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• (1100)

[English]

The Chair (Mr. Scott Simms (Coast of Bays—Central—Notre Dame, Lib.)): Hello, everybody, and welcome back.

We are, of course, the Standing Committee on Canadian Heritage. We're now studying Bill C-10 in detail, with clause-by-clause to follow. We have a couple more meetings with witnesses.

We have a good list of witnesses today, and I want to thank them for coming.

For the sake of transparency, colleagues, you will notice that we had Shaw Communications originally invited. Unfortunately they weren't able to make it, so we filled in that empty slot. We now have six groups of witnesses. They'll get five minutes each.

Today we have a new format. We're going to go the full two hours with all of our witnesses, instead of breaking it up into three in the first hour and three in the second hour. There will be a health break in between. If I forget it, please remind me that I've forgotten it. Nevertheless, let's get straight to our witnesses.

We have the Alliance of Canadian Cinema, Television and Radio Artists, ACTRA, represented by David Sparrow, national president and performer; Marie Kelly, executive director; and Raj Shoon, general counsel. We also have BCE Inc., represented by Jonathan Daniels, vice-president, regulatory law; and Alain Strati, assistant general counsel. We have, from the Canadian Communication Systems Alliance, Jay Thomson, chief executive officer.

From the Fédération nationale des communications et de la culture, we have Pascale St-Onge, president; and Julien Laflamme, coordinator, research and women's services, Confédération des syndicats nationaux. Also, from Friends of Canadian Broadcasting, we have Daniel Bernhard, executive director. Finally, last but by no means least, from Unifor, we have.... I'm not sure whether Mr. Dias was able to join us, but we have Jerry Dias, national president; Howard Law, director of media and national representative; and Katha Fortier, assistant to the national president.

Before we get into this, I see that Mr. Manly, from the Green Party, has his hand raised.

Mr. Manly, go ahead.

Mr. Paul Manly (Nanaimo—Ladysmith, GP): I'm having a really hard time hearing you, Mr. Chair. I don't know if other people are having the same problem, but—

The Chair: I see a few nods, so you seem to be onto something.

How are we doing? Is that better?

Mr. Paul Manly: It sounds as if you are miles away.

The Chair: Yes. That's reflective of many things, but thank you, Mr. Manly.

Mr. Anthony Housefather (Mount Royal, Lib.): Mr. Chair, just as a note, you're fine on the floor audio. It's probably only on the translation channels that there's a problem. I hear you loudly and clearly on the floor.

Mr. Tim Louis (Kitchener—Conestoga, Lib.): Mr. Chair, it has something to do with the interpretation. When I turn the interpretation off, your volume is fine, but when I turned on the interpretation and set it to, in my case, English, that's when we had problems with echoes. For whatever technical reason, I think it has something to do with the interpretation.

The Chair: I'm assuming right now you're having a hard time hearing me. However, this way it's fine.

I'm going to stay on this channel right now. Nod your head in the affirmative if you can hear me okay. I see a critical mass of nods in favour of hearing me, if I might put it so boldly. That being said, let's proceed.

Mr. Manly, was that your intervention?

• (1105)

Mr. Paul Manly: It was, but if anybody wants to give up a little bit of time for me to ask questions, I'm more than happy to take it. You can email my P9 if you're willing to share time for questions.

The Chair: Thank you very much.

Everybody heard that, I hope. Great.

Now we're going to go straight to our witnesses. You each get up to five minutes. I know we have the full two hours. I'm going to give you only a little bit of flexibility, so please help us out.

We're going to start with ACTRA first. I need a hand up to see who's going to start.

Mr. Sparrow, you have up to five minutes. Please proceed.

Mr. David Sparrow (National President and Performer, Alliance of Canadian Cinema, Television and Radio Artists): Thank you, Mr. Chair, vice-chairs, committee members and staff.

My name is David Sparrow. I'm a Canadian performer and the national president of ACTRA, the Alliance of Canadian Cinema, Television and Radio Artists. Joining me today are Marie Kelly, ACTRA's national executive director; and Raj Shoan, ACTRA's general counsel.

On behalf of our 27,000-plus professional performer members, we are pleased to appear today before the Standing Committee on Canadian Heritage to share our thoughts as part of the committee's study of Bill C-10.

We have been following the progress of this bill. Like other industry stakeholders, we want to ensure a strong and vibrant industry for Canadian content, which is why we are pleased to see that the proposed legislation will require online undertakings, including foreign services, to contribute to the production and discoverability of Canadian programs.

We do, however, have concerns about some of the other proposed changes in the bill and the impact they will have on our industry and, by extension, Canadian performers.

I'll pass it over to Marie Kelly, our national executive director.

Ms. Marie Kelly (National Executive Director, Alliance of Canadian Cinema, Television and Radio Artists): Before any changes are made to the Broadcasting Act, we would first like to acknowledge that the existing act has both served us well and been remarkably technology-neutral. Therefore, we believe any changes to the act should only be made if they will help better support and uphold the fundamental purpose of the Canadian broadcasting system, which is to ensure that Canadians have access to Canadian stories and music, as well as entertainment, information and news programs.

That said, we feel we must take this opportunity today to sound the alarm about a proposal in the bill that could significantly reduce the requirement to use Canadian creativity and talent—one that would put Canadian stories and storytellers at risk.

While production activity in Canada is booming, even following pandemic closures, there is growing concern that opportunities to tell Canadian stories are decreasing and that Canadian content production in both English and French is lagging further behind. Recent headline-grabbing announcements of the cancellation of Canadian shows like *Frankie Drake Mysteries* and *Kim's Convenience* highlight this problem.

While Canada is experiencing growth in the creation of high-quality English-language films and television shows, we are seeing a downward trend in the production of Canadian content made by Canadian writers, directors and performers. CAVCO data suggests that the number of Canadian productions declined on average by 12.4% each year between January 2017 and December 2020. The growth we've recently seen in television production in Canada has largely been due to higher average spending on the production of television series, not an increase in the number of Canadian shows being produced.

Investment in Canadian drama and scripted comedy programs by both private broadcasters and the CBC is also declining. During the recent CBC licence renewal process, ACTRA noted that CBC En-

glish television spending on Canadian drama and comedy programs decreased by 21.2% from 2017 to 2020, even while average costs of production on fiction programs increased.

While we welcome foreign production investment, over the long term we're concerned there will be fewer and fewer opportunities to tell Canadian stories. If we don't create an environment in which Canadian stories and storytellers can continue to thrive, our culture and identity may be lost.

Mr. David Sparrow: This is why we are gravely concerned with the proposed wording in proposed paragraph 3(1)(f) of the bill. It would remove the requirement that:

(f) each broadcasting undertaking shall make maximum use, and in no case less than predominant use, of Canadian creative and other resources in the creation and presentation of programming....

This change would significantly reduce the requirement to use Canadian creative talent and would devastate our screen-based media production sector. This is an industry that contributes \$12.8 billion to our country's GDP and generates 180,000-plus jobs for hard-working Canadians. For me and my fellow ACTRA members, who are already precarious workers, this could lead to a loss of work opportunities for Canadian performers. It is fundamental that we retain the principle of "maximum but not less than predominant use" of Canadian creative and other resources as it applies to Canadian programming.

Paragraph 3(1)(f) should read as follows: "each broadcasting undertaking shall make maximum use, and in no case less than predominant use, of Canadian creative and other resources in the creation and presentation of Canadian programming, and shall contribute significantly to the creation and presentation of Canadian programming to the extent that is appropriate for the nature of the undertaking".

Our proposal acknowledges the essential role for Canadian creators and retains the concept of "to the extent that is appropriate for the nature of the undertaking", recognizing that all online services will be contributing to the creation of Canadian content.

In closing, we would again like to thank you for the opportunity to appear today. We would also like to stress the importance of amending the bill in its current form so that it can be implemented as soon as possible.

We look forward to answering your questions.

● (1110)

The Chair: Thank you so much.

Our next guest will be BCE Incorporated, with Mr. Daniels and Monsieur Strati.

Mr. Daniels, go ahead for five minutes, please.

Mr. Jonathan Daniels (Vice-President, Regulatory Law, BCE Inc.): Good morning, Mr. Chair and honourable committee members. My name is Jonathan Daniels and I am the vice-president of regulatory law at BCE Inc. With me today virtually is my colleague Alain Strati, assistant general counsel, with whom I'll share my time in this opening statement.

As you may know, Bell operates a variety of broadcasting services across Canada—television, radio and online—in English, such as CTV, and in French, such as the recently launched Noovo network. We are also a distributor of Canadian programming through Fibe TV and satellite TV. We provide critical news and information services, ensuring Canadian voices are represented and heard. We also support Canadian talent with contributions to the Canada Media Fund, FACTOR and Musicaction, among others, and through our own Canadian production.

We support Bill C-10 and urge its swift passage into law. It is long overdue.

By now it should be clear that Canadian broadcasters are struggling. Foreign over-the-top providers are thriving in the Canadian market. Over the last four years, they grew their Canadian revenues by over \$2.4 billion, while at the same time Canadian broadcasters experienced a drop in revenue of over \$1.3 billion. Here's another jaw-dropping statistic. The three largest OTT service providers—Netflix, Amazon Prime and Disney+, the latter of which just launched a little over a year ago—already have more Canadian subscribers, between the three of them, than all of Canada's television distributors combined.

Local television and radio are taking the brunt of the impact from foreign competition. In 2019, 70% of our country's private local television stations and 40% of private radio stations had a negative profit. The pandemic has, without a doubt, aggravated the situation.

Despite all this, we continue to operate, but we do so in a regulatory environment that is outdated and that imposes massive obligations on Canadian licensees while completely exempting foreign OTT providers.

As a much-needed first step, Bill C-10 would correct the structural imbalance by ensuring that OTT providers financially support Canadian programming. OTT has been granted a free pass for over 10 years, and OTT providers have not contributed to Canadian content programming, while taking away subscription and advertising revenue dollars from Canadian broadcasters. In contrast, Bell Media and Bell TV spend close to \$1 billion annually on Canadian programming, through either direct expenditures or contributions to funds like the CMF.

However, it is not enough to require OTT to fund Canadian content. As the impact of OTT providers continues to grow and broadcast revenues shrink, the ability of domestic broadcasters to support Canadian content has weakened considerably. We must reduce the regulatory burden on domestic players. This can be achieved at the same time as growing the total expenditures on Canadian content by making OTT providers contribute their fair share.

Alain.

[Translation]

Mr. Alain Strati (Assistant General Counsel, BCE Inc.): Now let's talk about news and information. Canadians rely on broadcasters for their news, but the stations themselves are struggling. Local television has been unprofitable every year since 2013. This puts immense pressure on our ability to continue to deliver local news.

Bill C-10 recognizes the importance of local news. However, it fails to specifically provide financial support to local news. This oversight must be rectified. Otherwise, we risk losing voices and stories that enhance our Canadian democracy.

As a result, we're proposing an amendment to the bill that would ensure direct financial support for the production of news programming funded by both over-the-top and domestic distributors.

In conclusion, we support Bill C-10 because it lays the groundwork for a broadcasting system that treats all players fairly and equitably, and moves us towards a sustainable broadcasting system.

Thank you for the opportunity to present our views. A complete list of our proposed amendments was included in our written submission to the committee.

We look forward to answering your questions.

• (1115)

The Chair: Thank you, gentlemen.

[English]

Now, for the CCSA, we'll have Mr. Thomson for five minutes.

Mr. Jay Thomson (Chief Executive Officer, Canadian Communication Systems Alliance): Thank you, Mr. Chair and members of the committee.

I am Jay Thomson, CEO of the Canadian Communication Systems Alliance, or CCSA.

CCSA represents about 100 independent communications companies across the country that provide bundled TV, Internet and telephone services to Canadians mostly living in smaller communities in rural areas. Our members include, for example, CoopTel in the Estrie region of Quebec, HuronTel in southwestern Ontario, and Milk River Cable Club in southern Alberta.

CCSA was formed in the early 1990s, around the same time that the current Broadcasting Act came into force. Like the act back then, our members at the time did not contemplate the growth in size and influence of the foreign digital giants. But also like the act back then, our members did not contemplate the massive consolidation that would take place in the Canadian broadcasting industry. Neither the act nor our members contemplated that just three domestic companies—Bell, Rogers and Quebecor—would come to dominate Canada's communications marketplace and that, through ownership of most of Canada's TV services and Canada's largest BDUs, Internet and wireless providers, those three companies would become Canada's own vertically integrated domestic giants.

In fact, those domestic giants have since become so big and influential that the CRTC recognized that it had a problem, namely that the giants now had both the incentive and the ability to engage in anti-competitive behaviour that could harm other broadcasters and Canadian consumers. To address that problem, the CRTC has established various safeguards that preclude the domestic giants from favouring themselves in ways that would increase costs and reduce choice for TV consumers.

Those consumer safeguards include a code that ensures you don't have to subscribe to the giants' unpopular TV channels to get their popular ones. The safeguards also include provisions in the digital media exemption order that ensure you can subscribe to your Internet provider of choice—and not just the giants' Internet services—to access the giants' online services like Sportsnet NOW and TSN Direct.

In its current form, Bill C-10 puts those consumer safeguards at risk. When we first reviewed the bill, our concern was that, in focusing on the foreign digital giants, it ignored the growth in size and influence of our domestic giants. We've come to realize, however, that the bill does the exact opposite. Instead of ignoring our domestic giants, it actually embraces them, but not all to the good. Specifically, our concern is that, as written, the bill will enable those giants to favour themselves in ways that will serve to increase costs and reduce choice in our broadcasting system. It will enable them to do exactly what the CRTC warned they would do if left unchecked.

Now much has been said in these hearings about how the bill will level the playing field. That's true, but the field it will level is the one that the [*Technical difficulty—Editor*] field of the giants. It will tilt even further in the giants' favour the other fields in the system, where smaller and independent players go up against those giants.

Bill C-10 and the draft direction contemplate imposing regulatory obligations on Netflix and others and relaxing existing obligations for Canadian broadcasters. Notably, it's the domestic giants that seem to have focused the most on supporting such regulatory relief. It would be easy to assume that the relief they seek relates solely to their CanCon spending and exhibition obligation. But make no mistake: They will also aggressively pursue relief from the consumer safeguards the CRTC has imposed on them.

This isn't speculation. The giants are already using the courts to challenge the CRTC's jurisdiction to establish and enforce those safeguards. If left as is, Bill C-10 will embolden the giants in their

effort to escape the CRTC's consumer safeguards. To prevent [*Technical difficulty—Editor*] consequences and to protect consumer choice and affordability, particularly in smaller and rural communities, the bill needs to confirm the CRTC's jurisdiction to establish and enforce its safeguards against the giants, including those contained in the digital media exemption order. We've provided suggested language in our written submission.

● (1120)

Thank you, and I look forward to your questions.

The Chair: Thank you, Mr. Thomson.

Now we go to the Fédération nationale des communications et de la culture.

[*Translation*]

Ms. St-Onge, you have the floor for five minutes.

Ms. Pascale St-Onge (President, Fédération nationale des communications et de la culture): Good morning, Mr. Chair, and members of Parliament.

First, thank you for giving us the opportunity to speak about Bill C-10. My colleague, Sophie Prigent, president of the Union des artistes, or UDA, can't join us today because she's working.

I want to introduce my colleague, Julien Laflamme, from the research department of the Confédération des syndicats nationaux, or CSN. He'll be joining me in answering your questions and providing insight.

The Fédération nationale des communications et de la culture, or FNCC, represents approximately 6,000 members grouped into 80 unions. Almost two-thirds of our members operate under the Broadcasting Act. They work for public and private radio, television and digital broadcasters. The federation also works closely with cultural unions, including the UDA, the Quebec Musicians' Guild and the Association des réalisateurs et réalisatrices du Québec, to name a few. Together, our organizations bring together over 25,000 media, arts and culture workers.

Last week, the FNCC and its partners published a new and very troubling report on the situation of self-employed workers in the cultural sector. In short, the precarious situation that artists, creators and craftspeople in the cultural sector have faced for many decades, combined with the shutdown or increased complexity of activities resulting from the pandemic, has left our members in psychological and financial distress. Of course, the living arts have been particularly affected by the health measures and closures. However, the entire cultural sector has been severely shaken.

I must point out that the average annual income of self-employed cultural workers doesn't exceed the low-income cutoff for a single person in Quebec. In 2017, this cutoff was \$24,220. In 2019, none of the cultural activity areas reached this cutoff, not even the film and video industry. This precarious financial situation and the weak social safety net available to self-employed workers make them very vulnerable during crises and slumps. This can't continue.

As a result, we're asking you to ensure that your proposed amendments to Bill C-10 will improve the living conditions of our cultural workers. This should be a priority. We've analyzed the bill in light of the current reality on the ground and we're proposing some significant improvements.

First, the appeal of deregulation and a race to the bottom to help integrate the digital giants is an illusion. In reality, our media and audiovisual ecosystem has been able to thrive because we've protected it from the hegemony of Hollywood and other wealthier and more powerful foreign competitors.

If we want to continue to stand out, not only for our Canadian productions but also for our social fabric, values and diversity, we must ensure that the modernization of our legislation will continue to protect our cultural sovereignty and enable our content to shine.

We believe that, to improve the social and economic living conditions of our artists, creators and craftspeople, we must ensure that the Broadcasting Act has more teeth, particularly with regard to the protection of French. Many jobs depend on this directly, along with the funding of our productions.

Given that the decline of the French language is a hot topic of concern in Canada, clearly the Broadcasting Act is an important tool to promote our language. For us, the changes to the requirement to use Canadian artists and workers are unacceptable, since they will result in fewer contract opportunities and job prospects.

If the digital giants must spend money on productions in Canada, they should comply with our definitions of original Canadian and French-language productions. The same logic applies to the protection of Canadian ownership of broadcasting undertakings. We should limit our focus to acknowledging the existence of foreign-owned digital companies in the broadcasting landscape. In our view, the existing text in the current legislation can continue to apply.

We believe that social media shouldn't be automatically excluded from the new legislation. Instead, it should be specified that the activities of users are excluded. However, the commercial activities of these companies should be included in the legislation, and the Canadian Radio-television and Telecommunications Commission, or CRTC, should have the power to regulate these activities.

Lastly, the CRTC must have adequate and suitable powers and resources to implement and enforce regulations and requirements, including fines based on company revenues. The licensing or authorization processes, along with the accountability of companies, must be transparent and conducive to public participation.

• (1125)

The regulatory free pass given to the web giants over the past few decades has significantly weakened our media culture and its

production capacity. Many job losses among Canadian publishers and broadcasters have been documented, along with downward pressure on working conditions.

Maintaining quality—

The Chair: Thank you, Ms. St-Onge.

[*English*]

Ms. St-Onge, I apologize, but we're a little over five minutes here, and we'll have to move along to our next guest.

Friends of Canadian Broadcasting, Mr. Bernhard, please go ahead.

[*Translation*]

Mr. Daniel Bernhard (Executive Director, Friends of Canadian Broadcasting): Mr. Chair, honourable committee members, it is a pleasure to be with you today.

You already know that Friends of Canadian Broadcasting is a Canada-wide non-partisan group dedicated to defending Canadian culture on the air and online.

[*English*]

Here are the choices before you as Friends sees them.

One, should streaming companies like Netflix be required to finance original Canadian content in exchange for the right to make billions here?

Two, should newer broadcasting formats, including user-generated content, be regulated, not just with respect to the content but also to the distribution platforms themselves?

Three, how can we ensure a future for Canadian stories and talent, when the industry is increasingly dominated by American behemoths? Facebook, YouTube, Netflix, and now the Ministry of Heritage, all give the same answer to these questions: "Don't worry. Just trust us. Everything will be fine."

Netflix wants lower obligations than its Canadian competitors, and this bill would, in fact, allow it to remain entirely unregulated, as it is today. Facebook and YouTube say that users are solely responsible for user-generated content. This bill seemingly agrees, exempting social media, not just for the content but for any regulation of their distribution infrastructure as well. What of the need for thriving Canadian media, telling local Canadian stories? Well, Bill C-10 removes Canadian ownership as a policy objective and waters down key provisions supporting Canadian talent. Further, it does nothing to reinforce the CBC.

Meanwhile, Canadian media continue to bleed. Bell Media has laid off more than 400 people this year, by my counting anyway. Huffington Post shut down its Canadian and Quebec operations this month, and the proposed acquisition of Shaw by Rogers poses a real risk of further closures.

The question before you is really quite simple: Will you pass the law that Facebook, YouTube and Netflix want, or are you on Canada's side? If you're on Canada's side, then you cannot trust the department to fix all of the problems it has created. You must fix the bill yourselves, and the ambiguity around whether Netflix and company should contribute less than Canadian broadcasters, or not at all. Just write it into the bill, if for no other reason than to put the parliamentary secretary at ease. As you know, her riding is home to Canada's major production facilities. For her constituents, lost investment or underinvestment is not just a problem of GDP but actually income taken from their pockets.

You must be more involved further because the minister and the department don't appear to properly understand the reality they are tasked with regulating. Case in point, during his last committee appearance Minister Guilbeault said that YouTube and the like should not be subject to the Broadcasting Act, because government has no place regulating your uncle's cat videos. Minister Guilbeault, have you been on YouTube in the last 10 years?

YouTube is full of professional creators with major production budgets, millions of followers, and hundreds of millions of views. In fact, speaking of cats, how about Grumpy Cat, who has more than 12 million followers on social media, has appeared in Cheerios commercials, and has been profiled on all of the major U.S. networks. The U.K. publication Express estimates that Grumpy Cat, or its owners rather, earned nearly \$100 million from these cat videos. That's more than major Hollywood stars.

• (1130)

[Translation]

At the same time, the minister and Mr. Ripley said that Facebook and YouTube were not exempted from the bill, but that they would be regulated only once they behaved as broadcasters. That is a very misleading statement. Social media platforms, especially YouTube, are broadcasters under the legislation. If they were not, it would not be necessary to give them an exemption.

[English]

Furthermore, the promise of additional legislation to combat illegal content online is a complete distraction. What about broadcasting standards, the fair allocation of political advertising space, discoverability rules, or requirements to have French user interfaces? Exempting social media from the act will make it impossible for the CRTC to address these culturally important issues.

In closing, your task is simple: Ensure a future for Canadian culture. Don't trust the department to just make it all okay after the fact. This is a once-in-a-generation opportunity, and as it stands right now, the bill before you is Facebook's bill. Netflix's CEO told The Canadian Press he loved Bill C-10. YouTube must also be thrilled. Will you pass Silicon Valley's bill, or will you pass a bill that serves Canada's interests?

It's up to you to make the right choice, and I'm hoping you will.

Thank you.

The Chair: Now we will go to Unifor.

Ms. Fortier, I understand that you want to start. Go ahead.

Ms. Katha Fortier (Assistant to the National President, Unifor): Thank you very much.

Good morning. My name is Katha Fortier, assistant to the Unifor national president. I bring regrets from Jerry Dias. He had an urgent personal matter today. With me is our media director, Howard Law. We have 11,000 members in the media sector, including broadcasting and TV production. We thank you so much for the invitation today.

The Broadcasting Act is at the heart of our national mandate for cultural sovereignty. That's something we never stop having to protect and advance, whether it's in trade negotiations or in reform of the Broadcasting Act. For decades the Broadcasting Act has been a pillar of our cultural sovereignty. The goal is to strike the right balance between Canadian content and our openness to the world.

We've weathered this incredible challenge to our cultural sovereignty over the decades. Sometimes these changes have been driven by continental free traders doing the bidding of Hollywood, or by the disruption of new technology. When television arrived in our homes after the war, it didn't destroy radio, because we adapted the Broadcasting Act. Cable came along, and we adapted again. Satellite TV was supposed to be a Death Star that was going to zap the Canadian media industry, but we didn't let it. Each time, legislators and regulators kept their eye on the ball. We maintained that balance between our sovereignty and our openness to global culture, and we did it in a bipartisan way. Some of the greatest champions of the Broadcasting Act reform were Marcel Masse and Flora MacDonald.

Yes, the Internet is the most powerful communications technology yet. AI may be the next one. Then there may be another. We must keep adapting [*Technical difficulty—Editor*] our cultural sovereignty. Surrender is not an option.

Unfortunately, for the last 10 years the federal government and the CRTC have kept their hands in their pockets watching our cultural protections unravel. Now we are doing something about it. We support the amendments put forward by Friends of Canadian Broadcasting, and we especially want to make sure that Canadian ownership rules are reinstated in section 3. Those rules were ignored by the CRTC for 10 years. It tolerated Netflix setting up shop in Canada under the digital exemption and operating, growing and dominating as a cultural juggernaut. We propose replacing paragraph 3(1)(a) with the following: “the Canadian broadcasting system should maximize ownership and control by Canadians”.

We've been following the criticism of the bill. Some of it is hostility to regulation or hostility to cultural sovereignty, but some of the criticism of the bill is fair. There are loopholes to be closed and policy questions to be answered. We are pleased that this committee has asked the minister to answer some of those questions by tabling a draft cabinet directive to the CRTC.

As I said, the bill itself must say that foreign media companies will not be able to buy up domestic media companies, whether conventional or online. Cabinet or the bill should also direct that news broadcasting remain 100% Canadian-owned. Above all, cabinet or the bill must empower the CRTC to dedicate a stream of industry funding for local TV news with strict conditions to tie in to a head count of journalists and media workers. That's missing from the draft directive that has been tabled. Experts and industry leaders appearing before you have already driven this point home.

News is a priority cultural good in our broadcasting world. Journalism is essential to democracy. We saw how true that statement was on January 6 south of the border. We can't afford to be smug about Canadian democracy. Bill C-10 is a generational opportunity to address the underfunding of television news journalism. We can't miss it.

The last thing to say is what Bill C-10 doesn't do. To be fair, [Technical difficulty—Editor] said it would. It does nothing to stem the drain of advertising revenue from all of our media industries, including radio and television, by Google and Facebook. This Parliament has to act on that, and soon. Netflix is just the “N” in FAANG. Bill C-10 must be just the beginning in our defence of our sovereignty.

Thank you very much. Howard and I would be very happy to answer any questions.

• (1135)

The Chair: Thank you very much, Madame Fortier. I appreciate that.

Now we go to our six-minute round of questions. Mr. Rayes will start us off.

Before we get there, colleagues, we have a large group in this particular session. I'm hoping to do two full rounds, have our health break and then come back following that. I would ask you to please direct your questions to a person or group to make this go efficiently.

As well, colleagues, please be aware of the gallery screen. If some of the witnesses want to weigh in on a particular question,

they can put up a hand or do so electronically, if they wish. I'm hesitant to interfere myself, so I'll ask you to look out for those who want to weigh in on a particular question. Please be aware of the screen in front of you.

[Translation]

Mr. Rayes, go ahead for six minutes.

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

I thank all the witnesses for joining us today to help our committee.

My first question is for Mr. Bernhard, from Friends of Canadian Broadcasting.

When the minister appeared before us, in answer to one of my questions, he implied that social media were included in the bill. However, I listened to your remarks today, and when I look at subclause 4(1) the bill is supposed to add to the act, I see that it would not apply to users generating and receiving programs through an online company that provides a social media service. Companies such as YouTube, Facebook and TikTok are some examples of [Technical difficulty—Editor] that enable users to upload content.

Do you have comments or information you would like to add to explain your opinion on this part of Bill C-10 that would lead to the Broadcasting Act not applying to social media services?

Mr. Daniel Bernhard: That is a very important provision of the act. According to Friends of Canadian Broadcasting, it is important to distinguish between users who share content with one another and the platforms themselves, which generate billions of dollars through those distribution services. So it is a matter of magnitude.

We feel that clear guidelines must be created to exempt small broadcasters, be they users of YouTube, Facebook or professional services, and guarantee that the largest broadcasters would not be exempted and would have to contribute.

So a very clear regulatory structure must be created. As I just said, the minister made a misleading statement. Those social media services are broadcasters under the legislation. That is why an exemption is necessary. So I disagree with the minister saying that YouTube and Facebook are not exempted.

• (1140)

Mr. Alain Rayes: The two of us agree on that.

If Bill C-10 was passed, it would require online businesses, be they foreign or Canadian, to contribute funding to the Canadian broadcasting system so as to support creators and producers of Canadian content.

Conversely, do you think foreign online broadcasting companies should have the right to request funding from federal cultural institutions and from the Canada Media Fund to create Canadian content?

Mr. Daniel Bernhard: This is another important question. I think the objective must be to create a fair system where competition is fair—in other words, a system where Netflix and Canadian broadcasters, its competitors, are required to contribute based on a similar percentage.

If Netflix can also access cultural funds like the Canada media fund, for example, that's not a major problem in my opinion, but clear rules must be established so that all broadcasters, be they foreign or Canadian, would contribute equally and be subject to the same rules.

Mr. Alain Rayes: That's great.

I have another question for you, and it is also for Ms. St-Onge, from the Fédération nationale des communications et de la culture.

Do you have any specific concerns regarding the powers given to the CRTC, in light of the way the organization has behaved in the past regarding certain files?

Mr. Bernhard, you can answer first, followed by Ms. St-Onge, please.

Mr. Daniel Bernhard: The situation is unclear, and that worries me.

The bill, through ministerial instructions, gives many options to the CRTC, which could regulate broadcasters in the circumstances it deems appropriate, which are not clearly defined.

We believe it is important to create clear guidelines on income generated in Canada, on users and on the funding of global original content, among others, such that the Parliament of Canada would take business size into account. When a business surpasses a certain size, it must be required to contribute to Canadian content, without exception. It is very important to clarify the situation.

It seems that no one wants to clearly say that companies must pay and contribute to Canadian content. The government wants the CRTC to make a decision, and the CRTC wants the government to make a decision. In the end, no one is making a decision.

So it must be specified, in the legislation and not in a statement from the minister's office, that those contributions [*technical difficulties*] and more certain for the industry, as well.

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

I would like to give Ms. St-Onge an opportunity to comment.

We have been told that this would be included in the order and not in the legislation. We have received the order, but we are not really seeing relevant information in it.

Ms. St-Onge, do you have any comments on that?

Ms. Pascale St-Onge: This is something we are concerned about because, in the past, the CRTC had the power of life or death over companies through its decision on whether or not to issue a licence, while now, a power to impose fines is being mentioned.

We are concerned about the CRTC's ability to fulfill that mandate, especially when it comes to resources, but also about the way it will do that new job.

We would have liked the order to require the CRTC to publish a roadmap very quickly to tell us how it will behave and how it will apply the legislation passed. So far, we have not heard anything on this.

Mr. Alain Rayes: Thank you very much, Ms. St-Onge.

The Chair: Thank you very much.

[*English*]

Ms. Ien, you have six minutes, please.

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

Thank you to our witnesses for being here today.

I want to start with ACTRA. Mr. Sparrow, you indicated you are a performer. Can you tell us what you do?

Mr. David Sparrow: I've had an extremely fortunate career over the last 30 years. I've been in over 100 film and television roles, commercials, voice-overs, cartoons and all kinds of things. I have also been a writer and had a couple of projects made, so I have made my career in the arts for 30 years.

Ms. Marci Ien: I want to tap into that insight just a little. Could you provide us some insight into your world right now and what things might look like if the changes you propose aren't implemented?

• (1145)

Mr. David Sparrow: I think it's obviously a world that impacts performers. Performers are in some respects the most precarious workers in the industry, in that we aren't guaranteed the work we do. In essence, we apply for jobs every single day by auditioning. Sometimes we get those jobs and sometimes we don't.

It's important to note that a typical performer's income in Canada, even an ACTRA member, a union member, is approximately \$11,000 a year. Yet many of our performers obviously make significantly more than that, and some less than that. It's a challenging career.

This is not just a performer problem; it's an industry problem. As we look at the changes that are being suggested within the legislation and within the comments that are being sent to the CRTC.... We risk the shift in what is Canadian content and what flexibilities will be given in terms of that, and therefore what kinds of jobs, etc. will exist into the future.

I think Mr. Bernhard stated it quite eloquently that this committee, this current government has a great opportunity to set the stage for the next 20 or 30 years of Canadian broadcasting and also of how we're going to provide a cultural legacy for the generations to come.

Ms. Marci Ien: Thank you so much, Mr. Sparrow.

I want to go to Bell now. Mr. Daniels, you talked about news and the fact that this bill doesn't provide financial support for local news. You were talking about Canadian content.

How do you define that? How do you define Canadian stories?

Mr. Jonathan Daniels: I think I'm going to hand it off in a second to my colleague, Mr. Strati, to discuss that.

In terms of defining, I think there's a very important difference between news, which is what we're talking about, as opposed to Canadian productions and CanCon, because there are strict rules on how CanCon is produced. The foreign providers, the OTT providers, may be investing in Canada, but they are not producing CanCon. They are not making any productions that meet the criteria of the CRTC or the CMF. Like many of the colleagues I heard speak today, I think if we're going to have something to go forward, we have to ensure that's the case for those providers.

In terms of defining Canadian content and so on, there are rules set out about that. I note that there may be some tweaks to the direction that the CRTC would have to consider. We will look at participating with the CRTC in that regard.

If you're talking about defining news, that's something that is already done by the CRTC. There are funds. Maybe Mr. Strati could elaborate on that aspect, because that's something very easy to define and has been the case already.

Ms. Marci Ien: Go ahead, Mr. Strati, and then I'll get back to that.

Mr. Alain Strati: Go ahead.

Ms. Marci Ien: I was just focusing in on the CanCon first, because I will note that Bell has laid off hundreds of people who are responsible for Canadian content in this country—and full disclosure, I was an employee for years. This is something that is concerning, if we're concerned about Canadian content and Canadian content producers and jobs are being lost. I'm just trying to balance the two.

Mr. Jonathan Daniels: Listen. I think that's.... We're all concerned. I think what we're seeing here in the broadcast industry is that the traditional domestic broadcasters are seeing declines in advertising and so on. We have had to make difficult decisions that are necessary to adapt to the transforming media industry but, at the same time, I think this bill enables more money to come into the system generally.

There's a lot more money—I think the minister talked about \$830 million, and we have similar predictions by 2023—that can come into the system to promote Canadian content, as long as we have rules around making Canadian content so it can grow in terms of the amount of production that's done. At the same time, we need to be levelling the playing field. We need to make sure that the existing Canadian domestic broadcasters that are seeing a decline in revenues and seeing a competitive threat are able to have more streamlined rules and compete on a level playing field with the OTT providers. We see this bill as achieving that.

Ms. Marci Ien: Thanks so much, Mr. Daniels.

Mr. Strati, did you want to comment?

• (1150)

Mr. Alain Strati: I would just add that COVID-19 in the last year heightened the concerns we have in terms of the sustainability model, especially for local news. Viewership has gone up 15% to 20% and revenue has gone down. It's really a framework and a need for a financial model, which is failing. A change in that framework, and specifically directing the CRTC, I think will give better sustainability. The interest is there; it's just that the model itself, based on advertising, is difficult.

The Chair: Thank you very much.

[*Translation*]

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

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

My first question is for Ms. St-Onge.

Ms. St-Onge, it's very nice to have you with us again.

We've spoken pretty regularly about the concerns you, your organization and your members have regarding the health and survival of the francophone cultural industry, specifically, Quebec's cultural industry. As we know, the act provides little in the way of support. You no doubt saw the draft directive the minister released a few days ago.

I am curious whether you drew any satisfaction or reassurance from the draft directive regarding the way forward, if the bill is passed and the government issues directives to the CRTC as the bill prescribes.

Ms. Pascale St-Onge: To begin with, the directive mentions French, whereas the act refers to both official languages. In that sense, the policy direction order is a step forward.

However, we feel there could have been more emphasis on funding for French-language productions to ensure they received a significant share of the funding. When you compare the hourly rates allocated for French-language productions and English-language productions, it's clear that French-language productions have been underfunded for many decades. That needs to be rectified. In our view, the order is more meaningful than the act, but that is not to say the act shouldn't be amended to highlight the importance of producing original French-language content.

Mr. Martin Champoux: Did anything else in the draft directive jump out at you?

Ms. Pascale St-Onge: Yes.

My colleague, Julien Laflamme, may have some comments on that.

Mr. Martin Champoux: Of course.

Mr. Julien Laflamme (Coordinator, Research and Women's Services, Confédération des syndicats nationaux, Fédération nationale des communications et de la culture): Yes, certainly.

We have more or less the same concern we have regarding the bill and the way it's written. In other words, certain portions lead us to think the CRTC may be tempted to water down regulatory requirements. The draft directive actually refers a lot to flexibility in the regulatory approach. It contains little in the way of instructions that have a bit more teeth. I would say the language in the directive and the bill needs to be stronger.

Mr. Martin Champoux: You feel it's too soft. Given that the act has not been reviewed in 30 years, the government could have put more teeth into it.

Mr. Julien Laflamme: Exactly.

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

Now I have a question for Mr. Bernhard, from Friends of Canadian Broadcasting.

You've talked a lot about algorithms. In his draft instructions, the minister directs the CRTC to ensure the methodology is “informed by data collected from broadcasting undertakings”, at paragraph 5(b).

Mr. Bernhard, I know you are quite skeptical when it comes to social media and other online platforms being transparent about their algorithms and the data they agree to share. I'd like to hear your views on the subject.

Mr. Daniel Bernhard: You're right. I am very skeptical about the contributions and statements made by social media companies and other tech giants like Netflix. Since 2014, the year Netflix went before the CRTC to argue its case on camera, we have been trying to figure out a way to regulate Netflix.

The algorithms matter a lot because they are behind the decisions. The Broadcasting Act has numerous provisions on the decisions broadcasters make in relation to programming, advertising standards, the assignment of political advertising time and so forth. Accordingly, the act needs to include clear provisions on algorithms so that the companies behind them are accountable for the decisions based on those algorithms.

• (1155)

Mr. Martin Champoux: Is that not currently the case? Would you say the humans programming the algorithms are not responsible for the errors those algorithms make?

Mr. Daniel Bernhard: It's not clear. The idea of programming control indicates or can indicate human control in distinguishing the decisions being made. That is why it is so important to clarify things.

Mr. Martin Champoux: You talk about regulating or including social media and user-generated content on platforms like YouTube.

Does it feel more like the bill is regulating community radio, which gives hosts and artists some freedom in choosing content?

Would you say the regulatory scheme resembles what exists in the community media sector?

Mr. Daniel Bernhard: Yes, exactly.

It's all about size. You need a certain set of standards and requirements for small broadcasters, and a stricter set for big broadcasters.

For example, YouTube has users who post content online but who are actually professional broadcasting companies that are much larger than Canadian licensed broadcasters.

The Chair: Mr. Bernhard—

Mr. Martin Champoux: Thank you.

[*English*]

The Chair: I'm sorry, folks. We're just past the time.

Before I go to Ms. McPherson, I want to say that time is just flying along as we're having so much fun. The fact is, we're almost up to an hour. I mentioned two rounds. How about we do one round and then go to our health break for just a few minutes following Ms. McPherson's questioning?

Ms. McPherson, go ahead for six minutes, please.

Ms. Heather McPherson (Edmonton Strathcona, NDP): Thank you, Mr. Chair.

I'd like to thank all the witnesses for joining us this morning.

I'd like to start with a few questions for our colleagues with Unifor.

You spoke about paragraph 3(1)(a) and the wording that you are proposing. As we know, Bill C-10 removes the first objective of the broadcasting policy for Canada set out in paragraph 3(1)(a)—“the Canadian broadcasting system shall be effectively owned and controlled by Canadians”—and you've put forward a modification that “the Canadian broadcasting system should maximize ownership and control by Canadians”.

Can you comment further on why you think it's so important to have that change to the act? I will go to ACTRA afterwards and get some clarification from them on the same point, so they can prepare now.

Ms. Katha Fortier: Thanks very much.

I'm going to ask Howard Law, our media director, to take that question.

Mr. Howard Law (Director of Media and National Representative, Unifor): The reason we've suggested an amendment, as opposed to a repeal of this section, is that it obviously needs to be modified if it's to recognize and take into account the reality that foreign streamers are part of the system. To repeal it outright is a very dangerous thing to do, we think. We've proposed the same amendment, by the way, as Friends of Canadian Broadcasting, so maybe we're both onto something here.

The explanation given by Mr. Ripley and the minister in their previous appearances in front of the committee was that, because we have a cabinet directive from 1997 that establishes Canadian ownership, we can repeal this section. Respectfully, we disagree, and we're alarmed that it might happen. The reason for this is that the directive from 1997 was passed to parse out what Canadian ownership meant in terms of the percentage of control of public companies, whether it was a two-thirds ownership requirement or a four-fifths ownership requirement. The deep concern we have is that not only could a future government have a change of mind and repeal the cabinet directive, but in a court proceeding it's quite possible that a litigant would challenge Canadian ownership on the basis that there is no enabling section in the act to authorize it in the first place and that the cabinet directive is, frankly, invalid or unenforceable.

I think everybody is on the same page in terms of what they want for Canadian ownership. We just have to make sure that we don't accidentally repeal the governing provision in the act.

• (1200)

Ms. Heather McPherson: We may weaken it unintentionally or intentionally, as the case may be.

Mr. Howard Law: Yes, absolutely.

Ms. Heather McPherson: Mr. Sparrow, did you have any comments on that? I know that you have also spoken quite a bit about this. I'm wondering if you feel that the need for such prescriptive language as "maximum" is required.

Mr. David Sparrow: I do. We are a sovereign country with unique stories. We live in a competitive world, and we've always maintained the airwaves in Canada both [*Technical difficulty—Editor*] Canadians. We allow companies, whether they are domestic or foreign, to use those airwaves by paying into the system. It's therefore mandatory, quite frankly, that we continue to own them and that Canadians own them.

Perhaps our national executive director, Marie Kelly, has more to add on that.

Ms. Heather McPherson: Ms. Kelly.

Ms. Marie Kelly: We have a history in Canada of protecting ourselves, whether it's through the regulatory system for broadcast or through trade, because we have that big country to the south of us—America. We've had to be very cautious about protecting Canadian content.

We believe that we need to keep the protections as they exist today for Canadian content and Canadian broadcasters. We don't want to see them watered down. We see the system as not a perfect system. We're concerned about change. We welcome the change on the one hand, because we believe we need to have the change and need to cover the OTT, but we're concerned that any change [*Technical difficulty—Editor*] regulations that are required for Canadian content, Canadian producers and writers, and Canadian actors to tell the Canadian story.

When I think about this issue when I'm talking to representatives at the House of Commons, I think about your job. Your job is to govern Canada, but you're also the image that we portray to the

globe. It's the values you portray and the work you do that open up what Canada is to the rest of the world.

Our members do that each and every day. It's the stories they portray. It's the stories that are told here in Canada that provide a global audience for who Canadians are. What do we value? What do we believe in? What are our lives like? What are our stories? It's so important to keep them uniquely Canadian. We must not allow them to be either watered down or changed because we haven't done what we should in protecting the system that has done so well to protect Canada in this global environment.

Ms. Heather McPherson: Thank you, Ms. Kelly. I know that you've spoken about the importance, in particular, of the Canadian writers telling our stories, and I appreciate that as well.

Mr. Law, you said that your amendment was very similar to that of Mr. Bernhard, so perhaps, Mr. Bernhard, I could go to you. I know I only have a few seconds left, but do you have anything else you want to add on Canadian content, very quickly?

Mr. Daniel Bernhard: We want to make room for the foreign players, to increase choice, and we want to reflect the fact that they're already here. However, we don't need to invite them to take over the existing infrastructure and dominate it. If there is a takeover bid, for example, of certain Canadian broadcasters and Canadian ownership is not a policy objective in the act, on what basis would the CRTC say no, this is not okay? We know there have been Canadian broadcasters.... Shaw tried to sell its shares in Corus recently and was unable to find a buyer. If we open things up, it may be able to sell them, but is that a desirable outcome for the country?

The Chair: Thank you, Mr. Bernhard.

Mr. Daniel Bernhard: That statement, what Unifor and ACTRA said, is exactly right, and we support them in this regard.

Ms. Heather McPherson: Thank you so much.

The Chair: Thank you, everyone.

I'm going to have to be very strict about this break. I want to get back as soon as we can. Please, five minutes for a health break, and then we'll start right away.

We'll now suspend for five minutes.

• (1200) _____ (Pause) _____

• (1205)

The Chair: Welcome back, everyone.

This meeting is on Bill C-10. The new format seems to be going well.

We just finished our first round, and we're on to our second round now, where the time has slightly changed. We now switch to five minutes, and we're going to start with Mr. Waugh.

Mr. Waugh, you have five minutes, please.

• (1210)

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

I'm going to start with Mr. Thomson. Thank you for your two amendments.

Do you have any faith in the CRTC? Let's start there. Because we're heavily regulated—and we've heard that throughout this whole Bill C-10 debate—are you comfortable with the CRTC taking on more work?

Mr. Jay Thomson: Well, like any other member of the industry, we're not big fans of over-regulation, and we have some concerns about the amount of regulation that our smaller cable members are currently subject to. What we're seeking here is maintenance of existing powers and confirmation of existing jurisdiction, which are critical to ensuring that consumers have affordable broadcasting services and choice in accessing the channels they want.

It's a balance that needs to be struck. We've had our challenges, and unless these issues are addressed, we fear we're going to have many more challenges going forward.

Mr. Kevin Waugh: You deal mostly with rural Canada. Do you do any newscasts, or do you have any community channels in your areas?

Mr. Jay Thomson: We have almost 20 of our members who offer some form of a community channel. Some, in the very smallest systems, are just alpha-numeric billboards, but we have other communities, such as Access, which serves Regina and lots of Saskatchewan. It has a very strong, active community channel that's very popular in the community and a very important source for access to local news and programming.

Mr. Kevin Waugh: Yes, Access is very successful in this province.

I would like to ask BCE a question.

Last week, the National Football League signed massive TV agreements with NBC, CBS, FOX, but also streaming with ESPN+, which is owned by Disney; Peacock, which is owned by NBC; and Paramount, which is owned by CBS. Then you have Amazon's exclusive streaming rights to the Thursday night NFL game—\$1 billion.

When I was reading newspapers, in USA Today they pretty well said that everything is going to streaming. The NFL and sports usually are the leaders. I think we saw that last week, when the NFL made the agreements with the streaming companies.

What are your thoughts on how that would play here in Canada, where Bell, for an example, could put the CFL on streaming if you so choose? Streaming is going to be the big thing we see in the next four or five years here.

Mr. Jonathan Daniels: Streaming is extremely important, and it's a competitive market out there, in terms of buying the rights, between us and the OTT providers and so on. This is another reason, in our mind, that it's important to level the playing field, to make sure that we actually have the opportunity, under the same

rules, to compete with anyone else, because we're going to be buying the rights—or trying to buy the rights, let me put it that way—and competing with foreign streamers as well as Canadian streamers and broadcasters.

Our approach has been basically to do both, on streaming and on our major networks as well. It allows us to sort of innovate and bring it together. We just launched.... In fact, when you watch a Montreal Canadiens hockey game, we just launched a TSN app where you can get different angles and so on by using the app.

There are different advantages, but that's tying it to us as broadcaster. We need to make sure that we have the ability, as a broadcaster or streamer or whatever we're offering, to operate on the same level playing field as anyone else who can buy the rights and that we compete equally with the foreign providers.

Mr. Kevin Waugh: I think the public would say to you that in prime time on CTV, 7:00 to 10:00, you buy American programming during that time; with regard to Canadian content, very few shows are showing up on CTV. We have the simulcast with the American channels, and the reality shows.

I'm looking to ACTRA, because they're a part of this. Prime-time Canadian television series are few and far between from 7:00 to 10:00 at night.

Mr. Daniels, can you work with Canadians in giving us more Canadian programming in prime-time television instead of off-peak times?

• (1215)

Mr. Jonathan Daniels: I'll start by saying that I don't think the answer is more prescriptive rules about the time for when you have to showcase or something like that, because the reality is that we are competing with the Netflixes of the world and so on. To take a traditional approach and worry about prime time specifically, and to have certain obligations that are on different providers to show CanCon or something like that, I think is going to be self-defeating.

What really matters is that you get more money into the system and that, from that more money in the system, you allow everyone to produce the best content, the thing that makes the most business sense for them—

The Chair: Thank you, Mr. Daniels. I'm sorry. I have to cut it off there. I apologize. We are over time.

Just as a point of clarification, I know that in the business we tend to use a lot of acronyms. Mr. Daniels and others have used the term “OTT”. For people who are listening in from the outside, that's “over the top”, which is one of the original terms for streaming services, just so we don't get confused by some of the acronyms.

Nevertheless, we have Mr. Louis, please, for five minutes.

Mr. Tim Louis: Thank you very much, Mr. Chair. I'd like to begin my questioning with ACTRA. Due to your guidance, I will say "Alliance of Canadian Cinema, Television and Radio Artists", instead of ACTRA. I appreciated that. Acronyms are a fast learning curve here in Ottawa.

I would like to talk about how you're saying that you're welcoming foreign investment but that we do need to tell our stories. In the previous hour, you mentioned the history of protecting our Canadian culture and how important it is to support our writers, our actors and all the workers in those sectors. We all see in the local productions in all of our ridings how much that helps to tell our stories and also how much it helps the Canadian economy.

Can you expand on the work that members of ACTRA are already doing right now in working for the digital giants in some of the shows and on the relationship you have with them now and how you are hoping that will change in the future with this proposed legislation?

Mr. David Sparrow: As a union of professional performers, we have a great relationship with the Netflixes and Disneys and other big streaming services that are up here doing foreign service work; that is, they're producing their own productions written largely by Americans. Right now, during COVID especially, because Canada has a better reputation for our ability to handle the virus on our sets, there is a lot of work going on, but we shouldn't be fooled by the fact that once COVID is under control and once America starts to open up in places like Atlanta—which is really the number two production centre in North America—and is able to host these productions, many of them will choose to leave and go back to the United States in order to support their own homegrown business.

That said, they're here because we have terrific crews, we have terrific actors and we have terrific post-production, so they are investing in Canada because it makes sense financially. Where the downfall comes in is that they are not producing Canadian content, so Canadian writers are not working on those shows unless those writers have moved to Los Angeles and are pursuing careers in a different country. We are also not getting those unique Canadian stories told, so we're not building up the culture, if you will, of Canada and helping to tell our stories to the world.

When we are doing that—let's just point it out—we're killing it in terms of the shows we are doing, with shows such as *Murdoch Mysteries* and others that are shown around the world, and shows such as *Corner Gas* and *Kim's Convenience*. It's interesting to see how popular those shows are when we make the proper investment in them, and then Netflix steps in and makes deals to put them on Netflix in order to attract even more eyeballs.

The point is that if we weaken what is CanCon, if we weaken the use of Canadian writers who are actually telling Canadian stories, then we are going to feel that pain well into the future. We have to make the rules and regulations now that will best support that industry going forward.

Ms. Marie Kelly: Can I add to that for just a second? We have to realize that the work we produce here in Canada, the body of work, is every bit as good as any other product from any other country.

All I need to say is *Schitt's Creek* for us to recognize as Canadians the value of the work that we do.

The problem is that if we don't support it, if we don't make sure it's on prime-time viewing, if Canadians don't see it and if the world doesn't see it, then it will be perceived as not being of the same standard as others, but if we promote it the way other countries promote their content, then it will be world-renowned, like *Schitt's Creek*.

● (1220)

Mr. Tim Louis: Then it's a matter of promotion as well as protecting the Canadian stories. Would you say that's an equal part of it? Is part of it just promoting our stories as well?

Mr. David Sparrow: Well, it's certainly the case that.... Our friends at BCE have pointed out the lack of a level playing field. One of those things is that creating a Canadian production has been one thing in the past, but there has been no money left over to actually promote it in the same way that a *Law & Order* or similar production bought from the U.S. will be promoted. That's what's really been the challenge in terms of getting things into prime time. It's actually less expensive for our friends at BCE to buy *Law & Order* and, in essence, just rerun it in Canada than it is to create a Canadian program. Part of it is levelling that playing field.

I'd like to speak briefly to levelling the playing field. We don't do that by weakening the regulations that our Canadian and domestic producers follow. We strengthen them, bringing the same regulations to the over-the-top streamers and the others, and make them play the same game that we're playing here in Canada, which is promoting Canadian culture.

The Chair: Thank you, Mr. Sparrow and Mr. Louis.

[Translation]

Mr. Champoux, you may go ahead. You have two and a half minutes.

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

I have a question for the BCE representatives.

Mr. Péladeau, the president and CEO of Quebecor, recently appeared before the committee. Afterwards, he told reporters that the committee was trying to regulate an area that was "unregulatable", referring, of course, to the activities of the tech giants.

Do you agree?

Also, do you think it's possible to regulate the activities of the tech giants, while protecting Canada's online and traditional broadcasters and ensuring they can compete?

[English]

Mr. Tim Louis: I have a point of order, Mr. Chair. I'm sorry to interrupt.

The Chair: Go ahead, Mr. Louis.

[Translation]

Mr. Tim Louis: Sorry, Mr. Chair.

[English]

I don't have translation. I'm not sure if I'm the only one. I just want to make sure.

The Chair: I see others in the same situation.

We're just going to take a moment here.

[Translation]

Mr. Martin Champoux: If I speak French, it will give my English-speaking counterparts a chance to hear the English interpretation.

[English]

The Chair: Yes, I am hearing the interpretation.

It sounds like the Zoom connection. Okay, folks. We're going to have to take a few seconds.

We'll return to your time. You have a little under two minutes left, Monsieur Champoux. We'll get back to you when—

[Translation]

Mr. Martin Champoux: Mr. Chair, I think I should get all of my time back since they didn't hear my question.

[English]

The Chair: Can we ask the interpreter to check again?

Mr. Anthony Housefather: Scott, in the meantime, Mr. Champoux is asking if he gets his time back in full, which I think he should.

I'm happy to interpret if you want, Mr. Chair.

The Chair: It doesn't necessarily work that way, Mr. Housefather. I'll be with you in one second.

[Translation]

Mr. Martin Champoux: Thank you for offering, Mr. Housefather.

[English]

The Chair: Does everybody hear that? I need to be sure, because we're having a difference between Zoom and what I am hearing.

Okay, great. We're all back.

Monsieur Champoux.

[Translation]

Mr. Martin Champoux: Thank you, Mr. Chair. I'll start over.

[English]

The Chair: Go ahead, sir.

[Translation]

Mr. Martin Champoux: I have a question for the BCE representatives.

A few days ago, the president and CEO of Quebecor, Mr. Péladeau, appeared before the committee. Afterwards, he told

reporters that the bill was an attempt to regulate the “unregulatable”.

Do you agree with that, Mr. Daniels?

Do you think it's possible to pass legislation that regulates the digital giants while protecting Canadian traditional and online broadcasters in such a way that they can be competitive?

• (1225)

[English]

Mr. Jonathan Daniels: Thank you. I appreciate getting the... Now I understand the question. I apologize for my lack of French.

What I'd say is no, we don't agree. The short of it is that levelling the playing field by having foreign providers contribute into funds like the CMF, which can then decide how to pay that money out, will ensure that you achieve CanCon. Sorry, I'm using an acronym. I mean Canadian content production. We think that's a more effective way to bring that in. You can bring them into the system in order to have a level playing field.

Where I do agree is that there are a bunch of rules that can be streamlined as we bring them in, and have greater flexibility to allow everyone to specialize and compete in different areas, rather than dictating everything we have to do today.

We can achieve that by bringing in the foreign providers and making them contribute to the system. Quite simply, if they have to pay money into a fund like the CMF, they are going to make sure they get [Technical difficulty—Editor] pulling that money out. That's how companies work. If you have to pay into something [Technical difficulty—Editor] benefit by pulling out. That, we believe, is the kind of model you can achieve.

[Translation]

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

Mr. Chair, do I have a few seconds left to ask the same question of Mr. Bernhard from Friends of Canadian Broadcasting?

I would like to hear his opinion.

[English]

Mr. Daniel Bernhard: I'll answer in English, just to be quicker.

I agree with Bell that Mr. Péladeau's comments are not accurate. We believe these foreign streaming services can and should be regulated.

We've been having this discussion since 2014, and we're still having this discussion. Meanwhile, technology has advanced. We are not talking about all kinds of other activities that are happening in the media ecosystem, because we're stuck deciding whether or not Netflix should pay. This is the simplest of all the questions, and we should just go forward with it.

The Chair: Thank you, Mr. Bernhard.

Ms. McPherson, you have two and a half minutes.

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

I'd like to take a closer look at some of the local news. Like many people, I have some serious concerns about the current and future implications on local news. I'd like to talk to the Unifor folks about their proposal. I know they're supportive of a local news fund and they have talked about a larger amount being allocated. Could they please comment on what they would be proposing for that?

Ms. Katha Fortier: I'll ask Howard Law to respond, as he's been working closely with this.

Mr. Howard Law: Thank you for the question.

Earlier in the proceedings, Mr. Strati, from Bell, remarked that the business model supporting local news has been failing. It has failed.

Collectively, the major broadcasters have had an 8% loss margin for the last eight years, and it's not getting better. It's going to get worse. We've had layoffs. We've had less news coverage. We are in a state of total crisis in terms of local news, so that's just a fact.

In terms of what we're proposing for [*Technical difficulty—Editor*] advocate for better funding for local news. The CRTC, back in the early teens, after the financial crisis, instituted for three years something called the local programming improvement fund, LPIF, which basically put up an emergency fund of \$100 million per year for the broadcasting of local news. What we're proposing is something similar, but as a permanent feature of the ecosystem.

As we advocated, local news is the priority cultural good in the broadcasting system, and it's the most underfunded. Given that there will be, by the minister's estimate, up to \$800 million a year as an injection into the broadcasting system...which is shrinking, of course. The pie is shrinking, but this will greatly increase it.

There is room, in our view, to dedicate a steady and sufficient stream of funding to local news that would be available not just to independent television [*Technical difficulty—Editor*] through a very small fund, but to all local news operations in the country, so that we won't lose this essential feature of our Canadian broadcasting system.

• (1230)

The Chair: Thank you very much.

We're now going to Mr. Shields, for five minutes, please.

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

I will begin with Bell. We know news does not make money; advertising makes money, and advertising supports the news. The federal government is spending 80% of its taxpayer-funded advertising in foreign big companies outside of Canada. If that money was spent in our own country, because it's advertising that makes the news work, what is your response to that, Mr. Daniels?

Mr. Jonathan Daniels: Of course, we would encourage everyone.... We think we provide a great product, and we would support and would like to have advertising on it.

Maybe Alain could talk a little more about what's going on with news in terms of the revenues right now, but we would certainly

welcome any and every opportunity to provide good...or bring in the viewership to news.

Mr. Martin Shields: But when you're saying that, you're saying you would like taxpayers' money to support news. What I am suggesting is, why aren't you asking for that 80% of taxpayers' money that the federal government is now spending with federal money to foreign...? Why aren't you asking for that 80%, rather than asking for more money to support local news?

Mr. Jonathan Daniels: I think all we're saying is.... My reference was to advertising on our network, rather than a news fund, so I would just say that we wish to be attractive in terms of a product to bring eyeballs and so on—and we do so successfully, as you've heard. We've seen our viewership in news go up, but because of the nature of what's going on generally in terms of advertising and more directed...the dollars haven't followed through in that area.

We still believe we have a very attractive product for advertisers.

Mr. Martin Shields: Yes, I got that, but you're asking for more taxpayers' money, when you've lost taxpayers' money going somewhere else.

Going to Unifor—

Mr. Jonathan Daniels: Just to be clear, we're not asking for any—

Mr. Martin Shields: I only have so much time; thank you. You've asked for it.

Unifor, you're also asking for taxpayers' money and support. You have 80% of federal advertising dollars now going to foreign giants, and you're looking for more taxpayers' money to support local news. Now, advertising supports local news. Why aren't you advocating for the federal taxpayers' money to be spent in local advertising?

Mr. Howard Law: Mr. Shields, it's not taxpayers' money that we're proposing to go to local news; it's industry contributions from all the broadcasters, foreign or otherwise, [*Technical difficulty—Editor*] point.

Mr. Martin Shields: The point is that 80% of the federal government money is going to international foreign giants' advertising rather than being spent.

In my riding, the local media is really suffering, and it's the advertising that pays for that local media. Why wouldn't you be pushing for that as well?

Mr. Howard Law: We have, sir.

Mr. Martin Shields: But you didn't mention it today.

What are you actually doing, then?

Mr. Howard Law: Do you mean in terms of our proposal today? I hope I made it as clear as I could—

Mr. Martin Shields: No, I got that clear, but you said you are working on the 80%, lobbying for that 80% of federal dollars. I haven't heard that today.

What are you doing to do that?

Mr. Howard Law: We'll certainly send our previous materials to you, sir.

To the extent that you've raised this point and it's been discussed, I think the minister addressed it in his previous appearance before the committee, that the [*Technical difficulty—Editor*] was starting to turn around the direction it had taken on spending most likely too much money advertising on Google and Facebook, and it was going to look at redirecting to Canadian publications.

That's good news. I hope they follow through, and I guess you'd have to address any further questions on that to the minister.

Mr. Martin Shields: But I'm addressing it to you, as you represent people who work in local media, and it's the advertising that pays for those people.

Are you lobbying...? I know what the minister said, but are you lobbying for that change as well?

• (1235)

Mr. Howard Law: In terms of what our emphasis on lobbying has been—and I guess we haven't been loud enough about it—it's that the government needs to move very quickly from this bill to the next bill that they've promised, which is a bill modelled on the Australian model or otherwise, which will see Google and Facebook make a significant contribution to Canadian journalism, and we're hoping that the government and the committee—

Mr. Martin Shields: I got that point—

The Chair: We have to wrap up that point there.

Thank you, Mr. Shields.

Mr. Housefather, you have five minutes please.

[*Translation*]

Mr. Anthony Housefather: Thank you, Mr. Chair.

I thank all the witnesses for being here today.

I am very pleased that Ms. St-Onge was able to resume her remarks without any technical difficulties today.

[*English*]

I'm going to start with BCE.

Mr. Daniels, I'm not here to beat up on a corporation. I used to be the general counsel of a multinational before I was elected.

I think Canadians are a bit puzzled. BCE took at least \$122 million from the wage subsidy. BCE paid out dividends last year on a quarterly basis, yet Bell Media cut 200 jobs of local journalists in February. As I understand it, some of those cuts were done in quite a heartless way, where people were informed after a public announcement. People were informed during a radio commercial. Of course, those communities that suffered—CJAD, which is the main English-speaking radio station in Montreal, being a prime exam-

ple—lost local content, regardless of your claim that the television journalists will now substitute.

I question how you asked today—and I understand that—for less regulation with respect to broadcasters, not to give too many powers directly to the CRTC to specifically govern your actions and not to make it more restrictive. How do you reconcile that with how Canadians feel when they see cuts to local journalism right at a time when your company is both paying dividends and accepting subsidies from the federal government?

Mr. Jonathan Daniels: Let me break that down into a couple of different things, because you covered a lot there.

On the first point, in terms of the reference to receiving subsidies for... I think you're referring to the CEWS funding that we received last year. I want to be clear that we took that money strictly for its intended purpose, which was to ensure continued employment for workers in business segments that were extraordinarily impacted by COVID-19, like The Source and Bell Media, for example. That CEWS funding enabled us to avoid job losses, which would have happened without CEWS funding.

Let me come back to the question you're specifically asking, which is about Bell Media. There were some losses this year at Bell Media. We had to take certain actions that were necessary to adapt to our transforming media landscape. I think you've heard a lot about what's going on in broadcasting; it has been talked about in terms of the reductions of revenues. We had to take action to basically streamline our organization. These changes were needed even before COVID happened. What you saw is that they didn't happen last year, because we were able to take the CEWS funding. I think the CEWS funding actually achieved its purpose in that regard by having no losses last year.

For us to come to you saying that there's going to be no impact for all time or in the future because of that funding, while we have to right-size our business because we're facing all of these competitive pressures that we just talked about.... You heard about the declining revenue streams, both on the broadcasting side and.... We're seeing it going down everywhere.

When you say that we've come before you asking you to streamline regulation, that's right, but let's be clear. We're talking about proposals that would reduce the amount of funding that we'd have to make only as, at the same time, you grow the whole pie to be bigger. You'd enable us to compete and have a business model that's more sustainable. It's not sustainable under the existing regime.

Mr. Anthony Housefather: Again, I do understand. I think it's a question of how Canadians perceive things. I think the cuts came at quite an unfortunate time.

I'd like to go to the Alliance. Thank you for telling me ACTRA is not the right acronym anymore. I want to get into the concern that you have with paragraph 3(1)(f). Could you please succinctly give me the major concern of why paragraph 3(1)(f) should remain as is?

Mr. David Sparrow: It's definitely to support CanCon and not water it down.

Let me pass it over to our general counsel, Raj Shoan, to get into the minutiae of that.

• (1240)

Mr. Raj Shoan (General Counsel, Alliance of Canadian Cinema, Television and Radio Artists): Thanks, David.

We think it's absolutely crucial to maintain the principle of “maximum [but not] less than predominant use, of Canadian creative and other resources”. In our view, the language presently contained in Bill C-10 is simply too weak. In the long term, it will only result in the degradation of truly Canadian content in the system.

Our proposed language—which we understand is also supported by the Writers Guild of Canada, the Directors Guild of Canada and the Canadian Media Producers Association—ensures that Canadian programming in the system will make maximum but not less than predominant use of Canadian creative and other resources.

For everything that's not Canadian, the regulator can discuss a lighter standard, but it's important that Bill C-10 hold a hard line with respect to the Canadian content produced by traditional or on-line undertakings. That standard should be the same as it has been for the last 30 years, which is maximum but not less than predominant use. That's the standard we hold to.

[Translation]

Mr. Anthony Housefather: Thank you.

[English]

Mr. Chair, do I have any time left?

The Chair: No, Mr. Housefather. I'm sorry. Your time is up.

We're now going to go to Mr. Aitchison.

We're off to our third round. That's something we seldom say at this committee.

Mr. Aitchison, you have five minutes, please.

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

My question is for the folks from BCE.

Can you speak to the role that the traditional method of broadcasting will play five years from now? It seems to me as though the traditional media of broadcasting are fading because of streamers. Mr. Waugh pointed out that sports are moving to the streaming giants. Will the regulations that we have in place right now for the traditional broadcasters make any difference five or 10 years from now?

Mr. Jonathan Daniels: I think you're absolutely right. Things are changing in terms of what the model is going to look like in a few years. Those are a couple of things we're trying to achieve in

this, by getting a level playing field and being able to compete with the streamers.

Let's be clear: We're streamers ourselves. We have to move into that in the way we transact. However, to have a whole bunch of historical and anachronistic rules in terms of regulatory rules that require us to do it, we think those are the kinds of things that need to change as we look forward and deal with it, to reflect the market reality that we're going to be competing with streamers for the rights to a whole bunch of sporting events and so on, whatever the future is going to be. I don't have a perfect crystal ball to tell you what that is.

At the same time, our other key message is that there's going to be an impact on local news. That's why there needs to be special funding. The way to do that is by taking the money that's contributed into the system and directing some of that new money to that, to make sure that all broadcasters, both radio and television, have access to be able to provide professional journalism, the kind that really matters to Canadians.

Mr. Scott Aitchison: Could you speak for a second about local news? We've talked a lot about the threat that local news is under. It's real. There's no question about that. Is there something precluding local news from being streamed on streaming services?

Mr. Jonathan Daniels: No, I don't think so.

Maybe I can hand it over to Alain to elaborate on what's going on with local news.

Mr. Alain Strati: There's nothing that precludes that, but the issue with local news is not visibility or interest or, in fact, viewership. Viewership for local news is quite strong. The issue is really the financial model.

Before, we were talking about “an advertiser”; the issue is “advertising”. There's only one source of revenue that sustains and supports local stations and local news. There needs to be a dual source of advertising, because money and resources are shifting from advertising to subscription or [Technical difficulty—Editor] local news. The problem is the revenue.

We've talked about the COVID-19 impact. The problem is, when you have declining advertising revenue and you have a seismic shock that has happened, when advertising dropped 40% in Q2 of 2020 overnight with COVID, how do you bring that back up to levels you had before? It really is that the model is not working for local news, but it's the financial model and we've been trying to resolve that issue for quite some time.

We've talked very quickly about the NFL. The NFL deal has a lot in it for broadcasters as well, on NBC, Fox, CBS and all the other broadcasters. It's a mix of different platforms. People do watch live television. There's mixed viewing, mixed opportunities, linear and non-linear. It's a new consumer behaviour.

• (1245)

Mr. Scott Aitchison: What if instead of taxpayers' dollars funding local news it was a requirement for streamers to carry local news as well? Then it would generate revenue from subscription services.

Mr. Jonathan Daniels: Let me take that one.

I think we want to get away from.... First of all, I don't think the answer is to turn to streamers such as the Netflixes of the world and look at them to be our local news providers, because they're going to be foreign-owned and they're not going to be focused on Canadian stories.

Mr. Scott Aitchison: No, sorry, I am actually thinking specifically about Canadian streamers. You have identified BCE as a streamer as well.

Mr. Jonathan Daniels: Right. But rather than dictating and adding extra obligations on us, I would say that if you provide the funding.... Let me be clear: There is no proposal here to have taxpayer dollars. What we're talking about is that we would all have to contribute. There are obligations that we have to do. We think the existing money and new money coming into the system can be redirected partially to do that, by taking the OTT providers, the Netflixes of the world, and saying they should contribute into a system and some of that. I think it would be problematic if we turned around and said, "Oh, you want to be a Canadian streamer? You will have the following obligations, but the foreign streamer that you compete with doesn't have that."

Mr. Scott Aitchison: Would it be—

The Chair: I'm sorry, Mr. Aitchison. I have to leave it at that. Your time is up.

Mr. Scott Aitchison: Thank you.

The Chair: Ms. Dabrusin, you have five minutes, please.

Ms. Julie Dabrusin (Toronto—Danforth, Lib.): Thank you.

Perhaps I can begin with the artists formally known as ACTRA. At some point during the debate in the House of Commons, the idea was pointed out that there is a lot of employment in different regions in the film sector, and that this service industry has a value that seems over and above the Canadian content, or at least equal.

I'm wondering what you might want to say to that, because some of the response I heard was, "What's the issue? In my community, I have films that are being filmed right now, right here in my community, creating a lot of jobs, including for a certain number of Canadians."

I'd like you to have an opportunity to respond to those comments.

Mr. David Sparrow: We welcome the foreign service work that is coming to Canada right now. Frankly, it's been coming to Canada in this kind of volume for the last two or three years. It has become a financial boon for those streaming services that were super hun-

gry for content. It has even been doubled through COVID, when it was recognized that they didn't have enough content for the people who were home for 20 hours a day and were able to watch it. They are eager to produce content. They're choosing Canada as a location, and it's bringing lots of job opportunities and money.

As I said before, when COVID is over, that will likely change to some degree. When they find that things are getting too expensive for one reason or another, they will likely ramp up, especially post-COVID, in South Africa and Australia and other places where they were doing work previous to COVID.

All of that is to say that it doesn't take away from our responsibility to support Canadian production and Canadian stories. We can do that through a number of means. Certainly, this bill goes far by saying that it's time for over-the-tops to contribute. It's time for them to follow the same rules we have for our domestic broadcasters to create actual Canadian content and to make it discoverable on their platform the same way they're doing in many countries around the world. Many other countries have not been shy about saying, "No, you're going to have to produce something in our language and something that supports our culture." France, Australia and others have put in metrics for companies like Netflix, and Netflix has not had a problem with it.

• (1250)

Ms. Julie Dabrusin: Thank you.

Mr. Sparrow, perhaps you could comment on my next question as well.

[*Translation*]

Ms. St-Onge, I'd also like to hear your comments.

[*English*]

I know that your union, Mr. Sparrow, has worked a lot on diversity and inclusion and on how to make sure we have better representation of Black actors and indigenous actors in the field. What are the opportunities within Bill C-10 to better support that inclusion and those opportunities? Do you have any ideas in that respect?

[*Translation*]

Ms. St-Onge, I'd also like to know if you have any thoughts on this.

[*English*]

Mr. David Sparrow: I'll be brief so that Madame St-Onge can speak to that as well.

Absolutely. For instance, we've been in conversations with the funding bodies themselves, such as the CMF and Telefilm, to actually put in rules that will allow for productions that can in essence prove that they are more diverse in the way they've come about, or in their production teams or casting, to receive funding. I know those conversations are ongoing.

I think the CRTC could well establish those types of rules as well to better support the wide diversity within Canada of peoples, including our indigenous communities, in ensuring that they, too, are able to tell Canadian stories.

[*Translation*]

Ms. Pascale St-Onge: I'm going to continue in the same vein.

The current policy direction talks about incentives that the CRTC could put in place to encourage diversity. However, instead of incentives, it seems to me that it would be more appropriate and effective to talk about obligations. That would result in more constraints and clear guidelines as to the obligation to foster diversity in all its forms.

Ms. Julie Dabrusin: Okay.

[*English*]

Mr. Chair, how much more time do I have?

The Chair: You have six seconds.

Ms. Julie Dabrusin: That's what I was thinking. Thank you.

The Chair: Thank you, Ms. Dabrusin.

Folks, just looking at the time, it looks like this is going to have to be the last round as we get closer to one o'clock eastern time. I have one question left from the Bloc Québécois. I have one final question left from Ms. McPherson, but if I look at the lineup—and perhaps if you indulge me for just a few moments—I see that the only member with us right now who has not asked a question is Madame Bessette. Since we will fall short of one o'clock eastern after both the Bloc and the NDP, I thought it would be nice to give Madame Bessette a chance, and then we can say that everybody has had a chance to ask a question.

Ms. McPherson, go ahead, please.

Ms. Heather McPherson: The only thing I would ask is whether it would be also possible to include Mr. Manly, because he has also not had an opportunity to ask a question.

The Chair: I was thinking about that as well, but Mr. Manly has left, I believe. I got a note from him earlier. He had to leave.

Ms. Heather McPherson: Then that won't work.

The Chair: Thank you for intervening. It's very generous of you.

Now let's go to.... Is it Monsieur Champoux or Madame Desbiens?

[*Translation*]

Mr. Martin Champoux: It will be Mrs. Desbiens, Mr. Chair.

The Chair: Okay.

Mrs. Desbiens, you have the floor for two and a half minutes.

Mrs. Caroline Desbiens (Beauport—Côte-de-Beaupré—Île d'Orléans—Charlevoix, BQ): Thank you, Mr. Chair.

I thank Mr. Champoux for giving me his time. I also thank our witnesses.

Ms. St-Onge, we know that French is in serious decline, that our artists and crews are in an even more precarious situation, as you

mentioned at the beginning of your statement, and that artists are the raw material of everything we are discussing right now.

I'd like you to further elaborate on the discoverability of French-language content in Bill C-10.

Ms. Pascale St-Onge: It's a big problem, because the bill does not include specific instructions for improving content discoverability.

Currently, the system puts the burden of discoverability on the productions. People often say that content will be discovered if it's good. However, we know that things don't work that way on the platforms, since content is displayed based on algorithms that are not transparent and over which we have no control.

So, to improve content discoverability, the policy direction or the act itself would need to specify obligations on content discoverability and accountability, and currently there are none. It's a big problem indeed.

I will give you a very concrete example. A Télé-Québec production, *M'entends-tu?*, is on Netflix, but we only see the English title, *Can You Hear Me?*, even though it's a Quebec production. For francophone viewers in Quebec, it's very hard to spot that.

This is the kind of thing that will change Canadians' ability to discover homegrown content.

• (1255)

Mrs. Caroline Desbiens: Thank you very much, Ms. St-Onge.

I'd now like to turn to Mr. Bernhard from Friends of Canadian Broadcasting.

We know that a copyright bill is going to follow Bill C-10.

Would it not be appropriate to provide a solid foundation in Bill C-10 for what comes next?

Mr. Daniel Bernhard: I will not talk about bills that don't exist. We always hear about the next piece of legislation that, for example, will force Web giants to pay for news content. The current bill is all we have. So I would not like to support or challenge a bill that doesn't exist.

Bill C-10 needs to be improved, and that's what we are doing today.

[*English*]

The Chair: Thank you very much.

We have Ms. McPherson for two and a half minutes, please.

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

We did have the minister join us earlier on as we were examining Bill C-10, and I was concerned, as I know many people were, when he told us that Facebook and YouTube were not exempt from Bill C-10.

I'm just going to give my last two and a half minutes, if I could, to Friends of Canadian Broadcasting. Could you talk about what you think of the answer of the Minister of Canadian Heritage that Facebook and YouTube are not exempt from Bill C-10?

Mr. Daniel Bernhard: When I heard that statement, I was prompted to pull my hair out, but as you can see, there's not much left to extract, so I had to express my frustration in other ways.

As I said, this is a very misleading statement. For the minister to say that companies like Facebook and YouTube are not exempt and that they'll only be regulated when they behave as broadcasters is very misleading, because, as I said in my opening remarks, if they were not behaving like broadcasters, then there would be no need for the exemption in the first place. They are broadcasters according to the law.

The question is, how do we regulate this properly? Our view is very simple: Remove this exemption for social media. Remove all that. Instead, just say that if you're too small, you will not be regulated, and if you're bigger, you will be. That leaves it open for new formats to emerge. It means that if you're Grumpy Cat, maybe there are certain standards or applications that will apply to you, but not to Mr. Guilbeault's uncle with his cat videos, which, we presume, are not very well viewed, according to the minister's comments.

For him to say they are not exempt from the law is extremely misleading, because clause 4.1 clearly says that they are exempt from the law. We have to ensure that not just the content but also the infrastructure is governed. Should it be in French? Are there rules about discoverability? What about emergency alerts?

I found the minister's answer unsatisfying, and I hope that the committee will improve the bill in the ways that I just mentioned.

Ms. Heather McPherson: For my very last question, I will go back to Unifor to get a little more clarity on that fund to support local news.

First of all, could you talk a little bit about how much of that \$830 million should be going to fund local content and which agencies should be responsible for distributing that?

Mr. Howard Law: The injection of up to \$800 million into the system was something the minister suggested, and other commentators have said that's probably in the right ballpark.

That growing overall pie of industry broadcaster distribution contributions is obviously going to be divided up in a number of ways, and it could include local news. That would be administered by the CRTC—

The Chair: Thank you, Mr. Law. I'm sorry, but I have to stop you right there.

We'll go to Ms. Bessette to finish.

Go ahead, please.

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

[*Translation*]

I will start with the ACTRA representatives.

During the course of the study, committee members have often heard that, to keep the arts and entertainment industry competitive in Canada, artists' intellectual property must be protected.

How can artists' intellectual property be protected in Canada?

• (1300)

[*English*]

Mr. David Sparrow: I think you may have heard in the past when we've deputed about copyright specifically that while audio performers have copyright protection, audiovisual performers do not have copyright protection. This means that when I do a performance and somebody in a foreign country is using my image and my performance in order to make money, it doesn't necessarily flow that I am able to seek compensation for that, because we have not protected audiovisual artists for that.

It is very important that in future we continue to fight for this and get Canada to put those types of protections for audiovisual artists into the Copyright Act.

Mrs. Lyne Bessette: Thank you very much.

[*Translation*]

My next question is for Ms. Kelly.

Ms. Kelly, you said to my colleague [*technical difficulties*].

Do you have examples of measures that have been successfully implemented by countries other than the United States to promote their original content?

[*English*]

Ms. Marie Kelly: We can get you more examples, specifically of how the original content is promoted. There are other countries. I would say that in Great Britain the BBC has done a really good job of doing this. It's not usually the U.S. that is promoting it in that way, because it is the larger entity that has the well-known system.

The only thing I would actually throw into this, which we haven't talked about, is a star system. A star system promotes individual artists, individual actors so that they are the draw towards the movies. The U.S. does this extremely well, as do other countries. We don't even have a star system here in Canada that could highlight individuals who are actors, who would then bring in the work towards them.

Mrs. Lyne Bessette: Thank you.

[*Translation*]

My last question will be for Ms. St-Onge.

Ms. St-Onge, you mentioned that you would like to see funding for French-language content secured. Section 5(d) of the policy direction requires that “an appropriate portion be directed to the creation of French-language programming”.

Is that provision a step in the right direction?

Ms. Pascale St-Onge: Yes, absolutely. It is a step in the right direction.

Now, the word “appropriate” remains to be defined. It could have been a more decisive word, like “significant”, for example. If we base it only on the proportion of Canadians who are francophones, as is the case for current funding of French-language productions, it means less money for them. This has an impact on working conditions, which are not as appealing for francophones.

So the word “appropriate” still needs to be defined.

Mrs. Lyne Bessette: Okay. Thank you very much.

[*English*]

The Chair: Thank you, everybody. That draws us to a conclusion. I apologize. We went a little bit over time.

We have to deal with one other thing, for budgetary reasons.

Before we do that, I want to say a huge thank you to our guests who came here today: from the Alliance of Canadian Cinema, Tele-

vision and Radio Artists, David Sparrow, Marie Kelly and Raj Shoan; from BCE, Jonathan Daniels and Alain Strati; from the Canadian Communication Systems Alliance, Jay Thomson; from the Fédération nationale des communications et de la culture, Pascale St-Onge and Julien Laflamme; from Friends of Canadian Broadcasting, Daniel Bernhard; and, finally, from Unifor, Howard Law and Katha Fortier. Please give our best to Mr. Dias.

Thank you so much, everybody, for joining us.

Before we adjourn, we have a bit of work to do. As you know, in relation to the study “Relations Between Facebook and the Federal Government”, there is a budget of \$1,500 we need to pass for the equipment that is needed in order to do that meeting.

Do I see approval of this budget for that particular study? Seeing no dissension, it's approved.

Thank you very much, everyone. We will see you on Friday, the 26th.

The meeting is adjourned.

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