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Standing Committee on Canadian Heritage

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• (1310)

[English]

The Vice-Chair (Mr. John Nater (Perth—Wellington, CPC)): I call this meeting to order.

Welcome to meeting number 43 of the House of Commons Standing Committee on Canadian Heritage.

Obviously, I am not Hedy Fry; however, I'm pleased to take the chair in her stead until she gets here.

As luck would have it, I see that Dr. Fry has just joined the meeting, so why don't I turn the floor over to Chair Fry?

The floor is yours.

The Chair (Hon. Hedy Fry (Vancouver Centre, Lib.)): Thank you very much, John, for pulling that out for me.

Sometimes in the deepest, darkest wilds of Vancouver here, we have a miss when we try to connect in any sort of way with the Wi-Fi, but I'm on now, so there we go. Thank you.

Good morning, everyone. I apologize for being late trying to get onto this sort of contraption.

I call this meeting to order.

Welcome, everyone, to meeting number 43 of the House of Commons Standing Committee on Canadian Heritage.

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

Pursuant to the order of reference adopted by the House on Tuesday, May 31, and the motion adopted by the committee on Tuesday, September 20, the committee is meeting on the study of Bill C-18, an act respecting online communications platforms that make news content available to persons in Canada.

Today's meeting, of course, is taking place in a hybrid format, again, pursuant to a House order of Thursday, June 23.

Members attending in person in the room know how to use the interpretation and how to get the translation. For those of you attending virtually, interpretation is at the bottom of your screen. There is a little globe. Press it and you will get English or French, depending on what language you want to use.

I want to make a few comments for the benefit of the witnesses and members.

Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon when you wish to speak, and then mute yourself when you're not speaking. For those of you on Zoom, you know how to use it. Again, at the bottom of the screen, there is interpretation. There is a "raise hand" function if you should have a need to use it. I remind everyone that all comments should be addressed through the chair.

In accordance with our routine motion, I am informing the committee that all witnesses have completed the required connection tests in advance of the meeting.

I want to welcome our witnesses here. The first witness we have is Jen Gerson, co-founder of The Line and independent journalist. We then have Michael Geist. We then have Rod Sims, professor at the Crawford School of Public Policy, the Australian National University, and he is on by video conference. We have Hebdos Québec and Benoit Chartier, chair of the board, by video conference; and Sylvain Poisson, general manager, by video conference. From The Logic Inc., we have David Skok, founder and chief executive officer. From News Media Canada, we have Paul Deegan, president and chief executive officer; and Jamie Irving, chair.

I will begin by giving each one of those people who I have named five minutes. After that, there will be a question-and-answer session.

Please begin, Ms. Gerson.

• (1315)

Ms. Jen Gerson (Co-founder of The Line and Independent Journalist, As an Individual): Thank you very much.

First, I would like to thank the committee for inviting me to speak. My name is Jen Gerson and I have worked in media for more than 15 years in newsrooms across the country, including at the Toronto Star, The Globe and Mail, the Calgary Herald and the National Post. As a freelancer, my work has appeared in The Walrus, Maclean's, The New York Times and The Washington Post, among other places.

At the moment, my co-founder Matt Gurney and I run a Substack-based newsletter called The Line, which publishes Canadian commentary. There, I have published several pieces by me and other writers, explaining my many concerns with Bill C-18.

The first major problem that I have with this bill is that it is predicated on a lie. The bill adopts a very ancient complaint of newspaper publishers that aggregation-based news websites and social media networks are unduly profiting by “publishing” our content. However, we know this isn't true. In fact, the value proposition runs in exactly the opposite direction. We publishers are the ones who benefit when a user posts a link to our content on Facebook, Twitter and the like. This free distribution drives traffic to our websites, which we can then try to monetize through subscriptions and advertising.

This is why major media organizations encourage link sharing below all articles. It's why they have spent untold sums on maximizing SEO and it's why they literally spend money with digital news intermediaries to boost stories on these platforms.

If you need evidence that many of these digital news intermediaries are more valuable to publishers than the other way around, we need only look to the existence of this bill in the first place. Negotiations are sustainable when the outcome of those negotiations serves the interests of all parties involved. If that were the case here, there would be no need for the federal government to oversee these deals. Digital news intermediaries would be happy to negotiate for the use of our content, because they would perceive value out of that deal. Instead, I suspect that what we see here is a form of rent-seeking behaviour in which struggling media corporations are using every last iota of their dwindling financial and social capital to lobby for subsidies and regulations like Bill C-18.

I fear that Bill C-18 is going to backfire spectacularly, undermining the very problems that it is trying to fix. For example, if organizations like Facebook, now Meta, respond to this legislation by simply restricting access to mainstream news articles on their site—as the company has openly threatened to do—who do you think is going to be most harmed by that decision? Facebook? No. It will be Canadian publishers that are harmed by losing access to a major distribution hub.

When that happens, do we think that removing news links from Facebook or Twitter will somehow create a digitized version of the glory days in which Canadians begin their mornings by loyally logging in to their local newspapers, or are we risking the opposite effect? Would it strip mainstream media content from the websites and social media platforms where more Canadians live their online lives? I fear the latter outcome.

If you make it costly for digital news intermediaries to publish mainstream news content, they're going to make the very obvious financial choice. That is, they are going to distribute less mainstream news content, pushing more and more Canadians into semi-private information silos on places like Discord, Telegram, Slack and Signal. These are platforms that the federal government has little hope of regulating in this fashion.

My second major concern is that the more the federal government tries to help the media, the more it risks hurting our credibility. I respect that Bill C-18 has attempted to create a framework that avoids a direct subsidy, but this is not a neutral, market-based approach.

When the federal government tries to save the media, the media becomes a legitimate target for partisan attacks, which undermines our fundamental democratic role and function. We saw a few examples of that this very week, with the leader of the official opposition, Pierre Poilievre, raising money off Parliamentary Press Gallery reporter, David Akin. Poilievre also took potshots at another journalist, Dale Smith, on Twitter. These attacks on media are strategic and they are popular. Journalists are not well liked by the general public, who have a negative opinion of a press corps that is perceived to be on the take.

I'm going to point to a Reuters Institute 2022 digital news report that noted that the “trust in the Canadian news media has sunk to its lowest point in seven years”, which is a continuation of a long-term downward trend.

The opposition leader has, therefore, concluded that attacking us benefits him, and I don't think he's wrong in that calculation. To that end, I have real concerns about making media outlets dependent on revenue that is subject to the whims of the government in power. A future government—say, one led by Mr. Poilievre—will have no compunctions about undoing Bill C-18 and other subsidies. The industry's dependence on these revenue streams makes us pawns of partisan politics, whether we would wish to be or not.

My last beef with Bill C-18 is that it will inevitably favour incumbent media players over innovative models, small outlets and news start-ups.

We saw, for example, that when a similar bill was enacted in Australia, the biggest beneficiaries were Rupert Murdoch-owned entities.

● (1320)

The last point is that the appropriate mechanism by which the federal government should be dealing with issues like misinformation and disinformation in the media is through the CBC, not through creating an entirely separate legislative framework.

Thank you.

The Chair: Thank you very much.

I now go to Michael Geist.

Dr. Geist, you can begin. You have five minutes, please.

Dr. Michael Geist (Canada Research Chair in Internet and E-commerce Law, Faculty of Law, University of Ottawa, As an Individual): Thank you, Chair.

Good afternoon. My name is Michael Geist. I'm a law professor at the University of Ottawa, where I hold the Canada research chair in Internet and E-commerce Law, and I'm a member of the Centre for Law, Technology and Society. I appear in a personal capacity, representing only my own views.

With the start of the Jewish new year about 48 hours away, I want to begin by thanking the committee for planning to look into the funding of an anti-Semite as part of Canadian Heritage's anti-hate program. I want to urge you to fully investigate how this happened and to ensure that it never happens again.

With respect to Bill C-18, as you may know, I've been fairly critical, but that criticism doesn't stem from doubts about the importance of a robust, diverse news sector. That success is critically important to ensuring an engaged, aware citizenry and to holding our democratic institutions to account. Rather, I have concerns about the method. I have spoken positively about the government's tax-focused programs, and I would back mechanisms—

Mr. Chris Bittle (St. Catharines, Lib.): Madam Chair, as a point of order, just for the translators, I think there's some poor audio quality coming through. I'm getting a thumbs-up from the translators.

The Chair: I shall pause, then.

Dr. Geist, will you begin again? You have three minutes and 52 seconds left.

Dr. Michael Geist: My concern with Bill C-18 is with respect to how it's framed and drafted. I have limited time, so let me highlight four issues.

First, the approach to the use of news articles extends far beyond what a reasonable person would consider "use". Subclause 2(2) covers both reproduction of any portion of a news article and facilitating access to news by any means. The first part means that even reproducing a headline or sentence summary is covered, even though that form of use is freely permitted by copyright quotation rights under the Berne Convention.

The second part means that linking or indexing to the front page of a news site, not even to an article, is treated as compensable activity. That just can't be right. Treating mere linking as a thing of value requiring compensation—

• (1325)

Ms. Lisa Hepfner (Hamilton Mountain, Lib.): On a point of order, Madam Chair, I think there is something wrong with the feed. I see that Dr. Geist is frozen, and I believe there's also an issue online. Maybe we can check with the clerk.

The Chair: I shall pause again and ask the interpreters and the clerk to double-check, please.

I will move then from Dr. Geist.

Dr. Geist, you still have two minutes and 50 seconds, so I will give you that if you come back after the next speaker.

Professor Sims, please begin.

Mr. Rod Sims (Professor, Crawford School of Public Policy, The Australian National University, As an Individual): Thank you very much.

Thank you for the invitation to speak today, and greetings from Sydney.

My key message is that, based on the Australian experience with its news media bargaining code, Bill C-18 should be strongly supported. I'm going to devote my introductory comments to explaining some aspects of the Australian code and addressing a couple of criticisms of the Australian code.

The code's objective was to address the massive imbalance in bargaining power between Australia's news media businesses and the platforms. Google and Facebook do need to have news on their platform to maximize user attention and so enhance their advertising revenue on which they depend, but they do not need the content of any particular news business. On the other hand, each media business needs to be on the platform.

This bargaining imbalance—or market failure—means commercial deals cannot be done. They simply cannot be done to achieve fair payment for the benefit the platforms gain from news media content on their platforms. The outcome is less journalism.

Now, journalism benefits society in many ways, even for those who don't access it. It holds the powerful to account, provides a journal of record and is a forum for ideas. While not all market failures need to be addressed, this one needed to be, and was, with the Australian code.

Prior to the Australian code being passed, the news media businesses were simply unable to negotiate with the platforms for any payment for their content. With it, they could require the platforms to negotiate and trigger arbitration if those negotiations did not yield an appropriate result. The threat of arbitration evens up the bargaining power, as all parties wish to avoid having an arbitrator determine commercial arrangements.

Australia's code has been extremely successful in achieving its objective. From not being able to engage with the platforms because they wouldn't allow them to, the Australian news media businesses that have done deals under the code are comfortable with them, and these deals are yielding well over \$200 million Australian per annum to the news businesses.

Further, Google has now done deals with essentially all eligible media businesses, while Facebook has likely done deals with media businesses employing around 85% of Australian journalists.

There are three essential features of the Australian code, all of which seem to be in Bill C-18. First, if negotiations are unsuccessful, there is recourse to final offer arbitration; second, non-discrimination, which means that if deals are done with one media business, then deals must be done with all; and third, the ability to collectively bargain.

You may be aware that Google threatened to take Google Search out of Australia, and Facebook threatened to take down all news from its News Feed if the code's legislation proceeded. The legislation was passed, but both threats were not carried out.

One outcome, however, was that the government said that if the platforms wished to avoid designation under the code, they should go out and do deals. This they did, and quickly; that is, therefore, instead of the threat of arbitration driving commercial deals, it was the threat of designation that became important. The difference does not matter. The code's objective of driving commercial deals was achieved.

Let me just address two criticisms of the code.

The first, as has been said just now, is that it was only the large media players that got deals and the smaller players missed out. This is just simply false. The facts are very clear. Australia has four roughly equal, large news media businesses. They all got deals. It has a number of medium-sized businesses that all got a deal from Google, but two of them, strangely, did not get a deal with Facebook while the rest did, so most of them got a deal with Facebook, but not all. We have many smaller media businesses, especially small regional and rural newspapers and digital natives. Essentially all of them got a deal from Google, and most of them got a deal from Facebook.

• (1330)

The amounts paid per journalist were usually much larger for the smaller businesses. Indeed, Country Press Australia, which represents 180 rural publications, received possibly the highest payment per journalist employed.

The Chair: Professor Sims, you have 15 seconds, please.

Mr. Rod Sims: Second, some say that the money did not generate extra jobs in journalism. That's not true. It did. You can see that everywhere. As one example, Guardian Australia increased its employment by 50%, essentially because of payments under the code.

Thank you for the opportunity to speak today, albeit virtually, and thanks very much to your excellent IT team.

Thank you.

The Chair: Thank you very much, Professor Sims. Please remember that we're going to have a question and answer period, so we need you to hang on there for the rest of the meeting. Thank you.

Clerk, are we ready for Dr. Geist?

The Clerk of the Committee (Ms. Aimée Belmore): I see that Dr. Geist is back on.

The Chair: You have two minutes and 50 seconds, Mr. Geist.

Mr. Kevin Waugh (Saskatoon—Grasswood, CPC): Madam Chair, we've had multiple interruptions with Dr. Geist. Could we go

back to the four minutes? We do need to hear from Dr. Geist. I think if you went back to after his first introduction it would be fine, but I think it would be fair to say the four-minute mark and let him go from there.

The Chair: Does everyone agree?

Some hon. members: Agreed.

The Chair: I shall start you at four minutes, Dr. Geist.

Dr. Michael Geist: Thank you, Chair, and thank you to the members of the committee. I'm hoping this will work.

I'll go directly to the four issues I wanted to raise. First, the approach to the use of news—

[*Translation*]

Mr. Martin Champoux (Drummond, BQ): A point of order, Madam Chair.

The sound has deteriorated.

[*English*]

The Chair: Yes, Martin.

Clerk and IT, is everything okay on your end?

Obviously, the problem is on your end, Dr. Geist.

Let's try it again.

• (1335)

Dr. Michael Geist: I'm sorry. In many appearances, this is the first time it's happened this badly.

First, the approach to the use of news in news articles extends far beyond what a reasonable person would consider "use". Subclause 2(2) covers both reproduction of any portion of a news article and facilitating access to news by any means. The first part means that even reproducing a news headline or sentence summary is covered, even though that form of use is freely permitted by copyright quotation rights under the Berne Convention.

The second part means that linking or indexing to the front page of the news site—not even to an article—is treated as a compensable activity. That just can't be right; treating mere linking as a thing of value requiring compensation runs counter to Supreme Court jurisprudence on the importance of linking, and threatens the lifeblood of the free flow of information on the Internet.

If Google or Facebook copied and distributed full articles, I could understand the arguments around compensation. Indeed, those companies have struck deals in Canada to pay for exactly that. But when Dr. Fry posts a link on her Facebook to an MSN.ca article or Mr. Julian posts a link on his Facebook to a Canadian Press article, as they did this summer, like millions of other Canadians, I don't think we are anywhere near making available news a standard that should require compensation.

Second, the government has claimed the bill involves minimal market intervention, yet the reality is that there is an astonishing number of standards and bargaining rules established by the government or the CRTC in the bill, which has a real-world impact on government interference, blurring the news editorial and business divide.

Third, at a time when there are rightly concerns about misinformation and low-quality news sources, Bill C-18 risks increased misinformation. For example the definition of "news content" contains no standards or links to professional journalism. Instead, the definition, which I should note is different in the English and French language versions of the bill, could incorporate blog posts, opinion pieces and other content.

The government's approach to qualified Canadian journalism organizations has detailed guidance on what constitutes news to ensure that tax breaks go to high-quality, original journalism. Bill C-18 does the opposite. Moreover, the bill creates potential liability for platforms that use algorithms to demote content. To be clear, we need greater algorithmic transparency, but the provision on undue preferences may mean that platforms refrain from demoting low-quality journalism for fear of liability.

Fourth, the bill is offside several treaty and constitutional obligations. For example, clause 24, which excludes copyright limitations and exceptions from the bargaining process, may violate article 10(1) of the Berne Convention, which has a mandatory right of quotation that expressly includes newspaper articles.

Further, the bill is filled with potential CUSMA challenges. For example, clause 51 of the bill features what amounts to a must-carry obligation designed to prevent a platform from refusing to link to third party content. While self-dealing measures targeting anti-competitive conduct by the platforms are welcome—

The Chair: You have 30 seconds.

Dr. Michael Geist: —these provisions go beyond that, and are vulnerable under CUSMA's performance requirements under 14.10.

With regard to constitutional concerns, the bill isn't broadcast, it isn't telecommunications, and it's not copyright. How, then, does it fit within federal powers? If the government claims powers over anything involving the Internet, there are no real limits on jurisdiction. As for the charter statement, it inaccurately claims that the bill supports news organizations when the Internet platforms monetize their content, even though that's not what the bill says or provides.

I thank you for your patience with the technical problems. I look forward to your questions.

The Chair: Thank you very much, Professor Geist.

I now move to Hebdos Québec.

Who will be speaking? Mr. Chartier, go ahead.

Mr. Benoit Chartier (Chair of the Board, Hebdos Québec): I will start. We will split the speech.

[Translation]

Thank you, Madam Chair.

Members of the committee, my name is Benoît Chartier. I am the chair of the board of Hebdos Québec. I am joined by our general manager, Sylvain Poisson.

We represent more than 30 owners of independent weeklies, for a total of some 80 weeklies in the province of Quebec. Each of these print media outlets has an online platform. Hebdos Québec represents some 200 journalists who work for all the weeklies in Quebec, and we speak on their behalf.

For my part, I own five weeklies and websites, including the oldest French-language publication in the Americas, *Le Courrier de Saint-Hyacinthe*, which is celebrating its 170th anniversary this year. I am the third generation with this company.

Without exception, our respective newsrooms, which, as I said, employ some 200 journalists, create or produce original local or regional content for each of our news products.

We distribute some 10.3 million copies per year throughout our territory, while our digital platforms have more than 20 million page views per month and close to 15 million unique visitors per month.

I would point out that Hebdos Québec is marking its 90th anniversary this year, and the greatest gift would be to see Bill C-18, which is under consideration today, passed into law as soon as possible.

The press is a bulwark of democracy. It has a duty to the public, namely, to provide quality information supported by rigorous journalism. The French-language weekly press in Quebec has also played a fundamental role in delivering news to the heart of many local communities, often in regions without any other local or regional media. In this regard, we can say that a weakened press that is under pressure to abandon its mission and in danger of disappearing after decades of work poses a serious threat to our democracy.

For their part, the weeklies have been part of the economic and cultural landscape for over a century. They are essential to the democratic vitality of each region. Away from major urban centres, they are often alone in playing that role, and they are as relevant as they were before the advent of social media.

Local and regional weeklies have a crucial role to play in countering the unfettered circulation of social media content that is stripped of journalistic practices and ethics.

Already seriously weakened by the major crisis of the media, we have suffered from the lengthy pandemic, which has included the closure of businesses, significant drops in advertising revenues, and problems with staffing, operational restructuring and newsrooms.

I would like to express my most sincere thanks to the Government of Canada for its support and valuable assistance in these circumstances, which have been difficult both economically and personally.

Mr. Poisson, I will hand it over to you to finish the presentation.

• (1340)

Mr. Sylvain Poisson (General Manager, Hebdomas Québec): That said, in recent years, the crisis has deepened with the arrival of web giants such as Facebook and Google. The content aggregators that the Internet has given rise to have multiplied at little cost, without producing original content, with very little or no investment in journalism, and few ethical rules pertaining to the news.

Some news sites and the multiplication of social networks result in the mixing of genres, but without guaranteeing source credibility. They spread rumours or fake news, which leads to disinformation, while giving the impression of truth or verified facts. Social networks are full of fake news, which flies in the face of a responsible press and journalistic rigour, values we strongly defend. These trends are harmful to a healthy democracy.

By controlling the algorithms, the web giants have cannibalized our revenues, without assuming any of the associated social and fiscal responsibilities. They have upended the business model and diminished the real value of the news. In particular, they have attracted 80% of the advertising dollars of companies and local and regional businesses without providing any tangible benefits to those communities. In just a few years, without paying any taxes, these web giants have eroded the revenues of traditional media, which for decades have invested time and money in their communities, encouraged their businesses and professionals, supported their institutions, and served the public interest of their fellow citizens.

Hebdomas Québec therefore supports the basic approach of Bill C-18 to address the market imbalance between global web platforms and news publishers. Collective bargaining is also the only way for us to address this obvious power imbalance.

A Pollara Strategic Insights survey conducted on behalf of News Media Canada indicated that 90% of Canadians consider it important for local media to survive, and 79% agree that the web giants must share their revenues with the media.

Would you like to add anything, Mr. Chartier?

Mr. Benoit Chartier: I think that covers everything.

The Chair: Thank you, Mr. Chartier and Mr. Poisson.

[English]

The next witness will be News Media Canada. There are three people: David Skok, Paul Deegan and Jamie Irving. One or all of you can divide up your time, but you will still have only five minutes.

• (1345)

Mr. Anthony Housefather (Mount Royal, Lib.): Madam Chair, I wanted to mention that Mr. Skok is not from News Media Canada. There seems to be an error on the list. He's a separate witness.

The Chair: Before we go to News Media Canada, Mr. Skok, whom do you represent, please?

Mr. David Skok (Founder and Chief Executive Officer, The Logic Inc.): I represent The Logic.

The Chair: Thank you very much.

Mr. Skok, you can begin. You have five minutes, please.

Mr. David Skok: Thank you and good afternoon, Madam Chair, members of the committee and your incredible IT team.

I don't want to be here. My job is to report on what you do here. It's certainly not to be a part of it, and yet I feel like I don't have a choice. I founded The Logic almost five years ago, and we are Canada's leading business and tech newsroom. As an independent publisher with no lobbyists, no trade association backing and no allegiance to any start-up or legacy interests, but with 25 years of experience as a journalist, I'm one of the few people who can speak frankly about what's at stake with Bill C-18.

The fourth estate is a key part of a functioning democracy, and ours is in crisis. We know the depressing stats about the decline in original, in-depth reporting in Canada. All you need to do is to take a cursory glance at your own news feeds to see that there is no shortage of hot takes or articles amplifying hot takes on Twitter. You know this. It frustrates you too.

By contrast, brave and substantive reporting is critical to a high-functioning democracy, and, unlike reporting on those Twitter fights, that reporting costs money and time to produce. I have dedicated my life to this pursuit, which is why I'm here. The Logic invests heavily in journalism that makes Canada a better place to live and work by facilitating hard conversations through rich investigative and analytical reporting. These stories can be national in scope, like an investigative series on how Canada's charitable sector allocates its funding, or they can be local, like how automation is impacting the community of Brooks, Alberta.

Just this week, we launched a six-part series examining the strains in Canada's supply chains, beginning with an on-the-ground report from the port of Vancouver. This is vital work.

Because of the money already being paid by large tech companies to a select few Canadian publishers, we are now operating in an anti-competitive market that privileges some and risks starving this country's journalism ecosystem of the innovation it so desperately needs.

Day in and day out, our world-class team is paving a path for others to follow. What began five years ago with three people is now a national newsroom, with almost two dozen reporters across the country in six bureaus. This includes one of the only remaining English-language bureaus in Quebec. After decades of newsrooms cutting their core product, The Logic is proof that you can put journalism and journalists at the centre of your company.

Make no mistake—our competitors watch us closely. That is a good thing. That is how competition is supposed to work. It makes everyone better. Innovation takes time, yes, but it also requires a level playing field. We did not ask for any of this. The secret deals already struck by Meta and Google have created a market imbalance that gives competitors an unfair advantage in the war for talent, audience and distribution.

When The Logic tries to compete on merit against a publication bankrolled by the wealthiest family in Canada—one now being further underwritten by secret deals with the world's largest companies—how does that help foster journalism innovation?

The online news act seeks to rectify this imbalance. It is a backstop, forcing publishers and platforms to come to the table for fair, equitable and transparent agreements that don't privilege only those with negotiating power. Bill C-18 is a pro-competition bill.

It is also good for journalism. Without regulation, publishers who have already signed these secret deals are depending on the good faith of big tech firms to keep them in place. As an editor, I have some questions. How much are those deals worth? What has that money bought? What will happen when it's time to renew those deals? How can these tech giants be reported on fairly when publishers rely on those same companies to meet payroll?

Currently, we cannot answer any of those questions, because they're all covered under non-disclosure agreements. Bill C-18 forces those deals out into the open, and that is good for journalism.

As the saying goes, sunlight is the best disinfectant.

I am optimistic about the future of our craft. It takes time for news to regenerate. It takes time for young journalists to relearn what has been lost after decades of job cuts, and it takes time for today's start-ups to turn into tomorrow's leaders. If there's one thing that I hope you can take away from me today, it's that all of this much-needed innovation requires a level playing field. Bill C-18 seeks to correct an existing imbalance, which is why it needs to pass.

With that, I'm happy to take your questions.

• (1350)

The Chair: Thank you very much.

I apologize for lumping you in with News Media Canada. I don't know if either of you is happy about that.

Next we will go to News Media Canada. We have Mr. Deegan and Mr. Irving—whichever one of you—for five minutes, please.

Mr. Paul Deegan (President and Chief Executive Officer, News Media Canada): Thank you, Chair.

[*Translation*]

Good afternoon. On behalf of News Media Canada, our member publishers, and the 3,000 journalists we employ, who inform Canadians across the country every day, we are pleased to participate in your study of Bill C-18.

[*English*]

During the 2021 election campaign, the Liberals, the Conservatives and the New Democrats all made commitments to introduce news media legislation. Why do we need this legislation?

First, the need for strong, independent local news has never been higher. It keeps communities connected and informed on issues that are impacting them directly. Covering city hall, provincial and territorial legislatures and our courts, and indeed holding you, our parliamentarians, to account are vital to our democracy.

Second, there's a significant imbalance of power between tech giants and Canadian news outlets. To put this in perspective, the market cap of Google is roughly \$1.8 trillion. Meta is over \$500 billion. Together, that's in the ballpark of Canada's annual GDP. Together, these companies' take of online ad revenues stands at more than 80%.

Third, with the prospect of legislation, Google and Meta started picking winners and losers, and David alluded to this earlier. They started negotiating content-licensing agreements with a dozen or so publishers, including Le Devoir, The Globe and Mail, and the Toronto Star. Most recently, Google did a deal with Postmedia.

Don't get us wrong; we're happy for our member publishers. They should be getting compensated for their content. But we now have a situation of haves and have-nots among Canada's news publishers, and that's not fair, especially to smaller publishers who have been left out in the cold—publishers like Benoit Chartier, from whom you heard a moment ago. Again, it's important to remember that Benoit runs the oldest French-language newspaper in North America; it's been around since 1853.

There are other publications that are hugely important to our country. *La Liberté* in Manitoba, which Sophie Gaulin runs, is an important publication. They don't have Google or Facebook knocking on their door. We have Dave Adsett, who runs *The Wellington Advertiser* in Mr. Nater's riding. These are all very important publications for the communities, and they also need to get content-licensing agreements.

Let me outline three reasons why we support this legislation.

First, it allows us to negotiate collectively. Currently, the Competition Act bars us from forming a collective. Given the overwhelming power imbalance, we'll be in a stronger bargaining position if we negotiate together.

[*Translation*]

Second, it includes an enforcement mechanism. Baseball-style final offer arbitration ensures that parties put their best offer forward and the arbitrator picks one or the other. The hammer of arbitration incoerces both sides to reach a fair settlement on their own.

[*English*]

Third, similar legislation is working in Australia. As Rod Sims just shared with us, the amounts paid to news organizations in his country total over \$200 million. More important than how much is who that money is going to. Sure, large organizations are benefiting the most on a total dollar basis. That's understandable, Australia has one of the most concentrated media markets in the world. But others, like *Country Press Australia*, an affiliation of 160 smaller regional publications, were able to reach settlements with Google and Meta. More recently, a group of 24 small Australian publishers reached a deal with Google.

In an article written by Bill Grueskin of the Columbia Journalism School, he refers to a professor in Sydney who says that she can't believe the opportunities that exist right now. Her students aren't taking internships "because it's so easy for them to land full-time jobs". She said, "I swear to God, I have not seen it like this in twenty years." That's because of the code that Rod Sims put in.

As a matter of principle, we believe that publishers large and small should benefit equally from any settlement, based on their proportionate investment in newsroom employees, not in corporate overhead. We've developed an approach that we believe is transparent and fair to members of News Media Canada and the National Ethnic Press and Media Council. Simply put, any monies from collective negotiation would be shared among publishers on a pro rata basis based on their salaries and wages paid to eligible newsroom employees, and that's a number that's already provided to the CRA.

• (1355)

In conclusion, Google and Meta have roles to play in the news media ecosystem going forward. It's in their self-interest to have rich, trusted content that our journalists produce, but at the same time, they enjoy a dominant position in the marketplace, where search and social are designed to keep the user within a walled garden where they extract value from content. We simply want to be compensated for the value of that content so that we can reinvest in our newsrooms.

[*Translation*]

Thank you and we look forward to further discussion.

[*English*]

The Chair: Thank you very much.

That ends our witness statements. We will move on to the question and answer session. The first round is going to be six minutes, and those six minutes include the questions and the answers, so I'd like everybody to be as succinct as you can possibly be.

We begin the six-minute round with the Conservative Party and John Nater.

Go ahead, John.

Mr. John Nater (Perth—Wellington, CPC): Thank you, Madam Chair.

Thank you to our witnesses for joining us this afternoon. There is certainly a varied amount of opinions and commentary, which is always nice to hear when we're discussing important legislation such as this.

I want to start with a couple of questions for Dr. Geist and Ms. Gerson. Both of you mentioned in your opening statements the idea of the value proposition or where the intrinsic value comes from. Dr. Geist, you talked about the difference between reproduction and facilitating access. Both of you made various commentary related to that side of things.

Professor Geist, could you expand on that a little bit? Is this bill perhaps going down a slightly skewed path in terms of where the funding will be directed?

Dr. Michael Geist: I think we've heard several witnesses emphasize that their materials—their work, their news content—are being used and that they should be compensated for that. If this were used in the way that I think most Canadians would consider use—which is that Google, Facebook or whoever is copying their articles, reproducing them and running ads against them—one could well understand why that would be the conclusion, but the definition that is used in this legislation goes far beyond that. It speaks merely to facilitating access to news, putting it in an index with even just a portion of a work. So, if you link to the front page of The Globe and Mail, the National Post or the Toronto Star, which has some articles there, that's facilitating access to news. If you merely have a link to it uploaded by a member of this committee, or me or someone else, that link is considered facilitating access to news.

I don't think that's use in the way people would think of it. When we say that publishers aren't being paid fairly, that's the kind of thing they shouldn't be paid for. There is no copyright in it and it's not being used, in a way. So if we're talking about compensating for use, the legislation ought to reflect that. I don't believe the definition we have comes anywhere close to doing that.

Mr. John Nater: Thank you, Professor Geist.

Ms. Gerson, do you have any comments on that matter as well?

Ms. Jen Gerson: I wish we could be a little bit more candid about what we're talking about. When we say that Google and Facebook are in competition with news media outlets, we're not in competition for content; we're in competition for advert revenue. That's why the news media's business model fell apart. It wasn't because Google and Facebook started stealing the content; it was because Google and Facebook started providing a better platform that individuals could advertise on. They manage to provide more attention, and I wish we could just be a little more candid about that.

The second thing I would point out is that, last I checked, something like four out of every thousand links shared on Facebook are news content. Most links are cat videos or pictures of kids. The idea that Facebook in particular needs us.... I think that if you believe that, you are setting yourself up for a financial fall. You are going to make yourself dependent on a business that doesn't need you.

Google may be a bit different; however, we all remember the fables of social media platforms like Myspace and other types of things. We know that these things have a bit of a temporary lifespan. We also know that people evolve in their social media use and their social media habits, so what are you going to do when Facebook is increasingly the place for boomers sharing cat videos and most Internet activity happens on forums like Discord, Telegram and other types of semi-private organizations? That's where links are being shared, if they're being shared at all. I think that, bluntly, you're setting yourself up for a dependency on an ad revenue that can't and won't be sustainable in the long run. I have some real concerns about that.

I'm sorry; I'm a little bit ill at the moment, but, Mr. Nater, if there are any other questions that you have to that effect, I'd be happy to answer them.

• (1400)

Mr. John Nater: Thank you. I appreciate it. I appreciate your taking the time even though you're feeling unwell today. We do thank you for that. I'll have to go and find my password for my Myspace page to see whatever has happened to it over the last 15 years.

I want to carry on with a couple of questions. This bill envisions that the CBC, the national broadcaster, would be included in it. I find it interesting as well that this program will be administered by the CRTC. Just last week, the Governor in Council sent back the CBC's licence renewal to the CRTC. It's interesting that the government doesn't agree with the CRTC's decision on that and at the same time is putting the CRTC in charge of it.

I'll see how much time I have left.

The Chair: You have 57 seconds.

Mr. John Nater: That's lots of time.

Professor Geist, what are your thoughts on the inclusion of the public broadcaster within this, but also the CRTC being the one to administer it?

I'll start with Professor Geist, and perhaps Ms. Gerson would have a couple of seconds as well.

Dr. Michael Geist: I'll try to go quickly.

I'll start with the CRTC. I don't think this is the CRTC's bailiwick in terms of the role it plays. It sets an enormous number of standards, and I think there's reason for concern for that role. Frankly, more broadly, the inclusion of broadcasters here is problematic. There is another example, actually, of different definitions in the English-language version of the bill and the French-language bill with respect to broadcasting. It's something the committee should take a look at.

Beyond that, if you talk to a lot of the local digital-first operators, they will tell you that the CBC is a competitor of theirs in those local communities, and to provide them with additional revenue effectively forces their hand. Even if those small and independent players don't want the money, they have little choice but to participate in this system. It's basically forced negotiation for those kinds of companies too—

The Chair: I'm sorry, Professor Geist.

We have no time, John, for Ms. Gerson. Perhaps you can get back to that in your five-minute round.

I will now move to the Liberals and Lisa Hepfner.

You have six minutes, Lisa.

[Translation]

Ms. Lisa Hepfner: Thank you, Madam Chair.

I am very happy to be here today with my colleagues for the study of this bill.

[English]

As many of you know, although it bears repeating, I was also a news journalist from 1999 up until just last year, when I decided to serve my community in a different way. I worked in print newspapers like the Edmonton Journal and the Hamilton Spectator, and then later for broadcasters. Over that time, I saw first-hand the decline in journalism, not just in the number of publications and broadcasters in communities but also in the number of people in the newsrooms, going from literally hundreds down to a handful. That affected the number of people who would be at the meetings, at the courthouses or in the city halls telling the stories of the people and the things that bring a community together and make it feel like a community. Watching this first-hand, I have become very concerned about the threat to our democracy.

I was extremely interested to see Australia taking the lead and addressing what we've heard called an "imbalance". I'm very grateful that we have the architect of that legislation here with us today.

I would like to start with you, Mr. Sims. Tell us what life is like for journalists in Australia today compared with what it was like before this legislation. We've heard a little bit about this from you and other witnesses, but really, today it's kind of tough to keep a job in journalism. I'm wondering what it's like in Australia.

• (1405)

Mr. Rod Sims: It has transformed the journalism landscape in Australia. It's gone from pessimism to optimism. We have different readouts on where the money's gone. I mentioned the Guardian and a 50% increase. The Guardian is a new player to Australia. They're a middle-sized player. They're of course backed up by Guardian U.K. It has helped them enormously to get into new areas. It has also helped the Australian Broadcasting Corporation get into a range of regional media.

Just the general sense in journalism is that there are jobs now. There's a sense of optimism. Previously, there was a profound sense of pessimism.

Ms. Lisa Hepfner: I take it that even small publications and broadcasters have benefited from your legislation.

Mr. Rod Sims: There's no doubt about that.

There's a lot of misinformation around. Google has done a deal with everybody who's eligible, and Facebook just about, although there are some weird exceptions.

In terms of the smaller players, in my view, Country Press Australia, which I think has about 180 very small publications—you're talking about a couple of journalists in many of them—got by far the best deal per journalist. Many other small players have deals, organizations you just haven't heard of because we have a lot of new digital natives in Australia, as well as the traditional press. Australian Community Media, of course, got deals with both players.

The smaller media companies have really benefited, and it's enabling them to thrive in a way that they just couldn't before. This is a myth that it's only helped the large players. That's just complete disinformation.

Ms. Lisa Hepfner: I understand that Australia is currently reviewing its law. What do you see as improvements that could be made?

Mr. Rod Sims: From my point of view, one improvement could be a bit more transparency. I was at the ACCC. Through the ACCC and my own contacts in touch with all the media companies, that's why I'm able to be completely confident that the deals were well over \$200 million. They were well over that before the most recent round of deals, which I think someone referred to, but a bit more transparency in aggregate terms about how much money is being paid and where it's going would be helpful, provided it's at an aggregate level and not disclosing individual deals. I think that part of Bill C-18 is very helpful.

Ms. Lisa Hepfner: You would look to Bill C-18 as an improvement on your legislation.

Mr. Rod Sims: Look, I haven't been through it line by line, but I think the high-level aspect of transparency—again, provided it's done at an aggregate level—is an improvement, yes.

Ms. Lisa Hepfner: Do you have any reaction to some of the criticism you've heard from other witnesses this afternoon?

Mr. Rod Sims: Look, I think there are some misunderstandings around. I mean, what's really happened here is that Google and Facebook have interposed themselves between media and their audiences. There's no doubt that Google and Facebook benefit from news media. You don't have to advertise against it to benefit; you just get eyeballs to your site. That's how they make money. They provide free services and make money through targeted advertising. They haven't replaced journalism; they're just destroying journalism. That may be too strong a term, but they're certainly damaging it.

This is about journalism, which is being damaged by Facebook and Google having business models that provide free services to get eyeballs for targeted advertising—extremely lucrative businesses. My point is that, by getting free services, Google and Facebook aren't paying for any content either, and that's the problem. They're taking content, monetizing it and not paying for it.

• (1410)

The Chair: Thank you, Professor Sims.

Lisa, you have gone over time.

Ms. Lisa Hepfner: It was worth it.

Thank you, Chair.

Mr. Rod Sims: It's my fault, I fear.

The Chair: I'm going to go to the Bloc and Martin Champoux for six minutes.

[Translation]

Mr. Martin Champoux: Thank you, Madam Chair.

I want to take this opportunity to thank today's witnesses for participating in this study on Bill C-18. I'm really happy they are joining us today to discuss this bill, which has been highly anticipated by the media back home, print media and media from across Canada.

I will start by turning to Mr. Chartier and Mr. Poisson, from Hebdom Québec. Earlier, I was listening to the opening remarks of Ms. Gerson, who said at the outset that Bill C-18 was predicated on lies—those are her words—and that small media outlets use whatever means available to get money.

I would like you to tell us how the print media sector is doing, especially the media you represent, which are often regional. I would also like you to tell us a bit about those businesses' economic situation, especially in Quebec. I suspect it is quite similar to the situation experienced in the rest of Canada.

Mr. Benoit Chartier: Thank you, Mr. Champoux.

I listened to Ms. Gerson's remarks earlier. She said that all this was based on a lie, which is completely false. I don't understand how someone can say something like that before a parliamentary committee, but that is only my opinion.

The Quebec weekly press is experiencing a critical situation in the face of the social network invasion. Since 2014 or 2015, the sharp erosion of our advertising revenues has had significant repercussions on our newsrooms and on our journalists' health across Quebec.

There are more and more journalistic deserts in a number of regions of Quebec, and I don't think that is a good thing for Canadian and Quebec democracies.

The newspaper I publish has existed for 170 years. My family has worked there for three generations. Over the past four or five years, the situation has been extremely critical for all weekly regional newspapers in Quebec.

For us, Bill C-18 represents our survival, simply put. If the measures contained in the bill do not come into force in Canada, the survival of Quebec print journalists will be increasingly perilous.

Mr. Sylvain Poisson: Can I add a little something, Mr. Champoux?

Mr. Martin Champoux: By all means, Mr. Poisson.

• (1415)

Mr. Sylvain Poisson: People use strong words like "lies" and mention video chats and platforms like Discord or Telegram, which attract barely 1% of the social media population, to downplay the influence of Google and Facebook on information, and ultimately, on democracy.

Do you really think, if their influence had not been so strong, that giants like Facebook and Google would have spent so much time and money in all sorts of ways, in recent months and years, to counter our efforts and the passage of Bill C-18?

Mr. Martin Champoux: Indeed, Mr. Poisson. Thank you.

I now have some questions for you, Professor Sims. You are attending today's meeting by video conference, and it's 4:15 in the

morning in Australia. Congratulations on looking so alert, and thank you for being here with us. Your testimony is invaluable.

I don't want to spend too much time on Ms. Gerson's speaking notes, but I feel obliged to say something when she claims that overcharging and placing too many constraints on platforms might lead them to lose interest and decide to purely and simply withdraw the content that they are currently publishing. In the same breath, Ms. Gerson said that this kind of legislation could in the end generate more money for the major news outlets at the expense of the smaller ones.

Professor Sims, you chaired the Australian Competition and Consumer Commission. Based on your experience, do you agree with this argument?

[English]

Mr. Rod Sims: Thank you.

Google and Facebook do need media. There's just no doubt about that. Obviously, Google does more clearly, but Facebook also does. They used to call it News Feed and it's now just called Feed. I think there's an obvious reason why they've changed that name, but they want eyeballs and they need media because people will do searches on both Facebook and Google.

In terms of the size of media, there's just no doubt that the beneficiaries of these sorts of bills are the smaller players. The larger ones that have name recognition can do better on subscriptions. The smaller ones absolutely cannot, so this sort of legislation does help the smaller players disproportionately more, and that has certainly been the Australian experience.

I hope that answers the question.

The Chair: You have 37 seconds, Martin.

[Translation]

Mr. Martin Champoux: I'd like to continue on this topic, Professor Sims.

One concern that is often mentioned, and that you have already dealt with to some extent, is that some of the smaller media players have more trouble bargaining than the bigger ones. In Australia, were the smaller ones able to bargain individually, or did they have to get together to reach a deal?

[English]

The Chair: Please be concise, Mr. Sims.

Mr. Rod Sims: Understood, Chair.

Roughly half of them got together and bargained collectively, and the rest have done deals individually. It's been their choice whether they feel they have the capacity, but the really small ones had to bargain collectively. That's worked fine.

The Chair: Thank you, Martin. Thank you, Mr. Sims.

I'm now going to go to the next round, which is for the New Democratic Party, with Peter Julian.

Peter, you have six minutes.

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

Thanks to all of our witnesses for being here today. These are very important hearings and you've all added substantially to our consideration of Bill C-18.

Professor Sims, I'd like to go to you first. Thank you for being up at 4 o'clock in the morning in Australia.

You talked in your presentation about the four media giants having signed agreements, and you noted that the medium-sized media companies had for the most part, but not in all cases. Then you said that for smaller media companies there are some agreements with Facebook and Google, but not in all cases. I'd like you to give us more details on that, if you could.

The issue of ensuring that small papers...is something that certainly concerns me. In my area, in New Westminster—Burnaby, we've lost half of the publications over the course of the last few years. It's just been devastating for local community events. We have two cities that collectively are about a third of a million people, so we're not an insignificant market at all, but we've been devastated in a way so many parts of the country have been devastated.

Can you give us some examples of the smaller media players? How much of that \$200 million has gone to medium and small players? What would you suggest in terms of improvements to this legislation to ensure that the small community players, the community newspapers and community media, actually fully benefit, as you say has largely happened in Australia?

Mr. Rod Sims: As I said, Google has done deals with essentially everybody—large, medium and small. Facebook has done deals with the four larger players and I think virtually all of the smaller players, but there are a few very small ones left out. They've certainly done deals with Country Press Australia, and they've done deals with Australian Community Media. They've done deals with a whole lot of other players whom I won't mention because you would never have heard of them.

The main area where Facebook hasn't done deals is with two medium-sized players. One is the Special Broadcasting Service, which is a multicultural service owned by the government. I think there's a chance that Facebook would now be designated under the code, which would force it to do those deals.

I think the way the Canadian legislation is worded would ensure that large, medium and small get deals. I don't see a problem there.

The small players have certainly done very well in Australia. As to how much of that money went to them, I'm afraid I just cannot say that off the top of my head. Also, for some of the deals the arrangements are confidential, so I can't do it anyway. What I can say is that a significant amount of that \$200 million has gone to smaller players. Country Press Australia represents 180 really small rural and regional players. They're independently owned, and they have done extremely well. Any of those players would be extremely complimentary of the benefits they got from the code.

• (1420)

Mr. Peter Julian: Please excuse our ignorance about the Australian media landscape, but is Country Press Australia an associa-

tion that includes small independent newspapers from the Northern Territory?

Mr. Rod Sims: Yes, that's right.

Mr. Peter Julian: So it's not a conglomerate; it's an association of small players.

Mr. Rod Sims: That's right. It's banded together as an industry association. It has about 60 owners of those 180 publications. It's just that, an industry organization. It's absolutely not a conglomerate. Each of those 180 businesses is very small and, as I said, there are about 60 owners.

Mr. Peter Julian: Thank you for that. Your depth of knowledge is very impressive.

I know you've made an estimate of \$200 million in benefits that go to media on an annual basis, and I understand that that's an estimate because some of the agreements are confidential. Is it possible for you to provide to the committee perhaps later on a rough estimate of how much has gone to the four conglomerates and how much has gone to medium-sized players? For Country Press Australia, for example, it's very intriguing to me because those are the folks I'm primarily concerned with, the local journalists. That way we can get a sense of how the benefits may have been distributed.

You're right to point out that there is a lot of misinformation around this bill, but I think it's also appropriate for us, since Australia was the pioneer, to get the solid information that helps to counter the misinformation.

Mr. Rod Sims: The problem is that there have been a lot of confidentiality arrangements. We have the numbers. I have the numbers, because the ACCC had conversations with many of the media, trying to get a ballpark estimate of where things were: "not above this, not below that", those sorts of conversations. Unlike with the Canadian bill, there isn't that ability to have transparency. It is very hard to do that.

However, if you were to talk to Country Press Australia, Australian Community Media, or private media like Schwartz Media, the range of small players—the two main ones are Australian Community Media and Country Press Australia—they might well give you the details in a way that I cannot, I'm afraid, just because of the arrangements we have. They are both on the record as being very pleased with their deals. Certainly, their commentary can be provided, but I'm afraid the details of the deals cannot.

The Chair: Thank you very much, Dr. Sims.

Thank you, Peter. Your time is up.

Looking at the clock, we have time for only one more round, and that's going to be the five-minute round. I'll begin with the Conservative Party of Canada and Rachael Thomas for five minutes.

Mrs. Rachael Thomas (Lethbridge, CPC): Thank you.

My first question is for Dr. Geist. I'm noting here around the table.... Mr. Sims said that Bill C-18 is about protecting journalism. Others at the table have said that it's about protecting democracy.

Would you care to comment, based on your expertise?

Dr. Michael Geist: I would say that if this were a bill about journalism, I think there would have been a lot more support for it. We should be clear that it's not. It mentions the word "journalism" once, with respect to qualified journalism organizations. It has three sections that mention journalists.

It's not about journalism or journalists. It's about funding some of these legacy media organizations. In fact, there are no standards with respect to journalism at all, and you need to contrast that with what the government has approved with QCJOs, the qualified Canadian journalism organizations, which sets a wide range of standards to ensure that what you are producing and incentivizing the production of is high-quality journalism. There is none of that in this legislation.

With the low standards of allowing entry to qualify for this, what you are effectively doing is incentivizing clickbait. This is low-quality journalism that people will get paid for on the basis of clicks, because they can demand to be part of this table through the collective bargaining, as you just heard. When we look to platforms to try to mete that out and use the algorithms to prioritize the high-quality journalism and demote the low-quality journalism, legislation hits you again, creating potential liability when they demote that.

The danger here is that we are not going to be supporting high-quality journalism. We'll be supporting some legacy companies, to be sure, but if this were really about journalism, one would have thought you would mention it in the bill more than a couple of times.

• (1425)

Mrs. Rachael Thomas: Thank you, Dr. Geist.

I want to take that in a slightly different direction, but I think it also has to do with that. One of the things you pointed out was the lack of clarity in the terms used within this bill. One example is "news content". You've gone on to question whether or not Bill C-18 is even constitutional. What impact would this lack of clarity have? Why do you think we're in this situation? We've been here before. We've seen this with other bills, when the Liberal government said, "Trust us. Just trust us."

Would you care to comment on that?

Dr. Michael Geist: Sure. There are problems even within the bill. I've already noted at least a couple of examples, and there may well be others, where the English version and the French version don't align. This creates potential confusion as to what is intended by the government as part of this bill.

Beyond that, it is quite clearly vulnerable with respect to our agreement with the United States. It is vulnerable with respect to our international obligations under copyright. I must say I find it astonishing that we would effectively say that certain parties don't have rights of quotation, so you have to set it aside for the purposes of negotiation. This is a must-have within international copyright

law, yet it's been excluded. I should note that this is something you do not find in the Australian legislation. That's a made-in-Canada violation of international law.

From a constitutional perspective, I struggle to see how this even fits within the traditional powers of the federal government. As I said, it's not broadcast, it's not telecom and it's not copyright. News isn't something that is traditionally within that purview.

What's the likely outcome of this? There is no question that this will be challenged on a number of different levels. The idea that this will result in fast agreements and fast payouts strikes me as exceptionally unlikely.

Mrs. Rachael Thomas: Thank you very much, Dr. Geist.

I have about a minute and 20 seconds left. I'm going to go to Ms. Gerson for a moment.

If I was to define the central point of your opening statement, it was that there is a massively detrimental impact of government interference with regard to journalism and media. Essentially, what I hear you saying is that if you get rid of the government, then you bring back the trust of the public, which is waning right now because they perceive the media as being bought off and not reporting stories correctly. Politicians raise many of those same concerns. It would seem then that, if we want a true return to democracy and democratic principles being protected, we should allow the media to function independently of government.

Ms. Gerson, I'm wondering if you can comment on this further or expand on your point.

Ms. Jen Gerson: I am a small media organization. I don't want money through this program, and I don't want money through the government. I want to be able to be a self-sustaining business.

I have to take some exception, because I think some of the witnesses here have misrepresented what I've said.

Mr. Sims, I didn't say that money went only to Murdoch organizations; I said that the bulk of the money went to Murdoch-based organizations. Your testimony said, "Oh, I don't know." Do you think that the bulk of the money in this Canadian law isn't going to go to zombie organizations like Postmedia? Of course it will. They have the size, the mass, the incumbency and the legal ability to be able to negotiate for more.

Second, I didn't say that it was a lie that media organizations were struggling. Of course they're struggling. We all know that. What is a lie here is that the media organizations don't benefit from the links involved. The media organizations disproportionately benefit from the links.

The Chair: Thank you, Ms. Gerson. Time is up.

Now I go to the Liberals.

Anthony Housefather, you have five minutes.

Mr. Anthony Housefather: Thank you so much, Madam Chair.

I want to thank all of the witnesses for being here today. I particularly want to thank Mr. Sims, who is up very early in the morning in Australia. For those of you who don't know, Mr. Sims was called “the most feared man” in Australian business by the Australian Financial Review. He's quite an impressive witness to have.

I also want to take this opportunity to wish Mr. Skok, Dr. Geist and everyone in Canada's Jewish community a very happy new year, which starts on Sunday night.

Let me come to my first question.

Mr. Skok, I'm going to go to you. Dr. Geist just said that this is not about journalism. Do you think this bill is about journalism?

• (1430)

Mr. David Skok: Yes.

Mr. Anthony Housefather: Mr. Deegan, do you think this bill is about journalism?

Mr. Paul Deegan: Yes, and there's one thing I'd like to pick up on. Dr. Geist referred to the QCJO, saying there's nothing about journalism in here. He might want to read paragraph 27(1)(a), which refers to “a qualified Canadian journalism organization as defined in subsection 248(1) of the Income Tax Act”.

It's right in the legislation, Dr. Geist.

[*Translation*]

Mr. Anthony Housefather: Thank you very much.

I'd like to put the same question to the two representatives of Hebdo Québec.

Mr. Chartier and Mr. Poisson, does this bill pertain to journalism?

Mr. Benoit Chartier: Yes. This bill has nothing to do with anything but journalism. Currently, Bill C-18 represents the defence, health and raison d'être of journalism in Canada, and nothing else.

The claim that the big companies will pocket all the money stemming from the provisions of Bill C-18, and that the small companies will not get a cent, is simply not true. I myself manage a small company. I need this money. I need it for my newsroom, my journalists, my photographers, my proofreaders, my editorial writers and my editors-in-chief. I need that money, and I need the protection of a bill like this one.

I'm speaking on behalf of 250 journalists and 40 publishers in Quebec. I am also speaking on behalf of, and Mr. Deegan will probably agree with me, every publisher in Quebec and across Canada, from Newfoundland to Vancouver Island.

Thank you.

Mr. Anthony Housefather: I totally agree. It's true for the small newspapers in my Quebec riding.

[*English*]

I also want to go back to you, Mr. Skok.

First of all, I'm very appreciative of the fact that you have retained an English newsroom in Quebec. That is very important to those of us from the minority English-speaking community in Quebec.

I want to come to some of the myths about this bill. First, there's this myth that it will stifle innovation. You did a start-up. You are an innovator. Do you feel that this bill stifles innovation?

Mr. David Skok: This bill helps innovation still exist as things currently stand. I've heard other witnesses talk about relitigating the past around news organizations, and I've been in those newsrooms as well in the past. This isn't about relitigating the past. These deals have already been struck. This has already happened. Google and Meta didn't have to strike these deals—not link tax deals, I might add, just licensing deals. They didn't have to do any of that; they chose to do it. They've picked their winners already. What this bill does is help level the playing field and prevent those winners from getting a distinct advantage.

Newsrooms can spend their money in three areas: one, going after talent in reporters and editors; two, going after audiences; and three, getting their journalism to people in new ways. The money that has already been allocated by these big tech platforms to publishers has put those of us trying to innovate at a distinct disadvantage.

Mr. Anthony Housefather: Let me just ask about the other thing I'm hearing, of course, which is the compromising of journalistic independence. Will this compromise the independence of you and the people who work for you?

Mr. David Skok: It does not, and I should point out that I personally recused myself from any coverage that was ever done about this bill in my newsroom, in September 2020, when it first became apparent that I would have to be involved in this. I don't know what they report. Sometimes they report on things that actually hurt my own personal interests.

Mr. Anthony Housefather: Mr. Deegan, do you think this will compromise the independence of all the people affiliated with Post-media?

Mr. Paul Deegan: Not at all, no more than.... If General Motors would run an ad in The Globe and Mail or the Toronto Star and if someone from GM phoned up The Globe and Mail and said, “Hey, I don't like your coverage and I'm going to pull my advertising”, I think the publisher would tell him to go take a hike.

[*Translation*]

Mr. Anthony Housefather: I'll asked the Hebdo Québec representatives the same question.

Do you believe that this will cause problems with respect to your integrity and journalistic independence?

Mr. Benoit Chartier: No, not at all. Newsrooms are always isolated from newspaper publishers and owners. Why would this bill lead to a loss of independence?

[English]

Mr. Anthony Housefather: Thank you.

Madam Chair, do I have any time left, or am I done?

The Chair: Thank you, Anthony. That's it. You have 10 seconds.

Mr. Anthony Housefather: It's okay. I sacrifice the 10 seconds.

The Chair: All right. Thank you.

I now go to the Bloc Québécois and Martin for two and a half minutes, please.

[Translation]

Mr. Martin Champoux: Mr. Housefather, with your experience, you should know that you don't have to ask; you just need to continue until you're interrupted!

Voices: Oh, Oh!

[English]

The Chair: That's insurrection, Mr. Champoux.

[Translation]

Mr. Martin Champoux: Madam Chair, you're encroaching on my speaking time.

[English]

The Chair: No, I haven't even started your clock yet, Martin.

• (1435)

[Translation]

Mr. Martin Champoux: I'll begin then.

Mr. Deegan, according to a survey conducted by Pollara Strategic Insights, 90% of Canadians felt that something should be done to help local media survive, 79% were in favour of the tech giants sharing their revenue with print media and local media, and 80% agreed with the intent of this bill.

Do you think these people are well informed?

[English]

Mr. Paul Deegan: Absolutely.

[Translation]

They are very well informed. We put the question to Liberals, Bloc members, Conservatives and New Democrats, and all the respondents thought that local journalism was very important and that legislation was needed to support it.

Mr. Martin Champoux: I can confirm that. I represent a region which has a very successful weekly newspaper, *L'Express*, in Drummondville, and lots of people read it. I don't know how there could even be any local news coverage without our weekly paper. I therefore think that it truly reflects an interest.

I would also like to ask the Hebdos Québec representatives the following question—but for now I'm asking you—and that is whether you think the smallest print media players, particularly weeklies in Quebec and Canada, will be able to survive individually? Or is it rather your intention to work collectively in order to be stronger when the time comes to bargain with the Internet giants? How do you expect these negotiations to play out?,

Mr. Paul Deegan: We would like all the newspapers in Canada, whether large, medium or small, to establish a broad coalition. In Quebec, the case of *La Presse*, whose president is Pierre-Elliott Levasseur, is an interesting one because the newspaper is one of North America's great innovators because of its tablet application.

It's very important for Quebec media to join this broad coalition. We've spoken to representatives of companies that are not members of News Media Canada, like Québecor. It's very important for Québecor, *La Presse*, *Le Devoir* and the weeklies to be part of this coalition, because we are stronger together.

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

Madam Chair, as was the case for my colleague Mr. Housefather, I believe that's all the time I have.

[English]

The Chair: You have 12 seconds, Mr. Champoux.

[Translation]

Mr. Martin Champoux: I'd like to take this opportunity to thank the witnesses for being with us today. I must have used up all my speaking time by now. Thank you.

[English]

The Chair: Thank you.

Now, for the New Democratic Party, we have Peter Julian for two and a half minutes, please.

[Translation]

Mr. Peter Julian: Madam Chair, if it's all right with you, I'll take the 10 seconds Mr. Housefather has left and the 12 seconds remaining for Mr. Champoux.

[English]

The Chair: Mr. Champoux's 12 seconds became three seconds, Peter—nice try.

[Translation]

Mr. Peter Julian: Okay, thanks.

Mr. Chartier, I'd like to congratulate you on these 170 years of contributions in Saint-Hyacinthe. It's amazing.

I've lived in Saguenay—Lac-Saint-Jean, Estrie and Montreal, and have travelled throughout Quebec. On these trips, I've been able to see that weeklies are extremely important in every corner of the province.

Are you sure that Bill C-18 as it stands will be beneficial to the weeklies, even those in remote regions? If not, what amendments could you suggest that would improve the bill?

Mr. Benoit Chartier: I'm convinced that Bill C-18 would enable my 40 colleagues who are publishers and owners of weeklies, and whom you have probably encountered in Quebec, to remain competitive. That would also be true for newspapers in remote regions. That's because, as Mr. Deegan mentioned, we are going to negotiate collectively for all of Canada. That hardly ever happens. Even some publishers of Quebec dailies joined forces to negotiate. Doing so would definitely help us get the most from our bargaining efforts.

As for Bill C-18, there is not a single publisher in Quebec worried about any particular amendments that would put them at a disadvantage simply because they are in a remote area or because there's only one journalist in the newsroom. As written, the bill will benefit regional journalism in Canada and Quebec, and cover all levels of government. Most importantly, it would help to keep our democracy healthy.

• (1440)

Mr. Peter Julian: So you have no amendments to suggest.

Mr. Benoit Chartier: No.

[*English*]

Mr. Peter Julian: Mr. Skok, congratulations on your extraordinary work. It's very exciting.

Are there any improvements you can see that we could make to the bill? Is there anything that you would suggest in terms of amendments?

Mr. David Skok: Yes. Thank you, Mr. Julian.

You were asking before about how the smaller publishers do relative to the larger ones. I think the proportionality question is a big one for us that is concerning. One way to reconcile that, which we have proposed and submitted to you all, is regarding clause 86 of the bill, with the annual report of the independent auditor. We would propose that the items outlined in subclause 86(2) related to the impact of these agreements be shared in real time with the arbitrators as these deals occur, as opposed to after a year. That way, as one deal happens, all the others are proportionally adjudicated in a similar fashion—as opposed to now, when you could have one to three years of deals done that are completely different in terms of size and scale and scope.

Mr. Peter Julian: Thanks very much.

Thanks to our witnesses.

Thanks to Mr. Housefather and Mr. Champoux for having offered their additional time.

The Chair: Thank you very much, Peter.

I now go to the Conservatives, for five minutes.

Kevin, go ahead.

Mr. Kevin Waugh: Thank you, Madam Chair.

Welcome, all.

One of the things I've witnessed is that CBC is pilfering talent from the newspapers across this country, and that's going to continue with this bill. I'm going to tell you that right now. CBC develops little or no talent on its own, because it just pilfers from mid-to-

lower newspapers in this country, and that isn't an issue this bill is going to deal with.

I'm going to start with News Media.

Mr. Deegan, I know my statement is correct. I've seen it. It's going to continue. With this bill going through, it will continue even more. We are going to get reporters with little or no experience put in rural Canada because there are no reporters. What are your thoughts on this?

Mr. Paul Deegan: Listen, I agree with you. It's a huge problem with the CBC in terms of pilfering talent. Local papers develop talent. Given your own background, you know this first-hand. Then they take them. They are making far more money with the CBC. It's a big issue.

That's why it's important that we have this legislation. It will get us on a more firm commercial footing. The one thing that I would ask you as members of the committee to look at—I know it was in the Liberal platform last summer during the election campaign—is to cut off advertising for CBC during their news and current affairs programs. We're competing with them head to head. They already have a \$1.4-billion leg-up on us and we're competing with them for advertising. That's not fair. That's not right.

Don't get me wrong. There's a place for the public broadcaster in Canada. They do exceptional work. But they shouldn't be competing with private enterprises for commercial advertising.

Mr. Kevin Waugh: I couldn't agree with you more. They're competing with everybody, and they win because they're the CBC and The National.

The other question I have, Mr. Geist, is simply this: Can you or somebody else tell me...? The Moosomin World-Spectator was told that this was going to be worth a lot of money to local independent owners. What can the owner of the Moosomin World-Spectator expect from this deal? Is it \$5,000 a year? Is it \$10,000 a year? Is it \$100,000 a year? If he has two employees in the newsroom, he's eligible.

I have not heard a figure that I can take back to an independent owner in this country to say that it's good: "Sure it's good: I'm getting \$5,000 extra." I need the figure, the exact figure that will be negotiated for the lower and medium newspapers. Can someone on this panel tell me what they can expect? I've heard outrageous numbers. I need to know exactly the number that they can expect.

Does anybody on this panel want to take a shot at that?

Go ahead, Mr. Geist.

• (1445)

Dr. Michael Geist: I'll start.

I don't think anybody can give you an exact number, because I don't think anybody knows at this stage. We certainly don't know what people are getting in Australia either. Mr. Sims might, but the public generally doesn't know any of this kind of information. There's a great deal of secrecy associated with that system, at least in terms of what is available publicly.

We don't know that, but here are the two things we do know. One, we know that these businesses will effectively be forced to participate in this. Why? As you mentioned, their competitors, like the CBC and others, are in, so you can't compete effectively. There are dozens of smaller independent media organizations, if not hundreds, oftentimes digital-first, in local communities. Oftentimes they are thriving, and they're going to struggle to not participate, because they're competing against those that are taking the cash.

Let me also very quickly—and I see Ms. Gerson has a comment—note for Mr. Deegan that if he would continue with paragraph 27(1)(a), it does mention QCJOs, but then there's an important word: “or”. The “or” gives you paragraph 27(1)(b), which sets a low standard for accessibility to this program, in which there are simply no standards.

The Chair: Mr. Geist, I might point out that Kevin has the opportunity to ask Ms. Gerson to respond.

Dr. Michael Geist: Yes.

Mr. Kevin Waugh: I'm going to ask her right now, Madam Chair.

The Chair: That's fine, Kevin.

You have 37 seconds, Ms. Gerson.

Ms. Jen Gerson: Professor, I would just point out that under the qualified journalism program, organizations like mine don't qualify, because, of course, we're “owner-owned”. We are owned by two people, and we produce our own content. Because we are the only two journalists working for our organization and we own the organization, we don't qualify for this.

This is one of those issues or one of those problems that stifle innovation, because it means that a lot of the start-ups that are created by the journalists themselves won't qualify until they reach a certain mass, which makes it harder and harder to compete. Now, that's something that could be addressed—

The Chair: Thank you, Ms. Gerson. I'm sorry. The time is up.

I'm now going to move to the Liberals and Tim Louis.

You have five minutes, Tim.

Mr. Tim Louis (Kitchener—Conestoga, Lib.): Thank you, Madam Chair. I appreciate this.

Thank you, everyone, for being here. I appreciate this. I would like to start my questions with Dr. Sims.

In my riding, Dr. Sims, we have a number of small, independent weekly news outlets. Some of them are as small as two journalists and an editor. We know that strong independent news is always important, and it was even more important throughout the pandemic.

You've heard a number of people asking the same questions that we're hearing on the ground. The concern from these small news

outlets is that they want to be reassured that they're going to be part of the collective negotiations with these tech giants. It was very comforting to hear you say in your opening remarks that companies are feeling comfortable, and that they've moved from pessimism to optimism. Can you give some evidence, some numbers, on how these companies are doing, especially the smaller journalism news outlets?

Mr. Rod Sims: On the companies involved with Country Press, the 180 media organizations with Country Press Australia, I would certainly urge the committee to get in touch with them. From my understanding—I'm sorry I can't share this and I realize that it's what I said before on the improvement of the Canadian bill—I think they got more money per journalist than anybody else. The smallest rural ones, all these newspapers that have been in existence for a long time, have done extremely well, and they would be quite happy to tell you about this.

I should add, just in relation to the digital natives, that they are all in favour, to my understanding, of the Australian bill. They have all benefited and it is helping them, as small digital natives, to grow as well. We're not only getting the traditional Country Press Australia papers benefiting enormously and being very appreciative, but we're also getting the digital natives, the ones that innovate and come into the market, being comfortable. There's no issue there at all. None of them are complaining.

Mr. Tim Louis: That's very comforting to hear.

To follow up, Dr. Sims, if our local media starts doing well, can you see the trend of small outlets closing cease, and perhaps even see—to address what has been referred to here as “news deserts”—expansion into other regions? Is that a possibility?

• (1450)

Mr. Rod Sims: Oh, there's no doubt in my mind, with the Australian code and what I understand is in Bill C-18, that you are going to get growth in smaller publications. This does give them the ability to do that. Certainly, some of those Country Press Australia organizations are going to use some of that money to be much more sophisticated digital players as well, and that will help them grow. They will benefit and grow. There's just no doubt.

Mr. Tim Louis: That's also good to hear.

Maybe I could turn to you now, Mr. Deegan. Bill C-18 is just one of the tools in the government's tool box that we're trying to support journalism with. Can you speak to other programs that the government has introduced that would benefit this sector—perhaps the periodical fund or the local journalism initiative?

Mr. Paul Deegan: Sure. In this past year's budget are a number of supports for journalism that we think are terrific. One is the local journalism initiative. Our adjudication panel is chaired by Duff Jamison of Great West publishing in Alberta. He's a terrific journalist. That program, which was \$10 million in the past, is \$20 million this year. That's very helpful.

There's also an aid to publishers program, which for newspapers I think is \$16 million or so. Again, this is hugely helpful.

Then there's the one that Mr. Waugh and I were speaking about a minute ago. In this year's budget, they've announced \$40 million over the next three years to support journalism. If a strong proportion of that could be dedicated to the very small publications, those that Jen Gerson was referring to that don't have the two arm's-length employees, I think that would be very important.

It's important to support those smaller outlets. A number of them are digital innovators and folks like Jen who are doing really good work, but there are also print publications that are very small. We have on our board Sarah Holmes from the Gabriola Sounder in British Columbia. It's a very small paper. She and her husband are putting it out. They don't have the two arm's-length employees. So to look at funding like that, \$40 million over the next three years for tiny, smaller publications like that, I think would be hugely important, because without her there is no news in her community.

Mr. Tim Louis: Thank you.

The Chair: Thank you very much.

Tim, you have 10 seconds left. Do you want to say something else?

Mr. Tim Louis: No. Thank you to everyone.

The Chair: Okay. Thank you very much.

I think we're going to come to a close. I want to thank of all the witnesses who came to speak with us, because I believe this is so very important to the whole concept of freedom of the press and to keeping democracy alive.

Before I entertain a motion to adjourn, I want to specifically thank you, Professor Sims. I have a son who is an emergency physician in Sydney, Australia, and I understand the time difference. Thank you for getting up very early, in the wee hours of the morning, to come and speak with us and address us. You speak with a lot of authority and a lot of experience because of the fact that Australia has already dealt with this particular type of legislation. I'm pleased to see that you see some new innovation in our own legislation.

Thank you very much, everyone.

I will entertain a motion to adjourn.

Mr. Chris Bittle: I so move, Madam Chair.

The Chair: Thank you, Chris.

Goodbye, everyone. We'll see you again at the next meeting.

● (1455)

Mr. Rod Sims: It's been a privilege to be involved. Thank you.

The Chair: Thank you, Professor Sims.

The meeting is adjourned.

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