



● (0855)

[English]

The Chair (Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.)): Good morning. I declare open this meeting of the Standing Committee on Canadian Heritage, *le Comité permanent du patrimoine canadien*, which meets today to continue its study of the Canadian broadcasting system.

For us, today's meeting is very important. It goes without saying that our first witnesses, CanWest Global, are some of the most important players within the broadcasting system—indeed, in the media world in general, not only nationally in our country but also internationally. We are most grateful for your presence here and the fact that your most senior people have chosen to attend. We are most grateful for this. We look forward to hearing from you and to questions from our members.

Mr. Asper, we welcome you here. I turn the floor over to you.

● (0900)

Mr. Leonard Asper (President and CEO, CanWest Global Communications Corp.): Thank you, Mr. Chairman. I just wanted to make you all aware, those of you who aren't from Winnipeg, that it is a dry cold outside, so it is not as bad as it seems.

Mr. Chairman and members of the committee, we were pleased to have presented our written submission to you last September. While it is not my intent to read that submission into the record, I will refer to it in my oral submission today since it contains a number of important recommendations about the future of the Canadian broadcasting system.

At the outset, however, there are three points we want to highlight and stress to you, because those three points form the framework for our submission, they form the framework for our corporate strategy, and we hope they would form the framework for the committee's consideration of the future of the Canadian broadcasting system.

The first point is simple to express, but it's fundamental and far-reaching in its impact on all of us. That first point is this: in the media world of the first decade of the 21st century, fragmentation is the new “normal”.

The second point is that every recommendation CanWest has made, whether it's to enhance its revenues or to streamline regulation, can be seen as a necessary ingredient to achieve the goal I'm sure we all share with the members of the committee, which is to create better and more popular Canadian programming.

The third point deals with the development of sustainable Canadian media business models for the future. Public policies must encourage and support development of Canadian media companies that can compete successfully in a fragmented and global world.

If we're going to be able to bring a Canadian perspective to information and entertainment, our media companies will have to have economies of scale to compete with media companies from all over the world that will have access to the Canadian market. In 2000 the total combined revenue of all media companies in Canada, from all sources, was just under \$18 billion. Let me put that into perspective; \$18 billion Canadian is equal to about three to four months' revenue for AOL Time Warner and about five to six months' revenue for Viacom.

You might be interested to note that those companies already have a significant presence in our system. For example, here in Winnipeg on the analog part of the cable dial there are two CanWest channels—Global Winnipeg, formerly CKNB, and Prime, a specialty service. On the same dial there are three services owned by AOL Time Warner—CNN, CNN Headline News, and WTBS, a Warner Brothers network affiliate. Through AOL Canada they are also competing against Canadian online services—and competing quite vigorously, I might add. Viacom and NBC are also increasingly competing in Canada, with others not far behind.

Our competitors used to be CTV and CHUM. Now, our competitors are still CTV and CHUM, but there are also competitors who are much bigger than those companies. That's a glimpse of the broadcasting reality of the future and the reason we think Canadian media companies will need economies of scale if we are going to be able to compete in that future. Indeed, that's why Canadian media companies have been consolidating—to re-aggregate the fragments in the market into more efficient and effective economies of scale.

Notwithstanding that consolidation within Canada, it should be stressed that the data show clearly that there is, in fact, more diversity in Canadian media and less concentration than there has ever been in the past. We have included those data with our submission.

The main purpose of the committee's work, of course, is looking at Canadian broadcasting—where the industry is and where it's going. As you know, our principal broadcasting operations in Canada are in conventional television. Last summer the CRTC renewed Global's conventional television licences for a seven-year term, a seven-year term in which we projected spending more than \$1 billion in Canadian programming, including more than \$600 million on Canadian news programming.

Let me be very clear on the significance of that kind of spending on Canadian programs. Unlike specialty services, private conventional broadcasters do not receive subscription revenues. This is a serious handicap. While private conventional broadcasters are expected to make the major commitments to spending on high-cost original Canadian drama and programs, compared to specialty services we do so with one hand tied behind our backs.

Indeed, not only do Canadian specialty services receive subscription revenues, but American specialty services also receive subscription revenues from Canadian cable and satellite companies, to the tune of \$217 million in 2000, probably going to \$250 million in 2002. That's \$250 million that leaves the Canadian system untaxed and does nothing whatsoever for Canadian programming.

Contrast that with Canadian conventional private television services that have to rely primarily on a single source of revenue, advertising.

Just to give you an example of a Canadian specialty service against whom we bid for rights, TSN will have roughly \$120 million of subscription revenue this year, and that's what they use to bid against sports rights. A company like Global TV does not have a chance in bidding against a company like TSN for rights to Canadian sports programs. In fact, Global's \$1 billion spending projection was made in the face of a continued flatness in advertising revenues for conventional television, a not surprising result of the fragmentation that has taken place in the Canadian television market and the narrower targeting the specialty services provide to advertisers—which is why the specialty service segment is growing at 25 percent and conventional television is flat.

Nevertheless, we stepped up to the plate and we made some significant programming commitments. We are now in the first year of that seven-year licence term. We said we would start a national newscast, based in Vancouver, scheduled at supertime, and we did. The response from Canadian viewers has been significant. Over three-quarters of a million people were watching the program as of January 2002, and the numbers are still growing.

• (0905)

We have launched a new news and information programming hour in Ontario to match those we already have in other markets. In our licence renewals we committed to maintain the already significant local news commitments at each of our local stations despite the revenue fragmentation in the markets in which they operate.

We said we would start a new national public affairs program based in Calgary. We did. That program now has the largest audience for any Canadian program of its type.

We committed to an annual slate of documentaries, and we've delivered 30 so far since our licence renewal.

We made these commitments to telling Canadian stories and to more diversity in news for two reasons. We felt it was necessary and we felt it was good business. We know that all private broadcasters have to reduce their dependency on American programming over the next decade and we've chosen to develop new Canadian voices in news as one of our alternatives. We believe it's time to have more

control over our schedules and to build Canadian program franchises.

A second operating imperative for CanWest relates to convergence. We know the word has been much used, probably overused, but let me tell you what convergence means to CanWest. In fact, there are at least five convergence things going on. There's integration of back-office functions; there's a new convergence of customer relations and customer relationship management that relates to call centres and other marketing and research tools we're developing; cross-promotion; cross-media integrated advertising sales; and fifth and finally, sharing and re-purposing of content.

We can discuss any of these initiatives, but let me say just a few words about the last point, sharing and re-purposing of content. It's not about doing less storytelling; it's about using resources effectively to do more storytelling. Let me give you just four recent examples between television stations and newspapers: from Victoria, a joint project on the economic future of Vancouver Island; from Edmonton, a joint project on violent street gangs; from St. Catharines, a joint project on the future of tourism in the Niagara Peninsula; and from Montreal, a joint project on the impact of municipal amalgamation on the citizens of that community. What these kinds of cooperations do between newspapers and television is to create much more awareness and reach of a particular news story and provide much more resources on the coverage of that news story.

With cameras linking all of our newsrooms in television, print and online we're able to extend storytelling not only across media but also across Canada. If we can take an experienced television journalist like Peter Kent and have his insights appear in print as well as on TV, that means more people will have more sources of information, not the other way around.

Young adults graduating from journalism schools today and in the next decade will demand these opportunities to report events and tell stories across multiple media, because that's how they will be accustomed to receiving information. Indeed, that's already happening within our organization. Over time we see tremendous advantages as these initiatives evolve and we believe we are well positioned to serve the changing media market for two important reasons.

First, our approach to convergence means that we will be able to better serve the emerging multimedia consumer. In the next few years. The children of baby boomers will become the largest group of adults. They are multimedia consumers, and we'll be well positioned to serve them. They expect to follow a story on different media throughout the day.

Second, our approach to convergence will mean that our ability to tell stories effectively across media will create a powerful and effective Canadian brand that will help us stand out in a sea of almost limitless choices.

So that's the perspective we bring to the committee today. It's a perspective that frames the recommendations we've made to the committee in our written submission. In that submission we set out five basic principles and 27 specific recommendations. I will repeat the five basic principles, not the 27. I'll give you a top-10 list of those.

The five basic principles are these:

The Canadian media are more fragmented and there's less concentration than ever before. I submit that the people who believe otherwise have simply got to look at the facts. I would submit they also probably believe Elvis is still alive.

The formation and evolution of Canadian media companies able to compete internationally should be an explicit goal of public policy.

Legislative, regulatory and policy initiatives should meet the test of allowing flexibility in the face of rapid change.

Legislative, regulatory and policy initiatives should support the ability of Canadian broadcasters to meet their public policy obligations, including appropriate steps to prevent abuse or distortion of markets through the inappropriate application of new technologies in the distribution of signals and interaction with consumers; and that's the relationship between distributors and broadcasters.

• (0910)

Government financial support programs for producers of Canadian programming should be based on an industrial approach and should reflect the commercial imperative of producing Canadian programming that will meet the requirements for successful distribution in international markets. We believe we can create Canadian programming that is seen and admired in Canada and around the world. The production of these programs creates jobs and tax revenues in Canada and therefore allows the Canadian government to recoup its investment in programming. The government should get out of deciding which Canadian program is more Canadian and therefore gets funding.

We would be pleased to discuss any of the specific recommendations with you.

But as we are, after all, in the media business, I'll give you a top-10 list of policy changes that would go a long way to ensuring the future of Canadian broadcasters' ability to continue to tell Canadian stories.

Number one, create a completely level playing field for government financial support to producers of Canadian programming so that efficiency is paramount, not the organizational structure of the producer. Don't penalize broadcasters just because they happen to be affiliated with a distributor or producer.

Number two, create a policy that would allow conventional broadcasters to share directly in subscription revenues collected by cable and satellite companies. Everybody but us does.

Number three, take appropriate action to support Canadian programs with an appropriate portion of the \$250 million that goes from Canadians into the pockets of U.S. cable specialty channels.

Number four, ban time shifts by cable and satellite companies that break copyright rules by bringing extra versions of the identical programming to markets and further fragmenting advertising. Not only do we compete with everybody else in this market, but we also compete with our other eight stations across the country, as does CTV.

Number five, level the playing field with the U.S. on prescription drug advertising. Allow it. Canadians get prescription drug advertising on dozens of U.S. channels, but Canadians can't get access to that revenue source.

Number six, update the Canadian copyright regime to give broadcasters greater control over their own signals.

Number seven, ensure that the costly conversion to digital is done within a policy framework that protects the ability of broadcasters to have access to consumers and to the revenues required to produce and carry Canadian content. Countries such as Australia and the U.S. that have rushed digital regimes in have cost broadcasters hundreds of millions of dollars.

Number eight, retain the simultaneous substitution rules for digital and analog signals in order to protect their copyright. All the simultaneous substitution regime does is protect a breach of copyright that's already going on.

Number nine, streamline the regulatory process by relating CRTC licence fees to the actual cost of regulation by phasing out the current benefits policy when a television channel is sold. Both of those policies and practices represent a form of taxation and, by the way, are meted out differently in different circumstances. There's absolutely no consistency.

Number ten, increase the permitted limit for direct foreign ownership in voting equity of a broadcast licensee to 49 percent, based on getting reciprocity from the other countries, and initiate early negotiations with the U.S. and other countries to facilitate Canadian strategic investment in foreign markets.

Mr. Chairman and members of the committee, we believe the task you have undertaken is important to the future of Canadian broadcasting. We're looking forward to discussing this in more detail with you in the next two hours and over the next few months.

If we can leave you with two thoughts that will help broadcasters continue to deliver quality Canadian programming, they would be these. First, untie our hands from behind our backs. Let us have the same competitive tools that specialty services in Canada and the U.S. have, such as subscription revenues and other revenue sources, including prescription drug advertising. Second, let us have regulatory flexibility by not having regulation choose subject matter, time slots, or the character of Canadian programming. Let Canadian viewers do that. We accept the Canadian content quota system as a matter of fact, but we're handicapped by the subset of rules and regulations that have grown up within that system. So untie our hands and allow us flexibility, and that is how the Canadian broadcasting system will best serve Canada and the objectives of the Broadcasting Act in the future.

I'd like to quickly introduce the people I have with me: Ken MacDonald, the national vice-president of news for Global Television; Ken Goldstein, the executive vice-president and chief strategy officer for CanWest here in Winnipeg; Gerry Noble, the president and CEO of Global Television; and Charlotte Bell, the national VP of regulatory affairs for Global Television.

We'd welcome your questions. Thank you.

• (0915)

The Chair: Thank you very much, Mr. Asper.

We'll now turn the floor to questions.

Madame Gagnon.

• (0920)

[Translation]

Ms. Christiane Gagnon (Québec, BQ): I will speak to you in French. Since that is my official language, I prefer to express myself in French.

You have spoken a great deal about diversity in your brief and in your presentation. You are asking for more freedom so that you can be autonomous, but with all the concentration and purchasing of interconnected assets, we heard another view from consumers, from witnesses who appeared before us to express their concern that with all the concentration, these interconnecting companies, with freedom of expression and also with the single view-point that seems to be arising from certain conglomerates.

How do you think we could provide a better framework for this and provide consumers with true diversity? People say that they are worried with the concentration that currently exists. If you want to reflect diversity and also talk about a Canadian story...

In any case, what happened recently is very worrisome for the people, who claim that they don't understand it. As we tour Canada, I don't think that there is only one Canadian story; there are many Canadian stories and it should be a true reflection. If you have tentacles spreading everywhere, how can you ensure that what you are saying in your newspapers and in your productions really reflects these historical and social Canadian realities that differ from one province to another? I would like to hear your comment on this.

Mr. Leonard Asper: First, I listened to most of your intervention in French. I did not find the English translation, but I think I

understood the question. I will respond in English, if that is all right with you.

[English]

There are a few things. I'm not sure I got the entire question because I was listening mostly in French, but I think I understood it.

I'll ask Ken Goldstein to respond, and I think I should let Ken MacDonald have a say here as well, because there's nothing we've been able to do—or Bell Canada or other large companies—so far to deal with the perception that because there's one owner, there's only one view in a company.

If you get into the details of how news is gathered, how stories are put together, and how companies run, there are pockets and pockets of different groups putting together what ends up being the news or stories for the day. By and large, they don't talk to each other unless they decide, on their own, that by talking to each other they can get a better story or create a better product for their viewers or readers to consume. We talk as much to members of CHUM or other competing news organizations if it makes sense to coordinate our news gathering or storytelling.

But the first point I would make is we probably have to do a better job of getting the facts out to Canadians on how diversified this media market actually is in terms of the number of channels and the number of sources of news today compared to 25 years ago. I think it's our job to create the environment where that information is made available.

I encourage journalism schools and others to simply watch what actually comes out of this supposedly monolithic organization. If you look at the opinions and go across the newspapers and the things that come out of the television stations every day, they are different by nature and they are different in fact. For example, one newspaper in Calgary is arguing for a triple-E Senate and another newspaper in Ottawa is saying that's ridiculous. That has actually happened in the last week. I think there has to be more study of this and a review of what actually has happened, in an *ex post facto* sense. Maybe you'll find that the right arm is not talking to the left arm, and that's a good thing.

Ken, if you want to add something to that, I'm happy to turn it over to you.

• (0925)

Mr. Kenneth Goldstein (Executive Vice-President and Chief Strategy Officer, CanWest Global Communications Corp.): Thank you.

If one studies the history of the media market and if one looks at the actual statistics, one finds that the idea that the media in Canada are concentrated is a myth. The fact is that the media in Canada are far less concentrated than they've ever been. The reason that some of this has occurred, I think, is that we've tended to look at the share of a particular medium—so-and-so owns this or so-and-so owns that—rather than looking at the fact that each of those media at whose shares we are looking have themselves had their overall shares diluted by other media. That's the fundamental point.

In 1950, the combined circulation of daily newspapers was 100 percent of the households. Now it's 44 percent. When you go through all the media statistics, you find that each medium, by itself, has less in the total media market than it did before. So you have to take the share of a particular medium and take a look at how much that medium is also. When you do that, you find that we have the Internet, which we didn't have before, we have far more television, which we didn't have before, we have far more radio, we have a few less newspapers that reach a lot fewer people. I wish it wasn't so; I wish the newspapers reached more people. Indeed, if the circulation were higher, there would be more newspapers.

I'll just give you one simple example of the degree to which Canadians have access to diverse sources of information. As of December of last year, 575,000 Canadians had registered with the *New York Times* online. That is greater than the circulation of any Canadian daily newspaper except the Saturday edition of the *Toronto Star*. If you go through the numbers and go through the trends, you find we actually have less concentration and more diversity, not the other way around.

The Chair: Mr. MacDonald.

Mr. Ken MacDonald (Vice-President, Global - News, CanWest Global Communications Corp.): I just wanted to add, Madame Gagnon, that for those of us practising convergence in the trenches as opposed to talking about it theoretically, as we did for a considerable length of time over a year ago, from a news perspective it's about more stories and it's about telling bigger stories with more depth. I think it's about value added to the journalism, and that's been our experience. I think that if you talked to a lot of our journalists, they'd tell you the same thing.

What it's not about.... I think most people now have abandoned the myth that there's a plan to hire a bunch of hurly-burly journalists who can carry a camera and a notepad, strap a satellite dish to their heads, and go out and cover the big story of the day, every day, for absolutely everybody. We do have a lot of people working cross-platform, and I think the best way to talk about it is to give you a couple of concrete examples.

Leonard mentioned some of the regional projects, journalistic projects, joint projects that were done. If you look at the recent war in Afghanistan, we had a team of nine CanWest journalists in theatre, or in and around theatre, in Afghanistan and Pakistan. And in addition to all of them filing, the newspaper reporters to the newspapers and the TV guys to TV, we were able to cross-pollinate and deepen that coverage in a way that on the television side we would not have been able to do before.

The economies of television are such that you need to send crews and so forth and so on, and to have nine crews and nine reporters all over the place would have been very difficult. But we had journalists in various parts of the region, including Patrick Graham and Stewart Bell. We had some in the north, some in Pakistan, some in the south, some undercover, who we were able to get to, and we were able to share some of their experiences on television as well.

And their column the next day, or their story in the paper, might be quite different from what they said to us on our newscast that night, but it was a value added for our viewer. It was more perspective, and

I would argue it's value that we would not have had had that convergence effort not taken place.

I won't belabour it. I could go on and on. As for our Olympic coverage, it's very difficult for television to cover something when you don't have the rights to the event, but again because of some converged efforts down there, I think there was value added on both sides. So I really think it's about improving the journalism and doing more journalism and telling more stories, and having the ability to do that as opposed to narrowing the spectrum.

• (0930)

The Chair: Madame Gagnon.

[Translation]

Ms. Christiane Gagnon: Surely, the last event regarding the magic idea of the single editorial made people skeptical. You have to prove yourselves. You have the burden of proof. You should demonstrate that what you are saying is true. At this time, I don't think that this is how it is perceived by the public. It is not a myth; this is what people are telling us. We are sure that if we conducted a survey today to find out if people think that they have a diverse source of information, and not a single magic editorial source, they would say that they feel that from one channel to the other, or one newspaper to the other, it's all pretty much the same. I am a politician, but I know a little more about the broadcasting system. I know who owns what and I can detect the nuances in the newspapers.

Yesterday, we heard from one woman, regarding sovereignty and the political situation in Quebec, that she would like to know why Quebecers who believe in sovereignty were so sad regarding Bill C-20, the bill on clarity. She would have liked to know, because what she mostly heard was very negative.

I am not sure, as a sovereignist, that the newspapers and the media that you own will provide a more constructive image of what we feel and why. This political option has been quite stable for many years. I am not sure either that you, working for your organization, only give primarily your point of view in accordance with the major orientations of your newspaper and your bosses.

The Chair: Ms. Gagnon, please, you must hurry. The speeches are for the House of Commons.

Ms. Christiane Gagnon: I know. That's all. Thank you.

[English]

The Chair: Mr. Asper.

Mr. Leonard Asper: Yes, I think there are a couple of points.

Number one is that, as I've tried to say and as our company has tried to say, the way people have characterized our policy on editorials is simply wrong, to be generous. "Malicious" is another word I could use, but I'll just use "wrong" for today.

Of about 1,200 editorials that have been written in our newspapers in the last 10 to 12 weeks, maybe 12 of them have been editorials that were generated—not written but generated—by a non-local source. So I think in terms of percentage, we're hardly subsuming the views of local Montrealers or Vancouverites, for that matter.

And yes, it's received a lot of press in the *Globe and Mail* and the *Toronto Sun* and some other journals that are self-interested and highly competitive with us. The editorial boards, the editors of the newspapers in all of our markets, have been told time and time again—and they absolutely operate this way—that they are free to provide opposing editorial dissent; they are free to print as many letters to the editor as come in on a representative basis of things opposing any views of the Southam editorial. Most of these editorials, by the way, are written by writers not in Winnipeg, but usually by writers who are selected from a group of our best writers across the country.

So I think it is a better thing for the marketplace of ideas if somebody from outside Quebec, for example, posits a view on a clarity bill, as Ralph Klein has done and lots of people outside of Quebec have done, and puts a proposition in the marketplace for debate and allows that debate to occur. If you ask any one of our editors or publishers of newspapers, they wilfully and freely publish opposing views and try to put in a mix of views.

Now, the *Montreal Gazette* and the *Calgary Herald* editorial boards were there before we acquired these newspapers. They operate the same way as they always have; that is, they sit around and debate and decide what the editorial of the day is going to be. That has simply not changed. All that has happened is that the 12 positions have been proffered as a national position in markets and we've asked people to respond. The idea is to create more debate, more diversity, more views, and we don't see that as a threat.

I would also suggest that there is a very vocal minority of people who believe this is a threat. Our own, not fully official research would show that most Canadians don't think this is an issue. Most Canadians don't care. I wouldn't say this is a tempest in a teapot; that's not quite fair, but it's fairly close.

That said, somehow there is a perception among a small group of Canadians that this is a problem, and we owe it to Canadians to continue to try to get the facts out there about how the media is more diverse than it ever was, about how news and information is actually getting put together every day. Leaving aside the editorial page, there are 80 other pages in a newspaper that are generated purely by their local editors—the front page, the news that goes on it. We have no interest in that or any involvement in that. That just happens daily at a local level. It would be physically impossible to get involved in that part of the business on a daily basis. This is all decentralized and no different from what it ever was when Hollinger owned these papers, and it is no different from the way the *Toronto Sun* and other newspaper chains operate.

So I think it's unfortunate that a few journalists have sought to make a larger deal out of it. Quite frankly, the letters you see in the newspapers print the mistruths that have been spouted by the journalists themselves, so it becomes a self-perpetuating mistruth that becomes believed the more it's told.

• (0935)

The Chair: In the interest of time, because I think this is a very important session for all of us, perhaps we could keep both questions and answers pointed so that we give a chance to all the questioners.

Mr. Martin, the floor is yours.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you, Mr. Asper, for being here and for bringing your senior people with you as witnesses.

I thank you also for pointing out that it's a dry cold here in Winnipeg. We finally have our provincial government right, but we're still working on the weather. It's going to be a while on that.

My question is quite specific. You mentioned in your brief that you're going to spend \$1 billion on Canadian content within the current licence period. It begs this question, at least: how much will you spend on American broadcasting; and how has that ratio, if anything, changed, or is the amount you'll be spending on Canadian content versus American content static?

Mr. Leonard Asper: Thank you, Mr. Martin.

I'll let Gerry Noble respond to that in more detail, and hopefully with brevity. The point I'll make is that everything we've done in the last five or six years has been with a view to trying to bring down the cost of American programming. One of the reasons we tried, and finally did acquire, the WIC television stations was to try to bring some rationality to the marketplace. To some extent it's driven by a competitive situation with CTV, where there's still quite a competition for hits. Unfortunately, the way it is, whether it's Australia or Germany or Ireland, *X-Files* and *Friends* and *Survivor* are programs that drive the schedules of broadcasters everywhere.

But, Gerry, I'll let you answer that.

• (0940)

Mr. Gerry Noble (President and CEO, Global Television, CanWest Global Communications Corp.): Sure. Thank you.

American is still a major portion of our program budget. We have had some success over the past two years, as Mr. Asper just mentioned, in reducing that, and our goal going forward is to reduce it even further. I don't have the actual percentages for you today, but I will say one of the reasons the cost of the American schedule has grown significantly over the past ten years, to the point where we had to make some drastic measures to get it reduced, is this idea—and it continues to be the case in Canada—that the foreign program subsidizes the schedule for the production of Canadian programs. In other words, the cost of foreign, on a per-hour basis, still is nowhere near what Canadian costs; however, because there is more of it in the schedule to promote compared with Canadian, it does cost more overall.

Mr. Pat Martin: Could you give us just roughly the ratio? If it's going to be \$1 billion for Canadian content over seven years, will it be \$2 billion, \$3 billion, \$4 billion for the American content?

Mr. Gerry Noble: Quite honestly, I'd have to go back and look—and we can do that.

Mr. Pat Martin: You see, that would be useful for us to know—whether the amount you're spending on Canadian content is increasing or static or decreasing—because the whole mandate of the Broadcasting Act we're—

Mr. Gerry Noble: I can tell you that in the filing we did for our licence renewal last year with the commission, the Canadian spending over the term of the licence was increasing at a much greater rate than foreign was. So the investment in Canadian is increasing faster.

The Chair: Would it be possible, Mr. Noble, for you to let our clerk have these figures?

Mr. Gerry Noble: Yes, Mr. Chair, we can provide that to the clerk.

The Chair: Thank you very much.

Mr. Leonard Asper: If I could just give some colour, I think it is increasing faster in Canadian because of our strategic decision to move more into news and information programming, which obviously has a higher cost than the Canadian programming we had been doing. The idea is that hopefully it has a higher revenue base. We expect to try it, but I can't predict what the cost of U.S. programming will be six years from now. We tried to, obviously, but the idea is that we are investing more in the production of the news side of it. That's why the Canadian programming will be rising at a faster rate.

Mr. Pat Martin: Okay, that's very helpful.

Do I still have a moment?

The Chair: We'll come back to you, Mr. Martin.

Mr. Harvard.

Mr. John Harvard (Charleswood St. James—Assiniboia, Lib.): Thanks, Mr. Chairman.

Welcome, gentlemen and lady. I want to say, Mr. Chairman, that I used to interview Ken Goldstein when he was much younger and very polished. Perhaps he's lost some of his youthfulness, but he's still polished.

The Chair: Very polished.

Mr. John Harvard: I have three areas I want to touch: one is concentration, another is local programming, and the third is the Canadian broadcasting model itself.

Maybe, Kenneth, you can answer the first question. It has to do with your contention that concentration is a myth in Canada. Is it not really true that what you do is count the number of outlets and services and that your critics really count the numbers of ownership, and this is where the argument lies?

Mr. Kenneth Goldstein: Actually, what I have done in that report—you have an early version of it I put together as part of our submission, and there's a subsequent January version of it, but the two are not dramatically different—is break it down by ownership. You can see, for example, on the English language television side CTV has about 20 percent of the viewing—and I'm including their conventional and their specialty services—and we have about 15 percent, and I'm including our conventional and our speciality services. Nobody's over 20 percent. When you put the whole thing into context, whether you do it by owner, whether you do it by outlet, we simply have less concentration.

You and I can both remember a time in Winnipeg—when you were interviewing me, indeed, for the CBC—when we had the presence of two owners and two channels. Now on the cable dial there are 100 channels, and even if you group those channels by owners, it's still far less concentrated and far more diverse than in those good old days. The only thing about the good old days was that I had a lot more hair.

●(0945)

Mr. John Harvard: Unfortunately, I go back farther, when there was no CTV and there was only one channel in Winnipeg.

Now, throughout this tour we have heard a lot of complaints about the lack of local programming. I know that Mr. Asper has already pointed with pride to some of the programming that CanWest does, but we could say to these critics that they should be satisfied with what they have in the way of local programming, or perhaps we could concede that they do have a point. If it is the latter, that they do have a point about the lack of local programming, where do they turn to get this “more local programming”? Do they get it from private services like yours, or would they have to turn to the CBC?

Mr. Leonard Asper: I guess the CRTC policy developed in 1983 was “more voices, more choices”. The sharp-edged side of this sword was that as they got more choices the revenue and profit model for the choices became less tenable. It's great that we have 80 channels or 60 channels or 40 channels, whatever kind of cable access one has, but that makes it much more difficult. I mean, CKND, whether it's CKY or any of the stations in this market, is barely a financial proposition and would not exist if it were not part of Global today. Global Winnipeg would not exist because it just doesn't have the.... It lost all its national advertising revenue base to specialty channels, so all it has is a revenue source, pretty much, of local advertising.

Mr. John Harvard: So are you saying, Mr. Asper, that people who desire more local programming are really kind of dreaming because of the economics of the business?

Mr. Leonard Asper: I'll put it this way. It's very difficult. It is a very difficult proposition today.

Mr. John Harvard: Would that then not be an argument for more support for the CBC?

Mr. Leonard Asper: I would say, for one thing, that we've concentrated our efforts in local programming in news as opposed to a purely non-news local program, I think, over a very short period of time. Number one, not having to compete with the CBC would allow local broadcasters to be able to put more resources into news. I think some of the regulatory flexibility we're asking for would certainly be something we would take with some sort of increased local commitments.

If we're going to distinguish ourselves from specialty channels, which is just on a national base, we believe we have to have some sort of point of differentiation, and that is to try to provide local programming. And that is where we're going. But the environment makes it very difficult right now.

Mr. John Harvard: Just one more question that has to do with the Canadian broadcast model itself. Traditionally, for the last 50 or 60 years, we've had this mixture of private and publicly owned facility. Yet when I read some comments from your organization, it seems you would be in favour of either reducing the CBC or eliminating it. What has happened? Why would there not be continuing room in this country for both public and private?

Mr. Leonard Asper: Before I answer that, Gerry did want to make one comment as someone who is very involved in the local markets. Just a very quick one.

Mr. Gerry Noble: Mr. Harvard, perhaps I could explain that in terms of the viewers in all of our local markets, they're no longer there. The program choices they have, whether it be cable or through DTH, have exponentially increased in the last 10 years. What that has meant is that audiences have moved away from traditional local-style television where we used to have a morning show, a game show or a variety show. We've tried that again, but it does not get the positive viewer response that we need to make it economically viable.

So, yes, there are some people in the local markets, and a small minority I would say, who are interested in this sort of stuff, but the audiences we need to generate just to break even are no longer there because of the vast amount of viewing choice they have on other channels.

I can remember a time when television didn't sign on until noon, or 3 p.m. Now you have 24 hours and the viewing just has not expanded. In fact, viewing of television has gone down in the last ten years by about half an hour or so. If you add 300 channels to the universe and don't increase the viewing at all, you're going to lose audience. That's what has happened.

● (0950)

The Chair: Mr. Asper, on the last question.

Mr. Leonard Asper: In response to your last question, we're not saying, and never have said, end the CBC. I want to make that very clear. We have nothing against the CBC. I think there are some competitive issues we have with the CBC in how it's structured. As a matter of public policy, we have a view of how the CBC could provide a service to Canadians that is done more effectively and still provides what other broadcasters would not provide.

That basic view is that CBC should do the programming that private broadcasters would not do whether there was a CBC or not. That would be a certain level of arts programming, a certain type of arts programming, and indigenous Canadian drama, which is extremely expensive to produce. We would suggest that the CBC go to more of a BBC model, put its money into that. You don't have local BBC stations in Leeds, or Manchester, or the Midlands, or Plymouth. You have a broadcaster that is funded by licence fee, in their case, by every home. I'm sure you're quite aware of this, but they produce the programming that ITV and the other British channels are not economically able to produce. I think our view has always been that the CBC could better spend its money on that kind of programming.

Somebody cited the lack of election coverage of CKND in 1999, in the last election. We covered it; we just didn't cover it wall to wall. There was significant coverage of it, but it's impossible, in covering it, to go up against CBC when they're throwing all those resources at it and we're only getting advertising revenue to support it.

So if there were not a CBC, the private broadcasters would cover all of the public affairs, we think. We think they would definitely be into the sports. There was no doubt that the CBC and Global would be bidding on the Olympic rights, and the figure skating, and the curling, and the things that are profitable, like *Hockey Night in Canada*. It's true we may not make as many shows like *Da Vinci's Inquest* and *Made in Canada* and some of those programs. We'll do some, but we can't do as many as CBC would do. So that's where we

think they should focus their efforts, and not on the bricks and mortar.

I think cable access channels would up their local programming and we would up our local programming if we weren't both competing against the CBC.

The Chair: Mr. Gallaway.

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): I want to follow up on that. Welcome here this morning. It's nice to see we have a crowd, that you brought a crowd with you.

You have made the suggestion that you and CTV and CBC have access to the cashflow from cable fees. CBC has told this committee, at least in Toronto, that CBC television only costs us \$290 million for the English stream; just \$290 million is the net cost. You've obviously done some economic studies, you have done some models, so if the CRTC were to allow it, what kind of money could be funnelled back to CBC, CTV, and Global if they had some form of access to the cash stream of cable?

Mr. Leonard Asper: Ken has done a little bit of research on this, so I'll let him respond.

Mr. Kenneth Goldstein: The combined subscription revenues from cable and satellite in Canada in the year we're in now will be something in the vicinity of \$4 billion. I'm not suggesting all the \$4 billion can be transferred to conventional broadcasters, but if one were to say notionally what if 5 percent were, you get a sense of \$200 million.

I'm saying this on an order of magnitude basis because if this committee were to recommend this as a policy thrust.... Interestingly enough, this is a policy thrust the CRTC itself once thought was a good idea in the early 1970s and that the FCC has spoken on, but it just happened.

If this committee were to say that it makes sense to have the application of all of the revenue streams against all of the Canadian content we as a society want, then we can get into the details. But on an order of magnitude basis, if \$4 billion is being collected, and if \$250 million of the \$4 billion is going to A&E and TNN and CNN, it doesn't make any sense to suggest that something of the same order of magnitude shouldn't go to conventional broadcasters.

● (0955)

Mr. Roger Gallaway: This committee's been travelling in western Canada, but I'm from southwestern Ontario. It always amazes me to turn on a television, whether it be in Winnipeg, Regina, or Edmonton, and see television from Detroit. I'm always astounded by this. I grew up on the border and I know Detroit television. I never expected to find it here, but it is carried on cable in this hotel.

How has it been paid for? Is it just taken out of the air, or is there some contribution to the Detroit television stations, ABC or NBC?

Mr. Leonard Asper: The U.S. networks, what they call the four-plus-ones, do not get subscription fees. It's the CNNs, the A&Es, all those other cable channels.

Even here in Winnipeg, people applied to get rid of the Detroit channels. I know we get one from Detroit. People in Winnipeg were waking up to violent mass murders in downtown Detroit and they were saying it was absolutely not the kind of stuff they wanted to see on television, not that Ontarians would want to see it any more than Winnipeggers.

Canadians have typically wanted to get the stations that originate in Plattsburg or Bangor, or Spokane, Minneapolis, or Fargo, rather than Detroit or Atlanta or similar cities. These city-based American stations present a sensibility that is a far cry from our own. Those four-plus-ones come in free because they're reached over the air.

The other issue is that now there are two sets of NBCs on cable and on satellite dishes, one from the east and one from the west. You can get two different NBCs so you can time shift between them. It's just another competitive force. But those do not get the subscription fees; the U.S. cable channels do.

The Chair: You may comment very briefly, Mr. Gallaway. Then we have to move on.

Mr. Roger Gallaway: In your brief, toward the end on the last page, you talked about the debate that is apparently ongoing about the future of Canadian broadcasting. One of the points you make is that the debate must be fashioned in such a way that we take a look at how Canadians actually use the media.

If we talk about broadcasting, the various lobby groups who support Canadian broadcasting point to one thing this committee has heard before and read in a number of newspapers across the country. They talk about polls that indicate that a very large number of Canadians—seven-eighths or three-quarters or whatever—view the CBC as a vital national institution. Yet when we look at viewership, at how many people are watching the CBC, it's not great.

Take the news market, for example. The CBC prides itself on its news programming—and I think there's good reason for it to do so—yet there's another Canadian network that whups CBC in every news market in this country.

So how do we reconcile this statement some people and some groups are making—that the CBC is a vital instrument of Canadian being, what it means to be a Canadian—when at the same time there aren't a whole lot of people watching it on the dial?

Mr. Leonard Asper: I think there are small elements that the CBC does very well and that people remember. I have to say *Hockey Night in Canada* would be one of them. They do some great programming. I wish they would do more of that kind of programming. That's what sticks in Canadians' minds.

It's the other 12 or 15 hours of a day, when they're not watching, where CBC is still putting resources that I think should be redirected. So there are a few flagship programs that the CBC does, even the national news, the late news. By the way, I wouldn't suggest that they get out of having a national newscast at night. But it's all the other things they do that I think they should redirect their resources in. That would be just an anecdotal response, at least. I think it's the same thing with Banff National Park or other national parks. None of us may go there, but we still think it's something we should have in Canada.

The other thing with the CBC that troubles broadcasters is that when they have programs like *Hockey Night in Canada* or the Olympics, they'll discount that programming heavily in the advertising marketplace. It hurts our revenue streams because we're competing against somebody who is not profit driven. They drive down the rates we can get for our programming. So we have trouble. Going back to Mr. Harvard's question about why broadcasters are troubled by the CBC in its current form, that would be my answer.

• (1000)

The Chair: We'll have to move on. Mr. McNally.

Mr. Grant McNally (Dewdney—Alouette, Canadian Alliance): Thanks, Mr. Chair.

Thanks for your presentation.

I want to make a comment briefly about this whole editorial question that came up earlier, and then I have a couple of questions.

Those of us around the table all fall into the category of perception becoming reality very often. Whether things are true or not, when the perception is created, it tends to stick in people's minds.

You mentioned your competitors spinning this whole editorial thing, but I would also say that some of that perception is self-inflicted in terms of some things that have happened, one being when the whole Shawinigate thing was going on and a story came out about a must-run editorial in defence of the Prime Minister in the chain.

It's well known that Mr. Asper, Senior is the former leader of the provincial Liberal Party in Manitoba. That's fact. We were presented with information in Edmonton about CanWest Global contributing large sums of money to Liberal cabinet ministers and the Liberal Party. I'm just going to make the point that often the perception is not without some grounds for people saying there could be a connection here.

The question I want to ask is about something that came up in Edmonton when we visited the A-Channel and they talked about the media becoming the story. They were bombed, and that became a story.

We've talked a lot about how stories get into the paper and more stories and choices and whatnot. I don't have a problem with that, because when a story is out there, people can make a decision about whether it's right, whether it's balanced, whether it's true or not. But I want to ask about how stories don't get into the paper or into the covers, and I'll give you a specific example.

I should have asked Global when we were in Vancouver, but I didn't. It was when we were in Edmonton that this whole bombing story about the A-Channel came up. It twiggged with me a story involving Global Television. It's a somewhat local story, one I'm aware of.

There's a Cheam reserve just outside of my riding, just outside of Vancouver, where there were some allegations of illegal dumping, so a Global crew came out. They shot the story, but in the midst of that story their van was taken and the camera was taken, and the story never ran. To me, that was an example of the media becoming the story, and then the story never ran.

To me that's a bigger issue, stories that don't get reported versus the ones that do. When they are reported, people can form an opinion about them. So I'd ask you about that.

My last question would be about those top ten recommendations you gave us. Are there any of those top ten recommendations that wouldn't benefit your position in the market or CanWest Global's position in terms of your success in the market?

Mr. Leonard Asper: Well, if I can just deal quickly with the reference you made to Shawinigate, I want to make it very clear that the reason we decided, as owners, to step forward is that we felt the media, all media, were so fixed on being the official opposition and trying to find a smoking gun that the basic journalistic principle of balance had been lost, and there was nobody trying to say....

By the way, we did not say in the editorial that the Prime Minister was right to do whatever he is alleged to have done. We were just saying, could somebody please put this into perspective, and could somebody please try to find a different interpretation of what is done? There was a lot of liberty taken with allegations and innuendo and not facts, and it was a matter of being offended by the fact that the journalistic pack, if you will, had all decided that they were going to get the Prime Minister.

I have to tell you, regarding the tying of Izzy Asper's Liberal political life to the 1970 to 1975 period, after which he supported John Turner at one point and Paul Martin at another point in an election campaign, I think the apparent tie between our executive chairman and Mr. Chrétien is far overblown. Bell Canada owns *The Globe and Mail*, and they've given far more money to the Liberal government than CanWest ever has. We would in fact welcome a regime like we have in Manitoba, where campaign finance reform has made it so that there is no corporate giving allowed.

● (1005)

Mr. Grant McNally: *[Editor's Note: Inaudible]*

Mr. Leonard Asper: What John McCain is doing in the United States, I applaud. Now, MPs may not agree with me.

But I wanted to respond on that point.

An hon. member: *[Editor's Note: Inaudible]*

Mr. Leonard Asper: Well, that's nice to hear. I think it would change the system for the better.

As to how stories don't get reported, I'd like to turn that over to Ken MacDonald, because I'm not aware of the incident that you mentioned.

Mr. Ken MacDonald: Mr. McNally, I'd have to get back to you with details on the Vancouver situation. I can tell you that we've had a number of problems with vehicles at riots, and so on, this year. It has not been a good year for our insurer.

But taking your question quite seriously, if you were asking how editorial decisions are made, on the television side it's really quite simple. Locally you have news directors, producers, and assignment editors who determine what the agenda is for the day, what the assignments are going to be for the day, and then, at the other end of the day, a producer working with those people to turn that into a newscast and determine the lineup.

In terms of the national news, our national news centre is resident in Vancouver, as you're aware. There's an executive producer, an executive editor, and a show producer. They're in conference calls with various producers across the country and news directors at the stations, determining what's going on for the day. The lineup is essentially done in Vancouver. It's put together in Vancouver, and the show is broadcast from Vancouver.

There's no magic to that in terms of deciding what will or will not be covered. That's done strictly by...I'm involved with that process in discussions with them in Vancouver, but on a daily basis, the executive producer of *Global National* and the executive editor are responsible for that program.

Mr. Grant McNally: It just seems odd to me that a story that maybe makes the end of the newscast because it's not that big a deal.... It has the potential to be a huge story and then just doesn't even end up on the newscast.

I know you don't... *[Editor's Note: Technical difficulty]* ...worth exploring because, to me, it's the things that don't get aired, and for whatever reason they don't get aired.... I understand part of that process you described. It just seems to me that is something that would make the news, in my opinion, the bigger question being that when any organization doesn't have a criticism valve of itself, people tend to become somewhat cynical about it, whether it's a political party, a news organization, a business of some sort, or a community organization.

In this very important industry, your business has a huge impact on people across this country. As keepers of the system, which we are tasked with doing, we want to see a framework put in place that allows people access to information on a broad range of topics.

Also, it enhances the credibility of a news organization, it doesn't diminish it, when the organization is critical of itself. People say, these guys are willing to take an honest look at themselves.

● (1010)

Mr. Leonard Asper: All we can do is try to have a set of standards that applies—and we do. It's true that probably on a daily basis, or from time to time, those aren't met. There are typos in newspapers, or somebody forgets to put in a byline, as happened the other day. So it's a question of trying to manage the process. We certainly take your point, and there is no attempt to not report these things; these are just decisions that get made at the daily level.

Mr. Gerry Noble: The morning after our newscast on television, the audience figures show whether or not we've got the stories right. If our audience figures go down, we know we're not covering the news properly, so that's an automatic check every single day.

Mr. Grant McNally: Thank you, Mr. Chair.

The Chair: I note from the clerk's notes that I haven't been fair to you. You've been given far less time than the other members, so if you have another question, go ahead.

Mr. Pat Martin: That's very kind of you, Mr. Chair. What a great committee. I'm only substituting on this committee, actually. I do have some other questions, and I'll try to be brief. Thank you for the opportunity.

I guess the basic issue of this touring heritage committee is to renew the Broadcasting Act, in its generalities. I think the national editorial policy of your newspapers did more to stimulate debate on the concentration of ownership in the media than anything in this country since the Kent commission. You've covered that quite well. From your point of view, it was a tempest in the teapot, and people are overstating things if they're trying to imply you're threatening democracy or something by this measure. So I'm willing to accept that.

The mandate of the Broadcasting Act is to ensure that most of the Canadian broadcasting system is Canadian. CBC manages to do that. Of the prime time hours, I believe they have about 86 percent Canadian content. I've been given the prime time lineup schedule for some of the private broadcasters. CTV is not much better, but Global really doesn't hit very adequately in the prime time. You can't even say that Canadian content shows like *Outer Limits* are doing anything to promote Canadian culture or expose Canadian kids to Canadian locations or cities. *Bob and Margaret*, for instance, is a cartoon show that really has nothing to do with Canada, except for the fact that it's made in Canada, although I didn't know that.

Do you see it as a problem that such a small amount—I think the figure is 5 percent—of your prime time lineup is Canadian content? You're asking in your brief to have things like late-night infomercials fit in the category of Canadian content. You're seeking to expand the definition of what would be deemed to be meeting your obligations under Canadian content, yet during prime time we're not seeing Canadian stuff.

Do you see this as a problem that needs to be remedied, or do you think the guidelines of the Broadcasting Act are too stringent or unnecessarily fixated on exposing Canadians to Canadian material?

Mr. Leonard Asper: I'll let Gerry take that in a second.

I think the fundamental problem in producing the kind of program you're talking about—where it's a drama, it shows Canadian locations and it's clearly set in Canada—has not been totally solved to everybody's satisfaction. If the CRTC decides what priority programming is and they decide that there would be eight hours of that for broadcasters in the prime time, and we do meet that, the fundamental question for people to decide is this: should private broadcasters in their current regulatory environment be the ones who produce the kind of programming that is indigenous Canadian, as they call it in the industry, versus industrial Canadian? You cited *Outer Limits* as an example of that.

As I said in the brief, the industrial programming creates jobs, it creates tax revenues. It is the same thing. It does meet a lot of the objectives of Canadian broadcast policy, but it does not necessarily meet the objectives of people who want to see more of that kind of programming on Canadian television screens.

We have two problems that make that difficult. Number one is the pure cost. I'm sure you've heard these numbers. If it costs \$1 million to produce *Blue Murder*, which is an example of a show we've done,

it probably will generate \$50,000 to \$100,000 worth of ad revenues. One can only do so many of those kinds of programs before one is no longer in business. So we selectively try to do some of those programs, but we also have to sprinkle our schedule with what qualifies as CRTC priority programming—documentaries and other kinds of industrial programming.

CTV does the same. It's not a Global issue; we do a lot more than a CHUM or a Craig would do. We have more resources, so that's fair; we have more licences. We're trying to solve the problem by allowing us access to more revenue so we can do that kind of programming, but still do it in a way that is internationally saleable.

Blue Murder is internationally saleable even though it's very obviously a Toronto location. Even though *Da Vinci's Inquest* does sell, it doesn't sell for very much. You can sell everything internationally, but it's a question of what price you get for it. Tragically Hip is Canadian. It doesn't sell as well internationally, but Amanda Marshall is Canadian and she does sell very well internationally. So we want the flexibility to do the kind of programming that does solve the industrial problem and yet sells internationally.

How do we get to the next level? I think all these changes in the regulatory system we're asking for, we would live with...doing more kinds of shows like *Blue Murder*. And we could if we had more access to some of these other revenue streams that we no longer have.

•(1015)

Mr. Gerry Noble: Mr. Chairman, I'm sorry, but I need your gavel.

Thanks, Leonard, that's a good answer.

In terms of your data, Mr. Martin, I don't know the schedule, the particular week you're looking at, but our content is measured—

Mr. Pat Martin: February 25 to March 17, 2001.

Mr. Gerry Noble: —over a period of the year and there will be odd weeks when we're not up to the 50 percent level and there'll be weeks when we are at 80 percent. It depends on delivery, promotion, the U.S. schedule. There's a whole lot of factors that influence the schedule.

Mr. Pat Martin: CRTC said that during prime time it's 95 percent foreign and 5 percent Canadian content. That's why I was asking about the late-night infomercials. Does that form part of your Cancom?

Mr. Leonard Asper: I'll ask Ken to respond to this.

Mr. Kenneth Goldstein: Mr. Chairman, I think I know the numbers that Mr. Martin is referring to, because they go back to the group licence renewal hearing, which was almost exactly a year ago.

Mr. Pat Martin: February 21, 2001.

Mr. Kenneth Goldstein: Something happened with those numbers. The CRTC put on the public file a set of numbers for the spending by both CTV and Global. They also put on the public file a set of numbers for audiences. The problem is that they used the calendar year for one set of numbers and the fiscal year for the other set of numbers, so the numbers don't match.

We actually had the CRTC staff run the numbers that you're referring to, Mr. Martin, with the right set of stations in, that matched completely. When that occurred, it turned out that it was not as low as 5 percent, it was higher. What also happened was that if you took out programs like, for example, sports, we found Global was actually delivering a higher audience for Canadian dramas than CTV was.

I know it sounds complicated—and it is—but in this particular case it was because the group of stations there was a different group of stations we had purchased that was picked up in the financial data but not yet picked up in the ratings data. So our performance is, in fact, substantially better than that.

• (1020)

Mr. Pat Martin: Thank you.

The Chair: Sorry, we're going back to Mr. I wish we had more time.

May I ask you two questions that I think we should definitely cover? Foreign ownership: we've heard from different interveners that they recommend a lifting of foreign ownership requirements as long as it's only for infrastructure, with the content systems being spun off into companies that would be Canadian controlled. As I understand your brief, you're saying there are three premises: one, that you want reciprocity if foreign content is lifted; two, that you don't want more than 49 percent foreign; and three, that you feel, as far as content goes, that could be taken care of by regulation. Do I understand your positions correctly?

Mr. Leonard Asper: That's correct. The only qualification I would put on that is that we would accept a higher level, more than 49 percent, we think, practically speaking. We've said in a first attempt let's see how we do when we go to 49 percent. But we think it could be 100 percent provided you have the underlying content restrictions and regulations to support that. Whether a news corporation owned 100 percent or 49 percent of a CTV or a CHUM or anything, as long as they have the content rules to go by, it shouldn't make a difference.

The Chair: In your case, then, you wouldn't require the content part to be spun off into a Canadian-controlled corporation. You would do it through regulation, would you?

Mr. Leonard Asper: Yes, if I understand the question correctly. The point is, we were saying that—

The Chair: Some interveners have said to spin the content off into a Canadian-controlled corporation and allow the foreign ownership to rise only in regard to infrastructure.

Mr. Leonard Asper: Meaning carriers, like distribution companies.

The Chair: Shaw with Corus.

Mr. Leonard Asper: No, no. We're saying for content companies, as a practical measure in a first step, go to 49 percent. Keep the

content rules, make sure you get reciprocity for it so that we can expand it to their markets and have broader outlets over which to amortize Canadian programming, for example.

We also say that a second step could be to go to 100 percent. It doesn't matter, as long as there's content regulation underneath it.

The Chair: Okay. Could you also tell us what you meant in, I think, recommendation 8 by "mandatory technical standards for set top boxes"? Then you went on to say...for instance, there are other points there that refer to technology: "do not use for proprietary technology". Could you tell us what you mean by these set standards for set top boxes?

Mr. Leonard Asper: I'll ask Ken to respond to that because one of the reasons we brought Ken on is to look at where the technology is going three, four, five, or ten years from now, and try to prepare for it.

Mr. Kenneth Goldstein: Mr. Chairman, we have a history in this country—and it's also true in the United States—of setting standards for the tuners on television. Initially, channels 2 to 13 were mandated by regulation and were all that you could get. Then other channels became available for you to add, and they too were mandated by regulations. After a certain date, sets manufactured or imported into Canada could get 2 to 13, and then the channels above it. This is when transmission was over the air.

Now the set top boxes bringing us all of these other channels are in effect the new tuners, but as a society, as a government, we haven't set standards. We face the prospect of different standards, one cable company using one standard, another company using another. We also face the possibility that we're not only delivering channels here; we're able to deliver a whole bunch of other signals that are embedded in those channels, signals for e-commerce, for spinning off program guides, for spinning off other information.

We're concerned that all content companies such as ours continue to be able to have access. We don't want to find ourselves in the situation where we have to produce programs or modify our signal in five different ways to be able to go through those boxes. We don't want a situation where we're told that our programs can be passed through the set boxes, but an extra data stream that would let us earn extra revenue from e-commerce can't be.

By the way, the European Community, the United Kingdom and others have made efforts to set standards. They've made efforts to set standards for program guides. A substantial amount of public policy work has been done on this. And I strongly believe one of the major contributions this committee could make would be to set out the need for some standards on how these things work and how people have access to them.

● (1025)

The Chair: You don't want to be hostage to a particular system.

Mr. Kenneth Goldstein: Yes, that's it exactly.

The Chair: Right, I understand.

Members have indicated to me, Mr. Asper, that there are a lot of other questions they would have liked to put to you.

It's an extremely important hearing for us today, but unfortunately our time doesn't permit this. Can we submit questions in writing to you so you could send your answers back to us at a future time?

Mr. Leonard Asper: Absolutely. Certainly. We'd be happy to continue this very complicated and wide-ranging discussion in whatever way you deem fit.

The Chair: Thank you very much.

On behalf of all of us here, I would like to thank you very much, Mr. Asper, and all of your colleagues. We really appreciate that you took the time and trouble to be here with your most senior people. We're extremely grateful for this.

Thank you very much for being here today.

Mr. Leonard Asper: Thank you.

The Chair: We'll break now for a couple of minutes.

The meeting is suspended.

● (1026)

_____ (Pause) _____

● (1030)

The Chair: I'd like to resume the meeting and call on

[*Translation*]

the Société franco-manitobaine and its president, Mr. Daniel Boucher.

Mr. Boucher, we are very happy to welcome you here. We have heard what your colleagues from Saskatchewan and Alberta had to say. You know the process. You have the floor.

● (1035)

Mr. Daniel Boucher (President, Société franco-manitobaine): Thank you very much, Mr. Lincoln. Good morning, members.

First, we would like to thank you for this opportunity to express the vision of the Manitoba Francophone community regarding the state of Canadian broadcasting and the future directions it should take.

I would like to tell you again what is the mandate for the Société franco-manitobaine. The Société franco-manitobaine is the official voice for the Francophone community of Manitoba. It overlooks the community's development and the safeguarding of its rights. With its

partners, it plans and facilitates global development of the community, as well as promotion.

As for communications, one of the SFM's main objectives is to contribute to the vitality and development of the community by helping it obtain the means and the communications tools for production, dissemination and promotion of Francophone content.

It is therefore most appropriate that the SFM be part of your review because you have given an important place to cultural diversity, and paragraph 3(1)(d) of the Broadcasting Act of 1991 stipulates that the Canadian broadcasting system must reflect the linguistic duality.

Allow me to speak to you briefly about the Manitoba Francophone community. Francophones have been in Manitoba since 1731. We just didn't fall out of the trees. We have been here for a long time. In 1870, when Manitoba joined Confederation, there were equal numbers of Francophones and anglophones in Manitoba. Guarantees were provided for Francophones, and French has official status in Manitoba.

We have gone through difficult times as a community. As you know, in 1890, Francophone rights were abolished, and in 1916, French education became illegal. We have gone through difficult times as a community, but over the past 30 years, we have made enormous progress in various sectors. We can point to the Collège universitaire de Saint-Boniface, our school board, and many other things that make our community very strong and vibrant today.

Let's look at the current situation. There are approximately 50,000 Francophones in Manitoba, or about 5 percent of the population. We are mainly concentrated in the southwest of the province, even though we have major communities in other regions. There is a major statistic of which we are very proud: 10 percent of the Manitoba population can speak French. This number is obviously due to the immersion schools, which have been very successful in Manitoba. Obviously, there is our Francophone system, which we manage ourselves, but this community took matters into its own hands a long time ago. We have very solid institutions and we are very proud of the work that we are doing every day. We truly contribute to Canadian society, and we are very proud of this.

As for communications, both on radio and on television, this is an absolutely important domain because it helps our development and helps us keep our language and our culture. It is an essential tool for us.

As for the current state of affairs and the future direction of French broadcasting, I would like to address two specific issues: accessibility and representation. When we talk about accessibility, we are talking about things that may appear to you to be quite simple, but which are not so evident in today's world. We are in 2002 and there are events that are somewhat difficult to understand.

What we are looking for is a full range of television and radio services in French. This is absolutely important for our community. We want to ensure the transition from cable to digital. Within that context, we believe that cable companies should offer a complete range of French-language services, but this is not always the case. Choices are made and obviously, those people are there to make money, but we believe that the quality of the linguistic duality is a fundamental value in Canada and we should look for easier means to offer our communities outside Quebec services in French, major services in relation to a greater number of French television and radio services.

For example, we have RDI, which we consider to be an exceptional service. We produce *L'Ouest en direct*, in Manitoba, and we are very happy with this. The problem is that RDI is not accessible everywhere in Manitoba, which is very unfortunate for Francophones.

• (1040)

The Chair: It isn't accessible?

Mr. Daniel Boucher: It is not accessible in the outlying regions.

The Chair: I see.

Mr. Daniel Boucher: We believe that it should be obligatory because cable companies are not obliged to offer it. They make business choices, and we understand, but the CRTC should be able to say that our national services should be accessible. This is absolutely essential so that we can be visible throughout Canada. RDI is an exceptional means for Canadians to see each other everywhere in Canada. We just have to think about the floods we had here a few years ago. People learned where St. Boniface, Ste.. Agathe and all these unfortunately stricken areas were located. But we came through all right, thank you.

As I said, we also have accessibility problems in the outlying areas. For example, with French radio, there are people in communities such as Ste. Rose du Lac, Laurier and Dauphin, over even further, who tell us everyday that they have problems with reception.

People tell me that if they want to listen to CKSB, Manitoba French radio, they have to hop into their cars. It seems to me that in 2002, we should be able to change certain things and add towers to ensure that people have access. It seems to me that this is quite normal.

With community radio, for example, it cannot be heard everywhere. We have community radio here. This is also an extremely important tool for community development. I am telling you simple things. These are things that should be quite simple to solve, things that could go far in helping us.

There is also the Internet, and satellites. Obviously, we want more content on the Internet. We want to have a place. There is the whole issue of satellite vs. cable. As you know, it is very unfortunate that the satellite does not offer us the local Radio Canada station. This reduces our options.

Recently I chose between the cable box and satellite. Satellite would help me get more services, such as Réseau des sports, Canal Famille and so on, but at the cost of local content. This was a choice I had to make. It seems to me that it is simply normal to get local news, that we produce locally. We should be able to get *Ce soir Manitoba* by satellite in the same way we get it on cable. These are simple but important issues.

As for representation, we want the products to reflect our reality. As Radio-Canada clients, our community is also heard and seen on Radio-Canada. We want to ensure that people learn about the Francophone community here and that they learn about all the Francophone and Acadian communities across Canada. It is important to invest in and ensure our capacity to produce shows and fully participate. We have good relations with Radio-Canada here, but we want to be seen more in Quebec. We want to be known in Quebec. We want people to be aware of what's happening in the communities here. Frankly, I believe that this adds to the issue of Canadian unity. This is an extremely important tool for us. When we know each other, I think we make enormous progress.

We are quite lucky here, nevertheless. We live in Manitoba and we are very proud to be here. We are Francophones. We are lucky because we live side by side with our Anglophone friends, and we are also a bridge to the people in Quebec, but we need the tools to send the message that we are well here, in Manitoba. People have a tendency to believe that we are getting hit over the head. It's just not true. We are quite well, here. I would like people in Quebec, people in the West, and from the East, to hear this message, and understand that we have found ways to work together, but we need communications tools, such as Radio-Canada, to help us do this.

Recently, we also had access to the cultural service here, in Manitoba, which is quite extraordinary. It is still difficult to believe. Mr. Sylvain Lelièvre, who was the guest artist that evening, could not believe that up to that point, we had not had access to the cultural service in a city like Winnipeg. It was a revelation for him. These are things that simply should not happen. We should have programs that are accessible to all Canadians.

Over the past years, there have been budget cuts in Radio-Canada's local production. As I said earlier, it's very important to take action to catch up and have local productions that reflect our reality so that we can see each other and send our message elsewhere. For this, we obviously need additional resources.

We are great supporters of Radio-Canada because Radio-Canada has provided us with a lot of support here in Manitoba. We have various means of communications here. We created them and we are very proud of them. Public television should better reflect the reality of minority Francophones. There should be an increase in local production and we should have a greater voice in SRC products.

As for private television, as you know, TVA received a licence from the CRTC several years ago and it presents itself as a national broadcaster. It certainly produces certain shows that are quite good, but I think it should go even further. A half-hour per week doesn't constitute pan-Canadian content. We believe it should do much more and we hope it will.

As for the community media, there is a partnership between our Radio-Canada service, CKSB radio and our community radio, Envol. This is a very good example of collaboration between two radio stations in different localities. We congratulate Radio-Canada and Envol for this partnership, because it gives us greater choice, better quality, and better products.

I will conclude on talking to you about independent producers. We have independent producers who want to participate fully. I know that it is difficult to get out of the Montreal-Toronto context, the well-known central Canada axis, but in Manitoba, we have a lot to offer, and it is absolutely essential that the message get across in terms of communications, cultural product, and shows, so that we can fully participate in this aspect.

Thank you for this opportunity to speak to your committee. I am ready to answer your questions.

• (1045)

The Chair: Mr. Boucher, I would like to thank you for your very targeted presentation, which will go far in helping us, because you have clearly defined very specific points. We appreciate your presentation. I think that your approach is very constructive, and the committee thanks you.

We are ready for questions. I will ask Ms. Gagnon to start.

• (1050)

Ms. Christiane Gagnon: Thank you.

You effectively have provided us with several elements. What is clearly stated is also clearly understood. I can see that the various Francophone community associations have expressed more or less the same problems regarding more programming in French. I think that the cable companies have a very significant responsibility. We will see how this can be arranged and how certain social realities concerning linguistic duality can be respected.

As for the financial support that you receive, I think that popular opinion could be more visible regarding support for Francophone communities. For example, does the fact that saying that the numbers are 5 or 10 percent, the fact that this is always presented in such small proportions lead to...? When we are in committee, for example, and we ask for more funding for Radio-Canada as opposed to CBC, we are told that we constitute a certain percentage. Often, we have a little less, but that doesn't seem to be a problem. We are told that everyone had cuts. I just have a bit of a problem with this because, finally, it minimizes the contribution made by Francophones, who are one of the founding peoples of Canada. We talk a lot about Canadian content. I always ask myself what that means. As a Francophone, I find it insulting that we are always referred to in terms of percentages. In Quebec, we don't have this reality, but I could understand that if we were in a minority situation in Quebec, we would be experiencing the same thing. The fact that we are always reduced to percentages means that you are only one of the

cultural communities that immigrated here. You are part of the culturally diverse ensemble, with your 2 percent.

I don't know how this way of thinking could change so that when we ask questions of unilingual members in Parliament, it is not a question of percentages, but a question of the rights of the founding communities of Canada. I would like to hear you on this.

It is also a question of tools. We develop a people with tools, and I find that the Francophone community receives services. As you well stated, you have lost some terrain. This terrain, you lost it because there was a lack of political will to give you the space that you needed to reach out not only within your community but also to other Francophones joining you in your community. You need the institutions and you need the resources.

Mr. Daniel Boucher: I truly appreciate what you are saying, Madam. You are absolutely right. The whole question of percentages is always very difficult. We use it, but it is not the most important factor. The most important factor is that we consider our communities as a fundamental value. That's what it is.

In our country, we have certain values. In past years with the cuts, we have tended to put aside the values. We cut without thinking about what was important for our people, for our communities, what was important for our communities to develop. I believe this to be not only a step, but also an extremely important means to catch up, because, as you say, we have lost ground.

But I can tell you that we have a will, and we absolutely want to work in partnership with the people who are working with us, to fully occupy our space. We have our space and we want to inhabit it as a community. Radio-Canada and all the resources we have, whether it be TVA or TFO in Ontario, for example, will help us catch up, especially within the context of duality. One must understand that in Manitoba, there are different realities and there are different realities in Ontario and in Quebec. We have to understand that we all want to go in the same direction.

• (1055)

Ms. Christiane Gagnon: I have another question regarding the reality of community television and radio networks. Yesterday, in Regina, the Association Fransaskoise proposed a regional board model. Perhaps you can tell me more about how we can establish this proposed association. We are talking about the Francophone population and not the community, because the community does not live within the same locality. We're told it would be to communicate together and exchange on Francophone realities that are the same just about everywhere.

Is this an idea that you would like to see become a reality with the other Francophone communities throughout the region?

M. Daniel Boucher: Absolutely. The more collaboration we have, the stronger our voice. It helps us learn to know each other, because Manitoba Francophones do not necessarily know the Francophones in British Columbia. If we don't have means of communications to know and learn about each other, it is very difficult, except if we travel to each other's locality. Obviously, these types of networks where we could group the Western provinces and the people in the North, for example, would be an excellent means to build together and disseminate achievements together. I think this would be welcome in our community.

Ms. Christiane Gagnon: Even within a province.

What would be needed in terms of financial support? This must be kept in mind. Funding is required to achieve things today. What kind of funding would be required? Where could you find this funding? Would it be a specific program? We know well that the community networks depend on the cable companies. The CRTC has just decided that the cable companies will continue to support you financially. Do you think that this is a possibility for you?

The Chair: Mr. Boucher.

Mr. Daniel Boucher: Yes. It is certainly possible. There are a thousand and one possibilities. As you know, at the federal level, with sections 41 and 42 certain departments have certain responsibilities toward our communities. The Department of Canadian Heritage is not the only one with a responsibility towards our communities. So we must approach all these departments, whether it be Industry Canada, Radio-Canada or elsewhere. We must go see what are the best ways to get this financial support and create new partnerships. We can't always work under the old methods and ask for grants left and right. We need partnerships. We want to be involved in this, and if we can find the people who can help us there, then of course we will work with them.

[English]

The Chair: Mr. Martin.

Mr. Pat Martin: Thank you, Mr. Chair, and thank you, Mr. Boucher, for an interesting brief.

I only got your brief in the one language circulated. So if my question is off base, please correct me.

What shocks me, really, about your brief is that there are regions in Manitoba that are out of the broadcast range of RDI. I had no knowledge of that and I think it's ridiculous.

To turn that into a question, have you done any kind of analysis as to what it would cost to have RDI remedy that situation, so that communities like Ste. Rose du Lac or St. Laurent, or wherever it may be, are at least part of the Manitoba RDI broadcasting loop?

Mr. Daniel Boucher: It's not really, as far as we know, RDI's problem. The problem is the cable company. If the cable company doesn't want to provide it, they don't have to. It's not necessary to provide it, and that's part of the problem.

We think right off the bat they should decide this is a program that reaches out to francophone communities, or whatever. If it's part of the fabric of Canada, we should have rules and regulations that say this is not a business thing, this is a Canada thing, basically.

Mr. Pat Martin: I thought we did have such rules. Then are you actually coming to this committee with a recommendation, or a request that this committee make a recommendation, that might remedy that—to mandate the cable companies to incorporate this in that whole range of their network?

• (1100)

Mr. Daniel Boucher: Absolutely. It should be an obligation to provide that service across the country, anywhere.

Mr. Pat Martin: I think you would have broad support for that idea. Thank you for bringing it to our attention.

I have no more questions. Thank you.

The Chair: Thank you, Mr. Martin.

Mr. Galloway.

Mr. Roger Galloway: Thank you, Mr. Chairman.

I really only have one question. You refer to the fact you would like to see the cable companies carry what you called *une gamme complète de chaînes en langue française*. What do you see as the number of channels, then? What is a *gamme complète*? How many channels do you think it is?

Mr. Daniel Boucher: All. It's a number of channels. And they exist; they are there—except they're not accessible. Unless you have a satellite dish and you lose your local station, you can't get them. You can look at the *Réseau des Sports*, at *Canal Famille*, or *Canal Histoire*. A number of them exist, and we have access to them, but as I said, it's only through a satellite dish, and then you lose Radio-Canada local, which is ridiculous. You also lose CBC local, which is ridiculous to us. You also lose a lot of local programming. We think that's not a very good way of functioning, and I think people would make the switch. These channels are out there. It's not a question of creating new ones; it's having access to these channels.

Mr. Roger Galloway: In Manitoba, and I believe Saskatchewan also, there's quite a large number of private, small cable firms in areas that are less populated, perhaps one would say more remote. Because of the size of their customer base—200 or 300 homes—they fall, of necessity, outside the regulatory regime imposed by the CRTC on the large corporations. Are you suggesting, then, that there must be some regulatory regime brought to bear on these companies to carry a more complete mix of linguistic balance?

Mr. Daniel Boucher: Yes, I am. I think it would be very important. It would be very helpful to them also if that were the case, but it has to be....

I understand the profit part of it. We're not trying to jam the machine here; we're just saying some things are very Canadian and some things should be accessible to anyone, whether you live in Ste. Rose du Lac or you live in St. Boniface. We feel the CRTC has a role in terms of providing Canadian content and making it accessible to people, and I think that's a very important component.

The Chair: Mr. Harvard.

Mr. John Harvard: Thank you, Mr. Chairman. Thank you for your presentation, Mr. Boucher.

I thought you spoke very strongly and very well to our Canadian values, but you know as well as I do there are some harsh economic realities out there, and small populations of one kind or another come into play. You were mentioning, and I can understand why, that you would want a full range of services of one kind or another—over cable, or however.

Let me try this on you, though. When we were farther out west this week, we were talking to one cable operator who pointed out that he was required, under CRTC regulations, to carry four minority-language services. I don't think he was opposed to it in principle, but he was addressing some harsh economic realities for himself.

One is that having to carry four services naturally reduced his capacity for other services that would make more money for him. He even pointed out that in one of two of the services, even though they were there, he didn't have one single customer—zero, zilch, nothing. Talk about a conflict between marketing economics and the values that you espouse and I embrace. What would you say to the cable operator?

Mr. Daniel Boucher: I understand his concern.

I come back to values. I think that's the bottom line here. We always say we're this and that. We're a bilingual country. We do this this way. We're different from the Americans.

We have to do these things. Sometimes they're not easy, and sometimes they require a lot of commitment on the part of the federal government.

• (1105)

Mr. John Harvard: So what you're saying is that the public purse has to come to the rescue.

Mr. Daniel Boucher: Yes, I am saying that. If it's a fundamental value of this country, I strongly believe that.

Mr. John Harvard: Let me try something on you. It has to do with the Internet. When we were in Saskatchewan yesterday, we had a presentation not unlike yours, where the gentleman was talking about community radio. I don't say this in a pejorative sense, but he was complaining about CRTC regulations. He would like to have one 250-watt community radio station or perhaps a string of them, and there are some regulatory problems there.

It has been pointed out to us that some of the answers for minorities such as yours are just around the corner, and those answers lie in the Internet. Pretty soon most homes will have Internet access. So when it comes to, say, minority language services, be they video or audio, you could pump these things right through the Internet. Of course, the beautiful part of it is that the CRTC has no jurisdiction over the Internet. What do you think?

Mr. Daniel Boucher: Part of the problem is that not everyone has access to the Internet.

Mr. John Harvard: Not yet, but if you go back to the 1950s, not everybody had television sets either, Mr. Boucher.

Mr. Daniel Boucher: But the problem is that, as a Canadian, I think I have a right to have the same kind of service you have. If you have television, satellite, and digital service, I can get that, too, because I also contribute to this country. My point is, why do we always suggest a solution that is not the same? I have a problem with that, because I think I'm on an equal basis with you and a lot of people.

Mr. John Harvard: So regardless of whether you live in Ste. Rose du Lac, St. Lazare, Ste. Anne, or Saint-Boniface, everybody should be on a level playing field.

Mr. Daniel Boucher: I strongly believe that we should go toward that in a very serious way. I understand that there are differences.

The Chair: Mr. McNally.

Mr. Grant McNally: Thank you, Mr. Chair.

Thanks for your presentation.

I have some relatives in southern Manitoba, close to Altona. They're from a Mennonite community. They have some of those same access issues about getting cable and satellite, because they're in outlying rural areas, too. So I can understand your concerns there.

You were talking earlier about partnerships in funding and creating new partnerships. Does your organization receive funding from the provincial or federal governments?

Mr. Daniel Boucher: It's mostly from the federal government.

Mr. Grant McNally: How big would your organization be in terms of the governing body? Would it be 10, 20, or 100 people?

Mr. Daniel Boucher: Do you mean in terms of our staff or our board?

Mr. Grant McNally: I'm talking about your executive and your board.

Mr. Daniel Boucher: Our board consists of nine people, and we have a staff of 17 or so, including part-time staff. That's our organization.

Mr. Grant McNally: You talked about the challenges in getting access to programming. I completely understand. It's similar to the message we're receiving as we travel across the western part of the country. I'm sure we'll hear that in other parts of the country as well.

You've outlined a little bit as to what the best solution would be. What would be your number one recommendation for us in terms of increasing access to programming for francophones *en français*?

Mr. Daniel Boucher: I think it's very important that the CRTC have very clear recommendations for the cable companies. Quite frankly, we have had quite a good relationship with our cable companies here. We used to have Videon and now it's just Shaw. We had meetings with them and I think we made some progress. I'm not here to say that doesn't work, but they're always stuck between a rock and a hard place, and before the new digital stuff came on they were limited in terms of the numbers of channels.

So what I'm saying is that the CRTC should say there are francophone communities outside Quebec, they have access problems, they have program problems, they have different problems, so that it's not a level playing field. So the federal government, I think, should level the playing field at some point. And if I have a recommendation for you, it is to try to find ways to level the playing field and say, let's try to make things accessible and let's try to increase programming.

Right now what happens in many cases—and this is not just communications—is that programs are made for the majority. And when a minority needs to access programming or to access different kinds of things, we always have to fit into something that doesn't necessarily fit.

I think we have to start changing that a bit, because this country's not the same from one region to another, our communities are not the same from one region to another, and the needs of francophone communities are not the same as the needs of other communities. I'm not saying they're better, I'm just saying they're different and we have to find a way to address these differences and make sure everybody has good access.

● (1110)

[Translation]

The Chair: Mr. Boucher, I would like to ask two questions. From what I see, you are in a sort of trap. Either you get the satellite, which does not give local programming. Or cable, which does, but you don't have cable. So what you are looking for is a technological solution. What you are asking for is either for the satellite to provide local programming, or for the cable to reach you.

Mr. Daniel Boucher: We have local programming on cable, but we don't get all the services.

The Chair: I understand very well. You also want RDI to get to the outlying areas.

Mr. Daniel Boucher: Absolutely. This is absolutely necessary. This is also the case for Radio-Canada's radio signal. I think that we have had Radio-Canada radio here for over 50 years, in Manitoba, and it is a little funny, as I said earlier, that people have to get in their cars to listen to Radio-Canada. It's these types of situations. Someone has to invest somewhere. I don't know whose responsibility this is. That is not my domain.

The Chair: Yes, I understand. It would be a good point to include in our report if you would provide us with an example of a locality somewhere, the name of a town or village that can't get Radio-Canada and where the people have to get in their cars to listen to the radio.

Mr. Daniel Boucher: At St. Rose du Lac, the village where the late Senator Molgat was born, people often have to get in their cars; not always, but often. This is entirely unacceptable.

The Chair: I entirely agree with you.

Finally, in Alberta, in Saskatchewan and here, we have heard about the question of community radio for the Francophone minority. Services are sometimes quite good in the large conglomerations, but very difficult to access in the smaller municipalities. As Mr. Harvard explained, a request for a 250 watt transmitter refused. They were told that they couldn't get more than 5 watts. Which makes things impossible.

I will tell you about an idea that should be researched. If for example, there were a type of cooperative for the entire Canadian West, a cooperative that brought together the French language community networks, and if we could find a way to make this possible, would it be a good step forward to bringing these communities together and then establish a sort of network that would

be more practical to establish, because it would cover a larger territory?

● (1115)

Mr. Daniel Boucher : I think that this would be an idea that absolutely should be explored; undoubtedly. As I said earlier, we are looking for innovative means. We can no longer do things the old way. We are ready to look at new ways of doing things, and if you can support us in this, we will do our part to find out if it is at all functional and if it truly meets our needs. I don't see any reason we could not join in this type of partnership.

The Chair: OK. You have our entire support. I would like to thank you very much for being with us today, Mr. Boucher. We have listened to you very attentively and I can assure you that your recommendations will reach their goal step by step. We can't accomplish miracles, but we will take a close look at what you have said.

Thank you very much.

Mr. Daniel Boucher: Thank you all very much.

[English]

The Chair: I'll now call on the Aboriginal Peoples Television Network.

We are particularly pleased to welcome the Aboriginal Peoples Television Network because, if I understand rightly, this experiment is unique worldwide. So we're extremely pleased to welcome you here: Mr. Clayton Gordon, chairman; Mr. Ron Nadeau, chief operating officer; Mr. Jim Compton, director of programming; Mr. Patrick Tourigny, who's in charge of regulatory affairs; and Ms. Deanie Kolybabi, director of sales, marketing, and communications.

I think all of us are watching the evolution of the APTN with extremely great interest because of all it represents for us all. So we are pleased to have you here with us.

The floor is yours. I don't know who wants to start off—Mr. Gordon.

Mr. Clayton Gordon (Chairman, Aboriginal Peoples Television Network): Thank you.

We would like to thank the committee for this opportunity to address you today.

The last major review of the Canadian broadcast policy marked a real watershed for aboriginal broadcasters. When the Standing Committee on Communications and Culture held its historic review of broadcasting policy in 1988, several of our organizations appeared at the hearings, looking for something that was almost unthinkable back then. We proposed that the Broadcasting Act be amended to recognize aboriginal broadcasters, and we requested support to establish a distribution system. That was 15 years ago.

Thanks to the vision and courage of your predecessors, aboriginal broadcasting in Canada has come of age. The recommendations of the 1988 standing committee set the tone for the 1991 Broadcasting Act, which recognized aboriginal broadcasters as a key element of the Canadian broadcasting system. It also led to the 1992 launch of Television Northern Canada, the world's first native television network. We came before you 10 years later, representing a unique and thriving national television service.

The last decade hasn't had a lot of good news stories for aboriginal people, but APTN is one of them. We have built a national audience, we are increasing our advertising revenue, and we are attracting international attention. We provided support and advice to broadcasters in Ireland, Australia, New Zealand, the United States, and indigenous communities worldwide.

We've created a whole new industry and fostered a wealth of creative and artistic talent from our communities. APTN exemplifies what committed organizations, talented individuals, and a progressive government can accomplish when they work in partnership.

This committee has a complex and important responsibility. Your task is to investigate the state of Canadian broadcasting and explore future directions for the Canadian broadcasting system. We thank you for inviting us to contribute to this dialogue.

I'd like to now call upon Ron to summarize the points we'd like to address.

• (1120)

Mr. Ron Nadeau (Chief Operating Officer, Aboriginal Peoples Television Network): Thank you very much, Clayton.

I'd like to certainly welcome the chairman, Clifford Lincoln. It's nice to see you again, sir. I'd like to also welcome our Manitoba members of Parliament, all of the other committee members, and your staff.

It's a great privilege to be sitting here today with you. We'll try to highlight some of the issues we're dealing with.

Shortly after the mandate of this committee was announced, we submitted a discussion paper entitled "Towards a Truer Mirror". You have copies of that, no doubt, in front of you. Our intention in submitting this document was twofold: to reaffirm the importance of true public service television as an integral part of the broadcasting system; and to draw your attention to specific issues and questions relating to our role, as defined in the Broadcasting Act and our CRTC licence.

Earlier this year, we made a presentation to the CRTC on a number of regulatory issues. These included questions of channel placement and the protection of adequate bandwidths for the use of non-profit and public broadcasters. Those issues are discussed in our written submission, and we know they will receive your careful consideration.

Today, given the committee's busy schedule, we want to touch on three of our most pressing concerns. Rather than going through thirty, we figured we'd limit it to three really special ones. We hope this will assist not only the committee but certainly our organization and our audience.

These concerns are as follows: support for native-language broadcasting funded by the Department of Canadian Heritage; fair access by independent aboriginal producers and broadcasters to production funding; and reaching remote audiences with our programming.

I'd like to ask my colleague Jim Compton to begin by addressing the question of funding for native-language programming.

Mr. Jim Compton (Program Director, Aboriginal Peoples Television Network): APTN broadcasts over 35 hours per week of aboriginal-language programming in Inuktitut, Cree, Ojibwa, Inuvialuktun, Oji-Cree, Mohawk, Gwich'in, Mi'kmaq, and other languages. Almost all of our native language material is produced by aboriginal broadcasting organizations funded by the northern native broadcast access program in the Department of Canadian Heritage.

There is a particular irony about the growth of aboriginal broadcasting. As the distribution system for aboriginal TV gets better and better, the funding for programming gets lower and lower. In the initial years of the NNBAP, broadcasters received up to \$12.5 million per year in funding, but they had no distribution system. Their work was being broadcast late at night on CBC and regional networks, after the CBC broadcast day.

In 1998 the first funding was announced for Television Northern Canada, a network that would finally meet their distribution needs. But 1998 also saw the first of a series of devastating cuts to production funding. As the distribution system improved, funding for programming was slashed year by year. In 1999-2000 production funding hit an all-time low of \$7.9 million. In that same year, ironically, we launched the national aboriginal television network, APTN.

This chart illustrates the potential viewership for NNBAP programming over the last 20 years. You'll see that the potential audience increased thanks to government support for distribution at the same time as government funding for production declined. This is like announcing a national program to build highways and simultaneously declaring a ban on automobiles.

The NNBAP now provides approximately \$3.7 million per year to seven aboriginal broadcasting organizations for television programming. The Broadcasting Act, the CRTC, and 20 years of government studies have all confirmed and reconfirmed the critical need for broadcast services that meet the needs of aboriginal peoples. Despite that, funding for NNBAP-funded broadcasters has been cut by approximately 50% over the eight-year lifespan of the program.

In 2000 the Department of Canadian Heritage commissioned two independent studies. Like 11 other reports that preceded them, these confirmed that the aboriginal broadcasters were facing critical challenges. They singled out two areas for special attention.

• (1125)

Mr. Clayton Gordon: The first and most urgent is the need for a one-time capital replacement fund. Crippled by two decades of cuts, many of the NNBAP-funded broadcasters are reduced to working with obsolete cameras, editing systems, and audio gear that would not be accepted in a local cable company, let alone on a national network.

In the last year APTN has been forced to decline programming produced by its own members. The state of their equipment simply does not allow them to meet minimum technical standards, and that jeopardizes the ability of the network to meet the needs of aboriginal audiences in all regions of the country. It also means these northern producers lose what limited options they have for revenue generation.

There is tremendous talent in those organizations. As I am sure you know, Sak Kunnuk, a broadcaster trained by the Inuit Broadcasting Corporation, recently swept the Genie awards and won the best new director award at Cannes last year for his film *The Fast Runner*. Without adequate support, this talent will not flourish. Until these northern broadcasters are given the tools to meet minimum industry technical standards, they will remain isolated from mainstream Canadian and international audiences. One of Canada's most unique cultural products will remain invisible.

Canada's largest public broadcaster, the CBC, is granted a separate allocation each year for capital expenditures. The NNBAP groups, however, have never been given capital funds for equipment replacements.

The independent survey commissioned by Canadian Heritage recommended in 2000 that a one-time contribution of \$4.74 million be granted to bring the seven NNBAP-funded television producing organizations up to basic digital standards. This is a small price to pay to protect one of Canada's most important broadcast assets. However, almost two years later, the Department of Canadian Heritage has not responded to these recommendations from their own study. We ask that this committee endorse that recommendation and that the Department of Canadian Heritage act on it as quickly as possible.

Mr. Ron Nadeau: The second major problem facing native broadcasters in the north is that only half of the aboriginal groups funded by the NNBAP actually received funding for television production. When the program was first announced in 1983, it supported 13 northern groups right across the country, from B.C. to Labrador. Every region made an initial decision about the kind of service it was going to offer, radio or television, with the understanding that all of these 13 NNBAP groups would shortly be funded to provide services in both media—television and radio.

Unfortunately, funding for the growth of the NNBAP was frozen following the 1984 election, and the radio producing groups were never allowed to expand into television. Entire regions of Canada were left without television service in their language. There are no NNBAP-funded TV producers in Alberta, Saskatchewan, francophone Quebec, B.C., or among the first nations of the Northwest Territories.

The second key recommendation of the independent study commissioned by the Department of Canadian Heritage was

therefore that the remaining six NNBAP radio-only societies be funded to move into television. The study estimates that the cost will be approximately \$7 million. What will this achieve? It will double the amount of aboriginal-language production in Canada. It will open up whole new areas of training and employment in some desperately poor regions, and it will give voice both in Canada and abroad to unrepresented first nations and languages across the country, including Quebec.

The northern native broadcast access program is the heart of native-language television in this country. With these two measures both recommended by their own studies, the Department of Canadian Heritage can ensure that APTN programming really represents the full diversity of Canada's aboriginal peoples and languages.

We've been talking so far about federally funded aboriginal broadcast organizations. Our second key concern is the funding available to independent producers and filmmakers. I'll ask Jim to address that issue.

• (1130)

Mr. Jim Compton: I'll warn you that this is a long section, so bear with me.

Last year, independent aboriginal producers contributed roughly 30 percent of our schedule. This represents work by some of Canada's best-known writers and directors, and by talented newcomers just beginning their careers. The independent production sector has created some of the most exciting, distinctive, innovative programming on APTN. They are the future of our network.

But all that potential will not be realized until our producers have fair access to production funding. Independent producers anywhere in Canada face a tough, competitive battle for funding, but aboriginal producers face additional barriers that put them at an even greater disadvantage than most. Let me show you.

As you know, there are two major federal funds available to independent producers in Canada: the licence fee program of the Canadian Television Fund, and Telefilm's equity investment program. The total amount available to Canadian producers under these two funds is \$200 million. Each of these funds has an aboriginal production envelope that amounts to approximately 1 percent of the total fund. That's a problem to start with, given that the aboriginal peoples of Canada represent nearly 3 percent of the population. We can see inequity already in the distribution of this fund.

However, there's another wrinkle. The aboriginal envelope is only available for programming that is produced in an aboriginal language. English or French productions may not apply for the aboriginal-language production envelope, even if the producer, director, cast, crew, writer, and intended audience are all aboriginal.

So consider the following scenario. You're an independent producer with a great idea for a 13-part series. Let's say it's a series profiling successful aboriginal businesses and entrepreneurs. You're aiming this program at viewers across Canada. You want to provide role models and examples to young aboriginal people, and you want to show the non-aboriginal audience that there is a real entrepreneurial spirit growing out there. Your show will cost a modest \$50,000 per episode to produce. So the entire series will cost \$650,000, which, as you know, is quite cheap in the world of broadcasting.

You apply to APTN for a licence fee. Your exact licence will depend on a range of factors. Let's say, for example, you receive \$130,000 for your series. So you approach the main CTF envelope because your program, in order to be understood by the national audience, has to be in English. You discover that these funds are vastly oversubscribed every year. You find out that when proposals are selected for funding, it's done on a point system with higher points awarded to productions with the highest licence fees. You discover that you're competing with Alliance Atlantis, Nelvana, CanWest Global, and all of Canada's largest production houses, which are providing licence fees in the tens of millions of dollars. Of course, most of these broadcasters own several different channels and will spread out the cost by airing a single series on many channels.

APTN is a stand-alone, single-service broadcaster. It can't spread the cost out. Your \$130,000 licence fee is simply not large enough to compete for a contribution from the main CTF fund. You are, in effect, out of the running.

This isn't just a hypothetical scenario. Not one series by an aboriginal producer was funded under the main English- and French-language envelope last year.

So you decide to approach the aboriginal envelope. That means several things.

First of all, it means your production has to be shot in one or several aboriginal languages, but your program is aimed at a national audience. It will have to be translated into English and possibly French. So you're forced to produce multiple versions of your program to be eligible for the fund. The fund, as we saw, is already very low, and it's capped. The combined maximum you can receive from the aboriginal envelopes of CTF and EIF is \$200,000, and from that funding you have to pay for multiple-language versions of the program, a barrier non-aboriginal producers don't have to face.

The system, as it exists, doesn't work for anyone. It doesn't work for the aboriginal producers, who can't compete in the main envelope but who can't afford to work with what's in the aboriginal envelope. And it doesn't work for APTN.

All Canadian broadcasters rely on funding from these funds to meet their quota of Canadian content. Our quota of Canadian content is even higher than CBC's. If we're going to achieve the goals for

content and language programming set for us by the CRTC and to fulfill the role defined for us in the Broadcast Act, our suppliers, the independent aboriginal producers across Canada, need access to levels of funding commensurate with those goals.

We can't do our jobs with the existing envelopes. We are therefore proposing three changes to the current program.

• (1135)

First, we're asking that the standing committee endorse the expansion of the Telefilm and CTF aboriginal language envelopes to include English- and French-language productions, using criteria negotiated with APTN to define eligibility. This would allow producers to work in the language of their intended audience and remove the discriminatory requirement we discussed.

Second, we are asking that the standing committee recommend an increase in Telefilm and CTF aboriginal envelopes, based on a formula reflecting the language requirements of APTN's licence.

This chart illustrates the funding structure that would reflect an appropriate level of funding commensurate with what is available to mainstream producers. We propose that the current level of funding for aboriginal language programs remain at its current level of \$2.5 million. We suggest a further \$1.5 million be made available for French-language production by francophone aboriginal producers and production companies. Finally, we propose that \$6 million be made available for English-language production by aboriginal producers and production companies.

This ratio reflects a mix of programming that APTN is planning, based on our licence. This is not additional funding for APTN. This is an investment in the independent production community for the future of aboriginal broadcasting.

Mr. Ron Nadeau: We have one further suggestion for enhancing the value of our service. In a time when relations between aboriginal peoples and the Government of Canada are frequently strained, APTN is a highly visible symbol of collaboration between our nations. Over eight million Canadian households now have a window on aboriginal life, culture, and news.

One of the best comments we've received was from a non-native viewer from Vancouver who wrote:

This is truly a Canadian channel. Nowhere else do I find images of Canada like this and that includes the CBC. I don't think you have to be Aboriginal to enjoy these programs!

Some of the most important programming we make, some of the programming closest to the heart of our experience is inaccessible to our non-native viewers because it is produced in an aboriginal language and the producers can't afford to have it translated. We receive literally hundreds of requests from viewers, schools, universities, and cultural centres to subtitle our non-native language programs into English and/or French to make them accessible to a broader audience. We also receive many requests from aboriginal viewers across Canada who are intensely curious about the cultures of other first nations asking that APTN's aboriginal language programming be translated.

We broadcast roughly 15 hours of original aboriginal-language programming every week. We estimate that 100% of APTN's native language programming could be made accessible to universities, language centres, libraries, cultural programs, and schools and audiences in Canada and internationally for the relatively modest cost of approximately \$2.1 million per year. We therefore recommend that the standing committee endorse the creation of a \$2.1-million-per-year aboriginal versioning fund to provide Canadians with greater access to aboriginal- language programming. We suggest that this fund be administered by Telefilm, according to criteria developed in consultation with the aboriginal broadcasting community.

We've talked about reaching out to non-aboriginal audiences in Canada and globally. I'll ask Clayton to talk about the challenge of getting our programming out into rural and remote Canada.

• (1140)

Mr. Clayton Gordon: Roughly a third of Canada's aboriginal population lives on reserve. We estimate that fewer than half of Canada's 2,500 reserves have access to cable television. The population is usually low, the housing units are widely dispersed over a large area, and income and employment levels are below Canadian averages. So on most reserves running a cable system is simply not a viable business. More and more, people are subscribing to Star Choice or ExpressVu, and a growing number have "grey market" dishes receiving the U.S. dish network or DIRECTV, which do not carry the Aboriginal Peoples Television Network. However, the vast majority of households on reserve have neither cable nor satellite service and therefore cannot receive the only network specifically mandated to serve them.

When TVNC was created 10 years ago, specific capital funds were set aside to outfit its 96 communities with large receiver dishes and low-powered transmitters. With today's high-powered KU band satellites, Canada's largest reserves could be provided with APTN service at a minimum of expense, using the much smaller and cheaper pizza-sized dishes. As an added benefit, any community equipped to receive APTN signals could also then receive the full range of digital services available, including Internet access, telehealth initiatives, and distance education programs.

Our research suggests that to provide the largest 150 reserves in Canada with a satellite downlink and a low-powered transmitter would cost an average of \$35,000 per site, for a total one-time capital and installation cost of approximately \$5.25 million. Ongoing annual operating and maintenance costs would be approximately \$450,000 and could be managed most efficiently within the northern distribution program.

Getting our programming out to the reserves represents the last piece in a jigsaw puzzle that has been in the making for 25 years. We've established a production capacity, we've established a national network, and now our final challenge is to ensure that our programming reaches the rural and remote communities where our people live. We would therefore ask the federal government to conduct a feasibility study, exploring the means and costs associated with providing APTN to the reserves, and that this study also determine what additional benefits and services the introduction of digital capacity could provide to communities.

On behalf of all of us in the organization and peoples we represent, I would like to thank the committee for this opportunity. The 1991 Broadcast Act, which our predecessors helped to create, recognized our role as a key element of Canada's public broadcast system with the following words. The Canadian broadcasting system should "reflect the circumstances and aspirations, of Canadian men, women and children, including equal rights, the linguistic duality and multicultural and multiracial nature of Canadian society and the special place of aboriginal peoples within that society."

We've worked very hard to live up to the obligation that implies. Like you, we are committed to building a broadcasting system that more truly and completely reflects the real face of Canada to Canadians and to the world. With your support, we will strengthen what we began 25 years ago. I hope you share both our pride in what we've accomplished and our confidence in what we intend to achieve in the years ahead.

That concludes our presentation. We'll be happy to respond to any questions committee members may have.

The Chair: Thank you very much, Mr. Gordon.

Before I open the floor to questions, I should remind members that we are visiting APTN this afternoon. In fact, as soon as we conclude here we're going to have a quick lunch and then go on to APTN, so we will have chance to speak to Mr. Gordon and Mr. Nadeau and their colleagues.

So in the interest of time and because we have two other interveners, I suggest that we allow for one question each, and this afternoon you'll have all the latitude to put other questions to our friends, if that's okay.

Madame Gagnon.

• (1145)

[Translation]

Ms. Christiane Gagnon: Thank you, Mr. Chairman.

Thank you for your presentation. I think that you have presented a complete picture of the realities in your community. This makes me reflect on the support and options that are available. We have two choices: provide better service to our communities, or ensure the viability of the broadcast system. Depending on the choice we make, we have the responses and support that are currently given, and that are insufficient.

I would like to ask you a more specific question. If you have all the support you needed for your communities, for example, because we are looking a viability, what markets could you better penetrate to find out more about yourselves, understand yourselves better and achieve a better dialogue with the entire community, whether here in Canada and in Quebec, as well as abroad?

[English]

Mr. Ron Nadeau: Thank you for that question, madame. I'd like to start, and then I'll ask my colleagues to jump in.

In a perfect world, we would like every Canadian, whether aboriginal or non-aboriginal, to be able to watch our programs. One of the issues that we highlighted was the fact that we have a problem with channel placement. Of the viewers that we surveyed, the non-aboriginal audience, 70 percent of them didn't know we existed. The problem is, we were granted mandatory carriage in our network nationally, but with the carriage we've been given.... It's certainly not my intention to be taking shots at anyone here, so I quickly make that disclaimer, but the fact remains that if 70 percent of non-aboriginal Canadians don't even know we were available as a mandatory part of their service, how does that get our programming out to Canadians such as you?

So what we're really interested in is channel placement, because channel placement holds the key to many doors. It would unlock many doors for us.

I'd ask my colleague Deanie Kolybabi if she'd like to add anything to that.

Ms. Deanie Kolybabi (Director, Sales, Marketing and Communications, Aboriginal Peoples Television Network): Yes, I would.

There's no doubt that, as Ron has spoken of, channel placement causes a great barrier for us in terms of awareness with our own Canadian markets. During the summer we completed surveys of aboriginal and non-aboriginal markets in rural, remote, and urban Canada, and we have verification that in fact it is quite a barrier, because with channel placement comes a perception of value and a perception of who the network is directed to. While we are focused on being television by, for, and about aboriginal Canadians, it is our intent to share with all Canadians. So when you talk about a market, certainly our first market lies within our own borders and within more awareness from Canadians at large in terms of the value of APTN to all Canadians.

I also think there is tremendous value to international markets in terms of the programming and such of APTN. We certainly have had an expression of interest from many countries, as we mentioned in our report. In terms of programming from Canada, Canada's aboriginal producers going into the United States, into New Zealand and Australia, we have talked about a number of co-productions and in fact are involved in co-productions.

So there are many marketing opportunities outside of Canada, but I think we would be remiss if we didn't stress that our largest market challenge right now is simply public awareness in Canada.

Mr. Ron Nadeau: Can I just ask if Mr. Tourigny can make one remark?

• (1150)

The Chair: Yes. Make it brief.

Mr. Patrick Tourigny (Director, Regulatory Affairs, Aboriginal Peoples Television Network): Yes, I will.

I would like to tie it to comments made by the previous presenter for the francophonie of Manitoba. There is a concept out there talking about a foundation tier of public service broadcasters that should have priority. When I say priority, it's like walking into a grocery store and as you go down the aisles everything Canadian is at eye level. You don't have to get a stepladder and go up to the top shelf looking for APTN or the francophone services, if they're even available. That is a concept that is out there for discussion. It would help us in terms of channel placement, because it would give us recognition and priority, not just that we're part of the basic service. If there's a core group of Canadian services, they have to be visible and accessible, and that means at eye level. So that would certainly take care of our channel placements.

The Chair: Thank you.

Yes, that suggestion is out there. Several interveners have suggested it, including Vision TV. So we certainly have it in mind.

Mr. Martin.

Mr. Pat Martin: Thank you, Mr. Chair.

Thank you for a very interesting brief. If we're going to have a chance to tour the station later today, I'll limit my comments.

First of all, I would like to say that as a member of the standing committee on aboriginal affairs, we frequently get positive feedback about the work APTN is doing. Right across the country and in our own travelling throughout the north and elsewhere, people have noticed it and people really like it, and not just the aboriginal population. You have some quotes from the general public in your brief from last year, I believe, which was entitled *Towards a Truer Mirror*. They are fascinated by seeing the reality-based TV shows dealing with the day-to-day life of people in aboriginal communities in northern Canada.

So full compliments and kudos for a job well done. That's above and beyond the fact that you are achieving the Canadian content. You are achieving the 25 percent languages, etc.

The question I have has to do with something you made reference to in that document. The application you made is that APTN will be licensed on a mandatory basis on all class one and two cable systems. But you also asked for a modest 15¢ per month subscriber fee. TSN gets \$1.09, I believe, and Newsworld gets 63¢ a month. What is the status of that? Where are you going with that? Do you have any indication that kind of stable core funding is in the works?

Mr. Ron Nadeau: I'll begin the answer this way, Mr. Martin. That is a very key question for us. When APTN was created, the same thing that happened to the CBC was happening to APTN. What I mean to say is that we've created an industry. There are independent aboriginal producers out there who are coming to us. They're writers, producers, directors, and camera operators. They're expecting to knock on our door and then we'll send them to Telefilm, CTF, and so on. But the problem is that in creating the industry, the revenues needed to do everything the independent producers want us to do.... What we have to do basically is make choices and deliver what we can. When we made the original application, we asked for 15¢ per subscriber per month, and we're very grateful to get that.

Looking down the road, it's not within our view at the present time that we can make any kind of predictions as to what is going to happen when we come to renew the licence. But what we do know, and what we've indicated in this document, is that we have already taken a number of initiatives over the years with the NNBP, the northern native broadcast access program, and there are studies, evaluations, and recommendations saying let's do this, let's help these aboriginal broadcasters to be able to produce their programming.

We're not asking for money. We're not asking for a nickel, actually. What we're really asking, with great respect, is for the committee and the federal government to follow up on these evaluations and recommendations regarding the northern native broadcast access program. This would obviously greatly assist us, because if you give the 13 NNBP groups digital equipment to produce programming, then we can buy their programming. Then we can sell more advertising or whatever, so it's a kind of circle like that.

I don't know if anyone else here wants to jump in or not.

• (1155)

The Chair: Mr. Harvard.

Mr. John Harvard: I have two short questions.

What is the essence of the formula that gives TSN \$1.09 and APTN 15¢? Just what is the essence? Give me an understanding of the formula.

Mr. Patrick Tourigny: A lot of CRTC decisions have been ad hoc. The first specialty services, TSN and MuchMusic, for example, were licensed in 1984, and Moses Znaimer shakes his head in shame for only asking for 10¢ because now he's locked into it—those are his words. And TSN, because of the high cost of sports programming, was at 90¢, I think, when they were first licensed, and they got a rate increase prior to that. Those services are in discretionary tiers, so the cable companies traditionally mark up each package. There are three different packages of tiers.

Mr. John Harvard: So it's based on tiers.

Mr. Patrick Tourigny: We're not in a tier. We're part of the basic service, even though we're distributed way above the tiers in terms of channel placement. The cable industry typically marks up those packages, MuchMusic and TSN. If their wholesale cost, the pass-through costs, are \$2, then they charge \$4 for the tier. YTV, I think, was licensed at 35¢ in 1987, and VisionTV was licensed at 0¢ in 1987 and then later on got 7¢, so it's all shaking out.

When APTN asked for the 15¢, we were also asking for mandatory carriage. We didn't want to go into a tier because we thought we should be widely available to all Canadians. We felt we could barely do it at 15¢, yet we wanted to get our licence because we knew the cable industry was going to fight us on the application, which they did. If we had asked for 25¢, we thought that would really have reduced our chance of getting licensed. Now we're the victims of our own success.

As Ron said, we're a magnet for all the aboriginal artistic community. They come to us with great expectations. We can't give them the types of licence fees Jim Compton would like to because of our limited revenue, so we said we'd go to Telefilm. They can't compete at Telefilm's level. We've put on the table all these structural changes that will help the independent community out there.

When we go back to the CRTC in three or four years, we'll look at whether that 15¢ is still reasonable.

Mr. John Harvard: I thought this was going to be a short answer. Can you answer this next question just very briefly?

You've outlined many of the challenges you face. Now, I know that francophones in this part of Canada find that despite the fact that they are provided with programs in their language, because of the sea of English around them and the preponderance of English programming, they will still watch the English programs. That is by far their choice. Is it the same with aboriginals?

Mr. Patrick Tourigny: I'm not an aboriginal person, but I would think, sure. Aboriginal people watch *The West Wing*, *ER*, and *Survivor*. Absolutely.

The Chair: Mr. Gallaway.

Mr. Roger Gallaway: Your income from cable is, I assume, somewhere between \$12 million and \$14 million a year. What is your income, then, from other sources? What would it be from advertising—I'm not asking for precise amounts—relative to your cable subscription fees and perhaps other sources?

Ms. Deanie Kolybabi: There are a number of different areas we garner revenue from, and we continue to explore revenue generation streams. Advertising is only one of them. Our current budget looks for \$1.7 million coming from advertising, but I think that when you put that together with a number of other initiatives like social benefits funds and the leasing of our unused transponder space and such, you're probably looking at an additional \$4.55 million in revenues coming in.

The Chair: Mr. McNally.

Mr. Grant McNally: Thank you, Mr. Chair.

Thanks for the presentation.

I can understand your concern about the high channel placement. In my market, just outside Vancouver, the parliamentary channel is channel 69 and APTN is channel 70 or 71. So we get both of them lower down on the channels.

I want to follow up with a similar comment to Mr. Gallaway's. I'll make it short.

We have heard, in relation to the CBC, this whole debate about being a public broadcaster and then about commercial advertising. You alluded to it earlier. As you become more successful, get more viewers, and generate more revenue, there's this whole debate about the funding issue, which might even undercut the argument there's a need for increased funding, as your advertising revenues increase.

I'm just wondering if you might be able to foresee a solution to that debate. We're struggling with that in the bigger context of the CBC as well. Would the answer be equalization of both, or how would that balance be worked out?

• (1200)

Mr. Ron Nadeau: I can start, and maybe one of my colleagues can jump in.

We're in a situation where we're a hybrid operation, to be perfectly straight up about this. We have a public mandate to serve the aboriginal audience and all Canadians, get our programming out there, try to build bridges, communicate, and so on.

We also have goals. We want to pay our own way, obviously. We don't want to be coming back to the government all the time. We'd like to be self-sufficient, and that's obviously our goal. We tried for a little while to go down one path and sell to everyone in the world. We thought if we did great ads that would happen, but the problem is it just doesn't happen like that.

We're trying to get out there and sell the ads, but that's not easy to do. We can't seem to crack the barrier to get some advertising dollars from the federal departments. To be fair about that, we're still dealing with individual MPs and so on, and we expect some good progress there. But it's very difficult for us, as a public broadcaster, to expect ourselves to be all things to everybody. We have a finite number of resources. We don't want to be totally business oriented, because then we lose the focus on what we're all about.

I'll ask Deanie to jump in here.

Ms. Deanie Kolybabi: I'm just going to add to that, and again speak a little bit to our feeling that perhaps the cable companies have not lived up to the spirit of the mandatory coverage agreement in terms of where they've positioned us.

I was recently involved in a conference on advertising and marketing to visible minorities in Canada. It was hosted by the Honourable Hedy Fry.

It was very interesting to hear the presenters in that conference acknowledge that the largest visible minority segment within Canada was indeed aboriginal peoples, and then proudly announce they had done a number of studies, through Carleton University, in every major market across Canada in terms of the value of those visible minorities to advertisers. This was a key point for us in what we were doing. Then they proceeded to roll out, for every city from the Maritimes to Vancouver Island, graphs on visible minority populations and the buying power within them. They included black, hispanic, Asian and I believe Arabic populations, and totally ignored the aboriginal people in Canada.

I believe there is a real value in the aboriginal market within Canada. They are consumers. There has been no study or research done by TVB, the government, or any retail organization in Canada

on aboriginal consumers in Canada. That's something we are trying to unfold ourselves, but again it's a bit of a barrier in terms of where we're looking.

The Chair: Mr. Gordon, we have to close now, but not before telling you that between your brief to our committee and your presentation today, I think you have made your points extremely precise and clear to us.

The researchers tell me your documents are well put together. We have all seen that your recommendations are easy to follow, and grouped together. So with our visit this afternoon, I think we'll have a complete picture of what you're after.

We're most grateful for your presence here today, and look forward to seeing you a little later when we visit APTN. Thank you very much for coming. We appreciate it very much.

Mr. Clayton Gordon: Thank you very much.

The Chair: I'll now call on the Saskatchewan Communications Network. We welcome Mr. David Debono, president and CEO, and Mr. Richard Gustin, executive director of programming.

I understand you couldn't be with us when we visited Saskatchewan, so you asked to appear here. As you know, Mr. Debono, we have time problems. I understand from the clerk that you've agreed to condense your presentation so we will have time for questions, because we have another group coming after you.

So we welcome you here. It's very important to hear from you because of your importance in, first of all, a non-profit organization dealing with communication in education, as I understand it. We look forward to hearing from you, and the floor is yours.

• (1205)

Mr. David Debono (President and CEO, Saskatchewan Communications Network): Thank you.

My name is David Debono, and I'm the president and CEO of SCN, which is Saskatchewan's public educational broadcaster. With me today is Richard Gustin, SCN's executive director of programming.

We'd like to begin by thanking the committee for providing us with the opportunity to speak to issues concerning the Canadian broadcasting system. Because we are in the educational and informational television broadcasting business, we're going to confine our comments to the television portion of the Canadian broadcasting system.

Television has become a big business. Thousands of Canadians earn their living working in or producing television programming. TV is clearly one of our success stories, with Canada now being the second largest exporter of English-language television programming in the world.

SCN is in no way opposed to people earning a living or making a profit in the television business. However, in the current Canadian television system the opportunity for profit overshadows the need for public service. SCN would like to see a system that reflects the vision set out in the Broadcasting Act and that is able to accommodate the needs of viewers across the country to acquire information about themselves as well as give access to an abundance of high-quality, made-in-Canada entertainment programming.

In the old days, when there were only two or three television stations in a town or region, they all had a daily talk show with titles like "Around the Town" or "People Are Watching". This truth-telling function validated television, and people opened their homes and hearts to it. Television became the box with the magic ability to make the world smaller and tell us stories.

Over the past couple of decades the number of channels has increased, and so have the number of stories being told. Most of these channels were from someplace else, and so were most of the stories. Local broadcasters have been absorbed into national systems, and again, so have the stories.

Saskatchewan has one of the most dispersed populations and lowest population densities in Canada. It also has what seem to be the longest and harshest winters in the country. Community can be a fragile thing when it's 40 below and the town is over twenty miles away on a gravel road, yet Saskatchewan is famous for this. What effect will all this nationally focused programming, which contains almost no information about these people or where they live, have on them and their sense of community?

SCN is Saskatchewan's public educational television broadcaster. SCN does not sell advertising and does not exist to earn a profit for its shareholders. Using its cable and closed circuit television networks, SCN strives to provide educational and informational opportunities for the people of Saskatchewan.

SCN is the only television station serving the province that is controlled and scheduled from within Saskatchewan. SCN seems to be the only television broadcaster left with a mandate or interest in addressing the television needs of Saskatchewan and prairie viewers. With the exception of local news, sports, and weather, the commercial broadcasters produce almost no local or regional programming, informational or otherwise, within the province.

The CBC and the province's commercial broadcasters have steadily reduced the level of service provided to the community and the region in which they operate. At one time, the CBC employed over 400 people in the Regina broadcast centre, but due to cutbacks it now employs less than a hundred. These cutbacks have made it impossible for CBC to develop programs to meet the regional needs or interests of the community. If there is going to be a public service component to the mix, which the Broadcasting Act stipulates there should be, it is up to the lawmakers to create an environment where public service broadcasters and programming have a clear place in the Canadian broadcasting system.

SCN delivers over 5,000 hours of curriculum support and informational programming on the broadcast network, and with educational partners delivers 3,000 hours of live, televised-for-credit high school and post-secondary classes on the training network each year.

SCN is one of the largest supporters of the Saskatchewan and Canadian independent production industry. SCN has one of the highest levels of prime time Canadian documentary programming in the country, and is constantly hearing from producers, funders, and other broadcasters about how important SCN's licences are.

Saskatchewan has an active production industry, but in order to sell to other markets and attract production funds and tax credits, the product must be made generic enough to travel beyond the province's borders. We are proud of the success these programs have achieved. Saskatchewan productions licensed through SCN have won numerous awards, including the prestigious Emmy won recently by Regina's Partners in Motion, and the series *Incredible Story Studio*, produced by Minds Eye Pictures, which is now seen by millions of viewers around the world.

But clearly there is a piece missing. Where is the programming on television that is about the people of the prairie region? If television is the mirror that reflects ourselves, it has evolved to prove that we do not exist. SCN believes that this is the most serious issue facing the Canadian broadcasting system today.

SCN proposes that regional informational programs be given special status for production fund eligibility. SCN would define a regional information program as any commissioned non-dramatic program or series. It is a program whose target audience is located in a specific geographical area or region, and which would be of little or no use or interest to an audience outside that area. It should be programming that is produced to meet an audience need. It is likely that much of the program's content will be time-sensitive and the program will have a short shelf life. Because of this, and the regional information, it is unlikely that any other broadcaster outside the region would be interested in acquiring rights to such programs.

These programs, at present, do not qualify for any production support systems in place in Canada, and as a result are paid for entirely by the broadcaster. SCN is currently developing a number of series targeted to meet the needs of viewers in our region. These series, which are being developed by regional producers, are intended to provide information to Saskatchewan and Manitoba residents about where they live and work.

SCN believes that a regional broadcaster should be a prime source of such programming on various issues. However, without some form of support, it will be impossible for a small broadcaster like SCN to sustain these series. Under the current funding system in place, these types of programs are not eligible for any support whatsoever.

To make matters worse, under the current system as it has evolved, SCN's traditional role of being a leader in supporting high-quality independent informational and documentary programming from across the country is being threatened by the efforts of large broadcast conglomerates, which are using public funds to control programming to be used for their exclusive benefit. In some cases, these are programs or series that SCN has been involved with since the beginning, but now these companies want them for their exclusive use for the life of the program.

● (1210)

As well, under the current funding model, certain regions of the country are getting a disproportionately high share of funding, while other regions, such as the prairies, get much less. SCN believes that the Canadian broadcasting system has to meet a variety of needs, as defined in the Broadcasting Act, not just the for-profit and return on investment requirements of commercial operators.

SCN has suggested the creation of a production fund dedicated to regional information programming needs. The fund must have a way to ensure that the regions with the greatest needs, the lowest population densities, and the highest cost of service per unit of volume have a priority access. The fund must also be designed to help meet your needs for informational programming, and not just become a way to subsidize the cost of a national broadcaster's local franchise.

Production funds and drop fees are the result of funding redistribution schemes. SCN notes that specialty channels from TSN to MuchMusic and Newsworld to Vision get a share of the distribution pie via drop fees. Specialty services would have a very tough time surviving if it weren't for these subsidies.

When it was set up, APTN requested and received a 15¢ per subscriber drop fee as part of their business plan. For any regional or educational broadcaster, a similar fee would have a substantial impact on its ability to provide regional informational programming. This fee could be linked or dedicated to the acquisition and commissioning of regional information programming. And if this money were matched against money from a regional production fund, an even greater programming impact could be made.

In the Broadcasting Act, the Canadian broadcasting system is required to provide alternative television programming services, where necessary, to ensure the full range of programming contemplated is made available throughout the system. In provinces and regions not currently served by any provincial or alternative regional program service, the combination of drop fees and a regional fund could help create an environment that would encourage such a service to be created.

In conclusion, SCN would strongly urge the committee to reaffirm the role of public and educational broadcasters and the importance of regional and informational programming in the Canadian broadcasting mix.

SCN has no desire to strike down or take away from the successes of commercial broadcasters, but it would like to see the vision of the Broadcasting Act made real, with room and opportunity for regional, informational, and educational voices to take their place in the Canadian television broadcasting system.

Thank you.

● (1215)

The Chair: Thank you very much, Mr. Debono.

Mr. Martin.

Mr. Pat Martin: Mr. Debono, I certainly enjoyed a lot of the points you were making. I think one of the paragraphs in your brief warrants restating, and I'll ask you to perhaps even expand on it.

You say here in your brief that if television is a mirror that reflects ourselves, it has evolved to prove that we do not exist. That's a fairly powerful comment perhaps to illustrate that the Canadian broadcasting system is not living up to the mandate of the Broadcasting Act in many areas. Would you care to elaborate on that?

Mr. David Debono: Certainly. I think it's ironic that at a time when viewers in all provinces have hundreds of channel selections and channel viewing opportunities, there's really less and less about the places they're from. Speaking from a prairie perspective, by looking through a dial you can almost prove that your province doesn't exist, because there's not many stories being told about the Prairies. You hear about the drought, you hear about the bad things, but you don't really hear prairie stories being told. All these specialty services and digital services that have been launched have been watered down to appeal to a mass audience throughout the country.

At the same time, some of the traditional delivery opportunities for SCN, which have been strong in documentaries, history, academic programming on the air, are being replaced by the specialties that are airing programs on the History and Discovery channels. So we're seeing less and less opportunity for us to fill some of those commitments. At the same time, with the CBC downsizing, you're seeing less and less representation of regional stories.

So we think that as a regional model for an educational broadcaster it would allow us the opportunity to tell stories that are being missed and haven't been told since CBC and others abandoned the provinces. You have more and more content than ever before, but less and less about where you're from.

Mr. Pat Martin: Very good point. Thank you.

The Chair: Mr. Harvard.

Mr. John Harvard: If I understand you correctly then, Mr. Debono, the changing broadcast environment, especially in the wake of the specialty channels, has put a squeeze on your service, right? And you're looking for additional market space to do your thing, as it were. Is that what you're saying?

● (1220)

Mr. David Debono: Well, I think it's an interesting opportunity for SCN and for the concept of a regionally focused educational broadcaster. We think that, because there is a gap in the system and because everyone is now programming for the whole country, and at the same time some of our previous roles as being the only delivery method for informational programming have been replaced by the specialties—you could build your own virtual educational broadcaster that way, by splitting the dial—we think it's more important than ever for us to talk about regional stories.

Mr. John Harvard: Yes, I can understand that.

Do I take it, then, that whenever SCN went on the air—when was that?

Mr. David Debono: Ten years ago.

Mr. John Harvard: Ten years ago. Was it then assumed that while there may have been this gap in the broadcast system—I'm talking about telling the local prairie stories—that wasn't the focus; it wasn't your intention to fill that gap ten years ago. Your intention ten years ago was to stick to the educational programming, am I right?

Mr. David Debono: That's correct. We're sensing a change in needs and requirements for our role. Certainly we're not giving up our educational role and our responsibilities, but we think we—

Mr. John Harvard: Although you're getting some competition on that side.

Mr. David Debono: We are. So essentially what we're saying is, instead of fighting in that area where there's already a lot of opportunities.... What it often means as well is, whereas we used to be the first window on a lot of these programs—the first time people could actually see them—now what's happening is a lot of these shows are being gobbled up by the specialties and the digitals.

What's also happening is, with shows we've run for years that we were broadcast partners on, now we're finding some major players out there saying, "No, we're going to take the rights—and what did you pay us, again, last year? No, we'll cut them out of the deal, because we want to filter it through our selection of subsidiaries."

So it's becoming more and more difficult for us and other educational broadcasters to get content that's not controlled by commercial broadcasters. That's the dilemma there. The second issue is, no one is stepping up to the plate and talking about regional stories. So we're linking the two ideas as an opportunity.

Mr. John Harvard: We're a group of politicians in Ottawa, and we see the need for telling more prairie stories—just exactly what you proposed. I guess one of the questions would be, if we were to find an extra five, ten, fifteen, twenty million dollars—whatever it takes to fill this gap—why would we give it, and I don't say this in a disparaging way, to SCN and not, say, to the CBC?

First of all, the CBC is a much better known broadcaster with a much better known brand name. Would it not make sense, if I'm going to provide some additional taxpayers' funds, to give it to the CBC as opposed to you?

Mr. David Debono: I'll tell you one of the big issues. We've worked very closely with the CBC, and many of those players are in the room today. We're actually looking at a new model of working cooperatively with CBC. We're very encouraged, by the way. I must point out that they're doing very good things with us right now.

But they simply do not have the bandwidth, meaning that—

Mr. John Harvard: The bandwidth?

Mr. David Debono: —bandwidth in terms of the local market, because so much of their programming day is coming out of a central concept of programming for the country as one country. They're limited right now to a half-hour-a-day newscast in the local market, whereas we have around-the-clock capability. We have a lot of bandwidth; we don't have a lot of money.

So we've got an issue here. That's why we're trying to partner up with players like the CBC who recognize that with their limited budget they can only do so much and have limited bandwidth, meaning they don't have a lot of hours available for local programs.

Mr. John Harvard: So you've got the capacity and not the bucks—

Mr. David Debono: Yes.

Mr. John Harvard: —and they have no capacity.

Mr. David Debono: No capacity, and they may not necessarily have the bucks. But they have the—

Mr. John Harvard: They don't have a lot of bucks, either.

Mr. David Debono: We're looking at new ways of working together, so that's encouraging.

But again, the biggest thing we have is that we also have a different approach. As much as the CBC serves the country, their vision gets watered down to a view for the whole country; we're focusing on a prairie vision, which is a little different.

There are stories—that, quite honestly, would have no appeal outside the prairie region—that we want to talk about. If you look at the current funding models of CTF and Telefilm, you get ruled out—you get disqualified—if you want to tell a story that's just about the region. We think that's an injustice.

We pay into the system the same as everyone else, yet we do not get our proportional share of the funding. Quite often we hear, oh yes, the west is getting lots of money, but they mean Vancouver. There's very little money going to the prairie region in terms of the CTF and Telefilm.

•(1225)

Mr. John Harvard: What kind of money are we talking about here if you want to do what you're proposing?

Mr. Richard Gustin (Executive Director of Programming, Saskatchewan Communications Network): We're not talking about a great deal of money. To help SCN accomplish some of the things we're trying to do, half a million dollars a year would make a huge difference.

We work with independent producers and other production partners, but in trying to get regional programming we're not talking about big, expensive productions. We're talking more, perhaps, about high quality, what we think of as quality cable shows with talking heads.

Mr. John Harvard: You mean a sort of community channel.

Mr. Richard Gustin: Yes, because we don't have this. It's just not happening on the Prairies. We see more about south Los Angeles than we do about Saskatchewan and Manitoba.

[Translation]

The Chair: Ms. Gagnon, do you have any questions?

Ms. Christiane Gagnon: I'm sorry I missed your presentation: I was asked to give a television interview.

I did not read it entirely, but you state in your brief that "most of the bandwidth and almost all of the publicly supported production resources are being devoted to commercial mass audience programming."

Do you mean by this that there is not enough specialized programming in education and sports? In your opinion, what does that mean? What does it mean for your company?

[English]

Mr. David Debono: I'm sorry, but I didn't understand the question fully.

[Translation]

Ms. Christiane Gagnon: When you state, for example, that the existing programming is mass audience, what do you mean? Are you offering more specialized productions? Is there any market for your productions.

[English]

Mr. David Debono: Well, I think what we were talking about is that in general on the Canadian broadcasting scene the programming has been produced to appeal to the whole country. What we have a lack of is programming that specifically addresses the prairie perspective or the prairie vision. It's not that there's a lack of programming on television. There's certainly an abundance of that. But what we're finding is a lack of the ability to tell stories specific to our region. This is an important role, one we think that educational broadcasters have to do. It's not so much that there's a lack of programming, it's that we want to tell more stories about our region and not simply regurgitate stuff that's appearing on a multitude of other channels. You want to really uniquely regionalize it.

Mr. Richard Gustin: If I could add to this, this is not a problem just in Saskatchewan; we understand this is a problem in the Maritimes. We have been contacted by groups in the Maritimes who are looking at what SCN is doing on the Prairies as perhaps a model to use in order to address the issues in the Maritimes as well. It's not just an issue for us here.

The Chair: I understand.

Do you have a question, Mr. Abbott?

Mr. Jim Abbott (Kootenay—Columbia, Canadian Alliance): I just have a very quick question. One of the things we made note of in a presentation in Alberta was the difficulty Access had over a period of time, particularly the way funding changed and so on and so forth. With the kind of broadening you're attempting to do—which may or may not be a good idea, I'm not commenting on that—I'm just asking, is there a possibility that you are on the slippery slope and that you will end up in the same position Access ended up in?

Mr. David Debono: Well, it's an interesting point, and we're being very proactive in recognizing that as a small province with a limited population and major, major funding dilemmas, we can't sustain ourselves as one province on its own anymore. We're not suggesting the route Access has taken, where it's selling commercial time on air.

We still think there is a distinct need for a non-commercial public broadcaster role, and we don't want to morph in the direction that Access did.

However, we are going to be looking at models that are more PBS-oriented, at doing on-air fundraising. As a matter of fact, the reason we're here today is that we're already attempting to establish this regional model. We're in discussions here with the government about expanding our model to include Manitoba, which does not have a regional educational broadcaster, and we think in the long run we would like to see, for example, that SCN might morph into what would become Prairie TV, a regional educational broadcaster serving the Prairies. That would give us funding sources from more than one government.

Also, we'd like to have the opportunity to take again the PBS model of more underwriting of shows from the corporate sector, not commercials, but we have to be realistic. We are aware that we can't keep existing on government grants, so we're trying to find a different way of solidifying our future.

• (1230)

Mr. Jim Abbott: You must have taken a look at TVO in light of this discussion that we're having. Do you have any quick comment about whether you would see yourselves patterning your funding after the TVO idea, or would you stay away from it? What are the problems and what are the benefits of TVO?

Mr. David Debono: I think the TVO model has a lot of things that we're interested in. First of all, we have never raised funds on air in terms of a telethon. TVO and Knowledge, for example, have. So I think we are going to be looking seriously at that.

In terms of programming feel, they have shows, including *Studio 2*, that really bring the network to the people. We want to do more of that. It's those sorts of flagship-type shows. So instead of just being a nice place to see quality documentaries...we're going to do that, but we also want to make it identified to the prairie brand, and current affairs and public affairs shows, and things addressing the local cultural and arts scene.

So TVO is certainly a model that we're looking at as a positive one, and we think we'd like to do more of that style of programming, where it really brings it back to the region.

The Chair: Mr. Debono and Mr. Gustin, we might write to you and ask additional questions because of the time constraint here. So when you get our request, if you would be kind enough to reply in writing or by e-mail....

Mr. David Debono: Absolutely, Chair.

The Chair: Just before we break up, in Alberta there is a similar educational service to yours: Access. Access, which the Government of Alberta used to fund 100 percent, had its funding cut back by 50 percent, I think it was, and was asked to fill it up with advertising. So it has become now a sort of commercial and public service combined. It has to go and seek advertising.

Do you see the same process happening, that the Government of Saskatchewan may look at Alberta and say, oh, let's do the same in Saskatchewan to SNC?

Mr. David Debono: Well, I'd have to say, following up on my previous comment, that our preference is to not follow that model, going to commercial subsidies that way, but we believe we're too small a province to exist on our own. We're in discussions with the Manitoba government, and we believe, working together, having more than one source of funding, we're going to be more able to sustain. But if we had to rely on one province's funding, based on current economic conditions, I think SCN and others like SCN would not have long to live.

We have to find different ways of funding. There are going to be more partnerships, and instead of just getting our grant and spending it, we're looking at cooperative ventures with different departments, at different agencies, and also working with the private sector—not as commercials, but it could be “Microsoft presents” or that sort of thing, a series.

So we're trying to think out of the box, and we recognize that unless we do, we're either going to no longer survive or we have to follow the Access model, and that's not our choice.

The Chair: Okay, thank you very much, and thank you for appearing here. We really appreciate it.

Finally, we'll call on Craig Broadcast Systems Inc., represented by Mr. Drew Craig, its president.

As you know, we have just under half an hour, so it's up to you. If you take half an hour, no questions; if you take 10 minutes, we'll have 20 minutes of questions.

The floor is yours, Mr. Craig. I appreciate your coming.

• (1235)

Mr. Drew Craig (President, Craig Broadcast Systems Inc.): Thank you very much.

Good afternoon, Mr. Lincoln and members of the Standing Committee on Canadian Heritage. My name is Drew Craig, and I'm the president and CEO of Craig Broadcast Systems Inc., a company involved in over-the-air and specialty television.

With me today are Greg Ashley, vice-president of regulatory affairs for Craig Wireless International, and my brother Boyd Craig, president and CEO of Craig Wireless International, a communications company providing wireless Internet and video service to Manitoba under the name Sky Cable, and soon to Vancouver and the Lower Mainland.

We understand your review of the broadcasting system in Canada is very broad in scope. We wish to focus our remarks on two issues that are part of your review: local programming and its important

role in strengthening the cultural and political fabric of Canada; and diversity of ownership and of voices.

As the only third-generation, privately held television broadcaster in the country, we hope we can provide you with some unique insight that will assist you in your deliberations. First, we would like to give you a quick history of our companies.

Together with my brothers Boyd and Myles, I own and operate the company started by our grandfather, John Craig, in 1948 when he bought a local radio station, CKX, from the Manitoba telephone system.

In 1955 our family entered the television arena when CKX-TV signed on as Manitoba's first private television station. At the time of its inception, Brandon became the smallest Canadian market to have a television station to call its own. CKX immediately became an important source for local news and information, despite the challenges of operating in one of Canada's smallest markets. CKX, a CBC affiliate, continues to provide a high level of quality local news and information programming. Without the CBC affiliation, it is unlikely we would be able to provide a viable local service to Brandon.

In 1986, under the leadership of our father, Stuart Craig, we successfully launched Manitoba's fourth television service, MTM, now renamed A-Channel Manitoba, serving Portage la Prairie and Winnipeg.

In 1996, Craig was awarded licences to operate the fourth television service in Alberta. A-Channel Calgary and A-Channel Edmonton were launched in September 1997.

Our family has been at the forefront of new technology, with the CRTC's approval of our digital MDS systems for Manitoba under the name Sky Cable in 1995. The Sky Cable multi-channel digital service, the first in North America, launched in Manitoba in 1996. Four years later, we were awarded the 2000 Gemini award for technical excellence for being at the cutting edge in the development of digital television at Sky Cable.

In July 2000, Craig was also granted a licence to provide MDS service to British Columbia, and we hope to roll that out later this year.

In December 2000, Craig was granted 16 digital specialty licences, including a licence for a teen lifestyle service. Through a trademark and licence program agreement with Viacom, we launched our teen service as MTV Canada last October. The service is owned and controlled by Craig, with a minimum Canadian content commitment of 50 percent. We view branching out into specialty television as very important to our future competitiveness.

Finally, we recently applied for a new over-the-air licence to serve Toronto, with a CRTC decision expected in April. The addition of a Toronto outlet to our western stable of stations is critical to the growth of our conventional television business and our ability to produce high-quality local programming.

Local programming is really where our stations excel. CKX, for example, broadcasts significantly more local news than other small markets comparable in size, which is currently 25 hours of local reflection programming each week. A-Channel Manitoba currently broadcasts 30 hours of local programming each week and has consistently surpassed the news commitments of its much larger competitors. In addition, A-Channel Manitoba continues to be the only service that, in addition to covering local programming, provides coverage of issues affecting the entire province, including rural Manitoba. On our A-Channel stations in Edmonton and Calgary, we currently broadcast in excess of 35 hours per week of local programming in each market, including 22 hours of first-run local news.

We have also made a significant contribution to the Canadian broadcast system by giving important green lights to the independent producers in our regions. They have created award-winning feature films such as *The War Bride* out of Alberta and documentaries such as *The Genius of Lenny Breau* out of Winnipeg. These diverse local stories coming out of the regions are achieving success both nationally and internationally. The A-Channel production fund in Alberta has licensed 15 completed movies and three feature documentaries in four years.

We tell you this to emphasize that it is not just the CBC or the large broadcasters that contribute to local programming and diversity. In fact, the commitments of the larger players, including the CBC, to local programming have been scaled back as resources have had to be deployed to other network priorities; for example, to Canadian dramatic programming. In contrast, smaller and mid-size companies such as Craig have chosen to make their contributions to the system in a different manner and to focus resources in local programming. We therefore play a role that is unique and important in the Canadian broadcasting system.

As the world globalizes and Canadian viewers are exposed to many more ideas, cultures, and program choices, local stories and local reflection programming will become even more critical to maintaining and strengthening our national identity and sense of local community.

This brings us to our next point, which is the impact of consolidation on the diversity of programming and voices. The Canadian broadcasting system has undergone massive change over the past few years. With convergence and consolidation, there are fewer and fewer Canadian conventional broadcasters providing programming service to Canadians. The last 10 years have seen the

disappearance of a number of families and companies from the conventional television broadcast scene in Canada. The list includes Electrohome, Maclean-Hunter, Blackburn, Power, Moffat, Allarcom, the Irvings, the Pouliots, the Bassetts, the Eatons, and many others. Canada is now left with three large private television station groups: CTV, CanWest, and CHUM.

We understand the advantages for the broadcasting system of having large integrated companies that can compete internationally, but we believe it's necessary to balance that by ensuring that the broadcasting system also includes a diversity of voices and owners. Diversity of ownership ensures that the broadcasting system does not become too staid and allows for innovation and new program ideas.

For example, as a mid-size independent company, we have chosen to specialize in the area of local reflection programming. As owner-operators who live in Manitoba and Alberta, we bring a different perspective to local programming in our markets. We really understand the unique attributes of each of our markets, and we try to reflect that uniqueness in our programming. As a privately held company, while we do not have access to the magnitude of resources available to public companies, we do have the ability to pursue projects and businesses we believe in, even when the payoffs may not be realized for years to come, and I cite Sky Cable as an example.

Of the remaining mid-size conventional broadcasters, Craig is by far the largest. However, we are often compared to CHUM, when indeed we are much smaller than that company. We want to grow and we need to grow in order to have the efficiencies required to create high-quality local programming across all of our markets.

As I'm sure you've heard from others who have appeared before you, it's getting harder and harder to make a buck in over-the-air broadcasting and to compete against the much larger station groups. In markets such as Winnipeg and Brandon in particular, it is very tough to make the commitments to local programming we have made without the support of revenues from more lucrative markets, such as Calgary and Edmonton.

● (1240)

There are also systemic problems that the industry is working hard on to remedy; most notably, the proliferation of distant signals by direct-to-home satellite distributors and the detrimental impact that is having on local television stations and their ability to continue to provide high-quality local service in their markets.

Our intention is to remain in the business that our grandfather started. We are committed to the Canadian broadcasting system and plan to continue to provide high-quality television services to Canadians well into the future. The success of our stations will continue to be driven by significant commitments to exhibiting Canadian local production.

We want to conclude by saying that we think the Canadian broadcasting system has been very successful and we are proud of the role our company has played in that success. Despite the staggering change that we have witnessed in this industry, we believe that the objectives contained in the Broadcasting Act continue to be relevant. While certain strategies or policies may need to be implemented or changed to ensure those objectives are being achieved, the act, in our view, provides the flexibility needed to move ahead into the 21st century.

We thank you for your time, and we're happy to answer any questions you may have.

• (1245)

The Chair: Unfortunately, there won't be much time, Mr. Craig, as you took a long time to present this. We have to eat before our visits all afternoon.

We have fifteen minutes left, so I will start with Mr. Abbott. Please make it brief so that everybody has a chance.

Mr. Jim Abbott: I have two quick questions. On page 3 of your presentation, you are talking about—

The Chair: Maybe it would be a good idea if all the members asked their questions, then we will have the answers. I think it will save a lot of time.

Mr. Jim Abbott: Okay. Thank you.

On page 3 of your presentation, you talk about Winnipeg and Brandon. I would have thought that Winnipeg might have had the same market potential, or the ability to be able to raise revenue from advertising like Calgary and Edmonton would. I wonder if you could help us understand that. I'm not asking for competitive information or for you to divulge a competitive position, except from the point of view...I think I understand how media buys occur.

The second one is in the second-to-last paragraph, and I would like you to expand on the issue of the competition of satellite distribution of signals. I'd like you to quantify the threat of that to local broadcasting, to an organization such as yours.

[Translation]

Ms. Christiane Gagnon: I will comment in French.

Your organizational structure seems to be a family-type, handed down from generation to generation, and you say you want to expand to survive. I would like to get an overview of your expansion strategy. What are you looking for and what type of environment do you want to establish? Would it resemble a large structure like the giants, such as CanWest or others?

You say that you have a lot of local production. Everywhere we are hearing that there is not enough local production. Most witnesses are telling us that the CBC is playing the local role, and that if there were no CBC, there would be less local production. We also talked about quality of shows. This is maybe a criticism, but how do you react to this public perception regarding local production.

Thank you.

[English]

The Chair: Mr. Harvard, could you put your questions, please?

Mr. John Harvard: Yes, thank you.

First of all, I want to add some personal testimony. I worked for their grandfather, J.B. Craig. These are his young grandsons. How they grow up.

Mr. Roger Galloway: Did you work with Thomas Edison?

Mr. John Harvard: Sometimes, after you and I have spent fourteen hours together, yes, I do. Anyway, welcome.

It seems to me, gentlemen, that your remarks today stand in stark contrast to what CanWest Global told us this morning. CanWest Global tells us that concentration in the media is a myth. That's what they say. That isn't what you say.

Also, I have a question about the broadcast model, which is naturally a mixture of private and public. You said at the close of your presentation that the Broadcasting Act is still quite relevant. I would take from that, Drew, that you believe there is a place for public broadcasting in this country, unlike Mr. Asper, who would like to see some major changes. I think he has now made it clear that he doesn't want to shut the CBC down, but he would like to have the CBC do only those things private broadcasters either can't do or won't do.

Those are my two questions—about the myth of the concentration and the place of the CBC in this mix, whether you support it or not.

• (1250)

The Chair: Mr. Galloway.

Mr. Roger Galloway: I'd just refer to the line on page 3 where you say, "Diversity of ownership ensures that the broadcasting system does not become too staid and allows for innovation and new program ideas." What I want to know is, when you refer to the "broadcasting system", are you referring to over-the-air...are you talking about distribution undertakings in accordance with the act?

Second, when you talk about the system not becoming too staid and allowing for innovation and new program ideas, there are some large corporations such as CTV, which has a number of licences, as does your company. It would seem, then, that the larger a company becomes, the more opportunity there is for different kinds of services, which are new program ideas. How do you reconcile that?

The Chair: Mr. Martin.

Mr. Pat Martin: You aren't going to have very much time, Mr. Craig, so I'd just like to hear you restate the fact that you have made a conscious choice to specialize in regional and local news and programs, because I find that to be such a refreshing point of view. You might want to elaborate on how you can manage to do that and survive and why you feel it's important that you do so.

The Chair: Mr. Craig, I know it's a bit of a daunting task to answer all these things in detail. By all means, do so, but in addition, if you'd like to write to the committee through the clerk and give us more detailed answers to these various points, feel very free. In fact, we would welcome that.

Go ahead now, but if you feel you don't have enough time to really address it—which I think would be a challenge—just go ahead and write to us after.

Mr. Drew Craig: If I may, I'll just try to answer these questions briefly. I tried to write them all down, and we may—

The Chair: With your permission, I'll add one question.

We have heard a lot about the cost of CRTC compliance, especially for the smaller players. It's a tremendous burden, as to how many people it sometimes takes to fill in all the forms and so forth. Maybe you could address that as well.

Mr. Drew Craig: Are you referring to the actual bureaucracy?

The Chair: The bureaucracy, the number of people. There was one small broadcaster who told us they used to have one person dealing with CRTC forms and now they have four. This is the kind of thing.

Mr. Drew Craig: Okay.

I'll start at the beginning, in terms of the Winnipeg market versus Alberta and the ability for Winnipeg to deliver and contribute to our system. The Winnipeg market is roughly a \$50 million market in terms of total ad revenue. By comparison, Alberta would be about a \$225 million market, so even though they're comparably sized markets in terms of available reach, it's an historical fact that Winnipeg is deemed to be a weak market. I don't know if that answers your question or not.

The DTH impact is very significant, and I'll give you our company's point of view on this. We have four conventional signals: Brandon, Portage-Winnipeg, Calgary, and Edmonton. We have one of those signals up on satellite, both for Star Choice and ExpressVu. In the last rating period, in terms of quantifying it, the only market in which we didn't have a significant audience dip was Edmonton, and we attribute that to the reach we have on satellite.

In Calgary, roughly 13 percent to 15 percent of total tuning is to satellite. So if you're not up on satellite—and we're the only local station in our market that is not—that means your market has shrunk by 15 percent. It's having a very dramatic and significant impact on our ability to garner audience. That's the first point.

The second point is that when people do have access to the satellite, time shifting has become an incredible factor in terms of tuning. It starts in Newfoundland, when they are three and a half time zones out, and you can watch *West Wing* all the way to Calgary. And when we're in the west we're really penalized because now *West Wing* is aired, and in our case a show that we would air, *JAG*, airs three or four times before we air that property. It's having a dramatic impact on our ability to garner audience.

It's probably the biggest single issue out there that the broadcasters have to deal with. Initially, the additional distribution on satellite was welcomed, but it's having such a significant impact that unless we solve that problem it's going to make it hard for us to maintain the audience. It's also a copyright issue, in my mind. When we buy local rights, we assume that we have those rights.

I'll also try now to address the issue of where we see our company going. We've been around for a long time. We're one of the oldest businesses in television in Canada that's still around in its original form. We're privately held and we're still a family company. We have diversified. We've tried to grow. We've made applications for services in other markets to expand our service, because we recognize that we need to grow in order to survive.

We've applied twice in Vancouver and have been turned down. We tried to buy a station there and were unsuccessful. So we've certainly tried to expand our services into other regions of Canada. We tried to buy stations in Ontario as well and have been unsuccessful. We currently have an application before the CRTC for a Toronto licence.

We realize this is a business where you do need to grow to survive, and we've spent the last five years trying to grow our company. We're now into specialty, which provides additional opportunities and synergies for us. We're long-haul players, we're long-term players. We want to be in this business for hopefully another generation.

In terms of local production, I'll address that issue in terms of the CBC being the only provider of local production. I would argue that in the markets we serve, the CBC doesn't do a lot of local production outside of local news. We are the only source of any non-news local programming in the markets we serve.

We do see this as a strength. We see this as unique programming. We have 35 hours a week of programming, but it's unique to our schedule and we believe that audiences want to watch this. It's hard to do and it's expensive to do, but we believe that sets us apart from a national player who comes in and puts a national newscast in place of a local newscast and puts that in across their system. We believe there's very much a need for a strong local service and more local service in each of the markets that we're in and in others, hence our approach in our Toronto application.

In terms of the quality, I would argue that the quality of our local programs is at a level that is equal to or above anything else on the dial in the markets we serve. These are competitive markets we're in, and if it isn't at a competitive enough level, people won't watch it; and people are watching our local programs.

I'd now like to briefly address the issue of concentration. Our view on that, as we indicated in our brief, is we think that diversity of ownership is how you get true diversity of voice. It's fine to have all this vertical and horizontal integration, but oftentimes the message gets watered down. Programs get picked out for one network, appear in another network, appear in another network, and appear in another network under the same ownership group.

● (1255)

In our view, the real way to get innovation and competition is to introduce new players into the market. I think the best example in Canada is the airline industry. We've all flown on Air Canada. We all know what it's like to have flights cancelled and schedules cut back and service cut back and prices go up. The industry and the system need competition to create innovation and create a better product. In our mind, it's that simple.

In terms of the CBC's role, we believe the CBC does have a role in the system. We have been a CBC affiliate in Brandon since we started in the business. We feel it is complementary to what we do as private broadcasters. We are in essence competing with them in the other markets we serve, and we're a CBC affiliate in Brandon. We don't view the CBC really as our competition. We view them as complementary and think they have a long-term role in the Canadian system. We think, frankly, they do things private broadcasters would never attempt to do, and we think they should continue to have a role.

On that note, we also think, as I mentioned, the CBC affiliates have a role in the system. I think it's important that the government support the notion that there are private affiliates. The private affiliates provide service into about 20% percent to 25 percent of Canada—in the remote regions of Canada mostly; in the hardest-to-reach regions of Canada. Oftentimes they don't get the credit they deserve.

Operating a television station in a market like Brandon is pretty tough. It's pretty tough to make a dollar and pretty tough to provide service. Without that affiliation payment we get from the CBC, we

couldn't provide that service. We think it's important that the CBC and the affiliates continue to have a business relationship that makes sense, because what's at stake, if the CBC decides they don't want the affiliates, is local programming and local television service in 20 remote communities in Canada.

The CBC, frankly, would like to see us go away. Here we are saying we think they have a role. They frankly don't think we have a role as CBC affiliates, and we're fighting that battle right now.

I will try to address the last question in terms of the cost of compliance.

A voice: *[Editor's Note: Inaudible]*

Mr. Drew Craig: I think I tried to address it with the other question.

The cost of compliance is something I think we deal with. I don't think we know what the cost of compliance is; it's just part of the process. Certainly the application process and the renewal process is very onerous. It's often a barrier to entry for smaller players who want to compete in the business.

If you want to file a full-blown application for a conventional television licence, let's say, the costs are approaching \$1 million just to apply by the time you do the market studies and the research required. We spend a lot of our money, actually, in terms of the revenues we garner, putting it back into the system as we try to grow our system organically through the regulatory process, just on the bureaucracy.

As I say, we don't really know what the cost is. We just deal with it every day. We have been doing so for almost 50 years.

● (1300)

An hon. member: That's part of the deal.

Mr. Drew Craig: It's just part of the deal.

The Chair: Mr. Craig, thank you very much. Don't hesitate to write to us if you feel you want to amplify any of these answers.

We really appreciate your presence. We thank you very much for being here.

Mr. Drew Craig: Thank you for your time.

The Chair: The meeting is adjourned.

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