

must be a matter of general concern in the future.

It should suffice to mention the avowed commercial aspirations of community antennae to cast doubt immediately on the future profitability of television stations.

Confident of the economic growth of our country and without wishing to raise undue alarm, we believe it our duty, however, to underline the fragility and vulnerability of our industry in the face of these new regulations. While sympathizing with the problems experienced by the industry generally, for Channel 10 the new regulations signify the following:

The season September 1970 to September 1971, subjected to the regulations suggested by the Commission relative to Canadian content, would be launched without difficulty since our hourly schedule even now slightly exceeds the required 50 percent. However, in September 1971, we would have to add about seven hours of live programming between 8 a.m. and 6.30 p.m., and three hours and thirty minutes between 6.30 p.m. and 11.30 p.m. A preliminary estimate indicates an additional expenditure of \$1,050,000.00 annually.

To do this, we would have to put a halt to our program of technical installation for color telecasting and invest major amounts in the preparation of new programs. Taking for granted that there will be certain changes in regulations, we already have initiated the necessary steps because the corrective measures to which I refer require a good deal of time for the creation of programs, for the purchase, delivery and installation of electronic equipment.

As I mentioned earlier, we benefit at the present time from an advantageous situation by virtue of our past involvement in the production field. We operate a well-organized production centre, with a competent and dedicated staff, and we are ready to take up this new challenge. However, we believe it would be in order for the Commission to modify its new directives slightly.

We are of the opinion that the Commission should study the possibility of reducing Canadian content of programs from 60 percent to 55 percent for September 1971 and to accord us a subsequent period of 12 to 24 months before demanding full implementation of the new regulations.

This slowdown would allow a more harmonious adaptation on our part as well as a more rational evaluation of long-term projects which could be produced. The considerable financial efforts required of our industry should not be minimized. In our case, what formerly could be considered a normal operational profit margin would drop to a questionable level of protection in the two years following the year 1970-71. Here we open a parenthesis regarding our competitor.

While the private station must create an audience for itself through acceptable services which are paid for entirely by advertising sponsorship, the state station draws largely from the taxes paid by all taxpayers and overestimates its revenues by splitting up its budgets for advertising sponsorships through solicitation of advertisers. This is equivalent to subsidizing advertising.

To achieve the new proposed objectives, it appears to us more essential than ever to insist that the French network of the Canadian Broadcasting Corporation adopt a commercial policy compatible with normal competition, i.e., that a stop be put to the subsidization of programs and networks for the benefit of national and local clients and that the time rate of stations controlled by the Canadian Broadcasting Corporation be compatible with nationally-recognized criteria. I would go so far as to say that the implementation of our expansion program is related to this process of uniformity.

Few or no broadcasters or networks have the means to cope with annual deficits of one or two millions for one or more years. You can understand readily that with an annual investment of ten and a half million dollars in our programs, the losses which I cite are within the realm of possibility. Despite constant attention to control of our costs, a rising fluctuation in our expenditures is inevitable. Increases in fees paid to artists and musicians, as well as statutory raises budgeted for a staff of nearly 500 permanent employees, are other costs which we must absorb.

It should not be forgotten that 58 percent of the 6,092 annual hours of live telecasting by Channel 10 in 1968-69 required the services of 1,977 Canadian artist-participants to whom total fees of \$1,895,000 were paid. This year, 1969-70, these fees will top \$2,100,000. The figures do not include the producers, announcers, decorators, graphic artists and technicians in the permanent employ of Télé-Métropole. The commercials produced in our