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—
Chair

Mr. Gary Schellenberger

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• (0905)

[English]

The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)): Good morning, everyone, and welcome to the 34th meeting of the Standing Committee on Canadian Heritage. This morning, pursuant to Standing Order 108(2), we are pursuing a study on the future of the Canadian Television Fund.

We welcome here this morning the Honourable Bev Oda, Minister of Canadian Heritage and Status of Women, and her entourage. If you care to introduce your people and give a presentation, Minister, you're on.

Thank you.

Hon. Bev Oda (Minister of Canadian Heritage and Status of Women): Thank you very much, Mr. Chair.

With me today are Judith LaRocque, the deputy minister for Canadian Heritage, and Amanda Cliff, the director general of broadcasting.

[Translation]

Mr. Chair, honourable members of the Standing Committee, thank you for giving me this opportunity to address you today. All of us in this room are aware of the seriousness and the complexity of the present situation.

[English]

First, let me emphasize that the production and the broadcasting of Canadian content is a key component of Canada's broadcasting policy and is important to our government. Canada has a broadcasting system it can be proud of. It has maintained its vitality, a wide range of choice, and quality of service that Canadians can depend on.

The system has been built in a highly competitive marketplace sitting beside the largest entertainment centre in the world, and it has been built on a sound foundation of government policy and regulatory supervision recognized internationally.

The Broadcasting Act requires that each element of the Canadian broadcasting system shall contribute to the creation and presentation of Canadian programming. The continued success of the Canadian broadcasting system requires that all players respect the rules and obligations that come with the privilege of holding a licence. That is why the body responsible for regulating the Canadian broadcasting system, the CRTC, must also be respected.

The actions taken have destabilized the broadcasting sector by introducing uncertainty to the production and to broadcasters in the short term. We know that the normal production cycle has key benchmarks—steps that must be taken each year to ensure continuity with the new system. This government expects everyone in the system to play by the rules.

So I am calling on all parties to immediately restore monthly payments to the CTF. To that end, I have written to Shaw and Vidéotron today asking them to resume their monthly payments immediately. This sign of good faith on their part will be necessary before we can consider proposals in support of Canadian production.

[Translation]

I again want to stress that this government is committed to Canadian production and Canadian content. Obviously, producers, broadcasters and distributors play a major role in providing this content to Canadians all over the country. We also know that without a healthy production sector, our broadcasting system would not have distributed rich and diversified Canadian programs to homes in all areas of the country.

These are some of the reasons why this government is committed to Canadian content, a production industry and a strong broadcasting system.

[English]

Through the CTF, private and public investments have generated significant results. Since 1996 the investments have helped sustain what is estimated to be more than 21,000 jobs in the television production sector. That is close to 50% of the jobs in that sector. They have triggered \$7.45 billion in production budgets, contributed \$2.2 billion in funding to the production of Canadian content, and generated more than 23,000 hours of new Canadian television productions in English, French, and aboriginal languages across genres such as drama, documentary, children's and youth, and variety and performing arts.

I want to make it clear that this government recognizes that this is a critical time and a serious situation for Canadian television production.

I noted that the CTF, through Mr. Barrett, put forward some proposals for possible changes to the structure and approach of the CTF model. This recognizes that any model or approach can be improved or updated, but these changes require input from all interested and affected parties, and public comment. For its part, the government has demonstrated its leadership, its support for the production sector, and its recognition of the situation.

First, I announced the renewal of the government's contribution of \$200 million over two years. This \$200 million commitment will help provide immediate stability for the sector. In fact, the chair of the CTF said during his appearance before you, and I quote:

...it's very much appreciated because in some previous years we've had to wait until the budget. We've been on tenterhooks waiting until the budget period, so we do appreciate very much the early announcement, and we very much appreciate the two years.

Mr. Mayson, from the Canadian Film and Television Production Association, said on that same day to you:

...we were extremely pleased with Minister Oda's January 26 announcement of the government's contribution of \$200 million over two years to the CTF, and for confirming the government's commitment to the Canadian television production industry and a strong broadcasting system.

I've also met with the affected parties. These include distributors, artists, producers, writers, broadcasters, and representatives from the television fund. What is clear from my meetings is that there is a shared commitment to invest in Canadian content, as well as support for our public policy objectives to ensure quality Canadian programming. However, there are fundamental differences between the parties on how investments can best be made. In fact, even those in support of the fund in the CTF itself have suggested there is room for improvement.

Our government, Mr. Chair, is committed to ensuring the production of high-quality Canadian television programming and to a strong broadcasting system with a view to the long term. I know I don't have to tell you that we have challenging work ahead of us, but in our work we should remember an important fact: the Canadian broadcasting system includes private, public, and community elements. All of these elements share responsibility for Canadians—it's their system, after all—and as such, all elements must contribute to achieving the goals of our public policy and act in the public interest. Your work and your committee can certainly contribute in this regard as a tool to help inform the government's ongoing deliberations. I know we all share a common goal for the sake of Canadian broadcasting and for the sake of Canadian culture.

The bottom line is clear. I am willing to listen to all parties, but respect for the rules comes first, to ensure the stability of this important sector.

I would now be pleased to take any questions you may have. Thank you.

● (0910)

The Chair: Thank you, Madam Minister.

We're going to stay to five minutes. If you want to share time in those five minutes, it's five minutes for questions and answers.

We'll start with Ms. Keeper, please.

Ms. Tina Keeper (Churchill, Lib.): Thank you Mr. Chair, and thank you to the minister for your information.

You made a very critical announcement this morning that you are going to ensure that everyone plays by the rules and that monthly payments would be restored immediately.

You gave a quote by one of the stakeholders, who said we've been on tenterhooks. Certainly the industry has felt that they are on

tenterhooks. In fact, we have been repeatedly asking for this commitment to ensure that these monthly payments are returned.

Definitely we've heard from stakeholders that Canadian television industry production has been put in jeopardy, and currently we see that. We've heard from one stakeholder that an unknown number of stakeholders have been calling on the government to provide an interim loan to ensure production continues. As you mentioned, there are key benchmarks in production in Canada. They're on very tight schedules and very tight budgets. How will the minister ensure that the production industry is not destabilized by what has been happening recently with the Canadian Television Fund?

Hon. Bev Oda: Thank you, Ms. Keeper.

I want to reiterate that this is, as you can appreciate, a very complex situation. These are complex matters that we are looking at.

As I've indicated, we have looked at all the options available to the government. We have not, at this point, excluded any options. We recognize that ultimately our objective is to provide stability to the industry and to continue to support the Canadian production industry.

Ms. Tina Keeper: Can we anticipate that there will be efforts to ensure the stability of the Canadian television industry?

● (0915)

Hon. Bev Oda: This government will do everything within its powers to ensure stability and to use the most effective and judicious options available to it.

Ms. Tina Keeper: I have just one more question. You used the term "within your powers". Last week you were quite clearly stating to many of the opposition parties that it wasn't within your power to make sure that the monthly payments would be restored immediately and that everyone played by the rules. How are we to take what you're saying today, in terms of the kind of effort you're going to make?

Hon. Bev Oda: Thank you for the opportunity to expand a little bit on the different responsibilities in the role.

As you know, the regulation that requires the contributions are a regulation of the CRTC. The CRTC is an independent agency. It has responsibilities that it must fulfill, and this government is in full support of and has full confidence in the CRTC regarding its responsibilities.

In order to look at the fund and its structure, etc., the government will have to work with the CTF, with the board of the television fund. The television fund is also an independent organization. It has its own board, and therefore we would be looking to their cooperation and to their suggestions. I read that the chair of the board had put some proposals forward as suggestions; it takes a joint effort.

As I explained, it's a complex issue. Each agency, as well as the government, has separate roles and separate responsibilities.

Ms. Tina Keeper: Thank you.

The Chair: There is about one minute left.

[*Translation*]

Hon. Lucienne Robillard (Westmount—Ville-Marie): Madam Minister, I do not think you really realize how urgent the situation is. You are trying to wash your hands of it and hiding behind the CRTC's independence.

On the one hand, you say the CRTC is independent. On the other hand, you met with the cable operators who have stopped contributing to the CTF in order to hear their grievances.

It was the first time this morning that you asked Shaw Communications and Vidéotron to resume their payments to the CTF. You are appealing to them while saying at the same time that the CRTC is responsible.

Madam Minister, this doesn't make sense. The situation is urgent. Production contracts are signed in February. The Broadcasting Act gives you specific powers. You are the minister responsible for this act. Section 7 enables you to immediately issue an order relating to regulation. You are not using this power. Why?

[*English*]

Hon. Bev Oda: I would say to you, first of all, that I think we have a responsibility to be as informed as possible. That's why I held the many meetings: to ensure that I met with every sector affected and every organization with a part to play in support of the Canadian production industry.

Madame, I also assure you that the responsibilities of the CRTC, as an independent agency, are clearly laid out in the Broadcasting Act. The responsibilities are clearly laid out in the Broadcasting Act. That is why I recognize that the CRTC is independent. It's an agency that has for years served the overall public interest of Canadians, ensuring that Canada has a broadcasting system that is independent of government, and there were very good reasons for that structure. We fully support the CRTC. We fully support that it will recognize its responsibilities, and it is very competent to do so.

The other thing is that they've also recognized and looked, in the Broadcasting Act, at the options available to government. We've also looked at the means—and the means available to government, Madame, I would suggest, are very clear and are limited.

[*Translation*]

Hon. Lucienne Robillard: Mr. Chair, can I...?

[*English*]

The Chair: No, you're way over time. There's going to be another round.

Mr. Kotto is next.

● (0920)

[*Translation*]

Mr. Maka Kotto (Saint-Lambert, BQ): Good morning, Ms. Oda, Ms. LaRoque and Ms. Cliff. Thank for coming today to deal with a dying fund.

I am going to talk about the provisions of the act. In accordance with Section 7, the Governor in Council may issue to the Canadian Radio-television and Telecommunications Commission directions of general application on broad policy matters with respect to any of the objectives of the broadcasting policy set out in the act.

This is what your colleague Maxime Bernier did on December 14, 2006 when he issued policy directions asking the CRTC to rely as much as possible on market forces and, when required, to regulate so as to exert as little influence as possible on market forces.

When I read this information, which was sent by your colleague, I was dismayed and I thought that was probably what was going to happen next year in the area of broadcasting. Beyond the crisis that we are presently discussing, isn't the government getting ready to deregulate broadcasting, in view of your wait-and-see attitude in the CTF file?

[*English*]

Hon. Bev Oda: Merci, Monsieur Kotto.

Monsieur Kotto, I think we have been doing the same thing—reading the Broadcasting Act thoroughly.

You're quite correct. Section 7 of the Broadcasting Act does give the government powers of direction. However, and I point to the exact wording of that section, it's "directions of general application on broad policy matters". That is limiting to this government, as it not only has to be predetermined in consultation with the CRTC, but there is also the definition of "broad policy matters". In this case, the specifics of the situation caused by the actions of certain companies would not allow—section 7 would not allow—addressing the specific situation that you've pointed to.

The act has been very carefully crafted to ensure that government sets broad policy matters for the broadcasting system and all the sectors. It also has been structured in such a way that government interference is limited and is carefully outlined.

Monsieur Bernier acts in the telecommunications area under a very different act. He acts under the Telecommunications Act. Within that act, he has very different powers and abilities to give direction to the commission.

[*Translation*]

Mr. Maka Kotto: Is there a provision in the act that requires Shaw and Vidéotron to make monthly payments to the CTF?

[*English*]

Hon. Bev Oda: As you know, section 3 of the Broadcasting Act sets out the broad policy objectives and goals of the broadcasting system as a whole. It asks that every element within the broadcasting system contribute to the Canadian character, as well as to the Canadian content of the system and of the broadcasters. It also recognizes that there is a role to be played in support of the Canadian production industry. Through that, and further on through the act, it gives the powers of the commission to establish regulations. Because the act does that, the commission creates and, through public process, establishes under its own authority and responsibility the regulations it deems necessary to promote the policy objectives of the Broadcasting Act.

● (0925)

[*Translation*]

Mr. Maka Kotto: So, nothing in the act requires payment of a monthly contribution?

[English]

Hon. Bev Oda: The monthly payment situation was outlined, as you know, by the commission through a circular. It is not part of the broadcast distribution regulations that refer to the contributions by the distribution sector towards the support of Canadian production. The actual monthly payments are outlined in a circular that was issued by the commission.

[Translation]

Mr. Maka Kotto: If I got that right, it means there is no requirement. How then can you justify your request to Shaw and Vidéotron to resume their monthly payments?

[English]

Hon. Bev Oda: The commission itself has the power, and it is the power of the commission. The commission has the power to enforce its regulations, and the commission has the responsibility and the power to assess any of its regulations, its actions, its practices, etc., in order to strengthen the support of the broadcasting system and any segment within the broadcasting system.

The Chair: Thank you very much.

Mr. Angus is next.

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

Thank you, Madam Minister, for coming here this morning.

You speak of this as a complex issue, but I would suggest that what we're dealing with is actually something very simple. We're looking at a power play by industry, a very audacious power play. Shaw and Vidéotron made their move at a time when there was no leadership at the CRTC. Without leadership at that moment, it fell to you as the minister to stand up and speak very clearly. The message that should have been given then is the message you're attempting to give today, which is that they will give their monthly payments and other issues will be dealt with later.

Yet nothing was said at that time. We heard nothing really from your office, even after you met with Shaw and Vidéotron, and yet Shaw came out very publicly from that meeting. They were saying that their understanding after meeting you was that this fund was "dead, done, gone". They gave a very clear public message, and still we did not hear anything from your office regarding the seriousness of this issue, and at that time, domestic and international financing deals for television were going up in smoke. We needed a clear voice.

You met with the CTF. Our understanding from those meetings was that you said you wanted to keep this out of the papers and you didn't want them using their powers to take legal action, so they were sidelined; the CRTC, you say now, has a mandate, but they were on the sidelines because you were at the same time saying you were looking into this matter. I think it would be inappropriate to suggest that the CRTC would be moving independently while you, as the minister, were saying you were looking into this matter.

Now we come to today, which is the moment when, in crisis management politics, the minister comes before committee and makes a dramatic announcement and everything is good. That's what we fully expected would happen this morning, yet yesterday

afternoon Vidéotron pulled the rug out from under you and made a very clear announcement to the nation that this was not going to be, that the CTF was a finished body. They were going to dictate the terms of what they were going to put in, which is money to their own organization to produce their own shows and to help their own bottom line. They did that, I think by no accident, the night before this morning's meeting.

In light of this very clear power play by industry, what is your message to Vidéotron going to be? Are you going to ask them to continue their payments and then look favourably upon this move they're making, or are you going to say no, these are the terms of your licence, these are the terms that the CTF was set up by, and you must comply? What is going to be your answer to them?

Hon. Bev Oda: Mr. Chair, in addition to answering the question, I would like to have the ability to respond to a number of comments that were made, if I may.

First of all, the Broadcasting Act and the commission as a body, whether there is an actual chair or not, have structure. There was an acting chair. The responsibility is not only with the chair, but with the CRTC as an organization, and there are commissioners there who will carry on. I would suggest the leadership is there and has been there throughout—not only the staff at the CRTC, but also the commissioners of the CRTC. The commission now has a new chair; I have full confidence in the new chair and full confidence that the commission will continue to fulfill its responsibility.

With regard to comments being made, exaggeration, and hyperbole, I am certainly not in control of any individual's comments. I find that some comments have been made in public. This government does not govern through public comment or through the media; this government acts responsibly, makes sure it gets the information, and makes sure it has a full comprehension of the situation in order to assess its response to any situation.

In meeting with the producers, I asked about the state of the current productions. They indicated, and I understand, that there is a very serious situation, and steps will have to be taken in the future months as we go through this production year. However, to use hyperbole such as "going up in smoke"... I had asked this committee to help and to contribute to the information that will help us in our deliberations. I suggest that the many public comments are not constructive, are not helpful, and do not contribute to a positive action being taken.

With regard to the CRTC, the CRTC is not on the sidelines. The CRTC is monitoring and looking at its powers as well. The CRTC will be considering its actions, I'm sure, and will fulfill its responsibility.

Yes, Mr. Angus, I understand Vidéotron did something publicly yesterday. They also provided a comment or copy, etc. As I said, these announcements, etc., are being put before us today. We are asking that the monthly payments be resumed. At that point, then, we will be able to stabilize the industry, and that is our first objective.

• (0930)

The Chair: That was a very long question and you got a very long answer.

Mr. Charlie Angus: May I have just a short one, please?

The Chair: It must be very short.

Mr. Charlie Angus: Madam Oda, Jim Abbott was at our committee speaking to the CRTC chair on October 30, 2006. He said, "I think we're in agreement that you"—the CRTC—"take direction from the government. The CRTC takes direction from the government—from the minister..." and later, "That's the way that is."

It's very interesting to see, now that we have a full-blown crisis, that we're suddenly stepping back and saying, no, the CRTC has nothing to do with government. It's in direct contradiction to the message your government has been putting out to Canadians, which is that the CRTC is under you.

Hon. Bev Oda: The CRTC is created by government. The CRTC is also created through the Broadcasting Act. The CRTC has powers given to it from government through the Broadcasting Act. The direction, ability, and power of the government relative to the CRTC are clearly outlined in the Broadcasting Act.

The Chair: Thank you.

Mr. Fast is next.

Mr. Ed Fast (Abbotsford, CPC): Thank you, Minister, for appearing before us.

Today the opposition is suggesting that you interfere and meddle in the affairs of the CRTC. That's very clear from comments of Ms. Robillard, as well as from Mr. Angus. Yet I would suspect that if circumstances were different and you had actually interfered in the affairs of the CRTC, today they'd be criticizing you for interfering in the affairs of an arm's-length body that is so constructed by its constating laws.

Madam Minister, I was surprised and indeed shocked at the suggestion from certain opposition members that in fact you should be immediately pulling the broadcast licences of Shaw and Vidéotron. The reason it's shocking to me is due to the profound legal and financial implications that kind of a decision would have on the taxpayers of this country.

I want to read to you a quote from Mr. Douglas Barrett, the president of the Canadian Television Fund, when he appeared before us at the last meeting:

We understand there's an ambiguity within the CRTC regulatory environment that makes the annual payment provisions of the BDU regulations enforceable while the monthly payment requirements of the CRTC circular are apparently somewhat less enforceable.

I wonder if you could comment on the impact that an immediate pulling of those broadcast licences would have, the risks your ministry would take in doing that, and what steps you're taking to monitor that situation and what kind of resolution you're hoping for in the long run.

• (0935)

Hon. Bev Oda: Thank you very much for the question.

Let me be clear: the government, through the Department of Canadian Heritage, does not have the power related to any licences as far as suspension of licences and so on is concerned. Those powers are outlined in the Broadcasting Act.

Let me be also clear that this government expects every entity, including the government itself, to abide by and respect the laws of the country. We have a Broadcasting Act. That Broadcasting Act has been established to outline the specifics of the relationship between the CRTC and its powers and the government and its powers.

One of the things I pointed out earlier is that this structure that has been set up is a model that is envied by many countries around the world. We have, in one extreme, a situation where we have a good working relationship with the industry. We work on their behalf under the powers given to government. The CRTC has been given the powers to regulate and supervise the system.

Just taking logic to its conclusion, the impact of pulling anyone's licence, of course, is on Canadians. If you look at the licences of broadcasters, it's the service they provide, the information they provide, the entertainment they provide. It's the Canadian perspective, the Canadian information, and the Canadian creative talent that they provide through their Canadian content requirements.

The broadcast distribution undertakings licensed in Canada have millions of subscribers, to which they provide a number of services, both Canadian and foreign. Without those licences, those subscribers would be the immediate sufferers of non-service. Consequently, as to the powers that are there as far as awarding licences or amending licences and so on is concerned, the Broadcasting Act is a very judicious and reasonable approach, and it calls upon public study of the public impact of any action of the CRTC.

Mr. Ed Fast: The president of the CTF clearly indicated that even if the CRTC wanted to pull the broadcast licences of Shaw and Vidéotron at this time, in fact there may not be any power to do so. Are you in a position to be able to comment on the impact of the circular on our ability as a government or the CRTC to actually be able to pull those licences?

Hon. Bev Oda: I am aware of the difference between a regulation and a circular. However, I would suggest that it's within the commission's power to do its own assessment and to act accordingly.

Mr. Ed Fast: Thank you.

The Chair: Ms. Robillard.

[*Translation*]

Hon. Lucienne Robillard: Madam Minister, once more, you referred to the CRTC which is independent. There is a much more important issue: two cable operators are not abiding by their licence's terms and are in complete violation. You have met them but no one has ever heard you say, as minister, that it was unacceptable for them not to honour the terms of their licences.

You told the committee today that you are requesting them to make their monthly payments. This is the first time you said it. On December 20, Shaw said it was not contributing to the CTF anymore. On January 23, Mr. Péladeau, from Québecor, made the same announcement.

How can people publicly state they will not abide by the law and the regulations? How can a government minister not say this doesn't make sense, this is unacceptable and this country's laws and regulations must be obeyed?

Madam Minister, you are being blamed for not responding quickly, for not saying this is unacceptable. You said the CRTC can act. This is true. It could change the terms of the licences starting tomorrow morning. But it is not doing it, it is not acting.

This is obvious to us. In his announcement yesterday, Mr. Péladeau did not show any intention of abiding by the CRTC's regulations concerning the CTF.

I have a very direct question to ask you. What do you think of Mr. Péladeau's suggestion to invest everything in the Québecor Fund instead of the Canadian Television Fund?

• (0940)

Hon. Bev Oda: Thank you for your question, Madame.

[English]

I would suggest that the act clearly outlines the procedures. If we look at the commission's own regulations, etc., any action taken regarding the awarding or amending of any licence requires a public process. It is up to the commission in exercising and fulfilling its responsibilities to decide the process it will undertake. The act, as I said before, is very judiciously structured to ensure there is an ability for public comment and that every sector affected by any act of the commission has fair opportunity to participate.

Yes, Mr. Péladeau had publicly put forward a proposal. However, first of all, let me say that any proposal, any suggestion, or any contribution would be listened to and considered only once we have returned stability to the situation at hand.

Mr. Péladeau and the CTF itself have made some very interesting observations. This government has made some interesting observations. This is why I asked the CRTC to give me a report last year on the new realities: how the new technologies are affecting their broadcasting system and how consumer behaviour is changing because of the new technologies. That is one area that the commission will, I'm sure, take into consideration. As you know, it is reviewing radio and television, and it's taking action. The report I received from the CRTC gives us information as we continue our deliberations.

The indication from Vidéotron is that the funding model does not currently recognize the new technologies and the new platforms available. It makes some observations that we, that is the CRTC, the public, and the government, recognize may not have been recognized to date.

[Translation]

Hon. Lucienne Robillard: Madam Minister, you are responsible, on behalf of the Government of Canada, for the Canadian broadcasting policy which promotes the increase of Canadian content on our airwaves. I am asking you this again: what do you think of the proposal made yesterday by Québecor, indicating this company will not contribute anymore to the CTF but will invest in its own private fund, thereby weakening the leverage of government contributions to the fund? What do you think the impact of this proposal will be on the Canadian broadcasting policy, which you are responsible for?

[English]

Hon. Bev Oda: Madame, I cannot comment on any specific proposal. That's why this system has been structured in such a way that the full public discussion of any proposal, of any matter that comes under the commission, has been fully outlined to ensure that there is input from all sectors and that it's fair and reasonable, that not only the government but through the CRTC they hear and listen to the proposals. As you know, this is why there is the ability to have public hearings. This is why the Broadcasting Act stipulates under what circumstances public hearings and public comments are a necessity. Consequently, I cannot comment. Certainly, in looking at any proposals, we'd have to get all the information from all the parties and consider them.

However, let me reiterate. First, whatever proposals come forward...as it has been traditionally over many years of developing CRTC regulations and policies, and even government policies, we always have input and we always take into consideration the views and the proposals put forward by everybody. There is an opportunity for honest debate and there is an opportunity for full information gathering.

So, Madame, I would suggest that first we have to return stability to the situation before we would make comment on any proposal put forward by any company or organization.

• (0945)

The Chair: Thank you.

Mr. Kotto.

[Translation]

Mr. Maka Kotto: Madam Minister, in a public statement made around the end of January, you said this:

I understood that there have been concerns with the CTF for many years, and that those concerns of the private sector contributors have not been fully satisfied.

Is this statement an admission of your compassion for Vidéotron and Shaw? Does this mean the ultimate dismantling of the CTF is being considered?

[English]

Hon. Bev Oda: Absolutely not. Let me be clear: that should certainly not be read into any statement that I have made. I want to make sure also that the positions taken by the two companies.... As far as when I read the Auditor General's report that made recommendations regarding governance, I am also very aware of the steps taken to address those recommendations. The new structure for the governance of the CTF was announced in 2005. In fact, this government wanted to allow the new structure to unfold and certainly to be monitoring it over the period in time that was outlined.

This situation was created, as I understand it, by an incident with the dissolution of the CCTA. The representation from one sector was not fulfilled. There has also been some other request about the satellite distributors not having representation, as you heard from Mr. Barrett in his appearance. The CTF had put forward a proposal to maybe address some of those concerns.

[Translation]

Mr. Maka Kotto: Right now, many productions have been cancelled or are on the verge of collapse. Don't you think it would be a good idea to loan some interest-free money to the fund until the crisis is dealt with and Shaw Communications and Vidéotron resume their payments?

[English]

Hon. Bev Oda: In the information provided, it's been indicated to me that the CTF is able to honour the commitments up until March 31. I have also been monitoring the state of production and if any productions had to be cancelled. I've asked for the employment situation. We will ensure the production sector is fully supported to meet the system and the stability of the system.

Let me say that we recognize that there are some key steps that will happen very shortly in the production cycle. I'm very aware of that. That's why it's important that I'm aware of the state of the events as they're happening. As I say, first of all, we have to make sure...and this is why I've asked for the return to some stability, to give assurances to the producers.

● (0950)

[Translation]

Mr. Maka Kotto: I understand your request for a return to stability but you know this probably cannot be expected before August 1st. Until then, many productions will be jeopardized, particularly since everything is being decided right now. So a number of productions will be doomed.

What action are you considering in order to avoid a degradation of the situation, particularly in Quebec, where, as you know, production of TV series is important?

[English]

Hon. Bev Oda: Thank you, Mr. Kotto.

As you can appreciate, I would, because of past experiences, be very aware of what would normally happen over the next few months as far as the production community and industry are concerned. I have a full assessment in exploring the various options available to the government. As I said, the first step here is the request I've made to Vidéotron and Shaw that the resumption of monthly payments be made immediately. We await their response, at which time I'm hoping we can move forward positively, and the production sector can move forward as well.

[Translation]

Mr. Maka Kotto: Thank you, Mr. Chair. I have a quick question for the minister.

Wouldn't it be appropriate to question CBC/Radio-Canada's share? Also, would an increased funding of the public broadcaster help solve this problem by allowing the CTF to provide more funds to private broadcasters?

[English]

Hon. Bev Oda: Mr. Kotto, if I could ask for clarification, your reference to the CBC's funding, is that separate from the television fund? Is it the overall stable funding we've had discussions on previously? Are you talking about the overall stable funding of CBC?

[Translation]

Mr. Maka Kotto: No, I am talking about the overall funding.

[English]

Hon. Bev Oda: I know that's currently one of the elements in the structure of the television fund. As you know, and as I've been informed by Vidéotron and Shaw, that is one of their concerns.

Again, I would say to you that the structure has been developed with full consultation. Before we can move forward, we have to return the stability to ensure that any body or any part of the system, particularly the system that supports Canadian content...how it can be improved and be responsive to the needs of every part of the system.

The Chair: Thank you very much.

Mr. Warkentin.

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

Thank you, Minister, for coming. We appreciate you're probably our most frequent visitor, and thank you very much for your attendance this morning. We know you're obviously busy with this and other issues.

The opposition has made every attempt this morning to politicize this issue. They've basically asked you to get out your magic wand and make this all disappear and come together. I would challenge them, and I think Mr. Fast has done so, to consider the actual framework of the fund, the arm's-length nature from you, and the importance of that. Many people are still calling for the policy directive. There seems to be this magic mechanism that you can or should employ, and the opposition are calling for it. I'm curious as to what they're missing in terms of what they're not understanding about the mechanisms that are available to the issue of arm's length.

● (0955)

Hon. Bev Oda: Let me first reiterate that the relationship between the regulator and the government is clearly outlined in the Broadcasting Act. It also is incumbent upon every government to have an accurate, clear assessment of any situation and then to look at the options available to it.

And it goes beyond that. When you're considering options, you also have to consider the outcomes over the short, medium, and longer term. That's what a responsible government does. It respects the roles of the agencies and it respects the Broadcasting Act. It also takes into consideration the impact on every sector—the production sector, the broadcasters, and the distributors. Ultimately our responsibility is to understand the impact on Canadians and the Canadian broadcasting system.

Mr. Chris Warkentin: It seems that the opposition is interested in making good politics today rather than good sense, in terms of moving this to a positive resolution.

You talked a little about the issue with regard to Vidéotron having new proposals. There has been a proposal from Vidéotron. You've possibly looked at it; I'm not sure if you have. You have probably made it absolutely clear that you don't even want to look at proposals until we get some resolution to the circular funding, but I am wondering if you could comment a little on the proposal by Vidéotron.

Hon. Bev Oda: Let me be clear. My first responsibility is to ensure that there is stability in the system, to ensure that we're going to have the Canadian production we need for our broadcasters, and that the quality of the programming will be there. That's not just this year, but every year, on an ongoing basis. We have to build on our commitment to Canadian content and the Canadian production industry, and to the Canadian broadcasting system and broadcasters.

In considering any specific proposal, as I suggested, there are certainly comments that have been brought forward. I've read all the reports. On the specific proposal that was announced yesterday, I must confess I've had a quick look at it, but I have not read it. As you can appreciate, I've had a lot of reading since its announcement.

However, I would also suggest that it's not the responsibility of the minister to comment on any proposal. There are clearly proper processes to look at any proposals and to assess how they would contribute to the betterment and strengthening of the broadcasting system as a whole, the service being provided to Canadians, and the service being provided to those Canadians in Quebec.

I recognize there is a reality that's very different in Quebec, and that has been the consideration of the commission over many, many years. The governments recognize those differences. The thing is, based on historical recognition, any constructive proposal deserves to be listened to.

But in order to move this forward, we have to stabilize the situation. That's our first priority.

The Chair: Thank you very much, Madam Minister.

Right now we'll take a short recess of maybe five minutes before we go into the next session.

Yes, on a point of order.

• (1000)

Hon. Lucienne Robillard: I have a point of order.

[*Translation*]

First, our meeting started late. Second, could we ask the minister if she would stay another ten minutes?

[*English*]

The Chair: We have another group coming after this. After that, we have three motions that have been put forward. It's only fair that we give our next people...

An hon. member: I don't think they would mind.

The Chair: Everyone has the agenda in front of them. I was here at 8:50. It is not my responsibility to make sure that everyone is here on time. I waited until the bulk of the people were here. That's what it is. If we want these meetings to run on time and to run to a

schedule, then let's everyone be here in order that we can start the meeting right on time.

Yes, Mr. Regan.

Hon. Geoff Regan (Halifax West, Lib.): Mr. Chairman, as we so often hear from the Speaker, we all know very well that committees are the masters of their own houses and the committee can decide to do what it wants to do. If it chooses to change its agenda a little during its meetings, it's not a problem.

I'm sure if you were to ask the minister to stay for a few more minutes, as my colleague has suggested, I can't imagine that she wouldn't want to, in view of the importance of this subject.

The Chair: Okay. The meeting is in recess for five minutes.

• _____ (Pause) _____
•
• (1010)

The Chair: This meeting is brought to order.

Before we start with our witnesses, I suggest we schedule 15 minutes for motions at the end of this meeting. Our witnesses are here for 45 minutes, and you can see how long our recess has lasted. We're going to run these meetings on time and be out of here before 11 o'clock. There's another group scheduled behind us.

I welcome our witnesses. Thank you very much for coming this morning. We have the Writers Guild of Canada and S-Vox Group of Channels. I welcome your presentations.

I don't know who is going to start first. It's your choice.

Mr. Brant Kostandoff (General Counsel, S-Vox Group of Channels): Thank you, Mr. Chair, members of the committee.

My name is Brant Kostandoff. I am general counsel for the S-Vox Trust, Canada's foremost provider of multimedia content exploring the human spirit.

The flagship property of S-Vox is VisionTV, a national specialty television service that for almost 20 years has been celebrating the diversity of faiths and cultures that are fundamental to Canada's social fabric. VisionTV has always been made available to Canadians by cable and satellite distributors as part of the basic package of channels, and it is now delivered to more than 8.5 million Canadian households.

In a 2006 survey conducted for VisionTV, 94% of Canadians said they were proud to live in a country that was home to so many different faiths and cultures, and 93% agreed that diversity was an important part of Canadian identity. We are pleased to play a key role in reflecting and enriching the diversity of Canada through television. In a multi-billion-dollar industry, VisionTV operates on a relatively modest annual budget of approximately \$25 million, and it has managed to advance the interests of a registered charity.

In "Our Cultural Sovereignty, The Second Century of Canadian Broadcasting", this committee's 2003 report on the Canadian broadcasting system, VisionTV, along with APTN and CPAC, were found to be akin to the public broadcaster in fulfilling the objectives of the Broadcasting Act and providing a public service to Canadian citizens.

Perhaps more important, for the purpose of today's discussion we also operate as an independent broadcaster. Our ownership is not affiliated with any of the distribution undertakings or the large corporate broadcast groups. It is from that perspective, as an independent media company, that I would like to share some thoughts with you regarding the importance of the Canadian Television Fund to Canadian broadcasting.

While there are many stakeholders in Canadian broadcasting, they can largely be grouped into the four main categories of audience, content creators, broadcasters, and distributors. In addition to serving the often competing interests of those four groups, the Canadian broadcasting system also contributes to the achievement of numerous cultural priorities, as described in the Broadcasting Act.

Television remains the most powerful form of mass media for sharing cultural experiences and reflecting our national identity to Canadian citizens. In our view, it is the role of government to help, when necessary, to balance the interests of the competing stakeholders to ensure that the cultural objectives of the system are being achieved. That includes setting rules and regulations to facilitate relationships among the varied participants, largely accomplished through the CRTC; and helping to maintain what may be described as an economic balance in the industry, accomplished through various tax credit programs, funding and oversight of the CBC, and funding the Canadian Television Fund in conjunction with industry contributors.

We applaud the commitment of this government and its predecessors to funding the CTF. Over the years, the CTF has contributed to the production of hundreds of award-winning programs and the creation of tens of thousands of jobs in the Canadian film and television industry. For an independent broadcaster such as VisionTV, the CTF provides a significant enhancement to our annual investment in Canadian programming and is a critical contributor to our ability to deliver quality programming to Canadian audiences.

Each year VisionTV spends roughly \$4 million on Canadian productions through pre-sale licensing with independent producers. While it varies from year to year based on a range of factors, the CTF contributes a further \$800,000 spread across many of those shows. Through international co-productions and other third-party financing, we leverage our investment into Canadian productions budgeted at almost \$20 million. But many of the show's VisionTV licences would not be possible without the CTF contribution.

These are not programs that will garner the two or three million viewers that tune in each week to watch *CSI* or *American Idol*. Of course, Simon Cowell is paid more to be a judge on *American Idol* than we have to spend on our network for an entire year. A single episode of *CSI* costs more than we have to spend on 8,000 hours of programming for a year. It's perhaps not a reasonable expectation, or even a fair comparison, to hold Canadian broadcasters, producers, and the CTF to those same audience standards.

Many CTF programs, many Canadian programs, are intended to enhance the diversity of Canadian television and the diversity that is made available to Canadian citizens to reflect viewpoints that might not otherwise be heard.

●(1015)

Just as we as a society invest in libraries even though not everyone will borrow a book, and we invest in national parks even though not everyone will take the time to visit and enjoy the green space, we should invest in Canadian production that reflects Canadian culture, and we should provide the opportunity for Canadian citizens to share in that cultural experience through television. Creating that opportunity is an important policy objective and should be regarded as an end in and of itself.

At S-Vox we go back to the need to balance the needs of the various stakeholders in the broadcasting system to achieve cultural priorities. The success of Canadian broadcasting is largely dependent on each of the participants making some sacrifice or compromise in exchange for other benefits. Contributions to the CTF by distributors and funding from the CTF for producers are important components of maintaining that balance between the economic and cultural success of the system.

Encouraging investment in Canadian culture, creating jobs in cultural industries, and helping to balance the economic interests of the participants in the Canadian broadcasting system are the reasons for having the CTF. For independent broadcasters like VisionTV, licensed to fulfill specific policy objectives, and for many Canadian producers, the CTF enables the creation of programming that enhances cultural expression and the reflection of our national identity through television.

In examining the current issues facing the CTF, in reviewing its structure and the flow of moneys, we urge this committee to look for the best means to advance the achievement of those cultural objectives. That may include a further revisiting of the board composition of the fund to ensure balanced representation that maintains sufficient independence from key stakeholders, allocating the disbursement of funds to programming that advances clearly defined cultural priorities and prioritizing funding to broadcasters and programs that advance those policy objectives. It may be that we need to direct funds through broadcasters that are committed to the highest levels of investment in Canadian programming.

In terms of the immediate funding shortfall, which is perhaps the most pressing issue for you in your examination today, it may even be necessary for this government to contemplate a loan to the CTF or an advance against the government's commitment to funding next year to bridge the gap to that August 31 date, when the regulations kick in. At that point, there is in fact a question of law to be determined rather than an interpretation of a CRTC circular. Certainly, we in the industry respect those circulars from the CRTC; they are important guidelines.

I take Mr. Barrett's point, which he made to you and has made elsewhere, that it's difficult to enforce the terms of the circular when in fact it is the regulation that is the component of law that is guiding the fund. If we were at September 1 and there had not been a contribution by the required participants, we would be having a different type of discussion at that point in time. So part of this evaluation needs to be an examination of how to bridge that gap in timing as well.

It's not our intention to be offering a comprehensive recommendation. We hope you find our suggestions from the perspective of an independent broadcaster helpful in your evaluation of the CTF.

I want to thank you for granting us the opportunity to appear this morning. I will be pleased to answer any questions you have, but it may be appropriate to call on my other panellists today to present as well.

• (1020)

The Chair: Thank you.

Please go ahead.

Mrs. Maureen Parker (Executive Director, Writers Guild of Canada): Good morning, everyone.

My name is Maureen Parker. I'm the executive director of the Writers Guild of Canada. With me today is my colleague, Kelly Lynne Ashton, our director of Industrial and Policy Research.

We're going to try to think on our feet today, so our initial presentation is more or less scrapped, based on the minister's announcement. I would like to start off on a positive note and thank the minister for making the announcement this morning that she will indeed write to Shaw and Vidéotron and ask them for their delinquent contributions. This is a very necessary move.

I will keep parts of my presentation as background, which may assist you in an ongoing struggle. I would like to believe that a letter to Shaw and Vidéotron is going to do the trick, but I don't. I don't think it's going to work at all. I think this matter has gone too far and I think it's going to be sitting in front of the committee for a time to come. So what I'd like to be able to do today is leave you with some thoughts as to what an insider in the industry would perhaps recommend as a go-forward course.

I represent the Writers Guild of Canada. That's a guild of 1,800 professional screenwriters working in English language film, television, radio, and digital media. Writer members are the creators of uniquely Canadian stories, such as the hit series *Little Mosque on the Prairie*, and popular movies of the week. It's important, I think, for you to know that my members do not work on service production, so my members are the writers of the Canadian content that you see on our screens. It's a very pressing point for all the writers, who live both inside and outside the country, that there is funding available for Canadian content production. But more than that, writers are part of an integrated and regulated industry. No one element of the television industry can exist on its own without all the other members—writers, producers, directors, performers, broadcasters, and cable companies. We are all interdependent.

As the country evolved, we decided it was important to have our own programming and broadcasting system distinct from that of our neighbour to the south. As a result, we created the Broadcasting Act.

I think it's very important to understand how the TV industry works, and I'm sure you've all heard this many times before, but it is regulated from the top down. Those of us who are speaking about the Canadian Television Fund are not just speaking on behalf of artists and producers, but also on behalf of major companies such as broadcasters and cable operators. They, too, are regulated and are protected from competition by those regulations. It's very important

to remember that we're not just talking about a cultural community; we are talking about big business, because they are also benefiting from regulations.

The Canadian broadcasting system is made up of interdependent entities like cable operators, direct-to-home satellite providers, and broadcasters. The cable operators are protected from foreign competition under regulation because the Broadcasting Act says the system must be owned and operated by Canadians. U.S. cable operators, like Comcast and AT&T, can't come into Canada and buy them out or undercut them. All these benefits were given to Shaw, Rogers, and Bell ExpressVu in exchange for the creation and presentation of Canadian programming. Remove one element, as Shaw and Vidéotron are now trying to do, and the whole house of cards falls down.

How will this affect broadcasters if CTF is not up to speed? First of all, if all the cable contributors pull out, it will not be able to meet its mandate and basically the fund will be cut by 60%. I know you've heard that from the CTF. Right now, without Shaw and Vidéotron, we're looking at a cut of 30% to the fund.

Without new production orders for this year, up to 20,000 direct full-time jobs will be lost. This doesn't take into account indirect jobs such as catering, car rental, etc. The spinoff is massive.

What will Canadian broadcasters put on the air? Let's think about their commitment to Canadian content. How are they going to fulfill that commitment if there's going to be a cut of 30% in the funding available? Maybe they're going to put on more American programming, possibly *CSI* all the time. I don't know about you, but as a consumer, I'm really sick of flipping to every channel and seeing *CSI: NY* or *CSI: Las Vegas*. Enough with the *CSI*. Or maybe they're going to choose to rerun old Canadian programs like *The Littlest Hobo*. I'm kind of sick of that too.

• (1025)

Whatever they do, this is going to hurt broadcasters in the long run because they're going to lose audience share, and that must be important to them. They're going to lose audience share to American broadcasters with full schedules of new programming.

And then there's the impact on Canadian consumers, who are going to miss their favourite shows, like *This Hour Has 22 Minutes* and *Degrassi*. I think we can all agree that this is not the future we want to live in.

No matter how many times Jim Shaw issues a press release decrying the CTF's financing of broadcasters without accountability, he is just plain wrong. He's wrong. The system allocates envelopes to broadcasters, who commission independent producers to produce programming. These productions are based on factors such as audience rating and past funding levels, so broadcasters are completely accountable. If they have poor ratings one year, they will have less money in their envelope the next.

The CTF board and staff—and I want to really stress this—have done an excellent job in introducing policies that encourage investors to invest more in Canadian programs and accept responsibility for their programming choices. To criticize the fund as being unaccountable, as being run by those who are not experienced in production or who have no financial expertise, is not correct. It's misleading and it's dead wrong. In fact, the changes that have been made in the fund in the last two years, in terms of policy to invoke more investment, have really started to do the trick. That's why you're seeing shows that are starting to garner more audience. It's because those changes have been made at CTF.

Governance is supposedly also an issue, but it has also been addressed. The minister mentioned this morning that she addressed that in 2005. Those changes were made to ensure that this board is in full compliance with the Federal Accountability Act, and it is. So governance, in my mind, is not an issue; it's another red herring.

I'll turn it over to my colleagues to talk about their own funds.

Ms. Kelly Lynne Ashton (Director, Industrial and Policy Research, Writers Guild of Canada): We now know that what they really want is to direct their contributions into their own funds. Pierre Karl Péladeau not only wants to send his contributions to his own fund, but only his production company can access the money to produce programs to be aired only on his broadcasters. Let me tell you why that's not a good idea.

Shaw has the Rocket Fund and Vidéotron has the Quebecor Fund, but these funds were licensed specifically to address the needs of underserved markets, like children's programming. This is not the first time the cable operators have attempted to have mandatory contributions diverted to their separate funds. But in 1996, the government determined that this was not the best way to go, and in fact capped contributions to private funds at 20%. Why? Because diverting all of their contributions to their own funds would not ensure that Canadians enjoyed a variety of programming. This is what the CTF has been successfully doing for ten years.

Shaw and Vidéotron's proposals are a kind of gatekeeping that amounts to censorship, while allowing their own money to go directly to support the bottom line of a few media conglomerates instead of the public. We are very concerned that Shaw and Vidéotron are trying to determine what programs get produced in this country. We already know a popular show like *Trailer Park Boys* will be cancelled because of Jim Shaw's dislike of half-naked weed smokers. Can we allow one group's programming preferences to dictate the entire country's broadcast schedule, or should we just encourage them to change the channel?

• (1030)

Mrs. Maureen Parker: Jumping to the chase, I wanted to say that I was very impressed by the calibre of everyone's questions today, and the minister's announcement. I think our industry is in good hands, and I feel encouraged after appearing before you and listening to the questions today.

I truly believe we're at the edge of the cliff, because I do not believe letters to Shaw and Vidéotron will work. It has too far gone.

I agree very much with what the minister was saying today. Stability is the key. It is the key to maintaining our industry. Timing

is critical, so I'd like to make a few suggestions, one of which has already been discussed this morning, and that is enacting subsection 7(1) of the Broadcasting Act and asking the minister to ask the Governor in Council to send a policy direction.

I know there is some discussion as to why it can't work, why it may not be feasible. I think it is feasible. I'd like to say that I'm not a lawyer, but I have worked with lawyers for a long time, on many different levels, such as arbitrations, grievances, negotiations, policy. The one thing I've found is that you can get a different opinion from any lawyer in town.

What I would suggest is that you send this to your experts. You have a whole panel of experts sitting over at the CRTC that we all pay for as taxpayers. They have several hundred employees, most of whom are lawyers. I would suggest that you immediately turn this over to the CRTC and let them decide whether or not this holds water. I think it does. It talks about all contributions. It can be an industry-wide review, not just of Shaw and Vidéotron, but of all contributions made by private companies. That would catch Shaw and Vidéotron in the same net.

There is a mechanism, but my concern is that if the CRTC doesn't get on the case now, we're losing valuable time. I've worked with the CRTC, and they don't move fast. You have to give them plenty of lead time in order to get a decision, so I would suggest that this is a course of action and that this needs to be done.

My question is, how long will we wait for an answer to a letter? What time period are we going to put on that? What I want you to really think about today is that timing is critical. The envelopes that fund the broadcasting system are being decided right now, as we speak.

This is not a matter of funding being in place until March 31. Right now, CTF staff are working at calculating the envelopes for the broadcasting system. If they do not have the 30%, they will calculate envelopes as though they do not have that money. Broadcasters will be given their envelopes as of April 1, and they will have 30% less.

I'm wrapping up. I'm jumping to the end.

That 30% less will mean we're not ready for production in the spring. We work very much on a clock for development and production. We have to produce in this country while we have the weather, and that's in June, July, and August. We have to get on this right now.

The last thing I want to mention is the loan. If we do not get an answer back to the letters—and I do believe the CRTC, even if you ask them today, will take several months to respond—we need a loan. I would like to leave you with that thought. I think it's an absolutely critical piece of the puzzle. If we do not have the loan in place by the end of March, we will lose the production year. It is a matter of timing and it's a matter of stability, and we very much need your help to save thousands of jobs and ensure that we have some Canadian content on our TV screens.

Thank you very much.

The Chair: Thank you.

I must let everyone know that we do have to be out of this room by 11 o'clock. I'm going to allow about five minutes per person, and no more than six minutes. We'll have one round of questioning.

Mr. Scott.

• (1035)

Hon. Andy Scott (Fredericton, Lib.): Thank you very much to the witnesses for today.

I'd like to establish a couple of points. People are asking for a loan. It's going to be critically important, if one were to pursue that, for the government to accept responsibility for the broader issue.

I need to establish whether or not you would agree with me that, to some extent, while this problem was precipitated by the actions of Shaw and Vidéotron in the context of their refusing to make their monthly payments, it has become bigger than that now. It has become a larger problem. I'm getting interventions from people who didn't even know about Shaw and Vidéotron. They're saying their companies are feeling an unease about the possibilities for this year and so on. Beyond that, it's not just a reduction of 30%; it's something bigger, in that the fund is in some way fragile. Would you concur with that thinking, first?

Mrs. Maureen Parker: I think we did say that it absolutely is a house of cards. I think we've all figured out that we'd better tighten up our regulations, because there's a hole. We're going to have to look after that. That's another job for the CRTC, and I hope they're working on it. That's my big concern. Absolutely. The CRTC is at arm's length, but they have to have some marching orders. I hope those are on the agenda.

There's nothing to say that Rogers, Bell ExpressVu, or any of the other cable contributors won't pull out at any time. Right now, we're just crossing our fingers.

Mr. Brant Kostandoff: To add to that, the concept of stability for the fund isn't just about the short term. It is very much about thinking long term and looking for long-term solutions.

There are two parts to that. The industry has been seeking long-term commitments from the government, whichever government it may be. It ends up being reviewed annually or biannually. A long-term commitment from the government to funding this kind of program would go a long way. It's the same point on tightening up the regulations so that the industry contributors are locked in. Absolutely. It needs to be done.

Hon. Andy Scott: However, that's why people are referring to the loan. There's a need to stabilize right now. That is not to disregard the other longer-term issues—the regulations, stable funding and so on.

The point I'm trying to make is that until this morning the minister has held the position—and members of the opposition were holding the position in spite of her intervention this morning—that it would be interference with the CRTC to step up and do her job. This is bigger than that decision. This is about the long-term viability of the television fund. Given that fact, the point I'm trying to make—and to see whether you are in concurrence—is that this is bigger than that.

You cannot hide behind the process that has been engaged in terms of Shaw, Vidéotron, and the CRTC. There's a broader public policy interest here, in the name of Canadian content and Canadian production. The government has to step up, make an argument for the need for the loan, and accept responsibility for the instability.

Notwithstanding the announcement this morning, that a letter will be written, this decision that they weren't going to make their monthly payments was made a long time ago. Surely, nobody would not assume that a 30% cut in the money wouldn't have a detrimental effect on the industry. That is bigger and broader than the specific decision of the CRTC.

We have to compel the minister to cause the government to make the loan. We need argumentation for that. I think they have to accept responsibility for the crisis and see this as bigger than that very narrow piece that is currently the purview of the CRTC.

Hon. Geoff Regan: We had to compel her to write the letters by calling her here.

An hon. member: Is that a statement?

Hon. Andy Scott: Yes, I'd say it is.

An hon. member: It's not a question.

Hon. Andy Scott: The question is that we're trying to find if in fact that's...

Mrs. Maureen Parker: I can say that it is about the viability and integrity of the Broadcasting Act. I think that's what we're talking about.

Again, I would like to stress that the Broadcasting Act doesn't just talk about Canadian content and creators; it protects and licenses cable operators.

There were comments today about whether it would be harmful to revoke their licence and whether it would hurt the consumer. I would suggest that the consumer is already being ripped off. The reason they're paying for a Canadian cable operator is because they're supposed to be getting some Canadian programming. I certainly know that my people are otherwise totally prepared to have their cable delivered by Comcast U.S.A. If you ain't gonna deliver Canadian, we don't want you.

• (1040)

Mr. Brant Kostandoff: I think we're fortunate to have elected officials to govern and to review the performance of government.

The minister is in an incredibly difficult position. The government's commitment to fund the CTF sends a very strong message that this is an important process. At the same time, as Mr. Angus described, we have a bit of a power play going on by industry players who are frustrated, and perhaps rightly so. They have some legitimate concerns about the fund and its structure.

Arguably—and they have their lawyers as well—they have until August 31 to make those payments. Are they violating a CRTC circular? Sure. The CRTC can deal with that. It has limited enforcement provisions.

Hon. Andy Scott: Does the government have an obligation to the industry in the meantime?

The Chair: We're just a little over time.

Mr. Kotto, please.

[Translation]

Mr. Maka Kotto: I will give my time to Ms. Bourgeois.

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Thank you, Mr. Chair.

Mr. Kostandoff, you said it is up to the government to bring all actors to do their share in the interest of all stakeholders. You talked about the roles of the government and the minister.

I would like to know what you mean by government. Is it the minister?

[English]

Mr. Brant Kostandoff: There are many levels to the government, and when I'm saying the government, I'm speaking to all those levels. The CRTC has a role here. The governing party has a role here. The opposition, this committee, has a role here, and I'm very pleased to see action is in fact being taken. A process is being followed. It's going to be longer than perhaps some of us might like, and that puts more immediate pressure on finding solutions to the crisis facing the Canadian production industry.

So I would divide this into two parts. Perhaps there is an obligation on the minister to look at the immediate crisis—and on this committee in its functioning in looking at the fund—to come up with solutions to address that.

In terms of the long-term structure and the review, the regulations exist, and if we want to change those regulations, that's a different process. So there are two levels here, and I think the action has to be across all aspects.

[Translation]

Ms. Diane Bourgeois: It is extremely important that your answer is clear so that everyone understands what you want because we are obviously in a crisis situation. We have a role to play, as parliamentarians, and the minister has a role to play. There are regulations to be reviewed, and you cannot do all this in a time of crisis.

You are a lawyer. In your opinion, who has the solution?

[English]

Mr. Brant Kostandoff: Unfortunately, I'm employed by S-Vox and not able to offer legal advice to this committee. So with that caveat, again, for me, the reality is that this industry is incredibly complex. There are a variety of stakeholders, and they all need to work together and they need to find ways to work together.

I welcome the suggestions of Quebecor and Vidéotron in terms of new ways to think of funding Canadian production. I may not agree with them. I may not like them, but broadcasting is about the exchange of ideas, so let's share those ideas and see if we can come up with good solutions.

In terms of the immediate funding, I would recommend that this committee push for either a loan or an advance against government funding for next year to bridge that gap to August 31. If the distributors do not make the contribution by August 31, then there is

a different remedy available to both the minister and the CRTC at that point because there is then a clear violation of the regulations, not just a transgression against a CRTC circular.

[Translation]

Ms. Diane Bourgeois: I have a last short question to ask you before turning to Mrs. Parker.

You said in your presentation that we should invest in Canadian culture. What do you mean by that?

[English]

Mr. Brant Kostandoff: I'm always fascinated by the fact that we have a variety of different agencies involved in this industry and a variety of stakeholders and we set different priorities.

To some extent, as a broadcaster, I look to the CRTC for leadership in identifying what the key cultural objectives are for the system. Recently, the CRTC has emphasized programming that celebrates cultural diversity, programming that reflects aboriginal persons, programming that certainly celebrates the dual languages of our country, and programming that is accessible to all Canadians, so closed captioned and described video.

We then turn to the CTF, and their priorities are not always in alignment with those identified objectives of the regulatory body. If we are going to drive alignment in the direction of the industry to achieve those cultural priorities, I think there needs to be a better dialogue among those different agencies to set the priorities for the industry to follow.

● (1045)

[Translation]

Ms. Diane Bourgeois: Thank you very much.

Mrs. Parker, I found it difficult to understand your position as set out in your presentation. Maybe it is due to the translation, but then maybe not. You said you agreed with the minister about injecting a sum of money to save the fund. Then you said later that we needed policy direction in this file and that the CRTC should act decisively.

Who is to act decisively? The minister or the CRTC? Please clarify this for the committee.

[English]

Mrs. Maureen Parker: Everybody. No, I'm kidding.

I apologize. We should have had the paper translated, but I had to change things as we were going along.

Again, if we're only going to do the order, number one would be a policy direction from the minister to the CRTC. I don't agree that we have to wait until August. I think it has to be done right now. The CRTC can look at what is enforceable in a circular. This week I read some legal opinions that said there is certainly some responsibility tied to the monthly circular. I think we should let the CRTC examine it immediately. It is from the minister, and that's where it would start.

On the fund, bridge financing will again have to be a decision that is made by the Department of Heritage. I'm assuming you work in conjunction with the Department of Heritage.

It is what we're looking for in terms of leadership from this committee, from our department, and from our minister. There are thousands of jobs at stake and an entire production year in less than four or five weeks.

The Chair: Thank you.

Mr. Angus.

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

I was interested by your suggestion that what we're dealing with right now in terms of the future of our television industry is a house of cards in crisis. I would broaden the suggestion to say we're dealing with a legitimization of the entire broadcast and regulatory framework when you have the kind of public spectacle being played out by both Vidéotron and Shaw.

I'd like to speak about this in terms of the fact that we're two months into this crisis. It took public hearings to finally get the minister to stand up and say she'd send a letter.

Meanwhile, we've had very public attacks by both companies—attacks on the CBC, attacks on Canadian programming, and attacks on your work as writers, directors, and producers across Canada, so that people don't even want to watch these shows. We've had attacks on the accountability of the fund, and we've had threats of lawsuits against Radio-Canada executives who spoke up in defence of this fund.

The message I heard from the players in industry when they met with the minister was that she told them to sit on the sidelines, say nothing, and keep out of the press. Meanwhile, the other side launched this continued attack on the legitimacy of the whole television fund.

I'd like to ask you this. In terms of the damage that's been done to the confidence of our television industry right now, what will it take in order to ensure the financing deals that are going up in smoke right now will go through domestically and through international television deals?

Mrs. Maureen Parker: I think it again comes back to a directive to the CRTC. At this point, I think the CRTC is going to have to review the regulatory and contribution structure. Obviously, we need to tighten up. We would welcome a review, quite frankly. Let the CRTC have a look at it to see whether or not it needs to be strengthened.

I think Canadians want Canadian programming. I don't think Canadians will be willing to pay for the protection of cable companies in the marketplace unless they get something different.

I would like to say that if this indeed requires a CRTC review, I would then ask the minister to commence immediately, but in the interim, ensure our industry has enough resources to keep going forward.

• (1050)

Mr. Charlie Angus: Yesterday, Vidéotron-Quebecor gave their latest bottom line in this standoff. The response from the minister was that she thought they had brought forth interesting observations. I'm looking at what they said. Is it because of CRTC support that they've been allowed a massive concentration of Quebec media and

control? They are virtually unchallenged because of it. They say they're going to pull out of the CTF and use the money to beef up their own internal market share by going after video on demand. Yet I'm not hearing anything about commitments, again under CTF, to ensure the kind of specialty programming that is part of this—for example, children's programming and other programming.

How would you, as writers in that, feel about a situation where one giant player in the market can take funds from subscriber fees and put them into their own domestic production, without any kind of regulation or commitment? I'd like to hear from both of you on this.

Mr. Brant Kostandoff: As I said earlier, the concept of exchanging ideas and dialogue around better ways to engage in Canadian production is always welcome. Absolutely, from our perspective, there need to be some parameters around any kind of funding, because the commercial interests of the largest players are not always in alignment with the cultural priorities of the industry. To let them engage in funding productions to suit their own purposes does not necessarily enhance the richness of Canadian broadcasting as a whole, so there needs to be some framework around it.

Could it be a fund that is more directly under the management of Quebecor? Is that a partial solution, that some of the money go there and some go to the CTF? Those are all ideas to explore. The challenge is that we don't have time right now to engage in that dialogue in a meaningful way. And to the minister's credit, that is to some extent what she's been trying to do. But we're now at a crunch and we need to come up with some short-term solutions.

Mrs. Maureen Parker: I just feel that we do have regulation. I don't know why the owner of Vidéotron believes that is an enshrined right, because we do have regulation. We have to enforce our regulation. We have to show that we stand behind our regulation and the principles set out in the Broadcasting Act.

My colleague mentioned in her presentation that we think it would be a terrible idea for Vidéotron to have its own fund. Again, the reason the CTF was set up.... There are established principles. We were not wrong in setting up this fund. The last 11 years of work have not been fruitless and in vain. We have done good work.

If there is a governance issue, if another seat is required, those are all things that we can discuss, but if it is a matter of—and I truly believe this was the intention all along—pulling out the money and putting it into your own fund, then that's not acceptable, and that message has to be sent.

The Chair: Mr. Abbott.

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

As you are very interested and expert witnesses, I'd appreciate your comments on the comments that I'm about to make.

I think the position the Liberals are taking on this is really quite breathtaking, because the process the minister is working under is a creation of their government. They were in power for 13 years. They created the process that she has to work within, so if she has handcuffs on, they were crafted by the Liberals themselves. So I find their position really breathtaking.

Secondly, you should know that with respect to the issue of the loan, the difficulty with any government that will come forward with a loan or a loan guarantee of let's say \$100 million or \$150 million—or whatever the amount—is that that's not insubstantial. It is a tremendous amount of money. It's money that immediately has to go on the books, which of course is unplanned money or unbudgeted money at this particular point.

The fact that the government has made the commitment going into the next financial year of \$100 million a year, going ahead of its budget and making that announcement, is something that will give the government the time to go through Treasury Board and actually prepare for that amount of money to be available.

So on the idea of the bridge financing, I'm not discussing whether it's desirable or not desirable; I'm just saying that in practical terms we are talking about a very substantial amount of money, at least equal to the amount of money the government has already committed. It is very substantial.

Finally, I wonder if, as witnesses, you're aware of the Supreme Court judgment on the so-called part II fees. This is a parallel situation, and the parallel is exceptionally close. The Supreme Court ruled, with respect to the part II fees, that they were effectively a tax. I'm not a lawyer, but it doesn't take a stretch of the imagination to see that the court could make a judgment that these fees that are part of the licensing agreement for the cable providers could also be construed to be the same as being a tax. Just give me your comment on that.

Again, I'm not discussing whether it's desirable or not. I'm just saying, on the mechanics of the thing, is it actually enforceable?

Finally, I think the direction the minister is taking right now of attempting to ask and to enter into dialogue really is about the extent of the so-called power the minister has under the rules under which she's working.

I wonder if you'd care to comment on my comments.

● (1055)

Mrs. Maureen Parker: I'll just jump in on the part II and be very quick.

The Chair: We only have two minutes.

Mrs. Maureen Parker: We are very much aware of the part II fees in the ruling. We think we do have regulation and that it is enforceable. Absolutely, as you said, the only way to know for sure is to let the CRTC do its job. Let's start the machine.

But if it is determined that those fees are not required and they are a form of taxation, I would call for an immediate review of their licence. For some reason unknown to me—and we haven't done all the digging—Shaw's licence has been extended for two years under an administrative review. I don't know why. They should have had a hearing in 2006.

Their licence is up for renewal in 2008. If it is determined that they are not going to contribute to the Canadian broadcasting system as required by the Broadcasting Act, their licence should be reviewed immediately. There has to be balance in the system. There has to be some integrity. It can't work all one way.

Mr. Brant Kostandoff: I have three quick points.

On the part II question, I think the distinction is that the contribution to the CTF is a condition of licence rather than a fee paid to a government agency. I see that as a difference.

On the minister being engaged in dialogue, I absolutely agree. It's a critical step in this process. If the largest players in our industry are going to listen to anybody, it's the Minister of Heritage.

To some extent, reiterating Maureen's comments, there is a role for the CRTC in this as well. In fact, in terms of the broader questions, the CRTC doesn't have a lot of teeth in this process. They're looking to enforce a circular, and they have no remedy other than potentially pulling a licence, which they've never done. So there needs to be consideration given to how to give them power to deal with these kinds of circumstances when they arise.

The Chair: Thank you very much.

I must say that we're right on 11 o'clock.

The meeting is adjourned.

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