

## Adjournment Debate

concerning the government's response to the task force report on the Canadian magazine industry. The task force report, I believe, was made public in March though I understand the government was aware of the major recommendations in January.

It has now been approximately five months since the government was aware of the task force report recommendations and some decisions are needed.

The task force made some very excellent recommendations but there was one recommendation that concerned me and I think concerns all those Canadians who would like to maintain our cultural identity.

The task force recommended that magazines that otherwise would be subject to the proposed tax as of the date of this report should be exempt at the number of issues per annum that were distributed in Canada in the year preceding this report. In other words, this means the task force was recommending that *Sports Illustrated* which had started a split run be allowed to continue to print a Canadian edition. There is quite a bit of opposition to this and it is about time the government made some decision on this.

• (1910)

Split runs are American magazines which incur all of their costs in terms of writing, editorial content and so forth in the United States and then, in essence, dump their product on the Canadian market. The law now prohibits Canadian advertisers from deducting their advertising costs in those magazines. Therefore, it is an effective barrier in attempting to maintain the viability of the Canadian magazine industry.

So far we have had no commitments from the government regarding split runs and the postal subsidy which was also part of the recommendation of the task force. To consider allowing *Sports Illustrated* to continue what I would call its illegal practices, even when it initiated the split run it claimed it got around Canadian law by not physically shipping its contents across the border but rather electronically sending its contents to a Canadian printing house. For all intents and purposes, I still cannot see how this is legal and has been allowed under the law.

It is about time that the government stood up to this type of pressure particularly from Time-Warner and its magazines. Already *Reader's Digest* is deemed Canadian for the postal subsidy. I understand for example that the revenue from *Time* magazine, the Canadian edition, is greater than the entire profits of the Canadian magazine industry.

As well there is an urgency in this matter. As things stand now we have no law in place to prevent more split run editions. If a number of American magazines, let us say *Newsweek*, wants to set up a split run and do exactly the same as *Sports Illustrated* has done, there is really no law in effect now to prevent *Newsweek* or any other American magazine company from carrying out and establishing another split run.

As well, why would we allow *Sports Illustrated*, having broken the law, to be rewarded as opposed to any others which attempt to do a split run and which will be forced to cease and desist? It makes no sense at all.

It is time the government stood up for Canadian cultural industries and institutions. It is time it tested the cultural exemption under the free trade agreement. It is time the government accepted the report that rejected the one recommendation that would exempt *Sports Illustrated*.

It is time the government acted because the magazine industry in this country is in a terrible financial situation. The uncertainty the lack of action and determination by the government is creating is hurting the industry even more.

I hope the government in its response today will be able to announce to the House and to Canadians that indeed the government has made a decision, it will accept the recommendations of the report with the one exception that it will not allow *Sports Illustrated* to continue as a split run edition.

I look forward to the reply.

**Ms. Albina Guarneri (Parliamentary Secretary to Minister of Canadian Heritage):** Mr. Speaker, the task force on the Canadian magazine industry released its report on March 24. The task force recommended that a new excise tax be applied to split run magazines distributed in Canada. The task force also recommended that split run that would have been subject to the tax as of the date of the report should be exempt for the number of issues published in the year preceding the report.

We welcome the report of the task force. This is a priority for the government and we intend to respond in a way which will safeguard the economic foundations of the Canadian magazine industry.

As the Minister of Canadian Heritage stated in this House on the day the report was released, it will be important to consult with interested parties before the government presents any new policy before this House.

[Translation]

The government confirms its commitment to a long-established strategic objective aimed at protecting the financial basis of the Canadian magazine industry.

To reach this objective, the government uses instruments that promote channelling advertising revenue to Canadian magazines, since to be viable, a Canadian magazine industry must have a sound financial basis.

[English]

The establishment of split-run Canadian regional editions of foreign titles which contain advertising aimed at Canadian markets is thus not consistent with the policy because revenues from advertising directed at Canadians flow to these editions of foreign titles.