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## Standing Committee on Canadian Heritage

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EVIDENCE

**Monday, May 11, 2009**

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**Chair**

**Mr. Gary Schellenberger**

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• (1535)

[English]

**The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)):** I call this meeting to order.

We're still waiting for one witness, but when Ms. Walker arrives we can fit her into the schedule.

We will be taking ten-minute presentations from each presenter. There'll be two rounds of questioning at the end of that, and then we'll switch witnesses.

Welcome, everyone, to this the 20th meeting of the Standing Committee on Canadian Heritage, pursuant to Standing Order 108 (2), the study on the evolution of the television industry in Canada and its impact on local communities.

Our first witness is from the Alliance de la francophonie de Timmins. Mr. Lacroix, please.

[Translation]

**Mr. Sylvin Lacroix (Executive Director, Alliance de la francophonie de Timmins):** Good afternoon, Chair.

I am pleased to be here once again. I believe we are becoming friends. Chair, we have had the opportunity to meet and discuss this matter on a few occasions.

My presentation is extremely important to local communities. You are aware that the concentration of media reduces the opportunities for our voices to be heard in the national and even the supra-regional media. There are very few local media remaining to convey our message. It is in part for that reason that we are here today. We want to determine if it is possible to improve the situation of the local media.

The francophone community outside Quebec, including francophones in the North, is experiencing even greater difficulties because of major cuts to the CBC, our local television and radio broadcaster. Significant cuts have also been made to Timmins' French-language newspaper, *Les Nouvelles*, which has now become an insert in the English-language newspaper. The ability to speak to our community about our needs is being increasingly curtailed. It is extremely important for the federal government to develop a policy that will enable local media to continue to do their job.

We feel there are two recommendations of interest. The federal government should adopt a policy whereby it spends 50% of its total advertising budget on advertising in local media that directly serve communities.

For rural communities throughout Canada, the CBC is their only contact with other communities. It is often the only network in the regions. We believe that the government should also adopt a policy for the CBC that addresses two elements. First, the CBC should focus more on local communities and less on the three major centres—Montreal, Toronto and Vancouver. Second, we believe that base funding for the CBC should be increased to \$50 per voter or per capita. In some parts of Europe per capita funding ranges from \$134 to \$150.

Rather than giving a lengthy presentation, I prefer to answer your questions. I think we can have a better discussion that way. Once again, thank you for inviting a local francophone association. For us, the media—particularly the local media—are a very important means of conveying our message. We must have a voice.

Mr. Chair, my colleague from Kirkland Lake will continue with the presentation.

• (1540)

**Mr. Caroll Jacques (Director General, Kirkland Lake, Alliance de la francophonie de Timmins):** Good afternoon.

I represent the Temiskaming area in the Temiskaming—James Bay sector.

With regard to French-language television we are served by Radio-Canada, TVA and TQS, but by their Montreal stations. In other words, there is no news from Toronto. We receive very little coverage, even at the regional level. When the news shifts to our area, Rouyn-Noranda, Val-d'Or and similar places, rarely, if ever, do you hear about Kirkland Lake or Temiskaming Shores. We also get TFO, which is primarily an educational station that broadcasts Ontario content.

As for radio, there is CBON Sudbury in French which, due to recent and past cuts, no longer visits the regions. Once again, they report on Sudbury and the surrounding area but, unless there is a disaster, not on Kirkland Lake. As for English radio stations, there is CJKL in Kirkland Lake and CJTT in Temiskaming Shores. On the Quebec side, there is Radio Ville-Marie, which offers a few programs once per week but does not really serve the region.

There are no French-language newspapers. In the past, we had *Les Nouvelles* in Timmins. However, as Sylvin explained, that newspaper became an insert in the Timmins English-language newspaper and it is no longer distributed in our region. The Kirkland Lake *Northern News* and *The Temiskaming Speaker* out of Temiskaming Shores are the English-language newspapers.

In summary, we have very few resources to provide coverage of our activities, our victories and all the rest, unless reported in another language by the media to the people in the region in order to keep them informed. Consequently, this forces francophones to purchase both English newspapers in order to find out what is happening in the francophone community.

[English]

**The Chair:** Thank you for that presentation.

We move now to the Campaign for Democratic Media, and Mr. Lithgow.

**Mr. Michael Lithgow (Research Associate, Campaign for Democratic Media):** Thank you for the opportunity to speak to these hearings.

I'm here on behalf of the Campaign for Democratic Media, a national non-profit and non-partisan media advocacy group. We're a network of individual Canadians, civil society organizations, consumer organizations, labour groups, media advocacy groups, academics, grassroots media activists, and others interested in helping to create a diverse, accountable, and quality Canadian media system.

These hearings have been constituted in response to a perceived crisis in Canadian broadcasting—a perfect storm, some have called it—of new media challenges to traditional business models and economic contraction of historic proportions. The Canadian television sector is undergoing what many commentators suggest will be permanent and structural transformation.

One of the things we would like the committee to think about today is the possibility that what we are experiencing as a crisis in local broadcasting reflects in fact some of the inherent tensions between the cultural industries and democratic accountability. What I mean is that the critical importance of local programming in Canada is, in all likelihood, better understood in terms of what makes cultures democratic than it is in terms of sorting out the conflicts of local versus regional and national advertising markets.

When we talk about broadcasting in Canada, we are talking about part of the connective tissue that holds us together culturally, politically, and economically. Finding solutions that do not sacrifice one for the other of these equally important aspects of Canadian society, we believe, should be at the heart of these proceedings.

To begin, we'd like to challenge certain assumptions about what is happening in Canadian broadcasting. Broad economic factors at work as well as changes in consumption patterns in connection with new media technologies have helped precipitate the crisis. But there are also structural factors that go to the core of the current crisis, which are at risk of being overlooked. We think these problems point towards creative and long-term solutions.

For instance, local markets may not be failing so much as they are being ignored. The network affiliates threatened with closure who broadcast in these small markets have increasingly been forced to serve the needs of national networks, networks whose accumulated corporate debts and revenue strategies make small market sustainability impossible without doing away with much of local programming. Small markets can be and in fact are profitable; the problem is that they are not profitable enough to serve non-local

needs. Canwest Global, for instance, is struggling to make decisions about local broadcasting while trying to service almost \$4 billion of corporate debt.

To put it bluntly, the citizens of many smaller communities are facing drastic losses of local programming, one, because of corporate decisions that have absolutely nothing to do with their community, and two, because there are so few alternatives in our broadcasting system.

We have one of the least diverse broadcast systems in the world and the highest concentrations of media ownership. Canadians lack meaningful local broadcasting choices, and their ability to be informed about their own communities is being held hostage by corporate debt and corporate demands for rates of return that are unachievable. Part of the problem is that local affiliated stations function within national networks primarily as a means for national advertisers to access local eyeballs. Revenue streams depend on national advertising markets, not local markets. Advertising rates in local settings reflect national markets for national advertisers. As such, they end up prohibitively high and in fact exclude local businesses from the market. We are suggesting that the current model of affiliated local broadcasters is failing Canadians not only in terms of local programming but in terms of local advertising opportunities.

These markets may not be big enough to achieve network goals for debt, but they are big enough to sustain alternative models for the production of local television. The large affiliated centralized model for delivering local programming doesn't work, and arguably it never has. As long as there have been licence renewal hearings, there have been desperate cries to reduce local programming obligations. We need to rethink the ways in which local programs can be produced and delivered in local settings.

Perhaps the most important point we want to make today is that there is a largely unrecognized and emergent element in the Canadian broadcasting system that we believe offers the most realistic long-term solution to the crisis in local programming. The Broadcasting Act, in section 3, identifies three elements that make up the Canadian broadcasting system: public, private, and community. The community sector is rarely addressed, and yet it is here that we find new media programming strategies and hybrid models of organization that point the way forward to long-term sustainable local programming solutions. These hybrid models of organization, which are sometimes called mandate-driven media or civil society media, combine market responsiveness with professional journalistic practices and a strong ethical mandate to fulfill democratic roles, such as ensuring that public and private institutions remain accountable to the public and that the public has access to accurate, reliable, diverse, and independent sources of news and information about the communities where they live.

• (1545)

To be clear, these are not volunteer media organizations. They are media that work on multiple bottom lines—ethical and economic. Because they are mandate-driven, small profit margins don't equal failure but rather an opportunity.

These hybrid models of media combine entrepreneurial ingenuity with NGO commitment to public objectives and resourcefulness. In the United Kingdom, they operate under the name of community interest companies, or CICs. They are for-profit companies whose rates of return are capped and whose purpose for incorporation includes community service. In addition, and importantly, the assets of the company are locked and cannot be sold, except to another CIC. There are thousands of CICs incorporated in the U.K. that carry out a range of services: affordable housing, the arts, education and training, preschools, home support services, recycling, and media services.

A similar approach has been taken in the U.S. with the creation of low-profit limited liability companies, or what are called L3Cs. They guarantee the public nature of their work and limit dividends to investors through operating agreements. To quote Richard Bridge and Stacey Corriveau from a recent report, the primary goal of L3Cs and CICs is to introduce market solutions to community needs by providing “access to the vast pools of market driven wealth to make socially responsible investments”. Local broadcasting is an excellent opportunity for socially responsible investment, a way for the tension between democratic and industrial needs, which has so far stifled local programming, to be addressed.

In Canada, one example of a hybrid solution is the community broadcast licence. These are television stations, locally owned, either for-profit or not-for-profit, that exist to service local audience information and advertising needs. These community broadcasters are not owned by cable companies, although their signals must be carried on local cable systems. These are independently owned and operated television stations that exist specifically to provide local programming within their broadcast footprints. There are currently 10 in Canada, including CIMC-TV, or Telile Community Television, in Cape Breton; CHCT-TV, or St. Andrews Community Television, in New Brunswick; CHET-TV in Chetwynd, British Columbia; and CHMG-TV in the city of Quebec, to name just a few.

The local programming improvement fund should be made available for use by these organizations and to assist new mandate-driven community broadcasters to fill the vacuum in local programming. Towards this end, in addition to LPIF funds being made available for community broadcast programming, a portion of the fund should be allocated to one-time grants that assist in the start-up of new community media outlets.

There are also possibilities for hybrid new media strategies, online contributions by mandate-driven media production groups that focus on local programs for local audiences. As many commentators have noted in recent months, more and more Canadians source programming through the Internet. Resources should be made available through tools like the local programming improvement fund to support locally oriented media production groups that distribute primarily online. This is, in fact, the way our broadcast system is growing and where entrepreneurial innovation is leading

the way in transforming structural changes into opportunities. These groups can provide locally driven creative solutions to local programming deficiencies.

A key role the federal government can play in response to these opportunities is to initiate legislative reform that would allow the incorporation of limited liability for-profit corporations, the L3Cs, as has been done in Vermont and is being considered in Georgia, Illinois, Michigan, Montana, North Carolina, Oregon, and Wyoming as well as at the federal level. We also recommend that the local programming improvement fund be increased in size through matching federal government funds. This would make more resources available to address the crisis in local programming and would give Canadians, through our representative system, more say in how these resources are spent.

The local programming improvement fund should also be made expressly accessible not only to the affiliated networks but to community broadcasters, independent program producers, and online local media groups. This is an opportunity for Canadians to expand capacity and diversity in the Canadian broadcasting system for the production and distribution of local programs. The model of broadcasting, dominated by a few networks with strings of affiliated stations, has failed Canadians. New models with greater local accountability and diversity should be encouraged.

• (1550)

Further, we recommend that management of the local programming improvement fund be as diverse as the Canadian broadcast system, including representation from the public, private, and community elements, and representation from independent producers and community broadcasters. Control of the fund must reflect broadcast system diversity, especially representation from sectors where the most innovation can be found.

We recommend, as we did in the CRTC's new media broadcasting hearings, that the federal government create an Internet broadcast fund to support the production of Canadian content.

We further recommend that the federal government conduct an audit of community channel funds. Community television in Canada last year received \$115 million, almost double the size of the proposed local programming improvement fund. This money is required, by regulation, to be spent on the production and distribution of local reflection television. However, communities across Canada have been complaining that cable companies misuse these resources by restricting or disallowing community access. If the federal government is proposing to fix the crisis in local programming with a fund of \$60 million, we must ask what has been happening with the \$115 million that cable companies collect from Canadians.

On the matter of funding for broadcasters in general, on the one hand—

**The Chair:** Could you quickly wrap it up, please?

**Mr. Michael Lithgow:** Okay. I guess a copy of this will be distributed? We summarize all of the recommendations.

I just want to end with a—

**A voice:** There is no more translation for me—

[*Translation*]

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** I put it over there. Is that all right?

[*English*]

**The Chair:** I don't know if a copy has been distributed to everyone, but we can ensure that it is if you produce it.

**Mr. Michael Lithgow:** That's fine.

I just want to end very quickly with a story that probably most of you are familiar with. It's an indication of why the current structure is failing Canadians and why this other sector of the Canadian broadcast system, we think, offers opportunities for long-term solutions.

In Hamilton, CanWest Global's local affiliate is CHCH-TV. CanWest announced they wanted to either close CHCH-TV or sell it. The Hamilton community rallied to save its only local broadcaster. They brought together the requisite technical expertise, capital investment, and support from local representatives from all levels of government. The only thing left was for CanWest to sell the licence, just like CTV recently did with Shaw for their E channels. But CanWest didn't sell the licence to the community group. They've gone to the CRTC to request significant reductions in local programming. It suggests that Hamilton's communities have cynically been used as bargaining chips, with their local programming being held hostage in exchange for significant reductions in local programming commitments.

Whether or not this is the case, the network is using the crisis to reduce its local programming obligations, while a local initiative with a local focus, local ownership, a viable business plan, and sufficient capitalization is being frozen out. That's the problem.

Communities have very different interests in local broadcasting than national networks and international media groups do. We need to find a way to help locally owned initiatives that are aimed at creating and maintaining independent broadcasting and program-

ming. We believe that our recommendations are a step in this direction.

Thank you.

• (1555)

**The Chair:** Thank you.

I remind people that we try to stick a little more closely to 10 minutes. That was almost 14 minutes.

Mr. Morrison, please, from the Friends of Canadian Broadcasting.

[*Translation*]

**Mr. Ian Morrison (Spokesperson, Friends of Canadian Broadcasting):** Thank you, Chair. I will stick to the 10 minutes you suggested.

Friends of Canadian Broadcasting is an independent watchdog for Canadian programming in the English-language audiovisual system, supported by 100,000 Canadians. Thanks for granting us an opportunity to appear today.

[*English*]

The conventional over-the-air television model—acquiring U.S. network programming, wrapping Canadian ads around them, and subsidizing Canadian programming with the resulting profits—is failing. Canadian over-the-air broadcasters are competing to bid up the cost of U.S. programming at the same time as their audience is declining. And now they also report that local news programming is no longer profitable.

As you know, advertisers follow audiences. Over the past decade, a major shift has taken place within the advertising pie. Web advertising has increased in Canada from \$25 million in 1998 to \$1.5 billion in 2008.

CRTC data confirm that profits for private over-the-air television have been falling steadily to the point where, by mid-2008, the entire industry delivered negligible profit. What might initially have been considered a cyclical downturn has now emerged as a major structural change, threatening the viability of over-the-air television. The over-the-air broadcasters are telling the CRTC and your committee that audience is down, advertising is down, costs are up, transition to digital is not affordable, and Canadian programming obligations are unsustainable.

While some have questioned the need for over-the-air television delivery in future, Parliament and the CRTC have a responsibility to consider the needs of three million Canadians who rely on over-the-air reception. In a report commissioned by the Department of Canadian Heritage, Canadian Media Research Inc. concludes that “given the slowing trend in the past 4-5 years, it seems unlikely that the OTA segment will decline by much in coming years”. In other words, over-the-air viewing by millions of Canadians will continue to be a feature of our audiovisual system well into the future.

Cities with over-the-air viewing exceeding the Canadian average include Windsor, at 27%; Saskatoon, 15%; Montreal, 14%; and Quebec and Sherbrooke, 13%. Even in cities with a lower proportion of over-the-air viewing, the number of viewers is substantial; for example, Toronto, 477,000; Vancouver, 138,000; Edmonton, 113,000; and Ottawa, 111,000. CMRI also reports that even in households subscribing to a cable or satellite service, not all television sets are hooked up to the cable/satellite service. Over-the-air viewing accounted for 25% of TVO's audience in 2006, 16% for CBC English television, 14% for CTV, and 8% for Global.

With the advent of digital over-the-air conversion in 2011, many of these Canadians will have an incentive to become cable or satellite customers, although the CMRI study indicates that 26% of over-the-air viewers cannot afford the cable or satellite charges. Digital conversion may be expected to increase the profitability of the distributors at a time when over-the-air television providers are in crisis.

As you know, in the United States of America the federal government provided a coupon program to subsidize the purchase of digital converters. Why has no similar program been announced in Canada? And what about financial assistance to over-the-air broadcasters to help with the one-time cost of digital conversion? Even a small portion of the revenue from reselling the vacated analog frequencies would easily pay for this.

Public policy should recognize the vital contribution that Canadian over-the-air stations make to the cultural fabric of Canada and create the conditions for sustainable, therefore profitable, over-the-air services. This can only be done by ensuring that over-the-air television has the financial capacity to produce local Canadian programming.

Canadians rely on their local television stations for news about their communities, the kind of local coverage that specialty channels cannot provide. In April 2008, Friends and several partners commissioned and submitted to the CRTC a Pollara study, *Canadians' Views On De-regulating Cable and Other TV Distributors*, which reported the results of a survey of 1,200 cable and satellite subscribers. Page 32 demonstrates that Canadians consider local news their top television priority. And there's a graphic, Mr. Chair, that makes it clear.

• (1600)

At a policy hearing last year, the CRTC heard evidence from Nanos Research that 78% of respondents indicated that having local news was of high or very high value of them. The CMRI 2008 *TV Trends and Quality Survey*, a report on Canadians' attitudes toward TV, to which Friends subscribes, offers corroborating data. I won't go through it, it's there. Local news, among anglophone viewers at least, is by far the most important service available on television.

As you know, local programming is most threatened in smaller and medium-sized communities, where there is often only one local source. Maintaining local programming on over-the-air television requires a change in the economic model. The CRTC's local programming improvement fund, though a laudable initiative, is far too small to address this challenge. Pollara found that a majority of cable and satellite subscribers would be willing to pay \$3 more per

month to protect and enhance Canadian programming. You can see the data in the graphic.

Friends believes that over-the-air television should be resourced on a level playing field with the specialty channels. Over-the-air television networks should have access to the second revenue stream, a fee-for-carriage, provided they promise to use at least a portion of the money to maintain and enhance local programming. We propose that the networks commit to a three-way split among local or drama programming, digital conversion costs, and the bottom line until 2011. Thereafter the split should be two-thirds to drama or local programming and one-third to their bottom line.

Cable monopolies should not be permitted to generate very substantial profits from the sale of their cable profits driven by the over-the-air stations without being obliged to pay for the services that they then resell. Friends recommends that cable monopolies should be permitted to pass along this charge to their subscribers only if their profit before interest and tax were to descend below 15%.

We also propose that the CBC should abandon ads on TV except during professional sports coverage. Reducing the supply of advertising avails would assist the private television business. In return for vacating ads on non-sports programs, CBC Television should be refinanced either by a levy on cable or satellite distributors, to be determined by the CRTC, or through general government revenues or by some combination of the two. This would transform CBC Television into a genuine public broadcaster. This new approach could be phased in over several years, and there is substantial evidence that Canadians would approve of this reform.

A number of current members of this committee participated actively in a year-long review of the future role of the national public broadcaster during the last Parliament. You, Mr. Chair, were the chair of that committee. Last year your committee recommended in the report "CBC/Radio-Canada: Defining Distinctiveness in the Changing Media Landscape" that per capita annual funding for public broadcasting should be increased from \$33 to \$40, which, by the way, would bring Canada to half the average in western democracies.

Last month, in a poll of 3,361 Canadians, which Friends commissioned, Pollara found that 54% of Canadians support your recommendation, 26% reject it as too high, and 20% consider it to be too low. In other words, three-quarters of Canadians believe annual support to the CBC should rise to at least \$40 per Canadian per year.

We also want to share with you a second finding from the recent poll. Pollara asked the following question: "Assume for a moment that your federal Member of Parliament asked for your advice on an upcoming vote in the House of Commons on what to do about CBC funding. Which of the following three options would you advise him/her to vote for?" One was to increase funding to the CBC from current levels, a second was to maintain funding for the CBC at current levels, and the third was to decrease funding for the CBC from current levels. As you'll see in the graphic, 47% of Canadians would advise members of Parliament to increase it, 31% would keep it the same, 9% would decrease it, and 13% have no view.

•(1605)

Now, Mr. Chair, I want to conclude by saying that you can imagine our concern when we recently learned that Minister Moore's April 29 assurance regarding the CBC cuts does not square with the facts. That concerned us greatly.

[Translation]

Thanks for your attention, and best wishes in your important deliberations.

Thank you, Chair.

[English]

**The Chair:** Thank you.

We welcome to the table our next witness, On Screen Manitoba Incorporated.

I ask Ms. Walker to please lead off.

**Ms. Tara Walker (Executive Director, On Screen Manitoba Inc.):** Thank you.

Good afternoon, Mr. Chair and members of the standing committee. My name is Tara Walker and I'm the executive director of On Screen Manitoba, which is the independent production industry association for Manitoba. Presenting with me is Kim Todd. She's the chair of our board, and she's the president of Original Pictures, an independent production company based in Winnipeg, Manitoba.

Kim has been producing television for over 20 years. She started as a senior producer with Atlantis Films in Toronto, and she has produced Canadian classics such as *The Diviners* and *A Bear Named Winnie*, which were both for CBC, and fun prime time series like *Falcon Beach* for Global and ABC Family in the United States. We represent the film, television, and new media community in Manitoba. Our membership covers the entire production industry in our province, from the creators—that's the producers, writers, directors—to the technical and creative craftspeople who are represented by labour groups, the service and goods suppliers, and the broadcasters in our region. Our mission is to lead, build, and represent the production industry in Manitoba.

We appreciate this opportunity to address you at such a critical time in the evolution of our industry. We agree with the Canadian Film and Television Production Association, the CFTPA, in their assertion that television broadcasting in Canada is now at a crossroads, and that key decisions made by officials over the next

term will lay the foundation for the future of our industry and for the system for the next generation of Canadians.

We also agree that the Canadian independent producers are the cornerstone of the system, as is the content they produce. Independent production is a means of ensuring that our broadcast system is diverse, distinctively Canadian, and inclusive of local communities.

**Ms. Kim Todd (Chairperson, On Screen Manitoba Inc.):** We address you today as members of a distinct and vibrant local community located at the very centre of Canada: Winnipeg, Manitoba. Our city and our province contain many of the diverse cultures and voices that define our country, and we've developed a mature production industry that has brought those voices into our broadcasting system.

With our unmatched financial incentives—our tax credits are the highest in Canada—our internationally renowned production companies and crews, and the strong support of the province and the city, we're able to offer broadcasters top-quality, original regional programming at bargain prices. Regional independent producers are part of the solution to the economic difficulties of conventional broadcasters. We do not accept the argument that Canadian broadcasters should carry less Canadian and regional content as a means of relieving their current economic problems.

The purpose of the Canadian broadcasting system and of these hearings, as we understand it, is to build a healthy production and broadcast industry that can create and deliver Canadian content to Canadian audiences, as decreed in the Broadcasting Act. The independent production community from across the country provides content for that system, and the broadcasters deliver it to Canadians. We are a partnership dependent on each other for the overall health and quality of our service to Canadians.

•(1610)

**Ms. Tara Walker:** Our production community is the fourth largest in Canada, after Toronto, Vancouver, and then Montreal. Over the last decade, Manitoba has grown faster than any other established production centre in Canada. Our total volume of film and television has more than doubled, from \$68 million to \$143 million.

We provide over 1,500 full-time jobs for Manitobans, and we contribute approximately \$100 million to our economy each year. In fact, our soon-to-be-published economic impact study, *SNAPSHOT*, will show that \$1 million spent on production in Manitoba results in 27 person-years of employment. That's a higher rate of job creation than most of the other major industries in Manitoba, including transportation equipment manufacturing, furniture manufacturing, construction, mining, and real estate services.

It's important also to note that Manitoba is 2,000 kilometres from most of Canada's film and television decision-makers in Vancouver, Toronto, and Montreal, and without any direct air links to Los Angeles or New York. Our success is a testament to the passion and drive of local producers to get their stories told.

**Ms. Kim Todd:** Although we have a strong, well-established production community, one that can be seen as a microcosm of our national community, Manitoba's industry is one of the most vulnerable to the current trends towards centralization and consolidation. We are, if you like, the canary in the mine shaft.

When the broadcasters pull back economically, we feel it first. They stop travelling to see us as travel funds get tight; they object to regional spending as being a restriction on them; they consolidate positions such that there's no one in the local stations who has anything to do with programming or commissioning.

Historically, Manitoba was home to a number of family-run broadcast ventures, including the Moffat family's CKY, now a CTV station; the pioneering Women's Television Network, WTN, which is now a Corus station; the Thiessens' Trinity Television, which is now an S-VOX station; the Craigs' A-Channel franchise, also owned by CTV at the moment, and the Aspers' CKND, owned by Global Network. All of these except CKND have been swallowed up by bigger owners, and all of the programming decision-makers have been moved to larger centres.

Independent producers are an entrepreneurial lot, and we've been out there on the frontier for some time now, creating for new media, using digital technology, delivering our productions in high definition, and tapping into international financing to pay for them, and to international markets to sell them.

We recognize that a perfect storm of social, cultural, technological, and economic change is causing the rapid evolution of our industry, in fact of our society and our world. We are very busy trying to find our place and the place of our Canadian programs in that world. Ideally, we see the Canadian broadcasters as partners for us in this venture.

The producer's job is to find or create the idea for a show, then interest a Canadian broadcaster in licensing it for broadcast in Canada. The Canadian Television Fund stipulates that the minimum license fee for a prime time, one-hour Canadian drama series per hour is \$315,000. That means that \$4,095,000 is what a Canadian broadcaster would pay for a standard 13-episode series order.

The total cost of that hour is \$1.5 million or \$2 million, and the total cost of that series is \$19.5 million to \$26 million. The producer has to find the rest of the financing after the \$4 million. So the producer is left to find \$15 million to \$22 million. We don't object to that, but we need it to be recognized that we're doing an awful lot of work getting that content made. The producer has to take out a bank loan to finance the contracts and tax credits that will not be paid until after the show is made, and the producer is liable for that bank loan and for any budget overages, and he has to hold back his fee until all other costs and risks are covered. The producer takes the insurance, the producer protects the employees, the producer is the owner of the product. The broadcaster licenses it or rents it for five or seven years—whatever the term is—to show it on Canadian television. The producer has to go to France, Germany, Italy, or wherever else in the

world to raise the rest of the money and to make sales to pay back the investors.

The broadcaster's job is to attract an audience to the show in Canada. This is done by scheduling—making sure it's aired at a time when its audience is watching—and promotion and advertising, so that the audience knows it's there. Often on Canadian private broadcasters, American shows are scheduled first, so that they can be simulcast with the U.S. networks, and Canadian shows are given the time slots that are left. Canadian shows seldom receive the promotion that U.S. shows get; then, if the Canadian show gets disappointing ratings, the conclusion is that Canadian shows do not attract audiences and do not make money. Both these statements have been recently made in support of the idea of “relieving the broadcasters” of their obligations to air Canadian shows. Yet when the Canadian series *Flashpoint* is given the budget, the time slot, and the promotion normally given to a U.S. show, it is a hit, of which we're all very proud.

In this digital world, when the audience can get American shows on the web, Canadian broadcasters' unique brand will be built around their Canadian shows. We do not think Canadian productions are the problem; we think they are the solution.

● (1615)

**Ms. Tara Walker:** At On Screen Manitoba, we're investigating a broadcast project that would be an example of the kind of local initiatives that arise across the country: an educational broadcaster or webcaster who would use low-cost digital technology to connect the far-flung communities of our province, offering high-quality education and training opportunities as well as entertainment. Projects like this might take the pressure off national broadcasters to carry local content. This could be one of the solutions, but it's not here yet, and local programming is still something that our communities need.

Our local programming from the OTA private broadcasters in Manitoba is as follows. Global runs a half-hour news show daily, which is packaged in Alberta. City TV—that's Rogers—runs *Breakfast Television*, a talk and news show, daily. CKY, which is CTV, runs a half-hour news show that's cycled three times a day. That's it.

If local programming is defined as local information, political coverage, and cultural reflection, we would weigh in as viewers here and say that the cuts in staff and resources mean that civic politics is pretty much left to the newspapers, and even provincial politics is not covered in any depth. Analysis, reflection, and debate have all but disappeared from the news. Given that newspapers themselves are shrinking, we fear that the essential political and social discourse of our community is not being served.

If the local programming improvement fund is going to be used to meet the needs of the local broadcasters, then we suggest that a portion of it be designated for other voices, apart from the broadcasters themselves. We also would like to state that if the fund is set at a higher percentage, any increase should not go to rebalance the BDU contributions towards the Canadian Television Fund.

**The Chair:** We have to wrap up pretty quickly.

**Ms. Kim Todd:** We will wrap up, then.

In summary, we'd like to leave you with three points.

Independent producers are the cornerstone of the Canadian television industry, and regional producers within the group provide the diversity of voices that make it a truly national industry.

Two, as an example of a regional production community, Manitoba shows that we can build viable centres of production outside Toronto and Montreal that add diversity and creative and financial value to the national system. We offer our local community a voice.

Finally, in the longer term, we need a digital media strategy for Canada. We encourage you to support the CFTPA's call for national consultations on this issue.

We thank the committee for inviting us to appear, and we look forward to answering any questions you have. Thank you.

**The Chair:** Thank you.

We're going to try to keep as close to time as we can in the questions and answers. Try not to go too long. Keep an eye on me. I'll hold my pencil up when we're close to five minutes.

Mr. Rodriguez, you're first, please.

• (1620)

[*Translation*]

**Mr. Pablo Rodriguez (Honoré-Mercier, Lib.):** Once again, Chair, I will ask that you be strict with us.

Hello everyone. We are pleased to have you here today.

Mr. Lacroix, I will begin with you. You said that what is needed is a policy for purchasing local advertising. Do you mean that the government's advertising envelope should be increased or that, out of the same envelope, more money should be given to the regions?

**Mr. Sylvain Lacroix:** I think we could start with a better distribution of the contents of the same envelope. It is vital that local media, which directly serve communities, receive a larger share.

In short, media often are owned by multinationals. The problem, in the Timmins and Kirkland Lake area, is that the money does not make it as far as the media. It is said that they do not make money and budget cuts are imposed—

**Mr. Pablo Rodriguez:** I understand. Thank you.

Mr. Morrison, you are very knowledgeable with regard to the CBC and also its budget.

I would like to clarify one thing. The government said that it increased the CBC's budget. However, when we look at the budget—I asked the minister about this—we see a \$62.8 million reduction. How do you reconcile these elements?

[*English*]

**Mr. Ian Morrison:** With your permission, I'll speak in the official language that I better understand.

**Mr. Pablo Rodriguez:** Go ahead, please.

**Mr. Ian Morrison:** I was sitting across the hall when you had a communication with Minister Moore just two weeks ago. In it, as I recall, you held up the main estimates, which showed a 5.6% cut to the budget of the CBC. Minister Moore consulted his deputy and acknowledged that this was in fact what was in the main estimates, but indicated to you that the government was going to supplement it with \$60 million. I believe that has not yet happened, but I presume we could take him at his word.

On Friday... CBC has many qualities. One of them is that its employees leak like sieves, Mr. Rodriguez.

**Mr. Pablo Rodriguez:** I'll get to that later. That's my next question. I just want to finish this one.

**Mr. Ian Morrison:** Okay.

**Mr. Pablo Rodriguez:** If CBC gets this \$60 million, if there's no cut of \$60 million, it's even. There's no increase at all, right? So in the best-case scenario, even in the worst-case scenario, they lose \$60 million.

**Mr. Ian Morrison:** If you take purchasing power into account, which is something that is done over time to factor in inflation to find out what a dollar will buy, you will find that CBC has been getting less federal purchasing power from its grant over the years consistently. We've done an analysis over the last 20 years, and it has been continuing to go down. I think that's the meaningful statistic, Mr. Rodriguez, that you should keep your eye on, rather than the non-inflation dollars.

[Translation]

**Mr. Pablo Rodriguez:** We are reading about further cuts to the CBC as part of a strategic review. We are talking about an additional \$56 million or a 5% cut in the \$1.1 billion provided by Ottawa. I read that. You said that Mr. Moore misled Parliament and the public when he stated that there would be no further cuts. If the CBC's budget, as indicated by Mr. Lacroix, is cut by 5%, or \$56 million, what will be the impact on staff as a result of the review exercise? Do you believe that many more jobs will be eliminated?

[English]

**Mr. Ian Morrison:** Obviously CBC is in a crisis right now. They've laid off 10% of their staff. It's not a very good time to ask them to amputate more. I am aware that the federal Treasury Board has this exercise, which a variety of government departments and agencies go through. I just felt, Mr. Rodriguez, that it was unfortunate that at this time, when CBC is in a crisis, they would be asked to consider further cuts.

I sat in the room two weeks ago when you asked Minister Moore if he could guarantee that CBC would be receiving the money, and he told you that he could. At least that's what I heard, Mr. Rodriguez. I was very disappointed to see that this happened.

• (1625)

[Translation]

**Mr. Pablo Rodriguez:** One thing is worrisome. When Mr. Lacroix appeared as a witness, he said that for every dollar of revenue lost the CBC must cut its expenses by the same amount to balance its budget. That means that, tomorrow morning, many jobs will be cut to offset the reduction in revenue. That is troubling.

[English]

**The Chair:** You'll have to get that answer through me to Mr. Rodriguez, because the five minutes is up.

Ms. Lavallée, please

[Translation]

**Mrs. Carole Lavallée:** Thank you.

Mr. Morrison, I will address my question to you. I know that you follow Radio-Canada and the CBC very closely. I would like you to help us decipher the minister's words. His words and his actions are discordant. The best example is the one you provided today. The last time the minister appeared before this committee, he said that he did not intend to cut CBC funding. But then he asked the CBC, as part of a strategic review, to identify where expenditures could be cut by 5%, which amounts to \$56 million.

You know very well that the Conservatives applaud when the demise of the CBC is mentioned in Parliament. Even here, in committee, questions about the CBC from our Conservative colleagues are very harsh. There is no sense of collaboration, solidarity or any type of assistance. Even the minister himself, when asked about the CBC's budget, has told us that he is keeping the promise made by the Conservative Party in the last election. He seems to be sticking to that and we might say that the unfinished part of that sentence is that the Conservative Party will no longer commit to maintaining the CBC budget.

What do you make of the minister's statements? Do you believe that this Conservative government wants to help the CBC and maintain its budget?

[English]

**Mr. Ian Morrison:** Our organization is non-partisan, and sometimes that is difficult. In the years that I have been doing my job, I've had reason to criticize this government, the Liberal government, and what was then known as the Progressive Conservative government.

I will be very candid with you, Madam Lavallée. I detect in the current government two discordant messages. During the last election campaign a Conservative fundraising letter came into our hands that asked if the money being spent on CBC was being well spent or not. It caused us to commission a public opinion poll from Nanos Research, to find that Canadians answered 63% yes and 25% no. We asked the Prime Minister to give his answer to the question, and he wouldn't.

Minister Moore says good things, things I would want a heritage minister to say about public broadcasting. But there are other messages from the government. I thought that Mr. Rodriguez's question two weeks ago and Minister Moore's response put that to rest. Effectively, Mr. Rodriguez used the word "guarantee", as in, would you give the committee a guarantee? The minister said yes. Then to read on Friday that the CBC is once again being put through an exercise that could lead to a 5% cut 12 months from now was most unfortunate and inconsistent with his guarantee.

[Translation]

**Mrs. Carole Lavallée:** The minister told this committee that he did not intend to make cuts but then he turned around and asked the President of the CBC, Mr. Lacroix, to find a way to cut 5% everywhere. I do not want you to be partisan. However, I would like to know if this is a consistent and standard approach by a minister, no matter his political stripes.

[English]

**Mr. Ian Morrison:** There's a colloquial expression in English about hitting someone when they're down, if you know that expression. It would seem to be an inappropriate time, if the government had any discretion, to impose such an exercise on the national public broadcaster when it is in a crisis.

[Translation]

**Mrs. Carole Lavallée:** What main recommendation would you make to help the CBC?

[English]

**Mr. Ian Morrison:** Here I'm actually borrowing an idea from Prime Minister Harper when he was the leader of the opposition. He made a speech to the Canadian Association of Broadcasters. I have it here, and I mention this in my remarks. He said that he thought CBC Television should withdraw from the advertising market except when it is broadcasting professional sports, and that would help the private sector by changing supply demand. In return, the CBC should be provided with stable long-term funding. The words are right in his speech.

I think that would be a very good idea, because right now, with both SRC Television and CBC Television on the English side, too much of their activity is chasing audiences for advertisers and too little is doing what public broadcasters do in other western democracies.

• (1630)

**The Chair:** Thank you.

Mr. Angus.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Thank you, Mr. Chair.

[Translation]

Mr. Lacroix, can you tell me how many Francophones live in northern Ontario? Is the number of francophones in north eastern Ontario comparable to the number living in the Abitibi-Temiskaming region in Quebec?

**Mr. Sylvin Lacroix:** I do not have the exact figure but I do know that there are 125,000 francophones living in north eastern Ontario. When you include those living in north western Ontario, there are approximately 175,000 francophones across all those communities.

**Mr. Charlie Angus:** In the north, there are many small, rural, francophone communities that are isolated and very few francophone media to represent them. Therefore, you are dependent upon the CBC with respect to Franco-Ontarian culture and identity. Could you tell us about the impact of cuts to public broadcasting?

**Mr. Sylvin Lacroix:** I am not an expert in the cuts to the CBC. However, I can tell you that, as a result of the latest cuts announced because of shrinking advertising revenues, the only public affairs program in French-speaking Ontario—a 30-minute program on Radio-Canada's *Première chaîne*—was cancelled. In the Windsor area, there was one local French-language station. Now, everything, or almost, has been eliminated.

As you know, the CBC is a symbiosis of a French-language network and an English-language network. They cannot necessarily be separated. The fact that Sudbury and Thunder Bay are losing half of their journalists will have repercussions. There will be fewer staff members to gather information and, consequently, less people to rebroadcast it. If francophone communities are unable to talk to one another and to talk to the rest of Canada, especially public decision-makers, we might as well say that we will no longer be able to advance our cause. The local media are vital to this task.

In a debate on the CBC, I pointed out to a member that even you, the MPs, depend on the local media to get your message across and to reach your constituents. This obviously does not apply to those

fortunate enough to live in the Toronto, Montreal, Ottawa or Vancouver areas. The others must use the local media, which are dwindling.

I will give you an example. In Ontario, every newscast on the television program *Ce soir* spends about 90 seconds on Timmins. About 29,000 francophones live in the Timmins area. On MCTV, which serves the English population from Barrie southward, they spend an average of about three minutes on Timmins in each newscast. It truly is difficult to get the message across.

I listened to the briefs, which I found very interesting. However, our local community and association would like to know whether there will be anyone left in 10 years to convey our message. We are beginning to think that there will be no one left. In recent rounds of cuts at the CBC, northern Ontario was the hardest hit, per capita, in terms of job. That is very troubling.

[English]

**Mr. Charlie Angus:** Mr. Morrison, you were talking about the minister's comments at the April 29 meeting. You were there, I'm sure. Do you remember my trying to get a straight answer from him about why he said very clearly in the media—in the middle of the crisis in funding, when CBC was trying to get bridge financing—that there was never any discussion about the loan against future appropriations? I found that very odd, because it was clearly in the article. He said I was pulling headlines out of thin air.

I went back and checked it. Sure enough, it was a very clear and definitive statement—probably as definitive as his statement at the meeting that there would be no further cuts to the CBC. Now we're seeing \$56 million being identified. It's very hard for us at this point to take the minister's word that he and his government don't have a vendetta against the CBC.

When you were sitting there, did you hear a very clear enunciation that the attack on CBC was finished, as far as he was concerned? It looks like it's just starting.

• (1635)

**Mr. Ian Morrison:** A very brief answer would be yes.

**Mr. Charlie Angus:** Thank you.

**The Chair:** Mr. Del Mastro, please.

**Mr. Dean Del Mastro (Peterborough, CPC):** Thank you very much, Mr. Chair.

To our witnesses, thank you for appearing before us today.

For the benefit of my colleagues here, there were a couple of good things that came out in the releases today. Of course, one thing is that 5% of the CBC's budget is now \$56 million, which demonstrates evidence, frankly, Mr. Chair, that the total budget is over \$1.1 billion, and I'm glad it's officially out on the record. That's of course what we've been saying for some time.

Secondly, with respect to strategic review, Mr. Chair, I just point out to the entire committee that strategic review is a process undertaken by all departments in all parts of the government. Of course, the strategic review purpose is to indicate those processes, those operations of the department that are the 5% least efficient. It is not about cuts, and any reference to that is completely false. It's about value for taxpayers and it's about being effective in spending taxpayers' money.

Now, perhaps people on that side of the table aren't concerned with that, Mr. Chair. I can assure you people on the government side, people on this side of the table, are very concerned in being effective and efficient with taxpayers' dollars. That's what strategic review is about.

There is no inconsistency in what the minister said. He has promised more than \$1.1 billion in funding for the CBC, and that's what they will get.

Now, with that clear, Mr. Chair, I'd like to move on to Mr. Lithgow.

I thought you made a couple of very good suggestions, Mr. Lithgow. First of all, you said our broadcasting system is one of the least diverse in the world. You talked about revenue streams at local television stations depending on national advertisements. I'm not sure if you saw them, but we had the Jim Pattison Group giving a presentation here. We had Corus giving a presentation on local television stations that are truly local, that are actually running advertising campaigns in their local areas. They're not being fed very expensive national programming and so forth, and they're actually doing pretty well. We have also seen a couple of stations that apparently can't work being picked up by a company that, frankly, would have no interest in picking up losing affiliates.

I'm interested in asking you this. You said the affiliated system is failing, not local television, and we've had a couple of witnesses from Corus and Pattison Group come in and indicate just that. They actually feel that local television does work. Can you clarify that for us a little bit? What do you mean by affiliated television and local television, and what is the difference between them?

**Mr. Michael Lithgow:** Our sense is that there's a disconnect regarding the concerns and priorities between a media organization, a small broadcaster that is actually locally owned, that exists primarily to provide information services in a local context, and an affiliated station that is caught up in a web of complicated financial arrangements that really have nothing to do with the local markets.

It's nice to hear that there are people focusing on local advertising markets. I think that's a step in the right direction, but generally speaking, the local *modus operandi* really has to do with connecting national advertisers with eyeballs rather than with a priority of servicing communities. I think one of the key pieces here is the idea of an L3C. It functions as a self-sustaining economic organization that provides local programming, but it doesn't have the kinds of shareholder or debt demands that you find in a purely private sector. There isn't a multiple bottom line. So it just gives them more freedom to work in a smaller market and to sustain for a longer period.

• (1640)

**Mr. Dean Del Mastro:** Thank you.

Mr. Morrison, you spent the majority of your presentation talking about people receiving over-the-air broadcasting. I have some interest in that. Now, on the numbers that you've given, are those just the numbers of people who aren't subscribing to cable or satellite? Or are those actual, confirmed numbers of people who are watching television over the air?

**Mr. Ian Morrison:** It is the latter, and the survey by Canadian Media Research was based on a sample of 1,500 Canadians drawn from those who did not have satellite or cable service. As you may know, Mr. Del Mastro, those people constitute about 9% to 10% of the population.

**Mr. Dean Del Mastro:** You're right. We are aware that 9% of households don't subscribe either to satellite or to cable TV. We just don't know if they're watching television or not, largely.

**The Chair:** Okay, your time is up. Your five minutes are up.

We now go to Ms. Fry, please.

**Hon. Hedy Fry (Vancouver Centre, Lib.):** Thank you very much, Mr. Chair.

I just want to go back to what this is all about. It's about the evolution of the television industry in Canada and its impact on local communities. I think the big question here is, and has always been, that local communities are no longer having access to programming. I don't know if Mr. Morrison remembers that I did ask the minister that the last time, using Kamloops as an example, which is not a tiny community at all. I think the minister basically didn't answer my question. I think he just flubbed it off, saying that if Kamloops cannot get broadcasting, Kamloops has a problem, and that's the end of it.

The question here about local communities, which was well said, is that local communities need to get local news. However, when we talk about CBC in this issue, CBC has a direct mandate to be able to represent regions of Canada to each other. The mandate of CBC to get into small communities is also as pertinent as small local programming, local television stations, radio stations. So we agree that CBC has a huge role to play in meeting the needs of local communities.

Now, we've also heard from everyone that CBC is in dire need of funding because its transmitters are going down, its ability to broadcast in small communities is being affected. Therefore, as you well know—and I think I definitely remember Mr. Morrison being at our CBC review—when we were looking at CBC, we spent a long time, and we came up with a very good report that suggested CBC was in need of more funding, as Mr. Morrison said.

The bottom line here is this. If CBC is in need of more—not less, not status quo—funding, and if CBC doesn't get that funding, does any one of you have an idea what will happen with regard to local programming that comes from a national level, that represents region to region, so that small regions can understand each other? Can anybody tell me what would happen if we leave CBC at the status quo?

[*Translation*]

**Mr. Sylvain Lacroix:** A round of cuts was made last month—not to Toronto, Vancouver or Montreal, but to northern Ontario and the regions. In northern Ontario, the English staff was decimated this year and the French staff was decimated last year. It is obvious that if funds are not redistributed and that if, in terms of policy, priority is not given to local media, that whole aspect will disappear. Under those conditions, the CBC will no longer be able to fulfill its role of talking to the people who live from one end of the country to the other. It is becoming increasingly difficult. In northern Ontario, we are beginning to wonder if we want to have a role with respect to the CBC.

[*English*]

**Hon. Hedy Fry:** Mr. Morrison, do you have any comment to add?

**Mr. Ian Morrison:** Of course the management of the CBC needs to be at arm's length from government decision-making; otherwise it would be a state broadcaster. But that doesn't mean we cannot criticize some of their decisions, and faced with the regrettable situation of the cuts that were made a month ago, one of their managers said that what they would do is identify the cost to reach a given individual, and where those costs were higher, they would make more cuts. If you think about that for a minute, it means wherever you have a huge community like Toronto, you have a huge denominator, and therefore the cost per individual is going to be lower. So whoever made that decision inside the CBC was automatically discriminating against Timmins, James Bay, Kamloops, and Newfoundland.

So that is not something that should have happened, but I think you have to look at it in the context that, as your committee established a year ago through careful study, the corporation needs more money to do its job. I have submitted to you today that public opinion is supportive of that—not just supportive, but very supportive: 26% of Canadians were opposed to your recommendation, 20% thought your recommendation was too low, and 54% supported it. That's pretty strong.

• (1645)

**Hon. Hedy Fry:** Thank you very much.

**The Chair:** We're going to move on to Ms. Lavallée, please.

[*Translation*]

**Mrs. Carole Lavallée:** Thank you very much.

Mr. Lacroix, earlier you said that the Canadian government could help broadcasters purchase advertising. Are you not afraid that this could backfire? The former government bought advertising, allegedly to help out certain festivals. As you know, it turned into propaganda and the sponsorship scandal ensued.

I am not prepared to support such a measure. Although the Canadian government is helping GM by providing subsidies, lines of

credit and tax measures, it does not intend to purchase its automobiles. If it wants to help broadcasters and the CBC, would it not be better to provide direct assistance rather than spreading propaganda in all television media?

**Mr. Sylvain Lacroix:** We made two recommendations: with one—and we are somewhat more generous than the committee was last year—we would like the per capita contribution to the CBC to be set at \$50 rather than \$40.

We know that millions and millions of dollars are spent on advertising by the federal government for all sorts of good and not so good reasons. I think we all agree on that. In our opinion, without creating a new program, there should be a means of ensuring that this money is distributed equally to large and small markets. That is the thrust of the recommendation.

**Mrs. Carole Lavallée:** It is true that hundreds of millions of dollars are spent on advertising by the Canadian government. And yet, do you not believe that the officials who manage these promotional campaigns do so based on their needs? If we insisted that they purchase television advertising would this not create, once again, a situation such as the one that resulted in the sponsorship scandal?

**Mr. Sylvain Lacroix:** What I am saying is that, one way or the other, when money is spent, it could always result in a sponsorship scandal or a scandal of one sort or another. We know that. However, we are saying that the large sums of money currently being spent could be better spent.

**Mrs. Carole Lavallée:** At present, GM is on the verge of bankruptcy and all the ministers drive around in Toyotas.

[*English*]

**Mr. Dean Del Mastro:** On a point of order, could we please have anything to do with facts at this committee? That is factually incorrect.

**The Chair:** I know it is, and I was going to correct it. I would think that you should check a little more closely, Ms. Lavallée.

Carry on, please, and be factual.

[*Translation*]

**Mrs. Carole Lavallée:** I will prove my claim and submit the list of automobiles.

That was not the point I was arguing. It was more of a joke. But since they are taking it the wrong way—

I am shaking my head, I have lost my train of thought.

[*English*]

**The Chair:** You have one minute left. It took some time.

[*Translation*]

**Mrs. Carole Lavallée:** Mr. Morrison, you have a fairly broad perspective of broadcasting in Canada. Have you noted that there are two types of problems, with respect to Quebec and the rest of Canada, and that this requires two types of solutions?

•(1650)

[English]

**Mr. Ian Morrison:** The English and the French audiovisual systems are very different. As you know, the popularity of programs in the French language, and particularly inside Quebec, is immense. It's quite possible to get a substantial portion of the population of Quebec watching one signal at one time. That does not usually exist in English-speaking Canada, except for the most popular Hollywood programs. So the two are very different.

I think the broadcasting policy has recognized that over the years. The CRTC is exceptionally sensitive towards the needs of the francophone community, and as you know, the budgets of organizations like SRC and CBC are not chopped on a population basis but in order to provide some equilibrium. So Canada has been a flexible country in the last 50 to 60 years with respect to the differing needs of the two systems.

The group I represent is preoccupied with the English-language side, which of course is continually washed with satellite rain from the United States of America.

**The Chair:** Okay, thank you.

[Translation]

**Mrs. Carole Lavallée:** Thank you.

[English]

**The Chair:** For the next question, could we have Ms. Glover, please?

**Mrs. Shelly Glover (Saint Boniface, CPC):** Thank you, Mr. Chair.

I want to welcome you all here, as I did at the very beginning, but I have to say that this meeting has taken a turn for the worse. I feel it is incumbent upon me to correct some things that have been stated here today, because they just tear at my core.

There has never been a situation in the House of Commons, since I arrived, where any person in any party has ever clapped at the thought that CBC might fail. So I want that to be put on the record to show that it has never happened.

**Mr. Charlie Angus:** On a point of order, that is not correct. I think she should strike it. We could go all the way up to the minister as to who was heckling at CBC. We've all seen it.

**Mrs. Shelly Glover:** No one has ever done that.

**The Chair:** Let's not go there. We're not getting into a debate.

**Mr. Dean Del Mastro:** That's shameful.

**Mrs. Shelly Glover:** It's ridiculous.

**Mrs. Shelly Glover:** Thank you, Mr. Chair. I want to make sure everyone here understands that my time needs to be extended a little.

I do also want to make a comment to all of the witnesses, because I hate to see you misled. I was a police officer for 19 years. This type of thing should not go on with the leaders of our country. But I want to clarify that the strategic review was put in place several years ago. CBC was well aware of it several years ago. It's unfortunate that someone in the media has picked this timing to bring it out as if it's

something new, as if we're kicking them when they're down, as someone said. It is not true, and I want to put that on the record.

I want to turn to some important facts that relate to our study, if we can get back to that.

Mr. Morrison, on the third page of your dissertation you commented on over-the-air viewers being concerned about not being able to afford cable and satellite charges. You went into some explanation about the United States. Are you aware that Bell TV was here last week proposing a very complementary solution to this?

**Mr. Ian Morrison:** Are you referring to what they call FreeSat?

**Mrs. Shelly Glover:** Yes, FreeSat.

**Mr. Ian Morrison:** The CRTC asked me to comment on that just five days ago. I've sent them a four-page letter and I'll be happy to send it to you.

I'll make a few points. It's not free. It would cost, in our judgment, something in the order of \$500 up front to get access to it. Their business model.... By the way, I'm not criticizing FreeSat. I'm just putting a few things on the table.

**Mrs. Shelly Glover:** Mr. Morrison, I hate to interrupt you, but if you have a four-page document, I'd gladly read that. I have only two minutes left and I really want to get to On Screen before—

**Mr. Ian Morrison:** Go for Manitoba.

**Mrs. Shelly Glover:** Yes, thank you very much. But I would like to see your four-page answer.

**The Chair:** Please ask your questions through the chair.

**Mrs. Shelly Glover:** Thank you.

On Screen Manitoba, thank you for being here. I know how important your work is to television and to our community in particular.

You mentioned the LPIF, and I want to know how much you think you would need out of that fund for it to be effective for your organization.

**Ms. Kim Todd:** It's difficult for us to discuss a fund that doesn't exist yet and when we're not sure how it would be stated or how it would be structured. They are talking about 1% of the BDUs' revenue, or \$60 million. We can't specifically say how much of that should be spent where, but our concern is that it be directed to local programming. It doesn't cost a lot of money to make a lot of difference in local programming when basically you don't have any.

We are also strongly suggesting that some of that money go to independent producers to produce local programming, because we provide the different voices. Again, not to harp on consolidation, but there aren't a lot of different opinions within the owner groups of the broadcasters these days. Two of our main broadcasters also own newspapers, so we feel it would serve the country and the production community, and the broadcasters, to diversify.

Documentary production is significantly less expensive than drama. For instance, the figures I quoted were for drama production. We would hope that the 1% would hold, if not go higher, and we would hope that it would go directly to local programming and that about 25% of it would be earmarked for independently produced local programming.

• (1655)

**The Chair:** Make it very short, please.

**Ms. Tara Walker:** And that it be based on the benchmark already created within the system for priority programming.

**Mrs. Shelly Glover:** I do know that you have some collaboration with Les Productions Rivard, which benefits our francophone communities. Would you want the LPIF to also take that into consideration?

**Ms. Tara Walker:** Absolutely. Having diversity within the fund makes a lot of sense. We also have members who are aboriginal creators. We'd like to see that be a target as well.

**Mrs. Shelly Glover:** Thank you.

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

I'll say to our witnesses that you are all very important to this hearing. Thank you for your presentations.

I will recess now to regenerate our witnesses. We will reconvene in exactly five minutes.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

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• (1700)

**The Chair:** We're going to reconvene for the second half of our meeting today, as meeting 20 of the Standing Committee on Canadian Heritage. Pursuant to Standing Order 108(2), we are continuing our study on the evolution of the television industry in Canada and its impact on local communities.

I'm going to reverse our order: I want to have the National Film Board of Canada make their presentation first. So I'm just going to go backwards up the list.

Again, we try to keep our presentations to 10 minutes. I know we have a lot of witnesses. If we can stay at 10 minutes each, then we will do at least one round of questioning, and maybe then we can have a short time in the second round. We do have to be done by 6:30.

I will start off with the National Film Board of Canada, please.

• (1705)

[*Translation*]

**Mr. Pablo Rodriguez:** In order to streamline the proceedings, I ask that you require presentations to not exceed 10 minutes rather

than suggesting they be 10 minutes long, so we can have the greatest amount of discussion possible. Therefore, I ask, with all due respect, that you ensure that our witnesses keep their presentations to 10 minutes, Chair.

[*English*]

**The Chair:** Okay, and if you can do it in seven minutes, that would be great.

**Some hon. members:** Oh, oh!

**The Chair:** Under Mr. Rodriguez's rigidity, we've now taken a minute out of someone's presentation.

The National Film Board, please.

[*Translation*]

**Mr. Tom Perlmutter (Government Film Commissioner, National Film Board of Canada):** Hello. I am pleased to be here today.

I am the Government Film Commissioner and Chair of the Board. I am accompanied by Claude Joli-Coeur, the Assistant Commissioner.

[*English*]

We're here to discuss the future of television in Canada and the impact of the crisis of the television industry in Canada's local communities. For 70 years—we celebrated our 70th anniversary this year—the National Film Board has played a vital role in Canadian society as a public producer and distributor of audiovisual materials in the public interest. We are recognized for our leadership in the production of documentaries, animation, and digital media.

In the past six years the NFB has earned five Oscar nominations, two Oscars, Emmy nominations, and two best short film awards at Cannes. It has competed at Sundance, the Toronto Film Festival, and other major festivals around the world. This year, Hot Docs honoured the NFB with the kind of programming focus it reserves for national cinemas. In addition, the festival paid tribute to our great aboriginal filmmaker, Alanis Obomsawin, with a retrospective of her works and an outstanding achievement award. In October, the Academy of Motion Picture Arts and Sciences honoured the NFB with a tribute in Washington. Last month, Cannes awarded the NFB a gold medal in recognition of our outstanding services to world film and television.

We are, without a doubt, Canada's best known international cinematic brand, and this allows us to serve Canadians in all regions by ensuring a strong Canadian presence in a globalized, digitized universe. Interestingly, this international reputation is built on our commitment and connection to local and regional communities, which touches on the subject today.

Many of the activities we undertake are designed to occur in the realm of what we call market failures—that is, creating public goods with long-term social and economic benefits for local communities and for the Canadian public. It means undertaking activities such as technological innovation, but also developing emerging creators across the country, working with filmmakers from aboriginal, ethnocultural, and official-language minority communities, offering a media service to underserved communities, and innovating new forms of expression where the market on its own cannot afford to take the risks. We provide a forum for creators to develop new forms of authentic and relevant audiovisual works that communicate diverse Canadian points of view at home and to the rest of the world. These are public goods with long-term social and economic benefits for local communities, for the audiovisual industry, and for the country.

I'd point out also that we play a crucial role in marking the major changes and events taking place in Canadian society and ensuring that they connect to all Canadians. We did so with the celebration of Quebec's 400th anniversary. We distributed, with the help of Heritage Canada, 26,000 box-sets to schools and public libraries across the country. This is phenomenally important in ensuring that regional voices are heard throughout Canada and are part of the fabric of our country. For example, we're currently in partnership with the Vancouver Olympic Committee to use new digital media to engage Canadians across the country, to have their voices heard, and to share with each other what they have to say.

We are not a broadcaster; however, we are part of the wave of the future. Today, in the midst of technological and economic upheaval, the NFB is applying its creative powers to the multi-platform digital environment. By exploring possibilities of new technologies, testing new business models, and ensuring distribution to remote and underserved communities, we are providing Canadians with a range of possibilities.

The transformation from analog to digital formats is the basic technological change that is profoundly altering the audiovisual sector at all levels. It's affecting audiovisual conception, development, production, distribution, exhibition, and the nature of social engagement through media. The transition to digital formats is creating new exhibition platforms that are reshaping the environment and fragmenting audiences. This transition is having a profound impact on local broadcasting.

• (1710)

But it can be a positive impact, because it allows those local and regional voices to find their places in ways they may not have in the past. Digital technologies offer more flexibility in conception and development. They offer the possibility of fulfilling demands by racial, linguistic, and other minorities for highly specialized and personalized niche programming that responds to regional needs. The Film Board, as a national federal institution, is committed to such communities and to ensuring they talk to each other—that we share. We're committed to the younger generation of filmmakers and the younger audiences.

Many countries in the world today, particularly in Asia and Europe, are pushing ahead in accommodating and promoting digital technology by articulating a digital vision. Canada is starting to lag

behind, which is something we need to be concerned about. It's also something the NFB feels we need to take some leadership on. So we are moving ahead in digital creation and distribution to show proof of concept in a range of ways. For example, we pioneered the development of one of Canada's first e-cinema networks through a pilot project. Our project in New Brunswick, in L'Acadie, brought together five communities and gave them access to works that they would normally not have access to—a cinematic expression of their communities and the communities across Canada in French. This was a first and was remarkably appreciated. It has been now going for almost a year.

Access to our collection of audiovisual materials is essential for all Canadians, and a priority. In January we launched our national online screening room, which now offers a thousand titles from our 13,000-title collection. It's a treasure trove of local information and stories in both official languages, and with the click of a button viewers can connect to the pulse of Canadian life and creativity across the regions of the entire country.

We are also strengthening our role in the local educational market. Because we are a trusted provider of regional content and a valuable partner for Canadian teachers, the NFB is increasing its online offerings and reaching Canadian youth on the platforms of their choice. For example, in partnership with LearnAlberta.ca, the NFB offers over 100 films online to all schools in Alberta, much like the community screenings that still remain important to us and the communities we work with. Web broadcasting of our works and stories serves to bring Canadians together.

New media is attracting ever-increasing audiences, but local television programming continues to play an important part in the political, economic, and cultural life of our country. It delivers information and entertainment and provides an important contributing element to community sharing and building. Conventional broadcasting will remain important in the years ahead. In fact, we'll be releasing a film shortly that looks at the major impact a local radio station has in the small community of Fort McPherson in the Northwest Territories. It's directed by Dennis Allen, a filmmaker from Inuvik.

We don't produce local news ourselves and can't provide those broadcasting opportunities, but we try to fill the gaps that can't be filled elsewhere. I mentioned our participation in the 400th anniversary of Quebec City, where we did exactly that and made it available to all Canadians.

We are currently working on a multi-year major project on residential schools. It's a way of telling the stories, from regions across the country, behind the very moving apology delivered by the Prime Minister last summer.

We have regional productions in both English and French programming that comes from across the country. *Sabrina's Law* is produced in the Prairie Centre and aired last year on Global Television. It tells a story that affects Canadians but comes from a particular place. *The Big Drive* is a short animation film by award-winning Anita Lebeau from Winnipeg. It tells a story that is profoundly anchored in the experience of growing up on the prairies. But I can assure you that this very particular and regional story will travel the world.

• (1715)

We have productions from Newfoundland, P.E.I., and across the country. *Radiant City*, a film by Albertan Gary Burns, which had a story that was very much set in Calgary, found audiences across Canada and around the world.

We do programs in the Yukon and Nunavut.

[Translation]

The National Film Board does them in French too. We have done a lot of French projects, not just in Quebec, but across the country, in Acadia, in the west and in the north. What we do is very important because we make films that would not otherwise be made.

I am going to wrap things up by saying that we are going through a period of significant change. We really need to take a comprehensive look at all of the issues.

[English]

We are doing our part. In many areas we're leading the way. But as an industry and in terms of public policy, we need to take a larger and longer view. We need to bring private and public sectors together in a partnership to craft a national digital strategy that will form the basis for the creative economies of the future.

We must ensure that the infrastructure needs are there and put in place advanced digital networks. We need training, and we need to evolve new business and financing models.

[Translation]

The challenges we are facing can provide us with tremendous opportunities to try new things and explore new frontiers. We have to embark on this adventure together and have a vision for the future.

[English]

We can take this challenge and turn it into unprecedented opportunity if we dare, if we're bold enough, and if we have the vision.

*Merci.*

**The Chair:** Thank you.

Now we'll move on to Syndicat des communications de Radio-Canada.

[Translation]

**Mr. Alex Levasseur (President, Syndicat des communications de Radio-Canada):** Good afternoon, Mr. Schellenberger, ladies and gentlemen of the committee.

It has been my privilege to represent the Syndicat des communications de Radio-Canada for the past two years. My name

is Alex Levasseur. With me today is the union vice-president, Micheline Provost.

Our organization has been around for 41 years. We represent over 2,000 people, 1,600 of whom work regularly for Radio-Canada in Montreal, in the regions and in Moncton. The members of my union are basically the people you hear on the radio, see on television, and whose articles you read on the Internet. They are also the people behind the scenes who put these programs together and get them on the air. We work on radio news and general interest programs. Because of choices you have made in the past, we are less involved in general-interest television than we used to be.

Styles and trends can be tempting. For example, if I were on-trend, I would probably have green or purple hair, piercings in my ears and my nose, and maybe elsewhere and intentionally ripped jeans. I would be calling you all "dude". But I resisted the temptation.

Many of those who spoke to you before me urged you to do the same thing, to abandon the old public institutions and go the way of the future, the way of private producers and broadcasters. I am urging you to resist that advice.

Quebeckers are deeply attached to CBC/Radio-Canada. The results of a survey conducted last month, which my colleague Chantal Larouche will talk more about, are crystal clear: 67% of Quebeckers believe that Radio-Canada is either very important or extremely important when it comes to distributing cultural programming, and 73% said the same about news programming.

Well-known actor and comedian Rick Mercer had this to say to your committee a few years ago: "We love the CBC and we hate the CBC. Why? Because the CBC is to broadcasting what vegetables are to good nutrition—". Without the financial support of Canada's Parliament, we will lack the fodder for intellectual development.

On March 25, the CBC/Radio-Canada CEO announced \$171 million in budget cuts and 800 job cuts. Last Friday, he told us that the federal government had made further cuts in the amount of \$56 million. More jobs will be cut, more programs will be cut. When will it stop?

In 2003, the chair of this very Committee on Canadian Heritage, Clifford Lincoln, recommended increased, stable, multi-year funding. You yourself, Mr. Chair, did the same in February 2008, when you recommended an annual allocation of \$40 per Canadian for CBC/Radio-Canada.

What happened? The exact opposite.

Our union held consultations a year and a half ago. We met with our members all over Quebec and in Moncton. They talked to us and told us about their working conditions. They had a lot to say, let me tell you. Everywhere we went, we heard from people who were suffering: not enough resources to do their jobs, nobody to fill in in the news rooms, not enough airtime for their work on the national network. Believe me, the latest round of cuts has crushed them.

Some people are more interested in transmitters, digital cameras and other new technology. What good will any of that do us if the only thing we have left to broadcast is a mere shadow of what we once had, probably programs from the States that have been translated into French and reruns of *Les belles histoires des pays d'en haut*. We have to focus on what is important here. In this particular television crisis, what we need to worry about is content, not digital HD transmitters.

This morning, in a Montreal daily, well-known talk show host Guy A. Lepage said, and I will close with this:

—it is as though the government had no idea that investing in culture is like investing in roads, the public service or health. Not only is it a collective need, but the economic return is huge—

• (1720)

Mr. Chair, ladies and gentlemen of the Standing Committee on Canadian Heritage, you are in the best position to make your recommendations heard. What do you plan to do to make that happen? What do you plan to do to make sure that CBC/Radio-Canada has access to increased, stable, multi-year funding? What do you plan to do to ensure that the regions get the same level of public service and to develop content for new platforms resulting from emerging technologies? What do you plan to do to make sure that the French language and culture reach all parts of Canada and Quebec?

[English]

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

Our next presentation is from the Fédération nationale des communications.

[Translation]

**Mrs. Chantal Larouche (President, Fédération nationale des communications):** Good afternoon, Mr. Chair and members of the committee. Thank you for having us.

The Fédération nationale des communications represents nearly a hundred unions with a total membership of some 6,000 print and electronic media practitioners in Quebec, Ontario and New Brunswick. It represents a majority of Quebec unions of journalists and technicians working for the major newspapers and large public and private radio and television networks, including those of the CBC.

The Fédération feels that the Standing Committee on Canadian Heritage does a good job of encouraging people to think about the complex environment in which the media are evolving. Over the years, the committee has produced important and relevant reports that have not, unfortunately, received all of the attention they deserved from Parliament. We think it is urgent that the Canadian government adopt the recommendations made so far by the Standing Committee on Canadian Heritage, as well as those made by the Senate committee on media concentration to ensure the future of Canada's broadcasting system and the public good.

Because of major upheavals affecting the media, we must bring in measures to ensure the industry's viability and profitability, and to reduce the risk of undermining our social, cultural and democratic values. We must do everything in our power to guarantee affordable

access to a range of quality Canadian services at both the local and national levels.

We must also protect the public's right to information that is independent of commercial media interests. We must recognize the importance of our public broadcaster and give it the resources it needs to fulfill its mandate. Television is still the source most Canadians turn to in order to be informed. Local programs and information must be a priority of the Canadian broadcasting system. The FNC believes that the CRTC made a mistake when it allowed TQS, a private broadcaster, to eliminate its newsroom and cut back its news service. General interest television must produce and broadcast local and national news.

The FNC also deplores the fact that the public broadcaster, CBC/Radio-Canada, has removed the morning news program from its conventional network and is broadcasting it exclusively on RDI, which is only available on cable. There is a lot of financial pressure on local and Canadian programming, but we can make things better. We must restore the balance between funding for specialized services and that for conventional services. CRTC data illustrate the strength of paid and specialized services and the clearly inferior financial situation of conventional Canadian television, both private and public.

To maintain the outstanding contribution that general-interest television makes to the Canadian television system, we must give it access to additional revenue derived from distribution service fees. New media, audience fragmentation, changes in viewing habits and concentration are having an impact on local general-interest television broadcasting. Some solutions will require broadcasters to review their business plans. The CRTC must also strengthen its policies to require general-interest television to make quantitative commitments to producing and broadcasting local and regional programs as well as news and information programs.

Right now, the only incentive local television stations have to produce content is the fact that they have to if they want access to advertising. The CRTC can do a lot better than that. CRTC data show that between 1998 and 2007, there was no real increase in local spending by commercial English-language or French-language broadcasters. Spending on non-Canadian programming, however, increased by 61%.

The large groups formed by mergers engage in concentration of their resources. It is essential, both in the public interest and in the interest of the Canadian broadcasting system, to reverse the current trend towards dropping regional services and centralizing television content in large urban centres.

• (1725)

In a context of proliferating distribution platforms, local programming could become a development driver for general-interest television. The FNC wants the local programming improvement fund to encourage broadcasters to invest in local production.

The shift to digital and high-definition will mean substantial outlays for conventional broadcasters. It should be said, however, that for many of them, renewal of transmitters and equipment coincides with the normal equipment replacement cycle. Be that as it may, it is possible to look at how programs are broadcast, and we think that if there are other ways to distribute them, it is up to distributors and broadcasters, who are in a position to pool their technical and financial resources to provide free distribution services if they want to.

Given the size of the Canadian market and ease of access to foreign content via new technology, public funding for television production is more important now than ever before. We think that the recently created media fund is flawed. However, it has the merit of eliminating the previous bias in production resources that gave a near-monopoly on production to independent producers.

We are concerned that Canadian Heritage has withdrawn the 37% reserve from CBC/Radio-Canada. The loss of this guarantee, combined with the lack of adequate funding, makes the national public broadcaster increasingly vulnerable. Parliamentary votes for public broadcasters are down by nearly \$300 million from what was available in the mid-1980s. Canada's Parliament must act on the most recent report of the Standing Committee on Canadian Heritage, which recommended seven-year stable funding, and a funding increase, raising the contribution by Canadians from \$33 to \$40 a year. I want to emphasize that point with data from a survey commissioned by the FNC and conducted between April 16 and 26. Surveyors talked to 1,000 Quebecers, 80% of whom thought that the Canadian government should increase the CBC/Radio-Canada's funding to ensure its development if necessary. Some 63% of respondents disagree with the Canadian government's decision to refuse CBC/Radio-Canada's request for temporary financial support.

Private television broadcasters are suggesting that radio broadcasters be denied the right to collect advertising revenue. At the moment, we are not prepared to say that doing so could help the industry, until we have a guarantee of stable, sufficient government funding that corrects the mistakes that have been made.

To conclude, Canadian media are going through a structural crisis that must be resolved by implementing sustainable solutions, particularly by maintaining and strengthening the fundamental social, cultural, economic and democratic roles that general-interest television plays in Canadian society.

Thank you for listening.

• (1730)

[English]

**The Chair:** Thank you for that presentation.

Now we'll move to the Communications, Energy and Paperworkers Union of Canada, please.

**Mr. Peter Murdoch (Vice-President, Media, Communications, Energy and Paperworkers Union of Canada):** Thank you for the invitation to appear.

My name is Peter Murdoch. I'm vice-president of the Communications, Energy and Paperworkers Union of Canada. CEP is Canada's largest media union. We represent more than 20,000

workers in Canada's media, including private sector broadcasters, specialty TV services, independent film and television, and Canada's newspapers.

With me today are Jim Holmes, who works at the A-Channel at CTV in Barrie; and Monica Auer, our legal counsel. In our written remarks, we refer to the tabs in a second document, copies of which we have given to the clerk.

We welcome your study. The letters and petitions you have been receiving show how Canadians value their local TV stations and local news, especially now, when information about their own communities is so vital.

Both this committee and the Senate's transport and communications committee, and other committees, and the reports that have been done by the ministry have been or done excellent work. All parties have contributed and done excellent work, and we applaud that work.

But the problem is that too few of your recommendations on broadcasting, regulation, and local news have been accepted, including the heritage committee's 2003 recommendation that a local broadcasting initiative program be created "to assist in the provision of radio and television programming at the community, local and regional levels". That was in 2003, and it was your committee.

The CRTC in particular has ignored your concerns about highly concentrated ownership. It accepted broadcasters' claims that creating media giants would strengthen our broadcasting system and keep weaker stations alive. It ignored the looming "too big to fail" problem and told Canadians their concerns about unmanageable debt and loss of diversity were misguided. The benefits of consolidation would outweigh all of those problems, said the CRTC. Worst of all, the CRTC did not make the promises about local news legally binding. And when broadcasters began to break those promises, it refused to act because the promises weren't legally binding.

So here we are today. Having spent billions buying local TV stations, broadcasters now say these stations are too expensive to keep. Broadcasters plan to slash local news hours with the harmless sounding name of "harmonization" and threaten to close OTA TV stations altogether.

But only broadcasters know the real story. No one can question the figures they have given the CRTC, because the CRTC won't disclose these figures. But the CRTC has been printing individual specialty and pay TV services' results for years. Why hasn't disclosure hurt them? And since the CRTC used to disclose individual stations' financial results for licence renewals, why has it been fighting our access to information requests for more than two years—even for such basic information as the number of people each TV station employs?

All we know is this: no one can challenge what broadcasters have been telling the CRTC, because we don't know what is being said.

It's especially ironic that when interveners challenge broadcasters' arguments, the CRTC asks interveners to prove broadcasters are wrong. With what, exactly? The data the CRTC refuses to disclose?

The simple fact is this: aggregated figures show local TV programs have made more money than they cost for most of the last 20 years. Broadcasters' real problems are excessive debt and reckless foreign spending—all enabled by the CRTC and its irrational, outdated view that deregulation is the best way to regulate oligopolies in the public interest.

We understand that broadcasters' first duty is to their shareholders, and they are caught in the current temporary economic downturn. But the CRTC's duty is to Canadians. It is more than an expert tribunal; it is Parliament's deputy. It should implement the Broadcasting Act in the public interest and according to the rule of law.

Frankly, we were shocked when the chairman of the CRTC told us last Monday that defining original news is hard. Maybe that explains why broadcasters are rerunning their 6 p.m. and 11 p.m. newscasts the same night and the next morning to meet their local programming promises.

• (1735)

The CRTC also seemed surprised to learn that most TV stations now use their studios for storage and that most TV stations no longer produce and transmit their own newscasts. Instead, programming centres miles away control the station's studio cameras, their feeds, and their transmitters. If a hurricane hits Halifax tonight, someone in Edmonton would have to decide whether to let the CanWest station there run an alert. And CTV operates most of its stations out of Toronto.

We have concerns about the LPIF, and not just because it is too small and only broadcasters in the CRTC would know how it is being used. The real problem is that it will not raise spending on local programs. It should really be called the status quo fund, not an improvement fund.

We urge you to instead consider a local TV fund to strengthen local content. The CRTC does not have to raise subscriber fees to do this. It could take the money from the subscriber increases it gave the cable systems for capital projects years ago. This money went into the base rate but never came out.

Second, we urge you to re-examine the Broadcasting Act. Its goals are simply not being met. For instance, Parliament said broadcasters must use predominantly Canadian resources, but the CRTC is letting private TV broadcasters spend less on Canadian programs now than

in 1994 and letting them double their foreign programming spending. Last year, for every dollar broadcasters spent on Canadian programming, they spent \$1.25 on foreign shows. Buying *CSI* takes money away from local news.

Parliament also said that Canadians should have employment opportunities in our broadcasting system, but opportunities for jobs are shrinking because the CRTC lets private broadcasters cut or eliminate original local news on radio and TV. Should the CRTC promote employment in this sector or not?

Parliament said that the CRTC should decide who should have the privilege of holding broadcast licences, but rubber-stamping transactions for the last 20 years has led to a situation where broadcasters are dealing stations like poker chips through ads in *The Globe and Mail*. This is not just insulting to the communities these broadcasters claim to serve, or gut-wrenching for the employees, but is a clear signal that the CRTC has lost control of its own mandate to decide who will offer Canadians the best programming service possible.

It is true that Parliament receives annual reports from the CRTC, but while it has the data, the CRTC isn't exactly telling you how much closer it has come to achieving Parliament's objectives for our broadcasting system. It doesn't even tell you how many hours of original content our broadcast system produces, how much of that is news, excluding ads, or which stations are or are not following the rules. It took an access to information request just for us to see the CRTC's bylaws. Should we know if Parliament's objectives for Canadian broadcasting are being met or not?

Parliament also said that programming in Canada should reflect local communities, but it might surprise you to know that the CRTC has not made local news broadcasts mandatory on either TV or radio. There are no regulations about this. Should the CRTC make broadcasters' program promises mandatory or not?

Parliament said as well that the CRTC should hold public hearings when it renews or amends licences if that serves the public interest, but the CRTC is now expelling the public from its hearings. Incidentally, it doesn't help Canadians understand what is happening when the CRTC allows and encourages applications to be changed from one day to the next.

I will wrap this up soon.

Parliament probably assumed that the CRTC would enforce the act, its regulations, and its decisions. But although regulatory non-compliance has almost become routine, the CRTC still declines to rely on the use of all of its powers under the act to sanction or deter non-compliance. The CEP has now had to go to court for the second time to try to get the CRTC to examine serious breaches of and under the act.

Finally, Parliament probably assumed that the CRTC would serve the public interest, because the current act doesn't actually spell that out. But the CRTC regularly meets broadcasters behind closed doors, even in the middle of licensing proceedings. Its decisions routinely dismiss other stakeholder requests. Its policies merely pay lip service to Canadians' concerns. Now the CRTC wants the powers to fine the same broadcasters it meets behind closed doors.

Mr. Chairman and members of the committee, our broadcasting system faces real challenges. That is why we are urging you to support a local TV fund that is accountable and transparent. This is critical. Whatever fund we develop here, whether it's fee-for-carriage or the LPIF, has to be accountable and transparent.

We do not want to add more recommendations to the excellent recommendations made to Parliament in the past, but we are offering a few doable things this committee can recommend that can get done.

• (1740)

First, we recommend that you give the CRTC clear and detailed directions to initiate financial support for local programming. This fund must be accountable and must enhance or maintain local news programming. You must require the CRTC to monitor and report annually on the fund's use, station by station.

Second, we recommend that you review the CRTC itself to make it more democratic, more accountable, and focused anew on the public interest instead of constantly reworking Parliament's objectives to maximize income for broadcasters.

Third, we recommend that Parliament revisit the Broadcasting Act to ensure that its principles are being addressed in broadcasting and digital media, and with a fully resourced public broadcaster.

Fourth, and like the CRTC, we recommend Parliament move towards a more coherent communications act capable of dealing with our interconnected broadcasting and telecommunications systems.

We believe our recommendations are within your mandate and responsibilities. Parliament, and Canadians, are entitled to accountability and transparency as their access to vital information is being withdrawn. We think it is time to move on. Let's get some of these recommendations done.

Thank you for your time.

**The Chair:** Thank you.

Our last presenter before we go to questions is the Canadian Media Guild, please.

**Ms. Lise Lareau (National President, Canadian Media Guild):** Thank you for inviting us to appear before you today. My name is Lise Lareau and I'm the national president of the Canadian Media

Guild. We represent workers at the CBC, at CanWest, and other media employers across the country.

With me is Marc-Philippe Laurin. He is the president of our branch at the CBC outside Quebec. Because of the size of the panel here, we have two of our other colleagues behind me. Karen Wirsig is our policy and communications coordinator, and Brian Olsen is our consultant on OTA issues where we've done some original research.

There are three main areas we'd like to cover today.

First is the crisis at the CBC and Radio-Canada that is forcing the cut of 800 jobs and undermining local programming. And now there is word of a threatened new funding cut of \$50 million dollars or more.

Second, we'd like to see government add to the local programming improvement fund currently being developed by the CRTC.

Third, we'd like to see participation by the government and Parliament in the transition to digital television, to make sure that one-third of Canadians don't get left behind.

• (1745)

[*Translation*]

**Mr. Marc-Philippe Laurin (President, CBC Branch, Canadian Media Guild):** Mr. Chair, CBC/Radio-Canada is a fundamental part of Canada's broadcasting system. The public broadcaster provides 29 local services across the country on the radio, on television and on the Internet. The public broadcaster is, without a doubt, the most important cultural driver in the country. Moreover, CBC/Radio-Canada offers services that private broadcasters never will, such as local and regional services in small communities and in minority languages. Canadians depend on these services for information, debate and entertainment. These services help people participate in this country's public life.

You are most likely aware of the 800 job cuts and service reductions underway cut at the public broadcaster. There are two reasons that happened. The drop in advertising revenue during the economic crisis was significant, but the main factor was the combined year-over-year effect of inflation on public funding allocated to CBC/Radio-Canada. Last Friday afternoon, we learned that CBC/Radio-Canada might once again face the threat of another budget cut of some \$50 million following a strategic review of its budget undertaken by the government. I must say that such a cut would be devastating and would prevent Mr. Lacroix, the president of CBC/Radio-Canada, from implementing initiatives he announced to the committee, such as restoring local service in communities where service has been cut. We beg you to do everything in your power to stop the government from carrying out this threat.

[English]

On Friday afternoon, we learned that the CBC is facing the threat of another cut, something that could be as much as \$58 million, under the strategic review program launched by this government. This is on top of the cut that the public broadcaster is currently dealing with.

A new cut, I have to tell you, would be devastating and would obviously negate any efforts now being made by the CBC to try to restore local service in the areas currently being hit hardest by the service cuts this past spring.

We have to implore you, and we do so with heartfelt feelings, to do all that you can do to stop this review and stop this possibility of another cut.

[Translation]

As you know, funding for CBC/Radio-Canada is modest compared to public funding for public broadcasters in other industrialized nations. Parliament allocates just \$34 per Canadian per year to CBC/Radio-Canada. That amounts to just over \$1 billion for all 29 services. The average among the 18 OECD member nations is \$80 per person. If Canadian funding matched the industrialized nations average—and Canada is an industrialized nation—the Canadian government would be giving CBC/Radio-Canada over \$2.6 billion to carry out its mandate.

[English]

Furthermore, the funding CBC will receive from Parliament this year is the same in constant dollars as it received in 1995. When adjusted for inflation, that funding is worth \$360 million less this year than it was in 1995. In 2005, the then president of the CBC, Robert Rabinovitch, stated in a public statement at McGill University that the CBC had not had a one-red-cent increase in its programming budget in 25 years. That was in 2005. This is 2009, and I don't think anything has changed.

There lies the crux of the problem. Even without further cuts, the public broadcaster struggles year by year with declining spending power. Unfortunately, we know that over the years it's the regions and local programming that have been squeezed hardest by the financial restraints.

[Translation]

As members of Parliament, you are the ones who can solve this problem. We are asking you to implement the main recommendations set out in your February 2008 report. Specifically, we are asking the government to sign a seven-year contract with CBC/Radio-Canada for increased, inflation-indexed funding.

For the past few weeks, people across Canada have been demonstrating their opposition to the public broadcaster's reduction of services. Yesterday, in Windsor, over 300 people denounced the closure, for all intents and purposes, of the only francophone radio station serving Ontario's south-west peninsula.

A few weeks ago, in Sudbury and Thunder Bay, hundreds of people denounced the reduction of services to Ontario's far north. Similar demonstrations have happened across the country wherever

citizens are realizing that, bit by bit, they are losing their voice, the reflection of their community.

That is why we are asking for an immediate increase of \$7 per Canadian per year in funding for the public broadcaster, as recommended in your February 2008 report. That would allow the immediate restoration of services that are about to be cut, and the improvement of local and regional services across the country, especially in communities that are growing but do not yet have local CBC/Radio-Canada service. For example, the French radio station in Windsor could be reinstated.

● (1750)

[English]

or we could maintain services in Thompson, La Ronge, Sudbury, St. John's, or Sydney. With proper stable funding, the CBC could also be looking at setting up new radio stations to better reflect and serve communities such as Red Deer in Alberta.

The time to act is now. We plead with you.

[Translation]

The time to act is now. We must not delay any longer.

[English]

We need Parliament to take action.

**Ms. Lise Lareau:** The cities that Marc-Philippe just mentioned are among the smaller cities in the country that have suffered most from cuts to their local media. Hamilton is another place that doesn't enjoy local CBC service and it's poised to lose its only local TV station, CHCH, owned by CanWest, as you know.

Local TV programming is as important as ever. We know that people of all ages continue to turn to TV to find out what is going on and to find live, quality local programming that is simply not available on the Internet.

We believe the government should support the local programming improvement fund being developed by the CRTC using revenues from cable and satellite providers. If the government participated in the fund the way it will in the new Canada media fund, the additional money could be used in part to finance initiatives such as the one being proposed by the CHCH employees and leaders in Hamilton to try to save local TV there. Obviously the money from the fund must be available to CBC and Radio-Canada for improving local news as well.

You need to be aware of another big development in the industry that's going to change the way people connect with their local TV stations. You heard about it earlier today. In fact, in just two years one-third of Canadians could lose free over-the-air TV. Why? Because the signals you get right now are analog. In 2011 TV in Canada is going digital, which is something the U.S. already did this year. And what does it mean? It means broadcasters will be shutting down their analog transmitters, but they have said they only want to put new digital ones up in the largest cities in Canada. That means some 10 million Canadians will lose access to free local TV just because of where they live. Among the communities proposed to be shut off are Gander-Grand Falls; Edmundston, New Brunswick; Rimouski; Sudbury; Chatham; Thompson, Manitoba; Red Deer, Alberta; Kamloops; and Kelowna. You get the idea. We've identified 977 communities that are slated to be cut off by the broadcasters in the research that we did by Brian Olsen, whom I pointed out earlier.

We have researched alternatives and are proposing a model, called "multiplexing", that allows up to six broadcasters to share a single transmitter, to share the costs. This will reduce the costs immensely from what the broadcasters claim it will cost them through the transition. Multiplexing is now done all over the world, including in Ottawa right here, by the SUN TV station, which is broadcasting two digital channels over the air from a single transmitter.

We believe it's a solution for Kamloops. The CRTC chair even told us so last week when we proposed our model there. The committee members who were on this committee last year may recall the outcry when the people of Kamloops lost their free over-the-air CBC service. The issue was the subject of a large section of your report last year on the CBC mandate. Our solution would allow CBC to return to the public airwaves in Kamloops.

We estimate that the total cost of installing the necessary digital equipment there would be in the order of \$160,000. Shared six ways, the cost per broadcaster would be about \$26,000—hardly unaffordable.

All viewers would need is a \$60 converter box. I have a prop here. Sixty bucks is all you need. Or if they had a new TV, they wouldn't need any additional equipment to get this free over-the-air TV. They wouldn't have to pay a monthly cable or satellite bill and they would get six channels. We think it would satisfy a lot of people. What's more, they would have free access to a good range of Canadian programming, and after all, providing Canadian programming to Canadians is the number one priority of the Broadcasting Act.

So is there a role for the government in this model? We believe there is. First of all, someone needs to tell the broadcasters that it's a priority to serve Canadians, no matter where they live, that their plans are not good enough, and that it's not okay to assume that Canadians in rural parts of the country should be satisfied with having no choice other than to pay for cable and satellite.

I see you, Mr. Schellenberger, and it doesn't mean I'm going to stop.

• (1755)

**The Chair:** Mr. Rodriguez, I'm sure, is going to have question for you.

**Ms. Lise Lareau:** Listen, I'll answer further questions about this later on.

**The Chair:** Okay, thank you.

Mr. Rodriguez, please.

[*Translation*]

**Mr. Pablo Rodriguez:** Thank you, Mr. Chair.

My first question is for the union representing CBC/Radio-Canada employees, both English and French.

Have the 800 jobs been cut? In other words, do the 800 people who have lost their jobs know it?

**Mr. Alex Levasseur:** No. Right now, the Syndicat des communications de Radio-Canada does not know exactly how this will affect us because, as you know, CBC/Radio-Canada has implemented an early retirement incentive program. The program has been offered to employees under certain conditions, and we do not yet know the outcome of this initial measure. We do not yet know who wants to leave voluntarily. Once that measure has run its course, we will have a better idea of the outcome of the layoffs.

Our labour redeployment committee will be meeting on Wednesday.

**Mr. Pablo Rodriguez:** Ms. Lareau or Mr. Laurin.

**Mr. Marc-Philippe Laurin:** CBC expects to lay off 393 people, but we do not yet have the list.

**Mr. Pablo Rodriguez:** Has that made for a bad work environment?

**Mr. Marc-Philippe Laurin:** It has certainly created some uncertainty.

**Mr. Pablo Rodriguez:** It has created an atmosphere of uncertainty because these people do not yet know whether they will be laid off. That is very serious.

**Mr. Marc-Philippe Laurin:** We have some idea of which sections will have layoffs, but people do not know exactly who or which positions will be targeted.

**Mr. Pablo Rodriguez:** Have you been talking to each other?

**Mr. Marc-Philippe Laurin:** Yes.

**Mr. Alex Levasseur:** About the cuts?

**Mr. Pablo Rodriguez:** About the cuts and which sections will be affected.

**Mr. Alex Levasseur:** Not yet. As I said, a voluntary retirement program has been offered. I have not yet learned the outcome of the program. Things will follow their course. We were not consulted about which program—

**Mr. Pablo Rodriguez:** Were you consulted?

**Mr. Marc-Philippe Laurin:** We were consulted about the process, but we have not yet been informed about which positions and individuals will be affected.

**Mr. Pablo Rodriguez:** Specific positions—

**Mr. Marc-Philippe Laurin:** Exactly.

**Mr. Pablo Rodriguez:** Okay.

How is CBC/Radio-Canada taking regional priorities into account? How can it maintain a local presence if it is laying off so many people? Has it said that it will not touch the regions? Will people in the regions with less seniority not lose their jobs? I just want a basic understanding of the process.

**Mr. Alex Levesseur:** My understanding—Marc-Philippe can fill in the details—is that the broadcaster wants to proceed according to its mission. CBC/Radio-Canada told us that it wanted to protect news gathering, for example. In the regions, it will be keeping people responsible for news gathering. Consequently, teams will not be able to go on the air or maintain news-focused programs—such as on RDI—because there are no more teams or equipment anywhere, whether that is in Moncton or Quebec City, where I work.

**Mr. Pablo Rodriguez:** Okay.

Newspapers have talked about an additional 5% to be cut from the \$1.1 billion budget from Ottawa. That is huge. That is an additional \$56 million in cuts.

What does that mean for you in terms of jobs?

**Mr. Marc-Philippe Laurin:** That is pretty easy to figure out: 800 jobs represents about \$60 million.

**Mr. Pablo Rodriguez:** Another 800 jobs?

**Mr. Marc-Philippe Laurin:** We have been cut to the bone, Mr. Rodriguez. CBC/Radio-Canada services are now in danger. I am not talking about parts of services, but entire services.

• (1800)

**Mr. Pablo Rodriguez:** That is not counting the sale of assets. The cuts to CBC/Radio-Canada were approved. Are they talking about similar cuts? If they cut another \$56 million, that could mean several hundred jobs, as many as 800.

**Mr. Marc-Philippe Laurin:** We should not talk about the cuts in terms of jobs. My president could probably give you more details about that.

**Mr. Pablo Rodriguez:** Ms. Lareau.

[*English*]

**Ms. Lise Lareau:** First of all, to put \$50 million in perspective, you're looking at a quarter of the entire budget of English radio. You're looking at a third of the budget of French radio.

I mean, \$50 million is a lot of money at the CBC. Let's say that the strategic review goes through and the CBC does what it has been asked to do, which is to identify things that could be cut. Let's say that at the end of the day, a year from now, the government doesn't cut. We don't know. It's a threatened cut, and it's sitting there. Let's say that it doesn't cut. We still have an enormous problem of chronic underfunding, years and years of funding that has not caught up to the cost of living. And it's way below international standards.

**The Chair:** Thank you.

We'll go to Ms. Lavallée, please.

[*Translation*]

**Mrs. Carole Lavallée:** Thank you.

Along the same lines, you have lost 800 jobs. Assets worth \$125 million will soon be sold. You are losing advertising revenue and experiencing audience fragmentation. Also, in some places, like Abitibi, nothing was cut because there was nothing left to cut.

How are people handling these job losses? What is left to cut? Are you involved in the strategic review?

Go ahead, Ms. Larouche.

**Mrs. Chantal Larouche:** The last I heard, we are not participating in the strategic review, nor are the unions part of—

**Mrs. Carole Lavallée:** You are not helping them.

**Mrs. Chantal Larouche:** No, and it is pretty clear that they do not necessarily want to know what we think.

**Mrs. Carole Lavallée:** But if you did have a chance to give your opinion, what would it be? This is your chance to say what you think. Someone is listening.

**Mrs. Chantal Larouche:** It is clear that regional services are important. However, the most critical point—maybe I will be deviating from my focus somewhat—is that, given the cuts that have already been made, Friday's announcement has put CBC/Radio-Canada's ability to carry out its mandate in danger.

It is our opinion—the Fédération nationale des communications, which held its convention last week—that this is a purely ideological decision that has nothing to do with money and everything to do with a desire to marginalize the public broadcaster. Let us not forget that it was not so very long ago that our government raised the possibility of providing direct financial support through subsidies to private companies. That makes absolutely no sense. How are people on the ground supposed to react to that? How are they supposed to feel? Our members are really angry. They know that, in time, if things go as planned, everyone will say that we no longer need CBC/Radio-Canada. That is the sense we get from the government's current plans.

**Mrs. Carole Lavallée:** You said that CBC/Radio-Canada would no longer be able to carry out its mandate.

**Mrs. Chantal Larouche:** That would be the case, particularly in terms of regional service throughout Canada—

**Mrs. Carole Lavallée:** There would be fewer local broadcasts.

**Mrs. Chantal Larouche:** There would be fewer local broadcasts and more acquisitions.

Major cuts to original made-in-Canada programs were announced for French programming in Quebec and probably for the English network too. Right now, the only option is acquiring foreign-produced programs.

There is another issue: it is clear that there will be a shortfall in news programming. With as much territory to cover as there is in Canada, and with the requirement to provide service in both official languages, we cannot provide adequate coverage with so few resources. This will clearly result in a democratic deficit for Canadians.

**Mrs. Carole Lavallée:** I want to make sure that I understand. Do you really believe that the Conservative government is financially suffocating CBC/Radio-Canada so that it can then say the broadcaster should be gotten rid of because it cannot fulfill its mandate?

**Mrs. Chantal Larouche:** That is how it looks. That is how we see it.

**Mrs. Carole Lavallée:** Mr. Laurin, what do you think?

• (1805)

**Mr. Marc-Philippe Laurin:** I agree completely. Everything points to the fact that the current government is taking advantage of the economic crisis to make things difficult for the broadcaster. As I mentioned in my presentation earlier, CBC/Radio-Canada's budget has been cut year after year. The broadcaster has fewer and fewer people and can do less and less.

**Mrs. Carole Lavallée:** Excuse me, but I would like to hear what the others have to say. As you know, I have just five minutes.

Mr. Levasseur.

**Mr. Alex Levasseur:** I want to point out something important that I have realized over my 30-year career with CBC/Radio-Canada. I have seen and felt a lot of cuts. When CBC/Radio-Canada leaves a region, stops covering a region, private companies that were in the same region follow suit. They feel that they no longer have to compete with CBC/Radio-Canada, since it is no longer there. So they take off. They pack up and leave. The effect is twice as bad because CBC/Radio-Canada is no longer there, and the private broadcaster figures that it does not have to stick around and spend money; there is no need to.

**Mrs. Carole Lavallée:** Mr. Murdoch.

[English]

**The Chair:** Thank you.

We'll move on to Mr. Angus, please.

**Mr. Charlie Angus:** Thank you, Mr. Chair.

I'm very sorry I only have five minutes, because I have so many questions. I'm going to move very quickly and I'm going to be very impatient. It's not that I don't want to hear long answers; it's just that I have no time.

Madame Lareau, getting an answer from the government on the CBC is like sticking your tongue out in a funhouse mirror. Everything comes back really distorted, and they tell us it's not. We just heard that this \$56 million cut is not really a cut, that in fact it has been planned for years, and that there was something nefarious with the CBC in not coming forward and making the government look bad.

My understanding was that CBC was singled out last week for this strategic review. Is that correct?

**Ms. Lise Lareau:** My understanding is that the CBC was informed last week or the week before. The staff at the CBC were informed last week, and it should be clear that it hasn't been singled out. A lot of government departments are subject to this review.

At the same time, it's strange to us that the CBC is seen as a government department. That seems to poke a lot of holes in the

issue of the arm's-length relationship, and that worries me, on top of the \$50 million and all the rest of the problems.

**Mr. Charlie Angus:** Mr. Murdoch, I remember when we were talking back in 2006, when they had the bold merger in which CTV decided to swallow its number two rival in the city of Toronto and pick off a whole whack of valuable stations. At the time, they made it clear that they were not interested in 'A' Channel. They wanted to dump those. The CRTC came back and said they were going to impose some strict conditions on CTV because they were allowed so much massive media concentration. Here we are two years later and the nature of the crisis is the 'A' channels, which they never wanted in the first place.

Have they followed their licence?

**Mr. Peter Murdoch:** I think the crisis is at the CRTC. Look, these local stations were given licences. They have been described by broadcasters, the unions, citizens, and public interest groups as the very foundation of Canadian broadcasting. If Parliament or the CRTC can't find a way to ensure that these stations keep going, we are abandoning Canadians. It's not a question of whether or not CTV wanted them or didn't want them. We're not talking about a Christmas present; we're talking about licences, the foundation of the broadcasting system.

For the past 40 years, various royal commissions, committee hearings, and inquiries have been recommending against consolidation of ownership, every one of them. Yet the CRTC has allowed this consolidation to continue, and now we see Canada's largest media empire \$4 billion in debt and on the brink of CCAA. It's a national embarrassment. Where was Parliament, and where were our regulators? You have made some wonderful recommendations. We just need to ensure that they're adopted and put in place.

**Mr. Charlie Angus:** Mr. Murdoch, CRTC decisions are always predicated on the fact that we need to help local, we need more mergers, we need to give them the specialty TV. Yet every time a licence renewal comes up, we find the restrictions are way too onerous to allow any broadcaster to operate profitably. When we look at how much they're being obligated to come through with, to us—and we're just amateurs—it doesn't seem like it's all that much.

As to the onerousness of the licences, I was trying to find the last time a television station had been charged with non-compliance, and I don't see anything in the last 20 years. What is the percentage of stations that have been out of compliance with their licence? Are you aware of that? When they are breaching their obligations, does the CRTC have any tools, any steps that it takes to make them comply? Clearly, the message we've heard is that the CRTC obligations for local and for Canadian content are much too onerous for this business climate.

• (1810)

**Mr. Peter Murdoch:** We are aware, as all Canadians are, that there's an economic downturn right now, so this business climate is unique. It will pass; broadcasters will come back, the economy will come back, and away we go. Right now we're in a moment unique in our history. It's not a matter of being onerous.

First of all, very few broadcasters have local programming and local news as a condition of licence. They make promises and commitments that cannot be enforced. There's no penalty; they just make these. When CTV was looking at the last round for the Citytv stations, it brought up broadcasters. I'm sure many of you were in Parliament when they had all their anchors in Parliament to greet everybody. How wonderful local news was! Three cheers! What happened after that? They're closing stations and they're reducing local news.

Come on, which is it? They'll say one thing at the time of trying to get the licences and try to woo you when it seems necessary, but once they have the licence, those commitments end up being abandoned.

**The Chair:** Mr. Del Mastro.

**Mr. Dean Del Mastro:** Thank you very much, Mr. Chair.

Thank you, witnesses.

As the presentation has been going on, I've been doing some basic math. I'm a finance guy; at least that's what I took at school. I basically figured out that since the funding low of the Liberals that occurred in the late 1990s, the funding at CBC is up 38%, based on figures that you've given to me. You indicated 5% of the budget was \$58 million, or could be as much as \$58 million. That would indicate funding from the government of \$1.16 billion.

I took the funding low of about 10 years ago of \$800 million under the Liberals, applied at an annual inflation rate of 3% compounded over 10 years, and I came to a total funding number of \$1.075 billion, which would have been the amount under the Liberals, keeping pace with inflation. We know that we've actually exceeded that, based on your testimony here today, and that was if inflation was at 3%. But we know the Bank of Canada has had a target rate of 2%, and I don't remember the annual inflation rate ever being at 3% since 1998.

So I just wanted to make the point. The only reason I've gone through some of the finance calculations, which I've been doing while you've been here, is to indicate that half of your argument that says the government funding hasn't kept pace with inflation actually isn't true. Based on your own numbers, it has more than kept pace with inflation. Now, you may be making the argument that it hasn't been adequate, but that's different from saying that it hasn't kept pace with inflation.

The other thing that is really troubling—and I saw Ms. Larouche, Ms. Lareau, and Mr. Laurin nodding—is that you think the current government has got it in for the CBC. I'm just going to paraphrase. I have something here from the Friends of Canadian Broadcasting, which I received on October 31, 2000—I just ran this off today—and it says that the Liberals cut about \$400 million or 33% from the CBC's budget. I'm told 4,000 people lost their jobs, and that the president of CBC quit. Does the Liberal Party have something against the CBC as well? Is that what we're establishing? The Liberals had a vendetta to eliminate the CBC? Is that why they cut 33% from your funding?

**Ms. Lise Lareau:** I'll start with this.

Look, I didn't answer the last question, and what I have been saying—

**Mr. Dean Del Mastro:** Okay, so then I'd like Ms. Larouche to answer.

• (1815)

**Ms. Lise Lareau:** Excuse me.

**Mr. Dean Del Mastro:** No, it's my time now.

All right, go ahead.

**Ms. Lise Lareau:** My answer to your question is this. Just hang on, we can switch over to him.

There's a problem right now, and let's get away from partisan politics.

**Mr. Dean Del Mastro:** No, because there have been partisan remarks made by the witnesses.

**Ms. Lise Lareau:** The problem is the relationship with the government of the day, and that's any day. That means the government of today, of ten years ago, or of twenty years ago and the CBC. That is the problem. Your committee identified this last year. We need a seven-year contract between the government and the CBC so that we're not subject to these annual budgetary discussions.

**Mr. Dean Del Mastro:** Mr. Chair, it's my time.

**The Chair:** I'd like Ms. Larouche to answer.

**Mr. Dean Del Mastro:** Ms. Larouche, do you feel that the Liberal Party also had a vendetta to get rid of the CBC, since they actually cut money from the CBC while we have not?

[Translation]

**Mrs. Chantal Larouche:** I would agree with Ms. Lareau: we are not here for political purposes.

[English]

**Mr. Dean Del Mastro:** That's not the question. You made a specific partisan remark. You said that the government of the day had a vendetta against the CBC.

**Some hon. members:** Oh, oh!

[Translation]

**Mrs. Carole Lavallée:** Point of order.

[English]

**Mr. Dean Del Mastro:** The government actually cut money.

**Some hon. members:** Oh, oh!

**The Chair:** Okay. I have an intervention.

Could I have just one second until we get some order here? I don't want to have to use my gavel. I've never used my gavel to get order yet.

We will stick to the questions. Again, there were some questions that came from this side of the table, and I didn't stop the answers from coming from the other end. This side of the table is asking questions right now, and I respect an answer from the other end. If we're not going to get that without intervention, then.... The question has been asked. If you don't want to answer the question in front of this committee, then send the report and the reply through me, and I will send it.

Carry on, Mr. Del Mastro.

[*Translation*]

**Mrs. Chantal Larouche:** I did not say that I did not want to answer the question. I began by saying that we were not here for partisan purposes. As Ms. Lareau said, at this point in CBC/Radio-Canada's development, the government is putting the pressure on and cutting its funding. That is the current government. I am not saying that the Liberals never—

[*English*]

**Mr. Dean Del Mastro:** Mr. Chair.

[*Translation*]

**Mrs. Chantal Larouche:** I thought I was answering.

[*English*]

**Mr. Dean Del Mastro:** Hold on, it's my turn to talk. It's actually my time right now.

The point is that we have not reduced funding to the CBC, not a dime. In fact, we've only increased funding to the CBC, and your own numbers back that up. In your own testimony today you indicated that 5% of the funding was \$58 million—I've heard \$56 million. Regardless, it's more money than what the CBC was getting when we took government. It's more money. Yes, it is. Absolutely. I'll give you my calculator when I'm done. Please.

**Mr. Marc-Philippe Laurin:** Is that a question?

**The Chair:** I think that's a question, Mr. Laurin.

**Mr. Dean Del Mastro:** You're welcome to respond to what I've asked. My question is, do you believe the government of the day, since you're saying you think our government has a vendetta against the CBC, is trying to shut it down?

**Mr. Marc-Philippe Laurin:** Let me answer your question.

**Mr. Dean Del Mastro:** Do you believe the Liberal Party had the same objective when it cut 4,000 jobs and \$400 million?

**Mr. Marc-Philippe Laurin:** I believe Ms. Lavallée asked what our members were feeling and what the sentiment was from our members with the current round of downsizing and cuts at CBC. I believe her question was, do you feel the government is against the CBC? I responded that certainly is the sentiment, and it's the sentiment of the membership I represent. Our folks feel there's always been a bad...between the two.

When it comes to the numbers, I believe attached to your document—

**The Chair:** Okay, we have to—

**Mr. Dean Del Mastro:** Wait a minute, between any government and the CBC?

**Mr. Marc-Philippe Laurin:** I was asked if our members felt this government was negative toward the CBC. They said yes. That's the question—

**Mr. Dean Del Mastro:** But they didn't feel that way about the Liberal Party.

**The Chair:** Question over, question over. We've gone over time.

Mr. Simms, please.

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.):** And now for something completely different. Wasn't that a ball?

Now that we've dealt with question period as per this afternoon, I have a couple of questions.

Some of the themes that came out of your testimony interested me, because we are talking about fee-for-carriage, about the local improvement fund, all these things. Do you feel that in the absence of any regulations...? Let me put it another way. What is required of you, or what do you think should be required of broadcasters when it comes to a local improvement fund, or any type of money that helps subsidize local funding?

● (1820)

**Mr. Peter Murdoch:** I don't know, I'll just take it very briefly.

The first thing is accountability. Supposedly once this fund is set up, it's set up for a purpose, and I think as an incumbent, to ensure that purpose is met.... It's not a slush fund for broadcasters. It's not something to go to the bottom line. It's targeted, and we have to have accountability and transparency on it.

It's also for original hours of news programming, primarily, and that is different from simply repeating news or calling pet horoscopes or something news. It's not news broadcasting.

**Mr. Scott Simms:** If the government had made a statement that, yes, we're recommending this local improvement fund have all the stipulations, all the disclosures, all the transparency, and the regulations to boot to make sure local programming objectives are fulfilled, then.... What you're saying is that in order for the CRTC to do this, it's going to last for a short period of time and then we're back to where we were before. In other words, because the broadcasters don't fulfill these commitments, it doesn't really matter.

**Mr. Peter Murdoch:** Well, (a) we would like to see some sort of enforcement of it, but (b) it seems to me we have the cart before the horse. If we have a commitment to local news and local programming, if we believe Canadians deserve that in whatever community they live across the country, then let's ensure that they have it. If the broadcasters have a little downturn in the economy, maybe they need some help. If they have an upturn, maybe we can deal with that as well.

If it seems this is a permanent structural problem, as the broadcasters claim it is—I'm not sure it is, but let's suggest that it is for a minute—then we need something like fee-for-carriage, which is permanent additional funding.

Maybe my colleagues would like to add to this.

**Ms. Lise Lareau:** Very quickly. Our union called for having the fee-for-carriage and having that money specifically allocated for local news. The LPIF, the local program improvement fund, was a little bit of an offshoot of that recommendation. The current plan is for the LPIF to be funded out of cable and satellite fees; we're saying it should be matched by government money. I think we should get going fast on the LPIF to help what I think is a wonderful project at CHCH, which is the idea of local ownership of local stations. Get that project going and use it as a test case.

**Mr. Scott Simms:** Okay, I think I read you loud and clear on that one. It was one of the comments that came from Mr. Murdoch that two or three recommendations had been accepted by the CRTC.

I agree with you. I agree wholeheartedly. One of the reasons I wanted to call this together was to provide some kind of direction from Parliament as to what CRTC should be doing. But my goodness, I'm seeing it time and time again. Nothing is being followed and recommended. Who is talking about a long-term, seven-year commitment to the CBC? Outside of us, nobody—except for you and certain interests. And I appreciate all the information you gave me.

**Mr. Peter Murdoch:** I think this committee, other committees, other royal commissions, other inquiries, for years have been calling for a fully resourced public broadcaster. It's not new. The question is, why hasn't anything been done about it? I don't care which party it is. Why hasn't anything been done about it? As to the degree to which the CRTC can lend its weight, that hasn't happened either. If you ask me why.... Catatonia? I don't know.

**Mr. Scott Simms:** Should the CRTC, then, actually consider—and this has been brought up before by other witnesses—getting into the business of sanctioning? Obviously it's something without teeth. Is that a fair statement? Because, really, you either revoke the licence or you don't, in which case you want the types of sanctions that can make them behave in the certain way that the government wants them to.

**Ms. Monica Auer (Consultant, Interconnected, Communications, Energy and Paperworkers Union of Canada):** The current Broadcasting Act makes it an offence to breach either a regulation or a condition of licence. The CRTC can also issue mandatory orders currently. It has issued mandatory orders, but even though those have in turn been breached, the CRTC has not followed it up at the courts. There is already a legal remedy in the Broadcasting Act.

**Mr. Scott Simms:** But is that legal remedy too cumbersome?

**Ms. Monica Auer:** No.

**The Chair:** Mr. Simms, we can't get into dialogue, because that's the end of the answer.

We have to move to Ms. Lavallée. We have one more question over here, and we have to get this meeting over.

[Translation]

**Mrs. Carole Lavallée:** Thank you very much, Mr. Chair.

I did not call the point of order earlier to prevent the witnesses from answering, but to ask Mr. Del Mastro to treat our guests with respect. He was preventing them from answering. I respect the Chair, so I did not bring it up again. Thank you very much.

With all due respect, I have a few questions, but I want to begin with a comment. Mr. Del Mastro said earlier that his government has been more generous than any other toward Radio-Canada. However, according to the Canadian Media Guild brief, CBC/Radio-Canada is now operating on \$354 million less in constant dollars than it was in 1995. According to the Fédération nationale des communications, funding is down by an estimated \$300 million.

You are not very generous. On page 23 of a document that the CEO you appointed, Hubert Lacroix, presented to the committee—sadly, I do not have it with me—he estimated funding to be \$400 million less in constant dollars than it was in 1990. I do not know which numbers you are going by. That was just a comment.

Regardless, all of the people who talked to us about the CBC/Radio-Canada's budget deficit said that the corporation has had a significant deficit for 20 years. The only ones denying it are the Conservatives.

Mrs. Larouche, I would like to talk about the survey. Since we are comparing documents, let us go ahead and compare some. Earlier, Friends of Canadian Broadcasting submitted a survey of 943 anglophones that looked good for CBC/Radio-Canada. According to the survey, 54% of respondents agreed that the corporation's budget should go up to at least \$40 per Canadian per year. You conducted nearly 1,000 interviews in French and English, probably only in Quebec, because people in that province identify strongly with CBC/Radio-Canada, the audience ratings are very high, and competition from Hollywood is not as tough. But only 57% think that the subsidy should be maintained. The results are weird.

● (1825)

**Mrs. Chantal Larouche:** I think we should take a look at the questions that were asked.

Considering the overall results of the survey, we see that 80% of respondents said that they cared about CBC/Radio-Canada and were prepared to increase its funding if necessary. However, when it came to numbers, we wondered if people might have been confused by the methodology. First, they said that they were prepared to pay more if need be. Some 86% of them wanted to make sure that CBC/Radio-Canada received funding. However, when asked whether they would rather pay \$34 or \$40, many said that \$34 was enough.

When the survey was being put together, experts from the firm told us that we should avoid introducing a bias. We thought that we had to include information to help people understand that, elsewhere in the world, a public broadcaster could cost up to \$133 per person, per year. We were told that in terms of methodology, and to keep the questionnaire honest, we should not include that information. Nevertheless, the results point to some clear facts. Over 80% of the respondents wanted to protect CBC/Radio-Canada's vocation and mission. Some 73% said that the government's refusal to grant CBC/Radio-Canada temporary financial support made no sense. Finally, 60% of the respondents were against the government giving financial support to private companies via subsidies. That is significant.

**Mrs. Carole Lavallée:** I see that Mr. Laurin has something to say, but I would just like to add that, last year, the committee put together an excellent report in which it clearly asked for funding in the amount of \$40 per Canadian, stable funding together with a memorandum of understanding and another \$60 million in one-time funding. I cannot understand why the government did not respond favourably to the report.

Mr. Laurin.

**Mr. Marc-Philippe Laurin:** I just wanted to add that when one talks to francophones across Canada about CBC/Radio-Canada, they think about the national Radio-Canada network. When one talks to anglophones, they think about the national CBC network. They do not think about all of the other services. When we meet with Canadians to tell them about the 29 separate services, what is different about them, the number of languages used—basically, all of the services that CBC/Radio-Canada provides as a public broadcaster for a billion dollars—they begin to understand a little better. To answer your question about the \$400—

• (1830)

**Mrs. Carole Lavallée:** It is \$400 million.

**Mr. Marc-Philippe Laurin:** Oh, sorry.

If you look at the document—

[English]

**The Chair:** We have to wrap.

[Translation]

**Mr. Marc-Philippe Laurin:** Yes, I am getting to the point, Mr. Schellenberger.

In the document, you can see that for 1990, our numbers match Mr. Lacroix's. For 2008, the comparison between appropriations in nominal dollars and appropriations in 2008 dollars shows that there is a \$400 deficit compared to 1990.

[English]

**The Chair:** Okay.

[Translation]

**Mr. Marc-Philippe Laurin:** Compared to 1995, the deficit is \$350 million or \$360 million.

**Mrs. Carole Lavallée:** Thank you very much.

[English]

**The Chair:** We have that in our literature here, so that's fine.

Mr. Bruinooge, you have the last question, please.

**Mr. Rod Bruinooge (Winnipeg South, CPC):** Thank you, Mr. Chair.

I appreciate the testimony from all the witnesses today.

I'm going to perhaps follow up on some of the testimony that was delivered a little earlier in relation to Madam Lavallée's line of questioning.

Madam Lareau, as far as I remember from the testimony you delivered in response to Madam Lavallée's question of whether your membership had the sense that the current Conservative government had it in for the CBC, you indicated in the positive, as did Madam Larouche as well.

In relation to that—my question is for you and for other members of the panel—does your organization have a mandate to express a partisan sentiment on topics such as that, and do you take official positions? I don't really know. I'm not sure of the mandate of your organization. Perhaps you do take official party positions relative to public policy items. And if that's the case, so be it. I guess you would be fulfilling your mandate. But in the event that you don't, do you see that comment as being outside of your mandate in relation to communicating in the public on these matters?

**Ms. Lise Lareau:** I'm not too sure who you're speaking to. I will start by saying that my union has a policy of advocating for issues within the media—media worker issues, for lack of a better word. They are issues that affect this industry. We do advocate for those things.

Marc, would you like to comment?

**Mr. Marc-Philippe Laurin:** I didn't know if you were addressing me. I know that there's Lareau, Laurin, and Larouche here. From across the room, I wasn't sure if you were talking to me, Mr. Bruinooge.

Again, I was asked what my members feel, and my members feel that this government is hostile towards the CBC as a whole. I was asked. I was being honest. I'm giving you an honest answer. To say no would not be serving my membership, because that's not what they're telling me. I was asked an honest question; I'm giving you an honest answer. Is it founded? Is it legitimate? I can't tell you. I can't answer that question right now. We find ourselves very often here in the heritage committee asking the same thing.

**Mr. Rod Bruinooge:** How did you come to that conclusion? Did you survey your members, or is this anecdotal information you're presenting?

**Mr. Marc-Philippe Laurin:** I'm sorry, I missed that question.

**Mr. Rod Bruinooge:** How did you survey your members to come to that conclusion you've made, or is it anecdotal?

**Mr. Marc-Philippe Laurin:** After the last round of bargaining, which we just completed.... You know, we meet our membership on a regular basis, and they call us at the office. They e-mail us. It's a difficult question for us.

**Mr. Rod Bruinooge:** How many of your members have indicated that they feel that the current government is hostile?

**Mr. Marc-Philippe Laurin:** I don't think that's the issue. I don't think we're going to get anywhere with that.

**The Chair:** Let's move to Ms. Larouche.

[Translation]

**Mrs. Chantal Larouche:** The members of our federation have expressed very real concerns. Their reaction to what they are going through is negative, of course, but I want to make it clear that my position is not partisan. If any other government were in power, we would be having the same problems, the same issues. We did in the past, and we probably will in the future, but it has nothing to do with partisanship. It would be a mistake to think that. Our position is in response to a very serious situation.

• (1835)

[English]

**The Chair:** Mr. Levasseur would like to respond.

**Mr. Rod Bruinooge:** I'm sorry, Madame Larouche, could I have a follow-up question to your statement?

How did you receive an indication from your membership? Was there a survey? Could you give us a plurality statement in relation to your membership as to the position you've put forward? Or is it just anecdotal information that you believe your membership suggests?

[Translation]

**Mrs. Chantal Larouche:** These are not anecdotes. We just had a convention. Our members talked about the current situation. They said it was disastrous and did not bode well for the future of CBC/Radio-Canada. That is what is going on now.

[English]

**Mr. Rod Bruinooge:** Was there a vote?

[Translation]

**Mrs. Chantal Larouche:** They have not taken a political position. They have taken a position in response to what they are experiencing right now, in response to the threat to CBC/Radio-Canada.

[English]

**Mr. Rod Bruinooge:** I'm sorry, if I could just stop you for a moment, was there a vote at your convention on the topic of whether the current Conservative government had it in for the CBC? Was that a ballot item at your convention?

[Translation]

**Mrs. Chantal Larouche:** I repeat, this is not a partisan position. We are not taking issue with the Conservative Party. We are taking issue with the government's decisions. Let us stop this.

[English]

**Mr. Rod Bruinooge:** So without that—

**The Chair:** Mr. Bruinooge, please, Mr. Levasseur would like to answer. I'm going to take his answer, and then I'm going to have a final statement, because I have something for the National Film Board.

Mr. Levasseur, go ahead, sir.

[Translation]

**Mr. Alex Levasseur:** Thank you, Mr. Schellenberger.

I just want to make a comment: I believe I am appearing before a Canadian parliamentary committee. I see members of all parties around this table. I read the reports submitted by the committee in 2008 and 2003, and the purpose of my presentation, my organization's presentation, was to encourage you to implement your own decisions. At the time, every one of you here, on behalf of your respective parties, said that you were in favour of multi-year, stable, indexed funding for CBC/Radio-Canada. That is what you wrote in 2008. So my question to you now is: what are you waiting for? When will you do what you promised to do?

That is what I have to say, and that is what my committee and my union's members have asked me to tell you.

[English]

**The Chair:** Thank you.

We are out of time. I'm going to thank all the witnesses for being here today.

I have one statement. It's primarily a statement for the National Film Board.

For 70 years the National Film Board has been there. I am very concerned about local broadcasting and about Canadians knowing about Canada. Back when I went to school—which wasn't 70 years ago, but a lot closer than for a lot of people in this room to that time—we learned a lot about Christopher Columbus, Marco Polo, and Magellan. In our school system, we didn't learn much about Canada. It was through the National Film Board that once a week, or once a month, we'd get that old reel. The principal would come with three reels of film, and we would have an hour or an hour and a half of viewing from the National Film Board, whether about polar bears, about seals, or about Inuit communities.

I've learned a lot through the National Film Board. Anything that I have learned, I would hope the National Film Board could take a little credit for.

I thank everyone for being here today.

**Some hon. members:** Hear, hear!

**The Chair:** With that, the meeting is adjourned.





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