

**DEPARTMENT OF COMMUNICATIONS/  
MINISTÈRE DES COMMUNICATIONS**

**TELEVISION INDUSTRIE SUMMIT  
SOMMET SUR L'INDUSTRIE DE LA TÉLÉVISION**

**THE HON. PERRIN BEATTY, CHAIRMAN  
L'HON. PERRIN BEATTY, PRÉSIDENT**

**HELD AT:**

Four Seasons Hotel  
Montreal, Quebec

December 10, 1991

**TENU À:**

Hôtel Quatre Saisons  
Montréal (Québec)

Le 10 décembre 1991

Volume 2

StenoTran

1 Montreal, Quebec

1 --- Upon resuming at 8:40 a.m.

2 THE CHAIRMAN: Order, please. À  
3 l'ordre, mesdames et messieurs. Can we come to  
4 order, please.

5 Good morning, ladies and  
6 gentlemen. I am delighted to see you all this  
7 morning and I am delighted to call this morning's  
8 session or the Summit to order.

9 Our objective today is to discuss  
10 a long-term strategy for the television industry  
11 which was one of the major recommendations of the  
12 Girard-Peters Report. Our specific tasks for  
13 today are to be found at the bottom of the first  
14 page under Tab No. 4 of your kits.

15 You will be using the second  
16 reports of the working groups as the basis for  
17 this morning's discussion. These reports are also  
18 found under Tab No. 4 in your kits.

19 To begin with, I would ask Mr.  
20 Noel Bambrough, the President and Chief Executive  
21 Officer of Cable Casting Ltd., to place our  
22 discussion in a technological context. Following  
23 his presentation, I will call upon today's  
24 rapporteur, Professor André Caron of the

1           Université of Montréal, to provide us with a  
2           summary of the work undertaken by the Summit  
3           working groups in developing the framework for an  
4           industrial strategy for the television industry.

5                       It will then be my pleasure to  
6           open the floor to discussion on the very  
7           significant aspect of our work here at the Summit.

8                       Mr. Bambrough, if you would be  
9           good enough to give us your presentation now.

10                      MR. BAMBROUGH: Good morning,  
11           Minister, and thank you.

12                      First of all, I would like to  
13           thank the members of the Committee for their  
14           interest and effort in successfully accomplishing  
15           a very demanding task within a very strict  
16           deadline. The members represented CBC, private  
17           broadcasters, Telesat and the cable industry.

18                      I would also like to thank the  
19           staff of DOC for their invaluable assistance to  
20           the Committee.

21                      The Canadian Broadcasting System  
22           is experiencing fundamental change. Technological  
23           and competitive developments plus societal and  
24           behaviourial trends suggest that the broadcasting  
25           system faces major changes ahead. The pace of

1 technological change is expected to accelerate  
2 moving us to an all digitalized world in the 21st  
3 century.

4 First, the consumer. The  
5 technologically advanced family of today is  
6 tomorrow's typical consumer. The technologically  
7 advanced family is a designation for a consumer  
8 group who are early adaptors of consumer  
9 electronic technology. The integration of  
10 television, computers, lazer disks and video games  
11 will accelerate creating an entertainment and  
12 information centre within the home and providing  
13 access to a wide range of services.

14 Technology will become  
15 increasingly customer friendly thereby  
16 accelerating acceptance of new services. There  
17 will be a greater demand by consumers for  
18 personalization of inhome entertainment and  
19 information services. The consumer will place  
20 greater emphasis on programming choice and  
21 scheduling. They will watch what they want when  
22 they want to watch it.

23 There will be a greater demand for  
24 continuing education and working at home. By the  
25 year 2000, the typical family will have multiple

1 T.V. sets and VCRs, including a large screen  
2 television, a compact disc player, a personal  
3 computer, fax machine, several telephones, likely  
4 including a personal communications device, an  
5 answering machine and a camcorder.

6 In the year 2000, the consumer  
7 will have available to him local, regional and  
8 national television services, specialty services,  
9 paid television services, multi-channel pay per  
10 view, video and audio on demand, enhanced or  
11 improved NTSC, high definition television and  
12 interactive television services.

13 There will be information and  
14 transactional services available in the way of  
15 banking, shopping, access to multiple databases,  
16 audio-tech services, electronic mail and home  
17 office services. In addition, the householder can  
18 control energy consumption and manage their home.

19 In technology, there are four  
20 factors which will have a major impact over the  
21 next ten years. The first is digital video  
22 compression which is a technology which allows two  
23 or more video channels on the same bandwidth as  
24 currently required for one video channel.

25 Direct-to-home transmission from

1           satellites which because of the capacity provided  
2           by DBC will quickly become a major competitive  
3           factor. Advanced television systems, including  
4           improved and enhanced NTSC format and high  
5           definition television, will significantly improve  
6           the quality of the picture receivable by the  
7           consumer in his home.

8                           There will be a continuing  
9           deployment of fibre optics in transmission  
10          networks. The broadcasting industry in Canada  
11          will have to respond to a competitive consumer-  
12          driven environment. North American direct-to-home  
13          services will emerge and sell directly to Canadian  
14          consumers. The direct reception of U.S. direct-  
15          to-home services will undermine the regulator's  
16          ability to control access, access by services to  
17          Canadians or by Canadians to those services.

18                           Television services will have the  
19          ability to be interactive. They will have new  
20          formats. They can be personalized and the  
21          consumer will be provided with global access. In  
22          digital video compression, DBC will dramatically  
23          expand channel capacity for both satellite and  
24          cable television.

25                           The increased channel capacity

1 provided by DBC is achieved at a dramatically  
2 lower per channel cost compared to existing  
3 methods of increasing channel capacity. In fact,  
4 DBC could be so successful that it could become  
5 the dominant mode of transmission for most  
6 broadcasting and cable systems.

7 Cable television and satellite  
8 systems will be the first to use digital video  
9 compression. It is quite conceivable that within  
10 two years North American satellite service  
11 providers will be capable of delivering television  
12 services at a compression ratio of between four to  
13 one and eight to one.

14 The broad scale introduction of  
15 DBC by cable will be accelerated by competition  
16 from direct-to-home satellite services. The  
17 delivery of vast quantities of narrow cast or  
18 specialized services is made possible by the use  
19 of digital video compression technology.

20 Consumer demand will compel both  
21 the broadcasting and cable industries to improve  
22 the technical quality of the services they provide  
23 to the viewer. Improved or enhanced, NTSC will  
24 affect the timing of the introduction of high-  
25 definition television.

1                   HDTV, high-definition television,  
2           has a number of advantages. There is more detail  
3           in the picture, compact disc quality sound, true  
4           to life colour, better quality and a wider aspect  
5           ratio for the picture. High definition television  
6           will be delivered using DBC technology by cable,  
7           satellite, terrestrial broadcasters, cassettes and  
8           optical discs.

9                   Direct-to-home services will  
10          become an effective competitor to both cable and  
11          broadcasters. Direct-to-home services have an  
12          advantage in that they ensure uniform high quality  
13          standards, immediate coverage of most of the North  
14          American continent and independence from  
15          established intermediaries. A serious launch of  
16          direct-to-home services in the United States could  
17          take place as early as 1992.

18                   The footprints of these U.S.  
19          satellites make it technically possible for most  
20          Canadians to receive these U.S. DTH services.

21                   In summary, Minister, technology  
22          will increasingly accommodate the consumers  
23          growing demand for more options, greater  
24          customization and greater personalization of the  
25          inhome entertainment services. Market competition



1 will determine who survives in the television  
2 industry in the year 2000.

3 Thank you.

4 THE CHAIRMAN: Mr. Bambrough,  
5 thank you very much and I thank all of the members  
6 of the Technology Committee and the Chair for a  
7 very excellent presentation.

8 I must say that I thought it was  
9 particularly appropriate that you chose to flip  
10 that last side of the summary because it points  
11 out that with all of the changes that are taking  
12 place, there is great confusion as to where  
13 exactly we are going. Thank you for just an  
14 excellent presentation.

15 Today's rapporteur, as I mentioned  
16 at the opening of the session this morning, is  
17 Professor André Caron who is the Professor and  
18 founding Director of the Centre for Youth and  
19 Media Studies at the Université de Montréal.

20 Professor Caron obtained his  
21 Masters Degree in Communications Science from  
22 Boston University and his Doctoral Degree in  
23 Education from Harvard University. Professor  
24 Caron is well known both in Canada and  
25 internationally as an expert in the field of mass

1 media. We are honoured to have him today as our  
2 rapporteur.

3 Professor Caron, we are now ready  
4 to hear your report based on your review of the  
5 working groups' work on the framework for a long-  
6 term industrial strategy.

7 DR CARON: Merci.

8 Monsieur le Ministre, Monsieur le  
9 Sous-Ministre, Monsieur le Sous-Ministre adjoint,  
10 mesdames et messieurs, ladies and gentlemen,  
11 before I begin, Mr. Minister, I would like to just  
12 mention that when accepting this task, I had the  
13 opportunity to meet a number of people of the  
14 industry and I was quite astonished to have so  
15 many people wish me good luck. So I would like to  
16 share these wishes with you. I think we might  
17 need them.

18 I hope I will do justice also to  
19 all of those who worked on the various committees  
20 in terms of the long-term forecast.

21 Les gens assis autour de cette  
22 table ont sans doute des définitions bien  
23 différentes de ce en quoi consiste la télévision.  
24 Toutefois, les progrès technologiques et la  
25 concurrence accrue, en plus des nouvelles

1           tendances de nature sociétaire et comportementale  
2           laissent présager d'importants changements. Bien  
3           que le nombre d'années sur lequel s'étendront ces  
4           changements technologiques ne fasse pas  
5           l'unanimité, il y a néanmoins un consensus quant à  
6           la nécessité pour l'industrie de se doter d'une  
7           stratégie en vue de préparer cette transition.  
8           Les anciens ainsi que les nouveaux acteurs ne  
9           peuvent plus agir seuls.

10                           Les absents notables autour de  
11           cette table sont les télespectateurs, les  
12           consommateurs. Ce sont eux qui nous ont confirmé  
13           de façon aussi directe que variée que nous  
14           connaissions une période de changement.

15                           Les enfants, les adolescents et  
16           même certains adultes nous ont dit qu'ils  
17           préféraient passer des heures devant l'écran, non  
18           pas pour regarder les émissions mais plutôt pour  
19           sauver la princesse des frères Mario de leur jeu  
20           Nintendo. Ils nous affirment qu'ils peuvent  
21           suivre trois, quatre et même davantage d'émissions  
22           en même temps, ou écouter la musique rock ou heavy  
23           metal en syntonisant le canal de musique durant  
24           les pauses publicitaires. Qui plus est, ils nous  
25           ont dit qu'il n'y avait rien de vraiment spécial à

1 regarder. Et je n'aborderai même pas la question  
2 des magnétoscopes.

3 Bien que nous ne disposions pas  
4 des systèmes ni des techniques nécessaires à  
5 l'évaluation précise de ces comportements  
6 étranges, nous savons pertinemment qu'ils existent  
7 et qu'ils compromettent l'industrie dans sa forme  
8 actuelle. C'est pourquoi, au cours des derniers  
9 mois, nous avons tenu des réunions et consulté des  
10 intervenants qui ne sont généralement pas enclins  
11 à collaborer entre eux ou disposés même à  
12 échanger; et nous voici réunis ici aujourd'hui  
13 afin d'établir les priorités dans l'élaboration  
14 d'une stratégie globale de l'industrie canadienne  
15 de la radiodiffusion selon une approche  
16 holistique.

17 Comme nous avons déjà énuméré les  
18 diverses questions abordées par le comité de la  
19 technologie, j'examinerai maintenant les  
20 principaux aspects traités par le comité sur la  
21 publicité et sur la mise en marché, le comité de  
22 la réglementation ainsi que le comité de la  
23 programmation et du financement. Il faut  
24 également tenir compte des principales questions  
25 soulevées par le comité parallèle francophone, qui

1           sont intégrées dans ce rapport.

2                           Il serait d'abord opportun de  
3 mentionner une philosophie globale sous-jacente  
4 aux travaux des divers comités. Celle-ci est  
5 citée dans le préambule du rapport du comité de la  
6 programmation et du financement.

7                           L'objectif d'une stratégie  
8 industrielle doit viser l'établissement d'un  
9 système de radiodiffusion national solide et  
10 susceptible de donner aux Canadiens une  
11 perspective canadienne en matière d'information et  
12 de divertissement. Voyons maintenant comment  
13 chaque comité a traité cette question.

14                           For members of the Advertising and  
15 Marketing Committee, marketing must encompass  
16 public service objectives, business objectives and  
17 viewer needs. In terms of increased share of  
18 advertising, any long-term strategy to improve the  
19 economic situation of Canadian broadcasters must  
20 include measures to improve both market share and  
21 per capita spending by Canadian advertisers on  
22 television.

23                           Committee members acknowledged  
24 that some commercial practices of volume sales,  
25 such as conjunction deals, have been

1 counterproductive in certain markets and this was  
2 especially noticed in the Montreal French market.

3 In terms of enhanced management,  
4 as stated in the report, an improvement is needed  
5 not only in the tools but, even more importantly,  
6 in the skills and training employed to manage  
7 inventory and pricing.

8 In terms of power of television in  
9 the media mix, for many, if not by all, it is  
10 quite obvious that the effectiveness of television  
11 is being challenged. Some of the issues that  
12 should be addressed are the following:

13 How do we put in place tools to  
14 enable television to better research their  
15 viewers, define their target groups and devise  
16 marketing plans to achieve their customers' goals  
17 both at the national and at the local level?

18 With regards to the regulatory  
19 framework of advertising, the Committee members  
20 raised the issue that the television industry  
21 should not be subject to imposed regulatory  
22 impediments other than those which apply to the  
23 advertising industry as a whole.

24 Finally, to be truly effective in  
25 the next few years, the Committee felt that there

1 is a need for a strong, adequately financed  
2 industry marketing and research organization and,  
3 as we mentioned yesterday, the Television Bureau  
4 of Canada seems to be the appropriate  
5 organization. This was also clearly stated in the  
6 Francophone Parallel Committee and such an  
7 organization encompasses public private  
8 broadcasters, including specialty services, and  
9 can take on this important function in both  
10 English and French language markets.

11 Au niveau de la réglementation et  
12 des politiques, comme le reconnaît clairement le  
13 comité de la technologie, la diffusion de masse  
14 visant de grands auditoires cédera graduellement  
15 la place à une écoute plus personnalisée où le  
16 consommateur achètera le plus souvent l'émission  
17 souhaitée au moment voulu.

18 En matière de réglementation et de  
19 politiques, il a été suggéré d'accorder la  
20 priorité aux aspects suivants.

21 L'attribution des bandes du  
22 spectre: cette transition aura certes une  
23 incidence sur la réattribution nécessaire de  
24 certaines bandes du spectre à des services  
25 nouveaux ou à des services existants.

1                   Au niveau des objectifs nationaux  
2 en matière de réglementation, des règlements de  
3 nature préventive, négative ou restrictive  
4 devraient peut-être céder le pas à  
5 l'encouragement, c'est-à-dire à des mesures  
6 positives et incitatives pour l'industrie.

7                   Propriété et contrôle: les  
8 membres du comité estiment qu'il est essentiel de  
9 réitérer que la propriété de notre système de  
10 radiodiffusion doit être canadien afin d'assurer  
11 notre capacité, comme pays, d'implanter ces  
12 objectifs en matière de politique publique.

13                   Les membres du comité estiment, au  
14 niveau des industries culturelles, qu'il faut  
15 protéger et réitérer l'exemption des industries  
16 culturelles prévue dans l'Accord du libre-échange.

17                   Au sujet de la concurrence, le  
18 comité de la réglementation a soulevé deux  
19 questions précises en fonction du DBS et DTH et, à  
20 son avis, il sera nécessaire de réexaminer la  
21 réglementation des services de radiodiffusion qui  
22 pénètrent librement sur le territoire canadien.  
23 Le comité a en outre souligné qu'il n'est pas  
24 encore possible de prédire Les relations futures  
25 entre les télécommunications et les



1 câblodistributeurs.

2 Au niveau des prestations de  
3 services, à mesure qu'augmente le nombre de canaux  
4 câblodistribués, certains pourraient servir à  
5 tester de nouvelles émissions canadiennes et à  
6 offrir des émissions d'un genre inédit et même de  
7 nouveaux canaux présentant ce que les grands  
8 réseaux ne peuvent pas faute de temps d'antenne,  
9 et où on pourrait retrouver éventuellement un CTV  
10 2, un Télé-Métropole 2 ou un CBC 2. Il faudrait  
11 donc examiner comment les câblodistributeurs  
12 pourraient aider les radiodiffuseurs en cette  
13 matière.

14 Pour la production d'émissions, le  
15 secteur canadien de la production d'émissions doit  
16 être reconnu non seulement à titre de secteur  
17 d'activités commerciales mais aussi à titre  
18 d'agence appuyant le gouvernement dans la  
19 poursuite de nombreux objectifs culturels. On  
20 remarque une tendance marquée vers la  
21 mondialisation. Si le secteur canadien de la  
22 production n'a pas l'envergure requise pour  
23 exporter des émissions et signer des ententes  
24 internationales, on assistera alors, dans un  
25 contexte de libre échange et de chute de

1           barrières, à une importation accrue.

2                           Le comité estime que le secteur de  
3           la production a besoin d'un plus grand appui afin  
4           d'augmenter sa part des marchés internationaux.  
5           Les membres du comité se demandent si des  
6           règlements de nature uniquement quantitative  
7           peuvent atteindre l'objectif visant à offrir aux  
8           Canadiens des émissions canadiennes répondant à  
9           leurs attentes. Les aspects qualitatif et  
10          quantitatif ne peuvent être dissociés.

11                          On peut ajouter à ces  
12          préoccupations ce sur quoi les membres du comité  
13          parallèle francophone ont particulièrement  
14          insisté: la nécessité de réviser les règlements  
15          en matière de droit d'auteur afin qu'ils  
16          correspondent davantage à l'utilisation réelle des  
17          signaux éloignés au sein du marché francophone.  
18          Cette question a également été soulevée à l'égard  
19          des règlements du CRTC, notamment en matière  
20          d'avantages tangibles lors d'un transfert de  
21          propriété.

22                          The Programming and Financial  
23          Committee members expressed in their reports two  
24          levels of problems currently facing the industry.  
25          They find a structural problem in terms of a

1 cultural policy which states that the programs  
2 should be Canadian and of high standard while  
3 Canadian programming cannot be sustained by market  
4 forces alone.

5 There are many reasons for this,  
6 from French and English markets being too small to  
7 the problem that the English market is flooded  
8 with American programming whose costs are covered  
9 in another market. The current problem is that  
10 public funds and market revenues are failing to  
11 produce enough resources to fulfill an industrial  
12 objective as stated at the beginning.

13 Revenues of private broadcasters  
14 are failing because the money which Canadians  
15 spend to watch television is increasingly  
16 bypassing those broadcasters. Part of the problem  
17 is that there is no overall increase in television  
18 viewing in today's multi-channel universe.

19 Committee members also believe  
20 that the broadcasting system may be defined too  
21 narrowly by public policy and regulation to be  
22 effective, particularly when the Canadian  
23 Broadcasting System may soon face direct-to-home  
24 satellite services operated from the U.S. with the  
25 serious negative effects on the Canadian system.

1                   The final contextual element to  
2 bear in mind is that of the relationship between a  
3 cultural strategy and an industrial strategy. We  
4 could basically have a healthy industry that does  
5 nothing more than import American products. A  
6 more appropriate view is to recognize that without  
7 a healthy industrial base, we will not be able to  
8 deliver any kind of cultural policy. Both the  
9 cultural and industrial strategies must work  
10 together.

11                   The Programming and Financing  
12 Committee further proposed to look at four  
13 specific components necessary to consider for a  
14 successful industrial strategy in the broadcasting  
15 system.

16                   The broadcasting landscape. Given  
17 the general agreement among working group members  
18 that in the future there will be more channels  
19 available, the challenge is to find ways to be  
20 competitive. People are increasingly wishing to  
21 be in control of scheduling and willing to use the  
22 technology to do so. It then becomes imperative  
23 to decide if one wishes to take a reactive or  
24 proactive position in terms not only of  
25 technological developments, but also consumer

1 needs.

2 As for the players in the system,  
3 Committee members raised the issue of whether  
4 there is a future for broadcasting, as it is  
5 commonly understand, or whether the players of the  
6 future will be operating in vastly different ways.  
7 What is the placing function of the CBC, the  
8 private broadcasters, the specialty and pay  
9 services, cable operators, independent producers  
10 and others? All of this needs to be carefully  
11 positioned in a future framework.

12 As for public policy, public  
13 policy questions will have to address a number of  
14 issues. Among these are: What will be the most  
15 appropriate in terms of Canadian content rules in  
16 the broadcasting environment ten years in the  
17 future? How can regulation and industrial  
18 strategy encourage competitiveness? What should  
19 be the priorities for certain types of  
20 programming?

21 In financing, the Committee  
22 members identified four sources of revenue:  
23 equity investments, sales of air time, government  
24 appropriations, subscriber revenues, sale of  
25 programming and services. Questions that were

1 raised were whether there is a true possibility  
2 for old players doing new things and where new and  
3 old sources of revenue will go or should go.

4 Industrial strategy must look at  
5 the totality of the revenue within the  
6 broadcasting system to determine the method of  
7 assuring the programming needs. Committee members  
8 at the end of their report clearly underline that  
9 on some of these issues -- you might say many of  
10 these issues -- consensus may not be possible, but  
11 one should strive to reach one on as many  
12 recommendations as possible.

13 Among the many suggestions made by  
14 the Finance and Programming Committee, four  
15 appeared to have been addressed by all of the  
16 working groups, at least directly or indirectly,  
17 and are particularly relevant in designing an  
18 industrial strategy. These should not be seen as  
19 all inclusive but only as guiding points for the  
20 discussion.

21 First, should broadcasters  
22 redefine themselves as niche service providers?  
23 How can they reposition themselves to exploit  
24 their programming, packaging, advertising,  
25 education and public broadcasting expertise? How

1 do we get the maximum value from other needed  
2 sources of financing in terms of fiscal  
3 incentives, equity investment, foreign sales? How  
4 do we finance the large investment needed by the  
5 industry as a whole to stay competitive if  
6 revenues stay flat? Given the investment risk  
7 involved, how can the industry attract investment  
8 and risk taking? What are the necessary  
9 mechanisms for a more favourable regulatory  
10 climate for investment?

11 How do we protect and utilize our  
12 existing investment infrastructure cable system  
13 over-the-air transmission system? Should there be  
14 an early decision in reference to DBS and DTH?

15 We may not be able to deal with  
16 those issues today specific to the market level  
17 given the conflictual competitiveness of the  
18 markets, but the challenge is to deal with these  
19 issues at the system level where some consensus  
20 may be possible.

21 This strategy could be to aim for  
22 a managed transmission to a more open broadcasting  
23 environment, one that seeks to optimize the  
24 objectives of the main parties: the consumer,  
25 supplier and public interest. The Canadian

1 industry and the government must now develop the  
2 range of strategies to reach this goal.

3 Évidemment, ce qui est sous-jacent  
4 à toutes ces questions, ce sont les alliances  
5 entre les différents partenaires, alliances qui  
6 devront ultimement se réaliser si on désire une  
7 industrie forte en tant que telle.

8 Merci.

9 LE PRÉSIDENT: Merci, docteur  
10 Caron. It was an excellent synthesis of the  
11 reports and I think really lays out the challenges  
12 that are facing us in a very concrete and very  
13 dramatic way.

14 Just before opening the floor to  
15 interventions by delegates expressing their points  
16 of view on the various issues, I wonder whether  
17 there are questions to either Professor Caron or  
18 to Mr. Bambrough with regard to the presentations  
19 they made. Are there points of clarification?

20 If not, then, let's turn to the  
21 task which is in front of us in terms of preparing  
22 for the priorities for developing a long-term  
23 industrial strategy.

24 Some of the questions I would hope  
25 we would look at this morning are issues such as:



1           What are those priorities? How should we be  
2           trying to frame an industrial strategy? What sort  
3           of targets should we be setting? What are  
4           realistic objectives and deadlines in terms of  
5           coming up with that strategy and beginning to  
6           implement it?

7                               Obviously, there are questions  
8           such as whether broadcasters should redefine  
9           themselves. Professor Caron raised that issue in  
10          his presentation. How do we get the maximum value  
11          from other needed sources of financing? All of  
12          these are important questions and they are ones, I  
13          think, we should be looking at in the context of  
14          the development of an industrial strategy.

15                              Let us open the discussion this  
16          morning. Let's get some idea of the parameters  
17          for the discussion and let's put our teams to work  
18          on Phase II of the Summit to move ahead on some of  
19          these longer term issues. The floor is open for  
20          any delegate with comments on these issues.

21                              Mr. Foss, please.

22                              MR. FOSS: At the outset, I wonder  
23          if it would be of any interest to have a quick  
24          advertiser overview, particularly in relation to  
25          the goal of increased share of advertising for

1 television.

2 The advertising revenues to the  
3 broadcaster are advertising expenditures to the  
4 advertisers and we allocate from the budgets the  
5 portions that will go to broadcasting and the  
6 portion that we allocate to other media choices.

7 This is an ongoing process and it  
8 represents the competitive environment in which  
9 all of the media has to operate. This environment  
10 is getting more competitive all of the time and  
11 these are specific choices that constitute the  
12 competition as well.

13 We talked about a number of them  
14 here: the fragmentation within the medium from  
15 additional services, the new technology, VCR  
16 ownership and exploding growth of rental. That  
17 means that when you are watching a movie you  
18 picked up in the video store, you are not there in  
19 prime time watching the programming you put there  
20 and the commercials we have attached to it.

21 The delivery of the audience  
22 measurement is therefore becoming more and more  
23 critical to the advertisers. These are all  
24 factors that are under consideration when the  
25 budgets are made. Unfortunately, the growth in

1 budgets over time is not as great as it has been  
2 in many other previous years leading up to the  
3 times we are in today.

4 Both in the U.S. and in Canada,  
5 the percentage growth over the previous year has  
6 been decreasing now for quite a number of years  
7 since the early start of the eighties, and this  
8 means that there is less to go around and  
9 additional services, new choices in the broadcast  
10 end of it are not going to increase our budgets.  
11 It is going to just take the portion of it  
12 allocated over more choices.

13 Just to end up on a more positive  
14 note, television is and can still be the most  
15 powerful advertising medium we have, but it is not  
16 business as usual any more. In developing your  
17 strategy, you should perhaps copy what we do in  
18 developing new products.

19 In the corporate structure, one of  
20 the first bodies we consult with is our customers  
21 and, as with the task force, perhaps there should  
22 have been a number of your customers around this  
23 table as well.

24 Thank you.

25 THE CHAIRMAN: Thank you very

1 much, Mr. Foss, for a very helpful intervention.

2 The floor is open to any other  
3 delegates.

4 Madame Charest, s'il vous plaît.

5 M<sup>me</sup> CHAREST: Merci, Monsieur le  
6 Ministre.

7 I just wanted to elaborate a  
8 little bit on the point that really struck a cord  
9 here because it made, in fact, consensus again at  
10 our own industrial strategy which is the  
11 relationship between a cultural strategy and an  
12 industrial strategy. That is very pertinent for  
13 producers.

14 The government support of  
15 production has always been on a program-per-  
16 program basis, very much oriented towards the  
17 cultural need. With the increasing cost of  
18 production as well as the necessity for being  
19 competitive on a world wide basis, we have seen in  
20 the last five years the explosion of some  
21 companies who have actually undertaken some  
22 corporate activities as well as the continuation  
23 of the broad base of independent producers.

24 It is very important that the  
25 government recognize now that new tendency and if

1 the industry is to survive, we have to maintain  
2 that competitiveness. Therefore, we need the  
3 government to look at our activity from an  
4 industrial base point of view and support the  
5 projects and the endeavours with that perspective.

6 We come back to the need to  
7 elaborate from the financial support into a tax  
8 credit which would be beneficial to companies or  
9 any other mechanism that the Corporation could  
10 benefit. I think that is a point the broadcasters  
11 also have to understand. We will not survive if  
12 we are forced into producing just a few products  
13 on a yearly basis.

14 We need to produce volume as well,  
15 volume that is defined by the need of the  
16 marketplace in Canada as well as abroad. We need  
17 to have the financial ability to strike the  
18 alliances in Canada as well as abroad. For all of  
19 those needs, we are looking towards the financial  
20 community as well as a diversified means of  
21 helping our industry. I think we have really come  
22 to that crossroad now and it is essential that we  
23 see some action in that direction.

24 Thank you.

25 THE CHAIRMAN: Thank you, Madam

1 Charest.

2 Douglas Holtby, please.

3 MR. HOLTBY: Thank you, Mr.

4 Chairman.

5 I have had the benefit of hearing  
6 this presentation before and I think we risk  
7 proceeding too fast. These death satellites, as  
8 we call them, are not in operation at this time.  
9 I don't think there is any indication at this time  
10 that the consumers want this additional  
11 programming. As a matter of fact, the evidence is  
12 quite to the contrary. In the United States,  
13 people are buying less and not more.

14 About seven or eight years ago,  
15 pay services were -- the average cable company or  
16 average cable subscriber was subscribing to about  
17 four pay services and today it is less than one.  
18 In Canada, the evidence shows that people are not  
19 rushing to the cable operator to buy new services.  
20 Pay penetration is slightly over 10 per cent. The  
21 specialty services were not much greater than that  
22 when they were fully discretionary.

23 I think we have to be very careful  
24 not to get speeded up in this regard. My car will  
25 go 280 kilometres an hour. I don't drive it at

1           280 kilometres an hour. I would kill myself or  
2           kill somebody else, and that's what I think we are  
3           doing here if we go off half cocked and say,  
4           "Because these services may be available, they  
5           automatically have to come in this country."

6                         There may be other ways of dealing  
7           with this issue; for example, developing a  
8           compression technology that is unique to Canada, a  
9           compression technology that not only deals with  
10          compression of satellite signals but also on the  
11          cable system as well that is complementary to the  
12          two; a very efficient system where we can have the  
13          economies of scale that are necessary for the end  
14          user.

15                        I am very concerned when we went  
16          through the last ten years in one day yesterday  
17          talking about the difficulties facing  
18          broadcasting. At least in my mind, we haven't  
19          found solutions to what is facing broadcasting at  
20          this point. Then, today, we talked about 100  
21          channels.

22                        Let's first find solutions for the  
23          40 channels and I ask the cable industry to help  
24          us in that regard -- non-simultaneous substitution  
25          and other situations -- and let's start looking at

1 compression and how we can take advantage of  
2 technology as opposed to being captive to  
3 technology.

4 I don't believe the answer is the  
5 massive importation of foreign signals. I think  
6 it will be the death of our Canadian system and  
7 there has to be an economic balance, as Mr. Caron  
8 stated earlier in his brief, between consumer  
9 choice and a Canadian broadcast system that can  
10 compete in our country and around the world.

11 If our system should fail, Mr.  
12 Chairman, I don't think we have a country. The  
13 broadcast system is doing for Canada what the  
14 railway did a number of years ago and it is  
15 important that it be protected in some way. I  
16 think it can be done technologically and I think  
17 we have to explore all avenues, not just throw up  
18 our hands, just because these footprints from U.S.  
19 satellites happen to get into this country, and we  
20 should say that we have to import them all and add  
21 them to the cable system.

22 I would also like to suggest that  
23 we do some research. The cable industry  
24 continually talks but the consumer wants more  
25 services. Let's do some research in that regard.



1 If they do, I would like to know why pay  
2 penetration is at 10 per cent. We are in that  
3 business.

4 Cancom has a direct-to-home  
5 service and it has had it in operation for seven  
6 or eight years. It includes four Canadian  
7 services, four American services, all of the  
8 specialty services and pay, and it has 10,000  
9 subscribers, Mr. Chairman, and at a very  
10 competitively-priced package. So I don't think  
11 there is any evidence at this point that the  
12 consumers are beating down the door for more  
13 services, and I implore this Committee to not go  
14 off half cocked. Let's not put our foot to the  
15 floor and go 280 miles an hour.

16 THE CHAIRMAN: Mr. Holtby, I think  
17 the points you raise are very, very important  
18 ones. You have really brought us to the crux of  
19 the whole issue we have to deal with here, and  
20 that is: What is this universe that we are  
21 dealing with? Are the changes which are taking  
22 place inevitable? At what pace are they coming  
23 on? How do we respond to it?

24 Clearly, in Phase II of the  
25 strategy, those are central questions we are going

1 to have to deal with and I am grateful to you for  
2 raising those.

3                   Could I get clarification from  
4 your perspective as a broadcaster on some of this?  
5 I talked yesterday about our moving to a situation  
6 where viewers had thousands of choices in the  
7 future. I share your feeling that the  
8 concentration and the so-called death star as a  
9 shorthand for that -- it is a bit hyperbolic to  
10 begin with it and it perhaps distracts us from the  
11 real issue and the breadth of the changes which  
12 are taking place.

13                   It is not simply DBS from American  
14 sources which is threatening the stability of the  
15 Canadian industry. The fact is that the Canadian  
16 industry today is not in a very healthy shape and  
17 what happens with DBS is that it simply continues  
18 to fragment and accelerate the pace of the changes  
19 taking place and to deepen some of the problems.

20                   However, I guess the thought that  
21 comes to my mind is that we keep on thinking that  
22 this increased viewer choice is something that is  
23 two or three years down the road because we keep  
24 on tying it into the issue of the so-called death  
25 stars, the DBS threat from the United States.

1                   I am wondering whether this  
2           thousand-channel universe we are talking about  
3           hasn't arrived now, and I am not being facetious  
4           in suggesting that. What I mean is that if you  
5           take a look at the choices open to the average  
6           consumer, they have today all sorts of choices  
7           available directly off their cable or off air.  
8           That is obvious and we tend to focus on that. But  
9           they also have VCRs which allow them to time shift  
10          and to develop their own libraries for watching  
11          programs. If they don't like something that is  
12          being offered off-air at the present time, they  
13          can time shift. They can pick something out of  
14          their own library and watch what they want to  
15          watch. They are their own programmers and they  
16          are not compelled to watch what the broadcasters  
17          are offering.

18                   In addition to that, they have the  
19          option of going to the local video store at any  
20          time and literally have a thousand choices or more  
21          presented to them for any hour of broadcasting  
22          they are looking at getting programming for.

23                   In Ottawa, for example, the Ottawa  
24          Public Library has a couple of thousand titles on  
25          laser disk that anyone can go in and borrow.

1           There are also literally dozens and dozens of  
2           video stores available.

3                                 Haven't we already arrived at the  
4           point where the power has shifted from the  
5           schedulers and broadcasters who are designing  
6           schedules into the hands of the consumer to devise  
7           their own scheduling, or do you feel that that is  
8           still down the road and it is something we can  
9           either technologically or in a regulatory sense  
10          prevent from taking place?

11                                MR. HOLTBY: I think it is  
12          dangerous to suggest that because people have the  
13          choice of a thousand movies in a video store that  
14          they have a thousand choices. They have thousands  
15          of choices with the broadcasters in this room just  
16          on our schedules right now.

17                                I think the evidence shows that  
18          consumers when they get VCRs -- and we have  
19          experienced this over the last ten years -- had a  
20          great appetite for home rental. That wings off.  
21          That drops off as the novelty wears off.

22                                As I mentioned in my opening  
23          remarks, in my view, there is no evidence that the  
24          Canadian consumer believes that they are under-  
25          served. This country has more services available

1 on its cable system than any country in the world.  
2 We have great Canadian services, free broadcasts,  
3 specialty services and pay services; and pay per  
4 view was just launched in the east and hopefully  
5 soon in the west.

6 The pay services are not as user  
7 friendly as they could be. It is being offered at  
8 two or three channels as opposed to being ten or  
9 twelve channels. Why? Because the cable systems  
10 don't have the capacity.

11 So, in my view, we have a long way  
12 to go and we have to look at what these satellites  
13 are proposing to offer the consumer. To all  
14 intents and purposes, it is pay per view. It is  
15 the same movie on twenty different channels so  
16 that you have the option as a viewer to tune in at  
17 ten minutes after the hour and watch that movie.  
18 It is user friendly. I can't believe that those  
19 100 channels are going to take the place of free  
20 broadcasting.

21 I think it is important that we  
22 develop a Canadian system that deals with consumer  
23 desires, but let's first find out what the  
24 consumer wants.

25 I can recall in the early days of

1 pay when we were all applying for pay television,  
2 there were predictions of 60 and 70 per cent  
3 including the cable industry who had their own  
4 application. The reality is that after ten years  
5 in operation it is a little over ten. The  
6 specialty services had trouble surviving on a  
7 discretionary basis and they were moved down to  
8 basic cable. I am sure they didn't enter this  
9 business on the basis that they couldn't survive,  
10 but the reality was, again, that the consumer  
11 wasn't there.

12 So I think it is very dangerous to  
13 get speeded up in this regard. I don't think that  
14 because there is the potential of a Seattle  
15 company, which currently, as I understand, isn't  
16 even capitalized at this point, of offering or  
17 proposing to offer 100 channels we should go off  
18 half cocked in this regard. I think we need to do  
19 some research and I also think that there may be a  
20 technological answer to some of these problems.  
21 Again, I don't think the system can accommodate an  
22 additional 100 channels. I don't think we have a  
23 Canadian broadcast system if we do import an  
24 additional 100 channels. So, if that is the case,  
25 we then have to find another solution for it.

1                   I think it is also important that  
2                   we look at the current environment. If you bought  
3                   a dish, Mr. Chairman, you could get 100 channels  
4                   right now. Any Canadian could. The reality is  
5                   that people are not on mass leaving the cable  
6                   industry to buy dishes and watch those 100  
7                   channels. There isn't programming for a new 100-  
8                   channel service, Mr. Chairman. It is just not  
9                   possible and I don't think the system could ever  
10                  produce it.

11                  So I think we need to do  
12                  research -- research as to consumer demand -- and  
13                  I also think we should look at technological  
14                  answers, a Canadian compression technology that  
15                  everyone embraces from the satellite providers,  
16                  from Telesat, Cancom and the cable industry, to  
17                  have an efficient system that is a Canadian system  
18                  and very consumer friendly. I think that is the  
19                  answer for the future.

20                  THE CHAIRMAN: Thank you.

21                  Cameron Fellman from TVB, please.

22                  MR. FELLMAN: Thank you, Mr.

23                  Minister.

24                  I would just like to add some  
25                  comments to what Mr. Foss had to say. However,

1 just before doing that, Mr. Holtby just twigged --  
2 there was a meeting I was at in about 1975 or 1976  
3 when they were talking about video-techs and  
4 video-techs was going to be the end of the  
5 newspaper business. I can remember back then  
6 saying, "Yes, those things will come but we will  
7 not see that for 20 to 25 years." I concur with  
8 Mr. Holtby. Let's not get too tied up with the  
9 speed of this.

10 With that, let me turn to, let's  
11 say, the nineties and look at some of the concerns  
12 we have in the advertising and marketing  
13 components of this industry with regard to a long-  
14 term framework. In addition to this technological  
15 change, we are going through some major  
16 fundamental change on the advertising side.  
17 Advertisers are looking at their budgets, as Mr.  
18 Foss says, much differently than they have over  
19 the last number of decades.

20 It is TVB's view that there will  
21 be no quick fix to the marketing and sales revenue  
22 issues which we talked about yesterday. Rather,  
23 we do need an industrial strategy and a strategy  
24 within our own industry on the private public and  
25 specialty side amongst ourselves to cope with and



1 to learn how to better market our medium.

2 Yesterday, both Mr. Foss and Mr.  
3 Peters stated that there was a need for improved  
4 audience measurement systems. We concur with  
5 that, but I will tell you that that is not  
6 nirvana. Audience measurement systems alone will  
7 not solve the problem.

8 In preparing for this Summit, TVB  
9 commissioned and arranged for the funding for a  
10 feasibility study on yield management. It was  
11 funded by TVB, the DOC and a number of  
12 broadcasters. Yield management, for those who  
13 don't know the term, is really art and science of  
14 managing inventory and pricing in industries which  
15 have limited or perishable inventories, such as  
16 airlines, hotels, car rentals and, yes, television  
17 broadcasting.

18 One of the observations that the  
19 consultants made in their study was that this  
20 industry is extremely automated at the production  
21 side, but not automated at the marketing and sales  
22 side, and yet there are many other industries out  
23 there that have automated their marketing and  
24 sales activities over the past two decades.

25 The introduction of yield

1 management and improved audience measurement  
2 systems is going to require extensive investment  
3 and automation, but even that will not suffice.  
4 One of Mr. Foss's -- and, John, we do talk to your  
5 advertisers -- in a focus group we conducted  
6 earlier this year, one of them stated that reach  
7 and frequency data from the audience measurement  
8 system is the software of the sixties.

9 For television, to have the  
10 software of the nineties, we are going to need to  
11 invest in product media data to ensure that it is  
12 used at both the national and local levels.

13 The key point is that we can't  
14 really cope well with adding more data unless we  
15 add the systems and management skills to turn that  
16 data into useful information for decision making.  
17 Yield management is one of these kinds of projects  
18 and I gather that following that feasibility study  
19 this week, one organization in this country is  
20 already proceeding, and I know of at least two or  
21 three others that are looking very carefully at  
22 it. It is also being looked at carefully by the  
23 people who provide the traffic systems in the U.S.  
24 So I think we will see some development of the  
25 automation of the sales and marketing side of the

1 business through the adoption of yield management.

2 The funding you mentioned  
3 yesterday for TVB I can say right now will be used  
4 in two areas: One, to prove the effectiveness of  
5 the television medium; and, second, to further  
6 this automation of the marketing and sales  
7 management of the industry.

8 Mr. Peters also talked yesterday  
9 about leadership and I believe that TVB is  
10 providing leadership in the area of marketing and  
11 sales for this industry. I guess I would just  
12 like to use this forum to say to both the private  
13 public and speciality people that we need your  
14 support both financially and in stature.

15 Thank you.

16 THE CHAIRMAN: Thank you very  
17 much, Fellman.

18 I think TVB can contribute  
19 enormously to the health of the industry and it is  
20 an example of what the industry can do itself,  
21 working together to improve the health of its own  
22 economics.

23 Mr. Guy Gougeon, de la Société  
24 Radio-Canada.

25 M. GOUGEON: Merci. Thank you,

1 Mr. Minister.

2 I would just like to make a few  
3 comments with regard particularly to the  
4 introduction of new technologies.

5 I think as professionals of the  
6 world of television, with the introduction of new  
7 technologies, we have to be very concerned about  
8 two aspects at least. One of them is to make sure  
9 we stay very much aware of these new technologies,  
10 keep very well informed, keep up to date,  
11 participate in the development of these  
12 technologies to make sure that nothing escapes the  
13 Canadian industry and the Canadian people with  
14 these new technologies.

15 Second, at the same time, I think  
16 we have a second responsibility which is to ensure  
17 that when we make these decisions, we make them  
18 with the proper timing. That is not too early and  
19 not too late.

20 I have spent 27 years as an  
21 engineer, ten of them as Vice-President of  
22 Engineering for the CBC. So I have participated  
23 in a lot of technological debates and committees,  
24 both Canadian and internationally. For example, I  
25 can recall back in 1976 when we were involved with

1 NHK with high-power satellites and there was a  
2 Canadian satellite launched at that time, and  
3 tests were made in 1976, DBS tests. As a matter  
4 of fact, we could receive a fairly proper signal,  
5 but a 60-centimetre dish even at the time, if I  
6 recall, and a one-metre dish or three-metre dish.

7 There were all kinds of forecasts  
8 that DBS was around the corner. Naturally, it  
9 didn't happen because of economic reasons. It is  
10 because digital video compression didn't happen  
11 for a while. The economics of it, I guess, the  
12 capacity of the cells and so on -- all of this to  
13 say that as a new technology happens, it becomes  
14 very attractive.

15 We could get very excited with it,  
16 but at the same time I think there is a question  
17 of making sure that we weigh the advantages and  
18 disadvantages of a new technology, that we weigh  
19 the economics of that technology and that we weigh  
20 also the capacity of the system and the consumer  
21 to be interested in that technology.

22 I think we could say the same  
23 thing with high-definition television and also  
24 digital manipulation of the signal. HDTV a few  
25 years back was a short thing. We felt that it was

1 coming much more rapid than it has, but we also  
2 did not only technical tests but also social tests  
3 to see how the consumers were interested at one  
4 time, both in Canada and the U.S., about the  
5 prospect of HDTV. However, the cost factor was a  
6 very important one for the consumers.

7 We have to think in terms also of  
8 what the manufacturers have in mind. Will they  
9 introduce technologies which will be an  
10 intermediate step between HDTV and what we have  
11 now? What will be the improvement of the existing  
12 NTSC systems? These are questions we have to ask  
13 because there is a price to pay for the consumer.

14 There is a price to pay for us  
15 also in the industry. Will the improvement of  
16 HDTV be sufficient that it will justify the extra  
17 costs if it is substantial? So these are things  
18 that we have to address.

19 Even, as a matter of fact, with  
20 the transmission of existing terrestrial systems,  
21 who could say at this stage with the fast  
22 development of digital technology that we could  
23 not have digital broadcasts of terrestrial systems  
24 in a few years from now; or, maybe the possibility  
25 of having digital signals being transmitted within

1 the existing bandwidth, maybe having two. Things  
2 like that were unthinkable a few years back, but  
3 they could be.

4 So my advice and my point is that  
5 we should be very much sensitive to the  
6 development of technology. We should participate  
7 very actively in the development of that  
8 technology, but at the same time, I think, be  
9 careful in not making forecasts which are too  
10 optimistic unless we take into account all of the  
11 elements of the equation.

12 Thank you, Mr. Minister.

13 THE CHAIRMAN: Thank you very  
14 much, Mr. Gougeon.

15 André Bureau, followed by Ted  
16 Rogers, please.

17 MR. BUREAU: Mr. Minister, first  
18 of all, one correction. When Doug Holtby talks  
19 about 10 per cent penetration of pay, that is his  
20 service in the west and if he is not able to do  
21 better, we are prepared to buy it any time.

22 By the way, when I hear Doug, I  
23 have the feeling I am hearing the BBC Chairman in  
24 the U.K. repeating that the four existing channels  
25 are enough for the British population, that they

1 have everything they need and they won't want  
2 anything more.

3 I think that he and I have learned  
4 -- and probably I have a better memory at my age  
5 than his -- from the experience of Cancom. It is  
6 much more difficult, Mr. Minister, to undo a  
7 situation than to try to be proactive and occupy  
8 the field first.

9 We both fought together to try to  
10 establish Cancom when there were hundreds of  
11 thousands of dishes turned to the U.S. satellites.  
12 We know how difficult it was. Thank god there  
13 were good presidents at Cancom after me to do the  
14 job properly and be the success it is right now.  
15 However, it is much more difficult to take a  
16 situation when it has already gone to the United  
17 States and try to convince people to turn their  
18 dish away from the U.S. satellites and come back  
19 to the Canadian satellites and Canadian  
20 programming.

21 So I suggest that the wisdom Guy  
22 Gougeon is advocating is probably the best way to  
23 go. I don't think we should be nervous about the  
24 fact that there could be a DBS service in 1992.  
25 The DBS service may never be a reality, but even



1 if it is, it will be on a big dish which makes it  
2 totally inconvenient for mass usage in Canada.  
3 However, it will happen. Whether it is in 1993 or  
4 1994, there will be a true U.S. DBS service.

5 Those who have attended the CAB  
6 convention have heard Mr. Hubbard, who was one of  
7 the partners in the Hughes Communications and  
8 Hubbard Communications joint venture to launch a  
9 true DBS service in 1993, and that DBS service  
10 will be receivable on dishes that will be about 18  
11 inches in diameter. It could be installed even by  
12 Doug or me. That tells you it will be easy and it  
13 could be installed anywhere, even transportable if  
14 you wish to bring it to your cottage or whatever.

15 There will be around 75 to 90  
16 channels available on that bird with the proper  
17 video compression. There will be a number of  
18 superstations and the rest will be pay T.V. and  
19 pay per view. That will be at an initial price of  
20 between \$700 at the beginning and going down to  
21 about, they believe, \$250 within two years. Even  
22 \$700 is less than a VCR and more than 60 per cent  
23 of Canadian households already have a VCR.

24 The real question is: Can we stop  
25 it at the border? The simple answer, I believe,

1 is "no". Even if the Broadcasting Act would give  
2 us some tools to try to delay the initial growth  
3 of that service, I suggest that this is not the  
4 final answer. Then: Can we elaborate the  
5 Canadian response to such a competition? My  
6 simple answer is "yes".

7 Telesat mentioned that they have  
8 applied to the Commission, I believe, and that  
9 they will be using video compression on their  
10 satellite in 1993 or 1994 at the latest at a price  
11 that will probably be for the satellite users 1/3  
12 of what is being paid at the present time.

13 In 1994, video compression could  
14 also be available on cable. Maybe we won't have  
15 immediately the possibility of an offering of 100  
16 channels. That is not the point. I believe the  
17 point is that we have to be prepared to offer on  
18 our cable system, which is still the best  
19 protection we have for the Canadian broadcasting  
20 system, an offering which will be attractive and  
21 affordable.

22 I believe if we have the  
23 infrastructure to do it with the video compression  
24 on both satellite and cable, we have the  
25 programming to do it and that is where we will use

1           our creativity to offer something that will be  
2           distinctively attractive to Canadian audiences.

3                         In my view, it means that we have  
4           really three issues to tackle. The first one is  
5           the financing of Canadian programs to maintain the  
6           attractiveness of such Canadian programming. When  
7           we realize that agencies' budgets are frozen, that  
8           tax incentives have been reduced to almost  
9           nothing, that advertising revenues will continue  
10          to be limited in the coming years, we have to try  
11          to find ways probably through new tax incentives.

12                        Micheline Charest was talking  
13          about tax credits. That is one way of doing it,  
14          but the timing of tax credits might not be the  
15          final answer either because it is coming a little  
16          late in the game. We might need to go back to  
17          some form of tax shelter, but please believe me  
18          that we should not be advocating coming back to  
19          the sort of tax shelter that was so much abused in  
20          the past. It should be better controlled. It  
21          could even be used as they do it in Europe and  
22          particularly in France through independent  
23          corporations which are making such investments and  
24          which ensure some stability, and not on a project-  
25          by-project basis.

1                   The second issue is the financing  
2 of the additional capacity on cable. I have two  
3 remarks. One is that the cost of this additional  
4 capacity, in my view, should not be borne entirely  
5 by the subscribers because, if it is, then the  
6 Canadian response may be too expensive.

7                   So, again, we will have to find  
8 ways of investing the money that we need to  
9 establish that infrastructure in a way that will  
10 benefit all Canadians and that could come from  
11 regulatory incentives or tax incentives again.

12                   Minister, je ne me sens pas du  
13 tout mal à l'aise, pas du tout gêné de parler de  
14 tax incentive. Quand je vois ce que les  
15 gouvernements sont prêts à faire pour attirer des  
16 industries au Canada, quand je vois la sorte  
17 d'escompte que les gouvernements à tous les  
18 niveaux -- fédéral, provincial, municipal -- sont  
19 prêts à donner n'importe qui qui vient de  
20 l'étranger pour s'établir chez nous, quand je vois  
21 les mesures fiscales qu'on donne pour maintenir  
22 l'exploration minière ou l'exploration de l'huile,  
23 j'ai l'impression que c'est aussi défendable de  
24 dire que pour maintenir notre culture, pour  
25 maintenir un système canadien de radiodiffusion,

1 on devrait pouvoir obtenir des mesures fiscales  
2 qui encouragent les investissements qui vont être  
3 nécessaires, tant au niveau des programmes qu'au  
4 niveau de l'infrastructure de la capacité des  
5 câbles qui va être nécessaire.

6 La troisième question, the third  
7 issue is the alliances between the partners and I  
8 think it is very key. I think that when there is  
9 a common thread, whether it is next year again or  
10 in two years from now, it is central that we try  
11 to put together everything we have against that.  
12 Otherwise, if we start fighting one against the  
13 other or try to protect our little turf, we will  
14 lose at the end of it.

15 I suggest we should realize that  
16 there is a question of timing, as Guy Gougeon has  
17 mentioned. There is the question of affordability  
18 for the customer, for the consumer, and we should  
19 learn from the VCR explosion and interest that  
20 convenience is what people will want in the  
21 future. Our Canadian broadcasting system should  
22 be able to offer quality and convenience.

23 Thank you, Mr. Minister.

24 THE CHAIRMAN: Thank you very  
25 much, Mr. Bureau.

1                   Mr. Rogers, without wanting to in  
2 any way intervene the presentation you want to  
3 make, could I ask a technical question of you that  
4 would be very helpful.

5                   How close is our cable system to  
6 its capacity at the present time in terms of its  
7 ability to carry signals? Assuming for the sake  
8 of argument that it were desirable to increase in  
9 some significant way the number of signals  
10 available on cable, can this be done without  
11 either digital compression on cable or simply  
12 ripping out or duplicating plant that exists  
13 today?

14                   If it requires either digital  
15 compression or replacement of plant, what sort of  
16 investment is required for that? Is it something  
17 that one can justify? What are the time frames?  
18 How realistic is it to expect that such technology  
19 is available within the period of time that you  
20 are looking at competition from other sources?

21                   I think it is useful in terms of  
22 understanding what capacity there is within the  
23 cable industry to respond if it is deemed by Phase  
24 II of the Summit to be desirable to expand  
25 capacity.

1 MR. ROGERS: Thank you, Mr.  
2 Chairman.

3 It is very time consuming to  
4 rebuild a cable plant. In a large system, it can  
5 take three or four years. In a smaller system, it  
6 would take less. You might put a figure of \$400  
7 per subscriber to upgrade.

8 It is very, very important to have  
9 what I will call a clean system before you go to  
10 digital compression, one that is reliable, one  
11 that has very clean, crisp pictures, has stereo  
12 sound, surround sound. We still have cable  
13 systems in Canada that do not have some of these  
14 services and it is very expensive.

15 On the other hand, it is important  
16 not to raise the price of cable too much and so we  
17 are caught in a dichotomy that to expand quickly  
18 the cable plant is expensive and it requires a  
19 large investment and increases in fees.

20 So I think it is fair to say that  
21 the industry is not proceeding full out on the  
22 rebuild process at this time. Once you have a  
23 clean plant, then you can very substantially  
24 increase the number of channels by digital  
25 compression. You can do that very efficiently and

1 economically, and I am very hopeful in our case  
2 that by 1995 we would be at a range of perhaps 150  
3 to 200 channels in all of our systems.

4 I wanted to comment on the  
5 satellites and it is hard really for people to  
6 understand -- we have had satellites for years --  
7 what the problem is. Why is there going to be  
8 this terrific expansion on the number of channels?  
9 It is hard for people to fathom.

10 Very simply, the power of the  
11 satellite is going to be very substantially  
12 increased. It will be much more powerful. It  
13 will speak with a louder voice and because of  
14 that, the size of dish we need to pick it up can  
15 be much smaller than today. The reason we need  
16 such a huge, ugly dish is because the power of the  
17 satellite is weak.

18 With the new high-power, very  
19 expensive satellites that I fear only America can  
20 afford, we will be able to have receiving dishes  
21 about the size of a napkin and that is something  
22 that is truly frightening. They will be easy to  
23 buy. The descramblers will be available in  
24 stores. You will be able to subscribe for  
25 services on an 800 number and charge to one's



1 credit card.

2 So we are in a situation where it  
3 will be visually more attractive, environmentally  
4 friendly, less expensive, easy to describe and  
5 use, customer friendly to use and dozens of pay  
6 per view and specialty channels for every taste.  
7 This is a fact and the fear that we have is that  
8 in Canada we have a tremendously competent  
9 satellite industry, as was demonstrated yesterday,  
10 but we don't have the population to be able to  
11 afford one of these very high-power satellites.

12 So the fear is that we will not be  
13 able to have our satellite group be able to  
14 operate with a high-power satellite and for small  
15 dishes. The trend we are talking about is the  
16 same trend as for magazines. My friend Doug talks  
17 of research and I agree with him, and certainly  
18 we, as a company, would be quite prepared to  
19 jointly fund any research that he feels would be  
20 helpful.

21 However, it is obvious, you can  
22 see from magazines that we have gone from a few  
23 general purpose magazines to literally thousands  
24 of specialty magazines that people have and all of  
25 us subscribe to or pick up at the magazine racks.

1                   So we have that trend. We have  
2 the trend of the movie theatres going from a  
3 single screen to two screens to multi-screens. We  
4 were involved in the theatre business in Canada  
5 and in France and I actually visited some which  
6 had, I think, seven or ten different screens.  
7 That is the issue.

8                   The issue for Canada's over-the-  
9 air broadcasters is that we have only got one  
10 theatre screen and it is possible that we will not  
11 survive unless we go to multi-screens. I believe  
12 that, but that is a psychological problem for  
13 broadcasters. There is a great reluctance to  
14 program competitively to our own channel, and I  
15 have run into this time and again.

16                   We bought children programming and  
17 we weren't allowed to program it at the hour of  
18 the broadcaster we bought it from. He didn't want  
19 any competition.

20                   We have operated rerun channels  
21 for Canadian programming and gone to broadcasters  
22 and tried to get them to rerun their news at a  
23 different hour. If it runs at six over the air,  
24 why don't you run it at seven o'clock and eight  
25 o'clock and so one? We have gone to the CBC. The

1 National should be repeated every hour, I would  
2 think, and we can do so much together as partners.

3 However, there is -- and I  
4 understand it and respect it -- a psychological  
5 problem, as one mentioned earlier, to program  
6 against ourselves. Perhaps that explains why so  
7 few over-the-air broadcasters applied for the  
8 specialty channels. That is really a very  
9 important ingredient for the expansion of one's  
10 broadcasting interests.

11 If we were brainstorming here, we  
12 have all of the most important broadcasters in the  
13 country here. Why not form a consortium and go  
14 and buy a U.S. specialty service? At one time, we  
15 owned a third of one for about an hour. But why  
16 not buy one and move it to Canada? It doesn't  
17 need to be licensed in the United States. We can  
18 easily get it licensed here, I would think, if it  
19 makes sense. Then you are programming for the  
20 whole continent.

21 Why not apply each over-the-air  
22 broadcaster for two or three more channels for  
23 every one over-the-air channel that each of us  
24 operates? Isn't this a true opportunity for a  
25 cable broadcaster partnership where the cable

1           company provides the channel, pays for the rebuild  
2           and the broadcaster programs two or three or four  
3           separate channels? Again, we have done that. We  
4           did it in San Antonio with a local broadcaster,  
5           but we have never done it here. There is every  
6           opportunity to do this.

7                         Remember, of course, that the  
8           cable offerings have to be attractive and  
9           economically priced to compete now and to compete  
10          in 1995 to 2000. These prices on the satellite --  
11          they will be quite reasonable because they cover  
12          the whole continent. Of course, cable needs to  
13          solve the problem that I referred at the  
14          beginning: In getting the cash flow to support  
15          very substantial rebuilds not just to expand the  
16          number channels, but to increase the reliability  
17          of the service and to have surround sound and  
18          stereo and all of the new technologies that we  
19          need to help the broadcasters offer the product in  
20          the best possible way for our subscribers.

21                        So I think there is a tremendous  
22          opportunity for new ideas and innovation.  
23          Certainly I pledge our company and, I think, all  
24          of the cable industry wants to accept the  
25          challenge that the Minister has given by bringing

1 us all together, by showing him over the next  
2 months and years ahead that together we can do far  
3 more than we can each do separately.

4 Thank you.

5 THE CHAIRMAN: Thank you, Mr.  
6 Rogers.

7 Mr. Asper, suivi de André Chagnon,  
8 s'il vous plaft.

9 MR. ASPER: Thank you, Mr.  
10 Minister.

11 I think in the last hour you  
12 particularly started to see the diversity of the  
13 Canadian broadcast system as each of the cable and  
14 pay and broadcasters and producers have been  
15 expressing themselves.

16 I basically want to echo and  
17 support what Doug Holtby said. I think there is  
18 wisdom in everything that has been said, though,  
19 and that's why I say you are getting to the  
20 crucible. I think the information is now being  
21 put out. There is within it room for a broker to  
22 put something together that will achieve  
23 everybody's objectives.

24 Let's not forget some basic  
25 canons. The first is that Canada has built the

1 most envied broadcast system in the world against  
2 all odds living beside the giant. We are envied.  
3 In every country I go to, particularly the  
4 emerging countries of eastern Europe --  
5 Czechoslovakia, Hungary, Poland -- they live in  
6 terror as we do of transnational broadcasting.  
7 How will they keep their Slavik identities in the  
8 face of the channels that are already there? Just  
9 as we have had to.

10 The people in New Zealand are  
11 terrified of the Australian system and yet the  
12 first top 20 shows that are watched in New Zealand  
13 are local New Zealand programs. They have managed  
14 to do it and we have got to do it too.

15 I categorically agree with Doug  
16 Holtby. Life for me would be so much simpler if I  
17 was an NBC affiliate and I would make a lot more  
18 money. Well, they are losing their audience too.  
19 But the point is that I sure could walk in every  
20 morning, turn the switch on and let the stuff come  
21 out. I like being a Canadian broadcaster because  
22 we -- and I want to emphasize that the cornerstone  
23 of your policy deliberations has got to be that  
24 the Canadian broadcaster, the conventional  
25 terrestrial, over-the-air broadcasters, is the

1 source of essentially all Canadian programming.  
2 Absent that Canadian programming, as Doug says,  
3 there is no country.

4 So, if we can agree, yes, the old  
5 players have to deliver new products and change  
6 their modus operandi, but the broadcaster is still  
7 the cornerstone of the system of Canadian  
8 programming. The cable system has its role too as  
9 the purveyor, the marketer and, to some extent,  
10 even programming.

11 But remember that the Canadian, as  
12 Doug says, average tuned hours is about three  
13 hours a day. That is all the Canadian consumer  
14 has, given work and given other things.

15 Another imperative the  
16 policymakers have to consider is that whether it  
17 is upgrading your cable system to 100 channels or  
18 1000 channels or whether it is investing in the  
19 new technologies, we know we can't do it with debt  
20 because there are not sufficient revenues from the  
21 capital spending to support more debt in the  
22 system. Therefore, it has to be equity or it has  
23 to be a lot of equity.

24 As I said at the CAB, several  
25 Canadian broadcasters went to the equity markets

1           this summer and it wasn't much fun because of the  
2           concerns of the markets about how we are going to  
3           be governed. How are we going to be regulated?  
4           Are we going to be regulated to be profitable?  
5           That was the question that all of us consistently  
6           got.

7                                We asked and we ask again that the  
8           law makers and the regulators recognize the  
9           signals that have to be sent to the capital  
10          markets.

11                               We were told in public at the  
12          CAB -- and it is true -- by a leading financial  
13          analyst that the equity markets insist on a 12 to  
14          15 per cent after tax return. That translates in  
15          conventional broadcasting to a profit margin  
16          ranging between 25 and 30 per cent of sales. We  
17          ask that the law makers, the regulators look for  
18          every opportunity to send the signal to the  
19          capital markets that it buys into this so that  
20          that issue is put to rest.

21                               I am the first to say that the  
22          last speech Keith Spicer made before he left to  
23          save Canada was that he was going to regulate our  
24          industry to make it profitable. The first speech  
25          he made when he came back was the same speech. "I



1 am going to make you profitable. It is on my  
2 agenda." It did tremendous help to us, but it has  
3 to be said over and over again.

4 Following up on what Doug Holtby  
5 said, though, I would urge that we not think of  
6 facilitating and stampeding and making the  
7 assumption that in those three hours a day there  
8 is room for another 100 signals. If we don't want  
9 to fragment our industry, then I would suggest  
10 great caution.

11 You talk about a moratorium on new  
12 terrestrial or new services. You should be  
13 considering seriously, I submit, a moratorium on  
14 the importation of satellite signals to find out  
15 through research whether the Canadian consumer  
16 even wants it.

17 I am not suggesting that we should  
18 hermetically seal ourselves, but we should  
19 certainly be saying to the DTH people, "Look, if  
20 you want to market -- we are not censoring what  
21 Canadians see -- it door to door, go ahead," but  
22 let's not facilitate it by instantly saying, "No,  
23 you can come in. We will lay our whole Canadian  
24 audience out for you and then you can plug into  
25 our cable system." Let them knock on doors and if

1           2 or 3 per cent of Canada wants those dishes, we  
2           will be fine. We can take that much more  
3           fragmentation.

4                         Remember always that the Canadian  
5           consumer -- and that is the good news for our  
6           industry. When he has 100 channels or 200  
7           channels, he or she is still going for one  
8           subject: relevance. That comes to Canadian  
9           programming. The consumer still wants Canadian  
10          news in lieu of Atlanta news or some place else.  
11          He wants Canadian sports. He wants the weather in  
12          his own town. He wants the action, adventure,  
13          music, variety and drama that that person and his  
14          family can identify with. So that is basically  
15          our salvation: relevance.

16                        Yes, we have to spread our costs.  
17          We have to spend more money and the only way we  
18          can do that is to spread our costs over wider  
19          territories. There will have to be more  
20          consolidation. Perhaps Ted Rogers is right that a  
21          consortium should be formed. I am happy to do  
22          that.

23                        The Canadian producers have  
24          achieved a miracle. Canadian television  
25          production is now marketable internationally and

1           that's to the credit of our producers. Even  
2           characteristically Canadian programming is now  
3           being accepted in world markets and that is where  
4           we have to put money. There is where we have to  
5           create incentives. There is where we have to  
6           reward the export of Canadian product so that we  
7           can spread our costs over not 20 or 7 million  
8           people, but over 400 million or 200 million just  
9           as the Americans do.

10                           There are some tremendous and  
11           terrific tax incentives that won't cost the  
12           Treasury of Canada five cents, and I agree with  
13           the passion with which André Bureau speaks because  
14           it is one of the most effective incentives.

15                           I have gone on too long, but I  
16           also want to endorse what Ted Rogers said in that  
17           we do have to co-operate. We do have to  
18           consolidate. We need more size; all of us do. We  
19           need more critical mass. Rebroadcasters need  
20           multiple streams of income and not just  
21           conventional over-the-air income.

22                           If we can truly do what Ted Rogers  
23           said and not go to war with each other and not try  
24           to protect our turf, but remember the Canadian  
25           broadcasting is what it is all about and not

1 American -- therefore, the purveyors, the creators  
2 of that programming have to be protected -- then  
3 we will come out with an industrial strategy that  
4 will work.

5 Thank you.

6 THE CHAIRMAN: Thank you very  
7 much, Mr. Asper.

8 I have 13 names on the list at the  
9 present time; so I haven't forgotten any of you.  
10 I apologize for the delay for some of you getting  
11 on.

12 Mr. Chagnon, please.

13 MR. CHAGNON: I would like to add  
14 to your comment about the decline of Pay TV in  
15 Canada and in the United States. Sometimes  
16 through technology you can do better packaging. I  
17 just want to report that with Vidéoway Pay TV has  
18 increased in our two commercial years since our  
19 launch by 60 per cent. It is unique, and André  
20 Bureau is very proud of his company. He goes to  
21 the bank every day, I guess.

22 THE CHAIRMAN: Mr. Chagnon, I want  
23 to congratulate you. You have been more  
24 successful than anybody else in getting  
25 advertisements out across the Pay TV service.

1 MR. CHAGNON: There are around  
2 50,000 units in the field.....because people  
3 didn't like the vision. We always underestimate  
4 having competition. Tomorrow the competition will  
5 be there and technology could be there to assist  
6 us at the same time.

7 I just want to share my vision of  
8 the nineties. Sure, we will have an opportunity  
9 to better serve our customers. There will be over  
10 100 or 200 channels that will be available to us.  
11 Video digital compression is on the shelf, and it  
12 will be there in a few years. DBS will be there.  
13 As of 1993 or 1994 it will be there somewhere.  
14 Telco will be there, and they will be offering  
15 video dial tone.

16 As broadcasters, we seem to forget  
17 that this will be even worse than the idea of  
18 other competition. All the others -- DBS, cable  
19 and so on -- will offer more broadcast  
20 informational-type content. What will we do as  
21 broadcasters while one program is in a video club  
22 and there are 10,000 programs available there?  
23 How will people pick up that program on a video  
24 dial tone mode? It is not broadcast any more.  
25 It's a very different way to distribute programs.

1           How do we do the packaging and the promotion of  
2           that program? It's one program every hour, and  
3           there are almost 10,000 in that video store. It's  
4           the very same role that we will have tomorrow.

5                         There are other technologies that  
6           will allow for fragmentation. There is Nintendo,  
7           and we seem to forget those types of terminal.  
8           There are 30 million in the States right now, and  
9           people will find a way, if kids love to play  
10          games, to use them in schools. Maybe something  
11          could be married there somewhere.

12                        All this is because there will be  
13          more and more fragmentation of broadcasting  
14          systems, because we are broadcasting and all the  
15          other services will be left out. It is only one,  
16          and I am convinced that it will be there  
17          somewhere.

18                        I am convinced also that there is  
19          a lot of opportunities for broadcasters to be  
20          niche service providers. There is a huge business  
21          in direct marketing and a lot of opportunities.

22                        Technology will be paid for by our  
23          cable customers but mostly by the information  
24          provided if we are going to reach our customers  
25          electronically. I believe that, if broadcasters

1 and cable could do that, there is such a strong  
2 synergy in the broadcasting industry to tap into a  
3 different market that they don't have access to  
4 today. In Canada broadcasting has an advertising  
5 pie of about \$1.6 billion. But there is one in  
6 direct marketing of \$2.1 billion today, and there  
7 are more and more by-laws in the cities today to  
8 protect the environment. People won't be able to  
9 deliver those flyer circulars by third class mail  
10 into the home. They will have to be delivered  
11 electronically.

12 We don't lose a business by taking  
13 50 per cent of their revenue, or five, ten or  
14 fifteen per cent. Who wants to be in business  
15 just to break even or lose a few million a year?  
16 You don't need to lose that percentage of your  
17 revenue to be out of business.

18 Any gain we lost through a lack of  
19 vision, research and development and innovation --  
20 the car business, the video TV set, the audio, the  
21 video games -- the list is there. We are all  
22 leaders in North America in those industries, but  
23 we lack vision. We said it will happen somewhere,  
24 so let's not do anything today. We will leave  
25 that to others that are doing that. We were

1       losing those markets while American companies were  
2       making a lot of profit, but somebody else  
3       somewhere was developing a better technology at a  
4       better price and got all those markets.

5                        I would like to remark that the  
6       television broadcasters helped develop our  
7       country, like the railways. Sometimes I call that  
8       the dinsoaur. Where are those dinosaurs today?  
9       The railway is not as important today as it was in  
10      the past.

11                      It is time to experiment before  
12      it's too late. Sometimes we don't have a  
13      sustainable --

14                      Very briefly, I want to say that  
15      broadcasters have strength. Their strength is  
16      entertainment, information, advertising -- to  
17      package that together and to identify and satisfy  
18      the needs of our customers. We are doing a great  
19      job there. But distribution, I believe, is not  
20      our strength as broadcasters. To find the best  
21      way to distribute our product, we are caught with  
22      one channel, and that universe is dead. It is not  
23      there any more. It could be gone tomorrow.

24                      Cable's business is to distribute  
25      programs. They are not programmers; they don't



1 know that business. What they have been good at  
2 is to package those services, price them, and make  
3 them available to our customers and collect  
4 subscription revenues and return that to the  
5 information provider.

6 Talking about Vidéoway, just for  
7 your information, the University of Montreal is  
8 monitoring our Vidéoway subscribers and they are  
9 watching who is using those services --  
10 interactive television, video games, videotext  
11 services. People are saying they don't work, but  
12 maybe the packaging will make it work. People are  
13 using the Vidéoway services 10 hours a week.  
14 That's a lot of hours. Somebody is losing those  
15 hours somewhere.

16 It is an interesting terminal,  
17 providing interactive television, videotext,  
18 multimedia, video, audiotext, graphics. There is  
19 a lot of opportunity if the synergy between cable  
20 and broadcaster can be used to its maximum. We  
21 can develop so many business opportunities.

22 Somebody mentioned this morning  
23 CBC-2 and CTV-2 and, I am sure, Télémetropole-2, -  
24 3, -4 and -5 will be there. We can use our  
25 strength to develop those programs. Sure, it will

1 be a more targeted audience that we will reach.  
2 Education is a huge business, but who can do  
3 better in programming than broadcasters who have  
4 been in the business for 40 or 50 years, with  
5 creativity and innovation?

6 There were many entrepreneurs in  
7 Canada who built the broadcasting system and the  
8 cable. Where are they today to take the challenge  
9 of the nineties? Their potential problem that has  
10 been expressed directly or indirectly today and  
11 yesterday is resistance to change. We have been  
12 doing things for so long in a certain way, and it  
13 has to be that way tomorrow. That's not true. We  
14 have lost many markets on account of that.

15 We underestimate competition. We  
16 don't act today, and it is too late tomorrow  
17 because somebody is preparing those services that  
18 we lose the opportunity to present to our  
19 customers.

20 We have to define our roles. Are  
21 we programmers or distributors? Once we do that,  
22 we can create all kinds of audience, and we are  
23 optimistic that it will happen.

24 Sometimes I am negative, but not  
25 too often. Managers 90 per cent of the time say,

1 "Why should I make a decision? It will be  
2 criticized. If I don't make any decision, nobody  
3 will ever blame me." I hope we will have more of  
4 those entrepreneurs that made the unique  
5 broadcasting system and cable systems that we have  
6 in Canada, who will be more innovative and invest  
7 more in research and development.

8 Thank you.

9 LE PRÉSIDENT: Merci, Monsieur  
10 Chagnon.

11 Bill Stanley, followed by Sheilagh  
12 Whittaker and Ken Stein, please.

13 MR. STANLEY: Mr. Minister, I am  
14 from New Brunswick and my perspective is from that  
15 province and from Atlantic Canada.

16 I have two comments and they have  
17 to do with the viewer, the consumer and the cable  
18 subscriber.

19 First of all, we must take the  
20 introduction of DBS seriously. Obviously, we  
21 can't stop the U.S.-based broadcast satellites  
22 from being launched and we can't prevent the  
23 footprint of such satellites from covering most of  
24 Canada.

25 I wish to comment on the level of

1           sophistication and determination of the Canadian  
2           consumer. We heard yesterday of procedures to  
3           prevent unauthorized decoders. These procedures  
4           are welcome. However, no one should underestimate  
5           the ingenuity and ability of the average citizen  
6           to access these channels if they want them,  
7           particularly if they are available from direct-to-  
8           home satellites.

9                           This is for several reasons.  
10           First, we have a leaky border with the United  
11           States and it is not unheard of to have decoders  
12           authorized for use in the United States but  
13           ultimately used in Canada. This may be illegal  
14           but it happens and it happens quite a bit.

15                          Second, we have an increasingly  
16           skilled and inventive consumer, many of whom are  
17           computer literate and knowledgeable in  
18           electronics. For example, we know that our  
19           viewers for pay television include some who have  
20           circumvented our own decoders on our cable  
21           systems.

22                          Our company also sells satellite  
23           dishes in New Brunswick and we have come across  
24           systems in the field that were not manufactured in  
25           anyone's national factory, but in a repair shop or

1 a garage or by mail order kit. It will be  
2 difficult, indeed, to tell these people there is a  
3 moratorium on new services.

4 Furthermore, pursuing civil and  
5 legal actions against consumers seems to be, to  
6 me, in poor taste and out of the question. It  
7 would be like trying to arrest everyone in Canada  
8 who has a blue car.

9 Our best defence surely is a  
10 regulated cable industry providing a wide variety  
11 of Canadian and United States services that people  
12 can easily and legally access.

13 The challenge to cable in the  
14 months and years to come, as it will be to all of  
15 us, will be to find the financing to build our  
16 systems to accommodate these many new channels in  
17 our cities and particularly in the smaller towns  
18 and villages throughout our country.

19 Thank you.

20 THE CHAIRMAN: Thank you very  
21 much, Mr. Stanley.

22 Sheilagh Whittaker, please.

23 MS WHITTAKER: Thank you, Mr.  
24 Minister.

25 To the best of my knowledge,

1           Cancom has operated the first commercially-viable  
2           DTH system in the world. So I think I am speaking  
3           here probably as the voice of present experience.

4                        If it was as easy as everyone  
5           seems to think to launch a DTH or a DBS system,  
6           Robert Maxwell, who was one of the original  
7           founders of BSB, the British competitor, would  
8           have died a richer man.

9                        Surrounding DTH or DBS, there is a  
10          lot of hype, rumour and confusion and I find that  
11          that is spreading to compression as well. But, in  
12          fact, what you have to remember -- and I think  
13          what this group has been often reminded by people  
14          around the table -- is that people don't watch  
15          technology; they watch programs.

16                       When you look at these DBS or DTH  
17          or compression competitors, what you have to do is  
18          get down to the detail. You have to find out or  
19          talk about the programming. What are they really  
20          offering and how is it different? You have to  
21          talk, in fact, about things like footprints.

22                       I have to admit that I have spent  
23          a lot of time pouring over satellite footprint  
24          maps to see what these various proposed services  
25          -- where they really will reach and how big of a

1 dish they really need. I noticed, for example,  
2 last night the Sky Picks promo was on the CTV News  
3 and it showed that Sky Picks won't reach beyond  
4 half way up Canada.

5 You have to look at what  
6 technology they are talking about and you have to  
7 look at the consumer and why the consumer would  
8 possibly make a change from what seems to be a  
9 very satisfactory system at present to a different  
10 one which will involve at least capital  
11 investment.

12 Another issue that hasn't been  
13 raised by anyone else here today yet are issues of  
14 regionalism and localism. Localism, in  
15 particular, is hard to address by satellite and  
16 regionalism also is difficult. At the very least,  
17 you are talking about services which, in many  
18 instances, will have only one or perhaps two time  
19 zone releases.

20 I have yet to see a foreign  
21 DBS system that actually covers the north of  
22 Canada. Even Edmonton, Winnipeg and Atlantic  
23 Canada are well outside the footprint of virtually  
24 every proposal I have seen, including one that has  
25 been mentioned by Mr. Bureau which I think is

1 probably the most viable one, the one backed by  
2 Hughes and the Hubbard Broadcasting System. That  
3 one is scheduled to be in operation in 1994.

4 When you look at what is behind  
5 it, you will understand that Hughes is a company  
6 that is large enough to have an industrial  
7 strategy of its own and that part of their  
8 industrial strategy is to promote the use of  
9 direct broadcast satellite television. So even  
10 something that may be marginally economic in the  
11 first instance could well fly because of their  
12 other motivations.

13 I think the point here is that,  
14 yes, sooner or later there will be DBS -- probably  
15 1994 -- but we have to keep from throwing up our  
16 hands and being overwhelmed with the prospect. We  
17 have to keep from being confused about whether or  
18 not it is possible to regulate or whether or not a  
19 fringe group who would presently take the signal  
20 will continue to take signals off foreign  
21 satellites.

22 We have to separate the notion of,  
23 say, prosecuting individual subscribers from the  
24 notion of prosecuting, in fact, dealers who  
25 distribute illegal systems. We have to look at a



1           logical way to manage the evolution of the  
2           Canadian system.

3                         Right now we are in the situation  
4           that is, in a regulatory sense, ridiculous. As a  
5           Canadian direct-to-home provider, I am not allowed  
6           to market Superchannel in eastern Canada. I am  
7           not allowed to market First Choice in western  
8           Canada, but I can market HBO in all of Canada.  
9           That's the kind of situation we have right now and  
10          you have players in the system who are playing  
11          with rules that, in fact, don't exist.

12                        So I guess what I am saying here  
13          is that there are public policy issues, regulatory  
14          issues, issues concerning the continuing use of  
15          Canadian satellites, issues concerning time zones  
16          and under-served public -- and all of that -- and  
17          these are the kinds of facts that have to be  
18          addressed by any kind of strategy. However,  
19          underlying it all is that what Canadians really  
20          want to watch is programming and if Canadians can  
21          continue to provide a differentiated programming  
22          package, then I think that Canadian viewers will  
23          continue to consume it.

24                        Thank you.

25                        THE CHAIRMAN: Thank you very

1 much, Ms Whittacker.

2 What I would propose -- we have a  
3 fairly long list. We have gone for two hours --  
4 is that we hear Ken Stein and then take a break  
5 for 15 minutes and then we come back with Ron  
6 Osborne followed by Bill McGregory.

7 Mr. Stein, please.

8 MR. STEIN: Thank you, Mr.  
9 Minister.

10 As a cable industry, we do  
11 understand the broadcasters' concerns as they have  
12 been expressed and we do want to emphasize our  
13 desire to co-operate. We want to stress our  
14 desire to participate in a joint effort.

15 We are looking at things we can do  
16 regarding today's problems. That is what the  
17 process leading to this Summit has been all about.  
18 It reflects the four months of effort that Mr.  
19 Cowie and Messrs. Bélanger, Fortier and Hylton and  
20 Mr. Bambrough have put into this exercise. I  
21 don't think we should write off their work.

22 I think we must serve Canadians  
23 and that means two things. As Professor Caron  
24 points out, we have to be conscious of our  
25 cultural contribution, but we also have to be

1           conscious of the desire for Canadians to have all  
2           that the world has to offer. We aren't talking  
3           about driving our car at 280 kilometres an hour.  
4           We are talking about taking it out of the garage.

5                         In terms of direct broadcasting  
6           systems and digital video and these kinds of  
7           techniques, it is not that these are technology  
8           driven. These are being developed because people  
9           see a market for the services they can provide.

10                        Digital compression techniques are  
11           not new. Direct broadcasting satellites are not  
12           new. It is just that the combination of those  
13           technologies and the fact that there is a view  
14           that there is a consumer demand there is what is  
15           leading to those developments.

16                        Mr. Holtby is active in these  
17           areas with services such as Cancom and the  
18           Superchannel, but we shouldn't be protectionists.  
19           Pay television was developed too late in this  
20           country. VCR penetration is with video stores a  
21           multi-billion dollar business and will continue to  
22           increase. If we lose as an industry even five per  
23           cent to direct broadcast satellites, then we  
24           really lose big and there goes our ability to do  
25           things like simultaneous substitution, the

1 community channel and the continuing support for  
2 the specialty services.

3 We believe that the proper way to  
4 go at this is to start with the consumer and to  
5 start with the Broadcasting Act. Yes, we should  
6 develop our own technologies not to be  
7 protectionists, but to be competitive. For once,  
8 we should look at the advantages that technology  
9 can bring to see how we can better serve Canadians  
10 and use our own creativity.

11 We are concerned about our  
12 survival and we can only survive by being  
13 competitive. We must plan for the future because  
14 whether it is Sky Picks or whether it is Hughes,  
15 or whatever it is, we have a window available to  
16 us now to develop a Canadian strategy.

17 As a ministry, we are willing to  
18 participate with you in developing that strategy  
19 and we want to express our desire to co-operate  
20 fully with the broadcasters in order to be able to  
21 do that, but we must focus on our cultural  
22 objectives and we must focus on serving Canadians.

23 Thank you.

24 THE CHAIRMAN: Thank you, Mr.  
25 Stein.

1                   We will take a break at this point  
2                   and we will resume again at ten minutes to the  
3                   hour with Mr. Osborne.

4                   --- Short recess

5                   THE CHAIRMAN: Order, please.

6                   I would give the floor to Mr. Ron  
7                   Osborne.

8                   MR. OSBORNE: Thank you, Minister.

9                   I am often asked if I am wearing a  
10                  television broadcast hat or cable television hat  
11                  here. I guess what I would like to say is that I  
12                  am wearing the hat of the consumer because it is  
13                  only at the end of the day if we satisfy the  
14                  consumer's needs that we can make money in either  
15                  cable television or broadcasting. It seems to me  
16                  that that is where this debate starts.

17                  In that context, I would echo, I  
18                  think, Mr. Stanley's imagery of the magazine  
19                  industry. What we have in Canada is a completely  
20                  open border for American magazines -- and other  
21                  foreign magazines for that matter -- to come into  
22                  this country. It would be inconceivable that one  
23                  would try to stop American magazines coming into  
24                  this country. No Canadian would tolerate that  
25                  kind of censorship and Canadians wish to have

1 access to American magazines.

2 The issue, then, for Canada is to  
3 create an industrial strategy which enables there  
4 to be some Canadian magazines, and that is what  
5 the cultural industry's legislation is all about  
6 as it relates to the print media. It is not  
7 stopping other media coming in, but creating some  
8 Canadian media in the sea of foreign media.

9 In that sense, I don't think the  
10 issues we have been discussing in the last day and  
11 a half are any different from the Canadian  
12 magazine industry. Canadians will want access to  
13 the best foreign programming. Nobody ultimately  
14 is going to be able to stop them any more than  
15 Russia ultimately was able to stop CNN. The fact  
16 is that our job as an industry is to find the  
17 means to have some Canadian product within the  
18 context of that foreign product.

19 I guess it is fair to say that I  
20 agree with most of what Izzy Asper said, most of  
21 what Doug Holtby said and most of what André  
22 Bureau and others have said because they are all  
23 heading in that same direction.

24 I would like to take for a moment  
25 a bit more of a cable stance, however, in what I

1 am about to say. I think Mr. Holtby is right that  
2 the evidence is there that Canadians wish to view  
3 Canadian signals first and foremost, providing  
4 Canadian signals deliver the product they want to  
5 see.

6 It is not accidental that Global  
7 T.V. has a lot of American programming or that CTV  
8 does or that City T.V. and Much Music, for that  
9 matter, along with its very creative Canadian  
10 programming carries American programming.  
11 Canadians will watch Canadian signals but when  
12 those signals carry what they want. It boils down  
13 to packaging and that is what the microscopic  
14 level, individual signals are all about:  
15 Packaging Canadian with desirable American. At  
16 the macroscopic level, that is what the industry  
17 is about: Packaging desirable American with  
18 desirable Canadian.

19 Also, I think Mr. Holtby is  
20 correct when he says that we should not over-react  
21 to the threat of DBS. I don't think for one  
22 minute that DBS is a threat in 1992, 1993 or 1994.  
23 But having said that, we have to prepare for the  
24 threat. If Mr. Holtby's car goes at 280  
25 kilometres an hour, it is only because at some

1 point the police may be chasing him at 270  
2 kilometres an hour. We have to be prepared for  
3 the day when there is the possibility of  
4 delivering 200 signals out of the United States.  
5 If we don't have that capacity in Canada, we will  
6 have lost the ball game right there.

7 The history of the regulation of  
8 our industry in Canada is that we are always  
9 playing catch-up. Whether it is the specialty  
10 services, whether it is the pay television  
11 services, whether it is pay per view, we are  
12 always that one dollar short and a day late in our  
13 regulator processes in catching up to what is  
14 happening in the United States. We now need the  
15 regulatory framework to make sure that when there  
16 is a 200-channel environment in the United States,  
17 we have a 200-channel environment here in Canada.

18 Let me just give you some very  
19 limited experience we have with direct broadcast  
20 satellite in the United Kingdom where we have been  
21 doing some experimenting, along with others in  
22 this room, in cable television. There is good  
23 news and bad news in the United Kingdom. The bad  
24 news is that people will indeed tolerate dishes  
25 roughly the size of a handkerchief on the side of



1           their house and roughly ten per cent of the  
2           population now has them. That's two million  
3           dishes. Whether or not it is an economically-  
4           viable business the way it is being run is another  
5           matter, but the issue is that the consumer will  
6           accept it.

7                               The good news, however, is that in  
8           our limited experimentation, we have found that  
9           where we can offer the same or better product at  
10          roughly the same price, they will tune out DBS and  
11          go to cable. It is more consumer friendly. It is  
12          more transparent. It is easier to maintain and  
13          the customer feels better about dealing with the  
14          cable system that is essentially invisible than  
15          the DBS system. So I think there is good news and  
16          bad news out of the DBS experience in the United  
17          Kingdom.

18                              Turn now to the DBS experience in  
19          the United States which is to say that it is  
20          limited. I would pick up from what Ms Whittaker  
21          said. It seems to me that what is going to drive  
22          DBS in the United States is not competition with  
23          cable in urban areas. What is going to drive DBS  
24          is those roughly 20 million homes who do not have  
25          access to cable? They are in smaller communities,

1 rural communities or what have you.

2 If somebody can make a viable  
3 business out of DBS serving those 20 million  
4 homes, then it is not much of a hop, step and a  
5 jump to be competitive with the cable systems in  
6 the urban areas. That, I think, is going to be  
7 the route which DBS will take in the United  
8 States.

9 At that point, it will boil down  
10 to programming and that's why the biggest debate  
11 of all in the United States right now in the cable  
12 industry and in the DBS industry -- and in the  
13 off-air-broadcast industry for that matter -- is  
14 access to programming, the right to own  
15 programming. It is not accidental that the U.S.  
16 networks are trying to overcome (inaudible) over  
17 the last twenty years that prevents them from  
18 owning product outright.

19 It is not accidental that the  
20 cable operators want access to their own product  
21 that they would have exclusive right to and it is  
22 not accidental that the telcos and all of those  
23 who would compete with cable are trying to prevent  
24 cable from having access to their own product on  
25 an exclusive basis. That is going to be the

1 debate and that will be the debate in Canada. Who  
2 will have access to the programming?

3 If cable does not have access to  
4 the programming in Canada five, six, seven years  
5 out when we do have a DBS system, then we will  
6 gradually have a fragmented system where Canadians  
7 will be bypassing the main infrastructure, the  
8 main highway; the main railroad, I guess, was the  
9 analogy somebody used.

10 Should we worry about people  
11 bypassing the railroad, bypassing the main  
12 highway? Well, I think we should and it seems to  
13 me shortsighted to argue constantly that the cable  
14 industry has somehow damaged the off-air-broadcast  
15 industry.

16 As a practical matter, it is the  
17 cable industry that enables off-air-broadcasters  
18 to capture the vast majority of the Canadian  
19 audience to American shows. There wouldn't be  
20 simultaneous substitution without cable systems.  
21 If Buffalo came in purely and simply over the air,  
22 there would be no such thing as substitution. If  
23 we think we as broadcasters are in a position to  
24 somehow buy exclusive rights to this marketplace,  
25 I have yet to figure out how.

1                   Similarly, we will need the cable  
2 system to develop non-simultaneous substitution,  
3 assuming that that is going to be feasible. I must  
4 confess that I am a little bit from Missouri on  
5 this one. I am delighted we are examining it on a  
6 joint basis between the CAB and the CCTA, but I  
7 think the ramifications vis-à-vis program rights  
8 dealing with Las Angeles and the ramifications  
9 vis-à-vis dealing with local broadcasters and the  
10 focus this will attract amongst the cultural  
11 industries in the U.S. may cause us to regret that  
12 we ever raised it. However, I think it is worth  
13 exploring.

14                   I guess my key point is that what  
15 Canadian broadcasters need is an environment that  
16 is somehow controlled which enables Canadian  
17 signals to be packaged with that desirable  
18 American programming Canadians are going to watch.  
19 For the last ten years, the medium of choice for  
20 that has been cable and cable has invested some  
21 two billion dollars over the last ten years in  
22 order to be that medium of choice. Cable will  
23 invest another two to three billion dollars over  
24 the next ten years to be that medium of choice.

25                   If we think we are going to be

1       able to create a highway which will deliver all of  
2       the Canadian signals Canadians want in an  
3       environment where people are bypassing, where  
4       people are syphoning, where we have people trying  
5       to compete with the cable companies, be it telcos,  
6       be it DBS or whatever, then I think we are  
7       deluding ourselves.

8                       We have the best of all worlds  
9       here. We have a controlled environment in which  
10       Canadians have access to American programming. We  
11       have a controlled environment in which all  
12       Canadian signals that have been licensed so far,  
13       almost without exception, are available to  
14       virtually everybody who is on a cable system.  
15       That strikes me as an extremely intelligent use of  
16       the electronic media that has been developed over  
17       the past ten years and it will be folly in the  
18       extreme to throw it away over the next ten years.

19                      I would urge the regulators, the  
20       DOC, the industries, et cetera, that are involved  
21       to ensure that if there is going to be a 200-  
22       channel industry five or ten years out, that it be  
23       controlled in a fashion which enables Canadian  
24       broadcast signals to get out.

25                      I don't know whether DBS is going

1 to be viable in the U.S. ultimately. If I had to  
2 bet, I would say that it will. It will be slower  
3 than everybody else has said, but let's not take  
4 the risk that the United States develops a 200-  
5 channel capacity before we do. If they do and if  
6 Canadians have access to it, just as they have  
7 access to 200 American magazines right today  
8 downstairs in the store in the lobby, then we will  
9 have lost a good portion of the Canadian broadcast  
10 system.

11 That is going to require an  
12 environment in which the investor is prepared to  
13 invest money in the cable system. You heard Mr.  
14 Asper talk about the difficulties of raising money  
15 in broadcasting. We will need to ensure that the  
16 cable operator, too, has access to the billions of  
17 dollars for channel capacity expansion. That will  
18 mean a requirement for an understood, transparent,  
19 evident and fair regulatory environment.

20 We don't need to discuss all of  
21 the aspects of that today, but it is clear that  
22 there are issues the cable industry is facing vis-  
23 à-vis rate regulation, vis-à-vis overall  
24 regulation, vis-à-vis competition that, in another  
25 forum, will need to be discussed.

1                   So I guess, Mr. Chairman, I would  
2                   close with the statement that I don't see  
3                   television being any different from the magazine  
4                   industry. If we want to have a broadcast industry  
5                   that achieves the same as the Canadian magazine  
6                   industry, we need to create an electronic highway  
7                   that is going to create the packaging of U.S. with  
8                   Canadian product. We have the system there that  
9                   does it. It is called the cable system. Let's  
10                  work with it and let's make sure that nothing is  
11                  done that is going to enable Canadians to bypass  
12                  Canadian signals in order to get at the American  
13                  signals they want.

14                                   Thank you.

15                                   THE CHAIRMAN: Thank you, Mr.  
16                   Osborne.

17                                   Bill McGregory, followed by  
18                   Patrick Watson, please.

19                                   MR. MCGREGORY: Mr. Chairman, the  
20                  day is moving on; so perhaps it is appropriate to  
21                  thank you for convening a successful meeting.

22                                   I think we should thank as well  
23                  the rapporteurs who have performed so very well,  
24                  and appreciation as well to the Committee Chairman  
25                  and the members. It has gone well.

1                   Today's participation, it seems to  
2 me, is full evidence of our interest and desire  
3 for a movement to a new world.

4                   I am rather interested that I have  
5 so much agreement with what Ron has said, what  
6 Sheilagh Whittaker has said, what Doug Holtby  
7 said, what Izzy Asper said, and when you get me  
8 agreeing with them, you really have something  
9 going.

10                  I trust, however, that these  
11 discussions are not going to lead us to a world of  
12 a technology-driven, uneconomic series of dreams.  
13 This is a business which has a cultural  
14 imperative. As you said last evening, there can  
15 be no steps which drive on without regard for  
16 economics, resources or real audience demands.

17                  Narrow cast multiple channels need  
18 enormous program resources. The present high-  
19 quality Canadian programs don't recover even  
20 Telefilms 30 per cent licence requirements on  
21 broadcast.

22                  Thanks to TVB, however, it is  
23 encouraging to note that despite a tripling of  
24 total viewing options over the last eight or nine  
25 years, eight or nine years ago, viewing per week



1 was 23.6 hours. In 1991, it is 24 hours. So we  
2 are not losing viewers. People are not going away  
3 from the television business.

4 The CBC French and English  
5 audiences are essentially the same as five years  
6 ago. In fact, I think on the French side they are  
7 somewhat larger than they were five years ago.  
8 CTV and Global are either up or at the levels of  
9 five years ago. So the technology that has  
10 already impacted our operations in Canada has not  
11 been as damaging as we have heard through some of  
12 the scare scenarios that have been developed here  
13 in the earlier hours. The top shows, in fact, now  
14 are reaching undreamed of levels of five and six  
15 million viewers, an enormous audience.

16 Culturally, to succeed, it seems  
17 to me that we are going to have to encourage that  
18 broadcast service and one which can afford the  
19 programs that Pierre DesRoches, Madam Charest and  
20 Richard and Messrs. Godbout and Robert Lantos want  
21 to produce. We can't go down a policy road  
22 leading only to narrow services which are unable  
23 to afford quality Canadian programs. In this, I  
24 agree with André Bureau.

25 Mr. Chairman, thank you.

1 THE CHAIRMAN: Thank you very  
2 much, Mr. McGregory.

3 Pat Watson, please.

4 MR. WATSON: Thank you, Mr.  
5 Minister.

6 As we seem to be moving more into  
7 tactical and concrete realities, I would like to  
8 say a few words about the framework within which  
9 we are discussing all of this, the underlying  
10 purpose and national purpose and national pride  
11 which I think tend to get shoved aside sometimes,  
12 and picking up some themes that were started by  
13 Izzy Asper and Doug Holtby and touched upon a  
14 little bit by Mr. Osborne and Mr. McGregory and  
15 others.

16 I would like to come back to your  
17 striking metaphor yesterday of the video store and  
18 your observation that you can't make the customers  
19 who go into that video store walk out with a  
20 rented Canadian program under their arms, and that  
21 is true. But if on the shelves of your great  
22 electronic video store in the sky there are no  
23 Canadian programs, what are we going to say to our  
24 grandchildren when they pose the question to us,  
25 "What ever happened to that dream called Canada?"

1                   You and I, Minister, because of  
2                   the nature of our jobs, are explicitly stewards of  
3                   a national trust, but that question about the  
4                   grandchildren applies not just to those of us with  
5                   a public responsibility. I think it is just as  
6                   valid for every single proprietor and manager of  
7                   media instruments, all of us. We are all de facto  
8                   stewards of a public trust because of the power we  
9                   all have to shape how our citizens see themselves  
10                  as citizens of this country and as players in the  
11                  unfolding saga of the whole increasingly  
12                  interdependent world.

13                  I want to say a couple of words,  
14                  then, about all of this technology and all of this  
15                  jostling for a place in the sun and put out a  
16                  couple of questions on the table here focused in  
17                  that direction.

18                  The first question is: Do we  
19                  believe that here in Canada we have wrought  
20                  something which, flawed as it is, is nonetheless a  
21                  model to the rest of the world of a civil society?  
22                  The second question is: Do we understand that  
23                  this model, which is our country, exists every bit  
24                  as much in our images and sounds, our plays and  
25                  our songs and our journalism and our games as it

1 does in our prairies and our mountains and our  
2 rivers and our lakes and our laws and  
3 institutions?

4 If the answer to those two  
5 question is "yes", which I fervently hope it is,  
6 then not just you and I but every person in this  
7 room has to ask this further question: Will the  
8 strategies that we are working towards nourish not  
9 only the prosperity, but also the spiritual and  
10 social and cultural vigour of this country?

11 We have to make sure, Minister,  
12 that those shelves of yours in the video store  
13 gleam with the very best that we have to offer and  
14 the technological imperatives and the market  
15 forces buttressed by that pornographically  
16 dangerous and misleading shibboleth "Give the  
17 people want they want," will not on their own  
18 ensure that presence and that gleam.

19 Thank you.

20 THE CHAIRMAN: Thank you very  
21 much, Mr. Watson.

22 Joan Pennefather, please.

23 MS PENNEFATHER: Thank you,  
24 Minister.

25 Among the strategy considerations

1 that have been discussed, I would like to return  
2 again to perhaps aspects touching the viewer,  
3 issues of public policy and perhaps follow up on  
4 what Mr. Watson was just referring to.

5 Surely, the changing technological  
6 environment will present us challenges but, more  
7 importantly, it will provide opportunities for  
8 program providers, program deliverers and, more  
9 importantly, for the Canadian viewer.

10 It would appear that we are fast  
11 approaching the time when, for example, each  
12 viewer will be programming his or her own  
13 interactive programs or schedules.

14 For program providers, such as the  
15 National Film Board, the opportunities to deliver  
16 programs to Canadians will be limitless, reaching  
17 audiences directly in their homes using a  
18 multiplicity of electronic or other distribution  
19 systems.

20 In all of this, audiences and  
21 viewers are the key. They are the ones for whom  
22 we produce and program.

23 As a communications agency, the  
24 NFB is audience sensitive. Our programming is  
25 targeted to reach specific audiences and to

1       respond to specific audience demands and  
2       interests. We are already involved in niche  
3       programming and our programming research and  
4       evaluation allows us to target our diverse  
5       audiences and to better reflect and even influence  
6       their interests, influence because our role as a  
7       program provider -- and I would extend this to the  
8       broadcasting industry represented in this room --  
9       is not only to reflect and respond to viewers, but  
10      also to inform public discussion. We all have a  
11      responsibility as communications enterprises to  
12      challenge the conventional, to innovate and to  
13      encourage public discussion as our society  
14      undergoes economic and social change.

15                   The NFB's programming has often  
16      played a leading role in this regard and in a new  
17      audience-controlled environment, our programming,  
18      we believe, will be in more demand.

19                   Audiences and viewers want to see  
20      themselves. They want to see different types of  
21      programming and our numbers show this to be true.  
22      When we are able to present so-called difficult or  
23      challenging programming, viewers do tune in in  
24      high numbers and when viewing is coupled with  
25      direct video sales promotion, the numbers

1           increase.

2                               Therefore, as program providers,  
3 we will be looking to all means open and available  
4 to reach our audiences. We will work with all  
5 members of the industry to achieve our goals which  
6 I believe are mutual: that of reaching out to  
7 viewers in Canada and around the world.

8                               We must also not forget that in  
9 our work we must reflect the changing social  
10 reality and diversity in Canada. Part of that  
11 reality involves the role of women and of men and  
12 women of diverse backgrounds. While our  
13 programming must reflect that reality, so must our  
14 structures and our resource allocations.

15                              I propose that the next summit,  
16 daughter of this Summit so to speak, address the  
17 issues of representation of women and people of  
18 diverse backgrounds in programming, in industry  
19 structures, in access to financial resources and  
20 around this table.

21                              I would be pleased to work with  
22 the Summit's Organizing Committee to set the  
23 agenda for this discussion and to work with the  
24 newly established group Canadian Women in Radio  
25 and Television.

1                   En terminant, j'aimerais remercier  
2                   et féliciter M. le Ministre pour cette conférence,  
3                   qui vise non seulement à formuler une stratégie  
4                   industrielle mais aussi une stratégie culturelle,  
5                   les deux prenant comme base principale une  
6                   programmation canadienne diversifiée et  
7                   distinctive. On a tout ce qu'il faut ici.

8                   Merci.

9                   LE PRÉSIDENT: Merci, Madame  
10                  Pennefather.

11                  Je donne maintenant la parole à M.  
12                  Guy Beauchamp de Télécâble Laurentien. Il sera  
13                  suivi par Micheline Charest et Pierre Simon.

14                  M. BEAUCHAMP: Merci, Monsieur le  
15                  Ministre.

16                  I would like to respond to two  
17                  comments that have been made. There was one by, I  
18                  believe, Mr. Izzy Asper that conventional  
19                  television broadcasters are the only source of  
20                  Canadian production. The second one was that  
21                  somehow the U.S. high-powered satellite threat is  
22                  somewhat of a hype.

23                  On the first subject, that the  
24                  conventional broadcasters are the only source of  
25                  Canadian production, I think we have to remind



1 everyone of some facts. The first one is that  
2 through community production, cable provides every  
3 month six thousand hours of original Canadian  
4 production, all of it 100 per cent Canadian.

5 Second, through cable, ten  
6 Canadian specialty services are now making today  
7 very relevant contributions to the Canadian  
8 broadcasting system: Much Music, Musique Plus,  
9 Canal Famille, Y-TV, TV Cinq, Newsworld, RDS, TSN,  
10 Météomédia and Vision. These are all Canadian  
11 specialty services which are now successful and  
12 have been made possible through cable.

13 Third, pay T.V. networks, Super  
14 Ecran, First Choice and Family Channel also  
15 contribute to the broadcasting system today.  
16 Lastly, Viewers Choice Canada is now a Canadian  
17 answer to pay per view.

18 Of course, we have to add to that  
19 the help that has provided to conventional  
20 broadcasters through simultaneous substitution  
21 valued at about \$100 million a year.

22 On the second point, that the U.S.  
23 high-powered satellite is somewhat of a hype, I am  
24 truly concerned that as we are arguing about the  
25 size of the beast that is about to descend on us,

1 we are losing perspective on the issue and wasting  
2 time on addressing the real issue. The real issue  
3 is that we have identified that consumers want  
4 more choice and better control over their  
5 scheduling. That is a fact.

6 Maybe they have not broken down  
7 our doors or the conventional broadcasters' doors,  
8 but they certainly have broken down the video  
9 store doors because they have been spending over a  
10 billion dollars there, a billion dollars which is  
11 spent outside of the Canadian broadcasting system.  
12 I would think that we would have learned something  
13 from that experience. Those who said in the  
14 beginning of the seventies that VCRs weren't going  
15 to be a threat now realize that they were and we  
16 should have gotten ready for it.

17 I would like to leave you with a  
18 message that I believe the working groups' work is  
19 very relevant and we should understand that  
20 throughout history the greatest achievers never  
21 came from the ranks of those who took themselves  
22 and the role they play for granted.

23 Thank you, Mr. Minister.

24 THE CHAIRMAN: Thank you, Mr.

25 Beauchamp.

1 Madam Charest, please.

2 M<sup>me</sup> CHAREST: Merci, Monsieur le  
3 Ministre.

4 The first point I would like to  
5 address has to do with new technologies and  
6 production. The only production which is  
7 significantly automated today is in broadcasters'  
8 studios, news or traffic control. There is very  
9 little automation in production today, but we  
10 believe there are important economies to be made  
11 in production as conventionally undertaken.

12 There is room for program  
13 innovation and we should be able to experiment.  
14 It is our strategy to develop new partnership with  
15 the workforce so that new technologies can be  
16 deployed to make cost efficiencies in production.  
17 We must concentrate on the marriage of the  
18 computer into all aspects of independent  
19 production.

20 I would just like to emphasize  
21 that point and the importance of giving us the  
22 flexibility in doing so, as well as support in  
23 research and development. I think there is a  
24 tremendous amount of talent out there and I think  
25 the benefit will be felt by all broadcasters as

1 well as producers.

2 My second point has to do with  
3 financing and I was very pleased to hear from  
4 various broadcasters as to how much you are  
5 concerned with the financing of Canadian  
6 production. Mr. Bureau illustrated very well the  
7 many possibilities that are out there for finding  
8 solutions to the financing problems we now face.  
9 Given the economic situation of the country, I  
10 think we need to be as imaginative as we can  
11 possibly be.

12 So I would like to offer you, Mr.  
13 Minister, a proposal that the producers take the  
14 lead in creating a working committee that would  
15 address specifically the short and long-term  
16 solution to the problem of the financing of  
17 Canadian production, of both French and English  
18 production I should mention. This working  
19 committee would be a small group chaired by the  
20 producers and involve both broadcasters and  
21 government officials.

22 It could work under the general  
23 umbrella of the Steering Committee so as to be  
24 involved in Phase II of the Summit. Hopefully, it  
25 could be formed quickly and have a preliminary

1 report by the end of February.

2 I really must stress how important  
3 this is for the survival of our production  
4 industry and if we want to keep pace with the  
5 changes that are ahead of us, we must be financed  
6 adequately. So I hope you will take our proposal  
7 into consideration.

8 Thank you.

9 THE CHAIRMAN: Thank you very  
10 much, Madam Charest.

11 Pierre Simon, followed by John  
12 Cassaday, suivi par M. Le Scouarnec.

13 M. SIMON: Merci, Monsieur le  
14 Ministre.

15 Depuis ce matin, dans toutes nos  
16 discussions, il y a beaucoup de contributions de  
17 l'industrie de la câblodistribution qui sont  
18 soulignées; on parle de la substitution, on parle,  
19 je dirais, de la possibilité d'offrir plusieurs  
20 canaux pour nos amis les radiodiffuseurs.

21 Je voudrais aussi mentionner peut-  
22 être un élément qui pourrait permettre de changer  
23 l'impression versus le rôle de l'industrie de la  
24 câblodistribution. Si je regarde au Canada les  
25 stations qui sont diffusées sur la bande UHF,

1 n'eût été du câble, je ne suis pas sûr qu'ils  
2 auraient réussi à faire un tel développement. Je  
3 pense en particulier à M. Asper, qui n'est pas  
4 ici, qui bénéficie, je dirais, de cette situation  
5 par rapport à l'industrie de la câblodistribution.

6 Aussi, dans toutes nos  
7 discussions, on a toujours pris comme hypothèse de  
8 départ que le câble serait toujours là. Je dois  
9 vous avouer que ce n'est peut-être pas  
10 nécessairement le cas.

11 Depuis le mois d'avril dernier,  
12 sous la direction de M. Noel Bambrough,  
13 l'industrie canadienne de la télédistribution a  
14 créé un groupe de travail, lequel groupe de  
15 travail a comme mandat d'établir un plan  
16 stratégique dans les années deux mille. De ce  
17 groupe de travail on a pu en particulier vous  
18 faire une présentation de la vision des années  
19 deux mille, comme Noel l'a fait plus tôt ce matin.  
20 On a pu aussi trouver d'autres choses très  
21 intéressantes, en parlant de financement.

22 Si l'industrie canadienne de la  
23 télédistribution rejoint maintenant 67 pour cent  
24 de tous les foyers canadiens, ou en fait 80 pour  
25 cent en termes de territoires accordés par

1 licence, il faut se rappeler que les revenus ont  
2 été constants en termes réels pendant les 20  
3 dernières années. Il faut se rappeler aussi que  
4 pour les prochaines années, on parle d'une  
5 croissance de foyers de moins que 2 pour cent.

6 Vous savez tous comme moi qu'une  
7 entreprise qui n'a pas de possibilités de  
8 croissance est considérée comme une entreprise qui  
9 peut être en danger de survie. À cet effet-là,  
10 laissez-moi vous dire que pour simplement  
11 maintenir les investissements en place, c'est-à-  
12 dire les réseaux tels qu'ils le sont aujourd'hui,  
13 le remplacement d'environ 4 pour cent des  
14 infrastructures annuellement, on parle d'un  
15 investissement de 2,5 milliards sur les 10  
16 prochaines années.

17 En soi, cela peut paraître facile,  
18 mais si on regarde en détail ce ne sont pas toutes  
19 les entreprises qui font face à la même situation.  
20 Je dirais même qu'il y a la moitié des entreprises  
21 de câble, en particulier dans les petits et les  
22 moyens systèmes, qui ne seront pas capables de  
23 faire face à ces investissements à moins de  
24 reprendre, je dirais, de l'argent dans leur poche,  
25 s'ils en ont, en parlant d'équité.

1                   En ce qui concerne les grands  
2 systèmes, ce n'est pas évident que ce sera plus  
3 facile pour eux non plus. Une bonne partie des  
4 grands systèmes, même s'ils ont recours à  
5 plusieurs sources de financement, vont devoir  
6 faire beaucoup d'applications en vertu du  
7 mécanisme 18(8), lequel est sujet à augmenter les  
8 tarifs et lequel réduit, je dirais, la  
9 compétitivité par rapport à d'autres formes de  
10 distribution.

11                   À cet effet, c'est sûr que depuis  
12 ce matin on parle de télévision par satellite, on  
13 parle de vidéocassettes -- en passant, les  
14 magnétoscopes ont une pénétration aussi importante  
15 que le câble au Canada -- et on parle aussi des  
16 réseaux alternatifs. On a fait référence à ce que  
17 les compagnies de téléphone pourraient offrir en  
18 termes de ce qu'on pourrait appeler le video dial  
19 tone.

20                   Si on veut faire face à cette  
21 nouvelle compétition, si on veut faire face à  
22 cette nouvelle, je dirais, ronde  
23 d'investissements, ce sera plus qu'une question de  
24 survie tantôt; il va falloir trouver des nouvelles  
25 sources de financement.



1                   Je me demande si les  
2 radiodiffuseurs sont conscients aussi que peut-  
3 être que l'industrie du câble est à risque et  
4 peut-être que demain, si on n'a pas les outils  
5 nécessaires pour investir et vous donner une place  
6 privilégiée dans le système canadien, on ne sera  
7 plus là pour faire la substitution en parlant de  
8 petits systèmes principalement.

9                   Merci, Monsieur le Ministre.

10                  LE PRÉSIDENT: Merci, Monsieur  
11 Simon.

12                  John Cassaday from CTV, please.

13                  MR. CASSADAY: Thank you, Mr.  
14 Minister.

15                  I think we have heard some  
16 tremendously good long-term strategic ideas: Mr.  
17 Rogers thought about strategic alliance and  
18 partnership; Mr. Chagnon's thoughts about the use  
19 of technology.

20                  My comments are going to be  
21 largely tactical, though, even though I do  
22 appreciate that it is going to be the long ball  
23 that helps us out of this. I think there is still  
24 a very big risk that as we look towards 1995 and  
25 think back to today, we will think of today as the

1 good old days of broadcasting.

2 So I think there are some very  
3 major challenges that we have. Undoubtedly,  
4 fragmentation will increase. Costs of technology  
5 will increase. The CBC is likely to be under  
6 increasing budget pressures in the years to come  
7 and probably DBS will be here.

8 So I have six specific  
9 recommendations, three short-term and three long-  
10 term, and I will be brief.

11 On the short-term one, I was  
12 pleased to hear in the course of this meeting that  
13 the Commission will be considering relaxing the  
14 revenue formula. I would like to go further and  
15 recommend the elimination of expenditure  
16 requirements and revenue formulas in this country.

17 In my view -- and I have  
18 communicated this to Mr. Spicer and other members  
19 of the Commission -- the existence of these  
20 formulas and expenditure requirements encourage  
21 inefficiency in our system. It fails to recognize  
22 the market factors that are in play for  
23 broadcasters.

24 No one told CTV this year to  
25 invest heavily in upgrading their news operation.

1 We did it because we knew we needed to do that to  
2 compete against a strong CBC news service. Also,  
3 it eliminates the flexibility that is required in  
4 order to compete in what will undoubtedly be a  
5 rapidly changing marketplace.

6 My second recommendation is that  
7 we protect and strengthen where possible the  
8 provisions of Bill C-58 and the rights which we  
9 currently have to programming in Canada. We take  
10 as a matter of course that these are rights that  
11 will be sustained.

12 I know from talking to a senior  
13 American official that the U.S. government does  
14 not look at it that way. They view these as clear  
15 examples of protectionism and they will be under  
16 threat.

17 I wonder, Mr. Minister, whether a  
18 letter drafted by the DOC and signed by everyone  
19 here to Mr. Wilson just reaffirming this group's  
20 desire to see those two important elements  
21 maintained as we go through the NAFTA discussions  
22 and our ongoing discussions with the United States  
23 and the normalization of the Free Trade Agreement  
24 would not be in order.

25 The third recommendation is that

1 we relax the strict guidelines that relate to  
2 advertising particularly but not exclusively the  
3 rights to promote our home-made programming.

4 Looking to the future, my fourth  
5 recommendation is that we ensure that today's  
6 broadcasters are encouraged, even stimulated, to  
7 be among the pioneers in the new programming  
8 channels we have talked about. I think it is  
9 imperative that we make it as possible for CTV to  
10 get a second channel on the air in Canada today as  
11 it is for Ted Turner.

12 Fifth, I think we need to  
13 encourage the free movement of capital for merger  
14 and consolidation without penalty or without undue  
15 delay. To compete, I think it is going to be  
16 possible that there will be less players with  
17 deeper pockets required to be successful in the  
18 future.

19 Finally, to the government, I  
20 would like to state that we strongly oppose even  
21 the contemplation of a move to multiple regulatory  
22 jurisdictions as you embark on the unity  
23 discussions.

24 Again, Mr. Minister, I would just  
25 propose for discussion by the group whether or not

1 a letter drafted by the DOC with the signatures of  
2 everyone here to the Prime Minister encouraging  
3 him to ensure that the regulation of our industry  
4 remains within one jurisdiction and is not  
5 fragmented in the future would be considered.

6 THE CHAIRMAN: Thank you very  
7 much, Mr. Cassaday.

8 You have made a number of very  
9 concrete proposals. Let me just comment on a  
10 couple of suggestions you have made with regard to  
11 DOC drafting letters to go to colleagues of mine.

12 It would be a very difficult  
13 proposition for us to do the drafting of any  
14 letters. Should members of the Summit wish to  
15 either collectively or individually send letters  
16 on any matter that they would like, I am sure my  
17 colleagues would welcome that. But I am not sure  
18 that the DOC should be the instigator or hold the  
19 pen for the letters.

20 However, I think the suggestions  
21 you have made are very concrete ones and they are  
22 ones that certainly deserve study in all cases.

23 Also, I might signal at this point  
24 as well, just to give a heads up to Mr. Spicer,  
25 that as we conclude this morning, I will ask Keith

1 Spicer for an intervention because I think it is  
2 appropriate at the conclusion of the morning to  
3 hear from the regulator and to get some sense with  
4 respect to the CRTC as well.

5 Monsieur Le Scouarnec, s'il vous  
6 plaît.

7 M. LE SCOUARNEC: Merci, Monsieur  
8 le Ministre.

9 J'aimerais tout d'abord vous  
10 remercier pour votre présentation d'hier sur votre  
11 perception de l'avenir technologique. Je pense  
12 que votre vision était très intéressante et un  
13 exercice utile qui nous a permis de constater à  
14 quel point vous comprenez assez bien le contexte  
15 du village global dans lequel on vit maintenant et  
16 contre lequel on ne peut se protéger de façon  
17 artificielle.

18 Nous avons parlé un peu plus tôt,  
19 plusieurs personnes qui sont dans l'industrie de  
20 la câblodistribution, de la contribution des  
21 câblodistributeurs. J'aimerais y ajouter un petit  
22 quelque chose.

23 Au-delà de la substitution, à  
24 laquelle on contribue déjà beaucoup et, au Québec  
25 seulement, au support essentiel qu'on accorde aux

1 services spécialisés, nous permettons également la  
2 pénétration des chaînes conventionnelles dans  
3 certaines régions où il n'y a aucun émetteur, y  
4 compris Radio-Canada.

5 Nous permettons également, via les  
6 chaînes communautaires, au-delà de la production  
7 originale de matériel canadien, la formation de  
8 plusieurs bénévoles. De fait, 90 pour cent des  
9 bénévoles oeuvrant dans les chaînes communautaires  
10 ont une formation formelle ou informelle. Ceci  
11 forme un bassin qui est toute la relève et --  
12 plusieurs peuvent en témoigner -- ces gens se  
13 retrouvent dans les réseaux, qu'ils soient  
14 spécialisés ou dans les chaînes conventionnelles.

15 Un autre point sur lequel il faut  
16 insister, c'est la télévision interactive. Il  
17 faut remarquer que c'est une initiative d'un  
18 câblodistributeur qui permettra aux  
19 radiodiffuseurs de pouvoir augmenter leurs revenus  
20 si c'est bien utilisé.

21 Il y a donc un potentiel, qui est  
22 une première réponse, qui existe déjà.

23 Si on passe aux solutions évoquées  
24 pour essayer de solutionner certains problèmes,  
25 j'aimerais souligner tout d'abord le danger de

1           considérer une forme d'interfinancement  
2           industriel; je fais allusion, évidemment, à toute  
3           taxe ou à l'équivalent sur le câble.

4                           D'une part, il y a une limite dans  
5           l'élasticité des prix, et on ne peut compter sur  
6           le consommateur -- et particulièrement sur le  
7           consommateur de services de câblodistribution --  
8           pour pouvoir porter tout le fardeau qui lui  
9           incomberait pour assister des réseaux qui, sans  
10          récession, ne seraient probablement pas  
11          déficitaires. D'autre part, nous estimons qu'il  
12          est important de considérer les besoins  
13          d'investissement majeurs que l'industrie devra  
14          consacrer au cours des années à venir.

15                           Les câblodistributeur collaborent  
16          déjà avec leurs collègues radiodiffuseurs, et au  
17          Québec c'est encore plus vrai, où les structures  
18          corporatives favorisent une synergie. On devrait  
19          pouvoir élaborer des solutions ensemble.

20                           La technologie, cela a déjà été  
21          mentionné, constitue une réponse appropriée. Ceci  
22          doit s'accompagner également d'une redéfinition  
23          d'intérêt public. Je vous propose quelques  
24          éléments qui tiennent compte, d'une part, du  
25          respect du choix des consommateurs; je crois qu'on



1 n'y échappe pas, c'est la réalité, et essayer de  
2 s'enfermer dans un cadre protectionniste ne nous  
3 aiderait pas. La flexibilité réglementaire,  
4 encore une fois, il ne s'agit pas strictement  
5 d'une flexibilité pour nous aider strictement à  
6 s'adresser aux questions à court terme mais bien à  
7 reconnaître la réalité nord-américaine dans  
8 laquelle on vit.

9 Il faut poursuivre les exercices  
10 de concertation. À cet effet, nous allons  
11 sûrement collaborer à toute suite qui pourrait  
12 être offerte à ce sommet, qu'il s'agisse d'une  
13 phase 2 ou peu importe la forme qu'elle prendra.

14 Enfin, il faut souligner l'urgence  
15 d'agir rapidement. Nous avons entendu des  
16 commentaires de personnes qui semblaient dire que  
17 la menace est pour beaucoup plus tard. Il faut se  
18 rappeler brièvement le cheminement que nous avons  
19 fait pour nous retrouver autour de cette table.  
20 Le problème de la télévision au Québec est apparu  
21 il y a environ deux ans et demi. Après plusieurs  
22 mois une commission a été créée: le groupe de  
23 travail Girard-Peters. Par la suite un rapport a  
24 été déposé. Six mois plus tard on a annoncé la  
25 tenue d'un sommet, et six mois plus tard nous

1           voici ici. Dans six mois on sera peut-être à une  
2           autre réunion qui s'appellera "la conclusion de la  
3           Phase 2". Alors du début à la fin, ça fait deux  
4           ans et demi ou trois ans qui se sont passés.

5                        Il est entendu qu'il est très long  
6           d'établir un programme de concertation qui tienne  
7           compte des délais réglementaires, qui tienne  
8           compte des délais requis pour planifier les  
9           stratégies industrielles, pour planifier les  
10          investissements majeurs au niveau  
11          d'infrastructures qui sont là pour durer  
12          longtemps.

13                       Je crois qu'il est important, en  
14          terminant, de rappeler l'urgence d'agir rapidement  
15          à tous les niveaux; non pas strictement au niveau  
16          du ministère, mais au niveau de tous les  
17          intervenants autour de la table.

18                       Merci.

19                       LE PRÉSIDENT: Merci beaucoup pour  
20          vos commentaires.

21                       Monsieur Bélanger, suivi par MM.  
22          Pouliot et Michael McCabe.

23                       M. BÉLANGER: Merci, Monsieur le  
24          Ministre.

25                       J'enchaîne immédiatement, après ce

1 que mon collègue Le Scouarnec a dit, en disant que  
2 l'urgence d'agir demeure malgré tout la priorité  
3 de cette démarche-ci. Je ne suis pas peu fier que  
4 le dernier-né des réseaux de télévision  
5 francophones, et canadiens vraisemblablement, TQS,  
6 Télévision Quatre-Saisons, ait été largement  
7 instrumental dans la provocation finalement des  
8 débats qui se produisent aujourd'hui, sauf qu'il  
9 m'apparaît important de revenir à des éléments  
10 structurels dont on doit absolument résoudre les  
11 difficultés si on veut véritablement s'attaquer à  
12 une stratégie industrielle à moyen et à plus long  
13 termes.

14 Pour moi, il est clair que les  
15 questions qui ont été soulevées hier et qui  
16 restent sans réponse sont, entre autres, la  
17 question du mandat de Radio-Canada, la question de  
18 financement du système de la radio-télédiffusion  
19 francophone en particulier; et l'évolution du  
20 système francophone, du moins pour le Québec,  
21 reste une chose absolument indispensable à vider  
22 complètement.

23 La façon dont on l'aborde jusqu'à  
24 maintenant me préoccupe au plus haut point. Je  
25 pense que, comme M. Osborne l'a fait valoir

1 tantôt, il est clair que dans d'autres secteurs  
2 culturels le gouvernement n'intervient pas avec la  
3 même vigueur. Il est clair qu'on ne réglemente  
4 pas les magazines, les livres, les périodiques, ce  
5 qu'on voit au théâtre, ce qui se joue aux  
6 orchestres symphoniques. Je trouve difficile  
7 d'accepter à ce moment-ci qu'après 50 ans de  
8 radiodiffusion menée par des radiodiffuseurs  
9 responsables, on en soit encore restreint à devoir  
10 vivre sous des contraintes réglementaires  
11 extrêmement lourdes.

12 Il y a une contradiction dans les  
13 termes puisqu'on reconnaît de plus en plus que les  
14 citoyens veulent vivre leurs choix. Ils ont  
15 aujourd'hui les disponibilités technologiques pour  
16 le faire; faudrait-il encore durer avec un système  
17 qui fait en sorte qu'on leur dicte à toutes fins  
18 pratiques un peu les choix qu'ils auront à subir.

19 Je ne sais pas s'il y en a qui ont  
20 rempli récemment des demandes de renouvellement de  
21 licence, mais il est clair que les formulaires  
22 qu'on doit remplir indiquent, contrairement à tout  
23 ce dont on discute ici autour de la table, qu'on  
24 en est encore dans le monde de l'omnibus, où le  
25 radiodiffuseur doit couvrir un terrain très large

1           pour satisfaire absolument tous les auditoires; de  
2           tout pour tous.

3                           M. Znaimer a mis le doigt sur le  
4           problème hier. Il est clair que chacun des  
5           joueurs doit devenir de plus en plus différent et  
6           distinct dans le système. La façon dont les  
7           choses sont à l'heure actuelle, on n'y arrivera  
8           pas.

9                           Tant qu'on ne réglera pas et qu'on  
10          ne reconnaîtra pas la liberté fondamentale des  
11          gens et de ceux qui les servent... et, en  
12          radiodiffusion, on dit qu'on est des  
13          radiodiffuseurs libres; la loi l'affirme. Mais,  
14          paradoxalement, et la loi et les règlements qui en  
15          découlent viennent contredire, dans les faits,  
16          cette dynamique-là.

17                          Je pense qu'il y a un problème de  
18          fond. Il y a un problème structurel, non pas  
19          seulement dans la réalisation de la loi mais dans  
20          le fondement même de la législation à l'heure  
21          actuelle.

22                          J'ose le dire tout haut, au risque  
23          de passer pour une tête chaude, que la loi telle  
24          qu'elle est présentement ne répond pas à la  
25          réalité dont on parle aujourd'hui. Tant et aussi

1 longtemps qu'on se gaussera de croire qu'on a une  
2 loi qui est adaptée à la réalité d'aujourd'hui, je  
3 pense qu'on passe à côté. On n'a pas le bon  
4 instrument pour faire face aux réalités des années  
5 quatre-vingt-dix et de l'an 2000.

6 Notre préoccupation, c'est le  
7 téléspectateur. Ce téléspectateur-là, en vertu  
8 des lois canadiennes, c'est un individu libre, à  
9 qui on veut donner un ensemble de services mais en  
10 toute liberté et avec beaucoup plus de marge de  
11 manoeuvre que ce qui existe présentement.

12 Je ne conteste pas le fait qu'on  
13 doive avoir une architecture de distribution de  
14 qualité fiable et économique. Ça, c'est entendu.  
15 La loi de l'évolution du progrès est là pour le  
16 dire, dans ce domaine-là comme dans d'autres  
17 domaines. On est préoccupé, évidemment, que le  
18 tout soit fait correctement et à l'intérieur de  
19 mesures ou d'une capacité économique qui nous  
20 permette de servir. Mais, à l'autre bout de la  
21 ligne, le service de distribution n'est là que  
22 pour donner des contenus que des gens libres  
23 devraient pouvoir offrir à des gens libres de les  
24 recevoir.

25 On est en train d'organiser

1 l'ensemble du système pour ça, mais les  
2 indications, au moment où on se parle, le cadre  
3 lui-même à l'intérieur duquel on opère le genre de  
4 forum pour y arriver crée d'énormes difficultés à  
5 pouvoir effectivement aborder ces questions-là les  
6 mains beaucoup plus libres.

7 Si j'ai une recommandation à  
8 faire, Monsieur le Ministre, dans la poursuite...  
9 parce qu'il va falloir poursuivre pour se dégager,  
10 sortir de la gangue du passé, afin de trouver des  
11 solutions un peu plus radicales que certaines  
12 solutions incremental, tel qu'on a entendu tout au  
13 long de la journée d'hier. Je pense qu'on se  
14 raconte un petit peu des peurs, tout le monde, en  
15 disant: "Oui, ça va bien avec Téléfilm; oui, ça  
16 va bien avec la Société dans l'ensemble; la  
17 Société Radio-Canada est bien contente de ce  
18 qu'elle fait; les radiodiffuseurs privés semblent  
19 satisfaits aussi; les câblos cherchent un espace  
20 additionnel." Tout le monde, quand même, semble  
21 bien satisfait de ce qui se produit.

22 En réalité, quand on sort de la  
23 pièce, il est clair qu'il y a des questions de  
24 fond qu'on n'est pas capable de vider et qu'il  
25 faut absolument avoir le courage, cette fois-ci

1            cependant, de ne pas éluder.

2                            Alors je fais un plaidoyer pour la  
3            liberté, et la liberté de servir le  
4            téléspectateur, le consommateur. C'est ce que  
5            notre groupe de travail, Monsieur le Ministre, au  
6            fond, à travers l'outil du TVB, a tenté de  
7            manifester. Mais, plus fondamentalement, ce n'est  
8            pas l'outil lui-même qui est important, c'est ce  
9            qu'il va lui permettre de faire pour aller  
10            rejoindre, finalement, la personne qui regarde  
11            mais la personne qui paie.

12                            Dans tout le système dont on parle  
13            ici, ultimement, il y a un payeur, et c'est le  
14            téléspectateur; c'est le consommateur. On aura  
15            beau parler de subventions, de crédits d'impôt, de  
16            tarifs publicitaires et toutes ces questions-là,  
17            de coûts de production; ultimement, c'est le  
18            Canadien et la Canadienne qui le paient en bout de  
19            piste. Ces gens-là ont déjà cette liberté-là, et  
20            on veut leur en donner encore davantage... non pas  
21            au téléspectateur, mais qu'on ait des moyens  
22            encore plus aisés, plus audacieux et plus dégagés  
23            des contraintes actuelles pour pouvoir le servir.

24                            Alors, Monsieur le Ministre, voilà  
25            mes réflexions.



1 LE PRÉSIDENT: Merci, Monsieur  
2 Bélanger.

3 Monsieur Pouliot.

4 M. POULIOT: Merci, Monsieur le  
5 Ministre.

6 Je n'ai pas préparé mes remarques,  
7 sachant que Charles allait me précéder. Charles  
8 est plus modéré que moi; ça vient probablement  
9 avec la sagesse de l'âge.

10 Doug Robie m'a dit hier: "Adrien,  
11 you should really be clearer and tell them what  
12 you really have on your mind." Alors ce que je  
13 vais vous dire... on est peut-être 150 dans la  
14 pièce ici, et je vais peut-être me ramasser avec  
15 147 ennemis; les trois autres, il y en a deux qui  
16 sont mes employés et il y a moi.

17 Ffirst, let me go back to some  
18 words that struck me in your closing address  
19 yesterday. You said -- and this is what Charles  
20 just said -- that the system should be viewer-  
21 driven, that it should be driven by the needs and  
22 desires of the customer, that it should be more  
23 dynamic and that we should look at it from the  
24 front window rather than the rear-view mirror.

25 What I have heard up to now from

1 Professor Caron's report and from the report of  
2 the committees is, basically, it seems to me,  
3 trying to fill the cracks in the regulatory wall.  
4 I am particularly addressing here that part of Mr.  
5 Caron's report dealing with regulatory and policy  
6 environment -- protected spectrum allocation; pre-  
7 set national regulatory goals; controlled  
8 ownership; government-aided investment; protection  
9 of the cultural industry; limitation of  
10 competition; subsidization of program production.

11 Monsieur le Ministre, il est  
12 arrivé quelque chose d'intéressant il y a trois  
13 jours en U.R.S.S.: d'un coup de crayon,  
14 l'U.R.S.S. est disparue. Cela signifie la fin  
15 d'une économie planifiée, la fin des plans  
16 quinquennaux, la fin des armées de fonctionnaires  
17 qui essaient de calculer combien de grains de  
18 quelle céréale doivent être semés à quelle date en  
19 1990 à quel endroit en Ukraine pour satisfaire  
20 quels besoins de quels résidents de Moscou au mois  
21 de mai ou au mois de juin 1991. Et tout ça se  
22 fait sans qu'on inclue, évidemment, ce qui  
23 réglerait tous les problèmes; le modérateur  
24 principal qui éviterait tout cet exercice, c'est  
25 le droit de faire un profit et le droit de faire

1           une perte.

2                               Le résultat en U.R.S.S.,  
3           évidemment, on le sait: 90 pour cent de la  
4           production céréalière est fournie par 10 pour cent  
5           des terres qui sont réservées au système privé  
6           qu'ils ont été obligés de créer pour survivre et  
7           le reste est importé.

8                               Et il y a des queues. C'est un  
9           phénomène typiquement communiste d'une économie  
10          planifiée. L'économie de marché planifié, ça ne  
11          marche pas. Ça peut prendre cinq ans pour le  
12          réaliser; ça peut prendre 70 ans pour le  
13          constater; mais l'expérience communiste du XXe  
14          siècle le démontre amplement.

15                               Nous nous retrouvons aujourd'hui  
16          dans une pièce qui ressemble au Soviet Suprême,  
17          remplie de fonctionnaires; et je m'inclus comme  
18          ça, je suis un fonctionnaire, puisque la Loi sur  
19          la radiodiffusion dit que je suis ici pour remplir  
20          la volonté du gouvernement telle qu'exprimée par  
21          la Loi sur la radiodiffusion, et particulièrement  
22          l'article 3 de cette loi.

23                               Nous essayons donc tous de nous  
24          protéger contre la volonté du téléspectateur qui,  
25          lui, n'a absolument rien à faire avec l'article 3

1 de la Loi sur la radiodiffusion. Quand il arrive  
2 chez lui, il ne connaît pas l'article 3 de la Loi  
3 sur la radiodiffusion et il syntonise ce qu'il  
4 veut regarder.

5 Nous sommes ici pour procéder de  
6 façon ordonnée à une économie qui, vous l'avez  
7 bien dit, Monsieur le Ministre, doit être conduite  
8 par le téléspectateur, qui est viewer-driven.  
9 Malheureusement, on ne peut pas procéder de façon  
10 ordonnée à une telle économie. C'est impossible.

11 Quand le ministre des Finances de  
12 l'U.R.S.S. dit qu'il voulait éviter le chaos d'une  
13 transition non ordonnée à une économie de marché,  
14 il prononce par le fait même une phrase qui n'a  
15 pas de sens en soi, car la loi du marché, c'est  
16 justement fondé sur le chaos qui fait que les  
17 entrepreneurs tentent de répondre aux besoins des  
18 téléspectateurs et peuvent se casser la gueule en  
19 le faisant ou faire des millions en le faisant.

20 Je n'ai pas de problème à vivre  
21 dans le système de radiodiffusion actuel. Ma  
22 famille le fait depuis 30 ans, et ce, de façon  
23 très respectueuse des règles qui ont été établies.  
24 Mais je crois que nous devons tous ici en accepter  
25 les conséquences, c'est-à-dire un marché qui aura

1 beaucoup de difficulté à répondre aux besoins du  
2 consommateur parce qu'il sera embourbé dans le red  
3 tape bureaucratique; une industrie qui dépendra  
4 d'incitatifs fiscaux, de subventions directes et  
5 indirectes et de barrières tarifaires pour  
6 survivre; un marché qui aura peur de la  
7 compétition; un marché qui se fera dépasser par la  
8 technologie, qui va beaucoup plus vite que les  
9 fonctionnaires -- Ron Osborne a dit: "A dollar  
10 short, a day later" -- un marché qui cherchera  
11 toujours à contrôler les nouveaux produits offerts  
12 et qui augmentera les barrières à l'entrée de  
13 nouveaux entrepreneurs en favorisant la  
14 concentration des joueurs existants; un marché  
15 surtaxé pour financer les inefficacités inhérentes  
16 à un tel système; un marché qui visera l'intérêt  
17 public et non l'intérêt du public.

18 Mais ce sera un marché stable,  
19 sauf les quelques erreurs de planification  
20 gouvernementale, avec le moins de chocs possible;  
21 un marché chaud et douillet pour ses joueurs; un  
22 petit club privé, où on n'invite pas le  
23 consommateur -- il n'est pas ici à la table -- un  
24 marché où les seules chicanes seront celles du  
25 découpage de la tarte des revenus ou de l'espace

1 commercial additionnel qui pourrait se créer de  
2 temps à autre et dont les nationalistes canadiens,  
3 dont je suis, peuvent être fiers, comme les  
4 Suédois le sont de leur propre modèle économique.

5 Comme membre accrédité de ce club,  
6 moi, ça fait bien mon affaire. Et, après tout, ça  
7 marche quand même assez bien. Il y a bien  
8 quelques fissures dans le mur, et il s'agit tout  
9 simplement d'engager quelques maçons pour remplir  
10 les craques qui commencent à apparaître. Mais  
11 dépêchons-nous, Monsieur le Ministre, avant que  
12 notre mur ne subisse le même sort qu'un autre mur  
13 célèbre qui s'est écroulé il y a eux ans. Je  
14 serai au deuxième sommet pour y veiller.

15 THE CHAIRMAN: Thank you, Mr.  
16 Pouliot.

17 Ladies and gentlemen, we have 12  
18 names on the list at the present time. It doesn't  
19 seem to be shrinking. Let me read them out in  
20 case people are wondering whether they have been  
21 missed.

22 We will proceed with Michael  
23 McCabe, Catherine MacQuarrie, John Hylton, Noel  
24 Bambrough, Doug Bassett, Fred Scheratt -- and I  
25 will try to pronounce Mr. Scheratt's name

1 correctly today, having not succeeded yesterday --  
2 Bernard Ostry, Eldon Thompson, Kevin Shea, Claude  
3 Godbout, Gilles Poulin, Charles Allen and, at some  
4 point, Keith Spicer before lunch.

5 Mr. McCabe, please.

6 MR. McCABE: Thank you, Mr.  
7 Minister. I would like to talk about programming.

8  
9 To the viewer all that matters is  
10 programming, obviously. We have had a great deal  
11 of talk here today about the technology and where  
12 it is taking us and how we have to move with it  
13 and anticipate it. Obviously, that is a very  
14 vital part of the equation, and I don't mean to  
15 downplay that part of the equation in addressing  
16 myself to programming.

17 In fact, we are the programmers --  
18 we, the private broadcasters and the public  
19 broadcasters and, indeed, the specialty and Pay  
20 services. We are the people who provide the  
21 programming, that which the viewer, the consumer,  
22 finally turns on the switch to see.

23 Our need is to get into the home  
24 by whatever means, whatever the technology may  
25 be -- and I mean with our current services and

1 with services we may and should develop.  
2 Obviously, digital compression makes possible in  
3 future a vast array of services, and we can be  
4 delivered into the home through the cable, the  
5 satellite or over the air with the advantages of  
6 compression with our current services and others.

7 Finally, the question is going to  
8 come down to: What is the programming on those  
9 services and what is the programming on our  
10 current services? In our planning process, taking  
11 the lead, we began talking some time ago about  
12 television Canadians want to watch, and Canadian  
13 television that Canadians want to watch. We said  
14 that that is our future. In a sense, there are  
15 two sides to that.

16 One of them is the point that no  
17 matter how much you put on the air or send over  
18 the air, unless the viewer chooses you by pushing  
19 the thumb on the button of that commander, it  
20 doesn't matter. All the Canadian programming in  
21 the world that you have there and available  
22 doesn't matter unless we are good enough to be  
23 chosen.

24 We said that our future depends  
25 upon -- and I suggest that the future of all the



1 programmers I have named here depends upon -- our  
2 becoming good enough to be chosen. I think also  
3 it depends -- and we have said this in our  
4 policy -- upon our being distinctive and our being  
5 different, on our being, finally, Canadian. For  
6 private broadcasters, in many ways it depends upon  
7 being local as well.

8 We now have in this country, quite  
9 clearly, a production industry which we didn't  
10 have a few years ago that can produce the  
11 programming that people will watch. I think you  
12 have programmers who are committed to that kind of  
13 programming.

14 I would like to suggest that  
15 central to an industrial strategy is how we are  
16 all going to get together to get the rights for  
17 it, to produce, to pay for and to put on the  
18 screen programming, particularly Canadian  
19 programming, that Canadians are going to want to  
20 watch. If we don't, we won't have a place, no  
21 matter how much regulatory and planning effort we  
22 make in trying to clear a place in the system for  
23 Canadians to be heard. Unless we are good enough  
24 to be chosen, we won't be chosen and we won't  
25 succeed.

1                   That is why we talk about, and  
2                   will continue to talk about in the next phase,  
3                   access to the rights to programming, the  
4                   protection of the rights when we have our  
5                   programming and the financing of the programming.  
6                   That finally means that we have to make enough  
7                   money, as programmers and as broadcasters, to be  
8                   able to invest in the programming and to put the  
9                   programming on the air. It is essential -- I  
10                  think it is a precondition to our moving toward  
11                  the next age, if you will, of television, that we  
12                  are enabled to return to a position where we have  
13                  sufficient funds available to make our businesses  
14                  profitable, to be able to invest in the  
15                  programming that will attract audiences.

16                  Charles Bélanger spoke about it  
17                  quite eloquently, and indeed Adrien. I think we  
18                  need the policy and the regulatory freedom and the  
19                  encouragement to be able to invest in the  
20                  programming and to bring the best programming to  
21                  Canadians. I think the regulator has done an  
22                  important job in earlier days of protecting us  
23                  and, indeed, probably pushing us and kicking us,  
24                  but I think the time has come when the market --  
25                  and, by that, I mean the viewer -- is pulling us

1           toward the programming. We won't have businesses  
2           if we don't, in fact, put the programming on the  
3           air that they will watch.

4                        I think in this next period we  
5           must co-operate among ourselves, quite clearly.  
6           We must ensure that those that are as conscious as  
7           they are of the technological developments are  
8           working together with us who have this concern I  
9           express about programming and where it goes. I  
10          think that is, in a sense, the important  
11          partnership that is going to have to occur.

12                       Having said that, I would like to  
13          add two other items, just to add to something that  
14          Joan Pennefather said.

15                       We were very proud to have hosted  
16          the launching of Canadian women on radio and  
17          television. It wasn't just private broadcasters;  
18          it was all the elements of the system that got  
19          behind that. I think that is an important future  
20          development of the industry that we must address  
21          in this period.

22                       Finally, I would like to leave you  
23          with a sense that this process that you have  
24          begun, Mr. Minister, and that we hope we can carry  
25          on into the next phase is really vitally

1 important. We must arrive at some sort of  
2 industrial strategy.

3 I think what that strategy has to  
4 be is a national policy framework that allows and  
5 encourages all of the players to play our roles to  
6 the full.

7 THE CHAIRMAN: Thank you, Mr.  
8 McCabe.

9 Catherine MacQuarrie, please.

10 MS MacQUARRIE: Thank you, Mr.  
11 Minister. Thank you, as well, on behalf of the  
12 aboriginal broadcasters in Canada of which there  
13 are businesses operating in every province and  
14 territory of this country for the last 10 years,  
15 for the opportunity to take our place with the  
16 rest of the industry.

17 I am here representing Television  
18 Northern Canada which is a new national network  
19 which starts January 21. It is a pan-northern  
20 network and will cover the Yukon, Northwest  
21 Territories, northern Quebec and Labrador.

22 I want to tell you about the  
23 context in which TVNC was developed. I think it  
24 is an example in microcosm of the kind of  
25 consortium that Mr. Rogers was talking about

1 earlier today and an example of what can happen  
2 when people come together to co-operate in this  
3 industry.

4 It is less than 10 years that  
5 television has been widely available in northern  
6 Canada. When we see now our children imitating  
7 Detroit street rappers, I think you will get an  
8 indication of the kind of impact it has had on  
9 northern Canada. It has made our role as  
10 broadcasters very clear. We are not attempting to  
11 turn back the clock of modern social development,  
12 but we are trying to secure for ourselves some  
13 personal and relevant perspective on our cultures,  
14 our languages and our unique and distinct  
15 perspective on the rest of Canada.

16 We know that in the programming we  
17 are going to do none of our audiences will have to  
18 watch what we are doing. With the introduction of  
19 Cancom services to remote and under-served  
20 communities, northerners now have a very wide  
21 choice of what they can watch. The use of VCRs  
22 and remote controls matches, if it does not  
23 exceed, what happens in the average Canadian  
24 household. We know that the programming we do  
25 will have to be of the very highest quality.

1                   The context of TVNC's development,  
2 I think, bears some relevance to the deliberations  
3 today and in the months to come for the national  
4 industry. With all due respect to the past and  
5 present leaders of Cancom, when it was due to  
6 arrive in northern Canada, we viewed it with a  
7 great deal of nervousness and realized that we  
8 were facing an acceleration of the destruction of  
9 our languages, our traditional economy and, as I  
10 mentioned before, our unique perspective. I guess  
11 our question was: How are we going to rescue  
12 ourselves and protect ourselves from this change?  
13 But, more than that, how could we improve our own  
14 conditions and improve on the cultural traditions  
15 that we have?

16                   We didn't have anything to work  
17 with. We had no contacts in the industry or  
18 government. We didn't have money, and we didn't  
19 have much collective experience in the  
20 broadcasting industry. But we had the will, the  
21 energy; we were willing to be creative in our  
22 solutions, and we were willing to co-operate, most  
23 of all, basically to take any help where we could  
24 get it.

25                   In the last 10 years we have

1 pulled together aboriginal broadcasters east and  
2 west, north and south, CBC and other public  
3 educational television, government, private  
4 producers and private business to help us develop  
5 this new network. Also, as aboriginal  
6 broadcasters, we are now trying to  
7 co-operate in marketing our programs and our  
8 services and co-operating in offering advertising  
9 on the network. As we develop, we are going to  
10 see a great deal of co-operation in program  
11 production amongst ourselves with business and  
12 with private and public producers in this country.

13 It hasn't been an easy process. I  
14 think Canadians are starting to understand that  
15 the aboriginal community is not homogeneous in  
16 this country. Amongst the aboriginal broadcasters  
17 we get along about as well as some of you  
18 industrial people here today. But we all decided  
19 that we had to give a little, that none of us  
20 would gain individually as much as we might have  
21 if we could have succeeded on our own.

22 As with what we are all discussing  
23 today, the penalty for not co-operating was going  
24 to be too great. We decided that we had to take a  
25 collective solution and that it had to take

1 precedence over individual gain.

2 The result, as you will see on  
3 January 21, is a new network that will be  
4 available actually all across the country but is  
5 targeted at northern Canada. More important, it  
6 means not just improved service but a new service  
7 for northern and native Canadians and a service to  
8 which, I might add, they are very much looking  
9 forward.

10 I really think there is every  
11 reason to hope that the same sort of thing can be  
12 accomplished in southern Canada.

13 Just in terms of a strategy or a  
14 framework for how we go forward and do this sort  
15 of thing, my only suggestion would be that I would  
16 urge broadcasters -- the entire industry,  
17 actually; cable as well -- to take the lead on  
18 this. My personal perspective has been, with all  
19 due respect, Mr. Minister, that there is a  
20 question of whether government should be setting  
21 the policy or regulatory framework and then we  
22 will follow, or vice versa. My suggestion would  
23 be that broadcasters, producers, programmers,  
24 delivery systems get together and sort out what we  
25 need to do in this country, and that the

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1 regulatory people and the government will help us  
2 in that. I truly believe that.

3 Thank you.

4 THE CHAIRMAN: Ms MacQuarrie,  
5 thank you very much for a fascinating  
6 intervention. I think one of the things you did  
7 was point out to us that in microcosm you are  
8 facing many of the challenges that the whole  
9 industry is within Canada.

10 One can't go north without being  
11 struck by the enormous social impacts of  
12 television on people living there. The same can  
13 be said about southern Canada as well, but we tend  
14 to take it for granted as we have lived with  
15 television for a longer period of time. Your  
16 intervention today, I think, helped give us that  
17 very important perspective.

18 The list has not shrunk. John  
19 Hylton is next on the list.

20 Could I, somewhat unfairly, Mr.  
21 Hylton, at this point ask that, in order to allow  
22 us to get to lunch today, intervenors limit  
23 themselves to three minutes maximum, if possible  
24 to do so.

25 MR. HYLTON: At the CRTC we used

1 to measure it from the time at which the person  
2 had been introduced and then after that you could  
3 count the amount of time that you had. I will  
4 speak twice as quickly as usual.

5 There are about 250 people here  
6 representing a very wide leadership. Several  
7 years ago at a regional CRTC hearing, I was into  
8 the fifth day and night of a long hearing and  
9 another group had moved up to appear in front of  
10 us. One of the part-time Commissioners leaned  
11 over to me and whispered, "Who are these people  
12 and what do they want?" In this room, not only do  
13 I hear what people want but I think I am also  
14 hearing what their dreams are.

15 Very briefly, I have a slight  
16 concern that there is one delegate or one observer  
17 who is missing here. Don Mclean, in a recent  
18 study done for the Department of Communications,  
19 notes that the book value of Canada's present  
20 communications networks is approximately \$50  
21 billion. I would think the largest part of that  
22 is attributable to the biggest communications  
23 group in the country, and that is the telephone  
24 companies.

25 I wonder if the telephone

1 industry's stability, success and strength could  
2 assist in providing the investment which is going  
3 to be needed to expand Canadian program  
4 distribution systems. Is there a new regulatory  
5 framework which might take into account the clout  
6 and reach of those telephone companies?

7 I would just close within my three  
8 minutes with a very quick mention from an NHK  
9 Japan pamphlet, New Breeze, which has delightful  
10 use of English. In talking about these  
11 relationships, it says:

12 "In the communications and  
13 broadcasting industries  
14 gradually, where the field in  
15 between is becoming  
16 obscure --,"

17 I know you are working on these relationships, Mr.  
18 Minister, but I just wanted to make that comment.

19 Thank you.

20 THE CHAIRMAN: Thank you, Mr.  
21 Hylton.

22 Noel Bambrough, followed by Doug  
23 Bassett, please.

24 MR. BAMBROUGH: Thank you, Mr.  
25 Minister.

1                   It is difficult to follow Mr.  
2           Hylton who just brought the telephone company name  
3           into these discussions without commenting on it,  
4           but I probably will be forced to comment in  
5           passing.

6                   I wanted to elaborate briefly on  
7           Mr. Simon's reference to the cable industry's  
8           strategic planning process. Back in April, the  
9           industry identified that it was preoccupied with  
10          solving yesterday's problems and spending almost  
11          no time anticipating what the next day's  
12          challenges were.

13                   I would suggest that some of the  
14          problems we are experiencing with respect to pay  
15          television penetration are more related to the  
16          delay in introducing that particular service than  
17          to the appeal of the service itself. We just  
18          didn't get there before people bought VCRs.

19                   We undertook to set in motion back  
20          in April an indepth analysis of the changes that  
21          we could see happening in the environment and  
22          using as many sources as were available to us, we  
23          tried to predict consumer trends and technological  
24          trends so that we could determine the environment  
25          we would be facing in the year 2001.

1 All of the sources we used to  
2 predict that environment were remarkably close in  
3 their view of where the consumer was going and  
4 where technology was going.

5 That view or that prediction of  
6 the environment in 2001 allowed the industry to  
7 develop a vision: Its place in that environment.  
8 From that, it determined the strategic plan  
9 necessary to get from here to there.

10 Our industry requires a  
11 considerable amount of time and substantial  
12 financial resources to upgrade networks to the  
13 kinds of channel capacities that we think are  
14 going to be necessary to develop that competitive  
15 system.

16 We also believe that the outset of  
17 our strategic planning process -- and we believe  
18 now that the health and diversity of all the  
19 participants in the Canadian broadcasting system  
20 is necessary and, in fact, essential if the system  
21 is going to survive and if cable is going to  
22 survive. We believe fundamental change is  
23 required in order for us to satisfy the viewer in  
24 the future and to meet the competition.

25 I would like to clarify something.

1           The cable industry is not trying to facilitate the  
2           entrance of the U.S. DTH into Canada. We think  
3           that the Americans can do that very nicely on  
4           their own. What we are trying to do is set a  
5           framework for the development of a competitive  
6           Canadian system.

7                           Part of our strategic plan is to  
8           consult with other players in the industry and  
9           that process is well under way, and we hope to  
10          take their input into our strategic plan and  
11          consider the common ground we think we have.  
12          Certainly, our consultations so far indicate that  
13          there is substantial common ground to put together  
14          our industry's strategy and work towards the  
15          future.

16                           Part of that consultation, as you  
17          know, Minister, is with your Department and with  
18          the Commission. We have had early consultations  
19          on that. We expect to continue to do so and we  
20          will certainly keep you and the Department abreast  
21          of our progress.

22                           I would stress again that our  
23          objective is to end up with a competitive Canadian  
24          system, one that has programming and expertise it  
25          can export, not one that is sitting here protected

1 and, as a result, will wither on the vine once  
2 real competition is also in the marketplace.

3 Thank you.

4 THE CHAIRMAN: Thank you, Mr.  
5 Bambrough.

6 Doug Bassett, followed by Fred  
7 Charest, please.

8 MR. BASSETT: Thank you, Mr.  
9 Minister.

10 (Off-mic) -- the whole key is  
11 programming, programming, programming.

12 In the case of our seventeen  
13 television stations across Canada, our policy has  
14 been just strong, strong local programming and it  
15 works because those television stations are no. 1  
16 in all of our markets followed by the CBC. So  
17 strong Canadian programming does work and looking  
18 at it from this side of the television set as a  
19 consumer, Canadians have an insatiable appetite  
20 for Canadian news and public affairs and Canadian  
21 programming.

22 Doug Holtby mentioned that his car  
23 goes 280 kilometres an hour. Obviously his  
24 business is doing very well because Ferraris are  
25 very expensive. However, if we do have

1           automobiles like that in a symbolic way, we need  
2           very, very good highways and highways are the  
3           cable companies which need to be strong and need  
4           to be nurtured. It is in our interest as  
5           broadcasters that the delivery system be the best  
6           in the world.

7                                So I just want to take note and  
8           want the cable people to take note that there is  
9           no question in the mind of all of us at Baton  
10          anyway that we want to work with you in order to  
11          make a strong delivery system so that our signal  
12          can be reached to as many people as possible.

13                               I want to thank Lisa DeWilde for  
14          giving me that idea.

15                               THE CHAIRMAN: Thank you very  
16          much, Mr. Bassett.

17                               Could I ask everybody not to make  
18          analogies to cars any more or else Mr. Holtby is  
19          going to ask to be put on the list to respond and  
20          update the analogy.

21                               Thank you very much.

22                               Fred Charest from CHUM, followed  
23          by Bernard Ostry, please.

24                               MR. CHAREST: Thank you, Minister.  
25          Minister, I get very nervous when



1 I hear status quo and we heard quite a bit of  
2 status quo earlier this morning. I also get very  
3 nervous when I hear "Panic; the death stars are  
4 coming." As is usually the case, the truth lies  
5 somewhere in between.

6 This is a constantly evolving  
7 industry. It has been ever since I got into it  
8 when I was 18 and at the risk of dating myself,  
9 there wasn't any television then.

10 We are currently in a period of  
11 accelerated technological development. So it  
12 follows that it must be a period of product  
13 development, of escalated programming development.  
14 It is not a question of DBS or no DBS. There is a  
15 fundamental change going on.

16 As Mr. Rogers said this morning,  
17 three years out, there will be 150 to 200 channels  
18 on cable. It matters not about the satellite.  
19 The highways will be there.

20 We must ensure an orderly  
21 transition to this expanded system. Given the  
22 size of our country, economic considerations  
23 dictate no more players, no more of the same. Mr.  
24 Foss and Mr. Fellman have clearly demonstrated  
25 here today that the advertising pie isn't growing

1 with the size of the plate. However, when you  
2 increase shelf space, someone always finds  
3 something to put on it. We think it must be  
4 predominantly Canadian.

5 So, we suggest to you that today's  
6 broadcasters must continue to be the primary  
7 programmers and primary marketers. We must have  
8 the opportunity to introduce new services. We  
9 must move ahead and provide the kinds of services  
10 that the Canadian public want and the Canadian  
11 public need. We must have unimpeded access to  
12 these audiences through expanded delivery systems.

13 Dr. Caron asked this morning,  
14 "Should broadcasters redefine themselves as niche  
15 service providers?" No, but as the broadcasters,  
16 as the providers of the omnibus services, we  
17 should also be niche providers; indeed, providers  
18 of micro-services.

19 In Mr. Foss's terminology, what we  
20 are talking about is product extension and not new  
21 brands, not the same product in a new package. We  
22 don't think we have to import them. We will need  
23 some of the imported services, but we think we  
24 should be provided the opportunity to make them.  
25 Three years is not very far out and if we are to

1 do that, we need a signal now from you and the  
2 regulator.

3 Thank you, Mr. Minister.

4 THE CHAIRMAN: Thank you very  
5 much.

6 Bernard Ostry, followed by Mr.  
7 Thompson and Kevin Shea, please.

8 MR. AUSTRY: Thank you, Mr.  
9 Minister. I will be brief as you asked.

10 We are delighted to be here and to  
11 continue to co-operate with this group as best we  
12 can. I really only have one point to make and an  
13 appeal to you, sir.

14 There have been a number of  
15 references in the documentation and in  
16 interventions to education, to life-long learning,  
17 to continuous education, to the impact of new  
18 technologies like home services and interactivity  
19 which affects our subject matter and our viewers,  
20 I expect, much more than others at the moment.  
21 However, the fact is that they are passing  
22 references. It is a kind of marginal reference,  
23 just as to some degree are the references to  
24 culture and cultural production.

25 The point I want to make is that

1 if the government and if the people around this  
2 table will not recognize culture and education as  
3 central to the strategy you are going to develop,  
4 I don't believe you will get a strategy that will  
5 work, first of all, because without the education,  
6 it is a question of whether we will be competitive  
7 in a society at all; and, certainly, as the  
8 members of this society, Patrick, Izzy Asper, Mike  
9 and others have pointed out, without the cultural  
10 production, we won't have a population that can  
11 imagine itself as being part of a country.

12 So, having said that, Minister, I  
13 appeal to you, on behalf of the educational  
14 broadcasters and particularly those working in the  
15 English language, that we have a problem that is  
16 compounded by regulation because it is also a  
17 constitutional problem.

18 So when Sheila talks about Home  
19 Box Office being able to be distributed across the  
20 country while she can't distribute Canadian  
21 products, we have Discovery and the learning  
22 channel and a bunch of other American services  
23 that will be available.

24 Hughes Aircraft, for example,  
25 which is owned by General Motors, has started its

1 own educational network and will be on the air in  
2 a year. PBS, which is using the digital  
3 compression and actually has its satellite now and  
4 is paid for and will be on the air next year to go  
5 back into education, will be beaming those things  
6 into this country.

7 So I think the federal government  
8 who invented the Council of Ministers of Education  
9 might usefully raise the issue of how the regional  
10 educational broadcasters are going to function as  
11 the amount of educational material from foreign  
12 countries comes into this country and is moved  
13 around the country while the regional broadcasters  
14 themselves are confined to their regions.

15 The second point of intervention  
16 that I hope you would undertake is that since you  
17 mentioned yesterday that there is no money, there  
18 is actually quite a lot of money in the federal  
19 jurisdiction. Some of your colleagues have quite  
20 a lot to do with expenditures which touch on  
21 education in a real way, whether it is in the  
22 Secretary of State or Employment and Immigration  
23 or in Environment or elsewhere, and I would  
24 encourage you to tell them, since you can't, to  
25 spend some of their money with the regional

1           broadcasters.

2                           Thank you.

3                           THE CHAIRMAN:   Thank you very  
4           much, Mr. Ostry.

5                           Eldon Thompson, followed by Kevin  
6           Shea, please.

7                           MR. THOMPSON:   Thank you,  
8           Minister.

9                           I wanted to make a couple of  
10           comments on the technology, what I think are some  
11           opportunities and a little bit about DBS.

12                           There are a lot of positives in  
13           the Canadian broadcasting system today.   The  
14           market that broadcasters are selling into is a  
15           relatively affluent one.   It is aging so that many  
16           of the consumers are turning away from more  
17           physical activities to more intellectual  
18           activities, one of which involves sitting in front  
19           of a screen and receiving programming.

20                           Unfortunately, it is a market of  
21           consumers that is conditioned in practically every  
22           other retail application to getting what they want  
23           and when they want it and in wide variety.   I  
24           think that that is an underlying trend that makes  
25           viewer choice and timely deliver of what the

1 viewer chooses to see very important to the  
2 broadcasters if they wish to penetrate and retain  
3 this market.

4 There is some great promise in  
5 technology. Digital technology is penetrating the  
6 broadcast business. It allows computer techniques  
7 to be used in the production end of things in  
8 order to achieve more timely production and  
9 significant cost savings. Digital video  
10 compression offers the promise to significantly  
11 reduce the cost of delivery of program materials  
12 from the program originators to the cable head  
13 ends.

14 If the cable systems are similarly  
15 equipped to deliver to the end consumer, it has  
16 some side benefits. One of them is that it will  
17 probably improve the quality of the picture and  
18 sound received by the end viewer in the end. It  
19 will, as a side benefit, allow a more secure  
20 addressing system for subscription types of  
21 services and allow a process by which the  
22 identification of viewers can be used to support  
23 advertising sales and, thus, creates some  
24 marketing opportunities.

25 It delivers the opportunity to

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1 significantly increase the number of simultaneous  
2 programs that can be carried either over the  
3 satellite or over the cable for eventual delivery  
4 to the subscriber. Therefore, to the program  
5 originators, it provides the opportunity to  
6 economically deliver the variety of programs and  
7 the timeliness of programs that the consumers are  
8 going to want.

9 This stuff is going to be  
10 available by 1994. I think we heard from Mr.  
11 Rogers and Mr. Chagnon that their cable systems in  
12 the 1994-95 time frame will be equipped to handle  
13 many more new channels in compressed form.

14 The equipment will be available  
15 for use on satellites by 1994. I think every one  
16 of the broadcast originators who are using the  
17 satellite in Canada today will want to use video  
18 compression in order to significantly reduce their  
19 costs of transmission. They will also want video  
20 compression as a means of getting more channel  
21 distribution capability at a reasonable price. So  
22 that's coming.

23 The U.S. DBS is going to stimulate  
24 this effort. The Hughes/Hubbard high-powered DBS  
25 will be launched in the first quarter of 1994 and



1           it is under construction now.

2                           If you look at the Canadian scene,  
3 DBS is not new to Canadians. There are today in  
4 excess of 450,000 home receivers, all using dishes  
5 of eight feet diameter or larger. That is small  
6 by cable penetration standards, but it is still a  
7 significant market and it is denied to the  
8 Canadian broadcasters today.

9                           These people with the backyard  
10 dishes have gone to enormous lengths and ingenious  
11 lengths, as Mr. Stanley has outlined, to access a  
12 choice in programming. They have gone to non-  
13 legal and illegal decoders. They have gone to  
14 U.S. addresses. They have been ingenious in  
15 creating and building their own equipment in many  
16 cases.

17                           I think it would be naive to think  
18 that a U.S. DBS, capable of being transmitted into  
19 Canada into a 14-inch dish, would not achieve a  
20 much higher penetration than that. It is going to  
21 be hundreds of thousands and it is going to  
22 stimulate a use, an interest, I think, on the part  
23 of consumers in accessing a wider variety of  
24 viewer choice.

25                           For the Canadian broadcasting

1 industry, that means that there should be, I  
2 think, a very permissive attitude taken by the  
3 regulators which would encourage -- rather than  
4 put a moratorium of new channels -- access to  
5 distribution mechanisms by programmers today who  
6 don't have access and would encourage  
7 experimentation to find out what it is that the  
8 consumers do want and allow that sort of thing to  
9 take place.

10 One way of doing this would be to  
11 have the existing broadcast originators, who are  
12 using the satellite on a co-operative basis, to  
13 subscribe to a similar compression standard and  
14 transmit to the cable head ends as basically a  
15 broad package. That same package, with  
16 practically no additional costs, could be  
17 delivered on a direct-to-home basis in Canada  
18 working into about a one-metre dish in comparison  
19 to the three-metre dishes that are prevalent  
20 today.

21 That is not as small as the U.S.  
22 DBS, but it is probably small enough to cater to  
23 the rural and remote community which doesn't have  
24 access to cable. It is probably small enough to  
25 allow those people who simply don't want to buy

1 their television by any other means or the  
2 technocrats who want to use this particular method  
3 of reception, but it would deliver to Canadian  
4 broadcasters and audiences of several hundred  
5 thousand what otherwise would be denied them  
6 entirely.

7 That would take a permissive  
8 attitude on the part of the regulators who today  
9 have done everything in their power to discourage  
10 direct-to-home reception of Canadian programming,  
11 and I think that is something that should be kept  
12 in mind in working toward the 100-channel  
13 universe.

14 Thank you.

15 THE CHAIRMAN: Thank you very  
16 much, Mr. Thompson.

17 Ladies and gentlemen, it is now  
18 12:35. We have some constraints on us because Mr.  
19 Caron has the responsibility somewhere over a  
20 shortened lunch hour of withdrawing the threads  
21 together here to be able to report back to us at  
22 two o'clock.

23 We can't push off the time for the  
24 afternoon session because many of you have flight  
25 reservations which you will have to catch.

1                   What I would propose to do is to  
2                   hear from the following people: Kevin Shay,  
3                   Claude Godbout, Gilles Poulin, Charles Allen, Phil  
4                   Lind and finally Keith Spicer, and then let's give  
5                   Dr. Caron the opportunity to have a bit of time to  
6                   prepare himself for two o'clock.

7                   Mr. Shea, please.

8                   MR. SHEA: Thank you, Mr.  
9                   Minister.

10                   I fear that the themes of "Let's  
11                   wait and see," and "Let's continue to overtly  
12                   protect," and "There is no demonstrated viewer  
13                   demand," are probably what has brought us all  
14                   here.

15                   I find myself, though, agreeing  
16                   with Mr. Charest and that is that we probably are  
17                   not in a state of panic and nor should we be.  
18                   However, on the other hand, we can't just sit back  
19                   and do nothing. The answer is in the middle.

20                   What concerns me about waiting and  
21                   seeing and protecting, though, is that with time,  
22                   we lose opportunity.

23                   Briefly, the first application for  
24                   YTV was in 1975. It took until 1988 for it to get  
25                   licensed. In 1979, there was an interesting

1 partnership, though, in an attempt to get a  
2 licence between Rogers and TV Ontario and we still  
3 couldn't get a hearing. That is what concerns me  
4 about "Wait and see," and let's concern ourselves  
5 with ensuring that there is demand.

6 I think we have to have a new  
7 attitude and the attitude has to centre around,  
8 "We must create the demand," because that is what  
9 the DBS service is really all about. The DBS  
10 service, I think, if we look at it precisely from  
11 a programming viewer point of view, is two things.  
12 It is predominantly pay per view. It is 40 or 50  
13 channels of pay per view and it is specialty  
14 television. That is where we perhaps have to  
15 focus in our industry to make sure we are  
16 competitive in creating that demand.

17 I think we should be instantly  
18 looking at ways for the cable industry to get 40  
19 or 50 channels of pay per view because Mr. Asper's  
20 three hours he is concerned about, as well as Mr.  
21 Holtby's three hours in prime time -- they are not  
22 focused on all the other hours of viewing that is  
23 now bigger than their industry, and that is the  
24 use of the VCR which is predominately American.  
25 Somehow we have to bring the viewer back to the

1 regulated system, the regulated system that leaves  
2 the money within the system and the regulated  
3 system that has the tendency, thank god, to be  
4 predominantly Canadian, and I think there is a way  
5 to do that.

6 We have to get on with pay per  
7 view and we have to begin to focus on the  
8 introduction of some new specialty Canadian  
9 television services. That has to be the  
10 direction, and I think there is a great  
11 opportunity now for new partnerships between  
12 broadcasters, cable operators and specialty  
13 services to head in that direction.

14 I will leave you with this,  
15 though, Mr. Minister: My concern is always  
16 process and that is that it just seems to take  
17 forever to get a hearing. I think the hearing  
18 process does a lot of things. It focuses on  
19 policy and it focuses on competition and it  
20 ultimately focuses on licensing.

21 So I plead that we have to call a  
22 hearing soon. Let's debate the issues in the  
23 public process at a CRTC hearing and let's get  
24 some new innovative ideas. Right now, if you are  
25 a broker for a new idea in Canada, you have no way

1 of that idea being heard unless the Commission  
2 decides to hold a hearing. But if you are broker  
3 with a new idea in the United States, you just go  
4 to the marketplace; you don't have to wait.

5 So I think we have to get the  
6 regulator to focus on a hearing and a hearing  
7 early because it is only three years away, this  
8 thing called DBS, and it takes a long time to get  
9 a channel up and running.

10 Thank you, sir.

11 THE CHAIRMAN: Thank you.

12 Claude Godbout, s'il vous plaît.

13 M. GODBOUT: Merci, Monsieur le  
14 Ministre.

15 Avec votre permission, je céderai  
16 la parole, au cours de mon intervention, à M<sup>me</sup>  
17 Lorraine Richard, qui aimerait ajouter des  
18 commentaires.

19 On peut conclure que la qualité de  
20 la programmation va faire la différence et faire  
21 en sorte que nous allons avoir au Canada un  
22 système distinctif du modèle américain, et on peut  
23 compter uniquement sur la programmation pour faire  
24 cette différence.

25 Au Québec, si la langue peut être

1           une protection, une forme de police d'assurance  
2           que le public nous est extrêmement loyal, il y a  
3           quand même une réalité: le marché est petit et la  
4           fragmentation du marché semble pour l'instant  
5           poser des défis majeurs aux intervenants.

6                            Les réseaux de télévision au  
7           Québec vivent une crise majeure; ils nous l'ont  
8           dit hier, ils l'ont répété aujourd'hui. Il est  
9           important pour les producteurs que les réseaux se  
10          sortent le plus rapidement possible de cette  
11          situation. Probablement que la situation est plus  
12          grave au Québec qu'elle ne l'est dans le reste du  
13          Canada, et j'aimerais qu'on réfléchisse à cette  
14          situation-là.

15                           À cet égard la stratégie  
16          industrielle de la part du gouvernement semble  
17          floue, incertaine. Le gouvernement semble coincé  
18          entre l'urgence d'agir et la prudence d'agir. Si  
19          je peux insister, il y a des choses qui peuvent se  
20          faire demain, qui peuvent se faire rapidement et  
21          qui, d'une certaine façon, pourraient solutionner  
22          temporairement les problèmes et permettre aux  
23          réseaux de télévision et aux producteurs  
24          indépendants de reprendre leur souffle et de  
25          revenir à une santé financière plus normale.



1                   Il est important que Téléfilm ait  
2                   les moyens de supporter encore plus de production  
3                   de qualité. C'est seulement en produisant des  
4                   démissions de qualité avec des ressources et des  
5                   valeurs de production ajoutées qu'on peut  
6                   atteindre les marchés étrangers et, de cette  
7                   façon-là, élargir notre marché, trouver de  
8                   nouveaux débouchés, de nouveaux financements et,  
9                   d'une certaine façon, faire de meilleures  
10                  productions.

11                  Il y a un marché qui, pour les  
12                  Québécois de langue française, nous échappe  
13                  presque totalement; c'est le marché de langue  
14                  anglaise, et principalement CBC. Je sais qu'il y  
15                  a eu des déclarations venant des dirigeants de CBC  
16                  que ce serait dans l'intérêt canadien que les  
17                  émissions du Québec soient vues sur le réseau  
18                  anglais et vice versa. Il faudrait probablement  
19                  passer à l'action et faire en sorte que les  
20                  émissions dramatiques et aussi les émissions pour  
21                  enfants, qui sont sous-financées et pour  
22                  lesquelles ils ont plus de difficulté à trouver de  
23                  l'argent, puissent être diffusées sur les deux  
24                  réseaux.

25                  Il y a une autre chose qui

1           pourrait être probablement faite à moyen terme; ce  
2           serait de mettre en place un crédit d'impôt  
3           fédéral qui compléterait et viendrait renforcer le  
4           crédit d'impôt québécois.

5                           En terminant, les producteurs  
6           indépendants, on a parfois l'impression, peut-être  
7           à tort, d'être un peu les gens qui gênent dans la  
8           démarche d'une stratégie industrielle. Nous  
9           insistons pour dire que nous faisons partie de  
10          cette stratégie industrielle, que nous allons en  
11          faire partie pour les années à venir, et que nous  
12          sommes des partenaires des réseaux de télévision  
13          au Québec et au Canada.

14                           Madame Richard.

15                           M<sup>me</sup> RICHARD: Merci, Monsieur le  
16          Ministre.

17                           Je voudrais rajouter, comme autre  
18          incitatif qu'on pourrait mettre en place et qui ne  
19          demande pas de fonds supplémentaires, ce serait  
20          d'avoir des mesures qui encouragent l'exportation  
21          de nos produits à l'étranger, c'est-à-dire que les  
22          revenus de toute vente de produits canadiens à  
23          l'étranger pourraient être exempts d'impôt.

24                           Il y a un autre incitatif qui  
25          pourrait être apporté qui aiderait à la fois les

1 diffuseurs et les producteurs. Ce serait la mise  
2 en place d'un fonds de financement intérimaire où  
3 on pourrait escompter en cours de production nos  
4 contrats d'acquisition à un taux préférentiel.

5 Enfin, j'aimerais quand même  
6 ajouter une note positive, même si l'avenir nous  
7 apparaît menaçant. Je trouve qu'il y a quand même  
8 un aspect intéressant. C'est qu'on fait appel, et  
9 on devra faire appel, à la créativité, au  
10 dynamisme et à l'audace aussi de tous les gens de  
11 la production et de la diffusion.

12 Merci.

13 LE PRÉSIDENT: Merci.

14 Gilles Poulin, s'il vous plaît.

15 M. POULIN: Merci, Monsieur le  
16 Ministre. Je serai bref.

17 J'aimerais inscrire ici  
18 maintenant, après une journée et demie de travail,  
19 la préoccupation des stations régionales. On a  
20 parlé, bien sûr, de grands ensembles. On a parlé  
21 d'une nouvelle technologie de l'an 2000.

22 Je suis un radiodiffuseur  
23 régional. Je suis affilié à trois réseaux de  
24 télévision; c'est vrai. C'est vrai que ça va bien  
25 quand ça va bien, mais quand ça va mal, ça va

1           trois fois plus mal.

2                           Je crois aux régions. Je crois en  
3           la programmation régionale. J'aimerais donc  
4           inscrire effectivement cette préoccupation de  
5           survie des stations régionales. Parmi toutes ces  
6           préoccupations, parmi tous ces développements  
7           technologiques, il ne faudrait pas oublier aussi  
8           l'existence des stations régionales.

9                           On parlait de produits, on parlait  
10          d'originalité de produits. Il ne s'agirait ici de  
11          citer, par exemple, que les différentes  
12          expériences de produits, que ce soit City-TV à  
13          Toronto, que ce soit Télévision Quatre-Saisons  
14          lors de son développement, Global, les télévisions  
15          régionales du Réseau TVA; enfin, une série  
16          d'expériences qui ont été originales et  
17          bénéfiques, je pense, pour les auditeurs, puisque  
18          ce sont eux qu'on veut rejoindre.

19                          J'aimerais rappeler aussi que le  
20          chemin de fer auquel vous faisiez allusion à  
21          l'ouverture, le chemin de fer canadien qui allait  
22          de Halifax à Vancouver, il y avait bien sûr la  
23          desserte de stations régionales. Il ne faudrait  
24          donc pas oublier non plus que les stations  
25          régionales font partie du système de

1 radiotélévision, d'où l'importance, bien sûr, du  
2 produit local, du produit régional que nous  
3 offrons, nous, les stations régionales.

4 Bien sûr, devant tous ces  
5 grands problèmes, les cris, si vous voulez -- ou  
6 les allusions tout à fait pertinentes de tout à  
7 l'heure, de la Ferrari en passant par Moscou avec  
8 M. Pouliot -- sont réels. Nous avons une survie  
9 aujourd'hui à prendre en charge ou prendre en  
10 main. Actuellement, on ne travaille pas, nous,  
11 les stations régionales, avec des bilans d'année  
12 en année; on travaille de mois en mois et même de  
13 semaine en semaine, d'où l'importance de ce forum,  
14 l'importance des suites de ce forum, pour  
15 effectivement aussi trouver des solutions  
16 concrètes.

17 Parmi les solutions concrètes ou  
18 d'autres solutions proposées aujourd'hui, M.  
19 Bureau en a proposé. J'ajouterais peut-être, pour  
20 les radiodiffuseurs du Québec, que la taxe de 2  
21 pour cent que les radiodiffuseurs électroniques  
22 paient au gouvernement du Québec, peut-être qu'il  
23 faudrait l'alléger. Il faudrait faire un  
24 moratoire aussi là-dessus. Il y a des  
25 propositions qui seraient intéressantes à regarder

1           là-dessus.

2                           La publicité destinée aux enfants,  
3 n'y aurait-il quand même pas lieu de faire quelque  
4 chose pour aider les radiodiffuseurs francophones?

5                           J'allais oser -- mais le président  
6 du CRTC est trop près de moi -- proposer de faire  
7 un moratoire sur les droits payés au CRTC. Peut-  
8 être que c'est une solution. Ce sont des  
9 hypothèses, et il y a une série d'hypothèses comme  
10 ça qu'il faut immédiatement appliquer pour que les  
11 radiodiffuseurs, surtout francophones bien sûr, et  
12 régionaux, puissent passer à travers la crise que  
13 nous vivons.

14                           J'avais fait un texte, Monsieur le  
15 Ministre, qui voulait aussi vous rappeler que les  
16 grandes fusions, les grands développements  
17 technologiques qui se sont produits les dernières  
18 années, les grandes créations de services, il y a  
19 eu des conséquences de ça, des conséquences sur  
20 les artistes, des conséquences sur les emplois  
21 perdus, les heures perdues. J'allais vous  
22 proposer une minute de silence pour tous ces  
23 emplois perdus et ces heures de production perdues  
24 à travers le Québec en particulier et le Canada.

25                           Merci, Monsieur le Ministre.

1 LE PRÉSIDENT: Merci, Monsieur  
2 Poulin.

3 Charles Allen, followed by Phil  
4 Lind.

5 MR. ALLEN: Thank you, Mr.  
6 Minister.

7 I would like to go back to  
8 yesterday to a key statement that was made by a  
9 number of representatives around this table and by  
10 the Minister himself. It was reiterated again  
11 this morning in Professor Caron's opening  
12 presentation and by a number of other players  
13 again today.

14 The statement, while it is  
15 exquisite in its simplicity -- and I am afraid we  
16 often tend to lose sight of it -- is simply that  
17 the most important player in this industry was,  
18 and continues to be, the subscriber and the  
19 viewer. It has been pointed out that we don't  
20 have any outside representatives at the table  
21 today although, through the good offices of  
22 Vidéotron and through the carriage of the Summit  
23 on cable, I am glad to say that at least the  
24 outside public is able to view the proceedings.

25 Let me assure you that, while they

1 are not physically here, they have expressed their  
2 views through their purchases of entertainment,  
3 and their statement is equally simple: It is my  
4 hard-earned money; it is my time; and I want  
5 affordable choice.

6 It is not a new statement. In  
7 fact, I will suggest that it forms the basis and  
8 the foundation of the very industry we are talking  
9 about here today.

10 However, more and more the  
11 viewers' entertainment dollars are bypassing the  
12 system, whether through the billion dollar  
13 Canadian video market today or through the DBS  
14 market tomorrow. To think that we can regulate  
15 that choice or can exclude foreign DBS signals, I  
16 respectfully suggest, is folly.

17 Our focus should instead be on how  
18 the industry can best participate in that choice,  
19 recognizing that our businesses already give us  
20 that ability. We, as a collective industry,  
21 already have the distribution means; we have the  
22 production capacity; and we have the advertising  
23 and marketing skills. We don't need to create  
24 them; we need to focus them and to finance them.

25 Earlier Ted Rogers suggested as



1           one approach a consortium, which I would certainly  
2           heartily support. But, in terms of financing, we  
3           need to get a very clear indication from both the  
4           Minister and the regulator as to what we might  
5           expect in the future.

6                        As a mid-sized cable operator who  
7           is committed to this industry and is prepared to  
8           continue to invest in this industry, one of the  
9           biggest challenges we face is the raising of  
10          funds. I think it is very important for the  
11          Minister and the regulator to send a very clear  
12          signal to the industry and to the capital NDAT  
13          markets that we are here to stay and that you are  
14          committed to working with creative solutions to  
15          our collective problems and to the ongoing  
16          viability of the industry with no regulatory  
17          surprises.

18                        Thank you.

19                        THE CHAIRMAN: Thank you, Mr.  
20          Allen.

21                        Phil Lind, please.

22                        MR. LIND: Mr. Chairman, Minister,  
23          throughout this conference we have talked of all  
24          the problems and challenges created by the new  
25          technology. Significantly, we are coming to

1 realize the reality of viewer sovereignty, however  
2 pornographic that may appear to some.

3 The ideas that we have heard here  
4 will make us all think a lot about what we must do  
5 in the future. But, in addition to our long-term  
6 planning, why don't we think of something that we  
7 can all do today?

8 I would like to suggest that we  
9 begin modestly and consider the idea of cable  
10 repeat channels. We can create today -- indeed,  
11 we are anxious to create -- a channel or channels  
12 immediately on all our cable systems which would  
13 feature only Canadian programming that is repeated  
14 from yesterday's or the day before's schedule. We  
15 will program it, or the broadcasters can program  
16 it, but we will promote it like crazy.

17 When "Love and Hate" or "The Bruce  
18 Curtis Story" or that brilliant drama that aired  
19 last week on the CBC about Le Pas, or "E.N.G." --  
20 when those very strong and appealing Canadian  
21 programs are on last night's schedule and everyone  
22 starts to talk about them today, then we will air  
23 them tonight or tomorrow. So Canadians won't have  
24 to wait six months or a year to see the program in  
25 repeat. That's how movies sell. In fact, that's

1 the only way movies sell, by word of mouth.

2 Under our current form of  
3 distribution we never take advantage of this. We  
4 could try it with news packages as well. Let's  
5 repeat our news packages over and over again.  
6 Particularly in these times, let's try it with  
7 news programs from other cities as well. Let's  
8 have Vancouver's and Montreal's local news package  
9 on Ottawa's and Toronto's cable systems, and vice  
10 versa.

11 Mr. Chairman, the future promises  
12 hundreds of channels, but that is all in the  
13 future. Right now, just for today, why don't we  
14 consider using cable channels in a practical way  
15 that can enhance Canadian programming.

16 THE CHAIRMAN: Thank you very  
17 much, Mr. Lind, for a very intriguing suggestion.

18 Now Intervenor No. 39, Keith  
19 Spicer.

20 M. SPICER: Monsieur le Ministre,  
21 je me limiterai à mes trois minutes, mais au nom  
22 de tous nos collègues, si vous me permettez de le  
23 faire, je tiens à vous féliciter, vous et tous vos  
24 collègues, ainsi que les membres des différents  
25 comités qui ont façonné cette réunion, d'une

1           réussite qui frôle le triomphe. Je pense que  
2           réellement nous avons, ensemble, dépassé les  
3           attentes qu'on avait assignées à cette conférence.  
4           On s'est demandé s'il y avait trop de monde ou si  
5           on pouvait briser la glace, s'il y aurait de  
6           nouvelles idées. Je pense que, dans tous ces cas-  
7           là, on a prouvé qu'on pouvait aboutir à des  
8           résultats très, très constructifs.

9                           Je limiterai mes commentaires à  
10          trois questions, très rapidement: d'abord, des  
11          commentaires sur cette réunion, quelques petites  
12          leçons; ensuite, quelques leçons que le CRTC  
13          dégage de nos pourparlers; et, en fin de compte,  
14          quelques leçons que je dégage de notre discussion  
15          sur les satellites.

16                          D'abord, des commentaires généraux  
17          sur cette conférence.

18                          Je pense que le simple fait de se  
19          réunir est une réussite au plan de la santé de  
20          l'industrie. Il est sain, d'abord, qu'on ait  
21          prouvé que nos accords donnent l'espoir d'une  
22          collaboration intensifiée entre nous. Nos  
23          désaccords sont aussi sains, parce qu'ils nous  
24          permettent de mieux définir les réalités  
25          auxquelles nous devons faire face la prochaine

1 fois.

2 Il y a un processus de réflexion  
3 qui va se poursuivre. On n'a pas tout tranché  
4 aujourd'hui; ce n'était pas nécessaire. Ce qu'on  
5 a fait, c'était d'entamer un nouveau processus de  
6 réflexion qui va se poursuivre dans les mois et  
7 les années à venir. Je pense à ce que Balzac a  
8 appelé l'esprit de l'escalier; nous allons tous  
9 redécouvrir des vérités dans les semaines et les  
10 mois à venir par un processus de marination, comme  
11 disent les chefs cuisiniers, et je pense que  
12 certaines idées qui semblaient un peu folles  
13 aujourd'hui vont avoir l'air un peu moins folles  
14 dans deux semaines et tout à fait géniales dans  
15 trois ou quatre mois.

16 La deuxième leçon que je dégage,  
17 c'est que je crois qu'il y a une nouvelle tendance  
18 au consensus qui se produit spontanément à cause,  
19 naturellement, du bon sens intrinsèque de tous les  
20 participants mais aussi à cause des changements  
21 technologiques et du fractionnement du marché qui  
22 imposent la nécessité de collaboration et de  
23 réflexion commune.

24 Je pense que d'ores et déjà, on se  
25 rend compte que nous avons beaucoup plus de

1 solidarité réelle que de rivalités inévitables.  
2 Le Canada est certainement trop petit pour qu'on  
3 se permette d'être acculé à une impuissance à  
4 cause de chapelles idéologiques, professionnelles,  
5 linguistiques et que sais-je encore.

6 La troisième leçon est la  
7 convergence de cultures et de marchés. Je trouve  
8 que pour ceux qui, comme les amis de la  
9 radiodiffusion publique au Canada, commençaient à  
10 désespérer de la performance de l'industrie de la  
11 radiodiffusion en ce qui concerne le contenu  
12 canadien, pour une fois la technologie et le  
13 marché appuient le contenu canadien, appuient les  
14 objectifs de la Loi sur la radiodiffusion.

15 Il s'agit au fond d'un changement  
16 radical dans la perception du contenu canadien  
17 qui, jusqu'à présent, était perçu comme un fardeau  
18 commercial, comme une addition encombrante aux  
19 activités normales des radiodiffuseurs.  
20 Maintenant, à cause du fractionnement du marché et  
21 de la nécessité d'une stratégie positive qui agit  
22 comme un laser pour traverser les nuages de la  
23 programmation étrangère, je pense que la culture  
24 canadienne va trouver son compte dans cette  
25 stratégie de réaction positive.

1                   Il y a ce qu'on pourrait appeler  
2 un narcissisme de marché, une nouvelle loi de la  
3 jungle qui prouve que les Canadiens, tout comme  
4 les écureuils et les hippopotames, adorent se  
5 regarder. Nous sommes fascinés par les autres  
6 Canadiens. Nous sommes fascinés par ce qui est  
7 canadien.

8                   Je pense que dans le passé on a  
9 été un peu colonisé dans nos réflexions sur la  
10 culture canadienne. Le mot "culture" lui-même a  
11 fait peur à certains. Maintenant, c'est le marché  
12 lui-même qui nous prouve, par la réussite de  
13 certaines émissions, que c'est un atout, c'est un  
14 impératif stratégique et commercial, et non plus  
15 un fardeau.

16                   The second question is regulation.  
17 The CRTC has learned some lessons, lots of  
18 lessons, from this. I think the first lesson is  
19 very hard for regulators who end up with a God  
20 complex after about five minutes on the job. It's  
21 the lesson of humility. Nobody has all the  
22 answers. We certainly don't, and we have been  
23 listening very attentively.

24                   The first one, which I would call  
25 the Ron Osborne memorial lesson is about

1 streamlining. You are quite right, Ron. We are  
2 too complicated; we are too slow, but we know it.  
3 We don't always enjoy it. Maybe we are a bit like  
4 the Vatican: It takes a little push from the  
5 outside to have an andronomento.

6 We are in play until, I guess, the  
7 death star in market conditions make us totally  
8 irrelevant. In the meantime, I can promise you  
9 and others that we want to reduce the paper work,  
10 the money and the time that you have to invest in  
11 being regulated. We would like our system to be  
12 functional and sensible and as light as possible.

13 You mentioned the players in this  
14 game. You have been such a patient player, Ron,  
15 that we have been thinking of getting you season  
16 tickets to our public hearings.

17 We were already aware of this.  
18 Two years ago we set up the Ed Ross Committee on  
19 streamlining procedures, and we delivered the  
20 goods on that, I think, in four or five months and  
21 followed through. We did the same with Frederic  
22 Arsenault's committee on public hearings. I would  
23 just like to repeat that offer to Michael McCabe  
24 and Ken Stein and Ken Fowler and the producers and  
25 anybody else. If you want to work with us again



1 to do another systematic job on a zero base, top-  
2 to-bottom look, we are open to that. We are not  
3 looking for ways to preserve all the barnacles.  
4 We are looking for ways to scrape them off. Help  
5 us do that, if you want to talk later.

6 A second lesson we have drawn --  
7 and this may be partly a lesson of better  
8 explaining things, to pick up on what Moses  
9 Znaimer and Sheilagh Whittaker said and Mr.  
10 Bélanger. Moses mentioned the super stations. I  
11 mentioned to him out in the corridor that there is  
12 nothing preventing City, if he can find the buyer  
13 for that excellent station, from ending up in the  
14 same category as the super stations on a  
15 discretionary channel. We are certainly not going  
16 to stand in your way. For Sheilagh and HBO, we  
17 are aware of the ironies in the system. We don't  
18 like the idea, and we are willing to work with  
19 you. If we can express our infinitely strong  
20 preference for Canadian services, we will do that.

21 Traditionally, as you know, a lot  
22 of cable people in particular and marketers have  
23 told us that they want to bundle American services  
24 in order to sell the Canadian stuff, which, ipso  
25 facto, they were treating as junk. I think we are

1 turning that around now. The caviar is Canadian,  
2 and the junk food might be from somewhere else.  
3 We have to start showing that and acting that way.

4 Mr. Bélanger, I take your comments  
5 also to heart. The CRTC may be taking too much of  
6 a shopping list omnibus approach and saying, "How  
7 much are you doing for these guys?" and checking  
8 off 43 categories. Maybe we should also start  
9 believing our own rhetoric about niche marketing  
10 and follow through as well.

11 Our third series of lessons I draw  
12 from Professor Caron's excellent points. I tell  
13 him that we are thinking the same way as he is,  
14 that we would like to take a less restrictionist  
15 approach and think more in terms of positive  
16 approaches and incentives. The same goes for  
17 taking the emphasis off quantitative rules and  
18 going more for qualitative ones. You know we have  
19 been talking about this for two years, asking you  
20 to help us.

21 It has been very hard for any of  
22 us to come up with definitions. We have listened  
23 to what the Australians have tried, and it was  
24 even more complicated than what we do now. But we  
25 are still looking for ways to emphasize quality

1           because it is, obviously, the way of ensuring that  
2           we are on the air and are watched.

3                         We would like to back independent  
4           producers very strongly. I would like to proclaim  
5           a bias in favour of the creative people because  
6           they are not only vital in their own right, but  
7           they are, as Mme Charest said, going to prove to  
8           be lifesavers for the broadcasters and, I think,  
9           the cable operators. They are absolutely part of  
10          the system, and they are going to be a more and  
11          more important part of your success.

12                        As for managing the transition to  
13          these exciting times of 100 or 200 or 1,000-  
14          channel universes, I agree that we have to manage  
15          this in a way that maintains the reputation of the  
16          broadcasting and cable industry as profitable,  
17          very viable industries. The CRTC is prepared to  
18          do its part and help manage this in a way that  
19          protects the health of all these industries.

20                        The final point I would like to  
21          make concerns the so-called death star. I think  
22          Mr. Fred Scheratt had the right attitude. We  
23          should find some middle course between panic and  
24          paralysis. Neither of these is a good approach.

25                        I would pick up on the comment of

1 my friend, André Bureau, an eminent predecessor,  
2 that we should probably have a bias to be ahead of  
3 the game rather than behind the game. If we  
4 don't, probably the Americans will fill most of  
5 the interesting niches for us.

6 As for technological realities on  
7 the death star, I am hoping to get better educated  
8 in weeks ahead. We are doing our best with our  
9 little internal committee, but we are going to be  
10 consulting some of you on the outside in weeks to  
11 come.

12 The current penetration -- I don't  
13 think it proves as much as the technological  
14 changes in dishes and compression and increased  
15 power. I think these have created a new  
16 situation, and we should take them into account  
17 instead of being too discouraged by the current  
18 penetration figures.

19 I also think it is probably  
20 dubious that we could set up a separate  
21 technological system deliberately as a kind of  
22 electronic Berlin Wall. For one thing, I think it  
23 would go against global tendencies to common and  
24 shared technology and shared standards. Second, I  
25 doubt if the Canadian people would put up with it.

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1 As Ron Osborne would say, it's like magazines. I  
2 don't think Canadians, having read angry newspaper  
3 editorials against the Soviets for jamming western  
4 broadcasts, would like it if we, through the back  
5 door, appeared to be jamming U.S.

6 The only way for Canadians to  
7 succeed is by being brilliantly Canadian, not by  
8 keeping everybody else out.

9 I suggest a two-track approach in  
10 dealing with the death star. The CRTC will follow  
11 the Minister's guidance and admonition to exercise  
12 extreme caution in licensing new services, but I  
13 think we should also invite the industry to  
14 exercise extreme imagination in coming up with  
15 good new services for the time, which is not far  
16 off, when we will need them.

17 Please correct me if I am wrong,  
18 Mr. Minister, but I think that is what we are  
19 talking about: taking a deep breath and thinking  
20 hard for the next two or three years, but being  
21 ready to jump when we have to. John Hylton's  
22 committee mentioned the words "nimble and quick  
23 and innovative." I think we have to be able to  
24 move very fast when the time comes.

25 In conclusion, I think something

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1 historic has happened here today and yesterday.  
2 From what I can tell, we left most of our guns at  
3 the door. We have listened to each other. We  
4 have learned a lot from each other. As I said,  
5 the CRTC has learned a lot, and I think we have  
6 even begun to guess that some of our so-called  
7 historic enemies might actually be strategic  
8 allies in the future.

9 I don't think we are going to look  
10 back on today or yesterday as the good old days  
11 unless we fall asleep and refuse to rise above all  
12 the ideological and corporate rivalries that have  
13 divided us in the past and fail to glimpse the new  
14 opportunities ahead of us. I think the great days  
15 are to come. I think we have a chance to live up  
16 to the ideals of some of the fathers of  
17 broadcasting who are in this room and, in a couple  
18 of cases, your own fathers. I think we have a  
19 chance to be bold and imaginative as they were in  
20 the pioneer times. These are new pioneering  
21 times. They are times for very gutsy, courageous  
22 people who are willing to change the most  
23 difficult thing in the world to change, their own  
24 minds. We need a lot of new thinking, unscared,  
25 very unCanadian thinking.

1                   The future, as they say, is now,  
2                   and I think the future is the Canadian consumer,  
3                   imaginatively understood, not a mythical, one-  
4                   dimensional mass market robot who probably never  
5                   existed, but a much more complex individual with  
6                   at least two key dimensions: one I would call a  
7                   tribal or community dimension thirsting for some  
8                   sense of family, the Canadian family. Therefore,  
9                   we do need lots of broadcasting that brings us  
10                  together and makes us feel that we are part of a  
11                  closely-knit family.

12                  On the other side of it, we have  
13                  an individual, this new consumer, of infinitely  
14                  different interests, a variety of interests we  
15                  cannot even grasp, with tastes that technology and  
16                  a more fragmented market are now finally making it  
17                  possible to serve. The phrase "minority taste",  
18                  which used to be the best way of shooting down a  
19                  good programming idea, although it is not  
20                  everything, is going to be one of the secrets of  
21                  success for marketing.

22                  To end off, I just say that on the  
23                  air waves, as in our wonderfully effervescent and  
24                  fast-changing country, I think our slogan should  
25                  be: There is room for everybody.

StenoTran

1                   On that, Mr. Minister, I would  
2                   like to remind you that, although you don't pay me  
3                   quite enough to buy a Ferrari, you do pay me  
4                   enough to enjoy a CRTC Chevrolet van in which  
5                   there is exactly enough room for six more  
6                   Commissioners.

7                   Thank you.

8                   THE CHAIRMAN: Thank you very  
9                   much, Mr. Spicer. We will try to deliver the  
10                  Commissioners for your van. Thank you for a very  
11                  comprehensive and a very stimulating and very  
12                  constructive intervention.

13                  Dr. Caron, it's your thankless job  
14                  in the next 15 minutes to be able to pull this all  
15                  together. Practically, what sort of time would  
16                  you like to have?

17                  DR. CARON: Basically, two o'clock  
18                  to be able to give the report.

19                  THE CHAIRMAN: We will break for  
20                  lunch. I have some good news, and that is that  
21                  there will be no speech from me at lunch. The bad  
22                  news is that you have 50 minutes for lunch. We  
23                  will reconvene at 2:00 p.m.

24                  --- Luncheon Recess at 1:12 p.m.

25                  --- Upon Resuming at 2:20 p.m.



1 THE CHAIRMAN: Ladies and  
2 gentlemen, I call this afternoon's session of the  
3 Summit to order.

4 Professor Caron, you have laboured  
5 under incredible constraints to come up with a  
6 presentation for us, and I give the floor to you.

7 DR CARON: Merci.

8 Monsieur le Ministre, nous avons  
9 ce matin beaucoup voyagé dans le temps -- de 1991  
10 à l'an 2000 -- en voiture, quelquefois même en  
11 Ferrari, sur toutes sortes d'autoroutes  
12 électroniques, et nous nous sommes mêmes retrouvés  
13 au Soviet Suprême.

14 Comme vous pouvez l'imaginer,  
15 mesdames et messieurs, je ne pourrai pas faire  
16 entièrement justice à tous les propos exprimés par  
17 chacun. Je recommanderais cependant, Monsieur le  
18 Ministre, que l'on fasse une transcription  
19 verbatim de ce matin pour tous les intervenants,  
20 afin qu'on puisse profiter de plusieurs idées très  
21 prometteuses et très riches qui ont été exprimées  
22 autour de cette table.

23 Parmi les premières interventions,  
24 on nous a dit que ce n'était pas business as  
25 usual. Puis, on a enchaîné sur l'importance de

1 bien lier toute stratégie industrielle avec une  
2 stratégie culturelle.

3                   Personne ne s'illusionne qu'il y a  
4 une solution rapide ou facile, ou un quick fix  
5 pour les problèmes très présents et ceux à venir.  
6 On nous a proposé plusieurs avenues à regarder de  
7 plus près: réduire la lourdeur de l'appareil  
8 réglementaire, respecter la liberté fondamentale  
9 des téléspectateurs et des diffuseurs, exploiter  
10 la question du yield management, les incitatifs  
11 fiscaux. On a proposé la formation d'un comité  
12 sur le financement des programmes canadiens qui  
13 pourrait même faire son rapport dès février. On  
14 désire encourager la libre circulation des  
15 capitaux, la fusion et la consolidation sans être  
16 pénalisé. Et, pour certains, il y a une  
17 opposition à ce que la juridiction réglementaire  
18 soit multiple.

19                   Nous avons même eu l'acte de  
20 contrition de M. Spicer. De plus, nous avons eu  
21 un témoignage très significatif d'un des plus  
22 jeunes joueurs ou récents joueurs, Television  
23 Northern Canada. On a eu une suggestion aussi  
24 d'établir, lors de prochaines réunions, un comité  
25 d'étude sur la représentativité des femmes et

1 autres groupes non majoritaires dans l'industrie.

2 When we began this morning's  
3 meeting, the analogy I had in mind was that of two  
4 solitudes, not on a linguistic basis but on an  
5 entrepreneurial basis. I am pleased now to say  
6 that I think we have gone beyond that analogy.

7 Obviously, the main debate is  
8 about the future. I will not use the word  
9 "consensus", but there is a great interest by all  
10 the players in being part of the picture. To do  
11 this, however, the equation must consider the  
12 distribution, or what Mr. Bélanger eloquently  
13 described as l'architecture de distribution,  
14 programming and cost.

15 As was said, we should probably  
16 position ourselves between the status quo and  
17 panic. Broadcasters have made some offers and so  
18 have cablecasters. We even have a repackaged new  
19 channel of Canadian programming on the table.  
20 This is not a perfect world, but there are now  
21 exchanges between various players.

22 As was said, it is important that  
23 the strategy nourish the prosperity of the  
24 industry but also of all viewers and all  
25 Canadians. Public, private, specialty and cable

1           have indicated they are willing to talk. From  
2           talk we should then go to action. We have heard  
3           the words "consolidation", "co-operation",  
4           "consortium", "broker" -- these are all words we  
5           heard around the table. But it is what these  
6           words translate, I think, which is more important,  
7           and that is a mood and a new attitude for the  
8           industry.

9                                We have created a process,  
10          Monsieur le Ministre; now we must build on this  
11          and build on the momentum.

12                           It should be seriously considered  
13          that this agenda be pursued on a short-term basis  
14          to allow everyone around the table to be able to  
15          define this future industry.

16                            Merci.

17                            LE PRÉSIDENT:  Merci beaucoup,  
18          docteur Caron, pour ce sommaire excellent.  I  
19          think it is very useful and an excellent summary  
20          which in a very comprehensive and concise way  
21          pulls together the various threads from our  
22          discussion this morning.

23                            Just before I wrap up, Ray Peters  
24          has asked to have the floor for a minute.

25                            MR. PETERS:  Thank you, Mr.

1 Minister.

2 We have had an opportunity for the  
3 members of the Task Force to get together over  
4 lunch. When we wrote Chapter 8 of our report and  
5 we recommended to you, Mr. Minister, that you call  
6 a Summit meeting to discuss and develop an  
7 industrial strategy, we really didn't expect it to  
8 go as well as it has. I would like to  
9 congratulate all of you. You, I think, have put  
10 together some very profound and very good ideas  
11 today.

12 I think the players of the  
13 industry have delivered some very good messages,  
14 Mr. Minister, and I would hope that we take it  
15 from here and finish the industrial strategy and  
16 plan within the next few months and make sure we  
17 do not drop the ball now. We have a brand new,  
18 shiny Broadcasting Act which lays out the cultural  
19 objectives of our country.

20 We have had a Broadcasting Act  
21 like this for a good many years, but we never had  
22 an industrial strategy. We have never concerned  
23 ourselves about where the money is going to come  
24 from. I think it is very important that we  
25 continue these discussions, continue the mood that

1 we have heard around this room and that we  
2 finalize the industrial strategy. It is the most  
3 important critical mechanism we have to make that  
4 Broadcasting Act work.

5 If we don't put financial help  
6 back into the industry, the Broadcasting Act and  
7 the objectives of the Broadcasting Act simply will  
8 not succeed.

9 Finally, I would like to  
10 congratulate you, Mr. Minister. I think very few  
11 members of the Cabinet would stand up to this  
12 group. Very few members of the Cabinet, I would  
13 suggest, would take the time to chair a meeting as  
14 critical as this and as important as this. I  
15 think you are to be congratulated as to the manner  
16 in which you have handled this meeting, and I know  
17 my colleagues in the room would probably share the  
18 view. My sincere congratulations, and thank you.

19 THE CHAIRMAN: Thank you very  
20 much, Mr. Peters. I don't know quite how to  
21 respond to your final comments other than to say  
22 that, if not many of my colleagues would have been  
23 standing up to this group, it is perhaps because  
24 they are more prudent and wiser than I am.

25 I do want to express a personal

1           thanks to each and every one of you for your  
2           participation here. As we wrap up today, we go  
3           home with a sense of accomplishment, we go home  
4           with an understanding of the magnitude of the task  
5           which lies before us and, I think justifiably,  
6           with a sense that we have participated in  
7           something which is important and beneficial not  
8           just to the people in this room but to Canadians  
9           from one coast to another.

10                        On Sunday night when I arrived in  
11           Montreal, one of the first things my staff did was  
12           to bring me down to this room so that we could get  
13           an idea of the physical layout. It was in seeing  
14           the table for the first time that I began to  
15           realize the magnitude of the particular job that  
16           was facing all of us.

17                        I noted that the organizers of the  
18           Summit had gone to some considerable pains to  
19           organize the table so that people were grouped  
20           roughly based on what particular segment of the  
21           industry they represented. In looking at it with  
22           most of us lined up along the side, it reminded me  
23           of the seating plan in the House of Commons where  
24           the government sits on one side and the opposition  
25           on the other. In Ottawa it is based on the

1 British parliamentary tradition, and the distance  
2 between the front rows of the government benches  
3 and the front rows of the opposition benches is  
4 slightly greater than two grown men standing in  
5 front of their desks with swords in their hands  
6 outstretched so that the swords wouldn't quite  
7 touch. I noticed that the chasm here seemed  
8 fairly large as we started, but it is one that  
9 kept on shrinking as we went along.

10 I think all of you are to be  
11 commended for your tremendous participation.

12 Let me say most sincerely that  
13 particularly this morning's discussion was one of  
14 the most interesting and exciting and stimulating  
15 discussions I have been privileged to participate  
16 in in my almost 20 years in public life. I think  
17 it was very valuable. Professor Caron, your  
18 suggestion that we have a transcript of the  
19 discussion circulated is an excellent idea.

20 I don't intend to review in detail  
21 our discussions of the past two days. Instead, I  
22 want to emphasize one key point: We are not going  
23 to stop here; we are going to move forward.

24 Pour parler franchement, il est  
25 essentiel que nous nous entendions tous sur une



1           stratégie industrielle efficace et cohérente, et  
2           que nous la mettions en oeuvre. C'est la seule  
3           façon de redresser la situation précaire de la  
4           télévision canadienne et de franchir avec plus  
5           d'assurance le cap du XXIe siècle.

6                            Cette stratégie doit viser avant  
7           tout à renforcer les assises financières de  
8           l'industrie canadienne de la radiodiffusion et à  
9           assurer sa compétitivité sur le marché mondial.  
10          Pour citer le mémoire présenté par l'Association  
11          canadienne des radiodiffuseurs, elle suppose de  
12          concentrer nos énergies non pas sur des  
13          productions individuelles mais sur le  
14          développement à long terme d'une industrie interne  
15          et externe capable de produire régulièrement et  
16          sérieusement les émissions canadiennes qui feront  
17          la prospérité de la télévision d'ici.

18                           Ce sommet constitue la première  
19          étape décisive vers l'élaboration de cette  
20          stratégie industrielle. Il est devenu évident,  
21          comme l'affirme clairement le rapport Girard-  
22          Peters, que la clef de l'avenir de notre système  
23          de radiodiffusion et sa capacité de résister aux  
24          menaces de l'extérieur tient à l'excellence de sa  
25          programmation canadienne. Tous nos efforts

1 doivent converger vers ce but.

2 The days of isolated, individual  
3 strategies are over. The challenges facing us are  
4 enormous, but they must be met. They require an  
5 approach that is both dynamic and global in scope.

6 It is impossible, for example, to  
7 ignore the impact of new technologies like direct  
8 broadcasting via satellite and the growth of  
9 broadcasting in Canada. That is why we decided to  
10 ask the Steering Committee to follow up on the  
11 ideas raised here and to choose the most efficient  
12 means to deliver an industrial strategy. It will  
13 be able to review the efficiency of existing  
14 structures, for example.

15 I am aware that some of you would  
16 like us to take decisions even more quickly. We  
17 can meet the challenge to the extent that the  
18 industry can reach a consensus to build upon. We  
19 have proven that we can act quickly and  
20 effectively. Let's not stop here. I challenge  
21 the Steering Committee to present a report within  
22 six months -- and I stress the word "within". We  
23 should be ready to receive the report as soon as  
24 it is ready.

25 As we make the industry more

1       stable and healthy, let's not forget why we are  
2       doing it. It is not simply to ensure the  
3       financial security of those of us privileged to  
4       sit in this room. It is to provide Canadians in  
5       all parts of this country a rich, varied and truly  
6       Canadian broadcasting system. In the broadcasting  
7       industry of the future it is the viewer who must  
8       come first.

9                               I want to conclude by thanking  
10       everyone who contributed to making this Summit a  
11       success as well as all Canadians who watched us on  
12       cable. In particular, on behalf of all of you, I  
13       would like to extend a special thanks to Jacques  
14       Girard, Ray Peters and the rest of the Task Force  
15       for such an outstanding report; to the Steering  
16       Committee and Working Groups for the excellent  
17       preparatory work they have done; to Dr. Caron for  
18       his excellent work as rapporteur; to the  
19       participants who ensured the success of our  
20       meeting -- we have the best brains in the industry  
21       gathered in this room; to the cable industry,  
22       particularly Vidéotron, for outstanding cable  
23       coverage to the community at large and for  
24       ensuring that Canadians were able to share the  
25       very extraordinary experience we had here; to my

1 own officials who worked so long and so hard to  
2 bring the Summit about; and finally to the  
3 organizers of the Summit logistics who have done a  
4 tremendous job with all of their work.

5 I am delighted that we were able  
6 to so quickly reach a consensus on so much of the  
7 Girard-Peters report. This, in itself, was no  
8 mean feat.

9 As we return home, we can do so  
10 with a sense of genuine accomplishment. Let's  
11 continue to build upon the momentum that we have  
12 generated here.

13 Thank you each and every one.

14 Merci à tous. The meeting is adjourned.

15 --- The meeting concluded at 2:45 p.m.

16

