

Mr. Boucher: I think we put it a different way. This is the reason we exist and our customers put us there. One thing I must mention with regard to local programming, it is somewhat discouraging because there are indications that we will only appeal to a very small segment of the audience. At times, this may tend to discourage people who have artistry and certainly want their works to be seen or their efforts to be appreciated.

The Chairman: It is a small segment of the audience. As I understand cable, when Mr. Chaston does his local 35 hours of prime time cablecasting from 6 to 9.30, it is probable the majority of his subscribers are watching other channels.

Mr. Boucher: Yes.

The Chairman: The point is the programming is still available for the minority or the special interest group.

Mr. Fortier: I think Mr. Allard's statement should not go unnoticed or untested. Are you saying that the cable systems should not strive towards the broadcasting policy which the Broadcasting Act has put in black and white two years ago? You should only strive to make a profit, you are entrepreneurs and you should not be required by the CRTC to originate programmes; is that what you are saying?

Mr. Allard: I am not suggesting we should not be required to do so. First of all, I qualified my answer I made before. We are profit-oriented and it is because we are profit oriented that we are very conscious of providing to the community the best of services. Otherwise the profits would vanish.

There is nothing wrong with making a profit either. I think everybody would agree with that.

Senator Prowse: The only thing wrong is not making a profit.

Mr. Allard: Exactly.

Mr. Fortier: You said: "Why should we be asked to originate programmes? After all, what is the incentive?" Did you mean that?

Mr. Allard: No. The assumption is: let us by all means originate programmes; let us provide a further service; let us be the mirror for the community.

I agree with this but why ask us to finance the cost of the programming entirely out of

revenue from CATV service per se? The assumption is we are making so much money that we can defer the cost of programming.

Quite actually most operators will place their programme manager in a straight-jacket and say "This is the budget and you are not going to spend a penny more."

Mr. Fortier: You are not disputing the fact you are making money?

Mr. Allard: Of course.

Mr. Fortier: And that you are making good money.

Mr. Allard: We are making a fair return on our investment.

Mr. Fortier: After you have set up the head end antenna, paid the rent of the common carrier, and installed wires into the individual homes, wired up the individual homes, what other costs do you have?

Mr. Allard: The costs of operating and maintaining the system and paying 52 per cent of your money to the Federal authorities.

Mr. Boucher: Are we permitted a supplementary answer on the profits?

The Chairman: You are permitted to say anything you want.

Mr. Boucher: I will ask Mr. Chaston.

Mr. Chaston: I would like to quote the DBS statistics, catalogue 56-205. In table 5 they are reporting on the net operating revenue of CATV systems broken down into groups. The groups they chose referred to the gross annual revenue. Out of 377 stations on which they are reporting as a total across Canada, the group under the 50,000 dollars heading, which amounts to 245 stations, was 65 per cent of the total loss, 209,000 dollars, which is an average of \$850 loss each year for the 245 stations.

Mr. Fortier: You and I know the answer to that. The system is still in its inception and you were still shouldering capital costs.

Mr. Chaston: May I reply to what you say that all you do is put up the wire, throw in the amplifier and stand back?

Mr. Fortier: After you have written off the initial capital cost.

Mr. Chaston: In 1952 when the Montreal system went into operation, it started off with