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## Standing Committee on Canadian Heritage

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**Wednesday, November 24, 2004**

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**Chair**

**Ms. Marlene Catterall**

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## Standing Committee on Canadian Heritage

Wednesday, November 24, 2004

• (1535)

[English]

**The Chair (Ms. Marlene Catterall (Ottawa West—Nepean, Lib.)):** May I call to order this meeting of the Standing Committee on Canadian Heritage.

Just before I introduce the minister, let me also introduce some honoured guests that we have with us tonight. Perhaps they might like to stand up as I recognize them. It is a study visit to Ottawa and Quebec City from the Parliament of Cambodia. I would like to introduce His Excellency, Mr. Oum Sarith, General Secretary of the Senate of Cambodia; Mr. Chan Ven, Deputy Secretary General of the National Assembly of Cambodia; and Mr. Moul Sasnak, adviser to the General Secretary of the Senate of Cambodia.

Welcome. We are happy to have you observing our proceedings today.

And now for the visit we have all been waiting for, Madame Liza Frulla, Minister of Canadian Heritage. Madame Frulla, you have an opening statement, I believe.

[Translation]

**Hon. Liza Frulla (Minister of Canadian Heritage):** Thank you very much, Madam Chair.

First, I would like to introduce the people who are with me today. They are Ms. LaRocque, my Deputy Minister, whom you know, and Jean-Pierre Blais, who is our Assistant Deputy Minister. There's also my entire team of experts. If there are any technical questions I can't answer, please don't hesitate to ask them. And if we don't have the answers, we'll be pleased to send them to you. You should not forget that, despite my experience in Quebec, I've only been responsible for this department for four months. I unfortunately don't have all the answers, but I will.

Madam Chair, I'm pleased to speak before the new committee. I would like to congratulate you and all the members of the committee who are here. I'm sincerely pleased to see you again and to work with you. My parliamentary secretary, Ms. Bulte, is here as well. I believe that culture is well represented on this committee.

I must tell you that, day after day, I recognize how fortunate I am to hold this position. Since the summer, I have had the opportunity to meet people like you who are devoted to arts, culture and heritage. As elected officials, our specific duty is to give them policies and programs that fit their ambitions and their expectations. And that is exactly what I intend to do in carrying out the mandate entrusted to me by our Prime Minister, with your cooperation, I'm sure. I know that it is a big challenge, and I speak from experience, since I held a

similar position in the Government of Quebec. Today, however, the scale of the task is taking on another dimension. It covers the entire country, and includes all the issues connected with our culture and our identity.

The portfolio for which I am responsible includes the Department of Canadian Heritage and 18 Crown corporations and governmental groups. The Canadian Heritage Portfolio deals with questions of importance to society as a whole. I am referring to intercultural relations, the impact of culture on our quality of life and our prosperity, the preservation of our modes of expression, the place of artists in our society, the development of sport, and still more. Its field of responsibility is broad, including official and Aboriginal languages, artistic creation, museums, broadcasting and multiculturalism. Furthermore, my department includes the major institutions mandated to promote the growth of our culture, such as the CBC, the Canada Council for the Arts, Telefilm Canada and the National Film Board.

As Minister of Canadian Heritage, I have set three main objectives for myself. They are: encouraging creativity; making arts and culture more accessible; and promoting our cultural identity nationally and internationally.

• (1540)

[English]

We can't talk about culture without recognizing the crucial role played by artists and creative people; they are the raw material of culture. Today, prosperity is the outcome of new ideas, and our creative people, our artists, are our greatest source of innovation. Our cultural industries rely on their ideas, their talent, their vision, their courage, and their commitment.

This was the context for the launch of the Tomorrow Starts Today initiative in 2001. Tomorrow Starts Today is the Government of Canada's most significant investment in culture since the creation of the Canada Council for the Arts. This initiative has enabled us to support our creative people and to ensure that culture flourishes in our communities. The various programs of the initiative have helped to raise the profile of artists in our communities, build the capacity of arts and cultural organizations, and create new and upgraded cultural spaces.

The effectiveness and necessity of these programs were recognized by my provincial and territorial counterparts at our most recent meeting last month in Halifax.

[*Translation*]

It cannot be denied that Tomorrow Starts Today has enabled us to achieve notable progress. All over Canada, performance halls, cultural institutions, festivals, art schools, publishing houses and theatres have received our support. The projects number in the thousands, and they have yielded extraordinary benefits in cultural as well as economic and social terms.

During my appearance before the Committee of the Whole last week, I was delighted to hear members of the Opposition tell me plainly that they wanted to see this program renewed. The member for Durham, Bev Oda, even said, and I quote, "This side of the House has never indicated it does not support the program. In fact, what we want is to ensure that the maximum dollars are going to those it was intended to support." I thank her for that statement.

In fact, that is what my department has done ever since the launch of Tomorrow Starts Today. Audits conducted by independent firms prove that our programs are extremely well managed. On average, the administrative costs for all the Tomorrow Starts Today programs are slightly less than 11 percent. And we are going to continue in this direction, because we know that each dollar invested in culture is a dollar that helps to stimulate creativity, enhance the quality of life and promote economic growth.

[*English*]

Today, the cultural sector accounts for 740,000 jobs and \$28 billion in economic activity. Those are remarkable statistics, especially when we recall that the Government of Canada spends an average of only \$3 billion on culture. This is what is called money well invested; this is what is known as playing the role of a catalyst.

I fully intend to do everything so that culture becomes a still more important pillar of economic activity and the enhancement of the quality of life in our communities.

Our artists must have the means not only to create but also to reach their audiences. One of the ways they can do so is through our broadcasting system, which is one of the most popular and most powerful media for disseminating culture. In Canada, we have everything required to meet this objective. Our broadcasting system is noted for its diversity, and we must make use of it. I truly believe that our television system, whether privately or publicly operated, deserves to be taken as a model.

However, the makeup of Canada's population has changed greatly, and breakthroughs in technology are transforming the world day by day. Our broadcasting system, naturally, must adapt to the new reality.

• (1545)

[*Translation*]

Moreover, it was this committee, when headed by Clifford Lincoln, that understood an enormous task and drafted an enlightening report on the future of the broadcasting system. This report contains 97 recommendations. Some are complex and require further reflection. Others require additional funding.

Recently, your committee adopted the conclusions of the report, asking for a more detailed response from the Government. Today I

wish to tell you that I support your request. I am thoroughly familiar with the content of the report since I myself contributed to it as a member of the committee. In the next few months, our Government will have the opportunity to highlight its priorities and its immediate actions on broadcasting. I will see that it does. It is important to establish priorities to improve the focus of our actions.

In its response published a little more than a year go, the Government undertook to ensure that Canadian programs are watched by larger Canadian audiences, to improve management of the Canadian Television Fund and increase cooperation between the organizations and programs that seek to support the broadcasting system. I share these objectives. In this regard, in a speech that I gave in Montreal a few weeks ago before the leading figures in Quebec television and film, I undertook to work unceasingly for the renewal of funding for the Canadian Television Fund.

Over the past years, the fund has shown that in attracting audiences, popularity and quality are not mutually exclusive. Since 1996, the Canadian Television Fund has put \$1.7 billion into the production of 18,000 hours of programs in English, French and Aboriginal languages. The total value of these productions is \$6 billion.

We are soon going to examine the governance of the fund. As soon as a new director of Telefilm Canada is named, we will work together with industry leaders to find the best solution possible.

[*English*]

Also central to our broadcasting system is the Canadian Broadcasting Corporation. Our government has always recognized its vital role. The CBC must continue to play a key role in our efforts to have a television system that reflects our own lives. Its role is both difficult and important. It cannot simply imitate private sector television. The CBC must continue to innovate, explore, and surprise, and it must do so in circumstances of high expectations and limited resources.

In the field of television, I have already taken measures concerning the question of foreign third-language services. During its study of the question, the CRTC will consider the conclusions of the expert group that I named during the summer.

Your committee is also studying a bill drafted by the department to modernize and clarify the mandate of Telefilm Canada.

Other challenges await us. I am thinking in particular of foreign ownership within our broadcasting system, or copyright, or part II licence fees, or Internet piracy. These are complex questions on which opinions differ, but one thing is clear: we need to show vision and go beyond merely economic concerns. A few examples come to mind.

[*Translation*]

On the issue of downloading music from the Web, ultimately it is our artists who pay the price. Besides, this morning I met some of the members of the Music in Canada Coalition, for which this is a primary issue of concern. We must give our creative people the means to be remunerated for their work. This is why the Department of Canadian Heritage is working together with the Department of Industry to modernize the Copyright Act. We must achieve a fair balance between the needs of creative people and those of consumers.

I also await with impatience the findings of studies of the Senate Committee now examining the issue of media concentration. The issue has lately aroused a good deal of interest among both the public and journalists. Convergence is another issue that concerns me. We must ensure that this phenomenon does not threaten the capacity of the industry to maintain our diversity of viewpoints. Once the Senate Committee has tabled its report, probably in December, I may ask you, if you are willing, to study the issue. I'm going to do everything in my power to ensure that culture is not neglected, neither in Canada nor abroad.

A debate currently drawing attention is undoubtedly that on cultural diversity. I firmly believe that each country must be able to adopt its own cultural policies and have the means to protect its own modes of expression. This is why I am committed to working for adoption of the International Convention on the Protection of the Diversity of Cultural Contents and Artistic Expressions within UNESCO. Not to protect culture is to put our souls up for auction.

• (1550)

[*English*]

During the meeting of Canada's ministers responsible for culture in October, I conveyed to my colleagues the significance and scope of the convention. A resolution proposed by Saskatchewan and seconded by Alberta assured me of their support. Since then, the Provinces of Newfoundland and Labrador, Ontario, Alberta, Saskatchewan, British Columbia, and Prince Edward Island, as well as the Territory of Yukon, have given us their views on the preliminary draft convention. As for Quebec, from the outset it has made an outstanding contribution to this issue.

Last week we submitted to UNESCO the Canadian position on the preliminary draft. This is where we are; much work lies ahead.

[*Translation*]

I ask you to share with me your thoughts on the different issues that have to do with my portfolio. You will always find a receptive ear from me.

We can now answer your questions, myself and the people here with me. The floor is yours.

**The Chair:** Thank you very much, Minister.

Mr. Schellenberger will ask the first question.

[*English*]

**Mr. Gary Schellenberger (Perth—Wellington, CPC):** Thank you, Madam Chair.

Thank you, Minister, for being here today.

The last time we sat around this table you were sitting on the other side, so it's great that I might ask a couple of questions on things you were part of. There are two things, and you did touch on one, "Our Cultural Sovereignty", that report of 870 pages and 97 recommendation that has been retabled in the House. I can't remember whether it was a unanimous report.

Were you against some of the things in there at that time?

**Hon. Liza Frulla:** No, no, it was unanimous around the table on our part, but we had a dissident report from the Alliance at that time.

**Mr. Gary Schellenberger:** Okay. Well, we're the Conservative Party now.

**Hon. Liza Frulla:** That's why.

**Mr. Gary Schellenberger:** I do know that I was also part of the copyright report that was brought in last year, and that was unanimous around the table.

So again we retabled that one. I know one of the issues was that the ministry did not get back to us in a reasonable time with a response to our report. I know you mentioned earlier that there were 97 recommendations. This could take some time to get those things back. One of the questions I did ask previously to some of the ministry people was when these reports might come, or how quickly. I think there was an election involved in the middle of this. I do realize that around this table we were all in an election, but the ministry was not. I would hope there could be a quicker response.

What might you think of that?

**Hon. Liza Frulla:** First of all, yes, it's true. On November 6, 2003, there was a response from the department. The response, we all agree, was too short, compared to the extensive work of the committee. And you're right, I've been part of this committee for the last six months, but the committee has worked for two years.

It's a very complete report, 97 recommendations. Some of them ask for additional funds. Others are complex, but it doesn't matter. It really deserves a more extensive response and we're working at it. It takes about 150 days, but we're trying to make it really shorter. So this is for the Lincoln report.

Now, on the copyright report, you've asked us also to answer. We really hoped we would be able to answer you by presenting a bill. I think that would be the best answer, and we're working very hard with the Minister of Industry. My parliamentary assistant is also working extremely hard with us in order to make sure that this bill.... Of course, it's the two departments, and as you know, there are different visions in both departments, but I'd say the two ministers, the two deputy ministers, are really adamant that we at least go and meet the members of our cabinet before Christmas. So we're hopeful. If we can do so, then you will have a report, you will have what you've asked for, but we would prefer that you would be able to study the bill.

• (1555)

**Mr. Gary Schellenberger:** There were a couple of things that have been brought to my attention since then. Again, we have to proceed with the next level of the Copyright Act, which was three levels.

I had brought to my attention that there were some parts that have been put on to long term. I wondered if they might be moved ahead. They've become more interested....

When you say you're going to come back with a bill, I was just thinking we should have a little dialogue here, and perhaps some of those things could be moved ahead if this committee thought so.

What's your reaction to that?

**Hon. Liza Frulla:** First of all, we all have the same objective. I remember when I was on the committee we said we really have to move ahead, so that's why we decided to at least solve the first part, because the first part is also extremely important for either the photographers or for the music industry, which has come in front of us today. And we don't want to be delayed by the second part, but we are working both parts together, the first and the second, knowing that we have to prioritize and we really have to get going on the first part. It's not like we're working with the first to solve the first and then we're working with the second. We're working in parallel.

**The Chair:** You have 45 seconds left. Do you want to take it now or do you want me to tack it on to your next five minutes?

**Mr. Gary Schellenberger:** Yes, that might be all right if you could tack it on to my next five minutes.

**The Chair:** Mr. Kotto.

[Translation]

**Mr. Maka Kotto (Saint-Lambert, BQ):** Thank you, Madam Chair.

Welcome Minister. I have a lot of questions to ask, and it's unfortunate that you're only here for a very short time. I'll get straight to the current major issue, the debate on the International Convention on the Protection of the Diversity of Cultural Contents and Artistic Expressions.

On the Internet, we read what may be considered as Canada's position. The comments the government made to UNESCO don't clearly suggest a genuine will to protect. In particular, it's impossible to determine whether the government agrees to or opposes the convention being subject to WTO rules. It's not clear. While we're here face to face, I would like to ask you what actual position the government advocates for protecting culture when it is threatened. What takes precedence in your mind? Is it culture or trade?

**Hon. Liza Frulla:** Let's take a little step back. I was asked that question in question period in the House, when you only have 30 seconds to answer. So I'm pleased to be able to give you more details today. Mr. Blais, who is with us today, has been the negotiator from the outset, and he has gone through the process with Judith. So the three of us will answer the question. I'll also let Mr. Blais confirm my answer in legal terms.

First, we know that the Government of Canada has been very firm since 1995. It said that culture was excluded from every treaty until the draft agreement was signed. The government has never deviated from that initial position. This shows that the Government of Canada firmly intends to say that culture cannot be negotiated at the WTO in the same way as other industrial products, such as softwood lumber or any other product. So we've decided to get organized to have an international convention. There's been a lot of talk about that with regard to La Francophonie.

When I was Quebec's Minister of Culture, Mr. Toubon and I discussed the will to protect culture, but particularly Francophone culture. It was Canada that decided to say that that entire debate about La Francophonie should be taken to the international level because it concerned all countries and because it was fundamentally important that it not be a solely Francophone debate, but a global debate. That's the intention.

Now we want recognition of the right of countries to implement policies that support cultural diversity, as well as the dual nature of cultural services, which have a trade value, but also a social value.

However, the more we want to include countries in our global talks, the more ways there are of interpreting the notion of cultural diversity. With regard to cultural diversity, an effort was made to define culture etymologically, which encompasses ways of living, ways of acting and religious priorities, something that we, together with France, the European countries and other countries, reject. That's why we've shifted from the notion of cultural diversity to the notion of diversity of cultural expressions.

There are always these attempts. When people talk about culture, we want them always to refer to the UNESCO convention. In other words, since culture is excluded from the WTO, we want the convention to prevail when people talk about culture. However, we don't want the International Convention on the Protection of the Diversity of Cultural Contents and Artistic Expressions to prevail over certain UN conventions, such as the human rights convention. We have to maintain this balance because we must not jeopardize what has been established with regard to human rights, in particular the place of women in modern society. That's what balance is.

I'm going to answer other questions, and Jean-Pierre will be able to add some things.

• (1600)

[English]

**The Chair:** We'll move on now to Mr. Angus.

[Translation]

Your five minutes are up.

**Hon. Liza Frulla:** Well, I'll hand over to Mr. Blais, if you come back to it.

[English]

**The Chair:** Mr. Angus.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Thank you.

As I only have five minutes, I'll try to keep my questions short.

Everybody loves culture. It's like mothers and children. And yet we'll look at \$209 million in cuts planned from "Cultural Development and Heritage". Planned spending is down to \$235 million from \$444 million. Could you explain that?

**Hon. Liza Frulla:** I don't know where you have these numbers.

**Mrs. Judith LaRocque (Deputy Minister, Department of Canadian Heritage):** I wonder whether those numbers are from the estimates.

**Mr. Charlie Angus:** Yes.

**Mrs. Judith LaRocque:** The reason is technically those funds sunset at the end of March, so we are not allowed to project them into future years. I think the minister stated during committee of the whole that she was working on trying to get those funds reinstated, but we're just not technically allowed to project them into the future because they sunset.

**Hon. Liza Frulla:** That means that the Tomorrow Starts Today program, for example, cannot be projected, and funds on multiculturalism cannot be...because a lot of programs are sunsetting in 2005, and now we're working very hard to have them reinstated.

**Mr. Charlie Angus:** Okay, but we can project a \$76 million increase in "Canadian Identity". I assume that's giving flags to Quebec City on Canada Day. Is that what we're looking at?

**Hon. Liza Frulla:** What?

**Mr. Charlie Angus:** I'm looking at "Canadian Identity", \$648 million, planned spending 2006-07, compared to \$572 million planned for 2003-04. So we can plan a \$76 million increase in "Canadian Identity", but we cannot tell our artists that they are going to get stable funding for creating Canadian identity.

**Mrs. Judith LaRocque:** I'd have to see the figures, because it's very possible that from one year to the next there are flows in and out of various sectors. That doesn't necessarily mean it is new money. Sometimes it's things that are transferred to us from other departments. I'm perfectly happy to get you the response; I just don't have it with me.

**Hon. Liza Frulla:** In answer to your question, there's no question of having flags. I'm missing flags. So there's no question of having flags floating; there's no question of having any demonstration from one province to the other. I also said very clearly that, for example,

•(1605)

[Translation]

Canada Day

[English]

would be equal in all the provinces, depending, of course, on the population. So there's no question of having inequity from one province to another and there is no question of cutting funds or money in programs going directly to artists. This is what we defend, this is our position and we'll defend it, and I'm sure the committee will help me to do so.

**Mr. Charlie Angus:** It's great that it's going to be defended, but people need an answer. The Canada music fund is going to expire in March 2005. Tours are not being booked, shows are not happening, people aren't going into the studio. They just need to know if this government is committed to maintaining long-term stable funding. It's a yes or a no.

**Hon. Liza Frulla:** Listen, this is all pertinent to the Tomorrow Starts Today program, and we've raised this issue with our colleagues. We're saying that the Tomorrow Starts Today answer cannot wait until the budget.

I'll get back to you as soon as possible, but we know the urgency is there, and the milieu knows that I know the urgency is there.

**Mr. Charlie Angus:** Do we have a timeline when the artists can hear that news?

**Hon. Liza Frulla:** I'll get back to you. I cannot prejudge what my colleagues are going to say, but what I can say is my timing is as soon as possible.

**Mr. Charlie Angus:** In 1994 I received my first Canada Council application and became a professional writer. There were 6,000 applications that year, and there are 16,000 today. In that time they've had their staff cut by over a half, and again projected cuts of \$25 million to the Canada Council. Will those cuts go ahead, because they're on the books?

**Hon. Liza Frulla:** Again, they are on the books because the Canada Council depends on Tomorrow Starts Today, and there's \$25 million. We can't project that we will have Tomorrow Starts Today because it's sunsetting. Of course, it does affect the Canada Council, but as far as the reallocation is concerned, we haven't asked the Canada Council to participate in this exercise.

**Mr. Charlie Angus:** Thank you.

The Canadian Broadcasting Corporation will be dropping \$32 million in this planned spending. It says here in our estimates that it will be offset because these generate annual revenues, but they will be losing between \$20 million and \$60 million in revenues guaranteed from the loss of *Hockey Night in Canada*.

So in this year alone, how can we be talking about a potential \$32 million cut to CBC when we know they are losing their major source of advertising?

**Hon. Liza Frulla:** There are two things about CBC/Radio-Canada. CBC was asked at the beginning of 2004 to participate in the billion dollar effort that the government made, so instead of transferring \$60 million extra, we transferred \$52 million. This year, the president of the CBC was reappointed. You met him last week or the week before. He's supposed to come back with, for the first time, what we call in French

[Translation]

a master plan.

[English]

I will sit down with the president and see the needs.

Don't forget that the revenue lost by *Hockey Night in Canada* was a surprise to everybody, so we will have to adjust to their loss of revenue. We'll also have to adjust to the plan that he wants to present to us, and we will also adjust to the objectives of the CBC.

The CBC is receiving, if you look at commercial revenue and what we are investing, about \$1.3 billion for now.

**Mr. Charlie Angus:** Do I still have time?

**The Chair:** No. We'll go to Mr. Simms.

**Mr. Scott Simms (Bonavista—Gander—Grand Falls—Wind-  
sor, Lib.):** Thank you, Madam Chair.

*Madame Frulla, merci beaucoup d'être ici aujourd'hui.*

I want to touch on something here about the Clifford Lincoln report. I was, unfortunately, not here at that time, but I want to touch on that issue one more time. You talked about highlighting priorities over the next little while. What do you foresee as some of those priorities out of those 97 recommendations?

**Hon. Liza Frulla:** First, one of the big priorities is the Copyright Act. This is one huge priority. Then we do have a priority on

[*Translation*]

the Broadcasting Act.

[*English*]

After the Copyright Act, we want to look at the Broadcasting Act and different issues that were mentioned in the Clifford Lincoln report, talking about

[*Translation*]

convergence,

[*English*]

because it was mentioned in the Clifford Lincoln report, and talking also about

• (1610)

[*Translation*]

the entire question of CRTC regulation

[*English*]

to see if the CRTC can be more flexible in its rulings, and of course the governance of the CTF. It was mentioned in the Clifford Lincoln report, and we would like to assess that, but we want to wait for the new director general of Telefilm before doing so.

Also, there are all of the questions on the audiovisual side as a whole. We know that since the Clifford Lincoln report was tabled, there have been a lot of problems in the audiovisual sector, especially in the film industry and the drama industry. I will need,

Madame la présidente, the collaboration of the committee, if you have time, to look at this very thoroughly and fast.

**The Chair:** You have some time left, Mr. Simms.

**Mr. Scott Simms:** You touched on the issue of foreign ownership somewhat briefly. I want to ask you about that one again, because the way I see it is that over the last decade and a half, we've seen a lot more foreign ownership in our public broadcasting.

You also state here that the government wants to "ensure that Canadian programs are watched by larger Canadian audiences". Of course, by doing that, sometimes you'll find that getting out to the regions is not necessarily a profitable thing. So what kind of mandate can we give here and in our department to see that Canadian programs are seen by the wider audience?

**Hon. Liza Frulla:** You've received Mr. Rabinovitch here. I'm really waiting for their plan on bringing more regional production to the Canadian population.

It's not the penetration that is the problem. Apart from CPAC in French, which we are going to look at and try to make available to all Canadian people, I would say that the problem is also the interest

that Canadians, mostly English Canadians, have in the CBC—though I'll not say Canadian television. The CBC has this mandate of broadcasting to all Canadians the Canadian diversity and Canadian cultural diversity. We do have to make sure that the regions are well represented within CBC.

As I said, we're waiting for CBC to present its plan and to see how it will assess that, and then we'll discuss it with the president of the CBC.

**Mr. Scott Simms:** Am I done?

**The Chair:** You have 40 seconds left, which I'll tack on to your next round if you'd like, Mr. Simms.

**Mr. Scott Simms:** All right. That's fine.

**The Chair:** Ms. Oda.

**Ms. Bev Oda (Durham, CPC):** Thank you, Madam Chair, and thank you, Madam Minister. It's nice to see you again today.

I have a number of questions. I would like to start with one regarding governance and responsibility over the funds that come under your portfolio. Presently, there are 21 agencies or organizations under the Heritage portfolio whose board positions are filled by appointment made by the minister and governor in council. My numbers may be off by one, because I understand there was an appointment made earlier this week, but as of now, there are 30 vacant positions within these agencies, 27 serving with expired terms, and 24 whose terms will expire in the next six months.

In the interests of Canadians to ensure there is good governance of all these agencies and organizations, and that there is accountability, I would like to know what your plans are to ensure that the total of 81 open positions within the next six months are going to follow a process, and that we make appointments Canadians can have confidence in. I think the Lincoln report also referred to appointment processes.

**The Chair:** Madam Minister, this has not been brought to the committee yet, but I have just received a letter from the government House leader asking this committee to look at the appointments that fall within the department and asking for our advice on how the committee can be involved in that appointment process—in other words, recommending parliamentary involvement.

So that's something we will be dealing with and be asked for our advice on, but it certainly would be worth hearing the minister's views.

• (1615)

**Ms. Bev Oda:** I'm prepared for that, as long as I can get my time back for questions, if I may. I'm prepared to discuss that when we look at it as a committee.

My next question is regarding the estimates, and in my review of the estimates I look at what is allocated. The amount being requested this year for the lieutenant governors, who come under Heritage, is substantially higher than that granted last year. In many cases, it's at least three times what the provinces received the previous year. In total, the department is asking for an additional \$643,000, compared with the \$192,000 they received in the prior year.

Could you please explain the increase?

**Hon. Liza Frulla:** First of all, can I talk about the process, because for me it's really important, as I know the process will be discussed here?

**The Chair:** All right.

**Hon. Liza Frulla:** First, we are observing the Treasury Board's recommendation for the heads of those agencies *à la lettre*. Their board submits recommendations, but first they hire a consultant to really go through this before submitting recommendations. The purpose of the recommendations is to get the best person. Then once we have gone through the whole process with the board, it is submitted to cabinet and it comes here. This is how we manage for the heads.

You'll look at it. Of the rest, who are members of boards, a lot of them are there on *bénévole*, so they are not paid; they are giving their time for free. We have a lot at Heritage. We're asking the board to submit names. In order to process this—I wouldn't say rapidly—efficiently, we look at the names and we make sure the names are appropriate for the kind of position.... In your evaluations, I'm going to tell you, but you'll find out, it's not easy to have people on those boards. As I said, it's free time so they have to be available, and it can take up a lot of their time. It takes a lot of generosity to be on those boards, and there are a lot of people who do not have time to do it.

In the past, we have had to sometimes phone seven or eight people to get a yes. I'm telling you this so you can take it into consideration, so that the members of certain boards, museums or whatever, are not put through a very extensive and long process that could discourage them from the start. Look at it.

As far as the heads of the boards are concerned, we do follow the process. Of course, there is a Telefilm nomination that will be coming very soon. It's a recommendation to cabinet, like we did with Mr. Rabinovitch. You will receive the director general of Telefilm here at the heritage committee.

**The Chair:** I'm giving Ms. Oda a bit of time because she has indicated that she would be prepared to pass over an answer on that one.

**Hon. Liza Frulla:** Can I just say that we don't want to suggest, in regard to those who were nominated before—and it's before us, even during the time of the Conservatives or before—that these were nominations of people who were not responsible, efficient, and whatever. I'm sure Ms. Oda wouldn't want that either.

In regard to the lieutenant governors, as of April 1, 2004, the financial support provided by the department takes the form of a named grant that is issued to the lieutenant governors on an annual basis. The amount of each grant was developed using three factors: the average of their expenses over the past five years; the geographic size of their province; and their population base. The level of the grants are as follows: Newfoundland, \$77,000; Nova Scotia, more—

•(1620)

**Ms. Bev Oda:** I don't think we need the details broken down. But what I observed is that in the previous estimates the total allocation for the lieutenant governors was \$192,280. This year we are being told that lieutenant governors in Canada require a total of \$836,000. That's an increase of \$643,000. It's not a question of how you establish this, but what does that increase of almost \$650,000

represent that are the needs of the lieutenant governors that taxpayers' dollars should be used for?

**Hon. Liza Frulla:** Well, that's why I'm breaking it down. When you look at the whole and you say \$840,000, I have to tell that for B. C. your lieutenant governor is granted \$97,000 more in order to do his job, to have his personal assistant, unless you tell us that you don't want a lieutenant governor anymore.

The same with Manitoba, \$73,000; Alberta, \$75,000. So if you look at the whole, you say yes, it's a raise. If you break it down, Ontario, \$105,000, New Brunswick, \$62,000, it's not.... So as we said, it's a grant based on more specifics, and I'd say it's also more thorough than what we did before.

**Ms. Bev Oda:** Do I have any time left?

**The Chair:** You do not, Madame. I allotted you extra, over three minutes.

Mr. Lemay.

[Translation]

**Mr. Marc Lemay (Abitibi—Témiscamingue, BQ):** Good afternoon, Minister.

We've already talked about sport. We're going to try to talk about it again today, if only for two minutes.

Sport comes under the heading "Canadian Identity", doesn't it? Is it in fact there?

**Mrs. Judith LaRocque:** Yes, it's in that area.

**Mr. Marc Lemay:** In that area, there's a planned cut of more than \$100,000 over the next three years. So under the heading "Canadian Identity", there are planned expenditures of \$742 million for 2004-2005, \$669 million for 2005-2006 and \$648 million for 2006-2007. I'll ask you a question. Don't ask me to put it to the minister responsible for sport, because I asked him yesterday and he asked me to ask you today.

It takes from four to 12 years to train developing athletes, elite athletes and new generation athletes. At the Athens Olympics, our athletes had between four and 12 years of training. That was the case of 244 out of 300. That's extraordinary. Wouldn't it be possible to have four-year budgets and programs, from Olympic Games to Olympic Games, for example, from 2004 to 2008 or from 2008 to 2012, to avoid having athletes forced to fight every year for additional funds?

•(1625)

**Hon. Liza Frulla:** As I told Mr. Angus, you see a cut because everything you see there is in a gradual elimination phase. It happens that that's the way it is. You'd think they were waiting for me because everything stops in 2005. The same is true for sport.

That said, we've added \$120 million this year for 2004-2005. I give you the allocation because I think it's worth the trouble. You're right about planning. In 2004-2005, there's \$20 million for direct athlete support for the Olympic and Paralympic Games. There's \$65 million for our elite athletes, \$15 million for initiatives and \$10 million for reception at special events.

Now what you say is true. The objective is to prepare four-year budgets, as we want to do in the case of other programs, for the heritage program, among others. We're currently in budget talks. I won't tell you we aren't, because we are. I won't tell you either that there are no discussions with our colleagues as a whole, because that's what we're currently doing. I can't tell you that we'll promise you. All I can say is that our discussions are headed in that direction.

**Mr. Marc Lemay:** I'm going to let my colleague ask his questions. Thank you, Madam.

**Mrs. Judith LaRocque:** I would simply like to add that Parliament approves our operating budgets on an annual basis and that that has to be taken into consideration. That's still a fact even if we engage in long-term planning, for four or five years.

**Mr. Marc Lemay:** How can we force the government to...

**Hon. Liza Frulla:** It's not a question of forcing. The idea is to have a plan like the one we have for the Tomorrow Starts Today program, for example. For this umbrella program, we have a comprehensive four-year plan with a certain amount that's renewed each year, but Parliament approves the budgets every year. There may be fluctuations upward or downward, but the umbrella is there.

**Mr. Marc Lemay:** That can also apply to sport.

**Hon. Liza Frulla:** Yes, but a program would have to be found for sports instead of doing it under the Tomorrow Starts Today program.

**The Chair:** Thank you.

Mr. Rodriguez.

**Mr. Pablo Rodriguez (Honoré-Mercier, Lib.):** Thank you, Madam Chair.

I am both happy and surprised to hear my colleague Mr. Lemay's concerns about cuts to the budget for Canadian identity.

**Mr. Marc Lemay:** Especially since it concerns sport.

**Mr. Pablo Rodriguez:** Especially, but I'm nevertheless surprised to hear that.

Welcome, Minister. I'm pleased that you're here.

The Canadian film industry is going through hard times, and American protectionism and isolation play a major role in that. Are there any short- or medium-term strategies to get our industry back on its feet?

**Hon. Liza Frulla:** I would add that that's been done quickly. The biggest factor has been the rise in the value of the dollar. That happened very quickly, particularly this year. At the same time, some American states have adopted incentives for film production in the United States. It's true that the combination of these two factors creates a very difficult situation for us, especially in the larger cities, in British Columbia, in Toronto or Montreal.

It should be kept in mind that, three years ago, we increased the foreign production tax credit for eligible production costs from

11 percent to 16 percent. We asked the provinces to follow our example. Everything was going well, and the provinces didn't follow our example. So we increased our tax credits. Some provinces have taken other measures. For example, Quebec has increased the SODEC budget. It's not providing tax credits, but direct assistance to film production as a whole. However, the provinces have not followed our example with regard to tax credits.

I'd like to have an emergency meeting or conversation with my provincial partners because the situation right now is tough. I'd like to know whether they could keep the promise they made three years ago, to take measures to follow our example.

That said, I also asked Jean-Pierre Blais, from my department, to form a task force to determine the best possible ways to address this situation. The situation with regard to the dollar is what it is. If we increase tax credits, that can help the industry a little. However, when the dollar is at 83¢, the situation is tough, particularly since the industry, especially the U.S. industry, anticipates that the value of the dollar will rise again. Its strategy is based on a higher dollar than what we have now.

So a task force will attempt to keep foreign production here. In addition, once the president of Telefilm Canada is appointed, I want us to sit down together to see what we can do to support Aboriginal production here in Canada.

Madam Chair, if the committee were to agree, and if it had the time, we could easily give it the mandate to examine the situation regarding Canadian drama program production and offer certain solutions.

• (1630)

[*English*]

**The Chair:** Madam Minister, you'll be pleased to know that we have already put that on our priority list for the new year.

[*Translation*]

**Mr. Pablo Rodriguez:** How far would the dollar have to fall for there to be an impact?

**Hon. Liza Frulla:** We obviously benefited from an extremely low dollar. It has previously been at 63¢, whereas it now stands at 83¢. When the value of the dollar is approximately 78¢, the situation starts to get critical.

**Mr. Pablo Rodriguez:** In what year was the multiculturalism policy drafted?

**Hon. Liza Frulla:** Several years ago. There was the multiculturalism policy, then the Canadian Multiculturalism Act. Then there were additions and revisions to the multiculturalism policy around 1988. The first comprehensive multiculturalism policy was drafted in 1972.

**Mr. Pablo Rodriguez:** And it was last revised in 1998. We haven't felt a need to revise it since then.

**Mrs. Judith LaRocque:** The act was passed in 1988. There have been adjustments since that time.

**Mr. Pablo Rodriguez:** So there's no review mechanism.

**The Chair:** Thank you.

Mr. Tweed.

[English]

**Mr. Merv Tweed (Brandon—Souris, CPC):** Thank you very much.

My questions, I hope, will be short and the answers the same.

I do want to follow up on my colleague's question about the lieutenant governors' increase. I believe the question was what are they doing more for Canadians that would generate the request for \$643,000 more?

**Hon. Liza Frulla:** I'm going to tell you, it's not what they are doing more, it's that the budget was not revised for years. There is a responsibility they do have—again, unless you tell me you don't believe in lieutenant governors—they have a responsibility—

**Mr. Merv Tweed:** I don't think you want to ask.

**Hon. Liza Frulla:** That's the question. If we believe we need a lieutenant governor in each province, then we do have to permit them to do their own mandate. The budget has not been revised. There is inflation for everyone, and we felt the budget should be revised.

• (1635)

**Mr. Merv Tweed:** I would like to suggest to the minister that I'm questioning the budget, not the legitimacy of the position. I am suggesting to you that a one-year, one-time increase of \$643,000 to the Canadian public seems to be extreme. I think you have to explain better to the public what we're getting for that increased dollar.

**Hon. Liza Frulla:** As I said before, I'm not doubting that you feel lieutenant governors are useful in your province. The only thing I'm saying is that if they're useful, then because the budget was not revised, in order to complete their mandates they do have to have a raise.

You look at the bulk. I tried to explain that if we describe the raise, province by province, it's really not much compared to what they do have to do.

**Mr. Merv Tweed:** That's fine. I think I'll move on to another question, if I could.

**The Chair:** May I suggest that a threefold increase and a bit more does require some explanation, but maybe not a response right now, because there are other questions the committee has that are very important. Perhaps it's something you might want to deal with the day we meet to deal with the supplementary estimates. Could we be provided an answer by then as to why there was a sudden increase like that?

**Mr. Merv Tweed:** We all know that Treasury Board has asked departments to find savings within the department. Can I ask the minister what the request was of her department in regard to the percentage in savings?

**Hon. Liza Frulla:** The request to the department is the same as for all other departments. It was the possibility of savings to reallocate 5% within the department.

**Mr. Merv Tweed:** Can I ask the minister if that savings to reallocate is based on the main estimates of 2004-05 or based on the planned spending of 2004-05?

**Mrs. Judith LaRocque:** My understanding is that it is based on the main estimates.

**Mr. Merv Tweed:** In other words, your overspending in 2004-05 in departments in some cases will eat up that 5% and you'll be back to your original main estimates for 2005-06.

**Mrs. Judith LaRocque:** Can I clarify? In our planning we were advised to use the budget that we felt we would have next year. In other words, we were asked to predict, for example, that we would not be sunsetting money, so it would be on the larger amount.

**Mr. Merv Tweed:** I would question as to whether your main estimates based on last year, 2004-05, and your actual spending are in sync. Therefore, can we rely on this year's estimates to be accurate? You have overspent by \$200-and-some million.

**Mrs. Judith LaRocque:** I don't quite understand.

**Mr. Merv Tweed:** If I'm looking at your main estimates of 2004-05 you estimated you would spend \$459 million in cultural development and heritage and you've actually planned to spend \$497 million. You've actually overspent your estimates. Is that correct?

**Mrs. Judith LaRocque:** No, we're not allowed to overspend.

**Mr. Merv Tweed:** Then what is planned spending?

**Hon. Liza Frulla:** There are some programs, or some responsibilities, that sometimes come from other departments to ours. There is some adjustment from one department to the other, but we are not allowed to overspend.

**Mr. Merv Tweed:** Your main estimates of 2004-05 are on target?

**Hon. Liza Frulla:** The main estimates are on target.

What they've asked us is to find 5% on the main estimates. We've asked all the agencies, except the arts council, and we've looked within ourselves to see if we could find the 5%. I'm going to tell you, frankly, I don't think I'm going to deliver.

• (1640)

**Mr. Merv Tweed:** Of the estimates that I'm reading, it shows the Department of Canadian Heritage has requested an additional \$102 million, raising its total estimates to date to this amount, and they break it down.

**Hon. Liza Frulla:** We'll clarify this and the numbers with our accountants when we come back next year, but I am telling this committee that I don't intend to deliver the 5%.

**Mr. Merv Tweed:** I'm advised by the museum association in Manitoba that one of the comments of the minister suggested that savings could be found easily by cutting funding to museums. Is that still the minister's position?

**Hon. Liza Frulla:** What was reported, in French, was a position that was then reported differently. What I said was, you can't ask me if we're on target, if we have funding, savings, and we overspent on one side, and on the other side say we don't want to touch anything. What I said is that in our national museums—for example, in Ottawa—there are common needs, and we've asked from the museums, in regard to the exercise of reallocation that we're discussing now, if it's possible, to combine efforts in order to have efficiencies. This is what I've said. We do not intend to touch the programs that help the 2,500 museums across Canada. I want to make this extremely clear.

Also on this question—I'm repeating it because it's official—I do not intend, unless I'm forced to, to deliver 5%, nor do I intend to touch artists' programs or the help for those institutions that have very little money for what they give to society and the community.

**The Chair:** I'm sorry, your time is up. I let you go over again, Mr. Tweed.

I will move on to Mr. Khan.

**Mr. Wajid Khan (Mississauga—Streetsville, Lib.):** Thank you for coming, Madam Minister.

Heritage is so very important to everybody on this committee, and to yourself, of course. I'm looking at the planned spending for 2004-05 of \$1.3 billion. Planned spending for 2006-07 is going down to \$980 million. How are you supposed to maintain effectively the level of multiculturalism at home and abroad with the funding going down?

**Hon. Liza Frulla:** You're right, but I just want to reassure you that it is because of Tomorrow Starts Today. As I said, the sunset programs are not in there, so that's why. It's not accounted for, and we couldn't put it in there because they're not renewed.

**Mr. Wajid Khan:** Another question I have is on the concentration of media ownership. It is not illegal and it is doing nothing wrong. My question is, how can the heritage department influence that?

**Hon. Liza Frulla:** As far as the ownership per se is concerned, it's very hard to...CRTC takes the decision, and it's true, that there are now big media conglomerates; it's a trend of the industry. This said, if we refer to the Lincoln report, what is an issue is the diversity of voice, and this is really the key issue.

We know that Senator Joan Fraser is working on this committee too and acknowledges the diversity of voices and how we can help this diversity or make sure we have this, so that we don't have an editorial, for example, in one province that is, in essence, the same editorial all over Canada. We have two or three conglomerates and three kinds of opinions and that's it.

We're waiting for the report of Madame Joan Fraser, and we'll assess it and we'll discuss it within our department and bring forward the elements of the discussion. If the committee wants to add to what the Senate committee has done, it would be really welcome.

Again, ownership is one thing, but diversity of voice is another.

•(1645)

**Mr. Wajid Khan:** Thank you very much.

**The Chair:** Do I have another request from this side of the table? Otherwise, we're finished.

**Mr. Charlie Angus:** More requests.

**The Chair:** Mr. Angus, I'm sorry, it is your turn.

**Mr. Charlie Angus:** It always happens, but I don't mind.

**The Chair:** Sometimes I look down and you're not there.

**Mr. Charlie Angus:** Madame Frulla, like yourself I get requests every day for people to meet. People give me books, they give me CDs...I learn all about the arts. There's one group that hasn't come to see me because they don't have the funds to come, so I have to plea for them today.

Across my riding in the north we have numerous rural francophone cultural language organizations that are doing a fantastic job. Le Centre culturel LaRonde in Timmins; ACFO, Iroquois Falls; Kirkland Lake, Timiskaming—they're underfunded, they're rural, they're isolated. They do not have the critical mass of population to defend their interests and they do not have the funding required to maintain a rural francophone culture.

I'm asking, are we going to see increases for francophone programming outside of Quebec?

**Hon. Liza Frulla:** First of all, no. We do have help outside of Quebec. Are we helping all of them? Are we helping enough? Do we have enough money to help all of them? The answer is, well, we have to make choices. But the answer is if you want to help everybody, no.

I want to reassure you that we are helping. We're talking about 190 projects that represent \$2 million, with the Tomorrow Starts Today program, when we talk about francophone communities *hors* Quebec.

In cultural spaces, for example, we did help. It doesn't answer to your groups, and this we can talk about specifically later. Okay?

**Mr. Charlie Angus:** Okay.

**Hon. Liza Frulla:** As far as Espaces culturels is concerned, 60% of Espaces culturels Canada goes to rural Canada, and then in rural Canada we do touch on the francophone community.

[Translation]

There's Maison Gabrielle-Roy in Saint-Boniface, La Maison des arts de Russell in Embrun, Ontario, Salle Mathieu-Duguay in New Brunswick and Les Araignées du boui-boui in Church Point, Nova Scotia. We touch on that.

[English]

With the Tomorrow Starts Today program, with the arts presentation, with cultural spaces, with official languages, we really try, but like everywhere else, some projects fit and others don't. It all depends on the years. But we'll discuss the issue specifically.

**Mr. Charlie Angus:** Yes, we could discuss it later, because there is a real concern.

In terms of what you're saying about promoting indigenous drama production and finding a way for the committee, I fully support that. One area we have to look at, though, is the CRTC. I know it's an arm's-length organization, but we have a number of appointments coming up. I'm well on the record as opposing patronage appointments.

Since 1999, we've seen a devastating loss of domestic production thanks to decisions made by the CRTC. I will say that there's a perception out there that the CRTC continually supports the broadcasters. Where we could make a fundamental change would be to ensure that there is CRTC representation by artists, screenplay writers, the people who are actively involved in the production. Could we have a guarantee that we will be pushing to have those people of that industry represented in future?

**Hon. Liza Frulla:** Like I said, it's going to be a very open process. You are going to study it. The only thing about it—Madame Oda knows this—is that at the CRTC we also need some very technically qualified people a lot of times—and I'm not saying they're not qualified now.

For example, the CRTC is handling two sectors. They're handling telecom. For telecom, for part of the nominations of the CRTC board, half of the board is telecom. For telecom, we need specialized, qualified people. As far as broadcasting is concerned, what we're trying to do is get people who know the creative milieu, but who also know the broadcasting sector, if it's possible to find them.

I have to tell you that we were the first to nominate...you talk about partisan nomination. It hurts me when you say that, and I'm going to tell you why. Look at Peter Herrndorf. He was nominated by the government, and I think his is a really good nomination. Look at the nominations that were done before. For some of them, you can say they were not adequate perhaps, but it's a total of nominations done by governments.

There are a lot of people who gave a lot of their time and their efforts, put their knowledge into those organizations, and who were very good nominations. A nomination that we've done,

•(1650)

[Translation]

to the Copyright Board...

[English]

How do you say that in English?

**Mrs. Judith LaRocque:** The copyright board.

**Hon. Liza Frulla:** The copyright commission.

It was the first time we had somebody, Madame Francine Bertrand-Venne, who came from SPACQ, who represented the artists and the creators.

So we do have that concern, and we'll continue to have that concern and try to put the creators in the centre of our concern all the time when it's possible.

**Mr. Charlie Angus:** Madame Frulla, just as my final comment, it might hurt you if I say that it's in terms of this patronage, but when we look at the CBC, the vast majority are financial contributors to

the Liberal Party. I don't know what their qualifications are, but I don't think that's a basis for making judgment. We have to have a system that all members of this committee can go out and defend.

**Hon. Liza Frulla:** There are seven nominations now available at the CBC. There were recommendations from Madame Taylor, who comes from broadcasting and was a really well-known broadcaster. I think you're having the board of the CBC in next week, so you can discuss that with Madame Taylor. She's a very knowledgeable, respectable person in broadcasting. There are seven nominations, seven appointments or reappointments. Let's make sure that for those reappointments there are people there who are able to understand the content and what public television is all about.

**The Chair:** Monsieur Bezan.

**Mr. James Bezan (Selkirk—Interlake, CPC):** Thank you, Madam Chair.

Madam Minister, I just want to get a little clarification. The Treasury Board has asked you to cut your budget by about 5%. You've put out the request to your department.

**Hon. Liza Frulla:** Not cut, I'm sorry. When you say “cut” and you send those messages to the milieu, it's not fair. We talk about reallocation. Cuts were done before, when the economic situation was so bad in 1984-85. Those were cuts, because we didn't have a choice because our debt was 68% of the total of the GDP.

**Mr. James Bezan:** Oh, you're looking for a 5% savings or reallocation.

**Hon. Liza Frulla:** Reallocation, yes.

**Mr. James Bezan:** And you're saying you're going to have trouble meeting that 5%?

**Hon. Liza Frulla:** No, I'm not saying I'm going to have trouble; I'm just saying I do not want to cut. I do not want to make a reallocation. I do not want to play with a budget concerning artists, sports, and the milieu that really need it.

**Mr. James Bezan:** How are you going to come about the 5% savings then?

**Hon. Liza Frulla:** I will discuss it with the persons responsible for delivering the reallocation.

•(1655)

**Mr. James Bezan:** There was a statement by the Canadian Museums Association in *Le Devoir* on November 10 that said they were shocked when you, the Minister of Canadian Heritage, said you'd find it easier to cut funding from museums than from other cultural sectors in the department. I just wanted to get a follow-up on that.

**Hon. Liza Frulla:** Thank you for the question. I clarified it before you came in, but I really want to have it clarified.

What I said in French was that the milieux I'm talking about are film, production, music, the artists, some of whom you met today. They get nervous when you talk about reallocation and savings, and rightfully so. We're talking about those big agencies and institutions that we have, and what I said was that it's easier to ask our museums—I said “museums”, but I should have said “national museums” here in Ottawa—to try to put their needs in common and see if there would be a savings there. I'm talking about the Museum of Civilization, the National Gallery, the Library and Archives Canada, just to see if there can be savings administratively.

**Mr. James Bezan:** So you're not going to touch the rural museums. I've already had a lot of calls coming out of my riding about the grants going to the rural museums, to make sure they remain in place.

**Hon. Liza Frulla:** I want to make this quite clear. I spoke to Mr. McAvity, the president of the Canadian Museums Association, about it, and I was talking about the national museums administratively. Thank you for the question. In my head it was quite clear, but I said in French, “*les musées*”.

**Mr. James Bezan:** We can look at the museum structure then. Back in February 2003, the government announced with much fanfare the perfect setting for the new national portrait gallery. The release at the time announced that the project was well under way. The government proudly announced that the national portrait gallery would be a key public face of the Library and Archives Canada and stated that the location of the building across from Parliament, as well as its architectural and historical significance, would make it one of the most important sites in Canada.

Recently you have painted an uncertain picture for the proposed national portrait gallery. Can you let us know what has changed in the last eighteen months, given that this project was well under way back in 2003? Can you tell us how much money has been spent on the project and where we are in the overall process for the portrait gallery?

**Hon. Liza Frulla:** First of all, when you say this was uncertain, this is not true. You'll never see me say this is a certainty or say it's being done if I don't have the budget to do it on paper. If I have the agenda to do it, then I'll say, yes, we're going for it. This is the way I work.

I have to tell you that I really believe in this project, sincerely, with all my heart. We know we have more than 300,000 portraits within the archives that Canadians should see. They're kept within the vaults of the archives, so this would be a fantastic gift to Canadians. We're working at it now, but we need \$8 million for completion. We have to build an addition to the embassy for it to be completed. But I'm adamant about having this done, because it's a fantastic project.

**The Chair:** Thank you, Madam Minister.

Your time is up, I'm afraid.

Madam Bulte.

**Hon. Sarmite Bulte (Parkdale—High Park, Lib.):** Thank you very much.

I have three quick questions to move forward. It's too bad Mr. Angus left, because he was talking about the Canada Council and

how there are more applications now than in his time. Maybe I was wrong, but I think he may have said something about cuts to the Canada Council. In fact, Minister, I remember reading that the last annual report of the Canada Council said the budget of the Canada Council has indeed in fact increased by 69% since 1997.

Having said that, however, you also know that the year 2007 will be the 50th anniversary of the Canada Council. I'd like to know what, if any, kinds of plans we have to celebrate the 50th anniversary. That's one quick question.

I also know how passionate and committed you are to the renewal of Tomorrow Starts Today. I know a number of members in our caucus have been lobbying you very heavily on that, and I'm delighted to hear you're going to be making an announcement shortly. But do you know what? I think Tomorrow Starts Today is just basic funding. What are we going to do in addition to that to enhance our artists and our cultural organizations?

Last but not least, I believe I heard that you've asked Mr. Jean-Pierre Blais to head a special task force on the film industry. I'm delighted to hear that, but I'd like to hear some more details about that, because I happen to have participated in a round table on arts and culture in Toronto, in Dr. Carolyn Bennett's riding of St. Paul's actually. Certainly, one thing that came forward is that our film industry is in crisis.

I know you said we're going to look at it in the spring, Madam Chair, but they are afraid that by the time spring comes, there will be no industry left whatsoever.

If you can, within the time allotted, quickly give us some details on what you have planned.

• (1700)

**Hon. Liza Frulla:** You're right. In 1997-98, the Canada Council benefited from a \$60 million raise, so it was raised to a certain level. Saying that, it's really imperative that we get Tomorrow Starts Today, because \$25 million of the Tomorrow Starts Today money goes to the Canada Council.

As far as the Canada Council anniversary is concerned, we're looking at it. I can't make an announcement today, but we're very aware of the situation. We would like to give the Canada Council a recognition for everything it has done.

Coming back to nominations, I also have to admit that we made a governmental nomination of Madame Karen Kain, who is now the president of the Canada Council.

So for all the work that everybody at the Canada Council did and has done, we're working to give the Canada Council a recognition. And I'm not saying just a verbal recognition, but a recognition of what they've been doing, and I know I have very good advocates to do so.

On Tomorrow Starts Today, yes, what's important now is to get the funding we had last year in order to give the signal, before the budget, to the milieux that really have to plan their production, their shows for spring and for summer, for 2005. That's why we're now asking for the base funding, and then we'll work toward the budget.

As far as the task force is concerned, I have to admit that because you told me that, we know there's an urgency, and an urgency even more in English Canada than in French Canada. Because we had this conversation, I've asked Mr. Blais to look at it, but we'll really do it together. Look at the report on TV yesterday. The problem is, again, that the \$83 is really hurting us. We gave a tax benefit three years ago, so will we compensate with tax benefits, or are we going to look at indigenous production in order to stabilize, if you want, the milieu? These are all the questions we have to ask ourselves, so I'll get back to you with that.

**Hon. Sarmite Bulte:** Thank you.

**The Chair:** Thank you very much.

If you don't mind me taking a couple of minutes, since we will be dealing with Tomorrow Starts Today at a meeting very soon, we seem to have very little information on how the program has been used, what evaluation of it has been done, if any, what its objectives were, and how well it is achieving those objectives. It would be very helpful to have that before the committee actually turns its attention to that. I think it's fair to say we want to be helpful to the department, to the minister, and to the arts community, in not having a gap in that program.

**Hon. Liza Frulla:** We have all that, Madam Chair, so it's a pleasure. We really have it, so we'll do it fast.

**The Chair:** Mr. Schellenberger is next.

**Mr. Gary Schellenberger:** Thank you. I have two things.

Madam Minister, you did say something I've heard before, and that's sunsetting. With stable funding, sometimes these sunsetting things should never happen. I know last year the Minister of State for Sport found \$30 million. He said \$30 million is going to be added to sport. That \$30 million was added to \$90 million and it made \$100 million, and we said that doesn't add up. He then said \$20 million was sunsetting, so he really got \$30 million.

If there is stable funding, we shouldn't talk in riddles. Let's forget about sunsetting; let's go to stable funding. Again, we go back to the report on broadcasting. There were a lot of recommendations in there that applied to the CBC, such as the need for stable, long-term funding.

I have a question. Is the mandate given to the CBC a realistic one with the resources provided?

Secondly, Minister, as you know, the CBC president recently appeared before this committee. After the meeting, in a scrum, Mr. Rabinovitch suggested that the CBC would need \$100 million added to its base budget in order to effectively meet its mandate. How do you see this, and do you believe in stable funding, say, for five years, for the CBC? This is important. Those are two of my questions.

The second, again, goes back to Tomorrow Starts Today. I know we've just said we'll put it off a little wee bit, but this is very important. As you know, the Stratford Shakespearean festival is in my riding. I know that when you go to set up budgets, you talk about looking ahead. These people definitely are, and there has to be something there if that program...I do have statistics saying it has been very important to a lot of people. The payback on it seems to be good.

So those are two. I have one more quick one after I get those quick answers, please.

• (1705)

**Hon. Liza Frulla:** Quick answers?

**Mr. Gary Schellenberger:** Yes.

**Hon. Liza Frulla:** I hate it when you say that, "quick answers", because this is not the quickest.

As far as the recommendation to have stable funding for the CBC is concerned, the answer is yes. I signed the report, so the answer is yes. Now, how do we get to it? You know the CBC had an amount of \$60 million annually for three years and then it sunsetted. I'll just say we are going to look at the possibility to stabilize the CBC.

For the rest, I'll have to say I am waiting for Mr. Rabinovitch's plan. Of course, there is the \$100 million. No, it was \$52 million. It was \$60 million basically, but the contribution to \$1 billion made it \$52 million. The initial objective was \$60 million.

Now, on needing \$40 million more, we're saying we'll try to do better regionally, and then we'll work for the plan and we'll analyze the plan to make sure the \$40 million is going to be used to do so. Is it possible to do so? CBC lost a lot of ground regionally. CTV took up all that ground, so you have to see now if it's realistic to say \$40 million will give CBC the grounds to recoup what they have lost, or whether we need this money. I know Mr. Rabinovitch is reflecting on whether we should take this money and have more regional content to reach the interests of people regionally. We'll discuss it with Mr. Rabinovitch, and I know you'll have more conversations with him.

As for Tomorrow Starts Today, you're right, and we're working very hard on the amount to be announced before budget, and because of the planning of the Stratford Festival.

And what was the other question?

**Mr. Gary Schellenberger:** One was whether the mandate given to the CBC is a realistic one.

**Hon. Liza Frulla:** We're talking about \$1.3 billion. I have to tell you that I lived at Radio-Canada for four years.

**Mr. Gary Schellenberger:** My thing is that, yes, \$1.3 billion sounds like a lot, but if you ask for \$1.5 billion worth of—

**Hon. Liza Frulla:** Of course. Canadians are spending today \$29 per person a year to pay for the CBC. Mr. Rabinovitch told you that. He told you that if you look at the U.K., we're talking about approximately \$163 per person, or \$55 million, to pay for the BBC. Of course, if you have more, you do more.

**Mr. Gary Schellenberger:** I think you misunderstood me. What I meant was that if the government says we want you to do \$2 billion worth of work for \$1 billion, that's the mandate. I'm saying, is it reasonable?

I have a quick one that I have to get in here, because I was part of the committee that helped to put the archives and the library together down here. I do know there was damage being done to some of the archival things. Some of our buildings were bad. I would like to know where we stand on that.

Not only that, but in small-town Canada we have museums that are very needful of small amounts of money, even if it is \$20,000. You can take \$1 million and you can break it down to some of these small museums, some of the archives that are the base for our national archives. Where do these people come in?

• (1710)

**Hon. Liza Frulla:** For the small museums, people come in under Cultural Spaces Canada, and there are certain other programs, like the museums assistance program. For Cultural Spaces, it depends on the program and what kind of museum it is, but there's also museum assistance, so they come toward museums assistance. This is one.

Second, yes, the Auditor General last year was really very severe in her evaluation of the archives. We've answered that, and I'll let Madame LaRocque tell you what they've done since before even my arrival.

**Mrs. Judith LaRocque:** It's my understanding that the Department of Public Works has purchased a building in Gatineau and that they are refitting it as we speak. That will be an urgent measure, but it's where much of the collection of Library and Archives Canada that was under distress, if I could put it that way, will be located. But there are some structural adjustments that have to be made to the building. I think the building was an old Zellers store, and it now has to be refitted to a certain extent. That does not necessarily mitigate the long-term needs of Library and Archives Canada, but we are working very closely with them to establish exactly what their needs are and to go forward to try to get adequate funding for that.

**The Chair:** Can I just remind the committee that we are running out of time? I did want to deal with our agenda for UNESCO and the witnesses we might like to have before we adjourn today.

I know Mr. Lemay wanted another opportunity, and so does Mr. Simms. What I would propose is that we give one of them a couple of minutes, and then give Mr. Simms forty seconds plus of a couple of minutes—I owe him forty seconds from the last time—and then go on to our agenda.

**Ms. Bev Oda:** Madam Chair, my first round was interrupted. I ask for some consideration, please.

**The Chair:** I extended it to eight minutes for that reason.

Okay, how about two minutes each, plus your twenty seconds?

[Translation]

**Mr. Maka Kotto:** Minister, I asked you a question on the first part of my main question about an hour ago. I'd like to come back to that.

I'd like to know whether you and your government are in favour of creating a dispute settlement mechanism that would avoid having the trade tribunals determine what an acceptable cultural policy is. This

is still in the context of the International Convention on the Protection of the Diversity of Cultural Contents and Artistic Expressions. If so, why hasn't that been set down in a document currently available on the Internet?

**Hon. Liza Frulla:** The answer is yes.

Why isn't it written down? You can call it a starting strategy. It shouldn't be forgotten that this is our first effort, our first response to a preliminary draft of the convention.

Canada has its official rapporteur and is also an observer—we've managed to win those positions—of UNESCO's reaction to the draft legislation. We're going to gather countries' reactions to the draft legislation, and we're on the spot. We have powerful tools, as it were, that we would like to keep. The answer, without a doubt, is yes.

Mr. Blais, would you like to add anything?

**Mr. Jean-Pierre Blais (Assistant Deputy Minister, Cultural Affairs, Department of Canadian Heritage):** The short answer is yes. Canada has submitted its position. Since this is a binding instrument, there has to be an effective mechanism appropriate to this kind of convention. We're working with our partners from other countries to find a mechanism that is effective and appropriate to the nature of the convention.

• (1715)

[English]

**The Chair:** It's Mr. Simms next, Mr. Lemay.

[Translation]

You have two minutes and 20 seconds.

[English]

**Mr. Scott Simms:** I have a ten-year-old son who is able to get about a hundred songs by going click-click. You talk about protecting the artists, but it's a delicate balance here. We have thousands, if not millions, of people out there breaking the law, and unseemingly. I won't say all of them are completely innocent, but there's a lot of innocence out there.

How are we going to deal with this? What stage are we at right now with the industry department? We do have free downloading, so how can we protect the artist while at the same time trying to be sensible? We're seeing examples in the United States where it's approaching the ludicrous. We're arresting young children for doing something they're unaware of. Are we going in that direction? Where are we at this stage?

**Hon. Liza Frulla:** First of all, we'll answer that with the copyright law. We want to assess that within the copyright bill, to start off with. The industry association is talking about \$425 million that they are losing due to *des téléchargements*. Of course, it is a complex issue that we will have to address when we look at the copyright bill, absolutely.

**Mr. Scott Simms:** When will that be? Do you have a timeline?

**Hon. Liza Frulla:** As I said, we are writing the bill now with the industry department. You'll have the vote. You're talking about equilibrium. You'll have the vote opinion, and that's why we have to put our differences aside. We are writing the bill now. Our schedule is to present it to members of cabinet before Christmas, and we're really trying hard. That means that if everything goes well, you'll be able to look at and study the bill next session.

[Translation]

**Mr. Scott Simms:** Thank you. That's it for me.

**The Chair:** Thank you.

Ms. Oda.

[English]

**Ms. Bev Oda:** Madam Minister, I have two questions, if I may.

The first question is regarding the Montreal film festival. Telefilm and SODEC undertook a study in which they indicated that they felt the festival was not being managed responsibly and that there were a number of problems with the Montreal film festival. Subsequently, there has been a call for proposals for a second festival. I'd like to ask the minister, regarding the Montreal film festival, if they will be continuing to support the world festival, as well as introducing a second festival in that area.

My second question has to do with funding. You are quite right. I want to make sure that the maximum dollars go to the creators, the artists, etc. We have a document that shows that departmental officials have said that reprofiling or reallocating dollars actually means less money is going to a contribution fund because more money is being required to manage, administer, and evaluate programs. In fact, when I look at your estimates, under grants for contribution, under the Canadian heritage program, I see for the first time in that program a \$2-million-per-year allocation for corporate management. Can you explain? Can you guarantee that what should come under corporate management estimate costs are not being hidden in the program costs?

**Hon. Liza Frulla:** First of all, the Montreal film festival, as you know, is on July 27, under Telefilm and SODEC. It's their decision and their financing. The will for financing it or not comes from Telefilm and SODEC.

• (1720)

**Ms. Bev Oda:** Madam Minister, Telefilm is not an independent body—

**Hon. Liza Frulla:** Yes, it is.

**Ms. Bev Oda:** —and if you're not assured, and if you cannot assure Canadians, that those dollars supporting the Montreal World Film Festival are not going to support a festival that's accountable, then I think we should account to Canadians as to, first of all, your contribution to the first festival, and then demonstrate the need for a second festival.

**Hon. Liza Frulla:** You know what? I have to tell you I know the dossier quite well because it was the same dossier when I was Minister of Culture in Quebec. In 1994, we asked for a study—we didn't have the SODEC; I was building the SODEC—on Telefilm on the same basis: lack of transparency, all the reasons we have.

Saying that Telefilm is not an independent body is not right. Telefilm is independent. I cannot ask Telefilm to fund something or not, or employ somebody or not, whatever. They work as an independent body. It is independent. That's one.

Two, Telefilm will take a decision. There's one commitment that we can make to Montrealers—and we're Montrealers here, Maka and myself—and it is that Montreal will have a festival that is pertinent to Montreal, and that is, as we say in French, *digne de Montréal*.

The current administration could apply. The current administration was also asked either to give some answers or make an association with others, but they rejected everything.

This is a particular context of a body that I know extremely well. This is for Telefilm. We are committed, for Montreal, that Montreal will have a film festival. We started the film festival. Being from Montreal, I do not intend the film festival to die, I know Telefilm and SODEC do not intend to see the festival die, and the Minister of Culture of Quebec does not intend to see the film festival die in Montreal.

Now, on the second one, it's true it's a grant, and do you know what? We have beefed up the controls, because now we're in the mode of controlling the controllers, over who controls. This is the mode now.

Now we're working with Treasury Board, and I hope everybody, including the Conservative Party, will support us in working with them to adapt the control mode to our milieu. We're asking for ourselves or for the cultural milieu to have the same control when there are about two or three people working in the association, the same way in which we're asking for controls in those big companies that have I don't know how many vice-presidents and accountants working for them. It's not fair.

**The Chair:** Madam Minister, I'm going to stop it right there.

Mr. Lemay, *une question*, with the permission of the committee only, because it's a Liberal turn. You are taking a Liberal turn, so you owe us one.

**Mr. Marc Lemay:** It's not the sport.

[Translation]

On October 28, Minister, a very important decision was rendered by the Court of Quebec. Will the government appeal it?

**Hon. Liza Frulla:** It's now officially under appeal.

**Mr. Marc Lemay:** The notice of appeal has been filed?

**Hon. Liza Frulla:** The notice of appeal has been filed. It's done. Thank you for asking me the question because I'm pleased to say it. I'm telling the industry that the Minister of Justice has officially appealed from the decision.

**The Chair:** Thank you very much.

[English]

Madam Minister, on behalf of the committee, thank you very much. I'm sure we'll be seeing you again very soon.

**Hon. Liza Frulla:** I thank you.

**The Chair:** I would like to ask the committee to now turn their attention to the suggested witnesses for our consideration of Canada's position to UNESCO.

Has it been distributed? *Je m'excuse*, it has not been distributed yet. I apologize for that, but I thought it had been.

It's not next week but the following week that we will be doing this. Listed right now are: from the Department of Canadian Heritage, the director general of international affairs and the director of international relations and policy development;

• (1725)

[Translation]

as an individual, Peter S. Grant, Senior Partner at McCarthy Tétrault, and member of the Sectoral Advisory Group on International Trade, and Ivan Bernier, professor at the Faculty of Law of Laval University;

[English]

from the Canadian Coalition for Cultural Diversity, Robert Pilon, executive vice-president; from SAGIT, the Sectoral Advisory Group on International Trade, Ken Stein; and from the International Network for Cultural Diversity, Gary Neil.

It occurred to me that since this is an international convention, I would personally like to see a representative of Foreign Affairs as well on our witness list. I know they're not as directly involved, but I want some assurance that Foreign Affairs is also supportive of what Heritage is doing. Given Monsieur Kotto's question about the World Trade Organization, it might be worth having somebody from International Trade here too. We also want to be sure its policies are supportive of what Heritage is doing.

Yes, Mr. Tweed.

**Mr. Merv Tweed:** Are we trying to make that decision today?

**The Chair:** No, we're not.

**Mr. Merv Tweed:** Will you get us that list?

**The Chair:** This will be sent to you tomorrow.

If any others have questions or suggestions they want to raise now, they can, but we won't actually deal with it until we meet next.

Madam Bulte.

**Hon. Sarmite Bulte:** I just want to make sure the person we get from the Department of Canadian Heritage is seized with the file, because Monsieur Jean-Pierre Blais was seized with it but that file has now been taken away from him. I want to make sure we have the right person in front of us. I don't care about the titles. I want to know who is seized with the file.

**The Chair:** May I suggest, Madame Bulte, that you might wish to discuss that with your minister and ensure that we have on our list, before we finalize it, the best possible people?

**Hon. Sarmite Bulte:** Absolutely. We have to have the right person. I don't know what the titles mean.

**The Chair:** We can deal with this on Monday. Let me just make you aware of this. Our clerk tells me that the last time the committee dealt with the UNESCO convention, it had a round table like this. It took one meeting of about two and a half hours. If we do it in one

meeting, we could proceed with having the senior management of CBC back before us. Again, we don't have to finalize that today. We can talk about it on Monday.

**Mr. Gary Schellenberger:** I understand that the senior management of the CBC would like to come before this committee before February. If we can do it in one meeting, I haven't a problem with that, just as long as we can get our briefing notes and some of those things. I keep harping on those. Can we have that a little bit in advance? I thank our experts and our research people for getting our notes a little earlier today. I would hope, though, that with this next meeting we can get them even earlier than that. I'd appreciate that.

**Hon. Sarmite Bulte:** Madam Chair, if necessary, can we not call another meeting?

**The Chair:** We can, yes.

**Hon. Sarmite Bulte:** I'm sure we can find space somewhere. There are a lot of things to do, as always, but if the committee feels it wants to do this, then let us get another meeting.

**The Chair:** Madame Bulte, I'm always flexible to the wishes of the committee.

**Hon. Sarmite Bulte:** Whatever the committee wants.

**The Chair:** Is there any other business?

Yes, Mr. Kotto.

[Translation]

**Mr. Maka Kotto:** I'd like to come back to the proposal for a two-hour round table on previous experience. I hope you'll have more than 10 minutes to talk with those who have keys to give us to enable us to better understand Canada's position on the subject and perhaps even to strengthen it at the end of this exercise. Either we re-evaluate speaking time or we see each other twice, which would give us roughly 20 minutes. It's very frustrating when you have a lot of questions and can only ask one.

[English]

**The Chair:** Madam Oda.

**Ms. Bev Oda:** Madam Chair, I'm speaking on behalf of our vice-chair here. I'm wondering whether there could be a re-look at the format when we have witnesses in front of the committee. This is one thing that hopefully can be negotiated so that we can come up with something that would be agreeable to everyone. There is a certain frustration when you're trying to follow a line of questioning, etc. Also, in fairness, to enable someone to respond within a reasonable time, but without penalizing the questioner, I'm trying to find some fairness there.

• (1730)

**The Chair:** The committee can always re-examine the rules it has established for itself. I think our main concern was to give everybody an opportunity to participate, and that means having to limit each intervention, unfortunately—unless we want four- or five-hour meetings, which I'd be happy to have.

Is there any other business right now?

Mr. Lemay.

[*Translation*]

**Mr. Marc Lemay:** I may have a partial solution. I don't know how we could ask our guests to cut down their answer time. I know it's very hard, but I think that, in the five minutes we're allotted, we shouldn't count the time the minister, deputy minister or vice-chair takes to answer. If he takes four minutes and 20 seconds, we have no time left. So we would meet at roughly the same time, but I could ask all my questions during my allotted time, and I probably

wouldn't come back in the following round. If we didn't count answer times, that would give us more time. Otherwise, we ask a question and the person takes four minutes to answer it.

**The Chair:** I don't think we'll be able to solve this problem by 5:30 p.m. We can discuss it at another meeting. Thank you.

[*English*]

If there is no other business, then I will adjourn this meeting.

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