

Minister of Canadian Heritage  
and Official Languages



Ministre du Patrimoine canadien  
et des Langues officielles

Ottawa, Canada K1A 0M5

Mr. Gary Schellenberger  
Chair  
Standing Committee on Canadian Heritage  
House of Commons  
Ottawa, Ontario  
K1A 0A6

**OCT 09 2009**

Dear Mr. Schellenberger:

On behalf of the Government of Canada, I would like to thank the Committee for undertaking its review of local television, and express my appreciation to all of those who appeared before the Committee to share their perspectives. I am pleased to respond to the Standing Committee on Canadian Heritage's Report on the Issues and Challenges Related to Local Television. Local programming matters to Canadians and to the Government.

Canada's communications system is undergoing a period of unprecedented change as it adapts to the digital reality. Yes, it is doing so in a time of economic uncertainty. And yes, this is creating sea changes in a system which worked well in the analog world. But in this transformative time, I am enthusiastic about what lies ahead. The opportunities before us are remarkable, and Canada can – and should – stand on the leading edge of the digital revolution. Consumers have more choices, citizens have more ability to participate, and creators have more opportunities to create and innovate than ever before. We have never in history seen the diversity of technologies there are to embrace, or the variety of ways we can connect with one another. We have never had more opportunity to open ourselves up to the world, to market our creations and innovative ideas and see them take off. And there has never been a better time for us to look ahead, past the short-term concerns, to the world that is standing right in front of us, ready to be seized. When it comes to the communications environment, there has never been a better time to be Canadian.

Our Government has a vision of Canada as a hub for creativity and innovation. It includes fostering creative and innovative businesses, and acting as a catalyst for the continued production and presentation of Canadian content – both for domestic consumption, and export. It includes building up our capacity to compete internationally, as well as retaining our home-grown creators and innovators, and attracting new talent. The communications sector makes a significant contribution to Canada – in 2008, the industry generated revenues of \$54 billion, which is on par with other major economic

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sectors<sup>1</sup>. Our approach will ensure a shared creative experience that supports a strong country. Our vision includes strong, thriving domestic industries which contribute to a prosperous Canada.

This vision is being implemented across my areas of responsibility for cultural policy. The Government is in the process of updating the *Copyright Act*. The Government has also revamped investment mechanisms to encourage innovative thinking by applying digital technologies and taking advantage of emerging platforms. For instance, the creation of the Canada Media Fund Program from a merger of the former Canadian Television Fund and the Canada New Media Fund, will ensure a more effective and modern approach to support the production of Canadian content and its delivery to Canadians<sup>2</sup>. I have also renewed and updated support mechanisms in the cultural industries to take advantage of digital platforms: the Canada Music Fund<sup>3</sup>, the Canada Periodical Fund<sup>4</sup> and the Canada Book Fund<sup>5</sup>. We have also launched the Canada Interactive Fund to help the not-for-profit sector, including Aboriginal, ethnocultural and official-language minority organizations, leverage the capabilities of the latest interactive media tools to create new forms of online content and services<sup>6</sup>.

Local television is changing in ways that the Committee has noted. The Government has asked the CRTC for its input on how some of these changes will affect consumers and emerging business models. Before moving forward, I would like to benefit from the information that is going to come out of the CRTC hearings in November and December. The Committee's report is timely in that it will inform those consultations. I will also take it into consideration when I read and respond to the CRTC's report to the Government on the impact of fee-for-carriage, which is expected early in the new year.

In examining the broadcasting system and its future, it is essential to put Canadians first as consumers, citizens and creators.

Ensuring consumers and citizens have affordable access to a diversity of news and information, both through conventional television and other media platforms, is vital. It is for this reason that our Government deemed it necessary to direct the CRTC to hold hearings and provide us with a report on the implications of putting in place a

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<sup>1</sup> CRTC Communications Monitoring Report 2009

<sup>2</sup> <http://www.pch.gc.ca/pc-ch/infoCntr/cdm-mc/index-eng.cfm?action=doc&DocIDCd=CJM082271>

<sup>3</sup> <http://www.pch.gc.ca/pc-ch/minstr/moore/cdm-mc/index-eng.cfm?action=doc&DocIDCd=CJM091037>

<sup>4</sup> <http://www.pch.gc.ca/pc-ch/minstr/moore/cdm-mc/index-eng.cfm?action=doc&DocIDCd=CJM082334>

<sup>5</sup> <http://www.pch.gc.ca/pc-ch/minstr/moore/cdm-mc/cd-ns-eng.cfm?action=doc&DocIDCd=CJM091054>

<sup>6</sup> <http://www.pch.gc.ca/pc-ch/infoCntr/cdm-mc/index-eng.cfm?action=doc&DocIDCd=CR091455>

compensation regime for the value of local television signals, more commonly known as fee-for-carriage. The request specifically outlines that the CRTC take into account the potential impact of such a measure on consumers, and in particular, the impact on affordable access to a variety of local and regional news, information and public affairs programming. By directing the CRTC to consider consumer interests, our Government is providing leadership to ensure that Canadians have access to programming at affordable rates. Canadians and industry stakeholders on all sides of the issue welcomed the Government's action and leadership on this important issue for consumers. For its part, as recommended by the Committee in its report, the CRTC has decided to create a Local Programming Improvement Fund to ensure Canadians have access to local news and information starting in 2009-2010.

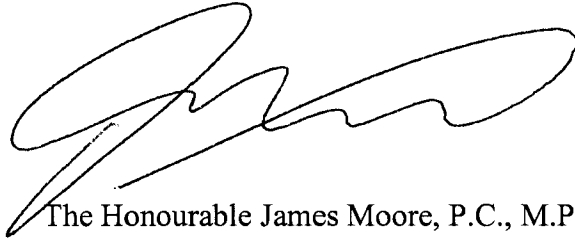
Canadians as creators – which include artists and producers, and the innovative businesses that enable content to be aggregated and distributed across the system - also have important needs that must be addressed. Creators need the right set of conditions to support their work in building new, innovative media products and services on all platforms. This includes having the right tools to compete in global markets, and build new business models. We are doing our part, by for example, updating the *Copyright Act* and our investment mechanisms. We have also asked the CRTC to examine how fee-for-carriage would affect the industry as it adapts to the new digital marketplace. We need regulatory solutions that are forward-looking and incent the industry to adapt to the digital environment, which is based on consumer choice and control. Moving forward, the Government will continue to seek ways to ensure an environment that is conducive to strong, creative, innovative Canadian businesses.

The Government believes that local programming matters. It is – and will continue to be – fundamental that Canadians have access to a diversity of news and information at affordable rates. Access to content that speaks to our local realities has always been important to Canadians. As digital technology increasingly erases distances, and as we find ourselves participating in an increasingly interconnected world, our local connections are more important than ever. But local content is not just accessed through conventional television. Digital technology has transformed the way we communicate and has opened a door for us as consumers, citizens and creators to position Canada as a hub for creativity and innovation. Let's continue to embrace the opportunities being afforded to us. We are doing our part by building Canada as a strong and prosperous country, at the leading edge of the digital revolution.

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Thank you again for your contributions to our work, and this welcome opportunity to reaffirm what we are doing in the interests of Canadians.

Sincerely,

A handwritten signature in black ink, appearing to be 'James Moore', written in a cursive style. The signature is positioned above the printed name.

The Honourable James Moore, P.C., M.P.