

the equipment which was available at that time which carried two channels.

Since then, that system has been rebuilt five times and today we are handling 12 channels. Tomorrow we are going to have to handle 20 and when we do, we have to find many millions of dollars to replace the existing amplifiers, replace a lot of cable, and provide subscribers' equipment. This has been going on for 18 years to my knowledge.

When we get to the line with the 20 channel system, there will be 40.

Mr. Fortier: Let's not kid one another. I follow that and grant you your point. Let us take your company, National Cablevision Ltd. in Montreal.

Your principals have been forced to divest themselves of 80 per cent of their holdings because of a pronouncement which was made last year by the Cabinet and you know the sort of price which is being asked by your principals. We are dealing with millions and millions of dollars.

Mr. Chaston: Right.

The Chairman: You might let the Committee know what the price being mentioned is.

Mr. Fortier: I think I would rather Mr. Chaston tell us what the asking price is.

Mr. Chaston: I am not privy to that information.

Mr. Fortier: I have that information, Mr. Chairman, not in my capacity as counsel to the Committee. I don't think I would like to get into it.

The Chairman: After the meeting I will ask you, not in my capacity as Chairman?

Mr. Fortier: Cable systems which have been installed and which are for sale now are for sale at a very substantial asking price. Correct?

Mr. Chaston: I presume it is a realistic asking price, else they would not be purchased.

Mr. Fortier: This is all getting back to Mr. Allard's point—what is the incentive? Why should we produce programmes? We have difficulty making ends meet... no pun intended.

Mr. Allard: I didn't mean to convey this impression at all.

Mr. Fortier: I am afraid you did to me.

The Chairman: You did and I think you should have the opportunity of expressing yourself and clarifying any mistaken attitude we have.

Mr. Allard: If we are going to provide programmes in the communities where we are operating and regarded as a very efficient organization—and I believe we are because we are providing a fine service to the community—if we are going to go into the local organization branch of our operation and produce programmes for the community, I believe we should produce programmes which will have an appeal to the community and therefore it is going to be very costly indeed.

Why produce programmes at all? If we are only going to be encouraged to produce programmes, we are going to very much limit our budget for programmes.

Mr. Fortier: Let me ask you the obvious question. Are you in agreement with the CRTC proposals that you should originate some programmes?

Mr. Allard: I am in agreement with that proposal but I am not in agreement with the proposal we should not be allowed to sponsor the programmes.

Mr. Fortier: A step further, you are saying you should be given the opportunity of soliciting national as well as local sponsors?

Mr. Allard: Not national. There are enumerable merchants in Sherbrooke, for instance, who would dearly love to pay \$20 a minute to advertise their wares on our system and we are not giving them the opportunity. They cannot afford to advertise their wares on the local station because it costs \$200 a minute, or whatever it is.

I am suggesting we should give the merchant that opportunity and use that revenue to defray the costs of programming and improve the quality of programming as a result of deriving revenue from that source.

Senator McElman: Is it not implicit in the whole CRTC approach that if you present a type of local programming which is of good quality and has high local interest, that you can come back and ask for an increase in your subscriber rates rather than turning to sponsorship?

Mr. Boucher: As in so many cases, the CRTC wants complete flexibility and they are