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Chair

Mr. Massimo Pacetti

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● (1135)

[*English*]

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

Thank you for taking time out of your day to present us with your briefs.

I'm going to allow you a seven- to eight-minute opening presentation. Please respect the timeframe, because now there are more groups than in the last panel, and the members will want to ask questions afterwards.

We're here pursuant to Standing Order 83.1 on the pre-budget consultations for 2005.

We'll go according to the list I have here. I have Breakthrough Films and Television Inc., Mr. Levy.

Mr. Ira Levy (Executive Producer, Breakthrough Films and Television Inc.): Yes, and I'll be speaking along with Alex Raffé from Savi Media Inc.

Mr. Chairman and committee members, thank you for giving us the opportunity to appear before you today to speak about the challenges we face as independent producers of film, television, and interactive content in Canada.

My name is Ira Levy, and I'm an executive producer and partner of a company called Breakthrough Films and Television, based here in Toronto. I established Breakthrough with my partner, Mr. Peter Williamson, about 20 years ago when the industry was still relatively young, so I've had the privilege of seeing it grow over the years.

With me today is my colleague, Ms. Alex Raffé, a veteran producer of television and feature films. Alex's production company is called Savi Media, and it's also based here in Toronto.

Allow us to underscore that we very much appreciate the federal government's support of television, feature film, and new media sectors. Over the last several years that support has contributed significantly to our ability to grow a dynamic industry. Between 1994-95 and 2003-04, the total annual value of domestic film and television production activity increased by 112% from $2.3 billion to $4.9 billion. Real GDP in the motion picture and video production, distribution, and post-production industries grew by an average annual rate of 7.7% between 1998 and 2003. By comparison, the Canadian economy grew by an average annual rate of 3.6% over the same timeframe.

In terms of the film and television production industry's contribution to Canadian employment, we've seen an increase of almost 60,000 direct and indirect full-time equivalent jobs, or an increase of about 79%, from 75,100 in 1994-95 to 134,700 in 2003-04. The public investment is of vital cultural importance to Canada. It ensures the continued availability of a broad diversity of distinctly Canadian views amidst the ever-rising flood of cultural content from around the world in all media. Without financial assistance from all levels of government for the development, production, and distribution of Canadian content, our distinct identity, particularly in English Canada, would quickly disappear and we would become indistinguishable from that of our southern neighbour.

Alex.

Ms. Alexandra Raffé (President, Savi Media Inc.): What differentiates producers from other industry stakeholders in this industry is the fact that we're at the centre of production activity. Simply stated, we are the employers. Without producers, television programs, feature films, and interactive content just do not get made. Producers control and are the central decision-makers of every production. They select and develop the projects and then negotiate and secure the necessary financing from both public and private sector sources in Canada and from offshore. We sign all the contracts; we're legally responsible for fulfilling their terms; and we hire and pay all the writers, directors, cast, and crew.

In a production universe, after having made this effort to bring together the right mix of elements to bring a project to fruition—and many fall by the wayside and don't come to fruition—and having taken all the risks along the way, the production companies are the last in the economic chain to reap any financial reward. While some significant progress has been made over the years, aided in large part by government policy, some formidable challenges continue to persist, particularly for independent producers.

Overall there has been growth in the industry in terms of the volume of content produced each year; however, this growth has come from the foreign location shooting and broadcaster in-house segments of the industry. The volume of Canadian content that's made by independent producers has actually declined by 12.4% between 1999-2000 and 2003-04. Moreover, little progress has been made in terms of fostering a healthier corporate capacity in the independent sector. On the whole, independent Canadian production companies are still financially very fragile, often working from one project to another and hoping to survive long enough to make it to the next. Eking out a project-by-project existence does little to build long-term sustainable growth.

Considerable public support has been invested in our sector in the form of tax credits in particular. This was designed to strengthen companies and create corporate capacity—

● (1140)

The Chair: If anybody has a cellphone or a Blackberry, try not to keep them next to the microphones. That's part of the problem, and we are one of the biggest culprits.

Thank you.

Sorry, Ms. Raffé.

Ms. Alexandra Raffé: That's okay.

We're talking about the tax credits.

Unfortunately, due to insufficient overall financing available in Canada from public-private sources for film and television, these tax credits have consistently been forced into project financing rather than being retained by the production companies. So while helping to build an impressive employment and production volume, as referenced earlier by Ira, the end result of the producer's inability to retain the tax credits has been a continued project-to-project dependence by the sector, rather than the corporate growth and increased productivity that would have resulted had the tax credits been invested in corporate infrastructure as originally intended.

Building stronger corporate capacity and improving the overall productivity of the independent production sector would be a major step towards a more solid future. We need to foster an industry that is able to attract greater private investment financing, that can more effectively compete against foreign competitors, and that can also reach larger audiences in Canada and around the world.

In the current federal policy environment, we're caught in a vicious quandary: (1) to attract greater investment we need to have stronger corporate capacity; and (2) to have stronger corporate capacity we need to access greater investment. We're asking the Government of Canada to help break this ineffective cycle.

Independent producers need a new policy strategy to begin moving toward a more self-sustaining environment where the sector is increasingly focused on growth, capable of undertaking high-risk developments and technological innovation in the creation of content that connects with audiences both at home and abroad, and able to assume the associated financial risks. The new national strategy needs to focus more on increasing the productivity of the Canadian independent television feature film and new medium production sectors; introduce better synergy between independent producers, the broadcasting system, and other markets; promote a fairer balance between those who produce content and those who operate in a highly regulated sector and have direct access to audiences; and make sure each element in the system makes a significant contribution to building social and cultural cohesion in Canada and to promoting diversity.

Ira.

Mr. Ira Levy: With a view to helping the independent production sector to better meet the ever-increasing demand for quality Canadian content and to encourage the transition to new technologies, such as high-definition television and pod-casting, it is crucial to significantly increase the federal government's annual allocations to the Canadian Television Fund, the Canada Feature Film Fund, and the Canada New Media Fund.

We fully support the recommendations made by our national association, the Canadian Film and Television Production Association, in its submission to your committee. The CFTPA has recommended that the Canadian Television Fund be increased by $95 million, that the Canadian Feature Film Fund be increased by $75 million, and that the Canada New Media Fund be increased by $15 million. It has also recommended that this funding be allocated for a minimum of five years, indexed to the rate of inflation over that five-year period.

We would stress to the committee the huge importance of a predictable financing environment and one that takes inflationary cost increases into consideration. Producers are trying to plan their business activities two or three years out, but they don't really know whether the support programs will be there by then or what the value of those programs will be.

We also support the CFTPA's recommendation that the Government of Canada increase the rate of the Canadian film and video production tax credit to 30%. We believe your committee made this recommendation last year, but it has not yet been adopted. While the tax credit program offers us some predictability and stability, certain rules and policies grind down the net value of this program to us. Further, producers are often forced to include the tax credit into financial structures of a project. This situation undermines the original purpose of the tax credit to help build stronger corporate capacity. It needs to be examined with a view to maximizing the real benefit to production companies.

Lastly, while direct federal assistance is vital to ensuring the availability of quality Canadian content on all media, the current project-by-project policy approach does little to strengthen the sector's overall corporate capacity or build any sustainability for the future. Private sector investment is crucial to increasing the productivity of the independent production sector. However, private sector investors have long been hesitant in investing in this sector given its high-risk nature. If Canadian producers are to raise private capital and create content that reaches larger audiences, particularly in English Canada, it must have the proper tools and flexibility to negotiate the best possible mix of cast and crew to satisfy private sector investors. The federal government can play a role in this area by introducing new initiatives that encourage private investment, particularly for more expensive productions like big budget feature films and dramatic television series, the budgets of which are now extremely difficult to finance.

In closing, we would like to thank the committee again for giving us the opportunity to come and share our views today.

We will be pleased to answer any questions you may have.

Thank you.

● (1145)

The Chair: Thank you.

From the American Federation of Musicians of the United States and Canada, Mr. Sharpe.

Mr. Paul Sharpe (Director, Freelance Services Division, American Federation of Musicians of the United States and Canada): Thank you very much, and good morning, everyone.

My name is Paul Sharpe. I'm the director of freelance services for the American Federation of Musicians of the United States and Canada. With me today is our consultant, Raymond Koskie.

We are here today with something that we hope is very simple and very needed. We believe the time is now to be seized to bring this forward and to address a concern that we've had for a long time about providing increased social net benefits to the self-employed, particularly in the arts and culture sectors.

We are asking the committee to recommend that the Income Tax Act be amended to permit self-employed artists to participate in registered pension plans.

I want to define a couple of things. Of course, you have our briefs and our summaries. I want to try to bring a bit more of a personal, real-life situation to the very real need for change in the Income Tax Act to address our concerns.

That can be done, first of all, by defining what I do in the American Federation of Musicians, which in Canada has approximately 13,000 members. Of those 13,000 members, over 80% are self-employed. Our highest concentration within that particular 20% group where an employer-employee situation exists is generally found in our major symphony orchestras in Canada. That's the only really clear example where you're most likely to find an employer-employee relationship.

Having said that, of the approximately 30 major orchestras in Canada, only 10 of those 30 within that 20% group are considered to be in an employee-employer relationship. As you can see, from our perspective, there is a great need to expand the social safety net for people within the arts, and considering that the framework for the current registered pension plan, RPP, structure was established in the mid- to late 1940s here in Canada, with the dramatic change and increase in self-employment particularly predominant in our sector, the cultural sector, which is multiple times higher than in the general labour force, we really think the time is now to act on this.

We think it is a simple thing. We think it can be done. We're willing to help you in any way we can to work on the structure of how that might be implemented. Most importantly, we believe there will not be a cost to the government. I'd like to say that once again: we believe there will be no cost to the government of implementing such a plan.

I might also suggest...dreaming a little bit, because I've been in this sector for 40 years.... I have four children and I'm a grandfather, and in my 40 years in the workplace in Canada I have always been employed. I have never been unemployed. Last July was the first time I've ever been able to enjoy a contribution on my behalf to a registered pension plan—in 40 years. It's only the second time in my life that I have been in a situation of an employer-employee relationship with the American Federation of Musicians. For a person with a family of four, two of them still college-aged and two of them having completed their education, and for a grandfather of a child from a single-parent family, registered retirement savings plans, which I participated in for most of my working life, have, quite frankly, not provided the safety net I need, although I have traditionally been two to five times higher in annual earnings than the industry average for my sector. So I consider myself to be incredibly fortunate to have done as well as I have.

• (1150)

I still don't have a safety net. March will mark my 55th birthday, and I'm facing other things, so I really think the time has come for something like this. I think it's easy to do. I don't believe it has a cost to the government, and I don't believe alternative plans, such as RRSPs or group RRSPs, present a workable or satisfactory alternative.

I just want to close by saying we're in a wonderful area here in Toronto, where culture and arts are vibrant. Right across the road we have the Royal Ontario Museum, and right beside it....

I was thinking of my children, one of whom is seriously pursuing a career in the music business. As a dad or mom, you can relate to what that is: you want to do everything you can. But I've been through it for 40 years, and I know the risk and the sacrifice.

I also know, in representing 13,000 musicians in Canada, that this is what they want. They choose to be self-employed; they're not out there looking for a job with an employer-employee relationship status. That's good for the government. That's good. These people are enriching Canada's cultural base and contributing greatly, through taxes and other contributions, to society, which is all very positive.

In closing, I just want to bring your attention to the Royal Conservatory of Music, which is going to open up in 2007. I just want to make sure you understand, if you haven't thought about it before, that most of those young people entering there are unbelievably dedicated to the craft they want to go after. In most cases, they go into it knowing they will participate in an industry that will define them as self-employed. Some of those extremely gifted young men and women are not going to realize their dreams, because there are too many mountains to climb, and one of them is the unavailability of some of these social nets.

Because of a lack of these programs, some gifted people are not following through with their dreams.

I want to thank you very much for your time.

We'd be very pleased to answer any questions you may have. I thank you.

The Chair: Thank you, Mr. Sharpe.

From the National Anti-Racism Council of Canada, Ms. Muyinda.

Ms. Estella Muyinda (Executive Director, National Anti-Racism Council of Canada): My name is Estella Muyinda. I am the executive director of the National Anti-Racism Council of Canada.

By way of background, the National Anti-Racism Council of Canada, NARCC, is a community-based organization devoted to the elimination of racism and other forms of related discrimination in Canada.

Our membership includes national organizations representing racialized members who are immigrants and refugees, such as Manitoba Interfaith Immigration Council Inc., the Canadian Council for Refugees, and the Chinese Canadian National Council; provincial networks, such as the Council of Agencies Serving South Asians; local advocacy organizations, like the Urban Alliance on Race Relations; and community-based legal clinics, such as the African Canadian Legal Clinic and the Metro Toronto Chinese and Southeast Asian Legal Clinic, to name a few.

NARCC also represents community groups from various regions across Canada. In the submissions today, NARCC will focus and touch on the investment of human capital. The productivity growth of Canada is dependent on racialized group members being recognized as a critical piece to the long-term economic growth of Canada as a country.

To improve Canada's productivity performance, all government policies, actions, and practices must be developed and implemented through a racialized lens. Racialized group members have repeatedly called upon the Canadian government to adopt a race-based analysis with a goal of investing in the racialized community in Canada. Unfortunately, the government has ignored such calls. Yet the need of a race-based analysis in the context of immigration is critical, given Canada's historical and contemporary immigration policies and their differential impact on racialized group members, and given that members of racialized groups now make up the majority of all immigrants and refugees coming to Canada each year.

The need for a race-based analysis in the context of employment is imperative. It's not viewed that investing in human capital must mean investing in racialized group members. Failing to do so results in the exclusion of a great number of Canadians, and that perpetuates systemic discrimination.

Within the employment sector, discrimination in employment persists. Its impact imposes a disproportionate burden on racialized group members and aboriginal populations in terms of life chances.

Statistics show that racialized group members continue to sustain a higher rate of unemployment in Canada. In 2001, they experienced a median after tax income gap of 13.3% and an average after tax income gap of 12.2%. The gap is highest among racialized male youth, whose average after tax income gap is 42.3% and whose median after tax income gap is 38.7%.

Among those with less than high school education, the median after tax income gap is 20.6%. Among individuals over 65 years, the average income gap is 28%, and the median income gap is 21%.

It is unfortunate that labour market participation rates and rates of unemployment show a continuing gap between the experience of racialized and non-racialized workers. For instance, one of the participation rates for the total population was 80.3%. It was as low as 66% among racialized group members.

Recent immigrants to the country continue to face barriers to recognition of their internationally obtained credentials. Many racialized group members are disproportionately employed in sectors of the economy where precarious forms of unemployment are prevalent. Their training and work history are not recognized either by government or the private sector. They face job insecurity, low-paying contracts, and part-time employment, as well as poor working conditions.

Therefore, NARCC recommends that as a major employer, the government must take leadership in creating programs that bring about a new core of public civil servants from the racialized group members, as less participation by racialized communities will continue to build on the disparities.

● (1155)

NARCC states that making policy through a racialized lens would not only benefit racialized group members, but all Canadians. Failing to do so will result in the exclusion of racialized group members, as is the case in the heating oil rebate program that targets seniors.

Seniors who are members of racialized groups would not benefit from this program because they have to wait approximately 10 years to access the pension system. It is acknowledged that the exclusion of immigrant seniors is probably unintended. However, that drastic outcome would have been avoided had meaningful consultations with racialized member groups and the race analysis been a part of the development of the policy.

It is recommended that in order to apply an anti-racism lens throughout all departments, the federal government must take a leadership role by creating programs to engage racialized group members in meaningful and respectful processes of consultation regarding changes to and the development of policies because this input can only add value.

NARCC supports racialized group members seeking redress and reparations for the historical wrong the communities experienced and the continuing cumulative effects of the wrong. There have been significant resources, for instance, the $25 million set aside to resolve injustices experienced. However, some racialized groups were not included. There is no budget set for the reparations for the historical wrongs stemming from the legacy of slavery or redress for the devastating impact of immigration policies through the Chinese Head Tax and Exclusion Act.

The government must recognize that one size does not fit all. Various injustices require different processes of redress.

If it is recommended that government must recognize victims of racism and look at a framework of redress or restitution or reparation, that would restore the racialized group member's dignity.

The government is called upon to set a budget for redress for the Chinese head tax and for reparations for slavery in consultation with the affected communities.

Canada's action plan against racism is a tool government developed to advance an anti-racism agenda. Many racialized group members and organizations have criticized this policy document and foretell that it will be ineffective because there were no meaningful consultations with racialized group members.

As well, the funding for the action plan targets federal government departments, and none is allocated to support the involvement of racialized community group members who are most affected by racial discrimination and marginalization.

To ensure the action plan truly serves its purpose as an anti-racism tool, NARCC recommends that funding be allocated specifically to include community participation in the development and implementation of the action plan.

Subject to any questions, those are my submissions. Thank you.

● (1200)

The Chair: Thank you.

From the Directors Guild of Canada, Ms. Twigg.

Ms. Monique Twigg (Manager, National Research and Policy, Directors Guild of Canada): Good morning. Thank you.

I'm Monique Twigg, the research and policy manager for the Directors Guild of Canada.

The Directors Guild of Canada is a national labour organization that represents key creative and logistical personnel in the film and television industries. It was created in 1962 as an association of Canada's film and television directors. Today it has over 3,800 members, drawn from 47 different craft and occupational categories covering all areas of direction, production, editing, and design of film and television programming in Canada. The DGC has more than 40 years' experience contributing to film and television policy in Canada, and we are pleased to be able to contribute to this committee's proceedings.

The finance committee asked what the budgetary priorities should be and what measures we can suggest to support Canada's productivity growth. The contribution of the audiovisual sector—and the arts generally—to productivity growth has always been difficult for economists to quantify. In recent years, however, the strength of the arts and cultural sectors have come to be regarded as a vital factor in the economic and social prospects of nations and communities. That strength is now recognized as an important determinant in productivity growth, competitiveness, and social development.

The film and television production sector is a major and essential contributor to the building of vibrant communities that attract and retain the brightest workers while diversifying and strengthening local economies. Indeed, Canadian cities such as Toronto, Montreal, and Vancouver are often cited as exemplary cultural centres for this reason. Less often noted is the comparable role that film and television plays in regional production centres such as Halifax, Regina, or Winnipeg, but the effect is similar.

In plain economic terms, the domestic audiovisual sector is an important part of Canada's knowledge economy, one that provides highly skilled, highly paid jobs and expands Canadian technological capacity through an environmentally benign industry. Strengthening and sustaining this industry brings significant economic benefits while furthering the important goal of expanding our skills and high-technology base and our knowledge economy.

A strong audiovisual sector also plays a key role in nation building. A nation is bound together by a shared mythology, by the creation of stories that are unique to the country. It is Canadian artists who, through their unique voice and vision, create the stories, the mythologies that are uniquely Canadian and bind Canadians from coast to coast.

Audiovisual production also helps project Canada's profile and values abroad. Most obviously, it does this by exporting Canadian films and television programs to other countries, showcasing our stories and perspectives in every corner of the globe.

These are the kinds of outcomes that help attract and retain skilled workers, that create social cohesiveness, that inspire creativity and technological development, that build local economies. In short, they form the underpinnings of strong productivity. Thus, providing stable, long-term public support for the viability of Canada's audiovisual sector is good policy to support productivity growth in the coming years.

Although Canada's film and television industry has grown and strengthened over recent decades, our indigenous production sector has faced a crisis in recent years. At the same time, levels of foreign service production in Canada have fluctuated. These factors have coincided with a decrease in broadcasters' expenditures on Canadian drama, declines in international co-productions, shrinking exports of Canadian audiovisual products, and a temporary lessening of audience interest in dramatic programming.

Combined, these factors endanger the viability of our audiovisual sector. While some are beyond our control or will improve with time, there are measures we can take now to combat the decline in Canada's film and television production industry.

It is very important that Canada maintain and strengthen its own indigenous audiovisual production sector. We have learned that we cannot rely on the vagaries of U.S. service production alone to sustain our Canadian industry. If we do, every downturn will result in creators leaving the industry or the country, taking their knowledge, experience, and artistry with them, leaving the sector in a constant state of rebuilding, never reaching its full potential. The DGC urges that the federal government make stable, multi-year budgetary commitments to ensure the ongoing viability of Canada's audiovisual sector.

The economic realities of film and television are such that the viability of Canada's production sector has always required an integrated set of policy instruments, including financing and tax measures. Accordingly, the DGC brief recommends that this year's budget include several such measures that will work together to keep the film and television industry strong and encourage Canadian production, especially drama, in the coming years.

The first set of recommendations relates to funding of programs and institutions that contribute to the production, distribution, and broadcast of Canadian films and television programs, the Canadian Television Fund, Telefilm Canada, and the CBC.

● (1205)

We recommend that funding for the CTF and Telefilm be kept at least at current levels, and that they be given A-base permanent funding allocations. The CTF and Telefilm Canada are key programs that help support Canadian television and film production, in part through their ability to leverage other funding sources. For example, the $100 million federal contribution to CTF joined with contributions from the cable and direct-to-home satellite industries to trigger production worth $743 million in 2003-04.

The DGC would also like to see an increased stable funding commitment for the CBC. Over the years, the CBC drama funds have shrunk along with the CBC budget. Recent increases have not come close to restoring the $390 million cut from the CBC over the 1990s. The new allocations have not gone to drama production, in any case.

Last year, we were very pleased that this committee recommended stable, longer-term funding for Telefilm and the CTF, as well as an increase to the CBC budget, in its 2004 pre-budget report. We thank you for these recommendations and urge you to include them in this year's pre-budget recommendations as well.

Our other recommendations relate to two tax expenditure programs that help support film production in Canada: the production services tax credit and the Canadian film or video production tax credit. Above all, we want to see as much Canadian production as possible, and the majority of our recommendations reflect that priority.

At the same time, foreign service production also plays an important role in the health and stability of our industry, bringing jobs, training, and infrastructure. Therefore, we recommend that the base of the production services tax credit be broadened to cover all expenditures on Canadian goods and services, not just Canadian labour costs. Broadening the base of the PSTC will help keep Canada competitive in the international market and bring benefits to our local industry. We were pleased when the PSTC was raised by 5% in 2003, and we recommend keeping the broadened credit at its current level of 16%.

When the rate of the PSTC was raised, however, we were disappointed that the Canadian film or video production tax credit was not raised by a similar percentage. The CPTC encourages the use of Canadian creative participation in addition to Canadian labour, and it supports the high Canadian content productions that contribute so much to the policy goals I spoke about earlier.

Maintaining an adequate gap between the rates of the CPTC and the PSTC ensures that producers have more incentive to engage in Canadian content production. We are very pleased that this committee recommended in its pre-budget report last year that the CPTC be increased to 30%. We hope you will reiterate the recommendation to raise the CPTC in this year's report, and also recommend the broadening of the base of the PSTC.

Our final recommendation is that this budget contain renewed funding commitments to both Canada's Coalition for Cultural Diversity and to Canada's contribution to UNESCO for the ratification and implementation of the international Convention on the Protection and Promotion of the Diversity of Cultural Expressions. We are very enthusiastic about the leading role that Canada continues to play in this important initiative, and all Canadians can be proud that the convention passed so overwhelmingly at UNESCO on October 20.

The convention now enters the ratification stage and must be passed in the legislatures of 30 participating countries within the next three years. Moreover, as the convention takes its place in the web of international agreements and international law, the network of national coalitions that the CCD has helped nurture will continue to play an important role in monitoring and advising on its implementation. For these reasons, we hope this committee will recommend that the Government of Canada continue its financial support for the CCD and other activities in support of the convention in the upcoming budget.

Thank you very much.

● (1210)

The Chair: Thank you, Ms. Twigg.

From the Friends of Canadian Broadcasting, we'll now hear from Mr. Morrison.

Mr. Ian Morrison (Spokesperson, Friends of Canadian Broadcasting): Thank you, Mr. Chair. I'll take five and a half minutes.

The Chair: I'll keep you to it.

Mr. Ian Morrison: The Friends of Canadian Broadcasting wish to thank the committee for the opportunity to participate.

We're a watchdog group financed by 100,000 Canadians, and our mission is to defend and to enhance the quality and the quantity of Canadian programming in the English language radio-television system.

[*Translation*]

MPs are well positioned to understand the vital role that broadcasting plays in the life of communities across the country.

[*English*]

The media are an essential element in the infrastructure of local economies. They also facilitate the functioning of our democratic institutions by informing citizens on major societal issues, and they fall exclusively under federal jurisdiction. Because of their economic and democratic importance, it's disturbing that the ownership of our media is becoming increasingly concentrated and that local programing is in decline throughout Canada. In television, this unwelcome development is particularly pronounced during prime time, when most adults are free to watch.

While this trend is evident in all television and most radio media, it applies in spades to the national public broadcaster. In the case of the CBC, this is not just unfortunate, it's also illegal, because the Broadcasting Act states that CBC's mandate is, and I'm quoting, to “reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions”. When CBC's current president attempted to kill CBC's English language supper TV shows all across Canada in the year 2000, there was a storm of protest around the land, and nowhere more strongly than in the House of Commons.

In this pre-budget consultation, Friends of Canadian Broadcasting proposes that the finance committee focus on two broadcasting issues: increasing the size and stability of CBC's parliamentary grant, and ensuring that increased resources are deployed at the grassroots in communities across the country rather than in CBC's Montreal and Toronto operations. To this end, we remind the committee of the recent recommendations of two Commons committees.

First, in June 2003, your heritage committee colleagues, under the leadership of then chair, Clifford Lincoln, issued a comprehensive report on broadcasting policy called “Our Cultural Sovereignty”. It's now widely referred to as the Lincoln report. Last year this report was unanimously re-submitted by your heritage committee colleagues for reconsideration by the Martin government. In our view, the most important of its 97 recommendations focused on grassroots CBC programming, and I'm going to quote: “the Committee is of the view...that it is incumbent upon the CBC to ensure that levels of local programming—based on local needs—are delivered to audiences.” They added, “the CBC cannot possibly be expected to act on one part of its public mandate—over and above its other responsibilities—if it is not ensured sufficient resources.” The committee also called on CBC to deliver a strategic plan with estimated resource requirements to Parliament on how it would fulfill its public service mandate to deliver local and regional programming.

Second, your committee, and Monique has referred to this, recommended last December that “the federal government provide stable, long-term funding” to a number of important federal cultural institutions. Specifically, your committee recommended that “the government should increase funding for the Canadian Broadcasting Corporation and Radio-Canada”. As you may know, your recommendation has yet to be implemented by the government.

We also draw to the committee's attention that in February 2005, CBC's management submitted a proposal to Heritage Minister Frulla to build CBC's local and regional capacity. During the ensuing nine months, the government has not responded to that proposal. As a first step, CBC's proposal should be funded.

The recent CBC lockout has demonstrated what a Toronto broadcasting corporation would sound and look like. As you know, it has also demonstrated how strongly Canadians rely upon the national public broadcaster. In this respect, you might be interested in data from an Ipsos-Reid public opinion survey that Friends commissioned during the week before the writs of the 2004 general election. In that poll, Ipsos-Reid posed the following question:

> Assume for a moment that your federal Member of Parliament asked for your advice on an upcoming vote in the House of Commons on what to do about CBC funding. Which of the following three options would you advise him or her to vote for: decrease funding for the CBC from current levels, maintain funding for the CBC at current levels or increase funding for the CBC from current levels?

● (1215)

Ipsos-Reid found that 9% of Canadians would recommend decreasing CBC's funding; 51% would maintain it at current levels; and 38% would increase CBC funding from current levels.

[*Translation*]

Mr. Chairman, we appreciate the opportunity to share our views with the committee today. We would be happy to discuss this subject further with committee members either today or in the weeks to come.

[*English*]

Thanks.

The Chair: Thank you.

From the Writers Guild of Canada, we have Ms. Martiri.

Mrs. Gail Martiri (Director of Policy, Writers Guild of Canada): Good morning.

I'm Gail Martiri. I'm the director of policy at the Writers Guild of Canada. I'm joined today by Barb Farwell, the guild's director of communications.

The Writers Guild of Canada welcomes this opportunity to appear before the standing committee in its pre-budget consultations. The WGC is a national association representing 1,800 professional screenwriters working in English language film, television, radio, and new media production.

WGC members are the creators of feature films like *Where the Truth Lies*, of indigenous dramatic series such as *Da Vinci's City Hall*, *Slings and Arrows*, and *Corner Gas*, of popular miniseries such as *Trudeau*, and of renowned children's programming like the *Degrassi* series. The WGC is committed to building a vibrant industry, showcasing Canadian imagination and talents, and preserving our unique culture.

Arguably, film and television products are the most successful forms of culture for most Canadians, and Canadian screenwriters thank the Standing Committee on Finance for its December 2004 pre-budget report recommendations supporting sustained growth of the audiovisual sector. In recommendation 11, the committee called on the government to provide stable, long-term funding to the Canadian Television Fund, increased funding to the CBC, increased funding to Telefilm, and an increase to the rate of the Canadian film or video production tax credit to 30%.

We thank the committee for listening to our concerns and for recommending that the government provide much needed long-term funding to ensure the future viability of our unique Canadian voice in the audiovisual sector. Now we look to the government to take up these recommendations, to ensure the future viability of Canadian films and television dramas written, directed, performed, and produced by Canadians.

The finance committee's pre-budget consultation coincides with challenging times for our homegrown industry. Our indigenous production sector faces a chronic lack of resources due to unstable government financing, reducing spending by broadcasters on Canadian drama, and shrinking export markets for our audiovisual works. While there are many stories to tell, drama remains the most powerful and popular form. It also happens to be the most expensive. Not only is it difficult to finance high-quality dramas in our small Canadian market, but our market is further divided into two audiences, French and English.

To make matters worse, over the last several years broadcasters successfully lobbied the CRTC for removal of expenditure and exhibition requirements. The latest available figures, cited in the June 2005 report of the Coalition of Canadian Audio-visual Unions, show that conventional broadcaster support for Canadian dramatic programming hit a seven-year low last year, despite healthy advertising revenues and positive revenue projections for the foreseeable future. At the same time, their spending on American shows has risen by a whopping 54% since 1998.

Additionally, export sales for Canadian audiovisual works have collapsed. Other countries have recognized the importance of creating their own programs and aren't interested in buying ours. Increasingly, broadcasters are choosing U.S. sitcoms and dramas over indigenous Canadian shows, because economies of scale south of the border make them cheaper to buy. While popular American shows cost about $150,000 per episode for broadcasters to purchase, an hour of English language Canadian drama typically costs over $1.1 million to make. It is very difficult for our indigenous sector to compete, and the end result is that fewer and fewer homegrown dramas are offered to Canadian audiences.

Unlike the U.S., we cannot recoup production costs in our own market. That means we need to partner with the Canadian government to make the quality shows Canadian audiences want to watch. It is important to note that this is not a unique situation. Most countries support local programming through tax credits and other investment initiatives.

In order to secure a viable domestic film and television industry that will offer quality dramatic and other programs to the Canadian audience, here is what our industry needs.

First, the Canadian Television Fund, Telefilm Canada, and the CBC are vital financing partners for Canadian television and film projects. We recommend that their funding be secured. We ask that the government provide increased and stable multi-year funding for the CTF, Telefilm, and CBC in the next federal budget.

Second, it is crucial that the rate of the Canadian film and video production tax credit be raised to at least 30%, up from the current 25% rate. This tax refund is an essential element of production financing.

Canadian screenwriters thank the committee for including this recommendation in its 2004 pre-budget report; however, the WGC, and most others involved in making Canadian productions, were disappointed that the government overlooked this crucial recommendation in the 2005 budget. It is important that the next federal budget increase the rate of this tax credit to support productions using Canadian talent to make Canadian content film and television programming.

● (1220)

We thank you for the opportunity to appear at this hearing. Canadian screenwriters look to the finance committee for leadership in recommending that our government follow through on its stated support for our creators by implementing increased funding for the CTF, Telefilm Canada, and the CBC, as well as increasing the Canadian film and video production tax credit to 30%. It is important that the government hear from the all-party committee that Canada must commit the necessary resources to keep our popular culture alive.

Thank you.

The Chair: Thank you, Ms. Martiri.

Members, I'll give you up to five or six minutes.

I just want to remind the witnesses that the members have five or six minutes for questions and answers, so if you can keep your answers to a brief intervention, the members would appreciate it, so they can ask more questions.

Mr. Solberg.

Mr. Monte Solberg (Medicine Hat, CPC): Thanks very much, Mr. Chairman.

I want to thank everyone for their presentations.

I'll start by asking a question of Mr. Sharpe. I'm interested in your proposal. My colleague and I were talking during your presentation about how a registered pension plan for the self-employed would have broad appeal well beyond just musicians; I don't think it would be very long before other people were asking to be involved in something like this.

But one of the concerns I have is that we've gone through a period where some of these pension plans have been in real trouble, largely because of the downturn in 2000, I guess. What provisions are there to ensure that these things don't go into decline? Actually, the defined benefit plans seem to be out of favour right now, precisely because of this reason.

Who would pick up the shortfall if there were one?

• (1225)

Mr. Paul Sharpe: I think Mr. Koskie would like to comment on that, but I'll just say briefly that AFM in Canada does have a multi-employer pension plan for musicians, with a value of about $500 million. But again, self-employed artists, who constitute over 80% of our membership, are not eligible to contribute.

Mr. Monte Solberg: Right.

Mr. Paul Sharpe: So for our sector, that's a very, very stable fund.

But I'd like Mr. Koskie to continue.

Mr. Raymond Koskie (Consultant, Raymond Koskie Consulting, American Federation of Musicians of the United States and Canada): Thank you, Mr. Solberg—and Mr. Chairman, of course.

What we're talking about here are basically multi-employer registered pension plans, and the experience with these plans is such that very few of them find themselves in financial difficulty, because there are anywhere from hundreds, if not thousands, of employers who contribute to the plans.

What you're talking about is a situation where a company sets up a registered pension plan and experiences financial problems affecting its financial obligation to the plan. But that doesn't happen, in the main, in the multi-employer situation, because it has the advantage of many employers.

Mr. Monte Solberg: Okay. Thank you.

Sorry, time is so short.

Ms. Muyinda, you made reference to people and their income levels in certain racial groups, and their ability, when they finally get into the workforce, to.... You've got some statistics, but you don't source them. I'm wondering, first of all, if you could provide us with that information, but maybe you could explain a little bit too.... When you just get numbers, it's hard to know what they're based on and what they're really telling you. One thing I was wondering about was that if you have new immigrants coming into the workforce, how much would they skew those numbers because they perhaps do not have the same education or skill levels as people who've had the benefit of our education system for a long time.

Can you comment on that?

Ms. Estella Muyinda: Thank you, Mr. Chair.

I apologize for not having given you the source, and I would recommend that you look at Grace-Edward Galabuzi's *Canada's Economic Apartheid*, a book he wrote. I'm also getting some of the statistics from Statistics Canada, so the data are from Statistics Canada and Grace-Edward Galabuzi. If you Google his name, you'll get his material and where he got it from; I'm quoting the statistics in particular.

With respect to your question concerning immigrants recently arrived in Canada, the fallacy is that people who come to Canada do not have as good an education, or experience, as a Canadian one. That's why I indicated to you that racialized sectors—and even government—do not recognize the skills and education of immigrants. You find that quite a number of immigrants who come to Canada are left out of the pie; they cannot share because they're not recognized.

What has to be remembered is that when people are coming to Canada, the questions they are asked—to get accepted into Canada —target people with higher education backgrounds. You've heard many, many times that there are quite a number of doctors from other countries who cannot practise here, because of the licence being given by the medical association. You also find that there are accountants who have the experience.

I'll give you an example. A friend of mine, born in Ghana and trained in Norway as a doctor, came to Canada with her family. She could not be accepted, because she was Ghanaian; that's where her education was termed as being from. Her education as a doctor was not acceptable, so she had to go through the physician training process. Interestingly, they could still not accept her. They advised her to do nursing, since she was accepted in the program—which was good. In referring her to nursing, they ignored totally the fact that she was medically trained. So every summer she would go back to Norway and work there as a doctor and come back to Canada and train to get the qualifications.

I am a good example of that. I trained as a lawyer in Uganda. My qualifications were not accepted. Right now I'm called to three bars in Canada, but it would still be difficult for me to get employment as a lawyer because the focus is on my credentials from another country, which is really inappropriate in an immigrant situation. So you find that quite a number of immigrants' health is impacted, and their lifestyle is impacted because of that kind of—

• (1230)

Mr. Monte Solberg: I know our time is probably up, but if I can just offer this: I'm very sympathetic. I come from Brooks, Alberta, and we have a number of doctors there who work as meat cutters on meat packing plant floors, so I appreciate your position.

Ms. Estella Muyinda: Yes, and I can add that it's not just doctors, but also other qualified nurses, LPNs, and others who come to Canada.

Mr. Monte Solberg: I agree.

Thank you.

The Chair: Thank you, Mr. Solberg.

Monsieur Loubier.

[*Translation*]

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

Continuing on the same topic, Ms. Muyinda, regarding the limited recognition of the expertise of immigrants, are provincial professional associations responsible for managing the entry of immigrants into the labour force, or does this responsibility fall to Canadian associations? We have the same problem in Quebec, that is, professional corporations have a provincial charter that prevents them from recognizing degrees earned abroad.

[*English*]

Ms. Estella Muyinda: Yes, it starts with the provinces. But we have to make the link. The link is the Canadian government that goes out and says, “Skilled workers, come to Canada with your qualifications”, doing a brain drain from whatever country the people are coming from. I am sure some of you have read the piece in the newspapers about brain drains from other countries.

When you make the link from where it starts, it starts with the federal government saying, “Come to Canada. You will be able to work with whatever skills you have.” You're marked on your skills. The points you get are based on your skills and make it possible for you to gain a large portion of the number you need to come to Canada.

So why should the federal government be left off the hook here when it can do something about this? It can assist in changing that mentality, because right now it's simply protectionism of the professions that disallows others to come in and train. Canada is looking for doctors, but still, it's the same thing.

I hope that answers your question. Maybe I haven't really clearly said it, but I can give examples that will try to address that. We need to make the link with the federal government, even if it's the provinces—

[*Translation*]

Mr. Yvan Loubier: No, I think that answers my question. We're encountering the same problem in this area in Quebec.

Not only do we have a shortage of doctors, we're also experiencing a shortage of workers in virtually all specialized and highly specialized fields. For example,we need more agronomists and more veterinarians. Some have arrived as immigrants from North Africa and Europe and on average, it takes three years for them to be certified, after haven taken courses to upgrade their skills. Their situation is rather unique.

Earlier, you used the situation in Norway as an example. If a person gets sick in Norway, that person is happy to be treated by a Norwegian doctor who is considered to be qualified at the time. However, if that doctor immigrates to Canada, he is not longer considered qualified. That's rather abnormal.

Mr. Sharpe, you focused on a retirement savings plan for musicians. Are you concerned, as most artists that we have heard from to date are, about income averaging in the case of artists? Musicians, performing artists and even writers may at some point have a good year, as we all know. When that happens, they are taxed as if all years are good years. However, if the following year isn't so good and they cannot get any work, then they should be able to take advantage of the income averaging provisions in the Income Tax Act in order to get through the lean years.

Are you in favour of amending the Income Tax Act to provide for this possibility?

● (1235)

[*English*]

Mr. Paul Sharpe: Absolutely, we support the income averaging. I mentioned my personal situation of 40 years in the business. We had income averaging and then it was changed. There's no question that from a personal standpoint, and I know many are like me in the industry, that would be another welcome benefit. Yes, we would support that.

[*Translation*]

Mr. Yvan Loubier: Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Loubier.

Mr. Angus.

[*English*]

Mr. Charlie Angus (Timmins—James Bay, NDP): Mr. Sharpe, I fully support your motion. It would take a lot of personal pressure off me in that I'm the only musician I know, and all my musician friends have pointed this out, who even has a chance at a pension. So if I get—

A voice: I'm a musician.

Mr. Charlie Angus: Well, there's another one. But do all your friends want to come live with you as they get older?

I'm seeing, across the music industry in Canada, a sharp decline in opportunities, in actually being able to make a living. I won't even name the names of some very well-known bands that, at the end of a tour, come back at 40 years old and have to give up because they can't sustain anything over the touring life.

Can you say, from your own examples, what kind of drop we are seeing in the financial base of Canadian musicians right now?

Mr. Paul Sharpe: I'm not an expert in that field, but I'll give you some general impressions.

When you take figures from recording sales and the dramatic impact, for instance—that's a secondary market to live performance, which is quickly becoming again much more important than it was. But developing bands, established bands, intermediate, and also the established groups in Canada, Canadian artists, are suffering a lot in revenue streams coming from record CD sales, because—

Mr. Charlie Angus: What about live touring and the ability of a musician to actually—

Mr. Paul Sharpe: It is my understanding that live touring...as a matter of fact, I read a recent survey only days ago that the concert festival market and the club scene in general is healthy compared to the recording industry.

Certainly, musicians are diversifying. For instance, the casino market and the corporate market is a growing and welcome market for musicians, where the bulk of the income at the level that I believe you're speaking about in the intermediate touring market is off. But there are other markets that are helping to offset that.

Mr. Charlie Angus: Okay. Mr. Levy, in terms of the problems facing producers for getting film, it seems to me we have a number of issues out there, besides the number one being a real difficulty with our nation's broadcasters in terms of paying adequately for drama. But the other is the problem, and I would like to bring it up here for my colleagues, of the disgraceful situation with distribution in Canada. I mean, why would anybody put a million dollars into a film to have it not play anywhere in the country?

Is there anything we can do in a practical, short-term way to fix the fact that we've got a broken distribution system across this country?

Mr. Ira Levy: I assume you're referring to feature films.

● (1240)

Mr. Charlie Angus: Feature films, yes.

Mr. Ira Levy: There are a couple of things I wanted to mention, but I would like to also pass it over to Alex, because Alex has made a lot of feature films and has had experience in that area.

However, the level in terms of exhibitors, of how Canadian films are shown in cinemas in Canada, is really a despicably low amount in terms of percentages. Somehow, opening up the exhibitors to be able to actually show Canadian films is certainly one area we have to focus on, but the other is really a case of marketing. If people don't know about a film, then they're not necessarily able to go out to a cinema to see it, even if it is shown in a particular cinema, even if more cinemas were showing Canadian films.

The absolute clout that American films have, as well as international films, but primarily American films in this country, in terms of advertising and marketing, far overwhelms any expenditure that Canadian distributors put into Canadian films.

In terms of making the shows, that's one part of the contribution that certainly Heritage has been involved with, but if you don't promote the shows and market the shows, why make them in the first place? The two go hand in hand.

Ms. Alexandra Raffé: Canada has a twofold problem. One is the saturation of American product, not only in television advertising and poster advertising, but in the magazines we buy on our newsstands. I'm sure the magazine people will probably be talking to you about some of the difficulties they face.

We are a linguistic territory. It's not so much the case in French, perhaps very much not the case in Quebec, but we are a linguistic territory that is swamped by every form of media from south of the border, where unbelievable resources are put into the promotion of film and television programming.

The second issue we have is that even if you do have a program that has enormous support and belief from distributors and participants in Canada, the sheer cost of attempting, one, to try to make an impact against that American juggernaut, and two, the cost of access in such a geographically diverse and far-flung country as ours, is huge. There is no way one should be putting $40 million into the promotion of a Canadian film that doesn't have the kind of marquee elements in it that will attract a comparable audience.

We need to look at a coordinated strategy where our broadcasters are encouraged to participate in the promotion of Canadian film and television, particularly when many of those broadcasters are going to benefit from a very cheap run with that material a couple of years down the line. If we could encourage Canadian broadcasters to promote Canadian films while they are in the theatres, prior to being in the theatres, that would be extraordinary support that is simply unaffordable on a paid basis.

Mr. Charlie Angus: Mr. Morrison, that strategy exists with Radio-Canada in Quebec in terms of working with film, basically developing the star system. Radio-Canada plays a crucial role in terms of getting the film, the creation of hype, and then even showing it. In terms of CBC's budget for English Canada, there seem to be two divergent goals, both laudable but neither with enough funding. One is to move towards developing drama in terms of this coherent strategy, and the other is maintaining a voice for the regions—and being from the regions, I'm a very strong advocate of the region.

I'm not going to make any jibes about the direction of CBC management at this point. So I will just ask, under the existing funding envelope, is it realistic to assume that we can restore our regional broadcast to the level that parliamentary committees have asked it to and also work in conjunction with our creators to develop a more healthy dramatic market?

Mr. Ian Morrison: It's a good question, Mr. Angus. It has to be developed on a targeted basis, and I would be the last to counsel just a blanket passing of resources to the CBC and to let the board of directors decide with a blank cheque how to use it.

I think on the grassroots issue, the model t the Lincoln committee recommended, as far as I recall unanimously, was that a business plan should be brought forward to address the question and that this plan should be funded, and I think that same approach should be done with respect to drama and marketing and creating shelf space for Canadian stories on English CBC.

Mr. Charlie Angus: Thank you.

The Chair: Very good, Mr. Angus.

Mr. Holland.

● (1245)

Mr. Mark Holland (Ajax—Pickering, Lib.): Thank you, Mr. Chair, and thank you to everyone who's taken the chance to come out today and speak with us.

I'd just like to start, if I could, with Mr. Sharpe.

One of the things that is of great concern to me, and I think we've got to look at it in the future, is this issue of providing pensions for people who have been self-employed and ensuring that they have adequate resources to be able to fund their retirement. And it's not just within the artistic sector. We're talking across the board. More and more Canadians are either self-employed or becoming self-employed, or changing their employment all the time, such that what used to be the case of somebody working for a long time with a company and having a pension at the end of that period of time is not the norm any,more. In fact, it's quite extraordinary. And we know a lot of Canadians simply aren't saving. The RRSPs are a great vehicle but they're not being utilized to their potential, and a lot of people are simply not saving enough money to be able to fund their retirement, which creates a huge problem for us down the road, a huge liability.

So I'm very interested in this, having a father-in-law who's a cinematographer and a mother-in-law who owns an art importing business. These are things that I worry about for my in-laws. So I'm interested in this.

I'm wondering if you can talk about the U.S. experience. You referenced that basically since 1982 it's been essentially on a par with what's available in the private sector. How has that changed savings patterns, or has it? And you didn't reference any European jurisdictions, but do you have any examples from there as well?

The Chair: Mr. Koskie.

Mr. Raymond Koskie: I can't give you any data on the U.S. situation. We're not experts on the U.S., but that concept of the self-employed being allowed to participate in the Keogh plans, which are like our RPPs, was introduced, as we said in our brief, in 1982. It's to create a balance and a recognition of the increasing number of self-employed people, particularly in the cultural sector.

So I think it's safe to say that has been generally very successful in meeting that particular social objective. I can't provide you with data on that, but from our own experience and contact with the U.S., we're told that this is very successful.

Mr. Paul Sharpe: Perhaps I might just add a quick example of a person whom I know who is in an employee-employer situation with a Canadian orchestra, who plays string bass. That employment provides him and his family with 60% of their annual income. Of that, he is a registered member of the AFM-EPW pension fund. The other 40% of his income, which is very necessary to his family to live at a decent standard, is derived from self-employment, and he's providing the same service. He takes his bass from the orchestra and goes out and plays with a jazz gig at night, and he's doing the same thing he does for the orchestra. He's receiving employment from it. He declares that employment income, but he's not able to take a portion of that, and he very much wants to, at the point in his career that he can afford to do it, so as to at least alleviate some of these fears that he has in financial planning.

Now, there's a situation that just doesn't make sense: a person who's already vested in a plan through employment making additional money to provide for him and his family and to try to plan successfully for the future. With our current situation and the Income Tax Act, even that obvious situation doesn't provide a method for him to make further contributions.

Mr. Mark Holland: I know the United States does have a problem with saving rates as well, and on my own, I'd be interested in looking at their particular experience. In general, I think this is an issue we have to explore and start finding incentives, because saving rates are really worrisome and are going to create huge problems down the road.

Mr. Paul Sharpe: We appreciate that very much.

Mr. Raymond Koskie: Mr. Chair, if I may add a point with respect to RRSPs in the cultural sector, what you find is that people can only participate in RRSPs, but they aren't true retirement plans; they are savings plans. Artists pay into them, and when they become unemployed for periods of time, they withdraw their money. They have to pay tax on it, of course.

So those aren't true retirement vehicles because their contributions are not locked in, whereas with an RPP, they are locked in by law. You can't pull them out, so they are true retirement plans.

Mr. Mark Holland: That's an important point. I know a lot of examples where people have used it really as an income averaging tool more than as a retirement tool. It's a good point.

I know I have limited time. I want to turn to the National Anti-Racism Council of Canada for a minute. I think the issues you raise are very important. As Mr. Solberg said, we need to get at the base of those issues and really understand what's driving them.

As we have gone around and talked to a variety of different groups about some of the challenges facing some of the racialized groups—take the first nations and the aboriginal community—one of the things we find is that if they graduate from Canadian institutions, they have the same level of employment and succeed equally as anybody else. The problem is that because they're often coming from very bad situations, they don't have hope. They don't believe when they get to the other side they are going to have those opportunities. That's one thing we have to be able to address.

The second component is this issue around—I think you mentioned the term—protectionism, and I think it's very true. I think we do have a lot of skilled individuals coming into Canada—by the way, whom we're going to need in increasing numbers to be able to offset our aging population. We're going to need more and more skilled workers from other countries. In a variety of different sectors, I think there's a protectionist view that says, if you don't have Canadian credentials, then we're not going to allow it—and we get into this kind of conundrum. I think there is more bias against foreign credentials than against a particular people, or a particular person coming from a particular part of the world.

We're trying to do something with a secretariat that's been set up specifically to deal with the issue of credentials. I'm wondering what specifically you would say we could do on the issue of credentials.

The other point I would reference here is we need to have some truth in advertising as well. A lot of times people are coming to Canada with this notion that they're going to come here and have all of these opportunities. Then when they arrive here—and in other countries, because this is a phenomenon that's being felt in Europe and the United States as well—the promise of what they were coming to isn't realized, and their talents aren't utilized.

Part of it may be articulating that if they wanted to be a doctor in Canada, for example, this is what they're going to have to go through, so they have an understanding in advance. Obviously we have to decrease those inhibitors, because we're going to need foreign-trained doctors. At the same time, they're going to have to know what's happening on this side, and we're going to have to do a better job communicating it.

I don't know if you have any comments on those.

● (1250)

Ms. Estella Muyinda: I have lots of comments, but I'm not sure which question—

Mr. Mark Holland: I threw a lot out there, I know.

Ms. Estella Muyinda: With respect to the fear of success, that fear is experienced by any other person in Canada. However, there are barriers. Women have advanced in Canada because gender has been identified as a ground under the charter, and it's been worked on by so many. There is that glass ceiling that you have to touch, right? However, another glass ceiling is in front of people who are racialized, so they have a double whammy—they have to knock on this glass in front of them as well as tap on the glass ceiling.

You find that when you're talking about hope, it isn't the hope that they won't succeed. People are certain they can succeed, because they're trained. They have the language skills. They speak English very well, and if they don't, they train and they learn the language. However, these barriers that are rooted in systemic racism are the ones that stop people from moving forward. For instance, the federal government has this *Embracing Change* document that was set out to assist community racialized group members to get positions in the federal government. However, that lasted for three years; it went under the carpet because it didn't move forward. There were so many issues that...if you go to that document, you'll be able to identify the sentiment behind the document being in place and the reaction by the communities and the need to make the changes.

One way of dealing with this, when I talk about the barriers—French is a second language in Canada. When you look at the federal government, you do find quite a number of racialized members in various positions, but you will not find them in management positions, because a barrier of language has been put in place. We are not against French as another language, because it's an official language. The duality of Canada we are very proud of. However, there has to be in place something that assists racialized communities to learn that language. The government can take leadership by enabling them to train in the French language, rather than expecting them to go to Alliance Française to learn the language, because that means money.

The other thing you'll find, going back to that barrier, would be the amount of money. The negotiating capital that people go with is not the same as for a Canadian who is not racialized.

I want to go on, but I see a light on the other side.

● (1255)

Mr. Mark Holland: Yes. Very quickly, the only comment I would make—

The Chair: Thank you, Mr. Holland. We're way over.

Mr. Penson.

Mr. Charlie Penson (Peace River, CPC): Thank you, Mr. Chairman.

I'm certainly interested this morning. This issue, the movie and television production and distribution issue, has been a longstanding issue and has come before a number of committees I've been on. I heard again this morning the difficulties your industry faces in Canada, but I'm actually more interested in what the potential is for looking outside our domestic market for Canadian film and movies. It's a big world out there, and we have a pretty small population, compared with what's possible.

A lot of people don't realize that the biggest export of the United States is not automotive. It's not aerospace. It's the entertainment industry, in one form or another. I think we have a big potential for capturing some of that ourselves.

I was interested in your brief, Ms.Twigg. You talk about having $2.27 billion in export value. Your production in Canada was $4.92 billion, and there is $2.27 billion in export value. Is that the value of films and television being sold to other countries?

Ms. Monique Twigg: Yes, that's right. In certain areas we are growing. China is an example. It's a small amount, but the growth rate is high. The countries of Europe have an audiovisual policy now that really rewards European production, so our sales to Europe are in decline.

Mr. Charlie Penson: The reason I raised it is it seems like it might be much like a lot of the issues our entertainers face, where they have to go somewhere else to become famous and then come home afterwards. Maybe that's what has to happen with our movie and television production. You sell it somewhere else, and then at home all of a sudden it's recognized as a quality product.

I'm just wondering what the potential for that increase in exports actually is. If others would like to comment—in the limited time we have—I'd appreciate it.

Ms. Monique Twigg: It looks like Gail really wants to comment on that.

Mrs. Gail Martiri: There is some of that, recognizing things that have had success abroad, but we've actually had quite a lot of success stories more recently of productions that were written, directed, and performed by Canadians. For example, the *Degrassi* series, the youth series, now is the top-rated show on the U.S. network called Noggin. They have the *Degrassi* kids going all over the U.S. to raging crowds. It's a top-rated show. You have no problem selling that.

We've also had other programs that have been syndicated to a lot of U.S. pay TV channels. *Da Vinci's Inquest* is now shown in the U. S., also to critical acclaim. *Slings and Arrows* has recently been sold to the U.S. *This is Wonderland* is sold to 100 different markets.

Those are examples of real Canadian productions that are written, directed, performed...they have a very Canadian story that they're putting across.

Mr. Charlie Penson: That's the television side.

Mrs. Gail Martiri: Those are television.

I think the problem is that once we have an opportunity to produce our shows, to make them quality productions and invest in them, then it's no problem getting people to watch them—because they're great—and getting them distributed once you have somebody behind them. But I think a lot of the challenges we face in our industry have to do with getting to the point where we can actually fund the quality productions.

In my presentation I said an hour of TV costs about $1.1 million to make. That is because in English Canada we need to compete with U.S. products. That stuff costs a lot more to make, and they spend far more money in marketing those shows. That's what we're up against—not only at home, but abroad.

Mr. Charlie Penson: What about the movie side, the distribution difficulties we face in Canada? Isn't that also an issue in the United States?

I see Ms. Raffé is interested in answering that.

• (1300)

Ms. Alexandra Raffé: The old rubric is that television is domestic and film is international. Almost every market in the world has some degree of protection for its domestic television industry, and television audiences tend to embrace, to a much larger degree, the homegrown and the familiar. It's all wrapped up in local news programming and all the other elements that make television familiar.

With feature films, it's virtually impossible to make your money back on them in Canada alone, although I did make a film 18 years ago where I did, but it was a very small budget. Primarily you expect about a tenth, if you're lucky, to come from the Canadian domestic market. In order to finance films in the first place, we rely very heavily on co-production and other mechanisms, which I have to say Canada used to be in the forefront of, but over the last few years our co-production treaties have become very battered and the relationships there are breaking down because of, quite frankly, a very large push to regionalism inside Europe. They are partnering amongst each other now, and Canada has less and less to put on the table, so we are no longer particularly attractive co-production partners.

Feature film financing is heavily leveraged off television financing around the world. You will make a certain amount in the front-end market in your theatrical release. The majority of the, if you like, "cover your butt" money for the distributors and everybody else who puts that money into the financing comes from DVD, video, ancillary sales all the way down the line, including television.

The value of foreign products on television is circumscribed by every country's policies to favour domestic. The best way to get, for example, a significant value out of the German market is to do a German co-production where the Germans have incentives to spend serious television money on buying the back end, which they won't do on a Canadian show. If we have a worldwide hit, *Muriel's Wedding*, it goes to a festival, it does $100 million at the box office, and everybody'll buy it wherever the hell it comes from, but if it's a quality movie, comparable to the best of the independent films that we see in Canada from Europe, from Australia, from the U.K., it will sell for shirt buttons in those markets. A Mike Leigh film sells for shirt buttons in Canada. We will expect our equivalent quality films to sell for shirt buttons in the U.K. It's just not a strong market.

The Chair: Thank you, Mr. Penson.

I have just a quick question, Ms. Muyinda. On the third page of your brief you mention the money that's not going to go to seniors from the energy bill because they're not eligible to get the guaranteed income supplement. Is there any recommendation you can think of so this won't happen?

You're saying that members of racialized groups will not benefit from this program because they have to wait approximately 10 years to access the pension system. We're going to do it either through the GIS or the GST. Would there be any other method of doing it? It becomes very difficult.

I don't need an answer right now, but could you think of something?

Ms. Estella Muyinda: I can get you an answer for this.

There are many ideas that came through when this was discussed and when it was recognized by members of the community. Different people have different ways of addressing this.

This would be my opinion, so I'd rather consult and then get back to you.

The Chair: Great.

Ms. Twigg...and maybe somebody else can answer me. This is the finance committee and we need numbers. We're looking at increasing the production services tax credit to 16%. Do you have any real dollars in terms of how much that would cost?

And along with increasing the rate of the Canadian film or video production tax credit to, somebody suggested, 20% to 30%, and I think Ms. Martiri directly suggested 30%, do you have any dollar figures of how much that would cost? Again, we don't need that right away, but if you could send it along to the clerk, that would be fine.

Thank you for taking time out of your day. We're pretty well on time, so I thank you for keeping your briefs to the amount of time I had requested.

That's it. Thank you. The meeting is adjourned.

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