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**Mr. Gary Schellenberger**

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## Standing Committee on Canadian Heritage

Tuesday, April 17, 2007

• (0910)

[English]

**The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)):** Good morning, everyone. It's a lot nicer morning this morning than yesterday, so I'm glad to see so many smiling faces back here in Ottawa at our committee meetings. Thank you to those who went to Winnipeg. I thought we had a great session in Winnipeg.

Again, welcome to our witnesses this morning. This is the 49th meeting of the Standing Committee on Canadian Heritage. Pursuant to Standing Order 108(2), we continue with a full investigation of the role of a public broadcaster in the 21st century.

This morning we have with us, from the Communications, Energy and Paperworkers Union of Canada, Peter Murdoch, Diane Goulet, and Monica Auer. Thank you very much for attending this morning. I apologize for being just a little tardy and getting started a little late, but we will run to about five minutes to 10 and then we'll be taking a break.

So who is going to make the presentation? Mr. Murdoch.

**Mr. Peter Murdoch (Vice-President, Media, Communications, Energy and Paperworkers Union of Canada):** Thank you very much, and good morning, everyone. If you're asking me questions at some point later on, I have to warn you that my allergies are bothering me, so my sinuses are a bit plugged, but anyway....

I'm vice-president of media for the Communications, Energy and Paperworkers Union of Canada. We have about 150,000 members, and 25,000 of those members are in the media. They're at Canada's largest and most prestigious newspapers, such as the *Toronto Star*, *The Globe and Mail*, the *Vancouver Sun*, and the *Vancouver Province*, a whole variety of those, as well as Canada's private broadcasters and some public broadcasters, like TVO, CTV, CHUM, Global, etc. So we have a very good understanding and a deep interest in the media in this country, of which, of course, a prime player is our public broadcaster, the CBC.

Let me begin, and I'm going to be quite brief here because I don't think the issue is all that complicated, but maybe some of the surrounding context is.

First of all, generally, I have no problem with the mandate the way it is written now. I don't think the problem is with the mandate. I applaud the CBC for doing its best to fulfill that mandate under ever-decreasing resources. We have a big country. Monica was pointing out to me that everybody stands up and claps hands about the BBC, but of course there are 60 million people in a country the size of

Nova Scotia, and we have 30 million people here, at least two languages to be served, probably many more than that, a hugely multicultural and complex society, and a wide geography and climate to serve. Given all those challenges and given the decreasing resources, I applaud the CBC for the work they're trying to do.

I guess for you folks the larger question is, is the CBC meeting the mandate and will it be able to meet this mandate in the future? Let me say that others will have provided the data and documents to you to demonstrate the erosion of funding for the CBC. That's clear, and a lot of the data, audience, and financial picture, etc., is not going to come from this union. It will come from the CBC itself, from the CRTC, and a whole variety of other sources, which I'm sure you have at hand, so I'm not going to duplicate that.

But the erosion is clear and unequivocal at a time when the country has grown and issues are more complex and the population more diverse. Even if the CBC had wanted to continue its programming agenda from, let's say, 20 years ago, it would not be able to meet the challenges of a growing country. In this way, even if they'd wanted to continue the mandate as such from 20 years ago, because of the erosion of funding, they couldn't even do that at a time when of course the country was growing and the issues and faces became more complex. I can assure you, in broadcasting, less is not more.

It is important for us to place the CBC in the landscape of the Canadian broadcasting system, which has diversified in platforms, if not in programming. I won't be touching much on the new media, but I will say this: I can assure you, to my knowledge, there has not been one broadcaster, not one publisher, that has figured out yet what the new media is going to mean in the landscape media. I think everybody at this point is whistling in the dark.

However, when looking at the big picture, the essential question that is asked time and again is, should a publicly funded CBC compete with the private sector? I think this underlies a lot of the questions you have asked in your document. I don't think it can help but compete with the private sector. There's just absolutely no way, because the key to broadcasting is audience. Were *Hockey Night in Canada* out there on a Thursday night without any commercials—all those commercials are now somewhere at CTV and Global—but getting the audience for, say, the Habs and the Leafs, the private sector would still be yelling because that audience that would generate that money in the private sector would now be at the public sector watching *Hockey Night in Canada* commercial-free.

Because it's a game of audience share, there is absolutely no way that the public sector does not compete with the private sector. They're always competing for viewers. I think if you're asking whether a publicly funded CBC should compete with the private sector, you're asking the wrong question. Instead, we should be asking what a public service broadcaster should do and what the role of a public service broadcaster is.

With the exception that it is in two languages and it needs to reach all Canadians, much of the CBC mandate actually parallels conditions of licence for the private sector. The conditions of licence for the private sector ask for diversity, cultural expression, local programming, etc. However, the fact is that the private broadcasters have an abysmal track record on a number of these key areas, which should and does, I believe, put even greater emphasis on the need for a vibrant and robust public service broadcaster, but this requires funding.

The private sector has all but abandoned local reflection, and you will see this. There used to be—and I'm sure it was the case in all your communities—everything from cooking shows to local historical documentaries, tiny talent times, etc. Those shows gave local communities a view of themselves, a view of their history, a view of the diversity and multiculturalism. Those shows are no longer on air in the private sector in Canada. By the way, they are decreasing within the public service broadcaster as well, again for lack of funding.

The mandate is quite clear. On private sector television, and increasingly so on public sector television, Canadians are not viewing themselves as they live. They have a right to do that. They have a right to see that, and not only do they have a right, but I think it's important, for any sense that we have of the identity of this country, that they do see that.

Let me say that in the private sector even local news is being jeopardized. We had local news programs axed this past summer by CHUM in western Canada. We had the CEO, Leonard Asper, of the Global television network warning the CRTC that they might have to axe some local news shows because, he claimed, they weren't profitable. All of this puts very much in jeopardy—with the concentrated ownership—the ability of Canadians to see themselves, to understand their community, and to get the vital information that is required.

It is left to the CBC to fulfill its mandate and to fill a void, but of course this requires funding. Even as the private sector has decreased its role in news information, local programming, and, by the way, the areas of prime time drama and a variety of other cultural programming, even as the private sector has abandoned that playing field, the public sector has had to cut back—the CBC has had to cut back—because of funding.

In the area of news, we believe a public broadcaster has a key role in the country to be the most reliable news outlet in the entire media landscape. A public broadcaster should not fall, and does not fall, under the restraint of corporate ideology or shareholder influence. The public broadcaster, at arm's length from government, should be the watchdog of the nation.

I made a comment. At some point you were asking how the CBC fulfills its mandate, given the votes and the funding, and my comment was that I don't know what votes have to do with this. A public broadcaster should be there simply giving the news in the most objective and responsible way it can regardless of what the government of the day is. That's what a public broadcaster is, and that's what protects our democracy. It can't be at the whim of the current government.

● (0915)

In our view, funding cuts and the threat of further cuts have put a muzzle on this critical role, and the increasing dependence on advertising revenue dulls the eye when looking at the world of corporate behaviour and priorities. Public service broadcasting is in the interest of the Canadian public, not Canadian corporate shareholders. One only has to look at the environment and health to understand how these two interests can be at a very costly and dangerous variance. It's clear that despite the best intentions that corporations have for their shareholders' bottom line and return on investment, the fact is—and the environment is a good example—the public interest will come in conflict with that. That's why we have a public broadcaster, to ensure that this public interest is viewed, is heard, is understood. It is up to the public broadcaster to raise the alarm in the interests of the public. That is public service broadcasting.

As I mentioned in our submission, in this country we tend to refer to public broadcasting. We forget to include public service broadcasting. That service is key to public broadcasting.

In our view, Canada has a sound foundation and an important opportunity to provide a world-class news service, not only to Canadians but also to the Americas. Our view is that we see no reason, with proper funding, that the CBC shouldn't be the BBC of the Americas and have that kind of reliability and credibility throughout the world. When people want to turn to news about the Americas, they would turn to the CBC.

In a world of polarizing politics, reliable information will be critical, and we should build on our strength, but this too requires funding. Along with local reflection news and information, of course, are the areas of sports and entertainment, which includes prime time drama. CEP believes the public broadcaster has an important role in these areas, particularly on the cultural stage, but this too requires funding.

Finally, and perhaps most germane to your inquiry, is the need for the public service broadcaster to be assured of stable funding for long periods of time. The health of such a critical institution cannot be seen to be at the whim of the government of the day. Most supporters of the CBC may argue that the current federal government is not a supporter of our public broadcaster. I don't think they have to be, as long as they give the broadcaster the tools to do the jobs in the interests of the nation.

Some of you may prefer *The Sopranos* to *Corner Gas*; some of you may watch CNN rather than *Newsworld*. I say fair enough, but what you have to ensure is that the choice is there and that it is allowed to exist on a financial playing field that makes the choice one of taste, not of quality. But this, too, costs money.

On the issue of money, we would prefer to see the CBC commercial-free, funded by the government, with some added help perhaps from one or two other revenue tools.

We believe the corporate governance of the CBC should change. Appointments need a test for competency in the broadcasting world, they need to be transparent, they need to better reflect the country, and the board of the CBC need to be given more power, including the selection and dismissal of the CEO.

I do not believe that parliamentarians, with all due respect, should be deciding on programming and schedules. We should be leaving that to the experts. If we give the CBC the tools and they hire the right people, they're going to get the job done.

There is every indication that the CBC has got the job done in the past, and if it is failing now—and in some areas it is failing badly, particularly in television, in my view—it is because of the lack of resources.

The answer for the CBC is that it needs some financial blood. It's hemorrhaging, and it has been for decades. Canadians want a top-quality public service broadcaster, and it's up to Parliament to ensure they get it.

● (0920)

Parliament, over the past few years, has rightfully put a lot of money into the environment. It's going to put more into the environment; it's going to put more money into health care. It has reinvigorated our national defence. It's done a lot of things. But the key is the messenger to the Canadian public. You could do all of those things, but if you don't have a reliable messenger to tell Canadians about what it is you're doing and why it is you're doing it and allow them a choice that is sitting around this table, then we're in serious trouble. The CBC is one of those key messengers, and it requires more funding to get the job done.

Thank you.

**The Chair:** Thank you.

We'll go to Mr. Scott.

**Hon. Andy Scott (Fredericton, Lib.):** Thank you very much.

Thank you, and welcome. I appreciate your opening statements.

We're hearing about the resource issue from everyone, and I think it's fair to say that, generally speaking, there's a recognition that we expect too much for too little. I think in order to make the case, we need to know clearly what it is that we would ask the government to provide those resources for. Each of us, I think individually, has ideas about that. I'm sure you do. I think collectively we have to come together on that so there's a particular general vision for the CBC that would then be the basis around which significant resource commitments could be made.

What does the CBC look like in five years? What do you see? We'll compare notes. We all have in our minds what we think it looks like. We need to know what you think it looks like. You didn't speak too much about new media.

I accept the fact that no one has definitive answers, but I think if we're going to ask for those resources, it would be irresponsible for

us to do so without addressing that issue. Other than direct support from the government by way of budgetary items, are there other ideas you have as to how resources could flow? I see your position on advertising, and that's shared by many. Are there any other creative ideas? I think there are some references here. I'd like you to elaborate a little bit on that. Could you maybe answer those first?

● (0925)

**Mr. Peter Murdoch:** The issues where the private sector has fallen down on the job—and I think the public broadcaster has as well—are areas that need to be reinvigorated: primarily local reflection, regional reflection. Canadians need to see themselves more. Not only do they need to see themselves more, but they need to see such quality that when a show is done out of St. John's or Gander or Grand Falls, somebody in Lethbridge is interested in seeing it. I mean, that's the important part. It's not just, here's something for the folks in Grand Falls, but here's something for the folks in Lethbridge to be able to understand the breadth of this country and what these communities are about. We believe local programming is very important.

I've touched on news. With local programming is news. I think a reliable, broad, and very deep news service is the key to a public broadcaster. That's where Canadians look when they need news that is credible and reliable. By the way, that is the history of the CBC. When there is a crisis, people turn on the CBC.

I would also like to touch on drama, because the private sector is relinquishing its commitments and obligations on the drama side. Once again, it becomes the public broadcaster's duty to step up to the plate. I know this is not your role here, but part of the problem, of course, is that the CRTC is not fulfilling its mandate to demand of the private sector that it step up to the plate on some of these issues.

Let me touch a bit on the money. I don't really know how much money is needed, and I don't think many people in this room or a lot of the experts know. What we do know is that it's significantly more. I notice that the Friends of Canadian Broadcasting has suggested \$100 million a year, over five years, to reach a \$500 million increment that would be sustained over the life of the CBC. That makes sense to me. But I'm not a manager; I'm a union representative, so I can't tell you precisely how much is required. That makes sense to me only because I understand how much may be lost in terms of advertising revenue.

We're talking about a significant amount of money. But it's not significant if you look at the importance, as I say, of the public broadcaster in terms of relaying the message to Canadians. I might get to some other funding mechanisms for the CBC as well.

On the issue of the new media, right now new media is unregulated. It is a neutral platform, in some ways. I don't think anybody has sorted out how to make money from it yet. I can assure you that *The Globe and Mail* and the *Toronto Star* get lots of hits on their site, but nobody's making a great deal of money out of it. Not only that, but most of the time it's an adjunct to the service that is provided by the conventional newsrooms.

A lot of cbc.ca, for instance, would be news that is coming out of their conventional newsrooms and is then reworked by their Internet folks. Well, if we don't have funding for that conventional newsroom, the Internet stuff becomes very sloppy and unreliable.

Do people turn to the Internet? Yes. Do they use it? Yes, they do. What makes it tick? It's conventional newsroom operations, and that's true for newspapers and broadcasters across this country. Nobody is pumping an awful lot of money into the Internet right now. They are relying on their employees from other platforms to fill that void.

• (0930)

**Hon. Andy Scott:** That's it?

**The Chair:** Yes. We've gone over a bit here.

Mr. Kotto.

[Translation]

**Mr. Maka Kotto (Saint-Lambert, BQ):** Thank you, Mr. Chair.

Good morning. Thank you for being here.

Mr. Murdoch, I understand from your presentation that you don't have any problem with the existing mandate of the SRC and the CBC, even with the budgetary cuts. You even said *bravo*. But if there were among us cynical people's representatives, they could say that if they could manage with those cuts, there is no problem, they can keep going in the same direction. On the other hand, you also say that the audiovisual landscape has changed, that audiences are fragmented, that new platforms appear and that an increased financing is needed, because of all of that.

You also say that the SRC cannot compete with the private sector but in reality that's what happens. Why? Because of this race for advertising revenues to compensate for the loss of parliamentary votes. So we are back to financing.

From your point of view, is the funding granted to the SRC adequately used?

[English]

**Mr. Peter Murdoch:** Let me just go back to a couple of the earlier points.

I think the mandate is general and broad enough that a well-funded CBC could meet that mandate and Canadians would be well served. Of course, as I say, it does compete with the private sector, because it's competing for eyeballs. That's the idea. You want to get people watching your show, whether it's a show on the nightlife of the beaver or whether it's *Desperate Housewives*.

On the question of whether they are using their funding appropriately, there are shows that I as an average Canadian would like to see that I don't see on the CBC. But you know what? There are a lot of shows that lots of people watch that I don't watch. So it's not really up to me to make those kinds of programming choices. I think that's what you're talking about.

What I do see is this. Because there's a need to compete for advertising revenue, sometimes the CBC is put in a position where it is producing programs that are more like the private sector than

perhaps should be available for a public sector broadcaster. But there again, as I say, I'm not sure. There are lots of things.

Even while on a number of stations across this country perhaps audience share is a bit abysmal, that's true for a lot of private sector programming as well. So it's not as though CBC television has gone downhill and everybody else has just soared. One just has to look at the track record of Global television to tell you that there are some questions about their choices as well.

• (0935)

[Translation]

**Mr. Maka Kotto:** You have insisted on the fact that the public interest should come first as far as services offered by a public broadcaster are concerned and I quite agree with that. You have spoken about the necessary rejection of corporate influence on the public broadcaster et you said it was a watch dog for the country. If I understand you correctly, a public broadcaster should not act under the influence of the government of the day nor of its shareholders.

In the present situation, what is your diagnostic about what is happening right now today? Is the public broadcaster sufficiently independent? Does he reflect objectively, in information programs especially, the whole diversity of point of views?

[English]

**Mr. Peter Murdoch:** Let me just say a couple of things off the top, just in terms of my view as a consumer.

I'm not phoning up CBC every day and asking journalists there, but if I had my funding cut regularly and was assailed.... I think we're starting to get a polarized media, much like they have in the United States. If you listen to what I would consider to be right-wing shock jocks, as they call them, on the radio, you'll hear attacks on the CBC regularly. Some of these attacks come from very powerful media institutions, and I'd be a little bowed by that. I'd be a little nervous about that, particularly given that there's a lot of power there.

Where do I see that influence? I see it in programming cuts, in news and information cuts, and in a less aggressive position on some news items. So, yes, I think there is a change in the CBC because of the funding cuts and because of the environment.

The fact that we're looking at this now is partly, I hope, because there's concern about the health of the CBC. But there's also well-voiced opposition to the CBC, period, and believe me, management of the CBC is aware of that.

Monica has made the point to me that, indeed, we have a whole variety of ways of looking at programming content. The CRTC is there to make sure we're paying attention to the licences and the minister is there to make sure CBC is fulfilling its mandate. There is a complaint mechanism, and Canadians have a variety of ways, through government regulatory agencies and public complaint, to try to ensure that the CBC is fulfilling its mandate. I know of no company, though, let alone a public broadcaster, that wouldn't start feeling a bit jittery when it has continually had its public funding decreased. At the same time it has had these decreases, there has been an attack on its very existence, and it has been a never-ending attack for at least the past decade.

**The Chair:** Thank you.

Mr. Angus.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** I want to follow up on the discussion of a polarized media. We've been looking at the issue of public broadcasting, what it does well and where there is a challenge in private broadcasting. We talk about drama a lot of the time, but I'm interested in the issue of news media.

If you look at CBC, CTV, or Global, you're going to see a fairly high standard of journalistic integrity that I think people trust. Yet in watching a fair amount of TV lately, I've watched American networks. There has been a phenomenal change there in the quality of news reporting in the last twenty years, from a very high standard to something that's basically similar to a carnival atmosphere right now.

We only have to look at what's happened in the last few years. They have a President who was able to perpetuate a fraud on the American people, based on the fact that the media went along with every crazy, crackpot thing he came out with on Iraq. There was no objective media presence in the U.S. on major television networks to challenge that, unlike in Canada, where we still maintained an objective sense.

I'm looking at three areas where I think Canada's strengths would be right now. I don't think they have anything to do with us being innately more highbrow than our American neighbours, but we have maintained a strong public broadcaster that I think sets a benchmark for other media, we've had a CRTC that has maintained some teeth, and we've had a diversity of competition in the marketplace. I would suggest that all three areas are fairly challenged right now.

Given your experience representing workers in newsrooms across the country, how would you see this polarization of the media in both the private and public spheres?

● (0940)

**Mr. Peter Murdoch:** A few nights ago I was listening to Fox radio. I listen to radio at night. This was Fox shock talk, which referred to CNN as the communist news network. It's this kind of polarizing, which is there in the United States, that I worry about here. It serves to polarize the country, and it may serve to get an audience, but in the long run you end up with not very thoughtful news and information.

In terms of the news source, let me for the fun of it give you an example. This is true in broadcasting as well, but it might be more easily demonstrated in print.

In Vancouver, *The Vancouver Sun*, Vancouver's largest newspaper, used to have, I think, four people covering the legislature in Victoria. Now I think it has one columnist and uses the sister paper, the Victoria *Times Colonist*.

In Alberta, the *Edmonton Journal* and the *Calgary Herald* used to have two reporters each and were very competitive with each other. Now, I understand, they have one reporter each and share news back and forth, so there's that kind of competition.

In this province, *The Windsor Star*, *The Hamilton Spectator*, *The London Free Press*, and *The Kitchener-Waterloo Record* all used to

have reporters covering the provincial legislature. Now none of them has. Three of those papers had reporters up on the Hill, and none of them has.

That's in the newspapers. But I can assure you that particularly in medium and small-sized broadcasting markets the same thing is going on. There is a withdrawal of coverage in news and information.

I'm just receiving a note here. Monica is just letting me know—and this is true—that the CRTC unfortunately has dropped its regulations regarding news programming from radio and television. It used to demand that when people had their licence they would be expected and obligated to have so much news and local programming. Now that's not true.

All I'm saying, I guess, is that in this polarized atmosphere the idea of having a strong, independent public service broadcaster becomes more and more important for the health of the country; there's no question. Those folks who criticize the CBC because they see it as left-wing, or liberal, or communist, or socialist, or God knows what all, are making a large mistake, and making a mistake that's bad for the country. I think the CBC strives to be a strong, independent broadcaster in the service of Canadians. That's the difference here: in the service of Canadians—the breadth of Canadians, not simply shareholders.

● (0945)

**Mr. Charlie Angus:** I just want to follow up on that one more time. You talked about the political attacks on the CBC and how they affect the confidence to cover stories.

We had a recent example with Tom Flanagan, good soulmate of our present Prime Minister, who went running to his blog site when he got cut from a story and saw that as an example of the perfidy of the socialist media. I get cut from stories all the time. I just figure they've run out of space, or maybe they've heard my line before. I might set myself up as a blogger to lick my wounds publicly.

What do you think it means, on the eve of, say, a CBC mandate review, when you have a friend of the Prime Minister coming out and saying, "I wasn't in a story; this is an example of the CBC failing its mandate"—that kind of micromanaging of what would be part of a normal news room network?

**Mr. Peter Murdoch:** I'm not surprised that politicians want to get their names in the paper, or that you want get your face on air, and I'm not surprised if the Prime Minister wants to do it as well. The problem I have, particularly with the Prime Minister doing it, is that it sends a chill across the CBC. The CBC, of course, relies on government funding, to some degree, so it's a huge problem. I don't think it's his role to be in any way criticizing the public broadcaster. It's intimidating.

By the way, we all struggle for our little bit of fame on the media. The idea that people complain about it.... Well, yes, they do. I have some deep concerns about a lot of our conventional media in their policies and direction. But for the Prime Minister to be commenting on the public broadcaster I think is a grave mistake, because it puts a chill on a newsroom that perhaps more than any other demands freedom to do its job.

**Mr. Charlie Angus:** Thanks.

**The Chair:** Mr. Brown.

**Mr. Gord Brown (Leeds—Grenville, CPC):** Thank you very much, Mr. Chairman.

I want to thank our witnesses for being here today. There were some interesting points.

I went through your brief, and you came right to the point. You said there are central questions for Canadian public broadcasting, and we'll go through them one by one.

Does the CBC have the resources to fulfill its mandate? This is something I asked Mr. Rabinovitch, first of all, in the last Parliament and again when he was before the committee on this study.

You talked about the cuts. The government recently put \$60 million more into the CBC.

My question is this. What is the optimum for the CBC? What would it look like and how much money is it going to cost, especially from your perspective as the representative of the workers?

Here's your chance.

**Mr. Peter Murdoch:** Yes, everybody gets a 50% wage increase.

No, it's really hard for me to say. If you want to, you can go to the Cadillac level and think, boy, we would like to be the BBC of the Americas. As I said, it's going to cost a significant amount. How much? You'll have to ask them.

I could come here and tell you we need another billion dollars for the CBC, but I don't have documents supporting that. I haven't done studies to support it. If somebody's going to make a decision about the need, all I can tell you is that when I look at the programming out there, the audience reception out there, and the cuts that have happened to the CBC over the past decade, it is clear to me that more money is required to do this. But you're going to need to hear from the public broadcaster itself on the money we need and what we're going to do with it.

I think it's fair for this committee to say, we've heard from a lot of people and we agree that one of the things you should be doing with this new money is local reflection, or one of the things you should be doing with this money is prime time drama.

It's up to the people who know the business to come to you and say, we hear you. Here's what you say our mandate is. Here's how much money it's going to cost us to get it done.

But it has to be stable funding. That's the other thing. It can't be from day to day.

**Mr. Gord Brown:** Okay. Can you quickly give us a little background on the impact of the cuts? How did it affect things on the ground for the viewers and for your workers?

• (0950)

**Mr. Peter Murdoch:** What was the impact of the cuts?

**Mr. Gord Brown:** Yes, quickly give us the background, for a minute or two.

**Mr. Peter Murdoch:** Well, some stations were actually closed.

I think the disastrous decision that was being proposed by Mr. Rabinovitch to end the supper-hour news shows, which was turned back and ended up being half an hour but still cost the CBC an enormous amount in terms of audience and trust, was a direct result of trying to deal with funding cuts.

We've seen everything at the CBC, from public relations to the ability to build sets and designs. By the way, let me make one quick point here. I'm very sad to see the CBC completely abandon the in-house production of drama.

There's a culture that comes within public broadcasting that is different from private broadcasting. That culture can sometimes generate wonderful programming, and it is unique and different. It can sometimes generate some terrible stuff. Do you know what? The good and the bad are not different from the private sector. But if you get rid of it, we won't have a choice anymore.

**Mr. Gord Brown:** Okay. Going back to your comments and questions, has the CBC the appropriate management team in place to ensure mandate obligations are met? Do you think the appropriate management team is in place?

**Mr. Peter Murdoch:** I don't think it is, but it's a personal decision. I've looked at some of the decisions they've made.

The one I was talking about on the news-hour show I thought was just abysmal. Given the damage it did, I think heads would have rolled in the private sector. We've had an abysmal labour relations atmosphere at the CBC, and it's much worse than at the private sector. The strike, the lockout, was completely unnecessary, in my view.

There are a number of things I could point to.

**Mr. Gord Brown:** Your final comment was about the governance of the CBC and its suitability to ensure the mandate is carried out. Do you think there should be a change in the governance? I guess that's my last question.

**Mr. Peter Murdoch:** Yes, I do. I think the sense now—and it's more a sense of reality—is that it is too tied to patronage. I'd like to see that the best and the brightest get appointed to the board in a process that is transparent, and then, once that board is appointed, see that we give it the authority to run the corporation, which means the authority to hire and fire its CEO and president.

**Mr. Gord Brown:** Thank you.

**The Chair:** Thank you.

Maybe we haven't got time for another whole round of questions, but I do have a question. It's something I want to have put on the record.

When Mr. Richard Stursberg from the CBC was here, he said the CBC offered independent producers a deal whereby the corporation would put content online and divide any revenues that came as a result 50-50. The offer was not accepted. Why have the independent producers and the CBC not been able to reach an agreement on this? When will the CBC and independent producers reach an agreement to put content online?



Again, as we've gone around the country and met with different witnesses, we've seen that new media are very important. We do know that analog's days in television are numbered, but in broadband and stuff we've only scratched the tip of the iceberg. If there was somewhere to step forward and the CBC was trying to work with independent producers, why didn't independent producers accept an offer like that?

**Mr. Peter Murdoch:** I don't know. If I were you, I would certainly ask ACTRA. I think they are up next. They probably are closer to the independent production community.

I would say that they need guidance, in some ways, from the CRTC. The CRTC has almost washed its hands of the Internet, and that's part of the problem. Our federal regulator has not put its mind or its regulatory office to work here; it's kind of backed off, so we have a kind of *laissez-faire* environment.

I'd be guessing about why it didn't work out. From a long experience in collective bargaining, I'd say it can be anything from not liking the person to some really significant and substantial issues about not knowing what that environment is going to look like and feeling very nervous about signing on now. I don't want to try to guess. I think there are other people who are going to appear before you who have more knowledge about it than I do. I'm sorry I can't help you out.

• (0955)

**The Chair:** Okay. Thank you very much. I appreciate your presentation here this morning.

We're going to recess for five minutes.

**Mr. Peter Murdoch:** I'd like to thank the committee.

**The Chair:** Thank you.

• (0955)

(Pause)

• (1000)

**The Chair:** Welcome back. We'll reconvene and welcome our next witnesses. From the Alliance of Canadian Cinema, Television and Radio Artists, ACTRA, we have Richard Hardacre, Stephen Waddell, Raoul Bhaneja, and Arlene Duncan. Welcome.

Richard, are you going to make the presentation?

Please proceed.

**Mr. Richard Hardacre (National President, Alliance of Canadian Cinema, Television and Radio Artists):** Thank you, Mr. Schellenberger.

[Translation]

Good morning to everybody.

[English]

My name is Richard Hardacre, like an acre of land.

**The Chair:** Hardacre. An acre of land, okay.

**Mr. Richard Hardacre:** It's a very old name. My family came from pretty tough.... It's apparently a 400-year-old name, from Yorkshire, in Angleterre.

Good morning, Mr. Chair and members of the committee. As I said already, my name is.... And you've heard it. I am the national

president of ACTRA, but importantly, to me, I believe, I'm a Canadian actor.

Joining me today are Arlene Duncan and Raoul Bhaneja, two busy Canadian performers, members of ACTRA who have devoted major periods of their careers to the CBC. And as our national director is ill today, with us is ACTRA's director of public policy, Mr. Ken Thompson. We really sincerely thank you and the committee for having us here for the opportunity to speak to you.

I have an introductory couple of words about ACTRA. You may have heard about us in the news lately. We had the first strike in our 64-year history, unfortunately, and we solved it after six weeks.

ACTRA is the Alliance of Canadian Cinema, Television and Radio Artists, a national organization of professional performers working in the English language recorded media. We represent the interests of over 21,000 members across Canada, and we are the foundation of Canada's highly acclaimed professional performing community, in the English language at least. Our members, like the three of us, are self-employed. We're professional performers. As self-employed creative artists, we believe we have a vital stake in the future of Canada's culture.

ACTRA's members believe that there must be a strong Canadian voice wherever and whenever entertainment and information products and services are created and distributed to Canadians. We believe passionately in the creativity of our craft and our industry. We're confident that our fellow artists have all the skills to tell and perform our own stories, and that's why it's very important for us to be here today in this public process, a process that we give a great deal of credence to, to share our advice with you and the committee on the future of the CBC.

Of course, we also recognize the role of the Société Radio-Canada in respect of its French language programming. However, we know that this committee is certainly going to hear, if it has not already, from the Union des artistes, our sister organization, which represents film, television, media, and stage performers in the French language in Canada. So we'll keep our comments today focused on the English language services provided by the CBC.

We wish to make four points, if we may.

Number one, we believe the current mandate of the CBC should be maintained.

Number two, the CBC should dedicate more of its programming content to dramatic production, particularly dramatic production for prime time viewing.

We believe that the annual parliamentary allocation for the CBC should be increased to permit the public broadcaster to properly fulfill its mandate, and as an ancillary point not specifically directed only to the CBC, we believe the exemption order for new media determined by the CRTC should be revoked. We believe the Canadian content requirements should be placed on new media. We'll expand on each of these points, and we look forward to your questions.

I'd like to turn now to my colleague, Ms. Duncan, who will tell you why ACTRA supports the present mandate of the CBC.

• (1005)

**Ms. Arlene Duncan (Member, Alliance of Canadian Cinema, Television and Radio Artists):** Thank you, Richard.

ACTRA has always supported the CBC, Canada's national public broadcaster. Our union's history is inextricably linked to the CBC. The first Canadian recorded media performers union, a predecessor to ACTRA, was created at CBC Radio in the mid-1940s. The relationship between ACTRA and the CBC is symbiotic in many respects, since together we are fundamental to the creation and development of a pool of professional performers. While the role of the CBC in the professional life of Canada's performers has changed over the years, the CBC remains a vital part of Canada's broadcasting milieu. The CBC must remain the primary television destination for Canadians, a place where Canadians can see our own stories and watch those of the world unfold from our own distinct perspective.

We applauded the CBC for Canadianizing its prime time schedule in the mid-1990s, which laid the basis for the creation of a true alternative to the private broadcasters, both Canadian and foreign. The CBC's increased reliance on obtaining productions from Canada's independent production community represents the best form of cooperation between the public and private sectors. To be an effective alternative to private broadcasting, the CBC must not only present the current reality of Canada, it must challenge us to reflect on our history and to think boldly about our future.

Only a public agency can afford to take the risks inherent in producing distinctively Canadian programming. We believe many Canadians share our view, and we believe it is the role of the government to give the CBC the resources necessary to take these risks. As a consequence, ACTRA urges the committee to recommend that CBC's existing mandate be maintained and that the annual parliamentary appropriation for the CBC be increased to give it the resources to effectively implement its mandate.

The CBC has a key role in addressing the continuing and critical situation of the scarcity of Canadian drama on our screens, and it must be encouraged to do just that. The CBC has been responsible for many of Canada's most provocative miniseries and best-known drama series. *Trudeau*, *Da Vinci's Inquest*, *Canada: A People's History*, *Shattered City*, *Human Cargo*, *The Last Chapter*, and *This is Wonderland* all come to mind, as well as comedies like *The Newsroom*, *This Hour Has 22 Minutes*, *The Rick Mercer Report*, and, of course, *Little Mosque On the Prairie*.

• (1010)

**Mr. Richard Hardacre:** Ms. Duncan says, "of course, *Little Mosque On the Prairie*" as she has a featured continuing role, a

starring role, in *Little Mosque on the Prairie*, one of the new programs that CBC is having great success with.

CBC has an ongoing tradition of commissioning dramatic adaptations of Canadian literary and theatrical works. Examples are Margaret Atwood's *The Robber Bride*, Guy Vanderhaeghe's *The Englishman's Boy*, and *St. Urbain's Horseman*, Mordecai Richler's tale of immigrants enriching the social fabric of Montreal in the early part of the 20th century. All have recently or soon will have been aired on the CBC. My point is that it's quite unlikely that any of those stories, any future Canadian stories, could be brought to life on television screens in this country were it not for the CBC. CBC's drama programs have endeavoured to be on the cutting edge, and we believe that Canadians want the choice of challenging programs—a wonderful alternative to what we could call "homogenized products", which are beamed into this country from the United States.

We think the CBC should be not as obsessed with audience ratings as they are stressed by some of their most senior management. The aims of a public broadcaster, in our opinion, should never be dictated, to a large degree, by whatever sells—high-fibre cereal or lottery tickets. While we do not believe the CBC alone has a responsibility to pay for and schedule Canadian English language dramas, we believe it certainly has a greater responsibility to do so. Over the past seven years, CBC's level of financial support for Canadian drama has generally been about the same as that of the private sector. In the spring of 2005, the CBC announced that in addition to its traditional support, it did intend to invest an additional \$33.5 million in Canadian drama in the next two years, which, one hopes, could have added 100 more hours of dramatic programming to the CBC's schedule in 2006 and 2007. We want to see the broadcaster be able to do that and to do more.

The CBC also stated that its goal was to double the amount of drama and entertainment programming broadcast on its main network. ACTRA really believes that CBC television, if adequately resourced, could set the bar in the broadcasting of drama, the kind of bar that Mr. Murdoch spoke to us about earlier today, a benchmark that should be matched by the private Canadian broadcasting networks.

**Mr. Raoul Bhaneja (Member, Alliance of Canadian Cinema, Television and Radio Artists):** Thank you, Richard.

For the CBC to play an important role in the area of Canadian programming, as we've said, it must be adequately funded, but it's been steadily constricted by a series of reductions to budgets stretching back through a string of different federal governments. Parliamentary appropriations for the CBC have declined by 29%, in real terms, since 1990. Based on data from CBC's annual reports from 2002 through 2005, government funding is \$415 million less today than in 1990, and that's measured in 2004 dollars.

The current level of public funding for CBC is simply insufficient given its broad mandate and its obligation to develop and broadcast high-quality dramatic programming on its network. So ACTRA recommends that \$60 million of additional program funding be dedicated to scripted production. This funding should be made a distinct and permanent part of CBC's annual allocation.

The declining financial commitment from federal governments over the years has necessitated a growing reliance by the CBC on advertising revenues, placing the public broadcaster in direct competition with private broadcasters. Thus, the pressure on the CBC to secure advertising revenues has clearly affected programming choices. There is little doubt that while sports has held the secure level of programming, arts entertainment has gone in the opposite direction. During the hockey strike a little over two years ago, you'll remember the CBC management replaced hockey broadcasts with Hollywood movies—some pretty bad ones—rather than airing Canadian productions, because they claimed that this alternative was needed to maintain advertising revenues.

ACTRA recommends that with adequate public funding and the possible return to sponsored programming, the long-term objective of the CBC should be to be commercial-free in all of its services.

In a comparison of 18 major western countries in 2004, it was revealed that Canada had the third-lowest level of support for its public broadcaster. This analysis of government support for public broadcasting also measured the potential benefits derived from government support based on four different criteria: the promotion of culture and common values, the relative size of the domestic language market, the proximity to a larger country with the same language, and the audience appeal of indigenous programming.

The analysis ultimately showed that of the 18 countries surveyed, Canada would be the country that would derive the most benefit from a stronger and better-funded public broadcaster. The parliamentary Standing Committee on Finance, in its pre-budget consultation report in 2006, recommended increased funding for the CBC, and we would all like this committee to support that recommendation.

The CBC needs a stable funding commitment from this government that will allow for long-term planning that adjusts for rising costs and will assist the CBC with the necessary technical upgrading required to enable it to expand into new media and digital broadcasting. ACTRA does not believe the CBC mandate should be constrained to accommodate reduced funding. We urge this committee to ensure that the CBC is adequately funded to carry out its current mandate and to make the transition to digital and high-definition programming, above all without compromises to Canadian programming, and particularly drama production.

• (1015)

**Mr. Richard Hardacre:** Thank you, Raoul.

And finally, we have a few words about new media and the role of the CBC.

Technology has brought us more and more programming choices, obviously. Cable, satellite, and the Internet have resulted in Canadians having virtually unlimited access to foreign programs.

Our analysis shows us that the new platforms would not cannibalize existing television. Cross-platform projects involving new media distribution are increasingly anchored around major television properties. That's why we and the other unions in our coalition believe that the new platforms would not detract or cannibalize from existing television.

As Canadian content created for traditional media reappears on these new platforms, such as "mobisodes", mobile broadcasting, and the Internet, there may be a favourable effect in fact in terms of the accessibility of Canadian programming. So it's important that the traditional television channels, especially the CBC, be subject to meaningful Canadian content requirements, in our opinion, given that the content may then appear on multiple platforms.

In 1998, the CRTC created a sweeping exemption order for all new media that exempted broadcast services from regulations of Canadian content for the entire libraries of programming they would offer through the Internet or on mobile platforms. ACTRA is recommending to this committee and to the CRTC—and we *are* recommending to the CRTC—that it must revisit and revoke its new media exemption order. ACTRA urges this committee to support that recommendation to Parliament, and we urge the government to direct the CRTC to carry out a review of its new media policy and revoke the exemption order it made.

In fact, there are clear precedents as to how new media platforms indeed can be regulated. In Europe, the European Commission adopted a new directive called the audiovisual media services directive, which distinguishes between linear and non-linear services. That directive in Europe called for content requirements for linear services that include both traditional broadcast and streamed audiovisual services on the Internet or on other new platforms.

Non-linear audiovisual services, such as video on demand—we call these non-linear—would be subject to a lighter regulatory regime under this directive, which also would not differentiate between the platforms.

Admittedly, in Canada as well, the CRTC has, to a limited extent, regulated non-linear services, such as video on demand, when offered by the broadcast distribution services—cable providers, in this case—to ensure that an appropriate level of Canadian content is available. We need that Canadian content to be protected through all of our broadcast media.

In summation, the need for a strong national public broadcaster—and I'm talking again now specifically about the CBC—is just as evident today as it was in 1929 when the CBC was established. It is apparent that our national public broadcaster must receive adequate, realistic funding to enable it to carry out its mandate in this 21st century.

We thank you, and we would be pleased to answer any questions the committee may have.

Thank you, Mr. Chair.

• (1020)

**The Chair:** Thank you.

Ms. Keeper.

**Ms. Tina Keeper (Churchill, Lib.):** Thank you, Mr. Chair.

I would like to thank Mr. Hardacre and the ACTRA members for their presentation today.

Indeed, I have had the great opportunity to work as an artist as well in your profession. I have known that there was and is really something inextricable...about ACTRA and the artists it represents, and the CBC, and how that is part of its mandate, ensuring that Canadian talent is nurtured and is promoted and has a platform.

We heard from ACTRA when we had our hearing in Manitoba, and one of the comments they made was that in the last decade the cuts to CBC have impacted the local artists in such a way that they feel they really don't have a relationship to CBC any more. So there is no radio drama, and that was a regular gig for many actors, and they're not getting day calls to be on a CBC series or an MOW.

Could you talk about the impact of the cuts on your members?

**Mr. Richard Hardacre:** My colleagues may wish to comment as well.

As you know, I'm an actor and I base my work in Toronto now. I trained at the National Theatre School of Canada in Montreal, and I started my career in Montreal.

I'll give you a personal example. When I moved to Toronto in the late 1970s and started getting my first work in Ontario and outside of Quebec, there was a casting department at the CBC. It was very efficient and professional, with a head of casting and about six casting directors. They had a remarkable thing—a talent library that the CBC had put together over generations. They weren't just seeing the icons of Canadian television like Don Harron and Catherine McKinnon; they were seeing thousands of actors, not just from Toronto. The casting department spread its work across the country because there was real production being done by the CBC. This was from 1977 into the late 1980s. Cuts have occurred since about 1990, and that casting department completely disappeared in the 1980s.

I learned yesterday from my friend Raoul that CBC has reinvigorated a single-person casting advisor for productions they are co-producing or commissioning. That's really heartening. It's great news that once again there is a reason for actors to go into a CBC building on spec.

Ms. Keeper mentioned Manitoba. Hundreds of our members in Manitoba used to rely on CBC radio and television. I think CBC radio is one of the healthiest indications of what can be done for our culture in both languages in this country. CBC radio is relatively unscathed; it is the television that has been eviscerated.

ACTRA is a national federation of branches, and we have a branch in Edmonton, Alberta. That branch was formed specifically to protect the interests and cover the collective bargaining interests of our members in Edmonton. In the 1960s their only work in Edmonton was for the CBC, and that branch has now closed. ACTRA's national council had to choose in January of this year to close that branch, and 130 members in that branch no longer have an administrative centre. They have to rely on Calgary's office to handle their work, because there is no Canadian indigenous or any kind of CBC work in Edmonton. The work that happens in Edmonton is

service production that depends on the fluctuation of the Canadian dollar. If it's a little bit high, there is no service production coming from the United States into the prairies and the west. We all know that the Alberta government is the one government in the country that doesn't have provincial tax credits toward film production.

So that's one indication of what the cuts have done over the last 15 years to the CBC. Actual casting advice from the CBC is not happening, and no one is getting a job directly from a CBC production. It works otherwise now.

I don't know if my colleagues have anything to say or add to that.

•(1025)

**Ms. Arlene Duncan:** My very first job as a teenager was with the CBC, back in the day when they had CBC variety. There were big productions that used Canadian musicians and live bands. Canadian designers did the costumes, sets were designed—and the productions were live. My first production was on the *du Maurier Search for Stars*, which was a cross-Canada production with representatives from all across Canada. I have managed to grow and learn in my profession through the CBC.

When variety disappeared there was radio and drama, and you learned to grow. You had your resume—as we call it—by doing different types of media. That sort of thing is gone because there just aren't the opportunities, and a lot more independent productions are now coming in. Today I can be in a production like *Little Mosque on the Prairie*, which is a uniquely Canadian experience. It has created worldwide interest because it's something that could happen in Canada, from a Canadian perspective and Canadian experience. I give that credit to the CBC and the fact that it's in existence.

[Translation]

**The Chair:** Mrs. Bourgeois.

**Ms. Diane Bourgeois (Terrebonne—Blainville, BQ):** Thank you, Mr. Chair.

Good morning, ladies and gentlemen.

At paragraph 24 of your presentation, under the title « The Drama Crisis », you say that last fall, the CBC used the Drama Crisis to explain to this committee the need to increase the CBC's funding, which represents a budget of a bit more than a billion dollars.

In your opinion, is this billion dollars adequately managed?

**Mr. Richard Hardacre:** Excuse me, may I answer you in English?

**Ms. Diane Bourgeois:** Yes. We can all have access to interpretation.

**Mr. Richard Hardacre:** Thank you. I don't speak French very often.

[English]

It's not as good as my English anyway.

I can only give a personal opinion on that. Is a billion dollars adequate? I'm an actor. I don't know what a million dollars is—and I don't mean to make a joke of it.

I have to wonder about management choices at the CBC, but is it adequate? I don't believe it's adequate when decisions such as the one made a year and a half ago during a national crisis, the National Hockey League lockout—I joke—are made. The CBC could not broadcast that very popular, highly rated program on Saturday evenings, *Hockey Night in Canada*, and they were going to lose a great deal of revenue. I spoke to two of the senior managers of the CBC about this, and they were so desperate that they said they had no choice but to import Hollywood films to fill that time slot so that they could satisfy the advertisers. They absolutely needed that advertising revenue to keep the network going, and they couldn't get by.

I quarrel with their choice. There are fabulous Canadian films. Some of the actors present here today have been in some fabulous Canadian films. They could have been shown and the CBC could have probably gained a great deal of advertising, but management insisted that the funding of the CBC was insufficient without the advertising revenue generated during hockey games.

If that slight change could sink the ship without advertising revenue that was equivalent, then clearly there's something wrong with one of two things: whether there is enough money, and how that money is managed. I can't venture an opinion as to how the money is managed. I manage my bank account and that of my family.

I don't mean to skirt the question, but I do believe it is not enough. You heard from my colleague Mr. Bhaneja that in real dollars, the amount of money available to the CBC has declined over the last significant period of time.

I wonder if Mr. Thompson has a comment on it.

● (1030)

**Mr. Ken Thompson (Director, Public Policy and Communications, Alliance of Canadian Cinema, Television and Radio Artists):** Thank you, Richard.

I'd just like to draw your attention to paragraph 32, in which we reference that "in spite of the \$60 million in extra funding that the CBC received each year over the past four years, the funding levels are \$415 million less than in 1990 (in 2004 dollars)." That's why we've recommended that an annual \$60 million be made a permanent part of the appropriation.

Just as a matter of interest, in the latest CFTPA profile, which the producers put out each January and February during their conference, they've noted that actual budgets for programming have declined in the past ten years.

So is there enough in the CBC's coffers to actually do what they propose to do? If you look back into our brief, we've quoted—

[Translation]

**Ms. Diane Bourgeois:** I'm sorry, sir, but I asked you a question and I don't want us to stray too far.

I asked you if you thought that the money the CBC receives presently is adequately managed. Then, I'll ask my second question.

[English]

**Mr. Ken Thompson:** As Mr. Hardacre said, it's very difficult for us to say whether it's appropriately managed or not. There have been some programming decisions that have not been very well made, in our union's opinion.

[Translation]

**Ms. Diane Bourgeois:** Excuse me again, sir. I ask this question because at paragraph 24 of your presentation, you say:

CBC president Robert Rabinovich and CBC executive vice-president Richard Stursberg have each raised the drama crisis publicly as a pressing issue. The CBC used this issue to explain to this committee [...] the need to augment funding [...]

I would like to know first if you agree with that. Then—and it will be my last question because I don't have much time—you ask for a permanent long-term, adequate funding. Do you think there should be more transparent, more detailed accountability?

This is why I asked my questions.

[English]

**Mr. Richard Hardacre:** On the two points, Madame Bourgeois, we certainly agree with the comment that the drama crisis is a situation of inadequate funding. And to your second question, yes, we certainly agree with having greater accountability of CBC's management and how the public broadcaster is managed into the future. We definitely agree with that.

[Translation]

**Ms. Diane Bourgeois:** Very well, thank you.

Thank you, Mr. Chair.

[English]

**The Chair:** Thank you.

Mr. Angus.

**Mr. Charlie Angus:** We're very glad you came here today to give us your opinion. We had an excellent meeting with ACTRA in Winnipeg, I have to say.

In all fairness to our committee, we're probably the last people on the planet to decide how to make exciting television and to restore audience share. Our job is to ensure there's accountability, to ensure that a funding mechanism works. In all honesty again, I don't think we've seen one road; we'll probably do what all politicians do and take a mixed bag of options. As is always said, a camel is a horse created by a committee, and maybe that's what our new CBC will look like.

So with that preamble, I just want to put forward some of the scenarios that are coming out for funding, because that is what our job is: how to best fund it. One of the scenarios would be for us to take the CTF funding, say the 63% of it now going into the private broadcasters, and to give it to CBC. So we would give the whole lump of whatever CTF is as a fund to CBC to do drama, and then we would cut all the domestic content obligations on the private broadcasters and let them do what they do well, which is to capture U.S. signals and stick Canadian commercials into the middle of them.

Do you think that would address, number one, the crisis at CBC, and number two, provide a mandate for use of our public airwaves?

• (1035)

**Mr. Richard Hardacre:** No, I do not.

I believe that if one expects CBC English language to be the only broadcaster of Canadian stories and Canadian programming, sure there would be a lot of production. There would perhaps be a couple of new hours of programming.

We don't believe the CBC should be the lone voice in this country. We have a number of private broadcasters whose signals are the property of the people of Canada. They operate on a licence fee, and we believe these private broadcasters are also obligated to create Canadian drama. They're doing a despicably poor job of it at present. We've been alarmed about that for the last eight years. In prime time hours there is just an abysmal lack of Canadian drama. You can't point to one program in the English language called *Corner Gas* and say there's the success of our culture in the English language. That is only one-half hour in a week. It's inadequate, but I've diverged here.

Mr. Angus, I really believe that throwing money at the CBC and saying, "You do all the English language programming for drama" would ghettoize all Canadian production into the CBC. That's probably a good word to use: it would "ghettoize" it. And if there were a government in the future, or presently, that made an unfortunate choice of saying, well, CBC should have no more government allocations, then Canadian work would be dead—completely dead.

So, no, I don't believe.... And I'd actually firmly argue that all the work we hope to see—which is not just work for actors and our members—is for the cultural richness of the country. So we do not believe it should all be dedicated to CBC production only.

**Mr. Charlie Angus:** One of the other problems with the funding models we're looking at is there does seem to be some consensus, or at least a general direction, that CBC would be better served if we weren't just chasing advertising dollars. The argument being made is that we're making extremely safe television when extremely safe television is extremely boring television. So even though we're trying to get advertising ratings, we're not winning that war anyway, and we're not doing what people want, which is interesting television and television from the regions, etc.

We haven't heard anybody yet talk about how we would replace advertising if we did that. It seems to me that one of the suggestions is that we give hockey to the private broadcasters. We'll give them all the advertising revenues and then we'll somehow make up the difference.

Do you have any thoughts about how we would come forward with a funding model if we weren't based on advertising revenues and hockey?

**Mr. Richard Hardacre:** If I may follow up on that, do you specifically mean funding models for the CBC?

**Mr. Charlie Angus:** We'd certainly have to put a dollar figure on it, because if the CBC weren't chasing the advertising bottom line right now and if we didn't have hockey, we would have a huge hole in our budget. How would we fill drama content if we didn't have hockey and we didn't have corn flakes commercials?

**Mr. Richard Hardacre:** That's true enough.

We have one idea, and there may be others here. ACTRA has been arguing since 1993, when a government in office at the time made a drastic cut to the government's portion of the Canadian Television Fund, for increased funding to the CTF, funding that comes not only from the big cable companies but also from the federal budget. There was a \$25 million cut then, which was partly restored, we think thanks to the demonstration ACTRA did in the spring of 2003.

The CTF has part of its funds dedicated to production that the CBC can buy. The CBC buys production since they don't have in-house casting and in-house production anymore and have laid off their technicians because of budget constraints; they do license, or commission, independent productions. We believe that if the CTF were more adequately funded—if the CTF pool were a bigger fund of money—then the CBC's portion of it would certainly add some millions to it.

It hasn't been ACTRA's aim to come up with funding models, but certainly we've had discussion among our colleagues and with our coalition partners on this question.

Ken, can you think of anything else?

• (1040)

**Mr. Ken Thompson:** I can only say that advertising from hockey, from what I understand from the CBC financials, as basic as they are on their website, is about \$400 million a year, so it would require at least an infusion of that much to restore the CBC to its present levels, which in our opinion are not adequate to carry out its mandate.

The fact that they've renewed the NHL franchise for another two years is a positive step forward, and maybe hockey will never go without advertising. Can anybody imagine the CBC without hockey, though? That's the question you might want to ask yourselves.

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

Mr. Warkentin is next.

**Mr. Chris Warkentin (Peace River, CPC):** Thank you very much.

I appreciate your coming this morning to give us your sense of the CBC. Obviously you play an important role, or have an important relationship, with CBC.

Further to the whole issue of financing the CBC, a lot of people are talking about the non-commercialization of the CBC and whether we should go down that road. I understand that you are part of the consensus that CBC television should move the same way CBC radio has gone.

I was just looking at the numbers here. The CBC receives \$315 million every year from advertising. In the discussions you had with Mr. Angus you were still unsure as to where that additional funding might come from. I'm wondering if you have any ideas in terms of that.

I would like to push it a little bit further. Certainly we wouldn't criticize you, because I know this suggestion is coming from many, but if the suggestion comes, it's our obligation to ask the question. What directions are we willing to go in terms of raising funding for CBC? I would push it back a little bit to you and ask that question again: where might we find funding?

The other question would be on where you're not willing to get funding from.

**Mr. Richard Hardacre:** I wouldn't venture to say where we're not willing to get funding from.

I have to return to what has happened historically in successive governments in this country. The cuts have been slowly bleeding... not to death, but bleeding the CBC. If the levels that had existed prior to those were restored...goodness, I mean, our studies show that just \$100 million of government spending takes up about 45 minutes of the national budget across the country. I'm sorry, the \$25 million cut to the CTF was about 45 minutes of federal spending at that time in 1993. I'm sorry, I'm getting my facts.... In 2003, the \$25 million cut to the CTF represented 45 minutes of spending in the budget at that time.

If \$100 million could be restored to the CBC, it would not be a great shock to this country's budget.

**Mr. Chris Warkentin:** Okay, but if you're talking about \$100 million, that's just to—

**Mr. Richard Hardacre:** For example.

**Mr. Chris Warkentin:** —top up the funding. I see that since 1997, there have been some severe cuts. But obviously funding has gone up for some years following that. Even topping up \$100 million, to bring up our funding for CBC, that's in addition to having to come up with another \$315 million to replace the advertising dollars. So it's not just \$100 million we're talking about here today; we're talking about something like \$400 million to \$500 million in terms of your total submission—or even in addition.

I know we don't like to talk numbers, because like you, I manage my household's finances, and I don't want to claim to be an expert, or understand what \$100 million looks like. But certainly the taxpayer does know what \$100 million looks like. And we don't necessarily want to end today with a long list of suggestions without an idea as to where this funding may come from.

• (1045)

**Mr. Richard Hardacre:** I appreciate that comment very much. We understand there's a struggle going on. This committee has a

very difficult task to make funding recommendations and how the CBC's mandate should be preserved. It's clearly a big challenge.

I don't believe we think advertising should be cut instantly. That flow of revenue to an organization as complex as CBC broadcasting, if that is going to be done over a period of time, even that itself would be a tremendous shock to the system in how it's managed. If the CBC were not totally dependent on advertising revenue, with the goal being eventual independence from advertising revenue, we see that as a solution—and in the short term, in a stable manner.

**Mr. Chris Warkentin:** I guess we have many more questions to answer on that front, but we'll continue.

You made a suggestion earlier, and I certainly hope it wasn't an intentional contribution. The sense I got from you was, if there weren't Canadian content rules, and if CBC didn't receive funding, Canadian production would be dead. I guess maybe my utopian idea is that Canadian production some day will stand on its own and will be the most competitive production. Certainly that would be my hope.

I hope it isn't the union's belief that without some additional protection, Canadian production cannot move forward. So let's believe that the union believes that Canadian production can be a wonderful contribution and can be an export contribution to other groups as well.

How do we get there? How can we ensure that Canadian production can succeed, even against foreign competitors?

**Mr. Richard Hardacre:** It's a very fair question, and we have a very good model of it in radio in this country; we had content requirements for radio broadcasting of musicians. We would not have Shania Twain, perhaps; we would not have Bryan Adams—

**Mr. Chris Warkentin:** Well, that's the interesting thing. Some of those artists had to go south of the border before they were exported back into Canada, so that might not be the best example of the success. But certainly, I'd ask how we can ensure that productions that could go forward here are productions that are successful.

**Mr. Raoul Bhaneja:** The thing that seems obvious to me is that if you're in a culture that's producing television and you are directly next door to the largest producer of television on earth—being Hollywood—and while I think we love the idea of the quality of Canadian television being one that could compete internationally, that could be an export product, I think we also face the basic reality that anything made in Hollywood has an upper hand because of the ability for it to be promoted through American networks, through all the entertainment media.

I don't think any of us feel that Canadian content isn't up to the challenge of meeting an excellent international standard of quality, but at the same time, to think that Canadian production could exist without the aid of our federal government to help us try to compete in this world, it's not going to be possible without the help of our federal government.

**Mr. Chris Warkentin:** No, certainly, and I didn't want to leave that indication. I certainly believe we have the best actors here in Canada. We have the best producers. There's no question that we have quality folks. We just need to figure out how we're going to be superstars, even on the international scene, moving forward, especially when we look at the new media and different things. Thank you very much for your contribution.

● (1050)

**The Chair:** Thank you, Mr. Warkentin, for that.

Just before we go around for some short questions, I would like to ask the question I asked the previous witnesses.

Again, I will repeat, when Richard Stursberg from the CBC was here, he said the CBC offered independent producers a deal where the corporation would put content online and divide any revenues 50-50 that came as a result. The offer was not accepted. Why have independent producers and the CBC not been able to reach an agreement on this, and when will the CBC and independent producers reach an agreement to put content online? It's a question that has circulated around for a wee bit.

Secondly, I understand that *Little Mosque on the Prairie* is now made or produced in Hamilton.

**Ms. Arlene Duncan:** It's made in Toronto and Saskatchewan.

**The Chair:** It's in Toronto. So it's not made on the prairies anymore.

**Ms. Arlene Duncan:** It's made in both Saskatchewan and Toronto, so both provinces are working.

**The Chair:** Okay, good.

Could I get an answer on that first question?

**Mr. Richard Hardacre:** New media, or other media, or whatever you would like to call it—sometimes we call it digital media and sometimes we call it Internet—is very complex. We appreciate the question because there is no simple answer to it. It's a very complex situation.

We supported the independent producers when they were speaking with the CBC about their right to share in revenues from broadcasts over new media.

I don't want to reiterate the pain of ACTRA's strike, but the main reason this union took its first strike in our history was because we had Hollywood studios telling us that the contract they wanted to sign would mean no revenue to performers for performances that are exploited or used in other media. We had the leading executives from labour relations at Disney and Sony tell us to our faces that there would be no revenue for us in those formats, as far as they knew.

The day after we called our strike, it was announced that you could buy any Disney product from a beginning library of 3,000

titles. You could buy any of them from a Wal-Mart website. It was the day after our strike was called. It was in *The Wall Street Journal*.

They knew very well there was going to be revenue from new media. The problem was they didn't know how to share it. They didn't want to share anything, but we proposed that we'd actually study the problem for a year. This was the union and all the producers, including representatives from the Hollywood studios. They wouldn't hear anything about it. They wanted our performances, as they said, in perpetuity, worldwide, for free. We couldn't do it.

CBC has a similar dilemma, and CBC has told us that. They have negotiators that we've been working with too. We have a contract with the CBC, but it expired two years ago. We're still working on an old contract. For the last two years we've been working on trying to hash out how there will be some compensation.

We're really talking about pennies. We're talking about pennies trickling in that add up to dollars and how the metre would tick in order for the use of our work alone. We're not talking about the writers, or directors, or anything. We're talking about the performers' work and how it will be compensated for new media. The CBC does not have a proposal on it because it is such a complex world and no one knows what the value of it is going to be.

The way we succeeded with the independent producers was to say if you don't earn anything, we're going to get a percentage of nothing. We want 3.6% of the distributor's gross revenue that comes from new media. It's what we achieved. The figure was not arbitrary, and it took some negotiation, but it's 3.6% of all distributors' gross revenue. It satisfied the big studios because they said that if they had zero revenue, they'd pay 3.6% of zero.

But we already knew a day after the strike was called that it wasn't going to be zero revenue. They were selling 3,000 films through Wal-Mart, and Sony is selling thousands of titles through Amazon.com.

I'm sorry that my answers are sometimes more complex than you would wish, but the new media world is a new frontier. I don't want to sound cliché, but it is definitely a new frontier. How anyone with intellectual rights is compensated is a very new frontier.

We propose that we will work on it with the other unions involved and with the CBC in the way that we've done it with independent producers. We only wish the CBC management would sit down at the table to discuss it with us. They've been avoiding it for a year now.

● (1055)

**The Chair:** Thank you.

Ms. Fry.

**Hon. Hedy Fry (Vancouver Centre, Lib.):** I have a quick question that actually dovetails with the chair's question because it is about new media or digital media.



I was going to ask whether ACTRA had decided to work on analyzing the new ways in which we're going to have to deal with copyright in digital media, because I think it's time to review the Copyright Act and look at how it works in today's medium. I was going to ask you how you intend to do it, but you've said you intend to do it. I think it's important.

As you pointed out so well in your presentation, I think the CRTC should really revoke its new media exemption order. There is a tendency for the CRTC to have in camera consultations a lot now. If the CRTC had looked at the issue of new media in a public consultation, they would have been able to move forward and grasp that they clearly need to look at how to deal with new media and how to look at copyright. I think those things are absolutely necessary.

I hear over and over that the problem isn't so much that Canadian content isn't good enough, but it's that we can't distribute it. New media will provide the distribution.

How do you see those three things working together, distributing Canadian content through new media internationally, dealing with the Copyright Act, and the third part, actually getting the CRTC to look at digital media?

**Mr. Richard Hardacre:** Those are very useful questions. Ken Thompson is going to respond.

**Mr. Ken Thompson:** Thank you, Ms. Fry. The first thing, working backwards, is that the CRTC just yesterday announced that they are going to hold hearings to review new media. ACTRA has been asking them to do that since about 1999. Previous presidents, and Richard Hardacre, have all been before the CRTC and have repeatedly asked for a review of new media. And why would we want to do that? Because we need some regulation to ensure that there will be Canadian content for Canadians to see on the new media.

On your question about copyright, it's very complex. The last revision of the Copyright Act was in 1997, so we're just about due. They come along about every 10 years. We're just about due for one. There was a bill under the Martin government, Bill C-60. It offered up some new rights for performers, but you would be shocked to know that performers have no intellectual rights to their recorded

performances on television and in movies. They have no way of pursuing those rights. They have no way of enforcing any kind of piracy of those rights. And that has to change. That's one of the things. And the government has promised to do that since the early 1990s.

Your final question was.... Oh, there was the distribution of digital media. You know, if any of us here knew exactly how you would distribute, we would be out on the stock exchange. We'd be putting out our IPOs. You can see that the record industry has struggled with this for years, and the film and television industry will.

Everybody is learning as they go along. There are all kinds of ways. There are technical ways, like streaming as opposed to downloading. Streaming allows you to, in essence, watch television or movies or video programs on the Internet. There's Internet TV. Downloading allows you to obtain a copy. But there are some intellectual property rights that are invoked in either of those two methods. There are tethered downloads, like rentals, where you can pull it back after you've actually received the copy, so it's time limited. You'd have access to a television program or a movie for a couple of days or even for a couple of hours.

So there are all kinds of models out there, and as Richard said, it's very complex. Everybody is very concerned about how they would go about doing it to ensure that they would get some kind of return.

**The Chair:** Okay. I thank you very much for those answers. I thank the committee and our witnesses.

Yes, Mr. Hardacre.

**Mr. Richard Hardacre:** I have one final comment, if I may. We recognize, ACTRA sincerely recognizes, the weight of responsibility on this committee on heritage. It's a very important committee, not only for us but for the country. We know that, and we indeed appreciate your efforts with this very difficult challenge, and we sincerely appreciate the opportunity to speak with you today on this, and we look forward to future opportunities as well.

● (1100)

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

The meeting is adjourned.

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