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Chair

Ms. Marlene Catterall

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• (0910)

[English]

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

Our witness today is Mr. Glenn O'Farrell, from the Canadian Association of Broadcasters.

Mr. Glenn O'Farrell (President and Chief Executive Officer, Canadian Association of Broadcasters): Thank you very much, Madame Chair.

Honourable members of the committee, my name is Glenn O'Farrell. I am the president and CEO of the Canadian Association of Broadcasters.

Joining me here today are David Keeble, senior vice-president, policy and regulatory affairs; and Susan Wheeler, senior director, policy and regulatory affairs.

First, I want to thank the committee for the opportunity to appear before you to share our views and to answer any questions you may have about our written submission.

When the Government of Canada launched its new feature film policy five years ago, it signalled a major shift in the government's support for feature films, from building an industry to building an audience.

The 2000 feature film policy established four major goals: to develop and retain talented creators; to foster the quality and diversity of Canadian feature films; to build larger audiences at home and abroad; and to preserve and disseminate our collection of Canadian feature films for audiences today and tomorrow. Canada's private broadcasters have played, and will continue to play, a major role in the achievement of those objectives.

Canada's private broadcasters are key partners in the development, production, and marketing of feature films that have high box office potential.

Private broadcasters are primary investors in virtually every feature film that gets produced in Canada, whether it's through development financing, pre-licensing, equity investments, exhibition, or promotion.

Private broadcasters provide crucial secondary and subsequent windows through which those films reach as wide an audience as possible.

Private broadcasters support production across the country, in a range of genres, regions, and budgets. In fact, since the introduction of the Canadian Feature Film Fund, the share of financing from private broadcasters for Canadian feature films has increased from 2% to 5%. In 1999, private broadcasters spent \$5 million on CAVCO-certified theatrical productions. Last year, this commitment had grown to \$14.5 million.

As it stands, broadcasters already have a number of incentives to invest in and otherwise support Canadian feature films. Many have conditions of licence that require them to broadcast Canadian films that receive public support. Others broadcast Canadian films because they know there is an audience for excellent work, regardless of its nationality.

Thanks to the flexibility afforded by the CRTC's 1999 television policy, private conventional broadcasters like Citytv stations have been able to place a programming focus on feature films. For example, CHUM has licensed every available English-language Canadian feature film that is suitable for television, and they schedule them in prime time. Moreover, CHUM exhibits a minimum of 100 hours of Canadian feature films annually in prime time on its Citytv stations in Vancouver and Toronto and will soon include its stations in Edmonton, Calgary, and Winnipeg.

While CHUM's local conventional stations and specialty services such as Bravo!, SPACE, and MuchMusic provide platforms for exhibition, others like Star! and Movie Television showcase and promote Canadian films and are used to drive the much-needed Canadian star system in English Canada.

In 2004, Astral Media's pay services—The Movie Network, Mpix, and Super Écran combined—aired 243 Canadian movies a week and spent over \$20 million in licensing Canadian feature films in both languages. In fact, both TMN and Super Écran support virtually every theatrically released Canadian feature film, while Mpix, a classic movie service, gives extended life to Canadian feature films.

Corus Entertainment's pay service, Movie Central, is also a large supporter of Canadian feature films, dedicating 30% of its prime-time programming to Canadian feature films or pay series. In addition, Movie Central's made with pay development fund offers \$1.5 million annually to screenwriters for script development.

This year alone Movie Central has supported more than 50 new projects, with a further 25 still in the development. One film that Movie Central was responsible for developing from inception and pre-licensing is *Saint Ralph*, which was not only critically acclaimed here in Canada, but was also recently picked up by Samuel Goldwyn for U.S. release.

Clearly, Canada's private broadcasters share the goals of the Canadian feature film policy, in terms of the development, production, and marketing of Canadian feature films. In simple terms, the goal is making movies Canadians want to watch.

Through a range of existing obligations and incentives, our support is constant and growing. Private broadcasters don't require any further regulatory obligations to foster that growth; we're already there.

[Translation]

Second, an inclusive approach.

As buyers and sellers of programming around the world, Canada's private broadcasters are in an excellent position to use their knowledge, contacts and leverage to generate production financing and sales.

The Canadian Association of Broadcasters, the CAB, welcomes recent guideline changes to the Feature Film Fund that permit broadcaster-affiliated companies to access production and development financing and marketing assistance.

The CAB maintains these amendments are critical to encouraging Canadian broadcasters to play an active role in the equity financing, production and sales of theatrical feature films and television programs.

I would note, however, that while broadcaster-affiliated production and distribution companies are eligible to receive a performance envelope, and are eligible to apply for selecting marketing assistance, on a pilot project basis, CHUM accessed the English-language selective component of the fund. I'll talk about that later. However, broadcasters are prohibited from accessing the French-language selective component of the fund for the moment.

By excluding broadcaster-affiliated companies from full access to the fund, we are limiting the full potential of the production, distribution and financing support that private-broadcasters could bring to bear on the challenge of building audiences for Canadian feature films.

Allow me to share an example - in 2003 CHUM was permitted on a test basis to access the English-language selective component of the Feature Film Fund to finance MuchMusic's film *Going the Distance*. What was the outcome? *Going the Distance* achieved the largest box office success of any English-language feature film supported by the fund in 2004 generating \$1.5 million at the box office.

In the French-language market, recent changes to the Province of Quebec's provincial tax credit regime have restricted access to broadcaster-affiliated companies. This makes it even more difficult for private French-language broadcasters to finance Canadian feature films.

The objectives of the fund are sound. We must however be careful to avoid any selective, exclusionary procedures that could hamper our collective efforts to meet these objectives.

The CAB calls for full access by broadcaster-affiliated production and distribution companies to the full range of programs under the fund, regardless of the language of the production. We should be looking to include, rather than exclude, key partners and investors.

●(0915)

[English]

Third, let me speak of incremental support. The CAB is firmly on the record with its concern that the Canadian Television Fund is oversubscribed. Since 1996, when the CTF was first established, there has been considerable growth in the Canadian television landscape, which means the demand for various types of Canadian programming far exceeds, as you well know, the resources of the CTF. Not surprisingly, the number of applications to the CTF increased by 78% during that time.

Meanwhile, we applauded and took note of Minister Frulla's announcement at Banff regarding the governance of the fund, the contribution of the federal government in the upcoming budget, and its undertaking to look at multiple-year, more stable funding models for the CTF. The CAB encourages the Government of Canada to continue to provide incremental funding for Feature Film rather than redirect funding from existing support mechanisms, particularly those mandated to support television production.

These three principles can be thought of as the "three i's" that make up the policy framework and through which we believe Canada's private broadcasters can continue to play a vital role in the development, production, distribution, and exhibition of Canadian feature films. We're talking about incentives, inclusion, and incremental support.

We also want to talk to you today about the importance of box office performance. Commercial films usually obtain television windows and a video release after their theatrical release. Their success in these venues is largely dependent on their success at the box office.

Broadcasters know what kinds of feature films will and won't work with their audiences. What works will vary, depending on whether a film is to be broadcast on a conventional, specialty, pay, or pay-per-view service. That decision depends in turn on the market or niche audience that a broadcaster is serving. The currency of broadcasting is audience. All programs, whether they are feature films, series, or made-for-TV movies, must generate sufficient audiences and revenues to offset their costs.

While not all films that enjoy critical success will be suitable for exhibition on television, the potential for strong box office performance is essential to encourage broadcasters' involvement in the production, distribution, marketing, and exhibition of Canadian feature films. Without a requisite policy focus on box office performance, broadcasters will be limited in their ability to help build audiences for Canadian feature films.

For these reasons, it is imperative that public policy instruments such as the Feature Film Fund continue to support commercially oriented films that have the potential to attract large audiences. In short, we need to keep making movies that Canadians want to watch.

I appreciate the opportunity to be here before you today, and would be pleased to answer any questions you may have.

Thank you, Madam Chair.

• (0920)

The Chair: Thank you very much.

Mr. Schellenberger, we'll begin with you today.

Mr. Gary Schellenberger (Perth—Wellington, CPC): Thank you.

Thanks for appearing before us today.

In terms of the announcement in Banff by the minister earlier this week, which you did touch on, how does this affect the Canadian private broadcasting industry and the feature film industry? That's one question.

Again, we continue to hear from across Canada, when we talk to actors or directors or producers or whomever—and you touched on this as well—that Canadians feature films are not shown on Canadian television. You've said that this is because of quality. If the product is really good, I know everybody would want it, so I would just like a little more explanation on the quality of some of the feature films being produced right now.

Third, there are provincial incentives and federal incentives, and support systems, and they don't seem to be coordinated. If you get into one fund, sometimes you get clawed back from another fund, or you're held up. I know there are provincial and federal jurisdictions, but it's always been my thing that maybe it would be a good idea if people involved in the provincial end and the federal end might meet once in a while to see if there's a way to coordinate some of those things.

I would ask for comments on some of those questions, please.

Mr. Glenn O'Farrell: Thank you very much.

I'll try to deal with them in the order you presented them to me, starting with the CTF announcement earlier this week in Banff by Minister Frulla.

What we heard in that announcement was essentially a three-point plan. Point one was a vision from the minister regarding and relating to the governance of the fund and how the fund would act, from a governance perspective, going forward. We embrace that idea as articulated, because we feel that it would be better to make the funding mechanisms and the funding instruments as efficient as

possible, and we think that was the motivation behind the governance approach that was articulated there.

Let me just speak to governance for one more second. What's key to that governance efficiency is how Telefilm and the CTF will work more as one unit, as opposed to two units, oftentimes at cross-purposes, frankly. The efficiencies, from an administrative point of view, the removal of subjective criteria on one side while objective criteria are operating on the other side, take away some of the confusion. So we're looking forward to that model working and we're prepared to do everything we can to contribute, as best we can, to making that a workable solution for all interested parties in the area, including, of course, broadcasters, but not excluding producers and others who have a vested interest.

Outside of governance, the second part was the announcement that the budget to come would include a \$100-million contribution from the federal government to the CTF. And it coming in June, as opposed to much later in the cycle, will provide more predictability, more ability for producers and broadcasters to get going on projects earlier, which should, frankly, improve the quality of some of the projects. People will have more time, and where there is a more predictable environment things can unfold in a more qualitative environment than if they are a little bit rushed, which was unfortunately the case.

In fact, that's something we've been saying for a good while now: where the whole cycle is dependent on a yearly renewal that often comes late in the cycle, it delays the entire development and production cycle accordingly, and it delays the decision-making. But it also, frankly, delays the planning component of the cycle, because you can't plan when you don't know what instruments will be available to you that are going to support the production. So we were very pleased to hear that in the upcoming budget there would be \$100 million for the fund. That was a good signal.

The third encouraging note was that the government would look at the opportunity to create multiple-year funding. And there, again, that's a continuation of the second point, which is not only are we getting some confirmation for next year, but there is, apparently, certainly something we're very pleased with, a willingness to look at developing a longer-term vision for the funding.

On that point, I'd like to take one second, if I may, Madam Chair. That, to us, is key. We feel that if we don't have planning instruments and a stability in our vehicles, it's very difficult really to see how we will not only nurture success but maintain success over any period of time, and then be accountable for it, to be measured on what was obtained and what was achieved.

We have been articulating for some time now the need to have a plan, and I think this is the beginning of a plan. It says if you have multiple-year funding, you know that there will be instruments in place. Then I think what needs to be done is to ask, where do we apply that funding? I think with an envelope system that allows broadcasters and producers, who are the best positioned, frankly, to know what audiences want and what creative trends are the hottest to attract audiences, that will provide more certainty, and frankly more quality.

Out of that, I think we will see better product. We will see, hopefully, more sustaining efforts not just to garner but to foster products over time, if there is more stability in the funding.

• (0925)

On the CTF front, from what we heard—to summarize my response to you—we were pleased to hear in this three-point plan, as we understood it, a better future for the vehicle that the government has been contributing to called the CTF and Telefilm by way of this announcement than we had seen in the last little while. So we saw that as good news.

Mr. Gary Schellenberger: Can I interject one thing here? The \$100 million that was announced the other day was really a continuation. That \$100 million was already there, am I correct? It just makes it more stable right now. That's the one thing we've been promoting for the longest time, some stable funding, but the \$100 million that was announced the other day was not new money, it was already money that was there; it's just been advanced a little sooner. Am I correct there?

Mr. Glenn O'Farrell: Yes, I think you are. The way we understand it is that we were given a commitment by the minister based on discussions she has had with officials in government that in the upcoming budget the \$100 million that was there in this past budget would be there again next year. In that respect it's renewing the contribution, if you will.

On the question of film, and quality, and what ends up on television and what doesn't, as you can surely appreciate, not all film is suitable for television. Not all film is suitable for all forms of television. Today what you have is a myriad of television choices ranging from conventional broadcasters, the over-the-air networks such as CTV, CHUM, and Global, and then you have this variety of other services that we call specialty and pay services. They all have the obligation under conditions of licence that first and foremost meet their requirements as set by the CRTC, and then in meeting those expectations and conditions of licence to be as commercially successful as they possibly can.

In so doing, they make choices about what they think audiences will respond to and how to make their schedules as attractive as they can. I think what's important to note is that they are doing so in an environment now that has become extraordinarily competitive, as you well know, and therefore it's becoming more and more difficult, and more and more high stakes are involved, to define what is suitable for TV and what programming will be successful with audiences.

Consequently, when we say that box office success is important, what we're suggesting is that there are certainly exceptions to the rule, but the rule would be where a theatrical film has achieved a box office success, clearly that is going to make it more, in principle, attractive for distribution and exhibition on television, be it conventional, specialty, or pay, than otherwise. That's why we emphasize the idea that box office performance and box office success are good criteria to have in the policy.

Your last point was on the question of federal and provincial measures that support the sector, support production in various ways, and the lack of, or the level of, coordination between what one level of government does and another. We couldn't agree more with your

statement or with your suggestion. The world has become a very competitive environment for attracting the production of film and television programming. You can look across any number of places today. Morocco has set up very aggressive strategies to attract production to their country. We all know of the more recent success of Bollywood and other areas that are producing extraordinarily good content for international markets, domestic and international. So any kind of coordination between supporting mechanisms in our country that would have better purposes aligned between federal and provincial plans would make much more sense, clearly.

I don't have to point out to you, as I'm sure you know, how aggressive California has become since Governor Schwarzenegger has taken charge in that state. Again, they're trying to retain production and doing everything they can to ensure that production is not only sustained, but grows there. For Canada, which enjoys, frankly, a lot of production in not enough places, but a few real hot spots, to be able to maintain that and to continue its growth not only in centres of production currently, but as well in other centres that could do very well, there is a real need, in our view, and a very suitable public policy objective to pursue in trying to coordinate those kinds of efforts and try to bring more unity to our purpose than disparity to measures that oftentimes are at cross-purposes.

• (0930)

The Chair: Thank you.

Monsieur Kotto.

[*Translation*]

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

Good morning, Mr. O'Farrell, and thank you for getting involved in this exercise. I'd like to have some clarification of your presentation.

What are we to understand from your observation that production companies are prohibited from accessing the French-language selective component of the Canada Feature Film Fund?

Mr. Glenn O'Farrell: As we currently understand it, broadcaster-affiliated companies don't have access to it. An exception was made in 2003 for an experimental project in the context of an exceptional situation, the one that CHUM submitted to Telefilm Canada.

In my comments earlier, I told you about the success of that experiment. We see it as a model for eliminating the current exclusion in order to enable broadcaster-affiliated companies to have access to both the English-language and French-language envelopes.

CHUM, for example, has made very good use of Canada's feature film policy and system through the experiment Telefilm Canada allowed it to conduct. I don't believe this is exclusive to CHUM. I believe other broadcaster-affiliated companies in Quebec could do the same, and even more, to achieve the objectives under the policy of the Canada Feature Film Fund.

It's in that sense that we advocate inclusion measures rather than exclusion measures. Quite frankly, I don't think we can afford to exclude partners and investors that can improve the fate and outcome of the policy. I think we should instead create conditions for inclusion to the extent that's possible.

• (0935)

Mr. Maka Kotto: Does the CAB feel there is a special status for Quebec in Canadian film policy? If so, does the English-language film industry wind up being penalized or ultimately disadvantaged?

Mr. Glenn O'Farrell: I don't think you can say there is a systematic unfavourable prejudice. On the contrary, I'd say that the success of Quebec film is a source of inspiration for English Canada.

As regards the policy, there are always improvements to make when one sector doesn't do as well as another. We think that the measures we've referred to here this morning, particularly the issue of inclusion rather than exclusion, are a reality that must be recognized without even asking ourselves the question. Going back to what you said a moment ago, how can we exclude partners or investors who can make a substantial and significant contribution to the success of a policy? What's the logic behind that kind of thing? CHUM proved this. I think that could be done just as well elsewhere.

Mr. Maka Kotto: Am I to understand from your answer that you're not validating special status for the Quebec film industry?

Mr. Glenn O'Farrell: For the moment, its success is ultimately a recognition of a special status.

Mr. Maka Kotto: According to the same logic, then, do you think there are two separate market realities in Canada?

Mr. Glenn O'Farrell: There can be no doubt that there are two markets in Canada, both in television and in feature films. I don't think anyone can contradict you on that point.

Mr. Maka Kotto: As regards your presentation, do you have the support of the Quebec members of your association?

Mr. Glenn O'Farrell: Absolutely.

Mr. Maka Kotto: Thank you very much.

[English]

Mr. Mario Silva (Davenport, Lib.): Madam Chair, I hope I won't be off topic.

I appreciate your presentation and I thank you very much. I don't have so much as a question on the presentation, but I was hoping you could facilitate the discussion we've been having for the last few months as to what is the best route we can take on the film policy we're looking at at the moment. The key items that have been identified have been marketing, which I think you talked about as well in your presentation, the whole issue of a star system, and finally the issue of stable funding, which I think you also spoke to in your presentation.

In the Quebec market—in the French-Canadian market—which has been discussed quite a bit, there seems to be an energy that works together between a star system, the marketing, the programming at all different stages, and it seems to have a huge impact on the quality of filming and also on being able to get a large audience. In the English market there are somehow walls that are just not working, in terms of both not having the star system, not putting any

moneys into marketing, and also not doing cross-marketing with television and then also building a star system, from having *Entertainment Tonight*, which is Canadian, to going out to the schools. There isn't really a working program, as there is in the Quebec market. I was wondering—maybe you can help us—how we arrive at that, similarly to what is in the Quebec market.

Mr. Glenn O'Farrell: There is no short answer to that question, unfortunately. It's one that has been debated, as you know, in various proceedings, formal and informal, for many years. I don't need to go back to the fundamental reasons that make it so, that there is one reality in Quebec that relates to the conditions allowing the star system to prosper the way it has done and continues to do, as opposed to the conditions that exist on the English side of the equation in Canada.

Having said that, if I were to suggest what measures this committee should be looking at or at least considering in the deliberations you are leading on feature film policy, but broadly speaking on cultural policy that relates to the television and film sector, my suggestion would be that we need more than anything else to understand that Canadians in English Canada have grown up largely with a different set of choices, which they continue to enjoy and continue to embrace. Their appetite for services that are not Canadian or not only Canadian continues to be one of the features of the media consumption trends we find in every study that looks at consumer behaviour in Canada. Anything we do has to be in recognition of that, and anything we suggest we can make better has to be in recognition of that.

Where am I going with this? It's to say, for instance in terms of the television system, we probably enjoy more domestic programming choices in Canada than most other countries, on a per capita basis, in the world. It might be shocking for me to suggest that, but if you look at the number of licensed Canadian services available in Canada that have Canadian programming—and other programming content as well, but that still qualify as Canadian indigenous services—we probably have more than most countries on a per capita basis, including the U.S.

That's because our policy and our system here have allowed for there being measures to support Canadian programming, the distribution of Canadian services, and a variety of rules that have made it possible to sustain those services.

An example of that, of course, is that in the distribution of specialty services there are tiering and linkage rules that say you have to tier and link. If you want to bring a new service into Canada, you have to go through a process. You have to go to the CRTC and be made eligible to be distributed in Canada.

What I'm coming to is, as we now look more and more to the realities beyond the regulated world—which is the world of the CRTC and the world of policy as we now know it—and look to what is currently the unregulated world and the services available through platforms that are not currently regulated, we have a choice to make. This is, I think, the question that is central to this committee's work.

What choice are you going to make? Are we going to throw up our hands and say it was a good run for these 40 or 50 years, or 60 years since the Aird commission policies were put into place in the thirties, or are we going to try to reinvent something that actually has some currency in a world where some things can be regulated and other things can't be?

My hope is we'll find the will to continue to support Canadian voices and Canadian choices on all platforms, while not excluding Canadian consumers from having access to other choices they may want to have. The balance isn't easy.

I can recall appearing before an industry committee about a year ago at this time talking about signal piracy and saying that for every consumer who checks out of the Canadian broadcasting system to take a dish that is sold not by a Canadian-licensed distributor but by somebody who is selling an illegal dish, that consumer checking out of the system is no longer making the financial contributions or all the other contributions that come from being a consumer of the system.

It's a hard choice, and politically I understand that there are some real issues there, such as, what about the inclusion of non-Canadian services that Canadians don't have access to that they are claiming for? I don't have to tell you—you know this certainly better than we do, as parliamentarians—it's hard to balance public policy in the interests of all, and sometimes some hard choices have to be made.

What I would hope is that this committee, as it looks at this issue and others, continues to ask itself the question, how are we going to sustain a place for cultural expression in the broadcasting system as we know it, and as the broadcasting system evolves, that is going to be meaningful to Canadians?

• (0940)

The question I ask to members of this government is, when we say part of this government's agenda is to create a place for Canada in the 21st century, most Canadians would want to see Canada take its meaningful place, but if our identity is not intact and we don't have a place at the table where we recognize who we are, because we've let go of some of these cultural policies, I wonder what place we will have.

That's a long convoluted answer to your question, but frankly it's a significant policy issue that you raise; that is, how do we continue to support Canadian voices, Canadian storytelling, and Canadian media? And it's going to become more and more difficult.

• (0945)

The Chair: Thank you.

Ms. Oda.

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

Thank you for being before us this morning.

You bring up an interesting challenge, Mr. O'Farrell. I'm wondering when you think this discussion should happen and at what kind of venue we should be having it. Should we be having it as we attack each sector, as we are doing with feature film, or is there a call for a broader look, to ensure in the future—and even today, it's

being threatened—that we maintain Canadian choices within a global media world? When should this discussion be had, and at what scope and scale?

Mr. Glenn O'Farrell: For one, I commend you, Madam Oda and the members of this committee, for the hard work you are doing on the silo issue of feature film that you're currently involved in investigating and studying, and for the numerous hours you've invested in this. It's important that you focus down on this area, because it has singular issues to deal with.

I would support the concept of having these kinds of discussions, because I think a case-by-case analysis also has to be conducted, but I believe simultaneously some process would be appropriate to step back and look, outside of the silo-by-silo approach, at what we are doing on a broader scale.

We were encouraged to hear that the word from the UNESCO discussions is “favourable to Canada's position”. That's good news, because clearly in a world where there are more and more trade restrictions or trade obligations placed on trading partners, there might in fact be less and less place for cultural measures to support cultural products, if certain agenda have their way. But we think there is a need, and it all comes back to private broadcasting.

Private broadcasting's objectives, if you go to the heart of it, are laid out clearly in that section of the act, section 3. Broadcasters have the obligation to continue attempting to satisfy those objectives as best they can, but they can't do so in isolation from knowing there is also some consideration being given to the broader picture, because that's where, frankly, the game is being played.

Ms. Bev Oda: I guess, Mr. O'Farrell, the silo-by-silo approach is very valid; it's work that should be done, etc. But it's within what framework that is my challenge—trying to impose what we believe is our existing environment and what would be the environment in the future. Without the overall framework that we as a country choose, defining how we see the influences coming here, it is a challenge to look forward and say how Canadian feature film... because we're still stuck with the framework we've lived with in the past many years.

In order to move this forward, however, the minister also announced that she will be asking the CRTC to review its policies and regulations regarding Canadian drama, in light of the upcoming licence renewals for the major networks in Canada in 2007.

My question is—you will have to poll your members and your association, your sector of the industry, for input into that process—what framework, then, are you assuming? Without an established framework that we all understand, what framework and what major characteristics of the framework are you assuming would be in place in order to prepare for this review of the commission's role in Canadian drama?

Mr. Glenn O'Farrell: You're absolutely right. The minister did make mention in her announcement of the comments that you speak of, and we don't have more details at this point in time as to exactly what that means. But to your question, private broadcasters' compass is set by audience, and I think that any private broadcaster who would appear before this committee would, in some way, shape, or form, tell you that this is the only compass that counts. So while a proceeding before the CRTC may occur on a licence renewal or on a policy issue, the compass, from a broadcaster's perspective, is always set on audience achievement and audience performance.

I think you saw that in the last few days with some of the schedules that have been announced for next fall by some of our members. They are seeking to find the best strategies they can to make sure that they remain relevant to their audience, because not only are they competing against the myriad of services that are available to you, whether you're a cable subscriber or a satellite subscriber, but they're also competing with all of the media that's available to you as an Internet consumer.

To try to respond to your question, our compass will always be audience and serving the audience, and remaining relevant to audiences in a more and more competitive and fragmented environment where market shares have gone from 30% and 40% levels to now, in certain instances, single-digit levels, so it makes it that much more difficult.

How do they do so from a policy environment? They basically are guided by the policy directions of the CRTC. For the time being, if we're talking about conventional broadcasting, our members are fulfilling their conditions of licence on a year-by-year basis in accordance with the 1999 television policy, which gave a degree of flexibility to choose programming strategies that they didn't have before, and they will be measured and they will be accountable on their performance on that basis at that time.

Over and above that measure, unless the CRTC gives direction to the contrary, we would expect that to be the accountability and measure that broadcasters would be facing at that time.

• (0950)

Ms. Bev Oda: My final question, then, because you did bring us to audiences, is when I look at the viewing to services that you provided in your coloured charts, etc., I notice when I look here and try to decipher the viewing between Canadian services and foreign services, we see a number of things happening. We see with the increased licensing of Canadian services that the viewing of foreign services is decreasing, but we also see the impact on conventional being affected versus the specialty services here. And as you've indicated, conventional stations still have the largest portion of viewing.

Mr. Glenn O'Farrell: Correct.

Ms. Bev Oda: There used to be an orderly window of product, and particularly feature film worked according to the orderly window. We see on programs there's been some shift.

Are there any recommended changes that you might see would benefit feature film with some adjustment to the orderly window? This isn't a regulatory thing. It's not a government thing. It's a marketplace thing. One of the suggestions being contemplated is that conventional broadcasters take a window right after theatrical in

order to support the promotion, the exposure, the awareness of Canadian audiences to Canadian feature film, be part of the promotion even during the theatrical play instead of waiting until after video, etc. Have you had any discussions regarding how you and your members independently might do something like that to help promote feature film and long-form drama?

• (0955)

Mr. Glenn O'Farrell: I think I understand the proposal or the suggestion that you've articulated.

We have not had any specific discussions on that measure, so I'm not in a position to offer you any feedback from our perspective that would say the industry association thinks it's a good idea for these reasons or it's a bad idea for those, but I certainly understand what you are saying in terms—

Ms. Bev Oda: Because I would suggest if you got a window closer to right after theatrical, we might see, on behalf of the producer, a little premium in the licence fee, which also contributes to more funding for production.

Mr. Glenn O'Farrell: That's a totally reasonable proposition. I think you might see in fact a larger amount being contributed.

But having said that, I would make one comment outside of the fact that we have not looked at this proposition specifically and don't have any specific comment to offer on the idea that you're articulating. The orderly marketplace as we once knew it no longer really exists in large measure and it too has fallen prey to technology.

We all know that even theatrical releases don't necessarily have control over their date of release any more as a result of technology. I think that's an opportunity. People oftentimes see that as a problem, but it can also be an opportunity. Perhaps in discussion with our members or with other intervenors who appear before you, you may want to explore how that can be capitalized into an opportunity, as opposed to simply being a liability, as some people may see it.

The fact of the matter is the orderly marketplace of 10 or 15 years ago that went through a very segmented number of plays across various platforms has been largely changed over the course of time. I don't expect that we're going to see us going back to that former formula. If anything, I think technology is going to continue and market forces are going to continue to challenge those kinds of marketplace sequences that we saw in the past.

[Translation]

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): I'd like to ask you a general question. It's important for us to anticipate the future, and there's one thing I'd like to understand. The tables you presented to us today don't include what I can receive by satellite. Is that correct?

Mr. Glenn O'Farrell: That's false if you subscribe to a Canadian satellite service.

Mr. Marc Lemay: That's good. If I subscribe to a Canadian satellite service, that's what I can receive. If I engage in piracy, I can also get Rai Uno and TF1 in French, and so on. Is that true?

Mr. Glenn O'Farrell: Then you're in another universe.

Mr. Marc Lemay: That you consider illegal, and it would be necessary...

Mr. Glenn O'Farrell: The Supreme Court has said it's illegal.

Mr. Marc Lemay: That's it. So we have to legislate. That's currently the situation.

I have two questions for you, but first I'm going to take my little commercial break. In French, I didn't see the piece of the pie that corresponds to Radio Nord. I imagine there wasn't a fine enough line to include it.

•(1000)

Mr. Glenn O'Farrell: The figures on Radio Nord are included in the figures on TVA and TQS.

Mr. Marc Lemay: I'm troubled by one thing, and that's what I want to get to. What do you anticipate with regard to the future division of the pie? It still only represents 34 million Canadian and Quebec citizens. Even if that number were increased by one or two million, the pie would remain the same. You play with that all year long; that's your job. What do you anticipate for 2005 to 2010, in French and in English? That's my first question.

As you'll see, my second question is a bit of a supplement to the first. You advocate inclusion. I read your brief; I analyzed it. I'm going to ask a supplementary question to the one my colleague Maka asked a little earlier. Is the current state of the distribution — the one you denounce on page 3 of your presentation where you talk about access to the English- and French-language selective components — harmful to Canadian film? If so, why? If not, where's the problem?

Those are my two questions.

Mr. Glenn O'Farrell: Thank you, Mr. Lemay.

We submitted these tables and additional text because we wanted to give you an overview of the system as we see it, together with a historic dimension. We'll talk more precisely about 1990.

To answer your question, I'm going to take a moment to explain the 1990 table...

Mr. Marc Lemay: Which one?

Mr. Glenn O'Farrell: The one on page 4.

Mr. Marc Lemay: In the French version, the English version or both?

Mr. Glenn O'Farrell: It's on page 4, concerning the viewing of French services in 1990. Have you found it?

Mr. Marc Lemay: Yes.

Mr. Glenn O'Farrell: As you can clearly see, three major players divided up virtually all the available audience for French-language services. You see that the small audience segments are divided among TV5, Musique Plus, Super Écran, Canal Famille, RDS and Météo Média. You can especially see the market shares held by Radio-Canada, TVA and TQS.

Looking at the table for 2004-2005, one could say that large market shares are still being held by TVA, TQS and Radio-Canada. However, you'll also note that many new services have been maintained because they reach niche audiences. To answer your

question, I'd say this indicates consumer interest not only in general interest services, but increasingly in niche services.

Our assumption for 2010 is that this trend will continue and that niche services will continue to grow. The audience trend will be even more pronounced than is shown in the 2004-2005 table.

Mr. Marc Lemay: I want you to answer the other question, but, in essence, as I understand it, you anticipate that, in 2010, viewers will still watch the news on TVA or Radio-Canada, but will also watch Canal Évasion and the Outdoor Life Network. That's what you anticipate.

•(1005)

Mr. Glenn O'Farrell: That's what we're seeing in English and French Canada. Elsewhere as well, consumer viewing habits show that niche services will continue to enjoy increased popularity. So we can anticipate that there will be even more growth in this area in the next five years.

As for your second question, I'm going to go back to the idea that was put forward this morning. We're talking about inclusion and exclusion. For us, this is simply a reality of the Canadian system that has to be understood: we can't afford to exclude partners if we are going to ensure the success of a public policy. The business isn't big enough for us to be able to afford that kind of measure. We have to try to bring the largest possible number of players together around the table, including broadcaster affiliates, to ensure that a policy like Canada's feature film policy is a success. If we move those players to one side, we'll never be able to rely on their contribution. We feel it's in this sense that the present exclusion should be corrected.

Mr. Marc Lemay: I won't be speaking on behalf of my English Canadian colleagues; I know they're able to do that themselves. However, I will say, in view of the answer you gave earlier — that there would be even more niches and that they would be even more selective — that we have a lot of work ahead of us. I just gave you a summary of the situation. Whatever the case may be, we clearly have a lot of work to do in English Canada. Thank you.

Mr. Glenn O'Farrell: I'd add one comment here. The success Quebec is currently enjoying isn't unshakable.

Mr. Marc Lemay: As I understand it, Rai Uno will attract the Italian audience. In Montreal, for example, Italians may go see *Mambo Italiano*, but they get their news and soccer from Rai Uno. I'm not completely wrong in saying that, am I?

Mr. Glenn O'Farrell: You're right.

Mr. Marc Lemay: All right.

The Chair: Thank you very much.

Mr. Simms.

[English]

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

Mr. O'Farrell, it's nice to see you here.

While we were in Toronto we heard a lot of comment about the 1999 decisions of the CRTC. You talk in favour. I saw some of the graphs here that show your numbers state that your investment into drama has increased since then—basically from 1998 to 2004.

One of the complaints they had was that by diversifying a commitment, on a lot of programs, such as the entertainment magazine shows, the host is Canadian, the production itself is Canadian, but the content itself is more American than it is Canadian. Those were some of the complaints we received from the stakeholders in the film industry. Could you comment on that first?

And concerning your notes saying you have increased your investment in drama, is that correct?

Mr. Glenn O'Farrell: It's absolutely correct, and it's not our notes that attest to it; it's the CRTC's broadcast policy monitor, which aggregates the financial data of the private industry and reports on it annually, that clearly makes that statement. I believe, from memory, the increase is 27% from 1999 to 2004. Those, as I say, are CRTC numbers, as filed and as published by them.

On the first part of your question, the 1999 policy was a policy that was articulated after a public hearing process that gave every stakeholder an opportunity to come forward to suggest measures and directions for the commission to adopt for the renewal of the conventional broadcaster groups' licences that was coming up the following year.

Actually, the process unfolded in 1998, if I'm not mistaken. In 1999 the policy was articulated, and following that, the conventional broadcaster groups came up for licence renewal.

It was a policy that was invested with a mountain of data to support some of the findings—not that we were in agreement with all of them, but it was a very comprehensive process, where a lot of views were put forward, and a lot of discussion and debate took place on what would be the best set of policies going forward.

I think what carried the day was, in light of... If you go to the charts we were just looking at for French Canada and look at English Canada, you'll see that situation only exacerbated in terms of the fragmentation, and the fragmentation of audiences continues. What I think motivated the policy decision at the CRTC in 1999 was an understanding that fragmentation meant that to be successful you had to have fewer constraints and more flexibility within a framework—not flexibility without balance, but flexibility within a framework.

The framework was established, and then conventional broadcasters were set in their expectations as to how much programming under the priority programming category was to be performed and basically were then given the opportunity to develop programming strategies that they felt best suited their needs to achieve the audience expectations they have.

The entertainment programming of which you speak is a perfect example of that. At that hearing, that kind of programming was discussed as one of the things we should be doing more of. In fact, many people commented on the fact that there weren't enough of those kinds of programs in Canada that would feature Canadians, that would be produced in Canada, that would be a view on the entertainment world—and not exclusive to Canada, but on the

entertainment world in the broader sense that included Canada and included the things that happen in Canada that are relevant to Canadians as well.

Frankly, that is a perfect example of the kind of flexibility measure the commission endorsed and approved in its policy in 1999, so that Canadians would have access to more homegrown programming in that genre that would be supportive of the star system. It goes back to the question of your colleague, Mr. Silva, earlier.

Mr. Scott Simms: Would it be fair to say that prior to 1999 the conventional broadcasters in the world of fragmentation were at a disadvantage compared with the specialties?

Mr. Glenn O'Farrell: I would say that prior to 1999 conventional broadcasters were still constrained by policy that did not give them minimal measures of flexibility designed to provide better opportunity to meet the expectations of their audiences, who have more and more choices in niche services than they've ever had before, and it continues to grow. Today, in 2005, I'd say the need for flexibility has only grown that much more.

The fact of the matter is, Canadians continue to spend 25 to 26 hours a week watching television, but they are also looking to more and more choices and are becoming more and more sophisticated and more and more judicious in the choices they make and the time they spend. If we don't have programming they want to watch on Canadian services, they will watch programming elsewhere. It's as simple as that.

• (1010)

Mr. Scott Simms: I'm assuming satellite theft had a lot to do with this as well, given that people are demanding a greater array of channels from around the world.

Mr. Glenn O'Farrell: Clearly. Satellite theft continues to be, for us, one of the unfortunate non-priorities of government. We'd like to make it a larger priority, because we continue to see a number of Canadians who unfortunately make either the conscious or unconscious choice to step out of the system and buy illegal dishes and consume services that are not allowed for distribution in accordance with our laws and policies here in Canada.

And we're losing a tremendous amount of money. I won't go through the whole song and dance, but we're losing a tremendous amount of money to the system, which frankly in one way, directly or indirectly, could be related back to the contributions that flowed through the feature film fund.

Mr. Scott Simms: Let me go back to the demand issue again. I believe the group of cable companies wanted a greater choice in channel selection, so they wanted more American channels. You opposed that; is that correct?

Mr. Glenn O'Farrell: We don't oppose the introduction of new services to the list of eligible services. In fact, the policy is there to be applied by the commission on a case-by-case basis, and where the commission wishes to add services it feels meet the policy, we don't have an objection to that.

Where we do have an objection is where services that are sought to be added to the list do not comply with the policy that makes a service eligible or not.

Mr. Scott Simms: So you feel it would be detrimental to feature film production or drama production?

Mr. Glenn O'Farrell: It certainly leaks back into what is competition that is allowed within the system under the rules versus what isn't. Let me use an example. If you go to these charts—and it's perhaps worth your while just to take a second—in the chart on page seven at the very top of the chart you'll see a yellow sliver right beside CTV. It's called Spike. Spike TV is a perfect example of rules that have been in existence that have not been applied in a consistent manner.

Mr. Scott Simms: They completely changed format—is that correct?

Mr. Glenn O'Farrell: They changed brand, they changed format, they changed programming, and if that were to happen to any Canadian service they would, I expect, be reprimanded severely by the CRTC on the basis of non-compliance with regulation and policy, whereas it was allowed to stand here.

Did we oppose and intervene on that? Absolutely. We said you're changing the rules here, and it's okay to change the rules if there's a good reason for it, but you're changing the rules not because it's a good thing, but because of the pressures we understand were bearing down on government at the time from non-Canadian sources, i.e., the parent company of Spike TV, that would have made any intrusive action on the part of the CRTC very difficult to sustain in the Canada-U.S. relationship. Let's not kid ourselves.

If you want to talk about foreign services that are fragmenting and that undermine our Canadian services, we're not against adding non-Canadian services for distribution in Canada; we think it's a good thing. Offer Canadians more choice, but have rules and apply them in a consistent, even-handed way. Spike TV goes from being one thing under one brand with one programming that was made eligible on that basis for distribution.... It was totally in accordance with the rules, but then they changed the whole thing and became something else, and then they are competing with Canadian services and are violating many of the rules Canadian services are held to comply with. But they are allowed to continue, and look at the slice of audience they are gaining. And this is only a year after they changed. My guess is that if you looked at this chart in 2007, you would probably see a similar size, if not a growing market share, because of the programming success they're enjoying.

Mr. Scott Simms: But don't you think some of the Canadian specialty channels took liberties once the licence was issued?

Mr. Glenn O'Farrell: I don't know of any Canadian specialty channel that changed its brand, changed its programming, changed its marketing, and basically transformed itself to break every rule that made it eligible for distribution in Canada and that is still available to Canadians.

Mr. Scott Simms: That's fair comment.

Do I still have time?

The Chair: Yes. You still have about a minute.

Mr. Scott Simms: I want a clarification on one issue I read here, and I think it had to do with a union issue. I'm sorry; I just lost my page. I think it was regarding the.... The employment challenges identified by the unions will continue as long as export and service

production markets remain soft. This is on page 23. I just want a clarification. I'm not quite sure...employment challenges identified by the unions will continue as long as export and service production markets remain soft. Could you explain that further.

• (1015)

Mr. Glenn O'Farrell: Just to clarify that from our perspective?

Mr. Scott Simms: Yes.

Mr. Glenn O'Farrell: First of all, let me state very quickly that we are sensitive to the unions and the guilds coming before you and articulating what is in the best interests of their constituencies. That's an employment strategy, and if I were there I would be advocating the same thing. We don't take any offence at that at all and have no opposition to their articulating the best, smartest employment strategy possible to employ as many members as they possibly can.

Having said that, employment strategies and cultural policies do not make one another; they are quite different. Sometimes there's an intersection between an employment strategy and a cultural policy, but they are not one and the same, and one does not become the other just because it's a good thing under the heading of an employment strategy.

What we're trying to say here is that there are market realities that are affecting the level of employment in this sector in Canada today. We're suggesting that currently, export conditions for Canadian production, being what they are, are affecting the number of productions that are occurring here and are therefore affecting the number of people who can be employed in those productions.

A few years ago there was a very different marketplace in the U.S. for Canadian programming; hence, you had a much more export-oriented Canadian television production sector that was selling product largely to U.S. services that were either cable channels or networks. But then the financial interest and syndication rules changed in the U.S. to allow American companies to acquire products from related and affiliated companies, which they had not been allowed to do in the past—I'm summarizing for the sake of discussion here—so some of our export market opportunities dried up there; hence some of our production reduced; hence some of our employment opportunities went that way.

We're saying that on one hand export markets clearly have an impact on employment levels, and that's one of the reasons why employment strategies and cultural policies don't necessarily intersect all the way. They do have common areas, but here's a good example of a market condition that exists outside Canada over which we have no influence, and suddenly our ability or opportunity to export product is reduced, and that's going to impact our production levels and our employment levels. Can we then take cultural policy to repair that or to offset that loss? We don't think so.

The Chair: Thank you.

Ms. Oda.

Ms. Bev Oda: Thank you.

I'd like to look at the whole question here of support for drama and subsequent feature film. You're quite aware that some of the presentations we've received have asked for a reinstatement of an expenditure requirement on conventional broadcasters. I note that you have indicated the increase in spending on Canadian programming and Canadian drama, etc. However, when I look at how that increase in spending came about, because we're not looking at the same entities that we're comparing when you break it down.... For example, if you look at conventional television, we look at the expenditure there, even though there is no longer a requirement. If we look at specialty and pay, the increase in the number of licences also would reflect, obviously, an increase in expenditure there.

When I go back and say let's look at who has the capability of not necessarily increasing but maintaining a financial support for this sector, I look at your chart on page 11, and I'm looking at the PBIT chart, and I see two things happening here. I see the number of reporting units, particularly in the pay and specialty, increasing by—quick numbers—two times. I see the television units reporting decreasing. But in many cases it's the same corporate entity that owns the specialty versus the conventional.

The dilemma for producers is a licence fee level that they say has not increased with the increase in the cost of producing, particularly long-form dramas. Other than government funding, which is a direct support, the marketplace.... And I know the answer is going to be that if there's increased value then there will be increased licence fees. However, what I'm trying to get to—and I don't think there's a clear answer—is how do we encourage, whatever, an increase in the licence fees to a production by maximizing the number of participants in that project, by maximizing the number of windows so that Canadian broadcasters and licensees can also benefit from it, but also looking at the role that each sector will play in the future?

Because just enforcing increased obligations, even conceivably in 2007 the renewals reinstating an expenditure requirement, to me is not necessarily grappling with the overall problem. It's just going to be going to one segment, without having a total picture. It is a simple way of saying you're still profitable. In the conventional—CTV, Global—you're still profitable, very profitable, etc. But then I notice the profitability of the other sectors as a sector, and they're not up. They have an expenditure requirement, but they seem to be able to live with that expenditure requirement and still be very profitable.

I know I haven't asked a direct question. I've been mucking around in this whole area. But we do hear about licence fees and the levels of licence fees. So I give you the opportunity to put something on the record before us as to is this a reasonable place to look at increased support, or not, or how should we be looking at expenditures?

• (1020)

Mr. Glenn O'Farrell: I'll make two comments.

First, the way the system is regulated currently, as you know, is by category of licences. The commission looks at categories of licences, establishes policy, and then renews the licensees within that category in accordance with.... For instance, all the specialty services that were licensed and launched in 1997 were renewed in one batch two years ago. So that was an opportunity for all the licence-holders, irrespective of the group they belong to, to come forward and say,

“We are the class of '96 and here's how we're doing. We've been able to do this, that, and so on.”

There's a certain symmetry and logic to that. After one term of licence, a certain number of expectations and forecasts were made in business plans initially, and therefore they were able to provide accounts of what was done and what was not done, including the way they are acquiring product, what they are acquiring, the licence fees they pay, and so on and so forth.

You raised the other question, which is equally good, and this is that all of those players in the class of '96 also belong somehow, some way, or have tentacles that reach out to other players in the system, and is there some way of trying to consolidate that into a picture to ask, how are our corporate groups supporting Canadian drama overall, or how are they acquiring Canadian drama or whatever types of programming?

I think that comes out through, at least.... We've had one round of it so far. When the commission proceeded to group licensing of conventional activities in the year 2000, I think it was the first opportunity the commission had to have so-called “corporate groups”. Although it was just for their conventional licences, the frame of questions, as I recall, did not stay within the parameters only of the conventional activities; they tended to leak over a little bit.

Maybe the commission, as consolidation continues across the industry, will be more inclined in future rounds of conventional broadcaster renewals to look at broader questions. But the point is that by law, they'd have licensees before them, not corporate groups, and it's the licensees who are accountable, not the corporate groups. So I think there's a bit of a balancing act there to do.

I'm sure that most players in the system would happily contribute to the dialogue of how do we do better, or how do we contribute to a more meaningful result? But there's no clear answer to how we find the right measure for.... I think the answer is that there is no one-size-fits-all here. I think we have to continue to look at things in their silos, not irrespective of what they do elsewhere but first and foremost in their silos, because that's where the truest indication of what they are doing can be measured.

I don't know if that adds anything.

• (1025)

The Chair: We're well past time. I'm sorry.

I wanted to ask some questions.

You mentioned the word “accountability”. I think that one of the things the committee is going to be struggling with is the role of private broadcasters as well as the public broadcaster. Television and film are so clearly linked. We have to somehow come to grips with what the role is of our broadcasters in both promoting and showing Canadian feature films to the extent that it's relevant to producing and showing other drama, because there are those linkages.

Mr. Glenn O'Farrell: The only thing I could offer you in the way of a commentary that I would see as any way useful to the discussion is to say to you, Madam Chair, that the CRTC conducts a pretty thorough examination of licensees on the basis of their programming strategies at licensing, and then at licence renewal, to ensure that what they are going to do is a complementary contribution to the system and to the objectives of the Broadcasting Act. Consequently, my sense is that this is the best forum for that evaluation to occur.

I think the commission does a very good job of looking at where the Canadian programming is scheduled, what resources are brought to acquire that programming, how it is promoted, and ultimately its success. In fact, in the case of speciality services, as you know, their Canadian content expenditure requirements are set as a function of their revenue. Each year, revenue's rising or falling—hopefully rising—triggers increased spending.

Beyond that, the programming strategies of each licensee at licence renewal are reviewed on the basis of the nature of the service the licensee is required to carry out, and there are certain rules that are set in such a way as to differentiate one service from another. For instance, Bravo will be involved in one form of programming, as opposed to another specialty service such as Showcase. While there might be some parallels between what they do, they have different obligations and different contributions to make on the basis of the nature of their service.

I think it's when you look at the aggregate of all that—line them up one beside the other and add them up and say, here is the overall contribution private broadcasting services across the board are making—that you get the true measure of the contribution of private broadcasters to the system, and specifically to Canadian drama, and within that category, the subset of Canadian feature film.

The Chair: Our analyst is showing me the Broadcasting Policy Monitoring Report for 2004. The figures shown there for spending by the private sector on English-language drama don't add up to the figures we have here.

• (1030)

Mr. Glenn O'Farrell: You have the 2004. I don't know whether I have 2004 with me.

The Chair: Yes. It covers up to 2003. The spending at that time on drama and comedy was \$64 million. You're giving us in the following year \$81 million.

Mr. Glenn O'Farrell: I know that our numbers were drawn from the Broadcasting Policy Monitoring Report. I do not have it with me. We'd be happy to file the document with you so you'll know exactly what our reference and source is.

The Chair: You mention for 1998 \$64.6 million, but drama and comedy according to their report was \$57 million for 1999 and pretty well flat-lined from then. If it suddenly jumped to \$81 million, I have

to wonder if people are bumping up their contribution because licences are coming up for renewal.

Mr. Glenn O'Farrell: I can assure you the information we submitted in our presentation today was drawn from the policy monitoring report. We'd be happy to give your researchers the reference materials on exactly what we relied on, and perhaps some contextual information. This has been part of our presentation from time to time.

The one thing you have to be careful of is the way the policy monitor reports change sometimes from year to year as certain corrections are made by the CRTC in reflecting numbers that were reported in the past; there are some discrepancies there. But I don't assume that's the case; I assume it's just a matter in which we have taken these numbers. We'd be happy, if it's useful to you, to send you that information.

The Chair: I have two more questions. One will not be for answer today, but perhaps for information you can provide us.

You're well aware of the sort of charts we've been shown at our hearings on English drama for the main private broadcasters in Canada. How do you respond to those claims? I think we saw that CTV, for instance, has very little. I'm not picking on CTV, but that one sticks out in my mind particularly.

Mr. Glenn O'Farrell: I think I know the charts of which you speak. I don't have them before me, but going from memory, they are charts that do not reflect, are not accurate in terms of, and are in no way representative of the schedules of any of our private broadcasters, whether CTV, Global, or CHUM. The conventional broadcasters in particular were the ones who were targeted by those types of documents that were submitted to you.

Not only do they not reflect reality, they also misrepresent reality. In fact, we submitted to you, I believe, Madam Chair, some corrections. On April 12 we submitted some information correcting misleading information that was submitted by ACTRA on the basis of these charts, to try to correct some of the information in the chart.

But having said that, the fact of the matter, Madam Chair, is that there is no great mystery here. These charts come out, and all of a sudden they become exhibits that everybody's focusing attention on as if they were some kind of new and novel bit of information and we should all stop and drop everything we're doing because this is the most important thing we have to focus on.

Broadcasters have to submit to the CRTC detailed information on the programs they broadcast, which are compiled with great care, and ensure that they meet all of the regulatory requirements, be it in the Canadian content levels overall or in terms of their specific requirements in prime time as they relate to priority programming or otherwise.

I find it frankly unfortunate that people would want to engage you and waste your time in a discussion and a debate that is so totally off the radar. What's on the radar is that there is a policy; there are requirements of that policy; the regulatory agency, which is the CRTC, is there to enforce, supervise, and regulate the industry; it does a fairly good job at that; and when there is a problem, people are notified, and in good order.

There is no question of non-compliance. The question is, is it satisfying my needs from an employment strategy perspective? That's essentially what ACTRA and others are asking. Again I go back to my earlier comment: we take sympathy with that point of view, because of course they want to see as many people as they possibly can employed. But it's not by pointing fingers at bogus schedules; it's not by raising charts with colours on them to make some dramatic point to a parliamentary committee that we advance the discussion. The discussion can be advanced when people look at reality.

Earlier this week—seeing that you've opened the subject, I'll just comment very quickly—the CCAU, the group of unions and guilds, made a release in Banff on a variety of issues. It was based on an economic study that was prepared for them by a supposedly independent third party. It suggested that conventional television revenues will grow by 20 times last year's year-over-year growth into the next three years.

If anybody for a moment, economist by trade or otherwise, were to support those conclusions, we would all be out speaking to our brokers now to buy shares in the conventional marketplace, because that would be where you'd want your money to be if it's going to grow by 20 times over the next three years. Nobody is doing that. Why is that? It is because, frankly, it's just bogus information again.

We find it unfortunate that we have to respond to these kinds of assertions, because they're not about solutions; they're about pointing fingers. Instead, what we think, and it's important, is that we're doing the very best we can in a very competitive world to maintain audiences through Canadian programming on Canadian services that employ as many people as possible. We do so in a world—I gave you the example of Spike TV—where even within our own rules there are exceptions made that are to the detriment of the system.

Speaking to the point about these schedules, we reflect on them with dismay. Our compass stays intact. Our compass is audience, and it's all about trying to maintain relevance to the audiences we serve and hopefully to employ as many Canadians as we can in the process.

● (1035)

The Chair: I'm going to ask if you can provide us some additional information. We have heard so much about the change in policy by the CRTC and the positive or negative effects of it, depending on who's talking to us, that it would be very helpful if the committee had a more detailed look at how the pattern of programming, both in numbers of hours and dollars, has changed since then—what were the numbers of hours of drama, feature, etc., by broadcaster—so that we can see what impact it has had.

On your more general comments, I would say one of the things we've also observed is that there aren't enough people in the industry sitting down and talking together. That seems to be one of the

elements of the success of French feature films, that there is much more of various segments of the industry working together.

Ms. Bev Oda: Just as a point of clarification, Madam Chair, on the information you've requested, are you looking for the number of hours and number of programs licensee by licensee, network by network, or sector by sector? I think the overall availability of Canadian programming is as important to this committee as that of an individual company or individual licensee.

The Chair: I'm looking certainly for what's available by broadcaster, and how the pattern has changed as a result of the 1999 decision. If there are additional refinement you want to put on it, Ms. Oda, by all means, please—

Ms. Bev Oda: I'm sure the commission, when it looked at whether it could change anything—and I think we should do our own review in the same light—looked at the overall industry to see, if it did some amendments on the categories of programming, the exposure to or availability to Canadians of any one category of programming. If we are only going to look at conventional—I know the commission would have looked at the other services available that had commitments to Canadian drama, etc., and that would have been part of the consideration—I'm just asking that we have the same available level of information so that we can make our assessment as well.

Mr. Glenn O'Farrell: May I just clarify, Madam Chair? The information you want applies to the universe of services that were captured by the 1999 policy?

The Chair: Yes.

● (1040)

Mr. Glenn O'Farrell: So that's the conventional services that have since been governed by the 1999 policy? Yes. Thank you.

The Chair: Are there any other questions?

We have a bit of committee business to take care of.

Mr. Glenn O'Farrell: If I may, Madam Chair, I would like to say thank you very much for the opportunity, and I have two comments, very quickly.

Number one is that we have tried to speak and sit down with the guilds and unions. In fact, we felt there was common cause to make with them. Frankly, the situation is quite simple. That is, there is a fundamental reluctance to want to look at some market realities from our perspective. That's just our point of view, and I'm not pointing fingers, but our interpretation of the situation is that it's a failure and a reluctance to look at market realities.

Having said that, and talking about market realities—because we talked about what Canadians are buying or not buying in the stock markets—I certainly recommend to each of the members of the committee to call your brokers and to invest largely in the broadcasting sector, because they're well-managed, very good companies, and they need your support. It's important to your work here. I'm sure you would feel you're supporting us in your RRSP portfolios. We encourage you to do that as much as you can.

Thank you for the opportunity to be here.

The Chair: Thank you very much.

Mr. Glenn O'Farrell: But that's not because of bogus revenue projections by independent commissioned analysis.

The Chair: Thank you very much for that commercial. How much should we be charging?

I appreciate your time. Thank you.

[Proceedings continue in camera]

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