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Chair

Mr. Massimo Pacetti

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•(1035)

[English]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): Good morning, everybody.

I would like to thank all of the witnesses for being here. Don't worry about the members not being here. We have a long day ahead of us, so I think a few of them have a few things to take care of before we start.

There are a quite a few of you, so we would like to keep the interventions or the opening remarks to about five minutes. At about 30 seconds I'll try to wave. I really don't like to interrupt because I know you are trying to make a point. But if you can keep your presentations to five minutes, the members are going to want to ask questions.

I have a list of the order of sequence in which the speakers are going to speak.

[Translation]

We'll begin with Mr. Wayne, from the Association of Canadian Publishers.

[English]

Mr. Jack Wayne (President, Canadian Scholars' Press Inc., Association of Canadian Publishers): Thank you, Mr. Chair, and members of the committee.

My name is Jack Wayne. I'm the treasurer of the Association of Canadian Publishers. The company I have is Canadian Scholars' Press, and we also manage Women's Press. We do have a paper that we filed with the clerk that covers the questions the committee was interested in. I will not read the paper because that would be more tedious than we expect from Canadian culture.

The association I represent, the Association of Canadian Publishers, was founded in 1971. Our aim is to promote Canadian books to Canadian readers. What we've done as an association and what we've done as individual publishers is to make sure that Canadian authors are published and that Canadian readers have access to their own culture. What we like to do is feed back the experiences of Canadians to Canadians. Our association has 145 members and it has people from all stripes of political, social, and economic points of view. We're based in 10 provinces and one territory, and we represent and reflect the diversity of Canada. We support about 20,000 writers through our royalties, and we published 5,000 new books last year.

In response to the questions asked by the committee, I think it's fair to say in terms of programs what we would urge for the

committee is what the committee urges for itself, that is, to keep Canada prosperous and support the social needs of Canadians. What is particularly important for the publishing industry is the idea of keeping up with the knowledge revolution. These are new times. This is a time when we're dealing with digital properties. This is a time when the knowledge industries are under siege from multinational corporations from many places outside the country, and with our participation as book publishers and with the other cultural industries we can keep up with this. We can remain Canadian. We can keep Canadian culture alive. We can reflect what Canadians do and what they think. Of course, we've had a round of prominent Canadian writers who've been very much in the press in the United States, Canada, and elsewhere in the world. It's this celebration of Canada that we aim to keep in the public focus.

In terms of support, there are two main programs that are run from the Department of Canadian Heritage: the book publishing industry development program; and the Canada Council for the Arts, the publishing and writing section. We get our core support, which helps keep the price of books published by Canadians low, from the book publishing industry development program. The funding for publishers is approximately \$31 million last year, and it was augmented by the Tomorrow Starts Today funding. We also get about \$19 million from the Canada Council for the Arts and a modest but important amount from the Association for the Export of Canadian Books. I think in light of other industries these are rather paltry amounts. They are modest amounts, but they keep a vital industry alive. They keep us innovating, since a portion of our funds is mandated to go into supply chain investments and other innovative technologies.

We do not come in front of this committee asking for more money, you'll be pleased to hear. We think we can keep the industry alive in these difficult times with the amount that we get plus inflation. We are buffeted by competition from huge multinationals who print tens of thousands, hundreds of thousands, of books. Our market is much smaller. We appreciate our opportunity to be part of the industry, part of Canadian heritage, and of course, as I've mentioned, what this does is support our lowering the price of our books so that all Canadians can have access to them, and many, as you've heard, do take advantage of them.

Thank you for this opportunity.

•(1040)

The Chair: Thank you.

La Fondation Héritage Canada, Monsieur Anthony.

[Translation]

Mr. Brian P. Anthony (Executive Director, Heritage Canada Foundation): Mr. Chairman, members of the Standing Committee on Finance, thank you for the opportunity of appearing before you again in the course of your annual pre-Budget consultation.

The Canadian Heritage Foundation is a national, non-governmental charitable organization with a mandate to promote the preservation of the built heritage of Canada.

[English]

A membership-based, not-for-profit organization, the foundation is governed by a board of directors, elected on a provincial and territorial basis and administered by a professional staff based here in Ottawa.

[Translation]

As committee members will know from our 2004 brief, Canada has lost a staggering amount of its built heritage resources, and these losses continue each day.

[English]

Between the years 1970 and 2000 we lost between 21% and 23% of our historic building stock—21% in major centres, 23% in smaller communities—and in some cities the attrition rate was nearly double those national averages. This regrettable trend continues unabated.

I am sure that committee members will be able to immediately think of at least one landmark in their communities that was needlessly lost, and upon further consideration a few more will doubtless spring to mind—the original city hall, the church, the cinema, the century-old school, the bank, the post office, the first department store, and on and on, multiplied by similar losses in every community in every riding across the country.

One noted observer has rightly called ours a culture of destruction. But it must be replaced with a culture of preservation if we are to leave any of our past to the future.

[Translation]

The Government of Canada has a great opportunity to show leadership by reconsidering and refocusing the way it taxes and the way it spends, and by introducing other policies and practices, to encourage the retention, restoration and adaptive reuse of our built heritage assets.

[English]

Our brief makes a number of recommendations, which if implemented would position the federal government to lead by example in this important area of national concern—and lead not just nationally but internationally. Let me briefly summarize those recommendations here.

Funding for the federally led historic places initiative should now be renewed and on an ongoing basis. Legislation designed to underpin this initiative should be introduced as soon as possible in this parliamentary year. A broad-based tax incentive program should be introduced to encourage the restoration of heritage buildings, and the capital gains tax on donations of heritage properties should be

reduced to nil. A comprehensive pan-governmental heritage-first policy should be adopted, and in a related area of federal endeavour, and by way of example, the new deal for cities and communities should encourage the retention and reuse of historic buildings in that context.

[Translation]

The heritage findings of the Auditor General should be given close consideration and the resources necessary to correct identified shortcomings. And finally, the federal government should accelerate its discussions with this foundation about its possible conversion into a true national trust for Canada.

[English]

The most visible, tangible, accessible witnesses to our past are being daily demolished at a rate of over 20% per generation. At that rate, what will we leave to future generations of Canadians—to our children, to our grandchildren, and theirs after them? What will we say to them when they ask us what we did to arrest the unrelenting loss of landmark after landmark in community after community?

If this laying to waste of our past is to end, as end it must, then all of us—not just the Heritage Canada Foundation and not just the larger heritage community but all of us—must stand up and be counted.

[Translation]

Mr. Chairman, the Standing Committee on Finance has shown welcome interest and support for Heritage Canada Foundation proposals in the past, support that has been greatly appreciated.

[English]

Now, at this critical juncture, we hope we can count on you again for your continuing support.

Thank you.

The Chair: Thank you. That's fantastic. It was under five minutes. I like that.

The next group is the Writers Guild of Canada.

Ms. Parker.

Mrs. Maureen Parker (Executive Director, Writers Guild of Canada): The Writers Guild of Canada welcomes this opportunity to appear before the Standing Committee on Finance on pre-budget consultations.

My name is Maureen Parker, and I'm the executive director of the Writers Guild of Canada. I'm joined today by my colleague, Gail Martiri, our director of policy.

The Writers Guild of Canada is the national association representing more than 1,900 professional screenwriters working in the English language film, television, radio, and multimedia business in Canada. Screenwriters are the primary creators of Canadian production. Theirs are the voices that ensure our national identity is preserved. WGC members are the creators of Canadian stories such as the new hit series *Corner Gas* and feature films like *Mambo Italiano*.

The finance committee's pre-budget consultation comes at a critical time. Our indigenous production sector is in crisis due to unstable government financing, reduced spending by broadcasters on Canadian drama, and shrinking export markets for our audiovisual works. Canadian screenwriters, directors, performers, technicians, and producers have united to urge this government to establish stable, long-term funding for the Canadian Television Fund, Telefilm, and the CBC.

On Wednesday, November 17, 2004, Minister Frulla appeared before the House of Commons to defend the heritage department's budget. We are pleased that all political parties stated their unanimous support for continued funding for creators. In the audiovisual industry, screenwriters—our members—create the script, which in turn becomes the production.

The Canadian film and television industry is a success story. It employs over 134,000 highly skilled individuals working in a \$5 billion industry. Our industry is based on a public-private partnership, where each dollar invested leverages \$6 from the private sector. This doesn't include the spinoff effects in the wider economy, like the hospitality industry or the untold cultural benefits of telling our own stories.

But after years of steady growth in all sectors of our industry, we are now facing a decline, particularly in drama production. While there are many ways to tell stories, drama remains the most powerful and popular form. It also happens to be the most expensive.

Over the last several years broadcasters have successfully lobbied the CRTC for the removal of expenditure and exhibition requirements for drama production. Additionally, export sales for Canadian audiovisual works have declined because other countries recognize the importance of creating their own programs and telling their own stories, so they are not as interested in buying ours. Surprisingly, it is much cheaper to purchase American TV shows, which command high ad revenues, than to create original Canadian programs. All of this leads to less drama and less production.

This downturn is reflected in our annual stats. In 1999 there were 755 hours of drama programming made in our jurisdiction, but by 2003 there were only 488 hours produced. That's a decline of 35% in five years.

Our industrial sector is also in trouble, primarily due to the increasing Canadian dollar as compared to the U.S. It simply isn't cost-efficient to shoot big-budget productions in Canada anymore. There are more savings to be had elsewhere. The valuable lesson we must learn from this is that the only type of production we can rely on is programs created for Canadians by Canadians.

But audiovisual productions are expensive to produce, and we have a small population. Unlike the U.S., we cannot recoup the costs of making a production in our own market. We need to partner with the Canadian government. It is important to note that this is not a unique situation, as most countries support local programming through tax credits and other investment initiatives.

Here's what we need in order to have a viable industry.

We need increased long-term funding for the Canadian Television Fund, Telefilm, and the CBC. We need a rate increase to the

Canadian film and video production tax credit from 25% to 30% at a minimum. This tax refund is an essential element of production financing. Finally, we need tax averaging for independent contractors working in cultural industries, because one good year often represents 5 to 10 years of very little income at all.

• (1045)

The WGC urges the finance committee to recommend to our government that it follows through on its stated support for our creators by implementing our three measures. If we value ourselves as a nation, we have to commit the necessary resources to keep our popular culture alive.

Thank you.

The Chair: Thank you. Very good. You're on time.

From the Alliance of Canadian Cinema, Television and Radio Artists, Mr. Bishopric.

• (1050)

Mr. Thor Bishopric (President, ACTRA National, Alliance of Canadian Cinema, Television and Radio Artists): Good morning, Mr. Chair. Thank you.

Honourable members of the committee, my name is Thor Bishopric and I am national president of ACTRA, the Alliance of Canadian Cinema, Television and Radio Artists. ACTRA is a national organization that represents over 21,000 professional performers who work in English language recorded media in Canada. With me today is Gordon Pinsent, Companion to the Order of Canada, one of Canada's most distinguished performers and recent recipient of the Governor General's Performing Arts Award.

Mr. Gordon Pinsent (Performer / Member, ACTRA National, Alliance of Canadian Cinema, Television and Radio Artists): Good morning, Mr. Chair and members of the committee.

It seems it's been forever that we've had to explain ACTRA and who we are. We get up every morning and explain who we are and why we do what we do, but that's okay.

A little while ago I was visiting a senior's home and an aging sister of mine in St. John's. While I was there a very well-known national figure leaned over and talked to an elderly individual and said, "Do you know who I am?" The person said, "No, but I'm sure if you go to the desk they'll tell you." We've been used to this.

ACTRA is a vocal advocate for the preservation and strengthening of Canadian culture and Canadian creativity. Its members have a vital stake in Canada's cultural future, and performers benefit when the industry and work opportunities are strong. ACTRA members also believe passionately that Canada needs a strong Canadian presence wherever entertainment and information products and services are created and distributed to Canadians. We believe passionately in our own creativity, our capability to tell and perform our own stories. It is this belief that motivates ACTRA's participation in the public processes examining the future of Canadian television, film, and other media.

Mr. Thor Bishopric: In our written brief we have addressed at length the issue of tax averaging for self-employed artists. That issue is very important to Canada's creative community.

However, the issue on which we will focus today is the need to maintain and enhance government funding to encourage investment in film and television production in Canada. We are very concerned that the current federal government expenditure review exercise will result in further budget reductions that inevitably will have a serious and negative impact on the film and television industry in particular and the culture industries in general.

The Canadian film and television sector generates \$4.93 billion of production activity annually. This sector employs over 133,000 Canadians. The Canadian film and television industry has averaged an annual growth rate from 1997 to 2002 of 8.5%, surpassing the 3.6% growth level of the overall economy. Canadian film and television products provide \$2.37 billion in annual export value, including \$635 million annually in treaty co-productions.

Public funding provided on average over the years from 1996 to 2003 about 16% of the total value of all Canadian productions certified by the Canadian Audio-Visual Certification Office. Each dollar of government support for our industry has leveraged over \$6 in other types of financing.

Mr. Gordon Pinsent: The recent Speech from the Throne made some significant commitments, including commitments to foster cultural policies that aspire to excellence, strengthen the country's social foundations, and secure for Canada a place of pride and influence in the world. Some of this is being done. There is momentum out there. Canada has a name now and is acquiring, or re-acquiring, a lot of respect in the rest of the world. Some of the reasons for this are fairly evident in today's papers.

It all comes down to identity, but we have to see ourselves to know ourselves, and we have been doing very well in certain circles. Our books of fiction are being well received critically. Dance and theatre, stories telling all sorts of various things have come about to help us see and appreciate the fact that we are being appreciated outside our country. But to secure the goals mentioned in the throne speech requires a commitment to the financial resources that must be allocated to programs that support the creation of film, television, and new media production.

If there is no commitment to adequate public funding of the cultural sector, the cumulative effect over the next few years of a fixed percentage cut applied equally across the Canadian Heritage portfolio, particularly to the Canadian Television Fund, Telefilm Canada, the Canadian Broadcasting Corporation, and the National

Film Board will be devastating with regard to the creation of Canadian content. These funding bodies play a crucial role in encouraging the creation of Canadian productions, particularly Canadian dramas. Dramatic programs are a powerful cultural tool and the most watched genre of programming. They are the principal way that Canadians tell and share their stories with one another.

In 1955 I got into the kind of work I'm doing now, and it seemed very natural to cut our teeth on work—American classics, English classics—from other cultures instead of our own. There was no question that we were going to sit down and say, let's replace this immediately and get on with the business of telling our stories to ourselves. We just didn't bother with that. We thought we were all one in the sense of the kind of work we were doing.

That bothered me, and I can't believe it's been 50 years and we are still discussing the possibility that as a culture we can win out in this regard and strengthen and enrich the system within which we work, the broadcasting system that links Canadians in a common medium. Budget reductions would mean a considerable loss of jobs for creators and performers, and a significant decline in the number and quality of Canadian content productions that are made each year.

Some might argue that market forces alone should determine which productions survive on the airwaves and in our theatres. This argument does not hold true in Canada. English language Canadian programming, especially dramatic programming, is very vulnerable to the corporate forces of Hollywood and the dumping of U.S. programming in Canada that dominates the prime time schedules of Canada's private broadcasters.

Government assistance for domestic television drama production and feature films is essential and not unique to the Canadian experience. The fact is that in many European countries, notably the United Kingdom, Germany, and France, as well as in Australia, where governments provide direct funding for domestic production, there are competitive and vibrant film industries and domestically produced television drama series that are among the top 10. It's worth noting that the United States and India are the only countries to not directly fund domestic television production because their own domestic and export markets are large enough to sustain new productions without government assistance.

• (1055)

Mr. Thor Bishopric: Mr. Chairman, I appreciate your patience. Clearly, our speaking notes probably run too long. Although we had hoped to share more anecdotes about our experience in the industry, I'll wrap up our remarks, and I hope there will be time in questioning to—

The Chair: You have 10 seconds, because there are nine groups and unfortunately I can't allow—

Mr. Thor Bishopric: I do understand.

In brief, if I may just summarize, ACTRA is seeking a commitment from the government to restore and enhance the government's contribution to funding of the CTF, Telefilm, and CBC in the next federal budget. Adequate funding is essential if domestically produced programming, especially Canadian television drama productions and Canadian feature films, are to be available to Canadian audiences.

Thank you for providing us this opportunity to speak to our issues, and if there's time for questions, we'd be quite happy to answer.

The Chair: Thank you.

From the Writers' Union of Canada, Mr. Freeman.

Mrs. Deborah Windsor (Executive Director, Writers' Union of Canada): I'm Deborah Windsor from the Writers' Union of Canada. [Translation]

I thank you for this opportunity to take part in these consultations. [English]

The Writers' Union of Canada appreciates this opportunity to participate in pre-budget consultations with you, the Standing Committee on Finance.

As our brief already before you points out, the union was founded by writers, for writers, in 1973, and has evolved into the national force of 1,500 writers of books in all genres. It has a mandate to promote and defend the interests of its creator members and all Canada's freedoms to write and to publish.

The Canadian writing and publishing industry has experienced dramatic growth in the past 30 years, and Canadians have benefited economically and culturally from this growth. Yet, today, the financial profile of the average Canadian writer, composer, and artist can be summed up quickly: a low-income creator who is self-employed and who at times endures a wildly fluctuating income.

With me today is Christopher Moore, a writer and past chair of the Writers' Union of Canada.

• (1100)

Mr. Christopher Moore (Chairperson, Writers' Union of Canada, Periodical Writers Association of Canada, League of Canadian Poets and the Playwrights Guild of Canada): Mr. Chair, my name is Christopher Moore. I am with you today as past chair of the Writers' Union. I'm filling in for Bill Freeman, our chair, who is unable to attend today. I'm also appearing as a writer, as someone who makes his living and supports his family through his writing and copyrights.

Ultimately I'm here to affirm that writers and creators who make a contribution to Canadian culture are entitled to earn a living from the work they do, and it's valid for the Canadian government to institute policies that continue to make that possible and support it.

The Writers' Union has a number of proposals we want to suggest for the consideration of this committee.

We strongly support the continuation of the Tomorrow Starts Today arts funding program that was announced by the Prime Minister in May 2001 to infuse an approximate 30% increase in

funds for the publishers block grant program and the book publishing industry development program.

These are not programs that go directly to writers. They mostly go to publishers. But their support for the publishing industry is something the Writers' Union supports, and we've seen the direct benefit from that. We'd like to see the Tomorrow Starts Today program continued.

We'd like to recommend that the legislatures consider the implementation by Canada of a copyright income deduction. The Quebec income tax regime for some years has provided that copyright income by creators, up to a certain limit, is tax deductible. In Quebec, they've found it to be very effective, since copyright is clearly defined under the Copyright Act. It's a proposal that's easy to administer, and it encourages creators to produce more raw material.

If a book writer is making 10% of the value of a book, it means that a writer who is supported by his copyrights is generating an equivalent income for another nine people. It's a way for the government to institute a simple tax-based program that is of direct support not just to creators, all creators, but to the whole industry that depends on creators.

We share the opinion of some of the others who have already spoken today about the value of a limited back-averaging proposal for creators whose incomes fluctuate, who have a large income one year and a smaller income another year.

We take note of the fact that many creators receive subsistence grants, particularly from the Canada Council, but from provincial arts councils as well, and that those grants are taxable, so that a small subsistence grant that helps a creator to generate the work that supports so much of the cultural industry becomes taxed. Tax exemptions for those Canada Council grants and provincial grants would again give a direct benefit to creators, which is then passed through to the cultural industry that depends on them.

We'd like to draw your attention to really the only significant problem with the public lending right program. The public lending right program rewards writers for the uses of their books in public libraries. It compensates them for the widespread use of books in public libraries. The only problem with that is the number of books that Canadian writers and publishers are producing and putting into the libraries continues to grow, but the funding for the program has been capped, which has meant a steady and sharp decrease in the receipts for writers who receive the benefit of the public lending right program. We think it is imperative to bring back the level of funding so that the payments come back to the level they were at when the program was established 18 years ago. It's now in fact 30% less than it was at that time, per creator.

This committee is certainly aware of the number of bankruptcies that have occurred over the years in the publishing industry, and frequently the hardship in those bankruptcies not only affects the owners and stockholders of the publishing houses, but also the writers who are published with those publishing houses who are not considered secured creditors.

Am I almost out of time?

•(1105)

The Chair: Yes.

Mr. Christopher Moore: I'll just wrap up.

Therefore, we support the recommendations of the previous human resources development standing committee in favour of a procedure by which writers could be considered secured creditors in the bankruptcies of publications.

That completes our list of recommendations.

Again, I think the fundamental point in response to your questions is that it is valid for the federal government to take a strong role in supporting culture and it is valid for the federal government to spend money. In this era of global communications, it is important for the Canadian government to support cultural diversity and a strong Canadian culture. Our recommendations are guided toward that.

Thank you very much.

The Chair: Thank you.

The next group is the Periodical Writers Association of Canada, Ms. Warwick.

Ms. Liz Warwick (President, Periodical Writers Association of Canada): Good morning.

My name is Liz Warwick. I'm the president of the Periodical Writers Association of Canada. We represent 500 writers in many different areas all across Canada.

In May of this year, in an address to the Laval Chamber of Commerce, Prime Minister Paul Martin set out the economic priorities of his government. There is general agreement across Canada that health is the number one priority, and we certainly do not disagree. However, it is the Prime Minister's second priority, knowledge, on which we'd like to focus today.

In his speech, Mr. Martin said we must continue investing massively in our most precious resource, our knowledge and our talents. One of the key components of this knowledge economy is culture, and many of the people driving culture today are members of the Periodical Writers Association of Canada. PWAC represents over 500 writers and cultural entrepreneurs, small business owners whose product is Canadian culture and whose market is Canada itself and, increasingly, the world.

PWAC members investigate, explain, interpret, and question every facet of the Canadian experience. We are the key conduit through which the knowledge economy travels across this country and into international markets. PWAC members write for all of Canada's major media outlets, its newspapers, magazines, websites, and radio and television. We also write for Canada's government, its scientific and medical sectors, its corporations, and its educational institutions. In short, we create the text of Canada.

Therefore, it's sadly ironic that at a time when governments are recognizing the importance of knowledge and talent to current and future economic success, artists, creators, and cultural entrepreneurs such as freelance writers, remain among the lowest paid professionals of any sector. The average PWAC member has two post-

secondary degrees, yet wages for writers have stagnated or even dropped over the past two decades.

With all this in mind, we respectfully submit the following suggestions to this committee. We ask you to take the advice of the Prime Minister and invest massively in our knowledge and our talents. One way of doing this is through increased funding to the Canada Council for the Arts. The council is very good at what it does, and it has proven itself for almost 50 years despite dwindling funding.

We also ask you to consider tax exemptions and income averaging for cultural earnings. I won't go too deeply into this. My colleague, Chris Moore, has talked about this, but we would very much like to see the government adopt these measures. There are certainly successful models that could be used, including one in Quebec and others from European countries.

We are also asking for direct investment in the non-fiction creator community, based on the successful example of the Canada Magazine Fund. For over five years the fund has encouraged Canada's struggling magazine sector to invest in Canadian editorial content. Thanks to the fund, many small but culturally vital magazines have continued to publish. These magazines represent markets for PWAC members. We thank you for helping these magazines and urge you to support the fund.

However, we would also like to see the establishment of a Canadian non-fiction writers' fund to encourage individual cultural entrepreneurs to build their businesses, to heighten their level of professionalism, and to greatly increase the amount and quality of available Canadian content for all cultural industries, and indeed for all industries depending on professional writers.

In short, a request and suggestions are: a greatly increased budget for the Canada Council for the Arts; tax incentives and income averaging for creators; continued support for the Canada Magazine Fund; and a new Canadian non-fiction writers' fund to support creators directly.

Thank you very much.

The Chair: Thank you.

Good. We're back on track. I like that.

The Council for Business and the Arts in Canada, Ms. Iley.

Ms. Sarah Iley (President, Council for Business and the Arts in Canada): Thank you, Mr. Chairman and honourable members.

We appreciate very much the opportunity to address the Standing Committee on Finance. This is the sixth year that the Council for Business and the Arts in Canada has served as a witness for the committee.

We come from an interesting perspective compared to the other witnesses gathered today at the table. The Council for Business and the Arts in Canada is the national association of private sector donors, sponsors, patrons, and in many cases fundraisers for the not-for-profit arts organizations that we are so proud of here in Canada.

From our perspective and from the perspective of two-thirds of the Canadian public, we believe the cultural sector of Canada should be fully supported by both the private sector and the public sector. So I want to echo the comments of many of the witnesses who appeared already this morning by saying that we too hope that the Department of Canadian Heritage's program, Tomorrow Starts Today, will be extended. We believe it is tremendously important in the impact it has had on the not-for-profit arts organizations across the country. Eight hundred clients in the performing arts, clients of the Canada Council, are waiting to know whether that program will be extended, because their volunteer boards of directors cannot plan effectively and their donors need to plan in the knowledge that their contributions to the endowment fund will be matched. We really hope that program will be extended.

Our primary recommendation today is to extend the existing tax incentive provision for making donations and really eliminate the capital gains tax on gifts of appreciated public securities. We were very heartened that two House of Commons standing committees on finance have taken this recommendation and endorsed it in their own reports, but we were very disappointed that it in fact has not yet caught the imagination of the government. We are here again to say please eliminate completely the capital gains tax on gifts of appreciated public securities to charitable organizations and public foundations, and also extend the provision to include private foundations.

We say this because we have seen huge growth in the amount and number of charitable donations over a very short period of time since 1997 when the government introduced this particular provision. We would agree with Finance Minister Ralph Goodale's assessment, as articulated in a letter to one of our directors, that the current measure has been successful in encouraging Canadians to make charitable donations that they would not otherwise have made.

Our concern is that we are not yet on a level playing field with the U.K. and the U.S., and this means that donors, when faced with the opportunity of parting with their assets and giving them to increase the public good, are also faced with a tax. We believe that if someone is already making a gift in order to enhance the public good, they shouldn't also be taxed on their goodwill and philanthropy.

Our recommendation is that that be extended and to eliminate the capital gains tax completely on any kind of publicly listed securities. We believe it is very important that that particular tax provision be extended to private foundations as well. Private foundations are regulated in the same way that public foundations are, and under section 189 of the Income Tax Act they are precluded from self-dealing. They are a tremendously useful instrument for giving, and we've seen huge growth in the number of private foundations that have been created in this county over the past decade or so.

Very recently Ipsos undertook a survey for Scotiabank, which ascertained that 70% of high net worth Canadians were interested in forming private foundations for instruments for parting with their wealth and giving it to the public good in the form of charitable organizations. And 18% of these individuals put as their first priority the arts and cultural community. We would very much welcome the government's extension of the incentive to private foundations in order to benefit the arts and cultural organizations that are so very important to this country.

●(1110)

In conclusion, Mr. Chairman and members of the committee, in the United States donations to the arts amount to \$21 per capita from individuals. We believe there has been tremendous growth in this country in terms of philanthropy over a very short period of time since 1997, and we encourage the federal government to continue on this path and encourage philanthropy in Canada.

The Chair: Thank you.

The next group is the Literary Press Group of Canada, Mr. Maurer.

●(1115)

Mr. Rolf Maurer (Chair, Literary Press Group of Canada): Thank you, Mr. Chair, and members of the committee.

My name is Rolf Maurer. I am the publisher at New Star Books in Vancouver. With me today is Alana Wilcox, our vice-chair, who is with Coach House Books in Toronto.

We are grateful for the opportunity to contribute to your work with our views.

The Literary Press Group of Canada, which was founded in 1975—very close by, in the Château Laurier actually—today represents 48 Canadian-owned and -controlled literary book publishers, and I stress that our primary activity is literary book publishing. We are diverse in size and in editorial focus, and we are headquartered in almost every part of Canada.

The LPG was created in 1975 by a group of literary publishers committed to working together to build a strong reading, writing, and publishing culture in this country. Today the LPG continues to be committed to those goals. The Literary Press Group publishers publish the majority of Canadian-authored literary works in the country today and a much greater proportion of first-time works by Canadian writers.

The LPG works to advance these objectives that I referred to in two ways. We are a membership group that advocates on behalf of conditions favourable to the development and growth of Canadian literary culture, and, in addition, we organize collective marketing activities on behalf of our member publishers. Currently, the LPG operates two successful commercial operations, a full-time national sales force of five, representing 33 publishers, and a distributor providing state-of-the-art service to the book trade for 23 publishers.

Our brief today contains two specific recommendations to the committee. One is to increase the funding to the Canada Council for the arts block grant program within its writing and publishing section by an amount of \$3.47 million. Our second recommendation is, as other people have pointed out, to renew the Tomorrow Starts Today funding initiative.

The Canada Council for the Arts is the program that probably our members have the most day-to-day contact with. It has been better able to do its work of supporting writing and publishing in Canada because of the funding put in place by Tomorrow Starts Today. A renewal of that commitment would allow the Canada Council to continue in this important work.

Our specific recommendation comes from the fact that although it is a common perception that this is a country awash in books, when we look at our publishing activities in Canada and compare them to other western nations, in fact we fare quite poorly. Our statistics are quite mediocre in terms especially of the percentage of our books that are published that are literary works. This is a serious concern of ours, and we feel this would be addressed by recommendation number one. We urge Parliament to make a statement about the value it places on this contribution made to the national conversation by literary book publishing, and make the statement in the form of allocating an additional \$3.47 million to the block grant program. Today the program is able to fund only 30% to 35% of average genre deficits....

We're already running out of time, aren't we?

The Chair: You have one minute.

Mr. Rolf Maurer: I have one minute. I will cut to the chase. I will skip some of the numbers in which we go into more detail in our brief.

The other program that our members have a relationship with is the book publishing industry development program within the Department of Canadian Heritage. Directly and indirectly, the DCH, through its initiatives, has been instrumental in helping our members improve every aspect of their publishing companies. In general, it has been key in building our country's book publishing industry.

Tomorrow Starts Today has specifically made both the Take a Joy Read Canada marketing project and the supply chain initiative possible. The funds allocated to books for the initial three years of Tomorrow Starts Today were used to encourage the use of innovative new technologies, and they support the increased development, marketing, and promotion of Canadian books. Take a Joy Read Canada and the supply chain initiative both point in the direction of the enduring and long-term success of Canadian books in the marketplace.

It is for this reason also that the LPG strongly recommends that Tomorrow Starts Today be renewed. In fact, the LPG expresses the hope that this funding mechanism will be made a permanent mechanism.

I thank you for your time.

• (1120)

The Chair: Thank you.

We're going to have the first round of seven minutes.

Mr. Harris.

Mr. Richard Harris (Cariboo—Prince George, CPC): Thank you, Mr. Chairman.

Ladies and gentlemen, thank you for your presentations.

I don't know who to ask this of, but I have to get an understanding of what the problem is. Is it simply that we don't have a big enough domestic market to sustain our in Canada for Canadians arts and culture industry without increasing public funding? Is it living next door to the United States, or is it the fact that Canadians make choices to watch, read, or listen to arts and culture productions or

literary works from other countries, as opposed to Canadian ones? What's the main thing I can put my finger on?

Mrs. Maureen Parker: May I jump in?

Mr. Richard Harris: I don't know who to ask, so go ahead.

Mrs. Maureen Parker: We did discuss this a bit in our presentation. In particular, we mentioned the population base because it is indeed an issue. We have a population of approximately 30 million, while the U.S. has a population of 230 million. We're divided between language in Canada—English and French.

The sheer economics of audiovisual production in particular mean we cannot sustain the costs of production ourselves with our small population. Therefore, you have to look at what you're trying to achieve out of that particular type of industry. What is it in terms of knowledge base, as one of our colleagues expressed? What does it mean culturally? Does that message translate into something significant enough for an investment?

You also asked about living next door to the United States. Of course, it makes a huge difference. Having just come back from Australia, I recognize what a difference it makes. We are bombarded by American culture, unlike any other country in the world. They make excellent audiovisual products in particular. They invest a lot in them and spend a lot on them, and they can afford to. They also export them and dominate the rest of the world markets.

As for the issue of choice—absolutely. If you see a wonderfully made audiovisual work with an average budget of \$4 million—which is the average budget for a one-hour U.S. production. Our average budget is \$1 million. Comparatively speaking, on the screen what looks better? What is the talent being paid? What type of technological advancement have they made with respect to production?

It's very difficult to compete when we're spending less and investing less in development. We don't have the story base to draw upon. We often rush into production when things aren't ready. We can compete; I think that's been demonstrated by some of the hit productions we've had in our sector, and I'm sure in other sectors. We'll discuss that as well. We certainly can compete. We have the talent base here. We have the expertise. What we need is some faith from our government.

Mr. Gordon Pinsent: It's also been clear over the years that attitude has a great deal to do with it and how we are helped, and not in a stop-start, stop-start kind of situation. A lot of us in the creative industry have been scared into thinking this is the way it's going to be forever, all because there hasn't been a strong enough front out there. There hasn't been a strong enough understanding and a proper need for education on the part of governments that have gone by.

I remember quite a while ago we filmed a series here about a member of Parliament. I met any number of new leaders coming in, one by one. In almost each case they asked, "How are we doing?" Prime Minister Trudeau said that to me. He said, "The Canadian Film Development Corporation—is that enough?" The sound in his voice was, "I hope it is because we don't want to discuss it forever." This has gone on for some time. Prime Minister Diefenbaker was quite different. He tripped over a few cables and said, "Oh, the bloody CBC."

But from the standpoint of each person getting in, there wasn't this ongoing sense of, "Let's build something out of this; let's make something happen." The competitive edge needs to be arrived at so we can safely say this is worth it to us, from the standpoint of just being who we are, living in the country we want to work in. That was enough. It would have been enough long ago, but instead of that it was stop-start, and it was scary.

• (1125)

The Chair: I'm just going to help the witnesses for a second here.

It's their time and I'm going to allow the members to decide who they're going to ask and then cut them off, because they only have seven minutes.

Mr. Harris.

Mr. Richard Harris: Thank you.

Thank you, Mr. Pinsent.

Ms. Iley, you talked about the government enhancing the tax incentives to patrons and other donors to the not-for-profit arts and cultural industry. I certainly think that's something the government must do to encourage more support from the private sector, whether it be individuals or businesses.

Is there a bigger role the private sector can play in the for-profit arts and cultural industry, provided the government makes that attractive to them as a tax incentive? Could that be enhanced to someday see public funding to the for-profit part of the industry become a smaller player to private investment in Canada? Can we enhance the tax attractiveness for people who support the for-profit part of the industry?

Ms. Sarah Iley: I'm probably not the best qualified to answer that, because the businesses of members of the Council for Business and the Arts are primarily not cultural. They are financial industries, petroleum, etc., and they support the not-for-profit arts through their donations and sponsorships.

I know there have been various tax measures over time, particularly in film, that have proved to be successful to a lesser or greater degree. But I would turn this over to my colleagues, because they would have a better sense of those who are interested in investing in that area.

The Chair: Thank you.

Just quickly, Mr. Wayne, you have 10 seconds.

Mr. Jack Wayne: I'll pass. I can't say anything in 10 seconds.

The Chair: Mr. Kotto.

[*Translation*]

Mr. Maka Kotto (Saint-Lambert, BQ): Thank you, Mr. Chairman.

Good morning and welcome.

Having been very active in culture myself, I completely understand your concerns and dissatisfaction. I was recently elected, and I'm sitting on this committee for the first time. I'm originally an actor, writer, director and poet.

In listening to you, I said to myself that something had happened on this hill. I'm inclined to think that, as a result of a kind of financial autism, the cultural component has been set aside for years, even generations. My colleague—I can call him that—says that a request has been made for permanent support. I agree with him on that.

Notwithstanding the material concerns of everyday life, the preservation of identities may be jeopardized when the state withdraws its support from culture.

Is that a feeling you share?

• (1130)

The Chair: Now over to Mr. Pinsent.

[*English*]

Mr. Gordon Pinsent: It is a feeling that we care. There's something that happens at the tail-end of a year, when you begin to wonder if the next year is going to happen for you.

There is a particular piece of work that I'm about to launch into that will happen next year. Fine, but we won't know about the television fund or anything—neither will any production that is planned now to be taken on next year. We will have to wait again until the following year. As a performer I used to think if you didn't have something by December, you wouldn't work the following year. It would be wonderful to have the sense that you could continue on and on.

We have become used to not getting things done, if you just use one egg in the basket sort of thing. We've hung things on nails and said, "Oh well, let's wait." This particular piece I'm referring to now I began to think about 20 years ago. It's taken this long to put those various pieces together. I was able, through longevity, to outrun the negatives in this country, and that's fine. But not everybody is able to do that, and has been able to do that. I'm in a position now where I can be selective, but those numbers are very few in this country.

I will either get this particular piece made next year or I will continue to wait. We've become very used to it. But if the stability were there and we knew the support was ongoing, then we'd feel as though it was important to government as well, not just, "Oh well, we have to help them out again and again." That particular problem should have been solved by now.

Mr. Thor Bishopric: May I add to that?

On the problem of talent drain and brain drain from the country, Canada is fortunate that artists such as Gordon have chosen to stay and build their careers here in Canada. But so many younger artists these days are saying, "To heck with this. I can't survive in this unstable environment." The job opportunities, the opportunities to create and develop artistic works, simply aren't there. Many of them are being lured to the United States and other parts of the world. It's essential that we have this kind of commitment.

We've heard the commitment from prime ministers. We were given a commitment by Prime Minister Martin a year ago that it is very important to provide stable funding and encourage these works. In the meantime, much of our talent is leaving Canada. It's an issue.

[Translation]

Mr. Maka Kotto: If I only have two minutes, I'll simply confirm that we're aware of the fragility and precariousness that prevail in this community. Someone referred earlier to taxation among artists. Can you give us a few more details on the subject?

My second question concerns publishing, that is to say books. Twelve years ago, the Liberal Party promised to abolish the GST on books. I think a large number of publishers, in Canada and Quebec, were in favour of that idea.

Where do you stand on that question?

Thank you.

[English]

Mr. Jack Wayne: Thank you very much.

I'll talk about the GST issue first, because it's an easy one to talk about. There still is GST on books. It does make the price of books more expensive, and it has gone nowhere in terms of the removal of the GST.

In terms of the tax regime, there's a very good model for tax relief for publishing books. The Ontario government has an Ontario tax credit and it is a model. It works very well to give the publishers a break in terms of tax deductions for unusual expenses that no other industry has.

In terms of the tax on artists, I believe it was the Writers' Union of Canada that spoke about that. In terms of support for culture, in our nice, illustrated brochure you will find a list of the great Canadian writers who were first published by smaller Canadian presses. The issue for the book publishing sector is that we need help getting that next generation of literary geniuses, both francophone and anglophone, into print. Our market is very small. The genius of the people we publish isn't instantly recognized.

We go face to face with the extra print run; the books you'd normally throw away off an American press are dumped into Canada. This is a particular problem for anglophone publishers. So the support from the Department of Canadian Heritage goes to help simply that mechanism, to get the new writers into the market and get the price of books down so that we can compete with the multinationals. In many areas this works. In educational publishing it has not worked. We have been overrun in the anglophone sector by the American publishers who can do physics, chemistry. They can change miles into kilometres. It's all the same thing.

• (1135)

The Chair: Thank you, Mr. Wayne.

Mr. McKay.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Chair, and thank you, witnesses. I have three questions.

A number of you have picked up on the issue of income averaging for artists, so I will direct this to the periodical writers and others who wish to respond.

There is currently income averaging in the Income Tax Act. What I don't understand about your presentation is what is inadequate

about the current averaging provisions that are available in the Income Tax Act of Canada.

My second question is, why should the Government of Canada preference one group of professionals over another group of professionals, or one group of taxpayers over another group of taxpayers? What's unique, if you will, about artists? I realize that everybody who says he or she is an artist thinks he or she is unique, but possibly sales people and other people who earn their livings in other ways think they are unique. So could you help me with that point? What's inadequate about the present Income Tax Act's provisions for income averaging? Second, what is unique about your position?

Ms. Liz Warwick: I'll actually start from the back and talk a little bit about why it works differently for artists. I'll take the example of a writer who is working on a book. The kind of investment in upfront time to produce a manuscript can be enormous, the research and the actual writing time. Any large-scale project requires a huge initial investment. It's very difficult, unless you're willing to work 24 hours a day, to continue to support yourself with your other writing projects and still have time to give to this larger-scale project.

What we're looking for is some recognition of the fact, particularly for income averaging, that when you finally get payment for that particular large-scale product, you've put a huge amount of work in prior to that.

In terms of what we're asking for, I think we're looking for basically a broader application of income averaging and exceptions, particularly for copyright. It does exist in Quebec and has been quite successful. We would like to see that available to other writers across Canada.

• (1140)

Hon. John McKay: I understand your argument, but let me play a little devil's advocate here, because the government would prefer to deal with everybody equally.

Why should a person, such as you're describing, receive preferential treatment over—and I'll use an example—an insurance salesperson whose income stream over the first few years is actually quite low and builds up only over time as renewals take place on premiums? They live with the income averaging that currently exists, and possibly their stream is somewhat more graduated than the person you are describing. What you're describing is nothing for a long time and then a huge hit. I don't see, if you will, the difference between one category of taxpayer and another category of taxpayer.

Ms. Liz Warwick: I'm really not that familiar with insurance, but what you describe is a sort of "going up the hill". The difference with artists is not only in writing but in every domain. If you want to work on a large-scale project, you devote two or three years to that, you make a certain amount of money on it, and then you go back and you're kind of germinating new ideas, thinking about new things, and at the same time you're working on other smaller-scale projects. Then this same kind of cycle happens again. It's very cyclical.

I really do see that writers and other artists have a very cyclical kind of employment, and that's what we're really focusing on.

Hon. John McKay: Okay, thank you.

Mrs. Maureen Parker: I would like to address that one as well.

We've met before and we've talked about the public-private investments. I understand, certainly, your concerns: the whiney artists are at it again, they want something else that other Canadians don't have. There is a difference, however, and the difference is earning no income and choosing to go into a profession where you know your income will grow.

I certainly receive a salary. I don't compare my lot with that of an artist. An artist starts off in terms of making an investment, an idea, and an idea generates into, in our business, a production that employs hundreds of other people. But that germ of an idea takes quite a bit of time to actually massage or turn into the creation of a program. During that time, it's not a matter of earning less; it's a matter of earning nothing. So many of our people actually work in other professions, such as waitressing, or anything else to earn a living.

I don't believe that is a good investment in culture. You can't get good at what you do if you don't practice what you do. So it is decidedly different from the insurance business, or certainly any other career. We all make an investment in education and learning and basically paying your dues in order to earn a decent income. That doesn't happen in the arts. You can be the best at what you do. We have Mr. Pinsent here with us who is speaking about not knowing next year whether or not he'll have a gig. It's a very unpredictable business and one that needs some consideration.

Hon. John McKay: I don't disagree with you. I certainly wouldn't describe artists as whiney. I'm married to one, so I appreciate better than most the situation you're describing.

I still come back to the original point, which is why is one taxpayer to be preferenced over another in a similar or parallel income stream? I may not have picked the right analogy with insurance. There may be another one and I simply can't think of it.

Anyway, let me get in one more question because I'm almost out of time.

The Chair: Yes.

Hon. John McKay: Others may want to pick up on this afterwards.

My second question is to the Council for Business and the Arts folks. You wish to extend listed securities not only to charities and not only to public foundations but to private foundations. I have two questions.

First, is this limited to listed securities, or would you also include real estate? If so, what are your evaluation mechanisms?

The second concerns the private foundations: are you satisfied there is adequate governance of private foundations so that the intentions would be achieved?

• (1145)

Ms. Sarah Iley: I'll answer the second one first.

Yes, we do think the private foundations are adequately governed by Canada Customs and Revenue Agency. We think the provisions are in place to make sure they submit to the same kind of rigour that public foundations must submit to, in terms of their financial reporting, in terms of their disbursement quota. All of those things

are in place, and we feel that extending the provision enabling them to gift into their assets publicly listed securities raises no problem with valuation. We think it is merely an extension of what already exists for public foundations and charitable organizations.

I think the Association of Fundraising Professionals has asked for an extension of the elimination of capital gains tax to gifts of real estate as well. Our members have discussed that, and at this point we feel more secure about the valuation of publicly listed securities, so we are not endorsing that particular recommendation. Our concern, primarily, is for the elimination of capital gains tax on publicly listed securities.

The Chair: Thank you.

Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Thank you, Mr. Chairperson.

First of all, thank you to all of you for your presentations today. I think you have, in very short order, made a very convincing case about why we need to invest in Canadian arts and culture—our own indigenous broadcasting, book publishing, and support for individual actors and writers.

But I think you need to make an even stronger case, given the pressures this government is under from the right-wing community to say let's put all of our available surplus dollars against the debt, or that the government is getting from the Conservative Party in the House: let's put it against tax cuts. I think unless we can convince this government of the need to invest in exactly what you're talking about, we're not going to make much progress.

My question to all of you is—I'll just pick a couple of you, but you could do this between now and the budget anyway—what have we lost by taking the \$86 billion in unanticipated surplus over the last ten years and putting it all against the debt? What could have been done in terms of arts and culture? What have we lost in terms of Canadian drama? How much have we gone down in terms of drama productions? What have we lost in terms of heritage sites? What have we lost in terms of writers giving up and leaving?

I'd like first to ask Gordon Pinsent, to whom I want to say it's wonderful that you're here. I know you have a busy schedule, but it's so important for a well-known, internationally acclaimed actor to be at our committee to tell your story. Thank you for being here. I'd like to hear from you what it says to you to see Canadian drama hit so hard in terms of cutbacks. How do you respond, and how can we make the case even stronger?

Mr. Gordon Pinsent: Well, it seems to me the longer this goes on, the more entrenched will become the idea—certainly for the younger generations in this country—of not bothering to take on the mantle at all of the Canadian cultural community. It's become so easy, and it always has been easy, to accept what has come to us from elsewhere. We're not even surrounded by water, as Australia is. We're ready to accept and say "Oh, well" and give up. It's been a country of stops and starts and beginnings: every day a new beginning. They're already used to that. This has been going on for ages. There is no absolute difference from the standpoint of the newer generation.

There is an audience that is somewhere down the middle that has been waiting for bigger and better things to happen in our field. They are not happening. The advice we get is to cut back: cut back on your creativity; cut back on the size of production; don't worry about the competitiveness. Well, I'm sorry, but we have to.

Mr. Jack Valenti once said, coming up here to discuss distribution of film, "Well, if you're not going to do it, we'll do it." It was as simple as that. That's the American influence again coming in. He also said, "It's not our fault if you haven't promoted box office"—meaning, in our distinctive entity, such as the film entity: if you haven't produced that and invested in it, then it's certainly not our fault, and we're not going to slow down; we're going to continue.

• (1150)

Ms. Judy Wasylcia-Leis: Thank you very much for that.

Brian Anthony, if we can have a 10-year plan to bring down our debt-to-GDP ratio to 25%, why can't we have a 10-year plan to preserve our national heritage? And what have we lost in the last 10 years?

Mr. Brian P. Anthony: In terms of the federal government's role as a steward of its own heritage resources, we've lost a lot. There is inadequate funding for the national historic sites that are owned and operated by the federal government. There are many, and they're very important ones. There's been a lot of deferred maintenance, and as a result some of these places are simply crumbling and falling apart. The Auditor General of Canada identified many shortcomings in her last report in this regard.

In the larger sense, however, we would like to see more resources devoted by way of direct grants and contributions to encourage heritage preservation, but we also think the federal government can be using its existing programs to that end by simply giving greater priority to those activities that would encourage the retention and reuse of historic buildings and not support anything that works contrary to heritage preservation objectives.

I'll give you an example that will resonate with you. The reason the historic Eaton's building in Winnipeg came down was because Infrastructure Canada put in the final millions of dollars that made that deal work. Without the federal money, that building would still be standing and a new use could have been found for it. Indeed, the federal government should have said no, we're not going to support this project; come back to us with a proposal that would involve an adaptive reuse of this structure and we'll listen, but we're not going to destroy historic landmarks—as they did in this instance.

So the smarter use of existing moneys is an important thing, and also the use of the tax system. We feel that use of the tax system for heritage preservation purposes would unleash the forces of the private sector. At the moment the rules of the game are tilted towards demolition and new construction, which doesn't make sense environmentally, doesn't make sense culturally or historically, or from an employment point of view for that matter. So we favour better use of the tax regime, smarter use of existing resources, and yes, of course, more resources for specific targeted purposes.

The Chair: Thank you.

Mr. Bell.

Ms. Judy Wasylcia-Leis: Have I time for one more?

The Chair: No. Thank you.

Mr. Bell.

Mr. Don Bell (North Vancouver, Lib.): I was just speaking to Ms. Parker about her comments on Canadian production. I come from North Vancouver, where we have Lion's Gate Studios and we have some book publishers. I think there are over 5,000 people employed in the film and television industry in my riding alone, so I appreciate your comments.

One of the questions I had for you is how you find the competition in terms of trying to get a Canadian message out or tell Canadian stories. I know you talked about the relative populations in the market between the United States and Canada. How well have you been able to sell our stories elsewhere—internationally, other than in the United States—or our product?

Mrs. Maureen Parker: That's a good question. We can certainly export our work anywhere in the world. Very definitively, we have a place in Germany and the U.K. for our product, and in Australia.

In fact, just as a brief, quick story, I was just at a conference in Australia. I know a group of artists who were all complaining about the same thing: they simply can't get enough money to get indigenous production made anymore, and Australia just traded away their broadcasting sector in free trade discussions. So they're in a very grim mood.

One of the conversations around the table was, "Well, maybe we don't make quality programs. Maybe that's the problem, you know, that our stuff stinks." A large number of the Australian group said we're all readily willing to do our own material. As Canadians we're jumping in feet first to hate ourselves, but the Australians piped up and said, "Excuse me, one of the best programs we had seen made this year was a Canadian export called *Human Cargo*"—and that was made in your vicinity by Hugh Beard and Linda Svendsen, who is also a literary novelist.

We have the ability to transport and export our tales. We need the financial investment to get them made, but I have no doubt they'll be able to sell.

• (1155)

Mr. Don Bell: Thank you.

As a question to Mr. Jack Wayne, how has the Internet affected reading and books? Generally, even newspapers and things like that—I know that's a periodical—tend to be available on the Internet. Do you find there's a decrease?

I was pleased to see an award of something of a quarter of a million dollars to a Canadian publisher in my area recently, but I'm just wondering if book sales are down generally.

Mr. Jack Wayne: It has been a challenging year in both the francophone and anglophone sectors. There are many factors that affect book sales. The Internet can be very valuable, and this is where the investment made by the Department of Canadian Heritage can be useful. Canadian book publishers in general are very attentive to their websites, although it's very costly, as you know, to get something up that's functioning really well. But we can cross-market our books and other types of information using the Internet.

It's a great challenge for us, but I think Canadian publishers are up to it. What we can do is put the first chapter of a book up and hope people get hooked. We can sell books using a secure website, and chapters.indigo.ca and Amazon.com do that. It can increase the market and the ease of buying books, so we don't see it as a negative.

It is true that many people receive a lot more information over the Internet, but if you package what you give on the Internet with a printed book, I think this will work out very well. Having said this, though, it's early days.

Mr. Don Bell: Thank you.

Mr. Jack Wayne: Thank you.

Mr. Christopher Moore: May I respond to that question?

The Chair: Sure.

Mr. Christopher Moore: I wanted to say that with regard to the Internet, as creators, many of us see the Internet as a tremendous possibility for distributing information. What's important is that if this were the heritage committee or the industry committee, I think many of us would have been talking about copyright. I don't think it came up here too much because this is the finance committee. If there is a robust copyright regime in which creators are paid for their work, though, whether it's a printed version, a photocopied version, or a digital version delivered over the Internet, it wouldn't matter. As long as the Government of Canada is committed to a strong copyright regime, then I think most of us as creators are all in favour of the Internet as another means of distribution. But it hangs on the importance of copyright, I think.

The Chair: Thank you.

Ms. Ambrose.

Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC): Thank you.

Mr. Anthony, I wanted to ask you something about the CRTC, just because this has been in the news lately with what some people see as controversial decisions around al-Jazeera, the CRTC not offering the Italian television station Rai International, and then most recently the revoking of the licence of CHOI-FM.

I have two lines of questioning. One, I'm wondering if you feel comfortable commenting on whether or not you think the CRTC has become a little onerous in enforcing Canadian broadcasting policy. The argument is also being made that because of the broadcasting policy, a lot of people are buying pirated television and satellite systems from the U.S. and elsewhere because they feel they don't have the choice or don't have access to these particular stations. I'm wondering if you can also talk about the impact this has had financially on the broadcasting sector in Canada.

Mr. Brian P. Anthony: Thank you for the question. As a private citizen I have strong views on these matters, but I'm here representing the Heritage Canada Foundation, which promotes the preservation of historic buildings. Your question would probably be best put to someone who can speak on behalf of their organization in regard to the CRTC.

The Chair: Does anybody want to speak to that?

• (1200)

Mr. Thor Bishopric: Sure.

We're aware that there are some controversial issues with respect to the CRTC, but let me just back up a little bit, if I may, and say that certainly from ACTRA's point of view, the CRTC is an essential framework that must be preserved. It's critically important, living next door to the United States, and Ms. Parker's comments support this, that we have a regulator in place that is prepared to ensure choice.

It's interesting that "choice" is the buzzword surrounding this controversy. Indeed, it is about choice. The truth is that for Canadian viewers, on television there is precious little choice to choose to watch a Canadian program. For instance, I did an analysis just last week of the prime-time schedules on our private broadcasters. My figures may not be exact, but with 22.5 hours of U.S. shows on prime-time television, that leaves 5.5 hours of Canadian scheduled programming. I believe that's for CTV. And for Global it's 22.5 hours of U.S. programming and 5.5 hours of scheduled Canadian programming drama during prime time.

So while we quibble with the CRTC, and we believe they've made some bad decisions with respect to Canadian content, notably their 1999 decision—we're seeking to have the government take that up and address that, since it's had a devastating effect on Canadian production. We believe the CRTC is a critical structure that must be preserved. We do hope there won't be any efforts to undermine the CRTC or reduce its capacity to regulate and protect Canadian content for Canadian audiences.

Ms. Rona Ambrose: Do I have more time?

The Chair: Yes.

Ms. Rona Ambrose: You talked about the devastating impacts of this 1999 decision. Do you have figures you can make available with respect to the financial impact of some of these types of decisions?

Mr. Thor Bishopric: Yes, we certainly do. We have reams of information, which we'd be delighted to share with you.

Unfortunately, it's a very sad story these numbers tell. There really has been a crisis emerging. With the 1999 decision, we saw the number of Canadian dramas, for instance, fall from—Maureen, help me—13, or 22 at their peak...or 13 down to 3 dramas in 2002.

If I may, one of the problems with respect to that 1999 decision was that less money was flowing into the industry, less money was available for broadcast licences to purchase Canadian programs. The result is that Canadian budgets on these shows dwindled or disappeared. Our notable producing entities in the country got out of the business of producing television drama. They simply said that in their minds there no longer was an economic model that made sense, because money was being drained out of the system.

We have to ensure that this money comes back into the system. Then we'll see what's happening in Germany, in France, in the United Kingdom, where the top ten shows in those nations are domestic programs. Their industry is no more profitable than ours, and it requires structural supports by the government with public moneys, but their top ten programs are indigenous programs. They want to hear their own stories.

So do Canadians. We want to see our own stories on television. But there's not enough money in the system for a simple economic model to make sense, so we must rely on public support.

The Chair: Thank you.

Ms. Minna, and then Monsieur Loubier.

Hon. Maria Minna (Beaches—East York, Lib.): Thank you, Mr. Chairman.

First, I want to say that I am a very strong supporter of the arts, publishing, and what have you. As far as I'm concerned, a country that does not have a very strong cultural policy and a strong arts and cultural industry is a country without a soul, quite frankly. I'm of Italian heritage, and let me tell you, the country that I was born in is very powerful in those areas.

One of the things that I think is missing in Canada is people don't quite understand that the arts and cultural industry in the last decade is creating a tremendous number of jobs. It's a huge industry now. It's actually probably a faster job creator than most other industries, as far as I can see, but I'm not sure the government or the public really understand that. They still see investing in the arts, or what have you, as a loss leader. Somehow it's a charity. Somehow it's something we have to do because we want to fight the bad Americans. They don't see it as an economic engine. I hate to do that, but sometimes you have to do that type too.

My question is twofold. What is the industry doing to try to get the message across? Do you have some collective communications? Maybe we ought to be working with you on that as well. Is the brain drain to the U.S. that was mentioned earlier entirely due to the lack of opportunities? Is it also due to the fact that Hollywood is there, it's glitzy, and people are going to want to make the million-dollar hit? That's going to happen anyway, to some degree.

My main concern is the lack of visibility of the industry and the lack of acknowledgement of its power economically, as an economic engine, because that's as important as the private sector investment in the industry. I would fund it anyway, even if it didn't create jobs, but that's beside the point.

• (1205)

Mr. Thor Bishopric: Thank you.

In terms of what it represents economically, and I'll speak only for film and television, it's a \$5 billion industry. Gordon and I met with Prime Minister Martin last year—before he was our Prime Minister—in a private meeting. He told us that when he was Minister of Finance for Canada, he wasn't aware of the government making any investment that provided more bang for its buck than support to the film and television industry. The multiplier is so good that for every dollar invested, there are six dollars attracted. That is a significant economic engine.

I'm aware that in the Senate, and with other Ottawa decision-makers, people are coming to realize that this really is an industry that helps all of Canada's image and all of Canada's exports. I think it benefits the overall economic status of Canada tremendously.

In terms of the talent drain or the brain drain, we don't discourage our independent artists from going to work in the United States or anywhere in the world. In fact, actors always have been very flexible. We're gypsies, as Gordon said this morning. We'd like to think that we have a home in Canada and that there will always be opportunities here, but oftentimes our members must go and work in other countries.

We encourage it to the extent that they're free to earn a living for themselves. We also encourage them to come back to Canada, especially when they have more renown and greater fame, to help the Canadian system by causing more interest to be taken in our industry. We're desperately trying to build a star system in this country.

We do have Canadian stars, there's no doubt, but we need more marketing and we need more interest. As I said earlier, that's predicated on having at least a protected space in the marketplace so that Canadian programs can at least be seen by Canadians. When they are, we believe the Canadian public will take a greater interest in our stars.

Hon. Maria Minna: That's well said.

Am I tight?

The Chair: That's a good question. I don't know what to tell you. You have ten seconds. If I allow you to ask the question, you can have the answer.

Hon. Maria Minna: Okay. I'll be very quick.

On the issue of removing the GST from books, is it for domestically produced books or internationally produced books? Is it for all books or only books that are published here? I'm looking at leverage. Do you want to take it off all books or only Canadian books?

Mr. Jack Wayne: You can't distinguish in that respect. In the marketplace, once the books are on the shelves it has to be a level playing field. We don't mind competing with a multinational product. What we do like to do is to publish some Canadian stories, and we'd like to do it in the same regime with as even a playing field as possible. So given the size of our market here, we would like to equilibrate that through these grants and the help we get from the Department of Canadian Heritage. That's what it does; it levels the playing field.

Take the GST off, as we're happy to have lots of books sold.

• (1210)

The Chair: Okay, thank you.

[*Translation*]

Mr. Kotto, you're replacing Mr. Loubier.

Mr. Maka Kotto: Thank you, Mr. Chairman.

Earlier we were looking for a strong argument to defend culture. The economic aspect was advanced, which is indeed a very strong argument. Thus, it has been demonstrated that culture today brings in more money than it loses. No sensible person can question that. However, culture is not merely part of the economic sphere, which, as was said earlier, generates an enormous number of jobs. It is especially part of the sphere of the mind, where the behaviour generated by models of reference, values and identification are defined.

However, you have to wonder what will remain of consumption, consumer behaviour and, especially, identity, when our young people, within one or even two generations, have fallen into the acculturation trap. Then they'll be, in a way, Americanized.

That leads me to say that it is imperative to support Canada's efforts to secure a solid position in the negotiations currently being held at UNESCO on the draft Convention on the Protection of Diversity of Cultural Content and Artistic Expression.

That question was not raised this morning. It's a subject I don't hear much about in English Canada, but that is much talked about in Quebec. It's a major issue. It's not by chance that the United States has sat down around the bargaining table and is reaching bilateral agreements with certain states without the knowledge of others.

This is a major economic and identity issue. I haven't heard anybody talk about it. Does anyone have something to say on the subject?

[*English*]

The Chair: Mr. Moore, and then we'll go to Ms. Parker.

Mr. Christopher Moore: I had the opportunity, two weeks ago, as part of Canadian Children's Book Week, to tour a great many schools and libraries in Montreal and Quebec City to talk about Canadian history and Canadian writing. I assure you that for the young people the enthusiasm is there; if the materials get to them, they will respond. It was tremendous to see children in grades 3 and 4 and 6 responding to stories about Canada and to opportunities to tell their own stories.

With regard to your point about cultural diversity, I think in fact that's the response to the first question from Mr. Harris. He asked whether all this funding on culture is just protectionism or subsidies for artists. I think what we get out of the funding for arts and culture in Canada is diversity and choice. In fact, we've said a couple of times that we live next door to the United States, but I think with global communications, everybody lives next door to everybody else nowadays. And that's a good thing; there's a tremendous wealth of culture out there. I consume all kinds of things from the rest of the world, but we need to put back our own contribution. The market struggles to provide that kind of choice and diversity in culture. It's not choice for us, the artist, but choice for Canadians and choices for the world. The more we support our own Canadian culture and diversity in a world of dropping borders and lower protectionism, we benefit as Canadians and strengthen our contribution to the rest of the world.

That's what Canadians get from culture, from government support for culture and government support for cultural diversity.

The Chair: Ms. Parker, quickly, because then I've got Mr. Bishopric.

Mrs. Maureen Parker: I simply wanted to say there is a broad base of support in English Canada for the treaty on cultural diversity. I know, as I sit on the CCD board. Certainly, we believe it's imperative that culture does not become part of the trade talks; indeed, that's why we're all here, because we do believe it is separate and distinct. It can be financially rewarding and a very good investment, but it is also absolutely imperative to our cultural sovereignty.

The Chair: Mr. Bishopric.

Mr. Thor Bishopric: Thank you.

We didn't have time in our spoken remarks to make reference to it, but in fact the instrument is referred to in our written submission and we believe it's critically important.

You should know that Canada brought a proposal to FIA, the International Federation of Actors, at our congress just a few months ago and received unanimous support on behalf of 100 performer unions around the world to support the new instrument on cultural diversity. So Canada continues to take a leadership role on this issue, and we've made it clear in our written submission that we believe the government should continue with its excellent efforts and ensure that the instrument comes to fruition through UNESCO.

Thank you for the question.

•(1215)

The Chair: Merci.

I just want to thank all the witnesses for coming.

I noticed that in a few of your submissions there are no dollar amounts. Regrettably, this is the finance committee, so we like to have numbers. Some of you do have numbers but some do not have numbers, and some just ask for the same amount or additional funds. You can still send us documents, but keep them to a minimum, because we've got a lot of documents coming through. Be straight to the point, and if you've got any of your requests costed out—because I think some of the groups also requested tax averaging—or if you have any numbers at all, we would appreciate them. We're still open to that.

Again, I want to thank you for taking time out of your busy day. I think it was enlightening—at least for myself, I have to say.

The meeting is suspended for five minutes.

•(1216)

_____ (Pause) _____

•(1224)

•(1225)

The Chair: Good afternoon, everyone. I just want to thank everybody for appearing.

As you know, we've got lots of groups and associations wanting to make presentations or opening statements, so if we can keep it to a five-minute limit... I'll try not to interrupt you, but when the five minutes are close, you have to look up. Please keep it to five minutes, because we've got over nine groups and we can only be here until about 2 o'clock, and the members would like to ask questions.

I have a list of the groups here. The first group I have is the
[Translation]

Canadian Magazine Publishers Association.

[English]

Mr. Jamison.

Mr. Mark Jamison (President, Canadian Magazine Publishers Association): Thank you. I appreciate this opportunity.

My name is Mark Jamison. I'm with the Canadian Magazine Publishers Association. With me is Robert Goyette, who is a member of our board as well as past chair of Magazines du Québec, Quebec's leading magazine association.

On behalf of our 300 members, I'd like to say that we represent about 90% of the magazines circulated in Canada, or about 600 million copies or 28.8 billion pages of Canadian content. CMPA is the voice for Canadian consumer and special interest magazines.

We submitted a brief to the committee. We thought we'd hit the high points this afternoon. I'd like to turn it over to Robert Goyette, who will concentrate on the publications assistance program.

• (1230)

[Translation]

Mr. Robert Goyette (Reader's Digest, Canadian Magazine Publishers Association): The committee has asked us what the spending priorities should be. In our view, priority should be given to predictable funding envelopes. In the cultural sector, the purpose of support policies is to create incentives to achieve specific objectives. In the magazine industry, those objectives are to create more Canadian content and to make that content accessible to the largest possible number of Canadians. Those incentives are effective to the extent that magazine publishers can take them into account in their business models and work together with the government to achieve objectives. They are ineffective when they are random and subject to numerous and frequent changes.

I believe the Publications Assistance Program is a good example of effectiveness. It is a Canadian Heritage program that helps us pay postage on Canadian magazines, community newspapers and farm publications to ensure the uniquely Canadian perspective found in those publications is accessible to all Canadians across the country at an affordable price. The program's terms and conditions are a model of administrative efficiency. The main reasons for that are predictable funding envelopes, clear objectives and low administrative costs.

The Canadian magazine industry is open to international competition. More than 5,000 magazines are sold in this country. Like other cultural sectors such as the film industry, broadcasting and books, we have to compete with an enormous American market,

and foreign publications dominate our market. The challenge is a big one. Foreign magazines occupy more than 90 percent of shelf space at Canadian newsstands. Without the Publications Assistance Program and Canada Post's national distribution service, the situation would be the same for subscriptions, but that is fortunately not the case, and the contrast is striking.

Some 70 percent of subscriptions sold in Canada today are for Canadian magazines, but, since Canadian magazines dominate the subscription market, their market share in the magazine industry in this country is 41 percent, including newsstand sales. The program helps deliver more than 175 million magazine copies every year, each of those copies containing more than 80 percent Canadian content designed by Canadians.

We strongly believe that the Publications Assistance Program is achieving its objectives, especially as a result of its predictable nature. As a result of the program, Canadian writers, photographers and illustrators are speaking to Canadians, despite geographic barriers and foreign competition. The Publications Assistance Program has recently been completely overhauled by the Heritage Department and is now a more effective and better targeted program.

A new formula rewards effectiveness and efficiency, a consequence of which will be to make the government's investment profitable. The eligibility criteria have been expanded to enable a larger number of publications to take advantage of it, and the formula more effectively targets small publications, which will be entitled to proportionately more support. We believe the program should serve as a model in achieving cultural policy objectives. However, there are new challenges on the horizon that may jeopardize the program's success.

First, Canada Post is increasing its rates at an alarming pace. The increases go far beyond those of other industry suppliers and are well above the inflation rate. The cumulative rise in postal rates over the past six years, for example, exceeds 60 percent for a 350-gramme magazine.

The Canadian Magazine Publishers Association recognizes the importance of efficient and profitable services for Canada Post, but it has repeated to the Corporation that the industry cannot in any case continue to absorb such large increases. This also affects the Department of Finance. The cost of the Publications Assistance Program is also rising as a result of higher postal rates, since the program reimburses a fixed percentage of postal costs. Thus, the more Canada Post raises its rates, the less the program's cultural industry support objectives are achieved.

Second, the program's very success has resulted in higher costs. With its expanded eligibility criteria, more magazines are taking part in the program, and postal rates are rising. We already anticipate that increasing demand over the next fiscal year will exceed allocated budgets. If the PAP budget remains fixed, the value of the aid it provides will decline, and we will no longer be able to rely on the program in a predictable manner, and it will be more difficult for publishers to take it into account in their growth estimates. For these reasons, we encourage the committee to consider our recommendations.

The Government of Canada should increase the budget of the Publications Assistance Program so that the PAP can respond to the development of Canadian magazine readership, while carrying out its primary mission: to offer Canadians Canadian cultural products at an affordable price.

•(1235)

The Government of Canada must secure Canada Post's agreement to keep publications' postal rates at an affordable level in exchange for exclusive distribution of magazines funded by PAP. That could be done by limiting the increases that Canada Post can impose on publications supported by the program.

In closing, we would like to thank the committee for hearing us. The federal Budget is an important document for all Canadians, and these consultations give Canadians a voice as it is being created.

Thank you for your attention. We will be pleased to answer your questions.

The Chair: Thank you, Mr. Goyette. We'll now move on to the Independent Media Arts Alliance.

[English]

Mr. Peter Sandmark (National Director, Independent Media Arts Alliance): Good day. Thank you, Chairman and members of the committee.

I would ask our president, Linda Norstrom, to introduce the association.

Mrs. Linda Norstrom (President, Independent Media Arts Alliance): I would like to let you know who the Independent Media Arts Alliance is. We are a national network of 82 non-profit independent film and video and new media production, distribution, and presentation centres, which represents over 12,000 artists.

We have member organizations in all 10 provinces as well as in the Yukon and the Northwest Territories. In the past three years we've increased the scope of our representation with the addition of nine aboriginal media arts organizations.

The organizations we represent are non-profit, artist-run, and grassroots. They have open-door policies. That means they offer any Canadian the opportunity to walk in and learn how to use audiovisual equipment and create their own audiovisual and new media artworks.

Heritage Canada has recognized the independent film video and new media milieu as an important incubator for talent for the Canadian film and television industry. As non-profit access and training centres, our member organizations, by necessity, depend on government grants.

Many Canadian artists who work through the media arts organizations are recognized in international art circles at the top of their field, and some critics have even called Media Arts Canada's art form, due to the history of innovative work that has come from Canada. We would suggest that many of Canada's internationally recognized artists are recognized better abroad than at home. That may be because the infrastructure for presenting art in Canada rests on fragile ground and needs more stable core funding.

I'd like to pass it on to Peter to discuss more about our brief.

Mr. Peter Sandmark: Right off the top, to respond to the first question, taxation priorities, spending, we want to see the government make culture and arts a priority. In our brief we present the case that artists from organizations are the foundation, and we call them the "engine of growth" for the arts in Canada, because of the key role they play in providing resources for the creation and presentation of Canadian artworks. Of course, like many we've heard this morning, we believe that government investment in the arts strengthens our economy, creates jobs and economic spinoffs, and from the activity—certainly from the Statistics Canada information we quote in our brief, the approximately \$7 billion in government cultural spending, translating into a \$33-billion contribution to GDP—it suggests a multiplier effect.

We feel that while it's a good investment, that is not the main reason to support arts and culture. The main reason is the social impact the arts have on our country, on the enhancement of quality of life in Canada.

Looking at some of the priorities of this current government, we can see how culture plays a role. For example, there's a priority on cities. Culture makes cities more livable. It makes them attractive to people, to employers, because their employees want to live in cities where there's a lot of cultural activity.

Aboriginal peoples are a priority for this government. Look at the Canada Council for the Arts. They have been at the forefront of developing programs specifically that respond to the needs and practices of aboriginal artists. So if you want to address that priority, apply resources to the Canada Council for the Arts.

The concept of equalization, if I understand it correctly, is that we ensure an equal level of access to services for all Canadians across the country. Access to the arts and opportunities for Canadian artists are not equal across Canada because provincial cultural funding programs are very different. The Canada Council for the Arts is in some areas the only source of support for artists or arts organizations. If you want to assure equal access for service for Canadians, then we should increase support for the Canada Council for the Arts.

In our brief we recommend renewing the Tomorrow Starts Today programs, which are part of the heritage department's envelope of funding for culture.

I'd like to introduce a study to the committee. It was commissioned by the Department of Canadian Heritage and the Canada Council for the Arts, and we were also involved in it. Some of the priorities that came out of that are funding for presentation of the arts. Perhaps the reason that a lot of artists aren't known in Canada but they're known abroad is because we have scarce resources for presenting art, especially media art, in Canada. That's one of the priorities that comes out of this. That's one of the things that the Arts Presentation Canada program of Tomorrow Starts Today serves.

The other thing of importance is, of course, venues, and the Cultural Spaces Canada program out of the Tomorrow Starts Today initiative also addresses that.

In our brief we recommend no less than doubling the Canada Council for the Arts funding. The cost of our proposal, we estimate, would be about \$150 million, or approximately 2.5% of the \$5.9 billion surplus that we read in the *Globe and Mail* is available for Liberal spending priorities, or should I say government priorities?

This is why we urge the government to make arts a priority. Even a \$50 million increase to the council this year would be an incredible boost to the arts in Canada. It would only be 1% of the surplus.

What do other cultures pass down to us throughout history? If we think of the Renaissance, it's the arts. We don't remember that they balanced their books, but it was the successful merchants like the Medicis who patronized the arts. Today, support for the arts is in the government's hands, and we urge you to recognize that the arts are in fact a public good and therefore should be supported by the government.

Thank you very much for the presentation. We'd be more than happy to answer questions.

• (1240)

The Chair: Thank you.

Can I just clarify this? The \$150 million you're saying is \$150 million for the Canada Council and \$150 million for the Tomorrow Starts Today program?

Mr. Peter Sandmark: If I understand correctly, the Tomorrow Starts Today program is in the current budget for this year. So I don't know how you're doing your estimates for next year, but if it's already in the budget, perhaps it's not going to cost anything more. It's just a question of continuing the same budget. Our proposal is for \$150 million for the Canada Council; that includes \$25 million that is part of the Tomorrow Starts Today program currently.

The Chair: Okay, thank you.

From the Canadian Arts Summit, I have Mr. Conradi.

Mr. Axel Conradi (President, Board of Directors, Canadian Arts Summit): Thank you very much, Mr. Chairman and members of the standing committee. We certainly appreciate the opportunity to be part of your budget deliberations.

The Arts Summit is a voluntary association of 40 of Canada's largest not-for-profit performing arts companies, museums, and art galleries. Our purpose in being here today is to hopefully convince you that the arts deserve to be a more central part of government thinking and that now is the time for the Government of Canada to reinvest and commit to a new vision for the arts, which in our view should include the inclusion of the arts as a central element of our identity as Canadians, the adoption of programs to make the arts more accessible to all Canadians, and a stronger role for the arts in Canada's educational system.

To that end, we today call upon the Government of Canada to establish an immediate target to double its support of Canada's not-for-profit arts organizations, artists, and museums to \$10 per Canadian. We propose this be accomplished by providing the

Canada Council for the Arts with an annual budget of \$288 million and funding the museum assistance program at the level of \$32 million, or \$1 per capita. It is worth noting that with this increase, government per capita support for the Canada Council would rise to roughly \$9, a figure still well below those of its counterparts in Scotland, England, Northern Ireland, and, we believe, a good many countries of continental Europe.

The new programs and artistic excellence that would flow from the above reinvestment by government would be of enormous assistance in our ongoing and already successful commitment to raise even more funds from non-government sources. They would also make an even bigger contribution to the liveability of our cities, the vitality of our economy, and to Canada's reputation in the world. To prosper, Canada's arts organizations need more stable, multi-year operating funding, greater support through the creation of endowments, periodic support for capital projects, clarification of the tax status of artists, and a greater international presence.

In that regard, we urge the federal government to renew the funding for the Tomorrow Starts Today program, preferably on a multi-year basis; eliminate the capital gains tax on gifts of appreciated securities to encourage individual giving to the arts; adopt new CCRA rules to presume the self-employment status of artists; and increase the Department of Foreign Affairs' international touring budget to \$20 million. In our view, these proposed measures can make an important contribution to the goals of the Government of Canada as stipulated in the throne speech earlier this year, namely, to strengthen the social foundations of Canadian life, to build a 21st century economy, and to ensure a place of influence and pride for Canada in the world.

Let me address these in turn.

In its 2000 focus on the arts, Ipsos-Reid's survey found that 93% of Canadians believe that arts activities contribute to the vitality of their communities. Furthermore, Canadians have demonstrated this through their actions. In 2001, 36% of Canadian households, including a sixth of the very poorest ones, spent \$815 million to attend live performing arts events. Forty per cent of Canadian parents take their children to such events and 44% to museums. More Canadians buy tickets to a play than to a hockey game.

In today's knowledge-based economy, educated job seekers increasingly seek culturally rich communities in which to live and work. Furthermore, research by Dr. Richard Florida of Carnegie Mellon University has now clearly demonstrated that culturally rich and diverse communities are the very ones that are most likely to generate the creative knowledge jobs of tomorrow. The title of his work, while only slightly tongue-in-cheek, says it all: "The Rise of the Creative Class: Why cities without rock bands and gays are losing the economic development race".

Pride in ourselves begins with the knowledge of who we are, and it is the arts that allow us to share in that discovery.

● (1245)

The arts define us, they help us to figure out our place in the world, and they enhance our international reputation.

A few names suffice to make the case: Ben Heppner, Richard Margison, the Canadian Opera Company at the Edinburgh festival, Michel Tremblay, Robert Lepage, *Billy Bishop Goes to War*, Charles Dutoit and the Montreal Symphony Orchestra, Evelyn Hart and the Royal Winnipeg Ballet, Karen Kain and the National Ballet.

The arts play a vital role in building and making our communities more liveable, supporting and fostering economic development, attracting tourists, assisting learning, releasing creativity, and giving us a sense of identity as a diverse and multinational people.

In our view, a reinvestment in a new vision for the arts is the least expensive, best-return investment the government can make in the overall well-being of Canadians and the social fabric of a rapidly and increasingly diverse country.

Thank you.

The Chair: Thank you.

[*Translation*]

Now we move on to the next group, the Association des producteurs de films et de télévision du Québec, and to its representative, Mr. Bouchard.

Mr. Jacquelin Bouchard (Chair, Executive Committee, Association des producteurs de films et de télévision du Québec): Good morning. My name is Jacquelin Bouchard, I am chairman of the board of the Association des producteurs de films et de télévision du Québec. With me is Nathalie Leduc, director of funding.

First, I would like to thank the Standing Committee on Finance for receiving us and hearing part of our brief today. We would note at the outset that the Association des producteurs de films et de télévision du Québec represents more than 100 film and television producers in Quebec. We are therefore extremely representative of the Quebec component of Canadian production.

In our brief presentation, we have identified four priorities for the next budget. We will present them briefly to you.

Our first priority is to maintain the budgets allocated to the various public agencies. As part of its spending review, and despite a record surplus of \$8.9 billion for the current fiscal year, the government has asked all of its departments and agencies, including Canadian Heritage, Telefilm, CBC/Radio-Canada and the National Film Board, to reduce their budgets by five percent over the next two years. This represents a cut of \$134 million for Canadian Heritage, including \$6.5 million at Telefilm Canada, which could also affect the Canadian Television Fund budget.

The budget reductions at CBC/Radio-Canada and the NFB will significantly impact the independent television sector as well. Given that the federal budgets for our sector have not been raised for some years and that inflation is never taken into account, such a cut would reduce our capacity to produce and to create jobs, and would further

undermine the precarious situation of film and television creations, craftspeople and production companies.

We respect and understand the government's determination to submit balanced or surplus budgets and to apply part of any surplus to reducing the debt. In fact, we are grateful for this. However, we believe that, in light of the extremely positive impact in terms of jobs and production volume, and given the unparalleled success achieved in this past year by television and film productions, the amounts allocated to the cultural sector should not be subjected to cuts.

● (1250)

Ms. Nathalie Leduc (Director, Financing, Association des producteurs de films et de télévision du Québec): Our second priority is to enhance the Canada Feature Film Fund. The outstanding year just experienced by Quebec cinema speaks to the success of the funding policies established with the Canada Feature Film Fund. The achievements — a record 19 percent of the French-language Canadian box office and excellent performance by several English-language Quebec films — surpass even the most optimistic projections.

The awarding of the Oscar for Best Foreign Language Film to *Les invasions barbares*, produced by Cinémaginaire, came as the crowning of countless efforts and confirms that continued support for film is essential if we are to reap success.

However, feature-length documentaries are under-funded. In five years, the amounts available for French-language films have declined from \$22.9 million to \$22.4 million. Drawn by all this good news, many international financing partners would like to share the secret of our success through coproduction projects.

Note that the feature-length animation, *Les Triplettes de Belleville*, is a coproduction by Belgium, France, Canada and the United Kingdom and that it was also nominated for Oscars in two categories, including best music, which was composed and played by Quebeckers.

Although all these financial partners contribute to the financing of feature-length films, Canadian funds are limited and only permit production of a few projects each year. We are asking that the government recognize the outstanding success of the Quebec film industry by increasing the total budget of the Feature Film Fund so as to raise the envelope earmarked for French-language features from \$22.4 million to \$25 million. These funds would contribute to financing feature films and pave the way for future successes.

In addition, feature-length documentaries do not have access to Canada's Feature Film Fund. We are asking that a budget envelope of \$1.5 million be put in place specifically for feature-length documentaries and that it be accessible to both linguistic markets.

Mr. Jacquelin Bouchard: Our third priority is to enhance the film or video production tax credit program.

The amounts disbursed to companies in the form of tax credits have a growth-generating effect on production houses. It is these monies that serve to support a company's ongoing operations between productions and to finance the research and development activities that lead to the creation of high-quality works.

The slightest change in production volume is immediately reflected in the number of direct and indirect jobs created by the industry. In 2002-2003, Quebec production totalled \$1.45 billion, an 18 percent increase over the previous year. The industry supports 39,200 jobs, also an 18 percent increase.

The project to streamline the program, began in 2000 with the industry consultation process, came to a conclusion in November 2003 with the announcement of measures endorsed by all participants: APFTQ, CFTPA, Department of Canadian Heritage and Department of Finance. We thank the government for establishing these measures, which have clarified certain administrative requirements and raised the effective tax credit rate to 15 percent for productions with high labour expenditures.

The proposal also entailed a two percent increase in the production tax credits rate, which the government did not implement, however. We are therefore asking the government to consider a two percent increase in the tax credit rate in order to continue creating incentives for Canadian production. Thousands of current and future jobs depend on this.

Ms. Nathalie Leduc: Now I'll present our fourth and final priority.

The 2004 Budget included the renewal of the government's contribution to the Canadian Television Fund for two years, fiscal 2004-2005 and 2005-2006, at the historical level of \$100 million.

We congratulate the government for this commitment, but we believe that it should be established on a permanent basis in order to further improve industry stability. The government budget allocated to the Fund should therefore be renewed for a longer term and for an amount at least equivalent to the historical level. In particular, the budget cuts contemplated should not reduce the scope of government efforts to restore the Fund's budget to its historical level.

Thank you.

• (1255)

The Chair: Thank you.

The next group is the Directors Guild of Canada, la Guilde canadienne des réalisateurs.

Ms. Twigg.

[English]

Ms. Monique Twigg (National Research & Policy Manager, Directors Guild of Canada): Hi, I'm Monique Twigg, and I'm the research and policy manager for the Directors Guild of Canada.

As you'll have read in our written brief, the Directors Guild represents more than 3,800 logistical and creative personnel in the film and television industry across Canada. We have more than 40

years' experience contributing to film and television policy in Canada. We're very pleased to be able to contribute to these proceedings.

The finance committee asked us what the budgetary priorities should be and what measures will best support a strong economy, productivity, innovation, and so on. I would like to begin answering those questions by highlighting one of the main messages developed in our brief, which is that having a strong Canadian film and television sector helps achieve multiple national policy goals and also safeguards important citizen interests. Programs and tax measures that contribute to multiple policy objectives in this way are an efficient use of public resources and should therefore be budgetary priorities.

You've already heard from the earlier panels how much the film and television sector contributes to Canada's economy, generating billions in production and export value and creating more than 130,000 direct and indirect jobs, with multiplier effects in other industries. It's also an important part of our knowledge economy, building labour force skills and developing our high-technology base, all in an environmentally clean industry.

The economic contribution alone would be enough reason to support our film and television sector, but there are other benefits too. Keeping this industry strong contributes to nation-building and to our cultural sovereignty. A viable film and television sector helps reflect and at the same time create our national identity through original films and television programs, especially dramatic productions. I won't talk too much about drama, because you also heard that this morning.

These are essential to creating and sustaining a common culture across the country, one that can still incorporate all our diversity. Keeping our own Canadian industry also ensures that citizens can freely express themselves artistically in audiovisual media and see themselves and their stories reflected in films and TV shows.

Maintaining a strong film and television sector also helps us achieve another important objective: building Canada's relationship with the rest of the world. Our films and television programs take our unique stories and perspectives to every corner of the globe, and we build international ties through co-production. Thus, this industry helps project Canada's profile and values abroad, showcasing Canada on the world stage.

Here I've talked about just three national priorities. With more time I could discuss how supporting our film and television sector bolsters other policy objectives, such as those outlined in the Broadcasting Act, or the role this industry can play in the cities agenda. But I'm here today at a time when Canada's film industry is reeling from a series of blows that have lowered production levels, reduced employment, and generally weakened the sector. ACTRA and the Writers Guild went through a lot of these this morning, so again, I won't go into too much detail.

The employment effects alone should be a cause for concern. Recently released payroll statistics, for example, show the effects during the first eight months of this year. Across Canada, the number of employees in the industry has dropped by close to 30%, and taxable earnings by more than 20%. These are national averages; the figures are even higher for British Columbia. Some of our members are telling us that it may be as high as 40% in British Columbia. These will have untold spinoff effects on other industries as well.

Many people in the film and television industry now find themselves unemployed or underemployed. There is a limit to how long people can stay in the industry under these conditions. These are good, high-paying, high-skill jobs that we will be losing. The danger is that skilled and creative people will leave the industry, or leave the country, and if that happens, the task of rebuilding the industry becomes that much more difficult.

I'm sure you'll consider the lost economic activity and lost tax revenues resulting from the current downturn as you evaluate the recommendations you hear from us and from other organizations here today. What we do know is that right now the film and television industry requires support so that it can emerge from these difficult times and continue to play a part in supporting our economic goals, our sovereignty and nation-building aspirations, and our international strategic interests. The economic realities of film and television are such that the viability of our production sector has always required an integrated set of policy instruments, including financing and tax measures, and that's what I'm here to talk to you about. If anybody wants to talk to me about the rest of them, I'm always available.

Accordingly, we recommend that this year's budget include several measures that work together to keep the film and television industry strong and encourage Canadian production, especially of drama, in the coming years.

The first set of recommendations relates to the funding of programs and institutions, including the CTF, Telefilm Canada, and the CBC. We do recommend that the funding for CTF and Telefilm be kept at least at current levels. We totally agree with APFTQ that it's the long-term stable commitments that are so important in the film and television industry. The projects are long-term and the planning needs to be long-term.

• (1300)

We'd also like to see an increase in the CBC budget for drama. On the tax credit, the PSTC, we'd like to see the base broadened to include all Canadian spending, not just labour. We'd like to see an increase in the Canadian production tax credit. Above all, we want to see Canadian production. As we've learned, we can't depend on foreign service production to sustain this industry.

Our final recommendation is that you renew funding for the Coalition for Cultural Diversity and Canada's contribution to UNESCO meetings on the International Convention on the Protection of the Diversity of Cultural Contents and Artistic Expressions. We very much agree with Mr. Kotto that it needs to be much better known in English Canada.

Thank you very much.

The Chair: Thank you.

The Canadian Council of Archives, with Mr. Farrell.

Mr. Fred Farrell (Chair, Canadian Council of Archives):
Thank you. Good afternoon.

The Canadian Council of Archives, another group with the initials CCA, is a network of 13 provincial-territorial councils and over 800 archival institutions, which has for the past 20 years worked toward preserving and making accessible to Canadians a documentary heritage of this country. During this time, the CCA has received a total of \$27 million from the federal government. These funds have been matched by over \$50 million from the provinces, territories, and archival institutions. Federal support has helped archives across this country with their massive effort to deliver content to Canadians and has assisted in creating national standards, many of which have been adopted internationally.

Everyone in this room is aware of the vital transformation Canada is undergoing from a primarily resource-based to a primarily knowledge-based global economy. Where is all this knowledge going to reside and how is it going to be accessible?

What most Canadians are not aware of is the increasing role that Canada's archives play in such an economy. Many people are aware of the traditional uses of archives: academic and popular history, genealogy, built heritage, and educational curricula, all of which have enduring importance. However, today's archives are not just the attic of our collective memory. They hold the resources that enable a range of initiatives as broad as the scope of Canada and touch every facet of society in ways that few people outside the archival community realize.

For example, in the fields of health and the environment, the preservation of extensive water quality data from the early 1970s now makes it accessible to biologists studying the state of B.C.'s drinking water. Historical images of mountain glaciers can be compared to current photos so climatologists can measure the impact of climate change. Medical researchers documenting hemophilia, Fanconi's anemia, Fabry's disease, and Niemann-Pick disease....

In the fields of legal and citizens' rights, archives contribute to appropriate and accurate land claims settlements; resolutions to residential schools and protective custody cases across Canada; and proof of age and marital status to determine eligibility for the Canada pension.

In the economic and industrial fields, the expansion of the Toronto subway system and the building of the natural gas pipeline in New Brunswick.... One might pause to ask here, what might the cost and impact have been had there been no reliable, authentic records readily accessible for this work?

Within the cultural sphere, numerous NFB and CBC productions, including the CBC's most successful program, and the best-seller *Canada: A People's History*; Anne Hébert's *Kamouraska*; Margaret Atwood's *Alias Grace*; Guy Vanderhaeghe's *The Last Crossing*; Louise Lacoursière's *Anne Stillman: de New York à Grande-Anse*.... These are but a smattering of examples.

Archives are fundamental to the research community, the publishing industry, and the film and broadcasting industries, along with urban renewal, sustaining rural schools, not to speak of national pride and social cohesion.

Library and Archives Canada has lately used the phrase "a national collection" to refer to the archival holdings across Canada, and it's a good phrase. It recognizes the fact that essential records are not, and cannot, be found only in Ottawa. A national collection surely demands a degree of national support.

For the challenges ahead we are proposing a significant increase in this funding. With a \$75 million grant program over the next five years, archives are capable of putting an unprecedented amount of archival content in the hands of Canadians. We want to assist the viability of the federal government's research agenda in all parts of the country, but up to now we've been subsidizing it, and we are not in a financial or a human resource position to continue to do so. Archives provide a degree of support for nearly every group that has presented to this committee.

It has been said that those who ignore history are condemned to repeat it. Without archives, future generations are doomed to repeat the work of the past.

Archives are the most cost-efficient means of protecting against re-inventing the wheel and facilitating comparisons over time. The Auditor General recognizes the importance of access to archival records as a means of guarding against waste. We hope you do as well.

•(1305)

The CCA would like to thank the Standing Committee on Finance for giving us this opportunity to make known our priorities to the government. We'd also like to thank the committee for its past support for the heritage community.

The Chair: Thank you.

Now, speaking for opera in Canada, Mr. McPhee.

Ms. Susan Ferley (Artistic Director, Grand Theatre, The Voice of Opera in Canada): I'm starting.

We appreciate the opportunity to meet with you today and to share with you our views on how the Canadian performing arts sector can contribute to the vitality of Canadian cities, towns, and communities from coast to coast. I'm Susan Ferley, artistic director of the Grand Theatre in London, Ontario. With me is Bob McPhee, general

director of the Calgary Opera Association. We are both here as volunteers.

While we're from different parts of the country with vastly different communities and perspectives, we share a common commitment to the power of art in making a difference to Canadians and portraying what our country is about to the wider world.

Today we will be speaking to a brief jointly submitted by our associations. In considering the breadth of members of these organizations, you will see that the performing arts encompass a broad range of artistic expression from grand opera to experimental theatre and small community orchestras and ensembles.

As artists and practitioners, we see first hand the power of the performing arts. They excite and inspire audiences. They help us understand our past and look to the future. They challenge us to ask questions and map out the kind of Canada we wish to participate in, build, and show to the world.

At the Grand Theatre, one of our unique programs is to reach out to our community and the youth of our community. This high school project involves approximately 50 to 75 students who work with professional theatre artists and artisans to create a full-scale show on our main stage. This program has offered training to young, emerging talents who have gone on to receive more extensive training and are now working within the theatre profession. I quote one of the participants, who said, "What we take from this is a knapsack full of theatrical and personal knowledge that we will take with us and put to use in all walks of life, whatever our journey may be."

Canadians value what we do. Survey after survey demonstrates that we share a common commitment to investing in the arts; 75% of Canadians believe that the arts are important to enhancing the quality of our lives. We are heartened by the growing acknowledgement from all parties in the House of Commons on the importance of arts funding. Last week MPs from all sides of the House spoke to this question. The support of parliamentarians and Canadians is encouraging. As Bob and I go back to our respective cities, it is heartening for us to know that our work is valued.

Mr. Bob McPhee (Director, Opera.ca, General Director, Calgary Opera Association, The Voice of Opera in Canada): The reality, though, is we return to our communities to figure out how to fulfill the potential of the performing arts in an environment of declining and eroding resources. This is not news.

Our immediate priority is simply to persuade the government to sustain the Tomorrow Starts Today program, making it an ongoing, predictable source of funding for the arts. Without this commitment, we fear we will see a cut to the resources of critical agencies like the Canada Council for the Arts. If their \$25 million top-up is not renewed and made permanent, it means a cut of one-sixth of the council's current resources.

We respect the importance of the federal government's ongoing program reviews and the need to continually review priorities. In our own organizations we live with this daily. What we are asking the Standing Committee on Finance and the Government of Canada is to recognize that sustained arts funding is a priority for Canadians. Without stable and sustained operating funds and funding of the arts associations, they are in no position to take the risks inherent in innovation and excellence. No part of society, industry, business, education, or health gets ahead without taking calculated risks.

Without risk, our organization would not have invested in the work of *Filumena* by John Murrell and John Estacio, an opera that tells the story of our people, immigrants to the Alberta Crowsnest Pass area in the early 1900s. Following productions in our community, it will go to Ottawa in April and on to two other cities in the new year. This is an unprecedented situation in the development of new opera in Canada.

To move forward then, we urge the Canadian government to take the long view and consider the potential contribution of the arts to Canadians and our place in the world. Currently, the Government of Canada allocates 0.1% of its total budget to the Canada Council for the Arts. We lag far behind other industrial nations, including England, France, Italy, Germany, and Australia.

We urge the government to look ahead to enhancing its investments to the Canada Council to 0.2% of the total federal spending. This investment would translate into our ability as performing arts organizations to take the measures and the risks necessary for us to reach our full potential in our communities. That means a variety of things ranging from engaging at-risk youth in artistic exploration to telling stories that help us to understand ourselves as Canadians.

Thank you very much for the opportunity to meet with you and contribute to your deliberations. Fourteen million people attended live performances of dance, music, theatre, and opera last year. Decima Research shows that 85% of Canadians agree that government should provide support for the arts and culture. We ask you as our representatives to support sustained, predictable funding for the arts so that Canadians can create their art, tell their stories, and dream their dreams.

Thank you.

• (1310)

The Chair: Thank you.

[Translation]

The next group is the Association nationale des éditeurs de livres. Ms. Derome.

Mrs. Hélène Derome (Vice-President, Literary Publishing, Association nationale des éditeurs de livres): I would like to thank the Chairman and members of the Committee for receiving us. I am Vice-President of the Literary Publishing Section of the Association nationale des éditeurs de livres. With me today is Marc Laberge, Treasury and Director of Presses internationales Polytechnique.

The Association nationale des éditeurs de livres represents 90 percent of professional French-language publishers, with 110 Francophone members in and outside Quebec. Our association's

primary mandate is to promote Canadian books both nationally and internationally. We work hard to spread our culture around the world, and we also play a very active role in the defence of cultural diversity.

As a result of our association's work, UNESCO has named Montreal the world book capital for 2005-2006. This year of Montreal the world book capital will end with a symposium organized by the Union Internationale des Éditeurs, which will be organized by the Association nationale des éditeurs de livres and by the Association of Canadian Publishers, the ACP.

As regards our economic activity, here in Quebec, we generate \$348 million in book sales, which, for us, represents a 49 percent market share. That's enormous considering that, 40 years ago, we represented about 10 percent of sales here in Quebec. Last year, we paid \$29 million in copyright royalties in Quebec alone.

Our publishing work also feeds other cultural industries. I'm mainly thinking of the theatrical works we publish, but also of the fact that many films are now based on books that we've published. I'm thinking of a film that will be out soon, entitled *Maman Last Call*, by Nathalie Petrowski, and of the successful *Sur le seuil*, by Patrick Sénécal, or *Mademoiselle C.*, by Dominique Demers, or *Monica la Mitraille*, by Georges-Hébert Germain.

Ultimately, it must be understood that subsidies for publishers represent a maximum of five to 10 percent of publishers' turnover. That's not much relative to what we generate. We create approximately 20,000 direct jobs, that is to say jobs in the publishing houses, and in the printing sectors, pre-press, sales, book stores and so on.

I'm going to be fairly brief. This year we're asking that what we've obtained in recent years be maintained, that is grants from the Canada Council and PADIÉ. We want the Tomorrow Starts Today program to be renewed. That program ensures guaranteed income. I'm mainly thinking of the Canada Council, which must derive its income from, other things, its investments, which often makes the amounts of the subsidies that artists and publishers receive highly uncertain. So it's important for us that this program be renewed and the budgets maintained.

UNESCO claims that a cultural industry cannot survive unassisted if there are fewer than 12 million inhabitants. There are seven million inhabitants in Quebec, and we absolutely need these loans. That's what I have to say.

• (1315)

The Chair: Thank you.

[English]

The next group is Friends of Canadian Broadcasting. Mr. Morrison.

[Translation]

Mr. Ian Morrison (Spokesperson, Friends of Canadian Broadcasting): Mr. Chair and committee members, thanks for inviting friends of Canadian broadcasting to participate today. We are a watchdog group financed by 60,000 Canadian families. Our mission is to defend and enhance the quality and quantity of Canadian programming in the audiovisual system.

[English]

All of you know how important broadcast media are to the local communities across the land. Broadcast media are the lifeblood of the economy and community life of Canadian towns and cities. Good local media are an essential part of our democracy, and they are under exclusive federal jurisdiction.

From our research and the observation of our members we have discovered that the quantity and the variety of local broadcasting are declining throughout the country, especially during prime time when most Canadians are free to watch. We've passed on some data, attached to this brief, to back that up.

In the case of the CBC, Canada's national public broadcaster, this is not just unfortunate; it's against the law. The Broadcasting Act states that CBC's mandate is to reflect Canada and its regions to national and regional audiences while serving the special needs of those regions.

You may recall that four years ago Robert Rabinovitch, newly installed as CBC's president, proposed to kill CBC's local supper-hour shows in 16 cities. Only a storm of protest in Parliament and across the land caused him to relent, but he did cut those shows from 60 minutes to 30 minutes, and as a result their audience share dropped sharply. Again, the data are attached to this presentation.

This issue topped the list of questions when your colleagues on the heritage committee grilled Mr. Rabinovitch last week on the occasion of his proposed reappointment.

Your heritage committee colleagues recently undertook a thorough study of Canadian broadcasting. That report, now widely referred to as the Lincoln report, was originally submitted to Parliament in June 2003. Two weeks ago that same report, entitled "Our Cultural Sovereignty", was unanimously resubmitted to the new government by the heritage committee for a new policy response.

"Our Cultural Sovereignty" contained 97 recommendations, all of them important. I want to focus on one that Friends of Canadian Broadcasting believes is the most important. It's all about local and regional broadcasting.

Your heritage committee colleagues wrote that:

...the Committee is of the view that it is incumbent upon the CBC to ensure that levels of local programming—based on local needs—are delivered to audiences.

They added:

...the CBC cannot possibly be expected to act on one part of its public mandate—over and above its other responsibilities—if it is not ensured sufficient resources.

The committee called on the CBC, by June 2004, to:

...deliver a strategic plan, with estimated resource requirements, to Parliament within one year of the tabling of this report on how it would fulfill its public service mandate to:

- (a) deliver local and regional programming.

Now, more than 17 months following the tabling of that landmark report and five months after the deadline laid out by the heritage committee, the CBC has still not responded.

Answering questions from heritage committee members last week during the hearing on his proposed reappointment, President Rabinovitch refused to disclose his plans, although he did tell a media scrum following that session that he planned to ask for additional funds to strengthen regional programs on television.

Friends of Canadian Broadcasting believe strengthening CBC's local and regional capacity is the single most important broadcasting investment the federal government can make—it's under exclusive federal jurisdiction—and will enable our cities throughout Canada to function better through more and better local information and identity.

We estimate that the CBC will need \$100 million additional each year to make a meaningful contribution in local broadcasting. We recommend this investment to your committee, contingent on CBC management's coming up with an acceptable plan for reinvestment in its grassroots programming. Doing this will turn our national public broadcaster into a Canadian broadcasting corporation rather than essentially a Montreal or Toronto broadcasting corporation.

• (1320)

[Translation]

And finally, we would like to underline and endorse a second recommendation from *Our Cultural Sovereignty*:

The Committee recommends that Parliament provide the CBC with increased and stable multi-year funding (3 to 5 years) so that it may adequately fulfil its mandate as expressed in the Broadcasting Act.

Thank you, Mr. Chairman, for giving us the chance to appear today.

The Chair: Thank you, Mr. Morrison.

We'll now move on to the period of questions by members.

Mr. Harris, you have seven minutes.

[English]

Mr. Richard Harris: Thank you very much.

Mr. Conradi, is your organization, Canadian Arts Summit, in some way tied to an earlier presenter?

Mr. Axel Conradi: Is that the Canadian Council for Business and the Arts?

Mr. Richard Harris: Yes.

Mr. Axel Conradi: I should describe us. The Arts Summit is a gathering of the artistic directors, general managers, and board chairs of the 40 organizations that are part of our grouping. I am currently the board chair of the Arts Club Theatre in Vancouver, and the Canadian Council for Business and the Arts provides the secretariat service to the Arts Summit.

Mr. Richard Harris: Okay.

I go back to the capital gains tax on gifts of securities. As I understand this in your short brief—and correct me if I'm wrong—if someone wants to endow or otherwise gift securities they own to an arts group, when the ownership transfer takes place, if there are any capital gains in those securities, the donor must pay capital gains tax on them.

Mr. Axel Conradi: That is my understanding, yes.

Mr. Richard Harris: And then as a result of the receipt they get from the arts group they donate to, they get a tax deduction?

Mr. Axel Conradi: That is my understanding, yes.

Mr. Richard Harris: We've dealt with this one before. I have been on this committee six years now, and this one has been before us more than once.

Mr. Axel Conradi: Yes, and you've recommended positively in support of it.

Mr. Richard Harris: Right. I know our party still does, because we think it's a great way to fund arts and culture from a private or corporate perspective.

Okay, thank you very much.

Ms. Ferley, on your recommendation 2, "that the government of Canada extend social benefits to self-employed artists to treat working artists as they do other Canadians", what social benefits are you talking about?

• (1325)

Ms. Susan Ferley: I believe it's related to taxation—am I right, Lucy, that this is the territory?—that they continue to be self-employed but also receive benefits.

Mr. Richard Harris: What kinds of benefits?

Ms. Susan Ferley: Lucy, this is your territory.

Excuse me. Lucy White is the executive director of PACT, so she has the statistics.

Certainly it's that they continue to be self-employed, but in terms of the structure of some of the deductions—employment insurance and pensions—that self-employed artists work outside of...

Mr. Richard Harris: Other Canadians who are self-employed are not eligible for the EI plan either. Someone who owns a little corner grocery store cannot pay into the EI program; someone who owns a tire shop cannot pay into it. They can contribute for their employees, but they themselves can't be in it.

Ms. Susan Ferley: This is outside my territory.

Mr. Axel Conradi: Could I jump in here?

This proposal has been very substantially championed by the theatre community. It really is not an attempt to have artists both receive benefits and retain the tax status of individual entrepreneurs; it is that they be presumed to be individual entrepreneurs and that they do not collect unemployment insurance as employees of the organizations they work for. It is in part to preserve that independent status for themselves and to not have those who employ their services be put in the position of having to all of sudden pay unemployment insurance, Canada Pension Plan deductions, and so on.

Mr. Richard Harris: Okay, that sounds more reasonable.

Those are the only two questions I had.

The Chair: Mr. Loubier.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Thank you, Mr. Chairman.

I would like to come back to Mr. Harris's question. A few months ago, we met with Quebec artists working in various fields. They made two requests, regarding taxation essentially. The first was that artists, who may earn more income in one year and less in the following year or two years later, be able to average their income over a number of years, rather than be taxed for one year in which their incomes were 200 percent higher than the preceding year. You are aware of this request, Ms. Leduc. People forget that income was virtually nil in the previous year.

The other request was that, where they are considered self-employed workers, they be able to contribute to the Employment Insurance Fund; in other words, that they be able to build their own income security system out of their own incomes.

Do you agree with these requests? Do you think this is still valid, particularly the income averaging question?

Mr. Jacques Bouchard: Mr. Chair, I'm not going to speak on behalf of artists, because we don't represent an association of artists. We think their requests are highly legitimate. Income averaging is very appropriate. However, I don't represent the artists' associations.

Mr. Yvan Loubier: Mr. Conradi, earlier you suggested you disagreed about artists or creators being able to contribute to the Employment Insurance Fund.

Is that because you want to avoid employers having to pay contributions?

Mr. Axel Conradi: We're in favour of maintaining entrepreneur status for artists. Consequently, only they would contribute to the Employment Insurance Fund.

Mr. Yvan Loubier: My question is for publishers as well. Foreign artists, particularly Americans, are often promoted in a number of Canadian magazines. We also see this in music, on the radio, on television and so on. Since a number of those magazines or those media are funded in part out of public funds, how could we have a little more control over content and promote Canadian rather than American artists?

• (1330)

Mrs. Hélène Derome: That question has been extensively debated by the Association des éditeurs de magazines canadiens as well. The Canada Council has previously created programs to encourage written advertising in the media and, consequently, to make more room for Canadian publishers. However, they haven't worked all that well.

Having said that, we are nevertheless pleased to receive that assistance. The problem is broader. The Association has requested, among other things, that books be constantly and widely present, at least on state television, and not only on literary programs made available to as many people as possible. The problem is the space that books occupy as a whole, on every subject. There's a tendency to drop Quebec publishers.

There is competition among publishers that is not much talked about. For Anglophone publishers, that competition is obviously American. We have very strong competition from European publishers. In fact, when they come here, to Montreal or elsewhere in Canada, we give them all the room they want because they're visiting.

What measures can be taken to counter that? If you start imposing quotas or requirements such as that, I don't think they'll be readily accepted. Canadian publishers would definitely like there to be more requirements for state-subsidized magazines or programs. However, I don't think you can do that.

So promotional assistance is generally important for Quebec publishers, and few of us are now able to take our place and compete effectively with publishers that have been established for more than 100 years, when publishing in Canada is a very young industry, particularly if we compare it to our competitors.

Mr. Yvan Loubier: Are you making that an issue in the debate on cultural diversity?

Mrs. Hélène Derome: Do you mean our place in the market?

Mr. Yvan Loubier: Yes. You say it might be a good idea right now to impose quotas on Canadian publishers, but that might be less well received by foreign businesses or artists doing business with Canadian magazines. It might become a kind of barrier to trade, under the American definition currently prevailing.

Mrs. Hélène Derome: Yes, it could be a problem. Even if it means expanding the debate, I'd say it's clear, under federal and provincial policies, that we need to see that books are given an important position in all organizations where that's possible. Among other things, I'm talking about Quebec publishers, our libraries, our book stores and newspapers.

To do that, above all, you have to offer significant and constant assistance to publishers—that moreover is a request being made by everyone here—so that they have the means to make themselves

known. In that way, I believe it'll be done more naturally than if quotas are imposed on magazines, for example. I for one don't take a favourable view of that.

Mr. Yvan Loubier: Mr. Goyette.

[English]

Mr. Mark Jamison: I think we have to make it clear that, first of all, Canadian magazines, whether they're French or English magazines, that have any access to any of the government programs are running around 93% Canadian content. They're required to have a minimum 80% Canadian content, that is Canadian-authored. Canadian stories, Canadian designers, and Canadian editors are all contributing.

The question about requiring Canadian magazines to have a level of Canadian content is a little off track simply because it's already happening. The reason Canadian magazines do so well in this country—and a little more than 40% of the consumption of magazines in Canada is Canadian—is because Canadians want to hear about Canadian artists, Canadian stories, and Canadian writers.

To put a finer point on it, there are magazines in this country that are dedicated totally to what is going on in opera in Canada and what is going on in books in Canada. So the Canadian content programs, such as the publications assistance program, allow us to get Canadian product out, and the Canada Magazine Fund only supports magazines that are focused on Canadian content.

• (1335)

The Chair: Thank you, Mr. Jamison.

Monsieur Bell.

Mr. Don Bell: Thank you.

The general message I've heard both from the previous panel and this one is the need for long-term stable funding. That seems to be the underlying theme that is coming through, which is a very common message that I think governments hear at all levels from groups, particularly arts and culture groups, and non-profits, because of the difficulty of budgeting for the coming year. The time of budgeting is such that it's very difficult to retain good staff if other opportunities in other areas come up where there's an opportunity but where your future is not dependent on whether or not there's funding. That message has come through clearly to me.

I had a few specific questions. One is to either witnesses from the Canadian Magazine Publishers, whichever gentleman is....

I have a question that relates back to an issue we spoke about when the periodical writers were here. Do you find that the funds—they talked about the Canada Magazine Fund, for example—benefit your business? Should the purpose of that fund be to stimulate new magazines, or is the funding going to existing magazines that are already established and profitable and part of that 40%?

Mr. Mark Jamison: It's going to both. It's based really on the amount of content the magazine invests in, and the Canada Magazine Fund is specifically tied to the amount of content you produce. Magazines with larger budgets for content and larger investments in content are deriving more financial support from the fund.

The fact that we have the Canada Magazine Fund and the PAP program does help us to level that playing field with respect to the foreign content coming in.

Mr. Don Bell: I think the issue is, is the fund helping magazines that need it, that are struggling, as opposed to just rewarding magazines that have high Canadian content? They're both valuable. The goal is to increase the Canadian content, but is it going primarily to magazines that are doing well, not in terms of content but doing well financially, as opposed to encouraging those that may be trying to grow into market share that is financially sustainable?

Mr. Mark Jamison: The content fund is pretty democratic in terms of how it impacts because of the nature of it being focused on content investment. If you were going to tie it to magazines from their business plans, it would require quite a change in how you're focusing. Right now we're trying to get that money focused on the creation of Canadian content, and it is doing a good job because we are seeing more magazines, whether they're established or not well established, expanding their content base and getting into new magazines and supplements and engaging more creators.

Mr. Don Bell: All right. Thank you.

To Monique from the Directors Guild, in your brief on page 5, the top, there are two references. In one you say, in reference to the cuts that came, "the recent increases were not routed to drama production in any case". I wonder if you could expand on that.

Second, you talked about the shrinking of CBC drama funds. The CBC guaranteed up to 50%. That was eliminated in 1999. Someone earlier today talked about some disastrous decision in 1999. Is that the reference to it? Could you tell me, because I'm new on this committee?

Ms. Monique Twigg: The 1999 decision is not so much related to CBC. It's related to private broadcast.... The 1999 television policy is what they're talking about, which did different things. But one of the things it did was it eliminated broadcasters' expenditure requirements for Canadian content. There are still some limited ones in ownership transfers. CTV, for example, has some requirements still. And that led to a precipitous drop in drama production, because they no longer had to contribute to it.

Mr. Don Bell: You're saying the recent increases didn't go to drama because of that then. Is that why?

Ms. Monique Twigg: That refers to the CBC. For the CBC, some of the funding that had been cut was reinstated, but the CBC has so many things it has to do—and particularly it has a regional mandate, etc.—with the money it gets, so that money didn't go to drama per se.

•(1340)

Mr. Don Bell: My next question is to Linda or Peter from the Independent Media Arts Alliance. You talked about dollars needed for the presentation of the arts. Are you talking about the touring of Canadian arts presentations, or are you talking about presentation of artistic productions coming to Canada?

Mrs. Linda Norstrom: I think part of it has to do with actually recognizing artists in our own country. That's a big problem—

Mr. Don Bell: So touring within Canada.

Mrs. Linda Norstrom: Touring within Canada and exhibiting within Canada. As mentioned, Heritage had the Arts Presentation Canada fund, which was a great fund for helping festivals and many other groups as well to showcase the great works that are happening in our own country. There are many Canadians who don't even know there are all of these independent media artists out there who are producing work. So that is one of the points we're talking about.

Another is definitely showcasing work abroad. There are a lot of Canadian artists who are recognized in Europe who many Canadians just will not know; they don't recognize the names. It's about helping to bring it up a little bit of a level so that it doesn't just stay within this community of cultural workers, so that the broader Canadian actually understands and knows that this work is happening and that it's valuable work to our community.

Mr. Don Bell: All right. Thank you.

Mr. Peter Sandmark: May I add a point to that?

Festivals, traditionally, in the film industry are launching pads for movies, right? This is where they get sold. But in the independent milieu, festivals are now "the" place, in some cases the only place you get to see a work. So these festivals are critical. That's the market now. That's where people can see a lot of independent work, and what we're missing is linking so that work can tour.

In some cases festivals now are doing innovative work where they take programming and go out into the regions and tour through Ontario or tour through Quebec, and we still don't have this network organized so that we can tour work all across Canada. People in different regions aren't seeing what's being created in other parts of Canada.

The Chair: If we're going to write a book, or produce a movie, or write a play, or whatever it is in the cultural field, shouldn't there be a portion for the marketing aspect in the cost? Shouldn't we already have that when we're either producing, writing, or whatever we make? Isn't that part—

Mr. Peter Sandmark: It should be.

The Chair: It's part of any business plan, I would imagine.

Mr. Peter Sandmark: That's what's missing from our business plan, if you will. If you look at Hollywood, a huge part of their budget is for marketing. We've been very successful at funding production in Canada and we have overlooked the marketing. I totally agree that this—

The Chair: Sorry, I don't mean to interrupt—it's not my question—but is it because we're missing funding, or is it because the cultural community is not doing the marketing aspect? Are the programs only geared toward the making of the actual...whether it's a production, a record, an album, or whatever?

Mr. Axel Conradi: Can I respond to that as well?

The Chair: Oops.

Voices: Oh, oh!

The Chair: These are my five minutes.

Go ahead.

Mr. Axel Conradi: Part of the end use of the extra money that the non-profit sector has been requesting for the Canada Council would definitely go to increase touring. Yes, we spend a lot of money on marketing. The Arts Club Theatre alone sells enough tickets to sell out GM Place about seven or eight times a year, so we do spend a lot of money on that.

On the funding we used to get from the Canada Council, by and large, in the past for many organizations it tended to cover our fixed costs, with all other revenues basically covering the variable costs of producing a show. So the increased funding—to answer your question—would definitely go in part toward touring Canadian shows in other parts of Canada and within regions.

The Chair: Thank you.

Mr. McPhee.

Mr. Bob McPhee: I think we very much focus on the marketing aspect. But our employees' salary bases are less than 60% of what most Canadians' salaries are, and we are putting as many dollars into the creation of the arts and possibly neglecting the marketing to a certain extent. Because we've been frozen and in real dollars are taking cuts from our major funding sources, we're forcing more and more of our dollars to be utilized in the creation, which is our core mandate, as opposed to addressing the marketing. We could possibly see a redirection in that area if we saw some shoring up in our core mandate.

• (1345)

The Chair: Mr. Jamison.

Mr. Mark Jamison: Marketing is certainly the big picture, but in terms of distribution, for most cultural industries it's simply getting access to the distribution channels. In our case, for magazines we only have 10% of the newsstand, yet because of the PAP program, as an example, 70% of all subscribers to magazines in Canada are taking Canadian magazines. So there's a direct relationship to trying to get access to the market.

Film has 3% of Canadian consumption, primarily because they can't get into their own theatres in this country. It's a problem for most cultural industries. We really need assistance from our government to help us overcome some of our core distribution problems, regardless of what our industry is.

The Chair: Mr. Morrison.

Mr. Ian Morrison: On your question addressed to broadcasting, you will find that on the anglophone side, private broadcasters spend far more in the promotion and marketing of American shows than Canadian shows. You will notice right now that the CBC on the anglophone side is putting most of its marketing money into Hollywood movies.

The Chair: Don, you have another minute.

Mr. Don Bell: Thank you.

I have a question for the association of TV producers in Quebec. I don't know if you passed on the question of income averaging—if you felt that wasn't related to your area specifically. There were three things you talked about: maintaining the current funding levels, improving the feature film fund, and improving the film tax credits.

Income averaging was talked about in an earlier panel by some of the people from the film industry—ACTRA and others. They talked about this problem where a writer of a film or a book will spend a couple of years producing it and will maybe work as a waiter to live. Then they get the income from their book or their movie but have another period of low income. They get this bulge when the income comes through.

It seems to me that income averaging going backwards is needed, as opposed to income averaging going forward. Earlier, Conservative colleagues talked about having a big income one year and then going fallow for a few years. Can you comment on that?

Sorry, I don't speak French.

[*Translation*]

Mr. Jacuelin Bouchard: I said earlier that we agreed with the artists associations' demand regarding income averaging.

Of course, the fact that the film and television industries are very often under-financed puts pressure on all stakeholders, whether it's the producer, who has to invest more than average, or the salary structure as a whole.

One statistic comes to mind. The average film budget in Quebec has not changed in about 10 years. It has remained the same in absolute dollar terms, an average of approximately \$2.1 million. If you consider inflation, the average film budget has clearly declined. Some serious thinking is starting to be done on this subject. Declining average budgets clearly put pressure on revenues.

We therefore need more funding for films. Ironically, in the year just ended, seven of the Canadian films that broke the \$1 million mark are from Quebec. Available feature-film budgets, which were partly based on performance, have reached a maximum. So, despite the excellent global performance of these films, we've hit a ceiling for lack of money.

[*English*]

The Chair: Thank you. Merci.

I've got about 12 minutes. Madam Wasylcyia-Leis, and then Ms. Minna for five.

Ms. Judy Wasylcyia-Leis: Thank you, Mr. Chair, and thanks to everyone for the strong presentations today.

If you ask me, I'd say we're in a crisis in Canada in terms of our own indigenous cultural presence. It seems to me we're on the last legs with the CBC. Our performing arts are always begging for money. There's a whole pressure out there to consider arts, culture, film, and literary works as frivolous and luxuries.

We need a strong voice at this golden opportunity in Canadian history when we're awash in dollars. There's a prediction of \$52 billion in surplus over the next ten years. The pressure is mounting to see that money go against the debt or to tax cuts. There's a ten-year plan, as you know, to reduce our debt to 25% debt-to-GDP ratio.

There's no long-term plan for the CBC, the performing arts, periodicals, or Canadian drama. I want to know if anybody wants to give us some advice on how we're going to make this strong message in our report. How are we going to turn the tide, save what's here, and build a sovereign cultural environment in Canada?

Ian, Mr. Conradi—does anybody want to jump in?

• (1350)

Mr. Ian Morrison: Respecting the chair's 12 minutes, now 10, in one minute of that I would say that your colleagues on the heritage committee from 2001 to 2003 did a pretty good job and came out with a rather comprehensive and, I would say for the most part, multi-partisan series of 97 recommendations. There were a few that the former Alliance Party did not support and a few that the Bloc did not support, but for the most part it was unanimous.

In the ensemble, it is a new broadcasting policy for Canada. Just two weeks ago the current parliamentary heritage committee resubmitted it to the government. So in every crisis is an opportunity, and within the solid work of that parliamentary committee is a substantive response to your concern, were the government to take it seriously.

Ms. Judy Wasylcyia-Leis: I agree, except at the same time all of that's happening we get the supplementary estimates that show further cuts to CBC, Telefilm, and museums. We know there is an expenditure review going on, with use of the word "reallocation", which we know is a weasel word for cuts. We know the first areas to get cut are always the arts.

I'm wondering if anybody can take on these arguments about the debt and tax cuts and the need to invest now in arts and culture.

Mr. Axel Conradi: I can say that our appearance today is the beginning of an effort on behalf of the Arts Summit, including all the volunteers like myself associated with it, to raise the profile of this issue. I think you'll be hearing more from us in the future.

I don't know if this is part of the finance committee's mandate or not, but whenever there are proposals, particularly for new government expenditures, why not require that there be a paragraph attached to any such proposal that would demonstrate the impact of that spending proposal on the arts and on Canadian identity as a result?

Ms. Judy Wasylcyia-Leis: That's not a bad idea. It's sort of like our supposed gender-based analysis of every funding arrangement.

Go ahead.

[*Translation*]

Mrs. Hélène Derome: You have to understand that the problem of culture arises in all countries. Supply outstrips demand. In most countries, the solution is to export works and distribute them abroad. Organizations here are increasingly competing with foreign cultural industries. To avoid being alarmist, I won't say that our industry is going to disappear completely, but, if we don't take steps to defend it, it will automatically shrink because supply is increasing around the world. Since more people have access to culture, more is being produced in that area. This is a virtually global phenomenon, at least in publishing. This problem is much discussed, and the solution appears to lie in exporting. If we remain passive, we will definitely lose ground in the market.

To come back to publishing, I would like to say that there are one million illiterate persons in Quebec alone. We're talking about people who aren't functional readers. However, future generations will have to be better equipped to face the future, and that also involves culture, openness to the world, knowledge of what Canada is and who we are, so that we can make judgments and so on.

In that sense, culture is a tool, but it appears we're leaving it in the hands of others. We have to adopt a more global vision of culture.

• (1355)

[*English*]

The Chair: Go ahead.

[*Translation*]

Ms. Judy Wasylcyia-Leis: I agree. However, it seems to me the primary issue for the arts is the investment level. It must be recognized that the federal government has failed in its responsibilities in that regard. Unlike other countries, we haven't invested a lot of public funds in the arts. So first we have to address that question.

[*English*]

How do you persuade significant investment, direct government spending, in arts and culture as well as all the tax changes that are being thrown out? How do you move this whole equation into direct investment and away from putting all of our money against the debt, which doesn't seem to get us any further ahead in terms of economic growth, and into tax cuts, which benefits the top end? How do we use this golden opportunity to reverse this trend?

The Chair: Nathalie Leduc.

[*Translation*]

Ms. Nathalie Leduc: I think we have to start exploiting successes we've achieved. In the film industry, this is the first year we've had so much representation in the Oscars. That's raised a lot of interest not only in Quebec films, but also in Canadian films in general. That's a calling card and we have to take advantage of that. The publishing and magazine industries, among others, have no doubt had successes as well.

Lastly, if investment stops, the entire industry will be disrupted over the long term. Projects that could be produced in a few years are being developed right now. The government is quick to cut, but, in doing that, it limits the future. So we have to emphasize that this is a calling card and that's what distinguishes us.

The Chair: Thank you, Ms. Leduc.

Ms. Minna.

[English]

Could I ask you to just stay an extra five minutes, if possible, for the witnesses? Is that okay?

Thank you.

Hon. Maria Minna: I'll be quick.

Thank you very much.

The Chair: You can go now.

Hon. Maria Minna: Thank you Mr. Chairman.

I'm not going to reiterate what I said earlier with respect to my support of the arts and culture, because I think that's something we have to do. We have to invest, and it's time we got a little more serious about it.

I want to get a little more specific with respect to the CBC. Mr. Morrison commented with respect to the regional programs, which were shut down not too long ago. There is quite a problem.

One of the things I found when I was Minister for International Development...as an adult, I discovered the Acadian culture. As a Canadian who had come here at the age of nine, I wasn't aware of or familiar with it. I knew there were French-speaking Canadians elsewhere, but not that there was an actual Acadian culture. I was not aware of it until I was in Moncton at the Francophonie summit, where they put on the best opening and absolutely the most fantastic closing performances I've ever seen anywhere. It was all local talent, all locally produced. It was fantastic. The rest of Canadians don't see that.

I obviously support an increase for CBC. I support stable funding. I support increasing it and making sure the regions are there. My question is, if it didn't happen before, is there any chance of getting the corporation, in addition to doing local things, to somehow transport them so that people in B.C. can see what's going on in Moncton and I can see in Toronto what's going on somewhere else? To some degree that's what...our nation is so broad. And I support the funding.

So there are just two questions. Do you know of the possibility of any such plan, and will the \$100 million do it, or is it not enough?

Mr. Ian Morrison: The Broadcasting Act is on your side. The value of having investments in the local communities around the country is partly to tell their stories within the communities and partly to tell their stories to the rest of the country, to move away from a big-city hinterland model, which is too much the role of both SRC and CBC television at the moment.

Your colleagues in the heritage committee...Mr. Lincoln, as I referred to...that report demanded of CBC that it come forward specifically with a plan to do in part what you just said. I was here, as Mr. McKay will note, to criticize the CBC management for not responding to that invitation or instruction from Parliament.

With respect to the priority of doing it—I am still reminded of the comment from your colleague on this side—during the Second World War, Winston Churchill was asked to make certain cuts in the

arts, and he said, “If I cut Shakespeare, why would we bother fighting the war?”

It's really ultimately a question of values, and hopefully your committee, through this quite substantial canvassing of cultural opinion, has an opportunity to influence that result.

• (1400)

Hon. Maria Minna: Obviously, I am very supportive of the funding. I think probably I might reinforce your position or that of others to the corporation to implement the other aspect of it and then come forward with a plan. I really do think it's important for Canadians, wherever they may be, not only to see their local culture, because of course that's important, to see themselves reflected, but also to see what the rest of Canada is offering them. I think that's what gives us cohesiveness and respect for one another. That's important.

The other is a very small question. I apologize that I forgot to ask who brought it up. It's the \$133 million, the 5% request for cutbacks or giving back to the centre.

Is that part of this program review? Was that you, Mr. Sandmark?

Mr. Peter Sandmark: Yes, I'd like to, because I have to admit I was sort of shocked to see the government—

Hon. Maria Minna: So am I.

I'm asking because my understanding is that it's not supposed to be a cut; it's supposed to be a review of programs that are no longer important, and then a recycling of that money within the same system for things that have a higher priority. It was not meant to be a cut across the board.

So I'm very interested to know what's going on from your end, what you're getting, because that's not what I'm getting from the minister.

Mr. Peter Sandmark: Well, I only know what I'm hearing from the Ministry of Heritage, which is that it's reallocating 5% of its funding over several years.

Hon. Maria Minna: Just across the board, no...?

Mr. Peter Sandmark: I think the heritage ministry is trying to vary it, agency to agency. I don't believe every agency has been asked 5% per se. My reaction to that was how can you be doing that at a time when you're running surpluses? It just doesn't make any sense.

If we're not a rich country, then which country is rich? If we, as a rich country, cannot support the arts, then who can?

I was dumbfounded.

[Translation]

Ms. Nathalie Leduc: That five percent cut will nullify the gains we've made by obtaining new funds for the Canadian Television Fund. I think that's too bad. I know a plan has been requested to cut the budgets of each department and each cultural agency reporting to Canadian Heritage by five percent, as is the case for other sectors. I think that's too bad because we've just managed to restore the budgets of certain organizations. And now that success is being erased by requesting cuts, at a time when the government has surpluses.

[English]

Hon. Maria Minna: Thank you.

[Translation]

The Chair: Thank you, Ms. Leduc.

[English]

Thank you, Ms. Minna.

Mr. McKay, just quickly.

Hon. John McKay: I was listening to the last exchange on program review, and the idea of program review is that every department looks at its entire panoply of programs and asks itself, "Are all equal? Are they all achieving the intended mandate?" I don't know of any large organization that continues to say that all things are always equal at all times and that they are always 100% priorities.

If you have 40 priorities in a given department and they're all number one, well, you'd have no priorities at all. So surely to goodness over the course of a lifetime of programs, some priorities become less so than others.

I want to, if I can, just ask Mr. Morrison's opinion on one of his charts.

I was reading your material after you were speaking here. It looks to me that on the supper-hour share of the CBC audience.... I'm rather stunned, actually, by these numbers. Maybe you can provide me with some explanation.

St. John's is very popular. Charlottetown is very popular. Windsor is quite popular. Winnipeg is somewhat less so. The rest, with a few exceptions, are pretty unpopular and don't seem to command much of a market share. Toronto is 3.5%. London is 1%, and things of that nature. I don't understand the variations in the market share, given that I'm a big fan of CBC.

•(1405)

Mr. Ian Morrison: It's a quick answer: the addiction to hockey.

From March to June, programming is pre-empted almost every night for NHL playoffs. In eastern Canada, the pre-emption affects later hours in the evening, but because of the curvature of the earth, for the cities you have mentioned it tends to go after the supper-hour shows. And when people can't find them for two or three months, it drives them to the competition.

Hon. John McKay: Why is London, then, 1% and Windsor 25%? The curvature of the earth doesn't explain that.

Mr. Ian Morrison: London is not receiving a full range of CBC services right now. It should, but it does not.

Hon. John McKay: So is the ironic trade that CBC makes huge amounts of money out of *Hockey Night in Canada* and keeps itself afloat, but in the process it kills its other regional programs?

Mr. Ian Morrison: It's a question of priorities within the Canadian Broadcasting Corporation. It goes back to the Honourable Maria Minna's question of a few moments ago. They have the issue of dealing with, as you know, more substantial cuts than the overall Government of Canada has over the past decade, and they've made

certain compromises as a result. They've become more and more dependent upon commercial revenues.

In respect to your comment about the program review process, when like Madam Frulla you are managing a portfolio where, let's say in rough terms, 50¢ of every dollar is going to one agency, the CBC, are you going to exempt that agency and then try to get 10¢ of every dollar out of all the rest? It's a pretty difficult thing in practice for a Minister of Canadian Heritage.

Hon. John McKay: I wouldn't disagree with that point, that it will be difficult.

I have one small final question. With the publications assistance program, with the Canadian magazine publishers, as I understand it, if *Maclean's* magazine appears on a newsstand, it's competing with 90% foreign content, but if it's mailed, it enjoys a 70% share with other Canadian magazines. Is that the nub of it?

Mr. Mark Jamison: That's correct.

Hon. John McKay: Do you attribute that loyalty to the subscriber entirely to the publications assistance program?

Mr. Mark Jamison: It has been a key element. It's a partnership with the publisher and the reader, as well as Canada Post and the government. It does work. The publications assistance program has been a great support for that, and without it, we believe our subscription levels would start to look like our newsstands.

Hon. John McKay: Your testimony, then, is the irony of the federal government forking money out of one hand to support the program, and on the other hand, the crown corporation hiking rates.

Mr. Mark Jamison: That is a real challenge. They're up 60% in five years, and we need to address that as well. It is a 60% increase with cumulative rates.

Yes, the connect-the-dots there is a tough one, and we need to look at it together to see if we can work with them, as well as the heritage department, to try to find some balance in this to maintain that 70% market share in the subscription area.

Hon. John McKay: Thank you.

The Chair: It's never-ending. These are interesting panels—can I say “enlightening” again?

Hon. John McKay: You could say that.

The Chair: I just have one quick question for Mr. Farrell.

You asked for \$75 million for the archives. Is there a reason you are asking for \$75 million and not just \$7 million...? Can you just give us that information? Or if it's a quick answer, I'll take it.

Mr. Fred Farrell: The big reason is that we're being inundated by people who are funded by the federal government, whether that's the Social Sciences and Humanities Research Council or any of the other entities—the CBC is a good example. We've been labouring under this for many years and we're at the point of exhaustion at the moment.

Particularly with Canadian Heritage's own focus on digitization, that is a huge pot of money and a great deal of energy, but all of the entities, whether they're broadcasters, libraries, or museums, come to archives for the content to meet those demands, and archives doesn't have the infrastructure to do this. However, we realize the importance of providing that content and we're anxious to do it, and the \$75 million over five years is a conservative amount.

•(1410)

The Chair: Okay, that's over five years.

Once again, thank you to all the groups for your time. Maybe we'll see you again next year.

Thank you very much, and I want to thank the Liberal members for hanging in.

The meeting is adjourned.

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