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Chair: The Honourable Hedy Fry





## Standing Committee on Canadian Heritage

Wednesday, February 16, 2022

• (1610)

[English]

**The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)):** Welcome to everyone.

I know it's a long thing to get all the sound checks going, but *c'est la vie*. We've been trying to deal with this ever since we've gone to virtual meetings.

[Translation]

I call the meeting to order.

I would like to acknowledge that this meeting is taking place on the unceded traditional territory of the Algonquin Anishinabe people.

[English]

Pursuant to the motion adopted by the committee on Monday, January 31, 2022, the committee is meeting on the issue of the Shaw-Rogers amalgamation.

I want to give you just a couple of housekeeping rules here.

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

Given the ongoing pandemic situation and in light of recommendations from Health Canada as well as the directives of the Board of Internal Economy on Tuesday, October 19, 2021, to remain healthy and safe, all those attending the meeting in person must maintain a two-metre distance and must wear a non-medical mask when circulating in the room. It's highly recommended that the circulation be brought down to a minimum, that a mask be worn at all times, including when seated and when speaking. One must use the hand sanitizer in the room.

As the chair, I will be enforcing these measures for the duration of the meeting, and I thank members in advance for their co-operation.

For those participating virtually, I'd like to outline a few rules to follow.

You may speak in the official language of your choice. Interpretation services are available as the floor, English or French. If interpretation is lost, please inform me as soon as possible, and we will restore the sound before resuming proceedings. Before speaking, please wait until I recognize you by name. When speaking, please

speak slowly and clearly. When you are not speaking, please mute your mike. I also remind you that all comments by members should be addressed through the chair.

We are now going to begin. There has been a change in the meeting. The first panel, the CRTC, will not be appearing today, but another day. We will begin with the witnesses who are appearing virtually.

For witnesses, I want you to know that there are a couple of rules. The rules are that you have only five minutes to present. If you have two people from your group wanting to present, you are going to have to find a way to split that time. After five minutes of presentation, I will give you a one-minute warning. You'll just hear my voice in the ether saying, "one minute", and that gives you time to wrap up.

What we will do is go on afterwards to questions and answers by members of Parliament. Questions and answers will, in fact, be included in the question and the answer time; therefore, the time period for that is not two separate times, but one time, and I will tell you what that is before the questions begin.

We begin by recognizing Catherine Edwards, executive director of the Canadian Association of Community Television Users and Stations.

You have five minutes, please, Ms. Edwards.

• (1615)

**Ms. Catherine Edwards (Executive Director, Canadian Association of Community Television Users and Stations):** Thank you for inviting us.

I'm Catherine Edwards with the Canadian Association of Community Television Users and Stations.

[Translation]

With me is Amélie Hinse, the executive director of the Fédération des télévisions communautaires autonomes du Québec.

[English]

Our organizations advocate for access to digital media training, production support and distribution, so that individuals and communities can express themselves. The not-for-profit community element employs 1,000 staff, trains more than 20,000 volunteers annually, broadcasts in 80 languages and produces a million hours of local content over the air, on cable, on satellite and online for one-tenth of the cost of an hour of production in the public and private sectors.

We believe community-owned media is the best way to serve communities with local news and to ensure that a diversity of voices continues to fill our airwaves. We're pleased to provide comments on the Rogers-Shaw merger, because community TV and, consequently, access to local news for more than 300 communities that community TV once served has been decimated over the last 20 years by prior mergers undertaken by these companies.

Of the more than 300 cable community TV stations that once formed the backbone of the community element, over 75% have closed as Canada's cable giants have withdrawn production infrastructure to the cities and focused their energies on specialty channels and selling TV subscriptions and mobile services. For example, Rogers used to have 12 neighbourhood community TV offices around the Vancouver Lower Mainland. They were closed in 1998, when Rogers sold its western systems to Shaw. Vancouverites from White Rock to North Van were expected to make their way to Shaw corporate headquarters for access to our broadcasting system.

Since New Westminster's Shaw community TV studio was shut, Mr. Julian has volunteered to help cover events for the NewWest.tv not-for-profit start-up, a CACTUS member attempting to fill the gap left by Shaw. These stations ensure that you, as parliamentarians, can reach your constituents to talk about the issues that are important. They are not sound bites meted out to you by megacorporations more interested in blockbuster U.S. series, but community-owned entities committed to supporting local democracy.

Mr. Coteau, the same happened in Toronto. Rogers, like Shaw, consolidated all of its community TV production studios into one corporate headquarters, before finally closing in 2017.

Mr. Bittle, up until 2003, there was a Cogeco community channel devoted to St. Catharines that disappeared by 2011. Subscribers in St. Catharines now see a community channel from Niagara, which is also shared with Grimsby.

This process of zoning former distinct community channels into a single regional channel has been permitted by the CRTC following the urging of Rogers in 2006. Mr. Nater, Ms. Lewis and Mr. Louis, Rogers claimed to have distinct community channels on its website in Waterloo, Kitchener, London, Stratford, Guelph and Cambridge, but, in fact, a single zoned channel serves all these mid-sized cities, with only occasional insertions of content specific to each city.

Rogers and Shaw have told the CRTC that they couldn't afford to keep separate stations open, but communities were never asked whether they'd like the opportunity to run the channels in a more cost-effective model. Rogers has been particularly vicious in eliminating competition for its own regional community channels.

In New Brunswick, which used to have over 30 community TV stations, Rogers shut down all but six when its fibre optic connected the province. The community-owned station in Chatham was told by Rogers that fibre optics would no longer enable two-way programming. Chatham residents could continue to receive Rogers TV from across the province, but they would no longer be able to see Chatham's community-produced content. It was a lie.

When Rogers shut down production studios in St. Stephen and St. George, two of the three villages in Charlotte County, and start-

ed piping in its provincial Rogers TV, our St. Andrews member was told by a Rogers technician that Rogers had inserted a cable trap at the St. Andrews boundary to purposefully limit distribution of the community-owned signal.

In 2017, under intense lobbying by Rogers, the CRTC gave cable companies the green light to redirect most of Canada's community TV, or local expression, budget to support their failing private news properties by the independent local news fund. Shaw invested its Vancouver, Edmonton and Calgary local expression budgets in Global, and—

• (1620)

**The Chair:** You have one minute left.

**Ms. Catherine Edwards:** Okay. I'll jump ahead.

We all know that local news is in trouble, but we've been erroneously handing money to vertically and horizontally integrated giants to solve the problem. At each hearing, they promised that with deeper pockets they would be able to support local production, but they don't. The local journalism initiative by the Department of Canadian Heritage has finally recognized that if you want to ensure communities have local news, you resource not-for-profit community media that are located in and committed to serving communities over the long haul.

CACTUS, the Fédération and the Community Radio Fund of Canada are generating news under LJI for a tenth the cost of public and private sectors, hour for hour, so we do not support further consolidation. It's bad for information diversity and it's also bad because the bigger the companies get, the more they capture our regulator. The CRTC staff openly refer to them, not the Canadian public, as their clients. The rot has gone so far up that we're being told not only by the CRTC, but by Canadian Heritage staff working on Bill C-11, that they cannot recognize not-for-profit broadcasting in a new broadcasting act, because other big entities think it's a zero-sum game. If they recognize that we exist, there's less money for them. The legal structure of our country is caught in their net.

We've elected you to defend the public interest when our bureaucrats and regulators are captured by industry. Should the merger go ahead, however, we urge you to support initiatives that ensure a diversity of information—

**The Chair:** Ms. Edwards, can you wrap up? Thank you.

**Ms. Catherine Edwards:**—and service for smaller communities outside of the control of Rogers and other BDUs, including a local journalism initiative and the establishment of a community access media fund to support not-for-profit community media.

We currently have a proposal for such a fund before the CRTC, which hasn't been gazetted. It would enable communities themselves, especially indigenous, rural and diverse—

**The Chair:** Ms. Edwards.

**Ms. Catherine Edwards:**—to apply for and fund.

Yes. We're finished.

**The Chair:** Thank you.

**Ms. Catherine Edwards:** We had very little time to prepare—one day.

**The Chair:** Ms. Edwards, you will have an opportunity when questions are asked of you to elaborate and expand on what you were planning to say at this beginning session.

Now I will go to the Community Radio Fund of Canada, and Alex Freedman, executive director.

We have Mr. Freedman for five minutes.

**Mr. Alex Freedman (Executive Director, Community Radio Fund of Canada):** Thank you, Chair.

It has often been said that democracy dies in the dark. Without reliable and accurate local news and information, people can simply not make informed decisions. This applies to all Canadians, and it's why the question you wrestle with today is so incredibly important.

The gutting of local news has been ongoing for many years, but has accelerated dramatically over the last decade, and the consequences are terrifying. A full one-third of U.S. citizens believe their election was stolen. Horse medication flies off global shelves as an anecdote to COVID, because of one statement by an uninformed U.S. president; and a grand total of about a dozen accounts are responsible for more than 80% of the vaccine disinformation available on social media.

I have a great deal of experience in journalism—15 years with the CBC as well as chief of staff at Laurentian University and at the Assembly of First Nations. I am now executive director of the Community Radio Fund of Canada. What I can tell you is that while journalism is a keystone for a functional society, it is not profitable. The truth, while critical, is not nearly as attractive or intoxicating as questionable narratives that an algorithm has determined fit into a person's echo chamber. When access to local news and information is left in the hands of corporations focused on profit over public good, the outcome shouldn't be a surprise.

Corporate concentration in the media hurts Canadians' access to local news and information.

We have seen this play out with Bell recently closing entire newsrooms in Montreal and Toronto, firing hundreds of journalists as those funds are diverted to supporting streaming services. A few years earlier it was Citytv closing newsrooms and gutting *Breakfast Television*. According to the Local News Research Project, since

2008 a total of 451 news operations have closed in 324 communities across Canada.

I won't be taking a position today on whether or not this merger should proceed. Rather, I'm here to say that if it does, the consequences will be damaging for local news and information, and this government has a responsibility to insist on remedies to ensure that Canadians get the news they need and deserve.

In a recent article in *The Star* some of the challenges were highlighted. Global News, whose newscasts are watched by 20% of the viewers in B.C. and Alberta, stands to lose \$13 million out of its \$138-million annual budget. That money will go to Citytv, which is owned by Rogers. This is because, according to a Rogers' vice-president, the company cannot “get our head around” the idea of funding a competitor. No concern for viewers. This is about profits. As a consequence, Global will likely be forced to seek a significant portion of the independent local news fund, which will further impact local news.

In one fell swoop this transaction will gut one station, and the funding set aside for independent news outlets will be cut by more than a half, and that's just the beginning.

A review of the tangible benefits associated with this transaction meant to support Canadian voices shows \$8.5 million will be invested in the ILNF once. After that the fund is on its own, and a significant portion, as I mentioned, will be absorbed by Global. Of note, this fund was set up by funding that was originally intended for community television.

The rest of the benefits will go to the Canada Media Fund and an assortment of important film festivals, but there's next to nothing to support local news.

What does this committee do about it? I propose that it needs to ensure there are mechanisms to protect local news, not just corporate interests.

The Community Radio Fund of Canada provides funding to community campus and indigenous broadcasters to hire journalists in news deserts. Next year we will supply salaries for journalists to be hired in 39 community-based radio stations through, as Cathy mentioned, the local journalism initiative. This is a fraction of the need.

If this transaction is approved, the government must extend and expand the funding for the LJI, and it should be up to the corporations benefiting from the gutting of local news to pay for this.

This committee should also ensure that tangible benefits go to organizations such as—

● (1625)

**The Chair:** You have one minute left.

**Mr. Alex Freedman:** —the Community Radio Fund and are earmarked to support the production of independent local news.

This is important because Rogers cannot stomach the idea that they would give money to their competition, but we are independent broadcasters, we are community broadcasters and we are not the competition.

The network of more than 230 community-based broadcasters can and should be part of this solution.

In closing, I will quote Tim Franklin, the head of the Medill local news initiative at Northwestern University. He puts this challenge in some very plain language, saying that “The diminishment of local news is to democracies what climate change is to the environment.... It’s a slow-motion crisis, the effects of which we are just beginning to see.”

Madam Chair, thank you for your time. Colleagues, I do look forward to your questions.

[Translation]

I'd be pleased to answer in English or French.

Thank you.

[English]

**The Chair:** Thank you, Mr. Freedman. That was absolutely on time.

I'll go now to the next witness. Thomas Saras is president and chief executive officer of the National Ethnic Press and Media Council of Canada.

You have five minutes, please, Mr. Saras.

**Mr. Thomas Saras (President and Chief Executive Officer, National Ethnic Press and Media Council of Canada):** Thank you very much, Madam Chair.

In 1792, James Madison expressed his concerns about the fate of the democratic experiment. He warned of a real domination of a few under an apparent liberty of the many, deploring “the daring depravity of the times” as private powers became “the praetorian band of the government”, at once its tools and its tyranny.

Echoing the previous speakers, on behalf of the National Ethnic Press and Media Council of Canada, I want to bring two things to the attention of the members. The first is clearly political. It is a message that reflects democracy and the kind of democracy we want to have in this country. The other one is economical. By concentrating all those corporations together, we're going to have a monopoly. A monopoly is really bad because the moment they achieve whatever they want, the prices move up.

Speaking about Rogers, I have in front of me one of its invoices. Three years ago they approached someone and offered him a deal for \$250 a month for telephones and everything in the house. This month, he received another bill for \$370. The same services moved from \$250 to \$370. I'm wondering if the Canadian people can afford to pay to Mr. Rogers, or anybody else, \$400 a month just to have television or to have the telephone lines connected to the system.

This is the reason that the National Ethnic Press is against this amalgamation. It is bad for the state. It is bad for the people. It is bad for our justice and our security. We have to stand up for the freedom of the press. Freedom of the press means diverse voices that this country has to show all over the world.

My organization represents 1,200 media outlets all over Canada in 103 different languages. We try to inform our readers with our best ability and our ability to express and serve the Government of Canada and their people.

• (1630)

**The Chair:** You have 30 seconds left.

**Mr. Thomas Saras:** I don't think I have to say anything else. The message is there. I hope you got it.

Thank you very much.

**The Chair:** Thank you, Mr. Saras.

Now we go to OpenMedia. Matthew Hatfield is the campaigns director and Erin Knight is the digital rights campaigner.

You have five minutes. I don't know who's going to start, but I am starting the clock ticking.

Thank you.

**Mr. Matthew Hatfield (Campaigns Director, OpenMedia):** Good afternoon. I'm Matt Hatfield. I'm the campaigns director at OpenMedia, a grassroots community that works for an open and accessible Internet. I'm joined today by our lead Internet access campaigner, Erin Knight.

I am speaking from the unceded territory of the Sto:lo, Tsleil-Waututh, Squamish and Musqueam nations. My colleague is calling in from Treaty No. 1 territory, the traditional territory of the Anishinaabeg, Cree, Oji-Cree, Dakota and Dene peoples and the homeland of the Métis nation.

We're here today to talk about the Rogers-Shaw deal and how it will impact local news. I need to emphasize that no government body in Canada is looking squarely at the full implications of this deal, the sixth-largest in Canadian history—not the CRTC looking at broadcast implications; not the Competition Bureau, armed with our anemic Competition Act; and unfortunately, not this hearing.

We are not economists or lawyers—we're a citizens' group—but we want to highlight what should be obvious to everyone, that Rogers' plan to buy Shaw is a disaster for competition, diversity and innovation in our country. It will lead directly to increased consumer prices for telecom services, loss of jobs in news media and in telecom, and a consolidation of power over our media like we've never seen. It will put one man, Edward Rogers, in charge of the Internet and broadcast service of nearly half of English Canadian Internet users. It will further concentrate and reduce diversity of perspective in a media market already ranked the third-most concentrated amongst 28 countries in a recent study. As a point of comparison, while the top four media companies in the U.S. hold 29.8% of market share, in Canada the top four hold an astonishing 52.3%.

I don't have to tell anyone here that news, and particularly local news, is in trouble. Some people will tell you that this is because Internet platforms are stealing their news content, but the reality is that quality news production has never been profitable. News used to be bundled with all of people's needs for classifieds, entertainment, sports and more. Now that those non-news functions are fulfilled by dedicated online services, the budget the market provides for news alone isn't up to the task.

That's hurting all news outlets, but it is devastating local news. From 2008 to 2021, over 450 media outlets closed, the vast majority of them small community papers. Of course, open your phone and you're bombarded with more news than ever, but we increasingly lack crucial local news that connects us with our neighbours and holds local government and corporations to account.

Approving the Rogers-Shaw deal means further slashing into local news. We know that this will happen directly through cutting Global News funding to give it to CityNews. We also share the concern of other stakeholders that Corus will be forced to seek support from the independent local news fund, which could potentially absorb 60% to 80% of those very limited funds that are intended for small outlets.

Even if those concerns are addressed, further unannounced news cuts are predictable and inevitable. To afford the purchase, Rogers is taking on immense levels of debt—debt that needs to be paid off by cutting costs or raising prices. Given that local news is already barely economically viable, that won't come from increasing news prices. It will come from slashing programming and jobs.

Rogers' previous CEO made a number of promises to expand news content and hire indigenous reporters as part of the deal. We'd suggest to you that these are sops, an attempt to bamboozle you, not meaningful commitments to local news. They're entirely short term, legally unenforceable, and likely to be ended as soon as the company can.

The combined Rogers-Shaw will be a company of unprecedented power in Canadian history. Canada already has an unusually serious problem with vertical integration, in which key telecom companies like Rogers and Bell sell both access to wireless networks and a great deal of the content Canadians consume on those networks. High levels of vertical integration create strong incentives for clearly anti-competitive behaviours that hurt smaller media and telecom competitors and also consumers. A combined Rogers-Shaw would

exert market power on another level, with 47% of English-language subscribers and broadband service reach to 80% of Canadian households. The last thing we need in Canada is this further concentration.

Canadians know that. We do not, as group, want this deal. Public polling has consistently found that a majority oppose the deal, particularly in the west, where Shaw does business. Last year over 61,000 people signed petitions calling on the federal government to block the Rogers-Shaw deal. The Competition Bureau set new records for public engagement around it.

● (1635)

**The Chair:** You have one minute remaining.

**Mr. Matthew Hatfield:** People in Canada are looking to see whether public officials like you are going to represent us and our concerns or side with Edward Rogers. Inaction on the file is a choice. Choosing not to stop this deal is a decision to side with the further monopolizing of our economy and news over diversity, innovation and the best interests of Canadians. For these reasons, OpenMedia is urging you to take action to block Rogers Communications from buying out Shaw Communications.

Thank you. We look forward to your questions.

**The Chair:** Thank you very much, Mr. Hatfield.

The final witnesses in this group, from Quebecor Media Inc., are Pierre Karl Péladeau and Peggy Tabet.

Monsieur Péladeau, you have five minutes, please.

**Mr. Pierre Karl Péladeau (President and Chief Executive Officer, Quebecor Media Inc.):** Madam Chair, thank you.

[*Translation*]

My name is Pierre Karl Péladeau, and I am the president and CEO of Quebecor. With me today is Peggy Tabet, vice-president of regulatory and environmental affairs.

A few weeks ago, the CRTC held its hearings on the Rogers-Shaw deal. Quebecor did not participate in the hearings because we believe our issues have more to do with telecommunications than with broadcasting. We did not weigh in on the proposals put forward by Rogers regarding local news; nor will we do so today.

However, what I can tell you is that the CRTC is doing nothing to ease the regulatory burden on Canadian companies operating in an increasingly vulnerable sector. The television and local production sector is being undermined economically and financially, with local news and the entire news industry paying the price. The industry plays an essential role in upholding a strong and vibrant democracy, but its survival is at stake, unless everyone wants CBC/Radio-Canada to be the only one fulfilling that mission.

Bill C-11 must take that into account. The regulatory and financial burden on broadcasting undertakings is no longer sustainable. The regulation of basic services, the requirements to contribute to a range of funds, expensive regulatory fees, broadcasting and spending quotas for Canadian programming, and endless reporting are just some of the conditions we must adhere to.

According to the Académie de la transformation numérique, 2021 marked the first time that more Quebec households had online video service subscriptions than cable TV subscriptions—71% versus 66%. That means less and less funding is available for the Canada media fund, since the web giants—Google, Amazon, Facebook, Apple and Netflix, a.k.a. GAFAN—make no contribution whatsoever to the Canadian production ecosystem. Less funding means less local production, more foreign production and, of course, less local economic activity.

In the face of such worrisome data, how can broadcasting undertakings and local news survive under the weight of so much bureaucracy, while GAFAN operates free and clear of the crippling and outdated regulatory controls? It is high time that we, too, enjoy the same regulatory and commercial freedom.

If you find the broadcasting picture I just painted troubling, I have some more insight to share. I'm referring to the major repercussions of the Rogers–Shaw deal for the entire broadcasting landscape.

Keep in mind that Videotron's entry into the cellular mobile telephone services market, in 2006, had a disruptive effect, and Quebecers benefited. They were among the first in the country to pay 35% to 40% less for wireless service than consumers in the rest of Canada. In recent years, the company has invested more than \$4 billion to build a robust and powerful network, complemented by outstanding customer service. At the same time, Videotron has been a driver of innovation, creating Fizz, Canada's first all-digital mobile and Internet service brand.

Those achievements are all thanks to the measures put in place by the federal government, in 2007, aimed at breaking up the oligopoly of the big three telecommunications companies. Under the measures, Quebecor was able to acquire blocks of spectrum in the last auction with a major investment of nearly \$830 million, which will help it expand its wireless offering in Canada. Quebecor will also be actively participating in the next auction and urges the government to keep these pro-competitive measures in place.

The oligopoly of the big three still holds 90% of the wireless market, so whether they like it or not, the policy to set aside wireless spectrum for new competitors is paramount if a strong fourth player is to emerge in every region of Canada.

With the right conditions and a swift decision from the CRTC on the terms for mobile virtual network operators, Videotron is the best player to foster real competition throughout Canada and drive innovation.

Thank you, Dr. Fry.

● (1640)

[English]

**The Chair:** Thank you very much, Monsieur Péladeau.

Now we begin with a question and answer round, and we may only be able to do one round because of the time constraints. We have a hard stop at 5 o'clock.

This first round is meant to be six minutes, and I will begin with Kevin Waugh for the Conservatives.

Kevin, you have six minutes.

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

First off, about my motion a few months ago, I am very disappointed that Rogers is not in front of us. It was 11 months ago that Rogers committed \$26 billion to buy the Shaw empire. They spent five days at CRTC hearings in November. I asked for Shaw and Rogers to come to committee. They're not here.

Twenty minutes ago, we just received notice that Bell wants to come to our committee to talk about this massive sale worth \$26 billion in this country.

Alex Freedman, you stole my line, because we're very concerned in western Canada about Global Television. Stations like those in Lethbridge, Kelowna, Saskatoon and Regina, plus in Ontario in Kingston and Peterborough, and in the Maritimes, Saint John and Halifax, could be gone overnight, with their newsrooms, if this sale is approved by the CRTC. We also need the CRTC to come to this committee before they approve or disapprove the sale of Rogers and Shaw.

I'm going to start with you first, Ms. Edwards.

You made a number of allegations, and you were totally correct. The news media, the cable giants, have decimated community television. We used to have a pretty good community television station in Saskatoon. It's gone dark, like you mentioned has happened in Vancouver and other places. There's nothing to fill this gap. I am concerned that communities in this country will not get the local news that we have enjoyed over the last 10 or 15 years.

I want to get your further comment on the situation with this takeover.



**Ms. Catherine Edwards:** It's an observation that community media is ten times as cost effective as private or public sector media, and it's really the only cost-effective model for smaller communities.

It's disappointing that Rogers and Shaw, the two companies at the focus of this, have been the reason that we've lost most of those smaller stations. They're certainly not serving them with their private stations. In fact, we're in a crazy situation now where, for example, Rogers extracts money from its cable subscribers in New Brunswick to support Citytv in Toronto. None of that money is flowing back into the communities from which it's extracted.

When an independent local news fund was created in 2017 from what was formerly recognized as community TV money, it was called "local expression spending". They gave cable companies carte blanche the ability to move the money to their private properties, to move it around among their community stations and to shut stations in big cities.

Unfortunately, we're seeing the results of that, and our experience is that the CRTC.... These companies are just too big. The bigger they get, the more difficult it is to get them to observe policies, even when they're put on paper. We complain and point out that they're not being followed, and nothing happens year after year.

We just don't see how further consolidation is going to address local news or the problems the regulator has getting them to follow the policies that are already in place.

Thanks for the question.

• (1645)

**Mr. Kevin Waugh:** Thank you.

We have a bill in front of us. In fact, it will be introduced in the House this afternoon, Bill C-11, which will have major ramifications across this country.

Alex Freedman for Community Radio Fund, I notice you worked for CBC for 15 years. Good for you, because CBC is killing local radio stations in this country. They're down in revenue by nearly 40% to 45% coast to coast, yet CBC was just handed \$150 million more by this government.

How can local radio stations compete with the public broadcaster? They're getting killed, not only in the last two years, but certainly over the last five to six years.

**Mr. Alex Freedman:** Thank you for the question, Mr. Waugh.

Through you, Chair, I would simply state that I couldn't agree with you more.

I did work for the CBC, and I am a fan of the CBC, but CBC has roundly abandoned local communities, moving to a model of regional distribution. CBC does remarkable work in and of itself, but they do not represent local communities.

Our stations, both television and radio, from a community standpoint, are based in communities, are not for profit, and when our DJs and news producers walk out the door of a station, they run in to their listeners in the supermarket. It is a local connection that you cannot replace by parachuting a journalist from Winnipeg into

Brandon, Dauphin or The Pas, or taking a journalist from Regina and moving them into Prince Albert. You're just not going to get the kind of coverage you would if you had local journalists in place in those areas.

That's why my position is simply that concentration does not support local journalism and that if, in fact, this deal is allowed to go forward, this committee very much needs to find ways to support local journalism. As Cathy said, community broadcasters really are the foundations. We've been there, and we will continue to be there to support these communities. How well we can do that depends on your support.

**Mr. Kevin Waugh:** Mr.—

**The Chair:** You have 36 seconds left, Kevin.

**Mr. Kevin Waugh:** Thank you.

Mr. Péladeau, you're expanding in western Canada, but this deal between Rogers and Shaw also includes Freedom, which is 6% for Shaw right now.

What will that do to your Quebecor or as you try to come to Manitoba, B.C., and Alberta?

**Mr. Pierre Karl Péladeau:** Basically, what we're saying here is that we've been seeing the kind of oligopoly policies that have been established for the last decades in Canada. We've been able to prove, with a fourth operator in Quebec, that Quebecers can enjoy much better prices and something that is quite important today in the digital world, namely innovation. We would like to introduce competition, and the CRTC did the right thing with the MVNO policy this past July. What is important now is to make sure that this MVNO policy will be made and will be available as soon as possible.

Also, one thing of great importance with regard to competition in the entire industry would be to make sure that the fourth operator, which is available right now in British Columbia, in Alberta, and in Ontario, which is called, as you said, "Freedom", will not be part of the transaction...but be available for disposal to make sure that competition will remain in Canada in this very strategic market, the wireless industry.

**The Chair:** Thank you, Mr. Péladeau.

I now go to Tim Louis for the Liberals.

You have six minutes, Tim.

**Mr. Tim Louis (Kitchener—Conestoga, Lib.):** Thank you, Chair.

I want to thank all the witnesses for being here for this important conversation.

I would like to start with Ms. Edwards, from the Canadian Association of Community Television Users and Stations.

Ms. Edwards, in your opening statements you ran out of time. You had just touched on your ideas for a community access media fund. I just wanted to give you the opportunity to have you share that idea with us.

• (1650)

**Ms. Catherine Edwards:** That's really kind of you. We were only invited last night, so we didn't have much time to prepare our comments.

When the Rogers-Shaw proceeding was before the CRTC and open for public comment, we did participate and we simultaneously filed an application for a certified independent production fund, a CRTC-certified fund called the "community access media fund". The idea, as with NewWest.tv, which Mr. Julian volunteers with, is for small not-for-profits get access to funding. They have been trying to step in and fill the gaps left by the retreat of cable community channels, but it's really difficult to do because we have no access to the ILNF, for example, which was ironically created out of former community TV funding. Not-for-profit community TV stations have never had access to any of the funding that [*Inaudible—Editor*] except in Quebec. That's what that fund is for.

We suggested that because Shaw in particular has been violation of CRTC policy with respect to community TV stations—not meeting their access in local requirements over the years—that rather than Rogers just taking over those stations and continuing to have them underperform, if instead, money from former Shaw areas, at the least, and perhaps also Rogers areas, were put instead into the community access media fund, we could start to resource not-for-profits to bring back service in areas of the country that cable companies have pulled out of. Like Alex and I both said, we do it for a tenth of the cost of the public and private sector and it's really the only cost-effective option.

**Mr. Tim Louis:** Mr. Freedman, from the Community Radio Fund of Canada, my next question is for you.

In my region, we're very fortunate to have community radio. We've got CKWR, CJIQ, and CICW, a station that I volunteered and hosted a show at, so I know its importance. We also are fortunate enough to have CBC locally in Kitchener-Waterloo, and then also some private stations. I know we've had discussions in the past recognizing that community radio is the third pillar of the broadcasting system and can work in conjunction with public and private colleagues.

Can you just explain the importance of having all three?

**Mr. Alex Freedman:** Community media are important because they fill a gap in the following. There are things that the CBC does that are exceptional. Our stations couldn't cover the Olympics in the same way they do. There are things that commercial radio does that are very good. They promote very popular music, and they have a for-profit model. Community radio fills that gap, the gap that represents local communities, communities outside of the major urban centres, and there are millions of Canadians who do not live in major urban centres and who do require local news and information.

Let me give you an example. People on Cortes Island, during the middle of the pandemic, were not getting the news they needed; they were getting the news from Vancouver. They needed to know what was happening on Cortes Island, what that local community was doing, what volunteers were needed, what was happening at the local health centre and what local municipal officials were doing. That was the sort of coverage that community radio was able to provide.

I do want to be clear on this. I'm not speaking only about community radio in this context; I'm speaking about community broadcasters writ large, and that includes television stations. These are broadcasters that have boards of directors and staff based in those communities, and they are supported by a network of more 10,000 volunteers, all of whom come from those communities.

Without that on-the-ground knowledge, you just can't get quality coverage, and without quality coverage, the average Canadian is going to turn to Facebook and Google for their news, and we know what happens then.

This system is built on a pillar of three major aspects: community, commercial and public, and unfortunately community has been woefully underserved and, as we see, we're continuing to have a conversation about multi-billion dollar deals in the commercial sector, and we need to make sure that, as that conversation happens, there is recognition for community media.

**Mr. Tim Louis:** That was well said, thank you.

**The Chair:** You have one minute left, Tim.

**Mr. Tim Louis:** Thank you very much, Chair.

Yes, you just explained the importance of local news and local messaging.

Maybe in that final minute, I could ask Mr. Saras from the Ethnic Press to give one-minute example of how the Ethnic Press is more trusted and possibly got messaging out in the pandemic that was more effective in specific languages. You mentioned 103 languages.

Thank you.

• (1655)

**Mr. Thomas Saras:** We are a society of new immigrants. These people come here, and don't know much of our culture. They try to integrate into the culture, but they turn to their own press because they better understand it for various reasons, and they trust it more.

The problem is that Rogers, two or three years ago, fired about 280 members of the ethnic press who were working at the channels OMNI.1 and OMNI.2. They turned them into commercial channels, then applied a year ago to CRTC, and they received another licence to get a channel for ethnic communities.

This is how these people think and what exactly they do. They think first about profit and only profit, and much less about if they are going to serve the Canadian public and which part of the Canadian public.

**Mr. Tim Louis:** Thank you, that's my time.

**The Chair:** Thank you very much.

That's it. I'm sorry, Tim.

We're going to have to go the next person on my list of questioners, who I think is Mr. Champoux of the Bloc Québécois for six minutes.

[*Translation*]

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

Thank you to the witnesses for making the time to meet with the committee today and share their views. Their input is always relevant and informative.

Mr. Péladeau, you talked about the importance of a fourth competitor. You gave the example of what happened in the 2000s. Quebec is a compelling example.

Tell us, if you would, about Globalive's experience in 2008. If memory serves me correctly, it didn't go very well. You talked about it, in fact, when you appeared before the Standing Committee on Industry, Science and Technology in recent months.

Can you compare your experience with Globalive's?

**Mr. Pierre Karl Péladeau:** Thank you, Mr. Champoux, for giving me a chance to discuss that.

The first auction that the Department of Industry held further to the new competition policy paved the way for new entrants, defined as new operators, which were able to take advantage of set-asides. The policy was very successful in Quebec, where a fourth competitor emerged. The Atlantic provinces saw something similar with Bragg Communications Inc., which is still operating today.

Unfortunately, that wasn't the case in the rest of Canada, from Ontario to British Columbia. Here's why: the companies that took part in the auctions outside Quebec were largely foreign-owned. Their main focus was money. Battles over ownership ensued, culminating in Shaw's purchase of Wind Mobile, which became Freedom Mobile.

When Shaw first took over Freedom, it opened up a much more competitive environment. People in Alberta, Ontario and British Columbia benefited from more competitive and innovative offerings.

All of that came to an end, unfortunately, with the Shaw–Rogers deal, which will close the door to other operators. There won't be a fourth competitor. Quite the opposite, it will be mergers and acquisitions all around. For years and years, we've seen how this oligopoly works. Prices are lower in Quebec and in the Atlantic provinces, but they're higher everywhere else in Canada. That same thing will happen again.

We are talking about an industry that is crucial to Canadians and to the wireless sector. Given where the economy has taken us, there is no way we can compete globally without a competitive wireless industry.

That is the issue here. That is the issue we are raising with the CRTC, the Department of Industry and Competition Bureau Canada.

• (1700)

**Mr. Martin Champoux:** I won't have many turns, so I'm going to take this opportunity, Mr. Péladeau, to ask you what you think of Bill C-11. The bill is currently being debated in the House of Commons.

Broadcasters and telecommunications companies are much more vocal this year than they were last year, at least as far as my contact with them goes. I'm curious as to how you feel about it. I don't think the legislation will shy away from regulating the web players or making them contribute. You raised a very compelling point, and you made a good case for a more deregulated environment, which you could and should benefit from. You feel the government should ease the burden on traditional broadcasters.

Give me a few examples of ways the government could lighten your load, to help you become more competitive in this new market.

**Mr. Pierre Karl Péladeau:** It's a long list.

**Mr. Martin Champoux:** I'd appreciate it if you could keep your answer to a minute and a half. That's quite the challenge.

**Mr. Pierre Karl Péladeau:** Unfortunately, it's a pretty dull list as well, involving decades upon decades of regulations.

This isn't a Canadian phenomenon; it's a North American—perhaps even global—phenomenon. Cable television, so the distribution of signals over cable, is a sector in decline. The Internet is now king. The Internet is the embodiment of deregulation; you don't need a licence to broadcast over the Internet. Big foreign companies, the Netflixes, Disneys and Amazons of the world, understand that and have invaded the space. To this day, cable companies are the only ones contributing financially to the Canada media fund, which supports local production, funding a large part of it.

As people cut the cord and unsubscribe from cable TV—a major phenomenon—the fund's financial resources will dwindle. That will undermine the entire Canadian production ecosystem and, as a result, the entire news sector. Without a strong, reliable and well-funded news sector, democracy is at risk, in my view.

**Mr. Martin Champoux:** I gather, then, that you still recognize the importance of making traditional broadcasters contribute financially, beyond the need to lighten their load.

[*English*]

**The Chair:** Martin, I'm sorry that your time is up.

[*Translation*]

**Mr. Martin Champoux:** Thank you, Mr. Péladeau.

[*English*]

**The Chair:** Thank you very much.

I will go to the final questioner. That's Monsieur Julian for the NDP.

[*Translation*]

**Mr. Peter Julian (New Westminster—Burnaby, NDP):** Thank you, Madam Chair.

[English]

Thanks to all of our witnesses for being here today, and for your work. This is extremely important information that you're giving to the committee. We hope, during this pandemic, that you and your families are staying safe and healthy through this entire period.

I'd like to start with OpenMedia, Mr. Hatfield and Ms. Knight.

You've stressed that allowing this merger would be a real disaster. I'd like you to talk about the implications in terms of the loss of jobs. This has been flagged by Unifor and others in terms of the loss of jobs that this merger could represent.

Also, on the cost increase, what is the potential, in terms of costs going up? Canadians already pay more than pretty well any industrialized country. What are the implications there?

Finally, we've all seen the dysfunctional corporate boardroom that Rogers has playing out in a stunning way over the last few months. To what extent should that be considered when we talk about this takeover?

**Mr. Matthew Hatfield:** In terms of the consequences, I think they're pretty obvious. This is going to mean less of everything for Canadians, everything we value. Companies don't do this—they don't consider mergers like this—in order to invest more. They do mergers like this to cut their costs and invest less. Sooner or later, that's going to lead to cutbacks on the local news available to people and in jobs in telecommunications as well.

In the short term, of course, people have rightly flagged that Corus could cause a knock-on effect, where, if they're forced to go to independent journalism funding, that will lead to their absorbing a bunch of that funding that should be intended for some of the smaller outlets that are here with us today.

The consequences are really much wider than that. It's an opportunity for a national conglomerate like Rogers to be serving people national news, instead of local news, or news from eastern Canada that doesn't speak to their local news.

It's really coming from a long history of broken promises in decisions like this. If you look at Bell and MTS, that was a merger that was justified with all these flowery promises about great value that was going to be delivered to consumers. That's not what happened. Prices went up. That's why Bell bought MTS, because they would be able to leverage their market power for higher prices.

I'll defer to my colleague, Erin, for a little bit more on telecom.

• (1705)

**Ms. Erin Knight (Digital Rights Campaigner, OpenMedia):** Thanks, Matt.

Yes, I'd love to talk about how this buyout is going to make connectivity more expensive in Canada.

Foundationally, I really need to stress that Canada has a massive affordability problem when it comes to internet and cell phone bills. We've seen study after study that have shown that Canada already pays some of the highest prices in the world for these services, as you mentioned. Just this week, we actually heard reports

that Rogers has yet again raised prices on some plans by \$5 to \$10 per month.

With that in mind, it's clear that we, in Canada, need telecom prices brought way down, in line with our international peers, but the Rogers-Shaw merger is set to do the exact opposite. It's going to be a disaster for affordability in Canada. That's mainly due to the fact that it's going to deal a massive blow to competition in a market that is already dominated by just a handful of companies.

**Mr. Peter Julian:** Thanks very much. I'm going to move on.

Thank you for your answers, Ms. Edwards, Madame Hinse and Mr. Freedman. Thank you very much for your work in maintaining community television and radio. It's absolutely essential. The radicalization that we're seeing manifest on Parliament Hill is in large part because stories aren't being told to people at the local level anymore. This is a fundamental issue that we need to start addressing.

I did want to shout out to NewWest Television and all of the community television providers right across the country that are making such a difference.

To what extent do we need to change direction for community television and community radio? Do we impose conditions to make sure that the telecom giants are actually paying their fair share so that we can stimulate and have the community television and the community radio—the community reporting that Canadians want and need?

**Ms. Catherine Edwards:** Can I answer that?

**Mr. Peter Julian:** Yes.

**Ms. Catherine Edwards:** Before 2017, when the independent local news fund was created, there was—on paper, at least—supposed to be \$150 million spent across the country on community TV, but it's being spent on a handful of big-city stations because all the small ones had been closed. We've been asking for a community access media fund that communities themselves could apply to and then run community TV stations on the community radio model, by not-for-profit, locally accountable boards of directors.

We've reapplied to certify an independent production fund for that purpose at this time.

We've recommended that if the merger does go through, instead of all of the money being pocketed by cable companies or moved around with a lack of public scrutiny—because none the data is ever published; the CRTC keeps it—that a portion, at least, be put into this fund to ensure that we can roll out community TV in communities that have lost it.

**Mr. Alex Freedman:** Through you, Madam Chair, you ask a very good question, Mr. Julian. If you'll indulge me, right now, the government gives \$1.4 billion to the CBC/Radio-Canada. For radio alone, it gives more than \$450 million. We, through community radio, receive not one cent of operational dollar support for this incredible network of stations and for the work that we do.

There are a number of mechanisms that I mentioned in my opening statement and I'm more than happy to go through a variety of other mechanisms.

We need support. We need support to ensure that our stations can continue to operate, continue to do incredible work they have been doing so far, and continue to expand their capacity to make sure there is more local news, more coverage, more talk radio and more connection with the community. That is something that all Canadians are desirous of.

I'll leave it there. Thank you Dr. Fry and Mr. Julian.

• (1710)

**Mr. Peter Julian:** I will go to Mr. Saras—

**The Chair:** Sorry, Peter, that's it. I'm sorry. You've run out of time.

I just need to quickly ask the committee about an issue. We were supposed to have a hard stop for a committee business meeting at five o'clock. It is now about 11 minutes after five. We could use this room until six o'clock.

How many people can stay until then to finish the business meeting? This is an important and urgent business meeting with a timeliness about it. I want to ask you, because we will have to end the witnesses here, go in camera and deal with this. We many need to go an extra 10 minutes or so.

Could I get a sense from the committee? I will entertain, eventually and quickly, a motion to adjourn this part of the meeting to go in camera. It's going to take a couple of minutes to get in camera.

I don't know—

**Mr. Peter Julian:** I move, Madam Chair, that we move to committee business.

**The Chair:** Thank you very much.

I will ask everybody to please remember that you all have to log off and then log on quickly to the in camera part of the meeting. There is a new ID for you on that one. Thank you very much.

Thank you witnesses. I am sorry. I think votes and stuff got in the way of having a really nicely planned meeting.

You made your points clear. Thank you very much.

We will log off now. Thanks.

*[Proceedings continue in camera]*

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