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Chair

Ms. Marlene Catterall

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•(0905)

[English]

The Chair (Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)): I call to order this meeting of the Standing Committee on Canadian Heritage in our study of feature film in Canada.

Before I welcome our witness, let me compliment members of the committee. Our interim report was tabled yesterday. The letter to circulate to our witnesses has been drafted and should be out within the next day or two. Thank you all for a good piece of work, even if it is only the foundation for more work in the fall.

I'm pleased to welcome Richard Stursberg, the executive vice-president of English television for CBC.

Mr. Stursberg.

Mr. Richard Stursberg (Executive Vice-President, English Television, Canadian Broadcasting Corporation): Thank you very much.

[Translation]

Before I start I'd like to tell you that this subject is of great interest to me.

[English]

Before I was the head of English television for the CBC, I was the chairman of the Canadian Television Fund board for four years.

[Translation]

Following that, I was executive director of Telefilm Canada for two and half years. In that regard, the relationship between television and feature films is a subject I find fascinating. So it's a pleasure for me to be here with you this morning.

[English]

I'm going to speak mostly in English, because it's mostly the English market that we're talking about this morning. I know Suzanne Laverdière, from Radio-Canada, was here previously to talk about the French market, but they're very different markets with very different characteristics.

The task that this committee has set for itself is to assess the influence and effectiveness of the government's feature film policy and the structure and effectiveness of the funding mechanisms in place to support Canadian feature films.

[Translation]

This is a considerable undertaking, and I'm encouraged that you are canvassing the views of such a wide array of stakeholders—including broadcasters—in your consideration of these questions.

[English]

The government's feature film policy is fixed on the right goal—that is, to assist in the development, production, marketing, and promotion of Canadian theatrical feature films that people want to watch. Helping Canadian films find an audience is the right measure of success for this policy. Our challenge is to sort through how all the pieces of the puzzle work together, including the role of broadcasting, to realize that goal.

Before getting into the role of the CBC in this area, let's take stock of where we are overall.

The English-Canadian feature film industry currently performs very poorly. Last year it took less than 2% of the total box office. This compares to more than 20% of the domestic box office for Canadian films in the French-language marketplace.

[Translation]

In this regard, we have two completely different markets: one works very well; the other, very poorly.

[English]

The poor performance of English-language films arises from a number of causes. For 20 years we pursued, essentially, an art house strategy and placed little, if any, emphasis on making films that Canadians wanted to watch. The films were poorly promoted, with the result that most Canadians scarcely knew they even existed. As a result of all this, there are effectively no Canadian stars to help drive our film success, and there is little appetite among the viewing public for the category as a whole.

So we start from a very difficult position. In fact, we have to build a feature film strategy almost from scratch in English Canada. We need to strengthen significantly the quality of the films financed and how they are promoted, if we are going to succeed with the Canadian public. This is a big undertaking. It will require multi-year effort, involving all the parties involved in making drama. It may also require new thinking on the structure of the Canadian market that could challenge conventional practices.

So how do we succeed with Canadian feature films? Success in Canadian feature film comes first through success with Canadian television drama. Why is that? Because Canadian television drama builds the star system that is essential to success; develops craft skills and provides the stability needed for creative people to stay in Canada and have a livelihood; and nurtures Canadian writers and actors.

French Canada succeeds with Quebec films because they have already succeeded with TV drama.

[Translation]

Am I speaking too quickly? I'll slow down for the interpreter. Is that better?

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Yes.

[English]

Mr. Richard Stursberg: French Canada succeeds with Quebec films because they have already succeeded with TV drama; the foundation has been laid. As Guy Fournier noted in his excellent report on the state of French drama, that foundation took many years to build.

[Translation]

There are French copies of my text. Do you have one?

Mr. Marc Lemay: Yes, but I'm also taking notes.

Mr. Richard Stursberg: Oh yes, all right.

• (0910)

[English]

The very different environments in French and English Canada also mean that the implications for CBC English television are quite different from the situation you heard about a few weeks ago from Madame Laverdière with regard to Radio-Canada.

Nevertheless, I think there are some important lessons from French Canada we need to consider in English Canada. Quebec films succeed because they have stars, and those stars exist because of TV. Television provides the base on which Quebec actors and writers have honed their craft, and TV has given them the springboard to move into feature film. In Canada, TV makes film possible.

A good illustration of how the application of these lessons can result in success for English feature films is *Men with Brooms*. It's one of English Canada's top-grossing Canadian films. It succeeded in theatres and it succeeded on television. Why? Because it had a star, Paul Gross. He wouldn't have been a star in that film if he hadn't already been a star on TV through programs like *Due South*. People recognized and liked him.

We had an integrated promotion strategy in which the CBC strongly promoted the film's theatrical release. That theatrical success, in turn, helped CBC to maximize promotional impact in the lead-up to the television premiere on CBC. As a result, *Men with Brooms* scored with audiences, attracting 1.1 million television viewers, more than any other Canadian film we have ever aired.

The foundation for TV drama in English Canada is being laid, but it's not there yet. Despite the Canadian Television Fund, despite Telefilm, despite tax incentives, despite CRTC policies, the broad-

casting system has yet to achieve consistent audience success with Canadian drama.

If we hope to succeed with Canadian feature film, that foundation needs to be strengthened in English Canada. The number one priority for CBC English television is increasing audiences to Canadian drama. We'll do this by increasing the amount of programming we broadcast when people watch it, in the heart of prime time. Our goal over the next three years is to double the amount of prime-time Canadian dramatic programming on CBC, delivering high-quality, high-impact, popular shows that Canadians want to see.

We hope to make CBC the home of popular Canadian dramatic TV programming. That initiative starts on air this fall, but if it's going to continue, it will require significant assistance from the government to ensure that we can finance the strategy.

Private broadcasters have had their successes, but they face too many market barriers to do what we are proposing. They can't provide the peak-time scheduling opportunities we can. They can't devote the level of resources to the task that we can, at least not without triggering a shareholder revolt.

If we can strengthen Canadian television drama, then we can help create the conditions necessary to succeed with Canadian feature film.

[Translation]

I'm glad for the opportunity to shine a light on the role CBC English television plays with respect to Canadian feature films because it is a significant one, within this challenging context I have just been describing.

[English]

CBC supports Canadian feature films in four important ways. We pre-license a range of new films, from big-budget productions such as *Being Julia* or *The Statement* to smaller films from emerging filmmakers, like Keith Behrman's *Flower & Garnet* and Scott Smith's *Rollercoaster*.

We acquire the rights to a large volume of Canadian films and provide them with a dedicated space in the schedule.

We commission programs that support the feature film industry and raise public awareness of Canadian films, directors, and stars.

We promote Canadian films in the CBC schedule.

Over the last five years, CBC English television has invested over \$20 million on the development, production, acquisition, and promotion of Canadian films. During that same period, CBC has aired almost 350 Canadian films. In fact, the number of Canadian films on CBC English television has steadily increased year over year, from 37 in 2000-01 to 98 in the 2004-05 broadcast season. I should just note that this is significantly more titles than our colleagues air at Radio-Canada.

CBC provides a consistent home for Canadian feature films through regularly scheduled programs such as *Cinema Canada*, which has been a part of CBC's TV schedule for the last ten years, and *Home Movies*, which has been part of the schedule for the last three years. As well, we schedule high-profile Canadian titles within our high-impact, prime-time lineup.

In addition, we're always looking for different ways to expand our support of and involvement in Canadian feature film. We announced at the Banff Television Festival that CBC and Telefilm Canada have created a theatrical feature-length documentary program, a unique collaboration between our two organizations.

This initiative will enable us to expand our role in an important part of Canadian film—feature-length documentaries. With the unprecedented critical and box office success of documentaries such as *The Corporation*, *Bowling for Columbine*, and *Shake Hands With The Devil*, it's clear that audiences will go to the theatre to see documentaries made by Canadians, and feature-length documentaries are a natural fit for us at the CBC.

While we at CBC Television may air more Canadian feature films than our colleagues at Radio-Canada, it is unfortunately to much less effect. Audiences for all Canadian movies aired on CBC over the last five years have averaged 93,000 viewers. Those aren't big enough numbers for a conventional national television network.

Our Canadian drama and comedy shows generate audiences five to ten times that, or more. For example, *A Bear Called Winnie*, one of our Canadian movies of the week, attracted an average minute-audience of 1.6 million. The public return on CBC's investment in Canadian made-for-TV drama far outweighs the return that is currently available to us from Canadian feature films.

The structure of windows for Canadian feature film is a major factor in how Canadian films fare on the television screen. The typical window sequence—which is the order in which the rights are sold and then the order in which the film is shown—for CBC, with a Canadian feature film, is one that takes four years from the time of our initial investment until the time the film is finally available for CBC broadcast.

Before a film airs on CBC, it has moved through the theatrical market, the rental and sell-through market, and the pay-TV, pay-per-view, and VOD—that's video-on-demand—markets, typically generating little impact with audiences along the way. We cannot devote precious promotional resources to a film four years before we air it, nor do we heavily promote films that haven't succeeded theatrically. But it doesn't have to be this way.

Feature-film policy is focused on improving the box-office performance for Canadian films. That's the right focus, but the TV system needs to be more efficiently harnessed in support of that goal. We need to take a new look at the structure of the windows for Canadian film in English Canada, because CBC's opportunity to make a difference in Canadian feature film occurs at the beginning of the process, not at the end.

The model we are pursuing in English Canada in our discussions with the producers would see CBC taking the first broadcast window—a single airing after a film's theatrical release. In other words, the film would go to the cinema, and then it would come

immediately out of the cinema for one premiere airing on the CBC. After that, it would go to the video store for the rental or the sell-through market before it comes to pay-per-view, pay TV, and video on demand. Then it would be off to conventional television.

● (0915)

If we can change the traditional approach to how Canadian feature films move through the system, here is what can happen.

The theatrical release of the film, when it goes into the cinema, could be intensely promoted by CBC. Why? Because if we can help make the film a success theatrically, it will do better on television. In other words, if it's coming out theatrically, and we're going to take the first window, the first airing, immediately after it's finished in the theatres, we are intensely motivated to put promotional resources into the theatrical release, because that will raise visibility for the film, so when it comes to us, we will benefit from those promotional efforts, and more people will see the film on CBC.

The audience that CBC can generate from a first-window airing is going to greatly exceed the audiences a film can expect to generate theatrically. That in turn is going to increase awareness of the film, and increase its chances of success in the rental and sell-through market, which is more financially significant to the filmmaker than the theatrical market.

Just to put this numerically for you, right now the value of a film is generated essentially through three big windows. The first is how much money it makes at the theatrical box office; the second is how much money it makes from broadcast licences and fees; the third is how much money it makes from video rentals and the sale of videos and DVDs. Typically, about 25% of the money that a film makes is generated in the cinema, 50% and climbing is made through video and DVD, and the other 25% is made from broadcasting.

If we do this, we think it will not only increase the amount of money it can take theatrically, for the reasons I mentioned, but it will also act as a promotional tool for driving awareness of the film when it goes into the video and DVD windows, which are worth approximately 50% of its total revenue, so if we do that, we also drive the largest revenue piece.

The first-broadcast window for CBC means more money for the filmmaker. CBC's financial interest in a Canadian film is related to its value to CBC. A film with a chance to win an audience of over a million will be worth more to CBC than something that, on average, scores fewer than 100,000 viewers.

While this approach may be at odds with the pay-TV industry's notion of the orderly marketplace, I would make two observations.

First, this is the same orderly marketplace that has brought us to where we are today, with English-language Canadian film accounting for 1.6% of total box-office receipts. That is not a very impressive accomplishment, so maybe it's time to rethink the marketplace.

The second is that the business model for English-language pay-TV operators is based on selling Hollywood blockbuster movies. In other words, it is the same business model as the business model for private Canadian television broadcasters selling American television shows. Taking Canadian films out of their traditional window sequence does not have an impact on the pay-TV operators' business model.

Let me quickly recap my main points before we have some questions.

First, success for Canadian feature films grows from the success of Canadian dramatic television. Television drama provides the foundation. That is the lesson learned from Quebec's success.

Second, CBC is working to strengthen that foundation by making Canadian television drama its main priority. We will have more hours of drama, more peak-time exhibition of Canadian drama, and more audience success for Canadian drama.

● (0920)

Third, Canadian feature film can become an important part of CBC's drama strategy if the so-called orderly marketplace for Canadian feature films can be reordered. This would more effectively harness the promotional and financing power of conventional television in English Canada.

Thank you very much for your attention.

The Chair: Mr. Schellenberger or Ms. Oda will be first.

Mr. Gary Schellenberger (Perth—Wellington, CPC): I'll go first.

Thank you, Mr. Stursberg, for your presentation here this morning. You relate to some things that are very exciting to me, because as we've studied this industry over the past number of months, it has been apparent to me that the promotion of our feature films has been less than...hasn't been appreciated very much, I don't think. So many times, all you hear is people saying they need more money. I know this is all going to be done without any more money.

My thing is, I think, the changing of the window, as you said. We've heard about trailers in movie theatres. More people watch television than anything else, whether it's when they're getting ready in the morning or just before they go to bed. I think that's what I understand when you talk about changing the windows. I know there has been some.... When a film comes out, it goes to the movie theatre. There's been a strategic way that they go through. Television hasn't been able to get that film to a certain time.

What you're saying is you're going to change where it is up here to give it a little bit of promotion. Is that correct, sir?

● (0925)

Mr. Richard Stursberg: That's exactly right. For most film markets in the world, in Quebec, and in the United States, that is exactly the order in which they're sold—although, interestingly, that's beginning to change. Typically, it would be theatrical first, video stores second, pay TV third, and conventional broadcasting fourth, which is why we never get it till three years or four years after it's originally made.

If a film succeeds theatrically, that's a good system. That's one of the reasons films in Quebec work so well on television; it's because they are a success at the theatrical box office. Then they're a success in video, a success in pay, and they're a success on conventional television.

In English Canada, we don't have that success. As you point out, part of the reason we don't have that success is that the films are very poorly distributed and poorly promoted. We say, fine, if we take the film immediately after the theatrical, after it's been in the cinemas, then what we will do—because we know it's coming to us right away, not three years or four years later—is spend promotional money to help it in the theatre.

Literally, what would happen is the CBC would work with the distributor to promote the film, because to the extent that it becomes known to the public, to that extent we're also promoting its being seen on CBC, so the whole incentive structure for us shifts in a very fundamental kind of way.

As I said earlier, it will become more visible in the theatres, become more visible on the CBC. That then makes it more visible for the video stores, and it should do better there as well. This is a way of trying to deal with the fact that the structure of the market does not work effectively in English Canada.

Mr. Gary Schellenberger: One thing—can both ways of distribution still work at the same time? This would only be for films that CBC is involved with, correct?

Mr. Richard Stursberg: Correct. That's right.

I mean, it could work for others, if there were other private broadcasters interested in films. There really aren't very many. The only other private broadcaster that has much interest in film besides us is CHUM.

Mr. Gary Schellenberger: You mentioned that some \$20 million has been spent over the last five years through CBC. CBC had made a projection that they would spend, I think, some \$30 million. Was that a specific part of the plan, or was it just a number that was picked that you were aiming for?

Mr. Richard Stursberg: To be honest with you, I don't know. I wasn't here then. But I can tell you this. I think the number that you see, the \$20 million versus the \$30 million, reflects the fact that theatrical feature films don't perform particularly well. So it's the point that I was making earlier on.

At the CBC, we have a choice. We can put a dollar into television or a made-for-TV movie, or we can put a dollar into a theatrical feature film—in whatever way. We can put the dollar in by way of licence fees, promotion, development, etc. However, the question we have to ask ourselves is how many people, how many eyeballs, how much audience will the dollar invested deliver?

What we know is, as I mentioned earlier, theatrical feature films averaged audiences, over the course of the last five years, of 93,000, but we would regard as a failure any movie of the week or miniseries that we invested in that got audiences of fewer than 800,000 to a million. Indeed, for a lot of made-for-TV movies...for example, with a *A Bear Called Winnie*, which I mentioned, we got 1.6 million.

It's a question of what is the most effective way to spend public funds in terms of delivering programming that Canadians really want to watch. On that basis, feature films are not as good a dramatic investment as conventional television.

Mr. Gary Schellenberger: I commend you on at least trying to change the way things are done, not just.... It has become apparent to me that the delivery of films to the public has definitely been troubled. So I commend you on that particular change, sir.

• (0930)

The Chair: Thank you very much.

Mr. Kotto or Monsieur Lemay.

[*Translation*]

Mr. Marc Lemay: Thank you.

I'm having some difficulty dealing with your suggestions, and I'll tell you why.

In paragraph 16 you say that you want to increase the amount of dramatic programming and that you're going to invest more into drama over the next three years. I think that that is a good idea.

However, there is still a problem. Even if you manage to reverse the trends, in other words the film comes out in theatres and you broadcast it right away on CBC, if you don't have a star system, you won't have more people watching your shows.

I'm wondering about something. I watch Radio-Canada. As a Quebecker, I watch French-language television. When I found out you were going to be appearing before us, I started watching CBC, for the fun of it. I must admit there isn't a huge difference between CBC and most American television stations, except for the news. There's no promotion of Canadian artists. I don't know who your stars are. You mentioned a gentleman in *Men with Brooms*. You need to broadcast more of that, and you especially need to develop a star system. CBC has to spearhead that.

You see what I'm getting at. What are you going to do to create a star system in less than three years?

Mr. Richard Stursberg: Well, I see that we fully agree on the nature of the upcoming challenge. As I stated in my presentation, the problem today is that television drama is not working.

• (0935)

Mr. Marc Lemay: Why is that?

Mr. Richard Stursberg: At the moment, we only have CBC, because the private stations are completely flooded by American shows, because these can be bought at a very good price in Los Angeles.

This is not a recent occurrence; English television has always espoused this economic model and bought American shows. To protect these purchases, government created a rule called simulta-

neous substitution. It's very important: this rule guarantees private broadcasters revenues.

There are only two options if you're looking to add English-language Canadian TV shows to private broadcasters' programming grids. Prime time, as I said, is flooded by American shows. You can slot them in between seven and eight or on the weekends. But most anglophone Canadians, like most francophone Canadians, watch TV during prime time hours. In other words between eight and eleven. Yet, between eight and eleven, large broadcasters, in other words CBC and Global, are being flooded by American shows. The American TV shows on our screens are actually strengthening the American star system in Canada.

Only CBC has the opportunity to broadcast Canadian shows during prime time hours, and that costs a fortune. The problem is...

Mr. Marc Lemay: I don't want to interrupt, but you used an expression I've never heard before: "substitution simultanée". Can you translate that into less technical layman's language?

Mr. Richard Stursberg: Substitution, in English, is "substitution simultanée", in French.

Mr. Marc Lemay: What is it?

Mr. Richard Stursberg: Let's say that between 8 and 9 p.m. Wednesday evening CBS and NBC broadcast a given show in the United States. CTV will do exactly the same, and will have the same show in the same time slot.

Mr. Marc Lemay: The same show?

Mr. Richard Stursberg: The same show. And cable distributors, because of CRTC regulations, will lose the Canadian broadcasting signal and will insert it into the American programming grid. So, if Canadians watch a show on CBS, they're actually getting a CTV show on screen. That is done so that CTV can keep its revenues. It's the cornerstone, the bedrock of our English-language broadcasting system.

This is why, as I've stated, the only broadcaster with a grid that is open to Canadian shows, is CBC.

Mr. Marc Lemay: What you're saying is important.

Mr. Richard Stursberg: We have hardly any American shows on CBC.

Mr. Marc Lemay: In no way did I intend to put the blame on you, I simply want to understand. I'm starting to see the differences between French and English.

That means that a show that is broadcast on CBS and on CTV at the same time, in order to protect CTV's market...

Mr. Richard Stursberg: They're going to substitute the CBS show simultaneously for the CTV show.

Mr. Marc Lemay: How can you compete with that? You won't manage!

Mr. Richard Stursberg: No, indeed, but that is to protect revenue.

The rationale is the following: CTV buys a show in Los Angeles. To protect CTV's market, which is the Canadian market, they have to substitute CBS's signal for CTV's show, because CTV serves Canadians. So in fact you're protecting the Canadian market and guaranteeing that CTV will get all revenue associated with the show. Do you follow?

And there you have it! The anglophone and francophone markets are completely different, because American shows are not important on the francophone side. In fact, on the francophone side, prime time hours are completely dominated by Canadian shows.

Mr. Marc Lemay: How can we, in developing a policy, do something about...

Mr. Richard Stursberg: You can't. However, you can say that you have a good understanding of the problem in the anglophone market, that you understand that only CBC has an open grid for Canadian drama and that you understand why CBC must be the cornerstone or the driver of a policy to strengthen English-language drama.

In this regard, we, at CBC, believe that we have a fairly special role to play within the anglophone system. We find ourselves in a unique position within the system, because CBC is the only station that does not carry American shows. So, if we want to solve the problem for dramatic programming, including feature films, because their success is contingent upon dramatic programming success, we have to focus on the CBC's role in the English-language system.

• (0940)

Mr. Marc Lemay: Thank you.

[English]

The Chair: Mr. Angus.

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

I found this a very fascinating discussion this morning. In fact, we're zeroing in on a lot of the questions that have been outstanding from our study so far, because we recognize I think that television does play an important role and that the lack of the presence of private broadcasters in television particularly and CBC is really hampering our development.

I'd like to ask you off the top, given the unique role of the CBC and the role that it needs to play in terms of nurturing drama, with the recent CTF re-announcement, my understanding is that the CBC will not be getting the 50% that many have asked for, that it's down towards 37%. Is that the case?

Mr. Richard Stursberg: I understand that the position of the government is that the CBC, within the context of the CTF, will, on the English side, receive an envelope of 37% of the funds. We had asked that the government consider giving us 50% of the funds. We had asked that for two reasons, one of which relates directly to what we were just talking about.

Because the private broadcasters' schedules are dominated by American programming that is simultaneously substituted, the CBC is the only broadcaster that actually has the shelf space available to put English-Canadian drama on in a significant way—i.e., when Canadians are actually watching TV, between 8 and 11 at night. So

we said if you are serious about wanting to solve the drama strategy, then inevitably the CBC must be the locomotive, the foundation stone, for that solution. Not that the others shouldn't do it. Of course they should. That's helpful too. But the heavy lifting has to be done by the CBC. So we said if you have scarce resources, you should put them where the heavy lifting is required.

The other thing we said is this. The 37% derives from an historical average of what the CBC drew in the past. However, in the last three or four months, the financing structure for drama in English has changed very significantly. About three or four months ago now the CRTC announced a series of ad incentives for financing English-Canadian drama, and the way they work is like this. When the CTV or Global buys a U.S. program, there are fourteen minutes of advertising in it. They can only sell twelve. That's the CRTC's rule. So there are two left unsold. Now the CRTC has said that if you make more Canadian drama, they will let you sell those two minutes to help finance it.

That's a good thing. The problem is, however, that's good for the private guys, but it offers nothing to the CBC, because for the reasons we were just talking about, we don't have any American programs out of which we can get an extra two minutes.

So what's happened is that the entire financing structure for English-Canadian drama has shifted significantly in the last three months. So we say that using historical averages is inappropriate, because it reflects a completely different environment.

What we're hoping is we'll have some further conversations with the government about this and they will ultimately be convinced by the economics we've been explaining to them that they should move beyond the 37% to the 50% that we originally proposed, which I might add was the original amount of money when these funds were first set up that was set aside for the CBC.

Mr. Charlie Angus: My understanding on the CTF fund is the CBC has been averaging about 44%.

Mr. Richard Stursberg: Well, not quite. Here's what happened. The CTF is broken into two big blocks. There's one-third of the money for French programs and two-thirds for English. Within the two-thirds available for English, there are four genres supported: children, documentaries, variety performing arts, and drama, which is the biggest piece of the English side.

What you would have seen in the press is that in the last round we've taken 43.5% of the drama genre. But it would be true to say that on average over the last three or four years we would have taken about 37% to 38% of the total.

• (0945)

Mr. Charlie Angus: I have two questions. First, I find it surprising that we would be giving 63% of the moneys to the private broadcasters, given the complete walkaway from Canadian production since the 1999 CRTC decision. We've looked at the prime-time schedules of CTV and Global, and there's almost nothing there. Why would we be investing there when we recognize that CBC has a role to play in drama?

Second, if CBC is to meet this goal of doubling drama production within three years, how can that be done without sacrificing plans for regional development or other obligations that CBC's committed to?

Mr. Richard Stursberg: I think it will be done through four things. One, we will inevitably de-emphasize certain parts of our schedule. Right now we're relatively light in regional news, even though we make a lot of programs in the regions. About 50% of the total drama we make is made in the regions. That won't change. But we'll have to re-emphasize. We'll have to regard certain parts of the schedule as less important than others. So we may do fewer variety shows than before and take that money and put it into drama. That's one way of finding some money.

Two, we've put a big emphasis on increasing our revenues. Now, as we become more successful with drama, the revenues should go up. But beyond that, we want to look at relatively novel ways of raising revenue. So we're doing that.

Third, we can try to ensure that the CBC is absolutely as efficient as we can make it. I'm relatively new to the CBC, but my general impression—and I think this is important for the committee to know—is that the CBC has done a pretty good job during last four or five years of wringing out any form of administrative excess. There are still small places you can go at. We had some controversy a few weeks ago because we decided that we could outsource our publicity function. We went to a private company. We think we'll get better publicity as a result. We'll save \$1 million a year, and we'll take the \$1 million and put it back in programming.

Fourth, there is absolutely no question, given the finances of dramatic programming, that we will also have to have greater support from the federal government. We can do all the things I mentioned and it still won't get us to where we want to go. That's why we said it would be good for the government to commit to 50% of the fund. So we don't disagree with you in any way about that.

Mr. Charlie Angus: Are you saying that in de-emphasizing some elements to meet your target, you'll be looking to further outsource CBC jobs?

Second, where is this plan for revamping regional television? I can't see how you can do both.

Mr. Richard Stursberg: This committee asked us to deliver a plan for revamping regional television. We brought you a plan that consisted of two things: increasing the amount of regional news and information programming on television, and extending radio programming into markets that were not currently served.

In fact, the last time I was here, I think the department dropped this plan. You had asked for it, but as a courtesy we gave it to the minister first. Then they decided to drop it on you the day we arrived. My understanding is that the minister has now taken the plan and sent it off to the CRTC. In her most recent report to your committee, which I believe was the second such report, that's what she said she had done. We had estimated that it would cost about \$70 million over four to five years to execute the plan. However, she's now sent it off to the commission, and I have to tell you that, at this point, I don't know what's going to happen to it.

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

Mr. Silva.

[Translation]

Mr. Mario Silva (Davenport, Lib.): I have several questions to ask, but first, I'd like to get some clarification regarding the discussion you had with Mr. Lemay.

In terms of simultaneous substitution of shows between CTV and CBS, is advertizing the only difference between the two networks?

• (0950)

Mr. Richard Stursberg: No. The idea is to keep CTV's publicity. If we take a CTV program and broadcast it at the same time on CBS, we keep the advertising revenues, because the publicity time that was already sold by CTV stays with the program. The idea is that CTV keeps its advertising dollars.

I do not know if the *Desperate Housewives* series is broadcast on CBS or not, but let's take it as an example. CBS has sold *Desperate Housewives* to CTV, and CTV has told the people paying the fees that the show will be seen by all Canadian viewers. CBS also broadcasts *Desperate Housewives*. If you change the channel to watch *Desperate Housewives* on CBS, by cable or by satellite—let us say at 9 o'clock on Sunday night—what you will see on your screen is the CTV signal of *Desperate Housewives*.

This is why the process is called simultaneous substitution. We substitute a program at the same time.

[English]

Mr. Mario Silva: Merci.

I want to ask you—

[Translation]

Mr. Richard Stursberg: They have been doing that for a long time. It is a long-standing practice on the English side.

[English]

Mr. Mario Silva: I want to ask you some questions regarding the chart that you brought forward in terms of English television, Canadian feature films aired. You have here the listing to 2004-05. At what time were most of these films aired?

Mr. Richard Stursberg: Most of them would have been aired late at night. Some of them would have been the various Canadian feature film things that I mentioned before. We have some programs that are dedicated to this. Some of them, however, would have—

Mr. Mario Silva: Would they have been aired in prime time or not?

Mr. Richard Stursberg: No, not in deep prime time, because they do not generate exactly what I said earlier. They cannot generate enough audience. The only one of these that would have been put into deep prime time would have been *Men with Brooms*, for the reason that I mentioned.

Indeed, you will recall that after we lost hockey this year, to maintain our revenues we changed from *Hockey Night in Canada* to *Movie Night in Canada*, and the CBC was heavily criticized for putting on U.S. movies. The reason we did that is obviously not because we want to put on U.S. movies. That's not our business. We did that to maintain our revenues, and the only thing that will generate those levels of revenue, given tastes in the Canadian public, is U.S. movies, with one exception. We put on a Canadian movie, which was *Men With Brooms*. That's partly because it had a star and partly because it had done well theatrically.

Mr. Mario Silva: You had talked in your presentation, and I want to get some more clarification about what you said, about obviously being aware—we're all aware—that one of the number one issues facing the film industry in Canada is the whole issue around marketing. If there's no marketing of the films, people will not know the films even exist. You can do a great feature film, and if people don't know it's there, they won't go and see it.

You say you feel that there's a role for the CBC in the marketing of those films. Does that mean there's going to be a percentage allocated for marketing of specific Canadian feature films?

Mr. Richard Stursberg: As to the way it would work, I might just back this up a moment.

On this question of the proper marketing and sale of Canadian feature films, I completely agree with the committee's preoccupation about this. When I was at Telefilm, one of the things I did there was to say that when a distributor bought a film...

The way it works is that the distributor typically will invest in the film before it is produced, and then the money that the distributor puts in the film becomes part and parcel of the production budget. When the film is ready, the distributor will release the film into the theatres, and the distributor is responsible for the marketing and sale of the film.

What had happened in the past was that distributors would make very perfunctory releases of Canadian films. They'd put them into two or three theatres and close them within two or three days. The reason they did that was because it saved them from spending a lot of money on sales and marketing, but they could get their fees out immediately. So they got their fees, but there was very little risk associated with it.

One of the things I wanted to do at Telefilm was precisely to put the distributors at real risk in the project. So we said to them, you will guarantee the amount of money that you will spend by way of releasing the film in terms of what's called P and A, prints and advertising. Indeed, you will provide us with a detailed marketing plan as to how well you think the film will do, built up cinema by cinema, and show us, by cinema, what the demographics of the cinema are and what you're doing to be able to drive people into the cinema.

That made people very, very unhappy, but it's clearly true that if you don't do that, what will happen is that you'll get these perfunctory releases and nobody will ever see the films.

The way it would work in the case of the CBC is that if the CBC were to participate in a film, then the film would be financed through the usual sources, including the distributor, and we would sit down

with the distributor and work out together what would constitute a proper release for the film. Ideally the distributor would bring to the table what it is that Telefilm will force them to do, or what it is that they want to do, and we, for our part, will sit down and say here's what we can bring, so that at the end of the day we'll be able to link it up.

How much you would spend—

• (0955)

Mr. Mario Silva: But are you doing this on an ad hoc basis or as a matter of policy? Is it something that's in place?

Mr. Richard Stursberg: No, it's not in place now. We don't do it now because we don't get the films until three or four years after they're made.

My point is that if we were to get the film immediately after it was finished at the cinema, we would be incented to support the theatrical release of the film into the cinema. What we would do is, instead of waiting three or four years and having a little promotion strategy for the film, we would become involved at the very front end with the producer and the distributor in terms of releasing the film cinematically. What that would inevitably mean is that we would put more money into promotion, and we would put it in a way that would be much more focused, given however it is that they're going to try to sell the film.

Mr. Mario Silva: For that to happen, to make that a reality, do you need policy, or not?

Mr. Richard Stursberg: No. However, where it runs into difficulty is that some of the paid television operators will object to it—unnecessarily, I think, because I do not think it makes any difference to their business. As I mentioned earlier, their business is selling American films, not Canadian films. Secondly, the CRTC will continue to maintain the expenditure requirements as to how much money they have to spend on Canadian films. So I don't think it should make a difference to their business, nor, if they respect their expenditure guidelines from the commission, should it reduce the amount they're putting into films.

It will, however, constitute a significant change, and as you know, every time people suggest a change, inevitably all the various forces line up and say, well, whatever we're going to do, we shouldn't change.

I don't think we need to have changes in regulation to accomplish this, but what will be very helpful in terms of it moving forward would be for the committee and the government to say you think that would be a good thing to do in terms of shifting the window structure for the Canadian theatrical business.

The Chair: Thank you.

Ms. Oda.

Ms. Bev Oda (Durham, CPC): Thank you, Madam Chair.

Thank you, Mr. Stursberg, for being here.

I openly declare to this committee that my first job in the broadcasting industry was to run down the hall and push the button so CBS could overlay the Canadian signal exactly at the right time. So I understand how that all works.

Mr. Stursberg, you've put before us a very interesting proposal; however, I think you might agree it's only one part, which is the order of exhibition. You've pointed out that there is nothing in regulation or policy that would support you in that initiative. It is a marketplace decision-making process.

The marketplace also says you have a large amount of resources, so if it comes down to marketplace bidding you also have some ability there. Pay television would object. They do have an expenditure, but they also have a quantity—an exhibition requirement. As long as minimums become maximums they will argue that they are limited in their ability to bid for product.

I want to go back to your point about the star system. You point out that Paul Gross is a star, etc., and the importance of television. However, could you tell us the number of drama series Paul Gross was in prior to becoming a star, and how much exposure he needed to have in television drama?

Second, what is the CBC's corresponding commitment, not only to feature film but to series drama, in order to build those potential next stars for the system?

• (1000)

Mr. Richard Stursberg: I don't know how many series Paul Gross was in beforehand. *Due South* of course was unique in two senses. It was an extremely successful Canadian series, and it was the only Canadian series I know of that was bought by an American network. So he also benefited from the advertising and marketing spill associated with the U.S. release of the series.

I do think it is true, however, that it's very difficult for people to become stars unless they're seen regularly. They have to appear in a lot of TV on a regular basis so people can see them, get to know them, and get to like them. You can't be a star if you aren't known.

On where we are right now, when we talk about drama at the CBC we mean movies of the week, miniseries, series, and comedy, whether that's sketch comedy or situation comedy. In terms of series with more than 12 episodes, we will have two next year. We'll have *Wonderland* and *Da Vinci*, as the mayor. We're increasing our comedy to a certain extent, and we have a great deal of high-impact miniseries.

We would certainly like to be able to at least double the number of series we have on during the season to at least four. If we could go beyond that it would be desirable—but at least four. That way you'd have regular vehicles for potential stars to be seen, as well as the miniseries and movies.

Ms. Bev Oda: Okay. So we need to have a lot of exposure on other vehicles in order to make sure they are seeing the stars when they're in a feature film.

However, the other elements of making a star are managers, agents, and promoters. The Americans come from a studio system where the studio had a stable of actors, and each one had a strategy and a plan. They even arranged your escorts for premieres. Do we have that segment of the industry in Canada to ensure we have a René for every Céline Dion who comes along, and focus and make sure these people do become stars in English Canada?

• (1005)

Mr. Richard Stursberg: No, not really. I think your point is that the ecology of the system as a whole is not what it should be. Many important Canadian actors and writers actually have agents in Los Angeles. The agent system in English Canada is not nearly as strong as the American agent system is.

I think it's part of that; I think it's also partly all the other surrounding bits and pieces. Stars don't need just agents and promotion. They need to appear on talk shows. They need to appear in little magazines. People need to be obsessively interested in their sex lives when they're shopping for groceries. All those things are part and parcel of being a star.

Ms. Bev Oda: But that's the job of the promoter or the agent.

Mr. Richard Stursberg: You know what? The nice thing is, they get self-reinforcers. If you go to Quebec and you go to a *depanneur*, you'll see 20 or 30 little magazines. You read them and they're very nice.

[Translation]

Mr. Marc Lemay: Convergence.

[English]

Mr. Richard Stursberg: *La convergence*. They tell you who's rumoured to be having dinner with whom and who's sleeping with whom, and it's very nice. They all feed each other. The little magazines feed the television shows, the television shows feed the talk shows, and then the stars feed each other. It all reinforces itself.

You have to start to build something that is positive, a virtuous cycle. You have to start somewhere. Where it must start, we argue, is obviously with television drama. Once you start to get people, then magazines will grow up that are interested in covering them. They will be important on talk shows and so on and so forth.

Ms. Bev Oda: This is my last question.

You also mention here that private broadcasters are having a shareholder revolt. I would suggest to you that you have a larger group of shareholders and that you want to make sure you don't have a shareholder revolt on that side of it as well.

The commitment to airing feature films and series, etc., is measured by audiences. As to the level of CBC audiences, you can schedule but unless you have the eyeballs there, the success won't be measured.

There are two ways I can go about this as to how you are going to increase the overall viewing for CBC. I also know, as a former scheduler, that it depends on the environment around which these films are going to be scheduled. What would be the lead-in? Are you going to hammock? There are all these little devices that are used. But certainly you have to make sure that overall, something on CBC is seen as added value, is seen as something attractive, in order to make sure the audience is going to be there. If we look at your audience levels now, I think there is an overall job to increase the viewership and the environment for these feature films.

Mr. Richard Stursberg: For English-Canadian drama more generally, we completely agree with that view. We take the view that the number one cultural challenge facing English Canada is the problem of drama, whether that's television drama or feature films. The reason we say that is if you look at how other cultural media are performing, whether it's sports, newspapers, magazines, music, or books, you see they perform very well in the sense that Canadians don't read foreign newspapers very much; 99% of reading goes to Canadian newspapers. But when you look at how we're doing with respect to drama, whether it's feature films or television, you see only about 10% of viewing goes to Canadian drama and only about 2% or less to Canadian English films. Those are, by any standard, the worst numbers in the industrialized world.

So we ask, where should we concentrate our attention? We say we should concentrate our attention on drama. Now, the good news about drama is that it's also the most popular watched category on television; that's where people spend most of their time viewing. So we take the view that how we should measure our success is on the basis of the audiences we generate for Canadian drama and entertainment programming. That is the fundamental measure: are we getting good audiences.

What it implies, obviously, is that you want to make things people are going to find interesting and amusing and popular. It means that you want to schedule them properly, in a way such that it's convenient for people to see them, that they're on at a time when people are awake and wanting to watch television, and you want to promote them aggressively, so people can know that they're on.

But we totally take your point that the fundamental measure has to be whether we are succeeding with our shareholders—that is, are we making things our shareholders would like to watch?

• (1010)

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

Mr. Lemay, a fairly short one, please.

[Translation]

Mr. Marc Lemay: I will try to be brief.

Mr. Richard Stursberg: These are very complex issues.

Mr. Marc Lemay: I have some very specific questions now. How many talk shows or news shows are there on CBC?

Mr. Richard Stursberg: That depends. We have *The Hour*, with George Stroumboulopoulos, on Newsworld, which is a kind of talk show. Apart from that, our talk shows are almost entirely dedicated to politicians and to political issues. You are talking about stars. We do not have any that showcase stars. There are two or three on e.tv, and even on CTV.

The situation is not at all the same in Quebec. It is entirely different. In Quebec, there are hugely successful talk shows like *Tout le monde en parle*. This gives people the opportunity to...

Mr. Marc Lemay: Even the very serious SRC, the French CBC, will reschedule its 6 o'clock news show and broadcast it at 5 in order to be able to broadcast a talk show at 6.

Mr. Richard Stursberg: I understand.

Mr. Marc Lemay: This does not happen in your area. Could the CBC not do that?

Mr. Richard Stursberg: Not at this point in time, because we feel that our priority, for now, is to fund dramas. We may be able to do so in the future—I hope so—but for the moment, we do not have enough stars to have talk shows.

Mr. Marc Lemay: Since you've brought up the issue of dramas, do you plan to set aside any funds to work with screenwriters?

Mr. Richard Stursberg: Absolutely. We are in the process of reorganizing our entire development system. We hope to unveil a new development system within the next few weeks, which will give us the opportunity, in September, to launch a new consultation process with screenwriters, directors and producers. We are well aware of the fact that commercial success begins with a good screenplay, that's perfectly clear.

Mr. Marc Lemay: That goes beyond the scope of our mandate.

Mr. Richard Stursberg: Indeed.

Mr. Marc Lemay: My last question will be much more philosophical. The CRTC has just published a project for radio satellite licences. Everyone is talking about it: 2.5% for francophones, 7.5% for English Canadians and 90 per cent for American music, etc., on all channels. I am drawing a quick parallel. It is clear that people will be very disgruntled in Quebec, because 2.5% is not enough. We want to boost that to at least 5%. That is our problem; we will settle it.

We cannot do the same thing for television. How will we manage to protect Canadian and Quebec content, if every time you are fighting... The way you all argue makes no sense. I am sorry, but I'm saying this sincerely, particularly since I've just this morning learned the meaning of the expression "simultaneous substitution". We cannot fight against that. What will you do?

Can we not make some recommendations in order to protect broadcasting? Can we not help you?

Mr. Richard Stursberg: In fact, there is nothing we can do for the moment. The existing structure of private television in English Canada has been in place for 40 or 45 years now. That is a long time. In this matter, the best we can do is to focus on the network, on the broadcaster who has the opportunity to promote Canadian television. It is the only thing we can do for now.

Mr. Marc Lemay: Thank you.

[English]

The Chair: Merci, Monsieur Lemay.

Mr. Simms.

Mr. Scott Simms (Bonavista—Gander—Grand Falls—Windsor, Lib.): Thank you, Madam Chair.

Mr. Stursberg, thank you for coming in. It was quite informative. A lot of things were pointed out I myself didn't realize.

I had a past life as a broadcaster, and the one thing I've been very impressed with in terms of people I've worked with at CBC, whether they be producers, journalists, or what have you, is that you have great internal training, more so than in the private sector, which I always thought lacked it. This was briefly touched on before with respect to Canadian drama, script development, and that sort of thing.

What do you have in place and what is your vision of how you want to in-house train people for Canadian drama? I'm talking about all facets here, not just script development, but the shooting of it, directing, producing, and that sort of thing. I always thought CBC was a fantastic training ground for many, but how do you envision that for Canadian drama?

• (1015)

Mr. Richard Stursberg: The model for Canadian drama is one in which we will not make any drama in-house. We will make drama only through independent producers, and the reason for that is twofold. One reason is that the way the financing is structured in the country now, whether it's to have access to tax credits or access to third-party cash—it could be the Canadian Television Fund or Telefilm, for feature film financing—those pools of cash are reserved for independent producers. The CBC cannot access nor can any other broadcaster directly access those pools of cash. So if we want to finance something, we have to finance it through independent producers who can access those pools of cash.

For that reason, it's financially impossible for us to make anything in-house. Literally, it would cost us four times as much to make something in-house as it would to work with an independent producer.

And the other reason we like independent producers is, of course, it gives us more flexibility. If a show doesn't work out, then you don't find yourself with a whole lot of permanent employees who haven't worked out. You then say “Fine, we can now move on”.

So the way we deal with this is we have what are called commissioning editors, and the commissioning editors are the people who develop the project, in conjunction with the producers and the writers, and then when it's ready, they finance and buy the project so that we can put it on TV. The role of the commissioning editor is to work both at the creative and the financial levels with the independent producers to get them made. The short answer is, we will not have a lot to do by way of in-house training.

I mentioned earlier on that we do very strongly take the view, however, that we have to do a better job in terms of development. What that means is we may have to put more money into scriptwriting and more money into the development of projects, generally.

People think of development as getting a screenplay and it's done, whereas developing a project is not just that. It's actually associating the talent with it, casting it, finding the financing for it, working out what the promotional opportunities will be, all in advance of actually going to production and making it.

As I mentioned earlier, we are now in the process of looking at our development to see whether we can't do a better overall job on all those subjects.

Mr. Scott Simms: Good.

Did you call them commissioning editors? Is that correct? They are under your corporation and they are a direct link to the independent producer, but the script development is still within your realm.

Mr. Richard Stursberg: Yes, just so. The way the CBC is structured, there is news and current affairs, sports, arts and entertainment, and then under arts and entertainment there is what's known as the creative head; so there would be the head of drama, the head of comedy, the head of children's programming, and so on. Those creative heads are the ones the commissioning editors work with, in their groups.

Mr. Scott Simms: Within each one?

Mr. Richard Stursberg: They're literally called the creative heads. It's a rather nice thing to be called. I'm called a suit.

Mr. Scott Simms: I have not so much a question as maybe a comment. We've been talking ad nauseam about the star system and we seem to be going all around the mulberry bush on it. What I've noticed is that every time we talk about it we always talk about it as an organic nature. We take an unknown, and we put them on each and every program that is available for the sake of their becoming a star.

The only problem is that when we get to the point where we feel comfortable that this person is a star figure and we're able to market that person in Canadian feature film or drama or whatever it is we want to put that person in, they find themselves in the United States market faster than you can say the words “green card”.

If you take *Men With Brooms*, what did Leslie Nielsen bring to this production? I think he brought a lot, and I think we seem to be shying away from including an element of the North American market in our star system, which I think we should be doing.

Forgive me, I forget her name, but she was here from ACTRA.

An hon. member: Wendy Crewson.

Mr. Scott Simms: Yes, thank you very much. She was here. Now, she was in two movies and I've seen both of them. In one of them she did an absolutely fantastic performance as Sue Rodriguez. The only problem is that everybody remembers her as Harrison Ford's wife, which we all bragged about. If that's the star element she's bringing to the star system, then why don't we tap into that?

• (1020)

Mr. Richard Stursberg: Just as an observation, I completely agree with you. It's very interesting, in my previous job I spent a certain amount of time in Los Angeles talking to Canadians who had been working there, and one of the things that's fascinating is that when you talk to them, whether they're writers or actors or directors, you scratch them and, you know what, they're just Canadians. They're completely Canadian. Their accents may sound, as our accents do, North American, but they remain equally preoccupied by what's going on in Canada and who they are and how they feel.

For them, the best possible set of arrangements are arrangements where they can have an opportunity to work in Canada as well as working in the United States. And that's good for our industry too, because it means people have a broader set of experiences they can draw on. They have a chance to practise their craft under different sets of circumstances, and learn more things and perfect their skills, and that's great. So, absolutely, if Canadian stars have an opportunity to work in the United States and become better known, I say so much the better, and let's find ways whereby we can bring them home and allow them to work at home as well. I think that's absolutely fine.

Mr. Scott Simms: Thank you.

That's all for me; thank you, Madam Chair.

The Chair: Thank you.

Mr. Brown

Mr. Gord Brown (Leeds—Grenville, CPC): Thank you, Madam Chair.

Thank you, Mr. Stursberg, for being here again. I always appreciate hearing what you have to say, but I'd like to explore a couple of areas.

First of all, there's been a lot of discussion around the table today about the star system. What do you think the CBC can do to help contribute to building a star system in Canada? We see some efforts on the private broadcaster side, but I'm not sure. I know you're talking about *The Hour* show. I've watched that quite frequently, and I see not really much on the entertainment side; it seems to be more political. Obviously, Canadians see the political activities going on here in Ottawa as somewhat of a spectator sport. But to speak to the star system, how do you think the CBC can help contribute to building a star system?

Mr. Richard Stursberg: I think the most important thing we can do is put on lots of really high-quality drama and entertainment programming that Canadians want to watch. That is the absolute foundation stone. Everything else is just housekeeping. This is what we were talking about before: people will automatically and naturally put stars into little magazines, into big magazines, and onto talk shows once they are stars, but the way they become stars is by being seen on television programs that Canadians want to watch.

That's why I come back always to the notion that what's fundamental to success here, what is the absolute, necessary condition for success, is for us to have successful TV drama. It drives stars. That drives movies. It drives everything. But if we don't have successful TV drama, we won't have any stars. There won't be anybody to put on talk shows or into little magazines. They just won't exist.

Mr. Gord Brown: Do you think that creating a CBC basically all-Canadian variety program maybe in prime time might be useful to help develop that?

• (1025)

Mr. Richard Stursberg: No, I don't think so. I don't think we have a problem with variety performers particularly. A lot of our singers are extremely well known; a lot of our musicians are well known.

Mr. Gord Brown: I'm thinking more along the lines of what we see on the *eTalk Daily* show on CTV.

Mr. Richard Stursberg: A talk show? It comes back to a talk show. I think we have limited resources, and the most important thing for us to do is to make shows that people want to watch. I think *eTalk Daily* is nice and I think all that's nice, but when you have limited resources, I think you need to put them into where the biggest problem is, and the biggest problem right now is successful drama and entertainment shows.

Mr. Gord Brown: Let me move on to the other area I wanted to explore a little bit.

I think as the public broadcaster the CBC has the responsibility to make programs that tell you uniquely Canadian stories, and I'm thinking in terms of programs like the *Avro Arrow*, *Net Worth*, about the hockey situation back in the fifties; and on the fictional side, *H20*, programs like that. And another one off the top of my head would be about Marilyn Bell swimming Lake Ontario. Those are stories I think Canadians want to see and learn about, and I think that is the area the CBC should really take the lead in. And they have in the programs I've talked about, but there are so many more Canadian stories. Maybe you can comment on that.

Mr. Richard Stursberg: I totally agree with that. One of the things that's interesting to me is when you look back at the Canadian television programs that have succeeded over time. You can go back as far as *The Beachcombers*, *Due South*, *North of 60*, *Anne of Green Gables*, and *Road to Avonlea*, or you can come forward to *Trudeau*, *Shattered City: The Halifax Explosion*, and *A Bear Named Winnie*. All of them have something quite interesting in common, which is the fact that they were made for this market. They weren't made for anybody else. They weren't made for Australians or Hungarians or Bulgarians. They were made for us. They were made for our history, our society, our sensibility, and our sense of humour.

I personally think that if you want to succeed with audiences, the way to do that is to clearly and squarely address the market you're trying to get into. The way to do that is by making things that are distinctively Canadian and that reflect precisely who we are. If you make things that are derivative or that are copies of other people's stuff, you will not have success. Why would anybody watch something derivative when they can watch the real thing?

I'm completely in agreement with you. I think that the strategy for success in Canadian entertainment programming—and by success, I mean audiences—is through making things that are distinctively Canadian and completely our own, as English Canadians, and that reflect what it is we feel, what it is we know, and how it is that our history has evolved. Absolutely.

The Chair: Thank you.

Ms. Bulte.

Hon. Sarmite Bulte (Parkdale—High Park, Lib.): Thank you very much, Mr. Stursberg, for again appearing before us.

I don't know if you have the figures handy, but what are the costs of production for a drama series in French Canada and a drama series in English Canada?

Mr. Richard Stursberg: It's a little cheaper in French Canada. I don't have the exact amount of money by which it's cheaper, but it is cheaper.

Hon. Sarmite Bulte: Why is it cheaper?

Mr. Richard Stursberg: It seems to be a very good question, and it has been the subject of some considerable debate. It seems to be a function of two or three things. One is that the labour contracts and the pricing of labour seem to be lower in Quebec.

Secondly, the production values in terms of the quality of the set that you build and the quality of the costumes do not seem to be as high in Quebec because programs are not actually competing with the extremely expensive American programs, which have the best production values on earth.

The third one relates to the first thing. A lot of the labour costs and labour rates in English Canada are driven up by virtue of the competition with runaway productions. When American productions come to shoot in Vancouver or Toronto, or wherever, for television or feature films, they also help to drive up the price of labour over and above the basic price of some of the collective agreements.

The costs will vary a little, depending on what you're making, but it certainly appears to be true that it's more expensive to work in English than in French.

•(1030)

Hon. Sarmite Bulte: Is it significantly so? Would you say that it's half the cost, or a third of the cost, or two-thirds of the cost?

Mr. Richard Stursberg: Do you know what? I don't actually know. We've been thinking about doing some work on this, but we have not yet done so. Frankly, it raises some interesting questions on whether there are opportunities to save money by shooting more often in Montreal, but you then get into other difficulties with respect to regional distribution.

Hon. Sarmite Bulte: Perhaps if you do a study, you could share it with the committee.

Mr. Richard Stursberg: Absolutely, but we haven't done it yet.

Hon. Sarmite Bulte: No, I understand.

Mr. Richard Stursberg: I believe that Telefilm looked into it at a certain point, but I don't know how far they got with it.

Hon. Sarmite Bulte: Okay. Thank you.

When I look at your lineup of films, I think we have some great Canadian feature films. Maybe you can help me here. Maybe I don't see it, but we don't seem to have *The Barbarian Invasions* listed for 2004-05.

Mr. Richard Stursberg: It's not available to us yet.

Hon. Sarmite Bulte: Okay. What about *The Red Violin*? Is that anywhere?

Mr. Richard Stursberg: That may have been on the list earlier. I think *The Red Violin* came out about eight or ten years ago.

Hon. Sarmite Bulte: Okay. For some of the most recent, do we not have the rights to them? Is that what the problem is?

Mr. Richard Stursberg: I think we own the rights to *The Barbarian Invasions*, but I don't think the television rights are available until 2006-07. That's why you wouldn't see it on this list.

Hon. Sarmite Bulte: We have the Geminis, which celebrate Canadian television, but the CBC is no longer broadcasting the Geminis. They also stopped broadcasting the Genies. At one time the CBC did broadcast them.

Mr. Richard Stursberg: The Genies, yes.

Hon. Sarmite Bulte: Yes, and you were a partner. Wouldn't this be a great opportunity to actually showcase your stars? We've seen it with MuchMusic. Just this week on television they had the red carpet—they were sort of following the red carpet at the academy in Los Angeles. We had it at the Junos just recently, yet here we have the Geminis and the Genies, which have been around for...

We have an institution in place, an academy in place. Why aren't we sort of working together with it more and using that as an opportunity? I'd be interested in why the CBC decided to say it wasn't interested, and now Bravo's doing them.

Mr. Richard Stursberg: This is my understanding. I was not there at the time the CBC decided not to do the Genies any more.

Hon. Sarmite Bulte: I understand that.

•(1035)

Mr. Richard Stursberg: My understanding is that they decided not to do them because nobody is watching them. It wasn't more complicated than that. And the reason nobody is watching them comes back to what it was we were saying before: there aren't any stars and nobody has seen any of the movies. So it's not a lot of fun to watch a prize show if you have no idea what movies are actually getting prizes. It's sort of dull.

I think all of this comes back again to if we had movies that were really performing, and we had recognizable stars in English Canada, people would watch the Genies—we wouldn't have to worry about it—and people would want to put the Genies on because people would watch them. But I don't think the solution to the problem is tinkering with the Genies. The solution to the problem is that we have to go through the front door, and the front door is making TV drama that Canadians want to watch.

Hon. Sarmite Bulte: I don't disagree.

Mr. Richard Stursberg: Everything else is kind of secondary, and everything else, once we've solved the big problems, will take care of itself.

Hon. Sarmite Bulte: I agree totally with your thesis. I think it's very valid. It's something this committee should pursue. However, having said that, the Geminis celebrate television. Again, there has been an abandonment there. Certainly I have seen the Canadian Television Fund running ads about the CTF. Why couldn't the CBC—

Mr. Richard Stursberg: The CBC still carries the Geminis.

Hon. Sarmite Bulte: So then do the same thing at the same time, if that's where your star system is and that's the base. There is an opportunity even to run little clips—I'm not going to tell you how to do your programming. You have all the creative guys there—but it just seems to me that there is an opportunity for CBC, leading up to the Geminis, to get the interest and to start profiling our stars.

I have another question I want to ask you about the stars. I believe that Paul Gross became famous well before *Due South*, because a lot of our Canadian actors who have become famous have come through the theatre. Usually by the time people get to television—you have the Fiona Reids, you have the R.H. Thomsons, you have people like them—they have made their names in theatre. If anything, I see this as an argument for investing more, even going beyond television, but starting even sooner to develop our talent and to ensure that it's showcased in theatres across this country, not just at Stratford and Shaw. I think if you really want to start talking about a star system, it has to start before television. We have to invest in our communities and our actors at an earlier stage.

Mr. Richard Stursberg: Obviously, having great actors, having great writers, and having great directors is completely fundamental to having success. These are talent-based industries. That's clearly, completely true.

Hon. Sarmite Bulte: Thank you.

The Chair: Thank you.

I'm going to take a couple of minutes, if the committee doesn't mind.

I wanted to ask you about paragraph 21 of your report: "Over the last five years, CBC English television has invested over \$20 million on the development, production, acquisition and promotion of Canadian films." That's about \$4 million a year. How does that compare with what Radio-Canada has invested in French films?

Mr. Richard Stursberg: I don't know off the top of my head, unless Shaun knows, but we'll send you that number if you like.

The Chair: How does it compare to what the private sector has invested in the development, production, acquisition, and promotion of Canadian film?

Mr. Richard Stursberg: If you put the pay television ones to one side, the answer is that we would overwhelmingly dwarf the others.

Ms. Bev Oda: Madam Chair, can I just add to that, if we're asking for information?

Could you show what percentage of that would be your programming budget? I think it has to be in terms relative to the overall programming budget, because hard dollars give us nothing to compare with.

Mr. Richard Stursberg: We'll do those numbers for you and send them along.

The Chair: We've heard a great deal about how important this \$60-million fund for drama production is. Can you tell me how CBC English television has used that fund?

Mr. Richard Stursberg: This is the \$60 million that the government put up four or five years ago?

The Chair: Yes, for the last four or five years and this year again.

Mr. Richard Stursberg: The piece that went to English television was invested in television programming. It's not as though it was sequestered. It simply became part and parcel of the programming budget. It was spent on all the shows seen on TV over the course of the last few years. It's not as though it sits inside the CBC as a separate fund.

The Chair: Okay, if you can't answer it now, perhaps you could tell me what difference that additional fund for that special purpose has made to television programming for the CBC.

Mr. Richard Stursberg: Well, I can do it any way you like. Of the \$60 million, if memory serves, \$27 million or \$28 million of that comes to English TV. Don't hold me to the number, but say it's that. I'll chop \$27 million out of the schedule. You can take it wherever you like—\$27 million less of news, kids' programming, or drama; or \$27 million less of a mix of those things. That's all it comes down to.

As I say, it's not as though there's a sequestered fund sum used only for this purpose. It's used for programming. If I were to take the money out, it would just mean that I'd have to find \$27 million from some form of programming.

The Chair: As you know, this committee supported the continuation of that funding. I'm just trying to get an idea of what difference it has made.

Mr. Richard Stursberg: If you like, I'll do it in a number of different ways. I'll show you what \$27 million buys, for example, by way of children's programming or drama.

The Chair: Can I just stop you for a second? This is obviously going to have to be a follow-up. But what difference has this extra money made, compared with what you were doing before it was added?

The other question I pursued with Radio-Canada French television had to do with official-language minorities. When you talk about English Canada, as you do in your brief, does that include anglophones in Quebec?

Mr. Richard Stursberg: Yes, absolutely.

The Chair: I think that's an area where we are reinforcing two solitudes in filmmaking. French film seems to be Quebec film. English film seems to be not Quebec film.

Mr. Richard Stursberg: I can tell you that, with respect to feature films, English Canadians in Quebec are over-represented, given the size of their population, in the manufacture of television and film. We know that. I'd be astounded if we didn't see the same thing in the CBC figures. We do a lot of work with English-Canadian television producers in Montreal.

• (1040)

The Chair: Thank you.

Any other questions from committee members? No?

Thank you very much, then, Mr. Stursberg.

Mr. Richard Stursberg: Thank you.

The Chair: This has been a great learning experience for all of us—not only your appearance today, but the work we've been doing for many months.

Is there any other business from committee members?

Hon. Sarmite Bulte: Yesterday, Bill C-60, an act to amend the Copyright Act, was tabled. Last year this committee discussed the bill's short-term issues and tabled a report on them. When the section 92 report was tabled by the then industry minister, Allan Rock, there were 40 copyright issues that were actually identified—the short term, the medium term, and the long term.

As we draw up a schedule for the fall, I'm wondering whether we shouldn't consider looking at the medium- and long-term issues, so that the copyright process continues to move forward. This should have been done in 2002. We're already at 2005, and we're just tabling the short-term issues for the first time. I don't need a response right away. I just thought this might be something the committee would want to do. If not, so be it.

The Chair: Monsieur Lemay.

[*Translation*]

Mr. Marc Lemay: What I have to say is more or less in line with what Ms. Bulte has just said, but I will go a little further.

As it seems we will be sitting for a longer time, are we planning, for example, to meet this Thursday and Thursday next? If that is the case, we will have to put some issues on the agenda. There is, among other things, a proposal put forward by Mr. Schellenberger on the Ukrainians. We must study that. We will have to establish an agenda, because as long as we are here, the committee must meet. As long as we are here, we may as well be working.

[*English*]

The Chair: There are a number of things outstanding, aside from the film study. One is having the minister here on the response on the broadcasting report.; two, the two private members' bills, which I think we'd agreed we're not going to dispose of in one or two meetings. I think, Mr. Lemay, you were here when Mr. Mark sponsored one of those bills that came before us. Three is copyright. I don't think we know yet whether that bill is going to be referred to this committee or whether there is going to be a legislative committee, do we, Sam?

Hon. Sarmite Bulte: No.

Madam Chair, just for the purpose of clarification, I was suggesting the committee continue the work. Regardless of whether the committee gets it, there are still medium- and long-term copyright issues that need to be dealt with.

The Chair: I understand, but I think a large part of our ability to do that is going to be determined by whether we're also going to be dealing with the legislation.

Ms. Oda.

Ms. Bev Oda: My comment would be that until the direction of the legislation just introduced is clarified concretely—my under-

standing is there might be a legislative committee—I wouldn't suggest trying to squeeze it in before whatever timeframe we have here ends, but I agree we should definitely put it on the calendar.

However, I would want to make sure we aren't stepping on each other's toes. One of the things I find redundant is when there's another body looking at the same issues we're looking at, when there are so many other issues we also could be looking at as a committee. There are many areas we're responsible for as heritage that are outside of broadcasting feature film and for which it will be a year or two before they've had any attention.

● (1045)

The Chair: We could have all-day meetings, but that isn't—

Hon. Sarmite Bulte: They would be more fruitful here.

The Chair: I'll ask our clerk and analyst to put together for Thursday a list of those outstanding things. We can look at how we want to schedule them, and particularly we can look at what we want to schedule, if we're still sitting next week, for Tuesday and Thursday. Let's get that resolved.

In the meantime, if there's any sense that having the minister here on the response to the broadcasting report is a high priority, I can see if she would be available if we sit next week.

Hon. Sarmite Bulte: Madam Chair, may I suggest that we proceed as though we are sitting next week? Even if it doesn't go to next week, that can be the first order of business when we come back in the fall.

The Chair: Okay.

Mr. Gary Schellenberger: What we have to remember is.... Let's get one thing off the plate, some place along the line, rather than have a whole bunch of part issues out there, or we'll never come to a conclusion on anything. We would have probably been on the copyright issue, had we had a report back here when it was supposed to have been last fall.

The Chair: I know it was a high priority for the committee to have the minister on the response on the Broadcasting Act, and acting on that I will see if the minister's available for either of our meeting days next week.

Thank you.

This meeting is adjourned.

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