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—
Chair

Mr. Gary Schellenberger

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• (1530)

[English]

The Vice-Chair (Mr. Pablo Rodriguez (Honoré-Mercier, Lib.)): *Bonjour à tous.* Welcome to all of you.

Before we start with the CBC, I've just received a motion that was sent by Ms. Dhalla last Friday, I understand.

Madam Dhalla.

Ms. Ruby Dhalla (Brampton—Springdale, Lib.): Thank you very much, Mr. Chair.

I brought forward a motion on Friday for presentation before the committee today to request that the CRTC chairman, Mr. von Finckenstein, be brought before the committee. If the committee members recollect, a few weeks ago I brought forward this issue at a meeting after Mr. von Finckenstein first appeared before the committee, and I think everyone agreed in principle with having him called back.

When the chairman appeared before our committee he stated, when I questioned him about the positions of both CanWest and CTV on their commitment to local programming if fee-for-carriage were implemented.... When I looked at the CRTC transcripts for the session at which both CTV and CanWest appeared before the CRTC, they said they were committed to local programming if fee-for-carriage were implemented.

So there's a discrepancy between what was said by the chairman before our committee and what was said in those transcripts, and I think it needs to be clarified. I don't know if there was a misunderstanding. I think committee members will acknowledge that we've had both CanWest and CTV here, and they have stated there is a commitment. In our study we need to get to the bottom of this to find the truth so no one is under any type of false impression, and this confusion and misunderstanding can be cleared up.

As a caveat, the clerk has informed me that the CRTC chairman has been called to appear before our committee in May, so he will be coming forward. But I think it is important that we have the support of all members of this committee on this motion to ensure we can get to the bottom of the situation and have the truth brought forward. That way, when we provide our recommendations to government, we will have a clear perspective on where all parties are coming from.

The Vice-Chair (Mr. Pablo Rodriguez): Thank you, Ms. Dhalla.

I believe by now everybody should have a copy of the motion in both languages.

Mr. Angus.

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

I appreciate my colleague bringing forward the motion, because we all have many questions. I'm concerned about bringing forward the motion at this time because when I heard the testimony from CanWest and CTV I was somewhat confused as to what their actual commitment was. I'm a little wary about calling Mr. von Finckenstein back at this time and focusing the light on him, because I think there are many questions we need answered from him before this report is done.

I totally support the spirit of the motion. He will be coming back. But we need to allow the picture to be drawn a little clearer so that, when he comes, we can make the most of his appearance. I suggest we hold the motion for now and bring him back when we're ready, because we'll have many questions to ask him at that time.

• (1535)

The Vice-Chair (Mr. Pablo Rodriguez): Mr. Del Mastro. I don't want to spend too much time on this. We have Mr. Lacroix here with us.

Mr. Dean Del Mastro (Peterborough, CPC): I support what Mr. Angus just said. We will be looking forward to Mr. von Finckenstein reappearing before the committee, as scheduled, at the end of May. But I would like to allow all the witnesses we have scheduled between now and then to come in so we can ask him a wider range of questions.

Thank you.

Ms. Ruby Dhalla: The clerk informs me he is scheduled to appear before our committee on Monday, May 25. I could also make an amendment to the motion so it says "on Monday, May 25" instead of "as soon as possible". I think it is important that the motion get the support of all committee members.

The Vice-Chair (Mr. Pablo Rodriguez): So you're making an amendment.

Ms. Ruby Dhalla: We can change the words "as soon as possible" to "Monday, May 25", which is his scheduled time to appear.

The Vice-Chair (Mr. Pablo Rodriguez): It is, but it's to discuss this among other things. Is that what you're saying?

Ms. Ruby Dhalla: Yes.

The Vice-Chair (Mr. Pablo Rodriguez): So that's really a friendly amendment from the person who brought it forward. Is that okay?

Madame Lavallée.

[Translation]

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): Thank you, Mr. Chair, for giving me the floor.

I have a little problem with this motion. Whether we adopt it or not, the result will be exactly the same: the Chair of the CRTC will be appearing before us, and we will be able to ask him any questions we might have, including Ms. Dhalla's very legitimate questions.

I will therefore vote in favour of the motion, because he will be appearing in any case. I hope that clarifies the reason for my vote.

The Vice-Chair (Mr. Pablo Rodriguez): OK, that is understood.

Could we amend it to include the date of May 25th?

[English]

Right? So we will amend it to put in the date of May 25 and leave the rest as is.

Mr. Angus.

Mr. Charlie Angus: I don't want to belabour this, because we have to get on with it. My only concern is that implicit in the motion is that it appears we thought Mr. von Finckenstein misled us. We're not sure what the answers are, so I would prefer to leave it open. He's coming here on May 25 and we can ask him any question we want then. To say he's coming back to answer that discrepancy, to me, raises a question that we at committee don't believe him. I have many questions to ask Mr. von Finckenstein.

I'll go with the will of the committee, but I'd prefer that we just leave it as is. He's coming, and if for some reason he doesn't want to come, then we can certainly have a strongly worded motion.

The Vice-Chair (Mr. Pablo Rodriguez): Okay.

Ms. Ruby Dhalla: We can call the question right after this, because I know we have a witness before us, but there clearly is a discrepancy, Mr. Angus. I've taken a look at the CRTC transcripts very closely. I've taken a look at my questioning to him when he was before committee. I think that when it was first brought up just in conversation amongst all of us, there was an agreement that there was some confusion as to what his remarks were before this committee versus what was in the transcripts.

We do need to ensure that when he comes before us we are able to address this question, so I would request the support of all committee members that we have him come before us on May 25.

The Vice-Chair (Mr. Pablo Rodriguez): So I think we're ready to deal with this. We have Mr. Lacroix here with us.

You suggested an amendment to the motion. Is it okay to change the amendment by putting the date of May 25 in it?

(Amendment negatived)

The Vice-Chair (Mr. Pablo Rodriguez): So on the text of the motion, those in favour?

[Translation]

Who would like to call on the Chair of the CRTC to appear? We are voting on the motion.

[English]

Those against?

He's going to come anyway on May 25, so I think we'll be able to ask whatever question we want to ask him then.

(Motion agreed to)

[Translation]

The Vice-Chair (Mr. Pablo Rodriguez): Mr. Lacroix, thank you for your patience and for appearing before us today.

[English]

Is it going to be very brief, Mr. Angus?

Mr. Charlie Angus: Yes, Chair.

I'm sorry to interrupt, because we do want to get down to business. This is a very important day for discussion on the CBC, its recent cutbacks, and where we're going, and so could I just ask that we have the full two rounds of questioning as opposed to ending just at the second round? I think all of us want to hear this because it's our one chance to deal with the issues of the CBC, so I'd like to ask that we have the full two hours.

The Vice-Chair (Mr. Pablo Rodriguez): Yes, we'll take the full two hours. I think we should have that chance.

The fewer points of order I have, the more time we'll have for questions.

I heard Mr. Lacroix's text is a little longer than 10 minutes, and probably closer to 15, if members don't have any problems with that.

Monsieur Lacroix, c'est à vous.

● (1540)

Mr. Hubert T. Lacroix (President and Chief Executive Officer, CBC/Radio-Canada): Mr. Chairman, thank you very much.

I have many things to say. That why I'm going to be closer to 15 minutes than 10.

[Translation]

Mr. Chair, members of the committee, good afternoon.

It was almost a year ago that I appeared before your committee to tell you about CBC/Radio Canada's plans and priorities. In fact, I spoke about my three priorities, "my three Ps": our people, our programs and our strategic planning.

Those priorities have not changed, but our environment has become substantially more complicated. The collapse in television advertising in the past six to eight months has taken a huge chunk out of the operating budgets of Canadian broadcasters, both private and public. CBC/Radio Canada is no exception.

The need for everyone to cut costs to face this reality is affecting the ability of broadcasters to continue to provide the levels of service Canadians have come to expect. This is especially true of local broadcasting.

I am not here to blackmail you this afternoon.

[English]

I'm not here this afternoon to blackmail you.

[Translation]

In fact, I rather like to start off with one of my deepest convictions: CBC/Radio Canada must remain firmly rooted in the regions.

[English]

We must, at CBC/Radio-Canada, remain deeply rooted in the regions.

[Translation]

We play a key role in the social, cultural and democratic life of this country, and we cannot do that unless we are in Canadian communities. This is how we ensure that the issues and challenges people face in one community are heard and shared by people living across the country. That identification with the lives of people in other communities is the very essence of a national identity, the very essence of our mandate. And it will remain a priority for us as long as I am president and CEO of CBC/Radio Canada. I am not here to threaten to pull out of the regions. I do want to say something loud and clear, however, so that you realize it: how effectively we deliver these services to Canadians across all the regions is determined in large part by our funding structure and the scope of our mandate. I am here to talk about that today.

[English]

How do we fund our mandate? Yes, CBC/Radio-Canada receives just over \$1 billion a year from taxpayers. Every one of the broadcasting and cable company representatives who sat in these chairs over the last couple of weeks referred to it. Every time someone wants to challenge our access to additional government or CRTC funding initiatives or wants to throw rocks at our services, they start with our government appropriation.

However, these broadcasters and cable companies conveniently failed to remind you in their presentations that CBC/Radio-Canada also has a mandate directly out of the Broadcasting Act that no one else has: to provide an incredible range of programming and services to Canadians across the country, across six zones, and in two official languages. With a third of our total budget coming from commercial sources, we now have fewer dollars to fulfill this mandate than we did when I was last here, less than a year ago.

We've had to make some really hard choices at CBC/Radio-Canada over the past few months. I really don't like what I've had to do, but there was simply no way we could address a projected shortfall of \$171 million without affecting all of our services, including our regional services.

You should know that as we tried to balance our budget, regional broadcasting was protected in disproportion to the rest of the corporation. For CBC, spending on regional services represents about 38% of the total budget, yet the regions are bearing 20% of the cuts. For Radio-Canada, regional services represent about 18% of the budget; they're bearing 14% of the cuts.

We kept our geographic footprint pretty much intact. To cut somewhat deeper at the network so that we could protect our regions

as well as we could was a choice we actually made. Does that mean I'm happy about taking seven persons out of Sudbury or six out of Sydney or seven out of Windsor? Absolutely not. We are taking smart, dedicated, passionate employees out of these stations, and our services will be affected.

To give you just a small glimpse of what that impact will be, let me quote from an e-mail I received from one of our employees who works on the *Information Morning* show out of CBC Cape Breton. I think I can't say it better than she does, so I won't try. I'll simply read a couple of sentences from her e-mail:

My heart breaks for the CBC and the loss that Canada has not yet realized it will sustain. I'm so deeply saddened that I can see a day when no one will tell the story of the 10-year-old girl in a tiny community in Cape Breton who took it upon herself to clean up the garbage at a local picnic area because she was worried about the deer walking barefoot in the meadow. No one will then hold forums and generate discussions about issues that matter to communities that are bleeding people. No one will give the tiny cogs a voice.

If we had more resources, or if the measures we have taken generate some flexibility that can be sustained, or if our commercial revenues bounce back and hold, I would like to put people and dollars back into the regions. As I said, our connection to the regions of Canada is an important part of our mandate.

There have been a lot of rumours over the last few weeks that the government is considering some form of support for local broadcasters. I'm afraid I don't know much more about those rumours than you do, but I can tell you that we would welcome any immediate financial support from government so that we could reinvest in the regions.

● (1545)

There is a larger problem. The business model on which conventional TV, both public and private, is based is no longer working. You've heard a lot of information about this in the last days. It hasn't been working for several years. The current economic crisis has only accelerated what was already a steady decline in the value of television advertising. For CBC/Radio-Canada, the current economic challenges are particularly frustrating, as they come at a time when our services are enjoying tremendous growth in popularity among Canadians. We have more information on that in our submission, which was sent to you last week. These successes are increasingly at risk because of a funding model that is no longer sufficient to provide all the services Canadians want from their public broadcaster.

[Translation]

And so, what are the possible solutions? Part of the solution lies in support for things like first-run, prime-time Canadian programming that is original, of high-quality and broadcast on a whole host of platforms. These concerns are the focus of the recently announced Canada Media Fund. It will be important to stay on course with these directions throughout the fund's guideline development process.

Another part of the solution lies in allowing conventional broadcasters access to fee-for-carriage—the same subscriber fee revenue specialty channels have enjoyed for years. As we stated repeatedly to the CRTC, we believe that fee-for-carriage should be tied to specific priorities the Commission feels are a priority—like improved local services—and it should be included in a broadcaster's conditions of licence.

Finally, there is the CRTC's Local Programming Improvement Fund (LPIF). We believe that the LPIF will mean better local services if it remains focused on smaller markets and is based on each broadcaster's track record in investing in specific communities. For CBC/Radio-Canada, access to this fund is vital and will allow us to improve and enhance our local programming in 8 English-language and 12 French-language stations, according to the terms that have already been announced. Indeed, our 2009-2010 plans and budgets were established based on our access to the fund according to the terms that have already been announced. Any changes to the terms or our eligibility to access the fund would have a major impact on our plans.

• (1550)

[English]

These are solutions that would assist all conventional broadcasters, both public and private. However, for the public broadcaster there is something else. We need a new contract with Canadians. We need a memorandum of understanding that would clearly lay out Canadians' priorities for their public broadcaster and the resources necessary to fulfill those objectives. Without that clarity, we must focus on finding in the commercial markets the missing resources we need to operate all of our services. Without the financial flexibility available to other commercial broadcasters—and the current economic crisis has really demonstrated this problem—CBC/Radio-Canada has no access to capital markets or to commercial borrowing to manage its cashflows. In an economic downturn, that means we cannot use a simple line of credit to lessen the impact of the decline in revenue and smartly manage ourselves out of a slowdown. That means that for every dollar of revenue lost, the corporation must immediately cut a dollar somewhere in order to balance its budget in the same fiscal year.

By freezing spending and slashing costs, we were able to balance our books for the year ending March 31, but for 2009-10, facing an estimated \$171 million shortfall, we simply couldn't balance our budget without making deep cuts. As you know, I announced a reduction of 800 positions across our corporation. In addition, we are proceeding with plans to try to generate \$125 million of cash through the monetization and sale of some of our assets.

Selling assets to balance your budget, selling assets in fact to pay for your downsizing costs and your severance obligations, is not the best of management decisions, but we have no other choice.

[Translation]

Some programs therefore had to be eliminated; our staff in many stations has been reduced. As a backdrop to these cuts, we've attempted to protect certain key priorities as much as possible: including keeping radio advertising free, enhancing new media, protecting our regional footprint and maintaining our distinctive Canadian programming and our cross-cultural initiatives.

I'm not happy about what we've had to do, and I know that a lot of Canadians are worried about the effect of cuts on services in their respective communities. I must say that we have been working closely with our employees and unions to develop ideas to reduce the impact of these cuts on our services and our people. These past few months have shown me, once again, that our employees are the most important asset we have, and that we need to do everything in our power to keep them working for us. Each individual is important to us, and each of these people should receive credit for delivering distinctive, nation-building programming day after day in an unstable, shifting and difficult environment. Everyone of these people is deserving of our respect and support.

All of our decisions have been guided by three key principles. First, the corporation must continue to focus on becoming a content company rather than a simple broadcaster. Second, CBC/Radio-Canada will strive to remain the most important creator and distributor of Canadian content across all platforms that Canadians use. Third is the commitment I spoke of earlier—the desire to remain deeply rooted in Canada's regions.

[English]

We are no longer just a broadcaster with separate television, radio, and Internet media lines. We are moving to become, and in fact are becoming more and more, an integrated content company.

Let me give you just an example. During the last federal election, we broadcast election analysis, profiles, and reports on radio and television, but on the Internet Canadians could get much more, from streaming of video and audio to in-depth riding-level profiles and results from an interactive map. A reality check site put the candidates' promises and statements to the test. A voter tool kit provided specific information as to where and how Canadians could vote.

The Internet allowed the public broadcaster to really become the public forum. Thousands debated local issues in forums set up for every riding. There were over 10,000 comments posted in these areas of the site alone. *En ligne, citoyens!* linked francophones across the country in a political discussion about issues. Canadians asked questions directly to political candidates, and they posted thousands of their own photos and videos. We had over a quarter of a million postings to our sites as Canadians debated the issues. That's political engagement.

On election night, our websites were another source for up-to-the-minute election results. CBC.ca's *Canada Votes* website had close to four million page views on election day alone. Radio-Canada's website had the third heaviest traffic day in its history. That reach even extended beyond our borders, as over 10,000 people watched live streaming of our election coverage from outside of Canada.

All of this, in addition to our audiences on audio and television—

•(1555)

[Translation]

The Vice-Chair (Mr. Pablo Rodriguez): I apologize, but you have one minute left to wrap up your opening remarks. Our members are looking forward to asking you questions.

[English]

Mr. Hubert T. Lacroix: *Avec plaisir.*

But with the resources we have, we need to make some choices. We need to balance our priorities. How much out of these resources should be dedicated to regional programming? There are much larger strategic questions. In the current broadcast environment, is it a good time to consider eliminating advertising on CBC and Radio-Canada television? If so, where would the revenue necessary to replace advertising come from? What kind of long-term solution would the government then consider to ensure that we could still deliver the services Canadians want if we didn't have access to our commercial revenues?

[Translation]

I would be pleased to hear your thoughts about the challenges we face, and will try my best to answer your questions.

Thank you.

The Vice-Chair (Mr. Pablo Rodriguez): Thank you, Mr. Lacroix.

I would like to inform members that I will be very strict in enforcing time limits. We will have to keep to five-minute questions, so that we can have as many rounds as possible.

Ms. Dhalla.

[English]

Ms. Ruby Dhalla: Thank you very much, Mr. Chair.

I also thank our witness before the committee.

I know the CBC is very near and dear to the hearts of many Canadians, especially to many seniors, and also to families. In my own riding of Brampton—Springdale, I have been inundated with pleas, both through e-mails and through phone calls, for the government to save the CBC because it is of vital importance.

I'm going to get right into my question because the chair has put us on a strict time limit.

First of all, we know the minister has stated publicly that he has started talks with private broadcasters across the country in regard to the crisis facing the industry. Have you, as the head of the CBC, been involved in those talks? Have you been contacted? Have consultations taken place over the past few months in regard to this growing crisis?

Mr. Hubert T. Lacroix: As the head of CBC/Radio-Canada, I meet with our minister on a regular basis. We have conversations that focus on CBC/Radio-Canada, on the industry, and on issues that cross CBC/Radio-Canada and the other public broadcasters. These conversations are ongoing.

Ms. Ruby Dhalla: Are these one-on-one or have you been brought into a group with other broadcasters, the private broadcasters?

Mr. Hubert T. Lacroix: These conversations have been one-on-one or with people from CBC/Radio-Canada and people from the entourage of the minister.

Ms. Ruby Dhalla: The minister had also stated in the House that even if the government had provided CBC with bridge financing there still would have been a substantial amount of job losses, to the effect of 800. If the government had provided CBC with bridge financing, would you be in the dire situation that you've described today and that we've heard about from CBC employees across the country? Would jobs have been lost or would bridge financing have helped to save the CBC?

Mr. Hubert T. Lacroix: When we started seeing the ad revenues drop, in television in particular, at CBC/Radio-Canada we started identifying solutions. We started talking about financial flexibility. One of the things financial flexibility involved was this bridge financing that you're referring to. Bridge financing had one goal—one important goal. It actually would have helped us reduce the number of job losses at CBC/Radio-Canada. We could have put this in place much faster than having to sell some of our assets. We figure there's a cost of about \$3 million per week before we can access these dollars, and that affects our budget.

The number two thing is that this would have allowed us to gain time so that we could have made our voluntary retirement incentive plan perhaps a little more generous, and we could have used attrition, but unless permanent funding had been given to CBC/Radio-Canada, we would not have saved the 800 jobs. Bridge financing was about reducing the number of jobs impacted by this downturn.

•(1600)

Ms. Ruby Dhalla: When you did your analysis in regard to the flexibility the bridge financing would have provided.... You're stating that it would have reduced the job losses. How many jobs would not have been lost if bridge financing had been provided?

Mr. Hubert T. Lacroix: It's very difficult for me to answer that question precisely, madam, because with the measures that we have taken and have put in place, this was about the overall impact on CBC/Radio-Canada, not particular jobs. What we tried to do with the bridge financing concept was reduce the number of jobs lost.

Ms. Ruby Dhalla: I have a couple of minutes left. I want to get on to my last question, which is of prime importance.

The Conservatives have repeatedly stated that they have provided the CBC with the highest amount of funding in history. From the research that I have done, the appropriation for CBC is going up every year because you fall under Treasury Board guidelines, and the increase of 1.5% is given to all crown corporations and all government departments. Is it correct that the CBC has received funding from the government only because of the fact that it falls under crown corporations and government departments? And is it correct that the CBC has not received any of these increases for operation or programming, but only for salaries?

Mr. Hubert T. Lacroix: I'm not sure I'm following the question, but let me tell you what the appropriation is. Our appropriation this year is about \$1,100,000,000. That's a decrease of about \$64.8 million from last year, but you have to factor in the \$60 million that we still have not yet received.

Ms. Ruby Dhalla: How much was the decrease?

Mr. Hubert T. Lacroix: The decrease is about \$64 million, but that's simply on the numbers that are presented. I'm not saying that we have seen our budget decrease by \$64.8 million. The \$60 million that we hope we will be receiving when we are in front of Treasury Board in a couple of days will make that number bigger by \$60 million. We have a decrease of \$2 million due to the non-renewable funding for the Canadian content online program—that's a program that was not renewed—and we have a \$2.8 million decrease to the budget 2007 expenditure review.

So what you're looking at in fact is that if you include the renewal of the \$60 million, in constant dollars we have about \$400 million less than the corporation received in 1990. But in terms of basic appropriation, it has been stable since 1996-97.

Ms. Ruby Dhalla: But the money is less.

Mr. Hubert T. Lacroix: In terms of constant dollars.

[Translation]

The Vice-Chair (Mr. Pablo Rodriguez): Ms. Lavallée.

Mrs. Carole Lavallée: Thank you, Mr. Chair.

I would like to thank the President of CBC/Radio-Canada.

I would like to follow-up on the drop in revenue at Radio-Canada that you spoke about. Your document contains an excellent explanation on page 11. It clearly shows that CBC/Radio-Canada's government appropriation has declined by almost \$400 million since 1990. This is well-crafted document. It clearly shows that you have incurred substantial losses, which have led you to lay off 800 employees. That is considerable.

A number of messages have been sent to the Conservative government. In February 2008, this committee, whose makeup was somewhat different at the time, tabled a report in the House. Both the committee's consensus and your demands were clear: everyone was asking the Conservative government for stable, seven-year funding, with conditions and a memorandum of understanding, allowing you to know where you are headed year after year, without having to wait until the last minute.

It was also recommended that funding be increased to \$40 per capita. According to my calculations, given the current population, that works out to approximately \$1.3 billion.

You also asked that the \$60 million amount be made permanent funding, instead of always having to beg for it as you will be doing in a few days before Treasury Board. Even though the minister has given his word, it appears to me that you have not received an official response concerning the additional and odd amount of \$60 million.

Indeed, the committee lay down three major conditions, including the \$1.374 billion, or \$41.83 per capita. The message was clear, just as it was when you asked the board of trade for a line of credit.

You wrote to the Prime Minister, at the end of February, asking to meet with him. However, his office has yet to acknowledge your letter. Is that correct?

In 1995, the then CEO of CBC/Radio-Canada resigned because he did not obtain the funding he was looking for and believed was necessary. The Conservative government hired you about two years ago. What kind of a discussion did you have? Did you discuss the funding that you would require to manage Radio-Canada?

• (1605)

Mr. Hubert T. Lacroix: Ms. Lavallée, I had no discussion with the government on the level of funding, whether required or not, as part of my hiring process, which was conducted in a very rigorous way by an executive search firm. As I have already told this committee, I never discussed the details of the position or my mandate with the government.

Mrs. Carole Lavallée: How do you explain the fact that the Conservative government is not acting on your requests, which appear quite sensible and logical to us, and that the Prime Minister hasn't even acknowledged receipt of your February letter?

Mr. Hubert T. Lacroix: In all our work with the government and the Canadian public, we try to demonstrate that the national public broadcaster is a leading institution and that it must be funded like all other national public broadcasters. In fact, our presentation contains a table showing that in the 18 largest European countries, or rather the 18 Western countries—

Mrs. Carole Lavallée: The Western countries.

Mr. Hubert T. Lacroix: That is right, thank you. We received \$34 per capita in funding, which ranks us 15th out of those 18 countries. It is especially in that regard that we are trying to—

Mrs. Carole Lavallée: Mr. Lacroix, you sidestepped my question very deftly. Congratulations, you are quite skilful. Nevertheless, the government is not responding to your requests and your questions. In the House of Commons, the Conservative members applauded when a member of the opposition mentioned that CBC/Radio-Canada might disappear. I wonder how you can interpret the attitude of this Conservative government, with its arrogance and spite.

Mr. Hubert T. Lacroix: Ms. Lavallée, I am now working with Minister Moore and providing him with a detailed account of CBC/Radio-Canada's position in 2009, whether with regard to the funding models or the importance of our mandate. I always come back to the idea of a memorandum of understanding in order to engage the government in a reflection on the services that CBC/Radio-Canada should be offering to all Canadians. I devote all of my efforts to making that happen.

The Vice-Chair (Mr. Pablo Rodriguez): Your time is up, Ms. Lavallée.

[English]

Mr. Angus, it's your turn.

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

At the outset, Mr. Lacroix, I'd like to say that I'm very pleased you are here today, but I'm very sorry that you have to be here. It is absolutely shameful that Parliament has failed in its fundamental obligation to get its act together in terms of what we expect from the Canadian Broadcasting Corporation. We had an all parliamentary committee study in which we brought forward recommendations to the government that could have addressed many of the issues we are facing today. That wasn't picked up. There was no movement from the previous government, and now we are here today.

What concerns me most is that we are now looking in this present study at the crisis in local broadcasting. We do not say private or public; they are bound up together. I am concerned, just in terms of how we have come to this stage in recent months. CBC came forward with a plan for bridge financing. That seemed to me to be a motion that was fairly ridiculed in the House by the government as some kind of handout. It wasn't a handout, was it?

• (1610)

Mr. Hubert T. Lacroix: No.

Mr. Charlie Angus: Did you have a plan, and what was the plan?

Mr. Hubert T. Lacroix: The plan was to use this instead of selling some of our assets and influencing and reducing our resources for the coming years. When you start selling cash flows that are owed to you in the years to come and you accelerate them in one year, obviously you will create cash in 2009, but these cashflows will not be available to you in the years to come, and you'll have to make some adjustments at that particular time.

But right now the crisis is important, and to balance our budget the only way we could do this was by trying to find \$125 million. That was the request on bridge financing. The request was denied. Now we are selling some of our assets to make up that difference.

Mr. Charlie Angus: Again, in terms of the crisis we are facing, I think the Conservative government has misplayed this by making it somehow an ideological issue in terms of the request from CBC. It never should have been a public versus private debate. Now when we see the private broadcasters in trouble at the local level...and they are coming. They've had lobbyists meeting with the government. There is talk about a special fund for them. They floated a trial balloon about having the government buy a whole whack of advertising on their stations to keep them afloat. Imagine that one in terms of accountability. They're asking for policy change here to give them a new cashflow. But at the end of the day, we go back to our fundamental contract with the CBC, which Canadians have had for years, to fund the CBC adequately so it can do its job, and the CBC is failing in that job now because it can no longer serve the regions because it doesn't have the mandate.

What would it take in order to have CBC television not have to compete in advertising dollars against the private broadcasters? What would it take to put CBC on an equal footing so it can do its job without having to go head-to-head in the downward spiral of the ratings war?

Mr. Hubert T. Lacroix: Well, Mr. Angus, if the question is, Lacroix, what kind of model would you present if you took advertising revenues out of the CBC, how many dollars would you need, the answer is pretty simple in terms of what amount of commercial revenues we need to balance our budget. The number is

anywhere between \$300 million and \$325 million in 2009-10 in our budget.

It means that we would have to find stable funding. We would have to have it on a multi-year basis, and there would have to be some commitment that when the services are described, we are matching them with the requirements or the expectations of Canadians. This is simply based on the budget of 2009-10 that we are working with.

What is more important, if you will allow me one second more, is what kind of services do Canadians want? That is where we start. We start with what does the CBC/Radio Canada mean to Canadians and what kinds of expectations should you have of your public broadcaster? What services should we be delivering, and we should match the dollars to those services and not the other way around.

Mr. Charlie Angus: My final point is that in this fight for advertising space, sports is number one. When you lose out on the Olympics or you lose curling, that affects your ad revenues. You were in the ratings battle to get *Hockey Night in Canada*. Now that you're coming into a six-year new term, my question is twofold. Number one, what did it cost to win that war? How much of a percentage increase are you facing over your previous commitments to *Hockey Night in Canada*, and are you going to have to pay that for the next six years? Is that part of the big bite that's coming out of the bottom line this year?

[Translation]

Mr. Hubert T. Lacroix: I can answer the question.

The Vice-Chair (Mr. Pablo Rodriguez): Please do.

[English]

Mr. Hubert T. Lacroix: *Hockey Night in Canada* is most probably, in terms of CBC television, the most important brand. It also carries most of the revenues, the important part of our revenues, and it connects Canadians. Right now across the country, even if the Maple Leafs are not playing and the Canadiens just got eliminated, there are people in Vancouver and Calgary who are pretty excited about being able to tune into CBC/Radio-Canada and watch hockey. That's what it brings. It brings Canadians together very strongly.

There's an ad revenue concept to it, but it's also 450 hours of programming, Mr. Angus, that we would have to replace, and there would be an important cost to that.

• (1615)

The Vice-Chair (Mr. Pablo Rodriguez): Thank you.

Mr. Del Mastro, you have five minutes.

I'm sorry, it's Mr. Bruinooge. What a change.

Mr. Rod Bruinooge (Winnipeg South, CPC): Thank you, Mr. Chair. I appreciate the introduction.

Mr. Lacroix, thank you for your testimony thus far, though a few of the comments that you made I'm not sure I can completely agree with, based on the information that I've received. In terms of government dollars allocated to the CBC, it's my information that there weren't cuts in relation to the 2007-08 and 2008-09 years, and that actually when we really think about any significant cut to the CBC, we really have to go back to the mid-nineties to look at the 4,000 jobs cut back in 1995. Of course that was under a different government, which I won't name.

I'll move on, though, to the topic of something that has made the news somewhat recently. It's something that I do have some concern about because of course we are going through some tougher economic times at the moment, as everyone is well aware. Your network is covering it quite well, I'll admit.

There have been some reports about how the CBC has made some difficult choices in terms of various cuts. For instance, I read that CBC has cut some of its bonuses to its executives by about 50%. Would you be able to tell the committee how much money was still paid out to executives? Fifty per cent of the previous amount: what was that amount?

Mr. Hubert T. Lacroix: So here's what you're referring to, sir. In the context of preparing the 2009-10 budget, 553 of our managers are on an incentive program. They're not on a guaranteed bonus program; they're on an incentive program. These programs allow an executive of CBC to get a bonus, based on some percentage of his or her salary, if the targets are met. This is incentive pay, but it's also paid directly related to the achievement of targets.

For 2009-10, in the context of the budget, we reduced the target incentive pay for our senior executives by anywhere from 25% to 50% and for the top senior people by 50%. This will represent a take-home hit for these senior executives that goes up to 20%. That is, sir, what you're referring to. And it's a contribution, by the way, of about \$4 million to the budget cuts and the budget initiatives that we have for 2009 and 2010.

Mr. Rod Bruinooge: So the 50% that remains represents roughly \$4 million?

Mr. Hubert T. Lacroix: It's a target for next year, yes. I can do the math.

Mr. Rod Bruinooge: And that's above and beyond the salary?

Mr. Hubert T. Lacroix: Absolutely, sir.

Mr. Rod Bruinooge: Do you feel that this is fair pay based on current circumstances in the broadcasting sector?

Mr. Hubert T. Lacroix: Absolutely. First, let me tell you how our salaries are set and how our incentive pay is set.

We have a board of directors populated by outsiders who have expertise in these matters. We have an HR committee that reviews this every year. Our salaries are basically benchmarked with those of consultants. We are below market. We use the incentive pay to try to bring back our executives to a certain level.

Right now, in the current environment, I must tell you that it's very difficult to keep our senior executives at CBC/Radio-Canada. We just lost four key managers at Radio-Canada. We can't retain them in these conditions.

Mr. Rod Bruinooge: The conditions are difficult, there's no question about that.

Mr. Hubert T. Lacroix: Absolutely, sir.

Mr. Rod Bruinooge: But do you believe that perhaps keeping actual staff who are delivering Canadian content is more important than having this bonus structure in place?

Mr. Hubert T. Lacroix: We have 553 very capable executives, managers, who are incentivized in a very normal and reasonable way. We unfortunately had to cut 800 jobs. We asked our senior executives to contribute to the budget next year and to put dollars back. I think this was a very strong commitment on the part of our management team.

• (1620)

Mr. Rod Bruinooge: You're in the media business, and of course in the United States we saw a major uproar, a very dramatic uproar, in relation to bonuses being paid. There is a lot of sensitivity amongst the general public, especially when the CBC is talking about layoffs and potentially some loss of content.

Wouldn't you agree that there is that concern out there?

Mr. Hubert T. Lacroix: There is surely a concern. You referred to the bonuses particularly to bankers in the States. I would like to simply put back in perspective the size of the bonuses we're talking about for 553 people.

The Vice-Chair (Mr. Pablo Rodriguez): Thank you, Mr. Bruinooge.

We'll go back to the Liberal Party. Mr. Bagnell, for five minutes.

Hon. Larry Bagnell (Yukon, Lib.): Thank you.

As official opposition critic for the north and member of Parliament for the Yukon, I can tell you that many northerners—4% francophone—love the CBC, and not only from this side of the House but all across the north. A lot have told me that they don't want advertising on the CBC.

I have a lot of questions. You don't have to have long answers.

First, I'd like to go back to what you said in your opening comments:

CBC/Radio-Canada must remain firmly rooted in the regions. We play a pivotal role in the social, cultural and democratic life of this country, and we cannot do that unless we're in Canadian communities.... And it will remain a priority for us as long as I am President and CEO of CBC/Radio-Canada.

The AM tower is about to be removed for radio in the Yukon. People depend on CBC there, unlike in other areas in the south. Because of the remoteness and the minus 50 degrees, weather reports—for survival, for daily jobs—are really critical things in life. Staying in the regions would not be maintained if this tower were not replaced. The local manager is doing a great job, but he says he does not have the resources to replace that.

I hope you will take this under advisement. I know you probably can't answer now, but hopefully we'll have an ally in you to get this service extended. Those people outside the boundaries of FM really depend on it. They're the most vulnerable.

Mr. Hubert T. Lacroix: If your question is what will I do about this, I will take the question under advisement. I'm not aware of the details surrounding this tower.

Hon. Larry Bagnell: And I hope you'll be an ally as we fight for this to be replaced.

There was at one time a northern CBC radio reporter in Ottawa. I've got great resources in the regions, but...in Ottawa. Before that, a lot of northern issues weren't covered on national radio. They were missed. But as soon as Josée Bellemare came here, all of a sudden there was a dramatic increase. It was a great move. Unfortunately, she got another job.

I'm hoping you'll make that position full-time and permanent, because it certainly increased coverage for the northern geographical half of the country. It was a great asset. That was only one employee, and I'm sure you have hundreds, if not thousands, of employees. It was a great investment for the north.

Mr. Hubert T. Lacroix: Okay. I'm listening, sir.

Hon. Larry Bagnell: I just hope you'll consider making that position full-time and permanent.

Mr. Hubert T. Lacroix: I'm sure you realize that these questions are questions that we have great senior executives on our team looking at right now. We're trying to understand the impact of 800 jobs on our company. We have programs right now in place to try to generate some financial flexibility.

As I have been saying, one of the first things I'm trying to do here is to create some margin so that we can reinvest some dollars in the regions and in the people in the regions.

Hon. Larry Bagnell: I want to get it clear on the money again. In each of the last three years, in constant dollars, meaning constant for inflation, and taking out the 1.5% increase you have to give for employees because of Treasury Board and natural increases, have your programming funds been increased or decreased in each of the last three years?

Mr. Hubert T. Lacroix: The numbers that I have in front of me, with respect to our parliamentary appropriation, are the following. If you look at the nominal dollars that we had in, say, 2004-05, it was about \$1.37 billion, then \$1.98 billion, then \$1.114 billion. These numbers are all numbers that are taken out of our annual reports, so there are no surprises here.

What I think I said in answer to one of the questions before is that our appropriation has been stable. What we have an issue with is, obviously, when you look back on the appropriation since the appropriation of, say, the middle of the 1990s, we're looking at about \$390 million less in constant dollars. That's the issue we have been raising because we're losing ground on a yearly basis with respect to the value of the resources that we have.

• (1625)

Hon. Larry Bagnell: If you only take the programming resources, have they increased or decreased in the last three years?

Mr. Hubert T. Lacroix: The programming resources?

Hon. Larry Bagnell: Money for programming.

Mr. Hubert T. Lacroix: There's a \$60 million one-off amount, which Madam Lavallée referred to a few seconds ago, that the

government, since 2000, has been giving to us. We have to ask for it and request it on a yearly basis. But the appropriation comes to us and then we allocate the dollars according to our priorities.

Hon. Larry Bagnell: Would you say you've been forced into a bad position in selling assets in a recession, when the prices are lower, and it's not very fiscally optimal for Canadian taxpayers?

Mr. Hubert T. Lacroix: What we are trying to do right now is make the most of a really bad situation. We have a recession. We are trying to use the assets that are least likely to be affected by the recession in trying to generate \$125 million of cash. We'd like to think that we're going to do this and we're going to preserve taxpayers' money in the best way we can.

Hon. Larry Bagnell: Thank you.

[Translation]

The Vice-Chair (Mr. Pablo Rodriguez): Thank you, Mr. Bagnell.

Mr. Pomerleau, the floor is yours.

Mr. Roger Pomerleau (Drummond, BQ): Thank you, Mr. Chair.

Thank you, Mr. Lacroix. I much appreciate all of your comments and your presentation, but some of the things you said pleased me more than others, particularly those comments that seemed to me to be the crux of your argument.

On page 1 of your document, it is stated that:

We play a pivotal role in the social, cultural and democratic life of this country, and we cannot do that unless we're in Canadian communities. This is how we ensure that the issues and challenges people face in one community are heard and shared by people living across the country.

However, the key phrase that sparked my interest is the following:

That identification with the lives of people in other communities is the very essence of a national identity.

I am a sovereigntist, but if I were a regular Canada who wanted Canada to be set on solid ground, I would take that sentence at face value. It seems to me that national identity is at the heart of a nation. If you cannot ensure it by investing the funds needed, where does that leave us? I am not here to defend Canada, but I feel the question needs to be asked.

You are asking for additional resources in order to carry out your mandate. You are facing a budget shortfall because your revenues are declining. Industrialized countries around the world have decided, given the economic crisis, to make massive investments in the labour market to stimulate the economy. Countries are investing hundreds of millions of dollars, hundreds of billions even, to support the economy and the labour market, in order to minimize the number of job losses. Some 800 jobs could be lost at your corporation. There is no funding to compensate for these losses. Instead, millions of dollars will be invested to build bridges, roadways and ports, basically in infrastructures. I have nothing against that, but I believe that culture is worth at least the price of a bridge. I know of bridges costing \$800 million. However, for there to be investments made in culture, you need collective, political will. That is why my question springs from the following comment, which can be found on page 5:

[...] we need a new contract with Canadians, a memorandum of understanding that would clearly lay out Canadians' priorities for their public broadcaster and the resources necessary to fulfill those objectives.

Would this not be a way to get Canadians or their government to reinvest in culture? That is precisely where the fundamental problem lies.

Mr. Hubert T. Lacroix: Mr. Pomerleau, I would just like to correct one comment you made, if you don't mind. I did not come before the committee today to ask you for additional funding. I would remind you that we have a mandate that is very different from the mandate of the other broadcasters who have sat in these chairs before you over the past 10 days. They told you how their economic model was no longer working. Our own economic model is not working either, but what I'm driving at here is that the solutions that you are alluding to are the same as those for the private broadcasters that you have met with, namely local programming, the Media Fund and the infamous fee-for-carriage. You have heard this message for 10 days now.

Today, CBC/Radio-Canada is telling you this: if you want us to continue offering services to Canadians, do not exclude us from these funds. Just because we were allocated \$1.1 billion, that does not mean that we are able to provide all the services that you are asking us to provide under the Broadcasting Act. This is the message I am trying to convey to you. That is why, on the first page of my brief, I said that I want you to understand the range of our services, the trouble we are having providing these services to Canadians and the importance of the memorandum of understanding as well as conversations about the MOU. We want Canadians to understand our services and we want to meet their expectations.

• (1630)

Mr. Roger Pomerleau: I see.

Mrs. Carole Lavallée: What does CBC/Radio-Canada need to save these 800 jobs?

Mr. Hubert T. Lacroix: We would have to get the dollar equivalent of the cost, in the form of ongoing funding. If we are to keep employing these 800 people, we can't lose this funding next year, so it has to be ongoing funding.

The Vice-Chair (Mr. Pablo Rodriguez): Thank you very much.

Thank you, Mr. Pomerleau.

Mr. Uppal, you have five minutes.

[English]

Mr. Tim Uppal (Edmonton—Sherwood Park, CPC): Thank you, Mr. Chair.

Thank you, Mr. Lacroix, for adding to this very important study that we're doing here.

My questions come mostly from constituents. We had a number of phone calls and e-mails on this issue in my riding of Edmonton—Sherwood Park, mostly because of the economic situation that's happening right now. It's been quoted in the media that Sylvain Lafrance, the CBC's executive vice-president for French services, racked up more than \$80,000 in just one year in expenses such as theatre tickets and hotels, including \$6,000 on lunches, and \$10,000 at a \$1,000-a-plate fundraiser, which prompted a written response from our minister.

Then we come to find out last Wednesday, from a number of Sun Media articles, that again, in just one year, the CBC spent at least \$61,000 on nine meetings between January and June. Those expenses include \$21,600 for 21 human resources managers and executives to stay at the Château Beauvallon in Mont-Tremblant, Quebec, for two days; almost \$3,500 for meetings at the Renaissance hotel in Toronto for senior television managers; over \$18,000 for a half-day conference at the Casino du Lac-Leamy; just over \$6,000 for a luxury retreat in the Laurentians for 22 executives at Manoir Saint-Sauveur; over \$1,600 on a dinner meeting; over \$3,500 a day at St. Andrew's Valley Golf Club in Toronto; and another \$1,500 for meetings at Hotel Le Germain—and this is on top of bonuses for the fiscal year 2007-08, which topped out at almost \$964,000 for 12 executives.

You could see why constituents were concerned. I know spokesmen for the CBC say that these spending practices are in line with corporate policy, and they've said that when face-to-face meetings are required, off-site meetings are usually better to avoid disruptions.

Do you think that the spending of close to \$150,000 for nine meetings is good corporate policy?

Mr. Hubert T. Lacroix: The numbers you're referring to, sir, are 2006 expenses. We're in 2009. Let me tell you what I've done since I've arrived. You are referring, though, to an important point: the use of taxpayers' money. I respect that a lot, and we are very well aware at CBC/Radio-Canada of the importance of using these funds smartly.

I came in on January 2, 2008. Our policies are now organized as follows: all of the expenses of our senior executive team members go through me; my expenses go to the chair of the board of directors; the direct reports of our senior executive team members are also vetted, all of their expenses, through them; and on November 24, 2008—I'll remember the date for a long time, because that's the e-mail I sent out when we were trying to cut expenses—we froze all discretionary expenses.

At the end of the day, our monitoring of these expenses right now is, I think, very solid monetarily. But I have to tell you also about meetings. We are a company that is in ten provinces plus the north. We have 10,000 employees, 553 managers. We want to bring these people together in normal business practices on a regular basis doing smart things. So we are going to continue holding these meetings. It's important for our team. We are in 80 locations. They have to be at one point in time in the same room—not all of them, but we think this is important to making sure we use the taxpayers' moneys to the best use.

● (1635)

Mr. Tim Uppal: Thank you.

Now, on April 17, a news release was sent out saying that local news will become a major priority for the CBC with the reorganization of the news department. In a variety of newspapers across the country, it was noted that the reorganization and focus towards local news has been under way for some time—for about two years—and is now being revved up because of the economic downturn.

I understand that the details were sketchy and that you have plans to elaborate more in the summer, but can you please give this committee some of the details you do have? It has been in the process for about two years, so can you give us the details you have?

Mr. Hubert T. Lacroix: Sir, I'm sure you understand that I'm not going to describe here what we are going to do with respect to our programming and let our friends at CTV or at CanWest understand and prepare for the changes we're going to make. These changes have been under way for a long time—they go back three years, actually—because we understand that Canadians are consuming their news in a different way. We wanted to make sure that we connected Canadians to their news in a different way. You heard about the importance we give to live news. We want to go 24/7, and what we basically are going to do is use our platforms to deliver news to Canadians in a substantive way, with more depth, when they want it. That's what this reorganization is all about.

[Translation]

The Vice-Chair (Mr. Pablo Rodriguez): Thank you.

[English]

That's all the time we have. Time flies when you're having fun.

[Translation]

I am going to change hats now and take advantage of the Liberal Party's next turn to ask a question. I am going to remain where I'm sitting, unless somebody minds.

Welcome, Mr. Lacroix. I'm going to ask you the question that I've been asking your colleagues from the private sector. You are all saying that the current situation was to have been expected, and that people saw that advertising income was going to drop. People saw these changes on the horizon. Yet I have the impression that none of you prepared for these changes, and now that you are dealing with the consequences, you are turning to the government and Parliament and you are asking for help. If I'm mistaken, please correct me, but if you were prepared, what did you do?

Mr. Hubert T. Lacroix: You are right. Some aspects of the drop in our advertising revenues were expected. Moreover, we have approached the CRTC several times since November 2006 and we have submitted several briefs to them since that time, and we have been constantly reiterating that the model is broken and that the earnings that came from a single source of funding for television, namely advertising revenue, were not going to allow private and public broadcasters to make it through the years ahead. In such an environment, we talked about the fragmented audience, about new platforms, and we attempted as best we could to become part of these strategies. For example, at CBC/Radio-Canada—and when I gave the example of the federal election, I mentioned how we covered it—we added services and we tried to ensure our presence using as many different kinds of media as possible. Of course, Mr. Rodriguez, the economic crisis exacerbated the situation but we never expected to face a crisis of such proportions.

The Vice-Chair (Mr. Pablo Rodriguez): I'm going to take the liberty of interrupting you because we do not have a lot of time. Your shortfall for 2009-2010 is \$171 million, and you have made up for it in two ways: you have slashed expenditures and sold off assets. Actually, I think that you sold some accounts receivable. Could you tell me what the \$125 million in asset monetization is all about?

● (1640)

Mr. Hubert T. Lacroix: The source of this \$125 million has not been completely determined. We are currently looking at various options that would allow us to generate \$125 million in income. We have identified two possible solutions. The first is to begin or step up repayment of certain amounts that are owed to us as the result of various transactions. The amounts in question must be paid to us over many, many years. By stepping up the repayment schedule, we can bring in additional revenue, but of course, we are losing out.

The Vice-Chair (Mr. Pablo Rodriguez): So you are selling a debt.

Mr. Hubert T. Lacroix: We are selling off debts. I'll give you a quick example. Let's assume that CBC/Radio-Canada sells something for \$10 million, and the amount must be paid in instalments of \$1 million per year over 10 years. After the second year of the agreement, \$8 million still must be recovered, and the corporation now wants to get the \$8 million. The corporation would like to get that money immediately, and to make that work, the debtor will pay \$7 million instead of \$8 million. That's how we speed up cashflow. That is one of the possibilities.

The Vice-Chair (Mr. Pablo Rodriguez): If there is a shortfall of \$171 million this year and you make up for it in this manner, next year, given the economic context, we can expect other difficulties, so we can expect another drop in revenue. Will you have to sell off assets and lay off employees?

Mr. Hubert T. Lacroix: What we have done, Mr. Rodriguez, is that we've adjusted our costs accordingly, that is, to account for the fact that there will be 800 fewer positions at CBC/Radio-Canada. As a result, our costs have gone down. Our plans do not include an increase in advertising revenue for next year and only a very small increase for the year following that; we are not talking about significant dollars. And if advertising revenue does not continue to plummet, we believe that our financial models and our budgets will hold up.

The Vice-Chair (Mr. Pablo Rodriguez): However, if the opposite occurs and advertising revenue goes down, you will have to take another look at layoff figures or at the—

Mr. Hubert T. Lacroix: Mr. Rodriguez, that's why we're here today. We have come here to tell you that CBC/Radio-Canada must not be excluded from the incentives program that the government or the CRTC are in the process of setting up.

The Vice-Chair (Mr. Pablo Rodriguez): I agree with you. I have said it myself. I've even said publicly that any solution must include CBC/Radio-Canada.

Mr. Hubert T. Lacroix: That's why I am repeating the message loud and clear this afternoon.

The Vice-Chair (Mr. Pablo Rodriguez): I see. I still have 30 or 40 seconds. If the CBC is entitled to fee-for-carriage, will you make a commitment to invest all these monies in regional development?

Mr. Hubert T. Lacroix: We have stated—and I'm pleased that you are asking me the question again—that any amount we would receive for fee-for-carriage, the infamous royalty so to speak, should go toward a priority that the CRTC has identified: Canadian programming, dramas, local programming. We are willing to make that commitment, for we have said we would and we have repeated that statement before the CRTC.

[English]

The Vice-Chair (Mr. Pablo Rodriguez): Mr. Rodriguez, it's over. Already? Time flies.

[Translation]

Thank you very much.

Mr. Del Mastro.

[English]

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

Mr. Lacroix, first of all, thank you for appearing today. I understand, and I can tell you the government understands, that these are challenging times we're governing in. And we are responding to these challenges. CBC is not alone; private broadcasters have also come here and indicated they are also experiencing difficulties with advertising revenues on the commercial side. So what you're telling us from that perspective is not out of step with what they've been indicating, and they are also being forced to make decisions based on that.

I want to get this on the record, because I didn't think this answer was clear. You requested bridge financing, but the bridge financing.... And I certainly have the quote from Mr. Richard Stursberg, who, I believe, is the vice-president of English operations.

Mr. Hubert T. Lacroix: Yes, he's responsible for all of CBC.

Mr. Dean Del Mastro: Now, he indicated that if we provided bridge financing you were still going to have to cut 800 jobs. Is Mr. Stursberg correct in that assertion?

Mr. Hubert T. Lacroix: The answer is that bridge financing would have helped us, sir. I think that's what Richard was saying also. Bridge financing would have been a method to reduce the number of job losses at CBC/Radio-Canada, because it would have

meant gaining time. It would have meant perhaps not selling assets to be able to pay for—

Mr. Dean Del Mastro: Let me put it in a different way, then. His words were, to quote directly: "If they had given us bridge financing, we still would have had to cut 800 people." Do you agree with that statement or not?

• (1645)

Mr. Hubert T. Lacroix: The answer to this statement...and I'm not sure what context his answer was in. I'm going to repeat my answer, sir: 800 jobs is the number of jobs that we have right now identified as cuts to CBC/Radio-Canada. Bridge financing would have allowed us to reduce that number, but it would have been an important—

Mr. Dean Del Mastro: Clearly you don't agree with Mr. Stursberg, who indicated that they would have had to cut 800 people regardless. This is a quotation from him.

That's okay; I'm going to move on.

I want to go back to something we were talking about, bonuses, to get some clarification. About 12 people received almost a million dollars here in Ottawa. It's now about half of that, so it's 12 getting half a million dollars, which is a little bit out of step with 550 getting about \$4 million. But maybe we're just looking at the top end of it; I'm not sure.

Can you give me some idea what the average salary is at CBC? Do you know that number?

Mr. Hubert T. Lacroix: No, I don't offhand.

Mr. Dean Del Mastro: Would it surprise you if access to information indicated it was around \$76,000?

Mr. Hubert T. Lacroix: No. Do you mean for an overall employee? I think \$76,000, but on the television side it may be a bit higher—\$84,000 to \$85,000. Those are the numbers we work with, yes.

Mr. Dean Del Mastro: Okay, that's fine.

Obviously, as I've indicated, these are challenging times. Everybody laments job losses—everybody does. But the people in my riding, where the average household income is about \$60,000, would probably look at that and ask, how much more in taxes can I pay? How much more do you want me to pay, when you're already paying people more than my entire household makes?

Do you think about that?

Mr. Hubert T. Lacroix: Oh, sure, sir, and that's why we keep coming to you and saying that for all the services that CBC/Radio-Canada delivers to Canadians, the cost to Canadians is \$34 per person, and that ranks us number 15 out of 18 of the western countries that were surveyed by Nordicity. That's why, when we keep looking at this \$34 number for all the services we provide across a country as large as we have, with six time zones and two official languages, we keep saying that this is a number that makes it difficult for us to continue delivering services for Canadians the way a public broadcaster wants to. And that's why we're calling for a memorandum of understanding to be negotiated.

Mr. Dean Del Mastro: You have two affiliates operating in Canada—one is in Peterborough, and the other is in Kingston—and you have a number of smaller locations across the country. What's your commitment to these smaller locations, and in particular what is your commitment to the affiliates with respect to programming?

Mr. Hubert T. Lacroix: What we've tried to do at CBC/Radio-Canada is to look at a way to best use our dollars. In the current environment, we've had conversations, for example, in Brandon, where we have told CTV that we can't afford to pay the affiliate fee anymore but will provide them with our own programming free of charge. That is the kind of conversation we had with Brandon.

I'm frankly not into the details of what we've done with the two other stations that you're referring to, but I'm very aware of what happened in Brandon.

Mr. Dean Del Mastro: Thank you, sir.

The Vice-Chair (Mr. Pablo Rodriguez): Thank you, Mr. Del Mastro.

We'll now go to Mr. Angus for five minutes.

Mr. Charlie Angus: Thank you.

Mr. Lacroix, I want to begin by following up a bit on my colleague Mr. Del Mastro, who's very concerned about the highly paid CBC journalists. I'm going to go out and look for some. I worked as a stringer for CBC and got paid, on a good day, \$60 a day and \$35 for another news item, and if they didn't take it, I was SOL. Certainly the people I know seemed to feel they were doing it out of some kind of charitable commitment to making the world a better place, because the bottom line was pretty lousy. Now, I understand, we can't afford to run stringers in the regions anymore, period. I just want that on the record.

I want to follow up with what you said about regional losses. As you know, it's a very serious issue in our region, and this is not being parochial. Our communities are absolutely dependent on CBC. If they don't have CBC North service, they don't have a voice, period. I hear the number 28%, and I'm doing the calculations across northern Canada, where we took a 50% hit in Sudbury, a 50% hit in Thunder Bay, 100% in northern Manitoba, 100% in Saskatchewan. We don't really get a feeling that those losses were balanced out, because when you take two jobs out of a market like that, you're eliminating the afternoon show. When you eliminate the afternoon show, you're eliminating the entire ability of a vast region the size of western Europe to have arts programming, to introduce northern writers, to bring voices to the region.

So when you're calculating the decision—and I know it's not easy to throw people out of the lifeboat—are you looking at it as a bottom line decision as to where you can make money and where you see yourself as having to bear some kind of service to a region?

•(1650)

Mr. Hubert T. Lacroix: Mr. Angus, this has been a very difficult time for us. Cuts have not been easy, and coming to the identification of 800 people, or 800 jobs, has been a very difficult exercise.

When we looked at how to deliver our services to different regions we started with certain priorities, and you heard some of the priorities that we talked about. Then we looked at the services that

we could actually render in a particular community with what we have. It's obvious that when you have six or seven or eight and you take out three or four of those people from your station, then the number is much bigger than the 18% or 20%.

But we have to look at this on a global basis, on a provincial basis, on a regional basis. What we're trying to do right now is this. We have a voluntary retirement incentive program that we hope will be able to generate some flexibility. We have other programs that we are working hard on to try to generate some dollars. As I told you, one of my important priorities will be to try to look at how we can reinvest some of that money in the regions.

Mr. Charlie Angus: Thank you.

CBC North, which has the award-winning show for the best morning news and information show in central Canada, has been living on a shoestring for years. I heard Mr. Stursberg's comments on the phone-in show, where he said it was too bad about CBC Sudbury, too bad about CBC Thunder Bay, but there are lots of smaller, modest markets out there that CBC would like to help. I was wondering if maybe he didn't quite have the picture, because when staff in CBC Sudbury or Thunder Bay are looking at their region, they're looking at having to service a region the size of Europe. Yet they're told in the newsroom that CBC is not interested in counting the BBM ratings outside the metropolitan area. So they're basically looking at 30% of the market.

So when you are looking at what you're going to cut, I can see that Mr. Stursberg might think that Sudbury's a fairly small, modest market, but if you're not counting the 70% of listeners who are dependent on it on the James Bay coast and in isolated communities, it says to me one of two things. Either the listeners in those outlying areas really don't count, period, or maybe you're not looking at the full obligations.

When you went into making these decisions, if you're not counting them outside the metropolitan areas, were you fully cognizant of the role they have to play in the listenerships that you're not counting?

Mr. Hubert T. Lacroix: You're raising good points, sir. I would like to remind you that we tried as best we could to protect CBC North. There were only between two and four positions taken out. I can't give you a final number yet.

Mr. Charlie Angus: Eight. In Sudbury, eight. In Thunder Bay—

Mr. Hubert T. Lacroix: Let us define whether you include that in CBC North or not.

In those particular regions right now, we are still waiting for the final counts from the voluntary retirement incentive plans. We have ranges of expenses right now and we have people we're looking at in terms of where they're going to fall. I can assure you that we are very concerned about the way we deliver services to our regions. Everybody has had to contribute. We have cuts across our company.

Mr. Charlie Angus: Just for the record, it was eight in Sudbury and eight in Thunder Bay.

[Translation]

The Vice-Chair (Mr. Pablo Rodriguez): Mr. Angus, I've been very strict with everyone, so we will keep on going in the same manner.

[English]

We're now up to the fourth and last round.

[Translation]

Usually, we have two speakers during the fourth round: one from the Liberal Party and one from the Conservative Party. But if everyone is in agreement, we could give each party two minutes at the end.

[English]

Is that okay? Five, five, and then two minutes each to conclude.

Ms. Dhalla.

Ms. Ruby Dhalla: Thank you very much, Mr. Chair.

You stated many times during your presentation here that it has been a difficult time for you. It has been a difficult time for the thousands of CBC employees and I think also for Canadians who've suffered the losses. Madame Lavallée was asking you earlier about the fact that you had written to the Prime Minister and you hadn't received a response. You requested bridge financing. You didn't receive that from the government. Do you feel, as the head of the CBC and on behalf of your team, that you've been let down by this government?

•(1655)

Mr. Hubert T. Lacroix: Madam Dhalla, what I'm trying to say here today is that CBC/Radio-Canada has a really important mandate. It comes out of the act. We deliver a whole bunch of services to Canadians across the country. We have worked very hard. I have worked very hard with Minister Moore to try to engage our government in a conversation about the services that we render and about the broadcasting motto being broken. I know he's had these conversations with me. We hope we will again have a conversation, and the government will want to have a conversation about the memorandum of understanding, the MOU, that Robert Rabinovitch, at the end of his tenure, raised as being a solution so that Canadians across the country understand the services that are expected from CBC/Radio-Canada and that we are funded for them.

Ms. Ruby Dhalla: It's great to engage the minister, and it's great to have the government interested in listening, but ultimately it comes down to results and to action, and when you have laid off over 800 people.... Campaigns are going on across the country of people who are really passionate about this, from Newfoundland, which has lost half the radio production staff.... Sydney is losing a quarter to half its radio production staff; Saint John, New Brunswick, is losing half its radio production staff; in Windsor, their French language radio station is slated to close; in Sudbury, it's half of their radio production staff. In Thunder Bay, the planned cuts are going to create serious doubts about their ability to continue the local afternoon radio show. Thompson, in northern Manitoba, may be closing its CBC Radio North country station and eliminating their stations. Saskatchewan is closing their stations. There are literally many, many closures of stations. There is loss of over 800 jobs. From talking to people, I know my constituents and many other Canadian feel let down by the government because there haven't been the results that are needed.

Can you please provide us from your perspective—you've had a lot of meetings across the country; you've done detailed analysis—what you think Parliament, and in particular this committee, needs to recommend to the government to ensure you have a minister or a government that's not just engaged in listening but actually delivers results for the long term, so that we don't have you here before this committee in the next couple of years because no long-term planning was done? What recommendations would you provide this committee with?

Mr. Hubert T. Lacroix: In the opening statement I made, I wanted to remind everybody that CBC/Radio-Canada, because it gets \$1.1 billion or just about from the government, is not insulated from what's happening out there. The incentives and the measures that are being envisaged for the private broadcasters have to include CBC/Radio-Canada. We provide important services. Our CBC television and Radio-Canada television are also impacted by the severe drop in ad revenues.

So when we talk about fee-for-carriage, when we talk about the local improvement fund, when we talk about measures that would be available to all, it has to include CBC/Radio-Canada.

Ms. Ruby Dhalla: I have one last question before my time is up.

Taking a look at the economic crisis, you've already laid off 800 and closed many stations across the country, which has impacted local programming and the information that local and smaller communities receive. If the government does not provide additional support, can you see more job losses taking place, more stations closing, and Canadians in smaller rural and northern communities not receiving the coverage they need to get?

Mr. Hubert T. Lacroix: I'm going to adjust one of the comments you made. We have not closed stations. We have had an issue with the definition of a station in La Ronge and in Thompson, and that's correct, because we could have...and I'll take the blame for that. They are one-person operations. They are important operations in Canada, but we have kept our footprint. That was one of the very important choices we made. We wanted to stay in the communities, and it's really difficult if you close a regional station, if you close a Sydney, if you close a Windsor. Then it's really difficult to ramp it up again. In Windsor, on the French side, we've kept three people, and we are going to try to use the same model on the French side that we cover Alberta and Saskatchewan with. We are going to apply it to Ontario.

So we have tried very hard to keep our geographic footprint. We think this is important. We want to stay in the regions, and this is the message we're leaving with you today.

•(1700)

The Vice-Chair (Mr. Pablo Rodriguez): Thank you.

Thank you, Ms. Dhalla.

Ms. Glover, we'll now turn to you.

[Translation]

Mrs. Shelly Glover (Saint Boniface, CPC): Thank you very much.

Once again, thank you for appearing here today. It's very good of you.

[English]

I have a few comments, Monsieur Lacroix. Please allow me to make the comments, and then I have a few questions.

I spent almost 19 years as a police officer. I'm quite shocked to hear today, for the first time, that the average wage or salary of a CBC employee surpasses by quite a bit the average amount that a police officer makes, a police officer who puts his or her life on the line every single day. To hear you say that it may be higher than \$76,000, or maybe even more than \$84,000 on average, when our men and women who are living the news make far less than that and the people simply reporting it are making far more on the taxpayers' dollar, was quite a shock to me.

The other comment I wish to make, sir, is about the \$4 million that you speak about when you talk about the bonuses. I assure you that police officers aren't getting any bonuses for doing a good job, and I would hope that all Canadians expect, when we assist corporations, that all employees are expected to do a good job regardless of any kind of bonus.

Those are my two comments, and now I'd like to proceed to questions, sir.

I too have been hearing often from my constituents about this issue. As you know, it is a Conservative government that created the CBC, so we are engaged, and we are committed to the concept that this is something that reflects the Canadian identity. Many of my constituents would argue that they would like to see 100% Canadian content.

It was said in your dissertation that you wanted to keep some key priorities—and I'm going to repeat what you said in your dissertation. The key priorities included keeping radio advertising-free, enhancing new media, protecting our regional footprint, maintaining our distinctive Canadian programming and our cross-cultural initiatives. Well, sir, I am seeing more and more shows like *Martha Stewart*, *Wheel of Fortune*, *Jeopardy*, *The Simpsons*, and recently we've learned about two reality shows you plan to put on the airwaves, called *Battle of the Blades* and *Super Speller*.

I'd like to know how many of these American shows fit into the key priorities that you've indicated you're trying to keep.

Mr. Hubert T. Lacroix: Let's talk about *Wheel of Fortune* and *Jeopardy*, because these are always the two programs that attract most attention because you can't miss them if you watch television on CBC in the evenings.

These two properties are very important to our strategy. One, they add and bring revenues to CBC/Radio Canada that we immediately reinvest in Canadian programming. Second, they serve as raises to our schedules. We use these and they are strategically placed in our programming schedule to bring Canadians—about a million of them

watch *Jeopardy* every night—into our programming schedule, which is all-Canadian in prime time, from 8 p.m. to 11p.m.

Are we happy that we have to use *Jeopardy* and *Wheel of Fortune* to generate revenue so that we can invest in Canadian programming? The answer is that if I could.... This is not the best of decisions, but they serve important purposes: they generate revenues and they lift our schedules. That's why, madame, they are there.

Mrs. Shelly Glover: Thank you.

How much did you spend, say in the last year, on American programming and how much did you recoup through advertising dollars?

Mr. Hubert T. Lacroix: I don't have those figures, but I'd be happy to send them to you.

Mrs. Shelly Glover: If you would file them for us, that would be wonderful.

I would suggest, sir, that we do have some very talented people, very talented Canadians, in fact. If I look at the *Martha Stewart* show, I would argue that Ken Kostick from my home province would do as good a job, and that Canadians would be engaged. They expect Canadian identity in much of this programming.

Mr. Hubert T. Lacroix: Madame, if I can add one thing, we are the only network—the only network—that has Canadian programming every night, 100%, from 8 p.m. to 11p.m., because we are Canada's national public broadcaster and we believe in a Canadian schedule.

Mrs. Shelly Glover: Except that you've mentioned many of the American programs—

Mr. Hubert T. Lacroix: Absolutely, for the reasons I have explained.

● (1705)

Mrs. Shelly Glover: But you're contradicting yourself, sir. You can't say it's a 100% Canadian.

Mr. Hubert T. Lacroix: No, but it is 100% Canadian from 8 p.m. to 11p.m. every night, no doubt. *Jeopardy* and *Wheel of Fortune* will come on from 7 p.m. to 8 p.m.

Mrs. Shelly Glover: Very good.

I have another quick question. The \$4 million is of concern to me. With that \$4 million bonus, 60 jobs could be protected. And I can't help but note that on your website, sir, there are job postings, and yet we're talking about lay-offs. I'm wondering why these people were being laid off.

The Vice-Chair (Mr. Pablo Rodriguez): Could you conclude, please? Your question is...?

Mrs. Shelly Glover: My question is, please tell us why we are looking for new jobs and new people when we've considered laying off people who have expertise and experience with your corporation.

Mr. Hubert T. Lacroix: Well, I'm not aware of the postings you're talking about. We have rules with respect to postings and how they get to be posted. There's one thing that has to continue.

CBC/Radio Canada is unfortunately losing 800 really smart people. We are going to try to reduce the number of people, through programs we have and through conversations we're having right now with our union leaders and employees. If we can avoid this number and bring it down to a lesser number, believe me, that's what we're looking for. We want to keep our Canadians and our employees in their jobs.

The Vice-Chair (Mr. Pablo Rodriguez): Thank you very much.

The chair has been very strict and there's some time left, so we'll each have a two-minute round.

[*Translation*]

We will proceed in the same order as the last round.

[*English*]

We'll start with Mr. Bagnell, for two minutes, please.

Hon. Larry Bagnell: Thank you.

I want to thank you for the courageous—

Mr. Charlie Angus: Chair, I spoke to you before, and you said that Ms. Ashton would have her five minutes and then we'd go to a two-minute round.

The Vice-Chair (Mr. Pablo Rodriguez): We did the last round according to what we voted as a committee. There were only two parties, the Liberal Party and the Conservative Party, and then we were to switch to the two-minute round.

Mr. Dean Del Mastro: On a point of order, Mr. Chair, I think Mr. Angus moved a motion earlier that we would respect the full two hours, which by my clock has us going until about twenty minutes to six. Do we really have to reduce the rounds? It's up to you; we don't have that much more.

Mr. Charlie Angus: That was my understanding.

The Vice-Chair (Mr. Pablo Rodriguez): We'll do four times five minutes. That will be 20 minutes, and then we'll stop. Is that okay?

An hon. member: That's fine.

The Chair: Okay, so we'll use the first round order. We'll go back to the first round.

Mr. Bagnell, if you want, you can share with Ms. Dhalla.

Hon. Larry Bagnell: I'll use half the time and then pass to Ruby.

I want to thank you for your courage in keeping CBC North almost fully intact. I hope you can acquiesce to my two tiny requests to keep an AM tower in one of Canada's 13 capital cities and a radio reporter on Arctic and northern issues in Ottawa.

I want to understand the cashflow a bit. Would advance payments of money you're going to get from the federal government anyway help you to not sell off assets at bargain basement prices during a recession or help you keep some of those 800 staff?

Mr. Hubert T. Lacroix: This is something we had also suggested in the concepts of our financial flexibility. This was not something that was accepted by our minister.

Hon. Larry Bagnell: So you asked the government for advance payments, or at least timely payments, of the money they are going to give you anyway, and they refused.

Mr. Hubert T. Lacroix: We tried to show ways by which we could bridge this \$125 million issue we have. That included backing a standard line of credit in a commercial institution and an acceleration on our future appropriations. It involved being able to sell assets we had, as you see now, and the permission to do so.

Everything I've told you about the \$125 million obviously still depends on Minister Moore accepting the transactions we bring to him.

Hon. Larry Bagnell: My last question, before I turn it over to Ruby, is how much of a loan you would need tomorrow to not lay off any of the 800 people?

Mr. Hubert T. Lacroix: That's the issue we talked about, I think in answer to Monsieur Pomerleau or Madam Lavallée. We can't use a loan to protect 800 jobs. Unless you make the funding permanent, we're going to have this issue next year.

Hon. Larry Bagnell: Unless your revenues go up.

Mr. Hubert T. Lacroix: Unless the revenues go up. But in this environment we don't think there's going to be a substantial increase in advertising revenues, which I will remind you is the only revenue we have right now on the television side.

• (1710)

Ms. Ruby Dhalla: Building upon what my colleague was saying, if advertising revenues don't go up, which is your only revenue stream, can you foresee even more job losses?

Mr. Hubert T. Lacroix: This is why we continuously remind this committee that when we talk about fee-for-carriage, the local improvement fund, and the suggestions of any other initiative that comes from government or the CRTC, you need to include this for CBC/Radio Canada or we're going to be back in front of you telling you about job cuts.

Ms. Ruby Dhalla: The demographic across the country is obviously changing very rapidly. I look at my own riding in Brampton, and it's one of the most multicultural and multilingual ridings in the country. What impact have the job losses and closures of some of the regional and local programming had on ethnic programming and ethnic communities in the country?

Mr. Hubert T. Lacroix: Madam, your question is very precise in nature. I would have to follow it up with a better answer than the one I could give you today.

Ms. Ruby Dhalla: Okay. I would appreciate it if you could get me some information on that, because I know it's a huge concern as a national public broadcaster. The ethnic communities also want to ensure that programs they're connected to or issues that are important to them are also brought forward. I know the CBC has been trying to build those relationships and bridges, and I would like to get more information on that aspect. It is of concern to many people.

Mr. Hubert T. Lacroix: Sure.

Ms. Ruby Dhalla: There is a last question I wanted to ask you. Obviously the transition to digital has to be made by 2011. There are going to be significant costs involved. Has CBC budgeted for those costs? What is the nature of the costs CBC will incur? Can you outline specific challenges that the CBC and regional stations across the country will face?

Mr. Hubert T. Lacroix: As you know, this is not a CBC issue; it is an industry-wide issue.

The CRTC's working group came out last week with a suggestion of some kind of hybrid plan. Right now CBC/Radio-Canada has eight transmitters covering about 47% of the population. One of the plans we submitted way back when was another hybrid plan, which was for 44 transmitters covering about 80% of the population, so depending on where we end up in the conversations that are going on right now, it's going to be between eight and 44. It's difficult for me to give you an exact number.

Right now the funding is really a big issue for us. There are no dollars available right now in our normal appropriation plans.

[Translation]

The Vice-Chair (Mr. Pablo Rodriguez): Thank you, Ms. Dhalla. That's all the time we have.

Ms. Lavallée.

Mrs. Carole Lavallée: Thank you very much.

Mr. Lacroix, in your presentation, you said that CBC/Radio-Canada must retain its deep roots within the regions. I would like to talk to you about the Abitibi region, which is a huge area with 150,000 inhabitants. It truly is a remote region.

CBC/Radio-Canada does not have deep roots there; actually, it's not there at all. In Rouyn-Noranda, there is a funny, screwed up arrangement—I can't explain it in any other terms—according to which several journalists working at Radio Nord read the same news report at the end of the day, and it is written and read in the same order. At 5 o'clock, we hear from TQS; 5:30, they change the set and it's TVA; and at 6 o'clock, it's Radio-Canada. I'm sure you understand that the people of the Abitibi—Témiscamingue region find that this news report is not at all of the same calibre as the Radio-Canada news. Moreover, the people of the region have set up a committee in order to come to an agreement about what they will be requesting of Radio-Canada.

Mr. Lacroix, they have asked me to ask you to go see them. You are invited to the Abitibi—Témiscamingue region to meet with this group of regional politicians and talk to the members of this group about how the news reports could be improved and more in keeping with the Radio-Canada style, if I could put it that way. Obviously,

this is very important to them. I hope you will be giving me an answer in response to this invitation.

Do you have any comments?

Mr. Hubert T. Lacroix: I've spent a lot of time in the Abitibi region over the course of my life, and I will be pleased to go back there.

Mrs. Carole Lavallée: Perfect. I will tell them that, and they will be pleased.

Now I would like to talk to you about the fees paid to the specialty channels. When Pierre Karl Péladeau appeared before the committee, he said that the fees paid to the specialty channels should be taken and redistributed to the general channels, and that would be one way of throwing a lifeline to his company.

Many of the fees go to American specialty channels such as CNN. Some of my friends met representatives of CNN last week at a major American conference. CNN is splitting its sides laughing because the Canadians are sending them millions of dollars without them having to do anything at all. CNN and its advertisements are broadcast to all Canadians, to Quebecers, and what's more, this channel is getting millions of dollars.

Do you think that Pierre Karl Péladeau's solution would be a good one?

• (1715)

Mr. Hubert T. Lacroix: I presume you're still talking about the *redevances*, about fee-for-carriage.

Mrs. Carole Lavallée: Yes, I'm talking about fee-for-carriage.

Mr. Hubert T. Lacroix: I'm sure you read in my introductory remarks that CBC/Radio-Canada attaches great importance to the possibility of receiving some of these fees. This is one of the three possible solutions that I suggested to you, Ms. Lavallée, in my opening remarks.

Mrs. Carole Lavallée: Thank you. I wanted that to be very clear.

Last year, in the infamous report that this committee prepared, there was a recommendation from the Bloc Québécois that took the form of a dissenting opinion. We said that the problems of Radio-Canada and the problems of the CBC were very different, and that consequently, they required different solutions.

We know that in times of crisis, choices must be made. Have you thought about the choices you might have to make?

Mr. Hubert T. Lacroix: The financial problems that CBC/Radio-Canada is currently experiencing are not problems of the English network versus the French network or radio versus television. The entire corporation is being affected by what's going on. The entire economic model of CBC/Radio-Canada is being affected. Inside the corporation, we do not see this as a problem with people, on the contrary. If you heard my comments, you'll realize that every part of our corporation took part in the exercise to balance our budget. The problem is not with radio or television, with the English side of the corporation or the French side, it's a structural problem.

Mrs. Carole Lavallée: I was sure that you were going to give me that answer, Mr. Lacroix. All the same, ordinary people look at what the CBC and Radio-Canada are doing, and they see that the problems are different. The CBC has to really compete with American television. You yourself said that you had to buy American shows and place them at the beginning of prime time so that people—

The Vice-Chair (Mr. Pablo Rodriguez): Your time is up, Ms. Lavallée.

Mrs. Carole Lavallée: I'm not even allowed to finish my sentence.

The Vice-Chair (Mr. Pablo Rodriguez): Ms. Ashton.

Ms. Niki Ashton (Churchill, NDP): Thank you very much, Mr. Chair.

First of all, I would like to thank you, Mr. Lacroix, for agreeing to appear today, as well as for the discussion that we had last week.

[English]

I'd like to begin by noting, of course, that it's a pleasure to be able to participate as members of Parliament. I'm sure all of us share that pleasure in being able to discuss such important issues.

One of the issues, that of our public and national broadcaster, the CBC, is of the most fundamental to our hearts, not just as representatives of our residents but also as Canadians. I'm quite concerned by some of the critical comments I've heard. Of course, we understand there's always room for criticism, and of course, in this time it's important to ask questions. Certainly, for my colleagues on the other side and the negative tone that's used about the work CBC is doing, I feel that given this difficult time we need to be engaging in some positive relationships with our public broadcaster, with all our media, but certainly looking to how we're going to make this situation better for the people who are losing their jobs and also for Canadians who are counting on CBC for its important programming.

I appreciate the challenges CBC is facing. As someone who's grown up and come to know her region and also the world through the CBC, I very much appreciate the work it does.

I would like to ask the following, and I know it has come up in numerous manners here today, but particularly focusing on the cuts in my region, specifically the cuts to a station in our region of CBC *North Country*, based in Thompson, Manitoba. I'd also like to bring attention to the cut of the station in our neighbouring province, Saskatchewan, of CBC *Keewatin Country*, based in La Ronge.

I know you've noted that stations will not be cut, and I would like to understand that is the intent. However, there seems to have been a disconnect. The day these two stations were said to be cut, they went from stations to bureaus, when in fact both the CRTC licence as well as the CBC website itself notes they are stations.

The comment I do bring forward, and of course, the feedback on behalf of the region I represent and my neighbours to the west, is to ask for reconsideration for these stations. I want to be clear as to what we're talking about here. We're talking about one person in each of these places who provides the voice for a region like mine, which is 11 times the size of England, and similar on the other side

of the border. In my region, we're talking about CBC *North Country*, the work done by one person to transmit our voice to 23 communities, and similarly on the west, the work done in northern Saskatchewan to transmit to 18 communities. It's remarkable work, and work that's not only vitally important to our region but important to our provinces and important to our nation as well.

My question is perhaps more specific, but looking at that ratio of how many people are based in Winnipeg, for example, versus outside the capital, it concerns me that if we are to lose our station, we'll have one person outside of Winnipeg who will not be providing regular programming, but rather would be a reporter to be called on, depending on stories that are taking place. I understand it is a similar situation in Saskatchewan.

Given the emphasis on regional programming that you've pointed out—but certainly that is core to the CBC mandate—I am asking on behalf of the region I represent, and also for my neighbours, that these stations be reinstated, that the programming be seen for what it is, important, and that the work of these two staff people on either side of the border be recognized as being key to realizing the CBC's mandate. Certainly, many discussions will be had about how that can move forward. However, fundamentally, the recognition that programming for the north in the north is core to CBC's key mandate is something I would certainly like to convey on behalf of the people I represent.

That's the comment and question I have. Thank you.

• (1720)

The Vice-Chair (Mr. Pablo Rodriguez): If you want to reply, you have 10 seconds.

Some hon. members: Oh, oh!

Mr. Hubert T. Lacroix: I duly noted your comments. As you know, we had this conversation last week. These stations, these two one-person operations are important, as are the other 798 people who were part of the cuts at CBC/Radio-Canada. We're going to look at everything once we understand the impact of some of the programs we have, and we're trying to create some margin of manoeuvre in our regional programming questions.

[Translation]

The Vice-Chair (Mr. Pablo Rodriguez): Ms. Boucher.

Mrs. Sylvie Boucher (Beauport—Limoilou, CPC): Thank you, Mr. Lacroix, for joining us today.

As a francophone in Quebec, I know that in our province we are not facing this problem, given that everyone in Quebec speaks French. On the other hand, I'm a bit alarmed when I'm told that Windsor will be doing away with programs that are intended for francophones in southern Ontario, and that in Thompson, in northern Manitoba, programs primarily for first nations audiences will be cancelled and that probably 336 jobs will be cut within the French-language services.

What do you intend to do to protect the cultural identity of French-speaking communities, both in Quebec and throughout the country?

Mr. Hubert T. Lacroix: That's a very important question. The model that we want to use in Windsor is the model that we are already using to cover francophone issues in Alberta and in Saskatchewan. According to this concept, teams of three people, for example from Calgary to Edmonton, cover the province of Alberta. We are already using this model in Regina and Saskatoon.

I am completely aware of what is going on in Windsor. We also realize, as a public broadcaster, just how important our services are to some minorities, be it francophones in the places you mentioned or anglophones in Quebec, in particular. We have done all that we could to take that into consideration for the cutbacks that we have done.

We have been talking about costs, and I would like to take the opportunity to touch on one issue, Mr. Chair, since this is the last question or nearly the last one, unless I'm mistaken. Earlier Ms. Glover was talking about the amount of money that police officers earn. I have a great deal of respect for the work they do. I'm sure you realize that the \$74,000 or the \$75,000 that was mentioned represent the general average, and include all the benefits that we offer at CBC/Radio-Canada. We are not talking about \$74,000 or \$75,000 plus benefits. Benefits are included in the amount. I would also like to take the opportunity to tell you that at CBC/Radio-Canada, we control costs in the best possible manner and that we are aware of our obligations to French-speaking and English-speaking communities.

• (1725)

Mrs. Sylvie Boucher: There was another thing that startled me a bit. You said that the American content broadcast in the evenings was a source of income. Does that mean that our Canadian or pan-Canadian programs are less profitable?

Mr. Hubert T. Lacroix: Madam, it is clearly much more expensive for CBC/Radio-Canada or for any other Canadian broadcaster to create an hour of programming, if it happens to be drama, than to buy an hour of programming from the United States. This is at the root of the problems of the Canadian economic model.

[*English*]

Mr. Dean Del Mastro: I'll take the rest of Madame Boucher's time.

I just had a quick question, because a couple of times you've alluded to fee-for-carriage. I noted, just before I came down, that there was an article in *The Globe and Mail* that said that fee-for-carriage, as requested by the broadcasters, amounts to some \$352 million, according to the CRTC, which is an awful lot of money. Of course, my concern is that once you go down the road of having a fee, nothing prevents that fee from being more and more, and these

subscribers, who are also taxpayers in Canada, are going to have to pay it.

Without any guarantee that this would go to Canadian content—I understand you are advocating that it would be dedicated by the CRTC to specific outcomes—in other words, if it's just going to the broadcasters, or even if they're able to take that out of money they're currently using, aren't we just going to be taking money from ratepayers or subscribers and funnelling it back to Hollywood in a constant bidding war, like the private...?

You're different. You receive a subsidy from taxpayers to provide your services. They are the same people who would have to pay the fee-for-carriage. My concern is that it starts at \$352 million, then maybe in a couple of years it's \$700 million. And all we're really doing is shovelling more money south of the border for U.S. programming, because that's where they're making money.

Do you share that concern?

Mr. Hubert T. Lacroix: I don't, sir, for two reasons. First, you're assuming that the public is going to pick up the tab for fee-for-carriage. This is the conversation that's been in front of you for a number of days now, and you've heard from different broadcasters how they would treat the fee-for-carriage impact. Second, I think that if you absolutely insist that there be a link between the fee-for-carriage money and a commitment to local programming or any other area of programming or interest the CRTC thinks the dollars should be invested in, and you make the broadcasters accountable for that, you will not see those dollars going to Hollywood or simply flowing to the bottom line of the broadcasters.

The Vice-Chair (Mr. Pablo Rodriguez): *Merci.*

Thank you, Mr. Del Mastro.

Thanks, everybody.

[*Translation*]

Thank you very much, Mr. Lacroix. This was an important meeting. Of course, the debate surrounding Radio-Canada will continue.

• (1730)

[*English*]

Mr. Hubert T. Lacroix: Thank you.

The Vice-Chair (Mr. Pablo Rodriguez): Thanks to all of you, and we'll see each other on Wednesday.

The committee is adjourned.

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