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The Honourable Hedy Fry

Standing Committee on Canadian Heritage

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• (1100)

[English]

The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)): I call to order the meeting of the Standing Committee on Canadian Heritage.

I want to thank our witness, Mr. Blais, for coming. As you know, we're going to have a two-hour session. Mr. Blais, you know how committees work. You have 10 minutes to present to us, and then we will have an interactive question-and-answer session with you.

As you know, the committee is studying the issue of local media, access to local news and local content and to Canadian content across Canada and in the regions, what the role of media consolidation has been, and its impact positively and negatively. We are looking at all platforms, including the role of the digital platform, which is a relatively new one, and what its impact has been. What can we as a committee recommend to the government to deal with some of the challenges we're currently facing to be able to achieve access?

Please begin.

[Translation]

Mr. Jean-Pierre Blais (Chairperson and Chief Executive Officer, Canadian Radio-television and Telecommunications Commission): Thank you, Madam Chair.

[English]

I have a few opening remarks.

[Translation]

Thank you for inviting me to appear before the committee.

Local communities look to the media to keep them informed on the subjects and issues that matter to them. They look to the media to reflect the diversity of the people who live there.

But shifts in technology, the business of the media and consumer behaviour have created some challenges in providing the local news coverage Canadians depend on to stay informed. Your committee has been studying these issues. So have we. I would like to discuss with you today what we have done so far.

[English]

This is an important point. My presentation today will be retrospective—that is, it will be focusing on the commission's past actions. I cannot speculate about the future.

[Translation]

As a member of an administrative tribunal, I have a duty of deference.

As you know, after extensive public consultations, the CRTC issued in June a new policy framework on local news and community programming. It sets out new requirements to ensure robust local coverage across the country. And it re-allocates resources within the broadcasting system to support them.

[English]

Canadians value their local news and programming. They told us so during our Let's Talk TV conversation, which reached out to people across the country, beginning in 2013. They told us earlier this year during our consultation on local news and community programming. This type of programming promotes the democratic process by which citizens keep informed and keep engaged. Canadians have said they want it.

A survey for Let's Talk TV showed that 81% of Canadians value local news, but the media landscape has been changing. Online news sources and social media are easily available on multiple platforms. Canadians can easily become creators as well as consumers of content. These changes have had a significant affect on traditional media.

[Translation]

Advertising revenues have dropped. Newspapers have shut down or consolidated newsrooms. They have trimmed copy to make room for more photos. An alarming number of TV stations have cut the length of their newscasts. They have reduced staff and centralized news operations, shrinking their local presence.

The CRTC works to ensure that Canadians have access to a world-class communication system. Such a system must have strong coverage of all the smaller local worlds that make up our vast country.

But that coverage does not come cheap. The costs of delivering local news are outstripping the revenues derived from it. This puts pressure on the broadcasters who want to provide high-quality programming.

•(1105)

[English]

We do not believe that local television news can be allowed to fall by the wayside simply because it doesn't look good on the corporate balance sheet. The marketplace of products, revenues, and profits is not the only marketplace that counts—far from it. There is also the marketplace of ideas and information. That marketplace trades in another kind of wealth that supports every aspect of our Canadian society.

Local news is important as a public service. It's a privilege to use the public airwaves, and a commercial broadcaster who holds a licence has a public responsibility to provide that locally oriented service.

You may ask about digital platforms and social media. Are they providing an alternative source of local coverage? Yes and no. They're accessible and gaining in popularity, but so far they lack the funding, the experience, and the newsgathering expertise to offer the focused, professional coverage that Canadians have a right to expect.

[Translation]

Digital platforms certainly offer quick and easy communication. But, at least for now, they cannot provide a reliable alternative to the skills of investigation and analysis that established media have developed over the past decades. Established media also have the advantage of having journalists who adhere to professional standards and codes, and who are trained to gather and interpret facts to create valuable, intelligent news analysis. They enable citizens to participate more fully in Canada's democratic life and institutions at the local, regional, provincial, and national levels.

[English]

We know that there is money within the broadcasting system that can be reallocated to support a solid stream of local TV news and information to Canadian communities. In five metropolitan markets—namely Toronto, Montreal, Vancouver, Edmonton, and Calgary—English-language private stations are required under their current licences to broadcast at least 14 hours per week of locally relevant programming, especially news. In smaller markets, the minimum is seven hours per week.

[Translation]

French-language stations will continue to be assessed on a case-by-case basis, using a benchmark of five hours of local programming per week. The required programming will be supported by a re-allocation of the resources provided by television service providers, such as cable and satellite companies. The support that these companies currently provide to Canadian programming will be modified to facilitate the funding of the production of locally reflective news.

[English]

That means that starting on September 1, 2017, independent television stations will have access to up to \$23 million through a new independent local news fund. The stations initially eligible are located in 18 communities across the country, including Prince George, Lloydminster, Thunder Bay, Rouyn-Noranda, and St. John's, Newfoundland.

In addition, we are giving large private broadcasters the flexibility to keep local stations open and to fund the production of local news programming. As such, up to \$67 million could become available for the production of local news in 2017-18. These large integrated companies will determine where and how to best use money to ensure the presence of programming that reflects those local communities. To benefit from this flexibility, the companies will be required to keep all of their local TV stations open.

News programming will be considered locally reflective if it meets three criteria: one, the subject matter relates specifically to the local market; two, it portrays an image of the market onscreen by, for example, featuring coverage of its municipal or provincial government; and, three, it is produced by the station's staff or by an independent producer specifically for that station.

Our new policy framework also addresses community television, which is still valued by Canadians, especially in smaller communities. We are encouraging access programming—that is, programming produced by members of the community—and we are encouraging community reflection, which enables viewers to see local realities that are rarely covered by other kinds of media.

•(1110)

[Translation]

Community programming provides a means for thousands of community and amateur sports groups across the country to be seen and heard in their communities. It also provides information on municipal politics and public affairs outside the major centres. That is essential to full participation in the democratic process.

Community television will continue to be financially supported by television service providers, such as cable distributors and similar services. And we are taking measures to ensure that priority is given to programming content rather than facilities and indirect costs.

[English]

That is a brief summary of our new policy for local and community television. Establishing this policy was an important first step, but it was only the first step, because policies of the commission are not self-implementing and binding. While I've been able to discuss our policy as it was published last June, I can't comment on how it will be applied in the future, as certain implementation elements are still before us.

To implement these changes, we must establish new conditions of licence for the television broadcaster. In fact, in November we will be holding public hearings to renew the licences held by the large private ownership groups.

[Translation]

On November 22, in Laval, we begin a hearing to review the applications from the French-language ownership groups: Bell, Corus, Québecor and Groupe V Média.

[English]

For the English language ownership groups of Bell, Corus, and Rogers, the hearing will begin on November 28 here in the national capital region.

The fact that these hearings are pending, as I mentioned earlier, Madam Chair, means that I may not be able to answer all the questions that you would like to ask me today. The CRTC is unique in that it is not only a policy-maker but also a quasi-judicial tribunal. We have a duty to ensure that our evidence-based proceedings are conducted in an open and transparent manner. All parties have the right to rely on our procedural fairness and our impartiality as a decision-making body.

To protect the integrity of the process, the clear legal advice I have received is that I can't say anything that might give the impression of pre-judging any of the issues that may come before us in our proceedings later in November, nor can I speculate on what decisions we might make.

There are also other matters currently before the CRTC that may be of interest to the committee. I trust that you will understand that in that respect, I won't be able to discuss them for the same reasons, to the extent that we haven't finalized those proceedings.

[Translation]

Thank you, Madam Chair.

I am ready to answer your questions.

[English]

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

What we're going to do now is go into our first round of questioning, which is a seven-minute round that includes both the question and the answer.

We have a rotation agreed upon at our very first meeting, so Ms. Dabrusin will begin for the Liberals.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): Thank you, Mr. Blais, for coming today to participate in our study on media consolidation and its impact on Canadian voices.

In the context of that study and in the context of the review that Minister Joly is doing right now of Canadian content in a digital world, I would like to talk to you about the CRTC's Canadian content decision of August 25, specifically where the decision drops the points of access to certified independent production funds to support Canadian shows and Canadian voices from eight to six.

That is a decision I've been hearing about almost daily since its release. In looking at news media and how it's reported, the decision was described by John Doyle in *The Globe and Mail* as "truly appalling". In Toronto—Danforth, my riding, there are many people who work in the creative industry who are very concerned about the impact of this decision. I expect you would find that what they are telling me is what you would hear across this country from people working in the creative industry.

I'm getting emails and calls, I'm hearing it at meetings, and people stop me on the street to ask about this. What they're telling me is that they have chosen to stay in Canada or they have moved back to

Canada because they wanted to contribute to what they saw as a flourishing industry for television and film and for Canadian voices. This is where they want to raise their families, here in Canada, and they want to be part of what we can develop here. They're very concerned about the impact of the CanCon points decision on the creative industry, as opposed to just the service industry.

They're not only concerned about their livelihoods, although they are, but they are also particularly concerned about the impact this is going to have on Canadian voices.

I'll give you an example. I received an email from a screenwriter who lives in my riding. He was trying to describe the impact of this points decision. This is what he wrote to me:

If Stephen King wrote a new book and it was edited, typeset, formatted, printed, and bound in Canada, would anyone call it a Canadian book? I don't believe so. The public recognizes that the authorship of a book or television or feature film determines its nationality. Apparently the CRTC believes differently.

It's not just screenwriters I've been hearing from, but actors and the whole spectrum of the industry. Just last week I met with seven ACTRA members, and they were talking to me about how the Canadian productions that we have promote diversity and the strength of the diversity of Canadian voices.

I'll focus on that word "strength", because they also talked about the strength of our industry and how well we're doing right now. That's something I hear across the board. Just recently we celebrated the fact that Tatiana Maslany won an Emmy for a Canadian production, *Orphan Black*. That was something we all celebrated as showing how we are producing great productions that are getting international renown.

Going back to how our local news is reporting on things, Jessica Wong from CBC News spoke to the co-creator of *Orphan Black*, Graeme Manson, who called the CanCon decision from CRTC a "vote of non-confidence". I'll quote him: "The underlying message from the CRTC is we need foreign help to tell Canadian stories. That's frankly insulting to all of us."

That's the end of his quote, but he goes on to say that under the system from this CanCon points decision, he would have been under pressure to not hire Tatiana Maslany for her role, and I think that's something that we can agree would have been really an unfortunate thing.

I'm focusing on *Orphan Black*, but that's not our only success story. We have *Flashpoint*; *Degrassi*, which is based on a street in my riding; *Being Erica*; and *Murdoch Mysteries*. There are lots of great Canadian shows that are doing so well.

Shortly after the CanCon decision, I had a meeting in my office with my constituents—writers, directors, producers, musicians, and actors. We came together to talk about what their concerns were. They were concerned about the impact. Even more, they were confused about the timing of this decision, because Minister Joly is doing a review of Canadian content. They all agreed that this was a troubling decision to come in the middle of that kind of review.

• (1115)

My constituents said, when they came back to me, that the best outcome would be to see a pause in that decision. That's what they wanted to see: they wanted to see a pause of the CRTC CanCon decision pending the review by the minister, so that we could let her do a holistic review. That's what they came to me with. They also wanted to see evidence from the CRTC that this decision would do no harm to the industry.

My question to you is—

A voice: Oh, the question.

Ms. Julie Dabrusin: —how does your decision help Canadian— yes, there is a question, and it's an important one, an important one coming from my constituents.

How does your decision help Canadians, especially local communities, be informed of local and regional experiences? More to the point, knowing of the current success of our television and film industry, and hearing the concerns of people about the negative impact of this CanCon points decision, and being in the midst of a review by the Minister of Canadian Heritage of the Canadian content system as a whole, how do I explain your CanCon points decision to my constituents, people working in the industry, who are afraid of losing their jobs?

Mr. Jean-Pierre Blais: Thank you.

Madam Chair—

The Chair: You have one minute to answer, Mr. Blais.

Mr. Jean-Pierre Blais: Thank you for trying to explain a very complicated matter in one minute. I understand. I was obviously—

The Chair: We can flexible.

Mr. Jean-Pierre Blais: Okay, thanks. Good.

The first point I would make is that I think there's an important distinction between local news and information, which is under a completely different point system from the one you're asking a question about, which deals with documentaries, dramas, and comedies and only applies to those. Most local news information is deemed to be local because it's often in-house production made by producers. There's been a lot of misinformation, in my view, about the point system.

Canada has had a point system of one sort.... In fact, the British Empire has had one since the 1926 Imperial Conference, because, unlike that of a book, the authorship of an audiovisual work is a collective matter, and so you have to look at everybody who participates in that production. The standard rule at the commission since 1984 has had three elements. There's a fact sheet that is available, Madam Chairperson, and I think most members of the committee have it.

There has been some loose interpretation of the facts.

The basic rule for live-action drama and comedy is that you need six out of 10 of the key creative personnel to be considered as Canadian. It's the same rule that CAVCO, the Canadian Audio-Visual Certification Office, under the minister's jurisdiction, uses for tax credit, and so do many other funding agencies across the country.

Then you have to have two 75% rules that relate to where some of the post-production costs are spent in the country. Overall that means that a lot of the resources are spent in Canada, and therefore create economic employment.

• (1120)

Ms. Julie Dabrusin: I believe our time is almost up. I believe we have gone over our seven minutes.

The Chair: The chair's discretion will allow Mr. Blais to finish answering your question.

Mr. Jean-Pierre Blais: There are people and groups that have made a lot of noise about this and have put out information that is incorrect. The commission started on this process to look at how we fund Canadian-made productions in a streaming world. The origin was in 2013, when we started our Let's Talk TV proceedings. We actually held a separate proceeding on these independent funds.

One has to remember that this is part of a much wider ecosystem. The decision we issued in August, after a full public process, a very transparent public process, led us to conclude that these independent funds, which historically have always been on the cutting edge of innovation, needed more flexibility. That in no way affects the CMF, which still uses 10 out of 10, in theory, although strangely enough *Orphan Black* in some instances only has 8 out of 10 or 9 out of 10, because there's a wider ecosystem. There's been much ado about this particular decision when the funding from this source represents less than 2% of all the federal funding available to production.

You can do a letter-writing campaign. ACTRA actually gave people my email address. There are 23,000 ACTRA members. I am surprised you received so many contacts, because there was a call with a form letter to send letters to my personal account, and I received fewer than 50, and there are 23,000 actors.

I agree with you when you say Canadian sound stages have never been so busy. In fact, if there were another production that came along, I don't know where it would be produced, because this is a great age for Canadian production. This production fund is a small part of a much more complex financing system.

The Chair: Thank you, Mr. Blais.

I will now move on to Mr. Waugh for the Conservatives.

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): Thank you, Mr. Blais, and thank you for coming. I asked in previous meetings whether you could come. You certainly had an interesting four-and-a-half-year career with the CRTC. Thank you for taking on Let's Talk TV and pick-and-pay. Consumers in this country wanted choice, but I think we have seen some loopholes used by the telecommunication companies in this country.

On the \$25 and the pick-and-choose channels, you have the standard ones, and then there are the high-definition ones. Then what was considered the cheapest, at \$25, turned out to be a hoax.

I've watched from Halifax to Vancouver to my home province of Saskatchewan. Each and every company fiddled with the pick-and-pay offering. How can we get this improved? Consumers need the choice. Consumers need the cheapest choice, but I don't think what you started out with is what we are going to get here in December.

Mr. Jean-Pierre Blais: First, one must remember that the aspect of Let's Talk TV that deals with consumer and subscriber choice is being implemented in phases. The first phase was the one in March, which dealt with smaller packages—people often talk about “skinny basic”.

The more important second phase is coming on December 1, when Canadians will have the opportunity, across all types of television service providers, to have exactly what they want to meet their particular family's needs. Not everybody is the same. Some households want big packages, and other households want something smaller, more affordable, and suited to their needs.

This is being done in two phases. The next phase is coming up, but we certainly heard the concerns about the first phase—about the \$25 entry package and all the issues associated with that. That's why we held a hearing at the beginning of September on this very issue. However, this is one of the subjects, Madam Chairperson, that I can't go into, because it is still pending before us. All I can do is assure you that the matter was taken quite seriously. We had the major cable companies before us, and we asked them questions. The outcome of that is pending and should be issued in the coming weeks.

•(1125)

Mr. Kevin Waugh: Is the current cable delivery in keeping with the intended goal, then—yes or no?

Mr. Jean-Pierre Blais: I am not giving you an answer, because I would be breaching my duty of discretion as a quasi-judicial member of a tribunal with respect to the matter.

Mr. Kevin Waugh: The cheap packages have turned out to be the expensive packages. They are charging for everything now. Hopefully, on December 1, we'll see what consumers in this country want.

Mr. Jean-Pierre Blais: I can't agree or disagree with what you just said, but I can say that, on December 1, every Canadian subscriber...

Many Canadians could actually choose to get free over-the-air services. They are still available. Some Canadians might just choose to supply themselves with streaming services. That's also a choice. Others may choose to get small packages, bundles, or larger packages. The choice will be in their hands, and we have told them and provided the tools to them to demand better, and to get better, from their television suppliers.

Mr. Kevin Waugh: You've listened to some of our comments here for the last eight months. I made a comment about the *Edmonton Sun*, the *Calgary Sun*, and the *Ottawa Sun* moving in with Postmedia. We've condensed the newsrooms. As the chair, did you see this coming, where Sun Media, a newspaper corporation, is no longer in business? It's the same newsroom. I'm sending one reporter to do two jobs. That's not what I envisioned, and it's probably not what you envisioned.

Mr. Jean-Pierre Blais: We don't regulate newspapers, so we didn't envision or review anything of this nature. I think that

historically newspapers have been seen as largely within provincial responsibility, and they are certainly not the CRTC's responsibility.

That said, we often look at what the broadcasting system offers, whether radio or television, in terms of diversity of voices. By ricochet, sometimes we look at what's happening in the print sector for magazines, but we really don't have a direct regulatory—

Mr. Kevin Waugh: That's right. In TV, then, what I have seen is that my newscast is coming out of Toronto. Is that fair to my viewers in Saskatoon? Is that fair to the viewers in Regina, Kelowna, or Winnipeg?

Mr. Jean-Pierre Blais: It's certainly a comment we've heard from others. As I mentioned earlier, we have the renewal of the licences of CTV, Global, and all those services at this November hearing, and this is something we will be discussing with both the intervenors and the parties seeking to have their licences renewed.

Mr. Kevin Waugh: What are your thoughts on Facebook? This current government has spent \$3.6 million on Facebook in eight months, more than from 2008 to 2015. They sit here and talk about how bad the media in this country are, but \$3.6 million has gone to the United States.

Mr. Jean-Pierre Blais: I don't purport to be an expert on Facebook advertising, other than as an occasional user of advertising services to get Canadians to come to our hearings.

Mr. Kevin Waugh: They can come, but they won't talk.

Mr. Jean-Pierre Blais: We want to reach everyone, so we always have a multi-platform approach. That's because Canadians are on various platforms. We have used Facebook as a means of getting part of the demographic in Canada interested in our proceedings, but we also use print and other platforms.

Mr. Kevin Waugh: We had a group here from Forum for Research and Policy in Communications. Just very quickly—

The Chair: You have one minute.

Mr. Kevin Waugh: Parliament needs facts, not guesswork. The CRTC should consult with the public in the next year to revise your data collection.

Second, if Parliament wants Canadians to have access to broadcast news, there must be an enforceable level to local news in this country.

Third, Parliament ought to know if the objectives of its communication systems are met.

I'd like your comments on those three things.

•(1130)

Mr. Jean-Pierre Blais: There are two things are. We publish probably what is the highest standard of reference in terms of facts and data on communications systems annually. We invite anybody to use that. It's quite an extensive report. It's called the Communication Monitoring Report. It's going to be issued soon, in a couple weeks. In that, we invite stakeholders that might want to improve it to come to us and suggest ways of improving. In fact, every year it gets bigger, deeper, and more complex. We would welcome any comments on making that better.

On making firm obligations, that's the very subject matter of our upcoming hearings in November. That will be the subject in part of what we will be discussing with the private sector TV licensees.

Mr. Kevin Waugh: Good. Are you going to stay around after five years?

Mr. Jean-Pierre Blais: That's not my decision.

Mr. Kevin Waugh: Thank you.

The Chair: Thank you, Mr. Waugh.

Now we go to Mr. Nantel for the New Democratic Party.

[*Translation*]

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

Thank you for being here, Mr. Blais. We are happy to see you. We speak of you often. So we are pleased that you are here. We would like to see you more often, especially during this study.

It is true that we have talked about the print media a lot during this study. We have also talked a lot about local news.

First, I have to ask you why Mr. Pentefontas has not yet been replaced. How do you explain that, given the current situation and the tumult in which our threatened system finds itself? We just have to think about ADISQ, for example, which is concerned about the large broadcasters' demand to reduce quotas. However, there is no lack of intelligent minds and experts.

Mr. Jean-Pierre Blais: Thank you for your question, Mr. Nantel.

I follow what goes on in Parliament. So I saw that you took the opportunity to ask that question to the Minister of Canadian Heritage. She is the right person to answer questions about appointments, because, under the Canadian Radio-television and Telecommunications Commission Act, appointments to the commission are clearly made by the government on the recommendation of the minister.

We have no other role than to extend a warm welcome to new members, to train them and to support them as they do their work.

Mr. Pierre Nantel: We know about your experience. You worked for a long time in the Department of Canadian Heritage and you helped to consolidate the efforts that have been made on the quota system over about the last 45 years. The word "quota" sometimes seems taboo, but it is what has allowed Quebec culture and Canadian culture to become distinct and find their place. They have reached maturity. We see that with shows like *Orphan Black* or people like Xavier Dolan. The studios are full. Production studios often are

doing sub-productions for the United States, but it is still our expertise, and that is important.

However, we have the impression that you are constantly avoiding the matter of the Canada's Broadcasting Act and the Television Broadcasting Regulations 1987. That is the elephant in the room and it is getting bigger each year, like the screens in the middle of this room. It is never talked about, and yet all the witnesses that we have seen here have told us how much online competition is attacking their business plans.

Let's take your recent decision on the new broadcasting distribution undertakings, the BDUs. You told them to try to put local news on their online platforms. You said that in a community context. Your presentation reassures us in terms of our communities, but I can tell you that it does not reassure people in community television because they are clearly going to lose a source of funding.

Other decisions are pushing people to the Web. The non-intervention in the face of the major online players who are providing services through the back door means that our BDUs are going towards the new platforms.

As for television, you have added flexibility of access to smaller television packages, which also pushes viewers to the Web. That concerns me. Everyone in the production world is scratching their heads and wondering what is coming. If their production funding is fed by contributions from a part of the monthly payments for television distribution, it is going to keep decreasing.

Mr. Jean-Pierre Blais: There seem to be two questions there, one of which is about the Broadcasting Act. The CRTC's mandate is to implement the legislation that you as parliamentarians have voted for. It is up to you to decide whether the act has to be updated. Our role at the commission is to implement and put in place what you as parliamentarians have entrusted to the commission as an administrative tribunal.

We are going through a period of unprecedented change in terms of broadband connectivity. That changes the way in which traditional telecommunications companies deliver voices. One might even say that telecommunications services deliver much more than that these days. Some young people do not even use their phones to make phone calls. That changes business models.

Today, the biggest taxi company in the world owns not a single taxi. I am referring to Uber. The biggest hotel company in the world, Airbnb, owns not a single hotel. This is a very significant movement. Some have talked about a fourth industrial revolution. The words "the age of disruption" are often used to describe it.

With radio and television broadcasting, we must realize that a major change is on the horizon. The way in which people consume audiovisual product is being turned on its head all over the world, in Canada in particular, for both anglophones and francophones. Some people feel comfortable applying old mechanisms like quotas as a solution for a new ecosystem. That's where I part company with them.

A few decades ago, when there were 10 television channels, and a quota was imposed, the chances were good that people would watch. In today's environment, we have to think of other ways.

• (1135)

Mr. Pierre Nantel: That is why I agree with you.

Mr. Jean-Pierre Blais: We hosted a discoverability conference. The view expressed there was that we had to emphasize promotion, marketing and the need to distribute products made by Canadians, very good products, not only in Canada but all around the world. If —

Mr. Pierre Nantel: Forgive me for interrupting you, Mr. Blais, but I only have a minute left.

You are quite right. The model has changed indeed, and it is imperative that we change ours as quickly as possible.

In terms of funding, the situation is a problem. The river really is going to run dry.

Mr. Jean-Pierre Blais: After a public, transparent and evidence-based process, the commission has come to the conclusion that there is still a lot of money in the system. Tax credits are available and broadcasters continue to produce for their traditional platforms.

However, we must insist on the need to make the transition. With that said, we have not yet reached a crisis point.

Mr. Pierre Nantel: Well...

Mr. Jean-Pierre Blais: That may not be your point of view, but—

Mr. Pierre Nantel: Listen, between five and 10 million Canadians are using Netflix.

Mr. Jean-Pierre Blais: Yes.

Mr. Pierre Nantel: That means that one third of the population is no longer watching our content, which is simply not available on the platform.

Mr. Jean-Pierre Blais: You feel that people who use Netflix are not watching other products. However, you just have to think of *Unité 9* and *La galère*. Other channels are available on Netflix.

Mr. Pierre Nantel: Yes.

Mr. Jean-Pierre Blais: I find it curious that everyone is promoting a foreign service when we have Canadian services in Canada.

Mr. Pierre Nantel: They are closing in Canada. Shomi has shut down.

Mr. Jean-Pierre Blais: We have Canadian services, like Illico and Tou.tv. Tou.tv was the first streaming service in Canada, but that has never been promoted.

Mr. Pierre Nantel: Current conditions did not allow Shomi to have a viable business model. As proof of that, the service has just shut down.

Mr. Jean-Pierre Blais: It is a business decision, but we still have other services. In the francophone market, Vidéotron might be of interest to you. Illico is in that market and provides a service. So we can say that there is a supply of Canadian French in the Quebec market.

Mr. Pierre Nantel: Is it possible that you feel that we must act quickly?

[English]

The Chair: I'm sorry, Mr. Nantel. Now we go to Mr. O'Regan for the Liberals.

Mr. Seamus O'Regan (St. John's South—Mount Pearl, Lib.): Thank you, Monsieur Blais, for appearing. Ms. Dabrusin and I get into arguments over who represents the most artistic constituency. I can say the A1C and A1E postal codes that I represent have more artists per capita than any other part of the country. I'm very proud of that. We have movies like *The Shipping News* that are made there, and the *Republic of Doyle*, which is seen in 96 countries. We have *Frontier* coming up, debuting in a couple of weeks, which is the gripping tale of the struggle for power in the 18th-century Canadian fur trade. It looks fantastic. I know it's a hell of a premise, but it looks fantastic.

When we were elected, we were elected to promote Canadian culture, Canadian voices, Canadian talent, and right now we are in the middle of an unprecedented cultural review. I want to come back to the point that Ms. Dabrusin made about the six out of 10, reducing the number of points. Basically, for people who are watching who are unfamiliar with this, it's what a production needs to count as a Canadian production in order to avail itself of public funding.

Let me be more direct.

• (1140)

Mr. Jean-Pierre Blais: Okay.

Mr. Seamus O'Regan: It's been reduced to six out of 10.

When you spoke about *Orphan Black* earlier, you said that it's nine out of 10 and sometimes only eight out of 10. I fail to see how lowering it is better. Six out of 10 was a D grade when I went to St. Bon's school in St. John's. It was barely a pass. Who thought that was a good idea, and what was the argument, in as succinct a way as you can make it, that this was good for Canadian voices and Canadian culture?

Mr. Jean-Pierre Blais: I'll try to explain it again. In the last opportunity the question was very long, so it probably cut out the point of my being able to explain it.

Six out of 10 in the CRTC world has been the standard for what is Canadian since 1984. That has not changed. The Canadian Audio-Visual Certification Office, which has certified content for the tax credit since 1995, has used six out of 10 as the norm to define what is a Canadian production.

There are a few exceptions for matters done under an official co-production treaty, for co-ventures, and for animation, but here we're talking about live action. It has always been six out of 10, plus the two 75% rules, and the requirement that the producer—the directing mind behind the production—also be Canadian.

Outside of what is recognized as Canadian, there are numerous funding mechanisms that say that if you are at a higher level or at that level, we will also provide production financing of one sort or another. There are a bunch of independent production funds that have been created. They represent about 1.6%, of the funding. They have always been described as being the “innovative edge” of what they're doing, because the Canada Media Fund usually requires 10 out of 10, and it's funding most of the productions in this country that you probably see in prime time from Canadian broadcasters.

The independent funds were quite pleased to have this added flexibility, because the documentary makers could not sometimes make it in a 10 out of 10 world. The 10 out of 10 still exists. They'll still be financing the *Orphan Blacks* of the world, because that's the only way they'll be able to get to the CMF.

It is a complicated ecosystem. Anybody who is telling you that we have reduced to six out of 10 from 10 out of 10 is misleading you, because what is recognized as Canadian was, is, and continues to be six out of 10. The issue here is accessibility to additional funding given by either taxpayers or subscribers.

Mr. Seamus O'Regan: If there is one thing you learn on this committee, it is that it's all about the money, so if the reduction in points means that—

Mr. Jean-Pierre Blais: There are productions that are made—

Mr. Seamus O'Regan: —those productions that have less Canadian content, or less Canadian contribution, can avail themselves of the same funds as productions that have more of a Canadian voice and more of a Canadian contribution, then that seems to be the issue to me.

I realize it's complicated, but I do my level best here.

Mr. Jean-Pierre Blais: What can happen is that a producer who has a very innovative project that won't be able to qualify as a 10 out of 10 for the Canada Media Fund, which represents a much more important portion of the funding than the 1% for all the independent funds—let's say they can't qualify for that—gets another door to knock on to produce the project, because they're a six out of 10, a seven out of 10, or whatever.

That makes for a richer ecosystem, because one fit cannot suit everything from a lifestyle show to a high-end historical drama, and one that you mentioned, which probably needs international sales to make it happen.

Mr. Seamus O'Regan: Which it will, if they have Jason Momoa, who is a huge American star. He is Aquaman. He's fronting it, he's coming back for season two, and *Republic of Doyle* is in 96 countries. The system of discoverability, which is the ability to have a Canadian voice on a myriad of digital channels around the world, is obviously something you know full well. Australia, Denmark, the U.K., and everybody is looking at this and finding more and more pointedly unique Canadian stories that will stick out in a global marketplace.

Rather than our trying to fix it in regulation, it seems to me that productions like *Frontier*, *Republic of Doyle*, and *Orphan Black* are being innovative in themselves, in the current framework.

• (1145)

Mr. Jean-Pierre Blais: Right.

Mr. Seamus O'Regan: I don't understand why we have to change that framework when we do have success stories that are beating it in the world, and I don't understand why you had to do it now when the minister and the department are in the middle of this comprehensive review. I don't understand why it had to be done now.

Mr. Jean-Pierre Blais: As parliamentarians, you should know that the Broadcasting Act guarantees, codifies, and ensures the independence of the CRTC as a quasi-judicial body. This gives more power for the minister to engage in this review. The act that this House, this place, has adopted provides a way for the minister to speak to the commissioner. It's a formal, distant relationship. There are ways for the minister, if she chooses, and her cabinet colleagues to send us requests.

Mr. Seamus O'Regan: Surely you can see the reason for urgency.

Mr. Jean-Pierre Blais: Sorry?

Mr. Seamus O'Regan: Surely you can share the reason for urgency.

Mr. Jean-Pierre Blais: We started this in 2013 with Let's Talk TV. This is nothing new. We said in Decisions 2015 that we would be doing this. There is no news here. I know people are spinning it as news, but we said we would be doing this in 2015. In fact, I looked quite carefully in the last election. Nobody commented on it.

Mr. Seamus O'Regan: We got elected. We want to institute it democratically. We want to institute a comprehensive review. I would have thought that perhaps some respect would be shown to that wish.

The Chair: Thank you. Your time's up.

I wonder if I could ask Mr. Blais if he would stay an extra two minutes.

Okay? Thank you, Mr. Blais.

We will go to Mr. Maguire for the Conservatives.

Mr. Larry Maguire (Brandon—Souris, CPC): Thanks, Madam Chair. That shortens things up considerably.

Thank you, Mr. Blais, for being here today.

You made a comment that digital platforms offer quick and easy communication. With people not even signing up for cable or that sort of thing anymore, how do you intend to regulate the digital industry?

Mr. Jean-Pierre Blais: It's a complicated answer to what seems to be an easy question.

On telecommunications, the access to broadband networks is a form of regulation we do, and for which we have a proceeding pending. I'll give you a short answer—it's called “Let's #TalkBroadband Internet”. That's pending. We haven't decided anything yet. One of the issues there is to ensure that all Canadians wherever they live have access to decent connectivity, because we know and we have stated that broadband is vital to all aspects of life.

On the broadcasting side, the act says that if we think that a particular broadcasting activity can not necessarily contribute directly to the objectives of the Broadcasting Act that Parliament, which you represent, has said is our marching orders, we have a duty under the act—subsection 9(4), I think—to exempt it. That's what we've done in adopting digital media exemption order for a number of years. We've reviewed it on a number of occasions. That's why, despite the fact that something like illico.tv or Tou.tv is clearly broadcasting, we've said that they do not have to hold a broadcasting licence like traditional broadcasters.

Mr. Larry Maguire: How do you see the future of the CRTC under that new realm? People aren't signing up for TV stations, cable, and that sort of thing. Is it as necessary as it used to be? You made the comment that kids aren't talking on phones anymore. They're texting. They're getting the news through other means. I know that they may not have the expertise in those areas, but how does that impact us?

Mr. Jean-Pierre Blais: I realize that a lot of people equate the CRTC with broadcasting. Our mandate is actually a lot more complicated than that. Of the \$63 billion generated by the communication industry, two-thirds relates to telecommunications, and broadcasting is a small part of that. We're still quite active in making sure that we have more connectivity and fair prices for Canadians on the telecommunications side. That includes the wireless side, not just the landline side.

We're very active as well on radio, because there are still frequencies. There are limited spectrums. Sometimes we have to decide whether to grant licences to one group or another. There's a role to play there.

We also have a growing role in what we call the protect pillar. Unsolicited communications can be annoying and sometimes quite damaging, whether it's people phoning you while you're having dinner to sell you something when you're on the do-not-call list or unsolicited spam that often contains malware. We're involved in that.

Of course, as every member of Parliament knows, we now are also responsible in the Elections Act for robocalling during electoral periods under the voter contact registry.

Under our mandate, there's plenty of work to do. We're certainly not twiddling our thumbs as the industry changes. In fact, there's more work for us because we're dealing with that change.

• (1150)

The Chair: Thank you very much.

Mr. Vandal, for the Liberals, you have three minutes, please.

[*Translation*]

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

Good morning, Mr. Blais.

[*English*]

I believe one of the great success stories of Canadian broadcasting in the last 15 years is indigenous broadcasting, APTN. Maybe it's because I'm based in Winnipeg. They offer close to 100 indigenous independent producers in three different streams, including in the

remote north. They are linked up with the world indigenous broadcasting network. They are a great benefactor of paragraph 9(1)(h), which has been supportive of many excellent public broadcasters, but the reality is, according to a report I have or some notes I have, paragraph 9(1)(h) is a fee on BDUs. Close to 200,000 Canadians have cancelled their television, cable, or satellite service since 2015, which will greatly impact the revenues of a network like APTN and many more. It will impact local access, in some cases, to indigenous language broadcasting.

I'm wondering if CRTC has given some thought to that. Will you assure Canadians that valuable indigenous programming and indigenous language programming will remain viable and well funded into the future?

Mr. Jean-Pierre Blais: Thank you for that excellent question.

I feel a bit of paternity for APTN because I was general counsel at the CRTC when I came up with the idea that we could use paragraph 9(1)(h) to give birth to APTN, because before then paragraph 9(1)(h) was not being used. It was just an article in the statute, which then allowed the financing that created APTN and others that don't normally make it as well because they are more niche but are still important to citizenship in this country, like people with other kinds of disabilities—hearing and so forth.

With respect to APTN, I'm tremendously proud that I was part of its creation from a regulatory perspective.

You're correct. As people completely disconnect from cable or satellite, there is a revenue threat potentially to APTN, but as you know, when we defined the entry-level basic package, it was a compulsory part of the basic service, so even though some may go to the “skinny basic” package, they will still be contributing to APTN. Maybe somebody who is slimming their cable package can make that decision because it makes sense for their particular household. They will continue to contribute to the great programming APTN has, including some really high-quality investigative journalism that very few other news outlets have.

The Chair: Thank you very much. That's very well done, Mr. Nantel and Mr. Blais.

Monsieur Breton, you have three minutes, please.

[*Translation*]

Mr. Pierre Breton (Shefford, Lib.): Good morning, Mr. Blais. Thank you for being here today.

I am going to start with my questions directly, because we do not have much time.

Next November 22, you will be starting your licence renewal hearings for the major English-language and French-language concerns. I will not name them; we all know who they are. I have two questions about that.

First, in your opinion, how important in the long term is local news production for the survival of the telecommunications industry?

Second, what does the CRTC intend to do to remind those large concerns about their responsibilities in local broadcasting?

Mr. Jean-Pierre Blais: Okay, I will give you very quick answers.

The process that leads up to the consultations in November has already started. It starts in written form. We develop a file for the public and people can comment, including the members of your committee. If you want to take part in one of our public hearings, you are welcome. A number of your colleagues have already done so, on the future of Internet connectivity.

We have decided on a public policy framework, which I summarized in my opening presentation. We are going to have a conversation with each of the licence holders to verify what they are going to do in the light of that framework. As I said right at the beginning, I have a duty of deference. So I cannot talk to you in detail about the final decision or the nature of our discussions. However, the matter you raise will be dealt with during the part of the public hearings set aside for oral presentations.

• (1155)

Mr. Pierre Breton: That's fine.

Regarding the local and community television policy, you mentioned that you are going to do more monitoring of community channels to ensure that they comply with regulatory requirements.

What form will this monitoring take? Can you explain it in more detail?

Mr. Jean-Pierre Blais: We do a cyclical audit, with a risk analysis, somewhat as we do for all of the licensees who have obligations. We check to see whether they are compliant with the regulations.

Mr. Pierre Breton: So the community channels do not submit any reports.

Mr. Jean-Pierre Blais: They have to submit a financial report on their expenses, because they have obligations.

Mr. Pierre Breton: You say that you do an audit. Do you perform random checks on just some of them, or do you check all of them?

Mr. Jean-Pierre Blais: I'll give you an example. All of the cable distributors have to allocate a certain percentage of their gross revenue to local content. We verify whether they have really allocated the required amount. It's a financial issue.

Of course, we can always receive complaints. We receive some from third parties, for instance from members of the community, and we process them. In such cases, we investigate.

Mr. Pierre Breton: Thank you.

[*English*]

The Chair: Thank you, Mr. Blais.

Mr. Nantel is next.

[*Translation*]

Mr. Pierre Nantel: Thank you, Madam Chair.

Mr. Blais, if the Standing Committee on Canadian Heritage had done a study in which consumers had said that they had had more than enough of paying too much for cable, they would have been happy to know that the previous Conservative government had taken note of their complaints and included in its last throne speech a

commitment to a basic package. That is how the demand was addressed and that is how the government responded to it.

We are the Standing Committee on Canadian Heritage. It is not our role to speak on behalf of consumers; our mandate is rather to discuss culture and Canadian heritage.

With that in mind, we have heard representations from local media who told us that things no longer made any sense, that their backs were against the wall, that the system is deficient, and that something had to be done.

If television producers came to the committee to tell us that Canadian content on Netflix is minimal—and we can see that—they too would ask us to do something.

So, how do you perceive the government's intent to modernize a law you have been managing for 25 years, a law that goes back to 1991? What is your perception of what the population is asking the government to do?

Mr. Jean-Pierre Blais: The Broadcasting Act is under your purview. I understand that the government is going to have to launch a process. I am not aware of the minister's intentions. We are still holding consultations to hear what Canadians have to say.

For our part, we have launched a process on the reform of the television system. I announced it in Banff in 2013, long before the throne speech you referred to. To be clear, the former government was talking about consumers. I am not only talking about consumers; I am also talking about Canadians, because sometimes they are citizens, sometimes they are consumers, and sometimes they are creators. So what I am talking about is more nuanced. In my opinion, when it comes to local news, citizens are king.

Mr. Pierre Nantel: You are right.

Mr. Jean-Pierre Blais: I have always spoken about local news from the perspective of citizens. We have to ensure that Canadian citizens are well informed about what is happening in their neighbourhood, their province, their country and the world. I approach the matter from that angle.

However, your committee could perhaps make some recommendations. At the CRTC, our role is to achieve the policy objectives and decisions established in the Broadcasting Act, the Telecommunications Act, Canada's Anti-Spam Legislation, the Canada Elections Act, and the Bell Canada Act. There are several of them.

• (1200)

Mr. Pierre Nantel: Thank you.

[*English*]

The Chair: Thank you very much.

I wonder if you would indulge me. As the chair, I would like to ask you a question. I know that I can't ask you to decide what you're going to think about in the future or to prophesy on what your actions are going to be, but you said something on page 2 that I want to turn to, and that is you say you may ask about digital platforms, and you said they are for quick and easy communication, but they can't provide a reliable alternative to the skills of investigation and analysis and having journalists who adhere to professional standards.

I wanted to ask you about that because a concern we're hearing everywhere we go is that reliability and factual data and journalistic integrity are part of what you have actually set out in terms of regulations. For social media, nobody's going to stop anybody from doing what they want to do on Twitter or speaking out, but if individuals decide they want to call themselves "news" or they want to call themselves "bona fide journalists", do they have to adhere to those standards?

The second question I wanted to ask you is...you do telecom. We've heard as a committee from all the telecoms that in fact they are at a disadvantage in terms of producing Canadian content and doing Canadian work because Netflix, Facebook, and Google do not actually pay any GST, taxes, while they have to, and that puts them at a disadvantage.

I will allow you to answer what you can, given your restrictions as a quasi-judicial body.

Mr. Jean-Pierre Blais: Right. I'll deal with the second one first.

The question you ask is one of tax policy, and I'm certainly not an expert in tax policy, but I can see their argument that a service like illico, Crave, or even shomi—that's still around until the end of November—are subject to GST payments, whereas other foreign services that still use our banking system through credit card set-offs don't seem to be. Just as an ordinary citizen, I'm a bit surprised by that. I know that it's not the approach taken in other jurisdictions, but I suggest you ask that question of the Department of Finance.

With respect to the quality of journalism, I gave a speech on the 17th of February and, maybe to shorten things up, I elaborated on my thoughts about the emergence of quality journalism on the new platforms. My point, in short, was that the journalism standards we have today took 300 years to develop. Facebook hasn't been around for more than 10 or 12 years, and it's the same with the other social media platforms, so it takes time. In fact, the codes of ethics that everybody quotes today probably only find their origins in the 1920s.

These standards take time to develop, but they are usually developed by the professional industry themselves. I'm particularly aware that Parliament, in the Broadcasting Act, tells us specifically, right up front, that we have to be cognizant of freedom of expression and independence of journalistic ethics. It's difficult for a body like ours to tell journalists, who are the fourth estate, how to do their job.

I am hopeful that the journalism industry will ask itself the question, as we are on these new platforms, what the standards are. Can we just print anything that appears to get more clicks to sell more advertising, or should we be applying a code of ethics, whether we're the CBC or the CTV, to make sure that we are doing it as appropriate members of that fourth estate?

The Chair: Thank you very much, Mr. Blais. I know you only had an hour, and I'm glad you stayed for an extra few minutes to answer our questions. Again, thank you.

We will recess for a couple of seconds while we bring in the new group in the second hour. Thank you.

• (1200)

_____ (Pause) _____

• (1205)

The Chair: We will begin the second round.

We have, again from the CRTC, Mr. Scott Hutton, executive director of broadcasting, and Christianne Laizner, senior general counsel, executive director.

I have been told by Monsieur Blais that both Mr. Hutton and Ms. Laizner have a little more leeway and flexibility to answer questions as long as they don't contradict what the CRTC has said or done.

You have 10 minutes to present, and that will have to be split between both of you. Do you wish to present, or do you just want to go into questions and answers?

Mr. Scott Hutton (Executive Director, Broadcasting, Canadian Radio-television and Telecommunications Commission): We will not present. We'll stand by the chairman's introductory remarks, so we're available for questions.

The Chair: We'll just go into questions and answers, then.

Mr. Scott Hutton: You can go into questions at this point in time.

The Chair: That's great. Thank you.

We'll begin with the Liberals for seven minutes with Ms. Dabrusin.

• (1210)

Ms. Julie Dabrusin: Thank you.

I want to talk a little bit about Let's Talk TV. I have here in front of me a study that was prepared in December 2015 by Nordicity, and I'm expecting that you've seen a copy of this report along the way. I'll skip along to the conclusions, but I want to put something to you and get your response.

Paragraph 99 of this report says, "Our conclusion: By 2020, LTTV policies are likely to result in a loss of 15,130 FTEs of employment in the Canadian economy..." That's the employment part: 15,000 lost jobs. Then paragraph 100 says, "The LTTV Decisions would also likely result in the loss of just over \$1.4 billion in GDP within the Canadian economy by 2020."

I was wondering if I could get your response to the study.

Mr. Scott Hutton: If I recall correctly, that study was filed with us in some of our proceedings and we did take that into consideration, because when we set out Let's Talk TV, we set out what our road map would be so that people could, in effect, study and provide comment as to what we were putting in place. We have looked at that study in the context of making our decision, so we took it under consideration, and I believe we also commented on some of the assumptions that were made in that study in our own decision. I think our assumptions were that some of those dire consequences were overstated, in our view.

I think many of the changes that we have put in place that they were concerned about were with respect to slimmer packages—the “skinny basic” issues about allowing Canadians to pick and choose their channels—the impact that those studies may have on the subscriptions to individual channels, and the possibility that some channels may go dark. We have yet to see that dire consequence. Admittedly, we are still at the beginning of the process. We only started to put in place last March the first steps, but we've seen actions in the market.

We have also put in place a wholesale code to ensure that the negotiations between BDUs and programming services, which they were concerned about going dark, are done in a guided manner with this code. We've also put in place alternate dispute mechanisms to help companies resolve issues with respect to negotiations, because one of the great fears was that companies would, on one part, deal rather severely with smaller companies, and hence they might go dark, or that consumers may not subscribe to them because they would not be made available in a bundle package as they are now.

One of the elements of our wholesale code is that small independent services must be made available, over and above pick and pay, in some form of package to help alleviate the marketing concerns going forward.

Ms. Julie Dabrusin: One of the questions that's come up before this committee several times when people have given evidence is the CRTC's collection of data and the impact of decisions and the accessibility of that data. Do you have any data? When you looked at this, you said you made an evaluation and thought that these dire predictions wouldn't come into play. Do you have any studies that counter that, evidence that would show that these are not—

Mr. Scott Hutton: Our studies take the form of our proceedings and our hearings and our deliberations, in effect, which are themselves then published and collated in our decisions, and our decision does provide a response to that specific study.

With respect to data being available, I think the chair did mention earlier that we're one of the most prolific collectors of data with respect to the industry. We have highly recognized platforms or monitoring reports that make significant amounts of data available as to revenues, advertising, employment, production, types of production—and that's just on the broadcasting side.

Ms. Julie Dabrusin: I was also concerned about another area. We heard from CACTUS, which came and spoke to us about support for community media and whether we could create hubs for community media. How do you see that fit into what you've been doing with Let's Talk TV, and how do we go about creating extra supports for community media within CRTC abilities?

• (1215)

Mr. Scott Hutton: We already have significant supports toward community media and community television. The decisions that we're here to talk about—we are concerned about local TV—also did address community television. We have maintained significant contributions toward community television across the nation. We've paid particular attention to ensuring that very small communities continue to benefit from the same levels of support going forward, while looking to rebalance in major markets, and where there are

other markets where Canadians had great interest in maintaining their local television stations.

The Chair: Julie, you have one minute left.

Ms. Julie Dabrusin: About broadband accessibility and the socio-economic aspect of that, one of the things we talk about is a digital shift. People are moving toward digital news sources in a lot of ways, but not everyone necessarily can afford access to the Internet, and there might be differential impacts even in other ways, say, with new Canadians and the like.

How can we improve access through the CRTC so that people can have access to digital media?

Mr. Scott Hutton: I'm responsible for the broadcasting recommendations at the CRTC. The CRTC, as the chairman mentioned, is going through a significant conversation with Canadians and is evaluating a number of different options as to what we can do to address those important situations.

Some of the things we've mentioned also are that the CRTC has a role to play in that field. It will play the role it deems appropriate and that it can play under the Telecommunications Act, but it is much wider than just the responsibility of CRTC. Those certainly are things our chairman has said in the context of the public hearings.

The Chair: Mr. Waugh is next—

Hon. Peter Van Loan (York—Simcoe, CPC): It will actually be me first.

Most Canadians who have a satellite or cable package receive an unsolicited broadcaster that basically broadcasts propaganda that is aimed at undermining our western institutions and values and economy. I'm not talking about the CBC, but about RT, Russia Today.

Can you tell me the basis on which that appears unsolicited in everybody's package, what the policy implications are, and how the CRTC has dealt with that?

Mr. Scott Hutton: I think the issues with respect to Russian television go a little while back. In our new regulations that we put forward on “skinny basic”, we have provided for Canadian channels to be present. We've heard mention of paragraph 9(1)(h) or APTN to be present in the basic channels on that front.

With respect to allowing different channels into this nation, we are quite open to allowing companies to distribute them, to serve Canadians of various ethnicities, because we have a great multicultural—

Hon. Peter Van Loan: It's not an ethnic channel. It's a propaganda channel. It's not an ethnic channel.

Mr. Scott Hutton: All channels that are broadcast out of this country have to respect the various codes and laws of a particular country. Russia Today, which is imported by a handful of players, is a channel that the cable companies are making the decision to distribute themselves. We are not in the business of impeding the distribution or their choice as to what they can or cannot distribute; we're in the business of making sure that Canadian channels are distributed and that Canadian channels have a fair shake on that front.

Mr. Kevin Waugh: You know, the dinosaur in the room is actually radio. Whoever thought radio would be the most stable of the media in this country? Is it because they supply local content all the time? Could we have your thoughts on that?

The only other thing I'm going to say about radio is I get tired when it's quarter to the hour because I know there's no jock or no newsperson there. Other than that, I think radio has expanded in this country under your regime.

Mr. Scott Hutton: Radio has been...“expanded” is a big word. Flat is the new up, so they are flat in terms of revenue and being able to survive and go forward. Essentially, in respect to advertising, it's a challenging business for all the players in this nation. Radio has had a resiliency through the decades and through all of the challenges because they have been able to provide that very localness, that information that you need, that very direct, local reflection of the communities that Canadians live in.

With respect to the CRTC, we've mentioned more than once that local content is key in this whole world. Social media is individual. There are a lot of digital platforms, maybe international, but that local market is something that radio has been covering rather well, and I think that they're able to continue to thrive in the environment because of that attachment to the local communities.

•(1220)

Mr. Kevin Waugh: The only thing I'm going to say about TV is that it seems that talk TV is cheap. Production-wise, they're getting a lot of benefits through local content and cheap production.

Could we have your thoughts on that? I am asking because we've seen here the minister now giving more money to talk TV shows.

Mr. Scott Hutton: When you say “talk”, you're comparing radio to television?

Mr. Kevin Waugh: No, we're talking television. You have these talk TV shows, some of them in Quebec, that fill in the necessary CanCon, and they're pretty cheap to produce.

Mr. Scott Hutton: The two markets are significantly different, and that is reflected in the act going forward. Francophone Canadians are very close to their stars. They're very close to their TV system. They're very close to stories about them, as we all are, and I think the question of language has helped with that.

Quite frankly, even though it's a smaller market, Canadians actually pay attention and watch. There is a great popularity to all of these shows. They're not being filled with reruns of American programming. They're being filled by programming that is of interest and is actually watched by francophone Quebecers.

You were mentioning one of the big talk shows. It competes weekly with any program in the nation in terms of numbers of Canadians who tune in to those shows. They compete with the best available in the world. It's always a question of trying to serve Canadians and what's important to them.

Great drama coming out of those networks is also producing numbers that are on the same scale as some of the talk shows.

The Chair: You have one and a half minutes.

Mr. Kevin Waugh: Okay, then it's Mr. Maguire.

The Chair: Are you sharing with Mr. Maguire?

Mr. Kevin Waugh: Yes, I am.

The Chair: Go ahead, Mr. Maguire.

Mr. Larry Maguire: Thanks, Madam Chair.

I just wanted to ask, as I was asking Mr. Blais, about the digital regulations and that sort of thing. I asked him how they would regulate the digital industry, because in many cases it doesn't pay its way and that sort of thing. It doesn't have the same research that most communications mechanisms have. You don't regulate newspapers, although some of the newspapers have complained that the CBC is their biggest competitor.

One of the areas of concern that I see.... I'm not really in favour of looking at a tax or that sort of thing on some of the media out there today, but if there was a way to regulate, say, Netflix, YouTube and those sorts of things, how would you go about it? Have you thought about mechanisms to do that?

Mr. Scott Hutton: We have been working on our regulatory frameworks for the last number of years. I know we keep coming back to Let's Talk TV. We're very proud of that exercise, but because of all the changes with respect to digital media, the technology has meant that Canadians consume the product that the industry has traditionally produced in a different manner. They have different expectations. We can't turn the clock back on those expectations, and those changes and those evolutions are all good things for our industries. Our industries are currently being challenged to deliver the best potential content they can, and the successes that we are hearing about occur because our industries are showing up and trying to do their darndest and provide the best that is available out there.

However, the old tools don't work in this environment, so when we've been looking at applying content quotas, that simply won't work. What have we been concentrating on through all of our own findings? We've been looking at what is key in this environment. We've learned that having the best of the best story is key in this environment, so we've made changes to some of our regulations and some of our funding mechanisms to recognize development dollars. We're saying that companies should invest in R and D ahead of production.

For production companies, we're highlighting that they may need to become better capitalized. “Better capitalized” doesn't mean one or two giant corporations that control everything; it is being able to invest in R and D from project to project. An example would be when developing that story, working the story and figuring out what the right platform is for it going forward.

Those are things that we're looking at. Do we know exactly how that's done? Not yet, but we're cluing in to that as being a potential way forward.

•(1225)

The Chair: Thank you. I'm afraid we have to move on now.

Next is Mr. Nantel, for the New Democrats.

[Translation]

Mr. Pierre Nantel: Thank you, Madam Chair.

Mr. Hutton, Ms. Laizner, thank you for being with us.

One thing concerns me greatly as I listen to you, just as it concerned me when I listened to Mr. Blais a little earlier. I get the sense that the digital universe is surrounded by a legal void. We're talking about the Internet, more or less. We aren't accusing Netflix or anyone else, but we are talking about a new environment, a new apparatus. In the past, we listened to music on the radio and we watched programs or movies on television. All of a sudden, there is a new instrument, with a new code.

In light of that, I don't understand that there are so many initiatives. I am waiting for the government to ring the bell to put an end to recess and stop the initiatives that are being launched in every direction.

As Mr. Blais said earlier, everything in this system is interconnected. Everyone is connected to everyone else from one end of the chain to the other. Suddenly, one brick decides to leave the wall, then another. At a certain point, the whole building is going to collapse.

I know Mr. Blais sees me as an old crone who is afraid of the future, but that isn't so. The truth is that at this time the whole milieu is shaken. I would say there are victims on all sides.

Moreover, I do not understand that in Broadcasting Regulatory Policy CRTC 2016-224, on the issue of improving coverage, the decision was made that community television stations were more or less optional. In other words, they are left to find funding wherever they can, and young people have only to take their iPhone and go and make videos at CEGEP and put them on YouTube. That is more or less the message they were given.

The fact remains, however, that paragraph 3(1)(b) of the Broadcasting Act refers to "the Canadian broadcasting system [...] comprising public, private and community elements". It says that the system "makes use of radio frequencies that are public property". I understand that things have changed a lot, but you were still rather cavalier in your treatment of the community media. It seems to me you crossed the line.

Mr. Scott Hutton: As you said, the community aspect is an integral part of the the country's broadcasting system. Our decisions were made in the context of a rebalancing at the local level, a sector that was, may I add, experiencing tremendous difficulty. In our consultations, Canadians told us that they were very worried about the disappearance of these local stations, that are also very important for democracy, since they produce news for cities, counties and provinces. We had to find a way to take care of that aspect of things and our decisions were in line with that objective.

So we looked at the big picture. A lot of funds were going to the community level. Our responsibility also includes ensuring that these funds, that are public funds managed by the CRTC and subject to legal requirements, are used in an effective way. We revised our policies to ensure that we got back to basics and to see what was important to the community environment.

The issue of citizen access is what is important. We tightened up our decisions and we will be doing a very careful follow-up to make sure that citizens have access and can produce and express themselves through community stations.

● (1230)

Mr. Pierre Nantel: I understand. But I find that you are not using your courage in the right place.

Earlier I said to Mr. Blais that I get the sense that you are jerking the tiller around rather than holding the steering wheel steadily, following the GPS and heading progressively toward a common vision. There is no common vision, because you are not openly consulting all of the stakeholders involved.

You have to say that you want to apply the regulations properly, but past a certain point, that doesn't work anymore. So you take a somewhat bold decision and you say that perhaps the community environment has gotten enough money.

You had the courage to make a decision. I say courage, but I don't think that's the right word. You have the nerve to make decisions that are at the very edge of legality.

However, there were no interventions regarding the fund. I'm sorry, but you don't have to be a chartered accountant to know that the 5% for television distribution on a Shaw or Vidéotron invoice represents less and less money, since consumers are making more and more use of the Internet.

Why do you not show the same courage when it comes to community television? They are certainly the weakest link in the chain.

Mr. Scott Hutton: We also had the courage to help community radio with funds generated by the radio industry. This proves that the community aspect is important to us.

You spoke about courage, and consultation. We did a very broad-based consultation. Some decisions are difficult and do not please everybody. But the fact remains that we did do consultations. These decisions were announced in advance. We held several discussions, and discussion forums, before coming to that difficult decision.

The revenue from cable distributors that is channelled to community stations grew enormously over time. The last time we reviewed the funding for the community sector, we set a ceiling. Funds continued to increase in that sector. In the context of the review we concluded this year, we mentioned that we had already determined that there were sufficient funds for the community sector to accomplish its important mission. So we decided to put an end to that and to redirect that growth toward another important area.

Mr. Pierre Nantel: I am well aware of that.

[English]

The Chair: You have one minute.

[Translation]

Mr. Pierre Nantel: Thank you, Madam Chair.

Of course, these are complex decisions. You had to manage issues in a context where the previous government did not understand the delicate nature and fragility of the cultural edifice. You were alone to manage it. But the current government seems more interested in these issues.

I'd like to direct your attention to an aspect I find troubling.

This morning I was listening to *Salut Bonjour* and I was pleased to note that they gave an overview of the various rebroadcasting stations, in several areas of Quebec. The Montreal listeners are given an overview. This indicates that there is a news team in these places and that things are going very well.

However, we heard here from a media representative who was, if I remember correctly, from the Toronto Indian community, saying that IP TV was eating into advertising sales, because that service has found a way to insert ads into programs that originate elsewhere.

Is this a worrisome situation? Do you have any control over that?

Mr. Scott Hutton: Well, that's news to me. Cable distributors, whether for IP TV or others, have to abide by certain rules. One of the first ones is that they cannot interfere with others' signals. I suggest that you contact this person and advise him to get in touch with the CRTC so that we can examine this situation, which is a breach of basic regulations.

Mr. Pierre Nantel: Thank you.

[English]

The Chair: Thank you very much.

Now we go to Mr. O'Regan, for the Liberals, for seven minutes.

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

Monsieur Hutton may have inadvertently provided us with a title for our study: "Flat is the New Up".

The Chair: I like that.

Mr. Seamus O'Regan: It's quite catchy, in a sombre way.

We all know that in every element of the Canadian broadcasting system, whether it's television and specialty channels, radio, or satellite distribution, everybody contributes to the creation and the distribution of Canadian programming.

The CRTC, in 1999 and in 2009, exempted from regulation undertakings that provide broadcasting services over the Internet and operate in whole or in part in Canada. In other words, digital media are not subject to that obligation.

Through the course of this study, we have heard from Friends of Canadian Broadcasting, Rogers, the Canadian Wireless Telecommunications Association, and Cogeco. They are all very unhappy that foreign over-the-top service providers are not required to collect the same taxes as Canadian services are or to contribute to Canadian programming. Obviously, I'm talking about Netflix. That's what everybody talks about: Netflix, Netflix, Netflix.

I was quite interested to hear your boss, the CRTC's chairperson and CEO, Monsieur Blais, say that it concerns him that Netflix does not contribute. It concerns him as a private citizen. I think he said, "as a private individual", so as a private individual he's deeply immersed in this issue. What are your thoughts on Netflix being exempt, unlike everybody else?

• (1235)

Mr. Scott Hutton: Perhaps I will address it in two ways.

One is that I'll go to the "flat is the new up" idea.

Mr. Seamus O'Regan: You're the author. You're entitled.

Mr. Scott Hutton: Well, no. I've repeated what every broadcast CEO tells his shareholders: "I didn't lose this quarter. I'm good." That's what is reflected in the "flat is the new up" phrase.

We hear about a variety of challenges, but really the challenge is that radio relies on advertising, local television relies on advertising, specialty channels rely in part on advertising, and the CBC relies in part on advertising. The advertising business is it.

Yes, eyeballs may have gone to Netflix, but the advertising business is what is certainly having a wider impact on what's happening in our broadcasting industry. A number of different players have entered the advertising business, and what we're trying to do with a lot of our nudges and our small changes to the broadcasting system is to motivate our broadcasters to, in part, move into that new field, that new digital field, so that they can monetize these new platforms and not let other people eat their lunch and take up all the growth.

All the growth in advertising is being taken up by new platforms. Those new platforms aren't all broadcasters. Netflix doesn't go after advertising revenue, so the problem is wider than just one entity. That's one message I want to leave with you on that aspect.

With respect to our own mechanism, the broadcasters that you mentioned came to us also in our hearings and complained and indicated that they were competing with one hand tied behind their back with respect to over-the-top digital products. What we put in place is a level playing field for them under our own rules.

Most of what is being produced out there is being produced by other entities, so we put them on a level playing field with these over-the-top providers. We provided them actually with a bit of a leg up, because they can use the traditional broadcasting system to distribute their products to Canadians through what we call our hybrid VOD—video on demand—exemption order. It's for CraveTV, it's for illico, it's for Tou.tv, so that they can go forward and serve Canadians and be able to compete on an equal footing with respect to our rules.

I think what the chairman was talking about was essentially that there is another area, a matter of fiscal policy—which is outside our purview—that companies are probably still coming to see you about and want to see addressed.

Mr. Seamus O'Regan: It still concerns him as a private individual. It concerns him as a citizen that there's no contribution being made by Netflix on bandwidth that we provide—

Mr. Scott Hutton: I'm here to talk on behalf of the CRTC and not the chairman.

Mr. Seamus O'Regan: —to contribute to Canadian broadcasting in the way everybody else does.

The Chair: Mr. O'Regan, I will factor in this little intervention.

I think, as we heard before, we're treading on ground here that means the executive director cannot actually comment too much on what his boss said. Let's leave it there for a moment. He has said as much as he could. We still heard what Mr. Blais said.

•(1240)

Mr. Seamus O'Regan: Do I get that 30 seconds?

The Chair: Yes, I'll give it to you.

Mr. Seamus O'Regan: Very good.

Let me ask you about data, because that's something else that we heard about in this committee back in February from the Forum for Research and Policy in Communications. They were worried about the lack of data, saying that a lack of data makes it "impossible to know if Parliament's objectives for local broadcasting are being met or whether the consolidation of ownership has strengthened or weakened local broadcast news."

They recommended that the CRTC revise its data collection and reporting systems, particularly with regard to the fulfillment of the objectives set out in section 3 of the Broadcasting Act, which gets to something very fundamentally important. If Parliament has dictated this and has said this is its will, and we don't have the capacity, the data, to measure it and enforce it, that is obviously of great concern to parliamentarians.

Can you comment?

Mr. Scott Hutton: We have already a rather robust data collection practice, and we report significantly on the data we collect. I think they might have made those comments in respect of local news and local information, and I think we heard in part what they were concerned about.

What we put in place with respect to our latest decision in fact digs deeper and has more specific requirements with respect to local presence, local reflection, and local relevance. For the localness part, I think what they might have been saying was that essentially we had a number of hours, but we couldn't say whether that was news or whether that was news about international matters or whether it was very specific community-reflective news.

With the new mechanism that we put in place, we've changed the data requirements around local news to hopefully make sure that we have proper data and to ensure that local broadcasters in fact are present and relevant and reflect their communities.

Mr. Seamus O'Regan: I think we've all seen it. We're not all experts here, but all are viewers or consumers of media, and I think we've all seen attempts to make something look or appear local when in fact we all know.... It must be difficult to quantify that, but the attempt has to be made in order for us to be able to enforce the will of Parliament. Are you saying best efforts are being made?

Mr. Scott Hutton: Best efforts are being made to quantify, but we've also put in place a number of qualifiers and have put in place and will be putting in place, as in our hearings this fall, conditional licences and obligations on each individual broadcaster to enforce those important matters going forward.

Mr. Seamus O'Regan: Okay.

The Chair: You had your 30 seconds and then some.

We have 15 minutes. We can go to three-minute sessions for four people whose names are down, but it means time will be tight.

We'll begin with Mr. Maguire for three minutes.

Mr. Larry Maguire: Thank you, Madam Chair, and thank you both for being here today.

I want to go back to the question I asked earlier, Mr. Hutton, in regard to the regulation of some of the digital industry and how to go about it, if you were going to.

On the question that was just asked about data, I believe the amount of data is very important. How do you come up with that? Do you have any concerns about regulating the digital industry in that area, and regulating the Internet as far as the flow of media content? How do you measure it?

You mentioned that advertising kind of runs the industry and, obviously, that's traditionally where it's been. I have two questions. One is what your concerns are in regulating the industry, and the other is how you see the role of those industries evolving if advertising isn't a big chunk of it in the future.

Mr. Scott Hutton: What we've been trying to concentrate on is broadcasters and those who have traditionally been producing the important content that meets the objectives of the act. A lot of our recent decisions have been moving toward nudging them to take new risks by giving them the flexibility—and I know people don't like that—to make different choices and to be able to reach out to Canadians and produce that great content.

With respect to monitoring, our monitoring teams are scanning on a constant basis publicly available information and other studies, taking them into consideration and reporting on them through our monitoring report. We're finding ways, by using this information and sharing it with Canadians, to try to understand what the various impacts are.

Enterprises that are in the advertising business these days go way beyond even the traditional forms of media. You receive advertising when you light your Facebook up. For the CRTC, it is not broadcasting when you're sharing your family pictures with one another and you get an ad slotted in there. Those are areas that we won't be getting involved in.

We are starting to look at expanding the social obligations with respect to serving Canadians with disabilities. We're working, and it's not only in the broadcasting field, to ensure that the programming, when it is created by Canadian mechanisms, does include closed captioning and that the description is included. We are sort of starting, in different ways, to address the new world, but there are a lot of things out there. There are a lot of different products that are now competing for the advertising dollar, and they're not all under our purview. I don't think regulating those will help us.

We need to find new ways to ensure that the success of the Canadian content that is available and celebrated across the world continues. It's really looking at what the outcome is, as opposed to what the regulation should be.

•(1245)

The Chair: Thank you, Mr. Hutton. We really have to keep this as tight as we can.

Go ahead, Mr. Vandal, for three minutes, please.

M. Dan Vandal: Merci, madame la présidente.

[Translation]

Last spring, our committee heard CBC/Radio-Canada representatives who explained to us that the corporation would be increasing local content through digital technology.

Currently, in Saint Boniface, the radio program *Midi plus* is broadcast from Montreal. Previously, for years, this was a local program produced in Saint Boniface. The same is true of another radio program, broadcast in the afternoon, that used to be produced locally, but now comes from Montreal.

Is this approach in keeping with your local and community television policy?

Mr. Scott Hutton: CBC/Radio-Canada has its own licence requirements. I cannot tell you if each one of its choices respects its licence conditions.

In the beginning of our chair's mandate, in 2013, we renewed CBC/Radio-Canada's licence, which is valid till 2018. We put in place certain minimum service requirements for all of the CBC's markets. The minimum service requirements contained in our new regulatory framework are very similar to those that were established initially. Generally, for very large markets, 14 hours of local programming are required; for smaller markets, the requirement is seven hours for the anglophone market, and about five hours for the francophone market, which is slightly different.

CBC/Radio-Canada met these minimum objectives. The situation may have been different some years ago, but CBC made certain choices with regard to its activities and it is their job to justify their choices. Insofar as we are concerned, it meets its minimum objectives.

Mr. Dan Vandal: Thank you very much.

[English]

Several times it was stated this morning that there's lots of money in the system for local broadcasting. Can you expand on that?

Mr. Scott Hutton: I think the statement was that there's a lot of money in the Canadian system. There are tax credits. There are funds, whether it's the CMF or whether it's the independent funds. There are obligations we put on broadcasters because they hold licences. There are other specialized entities that will promote film. We have the CBC, which produces Canadian content.

There is about \$4 billion of either levers or actual support to uphold Canadian content, and I think that's the message we have been providing. We have a very good base, but the future is uncertain. No one knows what exactly the future business model will be for all of this. One thing is clear: having great Canadian stories told to Canadians and to the world seems to be one element of success. That's certainly been one of our messages.

With—

• (1250)

The Chair: Sorry. Thank you, Mr. Hutton.

I have to go to Mr. Breton now.

[Translation]

Mr. Pierre Breton: Thank you, Madam Chair.

Good afternoon, gentlemen. We are pleased to welcome you here today.

I have a single question to ask you. This may help you, Madam Chair, to manage the time allocated to other members of the committee who want to ask questions.

As of September 2017, as you know, independent local television stations will have access to the Independent Local News Fund to help them produce local news. The CRTC expects the budget for this fund to be \$23 million.

Recently, at this committee, we met representatives of Télé Inter-Rives who stated that this sum would be insufficient for them in the future. We could have put the same question to other television stations or organizations of that type and I am convinced that they would have given us the same answer.

Do you have any comments to make on this? Most of all, what is your response to this important statement by Télé Inter-Rives representatives about local television?

Mr. Scott Hutton: The Télé Inter-Rives representatives did not come to my office to tell me that the funds were insufficient. They came to tell us that they were very happy to have access to the fund in question.

I think that what they meant when they spoke to you was that the public funds allocated to support local news production only represent part of the funding. There are also many challenges around advertising revenue and the search for other forms of revenue in order to provide good local news service to the population.

With this fund, the CRTC will provide assistance that will be useful to local stations and will, we believe, allow jobs to be maintained. However, the stations have to work feverishly to continue to generate the bulk of their revenue, which comes from advertising. They cannot let up. They have to continue to develop. They have to continue to provide good service to the local market.

Télé Inter-Rives is already doing that. I know the family that manages that enterprise and I am certain it will do everything in its power to not close its stations and to pass the torch to the next generation of the family.

Mr. Pierre Breton: Thank you.

[English]

The Chair: Thank you.

Thank you so much, Mr. Breton.

Mr. Nantel is next.

[Translation]

Mr. Pierre Nantel: Thank you, Madam Chair.

Ms. Laizner and Mr. Hutton, for your information, the statements I referred to were taken from testimony given at the May 10 meeting.

My colleague Mr. Vandal had put this question to Mr. Jagdish Grewal, from the *Canadian Punjabi Post*:

[English]

“Where is your competition?”

[Translation]

Mr. Grewal replied the following:

[English]

“There's the IPTV box. The last two weeks, about five or six daily 24/7 channels have started in the Punjabi language here in greater Toronto and they are going after our business people to promote their stuff on TV.”

[Translation]

Earlier, Mr. Blais provided a good answer to the question put by the chair of the committee about the taxes that are applied to circumvention services. He said that that question would have to be put to the Department of Finance, which we understand.

Next November 22, you will be launching your study on the large conventional television consortiums like Bell, Shaw and Rogers. We hope that they will not try to conclude an agreement based on the fact that since the other services do not pay taxes they should not pay any either, and that, like Netflix, they do not want to provide Canadian content, or would like to have smaller quotas.

Dare we hope that you will not entertain this tax argument in the negotiation of an agreement? I want to say to my good friends in the telecommunications sector that they are quite right and that we are a very mediocre society if we do not make it our business to collect taxes on circumvention services. That said, can we be sure that that will not be used as a bargaining chip in negotiations?

• (1255)

Mr. Scott Hutton: I cannot know what arguments businesses will present to us. I have been working with regulations for 25 years, and businesses do indeed ask for regulatory concessions. Sometimes we agree to grant some, and sometimes we refuse.

Mr. Pierre Nantel: Are you going to accept that argument?

Mr. Scott Hutton: I can't speak for the CRTC, nor can the chairperson speculate on what will happen. People will make their representations, and then we will see.

The CRTC television policies aim to ensure that there will still be quotas, even though this may be less practical in future. Funds are allocated to that. There are financial obligations and our policies will continue in that vein.

We have already amended our policies several times to help these enterprises. So they are going to have to put forward some very solid arguments if we are to grant reductions.

Mr. Pierre Nantel: Mr. Hutton, you said that there will still be quotas, even if this may not be very practical in future. This concerns me somewhat, because as we speak—

[English]

The Chair: I'm sorry, Mr. Nantel. I wanted to ask one quick question.

Have you heard from campus and community radio stations when you were doing some of your hearings? I noted that only \$5 million was distributed, in nine to 10 years, to 113 campus and community radio stations. They're a diversity of voices. They're representative of a particular community. How can \$5 million last 113 campus and community radio stations over 10 years?

Have you discussed how they need to be given a better opportunity to survive and exist?

Mr. Scott Hutton: We've gone through a variety of policy looks. Campus and community radio wasn't the subject of the Let's Talk TV conversations. That's on a different side of our house. I believe the fund you're speaking of is a fund we created at the CRTC with respect to our own policies, which asks private broadcasters to contribute funds toward the development of the community industry, so we've gone from no support to creating a certain level of support.

I think community radio is also under challenge, because part of their funding from other sources of government has been challenged. Those who rely on advertising find a challenge there as well.

There is a challenge with listenership, and various people are going to other platforms, but as with radio generally, private radio is doing a really good job and continuing to have great success.

Radio costs a lot less than television. Compared with television, there are huge significant differences with respect to the radio business, which has great success. Serving Canadians locally is about a billion-dollar business compared with the television business and the overall broadcasting business, which is in the multiple billions of dollars.

Radio is less expensive. We've made certain choices and we created that fund and asked radio broadcasters to support community radio, and we think it's been a success to date.

The Chair: Thank you very much.

I want to thank you for being here, Mr. Hutton and Ms. Laizner. Thank you very much, and thanks to the committee.

Mr. Van Loan...?

Hon. Peter Van Loan: I have a motion to adjourn.

The Chair: The meeting is adjourned.

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