

Non-Canadian Publications

visit the Canadian subsidiary of KVOS in Vancouver whose transmitter is located in Bellingham. I must admit that I was quite impressed with their operation, and particularly with the amount of work that was done in Canada by their Canadian subsidiary. For instance, they employ an average of 150 part-time and full-time Canadian employees, the majority of whom are professional and technical people in the broadcasting and program production field.

There is no doubt that those directly involved as Canadian employees of this subsidiary find it almost impossible to believe that their own government would bring forward legislation that would relieve them of their employment. I am not saying we have to adjust laws in this country or make laws that take into account, in every given instance the well-being of every individual employed in Canada. There can be no question, however, that when the Government of Canada and parliament act in such a way as to adversely affect individual Canadians, they must only do so for very, very important, substantive reasons.

The Canadian subsidiary of the Bellingham station to which I have referred sells in Canada all the broadcasting time to Canadians, which represents about 80 per cent of the total air time of that station. The money from these sales substantially remains in Canada, and taxes on this income are paid to Canada, which means that KVOS is the only border station that operates in this manner. There is no parallel between their operation and those of Buffalo border stations with which I am more familiar. In addition to this, the KVOS production company, Canawest Films, Vancouver, and Canawest Master Films, Calgary, between them are the largest full-line film production entity west of Toronto. They are all subsidiaries of KVOS, B.C., Limited which in turn is the subsidiary of KVOS Television Incorporated, Bellingham, and all its employees are Canadian. These companies operate one of Canada's largest animation studios producing prize-winning, animated commercials for clientele not only in western Canada but in eastern Canada and the western United States. Their exports into the United States and abroad brings into Canada annually an additional half million dollars' worth of business.

The main distinction to be made is that many of us, as parliamentarians, are under the illusion that this aspect of the bill effectively prohibits the draining of funds from Canada into the United States—and with that principle I think all of us would agree—whereas in this case it appears to me that quite the reverse may be true. Canada, in economic terms alone, appears to be a net beneficiary of KVOS, B.C., Limited.

We have legislation called the Foreign Investment Review Act which effectively allows foreign purchasers to take over Canadian industries if it can be demonstrated that such a takeover would be "of significant benefit to Canada". Perhaps, within this act, we have a key to dealing with this unique situation. Surely all parliamentarians would agree that we do not, as a group, want to minimize benefits to Canada and to Canadians. Therefore, it might be considered as advisable to insert a clause in respect of this aspect permitting such border stations as KVOS to continue their Canadian operation providing it is of significant benefit to Canada. Such a provision would not

[Mr. Cafik.]

permit them to continue to operate, but it would make it possible for them to continue if a decision were made that such continuance were in the national interest.

In light of the fact that I have only recently become aware of the factors that I am referring to in this speech, it is perhaps unreasonable to expect that an amendment dealing with this complex problem can really be dealt with adequately at this stage or our deliberations. Perhaps this provides a classic example as a case for sober second thought by the other place on the questions I have raised.

Many Canadians question the validity of the role of the other place from time to time, but those of us who know its genuine function realize—I am confident, having been exposed to the wisdom emanating from that place—that they will, indeed, take a genuine look at this broad question of broadcasting, not in any way to change the principle underlying this bill, which I strongly support in respect of broadcasting, but to make sure that nothing we do, will in fact, be contrary to the public interest. Perhaps we should also give direction to the kind of provision that exists in the Foreign Investment Review Act and provide that Canadian subsidiaries of foreign stations may operate in Canada if it is in the broad public interest for them to do so.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to say a few words in support of the amendment now before the House. In so doing, I should like to commend the hon. member for Ontario (Mr. Cafik) for his outstanding contribution to this debate. I do not do so in any partisan way. Lucidly and eloquently, he put his finger on the nub of the matter which concerns many in this House.

● (1540)

Nobody quarrels about the plight of certain Canadian broadcasting companies, especially those located near the United States border. No one denies that we must protect Canadian broadcasters from unfair competition from U.S. border stations broadcasting television, AM and FM signals. Neither would anyone quarrel over the government treating *Reader's Digest* as a special case during this debate. Arguments in favour of such a special case have been put forward by members on all sides of the House and the government, to its credit, acquiesced. Obviously, it was moved by the force of arguments emanating from all sides of the House.

I appreciate the concern of the broadcasting industry in Canada, a concern voiced for a number of years. We know that millions of advertising dollars go to U.S. border stations for advertising directed at essentially Canadian audiences. We see it happening in Ottawa. We receive signals from upper New York state television stations. Indeed, one television station in that state to all intents and purposes is an Ottawa station. We see the same thing happening in Montreal. That city is served by stations in upper New York state. Broadcasting stations in that state send their signals to that major market. We see this especially in southern Ontario, the so-called banana belt around Toronto and Hamilton, sometimes known as the great golden horseshoe. The Buffalo stations are gobbling up millions of Canadian advertising dollars which should be directed to Canadian stations. That money should be paid