

Mr. Ted Jarman: I could go into finer detail but I don't really think that would serve any useful purpose at this point.

Senator Everett: We are informed that the CRTC does encourage—and we may be wrong in that information—CATV operators to program in the blacked out area. Let us assume for a moment that is correct. Forgetting you are opposed to the blackout, if the blackout happens do you think it is sound to program in that area and if it is sound do you think advertising should be sold by the CATV operator?

Mr. Ted Jarman: I think we have to perhaps distinguish between the kind of "seven-day each-way blackout" that is suggested might be implemented here and another kind of blackout which might be simultaneous blackout. In other words, if two programs appeared simultaneously, say Ed Sullivan on Sunday night, then the local station would be given precedence. In fact in my remarks I said I thought it would be a good idea. I still stand by those remarks.

We are talking about a situation of Bonanza appears one night on one station and another night on another station.

I don't at all believe that allowing a cable company to program in those times and allowing a cable company to solicit advertising for those times solves the problem. I think the basic problem still remains that the general public would be, to say the least, offended by a situation where it was not able to receive on cable what it could easily receive with its rooftop antenna.

Senator Everett: If you are required to blackout then you don't believe that programming should be substituted?

Mr. Ted Jarman: Well, the question is, as I said earlier, I am sure we can convince the CRTC there are other ways to accomplish the objective the CRTC wants to accomplish. I am not prepared to admit to myself or to you at this point that we are going to have blackouts. Obviously if you had blackouts, programming with advertising would be better than no programming with advertising but it doesn't solve the problem in any significant way.

Senator Everett: Could you answer one last question on advertising. If the cable system requires revenue, which it does, is there any priority in your mind between subscriber

fees, local advertising, and national advertising?

Mr. Ted Jarman: Could I answer you between subscriber fees and advertising?

Senator Everett: There may be a third area where you talked about the broadcaster rents the channel from you.

Mr. Ted Jarman: If I could just talk about subscriber fees versus advertising and not try to make a local-national distinction, which I have indicated I don't think is the most sensible way to view it.

My view would be that we ought to develop the advertising route to the extent that it can be successfully developed without simply taking money from one area and diverting it to another.

My view is there is substantial advertising revenue potential available. If you go back to the Firestone report, Dr. Firestone talks about a tremendous growth in the demand for advertising. I think \$90 million in 1965 and \$300 million in 1975.

He goes on to point out that that potential will not be realized unless sources of advertising service are opened up in the broadcast media. In other words, you cannot simply achieve that increase in revenue for the industry by increasing rates of individual stations that exist because they price themselves out of the market in relation to other media. He pointed out in that study you would clearly have substantial increased availability of advertising, a supply of advertising, in economic terms.

I think if there is a potential there and if there is a means of support for advertising in cable programming we are sure foolish not to take advantage of it, foolish as Canadians. It just doesn't make any sense not to take advantage of that kind of support if it is available.

I also have no particular concern about increasing subscriber fees to support programming, providing that the programming is of the kind that is worth the added cost. I think cable systems should be encouraged to think of programming services that subscribers would willingly pay extra for.

It seems to me almost by definition it is in the public interest, if the public is prepared to take it on that basis.

Senator Prowse: Do you know of any legal reason that would prevent you picking up