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Chair

Mr. Gary Schellenberger

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•(1110)

[English]

The Chair (Mr. Gary Schellenberger (Perth—Wellington, CPC)): Good morning, everyone. Welcome to this meeting number four of the Standing Committee on Canadian Heritage. Pursuant to Standing Order 108(2), this is a full investigation of the role of the public broadcaster in the 21st century.

We welcome this morning our witnesses from the Canadian Broadcasting Corporation, Mr. Rabinovitch, Mr. Lafrance, and Mr. Stursberg.

Welcome, Mr. Rabinovitch. I understand you're going to give a little presentation first.

[Translation]

Mr. Robert Rabinovitch (President and Chief Executive Officer, Canadian Broadcasting Corporation): Thank you, Mr. Chair.

Members of the committee, thank you for inviting us back to talk with you about the mandate of CBC/Radio-Canada.

We have been following the work of this committee over the past nine months as you have studied our mandate. We are eager to discuss with you what you have heard, and your thoughts about what Canadians want from their national public broadcaster.

When we were here last March, we spoke about some of our recent successes in programs and in productivity. We also spoke about the tremendous changes sweeping the broadcasting environment, and the need for a new approach, a systematic review on a timely basis, a contract between the national public broadcaster and the citizens it serves.

Such an approach is essential if CBC/Radio-Canada is going to be able to continue to respond to the needs of Canadians. Public broadcasters in other countries have already followed a similar path. After mandate reviews that include widespread consultation, similar agreements have been established with public broadcasters in Ireland, Hong Kong, South Africa and, of course, in Great Britain with the BBC. I urge you to speak with them about their experience.

[English]

It's important to point out that this contract must continue to protect the arm's-length independence currently enshrined in the Broadcasting Act. Micromanagement of programming decisions, including specific demands on where programming is to be made and by whom, would create a bureaucratic nightmare that would

stifle creativity and flexibility, and undermine the very essence of public broadcasting.

Under a contract, once expectations of the broadcaster are agreed upon, the public broadcaster should be responsible for making the decisions necessary to fulfill those expectations. For CBC/Radio-Canada, a new contract reviewed on a regular, predictable cycle would provide direction on what Canadians could expect from their national public broadcaster in return for a clear indication from government on its willingness to supply the necessary funding on a stable, continuing basis. This contract should be part of an ongoing, permanent process of regular, timely, and predictable reviews of our mandate.

Other witnesses have also expressed strong support for the concept of a contract, and I hope that you will endorse this proposal in your report. I can't stress how important I believe it is that you take the opportunity to reflect and recommend a new approach.

The Broadcasting Act hasn't changed in more than 15 years. During that time, the broadcasting environment has continued to change and has done so even since our last appearance in the spring. It's being buffeted by consolidation and ownership and changing viewing habits that are redefining what broadcasting means. Sure, Canadians still watch television and listen to radio, but more than ever they are watching the programs on their laptops, their BlackBerrys, their cellphones, and their iPods.

That is why we are no longer the company we were 15 years ago. We can no longer think of ourselves as a television company or a radio company or an Internet company. In fact, we are a content company, and we need to make, and are already making, programs that are, from their very inception, designed for all platforms. That philosophy is now ingrained in all of our services.

In short, we are programmers. Our job is to ensure that distinctive content created for, by, and about Canadians is available when Canadians want it and on whichever platform they are using. And that means, as well, that we need multiple services, not just one or two.

Our mission is to deliver public value to Canadians. That means programs that are relevant to people, programs that enrich their democratic and cultural lives, programs that reflect the tremendous diversity of this country and that build cohesion by showing what we all have in common. Our programs should also fulfill public policy objectives, by which I mean we need to offer a range of programs that are distinctive, intelligent, entertaining, and innovative.

In the last couple of years, we have recognized that our unique advantage in a crowded marketplace is our distinctive Canadian programming, and we have gone back to our roots and developed unique, indigenous content in drama, entertainment, and children's programs.

You have no doubt heard of the success of shows like *Little Mosque on the Prairie*. It entertains about a million Canadians each week and is now being broadcast in over 57 countries around the world, including Gaza and Israel.

And let's not forget *Les Bougon*, an audacious program that private broadcasters feared showing, that averages 1.2 million viewers on *télévision de Radio-Canada*.

Also, let me mention *Afghanada*, a unique CBC radio series that has developed a loyal audience throughout the country.

When you consider what we have been able to do with the resources we have, you can see that CBC/Radio-Canada does deliver great public value. Of course, no matter how compelling our programs, we can't succeed if audiences don't watch or listen to them. Audience size is not everything, but one can't have a public broadcaster without a public. If too few people are watching or listening, we will become irrelevant.

• (1115)

[Translation]

Mr. Chair, I would draw your attention to the programming mix of public broadcasters such as the BBC. There you will find programs designed to build audiences, as well as high culture offerings. And, if we are irrelevant, why should Canadians continue to invest in public broadcasting?

Audience size also affects our commercial revenue, which now makes up about half of our television budgets. If we lose audience, we lose revenue and the resources to produce Canadian programs. If we attract audiences and our revenue increases, we do not generate profits for shareholders, we generate more resources, which are put right back into developing better programs.

What is important is to offer a range of program genres, both popular and meaningful. We must remember that popular can be meaningful. Just think of *Little Mosque on the Prairie* or *Les Bougon*. Both programs deliver important social messages through humour.

[English]

Access to our programming is also critical. We must be sensitive to changing means of delivery. That is why we're using new technologies to reach new audiences. We've become a top provider of news and content on wireless devices. We broadcast our programs across North America on satellite radio. Podcasts of our programs are the choice of a new generation of young Canadians, with more than a million downloads a month. We have proven that you don't have to dumb down your programming to reach a younger audience.

Other witnesses have told this committee how important it is to have a strong presence in new media and emerging platforms. We're trying to make, and we are making, better use of our strengths, and we are restructuring accordingly. Many of our journalists are now

filing reports in English and French for radio, television, and the Internet. That allows us to put more resources into bringing more stories to light.

But we want to reach the eight million French- and English-speaking Canadians who pay for CBC/Radio-Canada but don't currently have a local CBC/Radio-Canada radio service. The government asked for, and we provided, a plan that would bring local public radio, local news, local issues, to 15 of the fastest-growing communities across Canada that are deprived today of local public broadcasting. We included the cost—\$25 million in capital cost and \$25 million a year in operating costs—because we simply don't have the resources to do it without cutting services somewhere else. That plan was submitted to this committee in May 2007, and I hope that you will also be able to endorse it.

Increasing our local radio presence will help us improve our service to Canadians on one platform. If we are to continue to be relevant to Canadians, we must provide our content on all platforms: regular television channels as well as specialty channels geared to specific audiences.

A dramatic change has occurred over the past few years in television watching. While conventional general television will continue to be important, more Canadians, both English and French, look to specialty channels for their television. This season's viewing of specialty channels was 54% on the English side and 38% on the French side for the whole day. In most cases, viewers are looking for a particular programming genre: sports, news, high culture, children's programming, etc. It is obvious that the public broadcaster must serve Canadian viewers as they wish to be served.

We are reorganizing accordingly. That is why we are taking a significant enhanced position in ARTV and the Documentary Channel. That is why we will change the name and the programming mix of CBC Country Canada to be an arts and specialty channel. We must continue to develop specialty channels, such as a children's channel, perhaps in partnership with another public broadcaster, and a lead sports channel.

• (1120)

[Translation]

We must continue to develop a specialty channel dedicated to the expression of nationwide diversity, new cultures, opinions and regions. We must view public broadcasting in the future as a comprehensive array of services, because Canadians have demonstrated by their behaviour that that is what they want.

[English]

Our mandate must be to serve all Canadians. Public broadcasting is not a niche service. If it becomes one, it will be irrelevant to the people who invest in it and it will wither away.

Mr. Chair, over the past few years we have created a strong, efficient broadcaster. Canadians have come to us in increasing and record-high numbers, in English and in French, in radio and in TV. A contract with Canadians will result in enhanced relations with our shareholders and will position CBC/Radio-Canada for the future: nimble, willing to take risks, and never losing sight of its primary goal of enhancing the democratic and cultural life of the citizens of the country.

I hope that your report will be forward-looking and that you will create a road map for the future of public broadcasting. Strong, forward-looking recommendations from your review of a mandate of CBC/Radio-Canada can give us the tools to help us do this.

[Translation]

I am going to end my presentation on a more personal note.

I have appeared before this committee frequently during my mandate. I have always appreciated the discussions we have had and the consistent interest in CBC/Radio-Canada shown by committee members. I know that my successor, Mr. Hubert Lacroix, is looking forward to meeting with you soon, and I am confident that he too will enjoy working with this committee.

We look forward to answering your questions.

[English]

The Chair: Thank you very much for that presentation.

We will move to the first questioner.

Mr. Scott.

Hon. Andy Scott (Fredericton, Lib.): Thank you very much, Mr. Chair.

The Chair: I'm just going to interject.

We've heard from our witnesses here so far this morning in this presentation. I think it's to our advantage that we make sure we don't come out with something totally different from the mandate review, which we have been looking at over this past time.

I'm quite sure your questions will be going that way.

Hon. Andy Scott: So I'll just throw it away?

The Chair: Thank you.

Hon. Andy Scott: I'm teasing. I'm sure I will meet that expectation, Mr. Chair.

Mr. Rabinovitch, you have referred to the number of times you have appeared before the committee, and in various ways and times I've had the opportunity to be here, too. Let me just say that you have done a great service to the corporation and to Parliament in your enthusiasm for your job and your vision for the corporation and for the role of the CBC in the country.

Mr. Robert Rabinovitch: Thank you.

Hon. Andy Scott: It seems to me that the large recommendation here has to do with the contract and the way to go forward.

When you appeared in March, you talked about ten years. Could we discuss that a little bit in terms of your view as to why that number? What would happen if it were less than that, or more than that, or whatever? That's just so that we can fill that space.

• (1125)

Mr. Robert Rabinovitch: Sure.

I actually didn't put out a number until I was asked, because the number is I think something that you as a committee, if you go this route, might want to consider: what you think is most appropriate.

Broadcasting is a very fast-changing environment, and in particular public broadcasting. I suggested a ten-year period because it has worked very well with the BBC. It basically means that at the beginning of the seventh year of the contract, the review begins; you don't wait ten years. Basically it's a seven-year period to when you can evaluate, and then there is a year or two where you can evaluate, and then the government can come to its decision.

There is a series of decisions that have to be made in the contract. There are the objectives you have in terms of the programming service; there is the willingness and ability of the government to fund certain services; there are the questions of expansion.

So it's not something that can be done at the end of the ninth year or anything of that nature. I think a ten-year period makes sense, with the understanding that the review would probably start at about the seventh year.

Hon. Andy Scott: If I can interpret that, the nimbleness of something slightly less, but the certainty of ten years seems to be the balance we're trying to achieve.

Mr. Robert Rabinovitch: The seven to ten years allows you the planning reference framework that we need to develop programs. From the time a program is an idea to the time it's written up as a scenario to the time it's financed to the time it actually gets on air is usually three to four years. And then you want to test the program for a couple of years to see how it's going to work. So it's not inconsistent.

Hon. Andy Scott: There has been a lot of discussion from witnesses around whether or not there should be an amendment to the mandate speaking to new media.

Without speaking for all of those witnesses—it's gone back and forth a little bit—maybe we can ask whether you think we can attend to the challenges of new media without necessarily amending the mandate.

Mr. Robert Rabinovitch: Without necessarily amending the act? Is that what you mean by the mandate?

Hon. Andy Scott: Yes.

Mr. Robert Rabinovitch: Yes, I think you can. I think the act is written quite broadly and allows and encourages the CBC to use the most efficient means possible to try to reach the maximum number of Canadians. So I don't think it calls for an amendment to the act, but I would welcome your report's endorsing the need for us to be in all forms of new media.

Yesterday's new media is today's old media. When I started in this job, we were barely into the Internet, and now we're into iPods, satellite radios, and multiple different forums. The world is changing dramatically and quickly, and the public broadcaster has to be there.

Hon. Andy Scott: You mentioned that the circumstances have changed even since you were here in March. Could you give us an update on the transition plans from analog to digital?

Mr. Robert Rabinovitch: It's expensive; I can tell you that.

We are moving to digital in our programming as quickly as we can. For example, on the French side all of Sylvain's studios are now HD digital, but his news service is not yet. That was a priority. We decided to go with drama, because of production in Sylvain's shop, so we moved there first.

We've gone now to sixteen by nine format. In terms of how we present the information, we present it as digital on your TV.

On the English side, we went first and have done more HD production and digital production in the newsroom. And more and more, in our contracts with independent producers, we're calling for HD.

The Olympics this year, for example.... For the last Olympics, a very small part of the programming was in HD, and that's just two years ago. This time, out of Beijing, all of the programming will be in HD, with the concomitant increase in the cost for transporting it and presenting it.

Hon. Andy Scott: Finally?

The Chair: I think you may have time to ask a question a bit later. We have gone a little past the time.

Hon. Andy Scott: You're very gracious.

The Chair: We're going to try to stay close to time.

Hon. Andy Scott: I'll hold you to that.

The Chair: Ms. Mourani.

[*Translation*]

Mrs. Maria Mourani (Ahuntsic, BQ): Thank you, Mr. Chair.

First of all, I would like to thank Mr. Rabinovitch, Mr. Lafrance and Mr. Stursberg for coming to meet with us.

My first question goes to Mr. Lafrance and Mr. Stursberg.

As we discuss Radio-Canada and the CBC, I would like to know if you think that the English and French sections are inherently different, if they should be treated differently, if they have different listening habits. If the issues are not the same, it follows that support would not be the same either.

I have another question for Mr. Rabinovitch on a subject that has been on my mind a lot.

People from Radio-Canada International have been emailing and phoning me. They have told me about comments that have me a little intrigued, not to say concerned. What they seem to be saying is that the mandate of Radio-Canada International has been changing for some time—this is not new, but the trend has become clearer under your leadership—and that the funding and resources allocated to Radio-Canada International are not sufficient. They mention \$15

million in 1997. These \$15 million, that were once dedicated to Radio-Canada International, are now in the overall corporation budget and do not go to Radio-Canada International in their entirety.

So here is my question. Of that famous \$15 million, how much really goes to Radio-Canada International? Why does this committee feel that the mandate has changed and that they no longer seem to be providing news overseas, if we take the example of news bulletins? These people say that there are fewer newscasts, and that there are apparently sections, like the Ukrainian service for example, that used to broadcast every day and are now limited to Saturdays and Sundays. They say that programs have been taken off short wave and put onto a cable system. The result is that the programs can now only be heard in Kiev.

That is my question, Mr. Rabinovitch.

• (1130)

Mr. Robert Rabinovitch: With your permission, I would like Sylvain to start.

Mrs. Maria Mourani: Of course.

Mr. Robert Rabinovitch: The same applies to your second question, since RCI is in his area of responsibility. So if you wish, he will also answer your second question.

Mr. Sylvain Lafrance (Executive Vice-President, French Services, Canadian Broadcasting Corporation): I will answer the question about RCI first and then I will answer the question about the francophone and anglophone markets.

RCI's basic mandate has absolutely not changed. However, you will have noticed that for several years, we have worked hard to integrate our radio, television and web resources with the same logic as almost all the media in the world, that is to try for a multi-platform approach. Radio Canada International is no different. Its services are now much more closely linked to those of Radio-Canada. This allows Radio Canada International to take advantage of, for example, Radio-Canada's communications, finance and buildings services, which I feel is sound management.

So Radio Canada International's budget may seem smaller because some amounts are now in communications, in finances, in facilities or elsewhere. Overall, the amounts spent on Radio Canada have not changed at all.

One thing has changed at Radio Canada International, however—and in my opinion, the change was made to better reflect reality. Radio Canada International now also produces programs intended for new immigrants to Canada. We realized that, with our ability to broadcast in Russian, Arabic, Portuguese and Spanish, it was perhaps a great waste of energy to broadcast only overseas, given what we know about immigration rates to Canada. So now we produce programs that welcome immigrants in different languages. This seems to me to be logical for Radio Canada International to do.

I think that this is all good news for Radio Canada International, which today has a much more relevant role than it used to have. It is good news in my opinion.

As to the French and English markets, they are different in many respects. That said, all answers are good, because Richard and I have to deal with the same questions. For example, the increase in platforms and the matter of rights are the same questions.

At times, the answers are not the same because the francophone market is heavily influenced by the Quebec market where Quebecers have a very strong allegiance to their own television, and then by the importance that we all attribute to francophones outside Quebec. This is a completely different approach to broadcasting, and it does not exist in English.

There are two orientations, there is a business orientation that deals with major questions about administration, financial management, the technology watch. It makes sense to do this together because we are a single corporation with the same issues. But then, we have to adapt our approaches to our different markets because if we do not, the response we get will not be good.

Richard, do you want to add anything?

• (1135)

Mr. Richard Stursberg (Executive Vice-President, English Services, Canadian Broadcasting Corporation): As always, I agree completely with Sylvain. But I would like to add that we have established a \$10 million fund that we call the Cross-cultural Fund to look at things that the two markets have in common. Sylvain and I chair that committee, which funds projects so that they can operate at the same time in English or in French, on television or on radio.

What strikes me here is that CBC/Radio-Canada is probably the only institution in the country that can do that kind of thing, that is, explore things happening in French for anglophones and things happening in English for francophones.

Mrs. Maria Mourani: Thank you.

I would like to...

[English]

The Chair: We have to keep our questions just a little shorter, because a long question sometimes requires a long answer, and you were way over time.

Mr. Siksay.

Mr. Bill Siksay (Burnaby—Douglas, NDP): Thank you, Chair. I'll try to do better.

I want to thank all the witnesses for being here, and specifically Mr. Rabinovitch, in appreciation for your service to CBC/Radio-Canada for so many years as you move on to other challenges.

I want to pick up on something that you raised very early in your statement this morning, the whole question of micro-management and particularly the concern about where programming is made and by whom. That's something I think the committee has heard about significantly—regional programming, regional production, and the importance of that to many communities. We've heard it in the context of the phrase "Montrealization" of some productions. We've heard concerns about programs like *Little Mosque on the Prairie* that represent the prairies being filmed in Hamilton.

I wonder if you could comment a little bit more on that issue from your perspective and the problems you see with that.

Mr. Robert Rabinovitch: Thank you for that.

I believe that it's an important factor to try to develop programs in different regions. We do try to pursue that, particularly with our news and current affairs programming in English and in French. At the same time, one must recognize that like all countries there tends to be in our case two significant centres of production. I think it was Sylvain who told our board the other day that 95% of the members of Union des artistes live in Montreal.

We try to develop programs in Moncton and other places, but you sometimes have to transport the skill sets from Montreal to Moncton, so we do, for example, a co-production. The problem as well is that as people develop their skills, we can't give them all the work that they have. They have to be available to work with other independent producers, so they therefore tend to migrate to Montreal and Toronto. It's an inevitable pull. We don't say it's good or bad. Our position is that we do want to produce in different centres.

That's why we're rebuilding Vancouver at the present time. It's the second-largest English city in terms of CBC, well, in terms of the country. We are rebuilding our facilities there. We're putting a lot of money in to be able to produce.

What I was saying in the text is that it doesn't serve a purpose, at least as far as we're concerned, to say x percentage must be done in this area, y percentage must be done in that area, this kind of program must be done here, that kind of program must be done there. That is precisely what happened back in 1999 with the decision of the CRTC, which also proved not to be workable.

There is also a concern that we have—we live with it and have to work with it—that you're not eligible for certain grants unless the program is produced 150 kilometres outside of Moncton, outside of Toronto. That doesn't accept the reality of where the program producers live, where they want to work. Our job is to encourage them to move to different places to do it.

In a case like *Little Mosque on the Prairie*, a lot of the shooting was done in Saskatchewan, as I understand, but you're absolutely right, the core of the program was shot in Toronto or in Hamilton, because in fact that's where these people live and that's where they want to work. So we're always looking at a balance of doing it.

We do a much better job, I must say, and can do a much better job, in local radio. Remember that we see ourselves as a combination of services, a programmer that tries to do different things. The strength of CBC/Radio-Canada radio is its local programming. Everything is driven off local programming. That's why we feel there are eight million Canadians who are deprived of a service. In a city like Hamilton—I'm sorry, I'm going on—their local CBC radio show comes from Toronto. In Toronto, Andy Barrie is number one; in Hamilton, he's number seven. That's logical; he's basically Toronto-centric, but that's his job. We'd love to have a station in Hamilton.

•(1140)

Mr. Bill Siksay: Chair, do I have a bit more time?

The Chair: A wee bit of time.

Mr. Bill Siksay: Thank you.

Mr. Robert Rabinovitch: I absorbed all your time.

Mr. Bill Siksay: No problem, it was helpful.

I want to ask Mr. Stursberg if he might just expand a little bit on Tim Hortons versus Starbucks. It was an interesting quote, and I wonder if he might fill us in about where he was going with that.

Mr. Richard Stursberg: It was a metaphor. The purpose of the metaphor was to try to capture what we're trying to do.

The CBC English service faces a very particular set of cultural challenges. I think the biggest cultural challenge facing English Canada is our failure as a country to produce television entertainment programming and feature films that actually connect with Canadian audiences. We don't have a problem with newspapers. English Canadians read English Canadian newspapers. English Canadians prefer English Canadian sports teams. English Canadians read English Canadian books. They listen to English Canadian music, and so on and so forth. But the one great area where we have not succeeded is in entertainment programming on television and feature films. We are the only country in the industrialized world that overwhelmingly prefers programs from a foreign country.

If the CBC is to address what we take to be the number one cultural problem, then we want to address it squarely. How can I put this gently? We don't want to make art-house programming. We don't want to make programming that is marginal in any way. We don't want to make programming for elites. We want to make entertainment programming for the public that pays for the CBC. We think that is the right response to the fundamental cultural challenge, because it is a problem about popular entertainment programming that is distinctively Canadian, that reflects who we are, our sense of humour, and our preoccupations.

To try to capture that a bit—and I think I got somewhat carried away, because one wants some simple way of making the point—we'd like to be a bit more Tim Hortons and a little less Starbucks. We want to capture the notion that Tim Hortons is a quintessentially kind of Canadian icon. It is broader in terms of its public stance than Starbucks, and in a certain kind of way, I think it reflects a broader public appeal than what is captured by the image of Starbucks.

That's why we wanted to put it that way. That's what we think is the right thing culturally, and it is the right thing given that we are financed by the broad public.

The Chair: Thank you.

We have to watch it; we're getting over our time a wee bit. I'll try to be fair to everyone.

We're going to go to Mr. Brown.

Mr. Gord Brown (Leeds—Grenville, CPC): Thank you very much, Mr. Chairman.

I'd like to thank our witnesses. I've had the pleasure of hearing from you all a number of times over the last couple of parliaments.

I've had the opportunity to learn a lot more about the CBC and how it operates, which has been helpful in seeing us through this mandate review.

An area that I'd like to talk about is funding. Mr. Rabinovitch, in the latest CBC/Radio-Canada report you noted in your introductory message that the corporation is facing serious financial pressures and that if it is not addressed it will limit your ability to offer Canadians the services they want and deserve. Can you tell us a bit more about the sectors in which the corporation is facing the greatest financial pressures?

•(1145)

Mr. Robert Rabinovitch: Sure.

I would start by reminding members that the A-base, the core base of CBC, has not been increased since 1974. The last time that we had an A-base increase was in 1974. As well, in 1995 we took a \$400 million cut as part of our contribution to the government of the day's desire to wrestle the deficit. Everybody took a cut, whether it was post-secondary education or medicine. We took a \$400 million cut. Some of those cuts have been, if not rescinded...the moneys have gone back into the organizations over time. Ours has not. There has not been an increase.

I must add that we do get money for salary inflation, so we get whatever the government agrees to basically that is what they're willing to give us. In other words, what they agree with their unions, they'll give us. If we settle higher, that's our problem. I haven't seen the day when we've settled lower.

The result has been, on the capital side, for example, that our capital budget has been reduced by about 30% and has not been increased, so part of the answer that I didn't give before to Mr. Scott is we are going to be faced with terrible problems in terms of going digital, in terms of delivering digital HD programming to Canadians. We just don't have the money. We'll have to do it at an extremely slow rate as assets wear out. We don't have the money. The government gave us a special grant in 1979-80 called the accelerated coverage plan. Those towers are now 35-plus years old and are beginning to collapse. We really do not have the money to replace them. We have some very fundamental problems in terms of our capital budget.

In terms of what's most important to me, programming, what we don't have is the money to take risks. We don't have the money to fail. When you take a risk, sometimes it works and sometimes it fails. *Little Mosque on the Prairie* was a great risk. It could have been a bomb. And what would we have done at that point? We have had bombs and we've had to play them off because we didn't have anything else to put in their place. *Les Bougon* was an amazing success story. I'd like to see us doing many more of those, but to the extent that you do these you have to recognize, as a programmer, that some are going to fail. We can't afford to fail.

I'm sorry.

Mr. Gord Brown: I know you want to be up there.

I don't want to pre-judge the mandate review. But what do you think is an ideal level of funding, over how many years, and how should it be spread out?

Mr. Robert Rabinovitch: I find that a very hard question to answer. I think it has been posed to me before at committee—

Mr. Gord Brown: By me.

Mr. Robert Rabinovitch: I was being polite.

We have come forward to government in terms of certain particular programs, for example, to extend the radio service. We believed that would cost us \$25 million in capital and \$25 million in operating funds. We did an HD analysis, in terms of if we want to accelerate HD, and it's in the \$100 million to \$150 million range. I've always said that the \$60 million that the government has given us for programming is less than half of what we need. That is now six years old, so the \$60 million is really worth about \$45 million in terms of what it can buy. I would think that, in terms of programming, the minimum we need to be able to work on our mandate is \$150 million to \$200 million.

Mr. Gord Brown: Okay.

I want to get Mr. Stursberg in here. I'm a Tim Hortons guy, and most of my constituents are as well.

Congratulations on your appointment as the new executive VP for English services. Maybe you can tell us a little more about what that change is going to entail and what the strategy behind combining the television, radio, and Internet services is.

Mr. Richard Stursberg: Sure. This is something we've been working towards for a little while. We've been integrating different kinds of services. We integrated all of the support services, communications, human resources, and finances over the course of the last little while. For a lot of our regional operations we've been moving towards the integration of news. In French, I believe it was two years ago that they integrated fully. It was a logical step in terms of the path we've been coming along.

Concretely, it means a couple of things. First, I don't think the direction of English radio is going to change. I really think the direction of English radio has been very, very successful over the course of the last little while. One of the things I would say to people when I first came to the television side was if we could have a television service in English that was as clever, as successful, and that Canadians loved as much as the one we had in radio, I would be thrilled.

What it will allow us to do is a couple of things. On the point that Bob was making earlier on, the efflorescence of different kinds of platforms of one variety or another, whether Google-type platforms or Internet platforms or mobile platforms or whatever they happen to be, it'll make it easier for us to address all those kinds of platforms in a sensible way.

The other thing it will allow us to do is to in fact develop offers that are designed from the very beginning to run on all the different platforms. We've been experimenting with this for some time now in Vancouver. We asked ourselves: what does the news service of the 21st century look like, particularly local news service?

We said to ourselves that it has at the very least two really important characteristics. One is that it meets Canadians wherever they happen to be, on whatever sort of device they want to consume the news on. So we said it's obviously a multi-platform offer. It runs on radio, television, mobile devices, the Internet, etc., so that we can serve Canadians however they want to consume their news. So we would design it that way around.

The second thing we said to ourselves is—again, to use a metaphor—that we want to think less that what's involved in the news is a conventional broadcast model. It's no longer that I tell you the news; rather, it's a different thing, which is we engage in a conversation with Canadians as to what constitutes the news. It's an issue of stance.

What we would like to be able to do is offer a newscast that is much more networked and interactive, where Canadians can not only express their opinions as to what is important with respect to the news they cover, but they can also comment on the news as we present it and they can discuss among themselves how it is that the news is made. In the most radical form of it, they can actually upload to us content and, indeed, stories that become part and parcel of it, so that, one way to put it, no longer are we sending news in a broadcast model but rather a social network model.

I've been working on that in Vancouver. You can see, obviously, to be able to do it requires that you integrate all of your services, a common set of editorial priorities. As Robert was saying earlier on, journalists go out and collect the news not just for television and radio, but for the Internet and hand-held devices as well.

• (1150)

The Chair: Thank you very much for that.

Mr. Scarpaleggia.

Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.): Thank you, Mr. Chair.

I do hope you become or remain more of a Tim Hortons. I still have trouble ordering a small coffee at Starbucks because I can never remember the vocabulary.

Mr. Richard Stursberg: That's right.

Mr. Francis Scarpaleggia: Last year when the committee went to Radio-Canada we were treated to an excellent presentation by Mr. LaFrance and his team. We saw the mission statement for Radio-Canada projected. One of the phrases in the mission statement was that Radio-Canada is an instrument of democracy.

We had this discussion last week briefly. I don't want to get into committee business on the CBC review, but there seems to be hesitation on the part of Mr. Ménard that maybe you don't use that phrase on the English side. Is that...?

Mr. Richard Stursberg: Well, to be honest with you, Sylvain actually phrases it in a way that I like very much. He talks about the responsibilities with respect to democracy and culture, and as I was mentioning earlier, what we take to be the biggest cultural challenges in English. But when you talk about news, documentaries, public affairs programming that is at its very heart designed to be able to inform the democracy, so I take it—

Mr. Francis Scarpaleggia: Concerning that phrase, we've talked a lot about diversity of voices and linguistic make-up, but this seems to be a new idea, and I think it's very powerful. It strikes a chord, especially among young people who are concerned about issues.

• (1155)

Mr. Richard Stursberg: We have not formally incorporated it, but I like it very much and that's precisely what I would like us to be able to focus on.

Mr. Francis Scarpaleggia: Excellent.

Mr. Robert Rabinovitch: If I may, I use it in my speech. The term can be abused, but the way in which we see the term is very much in relation to an enlightened public. Our job is to enlighten the public, make sure they get the facts, and treat them as intelligent, thinking people who want to know more. Our job is to get them—when I say enhancing democracy, it is so that people can make informed decisions.

Mr. Francis Scarpaleggia: Absolutely.

Mr. Stursberg, in terms of the point you made about the Internet being a new platform and so on, I was listening to a talk by a journalist from the *Gazette*, Mike Boone. You mentioned that we're fine with newspapers, everything is okay, we read Canadian newspapers, and so on, but he was saying one of the problems with newspapers is that they're appealing to a generation that is getting older. He was saying his daughter will look at the first page and then she'll go read the paper on the Internet.

Obviously, you've probably noticed or you probably have statistics on what your market share is among young people for television. Do you have statistics regarding the market share among young people watching the CBC website? Are you noticing that they're drifting from one to the other, or are they drifting away from television and getting lost somewhere in the websphere, or whatever you want to call it?

Mr. Robert Rabinovitch: I can try to answer from the point of view of the company.

We do collect statistics on demographics. We don't skew as old as some of the commercial networks do, but we do skew older in general. What we have learned, which is fascinating, is that young people are using iPods to download some of our most sophisticated radio programs, like *Ideas* and *Quirks & Quarks*. That is what they're downloading from us. They may be downloading new music from *Bande à part*, or from *Radio 3*, but they're also downloading new music—

Mr. Francis Scarpaleggia: Is it a small group or is it a group that's getting larger?

Mr. Robert Rabinovitch: It's a million downloads a month. We believe that it is going up quite significantly, and it is growing. Radio does skew 50-plus in terms of people who listen to it regularly, and there's no question there's been a significant drop-off among teenagers, as they have other sources of music. But we believe that we're beginning to capture that 18 to 35-year-old group, but through the new technologies. Let's hope that over time, they'll move with us into radio.

Mr. Francis Scarpaleggia: It's working then.

Mr. Robert Rabinovitch: Yes.

Mr. Francis Scarpaleggia: In terms of the contract—and I find this an interesting idea—I think what you're getting at is that you want stable funding over a certain period, and I agree with that. You're saying that in order to have stable funding we'll find a commitment, but we won't get into micromanaging. Herein seems to lie the problem: we have a Broadcasting Act—it's fairly general but it lays out some specific responsibilities—and we're always arguing over the interpretation of the stipulations in the act. For example, we've been arguing for five or six years over whether CBC is doing more for regional programming or less. Some people say it's less; you've said we're doing our job; and others say it's more. Are we going to get into the same problem? What happens if the government decides you haven't met your contract? Do you really believe they'll cut their funding commitment? I'm a bit frustrated about the whole issue.

Mr. Robert Rabinovitch: As the situation is right now, we have the act. We also appear before the CRTC relatively regularly, and on a five or six-year review basis, on our actual licenses. They set the conditions of licence, some of which, unfortunately—especially on the French side in the last round—were unbelievably detailed, with x number of hours of variety, y number of hours of this, etc.

But the CRTC is the first to admit that they don't control our budget, and they don't have a say in what our budget is. They can come up with anything they want, make it a condition of licence, and either we're onside or we're offside, but the fact is, they can't help finance it.

The purpose of the contract is to have a combination of stable funding so that we know what we're doing, but it is a dialogue between we who supply the service and you who represent the people of Canada, about what you want from your public broadcaster. Then comes the question of what the government is willing to pay for.

• (1200)

Mr. Francis Scarpaleggia: What happens, again, over—

The Chair: Mr. Scarpaleggia, we've gone on a little far here, again.

Ms. Mourani.

[Translation]

Mrs. Maria Mourani: Thank you.

I want to come back to Radio Canada International, RCI, whose main mandate is to broadcast internationally in different languages and to provide information about Canada. It has a complementary mandate to tell immigrants about Canada.

I am told that less and less radio news is being broadcast, that production staff is being told not to make news programming, and that the CBC seems to have abolished rules 14 and 18 in its corporate policy that explicitly require Radio Canada International to produce broadcasts aimed at overseas audiences.

I went onto the RCI website and it is true that, when you click on the national and international articles, you are taken directly to the Radio-Canada site. When you click on "Migrations et Immigration", you go to articles written by people who work for Radio Canada International.

Is the mandate changing? I am not saying that it has been abolished. Does one mandate take precedence over another? If so, how can that be done without contravening the act?

How much of that famous \$15 million goes directly to Radio-Canada? As I understand it, those \$15 million are supposed to go directly to Radio Canada International, and not be included in the corporation's overall budget.

Mr. Sylvain Lafrance: I will talk about the mandate first and then about the money.

Radio Canada's mandate is not changing, but, like media mandates everywhere, it is evolving. Look at the large international media outlets. When, for example, Radio Canada International goes on the air in French-speaking Africa or anywhere else in the world, we are up against the major international players like the BBC, Voice of America or Radio France Internationale. They have much greater resources and are able to offer complete and well-directed news services. RCI is much smaller, so it has to set itself apart from its competition.

Still from the standpoint of the democratic and cultural values that we want to espouse, we decide that RCI must be a tool that broadcasts Canadian democratic and cultural values overseas. Do we do that in newscasts only, or do we also do it with cultural shows about Canada of a more general and social nature? This question of programming is an interesting one.

Yes, there has been an evolution. The mandate has not changed, but it does adjust: if we really want to get democratic and cultural values out there, we have other ways to do it than just by news bulletins. The news produced by CBC in English and Radio-Canada in French is generally good, and, broadly speaking, covers what is going on in Canada.

Maybe there has been a shift towards programming whose content deals more with culture and society than information, but that seems to me to be simply a process of matching RCI's personality to the present reality of international broadcasting.

Is there less programming than previously? It is certainly true that the broadcasting technology used by the major international broadcasters has changed a lot. Short wave, for example, is much less effective in some markets today than the web, or programs on FM.

Radio Canada International is a multimedia outlet today, in my opinion. If you go on the RCI site, you will find a lot of video and audio. RCI has become a production unit that is quite specialized in world migration and immigration issues. This is because Canada is an important country that must be an example to the world in those matters. I see that as a major role.

The essence of RCI's mandate has not changed.

As to the finances, RCI has about \$15 million that it can call on. Whether its communications money comes from a communications team, whether Radio Canada International is written on the cheque or whether the money comes from a communications team with Radio Canada written on their cheques, honestly, it makes little difference. I think that it is more effective to use a large team of communications specialists or a large team of financial people and include RCI in our structures, as we have done for many of our operations at the corporation, especially since Robert arrived. I just see it as good old efficient management and basic common sense.

•(1205)

Mrs. Maria Mourani: I understand perfectly what you are saying, but I say to myself that, if the government gives you \$15 million for Radio Canada International, logically, the money must go to Radio Canada International. I understand management, I understand rationality, centralization and all the rest. As you say, the cheque can be written by Radio Canada or Radio Canada International, but in order to write it, the government must give you the mandate.

Do you understand what I mean?

Mr. Sylvain Lafrance: We are still investing \$15 million in Radio Canada International, and I feel that all our government partners are perfectly aware of the corporation's integration strategy. They know full well that Radio Canada International is part of it.

Mrs. Maria Mourani: OK.

Mr. Sylvain Lafrance: It is true that Radio Canada International's budget is now part of the corporation's budget.

When we did it—and I say "we" because it includes all Radio Canada International's partners—it was very clear that we wanted to manage it more intelligently, if I may say. It allowed us to cut some costs so that we could put more money into programming. We really did it with that intent.

Mrs. Maria Mourani: So, as I understand it...

[English]

The Chair: We have to move on.

Mr. Fast.

Mr. Ed Fast (Abbotsford, CPC): Thank you, Mr. Chair.

I want to thank all three of you for returning to our table.

Mr. Rabinovitch, thank you for your many years of service to our public broadcaster. I suspect this will not be the last time you appear before this committee. We've had one past president of CBC appear before us during this mandate review. This may fall upon your shoulders some day, as well.

I did note that you made a number of very bold statements in your opening comments. Quite frankly, I'm encouraged by those. You're not a shrinking violet. You've clearly set out some of the financial challenges that CBC faces. You've also outlined what you believe are the minimum requirements to address the needs of the public broadcaster.

I also want to assure you that we are going to be hearing testimony from organizations like BBC, PBS, and perhaps the Australian public broadcaster, so we haven't closed that door yet.

In terms of the bold statements you made, it intrigued me that you actually made it clear that you cannot succeed if audiences do not watch or listen to your programs. You even made it in bold: "...but one cannot have a public broadcaster without a public." That's the reality. What we do want is a broad audience for the programs we deliver. We can't be elitist. We have to focus in on serving the public that actually pays for the public broadcaster.

You also made a strong statement about micromanagement. Mr. Siksay raised that, and I believe Mr. Scarpaleggia did as well. Without getting into the details of what has been discussed in camera, I think it's fair to say that we've had some discussion about the issue of micromanagement, although I believe there's a consensus that we not get into micromanagement; we may have different definitions of what it means.

My question has to do with one issue that can perhaps be micromanaged to the detriment of CBC. That's the whole issue of Canadian programming. How much of it is there going to be? When do we deliver it? Do you see there is a role for this committee, or the government, to interfere by providing you with directives as to how that Canadian programming should be delivered, apart from the requirements of the CRTC imposed on you under your licencing requirements?

Mr. Robert Rabinovitch: First, let me react to the beginning of your statement, that you cannot have a public broadcaster without the public.

That message comes out very clearly if you talk to France Télévisions or the BBC, that you cannot be an elitist organization. You have to have a mix of programming. That's why I try to say that the public broadcaster must have a mix of programming to attract people to it and in the process show them and give them different programs and different types of programs.

I strongly believe that. If you look at the BBC, they have a concept called "hammocking" where you have a very popular program, a very serious program, a very popular program. That's why they call it a hammock. But without that front end, the *EastEnders* or something like that, you cannot capture the audience to do the rest.

This is a very critical concept. Quite frankly, I would not want to see the CBC becoming PBS North, which has a 1.5% share and ultimately has lost the respect of the large population in terms of the funding that they need. They don't live off their fundraising campaigns. They do live off government funding.

Now, to your question, I think it's really important to begin to define what is and what is not micromanaging. I think your telling us to do more comedy and to do more variety shows is verging on micromanaging. Telling us to be an all-Canadian service with some "best of the world" is not micromanaging. That is reinforcing what the mandate of the public broadcaster in Canada should be.

As you know, we feel that the biggest hole is entertainment and drama on the English side, and I think it's perfectly legitimate for the committee to endorse or disagree with that as a concept without crossing the line into micromanagement. I'd get very concerned if you told us we have to do six and a half hours and we'd better give up our Friday nights to have comedies. Well, we'll have comedy—I

think we're great at it—but the day may come when it's not the right genre to be pushing at any one time, and I'd be a bit concerned if you went down one more level.

But definitely, distinctive, Canadian, reinforcing some of the principles in the act—those principles were there in the 1968 act, yet if you looked at CBC at the time, the programming on prime time was highly American. I think my predecessors and we have moved very much towards doing more Canadian programming in prime time. But again we have to finance it somehow, and we have to attract that audience, because without the audience.... That's why having a hit like *Little Mosque* doing over a million to us is a home run. It shows it can be done and we can attract people, and quite frankly, you can also use humour to give a very serious message.

So I have to count on—I'll use the word advisedly—the maturity of the committee to decide where the line is in terms of micromanaging.

• (1210)

Mr. Ed Fast: You're acknowledging that there clearly is a commercial aspect to the service we're delivering. I was very intrigued to hear you talk about not looking at profits but looking at an opportunity to build resources that are going to fund other programs that are valuable to Canadians. I found that to be a very valuable balance that you suggest.

Mr. Robert Rabinovitch: Over 50% of our funding on the English side and over 40% of our funding on the French television side is from commercial undertakings—a combination of advertising, product placement, sale of content, subscription fees, etc.

Therefore we must be conscious of the market at all times. That doesn't make us any different from any other public broadcaster except the BBC and I think ABC as well. Almost every other one is a mix of that, which means it keeps you focused on the market, and that's not bad.

Mr. Ed Fast: Thank you.

The Chair: Thank you for that.

Ms. Minna.

Hon. Maria Minna (Beaches—East York, Lib.): Thank you, Mr. Chairman.

We've had a lot of discussion on financing this morning. I take the information you gave us. I just want to ask this. My understanding is that there's a rumour going around that we have heard from the Media Guild and others that the CBC's spending budget could be cut by 5%. I have also heard that it is supposed to be across the board. Could you tell us, Mr. Rabinovitch, what exactly that would mean to the CBC if that were actually to happen? I think it's important for us to know, if we're going down that road, what that means.

Mr. Robert Rabinovitch: First of all, in fairness to the government, we have been told that over the next four years, in a cycle, all government programs and all agencies will be reviewed with a view towards what they call a 5% reallocation. We'll have to see what that means.

Hon. Maria Minna: It's always been a cut, so—

Mr. Robert Rabinovitch: From our point of view, a cut by any other name is a cut.

• (1215)

Hon. Maria Minna: That's right.

Mr. Robert Rabinovitch: From our point of view, 5%, based on our budget, is a minimum of \$50 million, and could be, if they include as well our revenues—we're a \$1.7 billion corporation—\$85 million. That would be devastating, because either we would have to turn off transmitters or we would have to cut back on programming and definitely cut back on taking risk.

We believe we reallocate every year, and we can prove and show how we move money around within the corporation and reallocate it every year and how we have financed all of our new buildings with our own money, with our ability to do deals in real estate, etc. So we're quite comfortable that against any test of efficiency or effectiveness, we can prove we have done and are doing an excellent job. Therefore, to be forced to make a 5% cut to be efficient is almost an oxymoron. It doesn't follow.

Hon. Maria Minna: Just to clarify, you said you've been asked or you know a review is to take place in the next four years. Is that what you said?

Mr. Robert Rabinovitch: My understanding is that the government is undertaking a cycle of reviews of about 25% of agencies and programs every year. We have not been reviewed this year from that point of view. We've been reviewed from others, but we have not been reviewed this year, and we have not been told if it's going to be next year or the year after or the year after, if at all.

Hon. Maria Minna: My next question goes back to your earlier statement with respect to the eight million French-speaking and English-speaking Canadians who do not now receive service, and your proposal to address the 15 fastest-growing communities and your need for \$25 million in order to be able to do that. Your report was in May, and I presume that report went to the government as well. Has the corporation heard anything back as to what, if any, support you might be receiving with respect to that expansion?

Mr. Robert Rabinovitch: The report was tabled first with the government. I believe the government sent it to this committee, and their response to us has been that it's now in the hands of the committee, who are in the midst of doing a mandate review.

Hon. Maria Minna: I see. So it's in abeyance waiting for the rest of it.

Mr. Robert Rabinovitch: We're waiting for you.

Hon. Maria Minna: Right. I just thought that maybe the government had given you some response with respect to that.

Mr. Robert Rabinovitch: No, they haven't given us a yes or a no.

Hon. Maria Minna: They have given you nothing.

Mr. Robert Rabinovitch: They haven't given us a yes or a no. They've said we'll wait for the committee and see if it fits into the mandate review.

Hon. Maria Minna: I see.

My last question goes back again to your presentation this morning and your comments with respect to the channels dedicated specifically to expression of nationwide diversity, new cultures, and opinions of regions. The diversity of new cultures is of particular interest to me.

I visited Australia some time ago, and there they have an actual public broadcast corporation that is multicultural. It is separate from their equivalent of the CBC. They essentially have two public broadcasting corporations—one multilingual with subtitles, the other for the general public. I'm not suggesting we go there, but I am asking what kind of evaluation has already been done at CBC with respect to bringing in some more diversity. I don't mean just the person reading the news, but in terms of programming and cultures.

When travelling Canada as a member of Parliament, I have been exposed to the Acadian culture in our country, and to Newfoundland, and to these kinds of things, because I have gone there. Canadians are missing out on such fabulous cultural experiences. That's the regional. The other is the diversity, in terms of actual new cultures.

Mr. Robert Rabinovitch: We'd all like to jump in, so I'll just say a bit and then ask Richard and Sylvain to respond.

The bottom line, from our point of view, is that in today's world of cable delivery and satellite delivery, it is not as expensive to build a specialty service as it once was. On top of that, the public is more and more looking at their specialty service first. For example, when my television goes on it goes to Newsworld, and from there I move to other things. So it started with sports and news, and it's now branching out into children's programming. We believe this is the future.

People want to know what's going on in their specialty area. They'll also come for the conventional stations—there's no question about it. But this gives us a unique opportunity to build specialized programming, whether it's for kids, or whether it's high-culture—in other words, programs that would not draw a large audience but would draw a good audience. They would also meet some of the diversity needs and reflect some of the diversities in this country.

We hear that in particular when we talk to *les francophones hors du Québec*, who feel that the service is too Montreal-centric. This would give us an opportunity. After all, 85% of the population we're serving on the francophone side live in Quebec. So it's hard to get the balance right. This would give us a lot more flexibility to work with *les Acadiens*, the Franco-Manitobans, etc.

Sylvain.

● (1220)

Mr. Sylvain Lafrance: We have many initiatives on the multicultural aspect of it, and one I would like to talk about is RCI.

RCI viva, which is a part of RCI now, is totally designed for immigrants in Canada and for people of all cultures. You can catch RCI viva on SIRIUS satellite radio now. If you go on the website you will see that it's really a multicultural service. It was totally designed to welcome new people in Canada and explain how we work in terms of democracy and culture. It's really interesting to look at that.

The interesting thing is that this service is actually contaminating our regular service. Some parts of those programs are broadcast on the regular radio service or the regular television service of Radio-Canada and CBC. So it's a part of it, and I think it will grow over the years. It's more and more important to talk about that. It's totally designed for that specific purpose.

The Chair: Thank you, gentlemen.

Mr. Fast.

Mr. Ed Fast: Mr. Rabinovitch—or any one of the three of you may answer—I understand there's a plan to open 15 additional regional offices. Is that correct?

Mr. Robert Rabinovitch: They won't be regional offices. We have submitted a plan to open local radio stations in 15 communities. If you look at our map of services, it's very tilted toward the east, yet certain places in Ontario, such as Hamilton and Guelph—large growing areas—have no local service. We're also very under-represented in the growth areas in the west.

The result is that eight million Canadians do not get local radio service, and that's what our local radio plan is about.

Mr. Ed Fast: Are they going to service all of those eight million, or is this just a running start at it?

Mr. Robert Rabinovitch: The funds we've asked for to open those stations are designed to address eight million people.

Mr. Ed Fast: Will that provide coverage to all Canadians?

Mr. Richard Stursberg: It will dramatically increase coverage. As Robert was saying, for historical reasons the country started more in the east, and more recently it's been growing a lot in the west. We find anomalies, though, that very important populations in the country are not being served. We serve Charlottetown, which is fine, but we don't serve Hamilton, which is seven or eight times larger. We don't serve central Alberta. We don't serve southern Alberta below Calgary particularly well. These are enormous places compared to other areas we're serving.

So the idea behind it is to say, fine, these unserved Canadians should also have local radio service, just as people do in Charlottetown, St. John's, or wherever. That's the purpose of it. So we tried to do it by determining where the greatest number of unserved communities were and what it would cost to build small radio stations and continue to service them. As Robert was saying, there will be 15—three in French, and 12 in English.

Mr. Ed Fast: Are these simply stations or transmitters, or are they actual offices with recorders, with technicians?

Mr. Robert Rabinovitch: Yes. They're actual producing centres.

The most successful part of CBC, both French and English, is the local radio service. I think we're number one and number two in 12 out of 15 communities in Canada—the largest communities in Canada—in terms of our morning shows and our afternoon driving shows, shows like Andy Barrie's in Toronto, for example. And the reason is they focus on local issues.

So if you ask a person in Hamilton to listen to CBC Toronto, he's frustrated, and rightly so. This number one show in Toronto is number seven in Hamilton. We feel we're depriving Canadians of a service that has been proven—and our numbers have gone up dramatically over the years—to be something Canadians want. Yet there are eight million Canadians who can get only a repeat of somebody else's service.

● (1225)

Mr. Ed Fast: I commend you for taking this step, because it's something we did hear from witnesses who appeared before us during this mandate review.

Do you have the funding for it, or is this just a recommendation for funding?

Mr. Robert Rabinovitch: We do not have the funding for it. Some people in my office would say we lowballed the funding, but the reality is we think we can pull this off with one-time funding of \$25 million to build the facilities, and then continued funding because the core of our business in that area is staff. That would be \$25 million per year, basically for staff salaries.

Mr. Ed Fast: So the \$25 million for capital is a one-time expense?

Mr. Robert Rabinovitch: One time, yes.

Mr. Ed Fast: All right. Thank you.

The Chair: Mr. Siksay.

Mr. Bill Siksay: Thank you, Chair.

I wanted to come back to the integration program. Last week the next step was taken in integrating the English radio and TV services. Can you talk to us about what the next steps are after that, what remains to be done? What's next in the plan along that? Does the integration plan involve any job losses or changes in employment at the CBC?

Mr. Richard Stursberg: No, this integration plan involves no job losses or changes of that variety. This is not focused on economic or efficiency issues, this is focused on service issues.

The next area we'll be going to in terms of integration is further integration of news. As I was mentioning earlier on, what we've been doing in Vancouver is conceiving what I'll call a "news offer" rather than a newscast, which runs across all the different platforms and is informed by a consistent set of editorial priorities.

Now, the way that news offer works is you say here's the set of editorial priorities we want to pursue, and when you send journalists out, then ideally what they do is cover the story to the maximum extent possible for the web, the mobile platform, the television platform, and the radio platform. Then what happens is that as the news breaks through the course of the day, it goes on to whichever platform is first up and then gets pushed to the next when the news gets updated, so that it's cross-promoted and cross-extended. So if you want more details, a certain newscast comes up and says this is what's happening, and for more details you can go to the website. Then on the website you have a chance to explore it. That's the general notion.

What we're going to do now is ask, how do we take that and work it back across the rest of the country as a whole through all the newsrooms, whether they're local or national?

Mr. Sylvain Lafrance: If I may just add something about the integration, we did that in Montreal a few years ago, and in fact the main issue in that is a brand issue.

If you decide to go to the news on CBC on the Regina radio station, or a TV in Moncton or a website in London, I want you to recognize the same set of values and the same quality that CBC can offer to you. So it's really a brand issue more than any economic issue.

It's really important today, because of the fragmentation of media and the amount of information you can find everywhere, to have a solid brand of public broadcaster for Canada. This is the art of that strategy.

Mr. Bill Siksay: Just as an anecdote, when the committee was in Vancouver last year I think there was a demonstration piece and they were talking about the integration process of the news. The story was about the real estate market in Vancouver. I remember the committee members looking at this and thinking that it had been just a demonstration piece, not a real piece on real estate, because of the real estate prices that were indicated. Committee members thought, "You made this up, right?" But it was actual news.

Mr. Richard Stursberg: Not at all, that's Vancouver. Welcome to Vancouver.

Mr. Bill Siksay: Exactly.

I want to ask about Radio 2. I think it just had a major relaunch, and I'm wondering if there's any information yet about how successful that's been and what changes that has made. I speak as a Vancouverite, where I gather the Radio 2 market is very significant and always has been. I'm just wondering if there is any word on what the outcome of that makeover has been.

• (1230)

Mr. Richard Stursberg: It is very important in Vancouver. In fact, Vancouver is one of the strongest markets for Radio 2. It's not completely done. So far the indications are that people are pleased with the nature of the changes that are being made. We're trying to bring in a slightly broader pallet of music—it obviously focuses completely on Canadian music—and to do so in a way that's consistent with what Radio 2 has traditionally stood for. I think so far it's very encouraging and the feedback has been positive.

Mr. Bill Siksay: There's been no official analysis of listeners or anything like that.

Mr. Richard Stursberg: To be honest with you, it's a little bit early days and it will be a little bit clearer once we've concluded the relaunch, but that will not be until sometime later this spring.

Mr. Bill Siksay: Do I have more time, Chair? I have one—

The Chair: Very short.

Mr. Bill Siksay: Maybe it's not a short question. When we're talking about micromanaging and the kinds of programming, there's a lot of interest in ten-point drama. I think that's the phrase. I'm new to all of this. That's, I gather, the top level of Canadian content in drama. It also maximizes the job opportunities for cultural workers. I'm just wondering where that fits in your understanding of drama and entertainment. I know there are other ones that don't meet that same standard—reality shows and those kinds of things—that maybe aren't what would be known as ten-point. How does that figure when you talk about drama and entertainment programming?

Mr. Richard Stursberg: Generally speaking, the emphasis we like is on things that are distinctly our own. We have a new family show called *Heartland*, about unhappy girls and unhappy horses, and it's all set in Alberta. It's sort of *Black Beauty*.

Mr. Robert Rabinovitch: A great Canadian program.

Mr. Richard Stursberg: It is. Ultimately, it's really an exploration of a certain aspect of Canadian culture, whether it's *Little Mosque on the Prairie*, whether it's the shows we announced that are coming up very shortly. One actually is in Vancouver based on a novel by Douglas Coupland that's set in an electronic arts company. We like those shows. We like them very much.

We also are happy to work internationally to make great big international co-productions of one variety or another. The biggest one we have on right now is *The Tudors*, and this is a Canada-Ireland co-production, which is very, very expensive. It costs almost \$4 million an hour to make it. We could obviously never have afforded that, but it's spectacular and it's doing very well. Actually, there's a sort of irony to this, in that it's Canada and Ireland that make a television series about British history, only to turn around and sell it to the BBC. We like that.

What we're completely uninterested in is making things that are what they used to call industrial programs—i.e., programs that were shot in Canada but were really intended for export to the American or international market.

We really like things that are ten out of ten, or things that are really very big, very glamorous, such as international co-productions that we could never otherwise afford.

The Chair: Thank you very much for that.

Mr. Scott, I'm going to give you a little extra time because I was very harsh on you in the very first question. Most other people have gone overboard a little, so I'm going to give you a little extra time.

Hon. Andy Scott: He's setting his tone for everybody else for the next meetings, I can tell.

Mr. Rabinovitch, we had a lot of conversation about governance and a lot of conversation about the relationship between the corporation and the government. Witnesses recommended that there be an independent entity to choose the board—the board in turn would choose its chair and the president—arguing that having the government choose the president led to interference and so on. I'd like you to take this as far as you feel comfortable taking it, but I think it's important for us to have some sense of that. I think it is a very delicate thing to establish the appropriate relationship, and that you offer a unique perspective in responding to that delicate thing.

Mr. Robert Rabinovitch: There is no correct answer here. The answer is a function of where one believes we should be going and how we should do it.

I believe it's quite simplistic to argue simply that because the Prime Minister appoints the president, therefore there is political intervention and interference. It's the same thing as appointing a Supreme Court justice. It's the same thing as appointing a Federal Court justice. They're appointed by the Minister of Justice or the Prime Minister, and it doesn't mean that therefore the justice system has been corrupted. The evidence is exactly the opposite, and I would say the evidence is exactly the opposite in the case of the CBC. It's an absolute red herring to argue about that.

I can say that in my eight years, I have never had any suggestion of interference from a minister or from the Prime Minister, and I can say the same for my predecessors. They have not had any intervention or interference. The government may not like some of our programming. They may be concerned in general, especially when we're going through something like a referendum or something of that nature, but they have been very discreet and careful as a government. I say it's the maturity of the government system to respect the role of the public broadcaster and the independence of the public broadcaster.

Remember, my appointment—it's almost over—is what we call in government “for good behaviour”, the same as for a judge. It's not an “at pleasure” appointment. I cannot be fired, except through a joint motion of the House and the Senate. It's designed deliberately to ensure the independence of the broadcaster when there is a change of government, because we are such a major source of news in the country.

One might argue the reasons for the president to be appointed by the board, but the argument that has been made about intervention

and interference just doesn't hold up when you look at the facts over the last 50 years. It doesn't hold up at all. The boards have tended to be mixed, in all fairness, in all candour, and they have tended to be much more partisan or political than has the president. The president, whoever he has been in the past, has tended to wear the hat as a judge would. This is a unique job. It's a wonderful job. It's a tough job and one in which you feel every day the uniqueness of protecting the independence of the public broadcaster, because you know how dangerous and how fragile a plant this is.

Boards are quite different. Boards are very short-term. They can be or they are a gift of the minister or a gift of the government. Sometimes boards are excellent. Sometimes they are not that good. They tend to be, with all due respect, quite partisan, and unlike in the case of the BBC, which is the model people look at in which the board appoints the president but does not appoint the chair—the chair is appointed by the government.... If you look at the quality of the people on the board, they are the most exalted people in British society. The quality of people who go onto that board is very distinct, and for them to call the shots might be very different from the situation in our case, where we have a different tradition.

• (1235)

Hon. Andy Scott: If the board were chosen in a more merit-based fashion, would your position as to the appointment of the president change? Would the nature of the board change your disposition toward the appointment of the president?

Mr. Robert Rabinovitch: It would go a long way to giving me a level of comfort for the future of the public broadcaster, but I go back to my original point, Mr. Scott. It is not necessary, given the history of this country.

Hon. Andy Scott: I think it's—

Mr. Robert Rabinovitch: Governments have been extremely respectful of the job.

Hon. Andy Scott: I think it is critically important to have that placed on the record here today.

Is your generosity continuing?

The Chair: You can have a little more time, sir.

Hon. Andy Scott: The question of advertising was another one that came up a lot. It has come up in a couple of different ways. In one way, and further to what you said in your introduction today, the idea of the audience, the size of the audience and so on, is an end in itself beyond necessarily connecting that with advertising specifically. So it obviously relates to the broadness of the base of viewership or listenership or whatever else these new media force me to think of saying, whatever that is, but it isn't only about that.

So in the future, if there were sufficient resources to make advertising less necessary, would that be an improvement? How would you square the question of advertising, resources, and viewership?

• (1240)

Mr. Robert Rabinovitch: Firstly, almost all public broadcasters in the world take advertising. They need it in order to fund their operations.

Maybe it's because I'm from the private sector, but I think advertising plays a very important role in keeping your nose to the grindstone in terms of your relationship to your audience. So I have no problem with advertising from those points of view.

I sometimes have a problem when advertising breaks up a program too much. There are distinct combinations of ways to do advertising that perhaps only a public broadcaster could do.

But we get about \$330 million from our advertising, between English and French. If the government were to say to me, "I'll give you \$330 million to get out of advertising", I'd say to the government, "Let's negotiate. Quite frankly, we can do a much better job. Leave us in advertising, especially in sports, but tell us you'll give us that \$330 million to put into programming, to put into extension of service." I think there's a better use for public moneys than buying us—and I'll use those words—out of advertising.

Hon. Andy Scott: Is that the level of discussion that you would take in a contract with the government?

Mr. Robert Rabinovitch: In my opinion, the beauty of the contract is that it's a negotiation and the question of micromanagement almost disappears, because it's a question of sitting down and there not being an *obiter dictum*, as there is sometimes with the CRTC.

I would see it as a conscious negotiation between the committee, representing the public, and the CBC, and then ultimately with the government. It's an opening to, together, grope for what is the best for the next five to ten years.

Hon. Andy Scott: Thank you very much.

Mr. Chair, I'm sure you have some questions, so I'll yield to you.

The Chair: I do, and we have one more question from Mr. Mark. He has the floor next.

Mr. Inky Mark (Dauphin—Swan River—Marquette, CPC): Thank you, Mr. Chairman.

First, let me congratulate our new president. I wish you all the best.

Bob and I go back a lot of years. In fact, I started on this committee in 1997 and sat here for probably four years. I can certainly say that you've done an excellent job.

As you indicated, the position is really non-partisan, and you're a terrific example of being non-partisan. I know that over the years you've taken time to talk to everybody, all the different caucuses, and made it a non-partisan position. So let me say thank you for your service to this country.

I've always been a great believer in the CBC, because I believe the CBC is sort of like the glue that keeps this country together, only because it's such a large country from coast to coast. In terms of the future, I think it probably has an even bigger role to play than even in its past. I know the challenges, as you say, with all the different media modes today, but you have to be involved in every one of them.

In your initiative to go back to the community radio stations, it's almost like going back to the future. At one time, you did have

stations in the smaller communities, and television stations as well. I know a lot of them were shut down.

I have the second-largest settled riding in the country. I know CBC is well utilized by rural Canadians in my riding. The two issues they have are that they just love the radio, because it really keeps them in tune with what's going on. There are portions of my riding that actually don't have a regional radio station. They have to rely on Saskatchewan and small FM stations that don't go too far.

But the other concern—maybe it's a dated thing—is television broadcast over the air. Maybe that is a thing of the past. So perhaps you can answer that question. Is over-the-air TV broadcasting a thing of the past?

Mr. Robert Rabinovitch: Thank you very much for your comments. I really do appreciate them.

I have one correction: I don't think we have closed any radio stations over the last while. We did close some television programming. What we're talking about is the dramatic change in the demographics of this country. Where you live is one of the growth areas of the country; others are basically stabilized, and those areas are where most of the people we're not serving are, with the exception of certain parts of Ontario.

In terms of over-the-air broadcasting, we're now at the point at which 90% of people receive their television programming by satellite or cable, and eventually things like IPTV will be there. When I say "eventually", it's there, but right now it's not working as well as it could be to make it really competitive, but 90% get their television in that way.

The interesting thing too, Mr. Mark, is that as satellites have gone up over the last few years, the underserved areas where that 10% is are not rural. The bulk of the underserved now are people who choose not to take cable. They live in Toronto. They live in Montreal. In fact, in Montreal the number of people who still get their service over the air is really quite high. This is a conscious, deliberate decision.

When we put in the accelerated coverage plan the government gave us to cover communities of 500 or more, it was because that was the primary way to receive television. That has now changed totally, and I wonder sometimes whether we're saddled with an old technology that we don't need any more.

We had a very funny situation that perhaps I shouldn't admit to. These towers are now getting old; we had a tower go down, and it took a week before anybody knew that the tower had gone down. In other words, nobody was listening. They were perhaps watching CBC, but they were watching CBC via their satellite. It would be cheaper to pay everybody who doesn't have satellite service in the outlying areas; it would be cheaper to give them what we sometimes talk about as Freesat—give them a dish—than to renew this asset that we have.

Again, it's a question of where I would advise a government to add the money. I'd advise the government that we should do some digital over the air, especially in some of the big cities, but to limit it. Our plan is for 42; maybe we can get away with 20, because every cent I can save I can put into programming, and that is what we're really all about.

• (1245)

The Chair: Thank you.

Ms. Mourani, you can have a short one.

[*Translation*]

Mrs. Maria Mourani: My question goes to Mr. Rabinovitch, and is about advertising.

Last May, the CRTC approved an increase from 12 minutes to 14 minutes in prime time. How many minutes has CBC reached? Are you looking at increasing the number of minutes because of the financial needs you mentioned earlier?

Mr. Robert Rabinovitch: It is more than that. The CRTC approved an increased number of minutes all day, not just in prime time. So it went to 14 minutes this year; it will go to 15 minutes next year, and after that, it will be completely open.

On the French side, we think that that is too many minutes, even for the private sector. So it is exactly the opposite. We are looking for different ways to find the \$110 million that we need on the French side. We are ready to try different approaches, but frankly we think that increasing the number of advertising minutes is a dead end.

Mr. Sylvain Lafrance: It is true that it is a good solution for English broadcasters who are plugging in American programs. It could work. However, in Quebec, as Robert says, there really is too much inventory. No television company, public or private, has taken that route, because there is surplus inventory and adding more commercials would simply drive advertising rates down. That would get us nowhere.

We really are looking in the opposite direction at the moment. We are wondering if it is possible. There are a lot of factors to consider. The economic model of broad-based television funded by advertising no longer holds good. The television stations that are profitable today are specialty channels that charge subscription fees. For broad-based television, the problem is huge. The advertising market is stable in Canada, but it is slightly dropping in Québec. It is a difficult situation, but increasing the number of advertising minutes will not solve it, that's for sure.

• (1250)

Mr. Robert Rabinovitch: I must say that the CRTC policy was designed for the private sector. It does very little for us. Perhaps Richard could find a minute in *Hockey Night in Canada*, but it will be very difficult. If we want money that does not come from the government, we absolutely have to charge what is called a *fee for carriage*. That is what they are beginning to do in the United States.

[*English*]

In the United States, more and more people are being paid to give their signal to a cable operator or a satellite operator to deliver. Why? Because the cable and satellite operators make money on that because they're delivering the signal.

We believe that in the future—and the CRTC has reopened it again for hearings in April—at least for the public broadcaster,

[*Translation*]

but also for companies like TQS,

[*English*]

without a fee for carriage and given the flatness in the advertising market, we're all going to be very hard-pressed.

The Chair: Mr. Stursberg, do you have something you want to say?

Mr. Richard Stursberg: I was going to say to Sylvain's point with respect to these extra minutes that the only place they will provide an advantage in English Canada will be with U.S. shows that command big premiums. The danger is that more of the advertising revenue will migrate to those U.S. shows. When that happens, they will migrate away from lower-value shows—i.e., English Canadian shows.

The Chair: Thank you for that.

I have a question. The issue of broadcasting rights for new broadcasting platforms has been identified as a major issue for CBC/Radio-Canada. First, how has the CBC-SRC approached the negotiation of cross-platform rights to date? Second, what are the greatest challenges?

Mr. Richard Stursberg: This is complicated.

When it comes to those properties that we build ourselves, by and large the rights issue doesn't arise because we're making them ourselves. We control all of the rights from the very beginning. Where the issue arises is when we're working with other people, particularly independent producers.

The position we took originally with respect to the independent producers was as follows. We said look, nobody knows how this is actually going to work. We don't know. Because all these platforms are so new, we don't know what the costs are going to be in terms of exploiting them, nor do we know what the revenues will be going forward. What we do know is that we have to be there because we have to be wherever it is that Canadians are going if we're going to continue to be successful with Canadian shows.

We had proposed to the producers originally that we do this as a kind of joint venture. We said we were happy to distribute, whether on the television platform or to the other platforms—mobile platforms, Internet platforms, whatever it happens to be—and we'll treat it as though it was a program sale. We said that we'll split whatever revenue arises over and above the costs associated with distribution. That is what we put to them.

The producers have so far said, well, we don't know how comfortable we are with that so why don't we do something different. Why don't we do this: producers who are comfortable can say fine, we'll go ahead; those who are not will split the negotiation in two pieces: one piece around the television rights, and then later on, once they're concluded, a piece around the ancillary rights.

To be perfectly honest, this is not a terribly effective way to go at it. If you're building things that from the very beginning are designed to be exploited across all of the different platforms, then it's very difficult to separate the negotiation into platform pieces without finding yourself in difficulty.

I think that what is very, very important—and this is very difficult, very tricky—is to find models that will allow both parties to participate in the revenue in a way that is fair, recognizing that a lot of this is completely new territory and we have to actually explore it together.

• (1255)

[*Translation*]

Mr. Sylvain Lafrance: Can I add something? You brought up the matter of the issues we face. The big issues that we face are an extremely important subject in the world of media and it is being discussed everywhere.

Richard ended by talking about complex issues. A very important one is the issue of intangible assets, things like rights, brands, our employees, recruitment and training. All that is intangible, and is quite complex. The question of rights is an international one that affects artists' unions. But the majority of issues that large Canadian cultural companies will have to deal with, media companies specifically, private and public, are issues surrounding the management of intangible capital. It is extremely complex, but it is absolutely essential for our future.

My view is that the major issue in our business is to know how we are going to make sure that employees have the training required to handle all the new technologies, that we have all the new staff we need to deal with it, and that we are able to manage our brands and

our rights. This will require a number of different disciplines. A new understanding of management is going to be needed to get through the next five or six years.

When you bring up that issue, I get very interested. I feel that one of our main challenges is to change our concept of management so that we can successfully manage the intangible.

[*English*]

The Chair: Thank you.

I must say, we really appreciate your testimony here this morning. I think it's been very beneficial to the committee.

Again, Mr. Rabinovitch, thank you very much for the service you have given the people of this country over the last eight years. May your journey ahead be bright and successful.

Mr. Robert Rabinovitch: Mr. Chair, thank you very much.

I want to repeat again what I said in my open remarks. I have really enjoyed the exchanges at this committee. They have been intelligent, and the questions have been legitimate and on target. I think we all come out of each of these sessions thinking about things again and wondering about different things. I look forward—perhaps I'll be on a ski hill somewhere and I'll read it—to the mandate review. I do hope that it will be a forward-looking document, because I think we really need your guidance.

Thank you.

The Chair: Thank you for that.

The meeting is adjourned.

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