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## Standing Committee on Finance

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**Chair**

**Mr. Massimo Pacetti**

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Friday, November 4, 2005

•(1015)

[English]

**The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)):** Good morning. We're here pursuant to Standing Order 83.1 on the pre-budget consultations for 2005. Thank you for taking time out of your day to present us with your brief.

The way this is going to work, I'm going to allow you a seven- to eight-minute timeframe for your opening statement or opening brief. If you can respect the time limit I would appreciate it, because the members are going to want to ask questions and I want to try to keep to the time schedule. We're already starting a little bit over the time.

So if we can get started right away, from the Canadian Arts Coalition, we have Mr. Jamison. Go ahead.

**Mr. Mark Jamison (Chief Executive Officer, Magazines Canada; and Member, Steering Committee, Canadian Arts Coalition):** Thank you.

Good morning. My name is Mark Jamison. I'm CEO of Magazines Canada, and we appreciate the time and the opportunity this morning.

I appeared before this committee in Winnipeg on matters concerning magazines, but today we're here on behalf of all Canadian artists, and arts and cultural organizations, who have formed a coalition to draw attention to the value of investing in the Canada Council for the Arts.

With me is one of our country's outstanding stage and screen artists whose rich career has helped us Canadians know ourselves better. R.H. Thomson is currently filming the role of James Cross in a forthcoming political drama. Of course, we know his role as Dr. Frederick Banting and his contribution to the much-loved *Road to Avonlea*. He is also the force behind Shakespeare Works, a theatre experience inspiring young imaginations right here in Toronto.

Robert.

**Mr. Robert H. Thomson (Actor and Director, Artistic Director of Shakespeare Works, Canadian Arts Coalition):** Good morning. Thank you for having us. I just opened a show last night so I am not quite copacetic, but you have been up earlier than I have, so I have my sympathies for you.

Last week, there were 70 artists, arts administrators, and executives who went to Ottawa and met with MPs and officials to talk about the \$5 per capita increase for the Canada Council for the Arts, which is basically, for me, two coffees and a donut.

I don't know if I should speak to the importance of the arts in Canada. I don't know. For me, it's obvious, but for some people it isn't obvious. But one thing I should say is that the Liberal government is to be totally congratulated on the initiative for the cultural instrument or what I call the treaty in arts diversity, which just passed stunningly in UNESCO, at 149 to 2. This was a Canadian idea, which was taken to the Canadian Liberal government, and they ran with it. So really the Liberal Party has a great...and I know the NDP are great, and I know the Conservatives are great, and they're all great!

**Some hon members:** Oh, oh!

**Mr. RH Thomson:** It was a worldwide initiative that we never thought would pass, that is, a treaty that said the diversity of cultures in any nation is absolutely essential, so essential it cannot be subject to the rule of trade law. This is a stunning achievement, led by the Canadians and led by the Liberal Party in Canada. So I'm very happy about that.

What else can I say about the importance of the arts in Canada? Canadian books are read around the world; Canadian music is heard around the world.

Actually, the best example that I have for the importance of the arts to people is the Bathurst Street subway station. Five years ago the subway station was full of gangs, TTC police, police. It was a place of trouble. It cost the TTC money to police it. Now there are no gangs, no police are required, and what is playing is Shostakovich, Tchaikovsky, Strauss, and Mozart on the intercom system, which to me shows the arts are a civilizing influence. They bring order, and they have saved the TTC money because they don't have to hire transit cops to be in the subway station. This is classical music that actually does not promote gang activity, and it's a very important statement on the arts for me.

We know that 90% of Canadians believe that the arts actually increase the quality of life in their community, and we know that 96% of Canadian parents want arts to be in the education of their children. So that is all important.

We also think that art in Canada is an inclusive mechanism that brings together cultures and actually shows us to each other. I can only give you one specific instance on this. I was touring with Tafelmusik. Tafelmusik is a baroque orchestra from Toronto. Their headquarters is just down the street. We toured northern Ontario, and one of the best concerts...and we toured with a series of Greek stories called *Metamorphosis*, which is about the transformation of humans into other things. We toured with these, and one of the most memorable concerts was on Manitoulin Island at the Wikwemikong reserve. The first nation kids there put on their transformation myths, and then Tafelmusik from Toronto played the Greek transformation myths. The excitement of the interchange of the two cultures, of all the different cultures coming together through that, is what our country is about. It's what the nation is about. It's the experiment on which we are building ourselves, and building ourselves very successfully.

Okay, I'll keep going because I've only got five minutes.

Arts is another kind of infrastructure for me, because the infrastructure in any country is roads, hospitals, schools, and it's the arts. If you are going to have an arts infrastructure, you have to invest. And you have to invest in that kind of infrastructure. The payoffs are enormous. It's a \$39-billion overall cultural industry size of the economy and it employs over 600,000 people. So it's a very large job thing.

The Canada Council for the Arts is what we are pushing for to get the two coffees and a donut increased per capita. I think \$5 per head per Canadian is in fact tiny. It is \$155 million, which is tiny. It is not welfare for artists; it is seed money that seeds thousands and thousands of projects of artists and arts organizations. And it's very efficient in the public moneys used to seed much greater adventures, so to speak.

The Canada Council is now 50 years old, and we are about to go into the second 50 years. For the artists like me it's time to say, okay, it's time for the next stage, because basically the first 50 years were very successful. There's been an enormous growth of arts and artists, so much so that the Canada Council is so oversubscribed it turns down too many people.

• (1020)

But the artists and arts organizations are also in what I call survival mode at the moment. We make survival spreadsheets. That's basic—if you survive as an organization, then, good for you. Well, no, that's not good enough. We know we can go so much further.

So the first 50 years of the Canada Council for the Arts was about building and survival. We now go to the second stage, which is the takeoff time, and we know we can do it, because our artists play around the world. The arts are also, internationally for Canada, our ambassadors.

All right. I should keep going. What can I say?

We want you to consider giving the \$5 extra per person to the Canada Council, the two coffees and a doughnut. Because it's an efficient organization, do it through the Canada Council for the Arts.

When I was working on the culture treaty that passed through UNESCO, I would speak to young artists from South Korea, from

Namibia, and from Thailand, and they look at Canada as a total model. They said, "How do you guys do it? How does that work up there?" We described how the Canada Council for the Arts works and how the various arts funding bodies work, and they were agog. We would not only advocate that their government sign the UNESCO treaty, but they would also say, "Well, can you give us some information on how you fund arts? You've been so successful in such a diverse land". In that respect, the Canada Council for the Arts is an absolute model of efficiency in seeding arts projects across the country.

So two coffees and a doughnut will take us to the next stage. Thank you.

**The Chair:** How about one coffee and two doughnuts?

**Mr. Robert H. Thomson:** Okay.

**The Chair:** From the Canadian Film and Television Production Association, Mr. Mayson.

**Mr. Guy Mayson (President and Chief Executive Officer, Canadian Film and Television Production Association):** Thank you, Mr. Chairman. I'm very pleased to be here.

Members of the committee, thank you for allowing us to appear before you today.

The Canadian Film and Television Production Association is a non-profit trade association representing almost 400 companies in the Canadian production industry. The association promotes the general interests of Canadian producers by lobbying government on policy matters, negotiating labour agreements, managing copyright initiatives, and offering mentorship programs.

With me today is Mr. Stephen Ellis, the president of Ellis Entertainment. Ellis Entertainment is a leading international television producer and distributor, with more than 40 years of history, supplying the global marketplace from its base of operations here in Toronto. Ellis Entertainment is a long-standing member of the CFTPA, and Mr. Ellis is one of the association's veteran board members and one of its past chairs.

We understand you've heard already from other producer representatives in Vancouver and, a couple of days ago, right here in Toronto. Given that they've already shared with you some of the challenges that producers face, we'll keep our opening remarks as short as possible to allow greater time for questioning.

Stephen.

• (1025)

**Mr. Stephen Ellis (President, Ellis Entertainment Inc. , Canadian Film and Television Production Association):** Thank you, Guy.

As you've heard, independent producers play a key role with regard to Canadian cultural and creative diversity, and they help build a more cohesive and creative Canada. This role is particularly important in an ever-growing media world of choice, an era where the Internet and mobile casting have yet to reach their potential and where national borders have increasingly little meaning in the free flow of media content.

Over the past 10 years, the Canadian film and television production industry has become one of the major success stories of government policy. We've provided some details in regard to this in our submission.

That said, while there has been growth overall, the situation is not as positive for the Canadian independent production sector. This sector creates the majority of Canadian content in prime time and virtually all the Canadian feature films released each year in Canada. While the independent sector is responsible for some 40% of Canada's total annual production volume, it's the only sector that has experienced a decline in the last number of years. The annual volume in this sector has decreased by 12.4% between 1999-2000 and 2003-04. Further, preliminary data suggests that the downward trend has been accelerating since then.

**Mr. Guy Mayson:** Moreover, little progress has been made over the years in fostering a healthier corporate capacity in the sector.

On the whole, independent Canadian production companies are still financially very fragile, often working from one project to another, hoping to survive long enough to make it to the next one. Living hand to mouth is not an optimal recipe for building a sustainable environment in the long run.

Independent producers face this reality at a time when the demand for Canadian content has increased exponentially with the multiplication of screen choices available to audiences. Over the last decade, scores of new television services have been licensed, and megaplex cinemas have spread everywhere.

An independent study commissioned by the Department of Canadian Heritage concluded that, in aggregate, the estimated total volume of required evening-hour Canadian programming increased by more than 150% in volume between 1996-97 and 2001-02, growing at an annual average rate of roughly 21%. While independent producers are currently struggling, broadcasters are faring quite well.

A study we have just released that was prepared by Nordicity Group provides solid evidence of the precarious financial state of the independent production sector. The profit margin, measured in terms of earnings before taxes, of film and television producers has dropped from 6.7% in 1999 to a low of 1.6% in 2002. It is now less than half the average margin of all industries combined and less than one third of that of all broadcasters. Simply stated, while broadcaster profitability has remained robust, far exceeding other industries' averages, producer viability has plummeted.

In the current federal policy system, producers are caught in a catch-22: one, to attract greater investment they need a stronger corporate capacity, and two, to have a stronger corporate capacity they need access to greater investment.

Independent producers are now looking to the federal government for help to break this chronic and inefficient cycle.

**Mr. Stephen Ellis:** While producers are better positioned today than they were ten years ago, they need a significantly revitalized environment if their businesses are to have any chance of achieving ongoing, sustainable growth into the future.

We've recently written the Minister of Canadian Heritage, the Honourable Liza Frulla, with regard to our proposal, and we would be pleased to provide the committee with a copy of that letter.

Here are some of the highlights of our proposal to the minister.

We've recommended the adoption of a new national policy strategy, one that seeks to put the Canadian independent producers on a path to a more productive future, and one that reflects our central role in the film and broadcasting system, by: first, focusing more on increasing the efficiency and competitiveness of the Canadian independent sector; second, ensuring better synergy between independent producers and the broadcasting system; promoting a fairer balance between those who produce content and those who operate in a highly regulated sector and have direct access to audiences; and advocating that each element in the system make a significant contribution to building social and cultural cohesion and to promoting diversity in Canada.

But some key structural changes, such as amendments to the Broadcasting Act, would be required in support of the new policy strategy. The new strategy would also entail a rebalancing of the supply of quality Canadian content relative to the demand. This would inevitably require that we significantly increase the annual critical mass of Canadian content that's made by independent producers. Also, with a view to looking towards the future, it demands that we consider the advent of new technologies.

As such, we're recommending that, beginning in 2006-07: the Government of Canada increase the current allocation to the Canadian television fund by a minimum of \$95 million; increase the current allocation of the Canada feature film fund by a minimum of \$65 million; increase the current allocation to the Canada new media fund by a minimum of \$15 million; commit these resources for a minimum of five years, on a base that's indexed to the annual inflation rate; and increase the rate of the Canada film or video production tax credit to 30%, as was recommended by this committee only last year.

● (1030)

**Mr. Guy Mayson:** Just to offer a brief note on the indexation of public support and longer-term resource commitments, in the environment where public resources are not indexed to the rate of inflation the sector's ability to keep up with the rest of the economy is considerably hindered, and as such it slides further back.

We would also emphasize the huge importance of a predictable financing environment. Producers are trying to plan their business activities two or three years out, but they don't know whether the support programs will be there for them by then, or what the value of those programs will be.

To have a chance of improving producers' positions and hopefully beginning to gain ground, we believe direct federal assistance programs need to be set in place for at least five years and be indexed to the rate of inflation.

Direct support is crucial to maintaining a critical mass of quality Canadian content in all media. However, trying to build a more solid industrial base by project-by-project assistance alone is not effective for moving towards a more productive and self-sustaining future for the independent sector.

We believe that private sector investment is a vital ingredient to increasing productivity in this sector. However, private sector investors have not traditionally been interested, given the high-risk nature of this industry.

If the aim of federal public policy is to have Canadian producers raise private capital and create content that reaches larger audiences, particularly in English Canada, then it needs to equip producers with the proper tools and flexibility in its program regulations to satisfy private sector investors.

The government can also take greater initiative in this area by introducing new programs that encourage greater investment, particularly for expensive productions like big-budget feature films and dramatic television series, the budgets for which are now extremely difficult to finance.

Steve.

**Mr. Stephen Ellis:** In closing, we would stress our concern that if significant changes to the current system are not implemented, the situation for independent producers will worsen. In the absence of action, things will eventually hit a point beyond which it will be extremely difficult to achieve the government's cultural objectives.

A new federal policy strategy for production that would ultimately serve to rebalance the industry and help put independent producers on a path to greater, more equitable, and sustainable growth going forward is what is needed.

Our proposals, as we've outlined in our submission to the committee and in our recent letter to Minister Frulla, would represent a more efficient and effective strategy for delivering on the Government of Canada's firm commitment to ensure the availability of a wide diversity of Canadian content for the benefit of all Canadians.

We thank you once again for allowing us to share our views with you today. We'd be pleased to address any questions you may have.

**The Chair:** Thank you.

From the Canadian Museum Association, we have Mr. McAvity.

**Mr. John McAvity (Executive Director, Canadian Museums Association):** We are very pleased to be here today. I should say that I'm joined by our president, Mr. Cal White, who is the director of the Toronto Zoo. I'm the executive director of the association.

We want to start by thanking the committee very much for the successive recommendations you've made in the last few years concerning museums and the necessity for new funding of museums.

Today we're here to ask you for a final and a forceful recommendation from your committee that a new museum policy be established and be funded accordingly.

I won't go into the recommendations you've made in the past, but they've been very significant ones, and I think they have to a large extent helped propel our case. That is why I would like to thank you.

Before I go into further details, though, I would like to give you a little background picture of the museum community in Canada.

There are over 2000 museums, which include art galleries, science centres, zoos, and other not-for-profit institutions. They attract over 58 million visits per year. They're phenomenally important. However, they are probably the most struggling element of the cultural community in Canada.

Our funding problem is chronic. The principle funding program at the federal level dates to 1972, and the funding level remains at 1972 levels, without even an inflationary increase, at \$9.5 million per year.

A number of museums in the past year have closed their doors, including the acclaimed Inuit art museum in Quebec City. Some have been forced to sell their collections, which constitute our national treasures. Museums have been denied long-term stabilization funding through endowment matching funds from the federal government. Museums have also been denied research funding through the funding councils, specifically SSHRC and NSERC.

These are just some of the examples. But I'm very pleased to say that, based on your recommendations, the Honourable Lisa Frulla is taking action. She has made a commitment to us to bring in a new museum policy, and it is at the top of her priority list.

During the past eight or ten months, consultations with our members and the museum community have been conducted and are completed. The Department of Canadian Heritage has worked very closely with us and has developed a draft new policy, which will be going to cabinet in the coming days.

In addition to this, I want to tell you that we have also met with all the political parties, and we are very pleased to have received support from all the parties towards this policy; secondly, that the federal-provincial ministers and the territorial ministers responsible for culture have met and have passed a resolution in support of this new federal policy.

Thirdly, I want to remind you that the Auditor General spoke out in her report last year and said that unless action is taken by the federal government now, our cultural heritage will be lost to future generations.

Committee members, there is no reason for this plan not to happen. We ask for your complete support and trust we will receive it.

To be helpful, we have some wording to offer to you. Our recommendations have been provided to the committee in our brief, and we are pleased to discuss them with you further today.

I'll turn this over to my president now.

•(1035)

**Mr. Cal White (Chairman, Canadian Museums Association):**

Ladies and gentlemen, recently *The Globe and Mail* carried a story of an international study of the role heritage and culture play in building a country's reputation. The study asked people around the world about their perception of a country's cultural, economic, political, and tourist appeal, as well as its investment potential.

Canada ranked second after Australia, and that's good news. But why didn't we come in number one? The reason was that, among all those sectors, we scored near the bottom in terms of culture and heritage. That's not a big surprise to those of us who are close to culture and heritage. Canada indeed has no cultural policy, and its existing sectoral policies in areas such as museums are critically out of date, something heritage minister Frulla is committed to dealing with.

As John said, we're delighted, having worked with the department, by the amount of support and common interest that's coming out of it. After years of cuts, as John said, it's time for an investment in these activities that will add quality to the lives of Canadians and to Canada's status internationally.

What are the recommendations from CMA?

I think some of the other speakers have talked to this too. More predictability in support is critical. The key to business planning for museums is predictability in revenue from all sources. While museums have steadily decreased their reliance on public funding in recent years, many museums are still facing critical shortfalls. As John mentioned, a number of museums have closed down in the recent past, including the Inuit art museum in Quebec City. Multi-year investments should be allocated to fund programs within this new framework. One-year programs really aren't adequate for long-term planning.

The CMA is recommending a \$75 million per year new investment. That's set out in a framework of flexible and targeted programs geared to achieving the goals. In the parlance of our previous speaker, \$75 million dollars would be one coffee and half a doughnut. John talked about a level of funding, going back to 1972, of \$9.5 million. That's basically a sip of the coffee and a tiny bite of the doughnut.

These things need to be changed. The limited scope of one-year project funding is not helpful. We need to move to multi-year investments.

The Canadian Museum Association recognizes that we're part of a much broader community. We certainly support increases in funding to the arts through the Canada Council and we support the government's moves and our moves to encourage greater donations by citizens. We believe the federal government's leadership and central role in building capacity for the arts is essential.

Our brief talks about the number of wonderful benefits that are provided by the museum community across the country. We're very pleased to be on the threshold of finally updating our decades-old museums policy and creating new vitality and innovation in communities across Canada.

We urge you to support Minister Frulla in helping us make this a reality with a strong endorsement in your upcoming report.

Thank you.

•(1040)

**The Chair:** Thank you.

In your brief you state that you're asking for \$75 million for your new museum policy. Is that something that's been discussed with Heritage Canada?

**Mr. Cal White:** Yes.

**The Chair:** Okay, thank you.

The next group I have is the Centre for Social Justice.

Ms. Kitchen, or Mr. Cooke.

**Professor Brigitte Kitchen (School of Social Work, York University, Centre for Social Justice):** I am Brigitte Kitchen from the Centre for Social Justice. We made our name with a report called the *The Growing Gap*. This is an area we have been working in, and what I'm presenting today is one of the new agendas for social policy, called life chance guarantees. To put that into context, this morning I saw in the *Toronto Star* a little blurb in the Santa Claus page about a young couple. The husband works from 5 a.m. to 5 p.m. in construction. He is part of this new group of people stuck in dead-end jobs, and my challenge is to you—what can we do to give life chances to this particular individual and others in the same situation?

The goal of life chance guarantees is to give people genuine opportunities to make something of their lives instead of letting them waste away. Life chance guarantees can prepare our people for different job opportunities by providing them with meaningful education, upgrading, or retraining when needed. They enable people to turn their lives around so that unemployment does not automatically banish them to the margin of social life. As well as developing people's potential as productive workers, life chance guarantees are designed to widen their freedom to lead lives they value as members of a family and a community.

What are the building blocks for life chance guarantees? They are, first, employment at a living wage—that's not a new demand; personal capacity building for educational skills and development; the rebuilding of employment insurance to reflect the changed working conditions in the labour market; and the enhancement of family life.

Governments have withdrawn from accepting responsibility for the creation of stable job opportunities. That has to change. Government can play a role in job creation. We also need a fair and equitable tax system in order to finance the building-stones of life chance guarantees. I will outline that now.

For personal capacity building, what we need is, for instance, a school attendance allowance, similar to the former youth allowance we once had, to be paid to those between 15 and 20 if they are in high school or involved in a skilled trade or crafts program. Tuition fees for post-secondary education should be eliminated. I know that's a very controversial proposal, but many European countries have it and haven't gone financially bankrupt, so I think it is one we should seriously consider. Canadian employers should also make it financially possible for workers to take regular job breaks to retrain or to upgrade their skills and refresh their capabilities in order to strengthen their employment and job qualifications. Job breaks, well known to academics in the form of sabbaticals, could also be extended to low-income workers in the precarious labour market.

When we turn to the issue of the long-term unemployed, what we perhaps need is a change in employment insurance, similar again to what some of the European countries have done, to keep long-term unemployed people on employment insurance and thus avoid pushing them onto provincial social assistance.

While they are on this program, they—particularly those who need literacy, language, computer, or other skills to enhance their personal capacity and employment—could be paid a specific retraining/upgrading allowance.

• (1045)

Maternity and parental leave benefits under employment insurance could be expanded in time, and earning replacement levels enhanced. Again, many of the European countries have already done this, and they have also covered those who are not in the labour market by paying child care allowances that are time limited. For those burdened with caring for long-term dependants, Germany and France have introduced a long-term social insurance program, Germany in 1995 and France in 2004.

We have a real problem in this country in the support of children of divorce. Again, Sweden has introduced an advanced maintenance support program that also has been advocated for many years by Status of Women Canada.

In terms of child care, parents should be able to take care of high-quality universal child care. Most families today require two income earners. They haven't seen this recognition reflected in the provision of child care. Many people have to work in very unusual work circumstances in order to accommodate their child care responsibilities. I've heard of situations in which one parent leaves as the other one comes in. Do they ever see each other? Are we then surprised that divorce cases are so high?

There is a painful price to be paid when the social neglect of people's talents and capacities is allowed to prevail. Everybody deserves a real chance to develop their full potential and use it to their personal and to society's advantage. The frittering away of precious public money that pays for just enough training for people to stumble from one low-paying dead-end job to the next has to stop. Life chance guarantees take a long-term view of the return of public investment in human capital, which in the long run benefits all of us through the enhancement of Canadian national prosperity.

Thank you.

**Mr. Murray Cooke (Research Associate, Centre for Social Justice):** Good morning. My name is Murray Cooke. I'm here on behalf of the Centre for Social Justice, located here in Toronto.

I'm the author of a forthcoming report entitled *Banking on Mergers: Financial Power versus the Public Interest*.

The consultation paper for these hearings raises the issue of—

• (1050)

**The Chair:** I'm sorry. I have to interrupt, because I have your speech.... You are not going to make it. You have about 30 seconds. I'm sorry.

Try to wing it. I apologize.

**Mr. Murray Cooke:** Yes. Well, the consultation paper raises the issue of finance to business. I think this is too narrow an agenda. I think the focus on productivity in the consultation paper is also too narrow. We should be talking about greater access for all Canadians. Wherever they live in Canada, disadvantaged groups need access to financial services and finance.

I have a number of recommendations in the paper I handed in, and in a forthcoming report. They involve a number of things, including the recommendation that we shouldn't be going down the road of allowing bank mergers. That would reduce competition and have harmful effects. On the other hand, I don't think we should allow foreign banks to come into this country at a greater level. I don't see that as beneficial overall.

A third point is that we need to increase alternative institutions, such as credit unions.

I'm just giving you the basic points.

The next point is that we need to remember that even with the rise and expansion of credit unions, we'll still rely to a large extent on the major banks. We need a regulatory regime that will ensure Canadians in disadvantaged neighbourhoods and rural communities will have access to financial services and credit.

One of a number of ways to reform the regulatory regime is to introduce a community reinvestment act similar to what they have in the United States. They've had it since 1977. We need to introduce similar measures here in Canada.

We need to remember that the major banks in Canada closed over 700 branches between 2001 and 2003. Simply requiring those banks to disclose the fact that they're going to close is insufficient. We need regulations to ensure those banks are in those neighbourhoods, so that the payday loan companies don't come in—as they've already done. They are essentially exploiting poor neighbourhoods with the outrageous and, in fact, illegal interest rates they charge to poor people.

**The Chair:** Thank you. I'm sorry, it's just that we have another group. We can't go on—I'm sure you can go on—on this subject.

Next is Mr. Wong, from the Chinese Canadian National Council.



**Mr. Victor Wong (Executive Director, Chinese Canadian National Council):** Thank you, Mr. Chairman. I'd like to thank the finance committee for giving us this opportunity to make a presentation.

My name is Victor Wong. I'm the executive director of the Chinese Canadian National Council. With me is Ms. Christine Li, who is a member of the national executive, and also Mr. Apollo Chung, who is also a member of the national executive.

CCNC is a national non-profit organization. We have 27 chapters across Canada; we formed in 1980. Since 1984 we've been seeking redress of the Chinese head tax and Chinese exclusion act on behalf of 4,000 head tax payers and their families. The Canadian government has begun to recognize the injustices committed against the Chinese Canadian pioneers, and this is long overdue.

We do seek a reconciliation with the government for these injustices and, specifically, for the people who were directly affected—the head tax payers and their families, who have had to suffer for over six decades. In the 2005 budget, the Government of Canada announced the \$25-million acknowledgement, commemoration, and education fund, but this fund does not provide an acceptable mechanism for redress, nor is it accepted by the individuals and families who are directly affected by the head tax and exclusion act.

What we are asking today, what we do seek, is a return of the head tax levies, which should not have been taken from the head tax payers in the first place. The head tax is no longer in place, but that didn't happen before the Canadian government collected some \$23 million. What we are seeking is a refund of this tax, now that the tax has been repealed.

These head tax levies are on the books of the Canadian government. The logical and moral step would be to return these ill-gotten gains to the people who were directly affected. We are asking today, in our brief, that this finance committee recommend that the Canadian government identify \$23 million in the 2006 budget as a return of the Chinese head tax to the victims of 62 years of legislated racism.

We are also supporting other social justice organizations in their advocacy for inclusive public policy. We recommend also that the committee look at and recommend that policies and programs be developed using a racialized lens, and that their development include a more thorough consultation with racialized communities.

Since this is a finance committee, we wanted to point out that between 1885 and 1923, the Government of Canada collected some \$23 million in head tax levies. From 1905 to 1914 alone, the Government of Canada collected almost \$14 million, including \$500 from my grandfather. These head tax levies were equivalent to a significant percentage of the public revenues at the time, and the impact on the families was quite devastating, not only from the head tax but also from the exclusion act.

We've been working on this campaign for more than 20 years with other groups like the National Association of Japanese Canadians, and the Government of Canada did resolve the case with the Japanese Canadians in 1988.

I would like to talk a little bit about the \$25-million fund announced in the 2005 budget. This was for commemorative and educational projects; the \$25 million is over a three-year period. However, the government set two preconditions for participation in this fund: they said there is to be no apology and no individual compensation. This is unacceptable to the people who were directly affected by the head tax and the exclusion act.

We're concerned at this development and how the Canadian government is deciding to spend the \$25 million. How is this program going to be delivered? Where is the transparency and accountability? We refer to Judge Gomery's comments; he said in his report that programs without rules leave the door open to "error, abuse, and careless administration".

We're flagging this for the committee. We're concerned, and we ask you to apply some stringent oversight to these types of funds, because they're not directed at a specific, clearly defined group, which they perhaps should have been.

• (1055)

We are here before the committee with this recommendation. It's in our brief. Recommendation number one is that the Canadian government should return the \$23 million that it has unjustly collected from the Chinese Canadian community in the form of head tax, and to provide redress for the Chinese head tax and exclusion act in the form of individual compensation to surviving head tax payers and spouses, and their descendants, and community compensation to the Chinese Canadian community.

Now I'll turn it over to Miss Li to carry on.

**Ms. Christine Li (National Executive, Chinese Canadian National Council):** Thanks.

CCNC has always been supportive of other social justice organizations in their advocacy for positive change—progressive tax policies, universal child care, increased funding for health and education, new funding for affordable housing, and strengthened commitment to international development. We must bring to the attention of the committee that federal policies and programs have a disproportionate impact on racialized communities, including immigrants and refugees.

Health is a major Canadian issue. It's a core Canadian value. Racism is a public health issue. It has been well documented that members of racialized communities and groups experience racism; have higher unemployment rates, lower average income, and lower levels of labour force participation; and face other barriers to participation.

For example, many newcomers, while selected for their skills, face significant barriers in securing recognition of their internationally obtained credentials, leading to de-skilling, dead-end jobs, and despair. I know some of the colleagues around the table have already brought that up.

We need to thoroughly assess the intersectionality of race and poverty, as racialized communities continue to be overrepresented among the poor and working class, yet experience exclusion and barriers to participation.

For example, the heating oil rebate, while it is a good initiative, may be exclusionary. Immigrant seniors need to wait 10 years before accessing pension systems. If the program is designed to include low-income seniors on a pension, then these immigrant seniors who do not receive a pension are then excluded.

The right of landing fee is another example, as is the right of permanent residence fee. This fee is approximately two weeks of working income for immigrants from wealthier countries, but people from developing countries may have to save for years to borrow this sum of money.

We understand that the exclusionary nature of these programs may not be intended. However, the outcome is disparity, which could be avoided through more meaningful consultation with racialized communities and by using a racialized lens to develop public policy and programs.

We urge the Canadian government to take more care in applying a racialized lens to its public policy development and to work harder to include and consult with racialized communities. There should be a budget line for this in the departmental budget.

For the two examples provided, look at a more inclusive approach to the heating oil rebate and eliminate the right of landing fee. We must work harder to eliminate this economic and social disparity, which serves to create a divided society.

Thank you.

• (1100)

**The Chair:** Thank you, Ms. Li.

From the Council for Business and the Arts in Canada, we have... Ms. Bridgman?

**Mr. James Fleck (Chairman, Council for Business and the Arts in Canada):** Well, I'm not quite Ms. Bridgman, but I'll start off.

I'm Jim Fleck—

**The Chair:** But Ms. Bridgman is with you?

**Mr. James Fleck:** Oh, very much so.

**The Chair:** Okay.

Go ahead, Mr. Fleck.

**Mr. James Fleck:** I'm Jim Fleck, the chairman of the Council for Business and the Arts in Canada, and with me is Billie Bridgman, who combines both arts and administration. She was a lead singer for the Iseler Singers at one time and has also been a very competent arts administrator over the years.

Thank you for the opportunity to speak.

The Council for Business and the Arts in Canada was started some 30 years ago by a group of business leaders from across the country who believed that art and culture were essential facets of Canadian life and that business had a role to play in supporting Canada's cultural community.

For some years past, up to and including this year, our annual submission to the standing committee has outlined two aspects of an important initiative the government has begun but not yet completed: the elimination of capital gains tax on gifts of publicly traded

securities and the equitable treatment for both private and public foundations.

The government's decision in 1997 to reduce the capital gains tax on gifts and publicly listed securities made a tremendous impact on charities, increasing donations to those working across the spectrum of philanthropic work.

The average number of gifts of publicly listed securities increased twenty-two-fold between 1996 and 1999. The average value of such gifts increased by 1800% in that period. The Department of Finance's own research supports this evidence. It reported that the value of such donations to charities amounted to \$200 million in 2000 and estimated that for every dollar of tax revenue forgone in that year, an additional \$13 was made available to charities.

This item is not specific to the arts; it's important for every charitable organization in Canada. It's time to eliminate this tax completely and fully leverage this potential source of support from the private sector for our charitable sector.

**Ms. Billie Bridgman (President and Chief Executive Officer, Council for Business and the Arts in Canada):** There are, however, several other initiatives specific to our work with the cultural community to which we would like to lend support.

The CBAC's yearly national survey of almost 700 arts organizations shows that the arts community has grown immensely over the last 30 or so years in numbers of artists and organizations, in size and variety of output, in audience reach and earned income, and in national and global reputation.

Canadian business supports the arts. Over that period it has moved from primarily a small-dollar donations model to a \$30-million-plus per year investment in the arts. The federal government's support, however, is not growing, offering virtually no growth to existing companies and no hope for new ones, and offering no challenge to the business community to keep pace.

**Mr. James Fleck:** Nor does the federal government keep pace with the level of funding that other countries provide to their cultural communities through their arts councils. Norway gives twice as much per capita as Canada, Ireland gives three times as much, Wales gives four times as much, and England and Scotland give almost five times as much. They are all relatively small countries, like Canada.

• (1105)

**Ms. Billie Bridgman:** You've heard, and will likely hear again today, that at the macro level the cultural industries in Canada employ 600,000 people and generate \$39 billion in GDP each year—larger than the forestry, agriculture, mining, fishing, and oil and gas industries put together—so while the arts are the arts, they're also extraordinarily big business.

But while economic impact is important, it is in fact not the reason for the arts. It's a side effect. Art making is not a commercial entity; its impetus is not related to expenses and revenues, and it cannot be operated using those measures. It's about creativity. You really can't control it, but you really can support it.

**Mr. James Fleck:** At the micro levels, Margaret Atwood says, by way of example, that if the teeny Canada Council for the Arts grant she got in 1969 were to be viewed as an investment, dollar for dollar it is certainly one of the better investments anyone ever made.

Yet the federal government's support for this sector does not equal the incentives given to the oil and gas sector. This, to us, doesn't make sense—and speaking of business, where else are you going to find a 100% Canadian-owned sector that grows, employs widely across all communities, is not prone to booms and busts, speaks dozens of languages in addition to the two official ones and many of the indigenous ones, and operates year-round in every community across the country?

Support not only makes economic sense, but every other kind of sense—social infrastructure, educational, sustainability, city and community building, national and international identity. The arts and culture community is an important engine within Canadian society.

More and more, we in business recognize the growing need for more innovative and creative thinking within all aspects of our companies and, in fact, in all aspects of Canadian life. We understand that it is Canada's artists who own this territory, who will foster and sustain creativity within our society, and from whom we must learn. Canada's artists are our unique face to the world. They tell people who we are. They are the key reason we lead the world in developing a cooperative and respectful multi-ethnic society of many different voices.

**Ms. Billie Bridgman:** The business community represented by CBAC acknowledges the important role it must play in this continued and growing art support. Through programs like ArtsVest, we're attacking that challenge head-on, but we also expect all levels of government—particularly the federal government—not only to stay at the table, but also to increase their support, in line with the growth and the increasing diversity of our cultural sector.

It's for all these reasons that the CBAC supports two important cultural initiatives: an increase in federal funding to the arts council of \$150 million, and the request by the Canadian museums and art galleries for a five-year, \$75-million-per-year program.

**Mr. James Fleck:** Both of these you will have heard previously through the Arts Coalition, and we're one of nearly 40 organizations that went up to Ottawa last week and met with some of you at that time.

Thank you.

**The Chair:** Next is Ms. Wilcox, from the Literary Press Group of Canada.

**Ms. Alana Wilcox (Chair, Board of Directors, Literary Press Group of Canada):** Hi. Thank you for giving me the opportunity to speak this morning.

My name is Alana Wilcox. I'm the chair of the Literary Press Group of Canada and the senior editor of Coach House Books, a literary publisher located just half a block down the street.

I'd like to tell you about a book. It's called *The Dainty Monsters*. It's a book of poetry by Michael Ondaatje, and it was published in 1967. You see, long before *The English Patient* or *Anil's Ghost*, a small literary publisher called Coach House Press published it. Mr. Ondaatje typeset it himself after the printers taught him how to use the Linotype machine and how to design a book of poetry.

This book is now exceedingly rare—so rare, in fact, that I couldn't find a single copy in our office. They've all been stolen. It's worth about \$1,000. More valuable than that, though, is the fact that Michael Ondaatje has, in the 35 intervening years, become a national treasure. His writing is respected all around the world.

But writers don't spring fully formed from the ground, nor do those with talent announce themselves with neon lights. That's where Canada's small literary publishers come in. We're talent scouts, digging through mountains of manuscripts for Canada's next literary stars, and we work hard to nurture them into something Canada can be proud of. We invest a lot of time and money in editing and encouraging, helping them to become successful writers.

Canada's literary publishers have flourished in much the same way Michael Ondaatje has. Fifty years ago you would've been unlikely to find a Canadian-authored title on a bookshelf. Now, probably one-third of the books in any bookstore are written by Canadians. That's a pretty remarkable achievement in half a century. Much of that success is directly attributable to the federal government's support of the publishing industry. Authors can write a million brilliant books, but if there's no publisher to bring them to readers, the talent is wasted.

As soon as Canada started funding publishers, first through the Canada Council for the Arts and then through Canadian Heritage, Canadian literature began to thrive. In the past 40 years we've brought Michael Ondaatje, Margaret Atwood, Rohinton Mistry, and Anne-Marie MacDonald, among countless others, to Canadian readers.

I'm here on behalf of the Literary Press Group of Canada. We are a national association that has for 30 years represented 51 Canadian-owned and Canadian-operated literary publishers like Coach House. We play a role in advocacy for our members and provide sales and marketing services to them in order to help them bring their books to readers. Our organizational goal is to assist our members to encourage the growth of a broad and diverse range of Canadian literature.

The LPG and its member publishers receive financial support from the federal government through the Canada Council for the Arts and through Canadian Heritage's book publishing industry development program, which we fondly refer to as BPIDP.

We came to you last year to ask for the renewal of the Tomorrow Starts Today fund. We are very pleased to see it continued, as it allows Canada Council for the Arts and Canadian Heritage to maintain their support of all the arts. Anecdotally, I can assure you the funding has made a huge difference for many publishers, enabling them to sustain the level and quality of their productions. We very much appreciate the commitment this committee has made to the arts with that decision.

We come to you this year to ask you to look further into the future and to help us to prevent our hard-earned success from floundering. Publishers and writers have worked hard to succeed against the odds, and we have done exceptionally well, but it is not enough to rest on our laurels.

It is a trying time in book publishing. With independent bookstores closing at a rapid rate, we are facing an unhealthy retail environment, meaning it is becoming more and more difficult to get our books to readers through traditional channels. Introducing new channels is expensive and takes time. Add in the increasing interest in electronic leisure activities and competition from multinational conglomerates that ultimately have no stake in the Canadianness of Canadian literature, and you'll find it increasingly difficult to sustain a viable publishing industry.

Canadians want to read Canadian books. In a 2005 Canadian Heritage study, 71% of respondents expressed interest in reading Canadian authors, and 48% of those had done so in the previous year. This fact makes it even more urgent that we continue to support Canadian publishing. To accomplish this, we are asking that the committee endorse the request made by the Canadian Arts Coalition to increase per capita spending on the arts by \$5 through the Canada Council for the Arts.

The Canada Council has, for its 50 years, done a magnificent job of supporting the arts and bringing them to the public. They are efficient and effective, using every last penny of their present allocation to do good work in the arts. In fact, the council's achievement is what makes it necessary to increase its funding. Canadians care about the arts; as it is, it can't afford to keep up with its own success.

As a country, we have built a tremendous audience and a tremendous pool of talent; we mustn't let that go to waste. We are renowned on the world stage for our writers, our dancers, our painters. In an increasingly global world, we must continue to be able to compete for international attention. We must have mechanisms of support that enable us to keep artists here in Canada. Even now, the publishing community is losing its talented young stars because publishers here can't afford to pay them what they're worth. British and American publishers can. Other countries offer considerably greater support for the arts—and Mr. Fleck enumerated some of those.

● (1110)

Canada now spends a woeful \$4.73 per capita. We could double this. It's the cost of one large latte per year, two coffees—or, for the poets, a beer—to tremendous benefit for the whole country. Surely the opportunity to discover and nurture the next Michael Ondaatje, as well as the next Karen Kain and the next Emily Carr, is worth such a reasonable investment.

The upcoming fiftieth anniversary of the Canada Council provides the perfect opportunity to showcase Canada's commitment to the arts. The Literary Press Group, on behalf of its members, urges you to take advantage of this opportunity to reaffirm Canada's position at the front of the world's artistic stage.

Thank you.

**The Chair:** Thank you, Ms. Wilcox.

All right, we're going to go to the members, and we'll try five-minute rounds.

I just want to remind the witnesses the members have five minutes, but that includes questions and answers. If you can keep your answers to a brief intervention, it will allow the members to ask more than one question.

Ms. Oda.

**Ms. Bev Oda (Durham, CPC):** Thank you very much, Mr. Chair.

I just wanted to say that the opposition parties totally support cultural diversity, and I do applaud the Liberals for taking the lead on it, but it's something that was important.

Also, you're quite correct, Mr. Thomson, that there's no need to rearticulate the importance of the arts in the country. Particularly, we have a good bank of talent. I have a feeling we're on the verge of the next stage, and that's important because we're leading into an age in which, in the information age, the arts and culture are going to be a key part of our sense as a country.

I could spend probably five hours with each of you instead of five minutes, but I am concerned about the programs that are already in place. I've seen some alterations in the magazine support program and PAP program, so there are a number of things I'd like to talk to you about. However, I can essentially ask only one question, so I want to give you a chance to address this particular request for the Canada Council.

We supported the renewal of Tomorrow Starts Today, but it was again for a period of time. I didn't hear any request for any part of Tomorrow Starts Today or any part of the request for an increase in funding to become A-base programs. I totally understand and support the frustration behind annual commitments, and I was very strong in supporting the continuation, over multiple years, of Tomorrow Starts Today, but I still believe there are aspects of many of our cultural programs that should become A-base—and A-base means it's a permanent commitment in the government finance budget.

Maybe Mr. Jamison could address that.

● (1115)

**Mr. Mark Jamison:** Just to be clear on the question, you started with Tomorrow Starts Today, but I'm not quite sure—

**Ms. Bev Oda:** You've asked for an increase to \$5 per head for the Canada Council. I didn't hear anything about whether it should be for one year, whether it should be for five years, or whether it should be...

Also, the Council for Business and the Arts supports the funding, certainly at the levels and increased levels, but again, what I don't understand is whether all these requests or recommendations are on a one-, three-, or five-year basis, or if there are certain programs that are so essential that they should become A-base programs of the government.

**Mr. Mark Jamison:** We obviously agree that it should be an increase, it should be a permanent increase, and it should be reviewed from time to time to ensure that it's adequate for the needs of a massively growing environment. That's simply because the demands or the expectations that we can support more arts groups are not going to be something we can deal with in the instability of a year-over-year reconsideration. Getting that increase to \$5 per capita, keeping it there, and reviewing that investment on a regular basis is our point.

**Mr. James Fleck:** I can reinforce that, from the CBAC's point of view, it was an A-level. In other words, it was a constant. Tomorrow Starts Today was a five-year, and this is forever, to the extent that anything in the government can be.

**Ms. Bev Oda:** Thank you.

I want to follow up on one other aspect, and that's the infrastructure. I truly believe we have to pay attention to the part played by the arts in our education system. We also have to look at the arts and cultural life of communities, because I think this is what really adds to our communities, adds to what Canada is from a local basis.

In terms of infrastructure, Mr. Solberg was talking about a brand new performing arts gallery or facility in Medicine Hat. So many communities, again, are investing in sports facilities and overlooking arts facilities when the number of visits actually exceeds the attendance at sports events. I think Canadians have to hear that message over and over.

Mr. Thomson, you spoke about infrastructure, about theatres, including new ones, but my concern is the maintenance of them. We've heard about the state of our museums, our archive buildings, our performing arts buildings. Could you speak to that?

**Mr. Robert H. Thomson:** I can briefly give you two examples. And thank you for your support of the cultural diversity treaty, that's great.

As the first example, Alistair MacLeod, one of our best novelists, wrote a wonderful book called *No Great Mischief*. That was turned into a play last year, and we played at the Tarragon. It has 210 seats. We sold out the six-week run before we opened, but because it has 210 seats and that's all, there's no way the demand to see that play could actually help to make it more financially viable in the long term. There is no money for the Tarragon to make a bigger theatre in order to make more money from a larger audience that wants to see a Canadian work.

We've gone past the stage where 13 people a night used to come and see Canadian plays, when it was, "Well, why are you doing a

Canadian play when there are only 13 people a night?" We've gotten to the stage now where the plays are sold out. The same play has just been extended in Ottawa at the GCTC. So the infrastructure is not there for the Tarragon to do that kind of stuff.

The second example is that at Shakespeare Works, the company I run, we're still struggling to find \$35,000 to take a program on literacy and Shakespeare into schools in northern Ontario. We drive ourselves crazy every year trying to find that \$35,000 to get there. And it's not a lot of money.

• (1120)

**The Chair:** Thank you, Mr. Thomson.

Thank you, Ms. Oda.

Ms. Wasylycia-Leis.

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Thank you very much, Mr. Chair, and thanks to all of you.

Five minutes—you're sure I couldn't have seven?

**The Chair:** You're going to take it anyway, so I'll give you four.

**Ms. Judy Wasylycia-Leis:** All right.

I have lots of questions, but first to RH Thomson, I thank you for coming if you're in the middle of starting a show.

I appreciate what you said about the cultural diversity treaty. Despite your rave reviews of the Liberal Party, which I won't hold against you—I'd still like your autograph, actually—I do think this isn't a fait accompli. The whole question of the Canadian government's commitment to arts and culture, to film, to books, to museums is very much in jeopardy. You get a lot of rhetoric from Liza Frulla, a lot of commitments, a lot of treaties, but not a lot of money and not a lot of indication that we're prepared to actually do something about upholding the cultural diversity of this country, the indigenous cultural diversity, so that we have some protection against the ongoing American influence.

I guess I'd like to hear from you, Mr. Thomson, and other arts and cultural reps and the museum folks on how we're going to make this a reality in the next budget. We've heard that we've got a lot of surplus, about \$10 billion. We've heard a lot of corporate heads saying we need corporate tax cuts, we've heard business folks saying we've got to invest in tax breaks for them, with not much spending. I'm also not so sure the Conservatives haven't got a mixed message here in terms of support for taxpayers' money for arts and culture. So I need to hear from you on how we do that.

Then I have a question for Murray on banking, and then a question for Mr. Wong on the head tax.

**The Chair:** Okay, Mr. Thomson, quickly, because I'm going to have Mr. McAvity and Mr....

Go ahead.

**Mr. Robert H. Thomson:** I would just say, two donuts and a coffee. It's not a lot, and it would make an incredible difference to what the arts could do; we've got arts plans coming out of our ears and every other orifice. We just don't have the way to do it.

Opera Atelier is another example. It's a brilliant company that plays around world. It only plays here for seven shows, because they just don't get the money to play in Toronto. Or there is Robert Lepage, or De-Ba-Jeh-Mu-Jig from Manitoulin Island. These are incredible companies and they should be seen more, but because everyone is on survival spreadsheets, that's why you don't see more of them.

The plans are legion. We just need two coffees and a donut.

**Mr. James Fleck:** Can we just add to that? This is exactly the same point.

Health and education are problems or issues that require billions and billions of dollars. One of the great things about the arts is that a relatively small amount of money will have a very big return. Obviously you have to do many things, but at least this is one where you can solve it without a whole lot.

**Mr. John McAvity:** And if I could just add to that, we are actually in the health care business and in the education business.

But I think one of the other points that need to be stressed here is that we're really talking about survival—we're talking about operating money. None of us has asked for major capital funds, and I think that's very important in both the museum policy and the Canada Council request. This is about doing; this is about optimizing the facilities that exist.

Yes, there could be some minor upgrading and capital costs, but it is not about building new buildings; it's about using the investments that have already been made.

• (1125)

**Ms. Judy Wasylcia-Leis:** I appreciate that.

I have a quick question for Murray Cooke. You didn't get much of a chance to give us your report on community-based financial services, an issue that has a lot of us concerned. My constituency is no exception in that all of the banks have pulled out.

I would like to see something in this budget to ensure that every community has access to some sort of financial service. What is the one thing that you would recommend that we put forward at this time?

**Mr. Murray Cooke:** Thanks for your question.

Firstly, I'm going to say two things. Obviously, there are sides.

Obviously we need to support the credit union sector—and I know that the representatives of the credit union sector are frequent witnesses before this committee. They know better than I how to advance the credit union system.

The other side, as you said, and as I mentioned earlier, is the fact that the banks are pulling out of all of these downtown neighbourhoods. Reports have shown a quite clear correlation between that and the fact that predatory loan or payday loan

companies are moving into these same neighbourhoods in Winnipeg or Toronto.

We need to find a way to regulate them. The interest rates they are currently charging are above and beyond regulations in the Criminal Code of Canada; they are engaged in illegal lending practices. Between the federal and provincial governments, we need to find a way to regulate them. It will require, I believe, provincial cooperation to get to the root of this. We need cooperation between levels of government to regulate this sector.

**Ms. Judy Wasylcia-Leis:** Thank you.

I have a very quick question for Victor Wong regarding the whole question of redress and the Chinese head tax. We have a bill before Parliament that was apparently quite good originally and is now gutted. Should we support it or not?

**Mr. Victor Wong:** You shouldn't support it.

**Ms. Judy Wasylcia-Leis:** We shouldn't support it. Is there anything further you want to say on how we can achieve what you're asking for?

**Mr. Victor Wong:** I think what we're asking for is a negotiated, just, and honourable resolution.

I guess I look to the New Zealand model, where they had a similar experience with a poll tax. The government there, and Prime Minister Clark, apologized to the Chinese community and set about a two-year process, including wide-scale consultations before announcing some kind of a resolution. So they were able to bring the people who had been affected into the tent.

Unfortunately, the Liberals have missed the opportunity to do that. We're still waiting, and hopefully, with your help and the committee's help, we can close this chapter in Canadian history and turn the page.

We do seek reconciliation with the Canadian government, but we need a restoration of dignity for the people who were affected.

**The Chair:** Thank you, Mr. Wong.

Mr. McKay

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Thank you, Chair.

I'm thinking that if it's just two coffees and a donut, why don't we all just retire to Tim Hortons and you pay?

**Voices:** Oh, oh!

**Hon. John McKay:** Works for me.

To the business folks in arts, do you also want your inclusion rate to be extended from securities to real estate?

**Mr. James Fleck:** One of the concerns of the Department of Finance always is whether one can clearly establish the market price so that there is no fiddling, if we can put it that way. I would say that would be highly desirable, but what we'd like to first accomplish, of course, is the rest of the job on tradeable securities. But it is a yes for real estate.

Also, for private foundations, it has also been advocated that ways be found as long as you can clearly establish a market price.

**Hon. John McKay:** Well, therein lies the problem, and I don't know what the answer is.

To the Chinese Canadian National Council, I was interested in your second idea about the racialized lens. The example you used was the heating oil rebate.

First of all, it's not a heating oil rebate. It is an energy amount that is hung on the national child benefit and hung on the guaranteed income supplement. If you qualify for either one of those programs, you will qualify for the rebate, whether it's \$125 or \$250.

For the life of me, I can't see why that's a racial issue. I represent one of the most multicultural and multi-ethnic ridings in the country, and it will be simply a fact that every one of those ethnic representations will receive the money if they are GIS recipients or NCB recipients.

So I understand your issue, but I don't understand your example.  
• (1130)

**Mr. Victor Wong:** We just used the heating oil rebate as a colloquial description of the program. We used it as an example of where you have good intentions, but you have differential outcomes.

You're linking it up to a pension recipient, so you're targeting low-income seniors who are receiving a pension. For immigrant seniors, they need to, in general, wait ten years before they can receive a pension. These immigrant seniors, who may be in a low-income stratum, are therefore excluded if that's how you've designed the program.

What we're saying is that you have the good intention of targeting the rebate to people who are in the low-income stratum—

**Hon. John McKay:** But isn't that true of any design of any program? You're always going to have some sort of exclusion. The rough cutoff for both of these is a \$30,000 income. Should we move it up to \$31,000? Are we discriminating if we don't move it up to \$31,000? Or should it be down to \$25,000? It seems to me that this particular example trivializes your base point.

**Mr. Victor Wong:** I'm just giving you a concrete example. We can have another debate around universality. Perhaps a more universal approach would be a better approach. I'm just saying that if you're going to target this rebate to low-income seniors by linking it up to the pension, you do exclude a group of people inadvertently. And I do think it's inadvertent, that you're not doing it on purpose.

**Hon. John McKay:** We both agree that it's inadvertent, but there's a lot of inadvertence in any program. This covers 10% of the Canadian population, or 3.1 million people. That means 90% of the population is excluded from the program, and there may be other bases on which people would say they are equally entitled to some relief from the energy fluctuations.

**Mr. Victor Wong:** Yes, and that's another discussion, in terms of whether you want to look at a more universal approach. But I think we're just talking about the specific criteria that you have set for this rebate program. Those are what the government has announced so far.

Perhaps we're working around the margins on this one, but if you want, we could have a much broader discussion on whether something like oil rebates should be universal in nature. Because

you're right, there are people or families who are not receiving the child tax credit, and they may be needy and in need of it.

So I understand where you're coming from.

**Hon. John McKay:** It's an interesting point of public policy. For instance, gender analysis is quite big in public policy circles. If you do a gender analysis, your tax relief would be skewed to the lower end, because women by and large—this is a gross generalization—pay a lower amount and rate of tax than men do. So if you're trying to do tax relief, you should actually do it on the low end of the scale. The perverse part of that is that, one way or another, you end up discriminating.

I take your point, and I think it's a valid point. I'm not sure that the example you're using is a good example in this particular instance.

I just wanted to clarify one other point with Mr. Mayson. In your speech, it was \$95 million for the Canadian television fund, and in your documentation, it is \$75 million. Am I confused here?

• (1135)

**Mr. Guy Mayson:** It's a good question, Mr. McKay. It is actually \$95 million total. We basically break that out to a \$20-million adjustment for inflation, a \$50-million increase to deal with the demand on the fund, and an additional \$20 million to deal with the HD, high definition, issue. As I'm sure you're aware, there's a huge demand for high-definition programming, and this is all being asked of the fund right now. Demand on the fund is extreme.

We all agree that the issue of building audiences is very important. It's great to put a fund like that in place—don't misunderstand me, it's a fabulous fund—but if the object is to create a critical mass of programming in a hugely expanding broadcasting universe that Canadians are watching, then it really needs to be funded properly.

**Hon. John McKay:** Okay, thank you.

**Mr. Stephen Ellis:** I would just add a note to that. Because of our discussion about donuts and coffee this morning...for example, the increase in the Canada feature film fund that we're proposing is equivalent to the cost of one Hollywood feature film released in North America.

**The Chair:** Thank you.

Before we wrap up, I have one quick question for the Literary Press Group.

Ms. Wilcox, you're also supporting the increase of \$5 per capita to the arts council. How does that affect your industry? Is your industry a recipient of the Canada Arts Council funding?

**Ms. Alana Wilcox:** Yes, book publishers receive money through the block grant publishing program at the Canada Council; it sustains us to a large extent. We're also seeking support for our writers who are directly affected by that Canada Council—

**The Chair:** That's the other fund, the publishing industry development program?

**Ms. Alana Wilcox:** Well, the writers receive money directly through the Canada Council as well. The writing and publishing arm of the Canada Council support publishers on the one hand, and writers on the other hand. So we're looking for both of those mechanisms.

The Canadian heritage department doesn't support writers, just publishers; it's more of an industrial model.

**The Chair:** Thank you.

This committee has been pretty good in not getting political, but sometimes you have to.

Mr. Thomson, thank you for supporting our party.

**Some hon. members:** Oh, oh!

**The Chair:** And Mr. Wong, you lit into the Liberal Party. I didn't appreciate it, because we have Minister Chan working on a program. I've also had some people from the Chinese community come and

see me. There is no consensus among your community regarding the head tax.

I also have a private member's bill for the Italian community. The \$25 million was for more than one community. The only community that has agreed to it is the Ukrainian community. This is not an easy issue. It has nothing to do with the Liberal Party; it's something that Canadian Heritage, through the multiculturalism department, is working on. That's why they put this \$25-million program together. I'm working with them. It's tough to get a consensus among any cultural group when no one person speaks for that group. It's tough.

On that note, thank you again for taking time out of your day. It was a very similar panel...but we still have a challenge as a committee to address some of these issues. I thank you for your presentations.

This meeting is adjourned.

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