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## **Standing Committee on Canadian Heritage**

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**EVIDENCE**

**Thursday, October 27, 2005**

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**Chair**

**Ms. Marlene Catterall**

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## Standing Committee on Canadian Heritage

Thursday, October 27, 2005

• (0905)

[English]

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

Welcome to our witnesses.

I think it is fair to characterize this, in part, as an accountability session. Members of the committee are certainly interested in knowing why Canadians were doing without CBC services for nearly two months. It's an opportunity to see what impact that has had and how we move forward to continue to give Canadians the essential voice that keeps our regions in touch with one another.

Mr. Rabinovitch, we'll start with any statement you might wish to make.

[Translation]

**Mr. Robert Rabinovitch (President and CEO, Canadian Broadcasting Corporation):** <

I'd like to start by introducing my colleagues. I am accompanied by Richard Stursberg, Executive Vice-President for CBC Television; Jane Chalmers, Vice-President of CBC Radio; Sylvain Lafrance, Executive Vice-President French Radio for Radio-Canada who, within the next few weeks will become Executive Vice-President of Radio-Canada French Services; and George Smith, Senior Vice-President for Human Resources.

[English]

Madam Chair, CBC is a unique institution. It promotes Canadian unity. It bridges our differences and it recognizes our linguistic duality. No organization is better suited to serve this crucial nation-building function. That is, indeed, the role CBC and Radio-Canada must play. But it will only be able to play that role if it is able to act in advance of change instead of dragging behind it, if it takes the tough decisions necessary to enable it to thrive in the most competitive broadcasting environment in the world, if it can attract the most talented people and produce the most creative content.

In the last six years we have worked hard to transform CBC into a true public broadcaster. In order to maintain funding levels for programming in the face of shrinking finances, we have had to become more efficient, more integrated, and better run, and we have made good progress.

We now generate \$65 million a year through better management and through exploitation of our physical assets. These funds have

been poured into programming and today represent the largest influx of program financing that we have had in over thirty years.

[Translation]

And the resulting programming can be seen and heard in the substance of *la radio française*, in the novelty of *la télévision française*, in the heart and depth of English radio and in the impact and quality of English television.

By the measure of its own history, these have been good years at CBC/Radio-Canada. But the list of new challenges facing broadcasters in the coming years is long and we intend not only to face them but to use them to our advantage.

For us to do that, it is not enough for CBC/Radio-Canada to survive. It must consistently achieve excellence. It must lead the technological and programming transformation of the Canadian media landscape.

[English]

What CBC cannot be is rigid or static. It cannot be introverted. It doesn't have a monopoly on creativity in people or in ideas. We must be the most creative organization in the country. We need to be an open organization where people and ideas flow freely.

A decade ago, there were nine internal unions at CBC/Radio-Canada and roughly as many outside unions. In a given year, we might enter into as many as a half-dozen negotiations. In my tenure, we have carried out 24 negotiations, 20 without a labour disruption of any kind.

Over that decade, we have implemented a concerted strategy to streamline our industrial relations. This most recent negotiation was the culmination of that strategy for our operations outside Quebec and Moncton. The result is one bargaining unit, one collective agreement, and one set of rules for our employees.

Getting there was not easy. At the bargaining table, we needed to rationalize three collective agreements into one, designing a single employee relations model that would fit journalists, technical employees, and clerical staff. This was not tinkering; it was nothing less than the redesign of the future of the organization.

The corporation's negotiating mandate was based on our front-line managers' assessments of operational needs. It was approved by senior management. It was confirmed by two successive boards of directors. Over the last 18 months, there have been nine formal discussions of the negotiations at full board meetings as well as seven discussions at meetings of the human resources committee of the board. While the board was informed of progress, the tactical decisions were taken by senior management, as they have been in the 50-odd negotiations undertaken in the last decade.

On August 14 there were still 42 issues outstanding, and six of the seven major issues that the corporation had identified as essential to our future had not been dealt with. On some, after 15 months and more than 100 days of negotiation, the union had yet to take a position other than the status quo.

Nonetheless, the union leadership, through its negotiating team, through the explicit declarations of the president of the union, and through nationally published advertisements, made it crystal clear that they had a strong mandate to strike and that they intended to use that mandate to the best effect.

Our evaluation was that the union would wait until early October, when the corporation had spent its main promotional budget launching its seasons. With pent-up demand for hockey and the possibility of a fall election adding pressure, it would strike at the moment when the damage to our audiences would be the greatest.

I believe there should never have been a lockout. With genuine will, we should have been able over 15 months to move toward an agreement. But the lack of progress and the union leadership's statements made it clear there would be a work stoppage.

Our choice on August 14 was straightforward: wait and let the union strike at a time of their choosing, when Canadians would be deprived of critical programming, or bring the negotiations to a head at a relatively quiet time of the year.

Madam Chair, a lockout is a blunt instrument. Just as a strike is the final recourse of labour, a lockout is indeed the last resort, the final action available to management to force movement in stagnant negotiations. This one subjected our employees and their families to hardship that is truly regrettable. It has left damage to employee relations that will take time to heal. It deprived Canadians of services they rely on.

The president of the CBC has a fundamental duty to safeguard the services CBC provides to Canadians. In my private life as an investment adviser for the Nunavut Trust, I have devoted time and energy to the development of the north. I understand the critical role that our services play in that region.

● (0910)

[Translation]

Similarly, I understand the importance of Radio-Canada to francophones outside Quebec.

[English]

I can honestly say that the lockout decision was the most painful I have ever had to make.

The president of the CBC has another equally fundamental duty, and that is to safeguard the long-term viability of the corporation. It is not only to provide services today, but to also ensure that what we offer remains relevant tomorrow, to ensure that our services are available for critical national events. It was these longer-term considerations that motivated our action.

People have asked whether the lockout was worth it. My answer is yes, and let me tell you why. The CBC of today is not everything it needs to be to fulfill its mission or to serve Canada as it could. One of the things the CBC needs is long-term, stable funding, and I want to once again thank the committee for its strong, constant support on this issue. You are all well aware of the \$400 million in budget cuts over the last decade, but did you know that salary inflation aside, it has been more than thirty years since CBC/Radio-Canada received a permanent increase in its parliamentary appropriation? Thirty years.

In that time the number of services we provide to Canadians has grown from nine to eighteen, and the cost of production has increased dramatically. It is clear from this that management exerts little control over the funding the corporation receives. Where we can try to control our destiny is in preparing the public broadcaster for the future. We must position the public broadcaster to succeed. To paraphrase the recent report, *Pour un Québec lucide*, the CBC cannot be allowed to become the status quo broadcaster, a fossil of the 20th century.

In the coming years, we need to look to the creativity and diversity of programming that we simply must have to meet Canadians' changing expectations. The first step was a single bargaining unit. The second is less rigidity in the workplace, and the third is a culture driven to achieve, an organization compelled to recognizing excellence and quality, creativity, risk-taking, courage and adaptability. But above all, creative organizations must be in a continuous state of renewal.

In the next ten years we will actively recruit the best and the brightest creative talent in Canada. Some will be permanent employees, others will be contract employees, and in some cases they will be freelance workers within the independent production sector. CBC/Radio-Canada already has some of the most talented and dedicated employees in the media world. Being able to challenge and inspire them, matching talent to task, and unleashing their potential are what the future CBC is all about.

The collective agreement reached this month is an important step in the right direction. Early in the dispute, a misguided perception took hold that these negotiations were about the number of contract employees who would be hired under the new agreement. Before 1996 the corporation had much greater flexibility to hire on long-term contracts. Our most original programming has often been the work of blended teams of contract and permanent employees. These are the teams that created *The Journal*, that brought you *Canada: A People's History*, that continue to turn out such quality programs as *DiscDrive*, *the fifth estate*, and CBC's coverage of the Olympics. Many of our most celebrated and senior on-air personalities have always been on contract.

The contract employee issue was not the overriding objective of the corporation. In fact, it was one of seven priorities that the corporation had in its bargaining mandate. Taken together, they would allow us to better use our talented workforce to produce excellence in programming.

The union leadership is proud of their achievements at the negotiating table, and they should be. Both sides made progress on their agendas and both made compromises to reach an agreement. The following are the achievements of the agreement, corresponding to the corporation's priorities:

One is a mechanism to improve the job performance of under-performers;

Two, best qualified is the standard for hiring rather than seniority, everywhere in the bargaining unit;

Three, an employee will have to be qualified beyond seniority to displace a more junior worker from a job as the result of downsizing;

Four, the corporation's 100 existing salary scales—yes, 100—will be rationalized in 13 salary bands;

● (0915)

Five, we will be able to hire 50% more employees on a long-term contractual basis than we have today.

Six, we will be able to outsource parts of our operation where there's a valid business case.

Seven, we will have greater ability to commission, acquire, and co-produce radio arts and entertainment programming from independent producers.

Finally, we have a monetary agreement to match the funding available through Treasury Board increases.

Each of these achievements represents an additional tool to promote excellence, diversity, and creativity. Each will help us control our future, rather than being in a position of reacting to outside forces. Taken together, they are not just progressive; they are revolutionary.

We must use this collective agreement and the tools it provides to diversify and improve what we put on the air. That does not mean your favourite program is about to disappear, but it does mean we're going to significantly increase the amount of Canadian drama you see on CBC television. It means we are going to reinforce our journalistic core, rethinking and renewing our news programming.

It means that CBC radio will continue to be the public space that reflects in its programming the diverse reality of Canada. It means that the most creative talents will appear on CBC's airwaves, whether we find them within our permanent workforce or in the independent sector. It means we will continue to be a leader in providing specialized content for new platforms, like podcasting, satellite radio, and the Internet.

Seven years ago I accepted the job as president of CBC/Radio-Canada, and some of those close to me asked me why. I accepted the position because I believe very strongly in public service, and more importantly, because I believe that in a country as diverse and sometimes as fractious as ours, we need more than just a public broadcaster; we need an excellent public broadcaster.

The labour negotiation just concluded was intended to help secure the public broadcaster's future, and it will. It will help us achieve our mission to create audacious, distinctive programming; programs designed to inform, enlighten, and entertain; programs that reflect Canadians and Canadian regions; programs that explain national and international issues; programs that help tie the country together and celebrate great national events; programming in all genres, but with a marked emphasis on drama, news, and current affairs, while not forgetting our special responsibility to children and to the arts.

For the last two months one thing has become very clear. Despite its faults and despite its critics, Canadians love the CBC. We must honour their trust, but in order to do that we must always look to the future.

Thank you.

**The Chair:** Thank you, Mr. Rabinovitch.

You mentioned that some of your other senior people here might have something to say—or can we go straight to questions?

**Mr. Robert Rabinovitch:** I think it's appropriate to go to questions.

**The Chair:** They're the backup team.

**Mr. Robert Rabinovitch:** Oh, they'll do pretty well.

**The Chair:** I'm going to begin with Ms. Oda.

I'm going to make a slight variation on our normal process here. Given that we have a longer meeting, I will follow the normal rotation of speakers, but I will make sure everybody gets one chance before anybody gets a second chance, if you don't mind.

I should point out that we have had three motions submitted. The ones from Mr. Angus and Mr. Kotto are the only ones that were received 48 hours in advance of this meeting. There's one from Ms. Oda as well, which was not submitted 48 hours in advance. The committee always has the choice of dealing with that if it wishes, in any case.

Ms. Oda.

● (0920)

**Ms. Bev Oda (Durham, CPC):** A question for clarification. If this side or the Conservative Party member would like to see another person, is that allowed?

**The Chair:** Fine.

**Ms. Bev Oda:** Thank you.

Welcome very much, gentlemen and Madam Chalmers. We certainly welcome this opportunity. It's something that's been highly anticipated. You've come through a very trying period of a seven-week lockout. We are all happy, as I know Canadians across the country are, that our services are back and that CBC is regrouping and recouping.

First, I want the record to show and everyone to clearly understand that I, and we, the official opposition party, are very supportive of the CBC/Radio-Canada as Canada's national public broadcaster, and I think we have the responsibility to ensure we have the information we need.

I want Canadians at the end of this process to have confidence that the corporation will come out of the lockout stronger and able to even better serve the Canadian public. I want to also ensure Canadians that taxpayers' money used to fund the CBC has been and will be used prudently and effectively to provide the service they want. For me, this is a matter of accountability and responsibility.

I would like to get a clear understanding of many aspects of the lockout and its impacts. As a former broadcaster, I'm intrigued to know the impact on your audiences, the impact on your revenues and advertiser support, your program inventory and programming costs for this broadcast year, and the fiscal status of the corporation.

Some of that is purely curiosity and much of that is very important. But today, primarily I am here as a member of Parliament who has concern because for seven weeks Canadians lost their service. You've referred to some particular issues of serving remote communities and francophone services outside of Montreal. But in the limited time we have today, because we may not get in all the questions that we have, I would ask you for your cooperation in providing short, concise answers. This is not a licence renewal. We're asking for information, so I ask for your cooperation.

I know that many of my colleagues will cover many of the areas I am interested in. I will not be asking questions that, Mr. Rabinovitch, you or any member of your team has answered in other fora or arenas. Those are on the public record. We have had thorough discussion with you on CBC radio as to why the lockout.

I would like to start today not with why the lockout, but I want to understand the decision-making to go for a lockout. I want to understand who made that decision and the process you undertook to get to that decision. I will end my question here with where did the buck stop on making the decision for a lockout?

To preamble that, I looked at the Broadcasting Act. If I look at part III, which is, of course, the CBC section of the Broadcasting Act, section 39 says that the board is responsible for the management of the business activities and other affairs of the corporation.

Section 40 says the corporation is ultimately accountable through the minister to Parliament for the conduct of its affairs.

Subsection 46(5) says:

The Corporation shall, in the pursuit of its objects and in the exercise of its powers, enjoy freedom of expression and journalistic, creative and programming independence.

It does not specify business decisions.

In section 54 it says the corporation—and I will make it shorter—must file a business plan on an annual basis. However, subsection 54 (5) says:

Where the Corporation or a wholly-owned subsidiary of the Corporation proposes to carry out a substantial change to business activities in any period in a manner that is not consistent with the last corporate plan of the Corporation in respect of that period, the Corporation shall forthwith notify the Minister in writing of the inconsistency in the manner of carrying on the business activity.

• (0925)

My first question—and I just need a yes or no: did you notify the minister in writing prior to the decision of a lock-out?

**The Chair:** Ms. Oda, that's four and a bit minutes out of your five. I would repeat your request that the answer be as brief and factual as possible.

**Mr. Robert Rabinovitch:** As I mentioned in my opening comments, the strategy was discussed and approved by two boards—

**Ms. Bev Oda:** Mr. Rabinovitch, I am going to ask you for your cooperation. As I said, it needs a yes or no answer. Did you notify the minister in writing prior to...? I would suspect you did not put a seven-week lockout in your corporate plan for this year.

**Mr. Robert Rabinovitch:** Nor do we put strikes in our plan, and they happen.

**Ms. Bev Oda:** Did you notify the minister? As I read it—

**Mr. Robert Rabinovitch:** I did not notify the minister in writing. We notified her office that it might happen.

**Ms. Bev Oda:** Thank you.

When I look further into the responsibilities of management and the board, I look at even the bylaws of the corporation. The management must ensure the strategies. In fact, I think the section is under corporate governance, section 2(e), I think: "Ensure the strategies and the corporate plans of the management are appropriately presented to the board."

As I read the act and as I understand corporate governance, it is the board who should approve the final decision. Did you get a final decision from the board of directors, and on what date, what meeting, was that approval given to take a lockout decision?

**Mr. Robert Rabinovitch:** As I mentioned before, the strategy was discussed with the board on nine different occasions and approved by two different boards, but the tactical decisions were made by management, and I take responsibility for them.

**The Chair:** Thank you.

Mr. Kotto.

[Translation]

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

Good morning, gentlemen. Thank you for being here.

Let me start with a preamble. In light of recent events at CBC, we have no choice but to come to the conclusion that you've lost touch with common sense and reality. The requirement for consistency and balance has been replaced by delusions of grandeur, verbal and physical posturing, which will undoubtedly be prejudicial to consciousness and democracy in Quebec.

This preamble applies to your relationship with your staff and to the content on your television network. In the eyes of several important observers in Quebec, you have now reached new lows.

When can we expect this public television network to respect its mandate?

**Mr. Robert Rabinovitch:** If I've understood your question, you're asking me whether French television programming for Radio-Canada is respecting its mandate under the act. Is that what you're asking?

**Mr. Maka Kotto:** I'm referring to the spirit and meaning of programming you are veering away from. In the past, Radio-Canada Television could be compared to a network such as PBS, not TQS or TVA. Increasingly, the level of substance and content has become the subject of derision. Information is being neglected to create a show, and I would even say to provide entertainment. This is something we had to raise, and this is why I'm asking you this question.

• (0930)

**Mr. Robert Rabinovitch:** In my opinion, our mandate under the act is to offer varied programming. We offer news, documentaries and entertainment. I think Radio-Canada Television at this point is offering an appropriate mix of programming which shows great respect for the act. Let's not forget that our programming includes over 40 hours per week of documentaries. That's more than all other networks combined.

Moreover, we have television shows such as *Les Bougon* which is daring and different. We are not a northern PBS. And on the francophone side, that idea has been specifically rejected. The legislation is quite clear: we have to offer a comprehensive service, and that is what we do.

I'd now like to defer to Sylvain.

**Mr. Sylvain Lafrance (Executive Vice-President, French Services, Canadian Broadcasting Corporation):** I am open to your question, all the more so because I'm just an observer at the moment. I will take up my duties as Executive Vice-President for French Services in two weeks. At this point, I'm strictly responsible for radio. When I took up my duties, I indicated that this public service was first and foremost a democratic and cultural instrument.

I am convinced that our role is to work to improve our fellow citizens' cultural and democratic lives. That is our fundamental role. Radio-Canada Television has often been criticized on this point. The criticism that was levelled was at times legitimate, and at times not. In my opinion, people often neglect to look at the major news programs and drama, high-quality variety shows and Radio-Canada's regional presence.

That being said, I understand that there may be legitimate criticism. At the point that I am at, I am listening to everything. Next November 30<sup>th</sup>, I will be meeting the board, accompanied by my

colleagues. We will then be presenting our policy direction, and I will have an opportunity to explain what I hope to achieve in the future.

Finally, we surely share the same concept of the fundamental role of a public service, in other words, improving the democratic and cultural lives of our fellow citizens.

**Mr. Maka Kotto:** Have you already applied for your licence to be renewed with the CRTC?

**Mr. Robert Rabinovitch:** No.

**Mr. Maka Kotto:** When will you do that?

**Mr. Robert Rabinovitch:** I'm not sure. Last I heard, we should be making our submission in the spring. The hearings will take place in the early fall of 2006 and the renewal is expected towards the end of 2007.

**Mr. Maka Kotto:** Could we, as a committee, count on you to give us a copy of these applications at that time?

**Mr. Robert Rabinovitch:** I believe the licence application is a public document. I would be pleased to forward it to the committee and even discuss it with you, if you so wish.

[English]

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

Thank you for coming today.

I don't want to appear hostile in any manner this morning, but I do have to say that since we are in such tight timelines here, I will have to ask that we move the questions along quickly.

Mr. Rabinovitch, who is your boss?

**Mr. Robert Rabinovitch:** The people of Canada.

**Mr. Charlie Angus:** The people of Canada. And how are you accountable to the people of Canada?

**Mr. Robert Rabinovitch:** Through you.

**Mr. Charlie Angus:** Through me?

**Mr. Robert Rabinovitch:** Through Parliament. It says explicitly in the act that we report, through the minister, to Parliament.

**Mr. Charlie Angus:** You've already told us that, as per the requirements of the Broadcasting Act, you informed the heritage minister of the plan for the lockout. What was the response from the heritage minister's office?

**Mr. Robert Rabinovitch:** Let's be precise. We informed not the minister, but the minister's office, that there was a distinct possibility that we might go the lockout route but did not want to. We had hoped, as has happened sometimes in the past, that the negotiations would be completed fruitfully in the last minute.

**Mr. Charlie Angus:** What was the response from the minister's office?

**Mr. Robert Rabinovitch:** The response was not more than to say "We understand. You have the responsibility to manage the company and you will make the decisions you have to make."

• (0935)

**Mr. Charlie Angus:** I think that should be on the record. Far be it from me to see you hung out to dry on this, Mr. Rabinovitch, but it seems to me that the minister is telling the public she never talked to you, she never heard about this, and that this decision had been taken.

Are you saying you received basically at least a green or an amber light from the minister's office?

**Mr. Robert Rabinovitch:** Let's be precise: yes, from the minister's office. We did not discuss it with the minister, but we did inform the minister's office of what was happening and that there was a distinct possibility that we might have to go the lockout route.

**Mr. Charlie Angus:** At any time in those fifty-some days, did the minister's office contact you with concerns?

**Mr. Robert Rabinovitch:** No. The minister's office recognized—and I think the minister said it very clearly on several occasions—that the responsibility for managing the CBC rested with the management of the CBC and with the board of directors.

**Mr. Charlie Angus:** So she was fine with it.

**Mr. Robert Rabinovitch:** I can't say she was fine with it, sir, because I don't know. I do know that she understood—

**Mr. Charlie Angus:** Sorry, sir, but just to back up, you're accountable to the people of Canada, through her. She never stepped in? She never said, "Hey, Mr. Rabinovitch, what's going on here?" You had the green light and you went ahead, based on your mandate. That is your understanding of how this transpired.

**Mr. Robert Rabinovitch:** I suspect she's the one you should be talking to, but the minister on several occasions made it very clear that this type of labour situation is best settled at the negotiating table. She encouraged both parties publicly, on several occasions, to go to the table, where it would be ultimately settled.

**Mr. Charlie Angus:** But she never contacted you.

**Mr. Robert Rabinovitch:** No.

**Mr. Charlie Angus:** Okay.

On October 5, the new chairman of the board said the decision to initiate the lockout was a "unilateral decision" taken by you. How do you respond?

**Mr. Robert Rabinovitch:** I would choose my words very carefully. I would say that the board discussed and understood what was happening, and discussed and confirmed the mandate. It was explained to the board that a lockout was a possible approach. So too was a strike, and the union leadership had made it very clear that they would strike over these issues. We said we would, as managers, make the tactical decisions that were appropriate.

**Mr. Charlie Angus:** As the president of a billion-dollar corporation, it would seem perfectly logical that the president would go to the board of directors for a mandate and to discuss this, but you were the chair of the board and the president at the time. We didn't have a chair. Isn't that kind of a cowboy way to do business?

**Mr. Robert Rabinovitch:** The only way I can answer that, sir, is to say that the act says I'm the chair when there's no chair appointed. It is the act that makes me the chair. What we did do, though, or what I asked the board to do—because I do believe very strongly in the

separation of the two jobs—was appoint a lead director with whom I could discuss issues from time to time.

**Mr. Charlie Angus:** Were you pressing the government, the minister, at any time? What was said in the media was that this was a rudderless ship. Were you asking for help, saying that you did need a chair of the board because this was not a good way to do business, or were you perfectly satisfied with that way of doing business?

**Mr. Robert Rabinovitch:** We discussed it with the government on several occasions, and I even sent a letter to the government as early as March with some suggestions of names, but in its wisdom the government decided to canvass other people and decided on the approach that they took.

**Mr. Charlie Angus:** So we had no chair of the board, the minister seems to have not taken a position on this, and yet your boss is the people of Canada. The *Toronto Star* said that you and senior management stabbed the people of Canada in the back with the decision for the lockout. How do you respond to that?

**Mr. Robert Rabinovitch:** I respond by saying, as I said in my opening statement, that it was a matter of timing and it was a matter of choice. Either we would move ahead in August and September, when our programming schedule is the lightest—it's basically filled with repeats at the time and our audience share is low—or we would be facing a strike. The same *Toronto Star* ran a long full-page ad from the union that said explicitly that they would strike on these issues.

So it was a matter of timing, sir. Either you do it in August and September, or you do it in October and November, perhaps in the middle of an election, perhaps at the Olympics, perhaps with hockey.

**Mr. Charlie Angus:** Sorry to interrupt, sir, but I go back to the chair, who said this was a unilateral decision taken by you. You unilaterally pulled programming that the taxpayers of Canada paid for, that people were expecting. You withheld that. Do you not have something to say to the people of Canada? Would you do that again in this instance?

**Mr. Robert Rabinovitch:** I would do what I felt was best for the corporation and for the long-term development of public broadcasting in Canada. Let's not forget that my objectives and my role are to see that we have a public broadcaster that is healthy in the long term.

I felt very strongly—as did my management team, and as did the two boards when we talked to them about it—that it was crucial that we had a new agreement on how we would be working in the future. That new agreement flowed from the fact that we had merged three unions, with the help of the CMG.



The CMG was the one who led the charge to merge the unions, and we agreed with them. But once that merger was done, it was incumbent on both parties to sit and negotiate in good faith, and this went on for a period of fifteen weeks. I was not about to sacrifice having programming on the air in October, November, December. Rather, if I had to make the tough decision, or if we as a group had to make the tough decision, I would rather have it done in August, when it would be least painful to our audiences.

• (0940)

**Mr. Charlie Angus:** Thank you.

**The Chair:** Mr. Angus, your time is more than up.

Ms. Bulte.

**Hon. Sarmite Bulte (Parkdale—High Park, Lib.):** Thank you very much, Madam Chair.

Welcome, and thank you for coming here today.

I'm just going to go into questions, because I have many questions. I'm going to start by following up on the determination on the lockout. Mr. Rabinovitch, you have said that the reason you decided to lock out the employees was because a strike vote had taken place and it was imminent, or you felt that the guild was going to strike, notwithstanding the fact that historically the guild has never gone on strike.

**Mr. Robert Rabinovitch:** Their other half of the partnership, if I may, did strike.

**Hon. Sarmite Bulte:** But the guild itself had not.

In June, when Mr. Fournier came before us, when we approved his appointment as chair, Mr. Fournier also said you had spoken about a lockout in June at a board meeting. However, Mr. Rabinovitch, the strike vote didn't happen until July 8. So I'm a little perplexed at how you were already talking lockout in June when no strike vote had taken place.

Again, in speaking to Mr. Angus just now, you talked about a healthy broadcaster. How do you define healthy broadcaster? Is it in terms of profit? Is it in terms of selling assets? What about human capital?

You talk about attracting the best and the brightest, but how can you attract the best and the brightest when right now your employees feel betrayed? They're devastated. What have you done since the end of the strike to in fact try to repair those relationships, what proactive things? I didn't hear anything about that in your opening comments.

You also talked about the fact that October and November is a prime time. Not so for radio. Ms. Chalmers, you know that your ratings are in September. Three weeks before the lockout, you had the highest ratings ever. Your managers threw a pizza party for your employees and three weeks later you locked them out? With all due respect, it seems to be a bit bizarre. Wasn't radio important at that time? Weren't the considerations of radio important at that time?

I'm still here to look forward. What is the vision for the public broadcaster? It's not just efficiencies. It's not about real estate. It's not about capital. Where is that plan to be a true public broadcaster? For me, I just see the lockout as something symptomatic of a greater

problem. Far too much focus is being spent on efficiencies, on selling assets. I want to hear from all of you where that vision is.

You talk about drama. You talk about the importance of putting on Canadian programming, yet I don't see.... You don't broadcast *Corner Gas*, you don't broadcast *Canadian Idol*, you don't broadcast the Giller Prize, the Geminis, the Canadian Walk of Fame, or *Degrassi*, in 25 years the greatest program produced by an independent producer. None of these shows appear on CBC. What we do see is *Coronation Street* or we see American movies. Where is the vision here for the CBC that I know Canadians want?

Last, but not least, I do have to ask you.... There were rumours that people were bragging, your managers were bragging to the inside managers how much money you were saving on a day-to-day basis as the strike went on. I would like to know how much money you've saved, where that money went, what you plan to do with it, and if not, whether you're going to refund it to us.

**Mr. Robert Rabinovitch:** There are a lot of questions. I'll try to answer some, and I'll ask my colleagues to answer some as well.

In June, when I briefed the board, we were in the middle of the conciliation period, which had started in May and was to run until the middle of August. It was incumbent upon me to explain to the board what the options were, and what might occur. So it was perfectly legitimate for me at that point—not only legitimate, I had to do it, I should have done it—to explain to the board that there might be a strike as early as August 15, that there might be a strike in October, but there might also be a lockout, and that was one of the options. It's in the Labour Code, and it's one of the powers that management has when negotiations are not moving forward. So it would be wrong for me and misleading for me to talk to the board about a negotiating strategy and not explain to them what might ultimately happen. So that is the context within which I discussed with the board that one of the possibilities might be a lockout.

On August 14, when we did, unfortunately, have to do a lockout, there were 42 issues yet to be resolved, including the seven major ones that we had put on from our side. So it was very correct for me to explain to the board that this was one of the possibilities.

You're right about radio, and it was painful, but it was a decision made by us as a group, and I'll ask Jane if she wants to say something on that. It was a decision that my management group made, which I'm responsible for, that this was the appropriate time, the least painful time in terms of our audiences, to go through a cessation of programming. It would have been even worse if it had been done at a later time. The objectives we had in terms of restructuring were much more important.

Our objective is to attract the best and the brightest, and to be the cultural driving force for the development of Canadian talent and Canadian content. *Degrassi* was developed at CBC and stayed at CBC until CTV bought it away, which is perfectly fine. That's the game, and it's perfectly legitimate. But *Degrassi* was on CBC for I think 15 years before it came back on to CTV.

The best thing that can ever happen in the Canadian broadcasting system would be if we have competition between Canadian products. We're not the only source of Canadian products. *Corner Gas* on CTV is terrific. That they're doing *Canadian Idol* is fine. It's their type of program and it's great and it gets good audience share. I don't begrudge them. And similarly, I don't expect us to have everything that's Canadian. Other stations hopefully will compete with us in terms of attracting talent and developing product. But over the next ten years, if CBC is to survive, it must be flexible, it must recognize that there's talent out there, and they don't all live in the CBC or in Radio-Canada, and we must go and seek that talent and give them the opportunities to operate.

Let's not forget one thing. We have not received any new money for programming on a permanent basis in over thirty years. The money we have generated, the \$65 million, is by looking at a building that was overbuilt—because it was built in 1991 to certain objectives—and saying that we can rent one floor and make \$5 million. Five million dollars for 25 years. We redid the licence agreement on the ownership on the land next to our building so that the new hotel could go up, another \$5 million. We have to generate the funds from within. There's not a company in North America that doesn't have to try to be efficient and generate funds from within if it is going to succeed and develop.

You talk about my responsibilities. One of my responsibilities is I am a custodian of public money. It's my money, it's my taxes, and I want that money spent well and carefully. The more I can save and the more we can develop, the better the opportunities to be able to develop better programming, because we'll have the money with which to do it. We've had years when we haven't even had enough money to access the CTF. We've accessed it to a certain extent, but we haven't had enough funds to be able to go forward.

We will not be able to develop this organization unless we can attract the best creative people, a lot of whom don't want permanent jobs. You look at the theatre industry. You know it very well. People are not there in permanent jobs. They're there to do a show and to move on. We must attract the best people and we must have the funds with which to work. The funds to work—when I came into this job, I made it very clear to this committee that I would not go to the government and ask for money until I was confident that we were a well-managed corporation.

● (0945)

The result was that after a year or two of working in that area we were able to show government what we had saved. The government said fine, we'll give you on a one-time basis \$60 million for programming. The Deputy Minister of Finance said, "I'm giving you the money because our analysis of the CBC is that it's now not just a sump hole, where people throw money in and it disappears, and that when you say it's going to go into programming, it will go into programming."

● (0950)

**The Chair:** Mr. Rabinovitch, I'm going to stop you there; we're well over Ms. Bulte's time.

We'll come back to those questions. We won't miss any information this committee needs, believe me.

Mr. Schellenberger.

**Mr. Gary Schellenberger (Perth—Wellington, CPC):** Thank you, Mr. Rabinovitch, for being here today. I'd like to welcome you and your colleagues.

I want to say first of all that I and the Conservative Party of Canada support public broadcasting.

I can't promise you that you'll find this session the most enjoyable three hours you'll ever spend.

This may be the first time you've faced Canadians since you decided to lock out CBC employees on August 15. Speaking for myself and I dare say my colleagues as well, I say to you we are the representatives of the CBC shareholders. Every elected person around this table understands what accountability means. We live with and accept an abrupt process of accountability every four years—or probably less in the case of this Parliament. The word of the people is final. In my opinion, a little more accountability for CBC management might have produced a much different outcome from the lockout, which denied services to CBC listeners and viewers.

Mr. Rabinovitch, you seem to have acted entirely on your own to pull the plug on CBC services this summer. You set out to win some concession from CBC employees, but to be frank, I still have no idea what you were trying to achieve in the lockout and why it was so important that locking out Canadians for eight weeks was an acceptable trade-off.

You told Anna Maria Tremonti that you engineered the lockout in order to pre-empt the Canadian Media Guild from going on strike at a later date. Why did you not agree to binding arbitration instead of depriving Canadians of the CBC's services for eight weeks?

**Mr. Robert Rabinovitch:** Firstly, sir, I understand what you're saying about accountability, and I obviously agree. I also feel very strongly that accountability includes responding to your questions and responding to the questions of this committee. It also includes our shepherding and protecting public moneys, which I believe we have done and have done exceptionally well.

We undertook this action because it was very clear to us that the union leadership was not willing to even consider some of the positions we had on the table, positions such as improving job performance of underperformers...such as the best qualified. You'd think this would be obvious, but it isn't, that the best qualified be the standard for hiring rather than seniority and that employees have to be qualified beyond seniority in order to displace a more junior worker. Our junior workers: that's where a lot of the creative ideas are. In the nineties we lost a tremendous number of them, and I wasn't about to have that happen again if I could help it.

**Mr. Gary Schellenberger:** My thing is arbitration. Why not arbitration?

**Mr. George Smith (Senior Vice-President, Human Resources and Organization, Canadian Broadcasting Corporation):** Some of the material that's been provided to you I think indicates how complicated and complex the industrial relations system is at CBC/Radio-Canada. It's our belief, and I believe it was shared by the union as well, that a freely negotiated agreement was the best possible outcome. We truly regret that it had to happen through a lockout, but in the end we have a freely negotiated agreement both parties understand.

The union received an over-88% ratification vote, which means they achieved their mandate. We are satisfied that we achieved both our financial and operational mandates. Also, the parties agreed to a memorandum of settlement without the language being negotiated, an unprecedented circumstance.

For us it's not so much how this started as how it ended, and it ended on a very positive note. It ended with an agreement of reconciliation between the parties. We had employees going back to work before the agreement had been ratified because they were so enthusiastic about that and because the union agreed to that. We've had a comprehensive reintegration program that has had unprecedented success in terms of the speed in getting our programming back on the air, and in the huge majority of cases employees are back doing the work they love and managers are working with them.

This is over and has ended positively between the two parties. Binding arbitration would never have had that result, sir.

• (0955)

**Mr. Gary Schellenberger:** I must say that yes, public broadcasting is very important in my riding. I have quite a few names here on a document that's going to be tabled in the House very shortly.

It used to be that we could count on CBC television to present Canadian programs in prime time. For example, in February 2004 your English television network's schedule was over 96% Canadian from seven to eleven each week. I notice that in the March to May period this year your schedule was only 58% Canadian and that this week, from Monday to Friday, less than 75% of your schedule is Canadian. Why are you abandoning Canadian programming in prime time?

**Mr. Richard Stursberg (Executive Vice-President, English Television, Canadian Broadcasting Corporation):** We're not, actually. I think those numbers result from the fact that during the period of the hockey strike we replaced a lot of the hockey, effectively, with American movies. This is a subject we've discussed with this committee before, and the reason we did that was largely to maintain revenues.

What we would really like to be able to do, and this is again something we've talked to the committee about.... If you ask where we want to take English television, I'll say we would like English television to be a network that as fully realizes the kinds of drama requirements of English Canada as CBS does in the United States. What we would like to have is a television network that is all Canadian, that is all Canadian during the deepest hours of prime time with drama and entertainment programming.

Ask yourself, what is the fundamental cultural challenge in English and what is it we have signally failed to accomplish? The

answer is we have failed to connect with English Canadians with respect to entertainment programming. That's what we have not done. We've succeeded with newspapers, we've succeeded with books, we've succeeded with music, but we have failed to do that. We are the only country in the industrial world that has failed to connect with its own citizens in terms of entertainment programming. That's what we would like to do, and we would like to be able to build an entertainment offer that lasts from seven to ten o'clock in the evening that is going to be an audience-building offer.

Now, I have to tell you one thing, and this goes back to the president's point: this is enormously expensive to do. We talked about this the last time I was here as well. If we're going to accomplish this, it requires two fundamental things: one, the most brilliant people in the country, and two, significantly more financing. But that's where we would like to go, to deal with the number one cultural challenge in English Canada.

**The Chair:** Thank you very much.

Madame Lavallée.

[*Translation*]

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** Good morning. I would mostly like to discuss your labour relations strategies, Mr. Rabinovitch.

The latest lockout has shown us all what a failure your labour relations strategy has been. That's a real pity, not so much for you, but for your unionized workers and the public.

You didn't get the unlimited right to hire contract workers that you wanted. You didn't get the flexibility you were hoping for. That flexibility you wanted to have, I must tell you, would have created a very difficult situation for your unionized workers. Among other things, it would have limited their career aspirations at the CBC, and a CBC career should be an option for them. It would have prevented some journalists and extremely talented people from having a career with the CBC.

The 9.5 per cent cap you ultimately negotiated gives hope, fortunately, that there's now a future with the CBC for some people, for some journalists. You didn't get that unlimited right, far from it.

Nor did you gain control over the bargaining, as you had hoped, because your strategy was easy to see through. Everybody talked about that a bit earlier. You ordered a lockout just to avoid a strike. Employees were threatening to go on strike; they had voted 87 per cent in favour. You couldn't handle the pressure. Maybe the threat was real, maybe it wasn't, but you wanted to control the timing. That's why you ordered a lockout.

The lockout was pre-arranged; you had discussed it six or seven times with your board of directors. By the way, Guy Fournier, who is on your board of directors, has said repeatedly that he was not adequately informed. You say you discussed it a number of times, but Guy Fournier has indicated that he was not adequately informed. Your lockout was pre-arranged. At any rate, we do know that since your appointment to the CBC, there have been three lockouts. So we can take it that this is a strategy of yours.

In the end, you didn't control the bargaining. The Minister of Labour and Housing sat you down in his office and made you negotiate, for a number of good reasons, of which you are already aware, but also because *Hockey Night in Canada* was coming up. Nobody was fooled. I think *Hockey Night in Canada* was the greatest ally unionized CBC workers could have.

We also know that you saved \$5 million a week. I certainly hope that isn't the main reason you ordered the lockout. But we do know that amounts to \$5 million a week for eight weeks.

Ms. Oda is right, your three hours here are not going to be the best time of your life. The ambiance and atmosphere don't lend themselves to compliments. There is no confidence motion on the table. If we go all around the room, you won't find any. You have to understand that the MPs here have no praise for you. Some unionized workers have put the blame on you publicly. Some of your journalists, including Daniel Lessard from RDI, for example, have criticized your handling of the situation very harshly.

By the way, your wife made some comments that were reported in *Le Devoir*. On the picket line, she said you were "tough" and "he won't give up". Your wife revealed, perhaps inadvertently, another part of your bargaining strategy.

In short, no one here has drafted a confidence motion. Even my colleague, Mr. Angus, has tabled a motion calling for your resignation. My colleague, Mr. Maka Kotto, abstained when you were appointed.

You claim to work on behalf of Canadians and the viewing public, but that is hard to believe in light of your labour relations strategy.

• (1000)

There is something that is extremely worrisome. It is one thing to take stock of everything that has happened. I think my colleagues have done a good job of that and have asked the right questions. However, you also have to look to the future. There is going to be bargaining with the Syndicat des communications de Radio-Canada, whose collective agreement expires in March 2006. Should we expect another lockout?

These people were locked out for nine weeks two and a half year ago. They're all very nervous about what strategy you are going to use. Some, the most optimistic, say that you are going to do to them exactly what you did to the CBC employees. It took a minister, a forced bargaining session and hockey night in Canada to bring you to the bargaining table.

**The Chair:** Ms. Lavallée, you've already gone over your time. Please ask your question.

**Mrs. Carole Lavallée:** All right.

Mr. Rabinovitch, could you do some soul searching, not in the religious sense of the term, but in the personal sense of the term? Could you do some deep thinking about your management methods and labour relations strategy, thinking that is humble and realistic enough to enable you to negotiate with members of the Syndicat des communications de Radio-Canada next March as pleasantly and normally as possible?

• (1005)

**Mr. Robert Rabinovitch:** I can answer yes, absolutely. That is what we want to do. We want to have bargaining between the groups. It won't be pleasant. There will no doubt be some tough issues. What we want to do, what we are going to try to do and what we always do now with the other major union in Montreal, is base our discussions on reasonable issues. We want precisely what you mentioned.

I'll admit something to you. It is true that we didn't win on unlimited contractual workers. The reason for that is quite simple; we never asked for that. We never wanted to change the percentage of permanent employees working for the CBC in order to increase the number of non-permanent employees.

For us, it's important to have permanent employees. We invest a lot of money in training for technicians, writers, etc. We train them and we want to retain and protect them. However, we also want to have the flexibility we need to bring on, for a certain period of time, one, two or three people to do a show, etc.

So, for us, 10 per cent is excellent. That's precisely what we wanted to get. It's just double the number we have, and increase from 150 to around 300. That's not much compared to the English side, because we're talking about an organization that employs 5,500 people.

Last—

[English]

**The Chair:** Mr. Rabinovitch, I think we have to move on.

**Mr. Robert Rabinovitch:** Can I just clear up one thing, which is personal? If you're going to get personal, I want to get personal about one thing, which is

[Translation]

what you said about my wife. It wasn't accurate. She didn't talk to people on the picket line, she talked privately to two or three people at the ceremony of the Montreal World Film Festival, where she was a member of the Jury.

**Mrs. Carole Lavallée:** That doesn't change what she said.

**La présidente:** Ms. Lavallée, Mr. Silva now has the floor.

[English]

**Mr. Mario Silva (Davenport, Lib.):** Thank you, Madam Chair.

Mr. Rabinovitch, the CBC receives almost \$1 billion funding from the federal government and from the people of Canada. It receives that money because Canadians recognize that the CBC plays a vital role as a voice for Canada and for the people of this country. The removal of the service was really a break of trust in that relationship. You had the ability to continue to negotiate without locking your workers out—you chose to lock your workers out. That is the reason you're here. You're not here because they went on strike; you're here because you threw them out.

Now, your record is two strikes, three lockouts since 1999. You spoke earlier about honouring that trust for Canadians. How can Canadians continue to trust you when you disregard their needs and remove services they have paid for?

**Mr. Robert Rabinovitch:** As I said before, Mr. Silva, the decision to go to a lockout was one of the most difficult decisions in my career, but we went that way because we have a trust. It is the trust to manage the CBC, to manage public funds as well as possible. One billion dollars sounds like a lot of money, and it is a lot of money, but for a public broadcaster in this world it's a very small amount of money. When you look at the BBC, on their basis we would be getting between \$3 billion and \$5 billion. The Canadian public has chosen, through its representatives, not to give us that money. But they have asked us to manage the organization efficiently and well, and we must do that.

When I was hired and asked to take this job, it was made very clear that I was coming in to try to run this corporation as efficiently as possible to get the most money we could out of our existing assets and to look at the structure of the organization. Change was always going to be one of the major things we had to do. My mantra when I started was that survival wasn't guaranteed. The only thing that was certain was that change had to come.

This is an industry that is being torn apart, dramatically changing, where programs that are available at night, such as *Desperate Housewives*, are available the next morning on your iPod. That is done legally, correctly, but the result is we are in an industry of dramatic change, and we must change with it. We must be flexible. We must find the best talent in Canada in order to be the most creative organization that we can be. Without that we will not survive, but with that we have a real opportunity to survive.

What this strike or lockout of the last few years has been about is precisely that. It's trying to bring us into the 21st century in such a way that we can use the Canadian talents, whether they work for the CBC or whether they're out there in the private sector working with us to create programs that Canadians will want to watch.

• (1010)

**Mr. Mario Silva:** Mr. Rabinovitch, you continually repeat the issue of efficiencies, but what about your people, your staff? You've waged war on them. How are you going to bring about peace now?

**Mr. Robert Rabinovitch:** I deeply regret that we had to go to a lockout or a strike, but I will not accept the total responsibility. That responsibility is shared with the leadership of the union, who did not negotiate seriously until there was a lockout. There were 42 issues on the table when the lockout occurred, and as I said before, six of the seven issues that were critical to the flexibility—I'm not talking about efficiency, but about flexibility, matching people to jobs, being

able to create programs—were not being discussed. The union was categorically refusing to discuss them and took out an ad saying that they would strike on these issues.

From the point of view of inconvenience to the Canadian public, I did something that was very unfortunate but had to be done, but we did it in August, not in November or December, when there are storms up north and the only way people can talk to each other and know what's going on is over CBC radio. It was not February, when there are the Olympics, and not when there's hockey and people want hockey. We did it at a time that was painful and it was a deprivation to Canadians, but it was the lesser of the evils.

**Mr. Mario Silva:** Mr. Rabinovitch, listening to Mr. Fournier, who came before our committee, listening to comments made by the minister, and hearing your comments today on whether you kept them fully informed or not leads me to the conclusion that you really kept everybody in the dark, whether it was your board or whether it was the minister. Why did you keep them in the dark?

**Mr. Robert Rabinovitch:** I don't accept that at all. As I mentioned in my opening comments, we discussed this labour situation with our board of directors on nine different occasions. In June we had a comprehensive briefing of the board. We had endorsement of the approach we were taking, and we had endorsement to move ahead on it. So I reject the concept totally.

**Mr. George Smith:** I've been a human resources professional for 32 years. I've been with CBC for 10 years. I've appeared in front of numerous private and public sector boards in my role as chief negotiator for corporations, including the Canadian Pacific Railway and Air Canada.

These negotiations, at the level of the board, have never experienced more scrutiny in terms of our mandate and sharing information with that board of directors—two separate boards, because we had the replacement of eight board members in the middle of these negotiations—and information was shared in extreme detail. We understood what our mandate was and we achieved our mandate at the bargaining table.

**Mr. Mario Silva:** I have a copy of—

**The Chair:** Mr. Silva, your time's up, if you don't mind. We'll come around as often as we can.

I do have one question to ask and one comment, Mr. Rabinovitch.

You said the union has to share responsibility with you for the lockout. Had they gone on strike, would you have taken a share of the responsibility?

**Mr. Robert Rabinovitch:** The answer's yes, for exactly the same reasons. When negotiations break down, it means both parties have not done the last thing possible to have a good negotiation.

**The Chair:** I had to get that on the record.

Mr. Brown.

I'm sorry, I've said I'm going to go to every member of the committee first, before I go to anyone a second time.

**Ms. Bev Oda:** He said he was willing to cede his round at this point.

**The Chair:** I'd like to hear that from Mr. Brown.

**Mr. Gord Brown (Leeds—Grenville, CPC):** Yes, Madam Chair.

**The Chair:** Mr. Brown is ceding his time to Ms. Oda.

Thank you.

**Ms. Bev Oda:** Thank you, Madam Chair.

Obviously, there is disagreement about the decision-making process regarding informing the minister's office versus the minister, following the bylaws and the regulations, as to the responsibility of where the buck stops. Mr. Rabinovitch, because of the situation where you were the president and the chair, I still believe if there wasn't a chair, there was a responsibility with the board.

Does this difficulty arise because the board does not decide who the president will be, as in all other corporate board situations? As to the president and the CEO of the corporation, does that limit the ability of the board? Or does that give you the feeling the board doesn't have the same kind of responsibility, weight, and accountability the board should have?

I also want to ask you a question with just a yes or no answer. Are you meeting your CRTC obligations, and will you meet the Canadian content obligations by the end of this broadcast year?

Regarding audiences, you keep referring to "compete with us", to commercial broadcasters and private broadcasters competing with us. Mr. Rabinovitch, I took note that when the new chair was before this committee, we had no representation from your office or yourself to take the interest to be here to listen to his appearance before this committee. I had a discussion with him about this frame of mind in which public broadcasters see themselves as having to compete with private broadcasters. We had this discussion that the public broadcaster should have a role, a distinctive role, which shouldn't be in competition with the private broadcasters.

Now we're looking at audience figures. I read you're going to increase and you're going to aggressively promote and market the services, the new programs. Where's that money coming from? How much more are you going to spend on marketing and promotion to recoup your lost audience? And is that money going to come from programming?

●(1015)

**Mr. Robert Rabinovitch:** I will start, and Richard will continue.

I'm sure this is a discussion we should have over a long period of time.

The responsibility rests with management, and therefore it rests with me. I do not shirk that responsibility. However, as Mr. Smith said a few minutes ago, I will contest any suggestion that the board was not fully informed.

**Ms. Bev Oda:** Mr. Rabinovitch, are you saying the corporation does not need a board as long as it has you or the role of the president in place?

**Mr. Robert Rabinovitch:** No, on the contrary. I don't see the logic of how that follows.

**Ms. Bev Oda:** Well, you said the responsibility lies with you. Yet I read the act, and clearly the act gives the responsibility to a board, or why do we have a board?

**Mr. Robert Rabinovitch:** The board agreed with the recommendations of management as to the objectives of the negotiation and what we were doing. It is then our job, as managers. We are responsible for the tactical implementation of those recommendations.

With respect to, as with every company—

**Ms. Bev Oda:** Can I just interject?

**Mr. Robert Rabinovitch:** Every company works exactly the same way.

**Ms. Bev Oda:** I would suggest that when a significant decision is going to be made by management—such as has been made—that not just thinking you had informed the board of a possibility at some previous meeting, you would go and ask for a confirmation on such a significant decision that's going to affect not only the majority of the employees, but the service you're providing and your ability to fulfill a mandate that's laid out as part of the legislation of Canada.

**Mr. Robert Rabinovitch:** I don't disagree with you, and I feel we did precisely that. We did not talk about the actual timing, although we did mention the August 14 or 15 date, but we brought to the board's attention what the consequences were and what the approach was. We had nobody on the board suggesting we not go that route—and I'm talking about both boards.

With respect to CRTC obligations, we will meet those obligations.

With respect to your other questions, I'll turn it over to Richard.

●(1020)

**Mr. Richard Stursberg:** Are we in competition with private broadcasters? The answer is inevitably we are in competition with private broadcasters. We're in competition with them for both money and audiences.

Right now—to the president's earlier point about the financing of the CBC—approximately 54% of our money comes from earned revenues, from commercial revenues; 46% of our money comes from public subsidy. We are, in fact, under those circumstances, on a revenue basis, more private than we are public. This is for English television. On the radio side, of course, they're fully financed, without any commercial revenues whatsoever.

So we inevitably under those circumstances compete for advertising dollars. We compete against other broadcasters. We must, because if we did not we would lose 54% of our revenues.

**Ms. Bev Oda:** Thank you, Mr. Stursberg.

Let me just—

**The Chair:** Madam Oda, I'm sorry, your time was up a minute and a half ago, nearly two minutes ago.

Mr. Simms.

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Wind-  
sor, Lib.):** Thank you, Madam Chair.

It's good to see you again. I too am a supporter of Canadian Broadcasting Corporation, not just because I'm Liberal, but because I'm a Canadian, and today, more importantly—

**A voice:** That goes along together. That's great.

**Mr. Scott Simms:** —because I am a Newfoundlander as well.

**A voice:** There you go. We should all be screeched.

**Mr. Scott Simms:** What I want to talk to you about is, again, regional programming, which we talked about before. Here are some of my concerns.

On October 8, Carole Taylor wrote in *The Globe and Mail*, and I fully believe she got it right, that public broadcasting is out of date because it is not rooted in all of Canada, only a few central Canadian cities.

That brings us to this point. There was a decision taken a while ago, which I will bring up again and will bring up every time the CBC comes in front of me, because it was such a blatant example of basically proving to us that when it comes to the regions—and I'm the only member from Atlantic Canada—not only did you make a bad decision, based on a business plan, but you didn't care, as well.

Here's why. As you said earlier, you compete in a market where there are diminishing returns, certainly when it comes to television. But you made a national decision and took the soul out of supper-hour newscasts in regions of this country that didn't deserve it. It was a business plan, or a business decision on your behalf, based on one, perhaps two, or only three markets.

One of the things you said earlier, Mr. Rabinovitch, was “we're not the only company with Canadian products”. But in some of these markets you are the only company with Canadian products. Not only that; in times of emergency—in times of dire need in Goose Bay, in Gander, in Saint-Louis du Ha! Ha! as well—you are it. You are more than just a broadcaster or someone competing or someone doing a business plan; you are a cultural crossroad, as well as an essential service.

So when that happened and you cut down on the supper-hour newscast, it showed that you didn't care. I'm specifically talking to you, Mr. Rabinovitch, Ms. Chalmers, and Mr. Stursberg.

Recently you said you are restoring, on a pilot project basis, three markets, going back to one hour. So give me just a quick answer: are you still going to proceed with that pilot project, especially for Newfoundland and Labrador?

**Mr. Richard Stursberg:** Yes.

**Mr. Scott Simms:** You are.

With every pilot project, there's always an assessment. So at the end of this, will it continue, and will you stretch it out to other smaller markets, such as Rivière du Loup and others?

**Mr. Robert Rabinovitch:** Let me go back a bit, because I think your points are extremely important.

The soul was taken out of regional programming and regional news not by me; it was done in 1991.

**Mr. Scott Simms:** But I'm asking you to change it; that's what I'm doing.

**Mr. Robert Rabinovitch:** And I'll give you an answer, believe me, I will.

But let's not kid ourselves; the soul was taken out in 1991 when the government cut the CBC back. The board of directors at that time—it was a board of directors' decision—decided with management that they had to cut back regional programming dramatically.

Unfortunately, I was involved in this in 1999, when there were other cuts, but then we brought back *Canada Now* and we did some expansion—but not nearly enough.

Based upon the Lincoln committee report, your committee admitted...and not only admitted, but encouraged us to come forward with a regional plan for expansion. But you also said, sir, very clearly, that we couldn't do it with our existing resources. So you asked us to come forward with a fully costed regional plan. We did exactly that almost a year ago, and I have yet to have a discussion with anybody on this committee or in government about that plan.

I'm not saying that our plan has it exactly right. Our plan is a starting point for a discussion. But the key thing is that we want to do more regional programming and regional news, but we also accept your analysis, because it's the same as ours, that we don't have the money.

Why aren't we talking about that at this committee?

• (1025)

**Mr. Scott Simms:** That's understood, but here's my problem, and it was illustrated in the strike. I'd like to get both of you to weigh in on this one.

During the lockout—and you mentioned this earlier—they weren't working, period. So here's the situation: you said earlier that if there were a business plan to contract out certain services, such as employees, you would do so if there were a market for it extending to the regions.

Someone who works for the CBC cannot survive and stay in places like Goose Bay if they're on contract; they can't get mortgages, they don't get benefits, and can't make a life for themselves. So that again proves to me that even with the existing resources you have, you are still not making a commitment to regional programming. And when that decision was made about supper-hour newscasts, you were there.

**Mr. Robert Rabinovitch:** But as I say, the first one—the core or gutting of regional newscasts—was made in 1991.

With respect to your other point, I don't believe there is any desire or any indication whatsoever on our part that anybody who is a journalist will be contractual; we believe they should be permanent employees. And I should make it very clear, as well, that contractual employees at the CBC get full pensions and full rights—or full benefits, is what I should have said. That was one of the items that was decided a long time ago. The pension was opened up to them as part of this negotiation, so they are not at a fallback if they're in a contractual situation.

But let's be very clear, sir, we do not want to move the bulk of our staff to contract. We're talking about approximately 300 employees.

Richard.

**Mr. Richard Stursberg:** I would just say that we are restoring a full supper hour in St. John's.

**Mr. Robert Rabinovitch:** Yes, we are.

**Mr. Richard Stursberg:** That will happen on November 7.

As the president says, we would like very much to be doing a lot more, and a lot more effective local and regional programming all over the country.

The last time we were here, as I recall, there was some kerfuffle about the regional plan. About one minute before we walked in the door, the department dropped onto your desks the regional plan that we had provided to them earlier on.

**Mr. Scott Simms:** Have you spoken to the minister about the regional plan itself?

**Mr. Robert Rabinovitch:** The minister has sent the regional plan to the CRTC and has asked the CRTC to consider regional programming as part of licence renewal. That is one route.

The other route is.... This is a piece of paper your committee asked for.

**Mr. Richard Stursberg:** And I think we said to you at the time—and we stand by it—that we would look forward to coming back to talk to the committee, which asked for the plan in the first instance. You said to us that we could come back any time we wanted and talk about the plan and how we would execute it and what its associated financial requirements were.

**The Chair:** Thank you, Mr. Simms.

**Mr. Scott Simms:** Thank you, Madam Chair.

**The Chair:** I'm sorry about that.

Can I have some clarification, Mr. Rabinovitch? You tabled with us, and you provided to the minister, your plan for regional programming and the resources necessary to implement it. You said you haven't talked to anybody about this since then. Am I to understand that you have not, at this stage in the budget cycle, requested or had a meeting with the minister to discuss your parliamentary appropriation in next year's budget?

• (1030)

**Mr. Robert Rabinovitch:** That is correct. I have not had a meeting with the minister to discuss our parliamentary appropriation.

With respect to the regional plan, the very clear message we were given—and it's not incorrect from a government's point of view—was that the appropriate place to discuss regional programming and broadcasting, from their point of view, was at the CRTC, in the renewal process, both for CBC and others.

**The Chair:** Thank you very much.

As we still have an hour and a half to go, I'm going to suggest to committee members that we take a five-minute break, but I'm in your hands. If the committee wants to continue, that's fine.

Mr. Coderre is the one member of the committee who has not yet had a chance to speak.

**An hon. member:** And Mr. Brown.

**The Chair:** No, Mr. Brown had his chance, and he gave it to you.

[*Translation*]

**Hon. Denis Coderre (Bourassa, Lib.):** Mr. Brown passed me the puck.

[*English*]

**The Chair:** I do keep track.

[*Translation*]

**Hon. Denis Coderre (Bourassa):** Mr. Rabinovitch is a hockey fan. So let's talk about that.

Mr. Rabinovitch, I have to admit that if you were disappointed about having to lock your employees out, you must be disappointed often, because this is the third time you've done it.

The issue here, and I think we've covered everything — is that there will be some bargaining, if it hasn't already started, with Quebec and Moncton employees. Are you telling me today that you intend to proceed in precisely the same way? Have lock-outs become the “Rabinovitch method”? Should we immediately call our colleague, the Minister of Labour and Housing, who did an excellent job, to sit you down in an office with the workers, or are you going to reach an agreement for the benefit of the public?

**Mr. Robert Rabinovitch:** Mr. Coderre, the union people may tell you there have been three lock-outs, but frankly, when someone gets up and goes to a meeting or when a group gets up and goes on strike for 24 hours, in my opinion, some of those strikes are not lock-outs. And if you want to discuss it, we can discuss the three “lock-outs” another time. This time, I agree that it was an actual lock-out.

**Hon. Denis Coderre:** And the others were not lock-outs.

**Mr. Robert Rabinovitch:** No.

**Hon. Denis Coderre:** When you're afraid of being afraid, you initiate a lock-out. So people have to watch out for your sensitivity. Right?

**Mr. Robert Rabinovitch:** No, that's not true.

Second, I'd like to add that I am indeed disappointed that there was a lock-out and a strike. I am from Lachine, where there is a community of people who work for Dominion Bridge. I have seen serious strikes and I know what that can do to a family. So I'm totally against that. It is not our intention to come to that.

I hope, as we now do with the STARF, that we will be able to discuss. As a matter of fact, I'm confident that we will be able to hold discussions without any lock-out or strike.

**Hon. Denis Coderre:** At any rate, Mr. Rabinovitch, I already said that I found that a lock-out...Hockey and Don Cherry can be protected. As a matter of fact, we could discuss Don Cherry for a long time, but I have no time to waste on him today. I'd like to talk to you about the insensitivity to francophones outside Quebec.



When I was in Regina, I was very happy to hear Marie-France Bazzo on the radio, but as for the situation on the Jacques-Cartier bridge during the lock-out, the people of Regina got a bit tired of hearing about it. Right?

Why didn't you wait for the Canada Games to be over, because that's an extraordinary window? The role of the CBC/Radio-Canada is to ensure...I'd also like to hear from Mr. Lafrance, because it's nice in French from time to time.

I'd like to know why you couldn't wait a week. Were you so afraid that you had to go ahead with the lock-out then? There are francophones outside Quebec who have done extraordinary work. You have cut back sports news on Radio-Canada so much, and for once there was something about amateur sports...As former Secretary of State for Amateur Sport and especially after working with Daniel Asselin and the others, I think that if you wanted to play your role as public broadcaster and showcase the beauty of all regions, you missed a really good opportunity to show your sensitivity to the French presence outside Quebec, and more importantly to these men, women and young people who worked so hard to get the Canada Games. It was a success, but nobody saw it.

•(1035)

**Mr. Richard Stursberg:** We discussed the Canada Games with the union. We asked the union representatives if they would agree with us and push back the date of a potential strike or lock-out, so as to ensure our presence at the Canada Games. They answered that they needed two more weeks. Then it became clear that the union was trying to use the Canada Games as a delaying tactic...

**Hon. Denis Coderre:** So it is the union's fault.

**Mr. Richard Stursberg:** and to wait for September to put maximum pressure on the company.

I just would like to say one thing...

**Hon. Denis Coderre:** One moment. Do not get angry. Let us calm down.

Are you telling me now that you decided to impose a lock-out because of the union? You thought that if you did not do that, there might have been an impact? Is this what you are telling me now, Mr. Stursberg?

**Mr. Richard Stursberg:** Precisely.

**Hon. Denis Coderre:** All right. You answered my question.

**Mr. Richard Stursberg:** No. I want to add something very important...

**Hon. Denis Coderre:** No. Wait a moment. You are now before a committee, and you will listen to me. I have other questions to put, and my time is valuable.

Mr. Rabinovitch, you said in your presentation that you need to reinforce your journalistic core, rethinking and renewing your news programming. Are you telling me that Guy A. Lepage became Radio-Canada's new ombudsman because his program became a public affairs program? Do you listen to that program, Mr. Rabinovitch? You do not listen to it? That is too bad, because it is the talk of the town!

Let me say that I was outraged by Dr. Mailloux's statements about Blacks. He said some horrible things! And what I also find horrible is that Guy A. Lepage does his own program editing and then calls it a public affairs program.

If CBC/Radio-Canada is a broadcaster with social responsibilities and if it is involved in public affairs, it must carry out its social responsibility following the standards set by Radio-Canada.

Do you not think that something should be done about this? Besides, does this mean that Véronique Cloutier has now become a journalist, since you withdrew the newscast that used to be broadcast during her time slot?

**Mr. Sylvain Lafrance:** Incidentally, I am as much against the mixture of genres in newscasting as you are. Besides, the corporation has never considered and does not consider *Tout le monde en parle* has a public affairs program. *Tout le monde en parle* is a forum, and I think that it is good that a million and a half Canadians can spend part of their evening debating cultural and other issues.

By its very nature, the program is not always politically correct. You mentioned Dr. Mailloux. I have been through much debate on this issue because I understand that these are not innocuous issues: they are real and deserve our attention.

**Hon. Denis Coderre:** Yes. There is social responsibility after all.

**Mr. Sylvain Lafrance:** As for Dr. Mailloux, he has daily access to private radio broadcasting, at a station with a CRTC licence. He can be heard on the air everyday. The fact that we were presenting a public figure had an impact on the whole issue. Besides, Dr. Mailloux had to pay most of the price.

I just want to say that it is not simple matter. When we discuss this type of news casting, there are always grey areas. The following week, we invited people who could respond to Dr. Mailloux. The issue was debated. You can rest assured that within the SRC, we have the same kind of debate as you regarding these issues, so that we can be sure to carry out our responsibilities with regard to newscasting.

**Hon. Denis Coderre:** Mr. Rabinovitch, I basically believe in the CBC/Radio-Canada. I think that you have a mandate to serve francophones everywhere in Canada. Unfortunately, on that point, I entirely agree with my colleague Mr. Simms when he says that your regional services were sorely lacking. We must stop saying that this has been going on for 15 years and that others are to be blamed. I think that we should look towards the future to guide our work.

I agree that we must make sure that funding is available. However, I would have a problem with saying that everyone of these set backs is due to lack of money.

So do you agree that we should change the rules of accountability, without changing the content of the newscast, which would mean that you would be subject to the Access to Information Act? When dealing with an organization like yours, we must distinguish between accountability and the collection of royalty fees. Do you not think that Canadians would find this point of view more acceptable?

You will have to face the digitalization issue, and it will cost millions and millions of dollars. I am told that you are not doing all that well with digitalization. This should not become a bottomless pit.

● (1040)

[English]

We have to do something about it, and accountability and access to information are keys to making sure that you look at and are managing that society rightly.

**The Chair:** Mr. Coderre, that was well past your time, so I'd ask Mr. Rabinovitch to be as brief as possible.

**Hon. Denis Coderre:** He passed me the puck.

**The Chair:** Very briefly, and then we'll take a break. Thanks.

**Mr. Robert Rabinovitch:** I'll answer in English, since you finished in English.

*Moi, je n'ai aucune problème face à cela.*

I strongly believe accountability is absolutely critical. That is your function and that is our function—to be accountable for how we spend public moneys. We are not only not opposed, we are going to come under the Access to Information Act, and so we should.

The only question is what types of carve-outs there should be in order to ensure journalistic independence and our programming independence. Other than that, it is absolutely correct that my expenses, our administration, all of that, come under access to information.

**The Chair:** Thank you very much.

We'll take a five- to seven- minute break.

● (1041)

\_\_\_\_\_ (Pause) \_\_\_\_\_

● (1052)

**The Chair:** We're resuming the meeting of the Standing Committee on Canadian Heritage, with the senior management of the Canadian Broadcasting Corporation.

Mr. Coderre had just asked a question. It seems only fair to give Mr. Rabinovitch a small bit of time to respond, and then we will resume our normal round of questioning.

**Mr. Robert Rabinovitch:** I thought I had responded, Madam Chair, with respect to—

**The Chair:** If you feel you've adequately responded, Mr. Rabinovitch, fine.

**Mr. Robert Rabinovitch:** I think you got the answer you wanted.

**The Chair:** We'll go back to Mr. Brown.

**Mr. Gord Brown:** Thank you, Madam Chair.

I'd like to thank the president and his vice-presidents for being here today. This is great that we have an opportunity to question them.

I want to start by saying that I and my party are glad the CBC is back. The Conservative Party of Canada, of course, is very supportive of public broadcasting.

The impact of this lockout was really quite dramatic and quite harsh in rural parts of Canada that are like the area I represent, so it's really good that it's back on now. There were many people from my riding who communicated with my office about their displeasure with the withdrawal of service.

You spoke about accountability and spending public money. This is the part I always like to get to. You really spoke about the finances and how it all works. I know Madam Bulte asked the question...

The reality is that the service was withdrawn from Canadians for about eight weeks. So how much was actually saved during that period of time, and what happens to that money? We haven't heard that.

Back in March 2002 you said the government was "allowing us to roll the funds over from year to year", and that Treasury Board "agreed we could sequester the funds, [and] use them as needed over time and, as well, generate interest".

From my perspective, either Canadians get their money back, or they receive better programming going forward. I'll just throw that out there.

**Mr. Robert Rabinovitch:** Let me start, and then Richard will talk a bit more about it, and perhaps Jane.

Let me first thank you for the question. You really do realize how important CBC is outside of the large cities when something unfortunate like this happens. It is really part of accountability as to why we did what we did, because we did deprive some very important parts of the country of the service, especially in areas where there was no real alternative. There are still a million Canadians who do not get CBC, even on radio, and that's one of the reasons we have gotten into the satellite radio business, which would maximize and complete our coverage.

To answer the specifics of your question, I'll turn it over to Richard.

● (1055)

**Mr. Richard Stursberg:** I'm happy to go through this with the committee at any level of detail they would like, but I can tell you this. If I can put it this way, there were two kinds of forgone expenses as a result of the lockout. One was that because people were not working, they were not getting paid, so there were salary savings. Secondly, there were savings associated with the fact that we didn't put certain programs on, so we didn't recognize any expenses associated with them.

On the other hand, there were a series of costs associated with the lockout. Some of those costs were revenue losses because we didn't make as much money in advertising as we would have normally made. Some of those costs were associated with maintaining things like security around the buildings. We have 35 buildings and we have a billion dollars worth of assets, so we had to maintain security, and we also had to try to ensure that all the picket lines were quiet. There were extra costs associated with bringing management in from all over the regions and putting them up so that they could continue to offer the service that we did offer during the period when this was going on. And then there were costs associated with relaunching the networks, because there has been some share erosion—and we can talk about that some more too, if you're interested

But net, where we are in terms of the money, by way of forgone expenses in terms of salaries and programming costs, it is completely offset by the other costs that I was describing in terms of lost revenue, costs in terms of managing security and the other things in the lockout, and the relaunch of the networks. At the end of the day, there is nothing left. It's not as though we've ended up with a pile of money. We've ended up basically with zero.

**Mr. Gord Brown:** So for eight weeks, Canadians paid for a service they did not receive. You're saying the bottom line was there was absolutely—

**Mr. Richard Stursberg:** No, no, I don't think that's quite fair.

**Mr. Gord Brown:** There were no savings to the corporation. Is that what you're saying?

**Mr. Richard Stursberg:** That is exactly what I'm saying to you. There were no savings to the corporation.

But I don't think it's entirely fair to say that Canadians received no service. In fact, what happened during the course—

**Mr. Gord Brown:** Well, come on. The service they were receiving during that period of time was not the regular programming.

**Mr. Richard Stursberg:** Everybody agrees it was not the regular programming.

**The Chair:** Mr. Brown, I understand the temptation, but let's not get into an argument.

**Mr. Richard Stursberg:** What did happen? We put on the best service we could under the circumstances. Interestingly enough, while there was share erosion and while the share erosion was probably most severe with respect to *Newsworld*, many of the other properties—as a result frankly of extraordinarily hard efforts by managers who came from all over the country, who lived away from their families and put up with enormous difficulties to continue to offer the best service they could, not the service we wanted to offer, but to ensure that we could try to do something—held up surprisingly well.

Even if you took something like...you'll recall the controversy about football. It was very interesting. People said this is going to be terrible. The numbers for football, interestingly, were better than they had been in the year before, and they were better than they were before the lockout. That was a surprising situation.

There's just one last thing that I want to say about this, because I think it's really important. As the president said, nobody wanted this lockout. Nobody wanted to deprive anybody of service. But if you know for sure there is going to be a labour disruption, then the question is, when is the best time to take the deprivation of service? When is the best time? Is the best time in the summer, when everybody is at their barbecues and hardly watching TV? Or is the best time in the fall, when there's a potential for an election; when we have the hockey season beginning; when all our big ticket items, all the stuff we've invested millions of dollars in by way of high-profile programming like the Trudeau series and everything else, are coming on? When is the best time?

That was the situation that confronted us. I think it's fair to say it wasn't a judgment just of the president; it was a judgment of all the senior management. If we were going to do the best we could for the

Canadian public and take care of the corporation, we were absolutely convinced that there was no doubt there would be a strike. Therefore, the right thing to do in the interests of the public and the corporation was to take it down.

**Mr. Gord Brown:** My idea of Canadian programming is not tuning in to the BBC news.

**The Chair:** I'm sorry, Mr. Brown, on the second round I'm going to have to be much more strict on time, and yours has just expired.

I've heard the question from two members of the committee now. I think it's something of interest to all members of the committee. I would appreciate it if you could provide to the committee, as quickly as possible, that balance sheet about how much was saved in actual salaries.

● (1100)

**Mr. Richard Stursberg:** I can do it right this very moment.

**The Chair:** No, I don't want it right this very moment, because I want it in considerably more detail than I think you could provide.

**Mr. Richard Stursberg:** I'm ready to go to any level of detail you would like.

**The Chair:** Mr. Stursberg, please, I'm asking you on behalf of the committee to provide that information in writing and in detail.

Thank you very much.

And as far as I know, management doesn't usually get paid overtime.

Mr. Kotto.

[*Translation*]

**Mr. Maka Kotto:** Thank you, Madam Chair.

I have many questions about Radio-Canada's television broadcasting. I will begin with a brief question about the next generation of employees. Given your policy of outsourcing productions—under conditions that raise certain questions, but they are not part of today's debate—are you concerned with the training of Radio-Canada's next generation of workers?

**Mr. Sylvain Lafrance:** Naturally, and in many ways. Incidentally, the vast majority of our employees are permanent; they have been with us for a long time. Let us take French radio broadcasting as an example. We are currently planning for our future labour force needs and we have a clear picture of them, as we know who is about to retire, and what kind of training will be needed over the 5 or 10 coming years. We are giving this our attention. We also want the coming generation to reflect Canada in an even better way.

In most of our departments, our employees have quite a bit of seniority. This means that in some fields, contemporary Canada is not very well represented either by new arrivals or by people trained in the latest technology. We are very concerned with the next generation because we want to have a much greater diversity of workers of different origins, training or fields of interest.

**Mr. Maka Kotto:** I take you at your word.

Do you believe that it would be in Radio-Canada's interest if Canada controlled all the broadcasting on all of its territory?

**Mr. Sylvain Lafrance:** That is not up to us.

**Mr. Maka Kotto:** I am asking for your opinion. I want to know whether you are...

**Mr. Sylvain Lafrance:** I can guess your next question. Of course, regarding cultural sovereignty, we should ideally have control over all broadcasting. However, the technological challenges involved do not make things any easier.

**Mr. Maka Kotto:** I have also read, if this is accurate, that Radio-Canada owns 40 per cent of SIRIUS Canada, which is a satellite radio project. On the other hand, by dint of your participation, you approve a 10 per cent share of the Canadian content.

Are you not uncomfortable with this?

**Mr. Sylvain Lafrance:** No. We wondered about that the same way as you did. At the very outset of the project, we were wondering if we should participate or not and what would be the best way to make sure that first there be some Canadian content and secondly that there be francophone content. We concluded that not participating would be more dangerous than participating. When we announce the whole set of services offered by the first generation of SIRIUS Canada, I think that you will see how much we are doing.

Besides, our competitor, XM Satellite, will not do any public radio broadcasting. We will broadcast over SIRIUS Canada because public radio is one of its shareholders. Then we will be able to offer public radio broadcasting services to Canadians. Without this, we could not have done it.

I understand that this can raise many issues. But in our opinion, in the end, it is better to participate in this project and make sure that it has Canadian and francophone content for the sake of Canadian independence and sovereignty of Canada, than not to participate. It would have been more dangerous not to participate.

**Mr. Maka Kotto:** You do, nonetheless, understand that the very fact that you are seen as participating in this project makes it credible and does away with the debate that should have taken place but did not take place because it all happened too fast.

**Mr. Robert Rabinovitch:** Regardless of our participation, the CRTC gave a licence to a competitor.

**Mr. Maka Kotto:** The fact that you are participating took away some of our ammunition in our fight against the selling out of cultural sovereignty. This is the point I want to make.

• (1105)

**Mr. Sylvain Lafrance:** This is an interesting issue worthy of a lengthy debate, but I am convinced that in the long run, it will be better for us to participate.

**Mr. Maka Kotto:** In the long run! This means that you intend to participate for a long time.

**Mr. Sylvain Lafrance:** There is an advantage in participating, and it would be dangerous not to. I believe, for instance, that we are about to launch a service called *Bandeapart.fm*, an alternative music service for youth that we could not have launched otherwise and which will bring a new diversity to our musical programming.

**Mr. Maka Kotto:** I am very skeptical, and this, among other things, is because of the presentation you made at the launching of the musical network that came to replace the defunct *Chaîne culturelle*. As we look at the audience share, we see that the ratio from 1996 to 2003 for *la Chaîne culturelle* is the same as the

September 2004 ratio for the musical network. These things can be found on your site. Thus, there is a basic flaw in the argument that cultural radio had lost its audience.

Moreover, you praised the musical network and said that this is where cultural diversity would happen. Nonetheless, during peak listening hours, from Monday to Sunday, 43 per cent is dominated by American music. These are the figures for September 2004. Songs in French or from Quebec are almost entirely absent. This explains my doubts.

**Mr. Sylvain Lafrance:** There is no francophone songs because there are niches for classical music, jazz and world music. There is less Canadian content in classical music than in French songs, which is quite natural: we produce less classical music than others do. We want to broadcast all the genres of Canadian content.

The audience for *Espace musique* is 40 per cent larger than the audience for *la Chaîne culturelle*, and that has always been the case. Let me add that we are producing as many cultural broadcasts as before. We have not cut a single minute from Radio-Canada's cultural radio broadcasts, but their audience has grown by 300 per cent. This is huge, and these are no paltry cultural broadcasts such as the ones we call "*show de chaises*". These broadcasts reflect seriously on culture. To me, the fact that the audience increased by 300 per cent is a sign of tremendous success.

Regarding musical diversity, I must confess that I am not sure about your comparisons. However, I am absolutely convinced—and I have all the figures to prove it—that *Espace musique* has created and boosted musical diversity, not only on the Montreal marketplace, but in Canada as a whole. I am very glad to see the progress that we have been able to make on the Vancouver marketplace.

**Mr. Maka Kotto:** I quoted the figures given by BBM for 2005. *Espace musique* has 2.1 per cent of the entire audience rating. I also gave you the average ratings for *la Chaîne culturelle*.

Of course, this can be challenged.

**Mr. Sylvain Lafrance:** Yes. If you are looking at the June survey, it only covers the Montreal marketplace.

**Mr. Maka Kotto:** It is also a question of form. You are good salespeople, you are managers who know how to sell your products. But as I read the facts, I have some doubts. I am of a pragmatic nature; as a doubting Thomas, I only believe what I see.

**Mr. Sylvain Lafrance:** Let me try, if you wish, to convince you with the facts that we have, because I think that we are all rather proud of the success of *Espace musique* and of the success of the cultural broadcasting of the *Première Chaîne*.

[*English*]

**The Chair:** Mr. Angus.

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

I've heard it said today that you had to impose the lockout in August in order to save the Canadian people from being deprived of service in October. I'm from mining country, and we have a long history of strikes. When we have strikes in mining country and in forestry, they don't just happen. They're done with a long-term plan in place, and then the brass knuckles are put on.

I would suggest that this is the scenario I see. In mid-May, you filed for conciliation, setting a strike deadline or a showdown for mid-August, which would have been the dog days of summer. I would say that you discussed the lockout with the board in June, prior to the union putting out any of these newspaper ads we heard about. The union mandate was going to expire by October, anyway.

So the scenario I see here is that you decided to set up the terms for the lockout because you would put pressure on your employees by depriving them of wages during the dog days of August when there wouldn't be a lot of media attention and there wouldn't be a lot of audience backlash. You figured that the union would capitulate and would take a little bit of a beating, and then business would be back to usual, long before the parliamentary session began.

I would suggest that you completely miscalculated. You thought you had the green light from the minister, which perhaps you did, but we went into September and we went for over 50 days. Now this lockout has been universally condemned. I heard you say on *The Current* that you'd had lots of support. Well, I don't know who supported you. I haven't heard one positive comment on this lockout. This has been universally condemned as a disaster.

So to sit here now and hear this described as the beleaguered management trying to save the Canadian public from losing service—we've lost a hell of a lot of service.

• (1110)

**Mr. Robert Rabinovitch:** I will comment, and I'll ask George also to comment.

First, sir, I have too much respect for our employees and for the union to think they would capitulate. I never expected that. I didn't want that. When we, in May, asked for conciliation, we had already been in negotiation for 13 to 14 months, and progress was minimal. That's why we asked for conciliation, in the hope that a conciliator could pull us together and resolve the matters.

**Mr. Charlie Angus:** And set the stage for a mid-August deadline.

**Mr. Robert Rabinovitch:** As I said before, I'd rather have had a strike or a lockout in mid-August than in mid-October or mid-November. The first step was to start the conciliation process, because we were not making progress. Even the day, August 14, the period ended, we had 42 issues that had yet to be resolved, and six of the seven issues we wanted to have discussed had yet to have any response other than the union saying "We will not do that; the answer is no."

**Mr. Charlie Angus:** Coming into mid-August, sir, wouldn't it have been very beneficial for you to have the union out, not receiving their pay? This was the first time all three were together. You were basically able to pocket their cheques in your larger accounts. They were at a severe disadvantage. Any union knows that the second you go on the picket lines you are at a major disadvantage in the bargaining situation.

**Mr. Robert Rabinovitch:** It was never in our interest to have services cut. I don't agree with the concept. We are not an organization putting out automobiles or something of that nature. We try to create quality programs. We try to attract an audience. We know that you lose. We've seen a lot of newspaper strikes, and newspapers never come back to where they were once there is a

strike or a lockout. So we were very conscious of this and were very concerned about this.

That's why I said the decision was not taken lightly, and it was a very unfortunate situation, but—and this is the big but—if we're going to position this company to think and talk and work in the future, we have to think in terms of the correct atmosphere where we can work. I'm confident that now that we're back at work, we will work with our people and with bringing in people on contract when necessary, and we will be able to give Canadians the type of programming they want.

I would like to forward it to George, if you don't mind.

**Mr. George Smith:** As a slightly different perspective, Mr. Angus, I believe we have a public trust as it relates to programming, but we also have a public trust as it relates to our fiscal responsibility. When we negotiate, we negotiate with taxpayers' dollars, and we have a responsibility to those taxpayers as well as to those viewers.

The reality is that unions, whether it's the CMG or other unions that we negotiate with, are interest groups that want some of those taxpayer dollars, through the negotiations, and we negotiate—

**Mr. Charlie Angus:** But you had a responsibility to provide service that the public had paid for—

**Mr. George Smith:** Could I finish, please?

**The Chair:** Mr. Angus, please, could we avoid getting into an argument?

**Mr. George Smith:** We have an average of four negotiations every year. Now, whether we like it or not, as much as we try, negotiations are adversarial. They are about a limited resource base that has to be shared, and we debate that and we negotiate it and in the huge majority of situations in this company in the last decade we've resolved that. Our lost time is less than 2% of all the time that has been worked. And that gets masked, that gets lost in this whole issue of lockout or no lockout.

The fact is the union offer that was put on the table five weeks into the lockout would have cost this corporation \$100 million more than the settlement we actually made—\$100 million.

So I'd much rather be in front of this committee explaining why we managed the situation that we managed and did it with fiscal responsibility than to be here trying to explain why we just spent \$100 million more than we have.

• (1115)

**Mr. Charlie Angus:** Well, I will make a comment—

**The Chair:** Mr. Angus, I'm sorry, your time is over.

[Translation]

I give the floor to Mr. Coderre.

**Hon. Denis Coderre:** Thank you, Madam Chair.

Let me come back to the satellite radio issue. Some time ago, we signed a historical agreement on cultural diversity with UNESCO, thanks to the efforts made by the Government of Canada and the Government of Quebec. Our role consists in protecting us, in protecting our values, culture and identity. I felt offended and hurt. Given this decision regarding satellite radio, I think it is important for us, as MPs and members of the government, to look very closely at the accountability and role of each Canadian cultural institution, to see what we must do to protect our identity.

You raised the satellite radio issue. I find that there is something outrageous here. If the mandate of CBC/Radio-Canada consists in protecting our identity and the French fact as well, why do francophones not have more than 25 per cent of 10 per cent of the total content? Regulatory power is applied to define a percentage of Canadian content in some way or other. This is unconscionable. Let us note that private interests were the ones to ask the CRTC to reopen their file because there was not enough francophone content and they wanted to have more of it. Good heavens! The CBC/Radio-Canada has held a mandate since 1991, but the private sector has to step in to ask the CRTC to reopen its file and redefine as a francophone.

Mr. Lafrance, you are interested in broadcasting issues, you are an expert, and you are fond of CBC/Radio-Canada. Could you explain to me what this group had in mind so that I had to count on the private sector to define my francophone identity? I find this adventure not only totally unacceptable, but now I have to depend on the private sector to tell me that I am a francophone and that I now represent 25 per cent of 10 per cent. That seems pretty cheap. With the Canada Games, this has made my day.

**Mr. Sylvain Lafrance:** I remember, 10 years ago, when Radio-Canada began to broadcast the continuous musical program called Galaxie, people were wondering what Radio-Canada was going to do with it. Radio-Canada put a maximum of Canadian musical content on these networks and came out a winner. Currently, there is far more Canadian content on these networks than there would ever have been if Radio-Canada had not done this.

Radio-Canada has often been at the forefront of technological progress, and this may seem strange at first. We must know something about the progress of satellite distribution in the world so we can understand what role Canadians and francophones will play. In fact, we have a dual identity to preserve, at least with regard to services in French: Canadian identity and francophone identity. This dual identity must play a major role in our debate on cultural diversity.

With regard to satellite radio, given that Radio-Canada has 40 per cent ownership of SIRIUS Canada it can then play its role which is to increase Canadian and francophone content. Moreover, we are negotiating with people who have broadcasting equipment and who already have a service. It is not a simple matter. Nonetheless, in the long-term, we will increase both francophone and Canadian content. And the francophone and Canadian content will also be broadcast all over North America.

To conclude, I am convinced that preserving cultural identity does not only depend on our ability to talk to ourselves; it also depends on

our ability to transmit our values, voices and words all over the world. This is also important.

**Hon. Denis Coderre:** Mr. Lafrance, I would like to speak about governance now. I, for one, believe that we must strike a balance between cultural security and financial security.

Given all this, you have opened an enormous Pandora's box, and let me tell you why. Because that is where the future lies. Soon, people will be watching television on their cell phones. You have applied regulatory framework to define Canadian, francophone and anglophone content. After that—this is an issue for the CRTC—other entities and stakeholders will tell us that in Taiwan, there is a new technology called 4G with which we will be able to watch television on our cell phones.

How do I know that this has not created a dangerous precedent that will now define us? Thus, the regulatory framework has defined us within the context of this historical UNESCO agreement on cultural diversity that we signed. Please explain this.

• (1120)

**Mr. Sylvain Lafrance:** In my opinion, there is a great deal of confusion regarding satellite services. Satellite services are distribution services.

I am a subscriber to digital cable television at home. I have never counted them, but I receive between 100 and 120 channels of which 20 or 25 are francophone. Does this mean that 25 per cent of digital video distribution is francophone? We have to make a distinction between the content and all the means used for distributing that content.

**Hon. Denis Coderre:** But we are dealing with a Canadian satellite.

**Mr. Sylvain Lafrance:** Whether it be a Canadian satellite or a Canadian cable system, the result is the same for the customer who receives it at home.

**Hon. Denis Coderre:** Tell me something about governance.

**Mr. Sylvain Lafrance:** Francophone networks have 20, 25 or 30 per cent. As a whole, Canadian satellite services would, in fact, give a fair share to French. Of course, this will also bring in American signals, but they were there in the first place.

Let us not forget that satellites are already flooding Canada. As far as this is concerned, we fully agree about the issue of preserving Canadian and francophone cultural identity.

**Hon. Denis Coderre:** We can strengthen the Telecommunications Act as well as the enforcement action for the protection of the grey market. You are defining it with our own regulatory framework... There is a Latin legal maxim that says *Delegatus non potest delegare*. This means that you cannot take other means to do what has to be done directly. This is the only Latin quote I ever learned.

This means, Mr. Lafrance, that because of the new technology is evolving faster than everything else, in the future the basic rules of management will be quite often defined by using the regulatory framework.

**Mr. Sylvain Lafrance:** Let me give you an example of our point of view.

**The Chair:** It is now Ms. Oda's turn.

Mr. Lafrance, please make your answer very brief.

**Mr. Sylvain Lafrance:** Podcasting, for instance, is an interesting technology. Ten days ago, we launched services in French-language podcasting. Among the 100 most visited sites on iTunes—which is the reference for podcasting—francophone sites have appeared for the first time in two weeks.

*Indicatif présent* is in the fourth position among all the sites that Canadians can access in the world. This is the first francophone site to appear there. Our mission consists in creating Canadian and francophone content and broadcasting it wherever we can.

Now, we can discuss the regulatory frameworks as a whole, but this is another issue.

**The Chair:** I give the floor to Ms. Oda.

[English]

**Ms. Bev Oda:** Thank you.

Perhaps I could have a very short clarification here. The document you've supplied today indicates, under revenue and expenses/losses, a relaunch cost and settlement of \$16 million.

What would be your normal promotion and marketing expenditures for this year? Is that incremental to...?

**Mr. Richard Stursberg:** Of that \$16 million, about \$5 million is in lump sum payments of \$1,000 made to each of the employees as part of the settlement.

With respect to the other relaunch costs, we would typically run, in English television, around \$12 million a year in cash promotion costs, separate from promotion we put on TV. So it would be a bump of about 50% from where we were, with about \$4 million in relaunch costs for radio as well.

**Ms. Bev Oda:** Thank you very much.

Mr. Rabinovitch, I want to get to how we're going to get back to where we were, and how we're going to make CBC better, not just for the next year or two years but at least until your licence renewal in 2007, at which... You know, there's a format at a CRTC hearing that allows for more extensive and exhaustive discussions on this.

I just want to bring to mind what you said in the past, that, "One thing is certain. The CBC cannot continue to be all things to all people." You also said, in your recent published statement, "We believe in a relevant CBC, not one that is reduced to marginal status doing only those things that commercial broadcasters choose not to do." My third quote is, "We must have the courage to get out of areas where others are doing a good job..."

To me, it's confusing. If others are doing a good job, you've stated that you should get out of those areas, and yet you're saying that by doing what other broadcasters choose not to do, you feel that the CBC would be marginalized and would be less relevant.

Do you see no relevance in programming that is not being done by broadcasters, and is there no other kind of programming that is still relevant? And why is such programming a reduction in service, or of a lesser purpose, to the Canadian public?

●(1125)

**Mr. Robert Rabinovitch:** It's a very interesting point, and a very difficult question to answer. My feeling has always been that we have to be honest with ourselves, given the size of our budget and everything, and look very carefully at everything we produce. I also believe CBC/Radio-Canada must be in new services as those new services develop, which is why we're now doing podcasting. So it's a combination of things.

I candidly admit that I wanted to go further in getting out of regional services seven years ago, but Parliament said—you're my shareholders—"We don't agree". And we changed our position accordingly. We didn't have the money to enrich and go back to 1991, but I didn't get out of some of the services where I think the private sector does a very good job, because Parliament said "Don't get out". So I accept that.

I also think you have to look at it in terms of the programming. There are certain types of programming that we don't have to do, or shouldn't do. For example, we don't do reality television. We think we're enough of a reality act on our own, in terms of surviving. But we do not do reality programming. If we just were chasing audiences, or just were chasing rating points, we could do reality programming. Quite frankly, some public broadcasters in the world do reality programming. Some of the most successful programs, quite frankly, were first developed by public broadcasters. But we don't do that.

**Ms. Bev Oda:** Fundamentally, my question—

**The Chair:** Ms. Oda, I'm sorry, I have to go on so that everybody gets in during this round.

[Translation]

Ms. Lavallée, you have five minutes.

**Mrs. Carole Lavallée:** Mr. Rabinovitch, you say that the public is your boss. I wonder whether your boss believes that you have made no net profit during the eight weeks of lockout and whether you have spent \$40 million to substitute for the services that union labour could no longer provide.

You also said, moreover, that you do not listen to the famous program *Tout le monde en parle*, which is one of the highest rated French programs. It is really rather astonishing to see that the President of Radio-Canada is not listening to one of his best rated programs.

**Mr. Robert Rabinovitch:** I did not say that I do not listen to it.

**Mrs. Carole Lavallée:** I will conclude, because my time is limited. As you've noticed, the Chair is very nice, but she also very strict.

As far as programming is concerned, I receive the same complaints from the public at my riding office because you changed the time slot for *Le Téléjournal*, which is normally aired at 6:00 p.m., and replaced it with a light entertainment program.

You said the public is your real boss, but I am wondering whether your boss would not replace you today, or whether your boss would be somewhat tempted to support my colleague Charlie Angus' motion.

Further, the collective agreement of the Syndicat des communications de Radio-Canada will have to be renegotiated next March. As you know, the union represents all of Quebec and Moncton. All eyes are on you, Mr. Rabinovitch, because you are in a fairly difficult situation. You've shown that your method is the lock-out. When you want to control a situation, you impose a lock-out. When you felt you had the right to think that a 24-hour strike day could be deemed an unlimited strike, you imposed a lock-out!

You use strong arm tactics. You did not strike a balance between the public, who is your boss, your clients, who are also your boss, and your unionized employees. There is no harmony in that whatsoever.

Next March, as I said, all eyes will be on you because there will be no *Hockey Night in Canada* to bring you back to reason, to convince you that perhaps people should return to work.

Do you understand that any credibility you may have by next March will be completely gone if negotiations do not unfold normally, if there is an imbalance, and if you take the wrong approach with regard to your unions and your employees, if once more you impose a lock-out?

• (1130)

**Mr. Robert Rabinovitch:** You said many things. I will try to address them.

**Mrs. Carole Lavallée:** You can go to the heart of the matter.

**Mr. Robert Rabinovitch:** I think we all agree that the decision to move the broadcast of the *Téléjournal* from 6:00 p.m. to 5:00 p.m. should be reconsidered. That may have been a mistake. However, in programming one has to take risks. Sometimes it works and sometimes it doesn't. However, when the time is right, we will review what needs to be done with the separate news hour which falls in the 5:30 p.m. to 7:00 p.m. slot.

I repeat, and I sincerely hope, that the outcome of negotiations with the SCRC will lead to an agreement. The last time we negotiated with the SCRC, we reached an agreement which was supported by 74 per cent of the membership. I hope that we can attain the same result. Negotiations may be difficult, but also harmonious. I hope that at the end of the day we will be able to continue working.

The strategies and tactics will, as always, be discussed with my board of directors, but they will always aim at reaching a harmonious conclusion.

**The Chair:** Thank you, Ms. Lavallée.

Mr. Silva, you have the floor.

[*English*]

**Mr. Mario Silva:** Thank you, Madam Chair.

Mr. Rabinovitch, by your own admission, we are no further ahead than before the lockout. In fact, we're probably in a worse situation. We've lost audience and market share. We've lost advertising dollars.

We've lost the trust of Canadians. Tension is still unresolved between management and employees.

The CBC employees I've spoken to said that under your watch a new class of managers has evolved. Managers see themselves above and removed from the general employees. Why is it that, with all the training and costly seminars that have been taking place at Niagara Institute, management seems unable to connect with workers? What are you going to do to address this issue? And why would you say you would do it all over again?

**Mr. Robert Rabinovitch:** I'll leave it to Richard to talk about the recovery plans and all that and how well they're doing.

I will say that there isn't a well-managed company in Canada that does not spend a significant amount of money on training both its managers and its staff. It's not by accident the CBC was chosen to be one of the 100 top companies for the last two years—we won't be this year, for sure. For the last two years we were chosen to be one of the 100 top companies, and one of the reasons given was the amount of time and energy we spend developing our staff.

Our staff, to us, is the most precious commodity we have. We talk dollars, but dollars are to free our staff, to allow our staff to be creative and develop. All we're suggesting is that we don't have a monopoly on good people, but it doesn't mean that we don't have some of the best people in the country. And we want to make that work.

It is inevitable, though, sir, that there was always going to be some tension between managers and employees. But in the case of the CBC, almost all the managers came up through the ranks. Unfortunately, that's part of the subtle problem that exists. We train our managers. We train our workers. And quite frankly, what came out of this lockout will allow our workers, our employees, our staff, and us—once the dust settles, and we are working on that—to create much better programming.

• (1135)

**Mr. Mario Silva:** In the very short time left, we need to get an answer to this question. You had mentioned the fact that you had kept the minister's office informed. I'm not sure if you also kept the critics of the different parties informed as well of your intention. Who did you speak to in the minister's office, and what day did you speak to that individual?

**Mr. Robert Rabinovitch:** I did not speak directly to the minister's office. My staff spoke to the minister's office.

**Mr. Mario Silva:** Who in that office was spoken to?

**Mr. Robert Rabinovitch:** I can't give you an answer. I'll get you an answer, but I can tell you that they were kept informed, and they were informed especially when we gave notice of a potential for a lockout, which one must do, 72 hours before the event. I believe all parties of the House were informed. We talked to everybody about what was happening. Even at that point, sir, we did not say there would be a lockout, because we didn't know. We hoped there would not be one.



**Mr. Mario Silva:** We've asked for the report, I believe, Madam Chair, to get all the financials about the cost of the strike. Can we also get all the details about who they spoke to, what day they spoke, and to whom they spoke?

**The Chair:** And what exactly was said.

**Mr. Mario Silva:** Exactly, and the report.

**The Chair:** Thank you, Mr. Silva.

We'll have Mr. Schellenberger, then Madam Bulte, then Mr. Simms.

**Mr. Gary Schellenberger:** Thank you.

One thing that's bothered me for a little while is what is your mandate with respect to the showing of Canadian feature films, in your opinion, on our public TV networks?

I'd like a short answer, if I could, please.

**Mr. Richard Stursberg:** Sure.

We are overwhelmingly the most important broadcaster in terms of broadcasting Canadian feature films. The last time I had the pleasure of coming down to talk to the committee, when I came in June to talk about feature films, I said to you that the difficulty we have with English feature films is that they don't perform terribly well, so the choice we have is whether to invest our money more in television drama—whether that's movies of the week or miniseries or a series or whatever—or in feature films.

We choose, by and large, to put the greatest emphasis on television drama because we get a much better bang for our buck.

We would love to do more about feature films, and we talked about that and we talked about some structural changes, which, if we could make them in the market, would allow us to enter much more heavily into financing feature films.

**Mr. Gary Schellenberger:** Do you feel the vacancy of the chair of the board of CBC and subsequently the need for you to fill in as interim chair had any effect on the latest labour dispute and the ultimate lockout of employees?

**Mr. Robert Rabinovitch:** The short answer is no, because we did discuss it with two boards over a period of 18 months. The longer answer is that a CEO always likes to have a chair with whom to work, talk, exchange information, share values, and, quite frankly, look at a problem from different points of view.

**Mr. Gary Schellenberger:** At the same time, I think seven months of a vacancy of the chair is quite long, and you should have had someone else there probably to communicate with.

There is one thing I'd just like to say before my time is up. Is there a chance that we could have unanimous consent around this table to waive the 48-hour notice and address Ms. Oda's motion?

**The Chair:** I think it's clear, Mr. Schellenberger, we're not going to have time to digress to any of the motions that have been presented to the committee today. The priority certainly would be to Mr. Angus's motion.

So by the time we're able to deal with the motion, the 48 hours will have been passed, in any case. Thank you.

**Mr. Gary Schellenberger:** Will it be dealt with at the next meeting?

**The Chair:** That's always at the will of the committee. I'll deal with them in the order in which they came. Thank you.

Ms. Bulte.

**Hon. Sarmite Bulte:** Thank you very much.

During your testimony here before us you've made a number of comments. I still have a number of questions.

Now, not to belabour what moneys were saved, what moneys were spent during the strike, Mr. Rabinovitch, you talked about how the union took out an ad. Perhaps I feel the most egregious use of taxpayers' money was on the Thursday that you put full-page ads in *The Globe and Mail* and in newspapers across this country at the same time as you were delivering your offer to the union. What was the cost of that? I don't want to know that now, but I would like to know what that cost entailed.

You also spoke about the management and the employees who were brought in, and how tough it was on them. It was tough for those employees on the picket line, too, many of whom only had one salary, and whose children were going back to school. I think those people suffered just as much.

You didn't answer my other question earlier. What is it you're doing to improve your relationship with your employees? Mr. Smith said, in his testimony today, that these negotiations are always adversarial. Well, do you see the Canadian Media Guild and their 5,500 CBC employees as partners or adversaries?

You talk about a healthy broadcaster and bringing in new employees to the correct atmosphere. Well, how can you bring people into a correct atmosphere when you haven't repaired the damage that has been done with those current employees? Why would anybody want to come to CBC? Again, what are you doing? What are each of you doing with your respective departments to improve that relationship?

Another thing I have to touch on, because you've said this more than a few times, Mr. Rabinovitch, you keep talking about these 42 issues that were unresolved, and you were saying, "Once we locked them out, we brought those down...immediately we started negotiating".

You also said that you spoke to the board at least nine times about the lockout. So if that's the case and you're negotiating for 15 months, that means, assuming that a board meeting happens once a month, that the lockout was on the agenda for nine months. If that's the case, Mr. Rabinovitch, were you actually bargaining in good faith during those 18 months? Wasn't it true, also, that the reason you were not able to reach any consensus on the other 37 issues was because you refused to negotiate on those unless the union negotiated on those six or seven issues that you wanted?

Last, but not least, I guess this is the question I wanted to ask right from the beginning. Were you not breaching your mandate under the Broadcasting Act when you locked these employees out?

With all due respect, Mr. Stursberg, to the programming that went on, it's just not about hockey, it's not about football. What the CBC is to me is being there to give Canadian interpretations of world events. You weren't there for the historical withdrawal from Gaza—

• (1140)

**The Chair:** Through the chair, Madam Bulte....

**Hon. Sarmite Bulte:** —and finally, you weren't there when our Prime Minister went to the United Nations. That's what I want to see from CBC.

**Mr. Robert Rabinovitch:** There are a lot of questions. I think the most important one is the relationship with our employees, because that is absolutely critical, and one that we have spent and will spend a lot of time on.

I think I'm going to follow up with Jane now, and then I'll come back in, if you want.

**Ms. Jane Chalmers (Vice-President, English Radio, Canadian Broadcasting Corporation):** First of all, I just want to say something. As someone who has spent twenty years inside the CBC, and whose greatest teachers, inspirations, and mentors have actually been people who are still my unionized colleagues out there, I want to say this was a very difficult time. It's something I feel profoundly and deeply. I also heard from them about the hardship they had out there, in terms of finances, and worrying about the future of public broadcasting. These are real and deeply felt issues. When they come back in we'll have to work to rebuild those relationships. I can't say otherwise.

The reality is that our colleagues, producers, reporters, and technicians are the heart and soul of this service. They work with us to create all the programming you hear across the country. We are working hard, in terms of program development, to put them in a pivotal role to help us determine what goes on the schedule and what's going to work.

Coming back in, I've been contacted by a number of them. They've said, "Okay, that was all good, thanks very much, but now we want to have deeper talks with you. We want to understand more about the challenges facing the radio service. We want to understand more about strategic direction." I can tell you I want to sit down and talk to them, individually and in groups, to figure out a better way, because we clearly have a communication gap between us.

I just want to say something to you, Ms. Bulte—and I mean this.

**The Chair:** Through the chair, please, Ms. Chalmers.

**Ms. Jane Chalmers:** I'm sorry, Ms. Catterall.

In radio we are constantly under siege every year, in terms of the inflationary pressures on our budgets. Every year I've got to find an additional \$1 million. I have cut the administration down to 5%. I have tried to eliminate everything else around programming. I'm really happy and look forward to having some time to talk about vision, but right now I need help to keep what we've got going. I've got to engage my folks in that, as well as in how to keep the heart and soul of the service alive and well.

So there are a lot of challenges ahead for the radio service, and we would certainly deeply appreciate your help in trying to do that.

• (1145)

**The Chair:** This might be the time to ask Mr. Rabinovitch again whether he has requested a meeting with the minister or one of her officials about your appropriations for the next budget.

**Mr. Robert Rabinovitch:** The answer is no. I have not requested a meeting at this time. I have not discussed the appropriations with the minister. On the normal way in which this operates, we talk with the deputy ministers—and I say ministers because I talk to different ones—about our appropriations. We have made it very clear what we request. Everybody in the system knows what we want, which is that the \$60 million be made permanent so we can use it to plan. We believe if we had another \$40 million on top of that we could enrich the programming of the CBC significantly.

When it comes to issues such as regional broadcasting, local broadcasting, and HD, we have submitted proposals to the government and to you. Until there is political will to move ahead, we are basically being told there is no interest in it. I shouldn't say the HD, I apologize, but definitely the regional should be managed via the CRTC.

**The Chair:** Mr. Rabinovitch, I can only suggest that the pie is being divided up now, and if you haven't met with officials you'd better do it soon.

Mr. Simms is next for final questions.

**Mr. Scott Simms:** Is there anything on the horizon that you plan to get into in the future—a different type of programming, or that sort of thing?

**Mr. Robert Rabinovitch:** Very much so.

We were talking before about satellite radio. We hope to be able to mount significant new stations, which will give a real opportunity for Canadian talent to be heard and discovered, especially young talent, and that's why we have such strong support, both in French and in English, among the community of artists who are not signed up with one of the major labels.

With respect to English television, we hope to expand, and will expand significantly, our offering of drama. We believe that English drama, as Mr. Stursberg said before, is a very real hole in the system, and only we, CBC, have the shelf space in prime time that we're willing to dedicate to Canadian drama. We will be moving very much in that direction.

**Mr. Scott Simms:** What about when it comes to news coverage at this point? Would you say that your news coverage, specifically *Canada Now*, has been a success?

**Mr. Richard Stursberg:** No, I wouldn't. I'm a little bit discouraged by the numbers for *Canada Now*.

As I mentioned to the committee the last time I was here, we have undertaken an enormous study internal to the CBC that is, I believe, the largest study of news and of Canadians' attitudes towards news and the kind of news they want in the history of the country.

We're now in the process of asking ourselves—in light of the share erosion and in terms of making news services that are going to reflect better the preoccupations and interests of Canadians—precisely how we're going to do that.

What will happen is that we will be relaunching *Canada Now*. We will be relaunching *Newsworld*. We will be relaunching *The National*. And we will be doing this at the beginning of the new year.

Now, we're in the process of finalizing what those services are going to look like, but I can tell you this, we hope very much that the service we're going to be able to provide is going to be both a deeper and broader service, in the sense that the kinds of news we will cover will be more comprehensive in character and reflect more fully the preoccupations of Canadians.

● (1150)

**Mr. Scott Simms:** But in terms of the preoccupation, obviously, national versus international seems to be the big battle in news coverage and certainly the news agenda. Would you favour downsizing your international presence for the sake of a stronger domestic presence?

**Mr. Richard Stursberg:** When we talk about the news study, one of the elements that came out of it is what Canadians have asked us for with respect to international news. In the news study they actually asked us for more international news, but they asked for us to do a very particular kind of thing, which is to make the international news local—in other words, to cover international events in a way that is relevant to the debates, social and political, that we have at home. So that's precisely what we're going to do.

**Mr. Scott Simms:** Sorry, who did you ask?

**Mr. Richard Stursberg:** The news study was a study that was a whole series of things. It was everything from a kind of anthropological look at how Canadians consume news to a huge survey that asked Canadians what it is they want by way of news. So when I refer to the news study, what I'm referring to is that collection of studies.

One of the things we're going to do with the international news is precisely to try to make it more local in the sense that the stories we cover internationally will be the ones that matter most to Canadians.

I'll give you an example. We would potentially spend less time covering French politics in France and more time covering the question of how the French deal with health care systems so that what we cover internationally informs our preoccupations domestically.

**The Chair:** Mr. Simms, you have 30 seconds left.

**Mr. Scott Simms:** I would like to thank you for coming, and I can't wait for you to come back again.

**The Chair:** Ms. Bulte said she didn't get an answer to her question, which she'd like. Mr. Brown would like one more minute.

We are at five minutes to twelve, which is when our meeting is scheduled to end. I presume we are not going to be dealing with Mr. Angus's motion today, because that will certainly need some discussion, nor with the motions of Mr. Kotto or Ms. Oda. We will have to schedule them for a subsequent meeting.

May I ask what the wishes of the committee are when we adjourn this meeting?

I'm coming back to you, and I'm coming back to Mr. Brown.

**Hon. Sarmite Bulte:** I see we have four minutes left, so for the sake of time, perhaps I could ask our witnesses, Madam Chair, through you, if they would review the transcript of the questions that were asked—because we're still not going to have the ability within four minutes or one minute to get those questions properly answered—and provide us with written responses to those questions that were not answered.

Thank you.

**The Chair:** Mr. Brown, can you be as brief?

**Mr. Gord Brown:** Absolutely. Thank you, Madam Chair.

I have just one question. We heard from Mr. Stursberg that we need to give more money to the CBC to meet the objectives. How much money do you think you need to meet those objectives?

**Mr. Richard Stursberg:** I can tell you how it works. It's like this. Say we wanted to double the number of hours of drama and entertainment programming in prime time. Right now it costs about \$1.3 million to \$2 million an hour to make drama in English Canada.

Normally that's subsidized by the Canadian Television Fund. We're tapped out at the fund. They've in fact created an envelope that said that's the maximum you can now take from the fund. So for every hour we would add, we would have to pay for it pretty well in its entirety.

So if you want to know, the answer is that it costs about \$1 million an hour to put on new drama and entertainment programs. It's very, very expensive.

If we wanted to double what we're doing, that's 100 hours more. That's the math.

● (1155)

**Mr. Gord Brown:** Okay, what's the total annual amount that you're looking for to meet those objectives?

**The Chair:** Mr. Brown, one question.

**Mr. Gord Brown:** Well, I didn't get the answer I was looking for.

What's the number you're looking for, on an annual budget, to meet those objectives?

**Mr. Richard Stursberg:** Right now we've put in place a plan that would increase by about 50 hours the amount of drama. We would like to take it up beyond that. As I said earlier, if we were to make an offer that was like CBS or like CTV in terms of the total quantum of entertainment programming in the prime-time schedule, then you would have to add, beyond that, pretty well another 25 hours.

So as I say, these are very, very expensive. We will go as far as we can—

**Ms. Bev Oda:** Can I just interrupt?

I think, Mr. Stursberg, what Mr. Brown is looking for is a total parliamentary allocation. It's not just programming. I'm sure there are other things that you would include. So maybe that could be provided in writing in response to Ms. Bulte's question.

**The Chair:** And to the earlier questions on finances.

Ms. Bulte, one last comment.

**Hon. Sarmite Bulte:** One of the things we really didn't get a chance to address, even though we've had three hours here, was the vision of how we move forward, retaining market share.

Again, perhaps we can talk about this at our next meeting. I would be very interested to hear in much more detail, when we're not specifically dealing with the current lockout situation, Mr. Stursberg's plans about connecting with English Canadians and how you plan to do that.

I know our time is limited, but I just think now as we move to the parliamentary appropriations, perhaps the witnesses could be available so we could specifically zoom in on that and devote some time to it. Perhaps we could discuss that at a committee. I just want our witnesses to know that I believe that's something we as a committee would be interested in, especially as the estimates will be coming up.

**The Chair:** Thank you very much.

I remind committee members that we're dealing with clause-by-clause on two private members' bills on Tuesday.

This meeting is adjourned.

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