

Mr. Fortier: In May, 1969?

Mr. Giguère: Last year. He was giving a clear statement of CRTC policy when he said that the cable companies should not hope to attack national advertising because that would contribute to the fragmentation of advertising revenues.

You know, that is not something to be left to chance, knowing whether one will make two million or one million. It is a purely technical and financial question. If you look into it, you will find that at Channel 10 we will spend \$10,800,000 before we make a nickel this year—\$10,800,000 in cold cash. So there is a tremendous risk in every season. That is why witnesses appearing before the CRTC, and before you this morning, say that you have to realize that the available funds amount to just so much, and when the advertising revenues have been distributed between the public and private systems, there is nothing left. So if you split those revenues, you endanger the very existence of our business. You know, a company like ours can easily lose a million dollars if we are investing \$10,800,000 annually. It is very easy to do so. You just have to be a little out in your calculations, and you end up with a loss.

Mr. Fortier: I am following your remarks with interest. You went very far when you said that the cable industry may mean the end of broadcasting stations as we now know them.

Mr. Giguère: If...

Mr. Fortier: If it is not regulated?

Mr. Giguère: If cable systems are granted the privilege of national advertising and the sale of regional and local advertising, and if the programs they distribute are not regulated, then I claim that the very existence of broadcasting enterprises as we know them today hangs in the balance.

Mr. Fortier: As you know, when he made the CRTC announcement on April 10, Mr. Juneau went so far as to say that the Commission will be able to authorize the establishment of cable television networks. Do you not think the CRTC is moving towards a policy that will result eventually in the elimination of television stations like yours and those of the CTV network?

Mr. Giguère: I think the CRTC has stated its policy. No statement has been issued that conflicts with those already made.

Mr. Fortier: Agreed.

Mr. Giguère: And it is taken for granted before stating another policy but it should not be thought that resistance to change—if I criticize the CBC for not increasing its advertising rates—you should not think that because we are in a television station, we should stand still. No; where cable TV is concerned, when the crunch comes a way will have to be found of incorporating production facilities into the cable system.

Mr. Fortier: Facilities like your own?

Mr. Giguère: It goes further than that. Last fall, Eugene Hallman, Vice-President of the English network, made a statement that corresponds curiously to what you are saying this morning. In the future, there will obviously be dangers for broadcasters, but that is part of developments in business life. We are prepared to accept that. Production facilities will always be important, because the cable operators like the broadcaster, will necessarily want programs. You have to know how to turn out programs, and it cannot be learned overnight. You know, we built our production centre, we have been producing for nine years, and as I said, we are constantly reassessing ourselves. You must not think that simply by deciding one day to have a television program schedule, one can have it just like that.

Mr. Fortier: Programming will have to be created?

Mr. Giguère: That is why we feel safe to a certain extent, because we have what I believe is the best organized production centre in Canada.

Mr. Fortier: Would not the ideal be what Mr. Bushnell and his company are in the process of doing—buying a few major television stations such as those in Ottawa, Montreal and particularly Cornwall, and also buying cable TV systems in order to be ready to cope with any eventuality? Should not a company like yours be moving in this direction? Should it not take such steps in order to protect its flank?

Mr. Giguère: That is a good question, and we have thought about it. Upon examination, however, and in addition to the conclusions with which I have already mentioned, we found that the amounts involved were enormous. To gain majority control of the cable systems in Quebec, say, would perhaps take \$75 million. That is a tremendous sum, and I