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The Government of Canada's Response to the Report of the Standing Committee on Canadian Heritage, *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*



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Minister
of Canadian Heritage



Ministre
du Patrimoine canadien

Ottawa, Canada K1A 0M5

Mr. Clifford Lincoln, M.P.
Chair
Standing Committee on Canadian Heritage
Room 640, 180 Wellington Street
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. Lincoln:

On behalf of the Government of Canada, I would like to thank the Standing Committee on Canadian Heritage for its comprehensive review of Canada's broadcasting system, *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*. The Committee's report is not only a most useful compendium of wide-ranging information, but it also gives a thorough account of Canadians' views. The Government appreciates the long and diligent work of the Committee that led to its recommendations.

I am pleased to enclose the Government's response to the Committee's report. The Government's consideration of the work of the Committee begins, but will not end, with this document. Many of the issues the Committee addressed are complex and interrelated, and call for further analysis, examination and policy development before any decisions are taken. As well, several of the report's key recommendations call directly for stabilized or increased funding, or for new programs and initiatives with funding implications. These recommendations cannot be considered independently of the customary priority-setting exercises which occur in the lead-up to federal budgets. Accordingly, our response addresses itself in a focused manner to many—but not all—of the recommendations in the report.

We can be rightfully proud of what the Canadian broadcasting system has accomplished for this nation. Since the first radio broadcast in 1906, broadcasting has come to play a critical role in our understanding of what it means to be Canadian. In a nation as large and as diverse as Canada, we rely on television and radio to connect us with one another to share our stories, our values and our experiences. At the same time, Canada's broadcasting system brings Canadians the best the world has to offer. Our broadcasting system offers more than 600 private radio and television stations, a strong

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public broadcasting system, educational channels, Aboriginal services, services for official-language minorities, multicultural and third-language channels, community services, and a wide range of foreign offerings. We have built a uniquely Canadian broadcasting system that serves us well and is the envy of many around the world.

The Government is committed to continuing to build a strong framework of support for the second century of Canadian broadcasting. The Committee's thorough examination and timely recommendations will help us move forward to achieve that objective. Once again, I would like to thank you and the Standing Committee on Canadian Heritage for its enormous contribution.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Sheila Copps". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sheila Copps

Enclosure

The Response

The Standing Committee on Canadian Heritage spent two years studying the state of Canada's broadcasting system to determine how successful it has been in meeting the objectives of the *Broadcasting Act* of 1991. Its extensive report, *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*, was submitted to the Government on June 11, 2003. The Government welcomes the report and appreciates the long and diligent work of the Committee's Chair, Clifford Lincoln, and the Committee's members.

The Government's consideration of the work of the Committee begins, but will not end, with this document. Many of the issues addressed by the Standing Committee are complex and interrelated. Accordingly, many of its 97 recommendations call for further analysis, examination and policy development before any decisions are taken. As well, several of the report's key recommendations call directly for stabilized or increased funding, or for new programs and initiatives with funding implications. These recommendations cannot be considered independently of the customary priority-setting exercises which occur in the lead-up to federal budgets. This document therefore addresses itself in a focused manner to many — but not all — of the recommendations in the report. Further analysis and policy development, and future budgets, will provide a series of opportunities to continue to address the many important issues raised in the report.

We can be rightfully proud of what the Canadian broadcasting system has accomplished for this nation. Since the first radio broadcast in 1906, broadcasting has come to play a critical role in our understanding of what it means to be Canadian. In a nation as large and as diverse as Canada, we rely on television and radio to connect us with one another to share our stories, our values and our experiences. At the same time, Canada's broadcasting system brings Canadians the best the world has to offer. Our broadcasting system offers more than 600 private radio and television stations, a strong public broadcasting system, educational channels,

Aboriginal services, services for official-language minorities, multicultural and third-language channels, community services, and a wide range of foreign offerings. We have built a uniquely Canadian broadcasting system that serves us well and is the envy of many around the world.

Broadcasting Policy

The 1991 *Broadcasting Act* sets out the objectives for the Canadian broadcasting system. The Committee — noting that the Act “was finely and painstakingly crafted” — concludes that it and its objectives are still valid.

In short, the *Broadcasting Act* provides that the broadcasting system safeguard, enrich, and strengthen the cultural, political, social and economic fabric of Canada; that it encourage the development of Canadian expression; that it maintain and enhance Canadians' sense of national identity and cultural sovereignty; and that it inform, enlighten and entertain Canadians of all ages, interests and tastes. It further provides that the system be effectively owned and controlled by Canadians; that programming be drawn from local, regional, national and international sources; that it include educational and community programs; that it operate primarily in English and French; and that there be a national public broadcaster, a single regulator, and a single system. In pursuing these objectives, it has been the goal of federal policies and programs to support the creation of distinctive programming that reaches out to and reflects Canadians in all communities and in all their diversity. The Canadian broadcasting system is also a window on the world and brings Canadians the best programming the world has to offer.

The Committee notes that since the *Broadcasting Act* of 1991, technology has made possible the multi-channel universe and myriad of choices, causing fierce competition among broadcasters for viewers. Audiences have fragmented. The Internet may in the future serve as a means to link producers and viewers directly — by-passing television networks — thus fragmenting audiences further.

Within this new reality, Canada's French-language programming has been much more successful in attracting viewers than English-language programming — most notably for drama. To cite some telling statistics on most-watched programs: in English-language television in 2001, 60 percent of the news and information programming watched was Canadian, 51 percent of all the sports programming viewed was Canadian, but only 9.6 percent of the drama watched was Canadian in origin. In contrast, for French-language television in 2001, 97 percent of the news and information programming watched was Canadian, 87 percent of sports viewed was Canadian, and 49 percent of the drama watched was Canadian in origin.

English-language programming must compete directly with the rich offerings from the United States, a market which can afford the highest paid talent and high-cost productions, and where a few successes can cover the costs of many failures. In contrast, the French-language market in Canada has succeeded in creating distinctive, lower-cost programming that “speaks” to its audience and has become the vehicle for a culture of stars.

The Committee urges the Government, in its support for Canadian programming, to place a strong emphasis on measures and incentives to ensure Canadian audiences view Canadian programming. The Government believes that Canadian programming can attract Canadian audiences, and must do so, if the broadcasting system is to serve the purposes for which it exists. Success cannot be equated with simply making Canadian content available on television screens — with giving it air time. The performance of broadcasters should be measured importantly in terms of attracting and growing Canadian audiences for these programs. **Accordingly, the Government will take steps to align its regulatory and funding mechanisms so that they place stronger emphasis on attracting audiences to Canadian programming. In particular, it believes that real strides in viewership for English-language drama need to be made. Success in attracting audiences will obviously differ for the various genres of**

Canadian programming. As well, the CBC has a unique mandate not shared by private broadcasters. This too will have to be taken into account in assessing viewership.

The Government believes that it is entirely possible to build wider audiences for different genres of Canadian television programming while ensuring that the regions and diversity of Canada and its people are reflected, and that Aboriginal Canadians and those from official-language minority communities have a place. These objectives remain firmly intact.

Clarity and Alignment of Mandates

The Government agrees with the Committee that there is a need to ensure the clarity of the mandates of the agencies and programs with which it supports Canadian broadcasting, and to ensure that they are aligned and integrated in pursuit of the goals of the broadcasting system.

These instruments include the Canadian Television Fund (CTF), Telefilm Canada, the Canadian Radio-television and Telecommunications Commission (CRTC), the Canadian Broadcasting Corporation (CBC), and as an important producer of Canadian content, the National Film Board (NFB). Tax credits and the certification of content as Canadian are also significant parts of the system.

The Canadian Television Fund (CTF)

Since it was established in 1996, the CTF has supported the creation and broadcast of distinctive Canadian programming — documentaries, children's and youth programming, variety, performing arts, and drama. It has dispensed \$1.5 billion, in support of more than 16,300 hours of new Canadian television production in English, French and Aboriginal languages. The total value of the productions supported is \$4.9 billion.

The Committee recommends that the CTF should now be recognized by the Government as an essential component of the Canadian broadcasting system, that

this recognition include increased and stable funding, and that all those who hold licences should contribute to the Fund. It further recommends that the operations and structure of the CTF be simplified.

When the CTF was established in 1996, the Government envisioned that its contributions would be phased out as mandatory contributions from the private sector grew. However, the Government recognizes that today's Canadian television landscape is dramatically different. The launch of additional services, including the arrival of the digital networks, has increased the number of licensed Canadian services from 141 in 1996 to 252 in 2002, a growth of 79 percent. Each must meet Canadian content requirements and compete with greatly expanded choices from outside of Canada.

The Government agrees that the CTF can play an integral role in the system of support for Canadian content. However, the Fund must prove its worth and measure its success in supporting productions which attract growing Canadian audiences to the various genres of programming which it supports. This is particularly important where progress is most needed — English-language drama.

At the same time, the Fund must fairly meet the other objectives established for it: encouraging the production of programming by official-language minorities, in Aboriginal languages, and from the regions of Canada.

The matter of funding — the amount and appropriate sources — cannot be considered independently of the customary priority-setting exercises which occur in the lead-up to federal budgets.

The CTF has been widely characterized as having an overly complex and disjointed process of application and decision making. **As a first step to improving this, the CTF Board of Directors has been focusing intently on improving the operations of the Fund so that it can function more effectively in the coming year. As a second step, the Government will simplify and clarify the structure of the Fund. Specifically, consideration will be**

given to a “one board – one administration” model.

Telefilm Canada

As recommended by the Committee, **the Government will consider reviewing and clarifying the mandate of Telefilm Canada.** This would involve public consultations.

Certification of Canadian Content

The Committee voices concern over the complexity of the systems in place to certify content as Canadian for funding, tax credit, and regulatory purposes. It recommends that a single organization assess and certify Canadian content. The Committee also concludes that the current ten-point rating of content does not adequately respond to the particularities of all genres.

The Committee's views are echoed in the findings of a recent review of the definition of Canadian content by François Macerola for the Minister of Canadian Heritage.

The Government agrees that the assessment and certification of Canadian content should be centralized in a manner that eliminates all unnecessary duplication. Accordingly, the Government will consider expanding the responsibilities of the Canadian Audio-Visual Certification Office.

The Government will consult further with interested parties on the proposal made by Mr. Macerola to replace the ten-point assessment system, with the objective of taking a decision within the next year.

Canadian Tax Credit

The Committee recommends that the federal tax credit which supports the production of Canadian television programming be more flexible and better managed. Since 1998, these tax expenditures have grown 70 percent from \$100 million to \$170 million, and are projected to further increase to \$185 million by 2005.

The Government is considering a redesign of the tax credit and has consulted widely on the issue. The objective is to make the credit simpler for all concerned, and more effective in its support of Canadian programming.

Consideration may also be given to providing proportionally larger benefits to productions which involve more Canadians.

Canadian Radio-television and Telecommunications Commission (CRTC)

The Committee believes that government policy is not articulated often enough to give proper guidance to the CRTC. It calls for a clarification of the mandate and role of the CRTC, including how it relates to other organizations, to ensure that it plays an appropriate role within a coherent and cohesive broadcasting system. It recommends in particular that the CRTC review its 1999 television programming policy to ensure it adequately supports the objectives of Canada's broadcasting policy. It calls for a clarification of the roles of the CRTC and the Competition Bureau with respect to broadcasting, and for the development of criteria and guidelines for the appointment of CRTC Commissioners.

While recognizing the independence of the CRTC, the Government agrees that the CRTC, as regulator, should function in close alignment with other agents of public policy in pursuit of the objectives of Canada's broadcasting policy. The Government welcomes the CRTC's recent decision to examine how it could better provide incentives for the production of English-language drama which appeals to Canadian audiences, as well as maintain the production and broadcast of French-language drama. The Government views this as a positive step towards meeting the objectives articulated in the foregoing statement.

With respect to coherence, the Government believes that there is a need to address the important question of the increasing demand for Canadian content as new services are licensed by the CRTC, and the capacity of the public and

private sectors to fund the production of that content. The CRTC and those who are granted licences cannot assume that the Government will increase funding to keep up with growing demand. The Government will give further consideration to this issue.

More generally, the Government recognizes that the CRTC can find itself obliged to shape policy without much guidance as it carries out its responsibilities. The Government has the power to give policy direction to the CRTC and has exercised it occasionally in the past, for example with respect to the information highway, and broadcasting services to French-language minority communities. **Given the rapid evolution of the broadcasting system, the Government recognizes that it may be necessary to give policy direction to the CRTC more often to create and sustain coherence within the system.**

With respect to the roles of the CRTC and the Competition Bureau, the Government notes that both organizations have important and complementary roles. The relationship between these two organizations is set out in the CRTC/Competition Bureau Interface Agreement which reflects the mandates of the two organizations and their respective roles in the media sector.

The Government further notes that the CRTC is mandated by the *Broadcasting Act* to pursue social, cultural and economic objectives. The Act gives the CRTC the necessary capacity to make decisions regarding the nature of the services and programming offered to Canadians and guiding the evolution and the structure of the industry. The Government has confidence that the CRTC will continue to balance these objectives in making its licensing decisions.

The Government recognizes the Committee's concern to avoid circumstances that could give rise to appearances of conflict of interest for CRTC Commissioners. It will examine this issue.

Canadian Broadcasting Corporation (CBC)

The Committee calls attention to the challenges facing the CBC as Canada's national public broadcaster.

The proliferation of channels and choice has led to a shrinking audience for the CBC, presenting it with the vexing question of how far to pursue a growing market share in fulfilling the role given to it by Parliament: to present a wide range of programming in English and French that informs, enlightens and entertains, and reflects Canada, its regions, and its multicultural and multiracial nature; to be predominantly and distinctively Canadian, and to actively contribute to the flow of cultural expression and to Canada's shared national consciousness and identity.

The Committee commends the CBC's efforts to reposition itself as a source of distinctive Canadian programming that reflects Canada's cultures and values. It notes that despite audience fragmentation, CBC's English television service remains the leading service for those Canadians seeking out distinctively Canadian programming. On French television, more Canadian content is offered by the private sector than is the case on English television and more is viewed. The CBC (Société Radio-Canada) plays a larger role in reaching Canadians in French than in English, but not the leading role, given the strength of the French-language private sector in attracting audiences to Canadian programs.

The Committee is strongly supportive of the CBC's new media services as a means to reach a wider and younger audience, and recommends that new media services be formally recognized as a complementary element of the CBC's programming strategy.

At the same time, the Committee expresses concern that the CBC — indeed the whole Canadian broadcasting system — is not doing an adequate job with respect to local and regional reflection and programming.

The Committee concluded that public broadcasting remains an essential instrument of Canadian culture and recommends that the CBC be provided with increased and stable funding so that it may better fulfil the role given to it by Parliament. As part and parcel of this, it calls on the CBC to deliver a strategic plan on how it could better fulfil its mandate. The Committee also calls for greater

transparency and accountability, and for annual evaluative reports on how the CBC meets its commitments.

The Government reaffirms that the CBC is a unique and essential instrument in the Canadian broadcasting and cultural landscape, and supports its emphasis on distinctive Canadian programming. It should strive to attract audiences to that programming, and serve as an important part of the solution to the decline of English-language drama.

With respect to local and regional programming, the Government will examine the wider issues the Committee raises, including the role of the CBC. (See section on Community, Local and Regional Broadcasting.)

The Government recognizes the power of new media as a means of reaching audiences, particularly youth, and regards the CBC's innovations in this field as a positive and legitimate means of delivering its mandate.

The Government notes that it has recently reaffirmed the mandate of CBC's international service — Radio Canada International (RCI) — and clarified the CBC's accountability for it. The funding for RCI has been integrated into the CBC's parliamentary appropriation, with the understanding that the service will remain a specified component of CBC's activities.

The Government considers that it is particularly important that the CBC better communicate its plans and priorities, and that its accountability for results to Canadians be improved. Attention will be given to improving the reporting of the CBC — and indeed, all of the agencies and programs with which the Government supports Canadian broadcasting — to ensure that timely, relevant information on the broadcasting system is more readily available. (See section on Performance Measurement.)

As with all funding recommendations, those pertaining to the CBC can only be considered in

the customary priority-setting in the lead-up to federal budgets.

Community, Local and Regional Broadcasting

The Committee stresses the importance of community, local and regional programming to Canadians, especially to those in underserved areas. It regards the CRTC's 2002 community television policy as a step in the right direction, but calls on the Government to develop one clear and coherent policy covering the complex issues related to community, local, and regional programming and broadcasting. It recommends that direct-to-home (DTH) satellite providers not be exempt from providing community television services, and carry more local signals; that access to facilities by community volunteers be enhanced; and that a new fund be created to support community/local programming.

The Government agrees that within a globalized communications environment, the Canadian broadcasting system has a special role to play in reaching and reflecting communities across the country, and their diverse voices. **The Government will examine the issues raised by the Committee related to community, local and regional broadcasting, including the role of the CBC.** This may result in the establishment of specific policies and directions.

At the same time, it should be noted that recent decisions by the CRTC (July 16, 2003) have gone a long way in addressing the DTH carriage issues raised by the Committee. DTH providers must meet new commitments to carry local stations in small markets, and contribute 0.4 percent of their gross broadcasting revenues to a new independently operated fund in support of local programming. The CRTC is also considering the renewal of the licences of both DTH satellite providers at a public hearing which started on October 20, 2003. This includes a review of issues surrounding the provision of local services by DTH providers, including the carriage of

a reasonable number of CBC local and regional stations, and CBC North programming to Canada's northern regions. The CRTC's decision is expected in the new year.

As part of its community media policy, the CRTC is amending the *Broadcasting Distribution Regulations* to ensure community groups and volunteers can more readily have access to television facilities. In addition, the CRTC requires cable licensees to make information available on the programming and expenditures of community channels.

The Digital Transition

The Committee heard from many witnesses how the challenges facing the broadcasting system in Canada and elsewhere will be greatly amplified by the digital revolution — the transition from analog to digital technologies. It notes the experimentation and innovation still required, the uncertainties about acceptance, the lack of a strong business model, the unknowns about costs, and the need for a coherent public policy framework.

It believes that the Government should play a central role in the coming years to ensure that a policy framework — or plan — for the digital transition is developed in a way that all stakeholders are fairly involved. As part of this work, the Committee asks the Government to consider issues of open access, standards, signal manipulation, carriage, simultaneous substitution, revenue sharing, data collection and reporting.

It should be noted that significant work has begun in the digital arena. Following a public proceeding, the CRTC issued a licensing policy framework in 2002 to oversee the transition from analog to digital over-the-air broadcasting, which includes the requirement that broadcasting distribution undertakings distribute digital television (DTV) signals in the same quality and format as initially broadcast. The CRTC has since refined this framework and has invited further comments. Key CRTC proposals include that the “must carry” rules

of all local and regional stations in the existing regulations also apply to digital stations, and that the simultaneous substitution regulations apply to signals of comparable quality. The final policy on distribution of over-the-air DTV is expected this fall. This winter, the CRTC will also be calling for comments on a proposed policy for the transition of pay and specialty services from analog to digital and high-definition. It will also be holding separate proceedings in the future to address the direct-to-home distribution requirements of over-the-air DTV and pay and specialty digital and high-definition services. In January 2003, the CRTC issued the first DTV licence to CHUM City-TV, and is currently considering several applications by other broadcasters.

The Government has also been proactive in ensuring an orderly and efficient transition to DTV, and has achieved significant milestones in this regard. Among its achievements, the Government has: addressed many of the policy, regulatory and technical recommendations contained in the September 1997 report of the Industry Task Force on the Implementation of Digital Television; established a standard for over-the air DTV broadcasting in Canada; published the Digital Television Spectrum Allotment Plan which provides an equivalent DTV allotment for every analog station; established broadcasting procedures and rules for the certification of DTV stations; and negotiated a Canada–US cross-border DTV spectrum sharing arrangement which resulted in a Memorandum of Understanding with the Federal Communications Commission. For its part, the industry has formed Canadian Digital Television (CDTV Inc.), a private sector organization which is working with the Government to coordinate the transition to DTV, and has established three testing facilities. It is important to note that high-definition television is a major consideration in how DTV services will evolve.

To make further progress on the digital transition, the Department of Canadian Heritage will undertake work in collaboration with other responsible federal departments, agencies and stakeholders to clarify policy and objectives,

identify gaps, and help develop a plan to address them. This may result in the establishment of specific policies and directions.

Aboriginal and Northern Broadcasting

The *Broadcasting Act* provides that the Canadian broadcasting system should reflect the special place of Aboriginal peoples within Canadian society. To strengthen Aboriginal and Northern broadcasting, the Committee recommends that funding for the Northern Native Broadcast Access Program be made stable, that funds provided through the Northern Distribution Program adequately cover the cost of distribution, and most urgently, that funds be provided to replace the capital equipment needed to keep Northern and Native broadcasting on the air.

The Government recognizes the importance of sustaining and improving Aboriginal and Northern broadcasting as a means of communication, as well as a means to preserve and support Aboriginal cultures. The Government will examine as a priority the replacement of deteriorating broadcasting equipment in the North, as these systems provide Aboriginal broadcasting with a means to reach both Aboriginal and non-Aboriginal communities. It should be noted that as a result of a recent agreement between CBC and Bell ExpressVu, CBC North programming will now be available via this satellite service in the North. The Government is giving consideration to the Committee's other recommendations.

Access for Persons with Hearing or Visual Disabilities

The Committee reviewed the increasing requirements imposed by the CRTC on broadcasters to provide closed-captioning so that television programming is accessible to persons with hearing disabilities, and descriptive video services so that it is accessible to persons with visual disabilities. It urges the industry

to work towards providing fuller access, and to fully comply with the requirements stipulated by the CRTC.

Citing the costs involved and the shortage of trained captioners, the Committee recommends that the Government fund a training program and assist broadcasters in providing these services.

The Government recognizes the vital importance of closed-captioning and descriptive video services to many Canadians. The Canadian Television Fund (CTF) requires closed-captioning on all of the productions it supports. To make further progress, **the Government will extend the requirement for closed-captioning to the wider range of projects which receive support from the Canadian tax credit. It will explore how to foster further progress on video description.**

The Department of Canadian Heritage is also collaborating with the broadcast industry and technology specialists to develop an online closed-captioning tool, and is supporting a new media research initiative which, through its focus on barrier-free access, will develop guidelines for the creation and transmission of video description online.

Diversity

In dealing with the subject of diversity in Canada's broadcasting system, the Committee points out that diversity can encompass diversity of views or voices, diversity in what is represented, and diversity in the sources from which programming is drawn or available. It suggests that, in the multi-channel universe, Canada may have among the most open and diverse airwaves in the world. It calls on the CRTC, the CBC, and the CTF to ensure that diversity remains a central tenet of Canada's broadcasting system and its programming, and supports increased funding for efforts to enhance diversity.

Canada's broadcasting system has indeed grown into a strong and diverse one. It offers Canadians access to their own stories, as well as to the best the world

has to offer, through more than 600 private radio and television stations, a strong public broadcasting system, educational services, and Aboriginal television and radio. It also offers services directed towards official-language minorities, multicultural and third-language services, community channels, and a wide range of US and other foreign offerings. In this respect, Canadians have all the reasons to be proud of what has been achieved by the broadcasting system.

That being said, **the Government agrees that progress must continue to be made to ensure that diversity is integral to the make-up of Canada's broadcasting system.**

Diversity does indeed take different forms. For instance, in addition to the obligations on all broadcasters to reflect Canada's diversity, the CRTC licenses a range of broadcasters specifically dedicated to serving diverse communities. It requires broadcasters to report on their plans for equitable employment and on-air representation, and has asked television licensees to file detailed corporate plans on cultural diversity. The CRTC has also called upon the Canadian Association of Broadcasters (CAB) to create a Task Force for Cultural Diversity, and the CRTC expects the CAB to be able to make its results and recommendations available in December 2003. In addition, private broadcasters are supporting the development of ethnic programming by establishing private funds, such as Craig Broadcasting's New Voices Fund.

The CBC recently announced at the 2003 Innoversity Creative summit that it will increase its programming and training initiatives to improve its reflection of Canada's cultural diversity both in front of and behind the camera. The Canadian Television Fund (CTF) assists broadcasters in fulfilling their obligation to provide distinctive Canadian programming, which includes diversity objectives. Telefilm Canada recently completed a review of the projects it financed over the last three years to examine the extent to which minority groups were reflected. In June 2003, the Department of Canadian Heritage, Telefilm Canada, the National Film Board

and the Canada Council for the Arts announced the Spark Initiative to accelerate the inclusion of culturally diverse filmmakers and producers in Canada's audio-visual landscape.

At the April 2003 Forum on Diversity and Culture, the Minister of Canadian Heritage committed to continue to find ways to enhance diversity in all forms of cultural expression supported by the Government, including Canadian broadcasting.

International Programming

The Committee calls on the CRTC to permit broadcasting distribution undertakings to carry a wider range of international services.

Currently, the CRTC authorizes 93 foreign services for distribution in Canada, ten of which are ethnic. In addition, the CRTC will be considering proposals from Canadian sponsors for the addition of 15 non-Canadian satellite services to the selection from which BDUs make their programming choices.

Significant progress has been made in increasing the number of television services from around the world. The Government believes that it must maintain a balance between offering Canadians access to distinctive Canadian programming and showcasing the best programming the world has to offer.

International Trade Negotiations

The Committee supports the Government's position that culture not be part of international trade negotiations.

The Government believes that countries around the world should maintain the means to ensure that their cultures can flourish. For this reason, **Canada has been a leader in international efforts to build support for an instrument on cultural diversity — efforts that came to fruition on October 14, 2003 with a decision by UNESCO to begin development of an international convention with respect to the diversity of cultural content and artistic**

expression. Canada's objective for this convention will be to establish clear ground rules to enable Canada and other countries to maintain policies that support and promote cultural diversity, while respecting the rules of the international trading system and ensuring markets for cultural exports. Pending developments on this new convention, the Government will continue to seek the maximum flexibility in international trade agreements to pursue and maintain its cultural policy objectives, including those related to broadcasting.

Performance Measurement and Accountability

The Standing Committee on Canadian Heritage calls for improvements to performance measurement to allow for better evaluation and accountability of the broadcasting system. The Committee believes that the measurement system currently in place is fragmented, with different pieces of information being collected by different components of the system for different uses. It calls for measurement to take place in a cohesive and systematic way, and makes a number of specific suggestions on the mechanisms through which this may be achieved, including establishing a centralized body for measurement, and adopting the International Standard Audio-visual Number (ISAN) to track programs more efficiently. The Committee calls for all of the agencies and programs with which the Government supports Canadian broadcasting to be more accountable and transparent.

The Government notes that several organizations are collecting relevant, timely and comparable performance measures on the Canadian broadcasting system, including Statistics Canada, the CRTC, the Canadian tax credit administration, and the CTF, but recognizes that this gathering of information may not be taking place in the most systematic and efficient way. The Government will assess what information is already being collected, with a view to identifying gaps and aligning performance measurement to

ensure that information on the broadcasting system is made more coherent and easily available.

Cross-Media Ownership

The Committee examined the complex question of whether the patterns of cross-media ownership in Canada are having negative consequences on the diversity of views available to Canadians, or whether with the Internet, the multi-channel universe, etc., there has been such an increase in the sources of information that there is perhaps no need for concern.

The Government recognizes that convergence is now a core business strategy in the information era. **The Government will give further consideration to the issues involved in cross-media ownership, including practices in other countries, and notes that the Senate Committee on Transport and Communications is in the midst of a study of the Canadian news media.**

Foreign Ownership

The Committee examined the wide range of views that exist on the question of whether the restraints that currently exist on foreign ownership in the broadcasting system could be relaxed or eliminated without jeopardizing the purpose of the system. It registered its disagreement with the conclusions of the Standing Committee on Industry, Science and Technology which recommended the removal of restrictions for broadcasting distribution undertakings (BDUs).

The Standing Committee on Canadian Heritage recognized that present Canadian ownership requirements and the overall regulatory framework for broadcasting have helped overcome the major challenges Canada faces as a country with vast territory and a population one-tenth the size of the United States, the largest producer of programming in the world. Through its current approach to foreign ownership, Canada has developed a broadcasting system which is the envy of many around the world,

allowing Canadians to hear and see Canadian stories, as well as a rich diversity from other sources.

The Committee shared concerns expressed at its hearings that allowing majority foreign ownership of BDUs could undermine Canada's ability to support Canadian programming and ensure access to Canadian choices, thus threatening Canada's ability to achieve its cultural objectives. The fact is that BDUs make many important programming decisions regarding the packaging, placement and promotion of the channels they carry. As a result, the view that control over programming is solely in the hands of broadcasters, and can be clearly distinguished from those who carry programming — whether by cable or satellite — is overly simplistic.

The Government of Canada recognizes that it has a responsibility to determine how best to reconcile the conflicting recommendations of the two Standing Committees. Accordingly, **the Government of Canada undertakes to immediately launch an analysis of the foreign ownership question. This review will be completed quickly, and by the spring of 2004, the Government of Canada will be in a position to examine possible solutions.**

Licence Fees

The Committee believes that the annual licence fees charged to Canada's satellite companies for orbital slots, and Part II licence fees paid by broadcasters and distributors, may not be reasonable. It recommends that the Government examine them. Specifically, should it be determined that Part II fees be reduced or eliminated, the Committee recommends that they in whole or in part be reallocated to support the broadcasting system.

The Government agrees that further study of both the orbital slot fees and Part II fees is warranted. Industry Canada, which is responsible for setting licence fees for orbital slots, will undertake their examination. The Department of Canadian Heritage will examine the issue of Part II fees in a timely manner.

Canadian Public Affairs Channel (CPAC)

The Committee's recommendations on the mandatory carriage of CPAC in both official languages, and its protection from displacement by closed-circuit video programming in hotels, have been acted upon.

On August 20, 2003, the Government announced that it will direct the CRTC to make it mandatory for all but the very smallest cable distribution undertakings to carry CPAC in English and French, covering 97 percent of all cable subscribers. The *Broadcasting Distribution Regulations* have also been amended to ensure that CPAC is protected from displacement by closed-circuit video programming in hotels.

Provincial Educational Services

Currently, five provinces provide educational service on television: British Columbia, Alberta, Saskatchewan, Ontario and Quebec. The Committee expresses concern that these educational broadcasters receive insufficient and unequal distribution across Canada, and that certain regions lack the population or resources to support an educational service. The Committee recommends that national distribution of all English and French provincial educational services be permitted.

The *Broadcasting Distribution Regulations* permit the distribution of all educational services on a discretionary basis, as recommended. However, extra-provincial carriage of these services has posed problems both in terms of program rights and competition between new and existing services. The responsibility of licensing rests with the CRTC, whose decisions are based on a number of factors including the ability of a market to support a number of similar offerings, and the need to maintain an affordable basic service.

Preservation of Audio-visual Works

The Committee recommends that a cost-sharing strategy be established to ensure that the archival footage of Canada's broadcasters is not lost due to deterioration.

The Government recognizes the importance of preserving Canadian audio-visual materials. A strategic approach is being taken to ensure the best materials are preserved for, and accessible by, future generations.

The Canadian Culture Online Program, which supports the digitization of Canadian cultural collections, has invested approximately \$30 million to date in projects with the CBC, NFB, the National Arts Centre, the National Library of Canada, and the National Archives of Canada. To ensure long-term accessibility, the program requires that internationally recognized standards be adopted by fund recipients.

Under the Government's feature film policy, important Canadian feature films are acquired, restored, and preserved. Telefilm Canada requires that producers submit copies of any works it supports to the National Archives.

The Canadian Music Memories Program acquires and preserves collections of Canadian music.

The Government recently announced its intent to create the Library and Archives of Canada (LAC), a new agency that will combine the National Archives of Canada and the National Library of Canada. This new institution will create a single point of responsibility for the acquisition and preservation of audio-visual documentary heritage of national significance from both private and public sources, whether published or unpublished.

The Government continues to explore measures to expand the preservation of Canada's audio-visual documentary heritage through partnerships between public and private stakeholders, and through increasing technical and professional capacity in this rapidly evolving environment.