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Chair

Mr. Massimo Pacetti

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•(1715)

[English]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): Good afternoon. Good evening. Let's just take a couple of minutes for logistics.

The vote is at 5:45. The bells will start ringing at 5:30. I'm going to try to stay here until as late as possible so the witnesses can at least read their briefs into the record. Then we're going to have to recess. Apparently there are nine votes, so you're looking at a minimum of an hour. If we don't apply, you're looking at probably closer to two hours. But I imagine it would be an hour or an hour and a half. We're planning to come back. Some members may not be able to come back.

[Translation]

It could take two hours. I don't know whether the results will be applied to more than one vote.

[English]

So you're looking at one and a half to two hours.

I apologize for the inconvenience. I don't know how I can make it up to you. The only thing I can ask is that you keep your briefs to a minimum. But I'm not going to interrupt you unless I really have to or if you exceed eight to ten minutes, which I think is a bit exaggerated. So if you can, keep it to a minimum.

Again, I want to thank you for your indulgence. Perhaps we can get started right away.

We're here pursuant to Standing Order 83.1 on the pre-budget consultation for 2005. We're going to go in the order I have here.

I have the Alliance of Canadian Cinema, Television and Radio Artists, Mr. Hardacre.

Mr. Richard Hardacre (National President, Alliance of Canadian Cinema, Television and Radio Artists): Thank you.

Good afternoon, Mr. Chair, and honourable members of the committee. My name is Richard Hardacre. I'm the president of ACTRA, the Alliance of Canadian Cinema, Television and Radio Artists, and that makes me an actor. I'm a professional performer.

ACTRA is a national organization representing 21,000 professional performers who work across Canada in English-language recording media.

With me here today is my colleague Barry Blake, who is a member of our national council and one of Canada's well-known

performers, whose work in both official languages is seen regularly on our screens.

ACTRA is one of the foremost advocates for the preservation and growth of Canadian culture and the creativity of artists. We're quite proud of that responsibility. We play a leading role in coalitions for the advancement of Canadian cultural programs and in international bodies working for the protection of cultural diversity in the global entertainment economy.

We appreciate the importance of these pre-budget hearings and consultations, and we'd like to thank the committee for including us in the process. We believe it's vital to speak to you today about supporting Canadian culture.

We've submitted a written brief in which we identified three broad issues that affect performers and other creative artists.

First, we want to urge the government to maintain and enhance the existing programs for funding Canadian film and television production.

Second, we are again submitting proposals for adjustments to the taxation system to reflect the working reality of professional performing artists in Canada.

And third, we ask for a recommitment to contribute to the UNESCO convention on the protection of cultural diversity.

If English-speaking Canada is to have a rich and unique voice in media so heavily dominated by global interests, then Canadian culture must be encouraged. We would like to thank the predecessor committee for the support it showed for culture in its report last year.

As well, we were pleased to note that Minister of Finance Goodale restored the government contribution to the Canadian Television Fund in his last budget and that heritage minister Frulla announced the commitment that the government has made to funding for the CTF through 2006. However, today we will focus on the importance of maintaining and enhancing programs and stable funding for the arts, in particular for Canadian film and television production, through this government's commitment in the next budget to the CTF—the Canadian Television Fund—Telefilm, and the CBC.

My colleague Mr. Blake will speak on the value of this investment and on the importance of the Canadian Television Fund.

Mr. Barry Blake (National Councillor, Alliance of Canadian Cinema, Television and Radio Artists): Thank you, Richard.

Supporting our culture to see our stories told is not only a valid use of public funds, it's also a good investment for Canada's economy. The Canadian film and television industry generates an annual \$4.92 billion in production activity, employing over 134,000 Canadians, many of them very highly skilled professionals. The industry's average annual growth rate from 1997 to 2002 was 8.5%, compared with the 3.6% growth rate for the overall economy in general. According to the *Report on the Canadian Film and Television Production Industry*, film and television works provide \$2.27 billion in annual export value alone. However, we're very concerned that current and future expenditure review exercises could result in reductions that would have a serious impact on cultural industries in general, and the film and television industry in particular.

Ours is an industry that is markedly different from manufacturing and other service industries. Each Canadian film or television production begins as a unique venture that must be developed and marketed as if it were a prototype, a unique, stand-alone thing.

CTF funding plays an absolutely critical role in initiating production. What is in effect seed money is essential to the development of each film or television project. Stable, long-term funding of Telefilm and the Canadian Television Fund triggers other investment. Each dollar of government support leverages over \$6 in other types of financing. Without that incentive, most productions would never make it beyond the idea stage.

In addition, stable and permanent funding of television production will help ensure continued private investment in the infrastructure—the studios and other facilities—that is essential for this industry to grow as a strong contributor to the Canadian economy. Canadian drama is produced on location throughout Canada. It contributes significantly to local economies through job creation and spending.

For both economic and social reasons, the nurturing of Canada's cultural industries has been a long-standing goal of the federal government, so we urge the government to make a permanent commitment to contribute to the CTF and to enhance that contribution in the next budget with set increases of 10% each year over the next five years. The long-term viability of the CTF is absolutely critical if Canadian-produced programming, especially drama production, is to continue to be available to our nation's audiences.

● (1720)

Mr. Richard Hardacre: Now I'd like to say a few words about the CBC.

The CBC has a mandate to showcase Canada's national identity. The Broadcasting Act requires that programming for the CBC contribute to a shared national consciousness. The CBC must be healthy if it is to be part of our great national conversation.

The national broadcaster airs leading-edge Canadian drama and showcases the writing, directing, and performing talents of our creative artists, but the \$390 million cut from the CBC over the 1990s has never been restored. We were, however, very pleased that the report of this committee last year recommended that the government increase funding to the CBC, and we ask this committee to renew that recommendation.

The CBC cannot create and implement long-term strategies to succeed, because it faces uncertainty about its future funding levels. This uncertainty has been unquestionably a factor in the current state of labour relations at the CBC, but it in no way excuses the drastic measures taken over the past seven weeks by CBC's callous and short-sighted management. We believe that though the immediate situation has been resolved, without sufficient multi-year funding the stability of our national—our national—public broadcaster will continue to erode. We'd like to see the CBC meet its obligation to reflect and promote Canada's national identity with new Canadian drama and comedy by having the resources to do so.

ACTRA's written submission contains more on these and other issues that are important to the long-term growth of the film and television industry and to the cultural community. We thank you, and we welcome your questions.

[Translation]

The Chair: Thank you.

Next we have Ms. Iley from the Canadian Arts Summit.

[English]

Ms. Sarah Iley (Vice-President, Programming, The Banff Centre, Canadian Arts Summit): Thank you, Mr. Chairman.

I'm now passing it over to my colleague Axel Conradi from Vancouver.

Mr. Axel Conradi (Past-President, Arts Club Theatre, Vancouver, Canadian Arts Summit): Thank you for the opportunity to once again provide input into your budget deliberations. Together, the two of us represent two of the western Canadian-based members of the Canadian Arts Summit.

I'm past-president of the board of the Arts Club Theatre in Vancouver, and Sarah Iley is the vice-president of programming for the Banff Centre.

Ms. Sarah Iley: The Canadian Arts Summit is a voluntary association of Canada's 50 largest not-for-profit performing arts companies, museums and galleries. Together, our organizations account for roughly 80% of the revenues of the not-for-profit arts centre.

Mr. Axel Conradi: The self-sufficiency of the arts relative to the rest of the not-for-profit sector is important to underline. It is a hallmark of the arts and culture sector as a whole. This is a sector that has substantially increased support from audiences and donors and has gone on to create internationally renowned companies and remarkable enterprises.

That said, the decline in federal government support for arts operating budgets has removed an important source of stable funding that is critical to our ability to innovate and to fully make the unique contributions to our communities and social fabric, of which our arts organizations are capable.

It is to that end that we recommend that the federal government increase its funding of the arts by adding \$5 per capita to the budget of the Canada Council—that would be roughly \$150 million in new investments—eliminate capital gains tax on gifts of appreciated securities, adopt new CCRA rules to presume the self-employment status of artists as entrepreneurs whose talents are their tools of work, and increase the international touring budget of the Department of Foreign Affairs to \$20 million.

Ms. Sarah Iley: The suggested increase in funding for the arts, coupled with these strategic tax measures, would have a direct positive impact on Canada's productivity by, one, making our communities desirable places to live and work; two, fostering development of the creative communities that produce the knowledge-based jobs that are essential to our current global economy; three, investing in workers who are self-motivated to create their own jobs as well as jobs for others; four, investing in the research and development backbone of Canada's \$39 billion cultural industry, an industry that is larger than the agricultural, forestry, mining and oil and gas sectors combined; and five, enabling private sector philanthropists to invest more readily in the sector as a whole.

• (1725)

Mr. Axel Conradi: Canadian Arts Summit members have significantly increased our revenues from both earned income and donations over the past decade.

Over the same period of time, however, the major performing arts organizations have seen the federal government's contributions to their operations reduced from 23% of revenues to a little over 8%. The result is that revenues have not increased in real terms and, for most organizations, growth has not been possible.

By way of comparison, the Australian government provides 28% of the revenues of its major arts organizations, while England provides 38%. The fact is that Canada's current contribution to the arts lags far behind most of its European counterparts, both in terms of per capita spending and as a percentage of gross domestic product.

Ms. Sarah Iley: The lack of investment in operating budgets has also extended to physical infrastructure.

Despite the much ballyhooed cultural renaissance taking place in Toronto, across Canada there is a growing cultural deficit with an infrastructure that is chronically underfunded and in need of restoration. We believe that increased funding for the arts infrastructure would directly impact the quality of life in our cities and communities and thereby drive prosperity.

By investing in the not-for-profit arts, the government also impacts the ability of Canada's cultural industries to find the talent they need to grow.

Canada's cultural sector makes a strong contribution to the country's gross domestic product, generating more than \$39 billion in economic activity and some 600,000 jobs. Many of those jobs are held by people who are entrepreneurial, choosing self-employment and creating small to medium-sized enterprises.

Mr. Axel Conradi: To flourish, Canada's arts organizations need increased and stable multi-year operating funding, investment in capital projects, tax measures to enable the creation of endowments,

clarification of the tax status of artists, and a greater international presence. We will address each of those in turn.

First, looking at stable operating funding, support from the Canada Council for the Arts, the government's key arts funding agency, remains low. Unfortunately for Canada's major arts organizations, Canada Council funding has fallen to a scant 7% of our total revenues.

Despite success in private sector fundraising, up 17% over the last 10 years, this low level of once stable funding inhibits our ability to make the contributions to Canadian life that only the arts can provide.

Government funding would restore vitality on a host of fronts, from educational outreach to the creation of new works to the development of Canadian talent, and to programs to make the arts even more accessible to Canadians. It is these very things that allow us to discover, share, and celebrate who we are as Canadians.

Ms. Sarah Iley: It's not just the government. Caring Canadians also invest in charitable arts organizations through their own philanthropic gifts.

Again, we reiterate the need to enhance Canadians' ability to share their wealth in the same way as the citizens of the U.S. and the U.K. may, through gifts of appreciated securities that are exempt from capital gains tax.

Successive House committees on finance have endorsed this recommendation, and this year the Senate committee did as well.

Again, we recommend that the federal government enhance the tax treatment of gifts of appreciated securities in order to enable arts organizations that are registered charities to maximize the contributions of philanthropists.

Mr. Axel Conradi: Canadians like to think that we punch above our weight on the international scene. But when Anholt-GMI Nations Brands Index recently carried out a study that asked people about their perceptions of a country's cultural, political, and tourist appeal as well as investment potential, Canada ranked 18th in the area of culture and heritage despite ranking second overall, after Australia, as one of the world's best places to invest and live.

That low ranking is perhaps not surprising, because certainly when it comes to projecting our image overseas, we do not invest. Countries such as Sweden, Germany, and the Netherlands all outspend Canada in this area. Indeed, the City of Vienna outspends us. The Province of Quebec provides \$20 million for international cultural promotion, compared to Canada's \$6.7 million.

Canada's culture has greatly matured over recent decades at the same time as it has become enriched by a new diversity. Surely pride in who we are and who we are becoming warrants a significant increase in the international touring budget of the Department of Foreign Affairs. We believe \$20 million would be a good start.

● (1730)

Ms. Sarah Iley: Finally, a recent survey undertaken by the Council for Business and the Arts in Canada indicates that 86% of Canadian performing artists are self-employed contractors. Yet tax rulings and audits, often triggered by the application of a few artists for employment insurance, risk making arts organizations liable for employment insurance and CPP payments. Such a development holds the potential to quite literally bankrupt otherwise viable not-for-profit arts organizations.

Political leadership to alter the CCRA rules to presume the self-employment status of artists is required.

Mr. Axel Conradi: So why should we do all this? We believe there is a great hunger out there for what the arts contribute to Canadian life and to our identity as a people.

Here are some examples: more Canadians pay to attend a performing arts event than pay to see a hockey game; 93% of Canadians believe that arts activities contribute to the vitality of their communities; 91% of Canadians believe that the arts define Canada's identity; and two-thirds of Canadians believe that governments and the private sector together should support activities that strengthen community.

Ms. Sarah Iley: It is against this backdrop that the Canadian Arts Summit calls upon the standing committee to recommend to the government that it increase its funding for the arts by adding \$5 per capita to the budget of the Canada Council, that it eliminate capital gains tax on gifts of appreciated securities, that it adopt new CCRA rules to presume the self-employment status of artists, and that it increase the international touring budget of the Department of Foreign Affairs to \$20 million.

In our view, a reinvestment in the new vision for the arts remains the least expensive, best return on investment that the federal government can make in its goal to increase productivity by creating knowledge-based jobs and a better quality of life in Canadian communities.

The Chair: Thank you.

The Canadian Association of Research Libraries, Ms. Weir.

Mrs. Leslie Weir (Chief Librarian, University of Ottawa, and Vice-President, Canadian Association of Research Libraries) : Good afternoon. I'm Leslie Weir, the vice-president of the Canadian research association and the university librarian at the University of Ottawa.

CARL represents Canada's major academic research libraries, plus other research institutions of national importance.

[*Translation*]

CARL would like the Government of Canada to remain committed to developing Canada's research capacity. This is the surest way of increasing productivity, improving our standard of living and developing Canadian society.

[*English*]

Under the theme of enhancing productivity growth in Canada, I would like to draw the committee's attention to two matters: the indirect cost of research and the GST on scholarly materials in electronic format.

Canada's present and continuing prosperity is tied to the substantial increase in research funding over the past eight years. This funding has confirmed the government's commitment to revitalizing Canada's research effort and making Canada one of the top countries among OECD by the year 2010 in terms of publicly performed research as a proportion of GDP. In the 2005 budget, this commitment was recognized through financial support of research and the indirect costs of research.

The funding for the indirect costs of research is used to cover facilities, technical support for lab space and utilities costs, management and administration, intellectual property, regulatory requirements and accreditation, and resources to support research libraries.

[*Translation*]

Research libraries are critical to research and development. It is the libraries that provide access to knowledge in all disciplines; and it is the libraries that provide the resources to develop applications for the business world. Libraries are an integral component of the research process.

[*English*]

Under the current formula, the indirect costs program covers approximately 25% of the overall research grants made to universities. CARL, and many others you will hear from during these consultations, maintain that a 40% ratio is more appropriate.

Until this percentage is reached, other parts of our leading research university operations, such as teaching and student services, will have to bear the costs of Canada's research policy. Other countries with which Canada has to compete for attracting and retaining leading researchers provide more extensive coverage.

In the United States, the funding of indirect costs started in 1947. They are considered as part of the real costs of doing research. American universities recover between 40% and 70% of their indirect costs to research through federal research grants.

● (1735)

[*Translation*]

In the United Kingdom, the research granting councils meet 80 per cent of the full economic costs of research projects. This includes direct costs as well as indirect costs, calculated on the basis of 46 per cent of additional staff costs, with the government promising to increase this portion to approximately 100 per cent by 2010.

[English]

CARL asks the committee to recommend to the government that the coverage of indirect costs to research be increased to 40%.

Canada's research libraries strive to deliver materials to our researchers in the most effective, efficient, economic manner possible. Researchers nowadays expect to find information online at their fingertips, available 24/7. In 2004, for the first time, CARL libraries spent more on electronic journals than on print journals. Spending on electronic journals by our members rose by 38.4% in that year alone.

A university library receives full rebate on the GST it pays on printed books and on subscriptions to scholarly material. However, this rebate is only 67% if the same materials are acquired in electronic form.

[Translation]

There is no evident justification for this discrimination. The funds freed up could be used for the acquisition of additional information resources.

[English]

The removal of the GST on scholarly electronic materials would not be a huge financial burden for the government; it represents an average of \$52,000 per CARL member institution per year.

CARL asks the committee to recommend that the government correct this anomaly and bring the relevant legislation provisions up to date.

To conclude, CARL applauds the government for its continuing investments in research and development and thanks the Standing Committee on Finance for giving us the opportunity, once again, to participate in its pre-budget consultations.

[Translation]

Thank you very much.

[English]

The Chair: Can I ask a quick question? How are you funded now? Is it through a department or a granting council?

Mrs. Leslie Weir: Do you mean the Canadian Association of Research Libraries or the indirect costs?

The Chair: I mean the indirect costs.

Mrs. Leslie Weir: The indirect costs we receive are direct from the government. They are a portion of the funds we receive from granting councils.

The Chair: Which government department does it come through? Are you aware?

Mrs. Leslie Weir: I'm afraid I'll have to confirm that for you.

The Chair: That's fine.

Okay. This is just for the members. If we have two hours of votes, I don't know if a lot of the groups are going to stay. I'm going to stay until they finish their presentations; I'm not going to adjourn the meeting. If anybody wants to leave, you can leave, but we will at least get their briefs on record. There are witnesses, so we'll have to play by ear here, but I just want to get all the briefs on the record.

The next group I have is the Canadian Conference of the Arts, represented by Mr. Kelly.

Mr. Keith Kelly (Cultural Policy Consultant, Canadian Conference of the Arts): Thank you, Mr. Chairman.

The Canadian Conference of the Arts is Canada's oldest and largest arts advocacy organization. In fact, it is an organization of arts organizations working in all areas of the arts and cultural industries. This year we are celebrating the 60th anniversary of the Canadian Conference of the Arts.

One of our starting points in our brief is a recognition of the very important role the Department of Canadian Heritage and the Canadian Heritage portfolio play in the support and fostering of cultural expression in all of its forms in Canada. We have had a decade of cuts to almost every agency in the portfolio. Some of them, such as the National Gallery and some of our national museums, are having an increasingly difficult time meeting their goals for accessibility when they're struggling to make ends meet. I'm sure you've heard stories of the leaks in the roof of the National Gallery and of the struggle of the Science and Technology Museum to find a new home.

We believe it's time to have a very serious look at all elements of the Canadian Heritage portfolio, and we would encourage this committee to consult with the members of the portfolio to determine what appropriate finances they would require to really fulfill their mandates.

James Missen, one of my colleagues from the Canadian Conference of the Arts, will also share this presentation.

• (1740)

Mr. James Missen (Cultural Policy Advisor, Canadian Conference of the Arts): Thank you, Keith.

One of the key elements of the portfolio within the Department of Canadian Heritage, which our colleagues at the Canadian Arts Summit spoke to during their presentation, is of course the Canada Council for the Arts. The Canada Council has a critical role in Canada in the way it funds artistic activity and artistic production both within arts organizations and through grants made available to individual artists, be they dance artists, media artists, performing artists, etc.

In 2007 the Canada Council for the Arts will be celebrating its 50th anniversary, and a coalition called the Canadian Arts Coalition has come together with a clear message to members of Parliament, along with the Government of Canada, that it is time for funding at the Canada Council for the Arts to be increased significantly. The Canadian Conference of the Arts is one of the members of the steering committee of this coalition, and tonight we are endorsing their recommendation and asking the finance committee to act on their recommendation that the budget of the Canada Council for the Arts be increased by per capita spending of \$5 per Canadian in the next federal budget.

Mr. Keith Kelly: One of the other issues we have heard about from our membership is the accountability framework that is being imposed upon them by government departments and funding agencies. We certainly believe it is important to prudently manage public funds; however, the accountability framework that has emerged after some of the spending irregularities were uncovered is placing undue burdens on small organizations with few staff members.

The Canadian Conference of the Arts certainly does not object to being accountable for the use of public funds, but it would be our hope that we could find an accountability framework that is better suited to the resources available to the recipient organizations. We also have heard from federal public officials who have said they are spending more and more of their time meeting the contingencies of the accountability framework for grants and contributions, leaving them little time to do policy development and make refinements to program structures.

So we would certainly ask that the standing committee recommend that Treasury Board rethink some of the accountability framework measures imposed upon recipients of public funds and try to come up with a system that meets the need for prudent management of public funds but also responds to the capacities of most of these organizations. One member's e-mail said they receive requests for performance indicators or evaluations virtually every week, and we're not talking about large amounts of money they receive. We would hope the committee could encourage Treasury Board to develop a better balance in the accountability framework.

The Chair: I don't mean to interrupt, but you have to tell us what those frameworks would be. There is no way we would know what those solutions would be.

Mr. Keith Kelly: We can provide you with those details in a follow-up.

The Chair: Okay.

Mr. Don Bell (North Vancouver, Lib.): Mr. Chair, I want apologize to the group, but I have to go. The bells are calling me.

My apologies to those we haven't heard. I have your presentations. If you want to try to contact me directly, you know how to reach me. I'd be happy to hear from you.

I have to go for the vote. I apologize.

• (1745)

The Chair: Go ahead, Mr. Kelly.

Mr. Keith Kelly: We share the concern of the Canadian Arts Summit on the taxation issue around self-employed artists and arts professionals. This is a problem that has bedeviled both the arts community and the Canada Revenue Agency, or Revenue Canada, for decades.

Part of it stems from the unique way in which artists go about doing their work. They can be self-employed, they can have an employee-employer situation, and they can also be independent contractors, all at the same time. It's not the nice, clean, simple industrial model that the Canada Revenue Agency really likes to deal with.

As a result, it has caused endless problems. We have regular reviews by the Canada Revenue Agency on the employment status of dancers and symphony musicians. As our friends in the Canadian Arts Summit have said, this has a real potential to damage the financial health of these organizations and these individuals.

The Canadian Conference of the Arts has been working with the legal firm of Matthews, Dinsdale and Clark. They have done a very thorough review of case law. We sent a copy of that brief as an appendix to our submission to the committee. They came up with a recommendation on how this matter might be resolved.

I'll ask my colleague James to read that recommendation to you.

Mr. James Missen: To establish a policy that all professional artists will be deemed to be carrying on a business for the purposes of their artistic income (independent contractor), unless: in the case where there is no collective bargaining relationship, an engager and the artist enter into a contract of service (employee/employer relationship) that is explicit and unambiguous; an engager and an association representing a group of artists negotiate a provision that artists governed by a collective agreement are in a contract of service relationship.

Mr. Keith Kelly: We recommend that the Canada Revenue Agency, in cooperation with the Canadian Conference of the Arts and other arts organizations, develop a policy interpretation consistent with that recommendation.

We also share the view of our colleagues from the Canadian Arts Summit and ACTRA about the importance of allowing our artists and arts professionals to seek audiences in markets beyond our borders. We have seen a real erosion in the capacity of the Department of Foreign Affairs to support these kinds of activities, which return many forms of benefits to Canada, both economically and in terms of enhancing our prestige.

We were disappointed to see that Canada's recent international policy discussion paper had dropped the promotion of Canadian culture in value as the third pillar of Canada's foreign policy. We would hope that this situation can be remedied and that sufficient resources can be directed to afford opportunities for artists and arts professionals to continue to develop markets and audiences overseas.

Mr. James Missen: Our sixth and final recommendation for this evening relates to Canada's physical capital, specifically its museums and heritage institutions. The committee may be unaware at this time that the Department of Canadian Heritage is looking at revising and updating its federal museums policy, which has not been done since the early 1990s. The Canadian Conference of the Arts hopes that part of that policy will involve a significant examination of an increase in federal funding to Canada's museums and heritage institutions.

We certainly endorse and support the position of our colleagues at the Canadian Museums Association, who, if they have yet to appear before the committee, will certainly be doing so in the coming days.

The committee might also recall that in recent years the Auditor General of Canada, Ms. Sheila Fraser, has spoken to the need for a significant reinvestment in Canada's museums and heritage institutions. As a country, we are in fact at a point where we risk losing a great deal of our collected heritage for future generations of Canadians to enjoy.

We would certainly recommend to the committee that they urge Minister of Finance Ralph Goodale to significantly address this infrastructure need within the context of the discussions of the policy review for federal museums. We also feel it's appropriate within this pre-budget process as well.

• (1750)

Mr. Keith Kelly: That brings an end to our presentation.

We'd like to thank you, Mr. Chairman, and the committee members for your attention to our recommendations.

The Chair: Thank you.

For the Canadian Council of Archives we have Ms. Nichols, I believe, or Mr. Farrell.

Mr. Fred Farrell (Chair, Board of Directors, Canadian Council of Archives): Thank you, Mr. Chairman.

The Canadian Council of Archives is pleased to provide recommendations to the Standing Committee on Finance.

My name is Fred Farrell. I'm the chair of CCA.

CCA is a network of 13 provincial and territorial councils and over 800 archival institutions that has for the past 20 years worked toward preserving and making accessible to Canadians the documentary heritage of this country.

Our message to you today is about ensuring that Canadian citizens have access to the fundamental materials necessary to support Canada's entrepreneurial capabilities, to protect our knowledge capital, and ultimately, to contribute to the prosperity of Canadian society.

The Standing Committee on Finance's call for input on investment in this country comes at a critical time for many segments of Canada's economy and society. As recent events on the gulf coast have unfortunately and clearly demonstrated, postponed funding for infrastructure can have enormous and costly repercussions. We need to be consistently proactive in managing the stability of foundational endeavours, both physical and intellectual. Ignoring them will eventually result in a systemic failure for which there can be no quick fix. And Canada has been proactive. We have been funding wellness initiatives in health, seeking inexpensive prevention rather than relying on expensive cure. We are managing the physical infrastructure of our cities now, before they succumb to urban decay.

We now need to begin funding our information and knowledge infrastructure, that foundational activity that assists us in building a knowledge economy, a sense of the rights and responsibilities of citizenship, and our unique cultural mosaic as Canadians.

We are asking you to consider the foundational value of information, the value of accurate, authentic records, in context, in almost every aspect of our daily lives and in our ability to understand our past and inform our future. We are asking you to acknowledge the fundamental role played by this country's archives in maintaining that information base.

Every single organization that comes before this committee—every city, every research institution, every government department—and this committee all have one common thread. Each will create a record of its activity. Collectively, these records are the

evidence of who we are, what we do, what our goals and values as a society are, and what we strive to become. Individually they may help an individual obtain a right or service. They may help a government develop policy. Over time, those same records may help a researcher analyze trends in fields as diverse as medicine and history. They may help right a past injustice. They may help tell the story of Canada to an immigrant family. They may be used by a novelist, a filmmaker, a museum curator, an artist, an archeologist, or a journalist. Our experience in the field of archives tells us that these are not just suppositions; they happen every day, in every corner of this country, but only if archives have the resources to make them accessible.

The economic and social impact that archival institutions have on the Canadian economy is immeasurable. Archives are Canada's greatest storehouse of information, and the relevance of that information touches every walk of life.

The federal government handsomely sponsors the use of archives through its many research grants and infrastructure initiatives. This investment, however, neglects the fact that research is dependent on those institutions that support information and evidence. Canada cannot sustain a healthy, diversified research climate across the country without ensuring the vibrancy of its archival network.

Archives similarly supply content for entrepreneurial activity in this country. Whether in publishing, broadcasting, tourism, or the service industries, archives are the source of much of the inspiration, planning, and promotional elements.

Finally, many of the industrial, environmental, and transportation projects in this country require references to archives to simplify and expedite their work. To benefit from information, evidence, and knowledge, access to that information is essential. If there is one terribly misguided assumption that is universally shared, it is that the information people need will be available and readily accessible when they need it. But how often does your staff search for documents? How many of you have moved from a 5 ½-inch floppy through to memory sticks, and how many of you can still access the information on that floppy disk? Time and changes in technology challenge information retrieval.

• (1755)

Archives are up to that challenge, but neither we nor our sponsor institutions can support the full burden of doing it simply because it is the right thing to do; the archival community needs a modest amount of money, for an extended period of time. With this investment, Canadians will have the necessary access to their archival information and documentary heritage, making our country the respected leader in this regard in the world. That accessibility will continue to pay dividends long into the future.

It is ironic, at a time when Canadian archives are going through an unprecedented period of acquisition, when there is greater interest in knowing about Canada than ever before, when there are mechanisms to deliver accessibility to these resources, that Canadian archives do not have the human capacity to provide timely access. They do not have the technical resources sufficient to ensure digital evidence will be saved. Archives across the country are asking you to help make Canada's information available to Canadians.

We ask you to respond to the Auditor General's identification of the need to invest in archives and to reinforce with your colleagues the overtures the Canadian Council of Archives is making to Library and Archives Canada and the Department of Canadian Heritage. We call on the government to commit the necessary funds to enable Library and Archives Canada to enact its legislative role to support the development of the archival community. We further support the commitment of the government to the proposed new museums policy.

Public opinion polls and unsolicited correspondence from users of archival materials indicate that funding to the archival community has public support. Government support for archives is seen as a wise investment in the preservation of the past for use in the future. An investment in accessibility through the Canadian Council of Archives will be an investment in the documentary heritage of every community in this country and an asset to the entrepreneurial capabilities of our citizens.

In conclusion, archives are the load-bearing wall of the house that contains culture, research, and economic development. If we neglect it, it is perilous for everyone. We therefore urge you to consider the following investments to support our knowledge infrastructure and to contribute to the innovation and productivity of Canadians:

One, provide \$75 million in multi-year funding to increase the capacity to deliver archival information and documentary heritage to Canadians from coast to coast.

Two, commit the necessary funds to enable Library and Archives Canada to enact its legislated role to support the development of the archival community and its role of preserving and making accessible federal government records.

Three, commit the resources necessary to enable Canadian Heritage to execute the proposed new museums policy.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Farrell.

Can I just ask a quick question? For the three recommendations, would the funding all come from Heritage Canada?

Mr. Fred Farrell: Not necessarily; there are a number of options there. Much of the research funding goes through Industry Canada. Basically, they pay people to come to use our material, and so we see that they may have a role in this process as well.

The Chair: That's what I thought.

The next group is the Canadian Library Association.

Ms. Barbara Clubb (President, Canadian Library Association): Good evening, Mr. Chair and members of the committee. *Bonsoir.*

My name is Barbara Clubb. I'm president of the Canadian Library Association and am the city librarian for the Ottawa Public Library.

[*Translation*]

On behalf of the Canadian Library Association, I would like to thank committee members for this opportunity to discuss the ways in which libraries enhance Canada's productivity and prosperity.

[*English*]

With adequate funding, libraries reach out to all Canadians, giving them the tools and services they need to be productive contributing members of society. Libraries contribute to increasing literacy rates by providing reading material free of charge and offering reading programs. They put information, knowledge, and tools in the hands of all Canadians. This includes the Internet and other information and communication technologies.

As society is becoming increasingly digitized, people are also turning to libraries to offer services and resources that make these tools meaningful to their everyday lives. Libraries are truly open to all Canadians—aboriginal Canadians, Canadians on the wrong side of the digital divide, the print disabled, those living in difficult economic situations, new Canadians, students, researchers, readers, really everyone. In fact, you'll find a library in 94% of this country's communities. If the government truly wants to invest in giving Canadians the tools they need to be more productive and more prosperous, it must consider investment in libraries as a natural, logical, and cost-effective choice.

In our written submission we show that the government must invest further in the strategies and programs that run in our libraries. This would come by way of increased funding to Library and Archives Canada, which has the mandate and legal authority to provide this funding in turn to libraries for research, for innovation, for pilot projects and cooperative development.

We also ask the committee to recommend that the government invest in establishing a library secretariat. As it is now, the important work of libraries falls under a number of departments. Our connection with the government is fragmented and often stuck in silos of programs and initiatives. A library secretariat would provide a means of horizontal linkages that would be more effective and more efficient.

I want to speak today specifically about two programs, the library book rate and the community access program. The government must understand that both of these programs are essential to allowing it to reach its own stated objectives of literacy, productivity, and widespread access to technology and information. For its part, the community access program, or CAP, should be considered an enormously successful program. CAP has helped the government make considerable headway in achieving its objectives of providing Canadians with affordable public access to the Internet. In the Ottawa Public Library, for instance, users log 45,000 user sessions per month in our facility.

It has made it possible to help Canadians acquire the skills they need to use the Internet. However, the government should not make the mistake of believing that these objectives have been fully met. Yesterday I was present at a session at the Wabano Centre for Aboriginal Health, the aboriginal health centre here in Ottawa. They have a cyber centre. They are desperate for funding. This program should not be sunseting in March of next year when there are still people on the wrong side of the digital divide. These people can be found in Canada's urban centres as well as rural and remote ones. Access is not geographic; it is social and economic. I mention this because there was a considerable need to invest in urban areas as well, to reach those Canadians who live there but, for whatever reason, do not have access to the Internet.

So we urge the government to renew the CAP program and to return it to its previous level of \$40 million per year from the reduced \$25 million. We also urge the government to make libraries a key strategic access point in this program. This will allow sites to complement access with the services that will teach people how to use the Internet to its fullest advantage.

A second program I would like to discuss is not all that different from the first, and that is the library mail rate or the library book rate. It's also about access. It's a program that puts information in the hands of Canadians no matter where they live, no matter what their physical ability to get to a library is like, no matter what their ability to pay for transportation or services. For those of you who are unfamiliar with it, the program is a discounted rate at which Canada Post will deliver print materials between libraries and from libraries to users. The Government of Canada and Canada Post have until the end of next March to arrive at a new agreement. This is essential, especially given that the success of the Canadian library system is predicated on sharing resources.

CLA would like to see the government commit the necessary resources to the program over a long period of time. This is the only way to save the program from the cloud of instability that hangs over it today. I can only imagine what it would be like if there were no library book rate. In my library—the Ottawa Public Library, le bibliothèque publique d'Ottawa—the cost of sharing books by mail with other libraries would go from \$11,000 a year to \$88,000 annually if there were no book rate. You can imagine what that would do to our budget and the budgets of many other libraries in the country. In rural areas, where the practice of resource sharing is even more prevalent, the cost would skyrocket even further.

● (1800)

You can see why we urge the government to make a clear, firm, long-term commitment to making this program work. What's more, we believe the government must consider expanding the program. As it stands now, only printed material can be delivered through the library book rate. As technology advances, we're sure the government can appreciate the need to modernize the program to incorporate digital content that cannot be delivered over broadband.

To conclude, I want to re-emphasize that libraries are a major key to enhancing the productivity of Canadians. They are your way of giving everyone the tools they need to make individual and collective contributions, the kind that will continue to make this country productive and prosperous.

On behalf of the Canadian Library Association, I want to thank you again for allowing me to present today.

● (1805)

The Chair: Thank you.

I have to get going, but I have just a couple of quick questions for some of the groups.

To the research libraries, on the cost of the GST rebate, I don't know if we can get an estimate—

Mrs. Leslie Weir: Yes, I'm sure we could arrange for that.

The Chair: Okay, and on the extent to which the electronic formats continue to grow—

Mrs. Leslie Weir: Yes, we can certainly supply that.

The Chair: Okay.

I just want to reconfirm with the Canadian Conference of the Arts—and this will apply also to the libraries—

Mrs. Leslie Weir: Sorry. Could I also just confirm with you that it's Industry Canada from which the funding comes for indirect costs?

The Chair: Yes, that's what I thought. That's why I wasn't clear.

Can we get these within a reasonable time limit—let's say, within the next two weeks? Is that okay, Jim?

Mr. James Missen: Yes.

The Chair: For the Canadian Library Association, I have two quick questions.

What is the estimated cost of the mail rate you're asking for in your recommendation on page 6? It's not costed. You want to extend the mail rate to include non-print materials.

Ms. Barbara Clubb: Yes, that's right. We'll get you that cost.

The Chair: If you can get me a cost—and again, within a reasonable period of time—that would be appreciated.

I think we're going to be at least an hour and a half to two hours. I'm willing to adjourn the meeting. I don't know if there's anybody who wants to stay. I am not going to commit for other members, but once I get in the House I'll have to send them messages. So I leave it to you. I know some of you have flights and things like that. The members are not going to be in a good mood, so....

I'm doing my best here.

Mr. Bell offered that you can communicate with the members.

My advice, if you want me to help you out, is going to be a little bit partisan, so it's not necessarily going to help. The two most important people are right here—me and the research staff. Of course, the clerks have been handling your briefs, so they already know them all by heart. So I would prefer to adjourn, if you'll give me the permission to do so. Is that okay?

Ms. Sarah Iley: Yes, please do.

The Chair: Again, if there's any additional information you'd like to provide, summary format would really be useful, any costs are always very helpful, and send it directly through the clerk—and of course, e-mail is always the best medium. Okay?

Ms. Sarah Iley: Thank you, Mr. Chairman.

The Chair: Again, I apologize, but this is part of our job. You just got stuck with the wrong time.

Ms. Sarah Iley: Well, thank you for staying with us. We appreciate that very much.

The Chair: Now I need letters of absenteeism for my whip, if you guys can arrange that.

Thank you.

The meeting is adjourned.

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