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# Standing Committee on Canadian Heritage

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Chair: The Honourable Hedy Fry





## Standing Committee on Canadian Heritage

Wednesday, March 2, 2022

• (1620)

[English]

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

Welcome to meeting number nine of the House of Commons Standing Committee on Canadian Heritage. I want to acknowledge that this meeting is taking place on the unceded traditional territory of the Algonquin Anishinabe people. Pursuant to the motion by the committee on Monday, January 31, 2022, the committee is meeting regarding the impact on local news of Rogers Communications Inc.'s takeover of Shaw Communications.

Today's meeting is taking place in a hybrid format, pursuant to the House of Commons order of November 25, 2021. Members are attending in person in the room and remotely using the Zoom application. The proceedings will be made available via the House of Commons website.

Given the ongoing pandemic situation and in light of the recommendations from health authorities, as well as the directive of the Board of Internal Economy on Tuesday, October 19, 2021, to remain healthy and safe, all persons meeting in the room are to maintain a two-metre physical distance and must wear a non-medical mask when circulating in the room. It is highly recommended that the mask be worn at all times, including when seated and when speaking, and you must use the hand sanitizer in the room. As the chair, I will be enforcing these measures for the duration of the meeting. I want to thank you in advance for your co-operation.

For those participating virtually, I would like to outline a few rules. You may speak in the official language of your choice. You have the language choices, at the bottom of your screen, of floor audio, English or French. If interpretation is lost, please let us know immediately so that we can ensure it is properly restored before resuming the meeting. Before speaking, please wait until I recognize [*Technical difficulty—Editor*] slowly and clearly. When you are not speaking, your mike should be on mute. As a reminder, all comments by members should be addressed through the chair.

Now we will begin with panel number two, which is for Rogers Communications. We have present Colette Watson, president of sports and media at Rogers, and Pamela Dinsmore, vice-president of regulatory cable. We will begin, for five minutes, with the Rogers Communications panel, and then we will go into questions and answers. You will be able to finish what you cannot finish in five minutes during questions and answers. Thank you very much.

Ms. Watson, please begin. You have five minutes.

[Translation]

**Ms. Colette Watson (President, Rogers Sports and Media, Rogers Communications Inc.):** Thank you.

Madam Chair and members of the committee, thank you for inviting us here today to discuss the impact that Rogers Communications' acquisition of Shaw Communications will have on local news.

My name is Colette Watson, and I am the president of Rogers Sports and Media. With me is Pam Dinsmore, vice-president, regulatory, Rogers Communications.

[English]

Rogers is one of Canada's leading and most respected sources of local news. Through our 54 radio stations, seven Citytv stations, five Omni Television services and 30 community TV channels, we offer Canadians from coast to coast news and information programming that includes coverage of local events, sports and other issues. We are deeply committed to ensuring that Canadians can continue to access significant amounts of professionally produced local news that meets high journalistic standards.

Our acquisition of Shaw will not change that commitment. Nor will it have a material impact on the quantity or quality of local news that is being made available to Canadians today. Shaw does not own any local television or radio stations, which means the transaction will neither result in any further consolidation within Canada's television and radio industries, nor reduce competition. The only thing that will change as a result of the transaction is that Corus's Global TV stations will no longer be vertically integrated with Shaw. As a result of that change in status, Global will become independent and will no longer be able to access local expression funds from its affiliated cable business.

We have listened to the committee's earlier discussions and share its concern regarding the health of local news. The long-term viability of local news is indeed in question, but this transaction is not responsible for that reality. In fact, the health of local news would likely be much worse without vertical integration.

• (1625)

[*Translation*]

Contrary to what you have heard from previous witnesses, community-owned television outlets are not producing local news that meets high journalistic standards. The need for Canada to have professional sources of news produced to these standards becomes more apparent every day. In fact, false and inaccurate reporting is becoming more pervasive in our media.

[*English*]

What this transaction will do is ensure that the funding Shaw directed to local stations will stay in the system and continue to be used to support the production of local news. Global is a top station group in western Canada, and its news budget currently exceeds Citytv's news budget by close to \$100 million a year. In addition, it is required by condition of its broadcast licence to provide locally relevant and reflective news programming in all the markets it serves. Redirecting the funding it receives from Shaw will not have a material impact on Global's news operations and should not impact current levels of service.

In contrast, this funding will have a material impact on Rogers' CityNews operations, which will help strengthen our news presence in markets outside of Toronto and offer western Canadians a strong editorial alternative to Global, CTV and CBC.

As part of our CRTC application, Rogers made several commitments to news that would be incremental to our existing investments. We've provided a list of those commitments to the clerk in both official languages to share with you.

All of the commitments we made are significant and incremental, and they would not be implemented absent the Shaw transaction. These commitments will result in a significant number of new programming hours and new journalism jobs in the television industry, most of which will be based in western Canada. None of these commitments will matter, however, if local news is allowed to disappear.

Canada's news industry remains in crisis. Amending the Broadcasting Act and expanding the existing journalism tax credit regime to broadcasters are two measures that are urgently needed to stop its continued decline.

With respect to the Broadcasting Act, we strongly encourage the committee to amend Bill C-11 to ensure a sustainable model for local news can be adopted by the CRTC. The current regulatory framework does not ensure that local news is sufficiently funded. Unfortunately, the CRTC cannot begin to address this systemic issue until new legislation is in place.

A more short-term measure to support local news would be to expand the labour tax credit system that is currently in place for print news to include local television news. The Minister of Heritage said last week that "news is news", and we couldn't agree more. We believe that addressing this inequity would have an immediate and measurable impact on broadcasters' ability to produce local news that meets the highest journalistic standards.

Thank you for your time. We look forward to your questions.

**The Clerk of the Committee (Ms. Aimée Belmore):** Dr. Fry, you're on mute.

**The Chair:** I'll keep myself off mute, because I need to be jumping in quickly.

We are going to go into a six-minute round of questions and answers. The round includes the question and the answer.

I'm going to begin with Kevin Waugh for the Conservatives for six minutes.

**Mr. Kevin Waugh (Saskatoon—Grasswood, CPC):** Thank you, Chair, and thank you to the guests from Rogers for coming.

I noticed from the clerk that you've sent a detailed assessment of Rogers-Shaw, but I don't see the eight so-called middle-tier stations run by Global today in Kingston, Peterborough, out east and out west, like Lethbridge, Kelowna, Regina and Saskatoon. You claim you're putting a lot of money...but you're not in those markets. You've cherry-picked the Vancouvers, the Calgarys and the big cities, and you're not putting a dime into the middle markets that will really feel the effect of this merger of Shaw to Rogers.

Could you comment on that?

**Ms. Colette Watson:** Thank you, Mr. Waugh.

Rogers' Citytv stations are not in those markets. Your Global news has regulatory obligations to provide locally reflective and locally relevant news in each of the markets you've just listed. That will not change as part of this transaction. They are obliged by licence to continue to fund those news operations. They will not be impacted in any way.

The \$13 million that continues to decline because of cable subscription declines would not be material to them. Their budget, as I mentioned in my remarks, is \$120 million a year. At Rogers, ours is \$21 million a year. If they can't run those news operations with that amount of money, we should be having a different type of discussion.

• (1630)

**Mr. Kevin Waugh:** Susan Wheeler from Rogers indicated in November, that Citytv out west doesn't do a newscast. Let's start there.

Would you be doing a local newscast on Citytv in western Canada? You don't have anything now.

**Ms. Colette Watson:** Our Citytv stations are located in Winnipeg, Calgary, Edmonton and Vancouver. Those markets do news today. They will continue to do news post-transaction and those newscasts will be enhanced. As the list of commitments shows you, we will add an indigenous component; we will add 23 more reporters and we will add two reporters to the parliamentary bureau from western Canada in order to bring a western Canadian perspective to national reporting.

**Mr. Kevin Waugh:** I get CityNews in Saskatoon. Will you have a reporter in Saskatchewan? If so, talk about that. How many reporters will there be and what will they contribute, if anything, to the network in Saskatchewan that we currently have on Shaw, SaskTel and Access Communications?

**Ms. Colette Watson:** We don't have a Citytv news station in Saskatoon. In Saskatchewan, we are quite proud to be the licence-holder of the educational television network. We are quite proud and spend a lot of time and effort on delivering great programming for the children of Saskatchewan.

**Mr. Kevin Waugh:** I think, with the CRTC, that this is a major concern. You would have 52% of the Canadian market in media if this sale went ahead. You've just said you don't have anything in my province of Saskatchewan. This is a concern with the sale of Shaw to Rogers.

You're not addressing the local news angle. You've cherry-picked your big centres of Winnipeg, Vancouver, Calgary and so on. The eight or nine global stations that I have talked about, the middle market, because of the money leaving the independent local news fund... I would refute what you said; \$100 million isn't a lot for eight or nine global stations to give local news.

I can see the flag going up on this sale, that your competition of Rogers versus Shaw and taking on what we have seen with Global and Corus... This is the concern in those little markets.

Would you not agree with me that Lethbridge, Kelowna, Regina, Saskatoon, Kingston, Peterborough and Saint John would all have a disadvantage if this sale goes ahead?

**Ms. Colette Watson:** Respectfully, I don't agree with that premise. I agree that local news is challenged across the board.

If I could just make a distinction for you, the 52% is the percentage of carriage. Those communities will still have Global, CTV, City and CBC. The carriage of channels is what this is about. That's the 52%.

The local news is about a licensed television network. The licensed television network for Citytv is in the markets I described. We are the smallest of the three. There are CBC, CTV and Global, with CBC being public. Of the three privates, we are the smallest. CBC, CTV and Global far outweigh the number of stations that Citytv has.

A Global viewer in Saskatchewan will not be impacted by the merging of the two cable companies. There is a distinction there.

• (1635)

**The Chair:** You have 12 seconds left, Kevin. Did you have one final word?

**Mr. Kevin Waugh:** Yes.

How is that so? The \$13 million out of the ILNF would be chewed up. That was in the hearing in November from Global. That was their submission.

**Ms. Colette Watson:** There is a—

**The Chair:** I'm sorry, Ms. Watson. You're going to have to try to get that answer in later on with somebody else.

I'm now going to go to Ms. Lisa Hepfner for the Liberals for six minutes.

**Ms. Lisa Hepfner (Hamilton Mountain, Lib.):** Thank you very much, Madam Chair.

I'm going to pick up where my Conservative colleague left off, because as someone who was a news broadcaster up until about six months ago, I'm also concerned.

I have witnessed how local news is diminished whenever there's a major consolidation of news networks. When Canwest Global went bankrupt in 2009-10, a bunch of my colleagues were laid off. We were told we were going to go black in a month if we didn't find a buyer. It was lucky that CHCH News wasn't lost during that time and did find a buyer.

Picking up on what my colleague was saying, how can you be sure that local news won't be affected? Typically, what we see is that we're reassured before the transaction that locals news won't be affected and then a couple of months later, a whole bunch of stations get shut down and journalists get laid off.

Can you assuage our fears a bit about that?

**Ms. Colette Watson:** I will certainly attempt to do that.

All local stations have CRTC obligations. The licence they hold is really quite strict. You have a certain percentage of locally relevant news you have to do per week. You have a certain amount of locally reflective news you have to do per week.

The CRTC held three hearings between 2014 and 2018 to solve this issue, to make sure that small and medium-sized markets would continue to enjoy local news. That is why they created the vertically integrated funding opportunity to enable companies like Rogers cable and Shaw cable to move money to their licensed entities.

The regulations dictating the amount of news required to be produced per week by each of the stations—I can't speak for Global or CTV—don't change as part of this transaction. They simply do not change.

What we are saying is that on CityNews, where we have a budget of \$20 million and Global has a budget of \$100 million, that \$13 million would go really far for the news that City produces.

**Ms. Lisa Hefpner:** If Global News has to find a new source of income to produce its news, which is often a different type of news from what we see on Citytv, it's expected they'll go looking for that through the independent local news fund. If Global News takes a big chunk of that fund to continue its news operations, it's expected that other smaller stations will be affected and that there won't be as much money for them. Smaller markets, again, are going to be affected because the big players are taking the money meant for local journalism.

Can you reflect on that?

**Ms. Colette Watson:** I'll make one comment, and then I'll ask my colleague Pam to talk about the ILNF.

We have no way of knowing today, because there were no parameters put around that, that Global took that \$13 million and made incremental news. We have no proof of that. What we're saying is that we'll take the \$13 million and prove to you how we'll spend it. We don't know where that \$13 million is going and what it's doing.

With respect to the news fund, I'll hand it over to Pam.

**Ms. Pamela Dinsmore (Vice-President, Regulatory Cable, Rogers Communications Inc.):** This was definitely a subject that was touched on at the CRTC hearing, and of course we acknowledge that once Shaw no longer owns Corus, it will be independent and will be eligible to get funding from the ILNF, which is effectively a \$21-million-a-year fund that provides money to the independent broadcasters and comes out of the BDU, the cable and satellite contribution that we make to the broadcasting system.

Some players at the hearing suggested that perhaps the amount of money that comes out of the BDU contribution should be either increased or taken from other recipients of funding, like the CMF or the Canadian independent production funds.

We considered that this issue is bigger than that hearing and that this wasn't really so much a part of the transfer hearing but should be rolled into the CRTC's study of the ILNF, which it is going to do this year. This is something the commission itself will have to figure out—whether it should be restructuring the ILNF to take into account the fact that Corus will now be eligible to access that funding.

That said, when the CRTC asked us to revise our benefits package at the hearing, we proposed that as a one-time stopgap measure we'd be able to direct \$8.5 million—effectively two-thirds of the \$13 million—to the ILNF at the close of the transaction.

We await the commission's view on that proposal. If it says yes, that will at least help in the interim while the commission reviews the ILNF itself.

• (1640)

**The Chair:** You have 20 seconds, Lisa.

**Ms. Lisa Hefpner:** I know you suggested that the tax credit for journalism should be extended to broadcasters as well as print jour-

nalists. Can you just quickly go over any other ideas you may have to incentivize news, so that we have more local news coverage and broadcasters do more to promote local news?

**The Chair:** Ms. Dinsmore, you actually have no time left to answer that question, but I will ask you to try to put that in when somebody else asks you a question. Thank you very much.

Now I go to Sébastien Lemire, who is substituting today for Martin of the Bloc Québécois.

You have six minutes, please, Sébastien.

[*Translation*]

**Mr. Sébastien Lemire (Abitibi—Témiscamingue, BQ):** Thank you, Madam Chair.

Joe Natale, the former CEO of your company, who just left the role, appeared before the Standing Committee on Industry, Science and Technology on March 29, 2021. Among other things, he said that the ability to merge two teams—Shaw and Rogers—with two balance sheets and two sets of assets would allow Canada to be at the forefront of the future digital economy.

We're talking about the merger of a company that holds 50% of the market share of cable subscribers and, as a result, controls 50% of programming revenue.

Will the merger resulting from the acquisition of Shaw by Rogers allow Canada to play a leadership role in the digital economy, or will it mean decreased competition?

Will this merger have negative repercussions on the Canadian digital economy?

**Ms. Colette Watson:** I'll start to answer your question, and then I will ask my colleague Ms. Dinsmore to add her comments.

We are certainly aware of the importance that the company will have after the merger with Shaw. I have been with Rogers for 30 years now, and we have always aspired to be a leader in innovation and development.

Today, we're talking about digital development.

Ms. Dinsmore, do you have anything to add?

[*English*]

**Ms. Pamela Dinsmore:** I'll have to respond in English, if that's okay.

The entire hallmark of this transaction and the coming together of these two companies is to bridge the digital divide, to bring innovation and competition to the west, to bring affordability and affordable Internet to the west and to vulnerable communities, and to ensure that everybody has access to broadband. There are over two million Canadians today who do not have access to broadband, and we want to lower that number considerably, so we are going to be investing billions of dollars.

[*Translation*]

**Mr. Sébastien Lemire:** I'm sorry to interrupt you.

The subject of today's meeting is the impact on local news, but if you wish to discuss access to the Internet and cellular networks, I will be happy to do so. However, you are well aware of the fact that the Standing Committee on Industry, Science and Technology conducted a study on that topic.

Furthermore, as you know, the Competition Bureau could ask you to impose conditions. A newspaper article in *Le Devoir* stated that it was expected that Rogers would be asked to give something up, possibly Shaw mobile telephone services in some regions.

What I'm asking is what will happen to local news. What solutions have you envisioned to address the concerns raised about the acquisition of Shaw?

What would the deployment of Rogers look like in Quebec?

Are you able to invest in regional and rural infrastructure in Quebec?

**Ms. Colette Watson:** Concerning local news, we have a CityNews broadcasting station in Montreal. We are reaching the anglophone minority in Montreal, and our station is located in the downtown. This station will receive more funding after the Shaw acquisition.

Concerning infrastructure, that is more Ms. Dinsmore's field of expertise.

• (1645)

**Mr. Sébastien Lemire:** The Minister of Innovation, Science and Industry, the Honourable François-Philippe Champagne, spoke about the accessibility and affordability of telecommunications services.

According to economist Vincent Geloso, it is unlikely that another Canadian company could enter the market occupied by Rogers and become a competitor, given that the investments needed to install telecommunications cables are enormous.

What do you think about the issue of competition in your territory?

**Ms. Colette Watson:** Currently, neither Rogers nor Shaw has a cable company in Quebec. I don't see the link, but maybe I misunderstood your question. The Rogers cable company that will be merging with Shaw is located in western Canada.

**Mr. Sébastien Lemire:** I think that it is important to mention that, if you become such a large player in the Canadian network, you will have a responsibility toward all of Canada, Quebec included.

This also affects competition in the various markets. The share of advertising revenue and the number of subscribers will not increase, even though you hold over 50% of them.

How do we encourage competition in the market? What would you be willing to give up?

We can consider the transaction as a whole, but the issue of local news is fundamental.

Would you be willing to invest more in a fund that would increase media diversity, for example?

We agree that this transaction is disputed, so what are the possible solutions?

**Ms. Colette Watson:** I think that there is some confusion here.

Concerning local news, we will improve upon the existing service offerings in Montreal. We do not offer cable television services in the province of Quebec. However, by acquiring Shaw, Rogers will become the largest contributor to the Canada Media Fund, or CMF.

Concerning issues related to Bill C-11, if you wish to ask the CRTC to ensure that competition in television production be developed with the CMF, that's one thing. However, Shaw and Rogers do not currently operate in Quebec, so I don't see how we will be able to add to that effort.

**Mr. Sébastien Lemire:** Thank you.

[*English*]

**The Chair:** Thank you, Ms. Watson.

I think the time is up, Monsieur Lemire. Thank you very much.

I will go to the next questioner, Richard Cannings from the NDP, for six minutes.

**Mr. Richard Cannings (South Okanagan—West Kootenay, NDP):** Thank you, Madam Chair.

I'd like to thank the witnesses before us today.

I'm from the Okanagan Valley in British Columbia. It's a fairly rural area. I also represent the West Kootenay. I live in Penticton. I represent Castlegar, Trail and that area. I'm a Shaw customer, I have to say.

While there's no community television in those cities, Shaw has a community cable channel. I think they call it Shaw Spotlight now. It shows up at events and broadcasts the local hockey games and things like that.

Are there any plans for how this merger would affect those services? Would it improve them or eliminate them? Although it's not a real TV station as was being talked about by Mr. Waugh, it is a valuable local service.

• (1650)

**Ms. Colette Watson:** It most certainly is. Thank you.

I got my start in community television. We have a very fond outlook on community television. We at Rogers pride ourselves on being the gold standard for that. With respect to the coverage of local sports and what you get on Shaw Spotlight today, that won't change. It will grow.

We haven't had an opportunity to work very closely on how we can grow it, but we are planning to add a documentary team to the community channel team out west. There are no plans at all, in fact.... We would completely commit to continuing what Shaw Spotlight has, and I believe we have.

**Mr. Richard Cannings:** Monsieur Lemire didn't want to talk about cell service and mobile, but I do. It's well known that Canada has the highest cellphone fees in the world. No other country really comes close. When we see three companies going down to two—or however many there are—one can only see competition decreasing.

How do you see the exorbitant costs of cellphone coverage in Canada proceeding after this merger? I can only see competition going down and prices going up.

**Ms. Pamela Dinsmore:** There are a few things to put in the window. With regard to prices in Canada, when you look at a number of different international studies, for example, OECD reports, the CRTC monitoring report and the Wall report, all of them will tell you that on a price value comparison, Canadians are running effectively in the middle of the pack. That's among 37 countries in the case of the OECD study.

Price has to correlate to value. When it comes to price, as many of you are aware, two years ago we were issued a challenge by ISED to bring our prices down by 25%. That was two years ago, and at the end of January, the telecom quarterly report issued by ISED said that we had done that. We have done that. We have brought wireless prices down by 25% in two years, and at the same time, data buckets for customers have increased dramatically, providing, again, more price value for the customer.

I think price always has to be looked at in the context of value and what Canadians are getting for their dollar.

Another study, a PwC study that was issued in September 2021, looked at the cost of building networks and the quality of service among the G20 countries. That study found that while in Canada the providers spend the most money of all the G20 countries to construct and build their networks, at the same time, we have the highest quality of service relating to speed, 4G availability and video experience.

It's a tough country here. It's rocky, it's cold, it's not easy to build in certain places, and it's hard to do it in the winter. It costs a lot of money. At the end of the day, Canadians are getting tremendous value for the dollar.

**Mr. Chris Bittle (St. Catharines, Lib.):** I have a point of order.

**The Chair:** There is one minute left.

**Mr. Richard Cannings:** I'll just finish quickly.

The bells are ringing, Madam Chair.

**The Chair:** I know. I need unanimous consent to stay for another 20 minutes. It's a 30-minute bell.

I don't know whether I am getting unanimous consent. The clerk will have to tell me.

**Mr. Chris Bittle:** I think we have unanimous consent for 15 minutes.

**The Chair:** I don't know who's speaking.

Can I ask the clerk to give me that answer, please?

**The Clerk:** I'm being told that the room has given unanimous consent for 15 minutes, Madam Chair.

**The Chair:** Thank you very much. We will continue for 15 minutes.

That means you can finish the 40 seconds left in your questioning.

**Mr. Richard Cannings:** I had one minute when all of this began.

I just wanted to say that what I'm quoting from is a new report from Finland, which is a country kind of like Canada. It's cold; it's northern, and it's sparsely populated for many miles. They looked at countries around the world. They had a package, a 4G cellphone plan with 100 gigabytes of data, and Canada came in at \$144. Out of 40 countries, we were number 40. South Africa was at \$127.

That's what I was commenting on.

• (1655)

**The Chair:** Thank you. I think your time is up.

I don't know what's going on. Somebody has a mike unmuted in the room, and therefore I am yelling at you all from a distance. Please mute your mikes. Thank you.

Your time is up, Mr. Cannings.

We're going to move now to the other round. This round takes 20 minutes. That's why I asked for consent for 20 minutes. If you give me only 15 minutes, Mr. Waugh and Mr. Bittle, who are the last two questioners, will have to be cut off.

Is that what we wish as a committee? Can I get some response?

**Mr. Michael Coteau (Don Valley East, Lib.):** Yes, we're fine with that.

**The Chair:** Is it 20 minutes then, or are you fine with 15 minutes? What are you fine with, 15 or 20?

**Mr. Chris Bittle:** We are fine with 15 minutes, Madam Chair.

**The Chair:** All right. Mr. Waugh is okay to come off the question.... Thank you very much.

Now we go to this round, and it's Ms. Leslyn Lewis, for five minutes, please, for the Conservatives.

**Ms. Leslyn Lewis (Haldimand—Norfolk, CPC):** Thank you very much.



For many years, the industry analysts have sounded the alarm regarding Canada's very high and increasing concentration of media ownership. This proposed merger, which would be the sixth-largest merger of its kind in Canada, has been criticized from all sides of the spectrum. People are saying that this would be bad for news media and also for diversity of voices. It would also be bad for employment in local broadcasting and bad for competition, and ultimately also bad for consumers.

How would you address those concerns, specifically the one about diversity of voices?

**Ms. Colette Watson:** Shaw does not own any local TV or radio stations, so there will be no consolidation of radio and TV by combining Rogers and Shaw. There will be no consolidation and no reduction of the diversity of voices or reduction of voices.

We're quite proud at Rogers to have one of the best track records with respect to diversity on air on our CityNews stations, as well as being the proud owners and partners of two independent ethnic organizations on Omni Television. [*Technical difficulty—Editor*] newscasts in six different languages. We offer programming in 40 different languages and we have 30 community channels with different languages based on the communities they serve. We have a variety of radio stations that offer opportunities for a diversity of voices across the country as well.

With respect to merging Shaw and Rogers, there will be no reduction or consolidation of actual TV and radio stations, just a wonderful enhancement of the amazing track record we have today on diversity of voices.

**Ms. Leslyn Lewis:** I also received the overview sheet you presented prior to the commencement of this session. It stated that you will have 43 new local news positions.

How will this work? Is this on top of the existing positions that are out there?

**Ms. Colette Watson:** Yes, on top of the positions there will be at the time of the close of the two companies, these are net new jobs. We're creating an indigenous team and some support staff for that indigenous team, along with a documentary team. Two reporters from western Canada will be added to the parliamentary bureau in Ottawa to bring western perspectives. There are 43 net new journalism jobs.

**Ms. Leslyn Lewis:** I'm a bit confused about a statement I believe I heard from Rogers, that it would redirect money that Shaw spends on local news, which is about \$13 million annually. There was a quote from Matt Hatfield with OpenMedia. He told this committee that the merger would put one man, Ed Rogers, "in charge of the Internet and broadcast service of nearly half of English Canadian [network] users." The end result is that in Canada, the top four companies will hold an astonishing 53% of the market share.

With respect to that, we're very concerned about the impact of this merger on the Canadian news market and the long-term impact on the quality of diversity of voices.

What can you say to reassure this committee that our concerns about this merger and the concerns of the majority of commentators, experts, community and ethnic media associations are not warranted?

• (1700)

**Ms. Colette Watson:** As I said, we are the smallest of three television networks; Citytv is not CTV or Global. This merger is about two cable companies, so it will not impact television stations at all.

Yes, \$13 million of Shaw cable money will be redirected to Citytv from Global TV stations. Global's news budget per year is \$120 million, while Citytv's news budget per year is \$21.9 million, so we believe it will enhance our good role as shepherds and stewards of diversity and will increase diversity in local news.

We hold the gold standard on diversity in local news. I will say that, bar none.

**The Chair:** Thank you very much, Ms. Watson.

I'm going to go to Anthony Housefather for the Liberals for five minutes, please.

**Mr. Anthony Housefather (Mount Royal, Lib.):** Ms. Hepfner is taking my time, Madam Chair.

**The Chair:** Ms. Hepfner, please go for five minutes.

**Ms. Lisa Hepfner:** Thank you very much.

I want to return to the question I ended on the last time in terms of incentivizing news through broadcasters.

You had a couple of ideas, like expanding the labour tax credit to television news. I'm wondering if this means that local news has to be supported by government. Other than our public broadcaster, are we saying that we need government funds to support news, or are there other ways to incentivize broadcasters and other news producers?

**Ms. Colette Watson:** There are other ways. There's a regulatory framework that outlines and dictates how each television station should spend what we call CPE, Canadian programming expenditure.

It's a really tight sandbox. There are rules for everything. There is an amendment we are proposing on Bill C-11 that would allow those monies to be redirected within the pool of money that we are obliged to commit to the Canadian broadcasting system, and there's a way to change that to have the CRTC allow us to move that money around to bolster local news.

The tax credit is the easiest one to implement right away. The government already allows print broadcasters to access a tax credit. Our journalists on TV stations are just as important as print journalists at local newspapers, so we are asking for that tax credit to be expanded to television stations so that local news, especially in small and medium-sized markets, can access that tax credit.

**Ms. Lisa Hefner:** I would like you to expand on that and clarify for me exactly what you're talking about.

Is it the definition of Canadian content that we want to address, or is it the amount that broadcasters like Shaw and Rogers have to spend on other types of content like dramas?

Is that what you're saying?

**Ms. Colette Watson:** In Bill C-11, yes. I will let Pam talk to you about that.

**Ms. Pamela Dinsmore:** On the one hand, we would like to see a category that would allow us to spend our Canadian programming expenses on local news and programming. That doesn't exist today. We would like to see that added, because as Colette was discussing, as a broadcaster, one has to spend a certain amount of money every given year on Canadian programming. That would then allow the addition of that category, and we could allocate some of that money to local news and information programming. That's step one.

Step two is, as we look at our giant tech friends, that we recognize that they are at the same time acquirers, producers and distributors of programming. To the extent they are regulated, they are regulated as one entity. We at Rogers are regulated as numerous different entities. We're regulated as a cable company; we're regulated as a broadcaster; we're regulated as specialty services, and we're regulated as radio stations. What we want is to allow the commission to have the flexibility to look upon us as one and for us to be able to come forward to the commission with proposals around how we might move money from one side of the company to another in order to support local news and information programming. Right now we can't do that because we're regulated in silos.

Again, our friends will not be regulated in those same sorts of silos; they will be regulated as one entity. Unless things change, we are going to be regulated as different licensees, *ergo* with different regulatory requirements, *ergo* unable to do exactly what we would like to do, which is allocate part of our BDU contribution to fund the local news that our media arm is producing. That would be an example.

• (1705)

**Ms. Lisa Hefner:** To finish up that thought, do you think the legislation should mandate that more money be put into news, or do you think the broadcasters should have more flexibility in what they put their money into?

**Ms. Pamela Dinsmore:** We think that it should be a category that provides that option, because you might have a broadcasting group that thinks drama's the most important thing for it to put its money on, whereas for us at Rogers certainly local news and information programming is one of our major calling cards, *ergo* we want to bolster it and ensure that we can continue to do it as well as we do today and even better.

**Ms. Lisa Hefner:** Can you—

**The Chair:** Thank you.

Lisa, I'm sorry. You have only 10 seconds left.

I would like to move now to the Bloc Québécois. It's going to be Mr. Lemire for two and a half minutes.

[Translation]

**Mr. Sébastien Lemire:** Madam Chair, I would like some information.

At what time do you want the committee meeting to end? Will the NDP member be entitled to his two and a half minutes of speaking time?

[English]

**The Chair:** We were given 15 minutes by the committee. We are using that 15 minutes. We've had five, and 10 more minutes are left, so you can begin, please. That will give you enough time to get there.

[Translation]

**Mr. Sébastien Lemire:** Thank you, Madam Chair.

We know that Shaw provides funding to Corus Entertainment for the news programming that it broadcasts on television stations worldwide. Rogers, the owner of Citytv and CityNews, has announced its decision to cancel Corus' funding and use the money for its own news programming, particularly in the cities of Edmonton, Calgary, Winnipeg and Vancouver.

In Quebec, Corus Media operates specialized francophone television brands such as Historia, Séries Plus, Télétoon and the Disney Channel. By controlling 50% of the subscribers and revenue from subscriptions, Rogers will therefore decide which shows will be broadcast, to whom they will be broadcast, and who will be able to broadcast them. In my opinion, that is problematic.

Ms. Watson, how will you be able to encourage the broadcasting of French-language content in Quebec?

**Ms. Colette Watson:** You have asked two questions: the first concerns local news, and the other, the amount that Corus receives from Shaw. That has no relationship with the distribution of specialized services in Quebec. In fact, these services are provided by Bell Fibe, Videotron, Cogeco and the other cable companies in Quebec. Rogers and Shaw do not have a permit to offer cable television services in Quebec.

Concerning the amount that Shaw pays to Corus, I explained earlier that the money that went to Shaw will from now on go to City, which has a station in Montreal. As I mentioned, the budget allocated to Global is \$120 million, and the budget allocated to City is \$21.9 million. I believe that the \$13 million for the addition of news programming will be well spent by City.

**Mr. Sébastien Lemire:** Do you plan to invest more—

[English]

**The Chair:** You have 50 seconds.

[Translation]

**Mr. Sébastien Lemire:** Do you plan to invest more in infrastructure in Montreal, for example, if only English-language content is important to you in Quebec?

**Ms. Colette Watson:** We plan to invest in journalism but likely not in infrastructure.

**Mr. Sébastien Lemire:** Thank you.

• (1710)

[*English*]

**The Chair:** Who is going to answer that question?

**Ms. Colette Watson:** I believe I answered it.

**The Chair:** All right.

You have 18 seconds left, Mr. Lemire. What do you want to do with that?

[*Translation*]

**Mr. Sébastien Lemire:** I'll stop there, Madam Chair.

Thank you very much.

[*English*]

**The Chair:** Thank you.

I will now go to Mr. Cannings, for two and a half minutes.

**Mr. Richard Cannings:** Thank you, Madam Chair.

Right now, Shaw and Rogers together have an employment force of well over 30,000 people. I think it's 34,000. You mentioned a net increase of 43 reporter staff, I think.

We've heard concern in the media and at other committees that there will be a big hit on overall employment in the new Rogers. I'm wondering if you could comment on what is projected for that job loss, because I think overall it must be negative or this wouldn't be happening.

**Ms. Pamela Dinsmore:** I think it's fair to say that in any transaction of this size and nature there will obviously be some redundan-

cies, but the great news is that not only are we committed to the 10,000 employees who currently work at Shaw, but we have further committed to creating 3,000 net new jobs as part of this transaction as we move ahead with our extension of service into indigenous, rural and remote communities, and as we deploy our 5G networks and do a lot of our new build. We are going to be in a footprint that is much larger than the current Shaw footprint, which will require us to hire people. We've also made commitments, as you will see in the appendix we gave to you, to a new national centre of technology and engineering excellence, and that will in and of itself create hundreds of new jobs.

I think the great news for you is that what you may have heard in the press is not in fact going to be translated into reality.

**Mr. Richard Cannings:** Thank you.

Madam Chair, that's all I have. I cede my time.

**The Chair:** That's great. We still have to hear from CRTC and Bell. Because of votes this was disrupted.

Before I entertain an order to adjourn, I would like to thank the witnesses for coming and for answering cogently and quickly the questions they were asked.

I would entertain a motion for this meeting to be adjourned.

**Mr. Chris Bittle:** It's so moved.

**The Chair:** Thank you.

The meeting is adjourned.

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