

**DEPARTMENT OF COMMUNICATIONS/
MINISTÈRE DES COMMUNICATIONS**

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

**ADDRESS BY THE HON. PERRIN BEATTY/
ALLOCUTION PAR L'HON. PERRIN BEATTY**

LUNCHEON/DÉJEUNER

HELD AT:

Four Seasons Hotel
Montreal, Quebec

December 9, 1991

TENU À:

Hôtel Quatre Saisons
Montréal (Québec)

Le 9 décembre 1991

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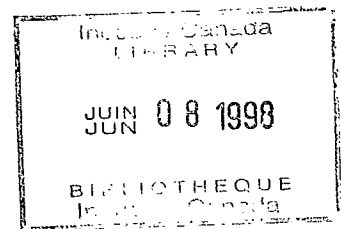
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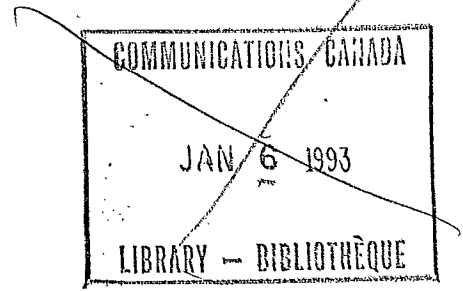
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1 LE PRÉSENTATEUR: Si vous le
2 permettez, c'est avec un très grand plaisir que je
3 voudrais vous présenter notre président
4 d'assemblée, le ministre des Communications du
5 Canada, M. Perrin Beatty, qui voudrait vous
6 communiquer quelques réflexions sur l'évolution de
7 l'industrie de la télévision.

8 It is now my privilege to
9 introduce my minister, the Minister of
10 Communications, Mr. Beatty, who would wish to
11 focus with you at noon, and of course later today,
12 on the evolution of Canadian television.

13 Mr. Beatty.

14 HON. PERRIN BEATTY: Thank you
15 very much, Alain, et merci, mesdames et messieurs.

16 It seems very unjust that there's
17 no escape from me even over lunch, and I
18 appreciate your tolerance for putting up with me
19 once again.

20 When I was thinking about my
21 remarks for today I have to tell you I did not get
22 a great deal of help from the various people I
23 consulted. All that Alain Gourd said to me was
24 "Don't go to any trouble, minister, just be
25 inspirational." That reminded me a little bit of

1 Peggy Newman, who was the speech writer for
2 presidents Bush and Reagan, whose sole direction
3 received for a particularly important speech was:
4 "Just make it sound a bit like the Gettysburg
5 Address." My wife's advice was: "Keep it short."
6 My son, who adores television, simply said:
7 "Don't embarrass us, dad."

8 So I hope you'll bear with me this
9 afternoon as I do my best to meet these three
10 conditions for my remarks: encouraging, short,
11 and not likely to be quoted back to my family
12 afterward.

13 Les défis qui se posent à la
14 radiodiffusion nous préoccupent tous ici
15 aujourd'hui. La radiodiffusion est une industrie
16 dont nous avons toutes les raisons d'être fiers,
17 mais qui connaît des temps difficiles. Il suffit
18 d'un coup d'oeil sur le bilan financier de
19 l'industrie pour comprendre la gravité de la
20 situation.

21 Les télédiffuseurs francophones
22 privés, par exemple, ont vu leurs bénéfices nets
23 avant-impôt dégringoler de 19 pour cent en 1985, à
24 au moins 16 pour cent en 1990. Cela a provoqué
25 une situation qui frise le désespoir et qui nous a

1 tous amenés à consacrer la première partie de ce
2 sommet aux problèmes particuliers des marchés
3 francophones.

4 C'est la raison pour laquelle nous
5 avons créé quatre groupes de travail chargés
6 d'étudier la publicité et le marketing, la
7 programmation et le financement, la réglementation
8 et les politiques, et la technologie, ainsi qu'un
9 comité francophone parallèle qui s'est penché sur
10 les réalités propres au marché francophone.

11 Au Canada anglais le recul global
12 des bénéfices sur le marché a été moins
13 catastrophique, c'est-à-dire de 19 à 5 pour cent,
14 mais le repli sur certains marchés, comme ceux de
15 Winnipeg et de Regina, a été tout aussi désastreux
16 qu'au Québec.

17 Nous avons conclu à la nécessité
18 d'un sommet consacré aux problèmes propres aux
19 marchés anglophone et francophone, et à ceux que
20 nous avons en commun. Et les problèmes que nous
21 avons en commun sont nombreux. Des signaux qui
22 viennent d'une distance de 500 milles dans le ciel
23 ne connaissent pas de frontières nationales ni
24 culturelles.

25 L'augmentation du nombre de

1 services spécialisés qui se disputent les revenus
2 publicitaires du coût de la programmation, du
3 montant de la dette, et l'accroissement des
4 exigences reliées à l'octroi de licences a mis les
5 radiodiffuseurs publics et privés, francophones
6 comme anglophones, dans une situation difficile.

7 Certes, les radiodiffuseurs de
8 nombreux autres pays occidentaux, y compris notre
9 riche et puissant voisin les États-Unis, sont
10 encore plus mal au point. Mais c'est une bien
11 mince consolation. Il n'y a pas de solution
12 facile.

13 Comme le signalait le rapport
14 Girard-Peters, il n'existe aucune mesure qui
15 puisse garantir la vigueur de l'industrie de la
16 radiodiffusion au Canada. Par exemple, un
17 moratoire sur les nouveaux venus ne réglerait rien
18 en soi aux problèmes de financement à long terme
19 de Radio-Canada. Une nouvelle réglementation du
20 CRTC pourrait bien ne pas être la solution au défi
21 que posent les satellites de radiodiffusion
22 directe.

23 La réduction de la publicité de
24 Radio-Canada partout sur les marchés locaux ne
25 rendrait pas beaucoup de service sur les marchés

1 où la publicité locale est rare.

2 Nous pouvons quand même prendre
3 tout un train de mesures propres à raffermir notre
4 industrie. Le défi à ce sommet c'est de le faire
5 en partenaires. La question ne doit pas être qui
6 seront les gagnants et qui seront les perdants,
7 mais plutôt: Comment assurer la survie et la
8 croissance de notre industrie dans un
9 environnement en constante évolution?

10 Un seul secteur de l'industrie ne
11 peut prospérer au détriment des autres. Nous
12 devons chercher à en sortir gagnants tous
13 ensemble, sans quoi nous y serons tous perdants.

14 There was a story about Mohammed
15 Ali which nicely illustrates the danger of
16 thinking that you can always manage without co-
17 operating with others. It concerns the time that
18 the great boxer took the airplane, and the flight
19 attendant asked him to fasten his seatbelt. Ali
20 was very simple in response. He said: Superman
21 doesn't need a seatbelt. And the flight attendant
22 said: Superman doesn't need an airplane either.

23 The morale of this is that there
24 are times when it makes sense to co-operate if you
25 want to ensure your own survival. The fact that

1 this summit is being held at all is proof that we
2 have made a very good start. This is the first
3 time in Canadian history that players from all of
4 the affected industries, from broadcaster to
5 producers, distributors, agencies and government,
6 have gathered together to search for solutions.

7 The challenge now is to develop a
8 sense of confidence among the players which is not
9 typical of the Canadian way. It won't be easy.
10 Our free enterprise system is based on competition
11 and occasionally on conflict. Our process of
12 government is based on opposition and debate. It
13 won't be easy. But it must be done.

14 I'm here today to tell you that
15 the Government of Canada is prepared to make a
16 committed and long term contribution to build that
17 partnership and to meet new challenges. We'll do
18 this both in the short term by taking action on
19 the Girard-Peters recommendations and in the long
20 term by working with you to develop an effective,
21 comprehensive industrial strategy.

22 Before I detail the government's
23 response to the Girard-Peters recommendations, I
24 would like to take a moment to thank and to
25 congratulate members of the task force for their

1 very excellent work. In my opinion, the Girard-
2 Peters task force in its report set a benchmark
3 for other task forces. It's pragmatic, well
4 thought out, and it's achievable.

5 It was accomplished in a speedy
6 and timely fashion, acting as a catalyst within
7 the industry to reach agreement. Now it is our
8 duty, all of us in this room, to capitalize on the
9 sense of shared purpose which they have developed
10 for us.

11 When I spoke to the Canadian Cable
12 Television Association and the Canadian
13 Association of Broadcasters, I stressed that each
14 of us must come to this summit prepared to respond
15 to the Girard-Peters recommendations. Eighteen of
16 the 44 recommendations were directed specifically
17 to the federal government.

18 We are in the process of
19 addressing all of them, but I am pleased to report
20 today that we have already taken action on 11.
21 Bill C-40 has been proclaimed. We have agreed to
22 amend the Copyright Act to provide for an
23 ephemeral according exemption. We will maintain
24 the MOU as a useful and appropriate instrument for
25 governing the broadcast program development fund.

1 The Department of Communications
2 and broadcast signal suppliers have joined forces
3 to curtail the spread of unauthorized decoders in
4 Canada. We have just given to Advanced
5 Broadcasting Systems of Canada, a high level
6 committee composed of representatives from both
7 industry and the Government, the responsibility to
8 monitor the evolution of communications
9 technologies.

10 We will work closely with Revenue
11 Canada to see what can be done to maintain and
12 enforce Section 19 of the Income Tax Act,
13 disallowing the deduction of advertising expenses
14 directed at Canadian and foreign periodicals, and
15 in broadcasting stations.

16 We have agreed to the
17 recommendations asking for an industry summit that
18 will address the issues of both francophone and
19 anglophone broadcasters in Canada. And we will
20 address all three recommendations pertaining to a
21 moratorium.

22 I have been following the debate
23 within the industry on the issue of a moratorium
24 with a great deal of interest. I know that there
25 is real concern, particularly here in Quebec,

1 about the licensing of any new broadcast services,
2 and a widespread consensus has developed that the
3 CRTC must exercise extreme caution.

4 However, I have also heard the
5 opinion expressed that a general moratorium could
6 impose too rigid a limitation on the system's
7 ability to adapt and respond to changing
8 circumstances. As a result, I'll spend a little
9 more time listening this afternoon to what you
10 have to say on the matter. I will take a decision
11 on this issue by the end of today.

12 This, in summary, is our response
13 to the first 11 recommendations. The remaining
14 seven recommendations involved the implementation
15 of various tax incentives, credits and allowances,
16 the sharing of multi-channel, multi-point
17 distribution service frequencies, and multi-year
18 funding for the CBC, and are all issues which I
19 believe should be resolved within the framework of
20 an industrial strategy.

21 For example, it would be dangerous
22 in the extreme to independently develop a long
23 term funding strategy for the CBC heedless of how
24 it might fit with the long-term strategy developed
25 for the private sector industry. However, it was

1 also clear that the short-term funding problems of
2 the CBC would also have to be addressed to give us
3 the necessary breathing space in which to explore
4 longer term options.

5 I believe in the CBC. I believe
6 it's crucial to our sense of national identity.
7 We're a few people scattered across the second
8 largest country on earth. If we're to achieve a
9 sense of self, we must have national institutions
10 like the CBC to foster it. We need the CBC.

11 I also believe that there's room
12 to discuss exactly where the corporation should
13 fit into the overall picture. Indeed, we started
14 to have that discussion this morning.

15 My recent announcement of an
16 additional \$46 million to be given to the public
17 network was designed to give them the stability
18 which we need in the short term to work out a new
19 strategy for the long run.

20 Notre premier objectif pour le
21 secteur privé est le même. Ensemble nous devons,
22 à court terme, restabiliser la télévision. Voilà
23 à quoi devrait nous permettre d'arriver
24 l'excellent travail des comités. Grâce à leurs
25 efforts, vous recevrez d'ici la fin de la journée

1 de nombreuses propositions concrètes sur la
2 majorité des recommandations du rapport Girard-
3 Peters.

4 Il est essentiel de donner suite à
5 ces recommandations. L'action ou la non-
6 concertation serait en soi une stratégie qui
7 reviendrait à laisser les événements nous dépasser
8 et abandonner la politique de radiodiffusion mise
9 en place par R.B. Bennett au début des années '30.

10 Notre deuxième objectif, donc,
11 doit être d'orchestrer une stratégie industrielle
12 à long terme qui soit dynamique. En vue de cet
13 objectif, j'aimerais faire ressortir quelques
14 points.

15 Le premier, c'est qu'il me paraît
16 absolument essentiel d'assurer la survie de
17 l'industrie. L'enjeu dans ce cas dépasse
18 largement les simples considérations économiques.

19 Harry Boyle, l'un des nombreux
20 personnages colorés qui ont siégé au conseil du
21 CRTC, a dit un jour aux représentants d'un
22 requérant de franchise de télévision ceci:
23 "Monsieur, je vous admire. J'admire votre
24 compétence et la justesse de vos propos. Mais
25 j'aimerais vous poser une question. En dernière

1 analyse, qu'est-ce que votre organisme fera pour
2 l'humanité?" Et ça, c'est une bonne question.

3 L'industrie de la radiodiffusion a
4 le pouvoir d'améliorer le sort de l'humanité. La
5 connaissance, et parfois la vérité, se manifestent
6 lorsque l'information et les moyens de communiquer
7 par la radiodiffusion convergent.

8 En Union Soviétique un coup d'État
9 qui aurait pu changer le destin du monde a avorté
10 parce que les protagonistes n'ont pas su mettre la
11 main sur les médias, plus particulièrement sur les
12 nouvelles technologies de communication.

13 En Chine, un photographe du CNN a
14 renvoyé dans son pays une photographie qui a
15 façonné l'opinion mondiale: La photo d'un homme,
16 fleur en main, debout devant un char sur la place
17 Tiannamen.

18 In Canada, 400,000 men and women
19 came out in the dead of winter to participate in a
20 citizen's forum using all of the marbles of
21 telecommunications, including toll-free lines, and
22 satellite video conferencing, to really talk to
23 one another.

24 So our first goal must be to
25 ensure the survival of the industry, not just as a

1 business, but also as a technology that transmits
2 the simultaneous shared national experiences which
3 comprise our nation's social glue.

4 The second point that I would like
5 to make is that in finding our way out of the
6 present difficulties we must remember what it is
7 that makes us unique, what will give us the
8 competitive edge. I know that many of you are
9 deeply concerned about the new challenges posed by
10 satellite broadcasting and digital compression.
11 But distribution is only one part of the equation.

12 As Henry Thorow warned our
13 neighbours to the south more than 125 years ago,
14 he said this: "We're in great haste to construct
15 the magnetic telegraph from Maine to Texas but
16 Maine and Texas, it may be, have nothing important
17 to communicate."

18 Judging by the number of
19 telephones installed in the United States, they've
20 solved that problem, but the principle holds true
21 for all new methods of communication as well. One
22 hundred channels of sitcom reruns will not hold a
23 Canadian audience for very long.

24 Sir Henry Thornton said as long as
25 1930 that the future of Canadian broadcasting

1 rests with the individual who turns the dial.
2 What he said was so true -- "E.N.G.", "Road to
3 Avonlea", "Hockey Night in Canada", or "Les Filles
4 de Caleb" will capture the audience every time.

5 Our strength lies in producing
6 high quality Canadian programming. That's where
7 we must find our competitive edge.

8 Another goal of this summit must
9 be to explore how the efforts of government,
10 conventional and cable television, cultural
11 institutions and production organizations, can
12 produce and show first-rate Canadian shows.

13 My third and final point is that
14 crises are what you make of them. The Chinese
15 understand this, and use two symbols to compose
16 their word for "crisis": one represents danger,
17 the other, opportunity. The Chinese understand
18 it, and so do the Americans.

19 Tomorrow, by coincidence, is the
20 anniversary of the day when farmers in Alabama
21 erected a monument to the boll weevil, one of the
22 world's ugliest and most devastating bugs, a bug
23 which swept through the southern United States,
24 destroying crops and livelihoods with outstanding
25 speed. It produced a desperate situation. The

1 farmers were forced to respond by diversifying
2 their crops. The results? Farmers' incomes
3 tripled. They saw the danger and they seized the
4 opportunity, with spectacular results.

5 We have a little more time to
6 respond to the challenges which face us than did
7 the southern farmers. The boll weevil swept
8 through the south in a matter of months. We have
9 a few years to shape up at home before we meet the
10 new competition.

11 The stakes are very high. The
12 economics of an industry are at stake, and the
13 public interest is at stake, but we're building on
14 a strong and solid base. We have one of the
15 finest communications systems anywhere in the
16 world. We have better viewer choice than anywhere
17 else in the world.

18 The crisis which confronts this
19 industry must be abated. I feel confident that it
20 can be if we co-operate, capitalize on our
21 strengths, work on behalf of the public interest
22 and keep in mind that crises can be the catalyst
23 to great new ideas.

24 Next year, ladies and gentlemen,
25 is the 125th anniversary of Canada. It's a time

1 to celebrate and to be proud of what we have
2 accomplished. At the same time, as the events of
3 the past year have clearly shown, it's time for
4 some hard-headed self-examination, and maybe even
5 some tough decisions.

6 Perhaps we can take comfort from
7 one radio philosopher, who said this: In times
8 like these it's nice to remember that there have
9 always been times like these.

10 Seated in this room are the best
11 brains that Canada has available to address the
12 challenges which confront us. There is no one
13 else who can take these decisions for us. No one
14 else to whom we can look for the right answers.
15 And no one else to blame if we fail.

16 I feel confident that a little
17 imagination and a lot of will can help propel us
18 successfully into the future.

19 I wish you good luck, clear
20 thinking, and creative solutions over the next 24
21 hours. I have great hopes for the outcome.

22 Merci à tous.

23 THE MODERATOR: Many thanks,
24 minister, for your presentation at noon. It does
25 confirm that you had met one of the two

1 recommendations -- and one of the most challenging
2 ones as we have seen this morning -- of the
3 Girard-Peters report, which was to have this
4 summit with diversity of perspectives around the
5 table.

6 Merci également pour votre
7 engagement concernant des décisions déjà prises,
8 ou sur le point de l'être. Vous avez mentionné
9 l'exception éphémère, le comité consultatif sur la
10 technologie, la poursuite vigoureuse de l'article
11 19 de la Loi de l'impôt, et bientôt cet après-midi
12 le moratoire.

13 Merci également pour votre
14 engagement à poursuivre le partenariat dans le
15 cadre d'une stratégie industrielle qui se
16 porterait en particulier sur le financement
17 pluriannuel de Radio-Canada et autres questions à
18 moyen terme.

19 Minister, I guess we are ready for
20 another challenging and interesting session.
21 Perhaps I could suggest to people to finish their
22 coffee, and perhaps in ten minutes or so move to
23 the other room.

24 Many thanks again.

25

