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Mr. Brent St. Denis

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• (1630)

[English]

The Chair (Mr. Brent St. Denis (Algoma—Manitoulin—Kapuskasing, Lib.)): Colleagues, I'm going to bring to order this meeting of the Standing Committee on Industry and Natural Resources, Science, and Technology. We are continuing our study of Bill C-37.

Thanks to our witnesses for getting into their seats quickly. You hear the bells. Members will fairly soon get a little antsy about getting into their seats for a vote.

We have three presentations, and we're going to start right away with Gordon Hope for the Canadian Council of the Blind. We have to try to keep it to about five minutes maximum each for your presentations—this is just life around here now, so we ask your indulgence. We'll try to make it up to you in terms of questions from colleagues that will otherwise be postponed because of the vote.

Gordon, we'll ask you to proceed, please, and to do the best you can with five minutes.

Dr. Gordon Hope (Member and Program Coordinator, Canadian Council of the Blind): A very good afternoon, Chair St. Denis and members of this standing committee.

My name is Dr. Gord Hope, and together with my colleague, who is a director on our board, Mr. Dennis Finucan, we are representing the Canadian Council of the Blind at the request of our national president, Mr. Harold Schnellert, and our executive director, Mr. James Prowse.

We are very grateful for the opportunity to appear before you today, and we thank you for that, to address CCB's concerns with respect to Bill C-37, including newly introduced amendments.

There's a lot I could tell you about the CCB and its good work, but in the interest of time, let me just say how important the Canadian Council of the Blind is, as an organization, to the blind and visually impaired community in Canada. We are the organization that is the voice of the blind in Canada. Our organization is governed by and for blind and visually impaired Canadians.

We provide a range of services that assist Canadians who are members of this community in achieving full and productive lives. There is a range of benefits that are dedicated to that.

One of the main goals of the Canadian Council of the Blind is to elevate public consciousness in order to effect change, acceptance, and understanding of blindness and vision impairment and to increase opportunities for blind and visually impaired citizens. We

accomplish this both through our annual White Cane Week activities, which are held every February, and through our year-round contact with individual Canadians.

While we have made great strides in reducing the isolation of blind and visually impaired Canadians, much more remains to be done. Any significant change in our ability to make new contacts and to maintain existing relationships, including by telephone, will severely hamper our efforts to continually improve the quality of life for this sector of the Canadian population.

To expand on this point, like any charitable organization that relies on fundraising campaigns for revenues, it is essential for us to maintain and renew contacts with donors and interested parties with whom we have existing relationships, even in cases where those relationships may seem to have lapsed. It is also essential to build new relationships to replace those that do lapse, either due to personal circumstances or in the case of death. The unfortunate truth is that sooner or later all of our existing relationships will lapse.

Furthermore, more than for most charitable organizations, because of the nature of the impairment of our members, communication with them and by them for public awareness, membership recruitment, and fundraising is best done through the auditory medium of the telephone, as verbal communication, better than any other form, meets the standard of accessible exchange of information, something that many would argue is a human right.

Fundamental to CCB's survival is our ability to telephone Canadians to inform them of our council and thereby provide them with opportunities to share this information with friends and relatives who can benefit from our organization and can support CCB through donations. To replace this approach with any other sort of campaign would simply not be a viable option for CCB. At any rate, door-to-door campaigns, for example, would certainly be experienced as more intrusive and uncomfortable by many of the good folks from whom we would solicit assistance.

You can see then that Bill C-37 and a national do-not-call list could result in the stagnation or cancellation of programs and services that we have worked so hard to build, and very possibly a reversal of the progress the Canadian Council of the Blind has achieved. It is even conceivable that Bill C-37 could cause the Canadian Council of the Blind to cease to exist as we know it if alternatives to make up for the effects of this bill cannot be found.

We further believe that a national do-not-call list will give the Canadian public false expectations, even if preceded by an education campaign, as to how it will work and be managed.

•(1635)

Most folks would likely expect to receive few, if any, solicitation calls, and the time it will take to explain CCB's exemption would detract from the time that could be dedicated to the purpose of such calls.

Let me ask, then, how will CCB and any other individuals, companies, organizations, foundations, and charities market themselves if denied access to telemarketing? How far are Canadians really prepared to go in curtailing the fundamental right to market a product, a program, a service? As well, serious consideration should be given to the cost to taxpayers of implementing and managing a national do-not-call list relative to the cost of private lists and self-regulation by charities and contracted telemarketers concerned with maintaining their good reputations.

The Canadian Council of the Blind believes that Canadians recognize the important roles charities play in our society and the constitutional right they have to contact fellow citizens to inform them about what we do, how we do it, and how they can help. We also believe that whatever discomfort might be associated with telemarketing calls, Canadians, being Canadians, will opt to endure it for the sake of the charities that benefit them and those they care about.

The Chair: I'll just get you to wrap up, sir.

Dr. Gordon Hope: Thank you, yes.

In closing, then, the Canadian Council of the Blind asks you to consider whether the results and costs associated with Bill C-37 are consistent with its actual goals and whether the bill will be to the benefit of Canadians or reflect their actual wishes.

If I might say, finally, it's understood that Bill C-37 could be passed with an exemptions list. We would encourage the committee to recommend that such an exemptions list be as full as possible and include all non-profit organizations.

Thank you for your time and indulgence.

The Chair: Thank you, Dr. Hope.

We'll ask Mr. Gustavson to be equally efficient.

•(1640)

Mr. John Gustavson (President and Chief Executive Officer, Canadian Marketing Association): I'll do my best, Mr. Chair. Thank you very much.

My name's John Gustavson. I'm the president and CEO of the Canadian Marketing Association. With me today is Barbara Robins, vice-president of the legal and regulatory affairs of Reader's Digest Canada and the chair of our ethics and privacy committee, and Wally Hill, who is our vice-president of public affairs.

[Translation]

The Canadian Marketing Association is pleased to present the Committee with its views on Bill C-37.

[English]

We are the largest marketing association in the country. We have some 800 corporate members, including major financial institutions, insurance companies, publishers, retailers, charitable organizations, and agencies.

One of the misconceptions, we think, with regard to the issue of telemarketing in Canada is that it may only involve a few thousand companies, or in fact a few tens of thousands of companies. The fact is that virtually every business in this country at some point or another uses the telephone to market its goods and services. That generates over \$16 billion in sales every year and generates some 250,000 jobs for Canadians.

So this indeed is very big business, ladies and gentlemen, and we have to be cognizant of answering not only the issue of consumer annoyance but also what the bill might inadvertently affect in terms of such a very large contributor to the Canadian economy.

We are a very big believer in industry self-regulation, and we've operated our own do not contact service since 1989. It's free for consumers and compulsory for our members to use. Non-members may access it as well. At the moment, we have about 500,000 unique names and phone numbers registered for the service, with about 15,000 additions every month. We're getting good reports of it being effective, for the most part, in getting rid of a significant number of telemarketing calls, but not all. For that reason, since 2001 we have been asking the CRTC to establish a national do not call service. And because we believe this is reasonable government regulation, we support Bill C-37 in principle.

A national do not call service will be good for consumers and marketers. It's simply not good business for marketers to annoy customers, who may very well respond to your marketing efforts in other media, and will level the playing field for all marketers in the country. But we do believe there are some amendments necessary to create this balance between answering consumer annoyance and protecting this important industry that generates so many jobs. We have four recommendations for the committee.

First, we think the legislation should contain a clearer definition of what is meant by "unsolicited communications". In effect, what's this legislation talking about? We think the existing CRTC definition is a good one, and we would recommend it to you, but we do think it should be in the legislation to clarify Parliament's intent that the DNC deals with commercial solicitations as currently defined by the CRTC.

Second, we think it's important that this committee clarify that the legislation is not meant to apply to communications where there's an existing relationship. We are very positive about the recently tabled amendment by the government to exempt calls to current customers, but we don't think it goes far enough. The CRTC traditionally has not exempted calls to current customers, as Mr. French testified before the committee on April 20 on behalf of the commission. He went on to say that their starting point would be their current regulations. So we're afraid of a very restrictive definition of current relationship. The experience in the United States has been very successful, and we would recommend the adoption of the 18-month rule from the last transaction, or, in our country, six months from the last inquiry, where companies can continue to call people who are registered on the do not call list.

The third recommendation deals with the charitable sector. You have heard two proposals. One is the government's amendment to create a separate list, or a sub-list, within the DNC allowing people to indicate whether or not they'll accept calls from charities.

On the surface, ladies and gentlemen, that sounds very good. It's freedom of choice. It gives consumers choice. But it also creates complications. I've been advised within the last 24 hours by the people who administer our database that it could significantly increase the cost of DNC, and particularly increase the cost to charitable organizations.

The other model is the U.S. model, which provides a pretty comprehensive exemption for charitable organizations. Perhaps we can see some compromise there. The U.S. legislation allows the charity one call, and then, if the consumer says "I don't want to hear from you by telephone", each charity has to have its own do-not-call list.

To wrap up, we note that there is no exemption here for business-to-business calls. The CRTC traditionally has not exempted business-to-business calls, and we think that would be a valid exemption as well.

On balance, Mr. Chairman, we think this will be a good piece of legislation for consumers and marketers.

•(1645)

The Chair: Excellent; you're just eleven seconds over five minutes. That's great.

We do apologize, but we do want to get you all in, so we're going to move right to Peter Broder of Imagine Canada.

Mr. Peter Broder (Corporate Counsel and Director, Regulatory Affairs, Imagine Canada): Good afternoon, Mr. Chairman. We thank you and the committee for inviting us to appear before you on this important piece of legislation.

The Chair: Just a moment.

Colleagues, if you have to go, do I have your consent to keep going here as your chair? I'll wait until the last second. Do I have your consent to keep going if you leave?

Go ahead, Peter.

Mr. Peter Broder: Imagine Canada, a leading intermediary organization of the non-profit and voluntary sector, has done

extensive research on Canadian giving and on the characteristics of charities and not-for-profit groups in Canada.

Another aspect of our work is promotion of an ethical fundraising code that provides best practice standards for charities. I would like to talk to you today about the results of our research, about our code program, and about why charities and not-for-profits need to be exempted from the do-not-call list that the CRTC will be able to establish under this legislation.

Specifically, we are recommending that the committee endorse the proposed amendment of...

The Chair: I want to point out that you shouldn't be alarmed that members are leaving. Everything is on the record. Everything is available to members, so we're going to continue to hear your testimony until the very last moment. I just want to make it clear that even though members have to leave, there is nothing lost in terms of your testimony getting into the mix.

I'm sorry, Peter, go ahead.

Mr. Peter Broder: Specifically, we are recommending that the committee endorse the proposed amendment of April 20 providing an exemption under the legislation for federal registered charities and permitting certain solicitations where there is a pre-existing relationship between an organization and the person being contacted.

We also recommend that the committee consider widening the exemption to include non-profit groups beyond federally registered charities.

There are three things I'd like to talk to you about to support these recommendations: the current fragile donation environment, the large percentage of modest-sized non-profit and voluntary groups that are heavily dependent on fundraising from the public, and self-regulatory initiatives to curtail inappropriate fundraising practice and maintain public trust in the sector.

The 2003 data from the Canada Revenue Agency indicate that fewer than 25% of tax filers claimed a charitable donation credit that year. While the value of donations rose, this is attributable to growth in the size of the average donation and increased number of tax filers, owing to population growth, labour force changes, and other demographic shifts. Our organization's research on giving, principally the national survey on giving, volunteering, and participating, the NSGVP, reveals a contemporary donor increasingly concerned with results and less inclined than in the past to support the same organization year in and year out.

There is a close correlation between giving and religiosity found by the survey, and with the declining religiosity of Canadian society, this raises a serious concern over the long-term sustainability of donations. As well, increases in donations over the last decade have, at least in part, been driven by tax measures giving preferential treatment to certain types of donations.

It is not clear that we will continue to see growth in the size of the average donation, absent of continuing tax changes. In short, we are skating on thin ice. In this type of fragile donation environment, introducing a regulatory measure that will curtail solicitations could have a significant adverse impact.

Turning now to what we know about charities and not-for-profit groups, recent research on the size, scope, and nature of the non-profit and voluntary sector in Canada reveals that the sector is both an important economic actor and that it is dominated by small players.

The national survey of non-profit and voluntary organizations, NSNVO for short, was released in late 2004. It found 80% of sector groups have annual revenues of less than \$500,000 and more than 50% of organizations rely entirely on volunteers. Still the sector has more than 161,000 groups, about 80,000 of which are registered charities. It makes an approximately \$76 billion contribution to the economy annually.

The NSNVO also found that 63% of sector groups serve primarily local needs and that modest-sized organizations are both the most likely to rely on philanthropic donations and be challenged by capacity issues. This means that without an exemption provision, the proposed legislation would likely have its most severe impact on the most vulnerable groups. It would hurt, for example, those organizations that are most likely to rely on public donations to pay core costs not covered in the project funding they receive.

In Canada, an organization can be considered a charity under common law without being federally registered. However, without federal registration it does not have the ability to issue tax receipts for donations.

Along with federal charities, NSNVO research includes these common-law charities and other not-for-profit organizations, although giving and presumably fundraising cessation is concentrated among registered charities, since there is no tax benefit associated with donations to these non-registered groups.

The NSNVO estimated total annual individual giving to organizations at around \$8.4 billion. This means that a sizable portion of donations were made to groups that were unregistered or

were not made to register as charities. This reflects the fact that organizations often contribute to the community even if they are not registered charities. For example, an organization may be eligible but simply not have sought registration, or may be precluded from registration because of the amount of advocacy activity it undertakes. Consideration should be given to extending an exemption in the legislation to these groups.

Finally, as I mentioned earlier, self-regulatory efforts are well under way in the sector. Both Imagine Canada and the Association of Fundraising Professionals have codes of conduct that promote good practice. Our code specifically requires that a charity respect a donor's request to limit solicitations.

• (1650)

The Chair: I will get you to wrap up, Mr. Broder, because unless there is somebody from the Heart and Stroke Foundation here who can help me, I have to dash to my seat in two and a half minutes.

Mr. Peter Broder: One more minute.

For these reasons, we strongly urge the committee to endorse the amendment, and further, to consider widening the exemption contemplated in the amendment to include not-for-profit groups that do not qualify as federally registered charities.

The Chair: Well done, all of you.

You are witness to the reality of life on Parliament Hill these days. Nonetheless, all my colleagues are aware that normally we would have questions and your answers to those questions. Under the circumstances, we may pose those questions to you by e-mail, through the clerk, and you can respond by e-mail.

The government and the opposition are quite serious about moving ahead with this, but testimony along similar lines has been heard from previous witnesses, and there is a real serious intention to accommodate as much as possible these very serious concerns that you've raised today and that have been raised by others.

With that, I perforce must adjourn this meeting or I will be in big trouble.

Thank you very much.

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