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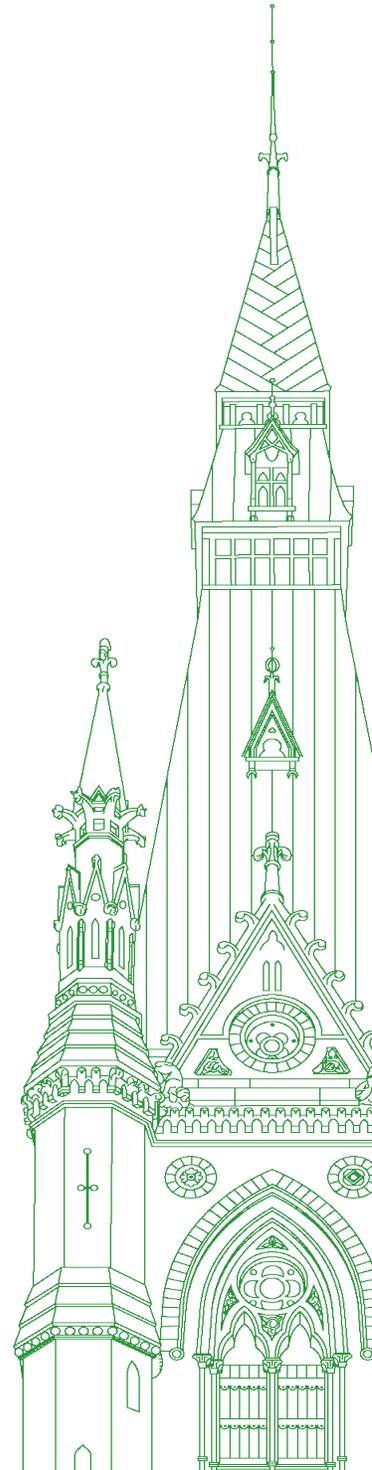
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Chair: Mr. Scott Simms



Standing Committee on Canadian Heritage

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• (1305)

[*English*]

The Chair (Mr. Scott Simms (Coast of Bays—Central—Notre Dame, Lib.)): Welcome, everyone, to the Standing Committee on Canadian Heritage. Pursuant to the order of reference of Tuesday, February 16, we are now studying Bill C-10, an act to amend the Broadcasting Act and to make related and consequential amendments to other acts.

I'd like to remind everyone that we are still in a hybrid format. We are all online, by the looks of things, with the exception of me. I would remind all of you that you are not allowed to take pictures or snaps of the screen for distribution. Thank you so much.

Now, this is the part where I normally say welcome to the committee, but today, I have to say welcome back. As you know, we were waylaid in the last meeting we had, so we're holding this over because we missed out the last time.

So here we are and we start again with our first three witnesses as we did last time. From the Alliance des producteurs francophones du Canada, we have Carol Ann Pilon, who is the executive director. From the Canadian Association of Broadcasters, we have Kevin Desjardins, who is the president. From the Independent Broadcasters Group, we have Joel Fortune, who is the legal counsel, and Monsieur Luc Perreault, strategic adviser. Thank you so much again.

As you know, we do the five-minute introductions, as before, except that this time we'll actually get to questions.

We're going to start off with Madame Pilon.

[*Translation*]

Ms. Pilon, you have the floor for five minutes.

Ms. Carol Ann Pilon (Executive Director, Alliance des producteurs francophones du Canada): First of all, I want to thank the committee for having me once again.

Since I've previously made a presentation that was entered into the public record, I will simply summarize it briefly and highlight what we feel are its essential points.

In our initial presentation, the Alliance des producteurs francophones du Canada, or APFC, outlined three fundamental principles.

First, it is absolutely necessary to put a stop to the current unfair treatment exempting online businesses from any obligation to support the creation and broadcasting of Canadian content.

Second, it is essential that the act include provisions designed to give the entire Canadian broadcasting system a clear mission to reflect the situation of the official language minority communities, the OLMCs, and to encourage the creation of programs produced by their members.

Third, it is undeniably important that the act include meaningful provisions designed to strengthen the position of original French-language programming within the Canadian broadcasting system.

We have attached to our brief specific proposed amendments to the wording of sections of the act and amendments giving effect to those proposals.

The culture is a strong concept that embodies the aforementioned principles. By that I mean the culture that promotes our development, enhances our identity and gives expression to our language. This same great principle of diversity of cultural expression should constitute the foundation of the Canadian broadcasting system and be the essential feature of its orientations.

Since our first appearance, Minister Joly has tabled a white paper that could eventually lead to a review of the Official Languages Act. Some claim this potential review may be enough to ensure that the objectives of our second principle are achieved.

Although this reform acknowledges that it is important to support the creation and broadcasting of francophone content and to improve access thereto, that objective must be included in the relevant legislation, the Broadcasting Act, so that it is set forth in express terms in the regulations made by the Canadian Radio-television and Telecommunications Commission, the CRTC, and stated in the clearest possible terms so that it applies to the broadcasting system as a whole.

Experience has shown that the Official Languages Act has thus far failed to compel the CRTC to introduce measures that have an actual impact in responding to the needs of the OLMCs. The figures speak for themselves since francophone minority production amounts to 4% of total production, even though we represent 14% of Canada's francophone population.

The Minister of Canadian Heritage suggested during his appearance that, under the present wording of the act, the CRTC was able to provide adequate support for original Canadian French-language content on the broadcasting system.

I must emphasize that this production is mostly from Quebec and that it has not necessarily achieved the same success elsewhere in Canada. This phenomenon is not solely attributable to the CRTC's decisions but also stems largely from Quebec's cultural policy, which, for many years now, has encouraged the creation of French-language cultural products. Minority francophones do not enjoy equivalent support, which is why the act must ensure that original French-language programs can be created, produced, presented and discoverable all across the country.

In your discussions with Canadian broadcasters, many have sought significant relief from their present obligations. If such relief is granted, we fear that millions more dollars from online businesses will in fact be used to substitute for proper funding.

In other words, we are afraid the entire exercise may be only a zero-some game in which licence-holding broadcasters' contributions to the financing of Canadian content are reduced by an amount equivalent to contributions from digital businesses.

The Canadian Heritage minister and representatives clearly stated that this was not the intent of the bill, but nothing in the text of the act so indicates or guarantees. This concerns and troubles us, even more so given the emphasis placed on flexibility in the Directions to the CRTC issued yesterday.

This is why we believe it must be stated in the preamble to the act or in the Directions to the CRTC that the objective is to increase the total resources available to finance the creation and production of high-quality Canadian content and to ensure that it is disseminated and promoted.

In conclusion, I would like to say that we welcome Bill C-10 and encourage the government to adopt it as soon as possible. This major bill is inclusive and an exceptional opportunity to give a voice to all Canadians across the country.

Thank you for your attention. I will be pleased to answer your questions.

The Chair: Thank you, Ms. Pilon.

[English]

Now we go to the Canadian Association of Broadcasters and Mr. Desjardins, please, for five minutes.

[Translation]

Mr. Kevin Desjardins (President, Canadian Association of Broadcasters): Good afternoon, Mr. Chair and members of the committee.

Thank you for the opportunity to return today on this important piece of legislation that I am pleased to be able to address.

[English]

My name is Kevin Desjardins and I'm the president of the Canadian Association of Broadcasters.

The CAB is the national voice of Canada's private broadcasters, representing the vast majority of private radio and television operators in communities large and small and in both official languages.

• (1310)

For nearly a hundred years, Canadian private broadcasters have been a part of the cultural and economic fabric of the nation. They have provided a platform for Canadian stories, invested in Canadian talent, employed Canadian workers, reflected Canadian diversity, paid Canadian taxes, entertained Canadian audiences and informed Canadian citizens.

The legislation we are here to study comes at a critical moment for our sector. Over the past decade, the competitive landscape for Canada's broadcasters has fundamentally changed. Unregulated digital competitors have moved into the Canadian market without hindrance or oversight. They have fragmented audiences, driven down revenues and driven up programming costs. In short, they have turned traditional broadcasting business models on their heads.

The advertising marketplace has changed radically, with online platforms now consuming half of those advertising dollars. In fact, private, conventional TV stations posted a negative margin of 7% in 2018-19, which was the seventh consecutive year of losses. That was before COVID-19.

Similarly, nearly as many Canadian viewers are watching Internet streaming services as are watching television through cable or satellite providers. In addition to decreasing audiences and subscriptions, these new over-the-top entrants have fundamentally changed consumer behaviour.

These structural challenges require structural solutions. Broadcasters are doing their part by investing in new content and technologies and following audiences onto new platforms. However, they remain hindered by unsustainable and inequitable regulatory obligations. This is why we welcome Bill C-10.

The Broadcasting Act is 30 years old and it still presumes a reality for the sector that has long since become a remnant of history. It assumes that there are limited ways for content to reach Canadians, as was the case when Canadians could only watch or listen to programs over the public airwaves. Because licences to operate broadcasting channels over those airwaves were scarce, they were highly valuable. Broadcasters' regulatory obligations, especially with respect to Canadian content, were proportionally high.

Today, because audiences have a multitude of content platform options, the value of traditional broadcasting licences is much less than it once was. Nevertheless, regulatory obligations have remained as onerous as ever and in some cases have become more burdensome. This has left Canadian broadcasters as some of the most heavily regulated businesses in Canada, attempting to compete in one of the most profoundly disrupted industries in the world.

These trends have created an existential crisis. A study published last year estimated that television and radio broadcasters stood to lose more than \$1 billion in revenues between 2020 and 2022.

Canada's private broadcasters are not interested in turning back the clock. They are optimistic about the future. They want to continue evolving with Canadians, providing cultural and economic value to the nation. However, they cannot continue to shoulder their significant obligations alone.

Bringing digital broadcasters into the regulatory system is a necessary first step, which Bill C-10 gets right. It is not enough to simply apply a parallel regime to extract additional dollars from digital giants. We need to rebalance obligations and create a modern, agile and sustainable regulatory framework that will allow Canadian broadcasters to adapt to the new realities.

These changes are particularly vital for sustaining one of the most important public services that our domestic broadcasting industry continues to provide, which is local news.

Canadian private broadcasters remain especially proud to be the primary source of news and information in communities across the country. In an era of misinformation and global pandemics, it is critical that we identify ways to continue to support local news voices that reflect the realities of their communities and reflect a fair and accurate vision of Canada back to Canadians. We know that the digital giants will have little interest in delivering the evening news from Lethbridge, Saskatoon, Peterborough or Quebec City.

Ultimately, Bill C-10 needs to support local news and help us find ways to ensure that these critical Canadian stories are funded across the country in markets large and small.

• (1315)

The Chair: Thank you, Mr. Desjardins. I'm sorry, I have to leave it there. We're well over your five minutes.

I'm now going to turn to the Independent Broadcasters Group.

[*Translation*]

Mr. Perreault, you have the floor for five minutes.

Mr. Luc Perreault (Strategic Advisor, Independent Broadcasters Group): Mr. Chair and members of the committee, thank you for the opportunity to complete our presentation.

I am a strategic advisor with the Stingray Group, which is a member of the Independent Broadcasters Group, the IBG. I am here with Joel Fortune, legal counsel to the IBG.

The group supports Bill C-10 but requests that it be amended before it is adopted. The bill gives the CRTC the necessary authority to supervise online programming services, such as Netflix, that offer individual programs to subscribers. The bill confers significant powers on the CRTC but withdraws the power to supervise online distribution services at the very moment the major cable companies in Canada are preparing to offer Internet distribution services in conjunction with their established cable services.

This lack of supervision also affects global platforms such as Netflix, Amazon and Apple TV, which also offer distribution platforms that include applications and services provided by other businesses. Many of those, such as Pluto TV, also offer services including programming guides and linear content.

The CRTC currently has the power to ensure that Canadian services are fairly treated in this online environment. Bill C-10 eliminates that authority. The few changes that we have proposed will solve this problem.

Why is this regulatory authority so important?

As independent broadcasters, we know how essential it is to have fair access to distribution platforms. I will leave it to my colleague Joel Fortune to explain why the future of independent broadcasters and independent distributors depends on those amendments.

[*English*]

Mr. Joel Fortune (Legal Counsel, Independent Broadcasters Group): IBG recently completed a study that demonstrates some of the problems with Canada's existing broadcasting system. Between 2015 and 2019, some Canadians cut the cord and the base of Canadian subscribers fell by about 6.5%. IBG's study finds that over this same time period, the revenue of non-mandatory, Canadian independent television discretionary services fell faster, by 20%. Meanwhile, the revenue of the large, vertically integrated discretionary services actually rose. The collective per-subscriber wholesale rate for these services increased by more than 20% over this same time period. This is more than twice the rate of inflation.

These differences suggest strongly that the market power of Canada's large, vertically integrated BDUs is distorting the Canadian market. This kind of discrepancy in revenue is not sustainable. It is undermining diversity in the Canadian system. We believe that the CRTC's rules in this area need attention, but at least the CRTC has the authority to do what is required. Under Bill C-10, they won't in an online environment.

In an online environment, it's imperative that the CRTC have clear jurisdiction to ensure the fair treatment of all players, including in the ever-changing use of algorithms and in the fair use of data. We are not alone in our concerns. The Canadian Communication Systems Alliance, CCSA, represents independent cable and IPTV companies. They're on one side of the independent broadcasting coin in Canada and we are on the other.

In its submission to you, the CCSA underlines the importance to this committee's work of the market power of Canada's own media giants. We support the CCSA's comments, which echo our own, and the changes the CCSA is proposing in addition to our own. CCSA suggests an amendment to proposed paragraph 9.1(1)(f) to add a reference to contracts between broadcasting undertakings.

CCSA also proposes that the CRTC's authority to protect against undue preference and disadvantage in the distribution environment be brought into the bill. Both changes respond to the reality of the consolidated broadcasting industry in Canada.

Lastly, I will follow up on some other points of discussion we have been following in this committee. On the question of Canadian ownership, of course Bill C-10 should include Canadian ownership of all types of services as a policy objective. It should be updated, not removed as a policy. On the question of the role of Canadian broadcasters, we've heard words of support for Canadian broadcasters and the important role we play as the bedrock of the system, but the bill omits the most important issue for most broadcasters: fair access to the means of distribution.

Thank you for the chance to appear. We'd be happy to answer your questions.

• (1320)

The Chair: Thank you so much for that.

We're going to go now to our questions.

I'd like to remind my colleagues about addressing your question directly. If you name the person, since we are all in a virtual format, it makes it much easier.

We're going to go to the Conservatives, Mr. Waugh, you have six minutes.

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): Thank you, Mr. Chair. I welcome back all three groups as we had them earlier. We were interrupted with votes at that time.

Ms. Pilon, thank you for all your work, and bringing forth these six amendments that your organization would like to see.

We have all heard the concerns of your organization, your province, and those outside of Quebec, who speak French and want French culture.

Could you please speak to that, because there seems to be a concern with OLMCs? You have provided six very good amendments that your organization would like to see included in this bill.

[*Translation*]

Ms. Carol Ann Pilon: The Alliance des producteurs francophones du Canada represents producers working in French outside Quebec. Our members are established in eastern Canada, western Canada, Ontario and the territories. The volume of production from independent producers outside Quebec currently represents approximately 4% of the volume...

[*English*]

The Chair: Ms. Pilon, my sincere apologies for interrupting.

Please move the microphone a bit further away, because there's a lot of popping on your microphone. This is for the sake of our interpreters.

Thank you.

[*Translation*]

Ms. Carol Ann Pilon: Our producers work outside Quebec. The volume of independent production outside that province represents approximately 4%. Despite the fact that the francophone population outside Quebec...

[*English*]

The Chair: I'm sorry, Ms. Pilon. I apologize again.

You have to bring it down a bit further. We can't hear you now.

Please, go ahead.

[*Translation*]

Ms. Carol Ann Pilon: The francophone population outside Quebec represents 14% of the total francophone population of Canada. The Broadcasting Act currently contains only one reference to linguistic duality. Under this bill, that is the only provision that confers a status on us. It is therefore very important to make express mention of the official language minority communities to ensure that content is produced and access is provided to that content in communities outside Quebec.

Some say the Official Languages Act confers a particular status on us by virtue of the fact that it is a quasi-constitutional statute. However, CBC/Radio-Canada is the only broadcaster that is required to spend money on Canadian programming or that, under the act, has mandated obligations toward francophone minority communities.

The large private groups don't have those obligations. However, the CRTC has elected to interpret linguistic duality in a fairly vague manner as it regards those groups. It imposes certain expectations on them and offers incentives that have done very little to meet the needs of the OLMCs.

[*English*]

Mr. Kevin Waugh: I'm going to move to Mr. Desjardins.

It seems the CAB is getting smaller each year. It's listed here that you have 401 radio stations and 78 TV stations. We have spoken to each and every one of those organizations, and they feel the CRTC is heavily regulated. This is an issue going forward with this bill.

The CRTC will have full control, but the regulation right now in your sector, especially for the Canadian Association of Broadcasters, has been heard loud and clear. It's too regulated right now. Do you agree with that?

• (1325)

Mr. Kevin Desjardins: Yes, I think absolutely.... We would say that we don't see Bill C-10 as an opportunity to find new rules and regulations to impose on our domestic private broadcasters. As I say, we feel there is an abundance of obligations and requirements—reporting requirements—that are already there. There is certainly a long list of these that apply to private broadcasters already. I don't think we see anything within the bill that is going to create those obligations and requirements on the online streamers.

I don't think this is a time for us to look at it as an opportunity to extract more value from the private broadcasters, especially at a time when, as I said at the outset, our business is really being challenged on all sides of our value chain. We are sharing the audience with these international players who have walked in unfettered into the market.

Obviously, for us, if anything we would hope that there would be an ability to create a lighter regulatory framework for Canada's private broadcasters and not find a number of new obligations and rules for them.

Mr. Kevin Waugh: Thank you.

I'll move to the Independent Broadcasters Group.

Gentlemen, certain terms, such as "terms of service", "discoverability" and "social media", are not defined in this bill. Should they be?

I'll ask that of Mr. Perreault or Mr. Fortune.

Mr. Joel Fortune: Maybe I'll take that one.

There's a lot that isn't defined in the bill. "Internet" isn't necessarily defined in the bill. These are terms that are generally understood and can be given meaning when the act is interpreted in its normal course.

With regard to "terms of service", for example, if you're talking about terms of service between broadcasting undertakings, those are the terms that are negotiated by broadcasting undertakings. If you're about talking terms of service to consumers, generally it's the contractual terms offered to consumers. We can get tied up in all kinds of definitional issues.

There are a few extremely important definitions in the act. Those are the ones that deal with online undertaking, programming undertaking, distribution undertaking, network and many others. It's important to—

The Chair: Sorry, Mr. Fortune, I have to stop it right there.

Mr. Kevin Waugh: Thank you.

The Chair: Next up is Mr. Housefather, for six minutes, please.

Mr. Anthony Housefather (Mount Royal, Lib.): Thank you very much, Mr. Chair.

Thank you very much to all of the witnesses for coming back again today and finally getting a chance to do your full presentations.

I'm going to concentrate my questions with Madame Pilon.

As a member of the committee who comes from an official-language minority community and who cares very much about this issue, one of the themes that I believe most needs amendment in this law is the recognition of the place of official-language minority communities in Canada.

In Quebec, as we know from previous testimony, we used to have more than 25% of the original English content in Canada created in Quebec; now it is less than 7%.

[*Translation*]

In the rest of the country, only 4% of francophone content is created by francophones outside Quebec, and I don't think that's enough. We have to find a way to ensure both that the creation, production and presentation of original French-language programming flourishes across Canada, including in French in Quebec, and that the act recognizes the francophone communities outside Quebec and the anglophone community in Quebec.

Ms. Pilon, then what would be the actual consequences of not expressly naming Canada's official language minority communities in the act? I imagine you heard me when I asked Minister Guilbeault the same question. He told me the CRTC's regulations guaranteed those things. However, I think it's preferable to state it expressly in the act.

Do you agree with that?

● (1330)

Ms. Carol Ann Pilon: We entirely agree on that subject. We propose two principles to guarantee that protection. The first actually concerns the official language minority communities, both anglophone in Quebec and francophone outside Quebec.

We also propose that a provision be added to section 3 precisely to ensure that content is created by and for the official language minority communities and to guarantee access thereto. We use words such as "ensure" and "guarantee," which are clear, precise and firmly imperative.

Linguistic duality has frequently been interpreted very broadly in decisions concerning our communities and in consultations with the CRTC, as I said earlier.

Some might claim that linguistic duality can be secured by providing francophone content in Quebec and anglophone content in the rest of Canada.

The only place where the official language minority communities are named in the present act and in Bill C-10 is in CBC/Radio-Canada's mandate.

I'll go even further. When CBC/Radio-Canada's mandate was last renewed, a condition was added, providing that a certain percentage of the broadcaster's spending be earmarked for productions outside Quebec. As a result of the way that condition was interpreted, the corporation, in its reports to the CRTC, included English-language productions dubbed in French in that category in order to meet its obligations.

Failure to be precise and to put accurate names on things can result in all kinds of interpretations. This is what we want to avoid. We want the bill's provisions to state clearly that the official language minority communities have value and that they acknowledge they are a part of the Canadian identity and of the broadcasting system.

Mr. Anthony Housefather: I entirely agree with you.

What impressed me about your amendments, which are very specific, is that you've worked with both the members of your organization outside Quebec and Quebec anglophones, such as the...

[*English*]

Quebec English-Language Production Council.

[Translation]

You've also worked with francophone broadcasters from Quebec. Consequently, you've worked with all those groups in an attempt to strike a balance in the wording of your amendments in order to protect French across Canada, including in Quebec. Your objective is also to protect the official language minority communities in Quebec and elsewhere in Canada. I think that's very good.

My next question concerns a matter you haven't addressed.

What are your fears given the absence of any provisions in the bill that would enable the CRTC to oversee contractual relations between independent producers and broadcasters?

Ms. Carol Ann Pilon: The current balance power between independent producers—especially those that are members of the APFC—and the broadcasters is very lopsided.

These small businesses still find it hard to carve out a position in the broadcasting system. It's obviously a lot harder to negotiate when that balance clearly favours broadcasters. It's the creators that get funding from the Canada media fund. However, 97% of independent francophone minority production sees the light of day thanks to that support from the Canada media fund.

When the system opens up to new players, broadcasters and foreign businesses, bargaining power is definitely weakened. We already know that most of those businesses are seeking a larger share of operating rights over...

• (1335)

The Chair: Thank you, Ms. Pilon.

[English]

Sorry about that, but I have to move on.

[Translation]

Mr. Champoux, you have the floor for six minutes.

Mr. Martin Champoux (Drummond, BQ): Thank you very much, Mr. Chair.

Now it's my turn to add my voice to those of my colleagues in thanking the witnesses for their understanding and for being back with us today.

Mr. Perreault, have you read the draft directions that the minister issued yesterday? They're the directions he intends to submit to the CRTC after the new bill is passed.

Mr. Luc Perreault: Yes, I've read them.

Mr. Martin Champoux: What do you think of them? Do you see anything reassuring there? Any answers to your questions or responses to your concerns?

Mr. Luc Perreault: They're an excellent start. The directions are relatively consistent with the discussions we've had with members of the committee. However, the Independent Broadcasters Group would prefer that certain elements be included in the act rather than the directions.

As regards foreign ownership and amendments that we've proposed to regulate the precedence of Canadian services over online platforms, certain powers have been withdrawn from the CRTC.

We think they can be strengthened by directions. The Supreme Court has previously told the CRTC, in response to its request to determine whether it had the authority to set service rates for terrestrial broadcasters, that there was no such provision in the act and that the CRTC therefore did not have the authority to do so.

Mr. Martin Champoux: Hence the importance of including many elements in the act rather than in ministerial directions.

Mr. Luc Perreault: That's correct.

Directions may change from one government to the next. Consequently, if the Governor in Council has to issue directions to the CRTC every time the government changes, you can understand why broadcasters may find it hard to prepare their strategic plans.

Mr. Martin Champoux: You said in your presentation earlier that the CRTC has the authority under the present act to supervise online distribution services but that power will be withdrawn under Bill C-10. I'd like you to clarify your thinking on that subject because I thought the situation was the reverse.

Mr. Luc Perreault: No, that's not the case. The CRTC has adopted a measure called the Exemption order for digital media broadcasting undertakings.

This enables it to refrain from regulating online services. It has the power to do so, but it has chosen to exempt those services.

The CRTC thus had, and still has, the power to regulate those services. However, all the powers it currently has in its toolbox in order to regulate online distribution services would be withdrawn from it under Bill C-10.

Mr. Martin Champoux: You support Bill C-10, but you have many reservations. We've had a chance to discuss it amongst ourselves.

Do you think we can go ahead with this bill if no amendments are made to it, or should we cancel it all and restart the process at another time?

How important do you think it is to make amendments?

Mr. Luc Perreault: The Independent Broadcasters Group conducted extensive consultations before proposing amendments to the bill, amendments that I think clarify the CRTC's powers. If those amendments are adopted, the new Broadcasting Act will be sufficiently balanced, and the CRTC will have enough powers to regulate the online ecosystem without always having to wait for directions from the government or the Governor in Council.

Mr. Martin Champoux: Mr. Fortune addressed the issue of discoverability and the inclusion of independent broadcasters in basic subscriptions.

Tell me a little about the vulnerability of independent broadcasters relative to other broadcasters.

Mr. Luc Perreault: After the CRTC adopted the new regulations following the consultation process on Let's Talk TV: A Conversation with Canadians in 2015, a code of conduct was established. Certain aspects of that code of conduct should be changed because independent broadcasters don't have a lot of power when they negotiate with a very large distributor. They always emerge battered from those negotiations because our distribution rates get cut.

We realize at the same time that the money from the distribution fees of independent services winds up in the pockets of services that belong to the major distributors. So you see there's a problem the CRTC should address by amending certain articles of the code of conduct, in other words, of the wholesale services code.

• (1340)

Mr. Martin Champoux: Thank you.

Perhaps I have time to ask Ms. Pilon a brief question.

Ms. Pilon, earlier you discussed a subject that caught my attention, the issue of flexibility in the directions. You felt the CRTC was allowed far too much flexibility.

Can you tell us about the consequences that may have?

Ms. Carol Ann Pilon: We'll definitely have to study that document in detail, but what struck me on first reading was that it frequently referred to the flexibility granted to broadcasting businesses. If it's the kind of flexibility that results in no increase in funding invested to support the creation of Canadian content, then we're obviously failing to achieve the objective. I think you have to indicate that it's a project...

The Chair: Thank you, madam.

Mr. Martin Champoux: Thank you very much.

[English]

The Chair: My apologies, again. I seem to be cutting you off again.

Madam McPherson.

[Translation]

You have the floor for six minutes.

[English]

Ms. Heather McPherson (Edmonton Strathcona, NDP): Thank you very much.

Thank you to all the witnesses for being with us, for joining us, again.

I would like to just allow Ms. Pilon to finish her thought, if I could. I know she got interrupted.

Ms. Carol Ann Pilon: Thank you very much.

[Translation]

Yes, it has to be provided somewhere, either in the preamble to the act or in the directions, that the aim is to increase support for the production and dissemination of Canadian content. I think that has to be clear because, as Mr. Perreault says, we may indeed be at the mercy of successive orders that might be made by the Governor

in Council, which could alter the interpretation from one government to the next.

Ideally, it would be clearly stated in the preamble to the act that the aim of this amending bill is to support Canadian creation.

[English]

Ms. Heather McPherson: Thank you very much.

I come from Edmonton Strathcona, and we have a massive francophone population. I have deep concerns about what is going to be happening to make sure the official-language minorities are protected, their language rights.

I'm going to ask a few questions of the Independent Broadcast Group.

You were probably watching on Monday when we had the minister join us. I did ask the minister if Bill C-10 would guarantee that Canadian broadcasters could not be bought by foreign companies.

How do you feel about that? Why do we need to see a provision in the bill to protect our Canadian broadcasters? Could you discuss that a little, Mr. Perreault or Mr. Fortune?

Mr. Luc Perreault: First of all, all IBG members agree that any ownership has to be part of the law. It can be achieved via directive.

I've known Joel for 35 years. He's one of the greatest lawyers that work with broadcast law. I will let Joel explain why it should be part of the law and not managed by GIC directives.

Mr. Joel Fortune: Thanks for that.

The way the law works, generally, is that it has two major parts. There are the policy objectives set out in section 3, and then there are the powers. You have to have both elements. You have to have policy objectives, and you have to have the power. You can have all the noble policy objectives in the world, but if there's no power to back them up, they don't help. Similarly, you can have all the powers in the world, but if there's no object in the act, it can easily be challenged.

In the case of ownership, first on the policy level, it would be incredible to me if we didn't have the support of Canadian ownership in our system as an objective. This is not to say that the ownership language shouldn't be amended; perhaps it should be. However, we've proposed an amendment that I think takes into account global platforms while also preserving the space for Canadian broadcasters.

Why do we want that? We don't want Canadian broadcasters just to be branch plants of foreign platforms. I'd refer this committee to the excellent Lincoln report from 2003, which said exactly that: "...the best interests of Canadian citizens...and fostering...our own talents and imaginations cannot be left to foreign interests."

Legally, the direction exists under the existing act, which includes a requirement that the broadcasting system be effectively owned and controlled by Canadians. That policy direction speaks directly to that object. If you have no object about Canadian ownership, what's the authority for making that direction? It's certainly open for the direction to be challenged at law that it's no longer valid, given the change in the policy and the act. That's the concern there.

• (1345)

Ms. Heather McPherson: I'd like to see that strengthened, certainly.

With my remaining time, I'm going to ask Mr. Desjardins a question as well.

One of your member companies, Corus, in their testimony to this committee, said that producers are making record profits while broadcasters are suffering. That was the reason why they want to loosen CanCon obligations, but in their last quarter, Corus recorded a 45% profit margin.

How do we square these two things? How do we make these two things align?

Mr. Kevin Desjardins: I can't speak exactly to the last quarter or whatnot. I do know that effectively, over the last seven years, broadcasting at large has been losing money, certainly on the TV side. We've seen independent producers that have basically seen about seven years of growth, while we've seen seven years of decline.

In terms of all that goes into that quarterly report, I can't speak exactly to that. I can tell you that even before COVID, there were really substantial challenges. As I say, it's a combination of things. It's losing subscribers to cord cutters. It's losing advertisers to online advertising. It's losing viewers to other groups.

In terms of the—

The Chair: Thank you, Mr. Desjardins. My apologies.

Folks, we do have time for a second round. That would put me a couple of minutes over the top of the hour, but it's certainly worth achieving.

Let's go to Mr. Shields, for five minutes please.

Mr. Martin Shields (Bow River, CPC): Thank you, Mr. Chair.

Mr. Fortune, you were giving a good legal statement on policy. You didn't get to the consequences, in a sense. You referred to the Lincoln study.

If this doesn't happen, what do you believe the consequences will be?

Mr. Joel Fortune: You're asking what are the consequences will be if the bill does not include Canadian ownership as a policy objective?

Mr. Martin Shields: Yes.

Mr. Joel Fortune: I would say on a policy level, any policy, regulation, service order or anything of that nature that sought to encourage Canadian ownership of our own services for that reason would be suspect. Essentially, it takes away a whole area of juris-

diction and the carving-out space in our own system for Canadian services. That's the big question, there.

In terms of the existing ownership direction, it's not going to disappear instantaneously when the act comes into place, but it does raise a big question mark. What is the authority for that ownership direction if Canadian ownership is not even included as a policy objective in the act?

I think others have raised that—

Mr. Martin Shields: What would the result of that be? I'm looking for the next step, the result.

Mr. Joel Fortune: If the government were taken to court on the vires of its ownership direction and it were struck down, then there would be no ownership restrictions within Canadian broadcasting.

Mr. Martin Shields: What do you think the result of that would be?

Mr. Joel Fortune: The results would be in the markets.

The result would be that we'd see a hollowing out of Canadian ownership of broadcasting services and sales to foreign entities.

Mr. Martin Shields: That's where I wanted to go to get to the conclusion of what the result would be if that weren't there.

Mr. Joel Fortune: Fair enough.

Mr. Martin Shields: Thank you.

Mr. Desjardins, when you talked about a 50% loss in ad revenue, you said it's gone to the Internet services. Has it gone to different places?

• (1350)

Mr. Kevin Desjardins: Yes.

Effectively, within the last decade it's been a really dramatic change in terms of what the advertising landscape looks like in Canada. Now 50% of it is going to online services. That's a whole new competitor.

I would say that 80% of the online advertising that's done in Canada is done through Facebook and Google.

Mr. Martin Shields: Why has it gone there?

Mr. Kevin Desjardins: There are really the two giants of the online—

Mr. Martin Shields: I get that, but why did it go there?

Mr. Kevin Desjardins: They have the scale and the ability to be able to take advertising and distribute it. They're certainly much larger, and they're able to undercut the prices of, for example, a Canadian company trying to get into this area. They would be able to undercut that company by virtue of the fact they are globally capitalized.

This goes to the previous question. We were talking about the idea of Canadian ownership. I think that one of the things we keep talking about in this discussion is creating a less and less equitable broadcasting system between Canadian operators and international operators. International operators have vast access—

Mr. Martin Shields: resources

Mr. Kevin Desjardins: —to capital markets around the world, and if we want to say that, well, they can do that, and Canadian operators can only bring in—

Mr. Martin Shields: I have one other question. You mentioned that the behaviour has changed of the subscriber, the clients, the customers. What in this bill will change that behaviour back?

Mr. Kevin Desjardins: I don't think that it's attempting to change the behaviour; I think it's attempting to recognize the behaviour. I think that part of the problem that we have is that the Broadcasting Act is still looking at broadcasting as if it were 1992 and not as it is in 2021. It's very much to the detriment of our Canadian broadcasters.

The Broadcasting Act is fundamentally the law by which broadcasters operate, and there are lots of people who have an interest, but we're committed to this, so the last thing that I would plead, to both this committee and the government, is to keep broadcasters and their future ability to compete at the centre of the considerations going forward.

Mr. Martin Shields: Okay, thank you.

[*Translation*]

The Chair: Ms. Bessette, you have the floor for five minutes.

Mrs. Lyne Bessette (Brome—Missisquoi, Lib.): Thank you, Mr. Chair.

Thanks to the witnesses for being with us once again today.

First, I'll speak to Mr. Desjardins.

The Broadcasting Act has essentially remained unchanged since 1991. The committee has often heard witnesses say it's absolutely, even urgently, necessary that the act be modernized for the sake of our cultural industry.

Do you share that view? Do you think the act is in urgent need of modernization?

Mr. Kevin Desjardins: Thank you for your question, Ms. Bessette.

Yes, absolutely. The Broadcasting Act has been behind the times for too long, as I just told Mr. Shields. There's quite an urgent need to pass this bill. If it isn't done now, we won't get around to it again for a year or two. However, who knows what the broadcasting situation will be in 2023 or 2024? We must at least examine what's happened over the past decade.

• (1355)

Mrs. Lyne Bessette: Thank you very much.

I'd like to put the same question to the Independent Broadcasters Group.

Do you agree that the act must be modernized immediately?

If Bill C-10 were passed, what effect would that have on the broadcasters you represent?

Mr. Luc Perreault: I think it's very important that we move this bill forward. If global platforms are really the way for all Canadians to access content in five years, we'll clearly be facing a serious

problem. Those big global platforms pay no taxes in Canada. Canada derives no tax benefit from the revenue they earn.

Furthermore, they're the ones that will have the last word about our cultural sovereignty. That will mean major decisions concerning the content that's offered. The algorithms that direct Canadians to content via various apps are created outside the country for global platforms. Those major platforms are therefore of no particular interest to Canada.

It's important that we begin to supervise this ecosystem to ensure the discoverability of Canadian content. We have to see to it that Canada and Canadians have access to Canadian programmers, not programmers who sign global, worldwide agreements with certain services.

Consider Stingray, for example. It's very hard to access its global platforms because it tends to sign agreements with Spotify, among others. Those decisions are made outside Canada. All Canadian artists, creators and broadcasters will therefore be in trouble if we can't quickly oversee the major global platforms ecosystem.

Mrs. Lyne Bessette: Thank you very much.

Ownership is still concentrated among a few major broadcasters. In fact, the smallest players, the independent broadcasters, for example, represent a declining share of the market. Could you tell us how important it is for ownership of the cultural industry to be diverse?

Mr. Luc Perreault: Diversity also means diversity of ownership. Ownership of radio and television broadcasters in Canada is held by some major interests. However, independent broadcasters are entrepreneurs that, for example, will invest in platforms that don't belong to conventional niches and thus add to cultural diversity.

Take the OutTV channel, for example, which represents the LGBTQ2 community and signs agreements with Apple and in Australia. Consider the Pelmorex corporation as well, which broadcasts the weather in Canada, Spain and Portugal and is targeting the Latin American market. These entrepreneurs create solid corporations, like Stingray, which is established in more than 100 countries and has hundreds of millions of subscribers outside Canada. That's not what the major platforms like Bell, Vidéotron and others do, but the entrepreneurs that belong to the Independent Broadcasters Group invest and export.

The Chair: Thank you.

Mr. Champoux, you have two and a half minutes.

Mr. Martin Champoux: Thank you, Mr. Chair.

Mr. Perreault, it's quite a challenge to ask a question and have it answered in two and a half minutes.

I'm going to draw on your extensive industry experience. First, conventional broadcasters would like some relief from the obligations to which they are subject. Obligations should also be imposed on online broadcasting businesses. We ultimately want to protect the cultural industry as much as we can.

Do you think that, despite the lack of time we have to examine this bill, we can still strike a balance on this matter that meets the hopes and expectations of all parties?

Mr. Luc Perreault: I think that if we all work together to promote the discoverability of Canadian content with a view to providing our communities with the kind of programming they want, we'll be able to achieve something.

Some broadcasters find Canadian content regulations and requirements onerous, but it's important to provide this content to Canadians. All of this could also be managed via the new contributions that online broadcasters will contribute. Thus if a broadcaster is receiving a lot of money for production, it is only to be expected that it will have more demanding obligations.

● (1400)

Mr. Martin Champoux: Of the obligations currently placed on traditional broadcasters, are there any that we could eliminate to enable broadcasters a greater degree of flexibility to operate in this digital world?

Mr. Luc Perreault: Take Stingray, for example, which I represent. We receive tangible benefits from transactions in the radio sector, amounting to millions of dollars per year. We are the last broadcaster to have benefits of this kind, but our radio stations have lost 50% of their revenue because of the pandemic. We may find ourselves with millions of dollars in invoices that will be difficult to pay. The Broadcasting Act should be flexible enough to adapt to the circumstances. Things don't always have to be written in stone.

Mr. Martin Champoux: Thank you very much.

The Chair: Ms. McPherson, You have two and a half minutes.

[*English*]

Ms. Heather McPherson: Thank you very much, Mr. Chair.

I will follow up on some of the comments that my colleague from the Bloc was just talking about.

Mr. Desjardins, I'm hearing that broadcasters not only want to bring streamers into the tent, but also want to reduce their own commitments. Of course, this concerns me as far as CanCon goes. I understand that the regulations that exist now are relatively flexible, meaning that your CanCon commitments are tied to your revenues and not just an arbitrary number.

Does reducing CanCon obligations across the board concern you at all?

Mr. Kevin Desjardins: I think I would want to reframe that and say that it's not about reducing CanCon. That's not what we've been talking about. I think it's about being more flexible about the sorts of CanCon that Canadian broadcasters can invest in. Right now there are fairly strict rules on what sorts of programs have to be supported and who it is that broadcasters have to support.

I think one of the things that concern me is that when you have a number of spending obligations on the one side and you have reductions in your advertising revenue on the other side, what ends up getting squeezed is the internal production that gets done by broadcasters, and that's news. Frankly, we don't talk about news as Canadian stories nearly enough. That is the most essential Canadian story. In fact, more Canadians turn to broadcasters for news—more

than papers—than anywhere else. For us, I think allowing us to be able to reinvest internally into broadcasters' own news and information programming is really what we would be looking for.

It's not about reducing CanCon. I mean, that's absolutely a canard. It's about allowing broadcasters to invest in programming that is their own and to not necessarily just have to spend externally.

Ms. Heather McPherson: I'd love to ask that of the Independent Broadcasters Group as well, but I know I'm running short on time.

Mr. Chair, do I have a moment?

The Chair: I'm afraid you don't, ma'am. We're running behind.

I'd like to say thank you very much to Monsieur Perreault, Mr. Fortune, Mr. Desjardins and Madam Pilon.

[*Translation*]

Thank you very much.

[*English*]

We will break for just a few moments and see you soon.

● (1400)

(Pause)

● (1410)

The Chair: Welcome back.

Welcome to the second round of today's meeting. We are discussing Bill C-10.

We will go ahead with testimony. We are running tight on time. I'm hoping to get two rounds in. I may ask for permission to cut down a little bit on the time in the second round. Please bear with me. We will get to that a bit later.

In the meantime, I want to introduce our guests. From the Coalition for the Diversity of Cultural Expressions, we have Nathalie Guay, executive director, and Bill Skolnik, co-chair. From the Motion Picture Association-Canada, we have Wendy Noss, president. From the International Alliance of Theatrical Stage Employees, we have John Morgan Lewis. Finally, from Quebecor Media, we have Pierre Karl Péladeau, president and chief executive officer, and Peggy Tabet, vice-president of public and regulatory affairs.

We will start with the Coalition for the Diversity of Cultural Expressions.

Mr. Skolnik, you have five minutes, please.

Mr. Bill Skolnik (Co-Chair, Coalition for the Diversity of Cultural Expressions): Thank you very much, Chair.

Thank you to the committee for inviting us here this afternoon. My name is Bill Skolnik. I'm co-chair of the Coalition for the Diversity of Cultural Expressions, CDCE. We are a coalition of 43 organizations representing more than 200,000 creators, performers and professionals in trade associations, music and screen production, publishers, unions and collectives.

For more than 20 years, our members have been working together to protect and promote Canada's diverse cultural expressions. My colleague Nathalie Guay and I have been CSO delegates at several UNESCO assemblies on this topic. This crucial protection and promotion requires the exercise of cultural sovereignty. The review of the Broadcasting Act is an essential part of the tool kit that can return some balance to our ecosystem. It is worth noting that the maintenance of cultural diversity was deliberately included in the terms of reference for the Yale commission.

Recently, it was reported that one in four people working in this sector lost their jobs in 2020 due to the pandemic. Meanwhile, companies providing access to cultural expressions online have made substantial profits. Netflix's revenues increased by more than 22% during 2020. It was a great year for Spotify too. They saw their total subscriptions rise by 27%.

The CDCE applauded the tabling of Bill C-10 on November 3, 2020, and welcomed the agreement of all parliamentarians to move the bill forward at an accelerated pace. To us, this represented agreement on the urgency to act.

Many of the people who have appeared before you have referred to our proposals to improve the bill. We have gone to the heart of the matter to ensure that the Broadcasting Act truly allows Canada to maintain cultural sovereignty. The changes that we ask you to contemplate are the result of an unprecedented consensus created by our multi-faceted and eclectic membership. We will respond to the draft policy direction with the same objectives. The Broadcasting Act is not just for regulation; it's cultural policy, and it has to remain cultural policy.

I will now turn the floor over to Nathalie, who will present these proposals to you.

Thanks.

[*Translation*]

Ms. Nathalie Guay (Executive Director, Coalition for the Diversity of Cultural Expressions): Thank you, Mr. Skolnik.

Good afternoon, everyone.

My name is Nathalie Guay and I'm the Executive Director of the Coalition for the Diversity of Cultural Expressions.

You've received our seven main proposals for the improvement of Bill C-10. I'll go over them quickly and I'd be happy to hear any comments or questions you may have.

First of all, distribution services provided by online companies need to be included, as was mentioned earlier today, and social media need to be included unambiguously. We understand that the intent is to include social media, and the role they play, in organizing professional content, but we find that the exclusions in Bill C-10 are causing confusion. Our approach would include them from the

outset, so that the Canadian Radio-television and Telecommunications Commission, the CRTC, can fully exercise its new powers to collect information from these companies, and determine whether they should be required to contribute to our ecosystems and how they should do so.

Second, the system ought to be under Canadian control, for our cultural sovereignty, our identity and our social cohesion. The CRTC direction that has generated so much discussion does not apply to undertakings that don't need a licence. The system can be essentially Canadian, in spite of the presence of a number of foreign undertakings.

Third, the act must continue to promote Canadian talent. The wording of paragraph 3(1)(f) under subclause 2(3) of the bill, could mean that Canadian broadcasting undertakings would no longer have any obligation to use Canadian talent, whereas the current wording already allows for factoring in the nature of the undertaking.

Fourth, we think that opportunities for reference to the Governor in Council should be broadened. Bill C-10 assigns many powers to the CRTC. We need to strike a better balance by allowing civil society organizations to have recourse to review a CRTC decision.

Fifth, more robust provisions are required to ensure that original French-language content is created rather than simply translated content or content subtitled in French. For proper service to the cultural diversity, original French-language programming from francophone minorities is needed, as well as programming in indigenous languages.

Sixth, orders should be applicable for a maximum period of time and be subject to amendment, to allow broadcasters and producers to plan their programming and their productions more effectively, and also to ensure that the conditions are reviewed and that all intervenors can have input concerning a service.

Seventh, a move towards the lowest common denominator should be avoided. The wording in paragraph 5(2)(a.1) under subclause 4(1) of the bill, for example, opens the door to undertakings being able to compare themselves to others more easily with a view to obtaining less restrictive conditions. It may be more logical and beneficial to adapt spending requirements to specific undertakings rather than regulate what might appear to look like a minimum applicable to all. We would also like to have a public hearing process for issuing orders.

Two other modifications might also be made. The CRTC should continue to rule on the percentage of programs in various genres; otherwise, programs of national interest, children's programming, dramatic programming and documentaries are likely to be neglected at the expense of less expensive programs like sports and reality shows.

The CRTC must also be able to oversee contractual practices between independent producers and programming undertakings, including the music sector. That proposal from the Yale report should be included, given the size of some of the players that will be subject to CRTC orders and regulations.

Thank you.

• (1415)

[English]

The Chair: Thank you very much.

From the Motion Picture Association-Canada, we have Ms. Noss and Mr. Lewis.

Ms. Noss, go ahead, for five minutes, please.

Ms. Wendy Noss (President, Motion Picture Association-Canada): Thank you, Mr. Chair, and members of the committee.

I appreciate the offer to provide you with a shared perspective of the global studios represented by the Motion Picture Association in Canada. These include Walt Disney, ViacomCBS/Paramount Pictures, Sony Pictures Entertainment, Netflix, NBCUniversal/Universal Pictures and Warner Brothers.

All are major investors in Canada's creative economy through the production of television and streaming series, feature films, world-class post-production, visual effects and animation projects, employing over 94,000 Canadians a year and supporting over 23,000 Canadian businesses.

Here with me today, albeit virtually, is John Lewis, who leads the IATSE in Canada. The IATSE is the largest union representing Canadian entertainment workers, costume and set designers, editors, cinematographers, visual effects artists and virtually all of the crew.

We both thought it would be useful to highlight that our major studios, and this major labour organization, are aligned on why modern cultural policy must take into account opportunity for all Canadians who create film, television and streaming entertainment in Canada, and the importance of foreign investment to Canada's creative sector.

MPA members have for many years been partners and investors in Canada's creative community, and today they offer Canadian consumers diverse choices online, including the global entertainment on Netflix; the much-loved Disney brands on Disney+; the all-reality show hits of NBCUniversal's Hayu; the ad-supported Pluto TV service from ViacomCBS and their new Paramount+ service; and the most popular Japanese anime streaming service in the francophone, Sony's Wakanim.

It is with that broad perspective that we recognize a lot of good thinking went into the complex issues at the heart of Bill C-10. We want to commend the government for recognizing that a flexible approach is the logical way to create a modern broadcasting policy, given the rapidly and constantly changing dynamics in the marketplace.

Global streaming services bring opportunities for Canadian creators, contribute to economic growth and offer appealing entertainment for Canadian consumers. Allowing the CRTC to tailor conditions of service flexibly, based on how best each of these services can or should contribute to Canada, is a modern, sensible approach.

To fully modernize broadcasting policy, we recommend three criteria be added to the factors that the CRTC must consider in future decision-making prescribed in section 5 of the act.

Specifically, Parliament should require the CRTC to do the following: first, encourage competition and innovation; second, ensure that the regulation of online undertakings promotes choice and affordability for Canadian consumers; and third, recognize that competition and the growing choice of programming made available online contributes to broadcasting policy objectives.

By adding these criteria, the legislation will move beyond perpetuating decades-old broadcasting policy, and create more choice for consumers and more opportunity for Canadian creators and film workers.

Some argue that Bill C-10 should simply impose the same like-for-like obligations on online undertakings as Canadian broadcasters. This argument implies that nothing has changed in decades, from a time when the Broadcasting Act was designed to limit consumer choice. This approach ignores the many policy benefits that broadcasters have long enjoyed. It doesn't take into account the very different business models of streaming services, their content offerings, and it doesn't recognize the unique benefits that global studios bring to Canada through investment in production.

While some are asking you to amend the bill to reduce flexibility, we believe the right way to serve Canada's creators, workers and consumers is to develop a policy framework that embraces change and helps Canada benefit from it.

Online undertakings create global entertainment, and reflect a wide range of viewpoints and experiences. This content is made in Canada with Canadian creativity. It is part of a global content marketplace that has led to foreign investment in production in Canada of over \$4.8 billion annually. Almost 90% of the growth in production investment in Canada over the last five years, and more than half of all production in Canada, comes from global studio investments fuelled by these new undertakings.

Talented Canadians, who want to stay in Canada, develop their skills, work at the top of their craft and help create stories that resonate with audiences around the world, need this policy to be flexible and adaptive. Viewers, who want the best stories from Canada and around the world, need this policy to be forward-looking and consumer-friendly.

• (1420)

A modern approach that promotes investment, competition and innovation over protectionism will make for a bigger creative marketplace in Canada, more talent development opportunities for Canadian creators, more jobs for Canadian workers and benefits for Canadian consumers.

Thank you for allowing us to share this perspective. I'd be pleased to answer any questions.

The Chair: Thank you, Ms. Noss.

Now we go to Quebecor Media. We have Mr. Péladeau and Madame Tabet.

[Translation]

Mr. Péladeau, you have the floor for five minutes.

Mr. Pierre Karl Péladeau (President and Chief Executive Officer, Quebecor Media Inc.): Thank you, Mr. Chair, and members of Parliament.

My name is Pierre-Karl Péladeau, the President and Chief Executive Officer of Quebecor Media. With me is Peggy Tabet, Vice President, Public and Regulatory Affairs of Quebecor Media.

Bill C-10 is a long-awaited overhaul of the Broadcasting Act. Since the act was last updated in 1991, 30 years ago, the broadcasting landscape has changed dramatically and irreversibly with the appearance of foreign online streaming services such as Netflix, Disney+ and Amazon, whose market capitalization totals several hundred billion dollars. We're talking about \$1.5 trillion for Amazon and \$357 billion for Disney+. To put these amounts in perspective, the figure for Quebecor Media is \$8 billion.

In 2020, 68% of French-speaking Canadians were subscribed to an online streaming service. One out of two were subscribed to Netflix. Globalized competition from web giants such as Facebook and Google has destabilized our broadcasting system and, more than ever, traditional domestic players such as TVA and Videotron are facing unjustifiable and unsustainable inequities.

When Bill C-10 was tabled, the Department of Canadian Heritage's presentation document promised, and I quote, to "address regulatory asymmetries" and "provide flexibility and predictability". However, it is clear that the consequences resulting from the bill in its current form go against these objectives.

For traditional broadcasters, those that showcase our Quebec and francophone culture, and the resulting economic benefits, the bill imposes new regulatory restrictions that will not redress the unfair conditions they have been coping with for years and will only pull them even deeper into the financial abyss and a Kafkaesque universe of regulation. From 2010 to 2019, the profits before interest and taxes of Canada's main private over-the-air television broadcasters plunged by a combined total of \$223 million. By 2020, the decrease was even more drastic, totalling \$336 million.

The original and legitimate intention of the legislator to regulate television broadcasting had, as a corollary, the granting of a licence and the holding of a privilege. Today, and for many years now, technology has made it possible to broadcast without borders and without a licence. Trying to regulate what cannot be regulated is unrealistic. That's why the bill should provide traditional players with the regulatory flexibility they need and lighten their administrative and financial burden by removing unnecessary requirements. Quebecor believes that to modernize the Broadcasting Act and make it fair for Canadian businesses, regulation should be eased when market forces are operating effectively, and regulated only when necessary.

We cannot leave unmentioned a point that is notably absent from this bill: a refocused mandate for CBC/Radio-Canada. Recently, the CRTC held public hearings on the renewal of CBC/Radio-Canada's

licences. One after the other, more than 70 industry stakeholders said the public broadcaster has gone off the rails. Add to that all the complaints filed with the CRTC on this issue and the Friends of Canadian Broadcasting petition against the new Tandem branded content service, which was signed by more than 16,000 people

CBC/Radio-Canada's unbridled pursuit of ratings, its commercial ambitions and its insatiable thirst for revenue are undeniably undermining the future and the sustainability of private broadcasters and the diversity of content. Each player in the system must play its role. For this to happen, it is more important than ever that Parliament overhaul the public broadcaster's mandate.

• (1425)

Today, after a 30-year wait, the government is proposing to regulate foreign players instead of deregulating domestic broadcasters. We have serious reservations about the CRTC's ability to enforce these new regulations and restrict the behaviour of foreign online services. If this new act is not to be totally ineffectual, Parliament must urgently amend its laws to allow the creation of a flexible ecosystem with fair regulations and taxation in order to keep our businesses viable and our culture strong

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Péladeau.

[English]

Now we go to our questions and answers very quickly.

I'm going to be a little strict on time, folks, I'm afraid to say.

[Translation]

Mr. Rayes, you have the floor for six minutes.

Mr. Alain Rayes (Richmond—Arthabaska, CPC): Thank you, Mr. Chair.

I'd like to thank all the witnesses who took the time to be here with us this afternoon.

My first question is for you, Mr. Péladeau.

In your conclusion, you said that you had serious reservations about the CRTC's ability to enforce the new regulations in Bill C-10. You maintain that Parliament should at the outset have begun by reducing the regulatory burden on traditional distribution undertakings to restore a balance between them and the web giants before giving any consideration to regulating online players.

Where would you have liked to see more regulatory flexibility? Can you give us more information?

• (1430)

Mr. Pierre Karl Péladeau: There are all kinds of regulations that apply not only to broadcasters, but also cable operators. These regulations seriously penalize the Canadian undertakings that create jobs, get Canadians working and contribute heavily to funding Canadian television and culture.

You are probably aware of the fact that Canadian cable operators play a major role in providing funding for television. Some of the people who spoke ahead of me addressed the issue of cord cutting, or unsubscribing from cable. Cable operators are losing customers because they are subject to regulations in various areas, including basic cable service. No foreign companies are subject to this. This has accelerated the cord cutting phenomenon. The end result is that there is currently no money for the Canada Media Fund, which helps to finance Canadian undertakings.

Basic service is one aspect. As for broadcasting funding, I'll give you an instance of this. One might wonder how such a thing might still exist, but to give you an example, there are people who time the length of audience applause during programs to determine whether or not broadcasters can get a tax credit. This was something that used to be done when awarding a licence, or a privilege, but it no longer exists. Now, distribution is over the Internet.

Luc Perreault, a colleague I know well and have a lot of time for, spoke earlier about an Internet regulation exemption. How could Parliament regulate the Internet and determine what is accessible? It could certainly be done under the provisions of the Criminal Code, but that's different kettle of fish. How could one ever attempt to regulate the Internet, including companies like Netflix and Disney+?

Ms. Noss, who spoke earlier, mentioned the important role now being played by American—most of them are American—companies with respect to streaming. We too made efforts. There was Club illico, but as you probably know, it was subject to the goods and services tax, the GST, and the Quebec sales tax, the TVQ, while the foreign streaming companies were not. This question was shunted aside by discussing a Netflix tax.

I believe that Parliament needs to shoulder its responsibilities. Otherwise, by the end of this year, Canadian industry and culture—and Quebec culture in particular—will be seriously affected.

Mr. Alain Rayes: Mr. Péladeau, I'd like a straightforward answer to the following question.

Without going into the details, could you tell me whether you think the CRTC has the capacity required to enforce the new regulations to restrict foreign online companies? I'd like to hear your opinion, but only briefly, because I have other questions.

Mr. Pierre Karl Péladeau: I think I answered that earlier.

I have trouble seeing how an institution like the CRTC could regulate the Internet. This is all about the Internet and regulating it.

Mr. Alain Rayes: We were stunned when we found out that the CRTC was holding public hearings for CBC/Radio-Canada while we were studying Bill C-10. The bill does not affect the CBC/radio-Canada mandate at all in terms of determining how to make it more

profitable, to review its role and other aspects. You spoke about it in your address.

Could you give us more details about something that I think you consider somewhat irresponsible on the part of the government?

Mr. Pierre Karl Péladeau: Excuse the expression, but we're playing a form of ping-pong. The government, or at least the Department of Canadian Heritage, is saying that this is not within their jurisdiction and that they are going to assign the CRTC responsibility for regulating CBC/radio-Canada. The CRTC asked the CBC, and they said that jurisdiction is with the Department of Canadian Heritage, not the CRTC. Why not the Department of Finance, since the CBC's budgets are involved?

As I was saying, this situation itself is also Kafkaesque. What we're talking about here is a practical matter, and I want to emphasize that. We're no longer talking about state television or cultural missions, but practical matters, particularly in connection with the capacity to counter private broadcasters. For some of them...

• (1435)

The Chair: Thank you.

Mr. Pierre Karl Péladeau: ...the one and only source of revenue is advertising. We're also talking about an undertaking that is no longer accountable to anyone, whether the CRTC or the Department of Canadian Heritage.

So if—

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

Mr. Alain Rayes: Thank you, Mr. Péladeau.

Thank you, Mr. Chair.

The Chair: Excuse me.

[English]

We just ran out of time there.

Ms. Ien, you have six minutes, please.

Ms. Marci Ien (Toronto Centre, Lib.): Thank you so much, Mr. Chair.

Thank you to all the witnesses who have joined us today. I appreciate your joining us.

Ms. Noss, I want to start with you. As you mentioned, most of your members are based in the United States, so it's interesting to have your perspective on this while you have so many Canadians working with you. You've stated that "a flexible approach" is the right approach. You have also said that people want choice, and you've asked that a walled garden approach not be replicated.

What does that mean?

Ms. Wendy Noss: Well, I think it means that you're building policy for the future here, and that policy needs to be predicated on the fact that these are not the same business models as broadcasters'. They are not producing the same kinds of content. They do not have the same regulatory benefits, and they're not protected from competition in the same way. There have been witnesses who have come before you and have said that you should just impose on on-line services the same obligations and same definitions that Canadian broadcasters have.

That simply makes no sense. As I said, the content strategies are different, the services are different and there are unique opportunities that foreign players can offer to young Canadian creators of diverse backgrounds and diverse experiences in a wide range of creative roles and on a wide range of projects, in working at the top of their class and getting training and with the ability to stay in Canada while they do that.

Those are some of the things that global studios can provide Canadians. As I said, the idea that you're just going to take 30-year-old broadcasting policy and attach that to a completely different business model at a completely different time in a completely different market just is not going to build opportunity for Canadian creators and consumers.

Ms. Marci Ien: Ms. Noss, thank you so much.

I want to move on to the Coalition for the Diversity of Cultural Expressions now.

As you mentioned, the coalition is here on behalf of 43 associations and groups, more than 200,000 creators and professionals and 2,000 cultural organizations as well.

If you can characterize this for us, how severely has the cultural sector has been impacted by the growing supply of online content?

Mr. Bill Skolnik: If you're talking about actual numbers, I don't have them at hand, but I can tell you that if you want to read *The Globe and Mail* of two days ago, you can see what has happened to great people who have been classified as stars, such as Ashley MacIsaac and Old Man Luedecke. It has been devastating. It has been devastating because of COVID, but it started long before COVID. Who knows when it will come back or if it will come back?

There's an opportunity with this act, with amendments to this act, to recreate production for all of these folks, to say that we are going to take responsibility, that we're going to provide the opportunity for our Canadians—our creators, our performers and our producers—to work within this system and to resurrect, to get rejuvenated. The devastation that we hear of from all of our organizations is incredible. You can read the stats in terms of the entertainment industry and the cultural industry being hit harder than anybody, I think, except perhaps hospitality and tourism. I'm not sure, but it's there.

This is something that.... If we bring them back, it's going to affect a lot of you folks. You represent major festivals even in the small towns: the Festival of the Sound, the old Drummondville folkloric festival, the Victoriaville festival and the Orford one, which is a famous festival—we even have a string quartet named after it. All these things can become rejuvenated.

We need to take responsibility. We should not be embarrassed about saying that we're going to help Canadian performers, creators, producers and publishers with all of this. That's something we can do.

• (1440)

Ms. Marci Ien: With that in mind, how do we strike that middle ground? How do we strike that balance that you say is necessary?

Mr. Bill Skolnik: Well, I think the amendments we're offering—I'm not going to go over them—do provide some opportunities to do that. I also think that having American production companies here, as Wendy has pointed out, and the training that we receive and the experience that our people receive just result in even better products from Canadians. These things are not mutually exclusive. You don't have to say one and not the other. You just have to make sure that there's a level playing field, that people are treated the same and all of their experiences are noted when policy is made.

Like I said in my comments, this isn't the case of just massaging regulations. It's a case of saying, and not being embarrassed about saying, "We're here with this act to make sure that Canadian culture is there, front and centre, and it's there all the time—our stories, our folks, our performers, our producers."

You know, they get it in Quebec. I just hope the rest of the country can pick it up from there, too.

Ms. Marci Ien: Thank you, Mr. Skolnik.

The Chair: Thank you very much, Ms. Ien.

[*Translation*]

Mr. Champoux, you have the floor for six minutes.

Mr. Martin Champoux: Thank you, Mr. Chair.

It's my turn to thank all the witnesses for being here with us today.

My first question is for Ms. Guay, of the Coalition for the Diversity of Cultural Expressions.

Ms. Guay, this week, at the ADISQ meetings, the minister began by talking about Bill C-10 and the Broadcasting Act as a piece of cultural legislation.

Yesterday, we learned about the direction that the minister intends to send to this CRTC when the bill is adopted. What was your reaction yesterday when you learned about this letter and this direction?

Ms. Nathalie Guay: As you mentioned, this happened yesterday. We're certainly going to meet with our members to discuss it.

I spoke to us several of them and can already tell you that they are extremely disappointed with the approach, which looks more like market regulation than the cultural act it ought to be. Some even said they were afraid that the sector would be deregulated.

Having said that, we've held many meetings since the month of August to argue our point of view and we get the impression that quite a few people are listening.

At this point, we could say that if our amendments are accepted, it would encourage us to work on the draft order to suggest changes that are in line with our goals.

Mr. Martin Champoux: Let's talk a bit about your amendments.

The matter of protecting original francophone and Canadian content is of great concern to you. You are suggesting three amendments to Bill C-10 for the protection of French-language productions.

If these proposed amendments are not adopted, what do you feel the consequences will be?

Ms. Nathalie Guay: Thank you for your question.

We're afraid that we will end up with more translated content or content subtitled in French unless the act is strengthened. We believe that it's important to strengthen the act with respect to original francophone content.

I'd like to remind you that several of our members appealed to the Governor in Council in 2017 when the CRTC reviewed conditions for the renewal of television service licences for the large French-language private ownership groups.

It's clear that the act needs to be strengthened to prevent this from happening again, all the more so as it will now apply to foreign undertakings.

To begin with, we are proposing something that is central to Canada's broadcasting policy, which is the addition of original French language productions from official language minority communities. Ms. Pilon spoke to us about that earlier.

Secondly, we are arguing that regulation and monitoring should give preference to the presentation of Canadian programs to Canadians that have been created and produced in both official languages and in indigenous languages.

I won't talk about the third amendment, because I think you want to ask another question.

• (1445)

Mr. Martin Champoux: That's right. Our time is very limited. We could talk about it for hours, but I would also like to address some questions to the people from Quebecor.

I'd like to ask M. Péladeau a question.

M. Péladeau, you frequently mentioned that traditional Canadian broadcasters have very onerous regulatory requirements. You would like to have some of these removed.

Could you give us a few examples of requirements you would like to see eliminated so that you can be more nimble in this rapidly changing market?

Mr. Pierre Karl Péladeau: Gladly, Mr. Champoux.

It's true that these requirements may appear tedious. I have a list in front of me, and so I'll run through them.

To begin with, there are the content quotas. For example, TVA must have 50% Canadian content in the evening. After that there are the Canadian programming expenditure requirements, the ex-

penditure requirements for national interest programs, the independent production and local production requirements. We also have to comply with the expenditures and the number of hours for local news. We also have subtitling and described video requirements, and the obligation to contribute to independent funds and the CMF. Added to all that are the regulations for providing the \$25 basic service and the requirement to distribute certain programming services, like APTN, CPAC, AMI-télé, TV5 and Unis TV. And then, there are all the reports, including the two audit reports each year, annual financial reports, production reports, women in production reports, ownership reports, programming and recording records, and cultural diversity reports.

As you can see, instead of investing in Quebec and Canadian production, we spend a lot of time on red tape and administration, while our foreign competitors are not obliged to do so.

I was listening with interest to Ms. Guay just a short while ago. The fact is that we don't need regulation to know that we need to invest in Canadian programming. We have always considerably exceeded the established thresholds. And yet we still have this mandatory administrative burden. We know full well that it's important for us to disseminate Canadian content, and that's what we do. We also provide work for the craftspeople and all those involved in the cultural, television and cable sectors, and all for one very simple reason—our audience. God knows that there's talent in Quebec, and the audience expects us to put it on the screen. That's what we've always done. And we were doing it long before Quebecor bought TVA. It's a natural historical development in Quebec. It's not because of regulations that require Canadian and Quebec broadcasters to offer Canadian content that they do so.

The Chair: Thank you very much.

Mr. Martin Champoux: That does indeed amount to a lot of paperwork.

Thank you.

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

[English]

Now we'll go to the NDP, with Ms. McPherson, for six minutes.

Ms. Heather McPherson: Thank you very much to all of our witnesses for joining us today. This is very interesting.

One of the witnesses we haven't heard too much from is Mr. Lewis.

Mr. Lewis, I'm curious as to why IATSE wanted to be here. Can you speak to that, please?

Mr. John Lewis (International Alliance of Theatrical Stage Employees, Motion Picture Association-Canada): Thank you for letting me speak today to ensure that the voice of the majority of film and television workers is heard. That's why I am here today.

The IA is the largest union in the entertainment industry, representing over 150,000 creatives across North America, including 30,000 in Canada. We are the behind-the-scenes creatives such as cinematographers, costume designers, scenic artists, makeup artists and special effects technicians.

We must address changes to the Broadcasting Act from a sense of confidence and optimism. Our industry is booming. We are thriving, not because of content quotas and regulatory restrictions, but because we are good. Our infrastructure is world class, and our creative talent is world class. Even in the face of the global pandemic, our film and television industry has burst back to match historic highs, which would not have been possible without serious deliberation and co-operation to ensure cast and crew are safe when working.

The IA supports the need for a flexible approach to create a modern broadcast policy and allowing the CRTC to use its expertise to fashion appropriate mechanisms to support the entire industry because, at the end of the day, a healthy industry requires a thriving domestic and foreign sector. They complement each other; they don't compete with each other.

We are not opposed to foreign streamers contributing to the domestic industry—we believe they should—but when determining that contribution, we would ask this committee to consider the full scope of their contributions. Foreign streamers make direct investments in producing content in Canada. As recently reported, since 2017 Netflix alone has spent \$2.5 billion employing Canadian creative talent. That is tens of thousands of Canadian jobs.

In 2018-19, the foreign service industry was the largest single component of productions employing Canadian creative talent, which my organization represents, and I am disappointed to hear some commentators complain that foreign service productions do not employ Canadian talent. The vast majority of creative positions on foreign service productions are Canadian, and to suggest otherwise is not supported by the facts. Even worse, it suggests the work of the talented Canadians on *Star Trek* in Toronto, *Deadpool* in Vancouver or *X-Men* in Montreal are not as important and should somehow be discounted. I call that cultural elitism, and it should not inform our policy decisions.

We also hear a lot about the importance of supporting Canadian stories. Canadian stories should not be used interchangeably with Canadian content. Just because something qualifies as Canadian content, does not make it a Canadian story. When a Hallmark movie sets up as a small U.S. town, it qualifies as Canadian, but *The Handmaid's Tale* or *Barkskins* in Quebec City did not. We have to rethink the definition of what constitutes a Canadian production, and we are pleased that the proposed act contemplates that the CRTC modernize the definition of Canadian content. Our 10-point system is badly outdated and in need of an overhaul. We also support enhancing the discoverability of Canadian productions on streaming services.

If I could leave with one note of concern from the workers in this industry, it would be do no harm. As well, I would like to take this opportunity to thank the Department of Canadian Heritage for its incredible work to support cultural workers during the pandemic. The IA also represents workers in the live-performance industry,

and the actions of the federal government have made a difference for thousands of families who have seen their livelihood decimated.

Thank you.

• (1450)

Ms. Heather McPherson: Thank you, Mr. Lewis.

I have one quick follow-up question for you. I appreciate your perspective; I think it's important that we get that perspective from workers. Some of the other concerns we've had raised that align with this were from the Writers Guild of Canada, when they spoke about Canadian writers not being used and making sure they are incorporated into our productions.

Do you have any comment on that?

Mr. John Lewis: As I said, I think a healthy, thriving industry requires both a strong domestic industry and a foreign sector industry. Years ago, when a lot of U.S. productions first started coming to Canada, they had a higher percentage of U.S. crews coming up and working on those productions, and over time, the number of U.S. crews coming to Canada was greatly reduced. We saw a greater training ability and we saw opportunities that would otherwise not exist for Canadian talent, and the same takes place in the writing room as well. I think it's a tougher battle for the writing room, but one that can be overcome. Again, the flexibility of allowing the CRTC to deal with these issues can address those issues.

Ms. Heather McPherson: Thank you, Mr. Chair.

The Chair: Thank you very much, Ms. McPherson.

Ladies and gentlemen, colleagues, we have about eight or nine minutes left. I would ask you for a favour. We're going to go into the second round. I say that because I like doing that, but also because we've asked these guests to come back after we scheduled them several weeks ago and cancelled at the last minute for reasons of democracy.

Can I ask each of my colleagues to please think of one or two questions and try to throw some of that time back to me? I don't want to do one or two parties, and then cut it off. I'd like to include all four parties. I think that's only fair, as colleagues. Can I ask you to be as concise as possible? I will afford the time that is necessary, of course, but hopefully you can help me out.

Okay, let's go to Mr. Aitchison.

Thank you.

• (1455)

Mr. Scott Aitchison (Parry Sound—Muskoka, CPC): Thank you, Mr. Chair.

I have, I think, a fairly quick question for Mr. Péladeau.

I'm hearing over and over again people talking about the difficulties that Canadian broadcasters face, in part because of regulation, and then also because of new streaming content, for example, coming on and not being subject to the same regulation. I tend to agree with your point that easing regulation on traditional broadcasters would be a better approach.

Would you describe the approach of Bill C-10, which, for lack of any real, thoughtful analysis of the situation, simply calls streamers “broadcasters”, as a lazy approach to solving the problem?

Mr. Pierre Karl Péladeau: Well, I understand that the lawmaker is supposed to regulate. The issue here is, again, not something against American companies that are providing and streaming content to the Canadian public, but about making sure the Canadian broadcasters, and all of the stakeholders of the industry, will be able to continue to compete in a brand new world, in a world where you do not need a licence anymore to broadcast, which is what is taking place. Therefore, I think the broadcasters understand very well their competitive advantages would be that they are Canadian, and they have this sensibility, they have the knowledge of what the Canadian public is looking for.

It doesn't mean that Canadians don't want to watch *The Crown* on Netflix, it means for Canadian broadcasters that there are some specific stories in Quebec and in the rest of Canada. Those broadcasters know this, and therefore they will address the requirement or the needs of the Canadian population. But if we have over-regulation on top of the purpose of investing at the right place, obviously we're not doing the right thing.

Mr. Scott Aitchison: Thank you very much for that.

I don't need to go on. I think that's good for me, if you want to move on to the next person, Mr. Chair. I know you're running out of time.

The Chair: That's very generous. As we say in Newfoundland and Labrador, God love your heart and soul, sir.

All right, let's go to MP Tim Louis for the next round of questioning.

Thank you.

Mr. Tim Louis (Kitchener—Conestoga, Lib.): Chair, thank you for helping me learn a new phrase. I will also shorten my time so everyone gets a chance.

I appreciate everyone's time. This has been extremely helpful.

I know Mr. Skolnik mentioned creators and performers in our culture or industry. You used the word “devastating”, and I could not agree more. Digital content more and more is becoming demonetized. For so many consumers, music has become practically free, writing is becoming free, people obtaining videos and images is practically free. We all know that creating art and creating music, those stories, take years of dedication. That requires a means of support. If things aren't going to change, a lot of our art is going to basically cease to be sustainable.

Because of the pandemic, artists are not able to work and perform in congregate settings. By one of my definitions, art brings people together. Therefore we really do need to support creativity more than ever.

I very much appreciate, Mr. Skolnik, your passion in this. I also appreciate that you mentioned our pre-study was important to move things forward in an expedited manner.

I'll get right to the amendments. I'll only talk about one today, which is the amendment you are concerned might reduce the re-

quirement to use Canadian talent and result in broadcasting undertakings no longer having an obligation to use Canadian talent.

How can we enshrine that idea that we want to maintain Canadian content? I know you used a series as an example.

Mr. Bill Skolnik: First of all, as an aside, you have in your town Centre In The Square, which is one of the great halls in the country, for those of you who don't know. It is a perfect example of where to go to get great acoustics and to record, by the way.

Mr. Tim Louis: I've gigged on that stage, so yes.

Mr. Bill Skolnik: Good. So have I.

Anyway, I want to refer back to Wendy and John. I use this phrase: It's not mutually exclusive. Helping one does not take away from the other. We need to take advantage of the fact that we can enhance our own folks with our own talent.

We're worried that the regulations will be lowered to the lowest common denominator, that we need to say they can do this, but if they want to get these benefits, they have to use Canadians and use them all the way through. The market is going to look after a lot of it. You have to sell it whether it's Canadian or not. However, we believe, just as we do with so many regulations in this country, that Canadians must be put forward and Canadians must be part of it. Our amendment should ensure that all aspects consider Canadians, and not just the regular ones. We know that in other jurisdictions, like Latin America, the Disney Channel, for example, is obligated to have local content.

To us, this is not detrimental; it is promotional. We need to continually promote and support it.

• (1500)

Mr. Tim Louis: Thank you, all.

I will cede my time so that everyone else gets a chance.

The Chair: Thank you, Mr. Louis.

Monsieur Champoux.

[*Translation*]

Mr. Martin Champoux: Thank you, Mr. Chair.

If everyone were as generous with their time as that, we could have a third round of questions.

I have a question for Ms. Guay. It's one that I asked the previous group of witnesses.

Ms. Guay, do you believe that it's possible to meet the expectations of just about all the industry partners, by which I mean Canadian broadcasters, foreign online companies and the cultural industry?

Do you think that it's possible to find a compromise version of Bill C-10 that would please everyone?

Ms. Nathalie Guay: Is there a magical solution that will satisfy all the interveners, not all of whom have the same interests? That's a tough one. I'm not convinced that it's the right question. I'm sorry, I don't want to appear to be too critical, but I think that the government...

Mr. Martin Champoux: No, it's okay.

Ms. Nathalie Guay: ...has all the legitimacy needed to reach the right decision for our cultural sovereignty. I believe that the context has definitely evolved. Many have pointed that out here today. However, it does not mean that the goals we were defending 30 years ago are no longer applicable today. There are emerging concerns and new players, and it's altogether legitimate to ask them to make a contribution. I think that many of them will benefit. What's important is to make the right decisions today, here and now, for the future of our cultural sovereignty and the future of our culture.

Mr. Martin Champoux: Mr. Péladeau, briefly, I'm going to ask you a similar question.

You say you would like fewer requirements to be placed on traditional broadcasters, and then you also say that it's difficult to envisage being able to regulate the Internet and the web giants.

According to your line of thinking, do you believe that there is a way of rescuing everyone involved and that it's possible to continue to forge ahead without causing harm to the cultural industry?

Mr. Pierre Karl Péladeau: My opinion may look contradictory, but those who wanted regulation would be better off if it were reduced. Indeed, this new form of regulation might well speed up the disappearance of some players because we will never be able to compete with the streaming companies. The bottom line is that it's a question of money. When you get market capitalization on the scale that I mentioned earlier, it means a lot of power.

The Chair: Thank you.

Mr. Pierre Karl Péladeau: Mr. Skolnik Made an interesting point when he said that Disney was capable of regulating content in North America.

The Chair: Thank you.

Mr. Pierre Karl Péladeau: It's true that previously, we could do it in a regulated environment, like cable, where a licence was required. It's no longer possible to do that today.

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

Ms. McPherson, over to you now.

[English]

Ms. Heather McPherson: I'll be very quick. Thank you. Mr. Chair.

I have a question for Ms. Guay. I'm also very concerned about the results and the impacts of what will happen if we don't get this right and if don't get this very delicate balance correct within this bill.

You spoke about cultural sovereignty. You spoke about the need to avoid a race to the bottom. I would like to give you the final word. Can you talk about what we need to do, again, to prevent the race to the bottom, to ensure our cultural sovereignty and to ensure that we hit the balance we need correctly?

• (1505)

Ms. Nathalie Guay: It's true. Some of the broadcasters today—and Mr. Péladeau said it many times—are asking for conditions to be reduced so they can compete better. In a sense, they are right that the conditions are unfair to them at present. We propose that online undertakings have to meet the same level of conditions rather than reducing the existing conditions.

If we lower the conditions for everyone, it is our artists, creators and local production companies that will pay the price, losing their jobs and contracts. Along with that, the Canadian public will no longer have access to our great Canadian productions. We'll have access to less diversity.

The economy will also pay the price because broadcasters will pay foreign production or other types of production that will not bring added value to our economy.

Another important aspect is the inability of our producers to hold copyright of their productions and thus market them internationally. If the exhibitors, both conventional and digital, hold all rights, producers will have no back end. This speaks to the ability of the CRTC to bring back the notion of terms of trade, which is another one of our recommendations.

Ms. Heather McPherson: Thank you. That's a good place for us to end, Mr. Chair.

The Chair: It most certainly is, Ms. McPherson. Thank you very much.

I want to say thank you to my colleagues for helping me out on that second round. I'm glad we got through it for reasons that are quite evident.

I thought our witnesses today were great. I'm glad we rescheduled. As a committee, we took the decision to reschedule after you were cancelled on that day. You were all great. I really enjoyed what you had to say.

Thank you to Ms. Guay and Mr. Skolnik from the Coalition for the Diversity of Cultural Expressions, Ms. Noss from the Motion Picture Association-Canada, Mr. Lewis from the International Alliance of Theatrical Stage Employees, Madam Tabet from Quebecor Media Inc., and last, but by no means least, Mr. Péladeau. I always enjoy your input, sir. Thanks for joining us.

We are going to have to break for a bit and go in camera. Again, I thank our witnesses for joining us.

[Proceedings continue in camera]

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