

January 7, 2006

Mr. Ian Morrison, Spokesperson  
Friends of Canadian Broadcasting

Dear Mr. Morrison:

I am writing to acknowledge receipt of your recent correspondence. I appreciate hearing your concerns about public broadcasting and am pleased to offer this letter in response.

The Liberal Government is committed to developing a strong broadcasting system that meets the cultural objectives of Canadians. We will continue building a strong vibrant system that reflects the lives and the values of Canadians from all parts of this country. Culturally, Canadian programs give voice to Canadians, to their talent and their shared experiences. Economically, it means jobs for thousands of Canadians – from creation to production and distribution on the airwaves. Ultimately, the dissemination of Canadian programming acts as a reflection of what being Canadian means to each and every one of us.

#### CBC's Grassroots Capacity

The Liberal Government has consistently worked with the Canadian Broadcasting Corporation (CBC) to ensure that it can fulfil its mandate to provide programming that informs, enlightens and entertains while also addressing the specific needs of Canada's regions. In June, 2003, the Standing Committee on Canadian Heritage requested in its report on the Canadian broadcasting system that the CBC prepare a strategic plan to improve local and regional programming for Canadians.

In December 2004, the CBC submitted its local and regional programming strategy to the Government, and presented to the Standing Committee in February 2005. According to the CBC, this local and regional programming strategy will be rooted in the regions, in accordance with its mandate to "reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions."

The CBC plays a unique and central role in developing a promoting Canadian programming at the grassroots and national level. In Budget 2005, the Liberal Government committed an additional \$60 million in 2005–06 to help ensure that Canada's stories, reflecting the ever-increasing diversity of Canadian society, find their way into Canadian homes in the form of high-quality programming. This

was in addition to the nearly \$1 billion (\$982.414 million) in funding for the CBC already committed by the Liberal Government in the 2005-2006 Main Estimates. The Liberal government is committed to providing the CBC with stable, predictable support to ensure that they can continue to operate at the highest level, and continue to uphold the principles of Canadian content legislation.

As well, the CBC has been exempted from any cuts to its budget under the Government-Wide Expenditure Review. The Liberal Government is currently working with the CBC to examine the local and regional programming strategy and ensure that it can continue to implement strategies that will meet the needs of Canadians at a grassroots level.

### Protecting Cultural Sovereignty

Canada has the right and the duty to protect its cultural identity. Canadian programming interests will not be sold to or controlled by foreign interests. The Liberal government places a heavy emphasis on Canadian content. In light of conflicting reports from two House of Commons committees on the issue of foreign ownership, the Liberal Government has firmly reiterated that it has no intention to modify foreign limits on broadcasting or general content. The strength of Canada's broadcasting system must not be compromised by any kind of foreign-ownership measures.

Internationally, the Liberal Government has assumed a leadership position on the world stage and gathered strong support for its position on the UNESCO convention for cultural diversity. Under the terms of the convention, cultural products will not be subordinated to commercial agreements such as those of the World Trade Organization (WTO). This means that the international community recognizes that cultural products aren't strictly commercial goods, but also play an important social role. Thus, governments will be able to continue to support the cultural and artistic communities without fear of commercial reprisals. Canada was the first country to ratify the convention domestically, thus ensuring the Liberal Government's ability to support and promote Canada's vibrant arts community.

### More Canadian Drama

In 2005, the Liberal government released *Reinforcing our Cultural Sovereignty – Setting Priorities for the Canadian Broadcasting System*. In it, the Liberal government committed to placing a greater emphasis on high-quality Canadian content that reaches wide audiences in the Francophone or Anglophone markets, and that tells Canadian stories and reflects Canada in all its diversity. Specifically, its key objective was to put emphasis on funding Canadian drama, children's programming, cultural programming, and documentaries that reaches wide audiences. The document clearly outlined strategies to increase the level of dramatic programming in Canada by reinforcing the CRTC, the Canadian Broadcasting Corporation (CBC), the Canadian Television Fund (CTF), and Canadian Film or Video Production Tax Credit (CPTC).

The CRTC is the central body for regulating and overseeing the Canadian broadcasting industry. In an era of constant change and emerging new challenges, the CRTC should continuously and systematically review and update its policies and regulations. In 2004, the CRTC announced several proposals that would provide increased incentives for Canadian broadcasters to invest in prime time Canadian drama:

- If a broadcaster airs a fully qualified drama in peak time (7 p.m. to 11 p.m.) that used money from the Canadian Television Fund and with a budget of at least \$800,000, the reward is 2 1/2 minutes of extra advertising for each hour.
- If the qualifying drama has a budget less than \$800,000, the reward is a half-minute of additional ad time.
- If the drama is fully qualified and funded to at least \$800,000 but without CTF funding, there's a reward of 6 1/2 minutes of additional ad time for each original hour broadcast.

These initiatives have created a strong incentive for producers to develop Canadian dramatic programming. To determine if they are achieving their stated objectives, and indeed whether those objectives remain valid over time, the Liberal Government will ask the CRTC to prepare annual reports concerning the steps it has taken to streamline its rules, regulations and decision making processes. Furthermore, the Liberal Government will explore whether monetary penalties should be added to the CRTC's toolkit for ensuring compliance with broadcasting regulations.

In recent years, regulatory decisions made by the CRTC have created increased demand for Canadian drama. The Canadian Television Fund is the most appropriate tool to support high-quality, distinctively Canadian television program. The Liberal government has already renewed its funding commitment to the CTF through 2006-07, and will seek to establish long term, predictable funding in upcoming budgets. The Liberal Government will also take the following steps to streamline funds through the CTF:

- The Liberal Government will work with both Telefilm Canada and the CTF Corporation to investigate the efficiency and impact of the Equity Investment Program for television
- An evaluation of the CTF, will give particular attention to assessing the efficiency of the Fund. This work will be done in parallel with the continuous efforts of the CTF Corporation and Telefilm Canada to make the Fund more efficient
- The Government expects that the CRTC will review its approach to handling benefits money from television ownership transactions in the future, which has previously resulted in the creation of a multiplicity

The Liberal Government also recognizes that the CBC and the CTF work closely together, and can feed off of each others' success. As such, we will ensure an envelope of funds is set aside for the CBC within the CTF, based on the historical average contributed by the CTF to CBC projects.

The Canadian Film or Video Production Tax Credit is an important and successful tool to support the production of Canadian television, and to further the development of the production industry within Canada. The Liberal government will consult with industry stakeholders to revisit the CPTC and ensure that it is operating as efficiently as possible to encourage the production of Canadian content programming.

#### Ending Patronage Appointments

The Liberal Government is committed to creating a transparent environment surrounding the appointment of officials to all Crown Corporations, including the CBC. In March 2004, the Liberal Government announced a new merit-based appointment process for chief executive officers, directors, and chairs of Crown Corporations, which includes a parliamentary review of these appointments. This ensures that the best and brightest Canadians will have equal opportunities to take the helm of the CBC.

Thank you for writing. I hope that you will find this response to be helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Mike Eggen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

President, Liberal Party of Canada