



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Canadian Heritage

CHPC • NUMBER 018 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, May 31, 2016

—
Chair

The Honourable Hedy Fry

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• (0845)

[*Translation*]

The Vice-Chair (Mr. Pierre Nantel (Longueuil—Saint-Hubert, NDP)): Good morning, everyone. I will preside over the meeting in the absence of the chair, Ms. Fry. She has not arrived yet, but she will probably be here any minute.

I want to thank the representatives of the Canadian Newspaper Association, Bob Cox and John Hinds, and those from the Canadian Wireless Telecommunications Association, Bernard Lord and the advisor accompanying him.

I want to remind the witnesses that this morning's study, to which we will dedicate at least 10 meetings, is about the way Canadians, especially those in local communities, are informed about local and regional events through the news, broadcasting services and digital and print media. The study is also about the unforeseen consequences of the news media concentration, as well as the erosion of local journalism and the impact of new media. The committee will make its recommendations to the government.

I wanted to remind you of the study's theme because it is broad and important. Everyone is passionate. All the members who are here to listen to you are truly interested in these issues. They are familiar with local issues and understand perfectly well that there is cause for concern.

Each of you will have 10 minutes to make your presentation. We will then move on to a question period, where each party will have seven minutes.

Mr. Cox, go ahead.

[*English*]

Mr. Bob Cox (Chair, Canadian Newspaper Association): Thank you for the opportunity to appear before you today.

I am Bob Cox, chairperson of the Canadian Newspaper Association. With me is John Hinds, executive director of the association. We are appearing on behalf of Newspapers Canada, which represents over 850 daily and community newspapers from coast to coast to coast.

You have heard a great deal about news providers in trouble amid the fallout from the digital revolution of the past two decades. I will not add anything to that today. You know how traditional media have been disrupted. You know about falling advertising revenues. You know the impact this is having on many companies and how it

threatens some TV outlets, newspapers, and others. You know the stories of individual media companies that are in trouble.

What I ask you to do today is reflect on the fundamental cause behind this situation and what you, as legislators who shape public policy, can do to set the table for the future so that vibrant and healthy news media outlets can continue to serve communities across Canada.

First of all, I'd like to dispel some myths about newspapers, including some that are touted in headlines in our own newspapers.

For starters, readers are not abandoning newspapers. The comprehensive national survey of readership continuously carried out by Vividata shows that four out of five Canadians read a newspaper weekly. Facebook cannot claim the same. Newspapers have hung on to their audiences, continuing to serve them in print and growing rapidly on digital platforms. Many of us have audience in the digital spheres as large as or larger than the audience we have in print.

Second, most individual newspapers make money on an operational basis. They generate revenues greater than their expenses. Individual companies have troubles with debt or other issues, but most of their papers are viable business entities. We continue to be the largest news media organizations in our cities and towns, presenting the most comprehensive coverage of events and issues and providing essential information and support to build and maintain the communities we serve.

Nonetheless, we face uncertain futures. The reason is not simply the Internet. We are adapting to it, and it's causing us to find larger and more varied audiences than ever before. The reason for the uncertain future is that the media economy has changed, while the laws and public policy measures addressing the media economy have not. We have a set of rules for what media looked like in the 1980s, not in 2016.

Yet these changes have affected all news outlets and should be of concern to anyone who cares about the democratic and economic health of our communities. Advertising dollars spent by businesses, governments, and individuals locally, regionally, and nationally used to circulate within a relatively closed media economy, supporting good journalism and the communities where it was produced.

A local car dealer spent money with my company, the *Winnipeg Free Press*, to advertise and reach consumers. There was an immediate benefit to the car dealer, but there was also a secondary one. The *Winnipeg Free Press* employed people, reported news, and supported community organizations. That money went back into the Winnipeg economy to people who bought cars. The car dealer supported journalism in its desire to reach consumers; we supported vehicle purchases in our desire to serve readers.

This model is breaking down. As companies increasingly reach consumers by using foreign media, Facebook, Google, Twitter, and the like, advertising money is sent out of our communities and does not return. For the most part, these companies spend nothing to do journalism in our towns and cities or to provide support to community groups. They employ hardly anyone in our communities, and the money is not recirculated.

You'll notice that I did not use the term "digital". The fact that these are digital companies is coincidental. In the past, Canada has reacted to such seepage of ad dollars to the U.S. by making it harder to have a U.S. TV station that showed only American programs but sold ads to Canadian merchants or to have a U.S. newsmagazine sell Canadian ads into an edition produced south of the border, but we have not become alarmed by this much larger outflow of cash through digital channels.

We should be concerned about it. We should not be concerned about the fate of any individual newspaper company or broadcast outlet or any other legacy medium, but we should be concerned about the environment the news media companies operate in so that we do not end up with media dominated by foreign companies with few Canadian operations. In such an environment, perhaps the only media able to do serious public interest journalism would be the publicly subsidized CBC.

● (0850)

The CBC provides a fantastic service to this country, but in many digital areas it is set up as a competitor in the provision of news and information, creating an environment in which it is much more difficult for private enterprise to develop new, sustainable methods of providing serious journalism. In Great Britain, the government has insisted that the BBC co-operate with, rather than compete with, local papers. No such policy discussion has taken place in Canada.

We have four areas that could be addressed to help ensure that there are multiple sources of local news in the future. Those sources could be old media that adapt and survive, or they could be new start-ups. The changes that I am talking about help everybody, not just newspapers.

First, the federal government could lead the way by having a strategy to spend ad dollars in Canadian media. A decade ago, the federal government spent \$20 million in newspapers; in the 2014-15 fiscal year, the federal government spent \$357,000 in daily newspapers. That is out of a budget of \$68.7 million. The government spent \$13.9 million on the Internet. Most of that money went to U.S. firms like Google. Why is the federal government spending millions of dollars in Silicon Valley instead of supporting Canadian media?

Second, the federal government could find ways of encouraging Canadian companies to spend their advertising dollars here. This could be in the form of tax credits or in the form of penalties for using foreign firms. Non-Canadian legacy media are limited by the Income Tax Act, but this has not been applied to digital enterprises.

Third, there could be further tax incentives to encourage investment in newspapers and other local media. This could take the form of tax credits for digital enterprises that provide public interest journalism or do digital development related to it. This could also take the form of tax relief to encourage reinvestment in newspapers. Right now at my company, for example, shareholders are not taking any profits so that we can pay down debt and reinvest in the business, but the federal and provincial governments are taking income taxes from any net profit we make. Why not suspend such taxes until money is paid out in profits to shareholders?

Fourth, we need updated copyright laws to protect original work. Papers invest heavily in original journalism, which is then shared, reused, and rewritten by others, often for commercial gain, because the two-decades-old fair dealing law does not take into account the ease of digital reproduction. If newspapers were compensated for their original content and the investment was protected for longer, it would be a significant boost to our revenues.

I would also urge you to examine the existing support for community newspapers currently provided by the Canada Periodical Fund. The rules need to be updated to encourage production of Canadian content, not just subsidize the distribution costs of paid-circulation newspapers. Many community newspapers are reaching broad audiences with free circulation, but they get no support from the fund.

That is it. I hope I have made it clear that newspapers are not asking for a public bailout. We are not. It is up to us to build successful new business models in the modern media world. What we need are the conditions that make success more likely. We are asking for a better environment that would help ensure that the vital role of newspapers, the role that they have played in this country for 230 years, is continued, regardless of what form they may take.

Thank you.

● (0855)

The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)): Thank you very much, Mr. Cox.

We now go to the Canadian Wireless Telecommunications Association, to Mr. Bernard Lord, president and chief executive officer.

Welcome, Mr. Lord.

Mr. Bernard Lord (President and Chief Executive Officer, Canadian Wireless Telecommunications Association): Thank you very much.

[Translation]

Thank you, Madam Chair.

[English]

It is a pleasure to be here this morning to take the opportunity to join the discussion on the Canadian media landscape. I'm joined this morning by Kurt Eby. Kurt is our director of regulatory affairs and government relations at the CWTA.

The Canadian Wireless Telecommunications Association represents wireless service providers across Canada as well as companies that develop and produce products and services for the industry, including handsets and equipment manufacturers, content and application creators, and business-to-business providers. Our goal at the CWTA is to enable more Canadians to use more wireless to do more, and that is happening.

Consumer preferences have created our mobile-first world, where smart phones and tablets are the preferred choice to communicate, navigate, inform and be informed, shop, bank, work, collaborate, entertain, and be entertained.

[Translation]

The wireless world is growing. Canadians are using wireless services more than ever.

[English]

Consumers want wireless services to be even more accessible, convenient, and easy to use. They count on ubiquitous advanced network connectivity to help keep them safe and secure while they stay connected with family and friends and do more and more business. They need to trust that the personal and private information on their mobile devices is also safe and secure. They depend on the wireless industry to continue investing and innovating so they can maximize the value of their wireless experience.

One thing we know is that Canadians benefit from some of the best and fastest networks in the world.

[Translation]

A recent international study determined that, of all the networks around the world, Canadian networks are second in terms of speed. In addition, Canadians are heavy users.

[English]

Canadian consumers are among the heaviest users in the world. We currently rank fourth in terms of data consumption on wireless networks per user in the world. Indeed, Canadians' preference for wireless is clear. In only seven countries around the world does the average mobile connection use more than one gigabyte of data per month. Canada is one of those countries, and Canadians currently rank, as I mentioned, fourth highest as consumers of wireless data in the world, at more than one and a half gigabytes per month.

The cumulative effect of more Canadians using smart phones and connected devices to do more is massive growth in overall data usage. The latest projections indicate that Canadian mobile traffic in

the next five years will grow by 600%, six times more in the next five years.

No other sector of the economy must consistently and constantly meet a level of demand growth similar to what is experienced in the wireless sector.

[Translation]

So we anticipate that the demand for wireless data in Canada will skyrocket.

• (0900)

[English]

This demand is driven by consumers, consumers who prefer to consume all forms of media, including entertainment and news content, any time and anywhere. Ubiquitous connectivity is changing the way Canadians are informed about what is going on in their country and what is going on around the world. Wireless service providers are facilitating this change, but they must also respond to the demand that it's putting on wireless infrastructure, because we cannot support all this without more investment.

That is why the Canadian wireless industry has invested more than \$2.5 billion in capital expenditure each year since 2009. The doubling of total data usage every two years keeps the industry in a perpetual capital investment cycle. The industry has invested an additional \$8 billion since 2014 to acquire the spectrum needed to expand and enhance wireless networks to meet current and projected traffic volumes.

I want to highlight this. This is \$8 billion just to have access to the radio frequencies. This does not add one tower or one antenna site or connect one phone. That is just paying the government to have access to the radio frequencies. It is \$8 billion since 2014.

These investments obviously create jobs directly related to network expansion and enhancement in the ongoing delivery of advanced wireless services from Canada's service providers. In 2014, Canada's wireless industry generated over 134,000 full-time-equivalent jobs and an overall economic benefit of \$23.5 billion.

Canada's wireless service providers will continue to make record investments to meet the demand of exploding data usage and ensure consistent levels of services for all Canadians. Strategic government policies can facilitate additional investment in wireless network infrastructure and support innovation and economic development here at home.

Specifically, the CWTA has consistently identified four priorities necessary to ensure that the wireless industry can most effectively meet the demands of Canadians. Those four priorities are more spectrum, more towers and antenna sites, lower fees paid to government, and smart regulations.

I want to highlight what we mean by smart regulation. By smart regulation we mean that the federal government must maintain and defend its position as the sole regulator of telecommunications in Canada. Consumers, service providers, regulators, and elected officials are all better served by a proportionate and symmetrical set of federal regulations than by an asymmetrical and inefficient patchwork of different provincial frameworks.

Businesses are also better served when they compete on a level playing field rather than facing disadvantage due to regional regulation.

There is one existing fiscal policy—and this is the main reason we're here this morning—that provides foreign companies with an advantage of up to 15% over Canadian firms, and indeed creates a barrier to doing business in Canada.

[Translation]

There is a tax policy that provides foreign companies with an advantage of up to 15% over Canadian companies.

[English]

This policy creates a barrier to doing business in Canada. Currently foreign suppliers of digital products and services such as online news and entertainment services, music, movies, and software are not required to collect or remit HST and provincial sales tax as similar Canadian firms are obliged to do. The competitive advantage given to foreign suppliers by this policy undermines Canadian investment and innovation by encouraging Canadians to spend more money outside of the Canadian economy, to the detriment of Canadian suppliers and workers as well as content creators, programmers, publishers, actors, directors, musicians, and all others in the creative community who benefit from a strong Canadian digital economy.

Specific to this proceeding, this policy puts Canadian news and media outlets at a direct disadvantage relative to their foreign competitors. For instance, while a Canadian subscriber would pay HST on online subscriptions to *The Globe and Mail*, the *Toronto Star*, or the *National Post*, they would not pay the HST on subscriptions to some international press, such as *The Wall Street Journal*. The policy has been held over from when sales of such products and services were relatively minuscule and effective taxation was more trouble than it was worth. Those days are gone. Canadians' insatiable appetite for digital media, movies, TV shows, apps, books, magazines, video games, and software make closing this tax loophole more important than ever.

The Chair: You have two minutes, Mr. Lord.

Mr. Bernard Lord: Thank you.

I can't imagine anyone openly promoting a sales tax advantage for American-made cars. Imagine if you could buy a Camry made in Ontario and a Camry made in Kentucky. They're identical cars. The only difference is that if you buy the one made in Kentucky, you don't pay sales tax, while if you buy the one made in Canada, you would pay a 15% sales tax. Which car do you think Canadians would buy? Obviously they'd buy the one made in Kentucky.

It's the exact same situation we have in the digital space. That's why we strongly believe the government should ensure taxation

parity among all suppliers of digital goods in Canada by removing the competitive advantage currently enjoyed by foreign firms. This would bring Canada's regime in line with the EU, Norway, Japan, Korea, Australia, and New Zealand.

I know I'm running out of time, Madam Chair, so I will simply say that wireless services also connect all Canadians by allowing collective participation in society and contribute to our shared national identity. Let's make sure there is a fair and level playing field for Canadian providers of digital services in Canada.

Thank you. *Merci*.

The Chair: Thank you, Mr. Lord.

We're now going to go the question-and-answer period. This is going to be a seven-minute round, which means the person asking the question and the people answering it are going to have only seven minutes, so I'm going to ask you to be concise.

As you well know, we want to see that all Canadians have local access to their news, we want to know what the impact of media consolidation has been on this and the effect it has had on Canadian content, and we want to know what the future will hold with regard to all platforms, including digital.

Thank you.

We will begin now with Mr. Vandal for the Liberals.

● (0905)

[Translation]

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

[English]

My first question is to Bob Cox.

Ever since I was a teenager, my day has begun with a coffee—or back then a juice—and the *Free Press*. Since I've been to Ottawa, it's the same routine, except I read the *Free Press* online. I'm wondering if you could tell me about your digital experience. I'll leave you some time to talk about the digital experience the *Winnipeg Free Press* is having.

Mr. Bob Cox: We have so many newspapers. We have a paid digital environment, so we ask people to subscribe to our digital service, or we do something that most newspapers don't do: we actually sell articles by the article. We have what we call a micropayment system. If you wanted to read just one article on the *Winnipeg Free Press* website, you'd pay 27¢, and it's a bargain, by the way, at 27¢.

We've had a fair amount of success. We sell literally thousands of articles a week on a per-article basis. A lot of people thought this wouldn't work, but we've set up a payment system that makes it work. We have a little under 5,000 people now who buy on a per-article basis. We also have about the same number of people who actually have full-access subscriptions, so there are also paying subscribers.

We set this up somewhat reluctantly. I was always an advocate of having a wide-open digital service that was free for everyone to use, but we found that we couldn't attract enough advertising to support it. Our audiences really aren't big enough. No newspaper's audience is really big enough, not in the Canadian environment. Services such as Google and Facebook make money by repeating advertising hundreds of millions of times. Online advertising rates have gone down a great deal in recent years—in recent months, even—so we can't do it. We reluctantly went to a paid digital environment, and we've had a lot of success with it because there is demand for local content. People do want to know about their local communities.

Everyone has great taste like you, Mr. Vandal, and reads the *Winnipeg Free Press*. There is a demand, and they are willing to pay for it.

Mr. Dan Vandal: Unfortunately, not it's everybody.

I'm struck by your comments early on that the readers are not abandoning your newspapers and that most individual newspapers make money, yet you've suggested that government should be spending more money in newspapers. Is the situation just that you don't make the amount of money that you used to make and you'd like to bring it back to the old days?

Mr. Bob Cox: I can certainly tell you we don't make the money we used to make. However, I think it's a question of where the line is going. If the line is steady and you can get a steady state in a sustainable environment, that's great. Unfortunately we've seen ads going like this, falling off very quickly. Last year our advertising revenues fell by about 10%. That continuing loss of advertising is unsustainable, and part of that loss has been in government advertising.

I don't think anybody is going into the newspaper business anymore to get rich. There are a lot of owners in the newspaper business, such as the owners of the *Winnipeg Free Press*, who really see it as a business first, yes, but also as a public service, and they firmly believe in that. What they would like to be able to do is find a long-term sustainable model that is a successful business but doesn't make a huge profit.

Mr. Dan Vandal: Thank you.

I have only seven minutes, so I want to get in a few more questions. Is media concentration an issue we should be worried about in Canada?

Mr. Bob Cox: No, I think the days of the big bad ugly newspaper company monopolizing media are long gone. I don't know why we would worry about tiny little newspaper companies, because they are tiny compared with big digital media companies.

Just to give you an example, Postmedia is now valued at \$10 million. That's the stock market value of Postmedia. The *Toronto Star* is about \$150 million. By comparison, BuzzFeed is worth more than a billion dollars. Vice Media has a valuation of \$4.5 billion. These are the monsters out there. These are the huge companies, the conglomerates, that are actually a real concern. Newspaper companies are mostly just struggling to survive.

Mr. Dan Vandal: We've heard several witnesses talk about how newspapers are the main source of credible information. They found

the quality of journalism on online news sites to be questionable. Do you have a comment on that?

Mr. Bob Cox: Well, I think there are some very good online news sites that have grown up as new models. I'll point to one that I'm sure you've heard of, which is allNovaScotia.com in Halifax. It is a paid subscription service that provides local news. They don't give anything away. You pay on a monthly basis to get a very good news report every day. They have several thousand subscribers paying for this, and it's a successful small-business model that resembles a lot of community newspapers of the past. Those kinds of models can grow up if the environment provides for it. If the environment makes it easier for that to happen, lots of those models can grow up.

So you can have lots of credible online news sources. There's a lot of stuff out there that isn't credible, and newspapers remain a reliable and trusted brand.

● (0910)

Mr. Dan Vandal: You mentioned that—

The Chair: You have one and a half minutes.

Mr. Dan Vandal: —the rules we have were set for the 1980s and not for today. Can you say more on that?

Mr. Bob Cox: I think the biggest question is taxation, which we both seem to be talking about today. The Income Tax Act was put together for a world of TV, radio, and newspapers, not for an era in which we have digital media.

There are a number of areas. Mr. Lord mentioned one. I mentioned the others involving advertising. We were all worried about *Time* magazine coming to Canada and taking advertising dollars away, yet we're not concerned about Google doing the same.

Mr. Dan Vandal: Okay.

What about copyright laws?

Mr. Bob Cox: Yes, that's a complicated area, I realize. The biggest problem we have is the fair dealing provisions, which essentially mean that once we put it out there, we've lost control of it and we don't get anything back for it. If people were reusing our material for commercial gain in an identifiable way—and obviously, it has to be an identifiable way—then we could go after them, but we really can't. Once a newspaper puts something out there, it's out there, and you don't get anything in return.

The Chair: Thank you, Mr. Cox, and thank you, Mr. Vandal.

Now I go to Mr. Waugh for the Conservatives.

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

I'm going to pick up on the copyright laws, because newspapers have no trouble having their journalists on TV and radio. They write the story, send it out, and then sometimes they're on before it even gets published.

It can't be both ways here. You're employing newspaper reporters, and then they turn around and spill the beans before your newspaper does. They'll do it on TV and radio, as I said. You've allowed both. I look it at here, and you've allowed your own people to freelance.

Mr. Bob Cox: In some cases they're freelancing and in some cases they work for the publication, but in all cases they are the creators of the content. Singers can go on the radio or TV and sing and do anything they want with the content they have created. Newspaper journalists are in a similar position. A lot of journalists may be working independently.

We're really looking for control over content by the creators.

Mr. Kevin Waugh: I think you've lost control, though. In the newspaper industry, your reporters have turned into digital people and have turned into radio and TV hosts.

Mr. Bob Cox: Yes. The newspapers aren't simply printed things anymore. Newspapers are news organizations. We encouraged our reporters to go into digital, and we insisted, in many cases. Many of them would have loved to stay in print and to be able to have long lunches and file by four o'clock. We want them in digital, because as a news organization we may be digital, we may be print, and in most cases we will be video as well.

The idea that there's TV, radio, and print is outdated. Now there are news organizations on various platforms.

Mr. Kevin Waugh: We had Transcontinental here at this committee a month ago, and when I mentioned that the inserts in the newspapers are the revenue of the newspapers, I remember the gentleman scolding me over that.

Little did we know. Yesterday Transcontinental sold all their newspapers in Saskatchewan. Probably the reason he scolded me was that they were in negotiations with Star News. Now we've lost 30 jobs in Saskatchewan. Their printing press is down, they've sold the newspapers, and they're out of Saskatchewan.

What are your thoughts on that?

Mr. Bob Cox: Large media companies aren't the best at owning newspapers, especially in small communities. One of the reasons my company, FP Newspapers, has been a success is that we're managers of the company. We have a few community newspapers, we have a couple of daily newspapers, we care about our communities, and we live in our communities. If something happens to the newspaper that affects the community, it probably affects my life too, so we understand it very well.

I can't make excuses, nor can I speak for any large company in the decisions they make, but they usually make decisions based on how much money they can make, whether they're making enough money, and that sort of thing.

That isn't the basis for all the decisions that are made. People like Roger Holmes, who bought the newspapers yesterday in Saskatchewan, care about communities—

• (0915)

Mr. Kevin Waugh: I hope so. He bought them.

Mr. Bob Cox: He's willing to invest, so let's make the rules better for people like him so that he who cares about those communities can invest in them.

Mr. Kevin Waugh: We wish him well.

Mr. Lord, wireless users, as you said, are at an all-time high in this country, yet I think we pay the highest fees in the world.

Mr. Bernard Lord: That's incorrect.

Mr. Kevin Waugh: Okay, so where are we in the world in terms of fees? Everybody who has one of these devices claims they're paying more than they'd pay in the United States or Europe.

Mr. Bernard Lord: I would refer you directly to the United States. The CRTC does a market analysis every year, and our prices on average are lower than those in the U.S., according to the last study by the CRTC.

One thing you have to keep in mind is that service and quality of service are very different in different parts of the world. In Canada we have among the fastest, most robust, and reliable networks you can find anywhere.

The most recent study on speeds of networks shows that Canadians enjoy the second-fastest networks of all the 190 countries in the world. That's really good. You're buying access to a network. We see in Canada that Canadians love using their devices more. We are—

Mr. Kevin Waugh: Like that.

Some hon. members: Oh, oh!

Mr. Bernard Lord: Like that. It never stops.

I couldn't time that any better. Thank you. You know, we have staff listening to this, and they call in when it's time.

In Canada we are the fourth heaviest users of data, and that's where it's moving. I remember the first phone I bought was really just to make calls, and then we started texting, and now it's all about data consumption. These are portable computers that we use once in a while to call. In terms of data consumption, Canadians are the fourth-heaviest users of data online, and that's what you're buying.

We also like the most sophisticated device. If you look around this room or you go into most homes in Canada, Canadians love the best devices, the robust devices with a lot of memory, and that costs more. When you package all that, that's the value we get.

We know we have more than 29 million subscribers in Canada, and they're consuming more than ever. However, the one thing that we're concerned with today, and the reason we're here—and what I'm saying is in support of what Mr. Cox is saying—is the fact that there is an uneven playing field when it comes to taxation.

Mr. Kevin Waugh: I've heard that. Yes, keep going. You, above everyone else in this room, know that consumers don't want to pay more.

Mr. Bernard Lord: Absolutely. Canadian consumers are smart, and they will go and find the best value. Frankly, business owners in Canada are also smart. If they can advertise the same product in a similar format and get a 15% rebate because they don't have to pay sales tax, versus advertising in a digital format and paying a 15% or a 13% sales tax, and they feel they'll get the same outcome, they'll take the one that costs less.

If you're home one night and you can watch a movie, and you can do it through a Canadian provider or you can do it through an American provider, and you're watching the same movie and it's the same price—\$6.99—but one will charge you sales tax because they're Canadian and the other one won't because they're not Canadian, which one are you going to pick? Most people will pick the one that doesn't charge sales tax, because they get exactly the same product, exactly the same service at the same time, the same experience. The only difference is that they don't have the enjoyment of paying the sales tax.

Mr. Kevin Waugh: That's the GST or HST. I understand that. Do you want government to tax them, then?

Mr. Bernard Lord: Well, there's more than one option here.

Mr. Kevin Waugh: What are the options, then?

Mr. Bernard Lord: The option is either to tax foreign digital services or untax Canadian digital services. That's the choice. That's a public policy position, but I think it's clear that we need to level the playing field.

Mr. Kevin Waugh: How much if we don't tax Canadian—

The Chair: Time is up, actually. Maybe Mr. Lord can finish his thought. A quick thought, Mr. Lord.

Mr. Kevin Waugh: How much would it cost if we didn't tax these companies in Canada?

Mr. Bernard Lord: We don't have that number.

The Chair: Thank you.

Next is Mr. Nantel, for the NDP.

[*Translation*]

Mr. Pierre Nantel: Good morning, everyone. Thank you for being here.

I think this conversation is really fantastic. Mr. Lord, I think it's too bad you don't have any figures concerning this policy. I understand. It's definitely a fly in the ointment everyone is trying to ignore. Everyone is looking for their raincoat and saying they will make no decision on the issue.

International companies are offering their services under the table. In English, the term “over the top” is used, but in reality, it's under the table, as there are no taxes. Housekeepers and mechanics who change our winter tires are criticized for asking us whether we want to pay taxes or not. They do that openly, and nothing is being done on the issue. It's the same thing for anything virtual, such as when we order software on the Internet or anything of that sort. The Canadian government must show some backbone and consult its international

peers to make a decision on the matter, as this is a very serious problem.

I'm happy that you are here. We don't know how long you will keep your job. You were talked about a lot over the weekend. As you are a unifying force, we will ask you a bunch of questions.

As you said, everyone wants more and more wireless services. We agree on that. At the same time, we have a love-hate relationship with our provider. The people in the group you represent have very different behaviours. Some of them are pretty difficult. Some know it all, some are entrepreneurial and resourceful, and some are small new players with animal images. They're all very different.

Telus recently announced an end to unlimited data plans. Can you tell us what that means? You are saying that Canadians are increasingly consuming wireless Internet services, but Telus is putting an end to unlimited data plans.

Will this lead to increasing competition for data and larger and larger networks that will require increasing amounts of spectrum to provide those services? Ultimately, it will not be profitable. So should Canadians expect to pay more?

● (0920)

Mr. Bernard Lord: That's an excellent question. When it comes to plans, both the members of our association and associate and affiliate members set their own prices. We don't hold discussions amongst ourselves to determine how or why the price of a given plan is set as it is.

In fact, this is an evolving industry. To answer your question, I will show how the evolution is ongoing in the wireless world.

A few years ago, it was extremely rare for someone to consume 1 gigabyte per month in Canada. However, the average today is 1.5 gigabyte a month, and it is rapidly increasing. It is rare for those under the age of 40 to consume less than 1 gigabyte.

In reality, we use our devices to read news online, watch videos, watch a hockey match, do research or do business. We are increasingly heading toward what we call the Internet of things. More and more devices will be interconnected, and that will lead to more data usage. So we will have to have networks capable of supporting that growth.

Imagine that we now have a four-lane road capable of meeting our needs, but it's announced that, in five years' time, that road will have to have 24 lanes. That's exactly in line with the reality. Our networks of today will have to be six times more efficient and larger in five years.

Let's come back to the taxation issue. You are using the example of Canadian workers, such as mechanics or people who work in the service industry, who decide not to impose GST. That's a good analogy. We currently have a system in Canada that enables foreign companies that are among the largest in the world—you can see that by looking up their value on stock markets—not to impose sales taxes when they sell their products. We are not talking about short-lived U.S. boutiques, but about very large companies capable of selling their services in Canada.

Mr. Pierre Nantel: You have said many times that you really want your members to apply best practices. I agree with you. That said, the use of waves belonging to Canadians is a business opportunity that comes with responsibilities. Businesses and Canadians will have to decide what should be done about the system. I don't want to blame you, but it's clear that the Internet has been a game changer, so that everyone is now wondering what to do.

So I expect there to be a full conversation that will involve all the players.

I will now turn to Mr. Cox.

You talked earlier about advertising money being lost.

[English]

I'll speak English for you.

You talked about the advertising market leading the way for social media and stuff. When I was a kid, I remember in the paper there was something called *publireportage*, kind of semi-news but advertising something. Isn't that exactly what Facebook is into when they are promoting stuff? Even myself, I can promote something good I did on Facebook. Isn't it fake advertising or fake real stuff? The consumer thinks, "I'm being fooled here. I thought this guy was my friend. He's actually selling me a Chevette."

• (0925)

Mr. Bob Cox: Yes, typically the name we use for that is "sponsored content". You see a lot of it. Even in larger newspapers like *The Globe and Mail*, you'll often see sections that are really written by the advertiser or for the advertisers. There is a lot of controversy over that. Our newspaper hasn't gone into it to the same degree, but it's a large source of revenue.

What's happening is newspapers and other media are so desperate for revenue, or new sources of revenue, that they have gone to this. It actually has threatened the ethical standards of journalists and of news publication.

Mr. Pierre Nantel: Isn't this what—

The Chair: Maybe we can let Mr. Cox finish his thought.

Mr. Bob Cox: A lot of publications feel they have no choice, but really there are no standards about how this material should be identified, whether it's clearly an ad or clearly journalism. A lot of times there's confusion. It's a very murky area right now, and it could use some clearing up.

The Chair: Thank you.

Now we go to Mr. Samson from the Liberals.

[Translation]

Mr. Darrell Samson (Sackville—Preston—Chezzetcook, Lib.): Welcome. We really appreciate your presence.

Mr. Lord, I have three or four questions for you. We have seven minutes, so let's try to keep it tight.

As the former premier of New Brunswick, you have a great deal of experience in decision-making. I would even say that you began your career as a decision-maker, then played the role of a stakeholder, and then you became a decision-maker again.

You're talking about the taxation problem. I'm putting you in a hypothetical situation where you have to decide. Let's suppose that you have two years to solve the problem. What would you do?

Mr. Bernard Lord: At the outset, I would make the decision to resolve the issue. That's the first decision that must be made. We must have the will to solve the problem. Then we have to consider the situation, and we have an opportunity today to talk about it.

It's not a matter of blaming anyone for what has been done in the past. This is an evolving industry. Twenty years ago, there was no such problem, as the industry did not exist. Ten years ago, it began to emerge, and today, our world is transformed and has become, as I said earlier, a mobile-first world. It's not just a digital world, but a digital world where hand-held devices are preferred.

As a result, we created networks. However, as Mr. Nantel was saying, the situation has become rather ironic. We have created networks that enable foreigners to sell products in Canada. That's not a bad thing—I would in fact say that there is some good to it—but we have to make sure that it is done in a competitive manner. We should not adopt a tax policy that puts a Canadian company at a disadvantage compared with an American or international company.

So the first decision that must be made is to solve the problem. Then, we have to figure out how to do that, and that's where things get a bit more complicated. We have to work with the provinces, as well, because sales taxes come under the jurisdiction of both the federal government and the provinces. We must either increase taxes on products from abroad, or...

Mr. Darrell Samson: Mr. Lord, you are a decision-maker, so it's up to you to decide. You are doing what you think is best.

Mr. Bernard Lord: I would personally choose one or the other. I want a level playing field.

Other countries have addressed the issue. The European Union has. I also mentioned countries such as New Zealand, South Korea, Japan, Norway and Australia, which have all adopted certain models to remedy the situation.

Mr. Darrell Samson: Thank you very much.

In other words, you represent the creators of mobile applications. Can you tell us about the kind of content Canadian developers of mobile applications are managing? What is our situation like compared to that in other countries around the world?

•(0930)

Mr. Bernard Lord: There is a growing industry of mobile content creation in Canada. This holds true in traditional industries, such as newspapers that produce digital copies, but for mobile devices. They have applications that are specifically designed for mobile devices. It's not just about taking the same application used for a computer connected to the Internet, but about generating content that would be easier to view and use on a mobile device—so on a smaller screen.

We see this in the news, as well as in the entertainment and business sectors. It's very important to remember that this is a business tool, an economic tool—a tool for economic development. The networks we have in Canada are not just used to help more Canadians watch YouTube videos more easily. It's true that Canadians are among the biggest users of YouTube. However, Canadian networks also help business development. So it's a tool that helps Canadians in all aspects of the life they want to participate in.

When it comes to taxation, a Canadian consumer who decides to buy a product online for a mobile device often has the choice between a Canadian product, which is subject to rules, and a non-Canadian product, which is not subject to the same rules. In that case, we have to ensure that they are not forced to pay 15% more if they choose the Canadian product.

Mr. Darrell Samson: Okay, thank you.

What are you doing to encourage the expansion of wireless services across Canada?

Mr. Bernard Lord: We are doing a lot.

The most important objective for our members is to continue expanding networks. We estimate that the demand over the next five years will grow by 600%, as I mentioned earlier, and we have to ensure that we are able to meet that demand. There are two things we can do to achieve that goal. We have to continue increasing the capacity of networks in areas where they already exist—in other words, improve the existing service. In addition, a service has to be provided in places where there isn't one currently. So it's a matter of increasing the service area and increasing the capacity of existing services.

Mr. Darrell Samson: In your role as a decision-maker, how could you make this service more affordable for Canadians?

Mr. Bernard Lord: It's a....

Mr. Darrell Samson: Please answer me as a decision-maker, and not as a businessman, as the two approaches are totally different.

Mr. Bernard Lord: I always like hypothetical questions. They are put to me on a daily basis.

Someone mentioned earlier the love-hate relationship with service providers, and I understand the expression well. In reality, the unit price is continuing to drop. The cost of 1 gigabyte of data has decreased in Canada compared to how much it cost five years ago. However, consumption is increasing. As a result, Canadians' monthly bill is higher, but it's because they consume a lot more. It's like going to the grocery store and filling up the cart with a lot more products than the previous week and then being surprised that

the grocery bill is higher. In reality, it's the consumption that is higher.

Mr. Darrell Samson: I agree with you, but you are now a decision-maker.

Mr. Bernard Lord: Yes.

Mr. Darrell Samson: The decision-maker's objective is to lower the price and look into what can be done to do so.

Mr. Bernard Lord: Yes. There should also not be too much regulation. We have to ensure that consumers and service providers can make their choices freely, and enable them to take risks and profit from them.

We have a highly competitive system in Canada. We have smaller providers, and we have large ones. However, we always have to remember that even the large providers in Canada are small compared with international providers.

Mr. Darrell Samson: Thank you.

[English]

The Chair: Right on time, Mr. Samson. Very good.

I think we've come to the end of this session because of the time limits. I wanted to ask one question, though. Mr. Vandal asked it earlier on, and it is about the quality of journalism.

Given that anyone can now post news online, how do we encourage journalists to come and stay? You don't have to travel or live in small communities anymore, but you can be in a small community and cover all sorts of news. How do we get that to happen? Moving forward, how do we keep that integrity in online journalism?

Mr. Bob Cox: It comes back to creating an environment that replicates the old idea of the community newspaper. You had a family that owned a family community newspaper; they would live in a small town or city, they would run it, and they would do it more for the love of telling people what's going on than anything else. I think you can recreate that in the digital world.

There are lots of people who want to live in communities, who want to tell stories about their communities, and who want to do it in a professional, reliable, and responsible way, but they have to earn a living. The people who volunteer to write about their kids' soccer games or who post things on Facebook or tweet out what they happen to have eaten for breakfast aren't the reliable people who are going to provide information that communities need.

You need an environment in which there can be a digital start-up that can attract enough revenue through some kind of business model, be it through advertising or through a subscription service, that can serve a community. If you do that, then you'll continue to have professional journalism in these communities, but there has to be an environment in which there are paid professional journalists. Otherwise, all you have is a rabble. You just have people talking and gossiping, with no control over the quality.

•(0935)

The Chair: Thank you, Mr. Cox.

I want to thank both of the witnesses for coming today and for expanding on what we're hearing. The big issue here is Canadian content and how we maintain that.

Thank you very much.

Now we will break for a couple of minutes while one group of witnesses leaves and the others come in.

Thank you.

• (0935) _____ (Pause) _____

• (0935)

The Chair: Order, please. We're about to begin.

We have two sets of witnesses, Cogeco Inc. and *Corriere Canadese*.

Witnesses, you will each have 10 minutes to present. I will give you a cue when you have two minutes left. Then we're going to go to a question-and-answer period.

We will begin with Cogeco. Mr. Audet and Nathalie Dorval, you have 10 minutes, please. You may begin your presentation.

Thank you.

Mr. Louis Audet (President and Chief Executive Officer, Cogeco Inc.): Thank you, Madam Chair.

[*Translation*]

Madam Chair, members of the committee, thank you for inviting us to appear and provide you with Cogeco's perspective on the media and local communities. My name is Louis Audet, President and Chief Executive Officer of Cogeco. With me today is Nathalie Dorval, Vice-President, Regulatory Affairs and Copyright.

Cogeco was founded by my late father, Henri Audet, six decades ago. We made our first steps in the media industry in 1957 with a single conventional over-the-air television station located in Trois-Rivières, Quebec. As we all know, the media industry has changed dramatically since that time, not only in Canada, but around the world.

Throughout these six decades, Cogeco has embraced change and adapted its business activities to the new realities brought about by technological, social and economic changes. It is this ability to adapt that underlies the enduring success of our company, which provides employment for over 4,600 people.

We are no longer involved in conventional over-the-air television broadcasting, nor are we involved in the print media, though we were for eight years. We do however operate 13 local radio stations in the province of Quebec, and we provide community television services to many local communities through 32 distinct community channels in the provinces of Ontario and Quebec. We also make our French-language radio news service, Cogeco Nouvelles, available to more than 40 additional independent local radio stations in the province of Quebec. Our remarks today are, therefore, focused on broadcasting in the digital world and on how local communities can still be served in this digital world.

You have heard this before from other witnesses, but I will confirm to you that the landscape has changed dramatically for

traditional broadcasting media in the global digital age. Audiences continue to migrate to digital platforms for their information needs, advertisers continue to shift their advertising dollars to Internet-based media, and Canadian consumers—particularly young people—are looking for more instantaneous, ubiquitous and interactive ways of informing themselves, mainly over the Internet.

• (0940)

[*English*]

From a public policy perspective, what should we do or avoid doing in the circumstances?

First, we need to recognize that the trend I have just described is irreversible.

Second, we must focus our efforts on effectively transitioning our broadcasting media to the new operating models available in the digital world, and yes, that includes the production and exhibition of local television news and information programming.

Third, we must avoid robbing Peter to pay Paul—for example, taking money away from the community television sector to subsidize the public and private sector traditional, over-the-air local television stations.

Fourth, we should stay away from direct funding of television news and information programming by the state. This idea would add to the risk of undermining our democracy.

We made these points to the CRTC during their recent proceeding on local and community television in more elaborate submissions backed by detailed data available on the CRTC's own website. Our submissions to the CRTC are also publicly available on the CRTC's website, and you may find them of interest as a complement to our appearance before you today. In addition, courtesy copies of Cogeco's final comments and oral presentations at the CRTC hearings have been provided to the clerk of this committee.

We pointed out that conventional over-the-air television stations in Canada are, for the most part, owned and operated by four large vertically integrated groups, mainly BCE, Shaw, Rogers, and Quebecor, which collectively control over 79% of all commercial television revenues in Canada.

These large and very profitable groups, which are present on all traditional and non-traditional television platforms, have the financial resources to transition their local news and information operations to the new realities of the digital world. They should be allowed to do that—to pool the resources from their various media and platforms—and be required to provide local news components in the local communities that they are licensed to serve over the air. As cord-cutting intensifies, over-the-air broadcasting will take on added importance to reach all Canadians and foster a common cultural base.

As for the public sector, mainly the CBC, it is for Parliament to decide whether its mandate should be revised to specifically include the provision of local television news and information in both official languages and whether the CBC's parliamentary appropriations are sufficient to support the fulfillment of its mandate should it be so revised.

This leaves only 19 small, independent, conventional local over-the-air television stations operating in small markets that need to transition to new operating models to avoid being forced out of business by declining audiences and advertising revenues. Since they are required by the federal government to vacate their over-the-air broadcasting spectrum, the federal government should provide them fair compensation for doing so out of the proceeds of the auction for the spectrum that will be taken away from them.

We also presented to the CRTC earlier this year a plan to offer, through our community channels, professional local news programming in up to seven local communities in the province of Ontario and seven local communities in the province of Quebec that are without any local over-the-air television service. Our plan is based on our experience in North Bay, Ontario, where we've been providing local television news on the community channel since CTV closed the only local over-the-air television station in that community several years ago.

We hope you've found this presentation useful and we'll be pleased to answer your questions to the best of our abilities.

• (0945)

[Translation]

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

[English]

Now we go to the *Corriere Canadese* for 10 minutes. You can divide your time or you can present in one 10-minute block.

Hon. Joseph Volpe (Publisher and President, Corriere Canadese): Before we begin, first of all, thank you very much. Your pronunciation wasn't all that bad. You're forgiven.

Mr. Dan Montesano is accompanying me. He's the chair of the community advisory committee board. I'll be doing most of the speaking.

Without further ado, Madam Chair and colleagues around the table, thank you for affording us the opportunity to enter into your deliberations regarding the state of some of Canada's cultural institutions—because I think that's what we're talking about—particularly as they relate to heritage, citizenship, and participation in the development of our country.

We are acutely aware that your decisions and your recommendations to government will have an impact on the survivability of—quote, unquote—local media and, with it, the continuance of iconic instruments for the promotion of our Canadian identity. This is so because the committee, as it has seen to date, knows that the financial stability of some of those institutions—and perhaps most urgently, the print media—in the Canadian mosaic is fragile.

We speak at the *Corriere Canadese* for ourselves, but our experience is reflected in that of others, bigger and smaller, as you've heard already this morning. They recognize, as we do, that the federal government, by its actions, determines the successes or failures of many industries, including our own.

Our submission may strike you as a plea for assistance. We don't apologize. It should. We are no less exempt from the vagaries of the

marketplace than the bigger and larger enterprises, such as Postmedia, in search of government allies.

Before we make that plea, however, allow us to present ourselves and some of our value-added contributions to the Canadian heritage. Some of the history of the *Corriere Canadese* and the Italian-Canadian community it both serves and represents in Canada will already be known to some of you. If so, please indulge us in the repetition.

The most recent Stats Canada figures place the number of Canadians who consider themselves ethnically Italian to be in the range of 1.4 million to 1.5 million. That's about 4% to 5% of the overall population of Canada. Just under one million of them live in Ontario, and about 800,000 of them in the Golden Horseshoe. Of this total, approximately 250,000 still use Italian exclusively, primarily, or frequently during the conduct of their daily business. These are relevant stats because we're talking about the nature of Canada and the communities that make up its whole.

The *Corriere Canadese* is Canada's only Italian-language daily newspaper. It has been reporting and commenting on the history of this demographic since 1954. It also takes editorial positions on the role and the administration of government at all levels and in all jurisdictions. Sometimes it does this in English.

The *Corriere Canadese* remains the third-longest-surviving daily in the GTA, behind only *The Globe and Mail* and the *Toronto Star*. Incidentally, the *Corriere Canadese* receives no federal government assistance.

It is worth noting that as a demographic and as a medium we do not fit into the funding compartments reserved for either of the two official languages or for first nations, yet Italian Canadians have been a part of Canada from its first documented contact with Europeans. Giovanni Caboto—or as some of you know him, John Cabot—was the first recorded European to come to Canadian shores. There have been others, but he's the first recorded one. In 1497, under the commission granted to him by Henry Tudor, he landed in what has become Bonavista, Newfoundland.

From then until now, Italians have played a role in building the country they now proudly call their own. It is a rare community or industry in Canada that does not feel their presence, from the former steel and mining industries in towns such as Sydney, Hamilton, Sault Ste. Marie, and Sudbury to Winnipeg and Trail, B.C. The same can be said for the 350 forestry- and lumber-dependent towns everywhere across Canada, and it is so also for the agricultural and agri-production centres anywhere from southern Ontario westward.

In transportation, both the CPR and the CNR relied on an Italian labour force, much of which stayed beyond the rail construction phase and became builders of communities from Vancouver and Kamloops to Canmore, Red Deer, Thunder Bay, the GTA, Montreal, and Halifax. Today, they are a significant player in the auto parts industry of southern Ontario.

Everywhere they have been a model for Canadian multiculturalism, even before that model became enshrined in law in 1971.

● (0950)

In fact, since 1954, the *Corriere Canadese* has been able to tell the story of their and our need to promote integration, participation, and diversity, along with the benefits that these accrue to Canadian social values. In every part of Canada, their children are the first to seek out alliances and partnerships outside their own community in order to promote the interests of the whole.

As my colleague said a few moments ago, it is an essential element to the democratic aspect of Canada.

Perhaps there are no clearer examples of this than the immediate past presidents of the Canadian Labour Congress, the Business Council on National Issues—now the Canadian Council of Chief Executives—and the founding president of Service Canada. All of them are scions of that integrated community in Canada.

There are numerous other sterling examples of Italian-Canadian leadership in pension funds, philanthropy, food services, academia, the arts, foreign affairs, and so on.

But let us go back to *Corriere Canadese*. It used to be fiscally equipped to tell those Canadian stories of success and the values they represent. We would like to continue to do that, and to maintain that all-important connection to Europe, and Italy in particular. Italy is now a significant Canadian trading partner, and one likely to become even more so if the CETA is ratified.

However, as with our English-language counterparts, our revenue stream is challenged. You've heard that this morning. Consequently, our ability to reach into the communities in the outer reaches of Canada's vast geography are severely limited. We now focus on the GTHA, where we can generate subscription revenue, single-copy sales, and limited though relatively consistent advertising.

We consider ourselves a job creator, an incubator for the creative arts, and a vehicle for reaching out to the Canadian citizenry. Everything we do is generated, produced, and distributed in Canada. Our paper is not distributed free of charge. It costs money to manufacture product.

The Government of Canada can be very helpful if it so chooses. It is a major league advertising presence because it needs all vehicles to inform the public on matters of importance to all Canadians. Nonetheless, the department that coordinates the ad buys for the purpose of informing the public about government activities actually excludes the *Corriere Canadese* completely from those ad buys. It claims—and I paraphrase—that the Italian community is not a target of its communications strategy, and that at any rate, the community is serviced by mainstream media. How does it know?

Just like that, 5% of Canadian society disappeared from the government communication strategy, and with it, all of its contributions this demographic makes toward sustaining our society, our economy, and our governing apparatus. It's a bit like what Mr. Audet said about the local communities everywhere around Canada: poof, they disappear.

Somehow it was deemed absorbed, assimilated into another. How? Ironically, the mainstream press in our market complains of precipitous loss of readership, so what are they reading? Please understand that the annual—

● (0955)

The Chair: You have less than two minutes, Mr. Volpe.

Hon. Joseph Volpe:—Government of Canada ad buy is not insignificant for us. Of the \$100 million spent last fiscal year, on a per capita basis some \$4 to \$5 million would have been spent through our language media. It's gone somewhere else.

Even if one were to accept the argument—and we do not—that only \$8.5 million was spent on print, that still represents about \$425,000 for an Italian-language press in Canada. For an enterprise like ours, which has 11 employees and is responsible for an additional 10 FTEs, that represents the difference between survival and additional employee attrition.

The *Corriere Canadese* also receives no share of the ad buy allocated for online advertising, although our nascent online edition receives about 85,000 hits per day and over 100,000 unique visitors per month. We think it would be good value for money and for Canadian taxpayers.

Furthermore, the *Corriere Canadese* is shut out from any direct grants and contributions under the aid to publishers program. In the last fiscal year, this program distributed approximately \$75 million of our taxpayer dollars to qualified applicants, yet it is virtually impossible for us to qualify. Because we are classified as a third-language publication, we are relegated to the periodicals section, and we are automatically disqualified because we publish every day.

The Chair: Mr. Volpe, thank you. Your time is up. Perhaps during the question period you can get to some of the other issues you were trying to bring in.

Hon. Joseph Volpe: Thank you.

The Chair: We will begin our questions with Mr. Breton.

Mr. Pierre Breton (Shefford, Lib.): It's a seven-minute round?

The Chair: Yes.

[Translation]

Mr. Pierre Breton: Thank you, Madam Chair.

Thank you all for being here today to shed light on our study.

My question is for the Cogeco representatives.

We discussed the tax file with the experts who spoke with us before you this morning. You referred to it, but you did not speak about it in your presentation.

However, in your 2015 report, you said that the migration of cable subscribers to Internet programming services such as Netflix places your business at risk. You lamented the fact that these services are not regulated under the Broadcasting Act.

I want you to discuss this risk. I also want your recommendations regarding what you said in your report.

Mr. Louis Audet: Of course, Mr. Breton.

To answer your question, my first observation is that democratic countries around the world refrain from regulating Internet content because they know it presents a risk to democracy and the free flow of ideas.

We object to the Quebec government's decision to ban certain Internet game sites and make them illegal, forcing Internet service providers to block access. This approach poses a problem. For each case that arises, there are good reasons for such a decision. However, if the decision is applied to case after case, censorship eventually becomes an issue. Countries therefore refrain from getting involved.

That said, to answer your question directly, I don't think anything would prevent Canada, when establishing a normal tax structure and collecting taxes such as the GST and QST on goods and services, from implementing something legitimately. It would be a good first step.

Afterward, if the government says that players wishing to use its space must contribute to Canadian content production, it would be another step. However, I think the first step is taxation. The government must have taxation powers, as it does for any other good or service provider in the country, regardless of the good or service sold.

• (1000)

Mr. Pierre Breton: It's a matter of fairness, based on what you just said.

Mr. Louis Audet: I think so.

Mr. Pierre Breton: I have a second question for you.

The CRTC requires that 5% of your revenue be dedicated to distributing local Canadian content, which can also help support community television. You have 32 community television stations in Quebec and I think the same number in Ontario. This obviously interests me. My riding has three community television stations. They are very important and have many viewers. They even broadcast municipal council meetings. The community stations have a strong presence.

Are you currently satisfied with this model? Do you have any comments?

Mr. Louis Audet: We have been working in community television for a long time, probably around 50 years. We are very familiar with it. We stick closely to the model established by the regulatory body. We have been praised for this on a number of occasions. At the CRTC hearings last fall, we offered to transform some of our community television stations by adding local news coverage in places with no local broadcaster, as we did in North Bay when CTV decided to close its station because it wasn't profitable.

Mr. Pierre Breton: Thank you very much.

I have a final question.

Access to bandwidth is often a key issue. You said earlier that your local radio stations would inevitably face difficulties as people turn to the Internet. You have heard of the \$500-million investment in our budget to expand and increase Internet access across the country, which will partially solve the problem.

What do you think?

Mr. Louis Audet: We commented on the matter to the CRTC a few weeks ago. We identified three types of problems.

First, the underserved communities not too far from main centres need help building networks in areas where doing so is not cost-effective. This could be done using the \$500-million investment that you just mentioned, although how it is administered would need to be reviewed. When an initial \$300 million was provided under the previous government, it was basically impossible for our company to access the funding to serve some of the communities that are not profitable for us.

The second case concerns underserved and very remote communities. Not only would the \$500 million be needed to build networks in areas where doing so is not cost-effective, but an operating grant would also need to be arranged for providers wishing to get involved in the process.

The third scenario—

• (1005)

[English]

The Chair: Mr. Audet, I'm sorry. We have exceeded our time. Thank you.

Mr. Louis Audet: Madam Chair, just give me 30 seconds. This is important.

The Chair: It's more than 30 seconds. We have exceeded it by 40 seconds.

I'm going to move to the next questioner, and that's Mr. Maguire for the Conservatives. You can make that point later when you get another set of questions.

Thank you.

Mr. Larry Maguire (Brandon—Souris, CPC): You can do it right now, Mr. Audet.

Mr. Louis Audet: Thank you.

The third case is for Canadians who are not the most economically advantaged citizens. They may live in communities that are well served, but they may not be able to afford the service. In this case, we have advocated a telecom stamp system that would be initiated by the federal government to allow these people to participate in the digital age. This kind of participation ensures that the subsidy goes towards the use the government would seek.

Mr. Larry Maguire: Thank you.

I was most interested in a couple of things in the four items you suggested for what should we do. Can you expand a bit more on the third and fourth ones? If you could explain the fourth one to me, that would be good. Is it that we should stay away from direct funding of television news and information programming mandated by the state?

Mr. Louis Audet: It's hard to encapsulate the thought in one sentence, but I guess what we're trying to get at is that you already have a CBC, which does a fine job, in our opinion, of reflecting Canadian values and broadcasting news and information from a Canadian viewpoint. They are doing an excellent job.

The problem arises if the federal government starts subsidizing every source of news. We submit—you may not agree—that this brings us a step closer to state control over news, and that's the plague. That's the point we're trying to make with that sentence.

Mr. Larry Maguire: I'm also interested in your last number. Please expand a little bit on what you were doing in regard to the North Bay model. I think it would fit into Brandon, Manitoba, pretty well.

Mr. Louis Audet: What we did there is when CTV decided to shut down its station, we set up. It's a small team. It allowed us to cover local news in North Bay. We didn't have to provide international or even provincial news, because it was already provided by networks. The community was deprived of local news from an electronic standpoint, so we stepped in.

We did it by creating a news studio and having a few people attend local events and report on them once a day at 5:30 or six o'clock for half an hour. This has worked extremely well. The community has been delighted. We are prepared—and I think a lot of cable operators would be prepared—to extend that to other localities. We were able to do it by frugal means, but still it's there and it's a valuable service.

Mr. Larry Maguire: This is in areas where you're already broadcasting.

Mr. Louis Audet: Yes, we're present in 32 of them, but what we have proposed to do is deploy that service to seven communities in Quebec and seven communities in Ontario where there are no local television stations currently in operation. I could provide you the list if you wish.

• (1010)

Mr. Larry Maguire: No, thank you. That's what I was getting at with regard to Brandon.

The other question is for Mr. Volpe. The last comments you made were “disqualified because we publish every day”. Can you just elaborate on that a little bit?

Hon. Joseph Volpe: The program allows for third-language publication and local publications, but it excludes dailies. We're a daily, even though we're a third language. We're essentially a community paper. We're a much larger community paper than most others, but we can't qualify, and that brought us essentially to ask for a presentation, in part because we agree with Mr. Audet. It's not only a question, as Mr. Breton said, about equitability; it's also about equilibrium in the marketplace. The government, through its decisions, can establish equitability, but it can also re-establish equilibrium, especially as it relates to revenues and its participation in that revenue stream.

Mr. Larry Maguire: I'm going to share my time with Mr. Waugh.

Mr. Kevin Waugh: I think you know where the problem is. The pie is here. You're a third party on this, so the English and French will get the most, and then you're in with the rest of them. With immigration we're seeing more and more different languages come into this country, so what is the solution? I see here, “At the very least, provide us with GST exempt status”, but when I ask the government how much that is, nobody has that figure.

Hon. Joseph Volpe: The government already makes substantial contributions to the marketplace, and it does so willingly when it

makes its ad buys or, as you've heard others say, what they do is tax some and not others.

The presentations this morning were pretty explicit. They said to bring equitability back. You don't want to tax everybody heavily, but at least tax those who come from outside our borders to make revenue from within our borders at the same rate you would tax us, or, as I think you heard someone else this morning say, get us some equitability here in terms of the way the GST is applied, or the HST in Ontario.

If it doesn't apply to these who come into our marketplace to take away the revenue stream that is afforded to us by advertising, at least follow the example that's being followed by the Italians and the French today. They are going after Google and Facebook in order to get a more equitable income from the taxes that they appear to be able to avoid.

For example, in Italy Google invoiced \$14 billion in revenues last year and paid \$11 million in taxes.

Mr. Kevin Waugh: Yes, I saw that.

Hon. Joseph Volpe: How does that help anybody's revenue stream, including the government's? If that's an action that's replicated here in Canada—and I think a presenter before us made that case—at the very least balance off what you're going to do.

How can you do it? You can tax them and thereby increase the government revenues differently, or you can not tax us in order to give us a little bit more of a competitive advantage. There are only two ways that we pay taxes. One is HST/GST and the other one is the payroll taxes that everybody cannot avoid—

The Chair: Thank you, Mr. Volpe. If you hold that thought, maybe someone will give you a piece of the action a little later on.

We will go to Mr. Nantel for the NDP.

[*Translation*]

Mr. Pierre Nantel: Thank you, Madam Chair.

Thank you to the four of you for being here this morning.

It's very clear, and we're always hearing about it. The taxation and tax policies should be coordinated at the international level for the activities of international businesses selling virtual content. The issue should be addressed by an international table, the same as Starbucks's tax avoidance—there's a price to pay—and climate change. These matters should be addressed by all the participating countries.

Cogeco is an interesting player in Quebec in terms of the major issues that concern everybody. You are like a small and very stable giant, and you chose your activities. Unless I'm mistaken, you have eliminated all your television activities. You operate in the sectors least affected by television, and I applaud you for it. You manage your assets well.

Is the market for signage, such as the large billboards near bridges, up or down?

•(1015)

Mr. Louis Audet: As you know, we sold our signage subsidiary in January, basically because we concluded there was little opportunity for market growth. It was also becoming practically impossible to expand our activities geographically when major players were determining business opportunities to be above their actual economic value.

Mr. Pierre Nantel: We are talking about the CBSs of this world that see an advertising billboard and pay too much given the market reality.

Mr. Louis Audet: Interestingly enough, it's not Americans who do that; it's Canadians.

Mr. Pierre Nantel: Really? Is that so?

You basically invest in radio and cable distribution. For radio, you have the biggest players in certain markets, at least that's clearly the case in Montreal.

What about advertising revenue at the regional level? Advertising revenue is considered crucial for local news content and coverage. How is your advertising revenue at the regional stations? Correct me if I'm wrong, but I believe things are going well in Montreal for Rythme FM and CKOI.

Mr. Louis Audet: Yes. The radio advertising market is relatively stable in Canada. The income has been fairly stable at about \$1.4 billion for three or four years.

The advantage of radio is that people listen to it rather than watch it. As a result, it hasn't been replaced by the Internet. That's one of the medium's advantages.

I would say that the regional markets are neither better nor worse than the Montreal market. However, the volume is clearly higher in Montreal than in the regions. I would say that most regional stations struggle along, but that's not the case in Montreal and Quebec City.

Mr. Pierre Nantel: Okay. I also imagine the radio often requires major investments and large fees for big names that draw people's interest. There's been a change in your hosts recently. You also have a secret weapon for the radio, André St-Amand, your director of programming, if I recall correctly.

However, you have another economic resource and project in the form of cable distribution. It's worth asking you the following objective question. You are less involved in content than your competitors. You have a presence in Pennsylvania and throughout the United States. Setting aside the cultural difference, the francophone and first nations cultures, which are unique to the Canadian market, I'd like to know which practices in the United States we should copy.

Mr. Louis Audet: Our employees in the United States say that our regulatory body, the CRTC, helped our industry by launching the Let's Talk TV initiative and by requiring that program packages be divided into smaller units. They told us that, as Americans, they would like to enjoy the same advantage.

In this case, Canada took the lead in terms of regulations and managed to establish a system. The system is now being tested. We are currently experiencing the economic impact, since the process has been under way for only two and a half months.

Mr. Pierre Nantel: I don't want to contradict you, Mr. Audet, but for the purposes of protecting our cultural diversity, it's not a good idea at all. It's a good idea in the United States, where protecting the francophone or first nations cultures is not a concern.

Mr. Louis Audet: That's an excellent question. As I was trying to tell you, the American model must be avoided. Local television stations also have retransmission fees. All things considered, programming costs are much too high in the United States for consumers.

In Canada, however, I think we have achieved success. We'll see what happens over time. The process has been under way for only two and a half months, but we are moving toward a system in which quality programming will be accessible to many people at a much more reasonable cost.

You are correct to point out that, as part of this process, some fringe players may no longer break even. In that sense, diversity may be reduced.

•(1020)

Mr. Pierre Nantel: Mr. Audet, you—

[English]

The Chair: Mr. Nantel, I'm sorry. Your time is up.

Now we go to Ms. Dabrusin for the Liberals for seven minutes.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): *Buongiorno. Mio marito è italiano.*

[Translation]

Since my husband is Italian, I know the Italian community is very important. I recognize that.

[English]

As you can guess, at our meals, our holiday meals, we have a lot of languages around the table and we go back and forth, so I recognize also the importance of having those languages represented and accessible in our media for the various communities.

I want to thank you because you gave a great overview of the contributions of the Italian community in Canada. We've had a chance to speak to members of the Punjabi press, the Ukrainian press, and ethnic media, and some of the themes that were coming out were about the fact that different ethnic communities were not having their stories well represented in mainstream media. I was wondering, from your perspective of looking at the Italian community, how well Italian-Canadian stories are being represented in mainstream media. Do you have any examples of the types of stories that perhaps mainstream media are missing? Why is it important to have an Italian voice?

Hon. Joseph Volpe: Thank you very much.

First of all, it's important for one very essential reason, and that is that the Government of Canada is actually playing in the market. It takes money and it distributes money. It conducts programs, whatever the government program, and it informs its citizenry about their efficacy. What happens is that they nurture community and involvement by redistributing some of those taxes in that environment.

Many of us, including us in particular, are excluded from that story. We can't participate in the developing of the story except through an electoral process, but then we can't participate in having any elements of our community represented in the way some of the decisions are made and how they're affected.

For example, you mentioned your husband and the family, which are great elements not just of an Italian community but of a community that's integrated into the Canadian environment and is infusing it with a different character, a diversity—a common term that people use today—that's making up the Canadian home. I just happened to meet one of my former students—I used to be a teacher at one time—and he survived my process and he's now the president of OMERS. That is one of the biggest, most significant investors in Canadian infrastructure anywhere, but the biggest impacts on his life are like those dinners that you talked about and the experiences that are brought into those dinners.

I don't want to make it schmaltzy and diminished, but the man's a genius. He's absorbed all that is Canada and he has his own imprint. That's a story that very few people are telling. We'd like to tell it. He's just one of many, whether he's Italian or from anywhere else. If you come from the GTHA, chances are 53% that you weren't born here, but these are all Canadians whose stories have to be put into the telling of the story of what Canada is, what it represents, and where it's going.

From an economic point of view and a trade point of view, the governments of Canada, irrespective of their stripe, are reaching out all over the world trying to make the Canadian presence felt and to get revenue from a trade that sells the “Made in Canada” product. Well, we're a made-in-Canada product. We tell the stories, the single elements, of that jigsaw puzzle that is Canada. We just want the Government of Canada to recognize that we're there. It's a small contribution.

You've heard the other, bigger players. They say that you're not spending money, and what little you are spending is giving off a message. The message is “Don't advertise in the Canadian market. Advertise with somebody else.”

I notice that Monsieur Nantel mentioned *l'affichage*. You know, you get the big signs. Where do they put their signs? They go and put them on an American network. They go and do it with an American or a multinational company. They don't do it with a Canadian company. Sooner or later, that Canadian community, small or large, is going to be diminished in its ability to be able to tell the Canadian story.

We're an example. I could give you a litany of achievements of Canadians of Italian background here in all aspects of research, whether it's medical science or technology or whatever, but that's why we exist. It's because people want to hear that story.

● (1025)

Ms. Julie Dabrusin: It's interesting, because I have heard it come up time and time again about government ad purchases and how ad purchases have changed or moved around. When we're looking at that, really what we're looking at is different forms of media requiring other supports or finding new funding sources.

When we're talking about government ad buys, I wonder if we're actually having a different conversation about what subsidies are available and if we have to be looking at new kinds of subsidies. Advertising choices are based on advertising. It's a business decision of a sort, perhaps. Is it more that we need to be finding new ways to support communities, not necessarily talking strictly only about ads?

Hon. Joseph Volpe: The advertising has a consequence of essentially helping the economic viability of the entity that receives the advertising, but government advertising is different from private industry advertising because there isn't a return on investment component associated with government advertising. The return on investment is the information that is disseminated to the public and the absorption of that. It's a different calculus.

Ms. Julie Dabrusin: Part of the reason I'm asking the question is that I'm wondering when I hear about that—

The Chair: You have 30 seconds.

Ms. Julie Dabrusin: My question seems to be more.... Is it not that what we need to do is find other ways to provide supports to media and different ways to disseminate our government messages and that focusing on the government ad pie alone might be taking us down the wrong path? That is my concern.

Hon. Joseph Volpe: I gave four separate indications in my presentation about where the government can be involved. The ad buy is one. It makes a big difference to us. It doesn't make very much difference to some of the big companies, quite frankly. You had one here, and I know the president well, Paul Godfrey. He said he had a \$690 million debt. Getting \$450,000 or \$1 million in government ad revenue isn't going to make a big dent in his debt, but it will make a big difference to organizations like our own, a huge difference.

The Chair: I will leave you with that thought.

I think we could try to squeeze in two three-minute rounds in the second round.

I will start with Mr. Waugh for the Conservatives, and then I'll go Mr. O'Regan, but I'm going to be really rigid about your three minutes.

Mr. Kevin Waugh: Yes, we'll be quick.

I want to congratulate you, Mr. Audet. This has been a doom and gloom committee the last three months, but I'm looking at how you've embraced change, and that's what has kept your company above everyone else. I want to talk about that, because in media there have always been changes for the last 100 years. Around the table, some of them don't want to change, but I want to say you have changed.

Mr. Louis Audet: Well, it's not always easy.

Mr. Kevin Waugh: No, it's not. I agree.

Mr. Louis Audet: Yes, we embrace change, because we believe that if you don't embrace it, then it will short-circuit you and you will disappear.

Mr. Kevin Waugh: Yes.

Mr. Louis Audet: As soon as new technologies were available, we tried to harness them for the health of the company and for our customers, and we've had some luck along the way. We can't discard that either. It's clear that for more traditional media right now, it's really tough.

Mr. Kevin Waugh: I quickly want to say—because as Madam Chair said, we've only a couple of minutes—that we don't need a big staff in North Bay. You can do it with four or five people. You can that in Prince Albert or do it in Yorkton, and we have never talked about that. In the community television that you brought to North Bay when CTV left, you don't have to up-staff it. You only needed to provide a reasonable service, if I can say that.

• (1030)

Mr. Louis Audet: That's correct. It can be done inexpensively and with a level of quality that is satisfactory to the community.

Mr. Kevin Waugh: How many would you employ in North Bay, four or five?

Mr. Louis Audet: I don't even know—myself, and three or four, probably.

Mr. Kevin Waugh: Yes. I think that model across this country works. Unfortunately, big is not necessarily the best for the industry, you might say.

Mr. Louis Audet: We've been operators of local TV stations. A full-fledged station, as small as it may be, is a heavy operation. It employs at least 25 people, sometimes up to 50, so it's a very expensive undertaking if the advertising is not there, but if it's a three- or four-person affair, then the basic information service can be provided, and we do it through the funds that are earmarked by CRTC for community involvement.

Mr. Kevin Waugh: I would say those communities appreciate that.

The Chair: Well done, Mr. Waugh. That was extremely well done. Thank you.

Now we have Mr. O'Regan.

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

I just have a small correction on Mr. Volpe's presentation. Giovanni Caboto actually landed in Newfoundland, not in Canada, in the home of the Beothuk people. It doesn't really matter, because

Canada had the good fortune of joining Newfoundland back in 1949. You are all very welcome.

I want to get to the point of federal advertising. The federal government follows the people, and one of the things I found in my campaign was the number of people who are on Facebook, who are online, and that is where we want to follow people.

The fastest-growing online market is in seniors. For instance, of those 75 and over, 5% were online in 2000, but 27% were online in 2012. Half of them are on Facebook, which is not a surprise to me, and over a third of them are on every day. On an interesting note, there are more people 75 and up doing online gaming, at about 36%; it's 27% for baby boomers. It is a huge online presence, just among seniors. That is just Facebook alone, when you look at it.

On that note—and considering that the federal government is going to follow where the people are when it comes to its advertising—what is your online presence, and what sort of growth have you seen there?

Hon. Joseph Volpe: I don't disagree with what you said. Your observations are bang on.

We divide our market into two parts. First of all, there is the demographic that actually still reads the paper. You have to have something tangible in your hand. That is someone who wants to have something to look at in the morning to give them a summary of what happened the day before and where things are going, to conduct their discussions over the course of the day, and then to recycle it.

The other component is.... I guess I took a leaf out of Mr. Audet's book. You have to update yourself; otherwise, you are going to be lost. We decided to go online. I will give you an indication: we have over 100,000 unique visitors on our site on a monthly basis, and our hit rate is phenomenal for what is essentially a small slice of the Canadian demographic.

We intend to continue to promote that. That is why I said earlier that when the Government of Canada is doing its ad buys—and I see an ad buy, as the lady said, perhaps as a subsidy, too—and you want to reach the people you are going to be representing or that you represent—and I wish you hadn't said “baby boomers” in the same breath as “seniors”, because I am a baby boomer and I didn't like the second part of that definition—we are as good a vehicle as any other, simply because more and more people are becoming more and more accustomed to actually reading things online as opposed to just doing gaming.

Mr. Seamus O'Regan: Big time.

The Chair: Thank you very much.

I want to thank our witnesses for taking the time to come and present to us. We need to get into business right now, so I will give everyone a minute to say goodbye, and let's get on with our business quickly. Thank you.

•(1035)

Now we need to discuss how we will study Bill C-210 if it passes the House today.

As you well know, Bill C-210 is Mr. Bélanger's bill, and it should pass the House today. If it does, we need to be very quick in dealing with this piece of legislation.

Due to health considerations, the mover or author of that bill is unlikely to be able to attend committee. He is also not going to be able to entertain questions from the committee. As you all know, it is a very small bill. I was hoping that we would be able to deal with this bill on Thursday and then report it to the House on Friday. There is no need to talk about witnesses, because the mover of the bill will not be able to be here.

Mr. Vandal, go ahead.

Mr. Dan Vandal: I agree, Madam Chair. I move that this committee dedicate one hour at Thursday's meeting to discuss Bill C-210.

The Chair: Thank you. Is everyone in agreement with that motion?

Mr. Van Loan, go ahead.

Hon. Peter Van Loan (York—Simcoe, CPC): Madam Chair, with the greatest of respect, we've actually spoken with individuals who would like to appear as witnesses. I think it is important that we give people an opportunity to speak to this bill.

This is a matter of changing a significant symbol of the country. I recognize that Mr. Bélanger has challenges, and I have no problem with his not appearing as a witness. I would like us to explore the possibility of providing him with some written questions that he could perhaps respond to in writing. I think that might be a reasonable way of accommodating his circumstances.

Certainly I appreciate his circumstances, but this is the national anthem that belongs to all Canadians. We all sing it. People have views on it. I think it's important that they be afforded the opportunity to appear here as witnesses, with at least some who represent a perspective of maintaining the anthem that we have had for many, many years.

The Chair: Knowing that we have a motion on the floor from Mr. Vandal, I want to give a quick response to you, Mr. Van Loan.

We were in discussion with Mr. Bélanger with regard to how, even if he were not able to be present, he might entertain questions and give us a response in writing. That was about 10 days ago. Since then, I think that things have worsened. I don't believe that Mr. Bélanger will even be able to respond to questions in writing that are sent to him. I think that is becoming an impossibility.

We can add that into whatever we're discussing with regard to this bill, and if you still choose to possibly add an amendment to the one-hour discussion of the bill, we could talk about that. Right now, the motion from Mr. Vandal says that we set aside one hour next Thursday to discuss Bill C-210.

Is there any discussion on this motion?

Mr. Van Loan.

Hon. Peter Van Loan: I would certainly move that we afford at least one meeting—one full meeting—for an opportunity for witnesses to appear, both in support or to provide comments on why they wish that the national anthem not be changed, and that we provide names of such witnesses by, say, the end of Thursday.

The Chair: We have an amendment here that says that we have one full meeting—

Hon. Peter Van Loan: I'd point out that this is extraordinary. We aren't even in possession of this bill yet. It hasn't completed debate in the House. It hasn't been voted on in the House. I don't know if either of these motions is in order, in view of that fact.

•(1040)

The Chair: Well, it would seem pretty sure—

Hon. Peter Van Loan: I'm willing to work on that basis in an accommodating fashion, but certainly—

The Chair: Let us imagine that the bill passes, and so we need—

Hon. Peter Van Loan: I'm doing it on that basis, but were my amendment not to pass, I would argue that this motion is simply not in order because we don't have carriage of the bill.

The Chair: Perhaps, but I think given the nature of the mover of the bill, given the situation, we need to prepare for contingencies. This is a contingency motion, so to speak.

Hon. Peter Van Loan: Well, this is more than a contingency motion. The motion before us is one of not allowing anybody to speak to it from outside of this committee.

The Chair: The motion doesn't say that. The motion just says that the committee will devote one hour to discussing Bill C-210 on Thursday. Now you're suggesting an amendment to the motion. You are suggesting that during that full meeting we have witnesses, and we are discussing your amendment here.

Let us entertain an amendment for one full meeting with witnesses, which will therefore read—

Hon. Peter Van Loan: With witnesses' names to be provided by the end of Thursday.

The Chair: It certainly means that we will not be discussing this bill on Thursday.

Hon. Peter Van Loan: Well, we could discuss it on Thursday if people wish, but I don't see how we can get witnesses here for Thursday. We don't even have a bill in front of us yet.

The Chair: All right.

Let us entertain Mr. Van Loan's amendment, which basically says that we will have one full meeting with witnesses to discuss Bill C-210, and that it may not necessarily be on Thursday if we're going to have the list of witnesses on Thursday. We're discussing this amendment now, not the whole motion.

Mr. Nantel.

Mr. Pierre Nantel: I want to speak on the proposition from Mr. Vandal, not Mr. Van Loan's amendment.

The Chair: All right.

Does anyone wish to speak to Mr. Van Loan's amendment?

Yes, Mr. Vandal.

Mr. Dan Vandal: I would just call the question.

The Chair: I just want you to also be aware that we cannot.... If witnesses wish to come to committee, we cannot force a question; we have to allow them to come, so basically the discussion of whether we have witnesses or not is moot. If people say they wish to come to a committee to discuss a bill, that is part of what the committees are supposed to do.

Being aware of that, we therefore.... The amendment is that there be two hours to discuss Bill C-210, and that the list of witnesses be given by Thursday at the end of the business day.

(Amendment negated [See *Minutes of Proceedings*])

The Chair: The amendment does not carry, so we are back to the original motion by Mr. Vandal, which is for one hour to discuss Bill C-210 on Thursday.

Hon. Peter Van Loan: Madam Chair, I would move that this motion is not in order. The bill is not before us at this point in time. We are not in the position to know that it will be before us, and as such I would say that this motion is premature and is not in order for us to vote on at this time without the unanimous consent of this committee.

The Chair: Ms. Dabrusin.

Ms. Julie Dabrusin: Madam Chair, this is a procedural question about how we're going to allocate our time, and that is squarely between us. We're not disposing of how we would handle this bill. We're not discussing the substance of the bill. We are only discussing committee time, and that's a question of process, so it is properly before us.

Thank you.

The Chair: If there is anyone who wishes to speak to this, that's fine.

Mr. Van Loan, you wanted to respond very quickly.

Hon. Peter Van Loan: It's not a matter of mere process. It's mere process for something for which we don't have carriage as yet. There has been no reference from the House of Commons. As such, we are absent jurisdiction.

We could make procedural decisions on it if we wished to, through unanimous consent, and agree to all respect that. That would require unanimous consent. Absent that, in the absence of the bill's being before us and in the absence of a reference from the House of Commons, we have no capacity at this point in time to deal with it.

I tried in good faith to put forward what I thought was a reasonable, very modest proposal for one meeting with witnesses. We're talking about less than 48 hours to put those together; that's hardly unreasonable. That was rejected.

With that kind of heavy-handed approach and the prospect of one hour in camera with no witnesses to deal with something that isn't even before us and for which we do not have reference, I have no choice but to point to the fact that we don't have jurisdiction to deal with it. There is no reference to this committee from the House of

Commons, and any such decision from us is moot under the circumstances.

● (1045)

The Chair: Because we need unanimous consent to proceed with even the procedural component of this, I will ask Mr. Nantel to speak, and then I will ask for unanimous consent.

Mr. Nantel.

[*Translation*]

Mr. Pierre Nantel: Mr. Van Loan, his colleagues, and everyone here want this to go well. I don't think anyone intends to complicate matters for Mr. Bélanger.

Let's clear the air. Mr. Van Loan says that it's not too kosher and that we're moving a little too fast, but that he understands. He wants to have two hours with the witnesses. If that's the deal, it must be clearly indicated. If the Conservatives are ready to step back and negotiate something, let's do it. Mauril Bélanger sincerely cares about this bill. We must not get bogged down in details. The bill may end up being rejected, to your satisfaction, if you are able to convince us. However, we'll at least act quickly so we don't look like a gang of fools who get bogged down in details.

Thank you.

[*English*]

The Chair: We do have consideration that this motion to have one hour to discuss Bill C-210 is out of order, and I agree with Mr. Van Loan.

Do we have unanimous consent to deal with this motion? If not, I would like to suggest we amend that motion to say that in the event of the adoption on Thursday of Bill C-210, we would be able to consider this bill and report it to the House on Friday.

Mr. Darrell Samson: Madam Chair, I'm just throwing something on the table to try to respond to Mr. Van Loan's point. How about if we have the first hour on Thursday for witnesses and the second hour for our business? That way it wouldn't be two full hours, but I think an hour would be at least a compromise that would make this work, because we do need to act as quickly as we can on this issue.

Thank you.

The Chair: The language is going to have to say "in the event of the passage of this bill in the House on Thursday". This has to be part of what we would consider if it is to be order. I just wanted you to know that.

We need to leave, because we're running out of time.

Ms. Dabrusin.

Ms. Julie Dabrusin: I was just going to propose, as a friendly amendment, that we could perhaps have one hour of witnesses followed by one hour of clause-by-cause study, or actually just "clause", on Thursday.

The Chair: Again, the motion is going to have to read that "in the event of the this bill's passage in the House today, that the House deal with this on Thursday".

Now, Mr. Van Loan, it would seem to me from everyone's vote that you may be the only person with a list of witnesses. Could you get that to us, if this passes, so that we can deal with it on Thursday?

Hon. Peter Van Loan: On such short notice, I don't believe that's reasonable. I don't believe that's practical. We don't have a reference before us. I think I put forward what was a very reasonable and modest suggestion. I am not asking for anything unreasonable in asking for one meeting. Hearing witnesses at the end of Wednesday is very reasonable.

I don't think even in the modified form.... I will again say that the modified form of this amendment is not proper, because we do not have a reference before us. We are making decisions on something for which we do not have a reference and of which we do not have carriage, and that would require unanimous consent. I simply can't accept that even the amended motion would be in order.

The Chair: I'll ask the clerk to rule on Mr. Van Loan's suggestion that even the amended motion, which says "in the event of" would not be in order. Perhaps the clerk can rule on this.

I think the clerk is saying that it is in order to suggest that in the event of adoption of the motion in the House, this motion will be in order. We need to call the vote on it now because we must leave this room, so I will ask for the vote on "in the event of"—

● (1050)

Hon. Peter Van Loan: Madam Chair, I'm sorry, but I would like to—

Mr. Dan Vandal: The chair just made a ruling. You just want to speak.

Hon. Peter Van Loan: I can challenge the ruling. I have every right to challenge the ruling on a point of order.

I don't believe that it is appropriate and I don't believe we do have jurisdiction to make such a ruling, by adding words, on something for which we don't have a reference.

We could make such a decision through unanimous consent, through a suspension of our rules, but we do not have a reference here. The House of Commons has not given us jurisdiction over this at this point in time, and we don't know what the House of Commons will give us jurisdiction over or if they will give us anything.

Therefore, while we might be able to, on a consensus basis, set a path, I challenge the ruling that this revised motion is in order. It simply is not.

The Chair: Sorry, but Mr. Van Loan is challenging the chair.

I would suggest that this committee has quite often discussed future business of the committee on such a basis as "We do not know, but in the event that this is so, we will now put three days to discuss a motion that may not even have been accepted by this committee." I will—

[*Translation*]

Mr. Pierre Nantel: Madam Chair, my point of order can help you.

I propose that we conduct only one study, without proceeding with a clause-by-clause adoption process. We would spend only two hours studying the bill in the presence of witnesses. It would be a

study, and no immediate conclusion would be made. Time is flying. In doing so, we could make progress on our study and then ask the analyst to look at what we've done and to apply it or not.

[*English*]

The Chair: Can Mr. Nantel...?

Mr. Pierre Nantel: Put that in a motion? Absolutely.

I move that we simply study—

The Chair: We have a motion that you were suggesting you would amend completely, is that it?

Mr. Pierre Nantel: That is true. My concern is that since we want this to happen, let's find a compromise. Let's not be too picky on this.

The Chair: All right. You are therefore moving an amendment to the motion that was made that says, "in the event of adoption of Bill C-210", and you are suggesting...?

Mr. Pierre Nantel: I'm suggesting that for now we study the case and that we will see witnesses.

The Chair: Excuse me. We have a motion on the floor from Mr. Nantel that suggests that the chair's—

A voice: It's Mr. Van Loan.

The Chair: No, Mr. Van Loan did not say that the chair's ruling be sustained. I—

Go ahead, Mr. Samson.

Mr. Darrell Samson: Call the question.

The Chair: We have to deal with the challenge. We need to vote on the statement under Mr. Van Loan's challenge. We're going to vote on the motion that suggests that the chair's ruling be sustained.

I'm going to call the question. There's no debate on this because the chair is suggesting we do not accept Mr. Van Loan's challenge, and in fact that the chair's ruling be sustained.

I will call the question. There is no debate on this.

Hon. Peter Van Loan: Just to be clear, since this was a challenge of the chair, a "yes" vote sustains the ruling of the chair and a "no" vote overturns the ruling of the chair. Thank you very much.

The Chair: Yes, indeed.

We will now be voting on that motion that the chair's ruling be sustained.

All those in favour? Opposed?

(Ruling of the chair sustained [See *Minutes of Proceedings*])

The Chair: The chair's ruling is sustained.

Now we will go back to the motion that in the event of the adoption of Bill C-210, this committee will study the bill in this committee on Thursday.

● (1055)

Hon. Peter Van Loan: I have a point of order, Madam Chair.

I wanted some clarification on what happened to Monsieur Nantel's motion or suggestion. It seems to have evaporated. Are we doing Monsieur Nantel's motion here, or are we doing the previous motion?

The Chair: The motion is on the floor, and Mr. Van Loan has challenged it. The chair's ruling is sustained. We will have to deal with the motion that was originally on the floor that Mr. Van Loan challenged.

Mr. Darrell Samson: Could you please read the motion?

The Chair: The motion is “That in the event of the adoption on Thursday of Bill C-210, that this will be dealt with by this committee on Thursday and be reported to the House on Friday”.

Hon. Peter Van Loan: Madam Chair, I would like to speak to this motion.

The Chair: You have, Mr. Van Loan, and you have been advised

Hon. Peter Van Loan: Madam Chair, with the greatest of respect, you cannot limit my right to speak to this motion.

This is a matter of a review of Canada's national anthem. I appreciate the difficulty of Mr. Bélanger's circumstances, but with the greatest of respect, this is not Mr. Bélanger's national anthem. It is a national anthem that is sung every day by millions of Canadians.

We know from the efforts of my involvement in our previous government that when suggestions were made to change the wording of this national anthem, the response from the public was strong. People, thousands of Canadians, had views. Hundreds of my constituents had views, and views that were different from those of our government. These were views that this national anthem mattered a great deal to them, and they did not support the proposal that came from our government to change the wording.

What we learned from that experience is that trying to manage a situation like this in a top-down, non-democratic fashion is a dangerous thing to do. It lacks legitimacy. For a change like this to one of Canada's major national symbols, for a change like this to our national anthem, it is important there at least be the most basic.... I'm not asking for a lot. I'm asking for the most basic of—

The Chair: Mr. Van Loan, you have asked for this. You are repeating what you have already said—

Hon. Peter Van Loan: No, I am not repeating—

The Chair: I just want to say that on a point of order, we are now 15 minutes—

Hon. Peter Van Loan: I would like to discuss now the witnesses who would like to appear here.

The Chair: —into another committee's time.

Hon. Peter Van Loan: Well, I regret that, but—

The Chair: That is a point of order, because the business of the day has to be carried on by the other committee.

Hon. Peter Van Loan: Well, I have not finished, and I have the floor, with respect, Madam Chair.

The Chair: Mr. Van Loan, do I take it that you are actually filibustering this meeting?

Hon. Peter Van Loan: I'm not filibustering. I'm attempting to explain why I think it's important.

The Chair: We have heard that, but we now have a motion on the floor—

Mr. Seamus O'Regan: The member is repeating himself. Can we call the question?

Hon. Peter Van Loan: I am speaking to that motion.

Mr. Seamus O'Regan: Again and again. It's repetition, Madam Chair.

The Chair: The Chair is suggesting that we have heard Mr. Van Loan—

Hon. Peter Van Loan: Well, I have not finished—

The Chair: We have heard him speak. You are repeating yourself, Mr. Van Loan, and this is repetitious—

Hon. Peter Van Loan: I am not. I would like to discuss the witnesses that I would like to bring.

The Chair: Would you like to give us the names of those witnesses now?

Hon. Peter Van Loan: I would like to discuss some of them—

Mr. Seamus O'Regan: Madam Chair, he's repeating. We've heard from him. Can we move on to the question?

Hon. Peter Van Loan: We're still in the process here.

The Chair: Mr. Van Loan, with all due respect, I would like you to submit those witnesses now if you have them, and we shall call the question on this motion.

This question does not have anything to do with witnesses currently. The motion on the floor has no mention of witnesses. Your motion, or your original challenge to the chair, was actually voted against.

This motion is on the table, and I'm calling the vote now. You can give us your list of witnesses afterwards.

Hon. Peter Van Loan: Madam Chair—

The Chair: Now, all those in favour?

Hon. Peter Van Loan: —I would like to continue to discuss this. While I have the floor, you cannot have a vote in the middle of my comments, and the fact is—

The Chair: I am ruling you out of order, Mr. Van Loan.

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

Hon. Peter Van Loan: Well, you may rule me out of order, but that's entirely inappropriate. You are shutting down a democratic process on something about Canada's national symbols. You are shutting down a democratic process, Madam Chair, on something that is significant to millions of people, and the consequence of doing this—

Mr. Seamus O'Regan: Are we done, Madam Chair?

Hon. Peter Van Loan: —is not just to deny me my right to speak here—

The Chair: Order. Order, please.

Hon. Peter Van Loan: —the consequence is to deny the right of other Canadians who care about their symbols the opportunity to have their perspective heard. There is no legitimacy in a process whereby they cannot be heard.

The Chair: Mr. Van Loan, on a point of order, you have continued to make the same point. Everyone has heard you and voted you down on this issue.

Hon. Peter Van Loan: Madam Chair, you said we have a right to bring witnesses.

• (1100)

The Chair: Yes.

Hon. Peter Van Loan: You said this committee cannot proceed without hearing witnesses, and now we have before us a motion that contemplates the impossibility of—

Mr. Seamus O'Regan: Madam Chair, we heard the member and we voted him down—

The Chair: The motion does not discuss witnesses—

Hon. Peter Van Loan: Exactly.

Mr. Seamus O'Regan: Right.

The Chair: The motion is for a two-hour listening—

Hon. Peter Van Loan: No, it was not two hours. It was one hour

The Chair: If you, Mr. Van Loan, have a list of witnesses, please give it to us so that we can invite those witnesses to be here.

If this continues—

Hon. Peter Van Loan: Madam Chair, I have people with whom we have been having discussions—

The Chair: I will call the question—

Hon. Peter Van Loan: You cannot call—

The Chair: I'll call the question. Those in favour of the motion on the floor?

(Motion agreed to [See *Minutes of Proceedings*])

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

The Chair: This meeting is adjourned. Thank you.

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