or free, this week. Results indicate that, between 1998 and 2011, there was a significant drop in intention to read a newspaper, whether it was free or paid for. We are talking about a 45% drop among people aged 16 to 24, a 54% drop among people aged 25 to 34, and a 33% drop among people aged 35 to 54. Only baby boomers, those aged 55 and over, are still interested in reading a daily newspaper.

According to the latest results of the survey from 2011, there has been tremendous growth in technology, namely, increased penetration of smart phones and more application development. If the same

question were asked today, the numbers would be completely astounding.

The definition of post-boomers varies. If we interpret it broadly, we see that, today, that generation makes up 47% of the Canadian population. These people, who are between the ages of 20 and 40, have no interest in reading a newspaper in print or written format. That means that this industry not only needs support but that it also needs to be completely overhauled.

At *La Presse*, we created a new type of media. We started from scratch and tapped into the full potential of the tablet. We wanted to preserve the DNA of *La Presse*. I strongly believe in democracy. When we see everything that is happening today in the Middle East and other parts of the world, we understand just how important democracy is. In my opinion, having a quality newsroom and a large number of journalists in a market like Montreal is a guarantee of democracy. I believe that newspapers and journalists play a very important role in democracy. By changing our structure and making use of the tablet, we managed to create a new type of media. You will see that the results are quite encouraging.

Basically, we want to be a mass media outlet, an appealing media form. As you can see, people spend a rather large number of minutes per day with us, which allows us to obtain a high CPM. I am talking here about the amount that we ask advertisers to pay to run an ad on our tablet-based product. We were looking for a younger, more desirable readership and we wanted the tool for advertisers to work better. We also wanted to change our business model, which we did. We invested \$40 million in developing an application. Of that amount, \$2 million went to research on consumers and advertisers.

This year, the print edition of *La Presse* will celebrate its 132nd anniversary. Circulation of the newspaper hit a record high in 1971. People say that print newspapers are a baby boomer product and that is true. We are talking here about 221,000 copies sold.

Since then, there has been a gradual drop. We changed rotary printers in early 2000, mainly so that we could print more colours. We did some outsourcing. Circulation rose slightly to 207,000 copies. We then launched *La Presse+* on tablet. An average of 260,000 tablets log on to *La Presse+* each day. That means that, in its 30 months of existence, *La Presse+* on tablet has managed to displace a newspaper in the same market that has been around for 132 years. That shows you just how quickly technology is progressing and how patterns of use are also changing.

• (0955)

Interestingly enough, giving people a high-quality technological product that allows them to get the information in a different way is a winning formula. People want to continue to be informed and consume cultural products. We see it with television. There has been a rather large drop in the number of hours of traditional television that people watch. It is not that people no longer want to be informed or entertained. What people are saying is that the traditional way of doing things no longer meets their needs.

Look at what happens when you offer a product that has been adapted to the needs of consumers. People spend an average of 40 minutes reading *La Presse+* on weekdays, 60 minutes reading it on Saturdays, and 50 minutes reading it on Sundays.

We made significant gains when it comes to our readership profile. Look at the right-hand column and you will see that 46% of readers of the traditional print version of *La Presse* were between the ages of 25 and 54. It is important to note that 52% of Quebec's population is between the ages of 25 and 54. *La Presse+* is a high-quality digital product for tablets that is well laid out, and 63% of readers are between 25 and 54. Today, we are one of the rare traditional media outlets that has managed to increase its penetration into the market of people aged 25 to 54. It is the same thing with family income. We are reaching a category of people who have an income, are active in society, and want to participate and work together.

That is the end of my presentation.

I will answer any questions you may have.

[English]

**The Chair:** Thank you very much.

We now go to a question and answer period. Because we have a vote pending, I am going to suggest that we have not a seven-minute but a five-minute round for everyone. We will begin with Mr. Samson for the Liberals.

[Translation]

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

Mr. Crevier, thank you for your presentation and for being here today via video conference. Other effective forms of digital communication are also appreciated.

That is a rather interesting story. Your newspaper is well known and you eliminated the paper version. You really took some risks, but your results show that it was a profitable investment.

I am wondering what you are doing with all those profits. From the information we have, it seems that your revenue has increased. Since that is the case, it would be good to know whether others should follow this model.

However, the more important question is this: what impact did these changes have on local media or local and regional content outside the major cities?

**Mr. Guy Crevier:** There are two factors. I will give you a very broad answer, but I will still help you to understand what I believe is at the heart of the industry.

Earlier, you saw the tables on intention to read the news. Young people no longer want to read a paper copy of the newspaper. Regardless of the quality of the newspaper we give them on paper, they will not read it. In the long term, in the next 10 years, the print copy, black and white newspaper that is not interactive or updated every minute will inevitably cease to exist. Young people are growing up with tablets, iPhones and smart phones. We started from there.

It is also important to understand how the distribution network works. I will give you an example. We deliver *La Presse* to remote areas such as La Tuque. A truck cannot make more than 65 stops. That is the method of distribution. Fifty years ago, the truck made 50 stops. It would arrive in La Tuque, which is quite far from Montreal, and would leave about 100 copies of the newspaper. Just before we made the transition to tablet, the truck was making the same trip but was only leaving five copies of the newspaper in La Tuque. The distribution costs were enormous.

At *La Presse*, we managed to cut our shipping, printing, and ink costs by \$80 million. Those are not value-added elements. In the media, value-added elements are the people who make the news and those who sell advertising. They generate revenue. The rest is an industrial approach. The industrial approach is changing.

To answer your question about the regions, I have to say that all of the studies have shown that local newspapers will survive a little longer than newspapers in major markets, but that the same fate awaits them. They need to move toward digital platforms.

The competition between the major digital players in the regions is much less than in the large markets with Google, Facebook, and other Internet sites, but it is still inevitable. The regions will experience the same thing as the big cities.

● (1000)

**Mr. Darrell Samson:** That is interesting.

I am not familiar with advertising revenues. Have you nevertheless managed to increase advertising sales on your digital network?

**Mr. Guy Crevier:** The Saturday paper edition, which we kept, accounts for 8% of our revenue. Today, the digital platform accounts for 88% of our revenue. We are the first media outlet in the world to achieve this result.

I am going to give you some information without naming any companies, because I do not want to talk about our competitors or other Canadian players. I have a table in front of me, which we could put up on the screen. This table shows the revenue of *La Presse* since 2011. Daily newspaper A is the largest newspaper group in Canada, and daily newspaper B is ranked second. These are public companies. Consequently, the figures I am giving you are not confidential, except for those of *La Presse*.

We launched our digital strategy in 2010. At the time, the three players mentioned had total advertising revenues of \$100 million. In 2015, *La Presse* was able to retain \$73 million in advertising revenue. Player A, the largest in Canada, had \$50 million, and player B was able to retain \$41 million. Those amounts are for the year. That means that we were able to keep \$32 million more in annual revenue than our competitors.

We are very satisfied with this performance. This year, we are starting to make gains over the previous year. I believe it is the first time. In my opinion, even as traditional media our performance was better than the other television and radio media in the Montreal market in the previous year.

**Mr. Darrell Samson:** To what do you attribute this success?

[English]

**The Chair:** Sorry, Mr. Samson, that's it.

We are going to have to go to Mr. Waugh, for the Conservatives.

**Mr. Kevin Waugh:** I just want to congratulate you. When you decided to print on Saturday only, that sent shock waves through the newspaper industry. You were the first to do so. You started in 2010, so it took you five years to roll out the model you are at right now. Maybe just talk about that, if you don't mind, because you are only printing a paper on Saturday.

[Translation]

**Mr. Guy Crevier:** First of all, when we decided to adopt the tablet model, no one in the world was publishing a daily newspaper on a tablet. There were some tools available for tablet layout, but they were used more by magazines or weekly papers.

Producing a daily paper is a big job. I will give you an example. In Canada, we really love hockey. When a hockey game ends at 10:30 p.m., you have to be able to see all the information on the same screen. I do not know if you are familiar with the *La Presse+* format. There are screens with multiple functions. You have all the results on one screen. You press on different buttons. The paper has to have a journalist who writes, a columnist who writes, a videographer who puts together a montage of the videos of goals scored, a photographer who works on the montage of photos, a statistician who provides the statistics. There were no such tools before. However, now, this tool lets five or six different people work on a screen at the same time.

When we embarked on our project, we had to develop five important pieces of production software from scratch. Some we developed in-house and others were developed for us by Canadian, U.S. and even European companies. One of our important applications was developed by a German partner. It took three years to develop it. It was a very long process.

Today, an organization could do it much faster. For example, the *Toronto Star* started a product similar to ours with our application in nine months.

That is what the first three years were like.

There is another aspect. We had a relationship with the readers of our paper edition for 132 years. We did not want to upset people. Thus, every six months we looked at improvements and at how people were doing. At the very end, the only people who had not migrated to the tablet edition were those who were averse to technology. We established programs to help these people buy a tablet, configure it, and make the leap. We were very respectful of our readers. In fact, communication about our project was so good that, at the very end, when we stopped printing the paper version, there were almost no complaints or raucous protests. We really supported people. We did a good job.

• (1005)

[English]

**Mr. Kevin Waugh:** A lot of national newspapers in this country don't publish on Sunday, and yet that seems to be when people in this country have time to relax and read.

Can you comment on that? It has baffled me for years why national newspapers don't roll out a Sunday edition.

[Translation]

**Mr. Guy Crevier:** Your question is interesting. Sometimes there are large gaps between what we want and what the market can bear. You are absolutely right.

What is fascinating about our application, *La Presse+*, is that it allows us to know exactly how people use the time they spend on reading.

Earlier, I mentioned that we had a circulation of 221,000 in 1971, and 207,000 a little later. As an editor, I would not be able to tell you who reads the paper version every day. Even when it comes to the Saturday edition, I do not know who reads what, which pages, and what sections. With *La Presse+*, however, I can find out exactly what people are reading and how much time they spend on it.

Sunday is the day with the highest readership, that is, the largest number of readers and the most time spent on this activity. People have time to read on Sunday. However, the advertisers are absent. We do not know why. They have not figured out that this is a fantastic market for them because people have more time to read as a family.

[English]

**Mr. Kevin Waugh:** Yes, that's right.

Larry, do you want to add something ?

**The Chair:** You have about 30 seconds left.

**Mr. Larry Maguire:** Could you expand on that? I'm just looking at it from the point of view of the advertisers that you mentioned. Why aren't they there? Have they just not had enough experience with it yet?

[Translation]

**Mr. Guy Crevier:** I do not know. Laws are not the same from province to province. I will give you an example. In Quebec, car dealerships are not open on Sunday, at least for the most part. However, the law is changing. Some dealers have decided to open on Saturdays and Sundays.

I think that is an old habit. Let us compare the Canadian and U.S. markets. The biggest U.S. newspapers publish on Sunday. In Canada, historically and for practical reasons, it has always been Saturday. At present, with a product like ours for tablets, we can publish the news 363 days a year: Christmas and New Year's Day are the only days we do not publish. *La Presse+* is published every other day of the year. The paper version was not published on Sundays or statutory holidays. I believe that our product is creating a different cycle.

[English]

**The Chair:** Thank you very much.

I now go to Pierre Nantel for the NDP.

[Translation]

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

First of all, I would like to tell you how proud I am of you and of Quebec. I think that you have really reinvented the model. The president of Éditions La Presse, Caroline Jamet, spent many years in the music industry, and her experience certainly helped open new doors. She witnessed the demise of dogmatic thinking. You were very courageous to change the model. I am moved because I believe that when people take control of their tools, they become resilient. You took control of a tool and that is very courageous on your part.

I can say that reading the news can go on forever. I could read the news the whole weekend. On Saturday mornings, the children complain because we spend a lot of time reading the paper and even looking at the ads because they have suddenly become interactive. That thinking is original and innovative, and that is very healthy for our society.

Now for my question. When you share your program with other newspapers, does this result in a business model, a model for exporting your Internet protocol abroad?

• (1010)

**Mr. Guy Crevier:** We transferred the program's intellectual property to a company called Nuglif, whose main role is to export our know-how. At present, we are negotiating with a very important American group and another player in a unique U.S. market, which nevertheless has a large share of the market. There is also a sizeable European group that has created its first edition and is testing it with its clients to see how it will be accepted in Europe. Not a week goes by without calls from foreign newspapers that want to talk to us about our experience. Nuglif not only looks after sales of the program, but it does all the strategic work: training people, implementation, marketing strategies and commercialization. It is not just a program that we sell, it is a global concept.

**Mr. Pierre Nantel:** As we are running out of time, I will ask my questions all at once and let you answer them one at a time.

With regard to advertising, is that also profitable? That should be the case, however, if it is not, what should we do to help you attract more clients?

Clearly, this model is advantageous. A community's advertising and the articles about it make up a newspaper. There is no reason why this chemistry would be negatively affected by advertising that is done elsewhere on the Internet.

Do you reach your sales targets with the current format and if you do not, why not?

In passing, I would like to thank Mr. Van Loan for being flexible and allowing this presentation to be given even though it is only in French.

I would also like to point out, with respect to your readers, the smooth transition that you mentioned. I think that you are pioneers, that you have set an example to be followed. I would like to tell you that my mother, who is 83 years old, bought herself an iPad. She went to Best Buy to get the training you provide. It's rather amusing.

You have really managed to move your clients to the new platform. If, at 83, Canadians can make the transition, the future is promising.

Are your advertisers following you?

**Mr. Guy Crevier:** Many of them are and the reasons are quite simple. We show advertisers the readership figures. We tell them that people spend 40 minutes reading *La Presse+* during the week, that we reach people between the ages of 25 and 54, that these are active participants in society, and that we have a winning formula.

We have been an active player for 15 years when it comes to the telephone and the computer. These two bring in no more than 10% of our revenue. The telephone, which is a very big consumption vector, accounts for barely \$1 million in revenue a year. Why? Because we are competing against Google, Facebook and other Internet sites. Therefore, we decided—

**Mr. Pierre Nantel:** Your application *La Presse+* results in colossal sales.

**Mr. Guy Crevier:** Sales are very significant. After distribution, printing and plant costs are deducted, we are in a better position today than we were in 2010.

**Mr. Pierre Nantel:** Do you think that having one's own application is a smart way to deal with the competition? I have been saying that for a long time. However, it does require a lot of research and development.

**Mr. Guy Crevier:** That was certainly necessary at the time, since we were the first. Now, there are opportunities for those who want to acquire our technology or a similar technology. I'm confident that this is the only way forward.

Four years ago, most of the traffic to the *La Presse* websites from phones and computers essentially came from Google searches, either by our own subscribers or other readers. Now, traffic primarily comes from Facebook. These days, all information is consumed via applications.

If I could give you one piece of advice, I would tell you not to support a dying industry. Its death is inevitable. When you look at advertising figures, transfers to digital, and reading habits, it is clear that this industry cannot survive. Some will make it through. I think that will be the case for *The New York Times*, since it is more specialized and is well known. People can also include it in their office expenses. That said, the money required should not be injected in the system to support this industry but to transform it.

It is not necessary to invest over the long term. If you commit to what I would call long-term support, you'll create a welfare system, if I can call it that. In other words, you should invest in helping companies transform. Don't forget that in Canada, we have been masters at developing cultural and production industries, even next to the American giant. We have always been pioneers. We've built a fantastic system. Today, this system is in jeopardy, just like other public and private systems are in jeopardy. Now, there is money and technology. There was an Internet company—



•(1015)

[English]

**The Chair:** Thank you very much. You've gone over your time, Monsieur Nantel.

[Translation]

**Mr. Pierre Nantel:** Thank you very much.

[English]

**The Chair:** Now, Mr. Vandal for five minutes, and then I'm afraid we're going to have to leave because we are asked to be in our seats in the House by 10:30.

[Translation]

**Mr. Dan Vandal:** I don't know if I have five minutes, but I do want to ask a question.

A subscription to daily newspaper *The Globe and Mail* costs \$20 a month. The *Winnipeg Sun* costs \$1.50.

How much does a *La Presse* subscription cost?

**Mr. Guy Crevier:** It's free.

**Mr. Dan Vandal:** It's free?

**Mr. Guy Crevier:** Yes. Now, the information is free. For example, think of how many websites around the world you can now visit to read about a major tragedy, an explosion, or a plane crash.

We decided to go with the free model, because we think it helps us reach young readers and helps us get new readers.

Over time, will this model evolve and will we offer special, for-pay content? Perhaps, but for now, it's free. That's why we have 260,000 readers.

The free model isn't uncommon. The broadcast model is also a free model. It's just a matter of looking at things differently.

**Mr. Dan Vandal:** If I buy the paper on Saturday, how much will it cost me?

**Mr. Guy Crevier:** It'll cost almost \$3.

**Mr. Dan Vandal:** Mr. Breton, do you have any questions?

**Mr. Pierre Breton:** Yes, thank you, Mr. Vandal.

I want to congratulate you on your success in recent years. I avidly read *La Presse* every morning and all day long.

There are still many forms of traditional media all across Quebec, which is a good thing. How do you think your business model can be transferred?

I come from Granby. I'm sure you know *La Voix de l'Est*. This newspaper has started transitioning towards digital media. A number of other media and newspapers should follow your model, in my opinion.

How could this business model be adopted outside major urban centres?

**Mr. Guy Crevier:** First, I want to say that I was named editor of *La Voix de l'Est* when I was 29 years old. The first time I ran a

communications company was at *La Voix de l'Est*, so I'm quite familiar with the market in Granby.

The problem with our application is that the newspaper would need a newsroom of about 100 people to produce the required content. The *La Presse+* application is very graphics oriented. We need graphic designers, videographers, and photographers. That requires some rather considerable resources. As our application evolves, we develop more and more features. We have a lab of about 100 people. Half of these people are working on developing the application to offer new features, and the other half are improving the productivity of the application.

Over time, we're going to develop a lite version of our application, which will enable a small newsroom to produce the content, but right now, the newsroom will need enough resources to make use of the application.

However, regional newspapers are not feeling the push to transform right now. I think they have another three, four, or five years. Technologies will probably already be developed, and even our own technology should be useful to small newspapers within a few years.

**Mr. Pierre Breton:** Interesting. Thank you.

[English]

**The Chair:** Thank you very much.

The bells are ringing and we need to go for a vote.

I have a quick question and I need a quick answer. How does that impact local news in local communities? Local communities can get your news, but do you have journalists and local news in local communities? Just give us quick yes or no.

•(1020)

[Translation]

**Mr. Guy Crevier:** We used to own regional newspapers. We sold some regional newspapers and we have an agreement not to compete with them and to work with them. We do a lot of collaboration with regional newspapers in Quebec. We share a lot of our work and this doesn't cause any problems.

[English]

**The Chair:** Thank you.

I want to thank you for presenting to us. It's very interesting indeed.

[Translation]

**Mr. Guy Crevier:** Thank you.

[English]

**The Chair:** Thank you.

I need a motion to adjourn.

**An hon. member:** I so move.

**The Chair:** Off we go. The meeting is adjourned.





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