



House of Commons
CANADA

Standing Committee on Canadian Heritage

HERI • NUMBER 043 • 1st SESSION • 37th PARLIAMENT

COMMITTEE EVIDENCE

Thursday, March 14, 2002

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• (0905)

[English]

The Chair (Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.)): *Je voudrais déclarer ouverte la réunion du Comité permanent du patrimoine canadien*, which meets today to continue its study on the Canadian broadcasting system.

We are particularly pleased today to welcome the CBC. I think it is almost needless to say that CBC was our first broadcaster, both in radio and TV. It's been part of the fabric of our country for several decades. I think it occupies a special place in the hearts and minds of Canadians, and as I understand, including the elite.

It made me smile about what the definition of "elite" is, because on our trip to the west, we went from airport to airport. All of us on the committee were scrambling to beat the line-ups, and we were going to the counter and we were hoping not to qualify as elites but "super-elites". So everything is relative in that term.

Whatever the case, obviously your place as the national public broadcaster is a crucial one for Canadians and one we have to study. And we have to come to a conclusion on your continuing involvement and what form that will take.

We are extremely pleased to be able to hear from you today.

We welcome Ms. Carole Taylor, the chair of the board; Mr. Robert Rabinovitch, the president and CEO;

[Translation]

as well as Mr. Michel Tremblay, Vice President, Commercial Strategy and Development.

[English]

I'll turn the floor over to you, Ms. Taylor.

Ms. Carole Taylor (Chair, Board of Directors, Canadian Broadcasting Corporation): Thank you very much, Mr. Chairman and members of the committee. We welcome this opportunity to appear before you today and to contribute to this very important review.

I'd like to start by applauding your efforts to move across the country looking at various broadcasting sites. I feel very strongly that in order to understand the policy you have to see it on the ground and see where it's working or not working. I know, for all of you, that was a lot of extra effort, but I believe it will certainly make your decisions, in the end, far more informed. And I applaud you for that.

Joining me today is someone already familiar to all of you, Robert Rabinovitch, the president and CEO of the corporation. I'm also pleased to introduce Michel Tremblay, vice-president, strategy and business development.

[Translation]

I will start our presentation on a personal note by letting you know how I came to CBC/Radio-Canada, and the reasons why I accepted the position of Chairman of the Board last year.

[English]

I've spent a large part of my career working as a journalist in central Canada, for both CBC and CTV. I was fortunate to have had the opportunity to cover what I thought were many of the top news events in this country and around the world. I have since moved to Vancouver, some 27 years ago now, and have continued to be active in broadcasting, as well as serving in politics at the municipal level and working in business both locally and nationally.

My relocation to the west has given me a chance to see Canada from a completely different perspective. It's helped me to appreciate the strength, the diversity, the importance of our country's very different regions. It's also given me a much deeper understanding of how important CBC/Radio-Canada is to Canadians and to our unique Canadian culture. I believe no other cultural institution has done more to define what it means to be Canadian than CBC: \$36 million annually in direct payments to artists, \$64 million every year in direct payments to independent producers. That's over \$100 million worth of support to our cultural community.

I've also seen and heard how important the CBC's range of services is to Canadians. Our news, both English and French, sets a standard for journalism and public affairs in this country. If you look at this map of Canada we have put up, each symbol you see there represents a place where full-time CBC journalists are giving Canadians the news they depend on, in English and French, for radio and television. Every day these journalists ensure CBC lives up to its responsibility as Canada's largest news organization, providing news from every region of this country to all Canadians.

So what does CBC really mean to Canadians? Let me tell you a few stories. Ben Heppner performs to sold-out concert halls everywhere around the world. In fact, last week he won a Grammy. Canadians across the country heard him first on the CBC. That was 23 years ago, when he won our network's young performers talent competition. That's the kind of Canadian talent our radio services showcase.

There's a hip hop duo from Oakville, Ontario, called Snakeye. Well, for ten tough years they have not had much attention. However, while they haven't a CD release yet, they have now had a call from Universal. Why? The recording company actually heard them on our Radio 3 Internet site. That's part of what we do these days: we give young Canadian bands a place to post their songs and get some exposure. We give Canadians and others a place to hear them before they're officially discovered.

Should a public broadcaster help Canadians who want to improve their lives? Well, Emma Bourassa is an English teacher in Kamloops, and she's using the stories that were run on *Canada Now* as a tool for teaching both English and Canadian culture.

Through our "Know Canada" website, we're able to help new Canadians find better jobs and build a better life for themselves because they can learn English through our news. I know this is true. I have a friend in Vancouver who is now a top lawyer. He came to Canada as a young immigrant from Italy, as a child, and he says to me he blesses CBC every single day because that's how he learned to speak English.

For many Canadians, our CBC services are really a lifeline. Take Denis Desgagné, a francophone living in Regina. In a sea of English, Denis and his young family remain connected to their French heritage through our French services on both radio and television. His story is the story of a lot of Canadians across this country.

During your recent tour out west, some of you met Chris Haynes. He's a talented CBC recording engineer in Regina who went to school in the United States, but came back to Canada because he wanted to work for CBC, where he could do state-of-the-art production.

Then there's Danielle Dussault. She and her husband Steve were living in Korea when the horrors of September 11 struck. Who did they turn to? Well, like millions of Canadians, they turned to CBC services for a true Canadian perspective on these tragic events.

I would say to you personally that September 11 really was a moment of clarity for me, clarity about what it means to be a Canadian and also what it means to be a Canadian public broadcaster. People across this country turned in record numbers to CBC—French, English, radio, television—to see how this international tragedy related to our value system. What did it mean to our immigration policies or our border security? They wanted to see our Prime Minister, our politicians, our analysts. It was a really important moment, when I believe Canadians understood what public broadcasting is at its very best.

● (0910)

[Translation]

It was a very special moment for CBC.

You now have concrete examples that explain why I am proud to belong to CBC and be involved in this laboratory of new Canadian talent where the greatest creators, technicians, producers, stage directors, writers, journalists and performance artists come together. All are attracted to CBC with its typically Canadian manner of doing things and, of course, due to its excellence.

● (0915)

[English]

How many Canadians learned to care about their environment by watching *The Nature of Things* or about science from *Découverte*? How many were inspired by the dedication of young Canadian athletes who they cheered on CBC sports, and how many, like me, took out the Canadian flag? I hung it from my balcony. How many shared in the big Canadian events we've had, referenda, elections, Canada Day, by tuning into CBC news?

Who but the CBC would take millions of Canadians back to 19th century Newfoundland for the clearly Canadian story *Random Passage*? Who but the CBC would take the risk and offer Canadians across the country the story of their own flesh and blood, their ancestors who built this country, as we did with the epic series *Canada: A People's History*?

At a time of unprecedented challenges in broadcasting from diverse technological platforms, from almost unlimited channel choices, it is imperative that we as a country develop policies and initiatives that ensure a space for independent Canadian public broadcasting. I sense a real stirring of pride in our country these days, along with a growing concern about sovereignty. Within this context CBC stands as a national institution dedicated to supporting Canadian values, Canadian athletes, Canadian performers and artists, Canadian identity. So is the CBC still important to Canada? In our view, the CBC is more important today than it ever has been in its history.

[Translation]

Is CBC important for Canada? We believe that CBC is more important today than ever before.

[English]

I'd like to ask Robert to elaborate on that theme. I look forward to taking your questions.

Robert.

The Chair: Thank you very much, Ms. Taylor.

If I may ask for your indulgence for just a minute, Mr. Rabinovitch, I forgot an important item of business for the committee, which we have to do.

The budget committee meets this afternoon, and we have to have a motion to approve our travel to the Maritimes and to Newfoundland. There's a motion that was put before you. It's just four lines, so you can read it yourselves. It says:

“That, in relation to its study on the State of the Canadian Broadcasting System, the Committee approve a travel budget in the amount of \$132,680 to travel to St. John's, Halifax, Charlottetown, Moncton, and Montreal from April 21 to 26”—I should explain that some members have already told me that these dates may conflict with their own schedules, but the dates are not as important as the money—“to hold public hearings and to make site visits, and that the Chair present the said budget to the Budget Sub-Committee of the Liaison Committee”—which meets this afternoon just after this meeting here.

It is moved by Mr. Gallaway.

(Motion agreed to)

The Chair: Thank you very much.

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Chairman, I want to be recorded as abstaining, given that I'm on the committee that will be reviewing the request.

The Chair: So am I. I hope we'll have two votes to start with.

Thank you very much, Mr. Rabinovitch. Sorry you have to come from lofty heights to money, but that's the way the ball bounces.

Mr. Rabinovitch.

Mr. Robert Rabinovitch (President and Chief Executive Officer, Canadian Broadcasting Corporation): Money is everything.

[*Translation*]

Thank you, Mr. Chairman. Thank you, Carole.

I would like to thank you again, Mr. Chairman, Ladies and Gentlemen, members of the Committee, for giving us this opportunity to appear before you and contribute to this review.

• (0920)

[*English*]

I think I should preface my remarks with a quote that goes to the core of your review: “The only thing that really matters in broadcasting is program content; all the rest is housekeeping.” They are timely words, words that first appeared 37 years ago, when the committee on broadcasting made its report to the Secretary of State back in September 1965. They are words that are as apt and relevant today as they were then. The only thing that really matters is program content.

Since the declaration of this simple statement of fact, we have had the 1968 Broadcasting Act, new Canadian content regulations for radio and television, an updated act in 1991, and a billion dollars of public money to build, support, and strengthen the independent production centre in Canada in the last five years alone. It was all designed to ensure Canadian programs would not only be made, but would be showcased on Canadian broadcasting stations.

Clearly, there have been some successes. Some elements of the Canadian broadcasting system are in better shape now than they were a decade ago, when the present act came into force. The private radio sector, for example, is currently more profitable than it has been in the last ten years. Radio stations have been selling, over the past few years, at unheard of EBITDA multiples.

[*Translation*]

CBC/Radio-Canada is a vastly different organization than what it was ten years ago. Today, it reaches out to Canadians on a multitude of platforms, ranging from traditional radio and television to the specialty services and new media. Not only are radio services more accessible to a greater number of Canadians in both official languages, but they are attracting record numbers of listeners.

CBC's television schedules are overwhelmingly Canadian. We also own or partner in five English and French-language national specialty television services as well as the user-pay audio service of CBC Galaxie.

The Internet didn't even exist when the current Act came into force. Today, CBC/Radio-Canada Internet services are among the best in Canada and are recognized for their quality around the world.

[*English*]

Through all of these services, our objective is to deliver programming to Canadians in the form and at the time they choose. Whether it is wireless news, youth Internet programs, or non-commercial music, we are there to serve Canadians with Canadian stories and Canadian views.

The reality is, despite our successes and those of the private sector, there are still serious problems in Canada's broadcasting system. Some things are working and some things are not. We must be prepared for fundamental changes that are on the horizon. This is as true for the CBC and Radio-Canada as it is for the private players in the system.

Since 1996 the Canadian television industry has benefited from a significant amount of public funding, receiving almost \$1 billion through the CTF and additional millions through provincial and federal tax credits. If the purpose of the incentives is to merely increase the amount of Canadian programming, tonnage as it is called, then the funding system is working.

Despite all of the public investment in Canadian television over the last decade, and the increased availability of Canadian programming, the viewing audience for Canadian programming, both English and French, has simply not increased, whether measured throughout the day or in prime time.

[*Translation*]

In fact, even for French television, in the last ten years viewing of Canadian programming, while healthy, has declined by 10% during prime time. Nevertheless, the 20 most popular programs on French television are all Canadian.

[English]

On the English television side, one cannot deny the popularity of U.S. programming. The programming is well made and entertaining. Also, you cannot deny the economic imperatives that drive the private sector to load their prime-time schedule with American content.

It's true, you cannot and should not be able to force Canadians to watch Canadian programs. So why be concerned? Because if we cannot draw more Canadians to Canadian programming, how will Canadians ever get a sense of Canada and their place in it? How can we expect Canadians to be interested in other Canadians, be they up and coming stars in music or sports or just ordinary people, if they are watching stories about another country's citizens?

So why aren't Canadians watching Canadian shows? Market fragmentation is a major factor. The last ten years in Canada have seen an explosion of new specialty services. This is good news for the consumer, but market fragmentation has had the effect of spreading viewers out over a greater number of services. We have added many American services, such as A&E, CNN, MSNBC, that do not produce any Canadian programs or have any responsibility to the Canadian broadcasting system. As a result, new Canadian programs represent a very small proportion of the programming available to Canadians. No wonder the time spent watching Canadian programs has not increased.

Our experience at the CBC has confirmed that given the opportunity, a large number of Canadians will turn to high-quality original Canadian programming. Our experience also confirms that Canadians will not accept cheap alternatives simply because they are Canadian.

• (0925)

[Translation]

As Ms. Taylor mentioned, *A People's History—Le Canada: Une histoire populaire*, a production that reached more than 16 million Canadians and cost over \$25M. *Random Passage*, another production costing more than 16 million dollars, maintained an average of 1.2 million viewers, and *Music Hall*, with 1.7 million viewers on the Francophone market alone, prove that a high number of Canadians are attracted to quality Canadian shows.

In fact, CBC/Radio-Canada television delivers more than a third of all its Canadian shows during prime time, both on the French and the English markets.

[English]

Let's take a look at prime time, from 7 p.m. to 11 p.m. That's when most Canadians are watching television and that's when the U.S. networks air their best and most popular programs. By purchasing these prime-time U.S. shows, Canadian broadcasters are able to use simultaneous substitution to expand their audiences dramatically, generating large advertising revenue. When a U.S. show, costing anywhere between \$3 million and \$14 million to create per episode, is purchased and shown in Canada at a cost of \$100,000 per episode and can generate \$300,000 to \$400,000 worth of advertising revenue, is it any wonder the private sector loads up on U.S. content?

Naturally, Canadian private networks like CanWest Global and CTV need to focus on return to investors and cannot give up their most profitable U.S. shows in favour of less lucrative homegrown programming. I must emphasize, quality Canadian programs are expensive to make and attract fewer advertising dollars. For example, a program like *Da Vinci's Inquest* costs \$1 million per episode to create, yet it generates less than \$100,000 in advertising revenue.

But again, let me be clear, there's nothing wrong with a bottom-line approach. Private broadcasters must satisfy their shareholders with an acceptable rate of return, and from a business or economic point of view this behaviour is rational and will not change.

The private-public partnership envisaged in both the 1968 and 1991 broadcasting acts is at the base of our broadcasting system, where each player should be allowed to do what it does best to meet the public interest. In turn, public policy must provide all players with the necessary tools they require to meet their needs.

Some broadcasters have told you their Canadian content requirement should be reduced or modified, or that infomercials should count as Canadian content. We welcome a comprehensive analysis of Canadian content regulations involving all broadcasters and the government. We are convinced any such analysis cannot be piecemeal but must be comprehensive. It should be based upon encouraging each sector of the broadcasting industry to do what it does best and acknowledging each sector's contribution. Creative thinking, outside the box, is called for.

While it is unrealistic, or wrong, to think that the CBC or any other single broadcaster can convince Canadians to turn their backs on American programs, we can say that a strong and vibrant national public broadcaster is the most effective way of ensuring Canadians have a high-quality Canadian choice. We are able to take the risks, devote the resources, and create the programs that the private sector simply cannot afford to do.

Let's think for a moment about the positive contribution of CBC/Radio-Canada television—a safe place where you know your children can watch entertaining television without violence and without commercials every day; where there is complete election coverage in every province; programs considered innovative and risky like *A People's History* and *La Vie, La Vie*; programs about the regions and about the region's history such as *Random Passage*; extensive year-round amateur sports coverage leading to complete quality Olympic coverage in prime time; and substantial platforms for Canadian performers and artists, such as *Opening Night* and *Les Beaux Dimanches*.

● (0930)

Take a look at this chart of the prime-time English television schedule. Canadian content is in red. The large red blocks are Canadian content on the CBC; the blue blocks are simulcast American programs. If the CBC does not broadcast Canadian programs, who will? Why would the private sector change its approach and fill the gap? Any change in the private sector's behaviour would be economically irrational.

As I've said, we cannot make Canadians watch more Canadian programs. No one can, and no one wants to. But the CBC is the only broadcaster that guarantees there will be high-quality Canadian programming at any time of the day, any day of the week, and in particular during prime time, when most Canadians are watching television.

So the message we'd like to leave you with is this: without the CBC, market fragmentation and the economics of Canadian programs will further erode viewership. That in turn will further weaken the influence of the Broadcasting Act and will damage Canada's cultural policies.

In our written submission we offered a number of recommendations to ensure that CBC/Radio-Canada continues to play a pivotal role in both the protection and enrichment of Canadian culture and identity. Let me highlight some of our key recommendations.

Today there is a greater need than ever before for a distinctive Canadian voice. There must be a reconfirmation of the CBC's role in the Canadian broadcasting system. The CBC must be provided with the necessary tools and flexibility to fulfill its mandate and properly serve the Canadian broadcasting system and the Canadian public.

We also recommend a review and a rebalancing of policy and funding instruments to provide greater support to broadcasters who have a genuine commitment to Canadian programming.

Finally, we recommend that the current year-by-year approval of the CBC's funding be replaced by a multi-year funding formula in order to provide the CBC with greater certainty and flexibility in its operations. It's sobering to realize that it takes about three years for a program to go from the concept stage to the development stage to being on air, and without an assurance of funding over a period of time it's very difficult to make the commitments that result in programs getting to air.

[Translation]

Over the past ten years, CBC/Radio-Canada has been through difficult times. Despite this, it continues to offer the best in

programming on Television, Radio, and the Internet, in English and in French.

[English]

Once again, as we were in 1991, we are on the verge of major changes in broadcasting. The digital revolution will result in different methods of managing content. In fact, the old concepts of separate services for radio, television, Internet, English and French are rapidly disappearing.

Examples of change can be found all around, some of which you saw during your tour of the country. You saw the integration of RDI and Radio-Canada news at *le Centre d'information* in Montreal. You saw the integration of CBC radio and television news services in Winnipeg. You saw the interrelationship of platforms at CTV in Toronto, and the experiments with new services and the enthusiasm of young program developers in Vancouver with Radio 3 and ZTV.

Within a 12-hour period on February 27, our young bilingual reporter in Regina, Neil Herland, filed separate versions of the same story on English and French radio and French and English television and the Internet.

Another example is the work of CBC/Radio-Canada's foreign correspondents. Every day, from around the globe, and most recently from Afghanistan and now India, our journalists provide a Canadian point of view on world events. No other broadcaster benefits from a pool of high-calibre journalists who work in both English and French, reporting on radio and television. That's four separate networks. That's what we call convergence, and it's all about program content.

That's just the beginning. Personal video recorders may very well change the way in which television is watched and may undermine the financial basis of television. Broadband and video-on-demand will have an incalculable impact. As Lord Denning said, the only thing we know for certain is that change is inevitable, and survival is but one option.

CBC/Radio-Canada provides a place for Canadians to learn, to hear about each other in English and in French, on radio and television and on the Internet in every region of this country, a place where Canadians have carved out a powerful voice on the Internet, a place that is a model of public broadcasting the world over.

[Translation]

Everyone is talking about convergence, CBC/Radio-Canada has been doing this for a very long time. Just this week, CBC announced that a major figure in broadcasting would be returning to the public sector because he was being offered the chance to work in both radio and television. We are talking about Simon Durivage, of course, who will now spend his time between both services, as Bernard Derome, his colleague, has been doing for some time now.

We are convinced that CBC/Radio-Canada is a vital part of the Canadian broadcasting system, and must play an even greater role in the future.

Members of the committee, the task that awaits you is colossal. Your recommendations will directly impact on the Canadian broadcasting system of the future. Therefore, your work is vitally important.

Mr. Chairman, we will be pleased to answer your questions.

• (0935)

The Chair: Thank you very much, Mr. Rabinovitch, and Ms. Taylor.

Mr. Abbott.

[English]

Mr. Jim Abbott (Kootenay—Columbia, Canadian Alliance): Thank you.

Thank you to the witnesses. You've made a very compelling presentation this morning.

You'll recall, Mr. Rabinovitch, I had written you a letter regarding the finances of the Canadian Broadcasting Corporation. I think our committee would be remiss if we didn't take a look at the bottom line of the Canadian taxpayers' interest in the Canadian Broadcasting Corporation. In your correspondence in return to me, you said:

I hope that this information will help you better understand CBC's financials. However, I would be pleased to provide you personally with a more detailed briefing, or appear before the Committee on another occasion with the CFO and our auditors, to review the CBC's financial record.

Our committee has not had an opportunity to discuss this. We were having a meeting yesterday that was overtaken by the tribute to our parliamentary senior statesman, Herb Gray. I have had a casual conversation with the chair. I suspect the committee would be in favour of trying to schedule it.

I'm not speaking on behalf of the committee. I think it would be a good idea for us to try to schedule an event. I don't want you to think, from the Canadian Alliance perspective, we are not interested in the CBC finances. Indeed, we are. We think another time would be more appropriate.

My first question to you arises from pages six and seven of the presentation you made to us today: "...each player should be allowed to do what it does best to meet the public interest". At the top of page seven, "We are able to take the risks, devote the resources and create programs that the private sector simply cannot afford to do."

You may be aware that I made a statement in the House of Commons yesterday questioning why, with that being the case, the CBC would be tentatively playing around with a program like *The House*. It is the possibility of people in Canada, who are interested in getting past the spin doctors and image makers, actually being able to get at the political process.

I realize neither of you are directly involved with the programming, but surely you must have some idea of why the CBC would be playing around with a program like that.

Mr. Robert Rabinovitch: First, if I may, as I mentioned in my letter to you, we file many reports, give a lot of detailed information, and are proud to do so.

We report to our shareholders. You represent our shareholders, the Canadian public. At any time convenient for the committee, we

would be most willing to appear to discuss the finances of the CBC, comparative to other broadcasters, as well, to the extent you so desire.

With respect to *The House* as a program, I think the more important question is to look at radio and our radio programming. Right now we have a situation where our radio programming is at record levels in terms of audience share. I believe very strongly that when you're on top there is also the opportunity to review your programming, look at what you're doing, and evaluate whether you have it right for the future.

As well, we do have a very senior person retiring in the Saturday slot, Arthur Black. I was going to call him Mr. Basic Black. It gives us an opportunity to look at the entire schedule. There are definitely some weaknesses in the schedule. There are definitely some weaknesses in who we are reaching. There are some concerns we have, but we're doing this re-evaluation from strength.

I can assure you that we are not going to eliminate programs just to eliminate programs. We don't know exactly what we're doing at the present time. We are evaluating all the programming to see what makes sense. We take very seriously our role of allowing parliamentarians to explain the positions they take, such as Don Newman's program on Newsworld every day. A program in one form or another, including possibly *The House*, because no decision has been taken, will continue to exist.

• (0940)

Mr. Jim Abbott: It's encouraging to hear. I subscribe to Yogi Berra's old adage: If it ain't broke, don't fix it.

The other item I'd like to raise with you is something I happened to see on CTV the other night, when Salé and Pelletier were being welcomed back to Canada. They are very modest heroes. We're all exceptionally proud of them. I'll confess to having had a patriotic tear in my eye when the network also showed that David's brother is serving with our armed forces over in Bosnia.

It struck me how wonderful we are as a nation, how profoundly proud we should be of ourselves as Canadians, and how encompassing all of our families are in all of Canadian life. I question some of your assertions with respect to the fact that if it weren't for the CBC, certain things wouldn't get done.

I think of Salé and Pelletier and the excellent coverage the CBC did on the Olympics. I question it in light of the fact that without a doubt, private industry didn't have pockets deep enough to be able to compete with the CBC in order to get the broadcasting rights for the Olympics. It strikes me as being really a bad way to use public money.

I'd like to ask a question. In Canada you have a number of mobile trucks and vehicles. In television you have four large mobiles based in Toronto, Winnipeg, Edmonton, and Vancouver. In radio there are eight trucks based across the country. It's my understanding that while there is a sharing back and forth between CBC and Dome on the television trucks, the eight mobile radio trucks are from time to time used in place of commercial trucks or commercial studios. Why would the CBC, at least on the surface, appear to be competing with private industry?

Mr. Robert Rabinovitch: If I may say, firstly with respect to the Olympics, because I think it's important—and I was in the private sector at the time on the board of TSN and NetStar, which joined the CBC in their bid for the Olympics—the CBC did not pay more for the Olympics than the private sector bid. The bid was almost exactly equal. The IOC chose the CBC because of the quality of its production. That's why TSN joined with CBC to make the bid. We won that bid because of the quality of production we had done over the years, but we did not win on price. Similarly, we lost Salé and Pelletier last week on price. We were outbid by a factor of two to one. We just didn't think it was correct for the public sector to be bidding at such high rates for that product.

With respect to the commercial trucks, it's interesting, too, because Dome was part of NetStar when I was on that board, so I saw it from the other side. Let me say that CBC buys its trucks not to compete with the private sector; it buys mobiles primarily to undertake mobile productions. In fact, quite frankly, we also use our mobiles sometimes as studios or control studios. But there are times when the mobiles are underutilized. It's a function of timing; it's a function of when they're needed. But there are times when we have extra time on our mobiles. I have taken as my mandate, and my board has confirmed it, that we are to run the CBC on as commercial a basis as possible. And to the extent that we have assets, I believe it's our responsibility to generate revenue with those assets, not to undercut the private sector.

I suspect if you talk to Dome you would find that our bidding was never below their bidding. Often it's a question of availability, and of where the mobile happens to be, and what its utilization rate is.

We are continuing, with the concurrence of the government, to try to mine our assets to the extent that we can to make less of a demand on the public sector for funds. There's a story in the paper today about the fact that we've rented out the eighth floor of the Toronto Broadcasting Centre, which will generate \$5 million a year for us. We're squeezing people a bit, but it's the right way to do it. It is taking an asset and trying to create a cashflow from that asset. We treat the mobiles exactly the same way. We do not undercut the private sector, and we lose contracts sometimes because we are high-priced, but we will try to rent them when we can to generate revenue.

• (0945)

The Chair: Ms. Taylor.

Ms. Carole Taylor: Mr. Chairman, I'd like to add something—

The Chair: Yes, please, do.

Ms. Carole Taylor: —as well to that comment about the Olympics, because I think this is something we hear from time to time about the Olympics or hockey: why is a public broadcaster involved?

If I can say further on the Olympics, one of the other assets we had was the ability to broadcast in both French and English. That was important to the IOC. They saw that as a significant benefit and plus. But also I would say that we do things differently, often, from the privates. We did more live than NBC did. We do it in a way that's different. I have had a lot of letters—I'm not sure about Robert—from Americans who were able to pick up the CBC broadcast of the Olympics. There we were technically competing with one of the richest private networks in the world, and yet they would, for instance, in the middle of hockey games be cutting away from ads and didn't do the same kind of coverage we did. So I would say to you that there are instances like that when we simply do it differently—and, we believe, better. It's one of the reasons for us being in the game.

On the hockey, the thing that you should know is that when we went just recently to renew that contract to keep hockey, to the best of my knowledge we didn't have anybody else interested in doing it. It wasn't a matter of outbidding; there was not another a bidder. The reason there is that you're required to carry playoffs, as well. Talk about something disruptive to your schedule. A lot of the privates just would not be interested in pre-empting an *ER* to do one of the great many hockey playoff games. But we do because we believe it is part of the Canadian tradition.

Mr. Jim Abbott: Thank you.

The Chair: Madam Gagnon.

[*Translation*]

Ms. Christiane Gagnon (Québec, BQ): Thank you, Mr. Chairman.

Thank you for being here today to answer our questions. I would like you to tell us what you have accomplished since the Auditor General stated that to encourage a permanent culture, there had to be a favourable climate responding to the needs of CBC employees. Following this comment from the Auditor General, a survey was conducted and the Hay report was issued. This report highlighted very worrisome aspects of management within the CBC, and the morale within the organization. It mentioned that there was stress within the CBC, that staff found that they were not being supported by management, communications were unsatisfactory, attitudes had to change and employees were practically never consulted. We know that within a context of creators and producers, it is important that there be an exchange with management. It is pretty worrisome to see that only 17% of employees think that the CBC will turn things around.

I cannot list all the aspects of the report on the organization, the lack of teamwork, etc., but since this finding was made, since you have received this report, have you taken any measures to correct the situation that prevailed or that still prevails at the CBC? We have been informed of the conditions within CBC by the producer associations.

• (0950)

Mr. Robert Rabinovitch: First, I would like to make a correction. It wasn't the Auditor General who conducted the survey. We did.

We started the survey of all our employees to find out exactly what was going on, and why. We wanted to know what the staff thought about their administrators and the organization. This opened our eyes. We really do have some morale problems with our staff, in our organizations. We don't communicate enough. We don't explain. We took the initiative to conduct this survey to find out what was going on. We will perform more surveys every two years, because I think it is very important. This is a creation organization, and the people working in it must have certain guarantees and a certain level of satisfaction. We have to realize also that within any creation organization there is going to be tension. This is inevitable. But there are things that we can control, especially quality of information and explaining what we do. In the English and the French sectors, we are currently holding meetings with groups of employees to try to find different ways to exchange and work under these conditions.

Mme Christiane Gagnon: Now that you are aware of the problems, you say that you will try to find solutions. You have had one year to look at the survey results; have you established a specific action plan to improve morale within the CBC, to facilitate creation?

M. Robert Rabinovitch: Yes, we have taken action. As I said, we have started to hold meetings with groups of employees and study all our communications systems. After each board meeting, Ms. Taylor and I now send a letter explaining what happened during the board meeting, because it is not completely separate from the organization. We will continue with similar activities.

Michel.

Mr. Michel Tremblay (Vice-President, Strategy and Business Development, Canadian Broadcasting Corporation): Ms. Gagnon, I would like to give you a manager's point of view as well, and ensure you that in light of the survey results, we had the courage to undertake and hand our employees... all the sector managers had to review communications methods and develop specific plans to try to target the problems that were identified in the survey, and find solutions.

Also, we committed ourselves to regularly survey our employees to ensure that the initiatives that we are taking in fact lead to results.

Mme Christiane Gagnon: One of the problems that seem to exist, and probably frustrates many women employees, is the salary issue.

Currently, labour-management relations are quite tense, but if you were to survey women who feel discriminated against because they are doing the same work...I am not talking about salary discrimination, but the bonuses that are given to some staff. There are 8 million dollars worth. That is a lot of money to distribute under somewhat vague criteria.

Are you going to make efforts to understand what women are experiencing today within the CBC?

Mr. Robert Rabinovitch: As you know, we are currently negotiating with the unions on all sorts of issues, and this is normal. We don't think that there is any systemic discrimination. We have a bonus system for star performers, and this is allowed under the collective agreement. If it is proven that there is indeed an inequitable situation, we will look into it and correct it. This has not yet been proven, but if there is discrimination, I will have a personal problem with that and I ensure you that we will make the necessary changes.

• (0955)

Mme Christiane Gagnon: Like the Minister of Canadian Heritage, we were the statistics caught our attention. We are talking about base salaries and 8 million dollars in bonuses in time or money, depending on the quality of the individuals. Don't you find it to be aleatory and indeed, possibly quite discriminatory, when you are not part of the club? As women, we know what it is to be excluded from being part of the club.

Mr. Robert Rabinovitch: I will be ready to discuss all figures with you once we have finished negotiating with the unions. Today is not the best time to do so. Frankly, we reject the figures that the union sent you, and we believe we can assure you that there is no discrimination, but if we find anything, we will change it immediately.

[English]

The Chair: Mr. Mills.

Mr. Dennis Mills (Toronto—Danforth, Lib.): Thank you very much, Mr. Chairman.

Ms. Taylor, Mr. Tremblay, Mr. Rabinovitch, welcome.

I'd like to start by building on this theme, the return to investors, that you cited a few times, Mr. Rabinovitch, in your presentation. I measure the return to investors, or the earnings, so to speak, for the CBC in a totally different way from the private broadcasters. I believe that earnings for you should be your capacity and your constant exercise in maintaining the Canadian value system.

I'd like to cite some examples that I would like to pass on to you and your team, where I think you've done a magnificent job in maintaining the Canadian value system.

I'd like to cite the family farm tribute two years ago, where you even absorbed additional liability to make sure that it happened properly, professionally.

I'd like to cite the Edmonton track and field event, when all the print media sports journalists in Toronto would have said this was a non-event, nothing was going to happen out of this. The CBC sports crew stuck with it, and by the end of the week it was a magnificent sport experience.

And we all know about Salt Lake City.

And finally, I'd like to cite the global peace project that you will be hosting this summer, where we are welcoming 400,000 young people from 140 countries with His Holiness, Pope John Paul II.

These are concrete examples for me of where CBC is maintaining the value system.

Having said all of that, I have to put a couple of concerns on the table.

I'm part of a team of 28 members of Parliament from the greater Toronto area, and the CBC has a huge presence in the greater Toronto area. Over the last several months, mostly through the print media, but now picked up by radio and television, there has been a constant message being spun that the federal presence in the GTA is non-existent. We've had lead editorials in our largest newspaper, the *Toronto Star*, saying "Members missing in action", "Government of Canada presence nowhere".

When I'm home I listen to *Metro Morning*, which is a CBC show. Very rarely is there any Government of Canada presence on this show. This is now becoming almost a reality in people's minds. The truth of the matter is that the Government of Canada spends \$27 billion on an annual basis in the GTA, and yet this impression is created that nothing is happening.

I realize that you don't dictate the content. At the same time, in terms of maintaining the Canadian value system, picking up on Mr. Abbott's point, I think it is really important that the federal presence of Government of Canada activity across Canada be constantly reinforced. Otherwise, we're going to have this constant division.

You said earlier that allowing parliamentarians to tell their story was something you believed in. I've been asked to speak on behalf of the 28 parliamentarians in the GTA, and I was wondering what kind of action we could do to correct that misperception.

• (1000)

Mr. Robert Rabinovitch: As you mentioned, perhaps it's a good thing that I have very little influence over what is actually carried on the news. I'm being a little facetious. Sometimes what gets covered is when there are problems, and if things are going reasonably well, it's not a news event. It's very hard to give good news and very hard to just give news that doesn't capture people, because of their concern of the moment.

I'm not answering your question directly, because I don't have an answer. All I can say is that we have to look at it and make sure you do have the opportunities to state your case and to make sure that your opinions are heard.

Mr. Dennis Mills: Thank you very much.

Thank you, Mr. Chair.

The Chair: Mr. Galloway.

Mr. Roger Galloway (Sarnia—Lambton, Lib.): Ms. Taylor, Mr. Rabinovitch, and Mr. Tremblay, welcome.

I want to start by talking about English-language television and quoting one of the most recent groups of defenders of CBC English television, and of course I'm talking about *The Royal Canadian Air Farce*. Last Friday night that group said—and I want to thank one of our CBC travelling companions for a transcript of it: "When it comes to choosing what should be on our airwaves, I'd rather trust 30 million Canadians with clickers than a couple of self-serving Aspers".

Mr. Rabinovitch, I'll give you another quote. You wrote in a piece that was published in the *National Post* on February 27 that the Aspers and their corporation were "using (or abusing) its newspapers' editorial pages to push the business objectives of its television stations".

The Nielsen ratings show that CTV has a measurement of 13.9 hours tuned, and Global has a measurement of 6.8, compared to CBC English television at somewhere around 5. So I have to wonder if those 30 million people with clickers are telling this committee you're right that you can't force Canadians to watch Canadian programming, and the other networks are passing you by.

Mr. Robert Rabinovitch: If all we want to do is get good audiences, we can do the same as anybody else and put on American programs. That's not our mandate. Our mandate is to tell Canadian stories and to do quality Canadian programming.

But the most important point I want to make is that the statistics as of the last couple of weeks—in other words, for this year—are not consistent with the numbers you've put on the table. As of the last couple of weeks, CTV's number was 11.2%, CanWest Global was 11.8%, and we were 9.7%. We are the only conventional broadcaster whose share has actually gone up in the last two years, and this is in a period when we've had 40 new stations come on the air. Everybody has taken a hit, but we've begun to offer a real alternative on English television, an alternative of quality programming and Canadian stories.

I must hasten to say that I don't like the ratings game. The ratings are one measure, but reach is another measure. How many people do we reach over time who are different? That is why showing sports is as important as showing high culture.

We give up Thursday nights, when it comes to the numbers game, because we put on *Opening Night*. It is a high-culture program that reaches about 200,000 to 400,000 people, which is a disaster by private sector standards. But it's an audience that otherwise gets nothing out of the television system. We put on quality Canadian drama and ballet. In one day, more people will see the National Arts Centre on our program than will see the National Arts Centre theatres in a whole year.

The more important thing is, let's look at the numbers—we are doing quite well on the numbers basis—but let's also look at serving other people and serving a multiple of different people, which is our responsibility. Our bottom line is the public.

•(1005)

Mr. Roger Gallaway: You've also said that CBC is a place where viewers are treated as citizens and not consumers. Yet the Nielsen ratings once again seem to indicate that every evening at the time of the national news, only 300,000 people tune in to CBC, whereas 1.2 million watch CTV's national news. Why is that?

Mr. Robert Rabinovitch: The program you're referring to is not really a national program. It is the local news at six o'clock. The CTV number is the sum of its numbers across the entire country with all its stations, as ours is. Ours is a combination of a national service out of Vancouver for half an hour, then a local service.

I must be very frank—it's not working. We have to look at it. It was a compromise we went to at the request, basically, of this committee and as a result of the discussions we had with this committee about the extent to which we should be involved in a local service. I am willing to concede that the private sector does local news extremely well. It's going to be very difficult for us, unless we have a lot more money—because it's money, at the end of the day, it's 14 separate programs—it's going to be very difficult for us to compete with the private sector.

I go back to the first principle of the act. This act says the broadcasting system in Canada is unique and that it is a partnership between public and private. Sometimes in a partnership, one of the partners does one thing, and the other partner does another thing. But I'm willing to fully concede, sir, that at the present time, even though I think our six o'clock news show, especially the one from Vancouver, is absolutely superb, the audience has yet to catch on to it. That may never be; we may never get an audience for that show. It could be that the people who watch CBC aren't watching at six o'clock, that they watch later in the day, or their kids watch in the morning. It could be that it's a different audience that watches at that time—I don't know. But I do know it needs more work.

Mr. Roger Gallaway: Okay.

You've quoted Lord Denning—a most interesting quotation—about survival. We've heard a lot from you this morning, and we've heard from other witnesses in the past. There are a number of factors involved here. The Nielsen ratings would suggest that CBC since 1995 has lost about 40% of its viewership. You've suggested it's changing. That's fine. We know that in 1995-96 there was the introduction of a large number of speciality channels. We've heard in this committee that there are low estimates of 600,000 so-called black satellite dishes out there that are receiving exclusively American signals. What's becoming very clear is that choice is driving the marketplace. Technology is driving the marketplace. We're on the edge of the pick-and-pay universe.

I want to ask you, is it not possible that not only CBC but what we know as CTV and Global are sliding into what we would really call specialty channels now? If indeed that is correct, having regard to the fact that your people have told us that in Toronto it costs \$290 million, roughly, to run the English-language service, is there not another model of funding the CBC, other than public appropriations? Do you think it's possible?

Mr. Robert Rabinovitch: Let me start with the general, and then get to the particular.

In general, I think our systems are changing dramatically. That's why I suggested the work of this committee is extremely important. With the number of channels we have, the conventional broadcasters are in many ways becoming more specialized. If you look at Fox in the States, it goes for a very specific type of demographic. If you look at NBC, it's another demographic. I think we're going to find more and more of that.

I think the CBC learned its lesson in the seventies. It took a while for it to settle in, in television. In the seventies we had the same problem with radio. We had radio that was down around 4%, that was taking advertising, that was in competition with the private sector, and that had no focus. It was either a question of closing radio or redesigning it. The people at the time got out of commercials and redesigned radio to make it the service it is today—a true alternative and a true complement to private broadcasting.

English television began to do this about two and a half to three years ago. One of the things I was very happy with was that when I came in, there were people already working on this, working at what we call "transformation". It is the focusing of CBC to certain areas and working in a different way to present different programming to Canadians. I think we've been rewarded, sir, in that our numbers have not dropped—after the precipitous drop that did occur, I do agree, at the beginning—as much as the private sector numbers have dropped. In the last while, our numbers have held up very nicely. I think it's because we're more and more specialized. I wouldn't be at all surprised if conventional broadcasters have to rethink their models as well.

•(1010)

Mr. Roger Gallaway: One final question has to do with the Olympics, and I heard what you had to say to Mr. Abbott. You said also, in that February 27 article, that the CBC had earned the rights to broadcast the games in Canada not by outbidding other networks but by offering clearly superior coverage to anything the other Canadian bidders could provide.

I've got to say, when I read that I was surprised. We had heard from CTV and toured their headquarters in Toronto, where somebody categorically said you outbid them; it was all about money. I think there's certainly a perception out there that the IOC is an organization in which money is a very important commodity.

Mr. Robert Rabinovitch: [*Editor's Note: Inaudible*]

Mr. Roger Gallaway: So why would CTV specifically tell us it was all about money?

Secondly, I want to hear more about how the Olympic organization has some... I mean, is Dick Pound there saying "I'm the arbitrator of good taste in Canada, and CBC will get the coverage. We're not interested in the money aspect of it."?

Mr. Robert Rabinovitch: When I said before that it was not about the money, it was that we did not outbid the other network. We went together with TSN, and with RDS on the Radio-Canada side, and presented a package of specialty private broadcasters and the CBC/Radio-Canada, a package of programming and hours that won it for us.

I can assure you we did not outbid. But let's assume for a moment that the bids were equal. Every Saturday we invest three or four hours of programming in amateur sports. We develop our knowledge of amateur sports. We have people like Terry Leibel who work on amateur sports continuously. When they're doing a show like the Olympics, it's natural to them. They know the actors, they know the stars, they know who they're working with, and they know what to expect and what their track record has been over a period of time. The result is better in-depth coverage.

I think that's one of the reasons we beat NBC too. None of them invest in amateur sports. There's no money in amateur sports as a broadcaster. You have to look at the Olympics as the jewel in the crown, but it's the culmination of four years of working with amateurs in various areas and knowing their areas and working with them, ultimately culminating in a Canadian experience at the Olympics.

The Chair: Mr. Gallaway, we'll come back to you.

Mr. Bélanger.

[Translation]

Mr. Mauril Bélanger: Thank you, Mr. Chair.

[English]

First, I have to declare a pro-CBC/Radio-Canada bias.

• (1015)

[Translation]

Because I come from a small village in Northern Ontario, Radio-Canada was very important for me. It connected me to the rest of the French Canadian community with *Bobino*, *La Boîte à surprises*, *La Poule aux oeufs d'or*, and occasionally, *Couche-tard*, when my parents would allow. But we had to get up early Saturday morning to catch *Pépinot et Capucine*.

[English]

The second thing I want to say is that I think this committee should take note that CBC has caused our colleague Jim Abbott to shed a tear. That is truly a great Canadian moment.

Some hon. members: Oh, oh!

Mr. Mauril Bélanger: I also in no way share some of the comments my colleague Mr. Gallaway has made, that we should let CBC English television go. I think the opposite should happen and the Government of Canada should reinforce its support for it.

[Translation]

This being said, this morning we received your submission to the committee. I have not had the time to read it completely, Ms. Taylor and Mr. Rabinovitch. I will read it carefully, and if I have additional comments to make to the committee, I will submit them. I am not a regular member of the committee. I was a member when you were asked, Mr. Rabinovitch, to review your position regarding regional news. I have not changed my mind. If it is indeed a question of resources, I think that the government should seriously think about adding resources for you to be able to do so, at least where there are no obvious alternatives, and to do so properly.

I would like you to notice that there is an error on page 24 of your document, in the French version. In the fourth to last paragraph, you state: "As a result—with the exception of CBC French Television and the educational broadcaster Télé-Québec—"

I think that there should be another exception: TFO. I think that you should recognize that TFO also avoids purchasing American television programs. I think that it would be a nice gesture for you correct this error, if you will.

I now would like to ask Ms. Taylor a question. I have a beef, and my colleagues on the committee know about it. Each time I hear this on Radio-Canada, I get frustrated. It's the expression "Quebec-English Canada". Regularly, if not daily, people on both sides, both CBC and Radio-Canada, use this expression. I don't know if they take some malicious pleasure in using it, but I catch them saying "Quebec-English Canada". If they want to say "English Canada" they should use the corresponding "French Canada".

I don't know if you have the authority, as Chair of the Board, or you, Mr. Rabinovitch, as President of the CBC, to insist that your staff should use vocabulary that respects what you are.

Madame Carole Taylor: As you know, I am not totally bilingual, forgive me. I promise you I will continue to improve my French. My francophone colleagues in Vancouver help me considerably.

I also think that it is very important for me to properly understand the Francophone culture, and support it, which I do. If it is possible, I would like to answer you in English. It will be more clear.

[English]

Language is very interesting, very important, and perhaps more, as you say, in this particular connection.

We have a report from the ombudsmen. We have both a French ombudsman and an English ombudsman who come forward with any complaints they have had during the year on all kinds of issues. It was very interesting, because this is my first year through the process, to hear the report. The complaints on the French side were hugely about language, to make sure that we were getting it right, because, for instance, an announcer might use a colloquialism that was not considered proper. So there were many issues like this that he responded to.

He also said to me that most of the complaints about the way the language, whether it was in French or about French, was misused came from British Columbia, which was also interesting. But he said in part it was because the francophone community in British Columbia is quite a mixed community, and there are many immigrants as well as Québécois.

So I want to assure you that it's high on the agenda, and if it's a situation that you have noticed and is a particular problem, then it's important that our ombudsman really is aware of it and can speak to that issue.

Mr. Mauril Bélanger: Presumably we can send him a copy of the transcript, Mr. Chairman. But what is disquieting about the use of this expression is that it negates the existence of quite a few Canadians. It doesn't recognize the fact that French Canadians exist outside of Quebec, nor does it recognize the fact that you have a community of English Canadians within Quebec. To use that expression I think does not serve the country well. And it may be that it just grew out of habit, but I would hope that some habits can be corrected.

Thank you.

Ms. Carole Taylor: We're not too old to learn.

Mr. Mauril Bélanger: Never.

The Chair: I'll allow you to catch your breath, Ms. Lill.

Ms. Lill and Mr. McNally had to make a statement in the House.

Ms. Lill.

• (1020)

Ms. Wendy Lill (Dartmouth, NDP): Thank you.

Thank you very much for your presentation; it was excellent, and I enjoyed the questions around the table.

I want to ask you a question from a perspective that I think is often lacking in our deliberations, and that's from the position of the creator. My background is as a writer, and I started writing with the CBC in the late 1970s. I had the opportunity to do freelance work in Winnipeg and move from doing "streeters" to working on shows like *Identities* and *Our Native Land*. I did a series on native migration to the city, and then moved into drama and did radio drama.

I mention all of this by way of saying that I know from experience the importance the CBC has in bringing new writers into being, giving them an opportunity to write, giving them a forum to say the things they want to say. In my case, I was able to talk about the native migration to the city. I was able to talk about immigrant women garment workers picketing in front of a factory in Winnipeg. I was then able to talk about the Halifax explosion. These are all very Canadian things I was able to portray on the CBC. I'm just one example. There are thousands of writers, musicians, and poets who in fact have had the same experience.

So all of that being said, we know that's what this committee is about here. We are studying the Broadcasting Act and the state of broadcasting for the purpose of making sure that we continue to tell Canadian stories, and that we have the environment for that to flourish. That's our task.

One of your recommendations is you talk about the need to review and re-balance policy and funding instruments to provide greater support to broadcasters who have a genuine commitment to Canadian programming. I need to know, I think we all need to know, what the obstacles are that you are facing right now that are prohibiting your task and thereby prohibiting the ability of writers and creators to be exposed to the Canadian public.

Mr. Robert Rabinovitch: Michel may want to add a couple of things.

There are some general problems and some specific problems. We reaffirm our strong support for the Canadian Television Fund as a means of supporting independent producers and the quality of programming they can do. We do believe, however, that there are problems of fairness in terms of our ability to access some funds in that program. There are some very specific problems, which we have discussed with people. I must say that some significant progress has been made in the last year, but there are still areas of work that have to be done.

As well, we are concerned about the general funding available for programming. As an economist, I'm not sure that we do it in the most efficient manner between tax breaks and subsidies. I believe there may be other ways of doing this, which should be considered.

Without increasing the total commitment of funds, I think we can get more distinctive Canadian programming. The Canadian Television Fund has moved in that direction in the last couple of years in its definition of what it's willing to fund. Some of the proposals that have been put forward by the private sector merit serious consideration in terms of what public funds should be used for in the cultural field, and in our opinion that is the enhancement and development of Canadian culture and Canadian writers.

My own feeling is that sometimes we get confused between an industrial policy in the area of film and development and the cultural policy. I think the industrial policy has been a very great success. I think we now have to re-examine what we're doing in terms of how we support our cultural policy and get the most return for our dollar. That's why we say we would support a re-evaluation of programming and all ideas should be on the table.

• (1025)

Ms. Wendy Lill: I'm interested in that comment about the industrial policy versus the cultural policy, because we certainly see an enormous amount of industrial product being created.

You talked about the need for a content analysis of what is actually being created out there. One of the questions I would like to see asked is, do Canadians know what they are watching? Have they any idea where on the planet some of the material they're watching is being produced? I'm not sure, and I don't know if you have any idea of whether in fact Canadians are aware of what Canadian content is.

Mr. Robert Rabinovitch: I would suggest to you that most Canadians don't care, nor should they. What they do care about are those Canadian stories and Canadian interpretations. They know that when they go to the CBC, they will get a Canadian interpretation. The program *Nikita* was made in Canada. There was nothing Canadian about it. It was an industrial program, and it did quite well for a period of time. But the people who watched it were totally indifferent as to where it was produced, and that's just fine. To the public the fact that because of our dollar and the quality of our technicians a lot of American movies are shot in Vancouver, Montreal, or Toronto is irrelevant. What they want is a good quality program.

But that is only part of the story. That's why I call that the industrial aspect. I think that starting in the seventies, we have succeeded in developing high-quality professionals to staff film and television production. What we haven't done as much is produce Canadian programs for Canadians. I suggest that the CBC is the exception, but I don't think we should be the only one doing it. Export is a secondary issue by a long shot.

The Chair: Mr. McNally.

Mr. Grant McNally (Dewdney—Alouette, PC/DR): Thank you, Mr. Chair.

Thank you for your presentation.

Several of the shows on the CBC were shot at Danny Virtue's studios in my home town of Mission in my riding, including *Nothing Too Good for a Cowboy*, *Neon Rider*, and *Bordertown*.

I agree with your characterization of the need for Canadian stories versus this other definition of Canadian content. I believe you're right when you say Canadians want to see more and more of that and there's a market for it. As you illustrated, shows in that category are being watched by Canadians, and by others as well.

I'd like to ask you a question about commercials. We've heard testimony that in many ways the CBC looks like just another private broadcaster when a fair number of commercials are shown. What would be your response to that? I know that there's a pull and tug with funding. Do you know what the cost would be if commercials were removed from all of the programming?

Mr. Robert Rabinovitch: Mr. McNally, the question of commercials has been a touchy one for a long time. Sometimes some of the private sector would like us out of the commercial business because of the space it would create for them. We cannot survive without commercials as our funding formulas now stand, but what we have tried to do in the last three years is look at program genres and ask ourselves whether there should be commercials in this genre and whether we can afford to get out of commercials in this area.

The first area is children's programming. We've increased the amount of our children's programming by 35%, knowing full well there would be a commercial hit. The second one was the news, where we got out of commercials on the six o'clock news for the first half hour and the ten o'clock news for the first half hour. As I noticed, that often becomes the first 40 minutes. Another area where we've left commercials is the Thursday night arts programming. It just doesn't make sense to break it up with commercials.

We are also experimenting with different ways of raising money without the incessant breakup of a program through commercials. That, in particular, is sponsorships, which our friends at PBS have done to a certain extent. We've used sponsorships for *Canada: A People's History*. The *Trudeau* series, which I hope you'll come to tonight, will use sponsorships as well, for the first time. We have four sponsors, and the program will therefore be packaged in a very different way.

But we've gone as far as we can go in getting out of commercials. The extent to which the public broadcasters should be taking commercials is a public policy question. My own personal feeling is that we should be in sports, and in sports we must take commercials. There are certain types of programming where perhaps we should, perhaps we should not. It's a policy issue. But I can tell you that today we cannot survive without commercials.

● (1030)

The Chair: Ms. Taylor wanted to intervene as well.

Ms. Carole Taylor: I would just tie two pieces of both your comment and your question together. You've said something that I think is fundamental to some of the misunderstandings out there in the community. You said "what people think we're doing". It's my opinion that probably about ten years ago, CBC/Radio-Canada lost a lot of people and they lost a lot of viewers because they did look at what they perceived as the commercialization of a public broadcasting system. The question was, "Why should I use taxpayer dollars to buy an American program?"

What has happened within the corporation in the last ten years is dramatic, in terms of accepting that position, realizing that in fact we have to look different and we have to be different from the privates. Otherwise, why do we exist? In doing that, as Robert has said, we've taken all the commercials out of kids' programming. We've cut it in half in news. We're pulling it back and trying to do it in less obtrusive ways so that we will look different from a private network doing it.

Also, to answer Ms. Lill's point, we're doing shows that hadn't been done before. We are back in drama. We went away from it, in part because of budget considerations, but we lost our way, I would say, a number of years ago. We are back there now. *Random Passage*, for instance, which is a Newfoundland book, Newfoundland author, Newfoundland producer, Canadian actors, was a wonderful success. If you want to talk about numbers, it pulled in as many viewers as *Hockey Night in Canada*. It's a wonderful, dramatic, rich Canadian heritage thing that we did. People don't know it's there.

I think our biggest problem is to get people back to the CBC and have them realize this is a new CBC. It is different. How can we tell them what we're doing about commercials or what we're doing about regional programming or drama until we can get them through the door and watching again?

Mr. Grant McNally: We understand you're doing the best job you can. Obviously those of us on the committee are watching and noticing some things that perhaps not all Canadians are noticing at this point. Perhaps part of that is sticking with the plan. I know a lot of viewers were lost because formats changed repeatedly, and for other reasons too. But as the program gets established in what you're doing in moving forward, I think that will be helpful.

The whole funding question, of course, is huge. Mr. Rabinovitch alluded to the PBS model. You've talked about thinking outside the box, rebalancing funding instruments—I'm guessing, and maybe I need to ask you—in terms of generating revenue to be able to keep going and to do better in that area. Could you tell us what some of the things you have done are, what you're looking to expand, and what things outside of the box could help to defray some of the public concerns about taxpayer dollars going into the CBC while still having it be a public broadcaster? I think it's a huge philosophical question, but how do we get to that point?

Mr. Robert Rabinovitch: There are many parts to your question. At some point I wouldn't mind talking about PBS and demystifying PBS as a service sponsored by subscribers, because that's not the fact.

But to get specifically to what you were talking about, we are looking at every means of operation we have to run this corporation, from the business point of view, as efficiently as possible, as if it were a private-sector corporation. Both Carole and I come from the private sector and have been on many boards. Carole remains on many boards. That's why I make the argument that if I were in the private sector now, I'd be doing exactly what is being done right now in the programming area.

We are looking at areas where, for different reasons, perhaps CBC has been overbuilt. The Toronto broadcasting centre, for example, is in a building that is much larger than necessary. It was built when policy called for a lot of in-house production. Today, government policy calls for doing a lot more with the private independent sector, so there is space there. We have consumed space almost as a free good. We are now going to manage it much more tightly.

We're looking at a possible consolidation in Ottawa, where we would reduce significantly the amount of space we are using. In Edmonton, we will reduce the amount of space we're using from about—don't quote me on the specific numbers—150,000 square feet to 30,000 square feet. We will move downtown so there will be visibility for the CBC in Edmonton. In Vancouver, we have a lot of property around our building. We are looking, with private developers, at different ways of developing that property so there will be a return to the CBC. We want to use all of our assets to generate money that will go to only one place, and that's programming.

We looked into selling our transmission assets. Unfortunately, as you all know, there was a meltdown in the telecommunications industry. The bids we had ultimately disappeared, but not the interest. The day will come when we will sell those. In the meantime, we've spun them out within the company and are running them as a profit centre. We are offering services to other broadcasters, from a technical point of view. In fact, we're really trying to build the business case, to be able to sell it eventually.

We want to get as much as we can out of areas where we need not be and others can do better, so we can focus on our services, and in the process, generate a cashflow for us. We know we can only ask for so much from government.

● (1035)

Mr. Grant McNally: Thank you.

The Chair: Before we go to the second round, I just want to ask you three brief questions. I would touch on local programming, because that's a big question that has been asked to us, but hopefully members will ask about it as we go along.

I want to ask about the whole question of specialty channels. The CRTC has, in effect, not allowed CBC/Radio-Canada to get in, and there was the odd TV where you had to have a partnership before you got a slot. If you had your choice, would you go into specialty channels? Why? Would that help you compete better?

The second question is on platform placement. Some intervenors, including VisionTV, for instance, have suggested to us that the small players are being left out on the placement on cable where they can't be watched, where there is a placement of "public" channels, including APTN, VisionTV, and so forth—realizing APTN is private—including CBC, all sort of public affairs, you might say.

Third, regarding the Cable Television Fund, Telefilm, and the National Film Board, would you see a more effective way of regrouping them for cultural effectiveness and funding distribution? A lot of people have questions about the process of funding, which is very complicated. How would you see that?

Mr. Robert Rabinovitch: First, with respect to specialty channels, the CRTC in the 1990s was very hard on the CBC after giving them Newsworld and RDI, and was very insistent that the public-private model move one step further and that we do it in partnerships.

I don't disagree with the CRTC. I think we have to be very careful in getting into specialty channels. It's an area I would have to talk with my board about long and hard, because we have only so much money, and if we were to diffuse our resources I think it would undermine the quality of our product. We have to be very careful about that before we get into it.

At the same, I think there are areas where we should perhaps be in specialty channels. ARTV is a classic example of a specialty channel on the French side that I think is working very well. It's a partnership. Country Canada is a partnership with Corus. The documentary channel is a partnership with Corus and the NFB.

I can see partnerships of that nature. I think the CBC would do well, in one form or another, if it had more platforms to show its content, because it would then be able to amortize the cost of that content over more platforms. But I wouldn't holus-bolus use a shotgun approach to go after specialty channels.

Our main job is program production. We have to have channels to get it on the air. The question is how many channels we need. I think we're pretty much at optimum right now.

I suspect that over the next little while you will see adjustments in the channel mix. Country Canada may change quite dramatically. There may be changes in ownership. There may be opportunities to do things with some of these channels.

I would not be supportive of the CBC running, as the BBC does, about ten separate, different channels. We just don't have the resources. It would spread us too thin, and we would lose focus.

With respect to platform placement, we are created by an act of Parliament. We are the distinct public broadcaster. We have historically been in partnership with the private sector. I am not opposed to Vision and APTN and others trying to create what they call a "green space". We are a green space, and we will continue to be a green space. I think we should be handled quite separately from those specific specialty channels. I don't deny their argument, but I don't think it encompasses us.

With respect to the CTF, I think one of the things government may want to do one day is look at all of its instruments, including the NFB and the CBC and the CTF and Telefilm, and look at possible rationalization of the whole field. We talked about Canadian content; I could easily see a study of the instruments of government policy in the cultural field.

•(1040)

The Chair: If you have any specific ideas in that regard, after reflection and discussion with your board, and could submit any such ideas to us, they would be really useful.

Mr. Robert Rabinovitch: Thank you.

The Chair: Thank you.

We'll start the second round. Mr. Abbott.

Mr. Jim Abbott: Thank you.

As you may have been able to detect, Mr. Bélanger and I enjoy throwing barbs at each other from time to time. I guess I wasn't at all clear, because it was content of a program on a private network over which I shed a patriotic tear.

Voices: Oh, oh!

The Chair: You only need to shed a tear on private enterprise, not on public.

Mr. Jim Abbott: That's right, particularly if they lose money.

I had a question all set to go until your discussion about, for example, in Edmonton moving downtown. I can think of a private broadcaster, who literally has a storefront operation in the old Hudson's Bay Company, who has the exposure downtown. I'm certainly not speaking on their behalf at all, but it strikes me this is exactly the kind of thing that ends up driving people in private industry just a little strange. They have an idea—they have this exposure on Jasper Avenue—and now the CBC is saying "That's a good idea; I think we'll do it too." At least, that's what I'm taking from your comment. Am I incorrect in coming to that conclusion?

Mr. Robert Rabinovitch: You are partly right, but people steal ideas from us and we steal ideas from other people. One of the changes occurring in broadcasting is the idea that it should be done in isolated, insulated environments on the ninth floor of the CBC Toronto building, as you saw, in artificially created environments. I think the person who led the attack on this was Moses Znaimer with City TV in Toronto.

Open the doors, let the public in to see what you're doing, see who your stars are, and see them in operation. This is one of the reasons we want to do it, especially for faceless radio. We find in Winnipeg, where there is a studio open to the public, the people come by, wave, say hello, and look.

Our job, I guess, is like your job. We have to show there's value for money. We have to show what you're getting. I think to be located downtown, where people can see you, is important for the corporation in terms of its visibility and vision. I will unabashedly steal, sir, from someone else if it's a good idea.

The Chair: Carole.

•(1045)

Ms. Carole Taylor: Mr. Chairman, if I may pursue this a little more, I think this is an extremely important issue for where I see CBC/Radio-Canada going forward.

This all comes in part because of our notion that integration of services is essential to the future of our broadcasting system. By that I mean we certainly cannot afford to have it. I also don't think it works to say you have separate French radio, French television, English radio, and English television. No one is sharing and supporting resources, ideas, talent, and facilities. It's very expensive and doesn't work in terms of broadcasting.

I say it coming from the privates, as well. When I used to do *W-5*, there was no possibility we would share any information with news. This is not only CBC's idea; it is our history and where we've come from.

Architecture often supports function. We have architecture across the country where you'll have radio in one big building completely remote from television in another building. In Vancouver, for instance, we have a very skinny, linear building, but each section, each media line, is totally isolated from the others.

If our strategic direction, as a board, is to say we have to start working together and supporting each other, then we have to have the architecture to help it. How do you do it financially in a responsible way?

As Robert has said, we have many instances when we have too much space or bad space. If we can make the business case that we can sell the buildings, downsize to the right size for us, make it work better strategically, and at the same time upgrade to the new digital equipment we have to have anyway, then it's an excellent opportunity for us to do it. In doing it, we can choose a spot that's back in the community, rather than out in some industrial park.

The politics of this is crucial to me. We have to be able to show people that what we are doing is financially responsible. We are not out building new buildings because we feel like building new buildings. We are downsizing to the correct size and doing it in a way that is more cost-effective, efficient, and is a better product way.

You will note that eight of our ten foreign correspondents now will broadcast in French and English for radio and television. It's part of where we're going. This whole issue of property and architecture is an important part of the solution.

Mr. Jim Abbott: I wonder if we're not continuing to think within the box. For example, CBC is on-air. CTV, Global, CHUM, A-Channel, and other broadcasters are on-air. This basically gives them a preferred position on either satellite or cable.

The fact of the matter is that well over 80% of Canadians have access to cable or satellite. In actual fact, virtually all Canadians have access to the 500-channel universe through satellite, no matter where they are in Canada.

If we think within that box instead of the on-air box for half a second, I'm going to page three of your presentation this morning. The committee members were exhorted to take a look at the quotation, "The only thing that really matters in broadcasting is program content; all the rest is housekeeping". At the bottom of the page, you say it was "All designed to ensure that Canadian programs would not only be made, but also be showcased on Canadian broadcasting stations".

If we think within the larger box, if we think within the satellite box, we have the specialty channels that are absolutely starved for Canadian content. As a matter of fact, they are starved for any content. That being the case, why do we need the CBC? We have all of these channels, all of these outlets that are universally available to all Canadians, albeit for a small fee. Why do we need the CBC in order to put out these programs if in fact we are matching what you have said, where "the only thing that really matters in broadcasting is program content"? If we have a high enough content, why does it absolutely have to be shown on the CBC at public expense?

• (1050)

Mr. Robert Rabinovitch: The major expense is in the creation of the content. The major expense is in the development of the programs. We need CBC's channel space in order to ensure that we can put programs on the air. The NFB pays a very high price because it doesn't have a distribution system. It did have one once; it disappeared on it. And whenever there was a feature film, there was always a movie before and it was very often the NFB movie.

I would not counsel the committee to do away with the CBC as a broadcaster and just make it into a program house. We have the same argument as before: if you're CTV or CHUM or anybody, to take the Canadian product we produce and replace *ER* with that product, you're not going to do it. The product won't get on the air. To put it on a speciality channel, the special channels may exist, but their average share is very low. It's about a half of a percent, and it is not really an alternative in terms of how one shows programming.

The other thing too is it's the combination of things that creates a channel, whether it's news, other programming, whatever. And this is what I think we also do very well; we put together a viable alternative for Canadians. But the real cost at the end of the day is the programming.

The Chair: Mr. Tremblay.

Mr. Michel Tremblay: I have one point, Mr. Chairman.

Mr. Abbott, I think there is a fundamental reality we have to look at as well. It is fine to say that we have right now a humongous offer through specialty channels, which are all small share, but the bottom line is that without large conventional networks in the system that can afford large-scale production, I think the specialties would have problems. A lot of our content that gets a first showing on the CBC ends up in second or third window on specialty channels.

You've already recognized the fact that they're starving for content. If you remove the large players, I would question the viability of specialty channels down the road, especially from a perspective of offering Canadian content.

[Translation]

The Chair: Ms. Gagnon.

Mme Christiane Gagnon: You state that you properly fulfill the role of a public television organization, and that you offer quality programming and various choices. I think that this is where we can differentiate between a public television organization and a private television organization.

But when I look CBC programming... I am not commenting on the quality of our artists and shows, but on the choice of shows. I watch shows such as *La Fureur* and *L'Ecuyer*, which resemble shows that are presented on the private networks. *Les Poupées russes* could have been shown on Radio-Canada, and there is *Music Hall*. I like to channel surf and go from one show to another. I even watch *Da Vinci*. Often, I have difficulty in knowing whether I am watching the private or the public network. You say that *Da Vinci*, which I watch, is a quality show.

How do these shows differ from private television shows? I can't really tell the difference, because when I go from one show to the other, I ask myself sometimes whether I am watching Radio-Canada or a private station. I know that you must get popular shows to sell advertising. When your ratings are higher, you can sell you advertising at a higher rate.

So as far as I'm concerned, I have difficulty in saying that, overall, the CBC is accomplishing its mandate, to be a different television with more targeted programming. Therefore, it is perhaps not necessary to try for ratings of 40% or 25%. I find that with the market fragmentation, ratings of 25% are still quite good in Quebec. We are talking about 9% for English Canada. We understand why State television needs its market share, but I have a little bit of a problem with this.

There is another aspect to the question. You say that the 20 most watched programs on CBC French television, Radio-Canada, are all Canadian. Contrary to my colleague, Mr. Bélanger, I think that we must define Quebec production. This is a Quebec production, and production in Canada is different. We could also talk about production that Francophones outside Quebec would like to see, who have told us that they were content with production from Quebec and from France, but that they would like to have the means to produce their own shows.

If you should ever grant Mr. Bélanger's request...

The Chairman: Ms. Gagnon, you are making a speech.

Ms. Christiane Gagnon: I know, but these speeches must be made, because we wonder how else will we get the message across.

•(1055)

Answer me regarding the quality of programming, then I would like to hear your comments on what Mr. Bélanger said. I think that there is a Quebec production. The seventh art has a specific culture in Quebec and the seventh art is also on television. We would again drown in...When you talk about broadcasting or audiences you also make a distinction in your brief. When you refer to broadcasting, you refer to broadcasting in French and broadcasting in English.

M. Robert Rabinovitch: I will try to answer your question, and Michel will provide the exact figures on the ratings and the percentages of Canadian and Quebec programming for each channel

You are correct in stating that the uniqueness of Radio-Canada is not as well developed as that of the CBC. Changes are on the way, but the Quebec market is very different. The role of popular programming is important in the development of Quebec culture.

Discretionary services are developing more and more in Quebec now. There is about a ten-year gap between the development of specialty services in Quebec and services in the rest of Canada. That means French services. Now that there are many more specialized services in Quebec, Radio-Canada must rethink its position within the market and it is now in the process of doing so. It must accurately define the type of programming it wishes to undertake. We don't want the French system to be in all respects similar to the English system.

Radio-Canada's role in the Quebec market, and in developing Quebec talent, is truly different. It is a much more precise role, and it must be maintained and protected.

Michel.

M. Michel Tremblay: Ms. Gagnon, I would like to come back to the points that you raised.

First of all, you talked about the similarities between our shows and the others. Since you are already a fan of *Da Vinci*, I can tell you that what distinguishes it from other dramatic productions presented on other networks is that we don't hide where the show is being produced: everyone knows it's in Vancouver. Often, the scenarios take into account the local and regional market realities, and there is a range of Canadian actors and stars. So I think that there are major distinctive elements in terms of content.

Now let's look at the Francophone market. We can perhaps skip the details on what is scheduled on the other networks, but I would say that we passed on offers regarding *Kamasutra* and *Sexe et Confidences*, which went to the competing networks. But that's water under the bridge.

I think that the fundamental distinctive element is as follows, and it is very objective. During prime time, we broadcast 90% Canadian content on our French network, while on the competing networks this percentage is 53% for TVA and 45% for TQS.

Given this supply of programming, who is attracting audiences to Canadian shows? At Radio-Canada, 92% of evening hours are devoted to Canadian shows, compared to 61% for TVA and 39% only for TQS. This is their prerogative and it's their mix of programs. With the programming on the other networks, there is an overwhelming share of elements that are not entirely Canadian and which do not reflect French Canadian culture.

I think that an exhaustive analysis of the schedule would also reveal these fundamental differences. This is where we are distinct: we are truly the homestead for Canadian content.

•(1100)

The Chair: Mr. Mills.

Mme Christiane Gagnon: This is why I spoke for so long; I see that you quickly look away.

[English]

Mr. Dennis Mills: Thank you, Mr. Chairman.

Ms. Taylor and Mr. Rabinovitch, under “Corporate Priorities”—and you touched on this point earlier—there’s “Leverage assets to increase financial flexibility.” I’d like to dwell on this for a couple of minutes with you.

I for one am not excited about this sort of running away from or shrinking the presence you have throughout Canada right now. I’ve been pressing for the last two years for a situation where rather than sell off or lease out the excess space you have in buildings, you try to figure out a way you can lever that space so it will not only be an economic support system to the corporation in its fiscal challenge but also a support for the greater good of the community and the country.

I have made a specific request on more than one occasion. I don’t think I mentioned this to you, Mr. Rabinovitch, the last time you were here, but I know I’ve mentioned it to some of your colleagues, and it is this: because of the exploding motion picture industry that exists in Canada today—it’s now a \$3 billion sector—why couldn’t the CBC design a relationship with an educational institution where it would use its assets, the great skilled labour that it has in all facets of production, whether it be radio or television, and become an educational institution like a “CBC U”? This would make sure that we produce a workforce that can complement and support efforts to supply the content of that multi-channel universe we’re heading into.

I bring this to your attention because in my own community, which I’ve been representing now for 14 years, in my very first year I did a canvass of all the people who were working in the motion picture industry, and there were approximately a thousand at that time. There are now well over five thousand just in my little community in downtown Toronto, and the interesting thing is that a vast majority of those people have had a CBC experience in their lives, whether they’re set designers, sound recordists, or camera persons. In fact, they brag about their CBC experience being the foundation that allowed them to go on and make feature motion picture films. Some of them have gone on to win Academy Awards.

Rather than take these regional centres you have, where with technology being what it is today there’s excess space, etc., why couldn’t we put our ingenuity caps on and think of ways where we could not only bring in revenue to the CBC, we could use the strength of the technology and the people within the CBC? In fact, some of those people who are on your payroll there could earn supplementary income by going and teaching these younger people who don’t have the opportunity people had in the past when the CBC had a much larger budget. There were a lot more people who had the opportunity to learn. CBC was almost like a training centre many years ago because we weren’t as sensitive to budgets. That opportunity is lost, but here we could maybe create a similar environment, one where there could be not only an economic benefit for the CBC through leveraging existing resources, we could develop a skilled force to make sure that we produced the best motion pictures on the planet.

• (1105)

Mr. Robert Rabinovitch: What you’ve suggested, Mr. Mills, is very dear to my heart and makes a lot of sense.

To start with, let’s talk about shrinking of presence. We are not shrinking our presence. We are using our assets in a more efficient

manner. In fact, if anything, what Mr. Abbott was suggesting is that we are emulating the private sector in moving downtown and having a larger presence.

One of the deals we’ve made is in Regina, where, together with the film production corporation of Saskatchewan, we are building a film studio on our land. The purpose is, precisely as you said, to train people, to develop people in that environment. They will be using about 50% of our space, because we just don’t need it, plus we’ll be working together. It will all be interrelated, interlinked.

We strongly believe in a mentor program. As you know, we’ve had a hard time over the last five years; we’ve been laying off people rather than hiring. Of late, we’ve been hiring people. When we announced that we wanted to hire five journalists to staff our new offices around Canada, we had over 4,000 applications from people who wanted to go to those areas. They were out-of-the-way areas, in many ways, but they were the beginnings of a career.

Our deal in Toronto is with the International Academy of Design & Technology. One of the reasons they wanted to be in our building is because of our facilities and our people.

As we hire new people, we’re looking more and more in terms of hiring people who we’ll bring in and move around, not from program to program, but from service to service, so they’ll get experience in radio and experience in television. Some will stay and some will leave. I’m not upset when I hear about all these people who got their training at CBC and went on to do other and better things. That’s part of our responsibility.

With the work we’re doing in Vancouver... I don’t know if you had the opportunity to go with the committee to Vancouver, but it’s extremely exciting to see Radio 3. I call it “The Skunk Works”, a group we’ve protected so they can create and develop new programs, new uses for the Internet, new ways to reach out to youth; and now, starting next week, I think, we’ll have a new program on television that will build on that, called *Zed*. Again, it’s out of Vancouver, but it’s to give young people an opportunity to get air time, to create, to experiment, to do things that are different, and I think that’s very much part of CBC’s role, to help develop the next generation.

I think one of the saddest things that has happened—and we can talk about other institutions where it has happened as well—is that when you go through cutbacks, who gets cut first? It’s the next generation, and we’ve been badly hurt by that. But now, more and more, we’re trying to reach out to these people.

Mr. Bob Mills: Well, I’m happy to hear that, and I wonder if you could maybe look at the feasibility of taking your words and designing them or putting them together in something like a business plan so that it becomes almost a formal educational commitment that is part of the overall CBC mission, to see whether or not that could work, where CBC would joint-venture with maybe an educational institution—in my city, of course, it could be York University or the University of Toronto, or one of the community colleges, plus a relationship with HRDC—where it’s a very specific function, where there’s no cost to the treasury of the CBC. In fact, there would be an enhancement for renting out the space and the expertise.

It could be something that young people could look forward to... not on an informal basis, which happens in most corporations where they have mentorship programs, but they have flows. I'm talking about a formal institution that's an appendage to the CBC.

Thank you.

The Chair: Thank you.

Mr. Galloway.

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

I was quite interested in your presentation. You use six examples that are rather anecdotal to show why you think the CBC is important.

I'll give you my anecdote of last evening. I was leaving a great Canadian hospitality centre, the Hard Rock Cafe in the market. At the same time a cabinet minister was rushing out the door to a waiting car, saying "Gotta get home. *West Wing* is on." There's a great symbol of Canadian culture.

So there's a danger. I understand that the anecdotal is important, and it's illustrative, but at the same time this committee is looking at the future—not this year, not next year, or whether your business plan will succeed this year or next year: we're looking perhaps ten years into the future. We have to look at trends and at indicators.

One of the indicators I'm interested in, Mr. Rabinovitch, is one you have referred to in an article that says nine out of ten Canadians—I believe that's the statistic—regard the CBC as a vital, essential cultural institution. I wonder, what is that study; where is it; and who commissioned it? Can you tell us about it? Or perhaps you could agree to table with this committee a copy of that study.

Mr. Dennis Mills: I have one. I don't have it here; however, I can get it.

Mr. Roger Galloway: Unfortunately, Mr. Mills, I'm questioning Mr. Rabinovitch, not you.

• (1110)

Mr. Robert Rabinovitch: There have been many studies done over the years. I'm not quite sure of that specific one. I think that was one done by the Compas polling organization.

Mr. Roger Galloway: You referred to it in the article; that's why I asked.

Mr. Robert Rabinovitch: Right, but I think that was the one done by the Compas organization. I know Friends of Canadian Broadcasting have done several studies. There was even a study done by Global on *This Weekend*, where 75% of people who answered a Global write-in—out of 2,600—said the CBC should remain as it is and should be developed. That is a biased study by definition, because of the choices of the people who are watching—which is fine.

I think, if you look carefully—and you may want to do your own work—the CBC is one of those institutions that, when I'm cynical, I say people love to have there, even if they don't watch it.

Mr. Roger Galloway: Okay.

Mr. Bélanger had made a remark, which he didn't retract but I'll retract for him, and that is that I've suggested you be privatized. I've never said that, ever.

You have raised here this morning the issue of PBS, and I've raised the issue of looking at alternative methods of funding the CBC other than by the public purse. I would be interested in hearing your views on perhaps a couple of models: the PBS or the TVO—I'm not certain if they are identical—and your experience with Newsworld and the cable fees that support it.

Mr. Robert Rabinovitch: Our commitment in getting the licence for Newsworld was that no funding would come from our appropriation. In other words, it would not cost the citizens any extra money. We have honoured that commitment. But I have to tell you that Newsworld could not survive if it were not for the fact that it's part of the conventional service. It gets a lot of its support from the conventional service. The incremental cost of running Newsworld is completely paid for by advertising and by subscription fees, but the core programming comes through the conventional service to a great extent, and therefore indirectly from our appropriation.

As a matter of policy and personal interest, I have looked at other models of financing, but it always gets back to the same question, and that is the cost of production. It costs \$1 million to produce an hour of television of any quality. It is very difficult to do that without support.

With the PBS model, which people cite to us all the time, people forget that most of the money comes from the government. Most of the money comes in an appropriation at the federal level, from the government, plus significant funds from state and from universities and from certain foundations, a foundation system that we don't have.

When they go public to raise money—and we've all watched PBS and we all get frustrated by the appeals for funds—they raise a total of about \$350 million a year in funds through public solicitation. I've gone and talked to them about it, and the interesting thing is that it costs 48¢ per dollar raised. It is the most inefficient system you can think of to raise money. You can't get the people to watch when you want them to watch unless you put on specials. You have to pay for those specials, so you're into programming costs, and that drives your costs way up. So at 48¢ per dollar raised, if you use the traditional Canadian ratio of ten to one, we could look at about \$35 million being raised, netting about \$18 million. Well, we're not going to run very far on that.

The reality is that we can't do this on the cheap. It is a public policy objective, and it's up to you, as parliamentarians, to decide whether you want to maintain that. We think you should, because we think we're part of the cultural fabric of the nation and we think the public believes the same thing.

• (1115)

Mr. Roger Galloway: How does TVO work then?

Mr. Robert Rabinovitch: I don't know the details of it, but TVO is a very small operation. It works primarily off a government grant, and the fundraising and membership were really designed for a different reason. It got some money, but as I understand it, it was primarily designed to create a lobby group to fight for TVO.

Mr. Roger Gallaway: Much like Friends.

Thank you.

The Chair: Ms. Lill.

Ms. Wendy Lill: One of the changes in the Broadcasting Act of 1991 was to strengthen the system's commitment to the regions. One of the things we're trying to do in this study is to find out how well this act is operating, whether it's meeting the goals that were set for it—the goals of meeting the public service requirement; strengthening the cultural, political, and economic fabrics of Canada; reflecting and serving the special needs of the regions.

You have been talking a great deal about your national programming and the importance of big spectacles. When you came before us last year, you talked about that, and that's a focus you're moving into.

The fact remains that people are concerned that there no longer is that presence, the CBC presence, in the regions. Really, if you talk to any of the private broadcasters, they'll say they're beating you on the ground in terms of news, in terms of breakfast TV, and they have their mobiles out at all the events. They just think they're the happening thing and that they are the ones that are the voice in the regions. That's not the way it's supposed to be. The role of the public broadcaster has always been to help Canadians talk to one another in their regions.

I'd like to hear your response on that. I know you're pretty stubborn on this, but do you think you are meeting the goals put forward for the CBC by the Broadcasting Act in terms of regional expression?

Ms. Carole Taylor: Let me just step in, if I may, and speak to this first and then let Robert talk about whether or not he's stubborn.

To me, the regional support and regional reflection is fundamental to CBC/Radio-Canada. If we don't do it, and if we don't do it well, we will not continue to exist in the future. I think it's as simple as that.

When you talk about the support that comes through Parliament, it is in fact from Canadians across the country, whether they live in rural locations or whether they're in the midst of cities; whether they're east, west, north, they are the taxpayers whose dollars we use to provide programming. And frankly, if they look at it and don't see their community reflected or their stories reflected back at them, they will not support it. I believe it absolutely.

When I was first asked to take on this position, because that's just so basic to my beliefs about public broadcasting, I sat down with Robert for a day, just by ourselves, to talk this through, because if you had a chair and a CEO who were going off in opposite directions on this it certainly wouldn't serve CBC. It certainly wouldn't serve us, and it would be a non-productive, destructive relationship. I came away from that day believing that Robert supports this notion as much as I do. There have been problems in the past in terms of

dollars to make it work, but, going forward, there is an absolute commitment on my part as chair to make sure that you will, in five years, not make the same presentation you did today. You will feel that it's different, you will see that we are more regional in our reflection.

I want to say something else. Regional is not just doing the local news and local stories, although that is certainly part of it. And on that point, we don't have to compete with the privates, we can offer a different kind of local service. We don't have to do all the ambulance chasing, we don't have to do all of the crime stories that often lead off on privates. And I have no argument with them doing it; they know their business well and they do it well. But underlying every possible civic issue there is something to be discussed and looked at, and I think that's the role CBC public broadcasting should scoop for itself and make sure that if you want a deeper or a different look at those regional or local issues, that's where you'd turn.

I also passionately believe that we, sitting in Vancouver for instance, want to know the stories and the players in St. John's, in Quebec City, in Saskatchewan, or wherever. So part of regional reflection to me is not just the internal to myself, but across the nation. And without question, if you looked at any of our stats—and we can break down some of those numbers for you—you will see the dramatic increase in regional reflection and presentation throughout CBC's four media lines that have happened.

If you look at drama, *Random Passage* is from St. John's, *Tom Stone* is from Calgary. And I don't know if many of you had a chance to see *Jinnah*, which is a pilot we just did, but it's about an Indo-Canadian crime reporter and is set in the streets of Vancouver—the Punjabi market, the temples. That is a look on screen that I would say Canadians have never seen before.

• (1120)

Ms. Wendy Lill: I would like to break in for one second. I agree with you, and I'm happy to hear what you're saying about how five years down the line I wouldn't be asking this question, but where is that commitment right now? I'd like to hear what the plan is to reintroduce local public affairs explorative programming in St. John's, in Halifax, in Toronto, across the country, which we continue to hear about all the time. Where is that commitment?

Ms. Carole Taylor: The commitment is there, and the 30 minutes they have every day that tags on to *Canada Now*—or leads into it, because it's the local choice how they want to play it—is a big part of that. But *Country Canada*, which we're doing out of St. John's, for instance, is again those stories.

So I would say to you that you don't have to wait five years and see it. I'm saying we're doing so much of it now and you have the commitment from us that this is our intention, and what we have to encourage people to do is come back and have a look.

The Chair: If I could interrupt for a minute to pick up on what you, Mr. Rabinovitch, said during your presentation, if I understood it right, you mentioned that in your view *Canada Now* has not succeeded as yet and it so far has not lifted off. I recall your appearance when this whole thing started and you said it was the committee who really brought it about in a sense because there was so much of an outcry, especially from Atlantic Canada, and there still is a lot of feeling in the minds of colleagues of ours from these regions. I recall that at the time there was this dichotomy between regional broadcasting, which is part of the act, and local, which is not part of the act. What we've heard throughout our tour is local, local, local. It seems to come up all the time.

How do we reconcile the two, and what do you do with *Canada Now* if it still doesn't lift off in one year, two years, or three years? Do we go back to the local format, or what do we do? Or do you need more money to reinstitute what there was before?

Mr. Robert Rabinovitch: The question is very important and very difficult to answer, because first we need to give *Canada Now* more time to evolve and to develop. It's a very unique program. It is based in Vancouver, but it's done five times. Unlike the other national program at the same time, which is done once, this is done five times and changes from region to region as it is broadcast. Logically, it should work, but logic doesn't determine audience share.

There is a saying in local news, "If it bleeds, it leads". That is not our type of news, and we don't do it well. We don't have enough trucks to go out there and follow all these events. Perhaps we have to have a serious discussion about what someone's responsibility is to do local news when they're given a local licence as compared to a national licence. I don't know what the answer is, but I know it's a combination of things.

I know as well that Carole is absolutely correct, in that we must reflect the regions in our national programs. That is why we opened up new news offices and what we call "pocket bureaus" right across the country, so we have more news coming from all areas of the country. That together forms what we call the national newscast. If you look at the newscast, you will see more and more stories that originate in different places than you did in the past. If there's a hospital problem in Toronto, that's one thing, but if there's a hospital problem in Saskatoon, we'd like to show that, too. So I think we have changed dramatically, if you look at the structure of our newscasts.

The other thing we've done is we've created a fund to help writers and developers in regions. We've put \$1 million a year aside to help them develop their scenarios to the point where they can pitch them to the networks and develop them in a way that the stories will then work.

Random Passage was a classic example of that. When the people with the idea for *Random Passage* came to our office in Newfoundland and said they had this idea for *Random Passage*, Ron Crocker, the director at the time, looked at it and said "Yes, but how do I sell it?" He said "Here's \$15,000. Go and find yourself a scenario writer and put it together; then we'll have something to take to the network, and we'll put the show together." *Random Passage* is a classic example. It's a Newfoundland story and an Irish story produced by a French-Canadian team. The company that did it is a

French-Canadian company. This is unique, and this is the type of thing we will do more of.

The Last Chapter is the same thing. It's a mix of French and English. It's very unique, and it's a regional story in its own way. It's not a Toronto versus Montreal story; it's a gang-war story about taking over Ontario.

• (1125)

The Chair: Mr. Rabinovitch, before I pass on to Mr. McNally, in your view, should we amend the act to make a distinction between regional and local to avoid this confusion?

Mr. Robert Rabinovitch: I think you have to look at that very carefully, but if you attach the local and not the regional... I fully accept the act as it is now. We have a very important regional responsibility to show and to produce in the region, but local, as Carole said, is not the same in terms of local news. We have to think of different ways of doing that. You may want to look at that. It's a responsibility you may not want to give to the public broadcaster.

The Chair: Thank you.

Mr. Tremblay.

Mr. Michel Tremblay: If I may, just to get back to Ms. Lill's point about what's happening right now, I would suggest that we should stop looking at what television is doing for a given market or region. We have to look at the whole of our services—what we deliver to our radio network, what we do through the Internet—because we have extensive regional sites. It is the sum total of those activities that really provide a proper view of how much we're reaching out to the region.

For example, with respect to our radio networks, I would say that the majority of their network programming emanates from the region, a fact that is at times lost. As far as our television services are concerned, we have to define and occupy the niche that makes the most sense for us vis-à-vis the competition. Let the privates be in the local-local. We have a different mandate, and our radio services and Internet services complement what we do. Now we have a real aperçu of our contribution to the region.

The Chair: Mr. McNally.

Mr. Grant McNally: Thanks, Mr. Chair.

I want to follow up on your discussion about the physical plants on perhaps selling them and moving into some other areas.

I disagree with Mr. Mills' position. If you're stuck in a 1970 physical plant, it doesn't seem to make a lot of sense to maintain the building when it inhibits you from becoming more flexible, creative, and innovative. A team approach in any successful organization, I think, is moving in that direction, developing a corporate culture with the key factors a part of it.

We've seen examples of it. We had a chance to go to ZTV and see what was going on there. It's looks very promising, as does Radio 3. Those kinds of things are happening in small pockets. I would say moving in this direction could be very positive.

I'd like to ask you about one of your recommendations, on pages 40 and 41 in your bigger briefing, in relation to the disposing of property. There's a comment on the top of page 41: "...the CBC should have the right to keep the proceeds of all personal property dispositions without restriction." What's happening now? If you wanted to sell the Vancouver building, which is in prime real estate territory, would the dollars generated from the sale not necessarily go back to the CBC? Would the government use the proceeds? Would they get lumped into general revenue? What's the process there? Is it why this recommendation is coming up?

• (1130)

Mr. Robert Rabinovitch: I must say the government has been very generous, very supportive, and has encouraged us to follow these routes. However, the government reserves the right to itself. From their point of view, it makes some sense, too. They were public funds, in the first instance, so they reserve the right to grab them back.

To put it cynically, why would we go through the pain if we're not going to get the reward?

The government understands, has accepted it, and has encouraged us by allowing us to keep the funds. In fact, they've been very good. We don't have to spend the funds. There's a rule in government of use it or lose it. They have been very good to us, in terms of allowing us to roll the funds over from year to year.

An example that worked very well for us was when we sold Newsworld International and Trio for \$75 million about two years ago. We had a \$68-million profit on the deal. On top of that, we also had an output deal with the new owners of Newsworld International. We actually supply them with product. I think we get \$6 million U.S. a year for it.

In discussions with the Treasury Board, it was agreed we could sequester the funds, use them as needed over time and, as well, generate interest over time. We are asking to be unshackled a bit more and make this a general principle.

If we run and work efficiently and can generate funds, it's not as if we're going to pay a dividend to the shareholder. The dividend we will pay to the shareholder, hopefully, will be better quality programming. We'll be able to afford to do programming. We're asking for the control to be lightened.

Mr. Grant McNally: It seems to make sense. It's one of the areas of government where, as you describe, the "use it or lose it"

approach leads to expenditures that aren't perhaps the wisest ones or ones you would make if you saw something in the long term. You'd rather put some dollars aside to develop content or do something else. You're telling us that under this current structure, it limits you.

Mr. Robert Rabinovitch: It has in the past, but not during our tenure, and not during the time we have focused so strongly upon trying to generate funds from within.

Mr. Grant McNally: If the government made that kind of change, upon the recommendation of the committee, would it allow you more flexibility to achieve the goals?

Ms. Carole Taylor: You have to get Treasury Board's permission to do this. That's all you're saying.

Mr. Grant McNally: Okay.

Thanks.

The Chair: Thank you.

[*Translation*]

I now give the floor to my colleague, who claims to come from the heartland of Quebec.

M. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Thank you, Mr. Chair.

It is true that I represent the heartland of Quebec, but especially, it is the largest region of the 10 Canadian provinces: Abitibi-James Bay-Nunavik. Our friends, the Inuit from Nunavik and the Cree from James Bay, as well as the non-aboriginal population are all part of my riding.

By the way, I am a fan of Radio-Canada radio and television and I appreciate that you have opened a regional station in Rouyn-Noranda. That station is really fantastic. I love RDI because it presents excellent journalists such as Daniel Lessard, for example, who we all know here.

Let's talk about Radio-Canada; you have Radio-Canada International, then the northern service, CBC North. I don't think that what's going on right now is funny; from a political point of view, it frustrates me, even if I can get away from it.

I checked out especially what is happening with the producer-announcers. At Radio-Canada International and CBC North, you have announcers who are also producers. I looked at the union salary schedules. You currently have an agreement that was signed in 1998 I believe, with a former union. Yet, with CBC North, the aboriginal peoples, the Inuit, the Cree and the non-aboriginal people don't get the same salaries as the employees at Radio-Canada International, and this is within the same organization. At the moment, there is a \$4,000-plus difference in the salary schedule. I find this unfortunate for your employees. Why the difference, if they do the same work and hold similar positions?

Now for my second question. I hope that all is going well with Radio-Canada since you have declared that for equal work, women are getting equal pay. People believe in this principle. I hope, though, that you will also verify any difference in pay between the Inuit and the Cree and the employees at Radio-Canada International. What I want to know is, when are you going to correct this situation, this year.

•(1135)

Mr. Robert Rabinovitch: First, I would like to say that it is difficult for me to discuss this topic while we are currently in the collective bargaining process. I will therefore keep to general terms.

As you know, CBC North is very important. It broadcasts in eight different languages. This is a precious service for the North. Without CBC North, we...All what we discussed regarding regional service applies to the North.

As for Radio-Canada International, this is a very different service. It was never really a part of Radio-Canada. This is a service we provided the government on a contractual basis. So, it is very possible—I am not sure that this is precisely the case—that these persons have been employed for a long time and fall under a different contract pay schedule. I don't know the situation exactly, but I know that Radio-Canada International has always operated independently from Radio-Canada. Now, we are integrating it into the corporation, which means that we have to make sure that salaries and benefits are the same. This is how it will be organized.

However, I will verify that the situation is exactly what I am telling you.

Mr. Guy St-Julien: Thank you, and I would like to say in concluding that I truly appreciate that you are in negotiations. In the future, there should not be a significant difference for aboriginal peoples who are in the same position, whether it be with Radio-Canada International or CBC North.

We will be looking at this over the next little while, Mr. Rabinovitch and Ms. Taylor. I must tell you that I am a former union president, with the United Steelworkers of America, and I believe in equity, in the principle of equal pay for equal work, for both men and women.

Thank you very much.

[English]

The Chair: Merci.

Mr. Abbott.

Mr. Jim Abbott: Thank you.

I've had private conversations with both Ms. Taylor and Mr. Rabinovitch, but just for the record, the Canadian Alliance believes, on the basis of significant input we've had, that there is very broad support for CBC Radio 1, both French and English. We're not questioning CBC Radio 1, with the exception of the issues I brought up at the beginning.

I think management has to be very careful, as they look around, to take a look at the demographic of their listeners so that they don't end up breaking something that is in good shape right at this moment. Furthermore, we are very supportive of both Newsworld and RDI, because again they end up performing a service that simply would not be easily available from a private broadcaster and, according to your bottom line, don't end up costing any money. I believe the two services between them contribute about \$25 million to the bottom line, as I understand your numbers. These are numbers that hopefully we'll be getting into later.

We do question the cost of Radio 2, just from the point of view that I think there are enough models, in the English-speaking world at least, that would indicate the programs on Radio 2 probably could stand on their own from a commercial perspective.

That being said, Radio Canada International is something that has recently come under the direct control of the CBC. I think it would be of value to this committee, if I might request it on my own, to have a simple explanation—perhaps a written explanation—of where CBC sees RCI fitting. I'm given to an impression that when we simply broadcast domestic radio programs we leave a lot of our potential international audience in the dark. They don't understand who or what a Stockwell Day might be, or anything else. You understand what I'm saying: that we have a lot of content on CBC radio that to the domestic audience is fully understandable, and I remain very skeptical that with the takeover by CBC of Radio Canada International you're in fact continuing to perform the valuable service RCI could be doing.

Let me just conclude with my question. I'm taking a look at two programs. One is *Da Vinci*; the other is *Cold Squad*. They're of the same genre. Give or take a few swear words, you can't tell the difference between the two programs. One is shown on CBC, the other on CTV. I would presume that *Cold Squad* costs as much money as *Da Vinci*. I doubt it would cost less, which brings me back to the question I've been grinding on all day long: What is the difference whether *Da Vinci* is shown on CBC, CTV, Global, CHUM, or wherever, or *Cold Squad* is shown on CBC, CTV, Global, or CHUM? What difference does it make? In the context of looking at these programs, about which you're saying "Well, it shows Vancouver", or whatever the case may be—other programs have shown Toronto or Hamilton—what difference does it make what channel it's shown on? Half a billion dollars is going into subsidizing these programs, and they are available on air, and they are entirely watchable—although they might be beat by *West Wing*; I don't know. Nonetheless, they are entirely watchable. What difference does it make to these programs actually getting air time that we have the CBC?

•(1140)

Mr. Robert Rabinovitch: You've raised a lot of points that I'd love to talk to you about, and I have a feeling we'll get around to talking about them, especially Radio 2, which I think is a very unique service that is not replicable in the private sector.

RCI is something we should talk about as well, in particular, whether its mandate is to talk to Canadians overseas or whether its mandate is to talk to foreigners about Canada. These are very different mandates. The guidance we have received from government has been confused and varies, which is all the more reason to discuss it.

Also, with the changes in the environment, and with the BBC, for example, getting out of shortwave in many places and going to FM, again one should not be trapped in an old model. One has to think about the right model for the future. So these are very open, very legitimate areas to have discussions about, and we should have discussions about them.

The situation you raise in your question is a very legitimate one as well. The CBC cannot and should not be the only place that produces Canadian content. But look at *Cold Squad*: it is one program among no others that is produced and shown in prime time—I'm not even sure it is prime time.

A voice: It's Saturday evening.

Mr. Robert Rabinovitch: It's a Saturday evening show. Why? Because there's nothing to substitute simultaneously with at that hour. The problem is, the Canadian content will not be shown when Canadians watch. You see it with other shows. They come, and if they can't get foreign sales, they die.

Da Vinci's Inquest is a dark show. I've talked to people about why it hasn't sold in the States. It's too dark for American television. It's unique; it is different from *Cold Squad*. When American buyers look at it, they say their audiences don't like this. I have to tell you, Canadian audiences do like it, up to a point. It's not going to get two million, but it gets a solid 800,000. The program is designed with the Canadian market in mind. If you look at other programs of Canadian content, they have to be designed for ultimate export or they don't last.

That's why, when you go to the Gemini Awards sometimes, it's a joke, because what you're watching is awards for programs that have been cancelled. They've been cancelled because they haven't made foreign sales. Our shows don't start with the intention of foreign sales; they start with the intention of serving the Canadian audience.

• (1145)

The Chair: Thank you.

Ms. Carole Taylor: Mr. Chairman—

The Chair: Yes, Ms. Taylor.

Ms. Carole Taylor: On your point about RCI, since it in part involves the board, I just want to put on record that before I joined the board there had been two previous motions by the board to disband RCI. There was a discussion during my time in which we really went around with senior management about what RCI is, what it could be, what it should be. The board came to the conclusion that in fact it was a valuable service, so this is a change from previous directions. In doing that, we decided to integrate it more into our other services, which is just part of our overall strategy, believing that we could be supportive of what they were going to do. In other words, rather than always being this orphan out there, we've adopted it and brought it home.

I also want to say that because of the efficiencies of doing that and using some of our support, they were able to go back and put on air their weekend broadcasts that they had been cutting because of costs, and also add two languages, Russian and Arabic, more at this particular time because of international events.

So my impression, at least from the board table, is that we've done the right thing. I think it's a supportive environment that will put out a better product in the future.

The Chair: Monsieur Tremblay.

Mr. Michel Tremblay: Mr. Abbott, first of all, we appreciate the Alliance's support for Newsworld and RDI. I'd just like to clarify one

point. These services do not rely on the appropriation at all. They're solely funded by subscription fee and by advertising. If I hear you correctly, you mentioned that there was a surplus of \$25 million, which is not so. They are normally operated on a break-even proposition, and they may generate a very small surplus.

The other point I'd like to make, which is more fundamental, is that at the end of the day, those separate budgets to cover their costs are only meant or designed to cover the incremental costs. These services could not exist without the main newsroom of the French television network or the English television network.

The Chair: Looking at the clock, I see there are 12 minutes left. I have three requests for questions, and if my division is correct, that means four minutes for each of the three that are left for questions and answers. So be guided accordingly.

[Translation]

Mme Christiane Gagnon: It's the tone of my questions that you don't like, and not the length.

Voices: Ah! Ah!

Ms. Christiane Gagnon: I told you earlier that I had some difficulty in understanding, with your programming, whether you are truly public broadcasters. I also can see that on page 44 of the document, in the section that deals with management and vision at Radio-Canada, you want to find people from the private broadcasting sector to fill positions on your board of directors, private producers, to take advantage of their experience. You state that this is because the mentalities are different, but you nevertheless want them on your board of directors.

I think that there are maybe two ways of looking at what a television broadcaster should be. I find it a bit funny that as a director at the CBC, you are looking for private sector people to sit on your board. You say that the private sector has a certain mentality, and that it works well, and that Radio-Canada does something else. On your board, you get people who direct, who provide direction to your organization, and that direction is influenced by their mentality, their values and their culture. Don't you believe that if this recommendation is approved, it will affect Radio-Canada's mandate and mission?

• (1150)

[English]

Ms. Carole Taylor: If I may, I'll take that one, since it's a government question.

The way it's so restrictive now, one of the things we were thinking was that it would be useful to have, for instance, a writer around the board table, perhaps someone who, as Ms. Lill mentioned, has been or is involved in some way in broadcasting. We can't do that at this point. The BBC, for instance... I was talking to someone on their board, and they were talking about the skill sets around the table. For a board to function properly, you really must have a variety of skill sets these days, including of course financial expertise, because you have to make sure that your audit committee is running properly and that you can report to the Auditor General. That's one of them.

We also felt that this restriction saying that no one from broadcasting could be part of the board was just too restrictive. If you have good conflict of interest guidelines, they will take care of making sure that someone is not at the table or participating in a discussion if you're getting into areas that overlap. I don't think, just as a broad, sweeping statement, that you should say that no one who's involved in broadcasting should be part of the board.

[Translation]

The Chair: Ms. Gagnon, you still have a little time left for a brief question.

Mme Christiane Gagnon: Still? I sort of shut down. I haven't prepared any others. I will let my colleague ask another question.

[English]

The Chair: Ms. Lill.

Ms. Wendy Lill: Thank you.

The challenge of the study is to determine how to protect cultural diversity in the midst of a shrinking... We now have a handful of media organizations that are controlling what we're seeing, so I want to ask you a question about media concentration and also about foreign ownership, because we have been hearing from various sectors that foreign ownership restrictions in broadcasting should be raised. I'd like to know where you think the CBC fits in with this new environment of shrinking ownership and cross-media ownership and what you think the threats would be in any kinds of changes to the foreign ownership restrictions.

Mr. Robert Rabinovitch: It's interesting that you should ask me this. I was at Harvard giving a set of lectures to the Kennedy School and what are called the Neiman Fellows last week. The question they wanted to ask more than anything else was about Canadian concentration. The FCC has just had its concentration rules thrown out by the courts. They may appeal to the Supreme Court, but they may not, given the colour of the FCC. They see a period of concentration developing very quickly in the United States, and what they were basically saying was they don't want to make the mistakes Canada made. They had studied our area. They had looked at cities like Vancouver. I think it's an area you as a committee should not shirk to examine if you have an opportunity to look at what it does and what it means to have this type of concentration.

From the point of view of the CBC... there will not be foreign ownership of the CBC. I think our role and our responsibility in this era are even more important, because we are an independent news source, and we must continue to do news and present it to the public. News can be subjective as well, as you know, and it's important to have analysis from another news source. Our role becomes all the more important, and we must rise to it. We must also be all the more careful in terms of how we present news, because the checks and balances may not be there in the system.

The Chair: Mr. McNally.

Mr. Grant McNally: Thank you.

I want to follow up on what you said about possibly selling your programs to other markets, and while you don't intentionally develop certain programs with that in mind, it can happen. The potential is there that people in other parts of the world and other markets might

find something produced by the CBC to be very popular. We just have no way of knowing.

How do you get to the marketing potential in seeking out those audiences? You mentioned the 48¢ to generate a dollar with the PBS model. Obviously, it's going to cost something to seek out these new markets. What is the plan or strategy there—just a short capsule?

Mr. Robert Rabinovitch: I should be very careful in what I said before. What I said before is that a lot of programs that are created in the private sector, if they don't have a foreign sale, do not last. That is not what happens in our case: the programs can last, if they're good, without foreign sales. That does not mean we don't try to sell programs internationally. We have a significant office whose job it is to sell programs internationally—to market our programs—with a branch in London. We attend and work the international conferences like everybody else. And we do make sales.

The other thing we do, which is very important, and we hope to do more of, is two types of deals. We do co-production deals with other organizations. We're doing a couple of very big ones coming up in the next year or so, with ITN, I think it is, and possibly one with BBC. And we do what you might call almost contra-trade—I'll take your program if you take my program—because sometimes people can't afford to buy, but they have programs you like and we have programs they like.

We are consciously trying to get as much exposure and money from program sales in the various ways, or co-productions, as can be done. All I meant to say was it's not the first and key priority. And it doesn't dominate, therefore, decisions about who are the actors, what is the story, or are you going to do it in a city you can't tell from “Anywhere, U.S.A.”

• (1155)

The Chair: Mr. Rabinovitch, can I ask you two last questions before we close?

The first one, to follow up on Mrs. Lill, is on foreign ownership. There's been testimony here from the Cable Television Association, for one, that we should lift foreign ownership on infrastructure and keep our Canadian content spun off into Canadian companies. The question was asked several times, can you separate the two? Doesn't one influence the other and vice-versa?

On Tuesday we had AOL-Time Warner here. I asked them, if you had the optimal choice, would you want to lift foreign ownership on both the infrastructure and content? And they said yes, that would be our choice.

Could you tell us your view about the interdependence of infrastructure and content? Can the two be truly separated so that foreign ownership in one wouldn't affect the other?

Mr. Robert Rabinovitch: I should preface my remarks by saying this is not a CBC position. We don't have a CBC position on this. It's my personal opinion as an observer of the scene. And I've actually given a speech on it, so I'm on the record.

I think there are two types of convergence: there's content convergence and there's hardware convergence. The hardware convergence is occurring, and we believe content convergence is occurring as well. But do the two go together? I think the case is yet to be made that in fact the control over the hardware will give you more control over the content and vice-versa.

I think AOL-Time Warner is a classic case of that. Will AOL-Time Warner not show a movie on their systems because it was made by Universal? Of course not. They'll show any movie made by anybody, and they'll market any movie made by anybody. Did they do much better in the sale of *Harry Potter* because they have so many more outlets and ways of doing it? The evidence isn't there that in fact they did do better with it.

So I think the case is yet to be made that convergence between technology and content is real and is financially viable. But as you know, we have companies in this country—at least three—that have made a very big bet on that. They're betting shareholders' money, and they think there's something logical to it. We'll have to wait and see.

I do think there's a very real role, and I think we're proving it, between radio and television, or French and English, involving new content management systems we should be looking at.

The Chair: Here is one last question to follow up on your reference to your speech at Harvard.

If the trend continued in Canada, could you visualize, ten or five or 25 years hence, the private broadcasters who are now in conglomerates—three or four of them—becoming maybe one or two, or just one, and then having one private big broadcaster and one public broadcaster? And does this justify more the reason for having a public broadcaster?

Mr. Robert Rabinovitch: I guess if I'm looking just from the CBC point of view, I'd say yes, it justifies the public broadcaster even more. But I have a real problem with where you're going. I think it would be a big mistake to limit divergent systems for Canadians through ownership.

• (1200)

The Chair: Mr. Abbott wants a brief question.

Mr. Jim Abbott: Just one final question. Now that we have the definitive life of Pierre Elliott Trudeau to be seen on CBC shortly, how long will it be before we get to see Brian Mulroney?

Some hon. members: Oh, oh!

The Chair: We'll have maybe Preston Manning or Stockwell Day.

Mr. Gallaway has asked me for one brief question before we close.

Mr. Roger Gallaway: I just wanted to raise this issue.

Ms. Taylor, you mentioned the term “ambulance chaser” in terms of news. I live in a very populated section of Canada, southwestern Ontario. The whole business of ambulance chasers versus regional news... I know the viewership of the regional news of CBC is pathetic in the region in which I live. I would say that in terms of CBC news personnel in the region, they're probably protected by species-at-risk legislation. There aren't any. Yet CTV is all over the place. They're all over the ground; they have people working.

When is local news regional news? When does local news become... What is a region? That's what I'm asking you.

I have made a point of recently looking at the CBC regional news out of Windsor, and I learned a lot about some event at a nursing home there. I don't know how that was regional news. I'm confused about how you define what is a region and what is regional news, as opposed to local ambulance chasing.

Ms. Carole Taylor: I should start off by saying I'm not an insider to the CBC. I think one of my values will be to try to retain my sense of being out there in the community and bringing that perspective in. I don't really get into the discussion of local and regional. I think it's a little bit of wordsmanship to play the game. I just know that as a viewer or a listener, wherever I am, I want to know about stories that have meaning to me, whether you call it local or regional, and I also want the national perspective. It's not an argument I think about much or get hung up on. I want to do it well.

In terms of our viewers, without question the cutbacks from the last number of years affected us being out in the field. That's where the cuts were felt. As we didn't have as many trucks or reporters out there at every event, communities felt it and were very angry about it. We are now slowly building it back. If anyone thinks you can do it quickly, you can't. When that kind of relationship or trust is broken, it takes a long time to build back. So that's the process we're in.

I absolutely believe there's a role for us to play that is different from the privates, and we're determined to make a success of it.

The Chair: On this, I think we are going to call it a close. We've gone over our time, which tells its own story.

Your testimony here has been extremely informative and challenging for us all. We really appreciate your presence here. Thank you very much for coming before us.

Ms. Carole Taylor: Thank you, Mr. Chairman.

The Chair: The meeting is adjourned.

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