

news. Usually after the closing remarks of the news, the presenter says "I will be back in a minute with the Newsmaker to watch or the editorial comment." Then we have a commercial. Then he does the editorial comments.

Senator Bourque: Last week I was not home but my wife says your Ottawa correspondent started speaking about the Prime Minister and he showed the house where he had been born—just a stones throw from my home—and all of a sudden—bang...

Senator Prowse: Damn Tory!

Senator Bourque: And immediately, you see, an ad came on and he didn't come on again.

Mr. Chercover: I am surprised at that, sir, the only possible answer I can give you—I have never seen it happen in Toronto and I watch the news every night—the only possible answer I can give you is that we ordered a cut-in. When an advertiser has a different product in a different territory, he may order a substitution for the national commercial in that region. Apparently a timing error resulted in a cut of that kind.

Senator Bourque: I was wondering what happened because the Ottawa correspondent was cut out right away.

Now on Page 6 of your brief there is a thing that has been puzzling me.

"Over the past four years the average direct cost per Prime Time hour for our Canadian program service has increased by 85.5 per cent, while non-Canadian programming increased by only 7.5 per cent."

There is such a tremendous increase there, that I have not been able to reconcile the figures.

Mr. Chercover: Well, sir, I will tell you what the reason is. In part, of course, it has to do with the change, in the last three years, to complete colour, which we undertook in 1966, but a very small proportion; we were fully colour in 1966 when the BBG first allowed it.

The primary reason is as a result of our elective decision to invest more and more funds in the programs which we were doing on a qualitative basis. In other words, when we took over the network the national news budget was less than half of what it is now. We have improved the national news, I think you would agree if you are a regular watcher,

over the past three or four years. Well, that costs money.

We have now services from all across Canada through the assistance of our affiliates and we pay them for their assistance to the national news; whereas the news was formerly an international film service and an Ottawa bureau.

Senator Bourque: It seemed to me it was a tremendous increase.

Mr. Chercover: It is nothing compared to the proposals that we are facing now. But we have an orientation to enhance and improve the quality of our programs, which has resulted in the viewer identity that we have achieved. For example, before we took over the network, there were three or four quiz shows in prime time. I would assure you that all of the cost of quiz shows, and more, go into the making up of one single episode of "Pig 'N Whistle".

We have been holding the line against foreign producers simply because the market here is a buyer's market. Under the existing regulations, which allow 45 per cent foreign content, the total consumption of the CBC and ourselves could only be 90 per cent of the output in one American network, which means there is more than three times the foreign product that we can both possibly consume, which means we can buy it at the market price which is appropriate.

Senator Bourque: I see.

Mr. Chercover: That is why we can control the cost of foreign programming but if we want quality in Canadian programming, aside from talent, which we acknowledge is there, and aside from the desire, which is clearly there, you have to invest some money.

"Pig 'N Whistle" is a Canadian program which competes very favourably with American programming. It only does so as a result of investment. We bring talent to the program. We spend time in the studio to mount it. We choreograph the dancers and we deal with the audience. It costs us money. It is not just a simple matter of instinct or inspiration.

Senator Bourque: Thank you very much.

The Chairman: Are there any questions that any of you have? I don't want to terminate the discussion if there are. Mr. Fortier, do you have any others.

Mr. Fortier: Not at this time.