



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Canadian Heritage

CHPC • NUMBER 025 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Thursday, September 22, 2016

—
Chair

The Honourable Hedy Fry

Standing Committee on Canadian Heritage

Thursday, September 22, 2016

•(1105)

[English]

The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)): I call the meeting to order.

As you know, we're doing our media study, which deals with access to local news, Canadian content, etc., across the country, as well as consolidation of media, and its impact.

We have witnesses today as you see on your list. From 11 to 12, we have the Alberta Weekly Newspapers Association online and by video, so we will be able to deal with that. In our second hour we'll be dealing with Glacier Media Group and the Canadian Association of Journalists.

At the same time, I want to quickly tell the committee that Ms. Dabrusin has given us her terms of reference and some of the things that she wanted to deal with. I was hoping, because we have only a small group of witnesses today, that we could take some time to deal with Ms. Dabrusin's thing later on.

Mr. Nantel, you mentioned that you wanted to bring forward a motion with regard to taking time.

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

I'm sorry, Mr. Merrell, Mr. Jamison, and Mr. Kvarnstrom.

It's a simple issue. On Sparks Street right now people are cheering on the Paralympic team. I wanted to let you know that from 10:45—it's already started, which is why we have people cheering—and probably until 12, if you want, I think it would be appropriate for the committee to go and shake their hands or take a picture with the guys and the girls there.

If you think it's a good idea, for the same reason, Ms. Fry, maybe we could start a little late, 15 minutes, with the journalists association and then we would still have 45 minutes to do it.

I think it would be a good idea to send someone from our team, maybe just to let them know that we'll be coming and to have a picture taken. I think the Paralympics didn't have any coverage in the media this summer.

The Chair: Perhaps the parliamentary secretary could, because the Minister of Sport might want to say that we would come over.

Does everyone agree? I need to get a sense of whether everyone agrees with Mr. Nantel.

Some hon. members: Agreed.

The Chair: Therefore, if we're going to do that, I would like to get the committee's permission to do one round of questions for this first hour. That would leave us off early enough to be able to do what we are suggesting we do. Okay? We can do the same thing in the second hour as well.

Some hon. members: Agreed.

The Chair: All right. I want to welcome the witnesses.

Thank you very much for taking the time to present to us. Here's how it works. Each group will have 10 minutes to present. Then we will have a round of questions, and those rounds of questions will last seven minutes. The answers are included in that seven minutes, so everyone will have to be as crisp and as terse as they can in terms of getting the questions and answers out.

I would like to invite Mr. Dennis Merrell, executive director of Alberta Weekly Newspapers Association, and Mr. Duff Jamison, the chair of the government relations committee of the Alberta Weekly Newspapers Association, to begin.

Proceed, and I will give you a two-minute warning when your 10 minutes is going to be up.

•(1110)

Mr. Duff Jamison (Chair, Government Relations Committee, Former President, Alberta Weekly Newspapers Association): Okay, thank you.

Good morning from Edmonton, Alberta. My name is Duff Jamison. I am the president and CEO of Great West Newspapers, which publishes 18 newspapers in Alberta. In my role as government affairs chairman, I am representing the Alberta Weekly Newspapers Association today, and I have with me Dennis Merrell, our executive director.

Community newspapers seem to be flying under the radar in the discussion about print media's future. Although they look and feel the same as our larger metro daily cousins, we have some unique qualities that differentiate us.

Print advertising remains the mainstay of any newspaper model, daily or weekly. Community newspapers rely primarily on local businesses, community organizations, schools, and local government, and somewhat less on national advertising and classifieds, which were once the major revenue streams for the dailies. I'm not suggesting that national advertising isn't important; it most certainly is, and this category for us and for the dailies has experienced the greatest decline over the past years.

The majority of community newspapers tend to free distribution and total market coverage. As a result, distribution of advertising inserts has become an important and reliable revenue stream for all of us. Community newspapers generally serve market populations of less than 100,000, and the majority would be well under that. We are the original hyper-local guys providing the primary source of local news for our residents in a very cost-effective means for local advertising.

Our once or twice per week frequency also distinguishes us from our daily cousins. Our news is rarely of the breaking-news variety, and our readers seem comfortable with the fact that it's not available in print every morning. They need and want to know what's happening in their community, but they don't demand it the minute it happens. When it is important to get the story out quickly, we are all quite capable of doing that on our digital platforms. We may lack the digital horsepower of, say, *The Globe and Mail*, but we're certainly not in the dark ages either.

Free content—the nirvana of the digital age—is old news in the community newspaper industry. Although many paid subscription weekly newspapers remain in small markets, in the larger markets we've long delivered community news free to our residents, paid for by our advertisers wanting total market coverage. Paid circulation dailies, on the other hand, have experienced a significant decline in print penetration as subscribers drop off because national and international news is so freely available online.

The real secret sauce of a successful community newspaper is operating like it's community owned. It's not an arm's-length operation, as can be the case in a daily, but is in the trenches as active participants in our communities, a service club of sorts, really. I often tell our local politicians and community leaders that, like them, we are in the business of building stronger and healthier communities for everyone. We are fully integrated into the community, leaving no doubt in anyone's mind that we have the best interests of the community in mind. When done right, the newspaper earns credibility and respect among its readers and their support when we criticize leaders and institutions that we feel have let the community down.

What is the current picture for community newspapers? Print advertising revenues, far and away the largest source of revenue for Canada's community newspapers, are in decline. Digital advertising revenues tied to our news reporting remain insignificant simply because community newspaper websites and social media feeds do not generate the traffic required to cover the reporting costs. It's not even close today, and we don't think it will be in the foreseeable future.

There are opportunities in providing advertising services on non-print or digital platforms: social media, search, and geo-targeting, and community newspapers are pursuing them where they see benefits for their communities and their customers. It's still to be proven, however, whether a small market can generate sufficient digital profits to support local journalism, and I have to admit that the idea of operating a secondary business to support the news reporting functions of the primary business doesn't feel quite right.

Subscription and newsstand revenues are an important source of revenue for a declining number of paid circulation community

newspapers. However, with circulations of less than 5,000 and subscription rates of about \$50, these also fall well short of covering reporting costs. Paywalls help to protect this revenue, but also reduce online traffic and digital advertising revenue with it. It's very difficult to see a point at which print advertising revenues will not be the major revenue contributor for even paid circulation community newspapers.

There's no reader revenue in a free paper, and most community newspapers in Canada are not paid for, leaving them to rely entirely on advertising to pay the cost of reporting the local news.

● (1115)

These papers tend to be in larger markets, often on the periphery of metro areas also served by dailies and other media. For that reason, no Canadian community newspaper has been able to maintain a paid circulation in the metro markets. We also require total market coverage to satisfy the market penetration needs of our advertisers, both in print and in inserts.

Not often mentioned in the discussion is that many local advertisers and organizations remain dependent on local media to reach local residents and consumers. In most communities under 100,000, print media deliver the largest audience by far. Although most small businesses have websites, Facebook groups, Twitter feeds, etc., it has proven very difficult to build any real mass of followers. Therefore, without the market penetration of local media, most would find it extremely difficult, if not impossible, to reach the vast majority of local residents.

On top of their marketing needs, these businesses have their own challenges brought on by globalization and the digital revolution. Online competitors, among them Amazon and mega-retailers like Walmart, threaten the very viability of these local businesses, which are the foundation of advertising support for community papers. Just as is the case with local media, government, and a well-functioning democracy, the threat to local media's long-standing symbiotic relationship with local advertisers goes much deeper than print media's problems.

Community newspapers, like all media, must compete for the readers' time. We know that time is finite. Time spent on digital devices is made up by reducing time spent on other activities, including reading, watching TV, listening to the radio, etc. Unfortunately, it is not always productive time—things like Candy Crush, Pokémon, and cat videos come to mind—yet somehow publishers must navigate through the clutter to deliver the local news.

Most worrying of all is that it seems fewer and fewer people really give a damn. It brings to mind the old saying that they won't miss us until we're gone. In our affluent western societies, for the most part, people are content with their lives and disengaged from politics to a large extent. Their complacency—and for some, disenchantment—is evidenced by low voter turnouts and lack of interest in joining community and civic organizations created to build better communities. It is unlikely that the general public has given much thought to a world without media watchdogs.

Does government have a role? It probably does. Here are some ideas we should all think about.

The federal government could replenish its print advertising budget. While local governments remain solid advertisers, federal and provincial advertising has nearly dried up. A decade ago, the federal government spent 47% of its ad budget on newspapers: 28% on dailies and 19% on community, ethnic, and aboriginal weeklies. In the 2014-15 fiscal year, it spent 7% in total on newspapers: 1% on dailies and 6% on weeklies. In that same period, the spending on Internet companies rose from 6% to 28%. Most of that money went to U.S. firms, such as Google.

Simply having the federal and provincial governments make a serious commitment to include community newspapers in advertising budgets would go a long way toward supporting local journalism. As the publisher of the *Rainy River Record* in Ontario said to a CBC reporter this week about the closure of his paper next week, the government's decision to pull its advertising budget from newspapers and spend it on social media has made a big difference.

The tax system is another source or possibility. Is there a role for the tax system, as suggested in a recent Quebec report and advocated by some groups appearing before the Canadian heritage committee? Could Canadians buying subscriptions to Canadian media claim tax deductions on the same level as they do for donations to political parties, a 75% rate? Is there a way for the federal government to encourage Canadian companies to spend their advertising dollars here? This could be in the form of tax credits or penalties for using foreign firms, as we see in the Foreign Publishers Advertising Services Act. The Income Tax Act limits non-Canadian legacy media, but this has not been applied to digital enterprises. Tax incentives could be created to encourage investment in newspapers and other local media. Instruments could include—

• (1120)

The Chair: I am going to have to ask you to wrap up, Mr. Jamison.

I gave you the two minutes signal two minutes ago. You are really over 10 minutes now.

Perhaps you could get in some of the things you wanted to say when the questions are being asked. You could make your points then.

Mr. Duff Jamison: I would like to discuss the aid to publishers program, copyright law, and some ideas about how we can share digital revenue with some of those Internet giants, and maybe touch on Canada Post while we're at it.

The Chair: The committee members have heard you and will probably try to get those things into some of their questions to facilitate that.

Mr. Duff Jamison: Okay.

The Chair: I have a response. Thank you so much to witnesses for being so very patient with us.

As you know, the Paralympians are right outside this room. Our committee is also responsible for sport, and we wanted to go and cheer the Paralympians on. You heard us talking about that. I have a message for the committee. The parliamentary secretary has said that the mayor is just wrapping up his speech now and we have no guarantee that the Paralympians will stay long after that. I want the committee's sense of what we should do. Do you think we should postpone our questions and run out there?

The Parliamentary Secretary for Sport will speak quickly.

Mr. Stéphane Lauzon (Argenteuil—La Petite-Nation, Lib.): I'm available to go for you, or if you want to go, we'll have to go right now.

The Chair: What is the committee's wish? Should we go if the guests would allow us to do that?

Mr. Seamus O'Regan (St. John's South—Mount Pearl, Lib.): We should if they'd allow us to.

The Chair: We're sorry, we're asking you a big favour. Would you let us run out for about five minutes and then come back and get into the question period?

Mr. Duff Jamison: Yes, that's fine with us. We understand.

The Chair: I promise you we will make it up to you.

Thank you so much for your generosity.

We will suspend the meeting.

• (1120)

_____ (Pause) _____

• (1130)

The Chair: The meeting is called to order.

I want to thank our witnesses for their generosity in allowing us to run off and do that. We are the committee responsible for sport as well, so this was an excellent opportunity.

I want to thank Mr. Nantel from the NDP for making the suggestion, and I want to thank the members for being so quick in coming back.

We will go into the first round of questions.

Mr. Jamison, I think the members are very well aware of the things you would like to bring forward that you did not get to do in your presentation.

We will begin with Mr. Vandal and Mr. Breton, who will share seven minutes. They're from the Liberals.

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

First of all, thank you for your co-operation in allowing us to visit the Paralympians. It was very generous.

I listened intently to your presentation, and the narrative is very familiar: print advertising in decline, digital revenue is negligible. I want to focus on solutions. I know that you did not have a lot of time to do that, but give us some of your solutions for an increasingly social media world that produces zero local content and captures a lot of the advertising revenue.

I'll give you a couple of minutes to elaborate on that.

• (1135)

Mr. Duff Jamison: I think as we broke off, I had touched briefly on the tax system. I'm far from an expert on the tax system, so I'll let that one go. I see you have our written presentation. It's in there.

Let's talk a bit about the aid to publishers program. That program was originally designed by Canadian Heritage in co-operation with Canada Post to subsidize the distribution of paid weekly newspapers and Canadian magazines. That has since been modified, but it still applies only to those two groups.

It seems to me that if we could expand that program beyond the paid weeklies to the free weeklies.... The free weeklies are not of any less quality than the paid weeklies. They're often equal to or better than many of them.

It would require the government to top up the funding for that particular program. I think it's around \$75 million today. That won't stretch very far if we expand the number of newspapers that would be eligible for the program.

That's one that I think we have to look at. It's already in existence. It seems to be kind of an obvious one because it's already there.

The Chair: Thank you.

Mr. Vandal, do you want to continue? We have another five minutes left.

Mr. Dan Vandal: I will pass it over to Mr. Breton.

[*Translation*]

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

Hello everyone. Thank you for your presentation and for the various solutions that you proposed.

Representatives of different industries that spoke to the committee recommended that the federal government create certain tax credits. I would like your opinion on advertising purchases on traditional media platforms such as radio, newspapers and television, and on other payroll tax credits allowing the hiring of employees to work in digital technologies.

I would like your point of view on the solutions proposed on several occasions by industry representatives.

[*English*]

The Chair: Excuse me, were you able to understand that?

Do you have translation where you are?

Mr. Duff Jamison: We do not.

The Chair: You do not.

Mr. Breton, can you do a quick summary in English for the witnesses?

Mr. Duff Jamison: Excuse me, we did hear a translation.

Mr. Dennis Merrell (Executive Director, Alberta Weekly Newspapers Association): We got the translation.

The Chair: Oh, you got the translation.

Thank you.

Mr. Duff Jamison: It's coming from the House of Commons though, not from here.

The Chair: Would you like to respond, sirs?

Mr. Dennis Merrell: I'll respond to that.

I think tax credits are something that we did put in our presentation. It does make sense to us that perhaps the government could look at issuing advertising tax credits to companies that invest in Canadian media versus when you buy digital media and the major companies are in the U.S. That might tend to encourage companies to purchase locally or purchase Canadian media.

I hadn't really thought about the payroll tax credit, but that's an interesting one as well. I think we'd need to study that one further to respond to that.

Would you like to take that on, Duff?

Mr. Duff Jamison: I don't want to seem flippant, but you're talking to a couple of guys from Alberta. We're not usually into too much of that sort of thing.

I haven't given it any thought. I don't know how it works. I think there are probably better mechanisms.

The Chair: Thank you.

We have another two and a half minutes to go, if Mr. Vandal or Mr. Breton want.

Yes, Mr. Vandal.

Mr. Dan Vandal: We've heard from a lot of delegations. Some of them have brought up the quality of information on social media sites and social media web pages.

Do you have any comments about the quality of journalism online via online news sites and social media as compared to traditional print media?

Mr. Duff Jamison: I could make a few brief comments.

I think that most communities have, perhaps, a community Facebook page, for example. They're not vetted by an editor. It's just a place where people can post their thoughts about whatever subject. It's not always accurate. I know that in some of our newspaper markets we've had to correct those things for the public because a rumour can get started quite easily that way. There's no doubt it's a valid form of communication for many members of our community. Whether it's always accurate is another question.

• (1140)

Mr. Dan Vandal: Thank you.

The Chair: Thank you very much.

We have one minute, but if Mr. Breton and Mr. Vandal don't want to use it, I will move on.

Do you wish to use it, Mr. Vandal?

Mr. Dan Vandal: No, go ahead. Move on.

The Chair: Okay, thank you.

Our next question comes from the Conservatives, Mr. Waugh.

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): I'm going to deal with the Canada Post situation. It's timely.

We've had a situation in the city of Saskatoon where we weren't sure about the Canada Post disruption or not, so a free newspaper had to reach out to the community for volunteers just to deliver their product. It was funny, because Transcontinental was at a meeting a couple of months ago—maybe four or five now—and we talked about flyers, inserts. In a lot of newspapers, as you know, without the inserts, you're dead. That's where a lot of the money is coming from in your industry.

Canada Post, I understand, has made it very difficult for these inserts in your newspapers. I want you to talk about that. As I said, having inserts or flyers is where the money is being made. I should also say Transcontinental really didn't address that situation, because a week later they sold all their Saskatchewan holdings to a company in Alberta. Anyway, you may be aware of that.

Mr. Duff Jamison: We're aware of that, and we know the owner well.

Inserts are, in fact, a very important part of our business. It becomes a problem in terms of our Canada Post distribution because Canada Post views inserts as a pretty important part of their business. In fact, it's one of the few areas of Canada Post business that is actually growing. There are some old rules still sitting out there from the days of Canadian Heritage's Canada Post publications assistance program, in terms of 70% advertising content, 30% news content, and certain tests about how the flyers have to be folded and inserted in the newspapers. Then they also have a program called consumer's choice, which allows consumers to refuse advertising inserts, but they're not allowed to refuse newspapers. That was always a bit of a leg-up for newspapers. They could do that.

In some markets now, Canada Post has enforced those sorts of rules. You'll see, from our comments and our submission here, that we do think Canada Post remains a very critical delivery system for us in rural areas. They're really the only guys who are delivering to farms, acreages, and those sorts of places. We need to revisit that

relationship and find a way to redo the rules so that we can work together rather than fight against each other as competitors.

Mr. Kevin Waugh: Those are important comments. This committee is studying how rural areas sometimes don't get what urban areas get for their information and news because of broadband or whatever. You provide a service for rural Canada that others cannot. You're a valuable service. If we're having issues with Canada Post, it's because I'm sure your cost is 50% producing the newspaper and getting it to homes and acreages. There is the other issue: they're changing their fees—I'm not going to say every month—regularly to you newspaper owners in rural Canada.

Mr. Duff Jamison: They are, and there's another way that they increase prices: by changing rules.

I remember a couple of years ago the post office representatives came to my office to tell me about this great new rule. When I looked at it, they had changed the sizes we were allowed to mail to be slightly smaller than a newspaper. If you were slightly bigger than that new size, you had to pay more. Our increase that year was 9.8%.

We get at least a 5% increase every January from the post office.

Mr. Kevin Waugh: I'll switch it over to Mr. Van Loan.

Hon. Peter Van Loan (York—Simcoe, CPC): One of the issues you raised was copyright. I'm wondering if you could speak about that.

Are you suggesting, as I suspect, that you want those who recirculate your articles, whether it be through Google or Facebook or so on, to pay a copyright fee? If that's your answer, is that practical, and will it not result in people locking you out completely and your content disappearing from the web?

• (1145)

Mr. Duff Jamison: I would imagine that's entirely possible, and we've seen some evidence of that. When Spain tried to enforce that type of rule with the Internet giant, Google just cut them off and said, "Well, okay, Spain, you don't get our service anymore."

The Europeans have been quite active on this front with copyright. It's another one of those obvious things to us, that the content creators, the journalists who write those stories, see very little return from the digital distribution of their material. It happened in the music business, as you know. It just about destroyed the old traditional music business.

I do think that copyright laws were designed before we had this mass digital distribution of content. They probably need to be reviewed and brought up to date, so that there is a means.... We put in a possible suggestion. If you click through to a journalist's story, then at that point perhaps that journalist and the newspaper that employs him should receive a payment. There are ways to get at this.

The two companies, the two oligarchs really, Facebook and Google, take 75% of the digital revenues in Canada. It's an enormous amount. That's money that once underpinned our business model. There needs to be some approach through copyright. I've suggested that in the old cable model there were a lot of Canadian television producers who got a slice of the cable bill because they were on a speciality TV channel, like a home improvement or food channel, or whatever.

Is there some way of enacting that type of regulation, which would allow for a better split between the Googles and the Facebooks and the newspapers that are actually generating that content? A great deal of Internet traffic is going to news sites. That's what people are searching for. Readership, as you've probably heard many times, has never been greater. It's just that it's all free today.

The Chair: You have about 30 seconds.

Hon. Peter Van Loan: You also spoke about tax. That's an easy thing to cover in 30 seconds.

Mr. Duff Jamison: I threw a few ideas down here, and Dennis did as well. He may want to speak to this.

I even thought, could we make it attractive for newspaper owners to turn their businesses into foundations or trusts that would allow the community to own a newspaper if it came to that? They do exist. *The Guardian* in the U.K. is a trust. *The Tampa Tribune* is part of the Knight Ridder trust. There are models out there. That is just one idea.

Minister Sheila Copps, I think, back in the mid-1990s, brought in the Foreign Publishers Advertising Services Act, and that pretty much ended the ability of Canadian advertisers to advertise in American publications. We remember it was *Time*, *Sports Illustrated*. The content was already done and they were just flipping out ads from the American version to the Canadian. That particular law ended that. There may be some other ways to do that.

When it comes to the tax system, I'm curious about how much tax the Canadian government collects from Google and Facebook.

We watched what went on with Apple just recently, headquartered in Ireland. They're paying 0.005% tax. I watched a parliamentary committee in the U.K. the other day. They were interviewing a Google executive, who was making the argument that all the transactions actually happen in Ireland. The committee was saying the business is being done in Britain. There has to be things that we can do with our tax system to have a fair distribution of digital Internet revenue.

Mr. Dennis Merrell: Yes, I think—

• (1150)

The Chair: We've now gone over the seven minutes, but because you were so generous to allow us to cut into the question period, I will allow you to finish your thoughts, sir.

Mr. Dennis Merrell: Further to what Duff said, there are certainly small community newspapers across the country that have closed recently. *Rainy River Record* in Ontario is the most recent example of that. It does strike us that when it comes down to small communities losing their newspapers, perhaps there is a way to form some kind of community foundation to operate the newspaper, to keep that newspaper going so that it can bring local news to that

community. I don't know if there is a way of looking at that. It's just a shame to see a newspaper like the *Rainy River Record*, which has been publishing for 98 years, close its doors just because they can't make it any longer.

I think something has to be examined there. Turning the paper over to a not-for-profit to run it makes more sense to me than having a newspaper close its doors. I think that's certainly food for thought as well for the community.

The Chair: Mr. Nantel for the NDP, for seven minutes.

[Translation]

Mr. Pierre Nantel: Thank you Madam Chair.

Thank you, Mr. Merrell, for giving us more information on the subject.

I found it touching to hear you say that although you aren't normally in favour of government intervention, there is currently a problem. The writing's on the wall. Your media sector is in danger.

I believe the Glacier Media Group, whose representative will speak to us later, is part of the entity that owns the *St. Albert Gazette*. A consolidation occurred, and that's very good. It's important to band together to remain strong and stay in position. However, currently the giant is larger and comes from the Internet.

I think you want to say that we have, in a way, two choices. We can either support at a loss—at the government taxation level—a system because we believe it's valuable to our communities, to local merchants, to the life of smaller communities, and so on, or we can embrace change. Embracing change means we consider the Internet the new workplace, the new battlefield. Investments therefore need to be made in that area.

I still remember GoGaspe.com, a group of local media, community radio and television stations, small privately-owned television stations, and newspapers.

Do you think a government incentive to create a hub that groups together the media in smaller communities would be a good idea? Can it be done?

[English]

Mr. Duff Jamison: You know, I haven't given that type of structure any real thought. Revenue will be the big issue. It will need to underpin the reporting activities. I can tell you that in most small communities where we have newspapers, we are the only other person in council chambers or at the school board meetings. Many of these meetings attract only the reporter from the local newspaper. The rest of the community relies on that reporter to tell them what's going on, what's important, and those sorts of things.

To try to put the radio stations and the TV guys and the newspaper guys together into one entity would be quite challenging, I think. The ownership is all quite different. The radio stations across Canada are in large chains these days, as are of course the TV networks. The newspapers are having some of the same things as the drugstores and the hardware stores and everyone else in terms of central administration. In our case where we have 18 papers, we have one central facility to print for everyone, to look after all of the inserting and mail labels. All that kind of stuff is done in one central facility on machines, a lot of it automated. It's the only way. Our game now is cost-cutting as our revenues decline.

I'm always willing to look at anything. I'm one of those guys, if there are some ideas out there, who says let's talk about it. If there's a way to put together a consortium of different media to do that, I'd certainly be happy to look at it.

Mr. Pierre Nantel: Of course the ownership, the copyright, remains a big issue when you don't want to give away your content, but especially with a consortium, you may want to try to funnel it down to one place where people can go and see their local news, the local action, the events and stuff, *le babillard*, we'd say in French.

That brings up another question. Are we talking about rural areas where there's not enough broadband service to cover this? If that's the case, if the broadband supplier is there, couldn't he help out? Couldn't these broadband suppliers, Internet suppliers, help out? They come in with all this foreign stuff, foreign interests. Can they support the idea of a community-based resource? Do you think it's a possibility that we could ask that of the big suppliers?

• (1155)

Mr. Duff Jamison: I think so. There is some work being done. We are seeing here in Alberta, Telus particularly is busy getting high-speed fibre to the door. That last mile used to be copper. That is all happening.

There are some downsides to that whole thing, though. It makes online shopping a lot easier. You see Canada Post promoting its parcel delivery service, encouraging Canadians to go online, shop at Amazon, and bring in their products from the U.S., rather than go down to Mr. and Mrs. Smith's hardware store to pick it up. We have to be careful what we wish for.

Mr. Pierre Nantel: I agree.

Mr. Duff Jamison: You are correct. In the rural areas, the speed of the Internet is quite slow.

Mr. Pierre Nantel: It is a problem for families, for entrepreneurs, and for anybody who relies on the Internet. We were talking about land lines. We could also talk about Wi-Fi or cellular Internet.

You are so right to say that. We were talking about taxes, the famous phenomenon of Apple paying so little income tax on its revenues in Ireland. Many of these services don't charge sales tax on their services here. The example of Netflix is very well known. We have heard many telecom suppliers and their OTT services complain about this.

We also saw recently that these providers just pull out the cash and don't bring anything back, besides their service. One may wonder if the taxes that are not paid remain some sort of absent corporate

citizenship in the communities where they actually do business, completely opposed to that mom-and-pop hardware store downtown.

Mr. Duff Jamison: I think you are exactly right.

In our business, we attend a lot of community events, and I don't think I have seen a single community event sponsored by Google, Facebook, Apple, or any of those. It is always sponsored by the local media and the local business community.

The Chair: Thank you very much.

We now go to the final round. Mr. Samson and Mr. O'Regan are going to split their time for the Liberals.

Mr. O'Regan, go ahead.

Mr. Seamus O'Regan: Gentlemen, thank you very much for joining us.

Once again, I would like the record to show how important it is that we speak to people right across the country for their points of view. I think you offer a very particular one in that you are on the ground and experience every day the issues that we talk about periodically. You also have a very clear sense, it seems to me, of the larger world at play here that still affects people like you and us when we deliberate about these things.

There are two particular things, and the reason I am repeating them is partially that I want to make sure they are on the record. One, of course, is your issues with Canada Post, which I think are very interesting. If they are an impediment to local news in any way, that is something I think this committee should draw more attention to, because we are fixated on local news. That is what our constituents are telling us is a concern to them, and whatever we can do within our power to make sure people have access to more local news is vitally important.

The other thing that struck me.... I feel guilty that it didn't come to me before, because I did sit on the board of *The Walrus* magazine for a number of years and, of course, that is a magazine run out of a foundation in much the same model you described. Perhaps that is something this committee should take a look at, too, in its deliberations about whether there is an avenue for local news and local newspapers through foundations. Maybe that is something we can explore with the CRA, because it certainly works for *The Walrus*, and it works well.

You were very kind to us in allowing us to step out to meet the Paralympians, and I appreciate that. Let me write you a bit of a blank cheque here. I think you had about four issues you wanted to talk about, and we have covered a number of them: the tax system for the most part, copyright law, and Canada Post. Was there a fourth one that maybe I missed which you would like to have a little more time to spend on?

●(1200)

Mr. Duff Jamison: As I look at the various things we have put in our submission, I think that some way of sharing the digital revenue with the really big players like Google and Facebook.... There is just something not quite right about the way that works. It just seems that all the money is going in that direction, and they are making money off the backs of the actual content creators. It is not right.

I know they are very active lobbyists. I don't know what they are doing in Ottawa, but I know that in Washington those companies are in and out of Congress and the White House on a weekly basis making sure that nobody is going to step on their toes in any way. They have a pretty good thing going, but they are making their money off the backs of the people who are creating the content that is on their platform.

Mr. Seamus O'Regan: Yes. It's interesting when you talk about lobbying. I've met with people from Facebook and Google, and they do make their presence felt, but you don't really get beyond the niceties, to be honest with you, because there's nothing really invested that they have with the government per se. People kind of go about and do their thing. People enjoy Google and they enjoy Facebook because we have stepped back and allowed people to enjoy it. It's very popular with our constituents. But, as you said, because they're taking that revenue, it doesn't help our local news providers.

When you speak to other newspaper publishers and editors across the country, are they confronted with the same challenges?

Mr. Duff Jamison: Yes, it's coast to coast, and I speak to publishers across the country. I've been through the chairs in Alberta. I was the president here 20 years ago now, maybe 30, and the national president in the mid-1990s, so I know lots of publishers across the country. Every one is dealing with the same issue. Everyone is concerned about this one issue that we talked about early on, and that is the actual government advertising itself. That has dried up, as I said earlier.

I don't really understand it. Dennis and I appeared in Regina at the Public Policy Forum round table chaired by Edward Greenspan. I suggested to them at that time that if anybody in Ottawa was to simply phone a CAO from any one of our communities and ask them how they communicated with their residents, I'm certain they would all say, "We use the local newspaper". Yet Ottawa, or in our case, Edmonton, has shifted their money to what they would view as a more efficient form of advertising. I did ask Edward Greenspan, "By efficient, is that cheaper? Is that what you mean? They can say they've advertised?" Anyway, that's one area that I think the federal government could help with: just start to use our newspapers to advertise your programs.

Mr. Dennis Merrell: If I could give you another real life example, our association includes newspapers from the Northwest Territories, and we have—or I should say had—one member in Fort Smith. The publisher there—his name is Don Jaque—closed his print edition down last March. He's struggling to really bring the news to the community online and unfortunately not succeeding. He, of course, challenges our association and looks to us for answers and solutions. How can he still run a viable community newspaper and do it online? Right now I'm afraid to say, the emperor has no clothes. We just don't really have a solution for this fellow, so it is tough.

There are some real people out there who are, unfortunately, closing their newspapers down. We really need to come up with something that will keep that service going in communities. I think Fort Smith is a good example of where probably a lot of folks buy stuff on Amazon and it's delivered practically for free. He has really no business community to rely on anymore. Then to top it all off, the federal government used to buy advertising heavily in the Fort Smith and Slave River journals and they don't anymore, so it's really, really tough for folks like him.

To go back to the previous speaker and the idea of maybe a community hub, a digital hub, and how could we make that work, I think we do need to look at those kinds of solutions for that kind of newspaper that just really doesn't have a business model any longer to make it work.

●(1205)

The Chair: Thank you.

Sorry, Mr. O'Regan.

Mr. Seamus O'Regan: I just wanted to thank them for their time.

The Chair: Thank you.

We were sharing the time, and we've finished the seven minutes, but I will allow Mr. Samson—

Mr. Darrell Samson (Sackville—Preston—Chezzetcook, Lib.): I'm okay.

The Chair: Mr. Samson, you're okay? Would you like an extra two minutes because of all the disruption we had?

Mr. Darrell Samson: No, I'm good.

The Chair: Okay.

Gentlemen, I want to thank you again for your generosity in allowing us to run off and leave you sitting here while we went out and met the Paralympians. Thank you again for your presentation.

We will just take some time while we get the other group to come on.

●(1205)

_____ (Pause) _____

●(1205)

The Chair: Perhaps we could begin.

We have two groups. Each group, not each person, has 10 minutes to present, and then there will be one round of questions, each of which is a seven-minute round, and the seven-minute round will include questions and answers. We're running on a timeline now. We're five minutes late, but we know what happened to create that.

I would like you to begin, please.

Mr. Kvarnstrom.

Mr. Peter Kvarnstrom (President, Community Media, Glacier Media Group): Good afternoon. My name is Peter Kvarnstrom. I live in West Vancouver, B.C. and have since 1965. I am currently the publisher of the *North Shore News*, the *Bowen Island Undercurrent*, which is our very smallest newspaper in our group, as well as the *Coast Reporter*, in Sechelt, British Columbia, where I started that paper in 1997.

I also hold a corporate role with Glacier Media Group as the president of their community media division. Glacier Media Group is a publicly traded Canadian information company headquartered in Vancouver, British Columbia. Glacier's community media division encompasses 55 fully-owned community newspapers and their associated digital and print specialty products. Glacier also has interest in nearly 40 other newspapers where the partner is the operating entity.

Mr. Nantel, you mentioned that we are partners with Duff Jamison's Great West news group.

I have also served as president and chair of the Canadian Community Newspaper Association, as well as chair of the Canadian Newspaper Association representing dailies and community newspapers. I currently chair the management committee of Newspapers Canada, which you heard from earlier in this session.

Today I want to share with you some facts and thoughts about the industry and some challenges that we face. I will also suggest some courses of action that the Government of Canada may consider in ensuring that local journalism continues to serve communities across the country. I will try to avoid repeating some of the same points that were made earlier.

First, I want to ensure we recognize that the challenge of our sector is not an audience engagement issue. According to our most recent research conducted by Totem research earlier this year with 2,400 Canadians represented across our country, balanced for age, sex, language, and conducted in both English and French, 87% of Canadians continue to engage with our journalism and the advertising across our channels. They look at our newspapers, our websites, our tablet apps, and our mobile platforms every week.

While the channels are changing and providing easier and faster access to our content, Canadians continue to rely heavily on our Canadian-created local journalism to keep informed about news, community happenings, births and deaths, civic and regional politics, and much more.

We employ hundreds of journalists across our organization, and thousands across our industry. Our journalists work tirelessly to tell the stories in every community that we serve. Their work helps us ensure that our readers and all Canadians have access to the stories that matter most, the local ones.

The journalism we create is rarely urgent or breaking news. Local journalism is relevant, compelling, and unique. Our journalism speaks directly to our readers about their community and their neighbourhood. It reflects the communities that we serve. We see ourselves, our friends, and our neighbours in our pages. Most importantly, we write and tell the stories that no one else does. Our content is truly unique and is under significant pressure.

In most cases, we are the only source of local news and information in our communities. There are many sources of regional, national, and international news and information, but our industry is the only one to employ journalists in every community we serve, which is more than 1,000 communities across Canada.

In many cases, our work is the only way to hold both private and public institutions to account. We believe that local journalism and the work we do is vital to ensuring a thriving democracy and a civil society. We truly help to improve the quality of life in every community we serve.

Community newspapers are under tremendous pressure. Our business model is under significant challenge, based on advertising revenues declining. The relentless loss of single-digit revenue percentages every year forces publishers to reduce their cost base continuously. We do our best to avoid reducing our reporting staff, but no department is spared as we try to adjust our cost base to our revenue realities. We simply can't afford to operate the way that we did in the past.

• (1210)

Local, regional, and national advertisers simply have too many advertising choices in front of them. They still buy advertising from us, just less. They are trying to remain competitive in an increasingly digital age when they themselves face huge online mega retailers. We know whom we are referring to.

What can government do to ensure the survival of local journalism and the publishers that employ them? First, we are not looking for a bailout, but government support as we transition from an industrial business to a knowledge-based one.

Federal government advertising has declined by 96% in newspapers over the past decade. Provincial government advertising has followed suit. Local governments, much as Mr. Jamison said before me, continue to rely on community newspapers because they work. They connect their constituents like nothing else. MPs individually spend their advertising dollars with their community newspapers because they know they are read thoroughly, and they engage their constituents. The federal government has an opportunity to truly communicate with Canadians in every corner of our country by using our community papers and their websites, yet they choose to spend our tax dollars with U.S.-based behemoths like Google and Facebook.

We ask the government to help us review our advertising model, recognizing that paid advertising pays for the journalism and its distribution. Instead, we are watching that advertising flow south of the border to those same corporations mentioned earlier that do not pay significant taxes in Canada, do not employ significant numbers of taxpaying Canadians, and rely on content that they are taking directly from Canadian creators. They have found a way to monetize our content to an incredible level.

Fair dealing within our Copyright Act is a significant detriment to journalism in Canada. Our creators and publishers pay to create content that many news aggregators, including the CBC, republish, copy, broadcast, and sell advertising without compensating the creator or the copyright holder. This must be addressed.

We would suggest a number of taxation strategies—and again, I'm no taxation expert, and we don't have any—that could make a significant difference to the community newspaper publishers. First, consider making all subscription and newsstand sales of newspapers a tax deductible expense for every Canadian, encouraging them in a very small way to subscribe or buy their community newspaper. Second, revise the tax laws that allow advertising that is being bought from foreign owned and operated media companies. Are they to be allowed as a tax deductible expense? They are today: not in print, but in Google; it seems it's okay. Why should money spent with Google be tax deductible for businesses?

Finally, consider revamping the Department of Canadian Heritage's aid to publishers program. Currently only very small paid subscription newspapers qualify for that aid and we do appreciate it and it does keep those papers going. Our company publishes some very small papers that would not be around without that program.

In today's publishing reality, many community newspapers have had to give up on paid subscriptions to compete with free media available on the Internet. Those papers serve their community exactly the same way as the paid subscription papers. Provide an expanded program for improved funding to include all community newspapers.

As publishers of many small-town community newspapers, we feel the obligation to serve. In many cases, it is no longer about the money we once earned, but rather the obligation to serve the communities where we live. We do not want to abandon small towns or any communities; however, we need government to accept some of the responsibility and obligation to ensure that we can continue to serve Canadians for many years in every corner of our great country. Simply put, the work we do matters to all Canadians in every community in Canada.

Thank you for your time and caring.

• (1215)

The Chair: Thank you very much, Mr. Kvarnstrom. I must tell you that you came in exactly on time.

We now have our second group, l'Association canadienne des journalistes, and we have Mr. Hugo Rodrigues. We now have Mr. Taylor-Vaisey from the same group online with us.

You have 10 minutes for both of you, so would you like to tell us how you'd like to divide that time?

Mr. Hugo Rodrigues (Past President, Canadian Association of Journalists):

Certainly. Nick will start us off; I will speak for a period of time, and Nick will wrap up the presentation, and then we'll carry on.

The Chair: Thank you.

Mr. Taylor-Vaisey.

Mr. Nick Taylor-Vaisey (President, Canadian Association of Journalists): Thank you to the committee for inviting us to appear today.

I am Nick Taylor-Vaisey, president of the CAJ. I'm here today in that capacity. I should be clear that I do not speak on behalf of my current employer. I'll be sharing my time with Hugo, who is, as you know, the CAJ's past president.

Today we're speaking to you in Ottawa and from Toronto, but our national board represents almost every corner of Canada. We see that as a strength, even if it does make our board meetings across several time zones tricky to schedule. It's a strength because the CAJ is a truly national association of working journalists, with members all over the country and across all forms of media.

Before we offer you our thoughts on how the federal government can proactively, if non-intrusively, encourage high-quality journalism in Canada, allow us to tell you just a bit more about our organization.

The CAJ was founded in 1978 as the CIJ, the Centre for Investigative Journalism, a non-profit organization that encouraged and supported investigative work. Over the years we broadened our mandate, and now offer three primary services to our members: high-quality professional development, primarily at our annual national conference; outspoken advocacy on behalf of journalists and the public's right to know; and an awards program that honours the finest journalism in Canada, both investigative and across several other categories. That program, we're proud to say, is affordable for our members.

Our members are the working journalists who are responsible for outstanding reporting that changes lives, forces governments to do better for Canadians, and ultimately serves the public interest. They're local reporters who keep their eye on city hall when few others are watching, and who simply report the news that better informs their community. Of course, our members are often the first to feel the brunt of layoffs that have cut so deeply across so many newsrooms across Canada.

We're here today to provide two modest recommendations that would allow more storytelling in more local newsrooms and help stem the tide of job losses, at least to some degree, in those same newsrooms. The first recommendation is that government provide incentives to prospective local advertisers in Canadian communities. The second recommendation is that government make it easier for non-profit journalism to take flight in Canada.

I'll now pass the floor over to Hugo.

• (1220)

Mr. Hugo Rodrigues: Thank you, Nick.

You've heard in prior testimony to this committee what you no doubt already knew, that media are facing a revenue problem. Advertisers are able to exploit digital opportunities that offer more eyeballs and a larger audience share. This has irrevocably shifted balance sheets at media companies across Canada. First it was the classifieds, then the national advertisements, and now it's hitting at every level.

Just this week, as referenced today in earlier testimony, *Rainy River Record*, a paper that has served its readers for almost a century, announced that it will stop publication this month and shut its doors. Why? The *Record's* publisher said that two of its major advertisers, the Government of Canada and the Government of Ontario, have chosen to, as he put it, "shun newspaper advertising" in favour of global giants like Google. That closure represents yet another blow to all newspapers in both Ontario and across Canada.

Put simply, as revenue drops, many media owners cut expenses by laying off journalists. With fewer human resources in those newsrooms, less journalism is produced, and journalists spend more time chasing audiences that generate potential new online revenue than they do investing in high-quality content. With less content available and the quality of that content dropping, audiences look elsewhere for the information they want. All the while, revenues continue to drop.

Bob Cox, chair of the Canadian Newspaper Association, told this committee earlier this year, on May 31, that the "federal government could find ways of encouraging Canadian companies to spend their advertising dollars here". The CAJ supports that view. We're not proposing a regulatory solution to the pervasive revenue question that's gone largely unanswered in many media companies, both big and small. To be certain, different markets face different pressures, and some have more success than others, but there's a clear and urgent need to find creative solutions for those communities in need.

The CAJ does support, generally speaking, government making it easier to invest in Canadian media, such as a tax break for local advertisers who currently see no advantage in placing their ad in their local newspaper or on the air with their local broadcaster. We know that when local media can raise enough revenue from their own communities, they can thrive. Let's offer an incentive for companies to invest in the journalism being done in their backyards.

When media companies can cover their expenses through the revenues they raise from advertising, they can and they do invest in quality, namely, content that informs Canadians about their roles and responsibilities in a civil society, that shines a light in dark places, speaks truth to power, and comforts the afflicted.

Nick, back to you.

Mr. Nick Taylor-Vaisey: We also think government can play a useful role in the non-profit world, which can play a crucial role itself in public interest reporting and public education. This is, of course, distinct from public broadcasters such as the CBC and its public broadcasting counterparts, including Ontario's TVO. The CAJ believes Canada should embrace non-profit journalism as other countries, including the United States, already do.

To cherry-pick just one example from many, ProPublica is a charitable organization south of the border that counts itself as one among many so-called 501(c)(3) non-profits. That's a reference to section 501(c)(3) of the U.S. Internal Revenue Code, and it allows qualifying organizations tax-exempt status for the purposes of, among other goals, public education.

Now, that doesn't mean transforming local reporters into civics teachers, though we certainly find ourselves playing that role from time to time in our communities. ProPublica describes its investigative reporting as work that "shines a light on exploitation of the weak by the strong and on the failures of those with power to vindicate the trust placed in them." It's not exactly the sort of thing you'll find in an elementary school classroom, but it's certainly as valuable.

Non-profit journalism does exist in Canada. The Walrus Foundation, the Tyee Solutions Society and the Aboriginal Peoples Television Network all operate as charities, and with success. They've proven that charities can fund journalism.

But there are far fewer examples in Canada than there are elsewhere in the world. The Knight Foundation in the U.S. and trust-backed *The Guardian* in the U.K. are but two examples of journalism-focused philanthropic initiatives that simply have no equal in Canada. Non-profit media organizations have created compelling, groundbreaking stories that educate and inform their audiences about how their society works. Civic education is lacking in Canada, and while non-profit journalism isn't a panacea for this problem, any government action to create and foster a friendly business environment to invest in these organizations can only help enable more of them to get started and flourish.

The more media outlets, whether traditional, mainstream, online, etc., that operate in Canada, the more informed our residents will be, and that will only strengthen our democracy.

Thank you for your time today.

• (1225)

The Chair: Thank you very much.

Now we will go to the questions. We have the first round, again, for seven minutes. We will begin with Mr. Samson from the Liberals.

Mr. Darrell Samson: Thank you.

I just want to let the chair know that I will be sharing my time with Ms. Dabrusin.

The Chair: Oh, we thought Ms. Dabrusin would have her own seven-minute slot.

Mr. Darrell Samson: Well, that's fine.

The Chair: Those are the two names we were given.

Mr. Darrell Samson: Well, we're in sharing mode today, I can tell.

Thank you very much for the presentation. Those are two very interesting topics, one in the journalist category, if you will, and the other one, of course, local news.

I have to say, Mr. Kvarnstrom, that I was touched when you made mention that MPs announce in local papers, and that's very true. There's no question about it. I was superintendent of all the French schools in Nova Scotia for 11 years and I would tell my board that I advertised, I put things on various media, and they would ask if I put it on this specific local paper. When I said no, they'd say, "Then you didn't advertise."

[Translation]

Absolutely. Newspapers and local media make a remarkable contribution to the vitality of communities.

My first question is for Mr. Kvarnstrom.

Do you believe certain aspects of the media industry in Vancouver are particular to your province?

[English]

Mr. Peter Kvarnstrom: My apologies, I did not have my earpiece in, Mr. Samson.

Mr. Darrell Samson: No problem.

My question is, do you think that there's something particular to your region in Vancouver, in B.C., in this industry that we should take into consideration?

Mr. Peter Kvarnstrom: Thank you for the question.

Our company publishes throughout western Canada. We have 19 papers in Saskatchewan and quite a number in Manitoba as well. The concerns are consistent across all areas. There's no doubt that the economic well-being of a community or even a region does play into how well we're doing. Currently in British Columbia our papers are performing financially a little bit better than they have been in the past number of years, and in Alberta, of course, we're struggling terribly. In Saskatchewan it's become a very difficult situation, especially in the southeast, and now, of course, in the potash areas as well where the local economy is just not as strong, so those are concerns. Other than that, the concerns for our industry are consistent across the country, and certainly across our organization.

Mr. Darrell Samson: I appreciate that you shared many good suggestions for our committee to review about how we could make some changes that might best support local news and sports.

[Translation]

All the people who appeared before the committee spoke of major changes in the government's advertising, and so on. When did this start? For how long has a major change been observed in the Government of Canada's advertising strategy?

Mr. Hugo Rodrigues: Good question. Mr. Kvarnstrom may be able to give you more details than I could on the matter.

In general, the way people consume information in the various media has changed. Companies and the government are advertising

differently. If a digital advertisement can reach 50,000 people through Facebook, Google or Twitter, but a local radio station can reach only 20,000 people, and if the company has had the same advertising budget for the past 20 years, then logically the company will choose the media platform that helps it reach as many people as possible.

I can't say specifically whether the change occurred 5, 10 or 20 years ago. More and more people use digital platforms for information, news, television, radio, telephone, and so on. The change was gradual.

● (1230)

Mr. Darrell Samson: The statistics clearly show that today people use mostly digital media. It's probably a part of the strategy. However, the government is still responsible for supporting the communities and local newspapers.

You spoke of tax credits or something of that nature. Can you tell me how they can be applied?

Mr. Hugo Rodrigues: Certainly.

I will refer to my answer to your last question.

If I could reach 50,000 people by advertising in a digital media platform, whether through the website of my local newspaper, Google or Facebook, I would do so. For many communities, spending \$500 on advertising in Google and Facebook is less expensive than advertising in local media.

We are asking you to think about incentives to offer Canadian companies that choose to invest in local media, in order to make that choice more reasonable, effective and beneficial. If I received a \$50 or \$100 credit for \$500 invested in advertising in a local newspaper, or if I didn't have to pay taxes on the amount but I would have to pay taxes to advertise on Facebook, the dynamic would change a bit. Companies would start thinking it would be worthwhile to invest in local media.

[English]

The Chair: Thank you very much.

Your seven minutes are up, Mr. Samson.

We're going to move to Mr. Waugh, please.

Mr. Kevin Waugh: I'm going to deal a little with Glacier because you have a number of properties in the province of Saskatchewan, where I'm from. It's funny because we just got *The Western Producer* into the office this week. It hasn't changed much over the years. I have to admit to you that it's the bible in our province. It always has been for farming. It always will be. It's thick; there are lots of ads. You're doing okay with that niche, I would think.

Maybe talk about that. As I said, that has always been the paper that farmers have gone to in western Canada. It's interesting because I was in media prior to being an MP. We used to get all the local newspapers in the province into the newsroom so we could pick away at your stories that you had done over the last week or two. We don't do that anymore. Yesterday I was in the Library of Parliament where I saw all the major newspapers in the country, but I didn't see the second tier of newspapers. I may be wrong; they may be there. I didn't spend a lot of time. If I wanted to see some of those secondary newspapers, it certainly wouldn't be in the Library of Parliament.

I see you've done fairly well on *The Western Producer*, but I know that your mining papers are suffering right now because of the commodities situation.

Mr. Peter Kvarnstrom: There's no doubt about it, *The Western Producer* has been a good paper for us. When we bought it, we had over 85,000 subscribers. Today we have under 50,000. Obviously there has been consolidation even in the farming, with fewer farmers and bigger tracts. We used to publish nearly 100 pages of classified ads every week. We're now down to about 20, so there's been a significant change in that operation as well.

We now engage many of our farmers through digital media. As a matter of fact, we recently invested in a weather company. We operate more weather stations in Canada than Environment Canada does. We are trying to broaden our offerings to ensure that our audiences are growing in their reliance on our products and the information we have, certainly on the business press like *The Western Producer*.

Why our papers aren't in the Library of Parliament, I have no idea. You know, I do remember the day when Parliament actually paid subscriptions to have them mailed to the Library of Parliament. I'm not sure whether that was a cutback at your end or my end; I don't know.

•(1235)

Mr. Kevin Waugh: Well, they may be in there. I just quickly looked yesterday.

You talked about innovation. You're going to have to reinvent yourself, and you know that. Those in the farming industry, believe it or not, are well ahead of most urban people. They have GPS systems and they get their grain prices. If you go on a combine today, it's a computer.

How are you connecting with them on that digital aspect of rural Canada? You have *The Western Producer*. They don't really have time, especially now, during harvest...but they do have time, because they have their digital phone or iPad, and they are connected.

Mr. Peter Kvarnstrom: We do connect with them in that cab. Certainly our products are available there. We do carry all of that—crop information, weather information, and sponsored content from

our advertisers—and deliver it into their digital media as well. We recognize that it's not about the newspaper; it's about the function we fill. We report. We collect that information. We disseminate it. We allow our audiences to choose how they would like to consume it, whether that be through their mobile device, on a tablet, the website, or waiting for the printed product to arrive. We need to be platform-agnostic. We need to be able to provide the content, valuable content, to our readers, whether it be in a community newspaper or not.

We do find, however, that particularly.... I'm quite familiar with *The Western Producer*, but I do look after our community media side of things. In our community media group, we do recognize that even though we publish all of our content as it happens, well ahead of the printed product in most cases, our audiences are not chasing us down on our website. People do come to our website, but we don't deal in urgent news. People wait until they get the printed product and still turn the pages. I know that sounds a little old school. I take my *Globe and Mail* in my palm, on my mobile phone. With my local community newspaper, I turn the pages.

Getting back to the digital side of things, Facebook and Google are the biggest sources of audience for us in the digital media. Without them, our audiences would be significantly reduced. We get over 80% of our social media traffic through Facebook, directly to our website. So they are helping, but at the same time they are not. They're taking content and sharing it in many other ways.

Mr. Kevin Waugh: I have just one other question here.

We're going to talk about journalism here. Often with newspapers, especially the little ones, reporters are there for six months and then they're gone. They don't have any background. They don't have any investigative knowledge of a community. They're there for a year, two years, and then they're gone. They're coming from all over the world now. That is a problem I'm seeing with investigative reporters. They have no knowledge whatsoever of the community.

So you're telling me I have to buy that newspaper, and yet I'm not seeing what I need to see in that newspaper because of the reporting.

Mr. Hugo Rodrigues: I'll let Nick take a stab at this one, just so that he feels involved.

Voices: Oh, oh!

Mr. Nick Taylor-Vaisey: I would defend the quality of journalism in local papers across Canada. I can't speak to every paper that exists and every single story and every single reporter, but generally speaking, we would defend the work they do.

You're right that reporters do move around. We're somewhat nomadic from time to time.

I would briefly comment on the lack of investigative reporting that you point out. It's certainly true that whether we're talking about small newsrooms or large newsrooms and whether we're talking about print, broadcast, or digital, investigative teams are becoming something of a rarity in newsrooms these days in Canada. Canada is not alone in that regard, but we're talking about Canada and even investigative reporters who work on their own are fairly rare these days. That's a function of the expense and the amount of resources that investigative reporters require. We need to work faster in most cases, or at least we're led to believe that we need to work faster and serve digital audiences—

• (1240)

The Chair: Mr. Taylor-Vaisey, I'm going to ask you to wrap up, because we've gone well over seven minutes.

Mr. Nick Taylor-Vaisey: Briefly, it certainly is a problem that investigative reporting is lacking in Canada. We're very concerned about it.

The Chair: Thank you very much.

We will go to our third round.

Mr. Nantel, you have seven minutes. I'm going to ask everyone to be tight, because we do have to go into discussing Ms. Dabrusin's terms of reference.

Mr. Pierre Nantel: Thank you, Madam Chair.

[Translation]

Mr. Taylor-Vaisey, I agree with your point about investigative journalism. The situation is certainly a problem. The more complex the topics, the harder it is to require journalists to conduct research. The journalists are not the ones asked to make an effort. A journalist would be happy to conduct research and work on a file for the long term. However, the news desk editor must be asked to provide resources for in-depth work on important files, and the editor has fewer and fewer resources. Above all, there's no more money. Therein lies the problem. That's what we're facing.

Our system is based on free or inexpensive distribution, because there is advertising. When the advertising disappears, there will be no more grist for the mill.

I skimmed through the documents prepared by the committees's research staff. They were correct to raise the fact that *La Presse+* has introduced its model and that it has certainly dramatically changed the method of consumption, as you said, Mr. Kvarnstrom. I don't know whether you've had the chance to see how things are. You read your *Globe and Mail* on your application. I am a bit old and I read Saturday's *La Presse* in print format. However, I sometimes miss the mobility and flexibility of the digital platform, even in terms of advertising. For example, if there's an advertisement for a new Acura and I want more details, I have them in the digital version but not in the print format. This results in an audience migration to new technologies and new methods that need to be monitored.

Mr. Kvarnstrom, you told us that your journalistic visibility will, among other things, be popularized by Google. Could the situation be resolved by creating applications for our media? Earlier, a witness said that we could review the idea of a hub or a regional exchange centre application. For example, if I live in Kamloops and use an

application from there—let's say Kamloops Media—, I would click on it and skip Google. Going directly to the application would generate advertising revenue. Isn't that method a big band aid that would solve several problems at once?

My question is for the three of you.

[English]

Mr. Peter Kvarnstrom: We do provide virtually all our content online promptly even in our smallest markets through responsive design websites that show up very well on your mobile device or your tablet. The experience is very much like an app but it gives us the flexibility of quicker turnaround, making sure that content gets out to our readers efficiently. There is no doubt if you go to any community newspaper website you will find the vast majority of content is available online and for free.

Mr. Pierre Nantel: Sorry to cut you off, but if you need to go through Google to access the site—I don't know many people, to tell the truth, who write the http address in their browser. My impression is everybody goes through Google, and that's where the money goes.

Mr. Rodrigues, you wanted to comment on this.

Mr. Hugo Rodrigues: We're in the digital space so be it apps, be it website scalability, etc., as Peter spoke to, we can be found.

Google any Canadian place name and media and you'll find the local media, and then click through and go to that site. The challenge you might face in terms of immediacy and such is that the revenues available in a smaller community may not support that instant update and may not support having that digital space being equal to the experience you would get with print or that you would get with broadcast over the air or on TV.

Again, if we had more revenue, then we'd have more money to invest in that digital space and more money to increase the presence in that digital space. I think your example of *La Presse* was particularly compelling, because as a company, Gesca said, "We're in this space so we are going to completely reorganize our operations to be a digital operation." They've been successful because they dove in with two feet, and you know, soon the Saturday *La Presse* will also be digital. Everything we hear from them says that it has been a positive experience and that they're able to raise the revenues to cover those expenses.

• (1245)

Mr. Pierre Nantel: Mr. Taylor-Vaisey, would you like to comment on this question?

Mr. Nick Taylor-Vaisey: I think the two gentlemen largely covered the comments that I would make. I would simply say that journalists are by and large keen to be in the digital space. Not only are we there but we're happy to be there. Apps are developed by newspapers and by media companies across Canada. At the national level at which I tend to work, but I think at the local level as well, we file for the app; we file for our website; we file for several platforms including, of course, print or broadcast, and our audience finds us. They find us everywhere. So it's not a problem. I think the committee has heard quite a few times that it's not a problem of readers finding us.

Mr. Pierre Nantel: I agree with you.

[Translation]

I am also pleased to know that *Le Devoir* is one of the newspapers whose representatives will be invited to complete the study. *Le Devoir*, a quality newspaper, is under tremendous pressure. We may not share its editorial point of view, but the writing is always exemplary. I believe its directors feel a great deal of pressure because *La Presse* moved to a digital platform. People are aware of this reality. I feel like I'm handling a parish sheet or something a bit vintage.

The Canadian Union of Public Employees mentioned that a tax credit for advertising purchases on traditional Canadian media platforms such as radio, newspapers and television would make a huge difference. You spoke a bit about this, Mr. Kvarnstrom. Do you think it could solve your problems? Could it be quickly implemented?

[English]

The Chair: We've finished, Mr. Nantel. We've reached our seven minutes.

Ms. Dabrusin, go ahead for seven minutes.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): First, I just wanted to offer some help to Mr. Waugh, because it turns out the Library of Parliament does have *The Western Producer*. It's a digital subscription, so you can actually access it if you're looking for it.

Listening to this conversation, I've had a chance to think a bit about how I first joined Twitter. The only reason I joined Twitter, in fact, was that in 2012, I was part of a group that was fighting to keep some local pools open in my community. There were some budget cuts being proposed by the City of Toronto, and the only way to find out what was happening in city council, in these small individual meetings, was to follow the journalists who were sitting in those council meetings, because my weekly community paper wasn't going to cover that kind of minutiae. My larger city of Toronto paper wasn't going to cover that, so if I wanted to get a sense of what was happening on those particular issues in the budget, Twitter was really the only place to find it, and that's how I joined.

That gets me thinking—and I'm directing my question to the journalists here—how is digitization, moving to Twitter and things like that, changing the journalism industry? You're talking about investigative journalism, but these are people who are sitting there and, I'm assuming for free, putting out this Twitter feed, and that's what we're following.

I'll leave it to either one of you to comment.

Mr. Nick Taylor-Vaisey: I will start by saying that Twitter and various social media have obviously changed our workdays top to bottom. We spend our time in council meetings tweeting things, for free, to our followers. We hope they follow those things, and we hope they are better informed as a result.

From a practical point of view, for reporters, particularly those who are at meetings, Twitter is about more than informing the public. That is obviously a key part of it, but it is also about collecting their thoughts; it is sort of a digital notebook for a lot of people. They would leave the meeting, and that is when they

interview councillors, the mayor, or stakeholders in the community and put together their full story. They would tweet bits of those interviews as they go, but of course you don't get the full package and the full story until the process concludes, and that is when you find it digitally, in print, or over the air.

Using social media has this twin purpose now: you can instantly inform communities, but it also serves your logistical needs. All you have to do is survey your own Twitter feed and the Twitter feeds of others who are at that meeting, following hashtags and that sort of thing. It improves our ability to do our jobs, even if it makes us go a little crazy with everything happening at once.

● (1250)

Mr. Hugo Rodrigues: Twitter is a platform. It is just another platform where journalists have done journalism, but in 140 characters. It is certainly a whole other debate, perhaps for another committee at another time, whether a tweet is journalism. It is just a platform that journalists and other people who are interested in civic matters can use to spread information about something they are witnessing, at the time they are witnessing it, in an immediate moment.

The value-add for media is what you do with those tweets. How do you write them? Do you put more context in, or is it simply recording? As Nick mentioned, a lot of journalists, as part of their workflow, will use what they have tweeted as their notebook and go back to it to use it for their context, their quotes, etc.

It has revolutionized the industry, for sure, but it is just another platform on which we continue to try to do the work we have always done on the other platforms.

Ms. Julie Dabrusin: That brings me to an interesting point, coming a bit from what Mr. Taylor-Vaisey was saying. I am looking here at a Samara report I received. I think their research comes from 2014. It is pretty interesting, because they talk about how “political chatter doesn't seem to be growing—39% of Canadians did not discuss politics either online or offline in the last year.” This is from their report.

Then they talk about different ways we can engage. They kind of give some tip sheets of what they would like to see from some MPs. They talk about Canadians reaching out to MPs, and MPs explaining themselves to Canadians. It also falls in a bit with what Mr. Nantel was saying. If you want to find out more about the Acura ad, you want to follow along.

I am wondering if part of what we are seeing is that people are getting more used to a different type of engagement when they are reaching out to different stories, and that is part of the shift as well. I am saying it only because we are talking about paper and digital media, and what the impact is. I am wondering what the journalists might be able to add about that idea, that there is an interactivity we are now expecting when we reach out to news.

Mr. Hugo Rodrigues: I will kick it off briefly. I completely agree. That is part of the fun of being in that space as a journalist. It allows us to interact with our audiences with a speed, immediacy, and depth we have never had before. You would have to wait for the phone call to come in, the letter to the editor to come into the office, or a person to stop you at the grocery store, depending on how large your community is, to get that feedback. I think this is just a user experience with the platform; it asks and demands that interactivity. We don't want just to hear what you are saying; we want the ability to ask you a question and get an answer.

I will toss it to Nick for any additional thoughts. He is in this space in terms of the role he has professionally, reporting on many of you.

Mr. Nick Taylor-Vaisey: Over the last few years, as we have immersed ourselves in digital journalism, both Hugo and I have communicated with audiences in just the ways we are talking about,

in more and more intricate ways. I think you are right that, to a certain extent, there is an expectation from certain community members, and particularly vocal community members, both in large and small cities, that we will be available and responsive. It adds yet another element to our workflow, because if there is that expectation, that does take time away from something else we could be doing, but we typically find it important. This committee could spend a lot of time talking about how we engage with our audience.

• (1255)

The Chair: Thank you, Mr. Taylor-Vaisey, but we have gone over the seven minutes now, so I would like to cut you short. I'm sorry about it, but we have some other work to do.

I want to thank the witnesses for appearing. I want to thank members for asking questions to help us understand some of these issues.

I'm going to take about a minute to go into our discussion of the terms of reference, so we will have to go in camera for this. That will take us a minute.

Thank you very much.

[Proceedings continue in camera]

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

SPEAKER'S PERMISSION

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

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

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

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

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

PERMISSION DU PRÉSIDENT

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

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

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

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