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• (0905)

[English]

The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)): Good morning, everyone. Welcome to meeting 44 of the Standing Committee on Canadian Heritage.

This morning we are meeting, pursuant to Standing Order 108(2), on a full investigation of the role of a public broadcaster in the 21st century. We welcome our witnesses this morning from the Canadian Broadcasting Corporation.

Welcome, Mr. Rabinovitch. Please introduce your entourage and proceed with your briefing, sir.

Mr. Robert Rabinovitch (President and Chief Executive Officer and Acting Chair of the Board of Directors, Canadian Broadcasting Corporation): Mr. Chair, members of the committee, thank you very much for inviting us. We welcome all efforts to clarify the role of public broadcasting.

With me today is Sylvain Lafrance, executive vice-president, French services; Richard Stursberg, executive vice-president of CBC television; and Jennifer McGuire, acting vice-president of CBC radio.

Let me get straight to the point. Canadians could be much better served by their broadcasting system and their public broadcaster.

[Translation]

The broadcasting environment is currently undergoing major changes. We believe this new environment requires a new agreement with Canadians. New ground rules must be established that take into account this new reality. However, I am pleased to confirm for you that CBC/Radio-Canada today is in excellent shape.

Let's start with the traditional media. For a decade now, our radio services have experienced sustained growth in both the size of their audience and the fidelity of their listeners. They have improved the quality of their programming and practically won the most prestigious broadcasting awards, not only in Canada, but also internationally.

Over the past four years, Radio-Canada television has achieved both public and critical success with such innovative programs as *Les Bougon* and *Tout le monde en parle*. This success has not gone unnoticed. It is not an accident that Radio-Canada is ranked the fourth most admired business by Quebecers, according to a survey published by *Commerce* magazine in March of this year.

Radio-Canada television is approaching a difficult balancing point between programming for the general public and the programming of outstanding quality that is expected from a public broadcaster.

[English]

Even English television, which faces the greatest challenges among all our services, is on the move, with a new management team and a bold plan. Faced with ferocious competition, market fragmentation, and change in consumer behaviour, CBC television has maintained a stable prime-time share over the last four years of between 7% and 9%. That is in the same neighbourhood as Global TV, and more than double the largest specialty services.

This past season CBC had 15 of the top 20 Canadian shows in terms of audience size. Both Radio-Canada.ca and CBC.ca are among the country's most visited media sites. At a rate of more than one million downloads per month, CBC/Radio-Canada is one of the leaders in podcasting in Canada. Interestingly, some of our most successful podcasts are our most serious shows, like

[Translation]

Les Années lumière, Les premières à la carte,

[English]

Ideas, and *Quirks and Quarks*, and they are being consumed mainly by 18- to 34-year-olds, putting the lie to the belief that you need to dumb down content to reach a younger demographic. The fact is that new technology opens new audiences for existing content. CBC/Radio-Canada is doing well across the board despite an unpredictable playing field.

A few years back this committee urged us in its report, "Our Cultural Sovereignty", to look at how we can better serve Canada's regions. We submitted to the government our first comprehensive plan in the fall of 2004. Having had no take-up on that plan, we recently submitted to government a more modest plan that focuses on bringing local radio programming to the eight million Canadians living in centres that do not have local CBC radio service.

In the meantime, technological advances are enabling us to rethink our local news offering. Our plan is not to replicate what the private broadcasters already do. We believe that by aggressively managing our budgets and using technology in new ways we can connect with grassroots communities, and at the same time counter the trend in the private sector of a gradual withdrawal from local news.

I mentioned our efforts to manage our budgets. You should know that over the last seven years we have become much more efficient and focused. We have generated \$75 million in ongoing annual cost savings, and last year we generated more than \$93 million in non-advertising revenues through everything from merchandising to better use of our real estate assets.

That in itself is a remarkable accomplishment, yet we continue to face serious financial pressures. The plain fact is that if these pressures are not addressed—seriously and soon—there will be no more rabbits to pull out of the hat.

Some still ask the question: Is the CBC delivering value for money? Our answer is yes, absolutely.

● (0910)

[Translation]

According to the Groupe Nordicité study of a sample of 18 industrialized countries, which we tabled with our brief, Canada is where the need for a public broadcaster is the greatest and where the system is the most complex. However, Canada ranks sixteenth in terms of the amount of public funding it receives: less than half the average of \$80 per inhabitant. The BBC, which provides service in only one language and in only one time zone, has a budget of \$7.3 billion. By comparison, Canada pays \$1 billion to its public broadcaster, \$30 per capita, to provide services in both languages and to cover five and a half time zones.

[English]

We need an explicit contract. The BBC operates under a royal charter that is formally renewed and financed after every decade for the following ten years. This is the kind of clarity and predictability we seek. Anything less is really paying lip service to the ideal of public broadcasting, while watching it wither.

You might ask, what's the rush? Well, in 1997 Canada didn't have 100 digital specialty channels and 100 more foreign satellite channels or 17 pay-per-view and video-on-demand services. Canadians watch TV and listen to radio not on their laptops or their BlackBerrys or their cellphones or their iPods.

In 2004 there was no satellite radio. In 2005 there was no YouTube; in 2006, no iPhone. Canadians want their programming when and where and how it suits them. CBC's future is as a content provider that is "platform agnostic", not as a television company or a radio network. This is the single reality that is already significantly transforming CBC/Radio-Canada.

So the extent of change is one reason for urgency, and, frankly, the speed of that change makes not reviewing our long-term goals and strategy an unacceptable risk financially, culturally, and politically.

Some people will tell you that public broadcasters aren't needed in an age of choice in technology. If ever that was true, it is isn't now. There is near unanimity on the importance of the role of Radio-Canada in the role it plays in enriching the cultural and democratic life of our francophone community. In French and English, the simple fact is that there are some things private broadcasters either cannot or will not do, but that only we can and will do, such as: Canadian programming in prime time on television; commercial-free, safe, entertaining programming for kids; connections in the

north and other remote areas of the country; original current affairs programming; Canadian perspectives on international events; and others that we have listed in our submission. These are the things that others are not in a position to do.

Then, there's the issue of diversity. In Vancouver today, two companies own virtually all the mainstream media on all the platforms. Diversity of viewpoints is disappearing. Canada needs to ensure that those views and voices are heard, and that too is a role for the public broadcaster.

The demand for both quality and diversity of product has skyrocketed, but funding is a real challenge. CBC/Radio-Canada has not received a permanent increase in its public funding base in the past 33 years, since 1974.

I want to thank Minister Oda for her announcement yesterday of the \$60 million of additional funding for programming for the next two years. It is essential and it will be well used.

More broadly, as you know, the funding model for commercial television is also seriously at risk. What we need is a long-term, properly resourced strategy for broadcasting for the next decade. We need to engage Parliament and Canadians in a planning process to address the big policy issues, questions such as these: does Canada need quality Canadian programming in prime time; do Canadians want programs that reflect their reality?

Television drama is the most pervasive catalyst of popular culture in western societies. In the last 20 years, every other industrialized country has used its national broadcaster as the anchor in repatriating its prime time schedule. Everywhere else, homegrown drama is the most popular viewing option during prime time.

● (0915)

[Translation]

Another question that arises is how to present international events from a typically Canadian viewpoint. CBC/Radio-Canada already has an extensive network of foreign correspondents relative to other Canadian broadcasters. Should it increase its international presence?

We can also wonder how to promote the cohesion of one of the most diversified societies in the world. How can we support Canada's identity in a world where diversity and fragmentation are the norm? How can we manage to create a sense of belonging and of national pride? In addition, how can we urge Canadians to advance the principles of democracy?

Our radio stations distinguish themselves by their commitment to serve as fora for pan-Canadian debates. Whether it's with *Christiane Charette*, *The Current*, *Cross Country Checkup* or *Maisonneuve en direct*, our radio services are at their best when they provide a gathering place for all regions, in a single exchange.

[English]

In television, the private conventional broadcasters air little if any current affairs and documentary programming—collectively, 70 hours per year on the English side and less on the French. CBC and Radio-Canada both air literally hundreds of hours per year, and that is not including what we air on CBC Newsworld or RDI. Who else will do that?

CBC/Radio-Canada is in fact a public-private broadcaster in terms of its funding, and a public broadcaster in terms of its mandate. Given our mandate and our funding levels, we must find commercial funding sources to maintain our services. Is that the government's wish? This whole issue should be carefully thought out and planned. We need to strike the right balance.

Today, the CBC is at a turning point for which no one-year answer will suffice and no one-dimensional response will resolve. What is required for CBC/Radio-Canada to reach its potential as an instrument of national policy is a new contract with Canadians. Like all contracts, this would lay out the obligations of all parties, and would have a specific term of say ten years. Such a contract would provide guidance on the big questions I have raised above. It would be based on the principles already enshrined in the Broadcasting Act, and serve as the basis for a clearer contract and mandate with our 32 million shareholders. A fundamental principle that underpins any contract is that sufficient resources be provided to be able to meet the expectations set out in the contract. Frankly, if the money isn't there to fulfill these expectations, the contract will fail.

It is our clear hope that this committee will see in the idea of establishing a permanent process to review CBC/Radio-Canada's mandate the opportunity for Canadians to renew their relationship with their national broadcaster and to clarify, through a contract, how Canadians can best be served.

● (0920)

[Translation]

Thank you. We are now ready to answer your questions.

[English]

The Chair: Thank you very much.

First question, Mr. Scott.

Hon. Andy Scott (Fredericton, Lib.): I want to thank you very much, Mr. Rabinovitch and your colleagues, for being here today. This is critically important to the country and is overdue.

It will come probably as no surprise that I would generally support the idea that we need to make a new commitment to public broadcasting and to the CBC and Radio-Canada, and that with that commitment would have to come the resources that are necessary to make the commitment be realized in very real terms.

You will also not be surprised that I would place certain conditions on that support, and it is substantial support, having to do with the regional and local presence of the CBC. I think it's fair to say that Atlantic Canada has probably been one of the strongest supporters of television in particular, and it has gone through a bit of a rough period following the decision to move to half an hour at suppertime. In the case of Saint John's pilot project, to the extent to which it's possible for that to have worked, given that the resources were limited, essentially—

In this new vision, this new contract, which I would very much like to support, elaborate a little bit on how you see this manifesting itself in those parts of Canada that have less access to the national dialogue, less access to other opportunities to find their place in the country. How does that work for you?

Mr. Robert Rabinovitch: Mr. Scott, what I believe we would have to do is have a dialogue with the community at large, and in particular through Parliament, to define what the priorities for the public broadcaster should be.

One of those priorities would be, and has to be, regional extension and explanation services. We strongly believe that is important. It's one of the reasons why we have changed once again our six o'clock news process and what we are trying to do in terms of developing new services for the regions, which Mr. Stursberg can explain. It's the core of our support in the regions, and the services we provide in terms of local radio is what makes CBC radio such a powerful force in the country. So we recognize it.

We are constrained financially. This is one of the reasons why when your committee put forward a report, we responded quite quickly in terms of what it would take to have a quality, regionally based service above and beyond the services we now run, and how they would all link together. A contract is a negotiation. What can you do, what will it cost, what are we willing to do, what are we willing to pay for? If it was the will of Parliament and the House that significant resources be assigned to regional local programming, that is what would be in the contract, and that's what we would be doing.

Hon. Andy Scott: It occurs to me that it's a bit of a chicken and egg exercise when the resources are necessary to deliver the goods and there's a need for some confidence, in terms of the content, in what's at the other end of the expenditure. There's sort of a confidence that's necessary to support that large investment, because I think it is a large investment that is necessary. I'm personally rather confident in what the outcomes would be with that investment. I resolved that dilemma in my mind some time ago.

I know that in other areas it's an ongoing question. So I welcome the invitation for dialogue. I welcome the recognition that the added dimension has to do with new technology and so on. I understand the content piece quite easily.

I do think that as a country, probably, maybe we are even unique in the world because of our proximity to the United States and because of the small population in a large physical space and the challenges this represents. But I would flip it and say it also represents a significant opportunity. My sense is that we probably have to do this first, because of the nature of Canada, and that allows us then to be first, which has with it lots of advantages.

What's the role of the public broadcaster in your mind in that mission for our country? Is it yours to do? Is it ours to do? Is it ours to do together? How do you see Canada pursuing that, and what's your role in it?

● (0925)

Mr. Robert Rabinovitch: My feeling, very clearly, is that it's ours to do together. There is a role for the private sector. There's a role for the public broadcaster. Very much, there is a role for Parliament, for committees such as this, to define the priorities we should be going to.

As I mentioned in my talk, and perhaps Richard can go into some detail about what we are doing now in terms of regional, I think there's reason for confidence that we can do this very well. There's reason for confidence that we've done it extremely well on the radio side. One of our frustrations, as you know, is that there are eight million Canadians who don't have a local radio service. We believe that it's really important for the future of public broadcasting that they have that, because it means there are eight million Canadians who are underserved in terms of an important local service.

What we would recommend is a process of dialogue between the people's representatives—you—and the public broadcaster and the government as to how much they are willing to finance to help determine the priorities and even to have a schedule of implementation. Then we would move ahead to do it.

Hon. Andy Scott: Am I done?

The Chair: Yes. You'll have another opportunity.

Hon. Andy Scott: Thank you.

The Chair: We'll go to Mr. Kotto.

[Translation]

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

Good morning and welcome.

Mr. Rabinovitch, I heard you say that Radio-Canada is in excellent shape. To better understand and assist us in our thinking, could we suggest that everything is going well financially? Is it in excellent shape based on other criteria?

Mr. Robert Rabinovitch: I'll start, then I'll give the others an opportunity to respond.

We are in excellent shape given the resources at our disposal. There are no doubt other things that we can do and that we want to do, such as increase regional programming in English and French, and take more risks in developing new programs, both in English and in French.

I must say that the resources currently at our disposal are insufficient, but we are very pleased to be receiving \$60 million for two years. That sum will help us with our programming because, as you know, it takes time to develop new programs. So we are very pleased to be receiving that amount, but I must tell you frankly that we are under-funded as regards the other things we want to do.

Mr. Sylvain Lafrance (Executive Vice-President, French Services, Canadian Broadcasting Corporation): I can give you an example. Things are indeed going well in terms of radio and French-language television ratings and use of our new media services. If you consider just use and ratings, things are going very well.

However, because of the lack of new funding in recent years, the gap between Canadians' expectations and what we can offer is increasing. That's what you will observe if you travel around the regions.

Working in the cultural world is like working in a china shop. Everyone is fragile: Francophones outside Quebec, the people in the Gaspé, the cultural and theatre community, the scientific program community. Whenever you touch one of our functions, you touch something extremely fragile. So the gap is increasing between what Canadians would like to get from the CBC and what we are capable of doing.

Furthermore, particularly in television, the economic model is in trouble, particularly for generalist networks like ours. Commercial funding is declining. It is becoming increasingly difficult to finance series. We see this in Quebec with the issue of high-cost series. We see it virtually everywhere. It's hard to launch a new series. Our schedule is still operating well because it makes considerable room for news and public affairs programs, a number of Canadian dramas and high-quality variety programs.

However, it is becoming increasingly difficult to support funding. Over the longer term, that could result, on the one hand, in declining quality in our productions and, on the other hand, in difficulty in ensuring a presence in certain sectors where people rightly think that is absolutely essential, whether it be Francophones outside Quebec, people from the Gaspé, or the cultural or literary community. So that creates an extremely difficult situation. The model is threatened over the long term.

● (0930)

Mr. Maka Kotto: You also mentioned that you had achieved cuts of \$75 million a year. Can you give us an idea of the collateral damage those cuts have had?

Mr. Sylvain Lafrance: Are you talking about the \$75 million generated within something else?

Mr. Maka Kotto: No. I heard Mr. Rabinovitch say that you had managed to reduce the budget by \$75 million a year.

Mr. Robert Rabinovitch: I said that better management of our assets had enabled us to save \$75 million a year. For example, we lease a floor of our building in Toronto, the Broadcasting Centre, which represents \$5 million. We reached an agreement with a neighbouring owner concerning the development of two large buildings, which gives us another \$5 million a year.

Our Galaxy music network is improving and is now generating approximately \$12 million a year. We can use that money to protect programming and absorb increases in inflation and municipal taxes.

Mr. Sylvain Lafrance: That isn't a cut. On the contrary, these are savings that we have achieved on all assets that are not programs. These savings are used to generate money for programs. This is not a cut to programs. On the contrary, it's an addition.

Mr. Robert Rabinovitch: Here's another much more significant example. We've reached an agreement with a major Vancouver promoter. We sold him our air rights and our parking lot for \$40 million. That money is enabling us to rebuild and digitize the Vancouver production centre. That was possible as a result of better management of our assets.

Mr. Maka Kotto: All right. Are we talking about large amounts of money?

[English]

The Chair: You'll have another opportunity.

Mr. Angus.

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

I'm very glad we are speaking with you today. I think we are at the beginning of a very interesting journey in terms of where we can go with a public broadcaster.

I have a few housekeeping questions, I guess, I need to ask at the beginning. It's been about six months now since Mr. Fournier resigned, give or take some time. So you're still the chair, the CEO, the president. Have there been any steps taken—

Mr. Robert Rabinovitch: I'm the chief pooh-bah, yes.

Mr. Charlie Angus: The chief pooh-bah, in all respects. So what steps have been taken to address this imbalance in governance?

Mr. Robert Rabinovitch: This is beyond my mandate, sir. This is an issue for the government. These appointments are made by the government, and we await their decision as to when and who and how they wish to proceed.

• (0935)

Mr. Charlie Angus: Has there been any discussion between you and the minister in terms of finding a replacement and taking steps?

Mr. Robert Rabinovitch: It's not normal that they would discuss this with me. There are times when they may ask me what I think of X or Y. But they have not asked me, nor is it the normal process for them to ask me to suggest names and discuss people with them.

Mr. Charlie Angus: Okay. So the decision to axe the design team in Toronto was made when we announced we were going to undertake this review. Was that a desire on the part of CBC to get facts on the ground before we came forward with recommendations?

Mr. Richard Stursberg (Executive Vice-President, Television (English), Canadian Broadcasting Corporation): No, actually it pre-dates your decision by almost a year.

For those of you not so familiar with the ins and outs of this, CBC television maintains, and it had for many years, a department that designs and builds sets within the organization. I must say we're the only English-language broadcaster in North America that maintains this kind of capacity, and we had a look at it to see whether there was some way of doing it more efficiently. We concluded that we could save about \$1 million a year by essentially saying to people that if they needed somebody to build their sets to go out and get competitive bids from the private market. So that's what we did. We decided simply to get out of the business.

The union approached us at that point and asked if we would mind delaying our decision for a little while, so they'd have a chance to explore the possibility of setting up whatever, a company, some form of workers co-op, so that when the people who are involved in these activities leave the building, they can set themselves up with a little business and then come and bid on the work, whether our work or other broadcasters' work, and maintain their jobs. So we said that sounded okay and we'd give them some time to see whether they could do that and we would delay the cuts until the end of the television season, which is early May. So we gave them about nine months, and it turned out, unfortunately, that they couldn't find some way through it.

So now all that's happening is we've simply reiterated the fact that we're going to exit the business. But this all completely pre-dates, as I say, your decision to have a look at the mandate of the CBC.

Mr. Charlie Angus: Where are you in terms of being ready for the high-definition market? The U.S. is talking 2009. Does CBC have a plan? Does it have the resources to be ready to move into high definition?

Mr. Robert Rabinovitch: We don't have the resources to move that quickly. It would take us, I would believe, by my last numbers, about ten years to be able to move as far as we think is appropriate at present. We have moved very quickly in certain places. For example, on the French television production side, we've moved very well, but not on the new side of French television. But on the TV production side, we have digitalized several studios and we have created HD studios that can move ahead. We have commissioned and built two HD mobiles, which we use both for production purposes and for sports purposes.

But where we are very short on money is, first, to finish converting the facilities we'd like to convert at the Toronto broadcasting centre. We have no money to convert regional production centres to HD or digital, except sometimes we get fortunate and we take equipment from one place and move it to another as we upgrade. For example, in Moncton we were able to upgrade to digital by moving one of the studios to HD. But generally speaking, we are very short on that and we have almost no money at this point for transmission purposes. We count on transmission of satellite, some over the air, but very minimal. For that purpose, we would need a significant injection of funds.

Mr. Charlie Angus: Just to follow up on that, the BBC have put their catalogue of shows on YouTube. Is CBC able to put its back catalogue onto Internet platform? Have you looked at the cost? Do you know what that would take? Have you figured out how you would remunerate the residuals you'd have to pay for such programming?

Mr. Richard Stursberg: The answer is no, we haven't put the back catalogue on the website or on YouTube. We have to confront a couple of different issues with respect to the back catalogue, by which I take it you mean in large measure all the old drama shows, variety shows, and so on.

First of all, to put it up, you'd have to digitize the whole lot. Secondly, we find ourselves in a peculiar circumstance when clearing the rights associated with these old programs. If we want to put them on the air, it's actually more expensive than if we sell them to third parties. For example, if the CBC said it would like to pull from the back catalogue *The Whiteoaks Of Jalna*, the old Wayne and Shuster shows, etc., and put them on right now, it would cost more money in terms of clearing the rights than it would to sell the program to another broadcaster. This is an artifact of the way in which the rights agreements work with ACTRA.

I think it's unfortunate, but it means we face a double problem when it comes to doing it. One, there's the cost of digitizing, and second, there's the cost of the rights clearances associated with it.

• (0940)

Mr. Robert Rabinovitch: If I may add one more thing for completeness, for the last four years the Department of Heritage has given us \$2 million a year to digitalize our backlog of programs. We have done that, and we are continuing to do it. From that point of view, we are moving bit by bit on the process, but it's very much because of the special program run by the Department of Heritage.

The Chair: Thank you.

Mr. Warkentin.

Mr. Chris Warkentin (Peace River, CPC): Thank you, Mr. Chair.

Thank you for your testimony this morning. We appreciate your coming to share with us and to start down the road of reviewing the mandate of CBC as it currently stands, how we might adjust it in going forward, and at least where we might suggest changes in going forward.

Obviously CBC plays an important role in protecting our cultural sovereignty. I think all Canadians recognize that as Canadians we

have something special to preserve here in Canada and we want to maintain it. CBC plays an important role, and we thank you for that.

We thank you for maintaining fiscal responsibility in the last number of years. You've maintained not only your entity but cultural sovereignty as well.

On going forward, as you pointed out in your testimony, it would come as no surprise to anyone in the country that as we move forward, we're facing all kinds of obstacles in terms of new technology and folks being able to go to other places for their media. Of course, there are hundreds and hundreds of new channels coming on stream in any given year.

I'll tell you a story. I'm a huge fan of CBC radio. It's the only talk radio in our area, and most people who listen to talk radio listen to CBC radio. Over the last number of years, I have an informal group of friends with whom I always know that if I want to talk about CBC radio or something I've heard, I can target them and ask if they've heard the story on *As it Happens* or what not. In the last number of years I've found that as I've approached those same friends, they've said they have new satellite radio programs and are listening to something else. I've seen it happen increasingly in the last year. I'm kind of surprised by it, but the unfortunate part is that the people who are listening to other talk radio programs aren't necessarily listening to anything Canadian.

It concerns me on a couple of levels. One, I'm concerned about the future of CBC. Second, I'm concerned about the cultural sovereignty we have in this country. Of course, we have to address that.

I hope that as we move forward on this mandate review, we can come to some understanding and some way to drive people back to things that are Canadian and back to the resources we have through the CBC. But I'm really concerned about how we'll do it.

I've talked informally to people. It seems to me that when I've talked to people, they say they go to the CBC for niche products. They go for *Hockey Night in Canada*. They go for regional news or whatever. As we see competitors taking up those things, I'm concerned that we're not going to have a niche product.

There are places where the CBC can identify niche products they could provide for Canadians that nobody else can provide. You have identified some. You've identified prime time drama as possibly being one of them.

To be honest, I'm not sure it's going to be a wholesale conversion, particularly for young people. I'm not sure it is going to draw them. I've talked to young people. They are more interested in reality TV shows. It's not something I subscribe to necessarily, but it's something they want to see a little more of. Maybe we could have some Canadian content in something down the road.

What are the niche programs or the niche products? Specifically, I am looking at the English side, because I know the French side has some of those niche products. When there is huge competition from our southern neighbours, on the English side, what are the niche areas? Of course, *Hockey Night in Canada* has become somewhat of an uncertainty. Where are we with that? On moving forward, what are some of the other niche products?

• (0945)

Mr. Robert Rabinovitch: First, thank you for the question. It is so broad that if you don't mind, I'll give a very short answer and then ask Jennifer, who is responsible for radio, and Richard, because you've hit on a few points that are extremely important.

Firstly, I don't see new technology as an obstacle. I see it as an opportunity. I think if you look at the number of downloads we're getting and the age of the people who are downloading.... When we do a million downloads a month, they're of programs like *Ideas*. These are programs I can't convince my son to listen to at nine o'clock at night, but if he wants to listen to them while he's on a treadmill, that's just fine.

The technology is changing the whole game, and that's why I said as well that we are more and more a program creator than we are a broadcasting network for radio or a broadcasting network for TV, and that's part of the change that is going to have to occur as we move forward. We must supply the content to Canadians when they want to listen to or watch it.

I think some of our new programs, such as *The Current*, are doing exactly what you described, and they're attracting a large audience, an important audience.

Let me add just one more thing. The worst thing that could happen to this country would be if we were the sole supplier of information and news. We don't want a monopoly. I would be devastated as a citizen. People should be able to get their news and information from NPR, from CBC, from RDI, and from CNN. So a monopoly would be the worst thing. But what there must be is a Canadian alternative, with a Canadian interpretation. That's the balance I look for.

When you tell me they're listening to satellite radio, well, that's fine, as long as they also come and listen to us.

Ms. Jennifer McGuire (Acting Vice-President, English Radio, Canadian Broadcasting Corporation): The other thing I would add is certainly at CBC radio we're actually finding technology is bringing us to new audiences. So when we're conceiving program ideas now, we think about how they will play across platforms. I'll give you an example. We've gotten into the podcasting game quite heavily at CBC radio, and a program like *Ideas*, which has a strong but skewed, slightly older audience on terrestrial radio, is one of the top five podcasts on iTunes, and the demographic of the podcasts is younger.

We're finding that now, with our music programming, in just approaching it in a broader way, we believe the quality of the content and the distinctiveness of the content is an asset.

Mr. Chris Warkentin: I appreciate that, but I specifically want two things. As we look at a mandate review, I guess you're saying let's look more at the production side—great. Second, as we look at the mandate, I wonder how you might suggest that we suggest back

to you how we drive Canadians to the CBC. I think it's great to have these things available, but I'll tell you that there's a certain segment of the population that has no idea they're available. We need to make that happen.

The Chair: We have to shorten it. Really and truly, we've gone overtime here. So if you want a response, we have to—

Mr. Chris Warkentin: Okay, I'll finish up by just saying that, and specifically on the niche side. I don't mind if you reply to us in writing on those two fronts or fill us in. I don't want to take up more time than I'm allotted.

Thank you.

Mr. Richard Stursberg: Do you want a response to that?

The Chair: Very short, if you can.

Mr. Richard Stursberg: I think this is very fundamental. The question of what's been going on over the course of the last number of years, in terms of attracting English Canadians to English Canadian programs, I think reflects a very interesting structural problem within the industry.

Over the last 15 years, literally hundreds of new specialty services have been licensed in Canada and are authorized for distribution in Canada. We've put in place very significant financing, for instance through the Canadian Television Fund. The overwhelming bulk of this effort has gone towards strengthening the private broadcasting industry. As the president said, during the course of the last 15 years there have been, essentially, no new channels of any consequence for the CBC. Its financing has not been increased and in fact is down almost \$400 million in today's dollars from what it was.

The result of all that, interestingly, is that if you compare where we are now to where we were even five years ago, you see that overall viewing of Canadian programming on English television accounted for 31% of the whole day in 2004-05 and 22% during prime time, down from 34% and 26% respectively five years previously. In fact, what's been going on is that we have been slowly losing more and more ground. We've made essentially no progress whatsoever over the course of the last 25 years in terms of the most important categories of programming.

When I came to the CBC, I came because, as you do, I believed absolutely, passionately, and deeply that the most important thing was for us to be able to make programs in the most important medium that there is that would connect and resonate with English Canadians. Not only is it not happening on a large enough scale, but we're actually losing ground.

I think in part the reason we're losing ground is that the CBC itself has been essentially set to one side for a long period of time, while we've increased the number of licences to the private broadcasters. As well, the bulk of the new financing has also gone to them.

• (0950)

The Chair: Thank you.

Ms. Keeper.

Ms. Tina Keeper (Churchill, Lib.): Yes, thank you, Mr. Chair.

I'd like to thank Mr. Rabinovitch and all of you for presenting here today. It is very exciting that we're embarking on this study. I'm very pleased.

As has been mentioned numerous times—and we hear it endlessly at this table—it is a new day, and there are challenges, as you've mentioned. One of the things I always think of, as a middle-aged person, is that I hardly seem able to understand the new technologies. I hardly seem able, just as an individual, to keep up. So in terms of the industry, and in terms of CBC and for us as a country, the challenges are enormous to be able to move through this time.

I wanted to ask you about that, the shift from what traditionally has been CBC's mandate in terms of services. Mr. Lafrance, you talked about the gap between the services you have to provide and the financial restraints. Could you talk about how you see the mandate shifting in this new era?

Mr. Robert Rabinovitch: There is a very real danger of focusing on the transmission of the programs, whether it's by iPod, radio, or YouTube, and forgetting about the content. At the end of the day, it's the content that counts, the programming that counts.

It's a necessary condition that we make the content available in ways Canadians want to receive it. The beauty of the new technologies is that we're discovering new audiences. People used to say you'll never get those people below 50, but they're coming to us, and they're coming to interesting programs. They can go somewhere else for their rock music, but they're coming to us for their new music. They're coming to us for bands that have yet to be discovered. They're coming to us for programs like *Ideas*, which are very thoughtful discussion programs. The new technologies allow us to do that. That's why we must be in the new technologies, because we can't predict, and nobody can predict, how people are going to get programming in the future.

We can never lose sight of the fact that our first objective is program production. And it is program production that is becoming more and more expensive. We're not even treading water; we're losing ground regularly in our ability to do quality programming, to take the risks necessary, to have failures, but also to have great successes.

This past week we had a wonderful success with the Canada IQ program. We had over 1.5 million viewers. Programs like *Tout le monde en parle* and *Les Bougons* all draw over 1.5 million viewers. Nobody would take on a program like *Les Bougons* when it was offered, other than Radio-Canada; it's a risky program, and we were all a bit nervous at the time. *Little Mosque on the Prairie* could have gone the other way. The fact is, it's now seen as a very successful program.

Let's not lose sight that at the end of the day, it is programming and the funding for programming that count. We can talk about transmission systems. I'd love to talk about them, as I think they're fascinating, but we also can make the big mistake of focusing on that area only.

● (0955)

Mr. Sylvain Lafrance: Maybe I should add something on this. I know that *on peut perdre le sommeil* with all of these technologies, because they are very complicated to follow, but I think, fundamentally, it's not a technological issue, because we know how to deal with technology. The fundamental debate here is about democracy and culture in Canada. Can we save cultural sovereignty in this new world? And how will our citizens be able to vote and understand democracy in this country? So they need to have the tools.

They will receive information from a sea of millions of Internet websites, or stuff like that, which are sometimes totally unreliable. So they'll have to find some places that are reliable—I hope the CBC will be that place. Some of the big players in Canada will be those places, where you can find reliable information about democracy, our culture and our sovereignty.

I think this is the main issue we have to understand and prepare for.

Ms. Tina Keeper: Can you explain a bit more in terms of being a content provider? Obviously that is the key, as you're saying, in terms of cultural identity and cultural sovereignty. What has been the impact in the last 10 or 15 years in terms of your ability to develop and produce that content?

Mr. Robert Rabinovitch: Well, it is fair to say that as our funds have contracted, our ability to develop new programs has contracted accordingly. At the same time, in trying to be good efficient managers, we have tried different techniques and ways to save money so that we can do more programming.

One of the areas I'm most proud is the \$10 million, from the \$60 million we have just received, which will again go into what we call cross-cultural programming, or programming between French and English, between radio and TV. By being able to develop the programming from first principles to be seen or heard on multiple services, you have to start right at the beginning as you're planning the program.

The best example is not ours. The best example, I think, is *Bon Cop, Bad Cop*. When you talk to the producer, they shot it and developed it with the idea that it would be for both markets; it wasn't done for one market and then translated into the next market. The show works because they did that.

Ms. Tina Keeper: Right.

Mr. Robert Rabinovitch: So we are learning in the process. And some of our things are failing, no question about it, when we try to take from one area and move it into another area. But that's what I mean by taking risks: if you don't take risks, you will not succeed.

The Chair: Thank you for that.

Mr. Kotto.

[Translation]

Mr. Maka Kotto: Thank you, Mr. Chairman.

Earlier we left off while talking about under-funding, and I would like to go back to that subject.

The CBC's mandate is increasingly broad, and, paradoxically, its funding is declining. Can you give us an idea of CBC/Radio-Canada's exact budget?

Mr. Robert Rabinovitch: I think we stated it in our presentation.

Mr. Maka Kotto: I asked you the question on an exchange basis.

Mr. Robert Rabinovitch: I can give you the information by department.

Mr. Maka Kotto: The CBC's budget stands at how much?

Mr. Robert Rabinovitch: The overall budget, with the money that comes from the commercial sector, is \$1.6 billion.

Mr. Maka Kotto: What is the value of the parliamentary envelope?

Mr. Robert Rabinovitch: The parliamentary envelope is valued at approximately \$930 million, more or less. I could give you exact amounts, but it is approximately \$930 million.

● (1000)

Mr. Maka Kotto: Can we have a clear idea of the allocation of that envelope between the CBC, on the one hand, and Radio-Canada on the other?

Mr. Robert Rabinovitch: The amount for English-language television is \$510 million. For English radio, it's \$138 million. For French-language television, it's \$354 million, and it's \$101 million for French radio.

Mr. Maka Kotto: That's a 60-40 allocation.

Mr. Robert Rabinovitch: The allocation is normally approximately 60-40.

Mr. Maka Kotto: Perfect.

Mr. Robert Rabinovitch: Indeed.

Mr. Maka Kotto: Is it possible, out of a concern for transparency toward us, to access information on the use of that budget, to support the theory that the CBC is under-funded? In other words, is it possible to access your books to support the argument?

Mr. Robert Rabinovitch: Yes, it's possible.

Mr. Maka Kotto: Is it possible to send us that information?

Mr. Robert Rabinovitch: Yes. We can send you the detailed information as well as—

Mr. Maka Kotto: That will help our analysts.

Mr. Robert Rabinovitch: In addition, if other committee members wish, we are prepared to make individual presentations to explain the figures in detail.

Mr. Maka Kotto: From your point of view, should public television, in this instance yours, ours, target the advertising field in order to survive today?

Mr. Robert Rabinovitch: It's not really a question of knowing whether it should be in the advertising sector, it's more that the reality, without that, is that it is impossible for us to survive. It also has to be said that virtually all the public services in the world are mixed—we always think of the BBC—that is to say that they have a fairly large subsidy from the government, much larger than ours, and they also accept advertisements as well.

The question is not whether or not we should do it, but rather to determine our reality. And our reality is that we are under-funded. As

you know, radio is completely free of advertising. On the English side, 55% of Mr. Stursberg's budget comes from the private sector, that is to say from advertising, and so on, whereas it is 40% on the French side.

Mr. Richard Stursberg: The fact that 55% of revenue comes from the advertising sector shows that there is a problem. The budget of the CBC and Newsworld is \$600 million. You can see without any difficulty that, without the 55% that comes from the advertising sector, we would have no service.

Mr. Sylvain Lafrance: That said, I want to point out that a number of our choices are not commercial choices. If you look at the French television schedule, you see that we have 10 times more public affairs programs than our competitors, that we have scientific programs, religious programs and programs that are not what, in the business, are generally called rating getters, that bring in advertising revenues.

Our schedule is fundamentally different. This year, we created 12 new dramatic series. So we are the biggest generator of new dramatic series in the Francophone world. So our choices are not merely commercial choices. That stems from a balance between the need for revenues to support the system and to support the economic model, and the need to have a television that is distinctive. I think that, as a result of its news programs, the number of its dramatic programs, the quality of its variety programs and its presence across Canada, it is extremely different from all other Francophone television networks.

[English]

The Chair: Thank you.

Mr. Fast.

Mr. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair.

Mr. Rabinovitch, you made a bold statement, and I think there's certainly a significant element of truth in it. I'd like to quote it. It says: "The role of public broadcasters has always been to reinforce coherence and common values."

Now, the CBC, of all of our national broadcasters, is considered to be the mirror in which Canadians see themselves. I think you'll agree with me that there are a significant number of Canadians who, justifiably or not, feel that the CBC doesn't necessarily reflect either their values or probably more correctly their perspectives. In an increasingly diverse society, we're going to have an increasing number of those perspectives.

How do we draw these individuals back into the fold where they feel that they're valued, where they feel that their views are being recognized as being legitimate, perhaps not shared by the majority of Canadians, but still views that are worthy of consideration? In such a rapidly changing technological world, how do we bring these people to a point where they do recognize CBC as being their public broadcaster? Perhaps you could also comment on what strategies you've employed in the past to ensure that we have a broad dialogue on these issues and on new strategies you'll employ in the future to do that.

•(1005)

Mr. Robert Rabinovitch: I'm going to start an answer, but I'm also going to ask Mr. Stursberg.

What we're now beginning to implement is beyond an experiment. It is what we call "My CBC", which is in many ways at the local, regional level designed to meet exactly what you're talking about.

Let me start by saying we don't define what the common values are. It would be a terrible thing if we did. It's our job to make sure that they're reflected and that people have an opportunity to see those values and speak to their values and to the decisions that flow from them.

Mr. Ed Fast: Who determines those values? If you don't, who does?

Mr. Robert Rabinovitch: Basically, when we're talking about the news service, it's determined within the news service, but we also watch very carefully to make sure there is a balance in the programming. We also have a very sophisticated—it has been recognized as the best in the world—ombudsman system in order to check on us to make sure we are doing the job correctly. We take extremely seriously the concerns when voiced to us, and they are regularly voiced, because often it's not a balance that people want, it is an expression of their opinion or their side that they want. We get this all the time in international affairs, in particular, where one side or the other or both sides of an issue are very concerned about how we have presented the issue. It's our job to try to be balanced and fair, and we have determined, with the ombudsman's guidance, certain procedures.

So sometimes a show may seem to be overbalanced in one direction; there must be a show very soon after that is balanced more in the other direction. We have set up rules so that we're not just doing boring television in the name of balance, but we're doing fair television, and fair means representing all sides or allowing all sides a chance to be represented. Again, the key is an ombudsman system to hold us to account and as a check. I think even more important is the work we're now trying to do by using all of our media interrelated.

Mr. Richard Stursberg: I'll just say one thing. Obviously, what the president said is right. It's not our job to tell Canadians what values they should espouse. Our job is to reflect the full diversity of view within the country.

We were talking about regional before. When we think about regional, I try to think about it in a different way. It's not just that if we do a newscast, we see Calgary or we see Halifax. It's rather that what you want reflected on the national news is the perspective of Calgary or the perspective of Halifax, so that the full diversity of voice of the country, whether it's a regional diversity of voice or a political diversity of voice or a social diversity of voice, is fully reflected on the network.

One of the things we're doing—and which implies, I think, actually a decentralization of the way in which we've approached these kinds of questions in the past—is to put a new emphasis on rebuilding our local and regional presence, but to do so in a way that allows Canadians to participate more effectively in commenting on the news as we provide it, and indeed in helping us determine what

the priorities for news coverage should be. With this concept that the president was referring to, called "My CBC", which we're trialing right now out in Vancouver, we've said to ourselves, "Let's take the totality of our assets—radio, television, online—and let's put them together to create an integrated news service that works in a way to let Canadians can get their news whenever and however they want it, but equally importantly, let's use the power of the new technologies to allow Canadians to participate much more profoundly in the conversation about what constitutes the news."

And this goes by different kinds of names. Some people call it "citizen journalism", but what it means is that we use the website to allow people not just to comment on what comes through the news, not just to engage in dialogue with our own journalists as to what they see and the extent to which they think it's accurate or fair, but beyond that to allow them to tell us what it is that we are not covering that they think is important, and beyond that, to say to people that we would welcome their contributions to the news service itself, so that we can create opportunities for them to be able to upload what they think, whether that's in the form of video or voice.

We would like to get rid of the notion that we had in the past, when people thought that "We, the news, tell you what's the news". That's completely old school. We want to flatten it completely, so that the news essentially becomes a dialogue between citizens on what it is that matters and how it is that they see things. We then become, in some sense, the mediator of that dialogue.

•(1010)

The Chair: Okay, thank you.

Ms. Fry.

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

I want to apologize for being late. I waited three-quarters of an hour for a taxi this morning.

I've tried to ask a clear question: what would you think if there was no more CBC? What we've heard from every sector is that the CBC is extraordinarily important to Canadians. Their concern, however, is that you are not getting to them any more, and of course that has to do with the new digital mode and not having the infrastructure to get there. In many instances you've had to cancel where you were going because people have to tag on to cable television to get there.

We've heard over and over that people think you're doing a good job with what you have, but that you must move into the regions in a different way; that you must reflect Canadians back to themselves, especially from the regions to the nation, as well as from the nation to the regions. You're not doing as well from the regions to the nation as you could. People have all said one important thing: the CBC must be funded appropriately.

We've seen the reports and know what cities have studied, etc., that have basically said that we're way down the ladder. Given that Canadians support a public broadcaster, given that people say that you need to have more money, would you see the CBC working well and differently if it were given better funding? Would it actually work in the way that the BBC has done, if you changed your system of reporting, to have direct responsibility to Parliament, with a specific trust that would look after much of how you function, so that you could be far more accountable for the money you have and go to Parliament, not necessarily to anyone else, so you could get the feedback from Parliament, so every year you would be able to table what you're doing?

People also thought you needed to focus more. Many feature film people said that you, the CBC, could be the distributor in the digital medium for Canadian feature films, for Canadian documentaries, and for Canadian performing arts, which, as you know, has been cancelled and was a well-watched section of what the CBC used to do.

I want to know what your comments are on some of those things.

Mr. Robert Rabinovitch: You've covered a lot of territory.

Hon. Hedy Fry: Sorry about that.

Mr. Robert Rabinovitch: That's fine. I'll try to comment on some, and perhaps my colleagues will add, as well.

What I find comforting, if I can use that word, in what I understand of your hearings so far, is a growing recognition that you just can't say to the CBC, "do more". I think there's a growing recognition that we are stretched as far as we can be stretched, and if we were to do more, in fact we'd do less. Something would have to drop off our schedules and off our approach. And I haven't heard much in terms of people saying that we should get out of this or that in a reasonable way, because whenever I hear it, I don't hear them telling me how I'm going to get the money that X or Y generates for us to continue to do what we're doing.

That I find very reassuring. As I said in my introductory comments and in the paper we have tabled with you, I believe that we are at a crossroads. We have done ad hoc hearings about the CBC every three or four or five years. I believe it is time, and we believe it is time, to structure that into a contract, and that contract, like all contracts, will have clauses and expectations: this is what we expect, we would say that this is what it costs, and there would have to be an agreement. Or if we think it's going to cost x , but you can only give us half of x , well, then there would be an agreement that we would bring it in at a particular speed.

But I fully accept and think that it is eminently logical for the government and Parliament to define more precisely what it wants from its public broadcaster—and in a contract—and then you go forward with that.

I dare say that the BBC has exactly the same thing, and if you look at the contract, it has changed with time. The current contract puts much more stress on light entertainment, and one of the phrases they use is that a public broadcaster need not be boring. The BBC contract also calls for them to decentralize certain operations. The contract also calls for them to buy more from the independent sector

and produce less in-house. But this is fine. This is part of defining where you want us to go.

So my answer to you is that this is the debate and the dialogue we must engage in. And it's not something that can be done overnight. It's something I think we would have to work on together and it would involve the Canadian public.

But I must say, the core for us is the programming. The core for us is getting the programming out to people; that is, with the new technologies and transmission systems. But without the programming, without the funding, we have nothing to put in the transmission systems. What's the purpose of a pipe if it's empty?

●(1015)

The Chair: Thank you very much.

We'll go to Mr. Abbott.

Mr. Jim Abbott (Kootenay—Columbia, CPC): One of the more interesting groups that comes together to comment on broadcasting in Canada is Friends of Canadian Broadcasting. I wonder if you could describe to us what, if any, relationship there is with the CBC and what you think of that organization. They are pretty aggressive in the way they have their perspective, and that's fine. This is a democracy. But it does seem to key an awful lot on the CBC, and it seems to be very strongly in support of the CBC. I just think it would be interesting for us to get your perspective on that organization.

Mr. Robert Rabinovitch: We see the Friends of Canadian Broadcasting as a lobby organization for broadcasting in general, and in particular, Canadian broadcasting, with some focus on the CBC.

We sometimes believe that the focus is very narrowly defined around the regions and around local programming. We don't disagree with it at all. We think that makes eminent sense. But we do believe that it can be irresponsible to call for us to do more of X without telling us either what we are to drop or how it is going to be financed. And I believe they feel it is their responsibility to highlight issues rather than to tell parliamentarians and the CBC how to finance those issues.

Mr. Richard Stursberg: I just want to add one thing.

I think there are certain areas in which we actually part company from the Friends of Canadian Broadcasting. The Friends of Canadian Broadcasting, as I understand it, came here and said the other day that they didn't think we should be on the Internet and that our website was not particularly effective. I forget what their number was, I think they said we were getting 2,000 views a day or something. But the fact of the matter is that our Internet site gets 3.6 million unique viewers a month, and it is without question far and away the most important news and information website in the country in terms of its usage and in terms of the depth of its content.

We think, for all the reasons we were talking about earlier, that one of the fundamental responsibilities of the public broadcaster is to be able to serve Canadians by whatever means and in whatever manner they find most convenient. If they want to get their news online, we should be there for them online. If they want to get their news off mobile phones, we should be there to make sure they can get their news in whatever way suits their lifestyles and their purposes.

• (1020)

Mr. Jim Abbott: If I may editorialize for just half a second, I think it's rather fascinating that they seem to reflect where our government is coming from sometimes—not normally—but sometimes. And then we're hearing from you that on the other side of the coin you feel that some of their commentary isn't necessarily helpful to the CBC. So I guess it really does underscore their independence, doesn't it?

Mr. Robert Rabinovitch: I don't think there's any doubt about their independence.

Mr. Jim Abbott: Good. Thank you.

The Chair: Thank you.

Mr. Angus.

Mr. Charlie Angus: Thank you very much.

One of the interesting elements that we learned, for those of us who were on the heritage film study, is the shocking fact that we could be expected, as Canadian taxpayers or as Canadian independent businessmen, to put \$3 million into a movie that has no real distribution plan. The question is, why would we spend money making Canadian movies if there is no long-term plan beyond the original broadcast other than the back-end sales, the DVD sales? If we're going to make this investment, where is the plan?

The question comes to why would we make Canadian television if we don't have a plan for the residual sales, as you were talking about, the multi-platform use? My question is, given the fact that we don't really have access to our incredible back catalogue of CBC resources because of the problems with rights, when you negotiate deals for television productions right now, do you have the ability to put that on the air in any format? And do you have a plan for monetizing it so that there is a return, whether it's through online advertising or whatever?

Mr. Richard Stursberg: Maybe I'll start, in terms of the English markets.

Clearly, in terms of where we're going, we completely agree with you that what we need to do is develop all of our content from the very beginning so that it fits with all the potential platforms on which it can be viewed or seen, and what we want to do is be able to monetize that.

What we inside the CBC have done is completely transform our development process to make sure that from the very moment we think of a project, we think about it in terms of all of the different platforms on which Canadians might want to see it.

Obviously, where this becomes a little bit trickier is when we're dealing with independent producers. The news and what not we

make ourselves, but when we're dealing with independent producers, it's another issue.

I know that the Canadian Film and Television Production Association came down to see you the other day, and they said that they thought we were a bit tough on them in terms of wanting to get these kinds of rights for other platforms over and above television.

What we actually proposed to the producers' association originally, when we first began discussing this matter, was, "Look, you know, the problem with these new platforms is that nobody actually knows what they're worth. We don't know because it's early days. So why don't we do this..."—to your monetization point—"Why don't we enter into an agreement between the CBC and the producer of the program that for all those other platforms, we will act as your distributor? We'll distribute when there's a video-on-demand offer, whether it's a mobile offer on a hand-held or a cellphone or whether it's an Internet offer for the show. We'll work with you to make sure they get good distribution. And what we'll do is split the revenues fifty-fifty and off we go. Let's do that for a short period of time until we can see how the market settles down and what these platforms are really worth."

We thought that was a terrific offer, because what's going to drive all of the new platforms is, if you like, the great bullhorn of television, which is the dominant platform and will remain the dominant platform for the time being. But that way we could share the risk associated with going forward, and at the same time we could share the revenues.

They declined this proposition. And I think, frankly, this is unfortunate, because I think what it will do is slow our capacity as a country to develop Canadian content for those new platforms.

• (1025)

Mr. Sylvain Lafrance: We have the same problem in the French world.

[*Translation*]

In French, this question of rights is really fundamental. It is complex, first, because it concerns the international aspect, a lot of rights holders, but also because it concerns the Canadian Television Fund, for example, which itself sets certain rules and certain limits. The Canadian Television Fund has somewhat come to a point where it arbitrates the relations of producers and broadcasters, to the point where, when buying a licence for a new series, we aren't entitled to discuss any other rights. That's a bit stupid and, in my view, somewhat provokes what is called the problem of high-cost series in Quebec, that is to say that the broadcaster is nevertheless the trigger of major series. In other words, if there is no Radio-Canada, TVA, TQS or another major television network to create a series, it won't exist.

So we can't enjoy all the rights. In any case, we aren't entitled to discuss them at the outset. We therefore invest less and less. So, at some point, these series will no longer exist. I think that time is having its effect, because, technologically, we won't have a choice to change these practices. This will have to change because the broadcaster has made much too big an investment to be content with only one or two broadcasts.

So this question of rights is fundamental if we want to protect content, and the television industry has nevertheless had major success in Canada. To protect content, we will have to find a way to agree with all rights holders, including independent producers.

[English]

Mr. Robert Rabinovitch: I think, Mr. Angus, you're absolutely right. There is a long tail now for both the monetization and the viewing.

People are not going to necessarily watch things when we tell them to watch; they're not necessarily going to watch it the way we tell them to watch it. There has to be an adjustment in the financial model and in the purchase model. I think that is one of the key issues before the Canadian Television Fund, which has provoked the discussions we're now having, and that is how to move forward.

From the point of view of the independent producers, there's fear they are going to be taken to the cleaners. That's why we thought we were being fair in saying look, we'll act as your distributor, but it will be a fifty-fifty deal.

Something will have to be worked out. Because you're absolutely right, without that we're going to be depriving a lot of Canadians of Canadian content.

Mr. Charlie Angus: It seems to me that on the issue of cultural sovereignty—and that's what we've been speaking about, that democratic voice, digitally, in a cultural space—there are two choices: we can either invest in the digital realm or we can try to impose laws to insist that people watch a certain percentage. If we look at Iran or China or Syria or any other country that has attempted this, I think it doesn't work. We have to get serious about whether we're going to take our cultural product and get it out there so people can watch it.

The question we have to ask is whether you are suggesting that changes are needed at the Canadian Television Fund so that if we put money into television programming we can insist that those programs will be shown on various platforms after the initial viewing.

Mr. Robert Rabinovitch: I think this is one of the major issues that the CRTC task force will have to confront. We will definitely talk to them. When we meet, we will talk to them in terms of the long tail for rights and how we come to an accommodation that makes some sense.

The Chair: Thank you.

I have one thing for the members who are asking questions. When you're getting near the end of the five or six minutes, maybe you could look towards the chairman when I'm trying to get your attention.

Mr. Charlie Angus: Mr. Chair, we never look near the chair when we're getting near the end of the five minutes. We just keep going until the hook comes.

The Chair: I know the trick.

Thank you.

Mr. Scott.

Hon. Andy Scott: To that point, Mr. Chair, I was here seven years before I realized there was a chair.

I have three points I'd like to make. First of all, in the context of the CRTC review and your representations to the CRTC, I know that in a submission in 2006 there was a reference to the fact that in terms of investment we had to look at forward-looking investments, rather than panicking with the declining over-the-air numbers and making choices.

I need you to elaborate on that. Where are our priorities here? I think it's critically important to understand the relationship between the traditional world that I engaged television with and the world that my one-year-old son is going to walk into. Where do you fit? You need to elaborate, because a lot of people are scared of that comment, as you can well imagine.

Second, in terms of the mandate itself, I think there's a great deal here that speaks to the regions, that speaks to our diversity, that speaks to language, to the north, and so on. Given all the inputs available, would it be advisable to deal with a chronological piece of the mandate?

In other words, with all the offerings available, the other elements of this mandate to affect the minds of Canadians and to affect the impression of Canadians of their own country and so on are clearly there, but if nobody is accessing it, it's hard to do that. Maybe a mandate has to see you involved in schools, see you involved in a different way, so that people have exposure. I'm only 52; there were only two television stations for most of my formative years, so this piece worked well then. Now it's very different, and maybe there have to be more creative ways to be there for people, to engage them in the public broadcaster and so on. I'd be interested in that.

The other one is there's a large elephant in the room having to do with funding. As a member of previous governments that took decisions that negatively affected the resources available to the CBC, I think we must all try to get past it from a political context so that we can actually do the right thing by the public broadcaster. I appeal to all members to allow that, so that we don't get into silly debate about it. I know it may be self-serving, but there are both sides to all debates. I think it would be a waste of time for us to get too engaged in that. We should simply deal with what it is we wish to see from the CBC and how it may wish to reposition itself in some ways to deal with new realities, and I go back to what I said.

I would also really like you to clarify or elaborate on the earlier representation to the CRTC on where the various media fit.

• (1030)

Mr. Robert Rabinovitch: That's one way to get all your questions into one shot.

Hon. Andy Scott: It is. That was my second seven years.

Mr. Robert Rabinovitch: With respect to over-the-air, when we talked to the CRTC we were very cognizant of the fact that we have 650 transmitting towers for television alone, plus radio as a separate item, and that these towers are aging. They were built mainly in the 1970s, and they were built to serve all communities of 500 or more. It was a government policy called the accelerated coverage plan. We knew that this was a system that was perhaps designed for a different era, an era when the bulk of people got their television over the air.

The fact is that now, basically 90% of Canadians, give or take a couple of percentage points and depending on who's doing the calculation on any one day, choose to pay to get their television via satellite or via cable, primarily, and very shortly we'll have more delivery by the telephone companies. In the process a very unique thing has happened. The regions that were *les régions défavorisées*, the regions that were underserved in terms of television and maybe only had one channel, are now the ones that are getting the multitude of channels via ExpressVu or Star Choice. Where people choose still to get their television off air, the bulk of them are in urban communities. They are in urban communities and it's a conscious decision, or a financial decision, on their part—conscious because maybe they don't watch TV, maybe because getting over-the-air CBC and CTV is more than enough for them because of the amount they watch, maybe just news. But it's generally speaking a conscious decision to get their television over the air.

We had no suggestion from government, nor were we certain it was the correct policy, that all those 650 transmitters be replaced. It's a very expensive undertaking. With 42 transmitters, as we move to the digital era and move to HD, we can cover 80% of the population over the air, and the bulk of the people who have chosen not to take television by cable or satellite. So we're not depriving people by saying this is a rational business model. If the government wants us to go all the way, we're more than willing to do it.

If I were to be asked for advice, wearing my old bureaucrat's hat as a policy advisor, I would suggest that perhaps there are better ways to spend the money in broadcasting than to replicate an old system and again get tied up in transmission rather than in program production.

So when we went to the CRTC we went with what we thought was a responsible way to deliver HD over the air to 80% of the population. I must say, TQS said they were going to build one transmitter for HD, at most. In many ways, others are very concerned about the cost of that. So that was the essence of our presentation, trying to be reasonable and rational, given the economic situation within which we live, and given that our priority still is, and still will be, programming.

That gets me to the second part of your question, about how we reach out and educate people about the availability of CBC. In many ways that's exactly what the new technologies allow us to do. I jokingly say that sometimes CBC radio, in particular, is an acquired taste. If you're under 50, you're not going to acquire it. You'll acquire it with time. The fact is I'm wrong. I know it from my own kids and their friends. There are a lot of younger people who like and are attracted to CBC radio, and we're proving now with iPods and downloads that there are many ways to get to people, in English and in French, through the new technologies. I think that's what we have to do. We must be involved in all the new technologies. Some are going to fail, no question. Some are going to be overtaken by other technologies. But we must respond to Canadians and say you can get that program when you want to see it, not when I tell you to see it. I think in that way we will continue to build an audience for CBC in the long run.

If we're not in those technologies, we will lose. If somebody wants to watch an Olympic result on their little cell screen and they want it immediately, we have to be there. We were there in the last

Olympics, and both the cellular provider and us were ecstatic at the number of new people who actually tuned in just to see the event, and then moved on or then saw it on a big screen.

• (1035)

What you say in terms of funding is the dream I have that we could, with all of you, define what you want from the public broadcaster, what the holes are in the Canadian system. I believe, for example, drama is a tremendous hole. Service to *les communautés francophones hors Québec* is an extremely important service that we must do, if we believe in how this country is going. But that is something to be defined beyond just the Broadcasting Act and to be defined in a regular manner, I say every ten years. That means that at the seventh year, you begin to evaluate us and go forward.

But a contract has two parts to it. Part one is what is expected, part two is how it's going to be paid for. The two must merge together. The only way I can see this happening in the long run is for all of us to do it together.

The Chair: Thank you very much.

Mr. Brown.

Mr. Gord Brown (Leeds—Grenville, CPC): It's good to see our witnesses back. I was on the committee in the 38th Parliament that reviewed the feature film industry.

Mr. Charlie Angus: It's good to have you back.

Mr. Gord Brown: Yes, I recently just joined the heritage committee again.

So back then, when we had you in front of the committee, or a few of you anyway, we were talking about how we would go forward, and there was some suggestion at that time that there should be a study of the role of the public broadcaster in the 21st century. So I'm happy that I'm arriving when this study is under way. But at that time, we used to talk a lot about some of the unique Canadian stories that were undertaken by the CBC, things like the Avro Arrow, and some of these other documentaries, these unique Canadian stories, Like *H₂O*.

Is there work going on right now for more of those? I have a number of questions, so maybe I'll start with that.

• (1040)

Mr. Robert Rabinovitch: Richard, Sylvain.

Mr. Richard Stursberg: The short answer is yes. Our overwhelming focus is on making television programming that is distinctively Canadian and that is smart and popular.

Just this year alone, we broadcast a docudrama on the life of René Lévesque. We did a docudrama, to some controversy, on Tommy Douglas. We did a docudrama on the War Measures Act and the events of October 1970.

But we think that there is a whole series of other ways of exploring the nature of the country. Certainly the one I'm most fond of is *Little Mosque on the Prairie*. *Little Mosque on the Prairie* gave us an opportunity to explore relationships between the Muslim community and the community more broadly, but to do so in a way in which we put aside stereotypes, in which we put aside a whole series of vilifications that have been going on over the course of the last little while. And we had an opportunity to make a comedy in which people encountered each other in their full differences, but completely as human beings.

What was so fantastic about this particular program was that the response of Canadians was overwhelming. This clearly became not only the most talked about but the most popular new show, I dare say, in the last five years. In fact, it became a sort of small ambassador for the country throughout the rest of the world. CNN sent Paula Zahn up to talk about it. It was on the front page of the entertainment section of *The New York Times*. It was covered extensively in France and in Britain as to what it was. Many people's feeling was that not only was this an interesting thing because it was a uniquely Canadian way of exploring these kinds of issues, but it was something that many other people would have found absolutely impossible to approach.

So it's not just to do things that are docudramas about historical events but to engage in terms of the current social issues that confront us, and to do so in a way that's popular, that's smart, and that's entertaining.

Mr. Gord Brown: Well, we know about the announcement from Minister Oda of the \$60 million, and we heard a bit about what you were going to do with \$10 million of that money. What might Canadians expect from this increased investment in the public broadcaster?

Mr. Robert Rabinovitch: One of the things one must remember is that it takes a couple of years from idea to the actual creation of the program. But in the past, with the approval of my board, we have given some money to radio, and we have seen in particular radio using it for very creative programming and new programming, so the number of repeats has gone down quite significantly as we try new programs. We also try what we call "cross-cultural" programs, doing a jazz festival from Montreal in English and in French at the same time, which is what we did about two weeks ago.

That \$60 million is all in programming, and it goes to programs of that nature. It makes possible a program like *Little Mosque on the Prairie*. It will make possible the second season of that program.

What we do is basically split the money between the networks, and more or less on a 60-40 basis, in order to fund the creation of new programs and continue.

Mr. Gord Brown: Okay. Maybe we can blue-sky a bit. What do you think the optimum level of annual funding would be, and what could Canadians expect if you got that optimum level of funding?

Mr. Robert Rabinovitch: I'm not going to duck, but I'm not going to give you an answer.

Mr. Gord Brown: I've asked you this before.

Mr. Robert Rabinovitch: I think the reality is that it depends on the priorities that you, as parliamentarians, ask us to do. If you want

us to expand our regional services, we have tabled a report with the government that says it would take a minimum of about \$120 million. If you want us to cover the 25% of the Canadian population who don't get a local radio service, that will cost about \$20 million to \$25 million. If you want us to accelerate getting into HD, now that can cost up to \$100 million.

My own feeling is that programming is what it's really all about. Remember, it's \$60 million now. I'm not knocking the \$60 million, believe me, but it's \$60 million. It has been the same \$60 million for the last six years, and it will be the same for two more years, including the coming one. The cost of programming keeps going up. I bet it would take a minimum of \$150 million, devoted solely to programming, to be well positioned to do the programming part of our job.

So again, sir, it comes down to your priorities. Let's talk about them.

• (1045)

Mr. Gord Brown: Okay, thank you.

I've looked at the chair and he's giving me the axe.

Mr. Robert Rabinovitch: Big mistake.

Mr. Gord Brown: Thank you very much.

The Chair: Thank you. I appreciate that little look over here. That was really nice.

Before we complete this session, I would like to thank our witnesses.

If there are any members who have further questions, could they get them to Mr. Rabinovitch? Maybe those responses could come back to the whole committee.

We'll leave that open. I know Mr. Kotto mentioned that he had a few more questions.

I hope you will receive those questions and send the responses to the committee.

Mr. Robert Rabinovitch: By all means, we would encourage it. Call it transparency, call it what you want, but the important thing is that you be informed as fully as possible of how the operation works. I hope you will get the opportunity to see more of the operation across Canada.

Finally, if I may, once you have completed hearing from Canadians, I hope we get the opportunity to come back to discuss ideas together.

The Chair: Okay. Thank you for that.

I always wait until the end to give a little statement.

Some of us were very fortunate to get to Yellowknife and to visit CBC North. We also visited the CBC studio in Vancouver.

It seems to me, and to some of my colleagues, as we have talked—and this even goes back to some of the review of our movie industry—that one thing is good quality programming. I wonder if sometimes the funds aren't spread too far. Rather than having 24-hour-a-day or 18-hour-a-day programming, the time might be squeezed together a bit to make sure the high-quality programs come out. Put it in the can, and it could be watched at various times.

I know I went to bed in Vancouver and fell asleep with my television on. I woke up, I think it was about three o'clock in the morning, and Peter Mansbridge was giving the news. I think that was when I fell asleep. So it was either a very long newscast or—

But I think that is another way to stretch the funds. Have that good quality there and maybe shorten up how far we're trying to reach. That's just my “for instance”.

Again, thank you for coming.

We have a bit more committee business, so we'll take a break for about five minutes.

Thank you.

- _____ (Pause) _____
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- (1050)

The Chair: Could we please get this meeting back to order? We only have five minutes, and we probably have another committee coming in after us.

We do have a motion before us. It's a notice of motion dated February 26, 2007, from Dr. Hedy Fry that the Standing Committee on Canadian Heritage require the CRTC task force on the Canadian Television Fund to conduct public hearings and only where necessary hold certain meetings in camera.

That motion is put forward. If you'd like to speak to the motion, make it very short, because we only have five minutes.

- (1055)

Hon. Hedy Fry: I would like to speak to the motion.

The motion is a reasonable one. No one is suggesting that the CRTC is up to no good, but the thing is that when the CRTC publishes a public report but has only in camera hearings, nobody knows what they heard, who they heard from, whether their reach was broad enough, or anything. We don't know whether they are reflecting in their report what they actually heard.

More and more as we go around the country, we recognize that the public is very interested in programming, in broadcasting, in how the CRTC is working, and in the new digital media. I think it's a good accountability thing for this to happen. All this motion does is say that, as Parliament, we have the ability to require the CRTC to do so. The minister doesn't, but Parliament does, so I'm just suggesting that Parliament simply say to the CRTC that they hold public hearings and that they can hold in camera hearings where they think it's in the best interests of protecting their witnesses. They can make that decision themselves.

The Chair: Very quickly, Mr. Abbot, and then Mr. Angus.

Mr. Jim Abbott: Notwithstanding the words of my friend, the fact of the matter is that this motion is questioning what the motivation of the CRTC might be. It also questions their level of competence. It's absolutely outrageous.

Totally apart from that, I would like the clerk to tell us if the Standing Committee on Canadian Heritage has the authority to make a statement that we “require”. If it's the desire of the members to suggest, then of course the government would vote against that, but that's up to the committee. The difference here is that I'm asking about the word “require”. We don't have the capacity to require the CRTC to do anything, do we?

The Chair: Mr. Clerk.

[Translation]

The Clerk of the Committee (Mr. Jacques Lahaie): This is a request that the committee is making to the House. The Standing Committee on Canadian Heritage is making a request to the task force.

[English]

It's an expression of the committee's wish.

Mr. Jim Abbott: Well “ask” is different from “require”. “Require” is in the English version. I'm reading “Canadian Heritage require”. The CRTC is a totally independent commission. It is totally independent from the Parliament of Canada, and it's certainly totally independent of this committee. If this motion is passed by the committee members as written, it will make us very laughable.

The Chair: Mr. Angus, very quickly.

Mr. Charlie Angus: It's a very short comment.

This motion comes from February 26, 2007, when we were discussing the Canadian Television Fund. There was ample opportunity at that time to deal with the various recommendations. This motion did not come forward then. It's coming forward after a report has been submitted to Parliament. If we accept this, it will certainly bring into question the credibility of our heritage committee, since we would now be running across with addenda to reports that have already been brought before Parliament.

Secondly, I think it brings into question the credibility of this committee if we even raise issues about political interference at the CRTC. If some of us have objections to the minister directing things we don't like, how can we turn around and tell the CRTC to do their job after we have already submitted our report? This is too little, too late, and it should not be accepted.

The Chair: Thank you.

Hon. Hedy Fry: As a point of information, Mr. Chair, the honourable member is saying this just came forward. It did not just come forward. In fact, I had that motion on the table when I asked the honourable member to look at it on the day he was discussing his motion.

Mr. Charlie Angus: You weren't there; you left. The day we discussed it you left.

Hon. Hedy Fry: May I finish speaking, please, Mr. Chair? Thank you.

On the day the honourable member submitted his own motions, which we supported wholeheartedly, I asked him then if he would look at amending his motion to include this. It was already a written motion, and was sent out. He said no. He declined at that time to even consider it. We asked for it to be considered later on. We were told it would happen. It is only now coming to be discussed here.

The point is that we are not the minister. The minister and the department cannot intervene and interfere with the CRTC. However, we are Parliament. We are representative of Parliament. We are an all-party committee, and therefore—The CRTC is responsible to Parliament.

This is a process motion. This is not a motion that reflects on the CRTC. It's simply accountability, for a process that is open.

● (1100)

The Chair: Okay, we've heard the points around the table. I'll call the question on the motion that the Standing Committee on Canadian Heritage require the CRTC task force on the Canadian Television Fund to conduct public hearings and only where necessary hold certain meetings in camera.

(Motion negatived)

The Chair: The meeting is adjourned.

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