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Senate. Standing Committee  
on Transport and Communi-  
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FIRST SESSION—TWENTY-NINTH PARLIAMENT

1973

# THE SENATE OF CANADA

PROCEEDINGS

OF THE

STANDING SENATE COMMITTEE ON

# TRANSPORT AND COMMUNICATIONS

The Honourable J. HARPER PROWSE, *Acting Chairman*

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Issue No. 1

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WEDNESDAY, JANUARY 31, 1973

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**Complete Proceedings on Bill C-127,**

intituled:

“An Act to amend the Pilotage Act”

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REPORT OF THE COMMITTEE

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(Witnesses:—See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON  
TRANSPORT AND COMMUNICATIONS

The Hon. J. Campbell Haig, *Chairman*.

The Honourable Senators:

Argue	Langlois
Blois	Lawson
Bourget	*Martin
Burchill	McElman
Denis	Nichol
*Flynn	Petten
Forsey	Prowse
Fournier	Rattenbury
(Madawaska- Restigouche)	Smith
Graham	Sparrow
Haig	van Roggen
	Welch

\*Ex officio members  
(Quorum 5)

# Order of Reference

Extract from the Minutes of the Proceedings of the Senate, January 31st, 1973.

"A Message was brought from the House of Commons by their Clerk with a Bill C-127, intituled: "An Act to amend the Pilotage Act", to which they desire the concurrence of the Senate.

The Bill was read the first time.

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Molgat, that the Bill be read the second time now.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Langlois moved, seconded by the Honourable Senator Molgat, that the Bill be referred to the Standing Senate Committee on Transport and Communications.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative."

**ROBERT FORTIER**  
*Clerk of the Senate*

# Minutes of Proceedings

January 31, 1973.

(1)

Pursuant to notice, the Standing Senate Committee on Transport and Communications met this day at 3.15 p.m. to consider the Bill C-127, intituled:

“An Act to amend the Pilotage Act”.

*Present:* The Honourable Senators Bourget, Denis, Flynn, Forsey, Graham, Langlois, Prowse and Sparrow.—(8)

*Present but not of the Committee:* The Honourable Senators Asselin, Basha, Carter, Deschatelets, Desruisseaux, Forsey, Fournier (*Madawaska-Restigouche*), Grosart, Lamontagne, Macnaughton, McElman, McIlraith, McLean, McNamara, Molgat, O’Leary and Phillips.—(17)

*In Attendance:* Mr. E. Russell Hopkins, Law Clerk and Parliamentary Counsel.

Upon Motion of the Honourable Senator Flynn, the Honourable Senator Prowse was elected Acting Chairman.

Upon Motion of the Honourable Senator Denis, it was *Resolved* that: unless and until otherwise ordered by the Committee, 800 copies in English and 300 copies in French of its day-to-day proceedings be printed.

The following witnesses were heard:

*Department of Transport:*

The Honourable Jean Marchand,  
Minister.

Captain L. M. Dussault,  
Director,  
Marine Pilotage Branch.

Upon Motion, it was *Resolved* to report the said Bill without amendment.

At 3.45 p.m. the Committee adjourned.

ATTEST:

Aline Pritchard,  
*Clerk of the Committee.*





# The Standing Senate Committee on Transport and Communications

## Evidence

Wednesday, January 31, 1973

The Standing Senate Committee on Transport and Communications, to which was referred Bill C-127, to amend the Pilotage Act, met this day at 3:15 p.m. to give consideration to the bill.

**Senator J. Harper Prowse** (*Acting Chairman*) in the Chair.

**The Acting Chairman:** Honourable senators, we have before us Bill C-127. As it is a one-clause bill, I suggest that we proceed to consider that clause. If I followed the debate properly, what we are concerned with is what has to be done and why.

We have with us Captain Michel Dussault, Director, Marine Pilotage Branch, Ministry of Transport. Captain Dussault, would you first explain the purpose of and reason for the bill?

**Captain L. Michel Dussault, Director, Marine Pilotage Branch, Ministry of Transport:** Honourable senators, the purpose of the bill is fairly simple, and by way of explanation it is hard for me to do better than Senator Langlois did in the Senate. The bill really has only two purposes, to give more time to the four regional Pilotage Authorities to complete their regulations on the operation and administration of pilotage under section 14 of the bill, and also to give time to the Canadian Transport Commission to hear and decide on appeals against the tariffs which were lodged under section 23 regarding certain tariffs that were proposed under section 22.

I would stress that the main purpose concerns regulations under section 14. None of the Authorities at this date—and this expires tonight at midnight—has published its regulations, and none of them, of course, has been approved by the Governor in Council.

**Senator Flynn:** What are the regulations and bylaws in force at present? Are they those which were in force before the coming into force of the Pilotage Act?

**Capt. Dussault:** That is correct.

**Senator Flynn:** These were the regulations and bylaws, the divinity of which was put in doubt by the Royal Commission on Pilotage?

**Capt. Dussault:** In large part, yes, but there have been a few amendments in the last couple of years. To give an example, a large majority of the tariffs have been changed in the last couple of years, so it could be said that these were more or less new. At times even some matters of principle were new, such as double pilotage in the St.

Lawrence for winter navigation tariffs, and other such things.

**Senator Flynn:** When you speak of tariffs do you mean pilotage tariffs?

**Capt. Dussault:** That is right.

**Senator Flynn:** The price the shipping companies or ship-owners have to pay for pilotage services?

**Capt. Dussault:** That is correct.

**Senator Flynn:** You mean these amendments have been made under the new Pilotage Act?

**Capt. Dussault:** No. I have to qualify this. Since the new act came into force in February last some of the Authorities have published, and have had approved by the Governor in Council, new tariffs. On the other hand, some of the authorities have not, so tariffwise we are in a sort of mixed situation here.

**Senator Flynn:** You would say that tariffs approved by the Governor in Council under the new Pilotage Act are valid, that there is no doubt as to their validity?

**Capt. Dussault:** That is correct.

**Senator Flynn:** Again subject to the same questions that were raised by the Royal Commission on Pilotage?

**Capt. Dussault:** You are correct, senator.

**Senator Flynn:** At what stage is the drafting of regulations in cases where the problem still exists?

**Capt. Dussault:** With none of the Authorities are the regulations complete and approved by the Governor in Council, so none of them is finalized.

**Senator Flynn:** How long have these negotiations been going on?

**Capt. Dussault:** It is hard for me to answer that. As you well know, these Authorities are type D crown corporations and report directly to the minister. Some of these Authorities have taken this to mean just that, so at times I am not kept fully in the picture. It is very hard for me to answer you directly. They have all been working on them for months.

**Senator Flynn:** Would I be wrong in saying that in some cases the negotiations have been going on for over three years?

**Capt. Dussault:** Not in these cases.

**Senator Flynn:** Where the regulations and bylaws were adopted under the supposed authority of the former Canada Shipping Act, the divinity of which was put in doubt by the Royal Commission on Pilotage, there must have been negotiations right after the finding of the commission.

**Capt. Dussault:** Yes, but they were with the Directorate of Pilotage at the time, which was controlled by the then Department of Transport directly from Ottawa. Under the new act this is not so; the entire operation has been given to the new Authority and is their full responsibility. It is a brand new ball game, if you will pardon the expression.

**Senator Flynn:** I suppose they took into consideration what had been done from 1969 to 1971.

**Capt. Dussault:** That is not correct, because these new Authorities are really operating under this new act, and in most instances they envisage in many cases a brand new way of operating pilotage in their areas. To give an example, most of the pilots in the Atlantic region were contractors; they were grouped into associations, but were contracting as more or less private entrepreneurs. They have all now elected, under the new act, to become employees of the Authorities, which presents a different picture. Negotiations which were on a contractual basis now have a more or less employer-employee status, which puts a different colour on the whole thing.

**Senator Flynn:** That is not the case, of course, of the lower St. Lawrence pilots.

**Capt. Dussault:** No, sir; they have elected to remain contractors.

**Senator Flynn:** To stay as they are.

**Capt. Dussault:** That is correct.

**Senator Flynn:** I suppose the negotiations that started before 1971 have been going on, as far as they are concerned.

**Capt. Dussault:** Yes, with a difference.

**Senator Flynn:** Yes, with a different setup.

**Capt. Dussault:** That is right.

**Senator Flynn:** In a new framework. I suppose that there is some continuity between what was done prior to 1971 and what has been done since then?

**Capt. Dussault:** You are correct in assuming that the same trend or principle is being kept to, yes.

**Senator Flynn:** Would you say, Capt. Dussault, that another year will be sufficient for the ministry and the interested parties to come to a conclusion, to make an agreement and to draft regulations that will be approved by the Governor in Council?

**Capt. Dussault:** I would certainly hope so, senator.

**Senator Flynn:** Would you agree that some of the officials of the department said the same thing about three years ago?

**Capt. Dussault:** That is correct.

**Senator Flynn:** Thank you.

**Senator Langlois:** Is it not a fact that these negotiations are now at an advanced stage?

**Capt. Dussault:** They are. In the great majority of cases, I would think that with due diligence it could be only a matter of a few months before it is done, except with the reservation of the tariff question. If there is any appeal to the Canadian Transport Commission, then it is up to the CTC, and we do not know how quickly the CTC will deal with such appeals.

**Senator Flynn:** Are you an optimist with regard to the swiftness of the operation?

**Capt. Dussault:** I try to be.

**Senator Langlois:** This might clarify the situation. It must be filed within 30 days of the publication of the tariff in the *Canada Gazette*.

**Capt. Dussault:** That is correct.

**Senator Langlois:** So you have an appeal time there.

**Senator Flynn:** That is the time in which to appeal?

**Senator Langlois:** Yes, and after that the CTC has to find time to hear the appeal.

**Senator Flynn:** We would not complain to the department or have a grievance against the department because of the fact that there would be an appeal to the commission.

**The Acting Chairman:** But where there is an appeal, on this point here, this would then be the deadline?

**Capt. Dussault:** You are correct, sir.

**Senator Flynn:** It would be up to the commission to try to dispose of the appeal as soon as possible.

**Capt. Dussault:** You are correct.

**Senator Flynn:** Then we would have someone else to blame.

**The Acting Chairman:** That is always useful!

**Senator Langlois:** Could you indicate the number of such appeals filed to date?

**Capt. Dussault:** Appeals on tariffs? I must qualify this. There are two types of appeal. There is an appeal applicable only to tariff matters which is, of course, filed with the Canadian Transport Commission. The other is a pilotage matter, and that is why I have mentioned section 14 as being important. Under section 14 of the regulations, the interested parties can also go on appeal to the minister, and again there is a period of 30 days. Let us take first things first. First, to the CTC the whole of the new proposed Atlantic Pilotage Authority tariffs have been appealed by a number of bodies—by the Shipping Federation of Canada, by the Dominion Marine Association, by the Halifax-Dartmouth Port Authority; also by the governments of New Brunswick and Nova Scotia; and by a number of others. I have named but a few. I believe there were 11 or 12 of them in all.

**Senator Flynn:** When were these appeals lodged?

**Capt. Dussault:** In the last six weeks or so.

**Senator Flynn:** In the last six weeks. So it would be about that time that the department realized that the deadline of February 1 could not be met?

**Capt. Dussault:** Yes.

**Senator Flynn:** Thank you.

**Senator Carter:** Did any Pilotage Authority agree to set up its own system of tariffs?

**Capt. Dussault:** Yes, sir. They have full autonomy to do this. But, as I have just mentioned, this is exactly what happened in the case of the Atlantic Pilotage Authority. They devised a tariff which I suppose they thought was right, and they published it in Part I of the *Canada Gazette*. Then, interested parties appealed to the CTC, as this new pilotage legislation gives them the right to do; and this is where we are now.

**Senator Carter:** Is there any co-ordination to ensure some uniformity of tariffs between one area and another?

**Capt. Dussault:** Each authority has autonomy. We would much prefer to have uniformity, from the pilotage point of view, but this is what is in the legislation.

**Senator Carter:** You said that under the new act there was a change in the system. Formerly the pilots were employed on a contractual basis, and now there is more of an employer-employee relationship. Does that mean that the pilots are now in associations bargaining on their behalf, each bargaining with its own Authority and setting up its tariff?

**Capt. Dussault:** You are partially correct, sir. The way it has worked out is this. To start with, I must say that under the new regulations, all the pilots in Canada, or the associations or corporations of pilots, were given the right to elect among themselves which status they would like to work under with the Authorities—either as employees, as the Atlantic pilots decided to elect to become; or to remain or become contractors. We had some employees before who might like to become contractors. This right is also given to them.

**Senator Carter:** So you still have some contractors?

**Capt. Dussault:** Oh yes, the vast majority of pilots in Canada are still so. As Senator Flynn has mentioned, most of the St. Lawrence pilots have elected to remain contractors.

**Senator Carter:** What obligations are assumed by the Authorities on the contractual basis? The pilots themselves have to provide their own facilities, pilot ships and so forth? Who does that on the employer-employee basis?

**Capt. Dussault:** The Authorities do so, at this time. It is so under all four Authorities, whatever the status of pilots. What I should say is that the auxiliary services—such as dispatching facilities, administration of pilotage, pilot boat administration and operation—are carried out by the Pilotage Authorities themselves whatever the status the pilots have.

**Senator Bourget:** Is this arranged by the Pilotage Authority?

**Capt. Dussault:** By the Pilotage Authority. I must mention here that this is covered by the Government of Canada in a large part of the bill at this time.

**Senator Bourget:** And it is part of the bill?

**Capt. Dussault:** This is part of this bill. It says that each Authority must become self-sufficient. The Ministry of Transport and my superiors have put as a target date three to five years for them to become self-sufficient, each trying to meet that target date.

**Senator Carter:** In each Pilotage Authority on the Atlantic coast, where you have this employer-employee relationship, is there some sort of a system on wages?

**Capt. Dussault:** They have devised one.

**Senator Carter:** Does each pilot get the same wage?

**Capt. Dussault:** No, sir. They will be graded. This is being negotiated. This is why this amendment is being asked for, because all this is not finalized yet. This is what they have done. The pilots in ports in the Atlantic region have appointed a committee representative of the whole of that region. This committee was given the power to negotiate with the representatives of the Pilotage Authority. They have come to an agreement. They negotiate contracts which give pilots in various districts, and even within a district, various wages, depending on the qualifications of the pilot or the classification he is in.

**Senator Langlois:** Mr. Chairman, I think Senator Carter had in mind a flat rate. At this stage—and you can correct me if I am wrong—I believe these tariffs are based on the physical characteristics of the ship. For example, the measurements of the ship will enter into it—its draft, length and size. Also, you have classes of pilots. In the Quebec pilotage district you have Class A, Class B, and Class C pilots. All these ingredients are taken into account when the tariff is formulated and negotiated with the shipping industry.

**Senator Carter:** The Pilotage Authority gets its revenue from a scale of pilots' fees, depending on the size of the ship.

**The Acting Chairman:** May we have the witness answer the questions, please? Perhaps senators should not be answering one another.

**Capt. Dussault:** I must say here, Mr. Chairman, that what Senator Langlois explained is correct.

**Senator Carter:** I have just one more question, Mr. Chairman. Some of the bylaws were not considered valid that were made under the old act. Who replaces them? Does each Authority make the changes in these?

**Capt. Dussault:** You are correct, sir. The main reason why this amendment was asked for is that, as I explained to you before, not one of the Authorities has completed the regulations that they should make under section 14 of the new pilotage legislation, and in some cases tariffs have not been approved by the Governor in Council. So these are the two types of bylaw that you refer to as possibly in the past having been declared invalid. I do not think there is any question of validity here. Under the new legislation everything seems quite proper.

**Senator Flynn:** You can declare that an invalid bylaw is now valid. Parliament could change a man into a woman!

**The Acting Chairman:** It might not work, but they could do it.

**Senator Flynn:** I do not know if it would be of any help to the other sex, though.

Mr. Chairman, I see we have the Minister of Transport here. We would not want to submit him to cross-examination, but, if he would take the stand, he could receive our applause.

**The Acting Chairman:** Are we through with Captain Dussault?

**Senator Flynn:** As far as I am concerned, yes.

**The Acting Chairman:** Thank you, Captain Dussault.

Mr. Minister, would you care to address the committee?

**Hon. Jean Marchand, Minister of Transport:** Thank you very much, Mr. Chairman. I am sorry that this situation has arisen. I hope it has been explained to you satisfactorily. It is unfortunate that the Pilotage Authorities could not have been on time, but we hope that on the next occasion they are to be here they will be on time and we will not have to go through this process again. Thank you very much.

**The Acting Chairman:** Is it agreed that the bill be reported without amendment?

**Hon. Senators:** Agreed.

**The Acting Chairman:** Then I will report the bill without amendment.

The committee adjourned.



















FIRST SESSION—TWENTY-NINTH PARLIAMENT

1973

# THE SENATE OF CANADA

PROCEEDINGS

OF THE

STANDING SENATE COMMITTEE ON

# TRANSPORT AND COMMUNICATIONS

The Honourable Maurice Bourget, *Deputy Chairman*

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Issue No. 2

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WEDNESDAY, JUNE 27, 1973

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Complete Proceedings on Bill S-9,  
intituled:

“An Act to enable Canada to comply with a Convention  
on the International Recognition of Rights in Aircraft”.

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REPORT OF THE COMMITTEE

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(Witnesses:—See Minutes of Proceedings)



THE STANDING SENATE COMMITTEE ON  
TRANSPORT AND COMMUNICATIONS

The Honourable Maurice Bourget, *Deputy Chairman*  
The Honourable Senators,

- |  |            |
|--|------------|
| Argue  | Haig       |
| Blois  | Langlois   |
| Bourget  | Lawson     |
| Buckwold                                       | *Martin    |
| Davey  | McElman    |
| Denis  | Petten     |
| *Flynn   | Prowse     |
| Forsey   | Smith      |
| Fournier ( <i>Madawaska-<br/>Restigouche</i> ) | Sparrow    |
| Graham   | van Roggen |
|  | Welch      |

*\*Ex officio members*

20 Members  
(Quorum 5)

The Honourable Maurice Bourget, *Deputy Chairman*

Issue No. 2

WEDNESDAY, JUNE 27, 1973

Complete Proceedings on Bill S-2,  
intituled:

"An Act to enable Canada to comply with a Convention  
on the International Recognition of Rights in Aircraft."

REPORT OF THE COMMITTEE

(Witnesses—See Minutes of Proceedings)

# Order of Reference

# Minutes of Proceedings

Extract from the Minutes of the Proceedings of the Senate, June 26th, 1973:

"Pursuant to the Order of the Day, the Honourable Senator Lapointe moved, seconded by the Honourable Senator Lafond, that the Bill S-9, intituled: "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft", be read the second time.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator Lapointe moved, seconded by the Honourable Senator Lafond, that the Bill be referred to the Standing Senate Committee on Transport and Communications.

The question being put on the motion, it was—  
Resolved in the affirmative.

**ROBERT FORTIER**  
*Clerk of the Senate*

Wednesday, June 27, 1973.  
Pursuant to notice and adjournment, the Standing Senate Committee on Transport and Communications met this day at 4:35 p.m. to consider the Bill S-9, intituled: "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft."  
Present: The Honourable Senators Bourque (Deputy Chairman), Arsenault, Blais, Denis, Forsey, McEwen, Poirer, Trowe and Sparrow. (9)  
Present, but not of the Committee: The Honourable Senators Choquette, Lapointe and McLellan. (3)  
The following witnesses were heard:  
Department of Transport:  
Mr. E. Shields,  
Legal Services;  
Mr. F. Walker,  
Regulations Licensing;  
Mr. C. Cowie,  
Aircraft Licensing.  
Upon Motion, it was resolved to report the said Bill without amendment.  
At 4:55 p.m. the Committee adjourned to the call of the Chair.  
ATTEST:  
Aline Fritschard,  
Clerk of the Committee.

# Minutes of Proceedings

Order of Reference

Wednesday, June 27, 1973.

Pursuant to notice and adjournment, the Standing Senate Committee on Transport and Communications met this day at 4:35 p.m. to consider the Bill S-9, intituled: "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft".

*Present:* The Honourable Senators Bourget (*Deputy Chairman*), Argue, Blois, Denis, Forsey, McElman, Petten, Prowse and Sparrow. (9)

*Present, but not of the Committee:* The Honourable Senators Choquette, Lapointe and McLean. (3)

The following witnesses were heard:

*Department of Transport:*

Mr. L. Shields,  
Legal Services;

Mr. P. Walker,  
Regulations Licensing;

Mr. C. Cowie,  
Aircraft Licensing.

Upon Motion, it was *Resolved* to report the said Bill without amendment.

At 4:55 p.m. the Committee adjourned to the call of the Chair.

ATTEST:

Aline Pritchard,  
*Clerk of the Committee.*

Minutes of Proceedings of the Proceedings of the  
Senate, June 27, 1973.  
Pursuant to the Order of the Day, the Honourable  
Senator Lapointe moved seconded by the Honourable  
Senator Laidlaw that the Bill S-9, intituled: "An Act  
to enable Canada to comply with a Convention on the  
International Recognition of Rights in Aircraft," be  
read the second time.  
After debate, and --  
The question being put on the motion, it was --  
Resolved in the affirmative.  
The Bill was then read the second time.  
The Honourable Senator Lapointe moved seconded  
by the Honourable Senator Laidlaw that the Bill be  
referred to the Standing Senate Committee on Trans-  
port and Communications.  
The question being put on the motion, it was --  
Resolved in the affirmative.  
ROBERT TOWN  
Clerk of the Senate



# Report of the Committee

Wednesday, June 27, 1973

The Standing Senate Committee on Transport and Communications to which was referred Bill S-9 intitled: "An Act to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft", has in obedience to the order of reference of June 26, 1973, examined the said Bill and now reports the same without amendment.

Respectfully submitted.

Maurice Bourget  
Deputy Chairman

# The Standing Senate Committee on Transport and Communications

## Evidence

Ottawa, Wednesday, June 27, 1973.

The Standing Senate Committee on Transport and Communications, to which was referred Bill S-9, to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft, met this day at 4.35 p.m. to give consideration to the bill.

**Senator Maurice Bourget** (*Deputy Chairman*) in the Chair.

**The Deputy Chairman:** Honourable senators, we have on our agenda for consideration today Bill S-9, to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft. We also have the pleasure of having with us three witnesses from the Ministry of Transport. On my immediate right is Mr. L. Shields, of Legal Services; Mr. P. Walker, Regulations Licensing; and Mr. C. Cowie, of Aircraft Licensing. I have asked Mr. Shields if he has any comments which he would like to make before questions are asked, but he told me that it would be better if members of the committee were to ask questions.

**Senator Forsey:** I have one very simple question, to start with. Why has it taken so very long to get round to legislation on this subject? I suppose the authorities might say that they wanted time for mature reflection, but 25 years, it seems to me, allows for very mature reflection. What was the hitch?

**Mr. L. Shields, Legal Services, Ministry of Transport:** I do not think it was a case of mature reflection; I think it was a case of pressure not being exerted by any aircraft operators or financial interests that there was any advantage to implementing the convention. Where Canada is now getting into the manufacture of aircraft itself, and trying to sell these aircraft in other countries, the rights in these aircraft must necessarily be recognized from one country to another. This is what has developed. Then too there is the large amount of money involved in purchasing aircraft from other countries—and they are getting more expensive now—and it is difficult to find out what is actually against an aircraft. It is more difficult now than it has been. This legislation has actually been in process for about five years, but this is as far as it has ever got, and we hope that it will continue.

**Senator Prowse:** I wonder if Mr. Shields could tell us how many places would have to be searched in Canada alone at the present time, if I were going to buy an aircraft, to make sure that I was not going to be stuck?

**Mr. Shields:** At this time in every county, in every province, in every judicial district where aircraft might be going, in order to assure yourself that there was

nothing against any aircraft. This legislation provides for one central place.

**Senator Prowse:** A central registry where you can make your examination, and then you are clear?

**Mr. Shields:** You will know exactly what is against an aircraft or its components.

**Senator Choquette:** Mr. Shields, reading over some of the clauses, and especially clause 6, we realize that this is practically the Chattel Mortgage and Mechanics Lien Act that is being provided for and being implemented in the federal Ministry of Transport. Now we know a search will be made before any transfer of interest can be made, but how is that search made? Does the department write in and say, "Here is a certificate. We have looked at our records for you, and we state that this is clear of any encumbrance"? Or do lawyers come here and make a search, like they do in the Patent Office, and then write in to their principals? Have you organized that part of the department yet?

**Mr. Shields:** The final organization has not been really completed yet, but each aircraft will have a file where all these various interests that are registered will be put, and this will be open to the public. We will not give a certificate that an aircraft is free of any liens, or that it has in fact any number of liens. We are not going to determine what the state of the title is. It is there for information purposes only, for people who want to get it. We may provide them with a copy of what is registered on the file against an aircraft, but we would not go further than that.

**Senator Choquette:** And anybody who supplies fuel, for instance, to an aircraft, and it is on credit, will they file their claim with your department in order to be protected?

**Mr. Shields:** If they had a claim against an aircraft and they wanted to file it, then they would have to file it with the department.

**The Deputy Chairman:** Otherwise they lose their claim?

**Mr. Shields:** Well, their interest in it would be subject to whatever interests are previously registered against that aircraft.

**Senator Choquette:** In other words, you follow the order of registration?

**Mr. Shields:** That is right.

**Senator Choquette:** And so far, when you organize this department of yours, you will be getting a lot of information and those that already have some interest registered

somewhere will have priority. Now, these claims, will they be renewed every year?

**Mr. Shields:** No. I think it is every five years they have to be renewed.

**Senator Choquette:** That is somewhat different from our ordinary mechanics liens and chattel mortgages. They have to be renewed within one year. If they are not, then you lose your rights.

**Mr. Shields:** The act provides for the interest to be considered to be expired after a period of five years, unless there is an application to renew it within that time, and then it can be extended for a further period.

**Senator Choquette:** What happens if an aircraft from France comes here and stays here for a while and is put up for sale or is otherwise sold voluntarily by the owner? What kind of searches could be made against it? Will there be reciprocity between countries who are parties to the convention?

**Mr. Shields:** The countries who have signed the convention agree to recognize the rights registered against an aircraft in that country, provided that the rights are registered in accordance with the laws of that country. This is the reason why we must have some laws in Canada for the registration of these interests, so that other countries will recognize the rights that are registered here. So, if there are rights registered against an aircraft in France, in accordance with the laws of France for the registration of such interests, then we would recognize them by ratifying the convention.

**Senator Choquette:** Then you talk about getting a court order before a sale, a forced sale. Is this any special court?

**Mr. Shields:** It would depend. No aircraft can be sold unless there is a court order on which it has to be shown that the person has made some attempt to exercise his rights of contract or to enforce his judgment other than by selling the aircraft. Then the court would direct that it be sold at a certain time and place, and somebody would look after that and would also take care of the distribution. The court would also order that some person should advise the registrar, whether here or elsewhere, of the transfer. Because, in the event of sale, somebody has to be appointed to effect the transfer to the seller, and the court would appoint this person.

**Senator Choquette:** But the sale itself would be advertised and the aircraft would be sold at auction, after seizure?

**Mr. Shields:** It could be sold at auction, yes. I presume it would be sold at auction. It would be advertised for sale, and all the interests—everybody who had a registered interest—would be notified of the sale.

**Senator Prowse:** It is set out in clause 10 of the bill.

**Senator Lapointe:** And would the profits be divided?

**Mr. Shields:** The amount of money received for the aircraft would be distributed in proportion to the interests. It would be somewhat similar to a bankruptcy distribution. Presumably, this is the way it would have to be in order to be fair.

**Senator Prowse:** Clause 10(1)(c) reads as follows:

(c) notifies each person in whose name a notice of interest is recorded in the registry with respect to the aircraft of the time and place of the sale, . . .

So that everybody who has a registered interest has to know and has a chance to come and buy it.

**Senator Forsey:** It also says:

. . . not less than one month before the time of the sale . . . by registered mail addressed to each such person at his latest known address.

**Senator Lapointe:** Why don't you exempt charter flights from seizure?

**Senator Prowse:** They are.

**Mr. Shields:** An aircraft used on charter service is not exempt from seizure without an order of the Federal Court. It is just an aircraft employed at the time on a scheduled service for the transport of passengers. The reason for this is quite obvious. On a scheduled service the carrier has a definite schedule which he is required to meet by virtue of his licence. He starts off in the morning, and he continues along, and he is required to meet this schedule. After all, people buy their tickets, and so on, on this basis. But in charter service, the charter operates only pursuant to a private contract at a certain definite time, so that is a different situation. The point of delaying passengers does not arise in charter services as it does in the case of public transportation which goes on day after day.

**Senator Lapointe:** But if the plane is seized in London, for example, then the people who have paid for the charter flight will be in trouble. They will not be able to come back to Montreal, for example, if the plane has been seized.

**The Deputy Chairman:** This has happened before.

**Senator Lapointe:** You do not consider the trouble to the people who have paid for their charter flight?

**Mr. Shields:** This has not been considered a problem for the reason that the charter operator is required, when he files his system of operations with the Air Transport Committee, to show what backup aircraft he has in the event that anything should happen to his original aircraft. If an engine goes out of action, or something like that happens, he has to have a backup aircraft and arrangements to bring his passengers back. So this is all taken care of in advance. But where a scheduled service is concerned, the aircraft are committed over long periods of time, and this is the reason for the difference. With a scheduled carrier, an aircraft may be committed over a period of six months, whereas with charter

services that does not happen; there is no disturbance of the public involved.

One of the points in favour of this legislation is that it helps prevent the public who require transportation from day to day, by scheduled service, being interrupted in the course of their business and duties. But charter services are usually providing pleasure trips, although that is not always necessarily the case. I am not saying anything against it, but that is one of the reasons for it. That is why it was not considered as being as serious for a charter service as it is for a scheduled service.

**The Deputy Chairman:** Have you discussed the contents of this bill with the provincial governments?

**Mr. Shields:** No, it has not been discussed with the provincial governments, but it has been discussed with the Canadian Bar Association, the airline section, which has representatives from all provinces. Many of the provisions here have been put in to meet their suggestions.

**Senator Lapointe:** Do you expect any trouble from some of the provinces?

**Mr. Shields:** No, we do not anticipate any trouble at all. In fact, we anticipate cooperation from all the provinces. I understand that the Province of British Columbia has already intimated that they will not accept liens against aircraft when this bill goes into effect.

**The Deputy Chairman:** I suppose all the provinces are aware that this bill has been introduced, and have a copy of it. Was a copy of this bill sent to all the provinces?

**Mr. C. Cowie, Aircraft Licensing Section, Ministry of Transport:** No, but most of the provinces are aware of it. They are using the Vehicles Act right now to cover aircraft, and they actually do not want to do this. Most of our reaction has been that the provinces want this to come in.

**Senator Prowse:** How will an owner get knowledge of liens that may be presently registered in the provinces?

**Mr. Shields:** This is provided for in the bill. There will be an interim period.

**Senator Prowse:** I notice that.

**Mr. Shields:** If somebody wants to take advantage of this bill, they will raise their lien in addition to it being registered under this bill. This bill is for their benefit, if they want to take advantage of it. They are not being forced to do so; there is no requirement that they must do it; but it does give any person who registers under this bill a benefit. If they want to take advantage of it, they would register under this bill.

**Senator Lapointe:** Will liens already registered in districts or counties be transferred to your central registry automatically?

**Mr. Shields:** Not automatically.

**Senator Prowse:** How will they get there?

**Mr. Shields:** The person who registers them there would do so by registering them.

**Senator Prowse:** If they know about the bill.

**Mr. Shields:** If they know about the bill, yes. They will know about the bill.

**Senator Prowse:** You mean, they had better know about the bill.

**Mr. Shields:** The bill will be publicized; there will be notices and that sort of thing. It will be brought to their attention.

**Senator Choquette:** When there is a bill like this, usually the local registrar in the county court, or wherever these liens and chattel mortgages are registered, locally advertises, or puts up signs, and each lawyer, house of credit or anything like that, gets copies and in no time they will know.

**Mr. Shields:** Yes. The financial institutions who are involved in credit, with mortgage interest in air carriers, are all aware of the provisions of this bill. We do not have a problem in that respect.

**Senator Prowse:** The type of people who have liens on aircraft are probably those who would be well aware of it.

**Mr. Shields:** They are all aware of it.

**The Deputy Chairman:** Are there any other questions? Should I go through the bill clause by clause?

**Senator Choquette:** No. You have almost gone through it clause by clause.

**Senator Lapointe:** Is this a voluntary system?

**Mr. Shields:** A voluntary system.

**Senator Lapointe:** But if someone does not register, he loses his right?

**Mr. Shields:** He does not get the benefit of the bill, that is right.

**Senator Lapointe:** So it is almost compulsory, if he wants not to lose anything?

**Mr. Shields:** If he wants to take the benefit of it, he has to comply with the provisions of the bill. If he wants to go outside, if he does not want to take the benefit, if he does not think the benefit is worth it, it is entirely up to him.

**Mr. Cowie:** We do not want a punishment system. If we make it compulsory and find out he has not done it, not only does he lose his right, but we have to go out and punish him. This we do not want to do.

**Senator Forsey:** They do not lose any rights they have now?

**Mr. Shields:** Whatever rights they have under existing laws remain.

**The Deputy Chairman:** Are there any more questions?  
Shall I report the bill without amendment?

**The Deputy Chairman:** Thank you, Mr. Shields, Mr. Walker and Mr. Cowie; you have been very helpful.

**Hon. Senators:** Agreed.

The committee adjourned.

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FIRST SESSION—TWENTY-NINTH PARLIAMENT  
1973

THE SENATE OF CANADA  
PROCEEDINGS  
OF THE  
STANDING SENATE COMMITTEE ON  
**TRANSPORT AND COMMUNICATIONS**

The Honourable Maurice Bourget, P.C., *Deputy Chairman*

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Issue No. 3

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TUESDAY, JULY 10, 1973

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First Proceedings on the examination of radio and television  
commercial advertising broadcast in Canada

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(Witnesses:—See Minutes of Proceedings)



THE STANDING SENATE COMMITTEE ON  
TRANSPORT AND COMMUNICATIONS

The Honourable J. Campbell Haig, *Chairman*

The Honourable Maurice Bourget, p.c.,  
*Deputy Chairman*

and

The Honourable Senators,

Argue	Langlois
Blois	Lawson
Buckwold	*Martin
Davey	McElman
Denis	Petten
*Flynn	Prowse
Forsey	Smith
Fournier ( <i>Madawaska- Restigouche</i> )	Sparrow
Graham	van Roggen
	Welch

\**Ex officio members*

20 Members

(Quorum 5)

Issue No. 3

TUESDAY, JULY 10, 1973

First Proceedings on the examination of radio and television  
commercial advertising broadcast in Canada

(Witnesses:—See Minutes of Proceedings)

# Order of Reference

Minutes of Proceedings

Extract from the Minutes of the Proceedings of the Senate, Thursday, May 24, 1973:

"The Honourable Senator Buckwold moved, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the question of the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada be completely produced in Canada, utilizing Canadian manpower to the maximum possible extent.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative."

ROBERT FORTIER,  
Clerk of the Senate.

# Minutes of Proceedings

Order of Reference

July 10, 1973.

Pursuant to adjournement and notice, the Standing Senate Committee on Transport and Communications met this day at 3:00 p.m.

*Present:* The Honourable Senators Bourget (*Deputy Chairman*), Buckwold, Davey, Denis, Forsey, Fournier (*Madawaska-Restigouche*), Graham, McElman, Petten, Prowse and Sparrow. (11)

*Present but not of the Committee:* The Honourable Senators Laird, Lapointe, McGrand and Molgat. (4)

The Committee proceeded to the examination of radio and television commercial advertising broadcast in Canada.

The following witnesses, representing Agency Forum, were heard by the Committee:

Mr. Brian Skinner, President, Brian Skinner Communications Ltd., Toronto, and Chairman of the Agency Forum Committee on Nationalism;

Mr. Ivor Downie, President, Downie Advertising Limited, and Moderator, Agency Forum.

The following witnesses, representing J. Walter Thompson Limited, were then heard:

Mr. Donald Robertson, President;

Mr. John Cronin, Executive Vice-President;

Mr. Richard Kostyra, Vice-President, Director of Media and Broadcast;

Mr. Jerrold Beckerman, Vice-President, and Director of Consumer Information;

Mr. Philippe Fisette, Vice-President, and Director of Canadian Broadcast Production;

Mr. Anthony Miller, Vice-President, and Group Account Service Director.

At 6:30 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Denis Bouffard,  
*Clerk of the Committee.*

# The Standing Senate Committee on Transport and Communications

## Evidence

Ottawa, Tuesday, July 10, 1973.

The Standing Senate Committee on Transport and Communications met this day at 3 p.m. to consider the question of the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada be completely produced in Canada, utilizing Canadian manpower to the maximum possible extent.

**Senator Maurice Bourget** (*Deputy Chairman*) in the Chair.

**The Deputy Chairman:** Honourable senators, our first witness this afternoon is Mr. Brian Skinner, who is accompanied by Mr. Ivor Downie.

On behalf of the members of the committee, I should like to welcome you here and thank you very much for having accepted our invitation to appear before our committee and for having sent us your brief. We understand you have not had time to translate it into French, but I imagine most of the French members here will be able to read the English version and, if necessary, I will try to help them.

From my conversation with Mr. Skinner this afternoon I understand he wishes to be permitted to read his brief, which will take only 18 minutes. That will give members a little time to prepare questions to put to the witnesses.

Mr. Skinner, would you care to begin, please?

**Mr. Brian Skinner, President, Brian Skinner Communications Ltd., and Spokesman, Agency Forum Committee on Nationalism:** Mr. Chairman and honourable senators, thank you for the opportunity to talk to this committee. I shall now read the brief:

Agency Forum was started three years ago to offer the principals of small and medium sized advertising agencies the opportunity to examine areas of common interest and concern.

The membership is comprised of the principals of 52 such advertising agencies. Similar forums are now active in Montreal and Calgary.

Some of the material presented here was presented in January, 1973 to the Ontario Select Committee on Economic and Cultural Nationalism.

Scope: While we realize that this committee's area of interest is with the importation of television and radio advertising and we will limit our comments to this, nevertheless the same inequities that prevail in these media also prevail in all others as well, including newspaper, magazine, outdoor, direct mail, point-of-sale and collateral material. An examination of these other areas would re-

veal similar unfair practices as are apparent in broadcast advertising.

Throughout this brief when we talk of companies, both foreign and domestic, we are referring to firms that have a product, commodity or service to sell to the Canadian public or business community, i.e. clients. Unless specifically stated, we are not referring to advertising agencies since they are in a third-party position between client and consumer, and will do as they are directed by the client.

The cause: "O'Canada, We Stand On Guard for Them."

Canadians are a truly unique people. Not the least of our difference is the intrinsic insecurity that leads us to give advantages to foreign based companies that we do not give to our own companies. We seem determined to make sure that others will do better in our market than we can do ourselves. We are like the nervous host who lavishes his guests with hospitality and then starves his children.

As things stand now, foreign based branches can import, at almost no cost, whatever advertising production components they may require in order to duplicate their parents' advertising in Canada without production expense. A Canadian company competing with these firms in Canada must, of course, pay the full cost of producing any material it requires. The net result of this is that it costs a Canadian company more to reach its own market than it does foreign owned competition. As long as off-shore companies can dump their advertising in Canada at almost no cost, Canadian companies will be at a distinct, competitive disadvantage, because they will not have an equal opportunity to reach their own market and fulfil their market potential. This tends to stunt Canadian companies and inhibit their growth, particularly in any of the more competitive segments of the market.

As previously noted by Senator Buckwold, and in my original brief, the cost of importing a one minute television commercial is \$64.80. This is in no way related to the actual cost of producing the completed commercial, but is based on a constant evaluation of \$324, with the duty being 20 per cent of that \$64.80. A Canadian company cannot even buy the most primitive commercial for \$64.80. Large foreign based companies can afford to produce pools of commercials costing hundreds of thousands of dollars, which they use in their own market and also dump into Canada at nearly no cost.

With radio commercials it is the same story. A whole reel of taped commercials, regardless of how many actors, singers, musicians, announcers, et cetera, are used in its production, costs only 80 cents in duty to import. A Canadian company cannot even buy a blank reel of tape for that amount.

Similar inequities are true with the importation of all advertising production components. The duty is based on the lab cost of reproducing a duplicate, not on what the original item actually costs to produce.

This gives foreign based firms a nearly insurmountable advantage over domestic Canadian firms by enabling them to flood our country with advertising they do not have to pay to produce. In the name of "free trade" we are penalizing Canadian companies by giving them less than an equal opportunity in their own country. Foreign firms encourage the notion that this is free enterprise; but, of course, it is only free to them.

**The Amount:** To my knowledge there are no definitive figures on just how many television and radio commercials are imported into Canada for use in whole or in part on Canadian media. But a recent survey of television commercials by the Joint Broadcast Committee of the Association of Canadian Advertisers and the Institute of Canadian Advertising shows that of 772 commercials on the air in a one-week period one-third of them or 284 commercials were produced outside of Canada. And this represents commercials from only the 20 advertising agencies in the study and the study is representative of only what commercials were running during that one week of the test.

Previously we have used the example of a "Merrill Lynch is Bullish on Canada, nee America" commercial that cost \$90,000 to produce and \$64.80 to import. If we allow an average production cost of just \$30,000 per commercial, then the 284 commercials from a single week out of the year would represent a better than eight-and-a-half million dollar advantage foreign firms are given over Canadian companies. And that is not the whole of it.

**The Solution:** We call on our government to publish and enforce "guidelines for good corporate citizenship" as a key component in a business strategy designed to support and encourage Canadian business initiative. This would spell out how foreign based companies should operate in our country, stressing the ethical considerations they must be prepared to follow if they wish to do business here.

One of the guidelines should be that they agree not to import any advertising or marketing production components in order that they will not have an unfair advantage over domestic industry and at the same time to stimulate our own cultural and communications communities.

We believe that most responsible companies would comply without complaint. Indeed many would be delighted to have published ethical ground rules by which to operate. Our experience is that very often branch companies here do not wish to pick up foreign produced material because they believe they can create more suitable advertising here, but they are forced to do it by their head offices. This would support those more independent-minded managers and enable them to produce their own Canadian-oriented campaigns.

If some companies persist in the practice, then they should be cited as bad corporate citizens. We doubt if there are many responsible companies that would risk this stigma in order to save some money on advertising production costs.

We feel that the people of Canada in general and the business community in particular would welcome such an initiative by our government, in that it would be giving very positive leadership and direction and an ethical basis without resorting to restrictive legislation. It would be the start in the development of a business strategy that could do much to help small businesses and entrepreneurs across the country. And it would help retrieve for Canadians a greater measure of their cultural and commercial independence.

**The Effect:** The result of this would not only be the equalization of competition so that an equal opportunity of free and fair enterprise can exist in Canada, but foreign firms would have to buy this material in Canada at the same price Canadian firms must pay for the same thing. Foreign companies would then have to spend, literally, millions of dollars from their advertising budgets on a particularly labour intensive, talent intensive area of our economy. This will create a great many well-paying, highly-skilled jobs in the communications industry. It will necessarily sharpen our management, creative and communications skills and, to a far greater extent than it is now, it will put into Canadian hands the opportunity to control and create their own business and cultural climate at least as far as advertising is concerned.

**Who Will Benefit the Most?** Besides industry in general, the single group that would gain the most by such an initiative is the particularly vital creative community that to a very large degree support their art with commercial opportunities, if and when they can be found: writers, artists, musicians, actors, photographers, movie producers, plus the thousands of people involved in the technical and support services—art, engraving and television production houses, broadcasting, recording, film processing, marketing research, modelling, set designs, choreography, special effects, and on and on through the whole world of art, entertainment and communications skills.

They are the kind of skillful, challenging, well-paying jobs that our young people want. But, as things stand now, only a relatively few will be able to enter this industry and make a satisfactory living. It need not be that way at all.

An infusion of the \$8½ million from a single week of television commercials, as noted earlier in the brief, would have a tremendously significant effect on television production and related services. This, combined with our other television commercial production for the year, plus our radio production and, ideally, all advertising production components from other media, would result in the creation of literally thousands of highly-skilled, well-paying jobs.

Eliminating the importation of advertising components would not give any advantage to Canadian firms over foreign firms. That would be discriminatory. Indeed, U.S. firms would still retain a huge marketing edge with all the television, radio and magazine spillover advertising from the States over which we can never have any control. Foreign firms would not, and should not, pay more or less than Canadian firms must pay to do business in Canada. Only when their costs are the same will we have equal opportunity for both free and fair enterprise.

With respect to an emerging Canadian style, the Gray Report states that:

...the political and economic strength of a nation consists largely of its ability to create a distinctive cultural, social and political milieu which fosters indigenous initiative and innovation.

Will we be ourselves? Canada is today the best possible country in which to live. We are blessed with extraordinary advantages—huge natural wealth, dazzling natural beauty, nearly limitless space, a variety of races, problems which can still be isolated and solved, an evolving system of democratic government which is among the best in the world. And, what is perhaps most exciting of all, an emerging Canadian style.

Canadians have always had a tendency to flirt with the sometimes overwhelming allure of the American style. But recently we have watched in horror and widespread disillusionment as our American cousins acted and reacted in ways that we believe, perhaps a little smugly, that we could never do. Canadians are emphatically not Americans, and most of us don't wish to be. We are not anti-American, we are simply non-American. Now, lacking a model that we care to copy, we must create our own style. And we are doing it.

We will always be bombarded from across our border with a constant barrage of American style television, radio, magazines, books, movies, advertising and propaganda of every type. We cannot stop it. We would not stop it. What runs in American media can easily be recognized as American and as such stands as a continuous comparison for us to evaluate and accept or reject.

Creating a Canadian style: Advertising does not set out to create a culture, but seeks to be an integral part of that culture, reflecting what we wish it to be in a somewhat idealized manner.

Our advertising should reflect our human condition, our needs, our environment. This will not plunge us into shallow chauvinism. We are part of the world and have no wish to escape it. But we will make a more significant contribution to that world if we participate in our own style.

By importing large amounts of advertising production components, we are not only placing domestic industry at a distinct disadvantage and limiting the creative opportunities for Canadian business and arts, but we are also inhibiting the development of a uniquely Canadian style by passing off American reflections in Canadian media as being our own.

If we are determined to resist absorption of Canada into the general cultural pattern of the U.S and wish to encourage the emergence of our own style, then we should harness the considerable power of advertising and have it work for both our cultural and economic benefit rather than against it in both cases.

**The Cultural Effects:** When the CRTC established its Canadian content regulations for radio, the fast buck operators who couldn't care less to whom they sold themselves—or us—cried, "Disaster! Canadians can't do it!" The result? The emergence of Canadian recording industry with Canadian talent being heard for the first time and ancillary production services that are thriving. And so, incidentally, are the fast buck operators.

A much greater cultural impact than that could be sustained if we gave Canadian talent the opportunity to have access to their own country in the significant amount of advertising that is not produced here. This opportunity can only be provided by our government.

A little over one year ago Mr. Pierre Juneau, Chairman of the CRTC, warned the Association of Canadian Advertisers that it was important for the members to have all their radio and television commercials produced in Canada. Since that time, according to the ACA's own study, there has been less than a three per cent increase in the number of commercials produced here. It would seem that the perpetrators of this inequity have had fair warning but haven't done anything about it.

**The Business Effects:** We emphatically believe that this proposal will not cause any undue dislocation of or strain on U.S. companies operating here. In many cases it would merely result in a shift of advertising dollars from the media budget to the advertising production budget. But this is a significant shift because it means the money will be spent in the technology-intensive, talent-intensive end of the marketing spectrum.

Jean-Jacques Servan-Schreiber in "The American Challenge" argued that national sovereignty depends on developing an independent technological and scientific capability. This he described as "the leading edge of technology." In marketing, the leading edge of technology that a country should always retain for itself is the creative input.

This is where the action is, where the ideas and innovation come, where the sparks fly, and there is a premium on freshness and originality and better ways of doing things, the kind of jobs that challenge and demand, the kind of jobs our children want.

**The Effects on Advertising Agencies:** This would not result in increased business for advertising agencies, but it would result in increased competition. Those agencies, both Canadian and U.S., that are creatively capable will thrive. Others that have grown soft by simply picking up large amounts of U.S. created material will have to beef up their creative departments and learn to communicate as well with the public as they do with their head office, or suffer the consequences.

Advertising agencies tend to be very obedient to the client's wishes. If the client tells them to pick up advertising from their head office, they will generally be quite happy to do it, because it saves them the time and trouble of going through the difficult creative process. If the client tells them to create and produce their own advertising, then they will do this as best they can.

Therefore, it is not just the agencies but the advertisers as well who should be made to play by the ground rules.

**Conclusion:** We sincerely believe that the overall result of implementing this proposal would be freer trade in a fairer market that more closely reflects a cultural milieu created by ourselves.

We also believe that if Canada is not soon to become simply a marketing module in a multinational society with head offices in New York, now is the time for our government to act.

**The Deputy Chairman:** Thank you, Mr. Skinner.

Now, perhaps some members of the committee would like to ask questions.

**Senator Laird:** Mr. Skinner, I want to make sure that you are not proposing a complete ban on foreign-produced commercials. Am I right in that assumption?

**Mr. Skinner:** No. I am indeed proposing that.

**Senator Laird:** You are?

**Mr. Skinner:** Yes, sir.

**Senator Laird:** That sort of thing invites reprisals. Is it not a fact that we produce a considerable number of commercials in Canada which are exported?

**Mr. Skinner:** No, sir.

**Senator Laird:** Well, I am informed otherwise. I do not have the figures, but I have asked for them. You are suggesting that we are not producing any substantial quantity of commercials which are exported.

**Mr. Skinner:** We are, indeed. From time to time American commercials are produced in Canada, but I do not think that they are produced in significant numbers, sir.

**Senator Laird:** Well, we will have to get the figures on that later. Speaking of figures, we have another brief, from the Association of Canadian Advertisers Incorporated, who have not yet appeared before us, and they have an appendix containing a rather significant table showing that the production of commercials in Canada has steadily increased from 1968 to the present time. During that time it has increased from 61 to 67.8 per cent. Isn't that a good sign that without government interference the production of Canadian commercials is, in fact, increasing?

**Mr. Skinner:** No. I could not agree with you at all. I think that is a snail's pace increase. That is an increase of 6 or 7 per cent over four years. I would not agree that that is satisfactory.

**Senator Prowse:** It is less than 2 per cent per year.

**Senator Laird:** In other words, you feel it should be higher right now?

**Mr. Skinner:** Yes, sir.

**Senator Laird:** And that it should increase more rapidly?

**Mr. Skinner:** Absolutely.

**Senator Laird:** In fact, to follow your argument right through, it should be 100 per cent just as soon as possible.

**The Deputy Chairman:** Do you have in mind a set time in which to reach that 100 per cent, or do you feel you should achieve it in three, four or five years?

**Mr. Skinner:** I believe that if the government followed the recommendations and guidelines it would come close to that immediately.

**Senator Buckwold:** I would like to thank Mr. Skinner for a very interesting presentation. I am interested in the "guidelines for good corporate citizenship," and would like you to expand a little. Is it your suggestion that there

should be voluntary guidelines, which the government should set and the names of violators would be published as poor corporate citizens?

**Mr. Skinner:** Yes, sir.

**Senator Buckwold:** Do you really believe that would be effective?

**Mr. Skinner:** For the most part I believe it would for responsible companies.

**Senator Buckwold:** By whom would the guidelines be laid down? Would it be the CRTC, the Government of Canada...

**The Deputy Chairman:** By means of legislation?

**Senator Buckwold:** ... or through legislation? I am just endeavouring to relate in my mind how these would work. We had experience with them in the wage and price control guidelines, which were really not that effective.

**Mr. Skinner:** I am more hopeful that our industry would respond better.

**Senator Buckwold:** You do not believe, then, that these should be regulations laid down by the CRTC in similar fashion to those governing Canadian content?

**Mr. Skinner:** In my opinion, the CRTC would be the most effective body to implement it instantly because, indeed, they now control the broadcasting industry. However, we would like to go beyond just broadcast advertising because, in our opinion, the same problem exists in print and other forms.

**Senator Buckwold:** Of course, this committee is concentrating on the impact of TV and radio commercials.

**Mr. Ivor Downie, President, Downie Advertising Limited, and Moderator, Agency Forum:** That is right, senator, but our group is interested in the impact of all advertising content.

**Senator Buckwold:** Would you consider the guidelines in regard to this particular aspect of the industry should be in the form of CRTC regulations?

**Mr. Skinner:** I am not really able to suggest the governmental mechanics for the most effective implementation of the recommendation. It is beyond my competence to suggest whether it should be simply published regulations with which all companies would agree to comply, an act of Parliament or some other means.

**Senator Buckwold:** I gather from your brief that you suggest some kind of voluntary, goodwill effort on the part of the industry, which I doubt personally would be effective.

**Mr. Downie:** From the point of view of an advertising agency, it has been our experience that most corporations desire to be good corporate citizens, especially today in view of problems connected with pollution, consumers' associations and women's lib. They do not enter a market, whether it be American, Canadian, French or German, without endeavouring to be good neighbours in the country concerned.



**Senator Buckwold:** Personally, I would disagree. Sometimes even in connection with the environment and pollution, ultimately regulations involving severe penalties must be imposed.

**Mr. Downie:** In the end, perhaps that is right.

**Mr. Skinner:** I would consider this suggestion to be a good first step, in the manner of a warning.

**Senator Buckwold:** Could this be achieved by a different method of valuation for duty?

**Mr. Skinner:** That would involve changing the GATT treaty and the mechanics involved therewith, which, from the little I know of it, sounds like a formidable operation.

**Senator Buckwold:** Normally, an imported product is valued for payment of duty on the costs of production, whereas in this field that is not so.

**Senator Prowse:** But the payment presumably reflects the cost of the product; if not, it would come under the anti-dumping laws.

**Senator Buckwold:** Here the payment is really just on the cost of producing a reproduction, which is a very minimal amount.

**Senator Prowse:** In other words, this might quite properly be described as dumping because the price does not reflect the actual production cost.

**Mr. Downie:** In broadcasting there is no doubt that CRTC regulations would be the instant method. You are suggesting that we are too soft in our proposal.

**Senator Buckwold:** I would like to discuss your ideas with respect to the impact on a so-called Canadian identity of made-in-Canada advertising, as opposed to foreign-made advertising. You referred to the cultural impact.

**Mr. Downie:** There must be an impact on children, in view of the recent children's code.

**Senator Buckwold:** I would like a more in-depth discussion.

**Mr. Downie:** Our example in our brief to the Ontario Select Committee on Economic and Cultural Nationalism was the Merrill Lynch commercial. We mentioned that as an outstanding example because the production costs were \$90,000. Whether Canadians, Americans or Brazilians see a bunch of bulls—that commercial was shot in Mexico—running across the hills towards them and the sign says "Merrill Lynch is Bullish on Canada", it is not a Canadian or American life style. Think of the Dodge red-neck sheriff saying, "Don't sass me, boy!" Canadians do not relate to that unless they have been to Georgia. That is part of the ability of advertising to illustrate a form of life in a country and reflect what is going on. Americans relate to that type of person. If that commercial were brought here and a Mountie used, he would not say "Don't sass me, boy!" That is a better indication of advertising content and what its effect can be.

**Senator Laird:** Do you object to a southern accent?

**Mr. Downie:** No, I do not.

**Senator Laird:** I rather like it.

**Mr. Downie:** I object to the red-neck sheriff stopping me down there though.

**Senator Buckwold:** I think the senator likes it so much that he is going to marry one.

**The Deputy Chairman:** That is right. It will be this week; it is no longer a secret.

**Senator Buckwold:** With respect to the question of impact, which I consider to be fairly crucial, we have discussed the following three ideas: one is opportunities for Canadians; the second is the competitive position of Canadians versus foreign-owned firms; and the third is the impact for the Canadian identity, which I believe is important for some of us. I do not believe we have explored those aspects of the problem.

**Mr. Skinner:** It is a very difficult area, because style by its very essence is full of imponderables. The difference between Canadians and Americans is not that great; we are very similar to Americans. However, when we make a television commercial we try very hard to show the reality as we know it, and we would be showing more Canadian realities than by simply picking up those shown by an American copywriter as American realities. The differences are subtle, however, and again it is purely a stylistic consideration.

**Senator Prowse:** I would like to discuss the Merrill Lynch commercial as an example. I saw this statement "Bullish on America" first in the United States. It took me a little while to understand it because I do not play the market, but for years I have known that there are bulls and bears. One, I take it, bucks the price up and the other claws it down, if that gives the correct understanding of being bullish on America. I would think that is Merrill Lynch talking to just one segment of the population, to people who know the difference between bulls and bears and its particular application to the investment market.

**Mr. Skinner:** They are talking to the investors' market.

**Senator Prowse:** I imagine that our investors use exactly the same terms, so that it would be as effective on Canadian investors as it is on American investors. If it were made in Mexico, where are we?

**Mr. Skinner:** It was produced by a U.S. production company.

**Mr. Downie:** We use that commercial to illustrate the production costs.

**Mr. Skinner:** If you were a Canadian stock broker and you wished to advertise on television, you immediately start out by being down \$90,000 to your competitor down the street.

**Mr. Downie:** To match the quality of that commercial.

**Senator Prowse:** That is why stock brokers do not advertise on television!

**Senator Buckwold:** Could we get into the job creation aspect of this?

**Senator McElman:** Is it any better to have Toronto-produced slop in commercials than American-produced slop?

**Mr. Skinner:** Yes; at least it is our slop.

**Senator McElman:** That's fine. Is the industry really showing any indication that it is out to produce something that does not insult the intelligence of the viewer every time he may turn on his set? He is treated as a seven-year old idiot by all those who are producing advertising in this country. In other words, which is best, Toronto-produced slop or American-produced slop?

**Mr. Skinner:** That is a blanket indictment of the whole industry. I am sorry you feel that way, senator. We try very hard to do effective and rewarding commercials. There will undoubtedly be lots of them that you do not like, but I can assure you that a lot of skill, good taste, and good motives go into making many commercials.

**Senator McElman:** Is it not true that one of the criteria in producing commercials is to anger people sufficiently so that they will remember?

**Mr. Skinner:** No, sir.

**Senator McElman:** Why is it, then, that so many of the people involved in the advertising production game flaunt this myth continuously?

**Mr. Skinner:** I do not know any professional who does, sir. We go to a lot of expense and trouble to avoid that at all possible cost. I do not know of anyone who tries to irritate or anger their audience.

**Senator Forsey:** They succeed pretty well.

**Mr. Downie:** We write advertising; that is our side of the business. The question we used to get was, "Isn't it true that everything you create is aimed at an 11-year old child?" I think you used the number seven. I think the number we used to get was 11.

**Senator McElman:** It has gone down lately.

**Mr. Downie:** It is not true at all, sir. I can tell you exactly what we would try to do in the Merrill Lynch commercial. If, indeed, I had the Merrill Lynch account and was trying to appeal to stock market investors, I would try to imagine the people I know who are logical customers of Merrill Lynch that I might be able to sell, or to those coming to Merrill Lynch from some other broker; or your client might be trying to attract people who have never been in the market to come into the market. That is how you write commercials. You do not think of someone's 11-, 14- or 17-year old son in trying to write a Merrill Lynch commercial.

**Mr. Skinner:** Or any commercial.

**Senator Buckwold:** I would think that the level of advertising is about equal to the level of programming; but I suppose that is a whole new field.

**Senator Forsey:** You sometimes get that awful business of those Mexican bandits right in the middle of "The Forsyte Saga." Just as they are at a most crucial, heart-rending moment, you get someone coming on and saying,

"Man, that's coffee!" That's an outrageous insult to the viewer.

**Senator Buckwold:** I would like to talk about the industry that would produce these commercials, and your enlargement of the effect on the industry. We have other briefs, some of which say that perhaps the effect, in so far as job creation and opportunities for Canadian talent in a variety of skills is concerned, would be more limited than we think. Could you comment generally on that subject?

**Mr. Skinner:** For instance, on that calculation of \$8.5 million, if there were another 284 television commercials made in Canada that were not made before, that would indeed employ a good many talents.

**Senator Buckwold:** Have you any idea of how many might be employed?

**Mr. Skinner:** It varies. On a good size television commercial it is not an exaggeration to say that you will have 100 people employed, not constantly from beginning to end but involved in the making of a television commercial. It is really quite an industry. There are many people who make a very good living doing this.

**Senator Buckwold:** In the making of these commercials, we see that 67 per cent are made in Canada. That figure is perhaps a little misleading in the use of statistics. I would think—correct me if I am wrong—that it does not really indicate the price tag. In other words, that 67 per cent would include all very low budget commercials made in Canada.

**Mr. Skinner:** We have no idea what commercials they are talking about.

**Senator Buckwold:** It would relate to the impact of the commercial on the time slot which was used, or the number of times it was used. Can you give me any more indication in this field? Sixty-seven per cent Canadian-made does not seem too bad; but my concern is, of that 67 per cent, what is the real meaning in so far as costs, exposure, et cetera, are concerned?

**Mr. Skinner:** I cannot answer that; I do not know the commercials. We are simply giving statistics.

**Mr. Downie:** There are no industry figures. We tried to get them for our appearance before the Ontario committee. Those are the only figures that exist. We made our dollar points using those figures. We are not suggesting they are incorrect. I think your point is interesting, senator.

**Senator Prowse:** Of your advertising commercials, I presume you took selected stations and advertisers and were told that many of the commercials were Canadian produced.

**Mr. Skinner:** They went through 20 advertising agencies and asked them, "Of the commercials that you had on the air this week"—they could be 50 stations or one station—"what is the percentage of breakdown of Canadian versus U.S. production?" In that week those 20 agencies had a total of 772 commercials, of which 280 were American-produced. The rest were Canadian.

**Senator Prowse:** It could be interesting to look at the types of commercials that were Canadian-produced. Do you know where the Volkswagen commercials and the Volvo commercials are produced?

**Mr. Skinner:** The Volvo commercials are produced in the U.S. The Volkswagen commercials are Canadian.

**Senator Graham:** Is there any particular field in the automotive industry, or some other similar type grouping, from which this 284 figure would come?

**Mr. Skinner:** I do not know. Again, we have no idea specifically what commercials. There are certain industries which tend to use more U.S. production than others. For instance, the oil and gas industries tend to produce all of their commercials here. I think the reason for that is because they have bigger fish to fry up North and there is no way that they are going to irritate Canadians by running a U.S. advertisement. The cosmetic industry, hair preparation, and that type of thing tend to be solidly U.S. production.

**Senator Davey:** Mr. Chairman, first of all, I should like to make some inquiries regarding Agency Forum.

You say the membership of Agency Forum is comprised of the principals of 52 such advertising agencies. How many employees, in round figures, would that involve?

**Mr. Downie:** That is part of a survey which we are conducting, Senator Davey, and it is not yet complete. They range from a one-man shop to such agencies as Darcy McAnnus, and, indeed, Peter Hunter from McConnell is also a member of Agency Forum, and his agency would run into a couple of hundred people. Let me guess and say that there would be a thousand employees involved in the 52 member agencies.

**Senator Davey:** That is in Agency Forum, not including Montreal and Calgary?

**Mr. Downie:** That is correct. We are just now starting our liaison with the Montreal Agency Council.

**Senator Davey:** What would be the total dollar billing of Agency Forum?

**Mr. Skinner:** It would be very small, senator. In terms of ICA billing vis-à-vis the Agency Forum billing, it would be minuscule.

**Senator Davey:** I would like to relate back to a question Senator Laird put to you regarding advertising commercial production done in Canada for the American market.

Would the various member agencies of Agency Forum do any advertising production at all for the American market?

**Mr. Downie:** I know one of our members, a company called Kaleidoscope, has CBS Radio in New York as an American account. That is the only one of which I am personally aware.

**Mr. Skinner:** Some members do have American clients.

**Senator Davey:** The point I want to get at is, how much work would these agencies do for the American market?

**Mr. Skinner:** Very little.

**Senator Davey:** So that any work that is done is done by the larger agencies?

**Mr. Downie:** Any Canadian work that is done for the American market?

**Senator Davey:** Work that is done in Canada for the American market.

**Mr. Downie:** The U.S. agency would come up and use our production facilities.

**Senator Davey:** One of the arguments which this committee is going to hear is that there will be a reprisal by the Americans, and the vast volume of work being done in Canada by Canadians and Canadian agencies for the American market will cease to be. I do not think there would be such a reprisal, but if there was such a reprisal, would that be of particular concern to the members of Agency Forum?

**Mr. Downie:** No, senator. You are suggesting that commercials are created here for the American market, and we are suggesting that that is not the case at all.

**Senator Davey:** But that suggestion has been made to the committee and, no doubt, will be made again.

At page 3 of your brief you talk about the situation prevailing in other media, and you mention newspapers, magazines, outdoor, direct mail, and so forth. Is Agency Forum doing anything to move in this direction as it relates to the problem of Canadian production?

**Mr. Skinner:** This brief is a revised version of the brief presented to the Ontario Select Committee on Economic and Cultural Nationalism, and there we talked in terms of all media.

**Senator Davey:** But you did not make specific recommendations in that brief?

**Mr. Skinner:** We did not make guideline recommendations.

**Senator Davey:** Do you have a brief dealing with recommendations for other media?

**Mr. Downie:** That will be the subject of a continuing committee of Agency Forum.

**Senator Davey:** I think the point you make at page 3 is perfectly valid. Everyone is talking about it, but no one is doing anything about it.

**Mr. Downie:** I think we are waiting, senator, for the Province of Ontario committee report.

**Mr. Skinner:** We are also doing it through such forums as this committee.

**Senator Davey:** When do you expect that report?

**Mr. Downie:** It was expected in April, but now it is going to be mid-summer.

**Senator Davey:** I will direct my next question to the chairman. On page 7 of the brief there is reference to a study conducted by the Joint Broadcast Committee of the Association of Canadian Advertisers and the Institute of Canadian Advertising. Do we have that study, Mr. Chairman?

**The Deputy Chairman:** We have received that study, Senator Davey, but it has not as yet been distributed.

**Senator Davey:** I think if the members of the committee could see that study it would be very helpful.

**Senator Forsey:** Is that this brown document?

**The Deputy Chairman:** No, we have not received it. I was referring to that one.

**Senator Davey:** I think perhaps we should get that study.

**The Deputy Chairman:** Yes.

**Senator Davey:** I must confess I was a little taken aback, as Senator Buckwold was, at your reference on page 8 to guidelines. Do you not feel we need something more than guidelines? At page 9 you say:

If some companies persist in the practice, then they should be cited as bad corporate citizens. We doubt if there are many responsible companies that would risk this stigma in order to save some money on advertising production costs.

Do you really believe that? That is kind of naïve, is it not?

**Mr. Skinner:** That is the best solution we could arrive at, senator. I should like to see a much stronger thing than that, but I do not know how we could do it. That is your area of operation rather than mine.

**Senator Davey:** But it is interesting that you would suggest that guidelines and a stigma which might attach would be sufficient. I am curious that you would suggest that.

**Mr. Skinner:** I should like to see that tried. I believe that business will generally respond positively if given good direction. If they realize that if they do not play ball, then they will be stepped on, that would be a first step. I would like to see how business responded to it.

**Senator Davey:** If time allowed, I would like to pursue that, but I do not think there is sufficient time.

There are two or three other questions I should like to ask. I should like to pursue a line of questioning put by Senator Buckwold.

The people who might disagree with the position which you take would probably argue that the savings which would result from such legislation or recommendations, or guidelines, might not necessarily result in the desired effect which you want, which is increased production of television and radio commercials in Canada. If we had this kind of a guideline, international agencies and others might look to use their money in other ways. In other words, they might go to another media—they might go into print, for example. How do you respond to that?

Why are you certain that the money would stay in radio and television production?

**Mr. Skinner:** That money is being spent for very pragmatic reasons; it is being spent to market their products.

**Senator Davey:** Yes, but let us take the Merrill Lynch advertisement as an example. If they could not bring that commercial in for \$68.40, they might decide, rather than to spend the money on radio and television advertising, to put it into something else. They might not necessarily decide to make a "Canadian commercial". This, again, is an argument that we are going to hear. How do you respond to that?

**Mr. Skinner:** That would happen. There would be people who would no longer be able to afford television advertising, presumably, if they could not get free television commercials. There would be media shifts, undoubtedly.

**Senator Davey:** Do you think that advertising agencies have a social responsibility?

**Mr. Skinner:** Yes, senator.

**Senator Davey:** I will not pursue that any further.

At page 14 you refer to an "emerging Canadian style." What is that "emerging Canadian style," as it relates to the advertising industry?

**Mr. Skinner:** It is the opportunity to do work here.

**Senator Davey:** It has nothing to do with the content of the advertising? I am not as pessimistic as Senator McElman about the content of advertising. He refers to things done in the United States and in Toronto, and so on, as slop. I do not take that point of view. However, I should like to know, along with Senator Buckwold and some others, what this "emerging Canadian style" is. Surely the production of advertising in Canada is not a Canadian emerging style? Let me put it this way: Is there an emerging Canadian style in advertising?

**Mr. Skinner:** No, not particularly. There is not a Canadian school of advertising.

**Senator Davey:** Don't you think that there should be?

**Mr. Skinner:** No, I do not. Our business has a lot of this kind of thing. Fads run through our business, styles of doing things that tend to bring a sameness into a lot of advertising. Something successful will be done and then other less skilled people will start to copy. You see these little fads going through our business.

**Senator Davey:** Surely, Mr. Skinner, you are not suggesting that we should be concerned, because of increasing work done in Canada, simply for the sake of the people who will be doing the work? Surely, all through your brief you make the point that we are not Americans, that we are somebody else, that for all our friendliness and similarities we are somebody else. Surely, advertising is one way of demonstrating that we are somebody else, but I am afraid you do not seem to think that is happening.

**Mr. Skinner:** Not in terms of a Canadian school of advertising, as a sort of unique way that Canadians approach the making and the producing of an advertisement. I would be against that sort of thing, simply because it is limiting. In terms of the advertising reflecting ourselves and how we are, I indeed believe it should.

**Mr. Downie:** The reference to the emerging Canadian life style is just that point. If advertising is a mirror and reflects or assists style, and style ultimately becomes culture, then there is an emerging life style. It is nicer to be a Canadian this year than it was 20 years ago; everybody is "up" on being a Canadian. If the Coca-Cola company decides it can sell Coca-Cola with the theme that was created, "Things go better with Coke," and use that in Australia, the States, Japan or wherever they go, we are not saying that when they come to Canada it will not sell Coca-Cola to Canadians, because it might; but you are going to shoot Canadian actors in the Rockies and Newfoundland, singing about it in our country. That in itself does not make anybody wave a flag about being a Canadian, but it all helps.

**Senator Davey:** I agree that there is an emerging Canadian life style, and I think it is regrettable that the Canadian advertising industry has not discovered that fact yet, to the extent that it has not.

On page 21 of your brief you refer to the effects on advertising agencies, and you say:

This would not result in...increased competition. Those agencies, both Canadian and U.S., that are creatively capable will thrive. Others...have grown soft by simply picking up large amounts of U.S. created material.

Would you identify those other agencies that "have grown soft by simply picking up large amounts of U.S. created material"? I think that is a fair question.

**Mr. Downie:** It is, I guess.

**Mr. Skinner:** It is a question I would rather not answer.

**Senator Davey:** If it is not a fair question, I will not put it. I think it is a perfectly fair question.

**The Deputy Chairman:** Would you care to comment?

**Senator Davey:** I do not want to persuade the witness. If you do not want to answer it, don't. I am just curious to know who you meant.

**The Deputy Chairman:** You do not have to answer it.

**Senator Davey:** Do you have specific people in mind? It is not just a throw-away line?

**Mr. Downie:** No.

**Mr. Skinner:** There are agencies in Toronto that, for instance, do not have a creative department; they have no creative capability at all.

**Senator Davey:** Would you give me an example of that?

**Mr. Skinner:** There is an agency named Ross Roy.

**Senator Davey:** That is an American agency.

**Mr. Skinner:** Yes.

**Senator Davey:** That is a service agency, is it not, for Chrysler, I think?

**Mr. Skinner:** Yes.

**Senator Davey:** That is the kind of thing you have in mind, is it?

**Mr. Skinner:** Yes.

**Senator Graham:** Have you ever before conducted a survey such as you refer to on page 7, where you say:

...of 722 commercials studied, one third of them or 284 commercials were produced outside of Canada.

**Mr. Skinner:** This is an ACA study. It is the same one that your committee is going to get. All I have is a single page. They have it from 1968 to 1972. It shows a breakdown.

**Senator Graham:** You talk about the average production cost being \$30,000 per commercial. That is U.S.?

**Mr. Downie:** No, that would probably be an average here.

**Senator Graham:** Is the cost of production, the average cost per commercial, in Canada and the United States approximately the same?

**Mr. Skinner:** No. Commercials tend to be cheaper here than in the States.

**Senator Graham:** So really you are talking about United States dollars.

**Mr. Downie:** No.

**Senator Prowse:** Is that U.S. produced commercials or Canadian produced commercials?

**Mr. Skinner:** Just hypothesizing, I picked a figure out of the air as a reasonable average cost.

**Senator Graham:** In other words, if those commercials were produced in Canada that would be the cost?

**Mr. Skinner:** No. They would probably produce for somewhat less than that, the same given commercial.

**Senator Graham:** I should like to raise a question with reference to what Senator Laird asked earlier about the time element. You said that you would like to see these proposals put into effect 100 per cent immediately. Do you think that is realistic?

**Mr. Skinner:** No.

**Senator Graham:** It would sound more credible to me if you had said that because of technical problems and the lack of trained personnel, the changeovers and everything like that, it would be more realistic to suggest that this would be possible within, say, five, seven or ten years?

**Mr. Skinner:** Oh no, I would say a much shorter time.

**Senator Graham:** Or three years?

**Mr. Skinner:** I would say no more than a year, and that would be the maximum.

**Senator Prowse:** In a year?

**Mr. Skinner:** Yes. The biggest difficulty would be companies that have complete United States tools. If you suddenly obsoleted the commercials or said, "You can't use any of these commercials," they would be in a very difficult position, and it would be unfair to change the ground rules quickly.

**Senator Graham:** This troubles me, because it seems to me that if you had technical and trained personnel, professionals, ready to go to work tomorrow and the government instituted a law saying, "Look, from now on it is 100 per cent Canadian," even the changeovers and accounts would take longer than a year.

**Mr. Skinner:** Perhaps I am optimistic, but I would think it could be done in a year.

**Senator Graham:** You have to put these things in the bin and start producing them.

**Mr. Skinner:** In the recording business they found at first that there was a fair amount of dislocation. We simply did not have very many good sound-recording studios, and there was that sort of problem. In the short time since then we have developed a good many sophisticated sound studios, and the talent has come up to fill them as well.

**The Deputy Chairman:** Some doubts have been raised in certain quarters that in Canada we do not have the proper facilities or skills to translate the marketing concepts of advertising agencies to the television screen. What is your experience of that? Could you comment on that?

**Mr. Skinner:** I deny it totally. Yes, we do have the skills; we can do it as well as anybody in the world and compete with the very best.

**The Deputy Chairman:** Right now we have the facilities, the skills, the artists and whatever we need?

**Mr. Skinner:** Yes, sir, we do.

**Mr. Downie:** Yes.

**The Deputy Chairman:** Now?

**Mr. Downie:** Yes.

**Senator Denis:** You say you have the skills. Do you not admit that in many advertising programs Canadian artists always imitate the American programs in some way? Do you agree with that?

**Mr. Skinner:** This happens; it indeed happens.

**Senator Denis:** Do you also agree that some English programs, but mostly French programs, use too much, what I would call slang, or *joual*, or this is used too often? Do you admit that in those English or French programs they use slang language, whether it is for advertising or the program?

**Mr. Skinner:** We do now in our own advertising very often write it in the way people speak rather than in precise English. Again, people do tend to be somewhat sloppy in their syntax and grammar.

**Senator Denis:** Is it a good thing that sometimes we get foreign advertising production in order to have a higher degree of quality? Suppose that in an advertising program in Canada you have some advertising from France in the French language, would it be a good thing, an incentive for the Canadian French, for the French Canadian artists and so forth, to have a better language and in the end get better programs in Canada than we have now? If we could have more of those well done French advertising programs, there would be more competition and the programs would increase in value?

As far as American programs are concerned, those programs are followed by the customers. As you said before, it is no good for Canada, they do not buy those programs. They buy those programs because it is an incentive for customers to buy their products. Senator Forsey spoke about the silly song. You admit that most of those advertising programs are done with silly songs, with no musical value at all, just a silly noise, in order to create an effect so that people will remember the product they are advertising by those songs. If Canada is left alone, with no competition from America or other countries, because it is a small country do you not think that it would be a kind of monopoly of the Canadian? I am talking about jobs that would be created by putting a ban on that. But as we see it, if you agree that many of the Canadian programs in imitation of American, are made of slang, *joual*, if they were alone, there would be no more competition.

**Mr. Skinner:** I do not think there will be a lack of competition, sir. It is a pretty heated up area, and it is always going up.

**Senator Denis:** There is a lot of skill in Canada. You said that most of our programs are imitations of American programs.

**Mr. Downie:** It is not competitive on that basis, sir. An American company that is bringing commercials into Canada does not ask an agency here, whether it be American owned or Canadian owned; they do not ask Canadian writers and artists to prepare a campaign and ask Americans to prepare one, and then compare them and take the one they want. Your idea of competitiveness in that area would not work.

**Senator Prowse:** As long as they can sell the product, through the effectiveness of the advertising, and as long as it is satisfactory, that is what counts.

**Mr. Downie:** Exactly, sir. And there is a tendency on the part of American corporations that import commercials to look on Canada as the northern module of their complete marketing strategy. If there is, we get back to an emerging Canadian life style. If there is not an emerging Canadian life style and these people look upon us as just the same as Americans, that will have a deleterious effect on whatever we have that is going.

I could answer your question on slang or *joual*. We are, I guess, one of the few agencies that have a con-

sultant semanticist and he constantly tells us that usage determines language. There is no more—and I am speaking of the English language in Canada only—slang; it is usage. If the people we are appealing to speak that phrase that way, that is the way we should use it.

**The Deputy Chairman:** The advertisers will tell you what to do.

**Senator Prowse:** And the public.

**Senator Forsey:** It is the lowest common denominator in many cases.

**Senator Denis:** It is anything that catches the imagination of the people, in order to buy the product.

**Mr. Skinner:** That is true.

**Mr. Downie:** I do not think "anything" in the sense that "anything goes".

**Senator Denis:** That is why we have not got high quality advertising.

**Mr. Downie:** I think we do have high quality.

**Senator Denis:** If the skilled people in Canada, or artists and so forth, were left alone, with no competition at all from outsiders, they might increase their fees or their salaries to the point where it would be very expensive for people to advertise.

**Mr. Downie:** The competition, senator, is in selling Coca Cola against Pepsi Cola. It is not an American commercial against a Canadian commercial. It is how much you have sold at the end. That would still exist. Nothing we are suggesting would eliminate that. Creative people see good creative work from around the world. We go to seminars; we go to the New York art directors' show; we get the graphic annuals and whatever books and publications are out; and we see what other countries are doing.

**Senator McElman:** Mr. Skinner, forgetting for a moment the production quality but taking the content quality that is produced by Canadian firms, do you feel that it grades well against that produced by American firms for Canada?

**Mr. Skinner:** Oh yes, it does.

**Senator McElman:** Do you feel that your industry is making its best contribution? You speak of culture and the content of Canadian culture, continually through your brief. Do you feel that your industry is making a useful contribution to the enhancement of Canadian culture—not identity?

**Mr. Skinner:** Ours is primarily a pragmatic industry. We are here to sell the product. That is our main function. But indeed we do, I believe, have a responsibility to the public, in terms of taste and various other things.

**Senator McElman:** What I am asking you now is, do you believe that your industry, now, is making a useful contribution to the enhancement of the Canadian culture?

**Mr. Downie:** To the degree that it is a "follow" industry.

**Mr. Skinner:** We believe that the advertising industry is a key element in making our whole system operate successfully. Its importance there is really in helping commerce to thrive and create competition in different products and choice and variety and these things. That is the kind of direct contribution that the advertising industry makes. I do not make claims for advertising to be the leading cultural agent in the country, or anything like that. It is not.

**Senator McElman:** There is great emphasis in your brief on this aspect of it. What I was trying to get at is, what is your contribution today, is it improving and will it improve, according as greater opportunities are given you? What evidence is there that it might improve?

**Mr. Skinner:** By increasing the opportunities for people to do the work, for Canadians to produce the commercials, we are automatically increasing the number of skills amongst the people by giving them work in that industry.

**Senator McElman:** Basically, I guess the question I am getting at is whether you are really interested in Canadian culture or in "bucks".

**Mr. Skinner:** Well, I think the very fact that we are here, sir, shows that we are indeed interested in culture, because here we are spending our time and it won't change our operations by one dollar.

**Senator McElman:** If the objectives you speak of are reached, you say it won't?

**Mr. Skinner:** It will not change my personal business.

**Mr. Downie:** Nor mine.

**Mr. Skinner:** Indeed, it puts me in a certain amount of jeopardy, because I have American clients.

**Senator Laird:** What will it do? Will it create more employment?

**Mr. Skinner:** That is right. The communications industry now is stunted in Canada.

**Senator Laird:** I cannot follow your argument that it would not increase your profits. I mean, if you have a monopoly of anything—

**Mr. Downie:** We do not produce television commercials, senator.

**Mr. Skinner:** We do not make television commercials.

**Senator Laird:** In other words, you just take them and sell them.

**Mr. Downie:** In my case, I do not do television work at all.

**Senator Laird:** Perhaps it is an unfair question to ask you two, then, because what I am thinking in terms of is, if you have a monopoly in terms of production of anything, then the chances of your making more money are 100 per cent.

**Mr. Skinner:** It is the production houses that produce the commercials.

**Senator Laird:** If it affects you directly, it affects some people whom you, in effect, represent.

**Mr. Skinner:** No, we use the production houses; we buy their production services.

**Senator Laird:** Okay. They are going to be better off. They would be better off if there were a complete ban on the importation of commercials, obviously.

**Mr. Skinner:** Absolutely.

**Senator Prowse:** There would be more Canadian production houses.

**Mr. Skinner:** Absolutely, there would be more Canadian production houses.

**Senator Prowse:** Could Canadians afford to pay the money it is going to cost? Are we not faced with the problem that the American branch plant here keeps bringing in material which is produced in the United States for a market of 250 million people, which is the North American market; whereas the Canadian advertiser, in many instances, has to produce a commercial which he can use only for a Canadian market?

**Mr. Skinner:** That is right.

**Senator Prowse:** It is only when we have access to the American markets and branches down there that we can start to even it up and maybe even get ahead a bit. So, if you put this ban on, would we really be helping the small people who cannot come in and produce a commercial of their own anyway, unless they can get it for \$64.80?

**Mr. Skinner:** That is right, sir. It is not going to suddenly make television production cheaper for a Canadian company to have a television commercial produced.

**Senator Buckwold:** I think we should always remember that the solely Canadian company, one without an American branch operation, is at a very serious disadvantage in trying to compete with its American counterpart which produces its commercials in the United States and shows them in Canada in competition with a Canadian company.

**Senator Davey:** That is the story of Canada.

**Mr. Downie:** That is right, Senator.

**Mr. Skinner:** We would not stop Canadian companies going down to the United States, or around the world or wherever they wanted to go, to shoot television commercials. Nor would we stop an American company coming up here to shoot a television commercial.

**Senator Laird:** That would not help our employment situation.

**Mr. Skinner:** No.

**Senator Laird:** I think that is the important thing.

**Senator Buckwold:** These commercials would not be shown in Canada.

**Mr. Downie:** We would be even in that respect, because they would not be shown here.

**Mr. Skinner:** With respect to your comment earlier about the number of American commercials that are shot up here for the U.S. market, we would allow that. We would say, 'By all means, come up and do that, if you want.' We would also allow our production companies to go anywhere in the world they wanted to go to make commercials. We are not saying, 'You have to do it in Canada.' It should be a Canadian company...

**Senator Prowse:** If we are going to keep the Americans out, how do we get them to let our people in?

**Mr. Downie:** We are talking about shooting commercials as opposed to showing them on television.

**Mr. Skinner:** There is no suggestion of keeping the Americans out. They could come up here and shoot any commercials they wanted to.

**Mr. Downie:** They may need snow in June, for example, for snowmobile commercials.

**The Deputy Chairman:** I am sorry to interrupt, gentlemen, but we have passed our time limit. There is another agency to appear before us.

I wish to thank you very much for appearing, Mr. Skinner and Mr. Downie. You have been very co-operative.

**Mr. Skinner:** Thank you, Mr. Chairman.

**Mr. Downie:** Thank you, sir.

**The Deputy Chairman:** Honourable senators, our next group of witnesses represents the J. Walter Thompson Company Limited, of Toronto. We have with us Mr. Donald Robertson, the president and director of the company. Mr. Robertson is accompanied by several of his colleagues, and I will ask him to introduce them in a moment.

First, Mr. Robertson, on behalf of the committee let me welcome your delegation. Thank you very much for accepting our invitation and for having sent us your brief both in French and English. We appreciate that very much.

Now, Mr. Robertson, would you kindly introduce the members of your delegation so that the members of the committee will know them?

**Mr. Donald Robertson, President, J. Walter Thompson Company Limited:** Thank you, Mr. Chairman. On my immediate right is John Cronin, Executive Vice-President of our Canadian operation. Next to him is Dr. Jerrold Beckerman, who is Vice-President of J. Walter Thompson Company Limited and Director of Consumer Information for our Canadian company. Next is Mr. Richard Kostyra, who is a Director of our Canadian company and is also Director of Media and Broadcast Production for our company. My Australian friend, Mr. Tony Miller, is a Vice-President and a Group Account Service Director



for our Canadian operation. Last, but not least, is Mr. Philippe Fisette, who is a Vice-President of our operation and Director of Canadian Broadcast Production.

I have invited my colleagues along today for two specific reasons: one is that I have a tendency to talk far too much; the other is that within our agency they are senior experts within our advertising field, and I will ask them to participate during the presentation as well as during the question-and-answer period. That is the major reason why they were brought along today.

**The Deputy Chairman:** I understand, Mr. Robertson, that you intend to present a ten-minute summary.

**Mr. Robertson:** Yes.

**The Deputy Chairman:** After that, what is your intention?

**Mr. Robertson:** If I may address myself to that, Mr. Chairman, originally we intended to present an eight-minute summary, but because we have basically had four days to present this brief, which we prepared from scratch, we would beg the committee's permission to read it as quickly as possible, because we would like to cover our views, and because there are some additional views that we would like to present to the committee; but we promise we will go as quickly as is humanly possible.

Mr. Chairman, senators, ladies and gentlemen, we are deeply honoured to be with you today and to have this opportunity to express our views on this important issue.

As the second of many presentations that you will hear in the course of the next few days, we hope to concentrate on facts, some judgments and some concerns that will aid the committee to reach sound, equitable conclusions which will further the very worthy objectives expressed in Senator Buckwold's motion.

To begin our presentation to you I wish to read a statement of our overall commitment on this subject: If as a result of a full investigation it is concluded that the Canadian economy, culture, creative expression and business conditions will truly and equitably benefit by accelerating the established trend to more Canadian content in broadcast production, J. Walter Thompson would do all within its competence to support the implication of such a program.

Furthermore, we would like to offer to the Senate committee at this time access to our research and any other expertise that we may possess to assist you in establishing the dimensions of the cost, cultural and employment benefits of greater Canadian content in this area.

Now, if I may, I shall start on page 1 which has a statement of our position and qualifications. Dealing first of all with our position, J. Walter Thompson, as a member agency of the Institute of Canadian Advertising, is a signatory of the current Association of Canadian Television and Radio Advertisers' agreement, including section VI, paragraph 601, which reads in part:

The parties to this agreement agree that every effort will be made to encourage advertisers to produce television and radio commercials in Canada.

By definition, therefore, as a signatory of this agreement, we are already endorsing the intent of this committee's motion. Certainly our own overall production trends reflect our endorsement of this commitment.

Similarly, based upon findings from a continuing survey from the ICA/ACA Joint Broadcast Committee, which has been referred to earlier:

There is a positive trend towards Canadian-content commercial production in both English and French Canada.

The current level of straight Canadian-content TV commercial production exceeds the successful 60 per cent minimum CRTC Canadian-content guidelines for Canadian television program content.

However, it is recognized that the survey findings are not based upon the equally important question of media dollar placement for these commercials nor is the trend a dramatic one; however, the findings at least reflect a natural growth pattern in Canadian-content commercial production development.

Let me now address myself to the question of our concern. To accelerate this trend is a desirable objective, but our single caution is that legislative action may, at this point, be premature. This statement is based purely on questions and thoughts arising from our own internal discussions on this issue. While our experience may be too narrow, our concerns too cautious, our enthusiasm too ambivalent, we nonetheless believe that the magnitude of this complex, multi-faced subject does require further input and thought prior to any permanent action being implemented.

What are our qualifications? J. Walter Thompson has been in Canada 43 years. We employ 228 people, of whom 221 are Canadians or landed immigrants. Seven are U.S. citizens, none of whom are in management positions.

Our creative department consists of 57 people, whose first language is either English or French.

We have 62 clients representing many industries, both large and small, and several nationalities including Canadian-owned, American-owned, English-owned and Dutch-owned corporations.

It is estimated that we are No. 2 or No. 3 in total size in the Canadian agency business, and that we are the largest television buying agency in Canada. We are creating and producing more advertising in Canada than ever before.

During the period from January 1 to December 31, 1972, 91 per cent of our individual ads and commercial units that we scheduled for our clients in all media were created and produced in Canada, supporting 80 per cent of the dollar volume media placement in that year. Our 80 per cent media placement level in 1972 is well above our 1969 level of 72 per cent. So we certainly have a trend at J. Walter Thompson.

Based upon such data, we must assume that we are one of the major employers of Canadian writers, artists, producers, and performing talent in the Canadian advertising agency field.

We thought it would be helpful for the committee to get a brief understanding of what an advertising agency is. This is our definition.

An advertising agency is an independent business organization, consisting of a variety of communication specialists with diverse experience and interests, that supplies marketing, advertising, promotional and research services to clients seeking to locate and convert prospective customers for their goods and services. While all advertising material is the property of the advertiser, and all creative, media and budget decisions rest ultimately with him, advertising agencies do serve as both advertising consultant and executor for their clients. As a result of exposure to many industries and manufacturers, it is possible that advertising agencies can provide a varied viewpoint to the committee.

We hope that we can also provide an objective viewpoint because we represent both Canadian-owned and foreign-owned clients, and all of these have different needs and resources. Unlike some agencies, we do not have any financial interest in separate commercial broadcast facilities. Thus, from one standpoint, we do not have any vested interest in the question of more or less production in Canada. That is certainly the case from one standpoint. Furthermore, we do not see a "competitive new business edge" for ourselves through increased or decreased Canadian-content pressures or legislation. But we feel that we must represent our total client's needs and interests, and that as a business, and as businessmen we must be concerned about rising operating cost implications.

I should now like John Cronin to take us through our examination of the current climate.

**Mr. John Cronin, Executive Vice-President, J. Walter Thompson Company Limited:** Mr. Chairman, I am going to cover four areas: first, the current climate, as we see it, for a ban or for the increasing of Canadian content in commercials; secondly, the dimensions of the problem, as we see it; thirdly, the effect that there might be in terms of competitive advantages for foreign-owned companies; and, fourthly, the employment potential.

In terms of the analysis of the present climate, the precedent established several years ago by the CRTC on Canadian-content in television programs and its resulting acceptance and success is of major significance. Many of the expressed concerns and criticisms towards these guidelines at that time have been reduced or eliminated. It is submitted that the deliberate and well-thought-out preliminary investigation and planning by Mr. Juneau and his associates was of major importance in the successful implementation of these guidelines.

We feel that the business and social climate is, in many ways, more positive today towards Canadian content. This follows the CRTC guidelines on programming. We believe that many factors have contributed to this environment—an increased understanding and respect between ACTRA, l'union des Artistes and advertisers and advertising agencies, more experienced and productive talent at the advertiser, agency and production and performing level, with the latter assisted greatly by the CRTC requirements; an improved understanding by business and marketers of the Canadian life style and culture; and as Canadian management has grown in abilities and performance, more management autonomy is being gained in this country.

I would like to touch on some future complications, as we see them. We feel there is some valid concern by business as to their advertising effectiveness and costs of proposed production if changes are implemented.

Good advertising does affect consumer sales. Increased sales for a company or an industry can directly affect manufacturing employment for that company, industry or the economy overall. Thus, employment effects at the primary and secondary manufacturing levels must be borne in mind. Some manufacturers must raise the question: "Will these changes in my advertising assist or hinder my sales and employment levels?" Manufacturers must view their future sales and profit expectations with caution, particularly if costs increase and profits decrease, due to external or operating circumstances. We elaborate on these costs in the next section.

In this section we try to define the size of the problem. The committee will need to determine the size of the problem, in terms of dollars. If we assume that the value of non-Canadian production to Canada is between \$6 million to \$7 million—which is a reasonable estimate by us—who will benefit and by how much? It is to this problem that our presentation is addressed.

Senators, we have provided an exhibit which indicates how we arrived at that \$6 million to \$7 million figure, which differs somewhat from figures we have previously heard. It is based, however, basically on the known amount of national television advertising carried on in this country and an assumption which we have made on the basis of the 90-to-10 relationship between media time cost and production. The 90-to-10 per cent relationship is generally accepted in the industry. It is also based on the estimate of Canadian production in ICA-ACA figures, which is 68 per cent Canadian content. We therefore arrive at a figure, based on 30 to 32 per cent, of roughly \$6 million to \$7 millions. That is as far as we can ascertain the amount of money involved in this issue.

Some economic implications of changes. Who is going to pay the bill in terms of this amount of money? What are the real cost implications of this motion? Additional production budgets can come from many sources; additional advertising budgets; lower media budgets with higher production budgets; and lower trade and consumer promotional allowances. They can, of course, come from lower profits and from passing on any additional costs, partially or in full, to the Canadian consumer in the form of higher prices.

Some alternatives in terms of budget switching, as we would see it that should be considered are: Will the guidelines force a shift of funds from trade merchandising allowance programs into commercial production costs at a time when the retail trade in this country is demanding more promotional funds from manufacturers in order to be able to maintain desirable consumer pricing levels?

Will the added cost of producing advertising in Canada be ultimately passed, partially or in full, on to the Canadian consumer? We frankly do not know what will happen, but we believe that these cost implications are significant enough to warrant delay for further study.

I would like to address the question of what could happen in terms of shifts to other media. Will a shift of media advertising dollars into commercial television

production affect the quality of Canadian television and radio programming and job opportunities in this industry if such funds are diverted from normal advertising time purchase? Remember, the time purchase provides the station with 90 per cent of its revenue. Will it affect the print industry's editorial quality and staffing if advertisers are forced to spend all their available advertising budgets in one primary non-print medium, i.e., television? Or will it affect the film industry's revenue and job opportunities if ordinary television time and production funds are directed into other non-electronic and probably perceived to be less expensive vehicles? Obviously, any significant departure of funds from the various time-space-production suppliers could have adverse effects on others. The danger, as we see it, is to guard against merely transferring jobs and funds without any positive, overall benefit. A diversion of normal media funds from Canadian-originated programs or Canadian newspapers into commercial production requirements could affect present financial support of prime media vehicles for Canadian and local culture identity.

Mr. Chairman, we also have an exhibit in connection with that particular subject. It is a mathematical hypothesis, in which we have taken a \$1 million budget and worked it out in several ways to ascertain how an advertiser could react if he wanted either to spend additional money or, as is more likely, could not spend it and how he might switch it around between media.

Will a Canadian content rule change affect our Canadian broadcast volume from the United States? This question was raised earlier. What is the volume of program and commercial production done in Canada for use in the United States by United States manufacturers? We have an estimate that the current volume is at least \$6 million. We have arrived at this information by confidential conversations with leading Canadian production houses. I do not wish to disclose to you precisely which companies do what business, but I suggest that you discuss this with the leading Canadian production houses because there are some significant volumes being done, of at least \$6 million.

**Senator Prowse:** Do you take the responsibility for the figure of \$6 million?

**Mr. Cronin:** We take the responsibility for the figure from our sources.

It is possible, we believe, that the United States and United Kingdom markets are still untapped by Canadian producers and agencies and should and can be more aggressively pursued. This is the main conclusion: Hopefully, the current pressures toward Canadian content will not interfere with the current or future volume from other countries.

We have a suggestion in terms of a positive reaction to all this. What about a United States-Canada trade agreement for the film industry? Is there an opportunity to explore for the advertising, film and talent industry a trade agreement between the United States and Canada similar, at least in spirit, to the "Auto Pact" trade agreement now operating in the automotive market? Or is there an opportunity, by encouraging multinational advertisers, to produce a pre-determined amount of commercial production in Canada whereby we might experience a

desirable balance with minimum cost implications and increased employment for Canadian talent? We do know from our experience, senators, of at least two of our clients who actively produce in Canada commercials for use in the United States.

**Senator Peitten:** Is that at your agency?

**Mr. Cronin:** That is at our agency.

Other economic considerations: Will commercial production regulations adversely affect the rate of "new consumer product" introductions into Canada? The reason we make that statement, senators, is because there is only a certain finite amount of marketing dollars available. Any diversion of advertising dollars to one purpose will limit another area. New product introductions are extremely costly and are often done by U.S. commercials.

Will limited production funds result in fewer, more often repeated commercials for each advertised brand? That is simply a matter of using one rather than five, and irritation obviously can develop.

Another positive area to be considered, in our opinion, is: Should film tariff policies and charges be updated to reflect current concerns? As far as we understand it, these tariff policies are quite old and may not reflect today's climate.

I would like to address myself to across-the-board legislation: Will it eliminate foreign-owned companies' advantages? We believe that there is more merit in studying new advertising content guidelines or regulations if they are applied to individual industries. In some industries, such as the automotive industry, where foreign-owned companies represent most or all of the industry's volume, there is no obvious individual competitive edge between foreign-owned companies when it comes to advertising content vis-à-vis Canadian-owned manufacturers. There are, however, other categories where Canadian-owned and foreign-owned manufacturers do compete directly and where resources, imported advertising savings, outside-Canada research and development facilities and new product development opportunities all give the foreign-owned subsidiary at least a perceived competitive advantage. An across-the-board ruling, we feel, would not necessarily be fair to business or even practical, from a cost standpoint.

As to the employment impact of changes on employment, will many new jobs be created or will the people demand simply accelerate and the supply of good, experienced talent remain approximately the same, resulting in spiralling compensation costs? We cannot speak first-hand for the talent and production industries, but we do know that there is a shortage of good, experienced creative people in the agency business; and this has already resulted in creative salaries increasing at an abnormal rate.

In recent years the advertising agency business has recruited fewer young people because of the cost of training and the uncertain return on this investment. It is time, we believe, that the agencies began again to develop new talent, possibly through some modest government assistance. We are currently examining the feasibility of a creative training unit for J. Walter

Thompson in Canada, following our experience in our British office.

Finally, in terms of jobs, do we really have a great pool of talent in Canada? Do we really have a great pool of talent or will the same top talent merely do more and more commercials? We believe that positive action can be taken if a study were conducted with film producers, unions, agency writers, artists and producers, to determine their views on this subject, and what recommendations they would have to build a larger, better qualified talent pool.

On the question of creation versus duplication, when existing, tested, and proven U.S. commercials are available to their subsidiaries in Canada, many of these advertisers may merely duplicate these commercials and produce them in Canada at the lowest possible cost. Granted that this will create production jobs, but are we really employing our human resources as productively as we should be? If we do not create but merely reproduce, this would appear to do very little to further the development of Canadian culture.

I would now ask Mr. Fisette to address the committee on the cultural aspects, and I believe he is more comfortable speaking in French. I think the French text starts on page 12.

**Mr. Philippe Fisette, Vice-President and Director of Canadian Broadcast Production, J. Walter Thompson Company Limited:** Thank you, Mr. Cronin.

*(Translation)*

Mr. Chairman, I would like to say a few words about the cultural question and the effects of legislation, as discussed in that brochure.

Is the business world beginning to pay more attention to its cultural responsibilities? The business world, today, is well aware that it is to its interest to pay attention to cultural questions. Most businesses realize that publicity is subject to local marketing conditions, to the practices and preferences of the consumer and to marketing forecasting. Although there are still some exceptions to this rule, they are more and more rare. As publicity methods and practices gain in discipline and a sense of perspective they will produce far more effective advertising.

A definition of Canadian culture. Perhaps it would be a good thing if all the various factors affecting the Canadian cultural identity and way of life were more clearly defined. The creators and the executives could, then, use the definition. We have called attention to the positive contributions and activities in the following areas: Canadian content in programs and in the media in general, publicity, the film industry, show business and the arts in general. But we still have to contend with influences from outside Canada: the consumer-film industry, television programs, printed matter such as books and magazines, the world press and certain practices or a certain philosophy of some foreign companies. All these factors contribute to imposing on Canadians foreign ways of life and an alien culture. French-speaking Canadians possess a culture which is even more distinctive because of their language, their origins and other historical factors. The recognition of these cultural differences and

the fact that they have been made known have greatly contributed to a better understanding of the needs and aspirations of the French Canadian community by the business world. Very often, however, the question: What is Canadian culture? still receives no valid response. And yet, as the CRTC has recognized, the strongest influence in our culture today is that diffused by television programs.

The consequences for Quebec. We recognize that constant progress is being made in the creation and production of French language publicity, adapted to the culture and specific needs of the market concerned. We can now affirm that between 25% and 30% of the publicity produced for French-speaking Quebec is created specifically for this market, whereas in 1968 only 10% to 15% was original.

At this point, with your kind permission, I would like to elaborate on what I mean by "original production" or "creation." I am speaking of productions conceived, created, written and carried out by Quebecers for Quebec. The rest can be divided up as follows: 60% French adaptations of publicity originally created in English and 10%, I believe, of literal translations. We are given a text and we simply translate it, and there you have your "commercial." But coming back to what is written here: We hope to reach a goal, which I believe is quite realistic, within five years, of from 40% to 50% original French creations. It is stated that original French production has doubled within the industry in the last five years, and it should be able to double again between now and 1978. A certain amount of concern has been expressed at the idea of possible Federal government legislation concerning Canadian content in advertising. This could lead to a diminution of original French productions because, as you know, advertising budgets are limited. With a view to reducing production costs it could well be that there would be fewer original French productions, fewer productions in Quebec and proportionately more adaptations coming from Toronto. It is difficult to say whether such fears are grounded or not, but it would be very unpleasant for all concerned if they had to revert to a policy of translating and adapting English advertising for the French market. I would say that great improvements have already been made in the area of French language communications in advertising. However, much more still remains to be accomplished before the demands of the market can be adequately met.

Thank you.

Mr. Don Robertson will now draw his conclusions from the preceding remarks.

*[Text]*

**Mr. Robertson:** We believe that the desire to accelerate Canadian-content commercial production is a positive and attainable goal. Hopefully, targets and actionable programs can be jointly developed by industry and government to meet mutual needs. Current attitudes and activity certainly point in this direction.

A need for further information appears to be recognized by both the committee and other invited representatives of the broadcast industry. From our viewpoint, we certainly feel that more questions must be asked.

As a personal comment, we regret that we have more questions than answers to submit to your committee. We have found, from preparing an advertising program for one of our clients, that it is immeasurably easier than dealing with this complex subject.

We have drawn some questions that relate to what we have presented to you today. We believe that it is essential that the committee establish the size of the problem in dollar terms. This should be evaluated in the light of a possible loss in revenue by a transfer of funds from media investment, for all French commercial production, or a reciprocal cut-back in film production purchased by U.S. firms for use outside Canada.

I will make one comment on the film production purchased by U.S. firms for use outside of Canada. It is a commitment and the intention of J. Walter Thompson—and we believe it should be a part of the program for most agencies and production houses in Canada—to go after U.S. business. We have aggressively pursued U.S. business that has nothing to do with J. Walter Thompson south of the border. We believe that we have a great product to offer advertisers in Cleveland, Boston, Albany, Buffalo and so forth. Personally, we would be concerned if there were any problems encountered when we crossed the border. We think there is a viable market across the border for good Canadian talent.

Going on: that additional data and viewpoints be secured from individual advertisers, agencies, economists, broadcasters and commercial production firms to determine cost and employment implications. Again, we are an agent of our clients. We do feel that these questions should be discussed with individual advertisers.

Continuing: that a manpower deployment and cost analysis be initiated to determine the quantity and quality of incremental jobs that could result from increased commercial production in Canada; that individual industry categories be examined to determine ownership, competition and advertising differences and needs within each individual category; that the spirit of the Auto Pact trade agreement concept for the advertising film industry be investigated at the multinational advertisers, government and union levels; that the present film tariff policies and charging be reviewed, with the intent of making it contemporary with today's government, consumer and business needs; that industry work with the government to develop a manpower development program for the creative, production and performing talent industries; that a clearer definition be attempted in more closely defined, desirable Canadian cultural and life style guidelines; and, to reiterate, that contact with both Canadian-owned and foreign-owned advertisers take place to determine their views and needs on this subject.

We thank you for your patience and your interest in listening to our remarks. Both myself and my colleagues would welcome any questions that you would care to direct to us.

**The Deputy Chairman:** Thank you, Mr. Robertson. Are there any questions?

[Translation]

**Senator Lapointe:** I would like to put my question in French, if you please, to Mr. Fisette. Concerning the

25% or 30% of the publicity you produce for Quebec, what proportion...

**Senator Forsey:** What page of the report?

**The Chairman (President):** Page fourteen.

**Senator Lapointe:** I would like to ask what proportion of the 25% or 30% of publicity produced for Quebec is asked for by the United States, comes to you from American companies? Are American firms interested in having advertising copy, publicity prepared for Quebec in French, or does that demand only come from Toronto?

**Mr. Fisette:** Well, let's say that I don't want to answer obliquely, let me just state the facts. I think that is all depends on who our client is. If we have an American client there, that is, with whom we have business in Toronto, well, the request comes from Montreal, that is that the French is done there and if the client, when he sees the copy, considers that it would be more advantageous for him to have an original creation for the Quebec market, then, at that point the 25% or 30% applies. So, it is not perhaps for me to say to what extent, or what proportion of that percentage is American or English Canadian publicity. That is, no doubt, the question that you wished to raise, Senator Lapointe, is it not?

**Senator Lapointe:** Yes.

**Mr. Fisette:** Well, I believe my colleagues could answer that question, and tell you what percentage of our publicity is American and what percentage is English Canadian. But I think that—if you will allow me, again—I think that everything that is advertised here in Canada, in English, is almost necessarily advertised also in French. I think, therefore, that I would be ready to quote the figure of 25% or 30% for all Canadian creations, that is all that is done in French.

**Senator Lapointe:** Yes, but what I wanted to know, exactly, is whether American companies or businesses are interested in having different advertisements for French-speaking Quebec?

**Mr. Fisette:** Yes, certainly, certainly. Absolutely.

**Senator Lapointe:** Good. Thank you.

[Text]

**Mr. Anthony Miller, Vice-President and Group Account Director, J. Walter Thompson Company Limited:** Perhaps I can expand on that. Sophisticated foreign-owned advertisers are very conscious of the differences in French Canada, perhaps more so than the Canadian advertisers, and normally have their production dollar to afford separate French advertising, which they do, because they believe it is a better way to communicate to the French Canadians. They do it with increasing effectiveness, which is one of the issues being raised here, and that is that, if the cost of commercial production does go up it will tend to skew towards English Canadian production rather than French Canadian production, because, in many cases, French production is a luxury which they can afford because they are getting the English advertising at lower cost, perhaps, than they

would had they to reproduce it entirely in Canada. They are very definitely aware of the advantages of separate French advertising.

**Mr. Robertson:** As an advertising agency for a number of clients which do original advertising in Quebec, we would be very concerned if there was anything that would take that trend away. It has taken us a long time to reach the stage of acceptable advertising in Quebec. We are going in terms of original production because there are individual needs which the marketers must face. Certainly, from J. Walter Thompson's standpoint we do attempt to encourage our clients at all times to understand the French Canadian market and to develop advertising that will meet the requirements of that market. This is a very positive situation in our minds.

**Senator Davey:** Mr. Chairman, I have a series of questions I should like to ask, but there is one which I think should be asked now, and then I can turn the questioning over to other honourable senators. I refer to page 1 of the brief, where the statement on your position and qualification is set out. You say that J. Walter Thompson is a member agency of the Institute of Canadian Advertising. Is that correct?

**Mr. Robertson:** Yes, senator.

**Senator Davey:** And then you go on to say that as a member of the ICA you are a signatory of the current ACTRA agreement.

The first question I should like to ask you is whether every agency that is a member of ICA is a signatory of the current ACTRA agreement and, secondly, what the ACTRA agreement is.

**Mr. Robertson:** Senator, I believe every ICA agency is a signatory of that agreement. In terms of what the total ACTRA agreement is...

**Senator Davey:** What does ACTRA stand for?

**Mr. Robertson:** The Association of Canadian Television and Radio Artists.

**Senator Davey:** The point I want to make, Mr. Robertson, is that J. Walter Thompson, as a member of ICA, is a signatory to that agreement, and every member of ICA is a signatory to that agreement and, presumably, every member of ICA would thus subscribe to the indentation which follows, and that is:

The parties to this agreement agree that every effort will be made to encourage advertisers to produce television and radio commercials in Canada.

I do not want to lead you somewhere you do not want to go, but is it safe to say that all agencies who belong to the Institute of Canadian Advertising subscribe to those words?

**Mr. Robertson:** I can only assume, senator, that if they are a signatory they must subscribe to that philosophy.

**Senator Davey:** That being so, I should like to read from this week's issue of *Marketing*, July 9, page 1, and I quote:

The agency industry is split over the Senate inquiry into whether all broadcast advertising in Canada should be made in Canada.

So wide is the divergence of opinion that the Institute of Canadian Advertising has turned down an invitation to appear at the 3-day hearing starting July 10 in Ottawa.

Then there is a question:

"Individual agencies have different views and there was no way we could get a consensus," explained ICA president Jim Reeve, president of McCann-Erickson, Toronto. But the ICA refusal has surprised many agency presidents.

The story then goes on at some length. Does not the statement that you make on page 1, the assertion that you were a signatory to the ACTRA agreement, not make a mockery out of the position taken by the president of ICA? That is a tough question, and I do not want to put you on the spot, but it seems to me that it is inconsistent with what the president of ICA says.

**Mr. Robertson:** Senator, you have an extremely valid point. I am a director of ICA. I was not a part of the executive committee meeting of the ICA at which the decision was made not to make a submission to your committee. The basic reason for this decision, as I understand it, was because of the ownership differences between American and Canadian advertising agencies. My own personal view, and the view of our agency, was that the ownership of the advertising agencies had absolutely nothing to do with the question that the Senate has proposed to us, whether you are American-owned or Canadian-owned, whether you have Canadian clients or American clients, or a combination.

However, because this ownership question, as you are particularly aware, has created such division and concern within the ranks of the advertising agency business, people could not get together on this question. They are signatories. I believe most of them believe in the ACTRA philosophy. I believe most of them emotionally want more and more advertising created in Canada, but the ownership question, whether we are American-owned or Canadian-owned, has unfortunately split the industry on questions that are necessarily addressed by people who have, hopefully, an interest in Canada at large.

**Senator Davey:** I would like to come back to this later, but I want to make two comments here. Again I would like to stress that the members of ICA, by signing the ACTRA agreement, subscribed to these three lines on page 1 of the brief submitted by J. Walter Thompson. Secondly, I would like to say, having raised the subject, that the presence here of this agency and Mr. Robertson reflects great credit on them. I was aware that Mr. Robertson was a director of ICA. I may not be as generous in the subsequent questioning as I have been so far, but I would like to congratulate them for coming, particularly in view of this situation.

**Senator Laird:** May I point out to Senator Davey that these words quoted from the ACTRA agreement are what the lawyers call precatory words. There is nothing binding there.

**Senator Davey:** I do not know what precatory words are.

**Mr. Robertson:** I believe the reason the words are so cautious is because as advertising agencies we cannot tell our clients what to do too frequently, if we intend to remain their advertising agency. The agreement, which I presume took at least two years to write, in terms of three lines, was that we would do everything possible to encourage our clients to produce television and radio commercials in Canada.

**Senator Laird:** Precisely.

**Senator Prowse:** I should like to ask a supplementary question following on the discussion. I am not sure whether you or Senator Davey said that the division in ICA was on a matter of ownership. Not being familiar with what this is all about, I had to come to a conclusion, and I would like to be sure that I am correct. Did that mean what I thought it meant, that because they were American-owned companies they felt they should not be coming and giving advice to the Parliament of Canada?

**Mr. Robertson:** No, sir.

**Mr. Cronin:** We are American-owned.

**Senator Prowse:** I know you are, and I know you came. I just wanted to know what ownership has to do with it.

**Mr. Robertson:** The ICA is made up of Canadian advertising agencies and American-owned advertising agencies.

**Senator Prowse:** I see. In other words, it is a North American organization; international really.

**Mr. Robertson:** No, it is Canadian. It consists of agencies such as ourselves, who are an international agency, in 26 countries. There are advertising agencies that are completely Canadian-owned. The Canadian-owned advertising agencies have the viewpoint that we have unfair advantages. We have certain attitudes in terms of our staffing, our clients, the standards that we modestly believe we have, and we believe we can make a good contribution to the Canadian advertising agency scene. There are two differences. It has nothing to do with American companies not wanting to be represented. That is the farthest thing from our mind.

**Senator Prowse:** This is what I wanted to clear up. I am glad I asked the question.

**Senator Buckwold:** First of all, like the other senators I thank you for a very sophisticated brief, probably due to Mr. Beckerman, who comes from Saskatchewan, and whom I know very well.

**Mr. Robertson:** Senator, I was born and raised in Saskatchewan as well. Jerry and I are a great team.

**Senator Buckwold:** I hope that our Saskatchewan relationship, which has always been so pleasant, will not be disturbed by some of the questions I may ask. Obviously you two fellows have lived in Toronto just a little too long! That is perhaps somewhat facetious. I gather from your brief that you agree with the objectives of this particular study.

**Mr. Robertson:** Yes, sir.

**Senator Buckwold:** As a long term objective. You are cautioning the committee, I think quite rightly, about various problems that may be created as a result of an impetuous action that could disturb the delicate balance in the advertising industry. I would like to suggest to you that in the brief you have been just a little bit ambivalent. You have thrown out the bogey of what will happen. Yet on the other hand you have said, "Look how nice it has been as we have moved along without any of these dire predictions coming true." You have said to us, "You do this and you disturb employment, you upset advertising budgets, you will see a shift in media expenditures, a division of expenditures. You will see a diminution of new product promotions," and all the other kinds of dangers as you have predicted. Yet on the other hand in your brief you say in headline, "Made in Canada commercials get big boost." I appreciate that one may be precipitous and the other may be taking its time.

What I am suggesting is that you have been a little unfair in some of these predictions, because in fact we have seen more and more money going into television stations as advertising revenue, as I look at the figures; we have seen no decrease in the quality of advertising, which you have warned about.

You went to some pains to say that the advertiser is concerned with his sales, and if he has a Canadian production it could affect the sales. On the other hand, you say you are trying to sell American advertisers to use Canadian facilities and talent because of the excellence of that talent and facilities. I am trying to relate what you have warned about to what has happened. Again I recognize the fact that you will immediately say that one has been a fairly slow procedure and the other could be faster. As I say, I am disturbed at the way you have tried to relate this so far as the industry may be concerned. Do you have some comments on that?

**Mr. Robertson:** While I am thinking of an answer, my Irish friend will answer that directly.

**Mr. Cronin:** If we gave the impression that we felt Canadian production would be less effective and injurious to sales, that is an incorrect impression. I think we were talking about the possible impact on profit because of increased costs.

**Senator Buckwold:** If I might just interject, you say:

Good advertising does affect consumer sales.

Then you go on to refer to the concern of the advertiser. That is where I get that.

**Mr. Cronin:** Yes, in the context of the total mix of his marketing dollar. In pointing out what could happen, we are simply pointing out that perhaps a narrow-gauge look at the effects in one small industry, which is highly susceptible to the major effects, because it is a very small industry, could in fact mean, if you enacted a ban, for instance, as was mentioned here, that you would divert, while your purpose might be to create employment or to create artistic talent or to nurture artistic talent in the electronic media, and you might in fact be accomplishing an entirely different purpose. We simply raise

those matters and the others as areas that we believe you should investigate. We are not drawing conclusions from them.

**Senator Buckwold:** I am not commenting on the answer, but I want to get it on the record. You say there are some industries that are naturals for American-made television. You have indicated, for example, the automobile industry, because they are foreign owned, yet we find a great divergence in the automobile industry. Some of them are prepared to spend their money in Canada. I understand that Volvo produces its commercials in Canada—or is it Volkswagen?

**Senator Laird:** Volkswagen.

**Senator Buckwold:** Volkswagen, pardon me. I am mixing them up, whereas Volvo does not. Volkswagen produces its commercials here. Can you tell me which of the large companies, that is to say, the big three automobile companies, produce their commercials in Canada?

**Mr. Cronin:** Senator, I would like to comment on what was stated about Volvo and Volkswagen. I do not know either company intimately. The Volkswagen advertising happens to be about the most famous advertising in the world, and I believe that a certain portion of it is produced in Canada; but I imagine that the Volkswagen people follow a similar pattern to the other automobile manufacturers and that much of the advertising we see here is not produced in Canada.

**Senator Buckwold:** Where would it be produced?

**Mr. Cronin:** It would probably be produced in the United States, in New York. It would be educative to speak to the advertisers themselves, but I believe the patterns of the various big three manufacturers or the Japanese manufacturers would tend to be quite similar. From our experience, we know that the client we represent produces a certain amount of Canadian advertising, in terms of units, probably as much as he imports, but in terms of costs I do not think that is the case. I would imagine that General Motors produces a certain percentage, and probably a fairly substantial percentage, of its advertising in Canada, and I would imagine that the same thing applies to the others.

**Senator Buckwold:** Doesn't that refute the statement you made in your presentation, that this was a natural for American advertising?

**Mr. Cronin:** Perhaps it was taken otherwise by the way I read it, but as to those three questions raised in your motion—as far as I recall, the effect in terms of employment, the effect in terms of culture, and the possible competitive advantages enjoyed by a foreign owned company—we were taking the automotive industry to illustrate them. On the question of the competitive advantage, there could be none, because they are all foreign owned. Therefore, there is no Canadian manufacturer who in that huge industry is being jeopardized by unfair competitive advantage. That was the reason for quoting the automotive industry.

**Senator Buckwold:** I have two more questions. One involves the so-called bogey of higher consumer prices.

Would this not be a concern involving all advertising? It could be said that when you spend a million dollars on advertising it raises the price of consumer goods. That is what some consumer people say. On the other side, the advertisers say that they sell more products and that, therefore, in fact the unit cost could go down. Would that be true?

**Mr. Cronin:** I think, senator, that we listed that as the last of the series. My personal view—and I think it is shared by my colleagues—is that because of the amounts of money involved, in a general sense I doubt if there would be a great deal of effect on consumer prices. As you look at specific industries, however, for instance, the industries in the health and beauty care field, where substantial advertising-sales ratios are maintained, where up to 30 per cent of your sales cost can be advertising, if these companies had to increase their advertising cost by 10 per cent, as we are assuming there is a 90 to 10 relationship, that would have a definite effect, either on their profits or on their distribution or on the consumer prices, and if they could not pass those increased costs on to consumer prices they would probably be badly affected in business.

**Senator Prowse:** There would be a 3 per cent change there. If advertising costs go up, it would mean a 3 per cent change in cost.

**Mr. Cronin:** Which would be significant.

**Senator Prowse:** That would apply to cosmetics, and to detergents as well?

**Mr. Cronin:** In many of those package goods categories, the advertising-sales ratio is very high.

**Senator Buckwold:** My last question. We have a representative here who comes from Australia, Mr. Miller.

**Mr. Miller:** Yes, sir.

**Senator Buckwold:** It is my understanding—I am getting this from hearsay and not having in fact read it in a publication—that Australia, as a country, has this kind of regulation in which they insist on production of the commercials in the country. Can you comment on that?

**Mr. Miller:** I cannot give you any accurate personal comment on that, as I have not worked in the Australian advertising field; I have been in this country and the United States for ten years. Within those limitations, I believe they do have regulations—I think we have copies of them here—but it is basically a ban on the importation of advertising. The intent, I can only assume, is these very different cultural values which they are trying to generate.

**Senator Prowse:** Have you had any results of this?

**Mr. Miller:** I cannot quote any.

**Mr. Robertson:** We have some information from our Australian office regarding Australia. This is a judgment statement. We believe that it was easier to effect legislation on imported advertising in Australia, firstly because American or foreign owned companies were in



there much later than they were in Canada. As a result, the kind of advertising that was required for Australia, would be to announce a new product, as opposed to Canada, where the product may have been in Canada for 20 or 30 years or for 5 or 10 years. It is highly possible that on an individual advertiser basis, or an individual brand basis, it was much easier to facilitate, for some clients we share in the United States and in Canada.

Our advertising is different, because either the product has not been on the market long enough, or else the market position is considerably different. There is one client we are dealing with and his market share in the United States is about 30 per cent; it is a highly competitive industry. In Canada his market share is 60 per cent. As a result, the kind of advertising we do in Canada is primarily demand advertising—that is, to stimulate the consumption of the product overall—and we hope we will get 60 per cent of that bigger cost. In the United States they have to be very competitive. So we cannot use their advertising in the United States, because it is irrelevant. We have to build the market in Canada; they do not have to build the market in the United States but to take business from their competitors.

In the case of Australia, with the little I know of Australia, I believe the brand development for many foreign owned companies is significantly lower than the brand development that exists in Canada. I would say that was one of the reasons it was much easier to do this in Australia than if it was done in Canada.

**Mr. Miller:** In executional terms, I think it should be pointed out, senator, that that regulation came into force about the time that television started in Australia, in the late 1950s. So it was never brought in over the top of certain conditions, but was initiated at the start.

**Senator Buckwold:** And they were too late.

**Mr. Miller:** I am not suggesting that. I am saying it was easier for them to implement it then than if they tried to implement it now.

**Mr. Robertson:** For the benefit of the committee, we certainly could get information from our Australian counterparts and send this to the committee. We have access to that information.

**Senator Buckwold:** It would be helpful.

**An hon. Senator:** And for other countries, too.

**Senator Graham:** Mr. Robertson, could you explain to us the ownership of J. Walter Thompson in Canada?

**Mr. Robertson:** Yes, sir. We are 100 per cent owned by J. Walter Thompson Inc., a company that is located in the United States, that does business in 26 countries, that employs 6,700 people, and is the largest advertising agency in the world. We are a wholly-owned subsidiary. However, as opposed to a few years ago, our management is completely made up of Canadians, or Irishmen, or people from Winnipeg, Manitoba!

I am on the board for our American company in terms of the management committee for the United States, because we have so much more management experience at this particular moment than we have in the United

States. I am also ex-officio member for our European and international operation. For a Saskatchewanite, I am becoming truly international.

**Senator Graham:** You were talking about your Canadian agency doing business across the border in the United States.

**Mr. Robertson:** Yes, sir.

**Senator Graham:** I think you were alluding to the fact that you probably had clients in Albany or Cleveland or some place like that. Could you give us an idea, perhaps even on a percentage basis, of your total volume during the year and how much of that would be in the United States? And, conversely, could you give us some idea of what kind of percentage of the business of J. Walter Thompson in the United States is in Canada?

**Mr. Robertson:** All right. In terms of J. Walter Thompson's U.S. business in Canada, in terms of the pie that we have, 40 per cent of our business is directly connected with J. Walter Thompson U.S., where we share a client on both sides of the border. The remaining 60 per cent is made up of either advertisers which J. Walter Thompson International services but which J.W.T. U.S. does not service, or international advertisers which J. Walter Thompson does not service anywhere around the world. For example, Libby, McNeil and Libby. Then we have many Canadian-owned corporations, and some very fine ones like Dare Foods, Labatt Breweries and so on. So we have really, I guess, a 30-30-40 split in terms of the balance of our operation.

**Senator Davey:** Is that the number of clients or the dollar volume?

**Mr. Robertson:** That is the dollar volume, senator.

In answer to your question on our interest in the United States, Senator Graham, we started a program in the early part of this year. We took a look at the border markets, the kind of advertising agencies that they have, and we compared them to the resources that we have in Canada. It turns out that we are one of the largest advertising agencies outside of New York City within a certain circle. Many of the advertising agencies in Buffalo and Rochester and so on are relatively small and many of the clients we have met would like to use the facilities of a larger advertising agency; but they certainly cannot afford New York servicing. Suddenly, they find out that there is a reasonably good advertising agency which is just 90 miles away or 110 miles away.

We have made a number of new business solicitations. We are slightly interested in that area for a number of reasons. It is certainly a growth opportunity for us. It is a chance for us to grow in other categories rather than just the categories which we are in, and quite frankly it is an opportunity for us to bring some money back to Canada. J. Walter Thompson, since 1957, has not repatriated one single cent to the United States. All money has been retained in Canada. But our view is that there is a market. There is an exciting market for Canadians, to go with the resources that they have. And I am not just talking J. Walter Thompson; I am talking good Canadian agencies as well. And it is an unexploited market for the kind of skills and enthusiasm and the

kind of people we have in Canada, when it is directed to the border stations. I am not talking about going into New York City or L.A.

But our work is not complete. There is a great deal of enthusiasm, but we have not picked up that much business. I think our business is approximately \$400,000 in the equivalent billings at this point. But our assessment is that there is a pretty good sized market for us and we think we should be there as a Canadian operation.

**Senator Graham:** You used the word "servicing" with respect to Buffalo and some of those areas where you are doing business, but it seems to me that ordinarily one would expect your New York office would be servicing those clients. That leads me then to ask a question about production costs, and this relates back to the previous witnesses who talked about \$30,000 per commercial. We wondered whether that was an average cost per commercial in Canada or the United States or North America.

**Mr. Robertson:** Senator Graham, I think Mr. Cronin, who up to a year ago, before we gave him all sorts of titles, was our creative director for Canada, could answer that.

**Senator Graham:** The previous witnesses also talked about that "week that was", during which they took a sampling and came up with a figure of \$8½ million which was lost to Canada as a result of buying commercials from the United States. If that figure is accurate and if you multiply it over a 52 week period...

**Mr. Robertson:** No, sir, I do not think they intended that.

**Mr. Cronin:** I would not imagine they intended that, sir.

**Senator Graham:** Would you just answer the first part of my question, then.

**Mr. Cronin:** In terms of production cost, Senator Graham, because of investigating the U.S. market potential, we have established that we can produce commercials in the city of Toronto at an average 30 per cent less than we can produce commercials, or that somebody can produce commercials, in New York. So this is an obvious sales tool that we do use when we approach banks, et cetera, in New York State, because there is a major cost saving for them if they produce their advertising in Canada.

However, in dealing with certain companies we have also undertaken to do their production for them, at least a proportion of it, in the United States, because they have some of the same concerns. They believe they should retain their money in the United States. So we have produced in Canada for New York State clients and we will be producing in New York for New York State clients. We believe there is about a 30 per cent differential Canada to the U.S., and it is a good deal for an American advertiser to produce in Canada.

In terms of the survey that was done by the ICA-ACA, that survey was taken in a week in October. October, November, December are the heaviest advertising periods of the calendar year. So I think you could assume that an average day in October would be a heavy advertising

day in terms of the numbers of advertisements presented on the air. The figure, which I quoted to you, of \$6 million to \$7 million, we arrived at simply mathematically. I would assume, because of the coincidence of the two figures, that probably there is somewhere between \$6 million to \$8 million involved in this subject.

I would further point out, though, that that money is in a sense hypothetical, because—and this is the point I think we were trying to make in the brief—in the usage of that money nobody could determine that that would be used in the Canadian-television-film or acting-talent fields.

**Senator Graham:** Mr. Chairman, I have one more question which relates to the training of personnel. We talked about the skills and whether these skills were available in sufficient quantities in Canada.

I am just wondering, Mr. Robertson, as a matter of interest, whether or not J. Walter Thompson in Canada is doing anything outside of its in-house training program, which I assume you have, in the way of funding scholarships or bursaries, or any such thing as that, for people who show a particular bent in this direction or show that they might very well have skills which would help the industry generally in Canada.

**Mr. Robertson:** Senator Graham, we have had a bursary program for five years, I believe. It rotates between universities. I believe that it is true that in 1972 we had a bursary for a French-speaking business student and an English-speaking business student, not because we wanted to split the language, but because there are different needs in terms of training for our Montreal operation and for our Vancouver operation in this particular regard.

**Mr. Jerrold Beckerman, Vice-president and Director of Consumer Information, J. Walter Thompson Company Limited:** In this regard, I served on an advisory committee to the University of Toronto School of Business, advising on marketing courses. We are frequently asked to go out and give guest lectures at universities, primarily at business schools. This might involve one hour, one day or several days. We also have some programs where we invite students to come in and visit the agency and take tours.

**Mr. Robertson:** One of the major problems over the last number of years, and we do not have the answer to it, is that the advertising agency business, as Senator Davey certainly knows, is a highly competitive one. At one point in time, about 15 years ago—and this is the reason I was able to get into the business—a number of agencies had training programs. What happened was that as soon as you received that one year or two years of training, the agencies that did not have a training program immediately offered you more money and more opportunity. With the declining profit trend facing more advertising agencies, as opposed to the boom years of the 1950's, more and more agencies said, "We will train people, but if you are going to take them away from us, then we will not train them. We will take your people." So what happened is that there has developed a rather vicious circle in terms of, "We raid you and you raid us." And the long-term problem is that there are not enough young people coming into this market, and our assess-

ment of this training unit is to say that we think that we have some responsibility and that perhaps we have to start training our own and we have to take our chances on being raided. But somewhere down the line we will have the situation where there will not be any advertising people if everybody is going to raid everybody else. I think this is something that is certainly a philosophy, and we were worried as to whether it is completely practicable. But a young fellow trying to get into the advertising agency has a very difficult time. We are a service business and as a result clients want a bright Tony Miller. They really do not want a 22-year old chap who has just graduated from university, perhaps with honours. They say, I am your client; I want a Tony Miller." This has created extremely difficult problems from the client servicing standpoint.

From the productive standpoint, employment in the advertising agency business as compared with five years ago is at best static. It may be below the number of people in the industry as compared with five years ago. Here again it is because of business and because we have to put more and more senior experienced people against our business. We have a figure that we use in the advertising business which is based on a number of people you have per million dollars in billing—per million dollars of advertising that you spend for your clients. This is going down in all countries in the world. In most countries employment in advertising agencies is going down. I can speak specifically of the United Kingdom where they had 20,000 people in the advertising industry five years ago and now they have 10,000 people. Even in J. Walter Thompson's case, I believe we had as high as 12 people per million dollars billing five years ago and now we have six people per million dollars billing. The major difference is that now we are a much better agency because we have much more experienced people, and we also make a bigger profit.

**Senator Buckwold:** It would not be because you are working harder?

**Mr. Robertson:** We are certainly working harder, but we are also making a profit whereas when we had 12 people per million dollars billing our profit certainly was not anything to write home about.

**Senator Laird:** But you also have inflation there, haven't you?

**Mr. Robertson:** Yes, sir. Our salary costs are much, much higher than they were five years ago. But I think the agency business is making more productive use of good people than it did before. But our concern now is where are the young people who are going to replace us coming from? At some point some agency—if not the industry—has to bite the bullet and say, "We will try to make a commitment within the resources available to us."

**Senator Davey:** But isn't it possible that some of the thousand young people are working for the 52 agencies in Forum. I think you would agree that there are many more agencies in Toronto now, and there may be fewer people working for the bigger agencies. But in terms of individual shops surely there is a much greater number now than there was five years ago.

**Mr. Robertson:** Yes. According to the ICA they estimate we have 5,600 people in the industry today. Five or six years ago they estimated that we had 6,000. So, despite the fact that we have more agencies and our operations are all bigger, I believe the talent pool is still below the level of five years ago.

**Senator Davey:** When you look at the national list, there are many more agencies.

**Mr. Robertson:** Oh, yes, I think so. But I think that many people who were not suitable to the business and who were not contributing to the business are not in the business any more. I think there are significantly better management and business practices being applied in the agency business than was the case ten years ago. The aura of an advertising agency 10 or 20 years ago was one wherein you slapped your client on the back, and you took him out for a drink and you made sure he loved you. Compared with that, today we work terribly hard. If we cannot please our client by the work we turn out, I really do not think that all the entertaining in the world will make any difference. That difference eliminated a lot of people who were not prepared to work hard and to be smart and to apply their God-given skills to the job they set out to do.

**Senator Davey:** This is a very leading, motherhood sort of question, but I shall ask it in any event so that you may have the opportunity to answer it. What is the attitude of your agency towards these smaller agencies? I am not speaking here of your attitude towards their brief or their attitude on the issue concerning us here, but what is your basic posture towards these one-man, two-man, five-man agencies?

**Mr. Robertson:** I am glad you asked that question, and I should remark that I warned you beforehand that I do too much talking. Our attitude is extremely positive. This is a first-hand impression.

**Senator Davey:** You would never raid their clients?

**Mr. Robertson:** Everybody is going to raid everybody, for goodness sake. But I was very fortunate that two months ago I was invited to the Canadian Forum group to participate in one of their meetings. It was one of the most stimulating evenings I have spent in five years. They may be small, but they are extremely good businessmen, and they are certainly on the floor in terms of doing the very best advertising possible. Certainly from a J. Walter Thompson standpoint, and, I would submit, from the standpoint of any other agency, we can learn as much from Brian Skinner and Ivor Downie as they can learn from us.

**Senator Davey:** Do you think that Brian Skinner has the opportunity to pick up business in New York State the way you did? When you made your presentation I wrote down your words and you said that, "This has nothing to do with JWT south of the border," but I think that the very fact that you carry the JWT name means a very great deal.

**Mr. Robertson:** Yes. There I meant that it did not have anything to do with J. Walter Thompson in terms of J. Walter Thompson saying, "Go after that account," or,

"We will help you land this business." We are working with the largest bank in New York State. The only people that know these people are ourselves, because Mr. Cronin went there and knocked on the door and was invited into this fantastic boardroom and said, "I am Jack Cronin from J. Walter Thompson, Canada, and I would like to talk to you about us doing your business in Canada." That was the reference to that statement.

**Senator Davey:** Then on page 4 you say:

Unlike some agencies, we do not have any financial interest in separate commercial broadcast facilities.

Would you agree with me that agencies should not be allowed to have separate interests in any media? It is not allowed in the United States, so far as I know. Surely it should not be allowed in Canada.

**Mr. Cronin:** In media?

**Senator Davey:** I do not believe that advertising agencies should own a radio station or a newspaper. That is my position and I am wondering if you agree with it.

**Mr. Cronin:** I believe it is generally accepted that if there were a conflict of interest...

**Senator Davey:** Yet it is allowed in Canada.

**Mr. Cronin:** Those are production companies, senator, not agencies.

**Senator Davey:** I thought there was an agency which owned part of a broadcasting station?

**Mr. Cronin:** That was a reference to owning production companies, which I do think is acceptable.

**Senator Davey:** On page 1, at the bottom of the page, you make reference to the fact that 68 per cent of all English commercials surveyed exceeded the successful 60 per cent minimum CRTC Canadian content guidelines. It seems to me that is like adding apples and oranges. I do not think that you can argue that the 60 per cent CRTC program requirement has any relationship at all to the advertising content. Otherwise, why would you come here and say that you are in sympathy with the objectives of this committee? I do not think there is any valid correlation there.

**Mr. Cronin:** The correlation, senator, is again in one of the questions which concern you, the development of Canadian talent in a cultural sense. In terms of Canadian programming and advertising production, very often the same talent is involved. That was the reason for relating the two. I agree that in terms of size and skill there is no relationship.

**Senator Davey:** You consistently in this report, which I recognize as being very good, support Mr. Juneau in the position he took. Yet, at page 2 you say, referring to advertising:

To accelerate this trend is a desirable objective but our single caution is that legislative action may, at this point, be premature.

I may say that is the argument which we heard endlessly from the private broadcasters during the hearings of

the Special Senate Committee on Mass Media. The fact is that if Mr. Juneau had not acted, Canadian content in broadcasting simply would not have increased dramatically, although it may have increased somewhat.

Perhaps I may ask a supplementary question, again related to Mr. Juneau. You know very well, because some of you attended the ACA meeting, that he made a suggestion that perhaps your industry should come forward with increased Canadian content. In the interval Canadian content has increased, according to the group we heard previously and statistics of which you are aware, by 3 per cent. Therefore, if you really believe the good things you say about what the CRTC is endeavouring to do in this country, to which I certainly subscribe, as you know, then surely you must agree with the remarks of Mr. Juneau at the ACA meeting two or three years ago. Surely, also, you must be appalled, as at least some of us are, at the miniscule development of Canadian advertising production since then. Surely you must also agree that without the action taken by Pierre Juneau Canadian content in television and radio broadcasting would still be in the dark ages.

**Mr. Cronin:** In terms of a partial answer to your reference to page 2:

To accelerate this trend is a desirable objective but our single caution is that legislative action may, at this point, be premature.

You certainly know more about this area than we.

**Senator Davey:** About which area?

**Mr. Cronin:** About how the CRTC guidelines were implemented. Our view, however, is that having gone through this exercise in a reasonable amount of depth, particularly in the last five days, a direction on studying whether we should ban U.S. commercials has really only come to the fore, in my opinion, in the last six or nine months. It was probably a secondary issue at the Senate committee hearings we attended, the primary issue being ownership. Therefore, other than the meeting here today and to some extent the Senate committee meeting in January or February of this year, that is all that has been said.

**Senator Davey:** But, surely, Pierre Juneau made the suggestion three years ago at an ACA meeting? That was the first reference.

**Mr. Cronin:** All I am submitting is that in terms of the questions that we have posed, the thoughts that we have put into our brief and, as I said, we would have much preferred to have offered our recommendations in 10 succinct statements, that we believe there is still much thought, content and investigation to be developed. I think the subject has been treated rather superficially to date and the committee is saying it thinks there is a problem, the pros and cons of which it desires to consider in order to determine steps to be taken in connection with it. In terms of a single-minded approach, this is the first time in my opinion that this has been done. Therefore we only say we think there is a need for further documentation.

**Senator Davey:** I really do not wish to be argumentative, but I would like you to comment. This is exactly the argument we heard from the private broadcasters in connection with Canadian content.

**Mr. Richard Kostyra, Vice-President, and Director of Media and Broadcast Production:** Private broadcasters at that time were considerably below the 50 per cent Canadian content in prime time and were probably around 25 per cent. We are submitting that the Canadian content of commercials at this point is in excess of 65 per cent. Therefore we are now in excess of the requirement of the legislative action taken by the CRTC.

**Senator Davey:** You were in excess of that requirement when Juneau made the statement at the ACA. It has increased 3 per cent since his statement.

**Senator Forsey:** Look at page 5. It repeats "guidelines", and "guidelines," but surely you mean regulations rather than guidelines? It is perfectly clear that in some cases it has been used with a great deal of ambivalence.

**Mr. Cronin:** Senator, we meant regulations, but we just happened to have five authors.

**Senator Forsey:** It would be greatly conducive to the working of this committee if words were used more carefully.

(Translation)

I congratulate Mr. Fiset on the linguistic elegance of the French version. It is far better than the English version.

[Text]

The French version is very much better and quite beautifully prepared, whereas the production in English sends my hair standing on end in various places, one of which is the loose use of the phrase "guidelines" when you really mean "regulations".

**Senator Prowse:** Let us not use the word "regulations" if we can get away with "guidelines".

**Senator Davey:** At page 3 you say that:

During January 1—December 31/72 period, 91% of our individual ads/commercial units that we scheduled for our clients were created and produced in Canada, supporting 80% of our dollar volume media placement in that year.

In other words, your agency is moving in the direction which the committee suggests is desirable.

**Mr. Robertson:** Yes.

**Senator Davey:** Rather dramatically.

**Mr. Cronin:** We should not mislead you, senator. That 91 per cent is all our print, radio and television.

**Senator Davey:** But, Mr. Cronin, the thrust of J. Walter Thompson, as is apparent from its presentation, is that you espouse the position and advise going slowly. However, you indicate that you yourself are moving in that direction. I put this question to you: Why are you moving in that direction?

**Mr. Cronin:** Our clients are moving in that direction along with us.

**Senator Davey:** Why are they moving in that direction?

**Mr. Cronin:** I think they get good advice.

**Senator Davey:** But why do you give them that advice?

**Mr. Robertson:** One major reason for the trend of J. Walter Thompson, this being a subjective expression as most of mine are, is in my opinion that we have better people than we had five years ago. Those people are better trained in looking at the Canadian marketing situation and what is available to us from the U.S. or Canada. In my opinion our trend is extremely good in the province of Quebec, because we have people, due to skills and interest and having lived in Quebec, who have a much better understanding of the province than was true, certainly of our agency, several years ago. Many of us worked in our Montreal office. Jack and I did. You get people who know the market more intimately, hopefully, as their disciplines develop, as you have better people, as you have more information. Dr. Beckerman is responsible for a department that we call Consumer Information. That was created by J. Walter Thompson. I believe we are the second agency in the world to have created a Consumer Information Department to advise our clients of the positive effects of consumerism. Three and a half years ago, before we put this in, business in general was saying "Ralph Nader is bad. Consumerism is bad". Our attitude was, "Consumerism is very good."

**Senator Davey:** I think that is a worthwhile initiative. I applaud you for it. But let us talk about the Canadian identity.

**Mr. Robertson:** The major thrust is that we get better trained people, that we get more information, that we determine the differences in the Canadian market place. It is very easy to go to clients and say, "We think you have got to do a Chiclets commercial for these reasons". The U.S. market has absolutely no relevance. Here is the competitive edge that you have in Canada versus your competition. We think we should do advertising in Canada to meet those needs.

**Mr. Miller:** If I can add to that, as you well know, the key criteria for any successful advertising agency is the effectiveness of the communication that produces on behalf of our client. That effectiveness is measured in terms of the extent to which we sell goods and services to the Canadian consumer. Our target audience is the Canadian consumer. I think J.W.T. in conjunction with its clients, spends up to half a million dollars in research to determine what the Canadian consumer wants to hear about any particular goods or service. We find more and more that Canadian creative, as we call it, is working better against those consumers than American creative. If that is true, like any smart businessman recognizing our criteria, we recommend it. Our clients are becoming increasingly sophisticated and saying, "If you can support it, of course, we will not pick up the savings of U.S. production. We will go to something that has been proven to be more effective in selling goods and services in Canada."

**Senator Buckwold:** Is this not a complete refutation of most of the point that you have raised in your brief, of the dangers of Canadian production?

**Mr. Miller:** No sir, it is not. The point I am trying to make, senator, to answer Senator Davey's point, as to why this trend is happening in J.W.T. above the industry

average, I am suggesting that we are taking a hard look at communication differences, advertising from U.S. versus advertising produced in Canada, and we are finding out more and more—not because of quality of commercials per se, but marketing differences, product differences, things that the Canadian government will let us say in Canada that they will not let us say in the United States, and vice versa; and more and more natural evolution of Canadian advertising is resulting. It is just good business sense in some cases for that to happen. In other cases, I can assure you, American-produced advertising works just as effectively as any Canadian-produced advertising, and more clients are saying, "Think of the dollars that we are saving."

**Senator Laird:** Doesn't the location of the broadcast have something to do with it? I will give you some ammunition. When you say, "Go slow," I am with you, because coming from Windsor I have in mind particularly the problems that arise from border stations in this connection. A Canadian production of an ad might not be suitable for the particular market being sought by a border station. Is that not so? Let us be blunt about it. Let us take one station, CKLW. They cater to the American market or they would be out of existence. It may very well be that production of a commercial in the United States is suitable for the market across the river, and much more suitable than a production done in Canada. Under those conditions would J. Walter Thompson not advise that the American-produced commercial be used?

**Mr. Miller:** Which market would that commercial be trying to reach?

**Senator Laird:** Detroit.

**Senator Davey:** They could hardly be advertising that when they are soliciting business in New York state.

**Senator Laird:** Let us say it is a Canadian company and their client is Canadian.

**Mr. Cronin:** Who is trying to sell in Detroit? You would then do a commercial that would support that.

**Senator Buckwold:** Senator Laird has raised a very real problem in those border areas, where American companies are advertising on a Canadian TV channel, directing their advertising to an American audience. I would agree that this is a real problem.

**Senator Davey:** I don't agree with that. I have two more questions. On page 15 you say, in your conclusion:

That the present film tariff policies and charging be reviewed, with the intent of making it contemporary with today's government, consumer and business needs.

Did you have in mind this Merrill Lynch thing, that we have heard so much talk about, in making that recommendation?

**Mr. Cronin:** I must say that I am very confused by the tariff, the amounts involved in importing commercials. I do believe that if commercials are imported for \$68.40, perhaps that type of tariff was created for other cir-

cumstances. This is in terms of encouraging Canadian production. If there is a renovation of that tariff system that is not punitive, I think it would be workable.

**Senator Davey:** You say, on page 12, "What is Canadian culture?" You say, "Perhaps a clearer definition should be made." Then you say: "We have seen positive contributions and activity." Presumably you mean towards Canadian culture. Then you list five areas. The second one is advertising. I would be curious to know what you consider to be a positive contribution that advertising has made towards Canadian culture. I ask that question for information.

**Mr. Cronin:** Regarding the development of the music industry in this country, all our tastes run in different directions, I imagine. In the pop music field, for instance, advertising has contributed to the development of Canadian pop music by simply providing employment for very talented Canadian singers. I think musicians in Canada have benefited greatly through advertising.

**Senator Davey:** You did not mean the form of advertising?

**Mr. Cronin:** I believe that many of our younger writers and painters—not many, but significant painters, writers, and film directors, have come out of the advertising business, are in fact working at those arts while they are still in the advertising business. I think that in the film and the graphic arts, photography, some of the greatest photography in the world is being done for Canadian advertising by Canadian photographers. I find it difficult, coming from Ireland, to define culture, because I believe it is more than art, more than literature, more than telecommunications. It is also something to do with the way of life.

**Senator Forsey:** I have just one question or group of questions. It is concerned with page 5, which I referred to a few minutes ago. All the way through, it seems to me that you are saying that the imposition of regulations by the CRTC on Canadian content of programs produced excellent results. You say, for example:

its resulting acceptance and success is of major significance. Many of the expressed concerns and criticisms towards these guidelines at that time have been reduced or eliminated.

Then you say:

We feel that the business and social climate is, in many ways, more positive towards Canadian-content. This follows the CRTC guidelines.

Then you were kind enough to translate the word "guidelines" for me into regulations, and then, at the bottom, you say:

more experienced and productive talent at the advertiser, agency, production and performing arts level, with the latter assisted greatly by the CRTC requirements.

I can summarize what you will say: "Ah, yes, but look at the middle there. It is that the deliberate and well-thought out preliminary investigation and planning by

Mr. Juneau and his associates were of major importance in the success of implementation of these guidelines.”

Well, I would be inclined to agree with that, but there are two points I should like to ask you about, the first of which is whether you have any reason to suppose that Mr. Juneau and his associates, since he made that speech three years ago, have not been doing some well-thought out preliminary investigation and planning. And the second is: Do you not think that a modest contribution to this process of well-thought out preliminary investigation and planning is something that this committee is now trying to engage in?

**Mr. Cronin:** That is exactly what we believe, senator. What we are saying there, and I think it is quite obvious, is that the climate for change for accelerated Canadian content in television commercial production is very good. What we are, I suppose, implying more than saying is, that we believe that any emotional reaction to this situation in terms of, for instance, an outright ban declared overnight, as we heard about earlier, is ill-considered and, in our opinion, irresponsible. There are certain very serious economic probabilities that should be considered.

With respect to the program regulations it was a scaled move; there was time given. Canadian broadcasters were not forced overnight into change. That is simply all we are saying. We are just cautioning against emotionalism.

**Senator Forsey:** But you are not, therefore, necessarily cautioning against a graduated set of regulations, the kind of thing that you just described the CRTC doing in the other case? You are objecting to a sudden 100 per cent ban?

**Mr. Cronin:** I would prefer to see it happen without regulations.

**Senator Forsey:** Yes, that we understand; but, as Senator Davey has already pointed out, in that case it is a matter of, “To-morrow, and to-morrow, and to-morrow, creeps in this petty pace from day to day to the last syllable of recorded time.” You could watch the snails whizz by!

**Senator Buckwold:** There is a good line for one of your ads!

**Senator Forsey:** Or to use another phrase of my old Newfoundland grandmother, you are going as slowly as if you were driving a snail ahead of you. This is what worries me. You say, “Isn’t it splendid, in effect, that the CRTC was tough on this other thing after thinking the thing out—which they probably have been doing now, I suspect, for the last three years. After thinking it out and working it out very carefully, then they started in with some graduated regulations, and look at all of the wonderful results.” And now you say to us, in effect, “Oh, act very carefully! Be frightfully careful! We would much prefer to see it left to the industry itself and you had better watch, look and listen. You had better be very, very, very careful about doing anything in the way of compulsion,” in spite of the fact that on your own showing, CRTC compulsion did give the industry something of a kick in the seat of the trousers, which it apparently needed.

**Mr. Cronin:** I believe, though, senator, there are different implications involved. First of all, the Canadian private broadcasters, when they were given those licences to operate, were given a considerable opportunity, let’s put it, in terms of—at the time, I remember, it was referred to as a licence to print money. I think that with that came a *quid pro quo* in terms of an obligation.

**Senator Forsey:** You have a good point there.

**Mr. Cronin:** I think you will establish the money involved as being somewhere in the range of the two submissions you heard today. I believe there is a possibility that the good purpose that the motion has in mind, related to the question of the broadcast film industry, may not be achieved by regulations similar to the CRTC regulations. I think that the climate is correct, but I do believe there is a possibility that money will be diverted into magazine advertising or print advertising, or out of it. It might do just the opposite of what you intend.

**Senator Forsey:** I appreciate that point, but I just want to make clear the kind of contradiction there seems to me to be in your approach to certain things. The point you just made is a perfectly valid one, and I think we all recognize that we do not want to plunge into this thing without knowing what we are doing.

**Senator Buckwold:** May I ask one last question? This is not even facetious. What was the attitude of J. Walter Thompson Agency with respect to the CRTC regulations as to Canadian content some years ago when they were imposed? Were you as enthusiastic then as you are now?

**Mr. Cronin:** I was not working for J. Walter Thompson at that time. I was working for another advertising agency and I helped to write certain briefs which, in that particular case, were in favour of the move to more Canadian content.

**Senator Buckwold:** As I recall, there was a good segment of the advertising industry which was very concerned as to the impact of these regulations. I am just wondering what your company’s attitude was at the time.

**Mr. Robertson:** I cannot give you an answer on our attitude at that time, senator. I was not in that kind of position.

**Senator McElman:** Mr. Chairman, Mr. Cronin has warned against emotionalism. I would just comment that at the earlier stage when Mr. Juneau gave notice of what would be required, all of the emotionalism came from the industry. I should hope that that will not be repeated this time.

**Mr. Cronin:** I think, senator, it will come from both sides.

**The Deputy Chairman:** Senator Graham has a question, and then Senator Prowse.

**Senator Graham:** One final question, Mr. Chairman.

In your conclusion you say: “We believe that the desire to accelerate Canadian-content commercial production is a positive and attainable goal.” Yet you are adopting, I believe, a go slow attitude. I am wondering just how slow is slow, and do you envisage the day when you could support 100 per cent Canadian production?

**Mr. Robertson:** I do not believe, in terms of getting the necessary information on which to make the judgment that the committee has been charged with, that it is a 5- or 10-year program in terms of arriving at what is best. I found it incredible how much we learned about the subject in four days of concentrated effort. It looks like—and it is that—a delaying tactic to postpone legislation. In arriving at our conclusions we tried to be as responsible as possible, and not coming out and calling for a 100 per cent ban, because we do believe that there are a number of questions which must be answered. We do not know how much media or how much money will be transferred from media to commercial production; we do not know some of these things.

We think if one is to take a responsible attitude, one has to raise such questions as: Do we really know how many more jobs are going to be created? How much money are we talking about? What is Canadian culture? What is this; what is that? I do not think that is irresponsible; I do not think it is delaying the subject at all. The way in which we approach our problems, in terms of the advertisers with whom we deal, is by asking them an awful lot of questions, and we also come up with an awful lot of solutions once we get answers to those questions. We cannot speak for the advertising industry or for all of our clients. We have simply come before you to say that we are one advertising agency; we do not have the final say, but we think we do have a responsibility to share with you some of our own experience, which has been awfully good, but also some of our concerns. That, basically, is the reason we are here today. We wish we had more concrete answers; we wish the logic flowed in a grand fashion. What we wanted to do was to share with you where we had come to date as, hopefully, a responsible business entity.

**Senator Buckwold:** No one on the committee would even feel there was any sense of irresponsibility. I think it has been a very useful brief, and I would not want you to get that impression because you happen to be questioned.

**Senator Laird:** It is very useful.

**Senator Buckwold:** The fact is that you raise some very useful arguments that should be further investigated.

**Senator Prowse:** I am not quite so interested in the philosophy as I am in answers to some concrete questions. When you produce a production in Canada that costs you \$20,000 for a client in the United States, what does it cost you in duty to get that into the States? Is it \$324, as it would be to bring a \$30,000 one back?

**Mr. Cronin:** The duty is, I think, approximately the same. As I have said, we have made commercials for them.

**Senator Prowse:** So leaving aside the point of view of the advertiser in the States, in other words the people who actually are producing commercials in Canada are not at a disadvantage, as against people who are producing commercials in the United States. In other words, they have the same access to the American market as the producers in the States have here. Am I correct in that?

**Mr. Cronin:** Yes.

**Senator Prowse:** They also have a 30 per cent edge in cost.

**Mr. Cronin:** That is right.

**Senator Prowse:** That is a pretty fair edge to go into a market with, if these people then get off their butts and go to work.

**Mr. Cronin:** We do make a reference in our brief to what we have estimated, from talking to certain production companies, of the volume of business being done in the United States. I should again not mislead you. That is a combination of programming and television production. There is a considerable amount of programming being done in Toronto for the United States market, and I believe some companies in Toronto are very aggressive in terms of selling to the United States market.

**Senator Prowse:** I can see the point; nobody wants to have somebody else tell them how to run their business. The fact that you say, "Go slow" on how to change the basis on which I am doing business is completely understandable, and I think everybody appreciates the position. We come back again to what Senator Davey said. I do not know whether you heard them—you probably did—but we certainly heard them. The broadcasters just cried bloody murder when it was being suggested that there should be this much Canadian content; they were all going to go broke. It was a really sad thing. Since then I think they have been crying all the way to the bank. Obviously they did not go broke. We suddenly found the talent was there and it was given a chance. What becomes important is the question of what comes first, the chicken or the egg. Does the market produce the talent, or the talent the market? In other words, if we can do something so that the market is available to you, will that bring out the talent? Or do we have to wait until the talent is there and then go and see the market?

**Mr. Cronin:** This whole question of talent is one of the reasons why we ask where it is going to lead. The exodus of talent from Canada in the performing arts has been considerable in the past 15 or 20 years. In the television business it has been spectacular. The end result is that directors, writers and performers in major United States shows such as "Laugh-In", the Smothers Brothers, Sonny and Cher, are all Canadian. Some of those people I know from first hand were very active in commercial advertising in Canada, and some of them were among the most sought after talent. Quite obviously they could not earn enough money in that particular end of the business to sustain them in total, so they still ended up in Los Angeles. The subject of programming and the subject of commercial production are related, but I would suggest it is in a 90-10 or 95-5 relationship.

**Senator Prowse:** This sheet has been handed out to us on your behalf. How does the advertising agency operate with a client? Does he come to you and say, "I have this product. I want to go. I would like to sell so much. I have so much money to spend"? Is it a combination of these things? Does he tell you he wants it in newspapers, or do you tell him where he puts it?



**Mr. Robertson:** I would like Mr. Miller to answer that.

**Mr. Miller:** A client comes to us with a product or a service to sell and employs us as counsellors in the best means of communicating their goods or services to the Canadian public. It is our initiative that directs them to the media, to the creative approach that we use. In practically everything, as has been indicated here today, the client ultimately has the final say. Despite all our good professional recommendations they can say, "We don't agree you should be in newspapers. We have a very good television commercial that we want to use," and that will be it. As has been said, if we say, "Well, that's it," and we throw down our pencils, we will not be their advertising agency. Our responsibility is to present them with our professional recommendations on the best means of selling the goods or services.

**Senator Prowse:** The desirable thing, as with any professional man, is that your client takes your advice.

**Mr. Miller:** If he respects us, as presumably he does or he would not have retained us, yes, he will take our advice, if we can support our point of view.

**Senator Prowse:** When you set up this sheet, were these figures related to something? Did you take an actual client's account?

**Mr. Miller:** It is purely hypothetical.

**Senator Prowse:** If it is purely hypothetical, how did you come to say, "If there is increased budget to accommodate increased cost"? Your advice to him will be this. "You buy so much television, because this should get you such a percentage of sales." Is that not about it?

**Mr. Miller:** Yes, sir, that is correct.

**Senator Prowse:** You allocate it in that way. The only way you would eliminate another medium would be if it was not effective or efficient, in which case it would probably be eliminated anyway.

**Mr. Miller:** In an ideal situation that is true, but let me draw your attention to item 3. This is a situation where this particular brand or service has, prior to the implication of some legislation, \$800,000 spent in television time. Suddenly its production budget is increased to \$200,000. For whatever good competitive reason, he still believes that he has to stay in television. At the same time, he also believes that it is essential to find this \$100,000 spent in print. We are saying that if you can afford in this instance to reduce your television budget by \$100,000, that is where the money is going to have to come from. We could turn that around and say this a little bit artificial. What is more logically the case is, if \$800,000 is the amount of money you need to spend in television to perform the job you are doing, match competition or sell your product, you have \$100,000 in print and suddenly your production cost doubles, if I were the man responsible for that client I would recommend that he deletes print, because if you are going to do something well, let us do it well in one medium, as distinct from trying to do half a job.

**Senator Prowse:** Surely, your sales are the result of the total of all your effect on the market of all the media.

**Mr. Miller:** Correct.

**Senator Prowse:** So if you reduce any amount of your effort you will cut down your sales.

**Mr. Miller:** That is correct. You are not doing as well as you could.

**Senator Prowse:** If you are going to cut down your sales you lose money.

**Mr. Miller:** Yes, sir.

**Senator Prowse:** Suppose on television I had, let us say, two exposures a week last year and it cost me \$500 per exposure, and then the television station raises the cost. I have been through this in an election campaign, so I know; they doubled their costs on us between one election and another, which did not mean I was going to take the time, but merely that I had to hustle around and find some more money.

**Mr. Miller:** Correct.

**Senator Prowse:** If I am going to sell the stuff and advertising sells it with a better advertising campaign, the only reason you are going to have Canadian stuff is because it will hit better at Canadians than the American stuff does.

**Mr. Miller:** That is correct.

**Senator Prowse:** This ought to be the only reason, and we ought to keep it in mind. If we give the thing a push to get it going here, then you will sell more product, it is a more efficient operation and he makes money by spending it on advertising. That is what you tell him now, do you not?

**Mr. Miller:** That is true. In this particular instance the client would then say, "All right, if you believe that we simply have to accommodate that extra \$100,000 and still spend that \$800,000 in the media, where are we going to get that other \$100,000?"

**Senator Prowse:** The whole proposition of this is that if this meets the Canadian life style by having an ad that is tailored to the Canadian life style rather than one that is tailored to American and Mexican life styles, in view of what we were talking about earlier this afternoon, then he will get more value for his money.

**Mr. Miller:** Yes.

**Senator Prowse:** Perhaps he is going to get more value for his money. In other words, I figured this, that in Canadian advertising, to spend \$324, for example, for something that does not touch my market at all, your \$10.90 goes out the window when you are dealing with that, if you can bring it in for \$64, or whatever it is.

**Mr. Miller:** You are trying to quantify the sales difference which you can effect in running a United States mass produced commercial, and running an even more effective Canadian produced commercial, and what that does to the market.

**Mr. Robertson:** There are instances where advertising we bring across the border is consistent with our lifestyle.

**Mr. Miller:** That is true, but the senator is talking about Canadian advertising that is measurably different from that in the United States, and is asking "Is that not going to result in extra sales, that are considerably higher here on that account?"

**The Deputy Chairman:** Which we hope we are doing now.

**Mr. Miller:** Exactly.

**Senator Prowse:** The reason I am saying that is that the American banks prefer to pay \$30,000 for an American commercial rather than get what you considered was an equivalent commercial for \$10,000 less. The hard-nosed guy like a banker is going to do a thing like that, and it is good business for him or he would not be doing it.

**Mr. Robertson:** Mr. Chairman, I am thinking in terms of the examples of the clients that we represent, that because of the steps which Mr. Miller took you through, we have arrived at a much higher proportion of what we hope is effective advertising that is produced in Canada to meet Canadian needs. The remaining 20 per cent of the media placement that we represent for our clients is made up of many examples—and my colleague can help me with this. In one example I can think of, we did work on preparing a Canadian pool, but the United States came up with a smashing television commercial. They tested it and the American commercial came out better than the Canadian commercial. It was just incredibly good advertising. Emotionally we thought that ours was better, but in terms of all the conditions that we took a look at, it was good advertising. So the client resisted our advertising on the air as opposed to this advertising from the United States, which was not foreign to our lifestyle. It was consistent with the marketing strategy, consistent

with everything that he wanted to do in Canada. But over here he had this great commercial which costs \$90,000 or \$100,000 and it was right for the Canadian market. That is an example.

There are other examples, where advertising with one of our clients is thoroughly tested in the United States and it is incredibly hard for us to go to our client and for our client to make a decision, when he has access to these commercials that have been proven nine different ways. We cannot afford to do the research in Canada, to do all the concept advertising in Canada. So his view, hypothetically, has to be, "I want to resist Canadian produced advertising, as long as I have this well tested, well proven commercial available to me."

**The Deputy Chairman:** Gentlemen, that is all very interesting. We would like to continue, but the Senate will be sitting at 8 o'clock and our reporters have to be in the chamber at that time. I have some questions to ask, but as I have said before, the Chairman can be seen but not heard, and that is what I have been doing all afternoon. I have some questions to ask, but I will have to write to you. So, Mr. Robertson and gentlemen, again we want to thank you very much for your co-operation.

**Mr. Robertson:** Thank you.

**Senator Laird:** Mr. Chairman, I have a letter on this very point, and I would be very pleased if the committee would receive it. It is from CKLW, and I have two dozen copies with me. That will give everyone a chance to read it overnight.

**The Deputy Chairman:** Very well. We will take it as being tabled now and the clerk will distribute copies of it so that every member of the Committee will have a chance to read it.

The committee adjourned.

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...the client to make a decision, when he has access to these examples that have been proven nine different ways. We cannot show to do the equivalent in Canada, to do all the equivalent advertising in Canada.

The Deputy Chairman: Goodness, that is all very interesting. We would like to continue, but the Senate will be sitting at 4 o'clock and our reporters have to be in the chamber at that time. I have some questions to ask, but as I have said before, the Chairman can be seen but not heard, and that is what I have been doing all afternoon—I have some questions to ask, but I will have to write to you. So, Mr. Robertson and gentlemen, again we want to thank you very much for your co-operation.

...the client to make a decision, when he has access to these examples that have been proven nine different ways. We cannot show to do the equivalent in Canada, to do all the equivalent advertising in Canada. So his view, hypothetically, is to be "I want to avoid Canadian produced advertising as long as I have a well tested, well proven commercial available to me."

Mr. Robertson: Thank you.

Senator Laird: Mr. Chairman, I have a letter on this very point, and I would be very pleased if the committee would receive it. It is from CKLW, and I have ten dozen copies with me. That will give everyone a chance to read it overnight.

The Deputy Chairman: Very well. We will take it as being tables now, and the clerk will distribute copies of it so that every member of the Committee will have a chance to read it.

The committee adjourned.

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FIRST SESSION—TWENTY-NINTH PARLIAMENT  
1973

# THE SENATE OF CANADA

PROCEEDINGS

OF THE

STANDING SENATE COMMITTEE ON

# TRANSPORT AND COMMUNICATIONS

The Honourable Maurice Bourget, P.C., *Deputy Chairman*

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Issue No. 4

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WEDNESDAY, JULY 11, 1973

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Second Proceedings on the examination of radio and  
television commercial advertising broadcast in Canada

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(Witnesses and Appendix:—See Minutes of Proceedings)



THE STANDING SENATE COMMITTEE ON  
TRANSPORT AND COMMUNICATIONS

The Honourable J. Campbell Haig, *Chairman*

The Honourable Maurice Bourget, P.C., *Deputy  
Chairman* and

The Honourable Senators,

Argue	Haig
Blois	Langlois
Bourget	Lawson
Buckwold	*Martin
Davey	McElman
Denis	Petten
*Flynn	Prowse
Forsey	Smith
Fournier ( <i>Madawaska- Restigouche</i> )	Sparrow
Graham	van Roggen
	Welch

*\* Ex officio members*

20 Members

(Quorum 5)

WEDNESDAY, JULY 11, 1973

(Witnesses and Appendix:—See Minutes of Proceedings)

# Order of Reference

Extract from the Minutes of the Proceedings of the Senate, Thursday, May 24, 1973:

"The Honourable Senator Buckwold moved, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the question of the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada be completely produced in Canada, utilizing Canadian manpower to the maximum possible extent.

After debate, and—

The question being put on the motion, it was—  
Resolved in the affirmative."

Robert Fortier,  
Clerk of the Senate.

# Minutes of Proceedings

Order of Reference

July 11, 1973.

Pursuant to adjournment and notice, the Standing Senate Committee on Transport and Communications met this day at 9:30 a.m.

*Present:* The Honourable Senators Bourget (*Deputy Chairman*), Buckwold, Davey, Denis, Forsey, Fournier (*Madawaska-Restigouche*), Graham, Langlois, McElman, Petten, Prowse, Smith and Sparrow.—(13)

*Present but not of the Committee:* The Honourable Senators Laird, Lapointe, McGrand and Molgat.—(4)

The Committee resumed its examination of radio and television advertising broadcast in Canada.

The following witnesses, representing the Association of Canadian Television and Radio Artists (ACTRA), were heard by the Committee:

Mr. Donald Parrish, President;  
Mr. Paul Siren, General Secretary.

In addition the following witnesses, representing L'Union des Artistes, were heard by the Committee:

Mr. Robert Rivard, President;  
Mr. Jean-Paul Dugas, Member.

At 12:30 p.m. the Committee adjourned until 2:30 p.m.

At 2:35 p.m. the Committee resumed.

*Present:* The Honourable Senators Bourget (*Deputy Chairman*), Buckwold, Davey, Denis, Forsey, Fournier (*Madawaska-Restigouche*), Graham, McElman, Petten, Prowse, Smith and van Roggen.—(12).

*Present but not of the Committee:* The Honourable Senators Deschatelets, Laird, Lapointe and McGrand.—(4)

Mr. Peter Hunter, President of McConnell Advertising Company Limited, was heard by the Committee.

The Committee also heard the following witnesses representing the Association of Canadian Advertisers Inc.:

Mr. A. Z. Pengelly, Immediate Past President;  
Mr. W. T. Blakely, President;  
Mr. Henry Ross, Co-Chairman, Joint Broadcast Committee;  
Mr. David Hopkins, Co-Chairman, Joint Broadcast Committee;  
Mr. J. V. Dampsy, Vice-Chairman and Treasurer.

On Motion by the Chairman, it was Resolved to print in this day's proceedings a letter received from Mr. Murray Chercover, President and Managing Director of CTV Television Network Ltd. It appears as an appendix.

At 5:40 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Denis Bouffard,  
Clerk of the Committee.



# The Standing Senate Committee on Transport and Communications

## Evidence

Ottawa, Wednesday, July 11, 1973.

The Standing Senate Committee on Transport and Communications met this day at 9.30 a.m. to consider the question of the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada be completely produced in Canada, utilizing Canadian manpower to the maximum possible extent.

**Senator Maurice Bourget** (*Deputy Chairman*) in the Chair.

[Text]

**The Deputy Chairman:** Honourable senators, just to give you an idea of the agenda for today, we will start this morning with ACTRA, and then at 10.30, or a little later, we will have L'Union des Artistes de Montréal. At 2.30 we will have McConnell Advertising Limited, and at four o'clock, or a little thereafter, we will have the Association of Canadian Advertisers Inc.

Now, honourable senators, with respect to the letter from CTV, it is agreed that that letter be tabled as evidence.

**Hon. Senators:** Agreed.

(*For text of letter see appendix*).

**The Deputy Chairman:** Are there any other questions regarding organization or sittings?

**Senator Laird:** Mr. Chairman, did the committee agree to accept the filing of this CKLW letter written to me?

**The Deputy Chairman:** We agreed last night before we adjourned.

**Senator Davey:** I think there should be some discussion about it at some point, but perhaps not now.

**The Deputy Chairman:** Later on we may discuss it and Senator Laird may say something about it.

Now, our first witnesses today are Mr. Donald R. Parrish, the President of ACTRA, and Mr. Paul Siren, the General Secretary of ACTRA.

Mr. Parrish has told me that they have no brief but that he would like to make some kind of introduction, after which Mr. Siren will make some comments as well.

I want to welcome you, gentlemen, and thank you very much for having accepted our invitation to appear before the committee.

**Mr. Donald R. Parrish, President, ACTRA:** Thank you, Mr. Chairman.

As president of ACTRA I number myself among those who consider themselves performers, and a performer is a communicator and without an audience there is no communication, so we are very grateful to you for providing the audience this morning. It just remains to be seen how good we are at communicating.

As a matter of introduction I should like to suggest that we, as an association, believe in the philosophy of commercials. It is a way of life with us and I think there is no harm at all, as a matter of fact it is a good thing, to have commercials to introduce goods and products to those of us who are in the audience and potential buyers. The commercial is a means of communication and we, as the performers and writers of our association, are also communicators and are concerned with what is communicated or we do not communicate. We believe that the survival of Canada as a distinct nation is linked directly to communications and that we must speak, one to the other, inside this country, from one geographical location to another, from one religion to another, from one race to another. We must speak our own accents. At every opportunity we must always strive to protect all the subtleties that are uniquely Canadian.

Commercials are designed to sell goods, and they indeed do that. The result in the market place will attest to the success of commercials and how powerful they actually are, but apart from the prime concern of a commercial—that is, the selling of goods or services—they also carry, in an indirect way, other messages, and these messages are things of the order of language construction and accents and bits of folklore. If these components are foreign—these may be small points but they do, in the overall picture, contribute to the great flood of foreign material which confronts all of us on a daily basis. We believe very strongly, as an association, along with a host of other Canadians, that we should insist on the maintenance, where commercials are concerned, of high standards of information on the value and the quality of products being sold and available to Canadians. We also believe we must maintain ethical standards in order that misleading claims are not made—and I might say here that the more remote the production of a commercial becomes, the harder it is to control the content of the commercial.

We believe that foreign produced commercials should not be used to sell products to Canadians except in instances where Canadian producers, using Canadian talent, for reasons of climate or locale, move outside the country to produce that commercial. We also believe that commercials should employ Canadian talent only, except in

instances where the person involved is of international reputation.

We all realize that it has never been easy for a performer in Canada to make a comfortable living, and so it has been ACTRA's long-term policy to try in every way to improve this condition; and so the constant look at sources of employment or things that might mean employment for us.

The commercial field is one of those sources, and we feel strongly that all of the talent money spent on commercials to sell goods to Canadians should be spent on Canadians. There has been a slow improvement in this direction over the past years, and we are very grateful for that, but there is still a very large percentage of commercials that are produced entirely outside this country and, as a result, the income from those to talent is lost entirely to Canadian performers.

Audiences have been conditioned to expect a high standard of performance from all of us, and I am sure that you are aware that it is not possible to have a high standard of performance unless the artist is able to devote his whole time to his craft. If he cannot find sufficient employment in order to do that, then the talent pool becomes smaller and the quality becomes weaker. We must therefore take advantage of every possible opportunity or run the risk of coming to the point where we do not have a good, strong, successful community.

I believe that to remain distinctly Canadian—and this is my final point, by way of introduction, after which I will defer to Mr. Siren, who has a great deal more detailed information on the things that I am speaking in a philosophical way about—we must have a very large, healthy group of communicators. Those, at least in our instance, are the singers, the dancers, the actors and the writers, and we must be able to tell our Canadian story in accents that are equal to or, hopefully, greater than the flood of information that comes over us every day from our radios and TV.

I thank you, gentlemen, for this opportunity, and I now defer to Mr. Siren, who will give you more detailed information on the point.

**The Deputy Chairman:** Thank you very much, Mr. Parrish. Mr. Siren?

**Mr. Paul Siren, General Secretary, ACTRA:** Thank you, Mr. Chairman and honourable senators.

We—that is, those of us in ACTRA—consider that the commercial industry in this country, as in many other countries, is in fact a very substantial industry, involving and employing many people, and that the production of television and radio commercials is not only a part of a very substantial industry in itself but is also related to the development of our cultural image and to the development of a professional talent pool of skilled and tested performing talent, and is therefore of great importance in examining our entire posture as Canadians and in examining the methods we need to adopt to improve and enhance and strengthen our cultural development.

ACTRA, as the association representing the professional performing and writing talent in the recorded

media—namely, in broadcasting film and other recordings—has considered this problem for some time and, while as a national association we are a mere ten years old, our first representation in this regard occurred in September, 1968, at the Moncton hearings of the Canadian Radio and Television Commission, at which time ACTRA presented a brief concerning the problem of imported commercials. Our concern at that time was that Canada is the recipient of what we called “dumped” television and radio commercials, and our concern was expressed along the lines that in addition to the availability of American television and radio programs, along with their commercials, to the majority of the Canadian viewing and listening audience a very substantial portion of national commercials and, in many cases, local commercials on Canadian radio and television, were made outside the borders of this country.

In addition to that, many Canadians produced commercials engaged foreign talent. One of the reasons given for the engagement of foreign talent in Canadian produced television commercials particularly, and in some cases radio commercials, was that the advertiser and the sponsor sought an identity of the TV commercial product with persons who appear on television and radio constantly and regularly, and who have an appeal to the consumer audience as performing talent.

It was suggested in some specific instances that, because of lack of performing personalities in Canada, it was necessary for the advertiser to seek foreign performing talent to act as the spokesman, to act as the salesman for the goods and services that the advertiser wanted to promote.

It is our view, and perhaps no other view could be expressed from our association, that Canadian performing talent is equal to any in the world, given the opportunity to work. I think the proof of this is the fact that so many Canadians are working outside the borders of this country and have in fact acquired an international reputation on the stage, in films, in television and other media.

We also feel that we are capable of producing all of the commercials that are required by Canadian industry in this country, providing all these skills and the talent that is necessary for the production of such commercials. We believe, and in truth the advertising industry has accepted the concept, that in view of the limited availability of engagements in Canada for professional talent, the commercial production provides more opportunities for professional talent to be engaged, and we therefore consider the work pool provided by the production of television and radio commercials as an extension of work opportunity in Canada for the talent that we possess.

In addition to representations in written form to the Canadian Radio and Television Commission, ACTRA produced an audio-visual presentation which was presented to a meeting called jointly by ICA—that is, the Institute of Canadian Advertising—the Association of Canadian Advertisers, and ACTRA in Toronto. At this meeting several hundred key people in the industry were able to view this audio-visual presentation produced by ACTRA, and the same presentation was presented to the April, 1970 hearings of the CRTC at which the question

of Canadian content in broadcasting was rather heatedly debated.

Our concerns at the present are that while there is an indication that more of the national television commercials are being produced in Canada than in previous years, according to the information provided by the Institute of Canadian Advertising and the Association of Canadian Advertisers recently in a survey taken of, I believe, 25 major advertising agencies in this country, it appears that at the moment 32.2 per cent of national television commercials are being imported—and that figure, apparently, shows some improvement over previous years, and over a period of five years it indicates an improvement of some 7 per cent.

From ACTRA's standpoint, we are not familiar with the criteria used to arrive at these figures. However we are not in a position to challenge them, nor do we wish to do so. The fact remains that almost one-third of the national television commercials that appear on television screens in Canada are produced outside this country. We believe that to be inordinately excessive.

In addition to that, when one considers that most local commercials are produced outside this country, when one considers the amount of commercial production outside of Canada's borders for radio, and when one considers that almost all, if not indeed all, of the radio station I.D.s in English-speaking Canada are produced in the United States—and by that I mean the jingle that most radio stations use to announce their call letters—this means that in each of these cases foreign talent has been used for the production.

We consider the need for the increased use of indigenous talent and indigenous skills in all areas of production to be of urgent concern. Our reason for considering this to be so is that we believe that the commercials produced outside our borders are conceived, designed and produced under different laws, for a different consumer audience living in another culture and are, in fact, importing into this country many of the things that we are greatly concerned about in the development of our own culture. Furthermore, we feel that this very substantial importation of television and radio commercials is expressing an economic thrust on the part of the country in which they are produced, and is not necessarily in the best interests of our own needs and aspirations.

Foreign produced commercials have a very clear and, perhaps, an undue influence or impact on our culture. Not only do they deny the opportunity of participation to Canadian talent by not allowing it to be seen and heard by the Canadian viewing and listening audience, but they in fact enhance the position of foreign talent in this country in opposition to the needs and requirements of the development of a Canadian cultural talent pool.

ACTRA has negotiated with the industry over some years. We have an agreement, and we have a very amicable relationship in our collective bargaining posture with the industry—a very healthy relationship. We have found, however, that it is not possible for ACTRA to bargain with the industry in trying to limit the importation of foreign commercials for television and radio use

in Canada. The best we have been able to do is to establish a joint committee which, to put it briefly, has the function of attempting to educate the industry in the promotion of Canadian production. While this in itself is healthy, it has not proved to be a very successful endeavour, because the figures indicate that the pace of growth is insufficient.

The lesson is that in the past five years or more, despite ACTRA's pressure, despite the pressure of a changing political and cultural climate, the increase in the proportion of production of national television commercials in Canada is very modest indeed.

**Senator Laird:** You said 7 per cent.

**Mr. Siren:** Over a five-year period. That is what the figures indicate.

**Senator Prowse:** Yes, you said 7 per cent in five years.

**Senator Forsey:** It is not exceeding the speed limit.

**Mr. Siren:** From our point of view that 7 per cent is modest.

It is our view that in order to be able to move forward in this area it is necessary to enact legislation. The type of legislation we would like to see is, as Mr. Parrish indicated, that all television and radio commercials, and, I suggest, radio station I.D.s as well, be produced in Canada, with the exception of cases where for reasons of climate or locale it is necessary to move out of Canada. That is a very valid problem on occasion. Another exception would be in a situation where an advertiser wishes to engage the services of a person of international reputation, because there are certain instances, obviously, where such persons are not available in the Canadian talent pool. We believe that that type of legislation can be enacted, that the industry is capable of living up to it.

We understand, as we witnessed in the case of the hearings of the Canadian Radio and Television Commission, that whenever it is suggested that regulations be adopted to force an industry to adopt a certain posture, that there would be resistance. It may even be suggested that there is not sufficient talent in this country—which from our point of view is not the case. It may be suggested that there will be a reduction in the amount of commercial production. However, it is our view that industry will insist on promoting its goods and services. They will do it in relation to the economic patterns prevailing at any given time. But at least, if we have the regulations which require the industry to produce their commercial production in Canada, then we will have that share, whatever it may be, from time to time.

It is therefore our recommendation, with great respect, that this committee should undertake to recommend the enactment of legislation to require the advertising industry to produce their national television and radio commercials in Canada and thereby enhance and make a greater contribution toward the opportunities for work by Canadian talent, increase the income of Canadian talent, which is now being drained or denied by the importation of commercials, from the United States primarily. In our

case a third increase would mean a little better than \$1 million in the pockets of Canadian performing talent.

I should add at this stage, in order to clarify any misconception that may prevail, that ACTRA is not a closed situation in which we insist that only members of the association may be employed. We have always adopted the position that as an association representing professional talent we must not be in the position and we must not undertake strictures that would deny an opportunity for new talent to come forward. Therefore our arrangements with our engagers provide for work permittees, who may not be members of ACTRA, to be engaged by the engager of talent. The work permittees are allowed to work with our membership on the work permit basis.

We respectfully suggest, Mr. Chairman, that this committee undertake to make these recommendations along the lines we have suggested. We thank you for the opportunity to appear before you this morning. Mr. Parrish and I will attempt to answer any questions the members of the committee may have.

**The Deputy Chairman:** Thank you very much, Mr. Siren. We are open for questions now and would like to start this morning with Senator Fournier.

**Senator Fournier (Madawaska-Restigouche):** It was mentioned that in order for an actor to survive he must be provided with a comfortable living. Would you enlarge on that please? What is comfortable living?

**Senator Prowse:** A little better than they have now.

**Mr. Parrish:** I made the statement, so perhaps I should enlarge on it. In total, ACTRA has approximately 4,000 members, whose average income is approximately \$1,000 per year. There is, of course, a pool of performers within that 4,000 who do make comfortable livings. However, we as an association are concerned that so many of us who are performers of good calibre simply do not have an opportunity to make a better living.

**Senator Forsey:** How can they perform at all, except as Hamlet's father's ghost, if they only receive \$1,000 per year?

**Mr. Parrish:** I must agree with you. Some, indeed, do look just like that.

**Senator Graham:** How many of the 4,000 would be full-time employees?

**Mr. Parrish:** I expect probably approximately 500 are full-time and make their living solely as performers.

**Senator Graham:** Could you tell us the average income of the 500?

**Mr. Siren:** We have no specific figures in that regard.

**Senator Fournier (Madawaska-Restigouche):** Would you call the living of the 500 comfortable?

**Mr. Parrish:** Of the 500, I expect a comfortable living is made by 200. The remainder make something sustaining, but not comfortable.

**Senator Graham:** Could you tell us the average income of the 200?

**Mr. Parrish:** No, I could not tell you that, but it is comfortable.

**Senator Prowse:** Could you tell us the top limit?

**Mr. Parrish:** My guess is that it is probably in the area of \$75,000 a year.

**Senator Laird:** That is better than a senator receives.

**Mr. Parrish:** Yes.

**Senator Prowse:** Maybe it requires more talent.

**Mr. Parrish:** We suggest that only five in that category receive that much. Certainly a greater number of senators realize incomes at least in that order.

**Senator Buckwold:** Also having difficulty communicating.

**Mr. Siren:** In order that there will be no misunderstanding, I must say that all members of ACTRA are freelance performers and not employees in the normal sense of the word. To supplement their earnings those who are only part-time performers obviously sell shoes or do something else.

**Senator Graham:** What are the qualifications to become a member of ACTRA?

**Mr. Siren:** We adopt the general view that the engager determines whether the individual has the talent to become a professional performer. If the engager decides to engage someone and pay him for performing we consider that the engager has determined the artistic competence. I might say that engagers insist upon the right of determining the artistic competence of the performing talent. Our constitution provides that in the case of a performer such performer must have had not less than four professional engagements before applying for membership in the association. In the case of a writer he must have had not less than two professional writing engagements before qualifying for acceptance as a member. We do accept as members those who are recognizably professional already. This applies to those who have been in the broadcasting industry for several years and for one reason or another may not have desired to join or may not have needed to do so because they were engaged as employees. They may then broaden out into freelance activities.

**Senator Sparrow:** When you refer to work permits, do you mean Canadians receiving work permits from your association, or actors from outside the country?

**Mr. Siren:** I referred to Canadians who may not be members of the association. They may be engaged to perform, in which case we provide a work permit.

**Senator Sparrow:** Why would they not become members, rather than use work permits?

**Mr. Parrish:** They do not have the four engagements to qualify as members.

**Senator Sparrow:** Do they need to have had engagements in order to qualify for a work permit?

**Mr. Parrish:** Yes; a work permit is issued only when there is an engagement.

**Senator Sparrow:** The first engagement?

**Mr. Parrish:** Yes.

**The Deputy Chairman:** Do you include French-speaking performers in the 4,000-membership to which you referred? L'Union des Artistes is completely separate from ACTRA, but you have the same purpose.

**Mr. Siren:** We have a very close relationship and the objectives are, I believe, identical. It is just a matter of separation by language providing for independent organizations.

**Senator Graham:** Is the membership fee the same for those who make, for instance, \$75,000 and for those who make \$1,000?

**Mr. Siren:** No, there is a distinction in the sense that our due structure is based on a percentage of the income in our jurisdiction, with a minimum and a maximum, the maximum being \$250 per annum.

**Senator Graham:** What is the minimum?

**Mr. Siren:** \$50.

**The Deputy Chairman:** Is there any connection between your organization, or L'Union des Artistes and any other organization in the United States, either union or other groups?

**Mr. Siren:** We are both members of the Canadian Labour Congress, which has established a council of Canadian performing arts unions. Our organizations are members of that council and meet regularly to discuss matters of legislation and other points of mutual concern. In addition, both L'Union des Artistes and ACTRA are affiliated to the International Federation of Actors, which represents all of the performing talent unions around the world, both in the West and in the East, if I can put it that way.

**The Deputy Chairman:** But you are free to do whatever you like.

**Mr. Parrish:** May I add to what Mr. Siren has said? As far as ACTRA is concerned, back in our history we were affiliated with an American national union. We are no longer affiliated. We are wholly a Canadian union and only have adherences to international bodies, such as those Mr. Siren has mentioned. We run our own show. Our dues stay in Canada. It is entirely our own show.

**Senator Denis:** Suppose an actor who is not a member of your union, a new talent, wants to be hired by a customer who is buying advertising, can he perform as if

he were a member of your union, or would you prevent his performing?

**Mr. Parrish:** I expect that our position is—I know our position is—that we prevent people working with our members unless they are qualified, and we have the means of qualifying by issuing a permit to work within our jurisdiction. If it happens to be a production that employs only one person, then it becomes difficult to exercise this because he is not, in fact, working with one of our members. In the instance where we have an agreement between the employer and ourselves, we expect that employer to adhere to the rules of the agreements that we have with them.

**Senator Denis:** Let us suppose that I am a buyer of a commercial and I want a group of actors who are not members of your union to be in that commercial and perform, would I be allowed to employ that new talent, or do they have to be members of your union? Otherwise, how could new talent be produced in Canada, if we follow your argument?

**Mr. Siren:** Our agreements with all of our engagers provide the following basic requirements—The first is that preference of engagement be given to ACTRA members. By that we mean that the engager should first of all examine whether within the membership of ACTRA the necessary talent is available. If that is not the case, and if, in the opinion of the engager, some other talent is required who is not a member of ACTRA, they send that talent to ACTRA and get a work permit from ACTRA to work. In most cases we do not have any disputes. We have taken the position that while there must be a preference of engagement, by that we mean that ACTRA members should be considered, and auditioned if necessary, for the role or character or engagement. If, in the opinion of the engager, it is necessary to hire non-ACTRA talent, that is available through the work permit procedure; and therefore there is the opportunity, sir, for new talent to emerge.

**Senator Denis:** In other words, in order to be hired, you must be a member of your union.

**Mr. Parrish:** No, you do not have to be a member.

**Senator Denis:** But you refuse that performer permission to perform.

**The Deputy Chairman:** They do not refuse. He can get a permit that will entitle him to do the work.

**Senator Denis:** But if you do not give him a permit?

**Mr. Siren:** There are very few instances of denial. Some clear denials are provided in our agreements. We have agreed with the industry that employees of an advertising agency that is producing a commercial will not be issued a work permit. That is not a matter of ACTRA's own narrow viewpoint; it is agreed by the industry that that should not happen, for very obvious reasons. In some cases, members of families of such employees are also denied a work permit for an engage-

ment produced by that agency only, but not in relation to general activity.

We have, I suppose, over many years once or twice suggested to an engager that they have not really made an effort to engage professional talent within our ranks, that there has been, perhaps, some preconceived idea as to whom they want to engage before going through the procedures. But in general, in so far as work permits for Canadians are concerned, there has been very little difficulty all the way throughout, and I think that would be attested to by the industry representatives.

Where we do have some serious debate, and where we do have some serious problems—on occasions ACTRA has taken the position of refusing to issue a work permit—is when in our opinion an engager has engaged foreign talent in positions which clearly, in our opinion, could be filled by Canadian talent. Let me give you an illustration. For instance, in our view—at that time we did not refuse, but perhaps we should have—it was not necessary, in our view to have an on-camera personality, who is an American, selling winter snow tires. We felt that there are, in fact, very many Canadian performers who are capable of selling snow tires.

**Senator Laird:** Would it not be his quality of performance that would be the real test?

**Mr. Siren:** Our submission is that there are many Canadian performers who have and possess the quality of performance.

**Senator McElman:** Do you have a fee structure for work permits?

**Mr. Siren:** Yes, we do.

**Senator McElman:** What is it?

**Mr. Siren:** It ranges from a maximum of \$50 for the first engagement, to varying degrees, depending on programs. In commercial production, the first work permit is \$50, the second, third and fourth are \$25. In programs, we negotiate these work permits with engagers such as the CBC and CTV, and they vary depending on whether it is a local production, which may be \$10, to a national production, where you have a principal performer, which may be as high as \$30.

**Senator McElman:** It is sufficiently high to encourage membership.

**Mr. Siren:** That's right.

**Senator Buckwold:** I would like to ask a series of questions. First, perhaps we can discuss ACTRA very briefly, to get the set-up. You involve yourself basically with performers?

**Mr. Siren:** Performers and writers.

**Senator Buckwold:** And writers. I want to get this on the record. In addition, I would presume there are many other technicians who are connected with other unions that are involved in the production of commercials.

**Mr. Siren:** Indeed, that is so.

**Senator Buckwold:** I presume musicians are part of yours, or are they?

**Mr. Parrish:** They are quite separate.

**Mr. Siren:** They have their own organization.

**Mr. Parrish:** If I may just outline it. Our membership consists of the traditional performing artists, such as singers, dancers, actors and actresses, announcers, and all the allied fields of announcing, and, more recently, writing in the medium.

**Senator Buckwold:** I am trying to relate this to the fact that there are many, many more people involved in the production of commercials other than those represented by ACTRA. I relate this, then, to your figure of \$1 million extra coming into your membership were all commercials produced in Canada. I think you used that figure.

**Mr. Siren:** That is right.

**Senator Buckwold:** We had a figure given to us yesterday which would involve a total cost of anywhere from \$6 million to \$8 million, depending on who you look at. I presume, then, that the other many millions would go to the others, mostly labour, who would be involved in the production of these commercials?

**Mr. Siren:** That would be so. It would bring in the cameramen, stagehands, lighting and sound people, clerical help, and so forth. In addition to that, of course, there is the whole question of studio costs and the use of facilities.

**Senator Buckwold:** We had a presentation yesterday from one of the large advertising agencies, J. Walter Thompson, and in their brief they referred to the fact that the J. Walter Thompson Agency is a signatory to the current ACTRA agreement, and they quoted therefrom as follows:

The parties to this agreement agree that every effort will be made to encourage advertisers to produce television and radio commercials in Canada.

And their brief went on to say:

By definition, therefore, as a signatory of this agreement, we are already endorsing the intent of this Committee's motion. Certainly our own overall production trends reflect our endorsement of this commitment.

Has the fact that all of the advertising agencies have signed that particular section in the agreement, in your opinion, been an effective tool in bringing about more Canadian production, or is it just some motion that some one goes through?

**Mr. Siren:** Our opinion is that we think it reflects an intent on the part of the agencies that are signatories to our agreement. I do not think, nor do I impute, that there are people in the agencies who would suggest that there should not be an increase in Canadian production of commercials. I think our problem is this: Many of the advertisers—in fact, the majority of the major adver-

tisers of Canadian television produced national commercials, or who are involved in national commercials—would be, what I call, continental advertisers. They are mainly American multi-national firms. In producing a commercial in the United States, used in the United States and, presumably, paid for in terms of their costing in that immense market in the United States, they take the position that it is simply less expensive, because of our tariff regulations, to import that commercial and use it on Canadian television. It saves them the cost of producing another commercial in Canada. I might add, this is to the disadvantage of the purely Canadian company that is forced to produce a Canadian-made commercial to compete with their American competitor in those areas where the products are in competition.

The agencies, despite their best intentions, I suggest, are not in a position to tell the continental advertiser, "You are not going to use that commercial in this country." I suggest that the agency must take the view of its client seriously, and if the client's direction is to use an American-produced commercial in this country, the agency will buy time for it.

The other element that I consider to be of some importance—and this, again, is beyond these best intentions, in my view—is that in many instances the commercials, at least in concept and in purpose, must conform to the decisions already made by the parent company outside this country. Therefore, it is easier to use commercials which have already been designed for that product in another country. While I do not question the integrity of the people who have adhered to our industry agreement, I suggest that it is beyond their powers to be able to enforce that intention on a client which is determined, for its own reasons, whatever they may be, to do otherwise.

**Senator Buckwold:** Are you concerned with the warning that we as a committee have received in some of the briefs presented, which is that as a result of the higher cost to some advertisers of producing commercials in Canada, when they already have an American-made commercial, there could be a change in media? This point has been fairly strongly made in at least two of the briefs I have read.

Is it of concern to you that when the advertiser starts looking at the cost involved, he will simply say, "Well, I have now reached the stage where it would be better for me to use a different media," and, in fact, there would be a loss in advertising revenue to television stations and, presumably, to actors and actresses who otherwise might have shared in the cost of producing that commercial? Do you feel that that is a realistic position to take?

**Mr. Parrish:** In answer to one of those points, senator, I believe that at the moment ACTRA, from its position, is not getting any share at all.

**Senator Buckwold:** So you have nothing to lose.

**Mr. Parrish:** If it became a question of there being less time on the radio and television media, then even

that percentage would be an advantage to us. I understand that the point you are making is that they might well move some of the money now being spent in television and radio advertising to print advertising, or something of that order.

**Senator Buckwold:** That, really, is the impact of my question. Perhaps I made it a little too broad. Do you, in fact, think that it is a realistic concern that the advertising dollar will move into other media?

**Mr. Siren:** My own view, senator, is that while it may be valid in weighing a particular advertising commercial as to whether it should be in the print media or in the broadcast media, the fact is that the broadcast media is there. The fact is that advertisers want to use that media to reach consumers and they will use that media to reach consumers. If it is not going to be one advertiser, it will be another in the long run. I do not see any basic fall-off in the use of the media for advertising purposes.

**Senator Buckwold:** Could we get into the statistics of Canadian-made as against foreign-made television commercials? We have noted, on the basis of the figures—and, again, we do not know how these figures are derived—that there has been a gradual increase over the last five years of about 7 per cent. In your opinion, does that represent a significant change in the production of large-scale or heavy exposure national-concern television commercials, or is it merely in the sort of smaller, less exposed commercials?

**Mr. Siren:** From my own point of view, senator, I do not think I am in a position to give a definite answer to that question without having the statistics. Only the agencies and advertisers have those statistics.

**Senator Buckwold:** What I am really trying to get at is whether or not you see a move by large advertisers in the direction of greater use of Canadian-made television commercials?

**Mr. Siren:** I believe there have been some larger, perhaps even continental advertisers, who have increased their Canadian production. There are others who have not.

**Senator Buckwold:** Do you consider commercials made in Canada exclusively made in Canada, or are some of them merely re-makes of those that have been done in the United States? I am talking now of the multi-national companies. In other words, they do not use Canadian writers; they simply take the script and tell the agency to re-run it in Canada. Is this prevalent?

**Mr. Parrish:** There is a fairly large pool of commercials that are done just that way. They were conceived and produced for use in the United States, using American talent all through. Very often when they are brought to Canada, for reasons of the laws of this country some of the copy being used in the commercials must be changed to conform. Practically all that is really changed in a commercial like that is to wipe the voice over, which is

the narration with the commercial, and put a Canadian narration on it.

**Senator Buckwold:** Is that considered a Canadian-made commercial?

**Mr. Parrish:** In our view, no.

**Senator Buckwold:** But in the eyes of those who report?

**Mr. Siren:** I am not in a position to answer that. The criteria on which these figures are based is not within my knowledge at the moment.

**Senator Buckwold:** One of the things that make it very difficult for this committee is that the information is very sketchy in most cases. I am interested in analyzing what is the Canadian content. In fact, because they have a label "Made in Canada," are they meeting the so-called Canadian impact that you are talking about?

**Mr. Siren:** Our proposal is quite clear. What we are desirous of seeing is a regulation that clearly designates a Canadian commercial as one that is produced with not only Canadian performing and writing talent but Canadian skills throughout.

**Senator Buckwold:** Do you find much encouragement for Canadian-made TV commercials for use by American companies? In other words, made in Canada to be bought by American advertisers for showing in that country? Yesterday we had a witness who indicated that he felt this was a growing market and would provide a good deal of employment for Canadian talent.

**Mr. Siren:** My information is that in proportion to the total production it is insignificant at the moment. I am not in a position to say whether or not it is growing. My information is that in the main, with perhaps one or two exceptions, the production of commercials for United States use is limited to regional campaigns in the United States, the one or two exceptions being use on a national campaign. There may be more than one or two, with which I am not familiar.

**Senator Buckwold:** As far as you are concerned this has not been of any significant impact on your industry?

**Mr. Parrish:** No.

**Mr. Siren:** Not sufficient to indicate that we should be wary of the need for the production of Canadian commercials in Canada.

**Senator Buckwold:** This leads to concerns that are expressed by others of reprisals; in other words, that if American imports are limited the Americans will in some way also put on some restrictions that would prohibit the entry of Canadian-made commercials. Is this a matter that worries you at all?

**Mr. Parrish:** If we were concerned only with that aspect, I doubt very much that it would make much difference to us. It might make some difference to a particular production house that found itself in the position where it was making a fair number of commercials of

that order. As far as we are concerned, even with the figures that we have, if 32 per cent of all the commercials are made entirely outside this country—and it is an insignificant number of commercials of a local nature that are made in Canada for use in the United States—even if we lost that, from a selfish standpoint we would not be hurt at all.

**The Deputy Chairman:** Not too much.

**Mr. Siren:** Before we leave that, could I just supplement Mr. Parrish's remarks? I think more importantly we also have to view who is going to call the tune on our policies. I do not think it should be decided by persons or forces or groups outside of this country. I think we have to determine our own policies. While the determination of such policies must be made in the full realization of whatever economic impact it has—and I fully agree with Mr. Parrish that the economic impact is not that serious—I think it is most important that we view our future along the lines of our own destiny rather than allowing others to decide.

**Senator Prowse:** The information given to us by one of the groups of witnesses appearing yesterday was that the value of Canadian productions sent to the United States—in other words, commercials produced in Canada and sent to the United States—is now running in the neighbourhood of \$6 million a year, which to all intents and purposes, as close as the figure goes, offsets the \$6 million to \$8 million that is lost to us by the importation of the 32 per cent brought in from abroad. They also indicated to us that the cost of producing commercials in Canada was approximately one-third—I think they said 30 per cent—less. I have seen other figures running down to 20 per cent less. I suppose it varies, depending on which commercials you compare. It was very substantially less to produce a commercial in Canada.

If this ban for which you ask is going to produce work that just equals the work being done by Canadian artists and production firms now, with other Canadians involved in this, and carries with it the possibility of a growing barrier to trade, if what you are going to gain is practically the same as what you could lose, would it not be much more realistic for you to be than not trying to sell the Canadian, whom you apparently have not been succeeding in communicating with, but getting out and selling the American people the idea that you have a product that they need, which you can produce more effectively and efficiently than they can, and then open up to yourselves a market of \$250 million instead of limiting yourselves with the total Canadian market of \$22 million?

**Mr. Siren:** In my view, that is a beautiful dream. At the point where our production in any way jeopardizes the productive capacity of the Americans they will be much faster than we are in enacting legislation to ensure that the commercials will be produced in the United States.

**Senator Prowse:** They might not have the same President, you know.



**Mr. Siren:** I do not think I care to comment on that point, in view of what is going on.

**The Deputy Chairman:** There are enough comments.

**Mr. Siren:** However, I can also say that from ACTRA's point of view many of the commercials being produced in Canada for American use are either entirely staffed by American talent or primarily staffed by American talent, so that from the point of view of talent we would not feel any great loss.

**Senator Laird:** Are not any of your members in on the act at all?

**Mr. Siren:** In some cases they are, but with most of the commercials lately brought in for American use alone the American talent comes with the producer and so on.

**Senator Prowse:** They pick up a few extras here.

**Mr. Siren:** There are some extras, and in some cases some principal performers. Certainly in many instances of recent date the cast has been entirely American.

**Senator Prowse:** We have had some Canadians who have gone to produce commercials in the United States, who I presume are members of your organization.

**Mr. Siren:** I suppose there are some instances.

**Senator Prowse:** Did not Aldred at one time regularly fly down to Hollywood?

**Mr. Parrish:** Yes, that is true.

**Senator Prowse:** And one or two others.

**Mr. Parrish:** And some others did too.

**Senator Prowse:** Joe Cameron was in on that.

**Mr. Parrish:** Whether or not you are capable of going or allowed to go is determined again by whether or not you can get membership in the Screen Actors' Guild. I do not belong to the Screen Actors' Guild, but if I were today to make application to the Screen Actors' Guild I would have to supply them with information that somebody wanted to use my talent on that particular production. The producer would apply to SAG and say "We have this Canadian we would like to use. What do you say about using a Canadian?" And SAG would surely say, "We do not need him, thank you; we have people here." SAG would not tell me directly that I could not, but they would go to the American immigration authorities, and the American immigration authorities would effectively stop me on the border. That is the condition now. A few people that did go, like the Aldreds and others in early history, when there was not any restriction on becoming a member of SAG, got what was called the green card and were able to work, but we as Canadian performers are now effectively prevented from doing that.

**Senator Davey:** May I just clarify this? Then you are not at all concerned about the question of the requirements of your having your market in Canada?

**Mr. Parrish:** No.

**Senator Davey:** I have no axe to grind but I just wanted to find out about that.

**Mr. Parrish:** That is right, we are not concerned.

**Senator Davey:** If you get the Canadian market for yourselves, you think that will meet the needs and serve Canadian performers?

**Mr. Parrish:** We believe it will.

**Senator Buckwold:** I just have one question, and it may be that after that Senator Davey will ask another one for me. There is one thing I would like to know about, because I have heard of this and I would like to get it on the record, if it is the case, that not only are American companies using American films for the Canadian market but in many cases, or perhaps in some cases, very large Canadian companies prefer to have their commercials which will be shown in Canada made in the United States. Could you amplify that a little?

**Mr. Siren:** There have been instances over the years where that has occurred. I think it is diminishing of late. I do not recall a recent instance, but we did have situations where publicly owned companies, in the transportation business, banks, and other major advertisers that are Canadian advertisers, did go to the United States to produce their commercials.

**Senator Buckwold:** Why would they do it?

**Mr. Siren:** I suppose there is a host of reasons—none of which I would find acceptable, but they nevertheless found their own reasons.

**Senator Buckwold:** Have there ever been instances of the Canadian government advertising being made in the United States?

**Mr. Siren:** Not a department I can think of, but Crown corporations, yes.

**Senator Buckwold:** Crown corporations have used American made commercials in preference to Canadian?

**Mr. Siren:** Yes, that is right. They produced commercials in the United States.

**Senator Buckwold:** Perhaps I could ask Senator Davey, when he is questioning the witnesses, to move into this area of the cultural impact.

**Senator Davey:** You go ahead and do it.

**Senator Buckwold:** I think you should do it, as you could go a long way on that, and I have asked many questions already.

**Senator Davey:** Mr. Parrish, the first question I have is, where is the 4,000 membership of ACTRA located? Where do these people live?

**Mr. Parrish:** The bulk of them are located in Toronto.

**Senator Davey:** What percentage is outside Toronto?

**Mr. Siren:** We have a membership of 3,800, and a little better than 2,300 are located in Toronto.

**Senator Davey:** Therefore, by quick mathematics that would be—

**The Deputy Chairman:** 60 per cent.

**Senator Davey:** What do you do particularly to encourage the 40 per cent who do not live in Toronto? I want to speak in a moment or two about the \$75,000 people and underline the point that these are few and far between. I think it is very important that you stress to the committee that 4,000 people average \$1,000 a year, and it is terribly important to leave us with that impression. It is equally important to tell us what you do to encourage those outside Toronto. I am sure all of the big people, who are making the big money, are in Toronto. What do you do to encourage people outside Toronto? What particular steps do you take to help them?

**Mr. Siren:** We have certainly subscribed to the philosophy that it is most essential, it is imperative that we communicate, one region with another within Canada. That is why we have ten branches of ACTRA. We have a branch and an office that is staffed and paid for by ACTRA in Vancouver, Calgary, Edmonton, Regina, Winnipeg, Ottawa—Toronto, of course, being the headquarters—Montreal, Halifax and St. John's Newfoundland. We attempt to encourage the development of these branches. These branches in themselves participate in urging the CBC to develop local programs, regional programs. They attempt to urge the private television network to produce programs—and we have not had any success in private radio, that's for sure, except in the way of having announcers. Certainly, our whole philosophy has been to attempt to promote and enhance the production of programs in the recorded media in all of these regional centres.

I might say that we made representations to the CBC board of governors to separate Alberta from the western region which the corporation had for many years. The corporation finally decided to do so. I am not suggesting that they decided only because ACTRA requested it, but that decision was arrived at some two years after our representation, so that Alberta is now a production region by itself.

**Senator Davey:** Could an American join ACTRA?

**Mr. Siren:** Yes and no. At the moment we are not encouraging Americans to join ACTRA. There are however some agreements, such as our CTV agreement, where an American comes in. A prime example of that would be the "Police Surgeon" television drama series, where there is an American performer. In those instances he joins ACTRA.

**Senator Davey:** Could a French Canadian join ACTRA?

**Mr. Siren:** Yes.

**Senator Davey:** Mr. Parrish, I wonder if I might put a question to you, to buttress the point you have made

about the availability of Canadian talent, that there are not many things which members of ACTRA could not do if there is the demand. To indicate that, I thought you might say something about the success of ACTRA awards. I confess immediately that there is a conflict of interest, because I am a judge on several panels. I hasten to underline that I am an unpaid judge, so the conflict of interest is not all that real. When I attended the ACTRA meeting this spring I thought the growth and development of ACTRA was really remarkable, and I think you might say a word or two about it.

**Mr. Parrish:** I would be happy to do so. ACTRA, as Mr. Siren mentioned, is very young. We have been in existence in one form or another for longer than ten years, but the structure we have now is only ten years old. I suppose we are restricted, mainly because of financial considerations, because we are anything but a wealthy union and it does take money to do things like the ACTRA awards. We hesitated to do this without feeling that we would be successful and that we in fact could handle the expenses involved.

For a number of years we did make one single award and we presented it at the film awards annual occasion. Eventually, a group of us got together and decided that we had gone along on the shirt tail of somebody else long enough and that it was time we, as an association, recognized that there were good performers, and performers worthy of being awarded, within our own ranks and that it was up to us to say, "This is good. We are going to do it, and we are not going to rely on the judgment of somebody else at all." By that I do not mean the judgment of the panel which makes the decision. We were very pleased with the result of this, as it has had a number of effects. It draws attention to the fact that we, as an association, do have performers of the calibre who received awards, and it also brings together a lot of Canadians who normally would not have either seen or been interested, perhaps, in the performance that we are speaking of, because usually it is an individual and a particular performance that is being made the subject of an award. The success of it has been enormous. Frankly, we are overwhelmed. We also are very much aware, as Mr. Siren said, that as far as making our talent available is concerned, it is up to us, in whatever degree we can, to make sure that the talent that is part of our membership is known to the people who are potential employers.

We are the only union in the world, so far as I know, which single-handedly puts out a talent catalogue. We call our catalogue "Face to Face with Talent".

The one that is now in the offices of potential employers and other places is two years old or more, but there is one in the making which should be available to employers this month. It is free of charge, of course.

**Senator Davey:** Would it be possible for the committee to have a copy of that catalogue? It would be most helpful.

**Mr. Parrish:** We would be happy to send a catalogue, or a number of catalogues, if you wish. We can send

you the kind now in existence, but perhaps the new one would be better.

**Senator Davey:** If we could have copies of the one that is in existence now, that would be a great help.

**Mr. Siren:** We would be happy to do that.

**Mr. Parrish:** Now, the decision was taken to do this after consultation. As a matter of fact, it arose to quite a degree in our discussions and negotiations with ACA and ICA because the question was raised that there was not enough talent in Canada. We say there is and the employer says, "Well, where is it? I don't know where it is."

**Senator Davey:** The catalogue dramatically makes the point, and if you could send one to the members of this committee it would be very helpful.

**Senator Forsey:** When will the new catalogue be available, Mr. Parrish?

**Mr. Siren:** We are just waiting for the printers to finish the job, senator. The catalogue will be available some time this month.

**Mr. Parrish:** It is an enormous consideration, but we, being novices, only discovered that after we had gotten into it. As somebody said, next to Eaton's ours is the biggest catalogue.

**Senator Davey:** It is more attractive, anyway.

**Senator Laird:** Do you categorize talent?

**Mr. Parrish:** We categorize talent, yes. There is a picture of the talent, the category of performance and, if there is an agency involved, the talent agency involved is there as well.

**Senator Fournier (Madawaska-Restigouche):** Are there any senators in the catalogue?

**Senator Laird:** There should be.

**Senator McElman:** Does it have a centre fold?

**Senator Davey:** An additional point about the awards should be noted: they were not all taken by Toronto performers. There was a pretty good geographic distribution of award winners.

**Mr. Parrish:** Yes, and particularly since the bulk of the production takes place in Toronto, you would almost expect that most of the awards would go there. That perhaps is the case.

**Senator Davey:** I should explain, Mr. Parrish, that some of my colleagues are very critical of the city I come from, and that is why I am off in this particular direction.

I should like now to pursue briefly a line of questioning begun by Senator Buckwold. He referred to the current ACTRA agreement and the reference thereto included "as signed by" all the members of the ICA in advertising. That is the reference, so far as this agreement is concerned, that every effort will be made to encourage ad-

vertisers to produce television and radio commercials in Canada. In response to that, Mr. Siren, you talked about their best intentions. You did not impute motives and you did not question their integrity. I wonder how you feel about the statement by the president of the ICA, which is carried in the current issue of "Marketing", in which he says that the ICA, as an association, could not come before this committee because the industry is very split on this issue. How can the industry be split on this issue, if this particular clause is contained in the agreement that one signs in order to become a member of ICA? I wonder if you intend to protest the position taken by the President of the ICA? I do not impute motives either, or question integrity, but I think it is a very strange position for the ICA to take, given this ACTRA reference in the agreement.

**Mr. Siren:** If the industry is indeed in opposition or seriously split on the intent expressed in our agreement, that would certainly be a very serious problem and we would have to take that matter up with all the force that we can command. If the industry is split on the methods and the application of that intent, that I suppose is another question.

I might say that that particular provision in our agreement with the industry took some doing. It took two or three years of discussion, pushing, prodding, probing and convincing before that limited provision, which really expressed an intent and does provide for the committee for the promotion of Canadian production, was achieved.

**Senator Davey:** Have you seen the statement by the ICA?

**Mr. Parrish:** Yes, I might say it is our intention to have meetings with the industry on this question.

**Senator Davey:** You mentioned that you had begun a process, and I think you said your first meeting was in 1968 when you appeared before the CRTC in Moncton.

**Mr. Parrish:** That is correct.

**Senator Davey:** Then you made a presentation to the joint meeting of the ICA-ACA. Have you continued to lobby ICA and ACA? A further question to that is, assuming that no legislation comes out of this at all—and, as you know, I hope something will—and assuming that there continues to be this snail's pace development, would it be more important for you to lobby the agencies or more important to lobby the advertisers?

**Mr. Siren:** Sir, in response to your latter question, I think the advertisers make the decisions in this industry. It will be the advisers who will decide the course of events. The agencies will, of course, provide some leadership in this area, but I would think that the agencies will do as the advertisers demand of them.

The view we have with respect to further discussions is that we will not exclude discussions with the industry at any time. On the contrary, we have been carrying on a continuous discussion regarding a means by which the production of Canadian commercials can be increased,

but our view and our conclusion is that what you describe as a snail's pace growth, and I concur with that description completely—

**Senator Davey:** We get to 100 per cent some time after the year 2000. That is a snail's pace.

**Mr. Siren:** That is right. That kind of thing will continue. I do not see any indication that it will improve in terms of rapid development, and that is the reason we come to the conclusion that regulations are necessary and that they must be brought about as quickly as possible.

**Senator Davey:** Referring back to one of Senator Buckwold's areas of concern, that is, the work which is being done in Canada for us in the American market, you made the point which is terribly important that, while the work is done in Canada, American talent is brought up here to do that work. That confirms my understanding, but if there is any kind of hard evidence which you could give in this area, it would be terribly helpful to the committee when it is deliberating.

**Mr. Siren:** We will do that. We will provide the committee with that information.

**Senator Davey:** Earlier this morning a question was raised with respect to radio station I.D.s, which strictly speaking are a form of advertising. Are they all done in the United States?

**Mr. Parrish:** Every one of them.

**Senator Davey:** Is there a Canadian capacity?

**Mr. Parrish:** Yes. It would cost more money than the condition which exists now, and the reason it costs more money is that there is in existence what we refer to as "bootlegging jingle houses" which are located in the southern United States. They have people who are on staff who blow the music track. The vocal group then adds over the track and it may be the same track for a million different areas, but they add the new call letters. It is all done on a salary basis. The musicians and singers involved are paid a salary and they just churn out as many as they possibly can in the period of a day. At the moment we do not have the capability within the agreements that we have, the performer agreements to do that kind of thing. We did, as an experiment on one occasion only, produce some I.D.'s which, I believe, were of equal quality to the things that were coming out of the U.S. houses, and of about 26 of those that we did in one concentrated effort to see if it would work, only one was accepted by the employer, and he said that he had accepted that one because it was the only one out of 26 that had met the standard that he expected. Quite frankly, I think that I know enough about music and singing, in particular, that I feel he was wrong in his judgment, but we are not able to tell him that he is wrong because he, in the final analysis, is the man who does the buying.

**Senator Davey:** Mr. Parrish, you are a broadcaster. Are there still radio stations in Canada programmed out of the United States?

**Mr. Parrish:** Yes, I believe there are.

**Senator Davey:** I would like to pursue that, but that is not the work of this committee.

I have two other questions, and one is perhaps to have you underline a point you made earlier, that you are not interested in seeing less television and radio commercial production done in Canada, and so you would not come forward with the kind of posture you have, if you thought that was going to result in less radio and television production. Have you thought, for example, that advertisers would put their money into newspapers? Is that a fair assessment of your position? The reason I raise the point is that one of the arguments we are hearing is, "Okay, if you have some kind of legislation, what you will really do is decrease the take for Canadian talent because there will be less work done." Could you comment on that?

**Mr. Siren:** That is our position. I think the history of advertising participation in television and radio since the inception of the industry has been one of constant growth, constant development, and I do not foresee that diminishing, unless, of course, there are general economic conditions that control it. But, as I mentioned before, there may be some individual campaigns, individual advertisers may switch from one medium to another, but I am convinced that the advertising industry of this country will want to use the television and radio media to the optimum.

**Senator Davey:** Finally, Mr. Chairman, perhaps I could ask Senator Buckwold's question—perhaps I am speaking for Senator Buckwold. As interested as you are in the care and feeding and welfare of the members of ACTRA, it was encouraging to learn fairly early in your presentation where you spoke about the relationship of the Canadian television production being done in Canada to a Canadian identity as it related to the cultural impact. I think the members of the committee, and Senator Buckwold in particular, would appreciate having you expand upon the contribution which advertising makes to a country's culture, if you feel that advertising is making a contribution to expanding some sense of Canadian identity.

**Mr. Siren:** We might both take a crack at that one. First of all, I feel you cannot divorce advertising on television and radio from the cultural impact it gives to the population of the country. It is part of the medium. You cannot have commercials, four and five commercials in a clutter, if I may use that word, every 12 minutes or so without having an impact. Whether that impact is good or bad depends a great deal on what is involved, and since advertising uses the personalities, the entertainment personalities so often, it has an even greater impact. It has an impact also in terms of what it is attempting to convey to the viewer, to the purchaser and the consumer, in terms of the mores, the whole approach of our society. It cannot divorce itself from that social fabric in which it exists and, therefore, in our view, advertising has a key role to play in the entire cultural development of our national identity; and to allow it to be

determined outside the borders of this country would in fact be a very serious breach of the very valiant attempt we are making in this country to develop our own national identity and national culture, embracing, as it does, all the regions or all of the cultures that we have been able to achieve from around the world, which make it that much richer. It seems to me that if we forfeited this important area of impact in our culture, we would be committing a serious error for the future.

**Senator Laird:** A supplementary?

**The Deputy Chairman:** Yes. It is very interesting, as a matter of fact, as we all realize, but I think time is passing. It is now 11.10 so we will take another five minutes, and we will then hear l'Union des Artistes.

**Senator Laird:** The supplementary is very simple, Mr. Parrish. There was a question in connection with this cultural aspect of the Canadian accent. Did you mean that literally or figuratively?

**Mr. Parrish:** In both ways. There is, I believe, a distinctive Canadian accent—and I am now speaking from ACTRA's standpoint. When I am speaking about that I am speaking about the English aspect of Canada and there is, indeed, an accent within that English-speaking group that is quite distinct from a lot of the accents we hear coming from the United States. It is my feeling that it would be nice for us here in Canada to recognize the difference between a Canadian and someone from some place in the United States. We tend to readily accept a Louisiana accent, for example, we understand one of those; but there are lots of others, mid-western accents, that are completely foreign to us and we do get those, in particular, in commercials that perhaps deal with cartoon characters. Those are the ones that seem to arise more than in other instances.

**Senator Laird:** Yes, but you get, even in commercials on American stations, I have heard, plenty of them with a distinct British accent.

**Senator Prowse:** That was Boston!

**Mr. Parrish:** Were they selling Ensign cars? Very often that happens with British products, where they will use it to fit in with the product that is being sold. In other instances, I suspect that it is an affected British accent by an American actor. It is sort of the universal accent for the stage, a kind of British accent.

**Senator Laird:** It did not seem objectionable to me.

**Senator Buckwold:** When you want to give the illusion of class, you give a British accent.

**Senator Denis:** I have only one question. According to you, commercials made by Americans are rather cheaper than Canadian-made commercials. Is this because it is cheaper, or is it because of a higher quality, or is it because it suits best the advertisement of the product he wants to sell?

**Mr. Parrish:** I believe we could use as an example the case of an automobile sold in Canada, an automobile that

is identical to one sold in the United States. The commercial is produced in the United States and, as far as the Canadian market is concerned, it would not even recognize that the automobile did not have an Ontario licence plate, because it would all be shot in Detroit where they would not have that licence plate at all. That does not matter to us, or it seems not to matter to us, that that should be the case. I am convinced that the real reason for bringing the commercial in, apart from the fact that it has proved to be a success with audiences in the United States, is because it is cheaper. It is infinitely cheaper to do it that way than to reproduce it here.

**Senator Denis:** It is not of higher quality?

**Mr. Parrish:** I would not question whether the quality was higher or not. As a matter of fact, if you have a budget of enormous sums of money, as many of these commercials do, the quality is bound to be better. It will indeed be a very high quality product, and I cannot question that at all. You could not begin, for example, to produce that commercial in Canada and make it economically feasible.

**Senator Denis:** So, if a ban were to be placed on the importation of these commercials, it would follow that the Canadian businessman would have to pay much more to advertise his product.

**Mr. Parrish:** Here I should make the distinction between the multi-national corporation and the strictly national Canadian corporation. The national Canadian company now does, in fact, have to pay that sum because it does not have the advantage of being able to use the American commercial which has been paid for in another market altogether. What we are talking about here are multi-national corporations which have the advantage over Canadian national companies, in that they can get this beautiful commercial at a price which is way below what a Canadian manufacturer would have to pay to achieve the same thing.

**Senator Denis:** So, according to you, there should be a distinction—if we should decide to recommend an amendment to the legislation—as between multi-national corporations and national companies?

**Mr. Parrish:** I don't know that it would be necessary to make that distinction. What we are saying here now is that, in our opinion, the greatest offender to us is the commercial that is part of the multi-national corporation's advertising campaign.

**Senator Prowse:** Where they are selling the product in both countries and to the same type of market.

**Senator Graham:** You mentioned that legislation should be introduced—and that is what this hearing is all about—so that commercials should be totally produced in Canada, unless climatic or other special conditions intervene. Yesterday one of the witnesses said that this could be accomplished almost overnight, and then modified his answer to say it could be accomplished in one year. Another witness warned us that we should be very slow

in this whole process. Now I am wondering, taking into account the availability of talent and skills in Canada today, how soon the industry could cope with such legislation, or meet the terms of such legislation.

**Mr. Siren:** My personal view is that it would be a matter of months, or perhaps a year, for that type of production. I am convinced that the skills available in industry for innovation and for the development of new concepts that would be required, are all there, and can be unleashed and ready to go. But there may be other things that would be required in the future.

I might add that in addition to what ACTRA has been able to do as an association, I have suggested to the Canadian Council and other sections of industry that at some point we should consider a uniquely Canadian institution to provide a talent library, certainly of performing talent and perhaps of other talent, in an audio-visual manner, so that it would be possible for a producer in any part of Canada to see what talent is available as a national resource. However, the cost of that would be far beyond the modest means available to ACTRA. I hope that at some point in time we may be able to achieve that kind of service to the industry in this country as part of a national service. However, that is another subject.

**The Deputy Chairman:** Thank you, Mr. Parrish and Mr. Siren, for your generous co-operation. I am sure that all the members of the committee were interested to hear your comments.

Now I should like to ask the members of the committee if they would adjust their simultaneous translation facilities, because we are now going to hear some witnesses from Montreal. Of course, they can speak English, but they did not have time to translate their brief from French into English.

[Translation]

On the Committee's behalf, I welcome Mr. Robert Rivard, President of l'Union des Artistes, and his colleague Mr. Jean-Paul Dugas, both well-known in the field of the arts in our Province.

[Text]

As I said before, l'Union des Artistes did not have time to translate their brief into English, for which they apologize. So I shall ask Mr. Rivard to read their brief, and that will then give you an opportunity to ask questions.

[Translation]

Mr. Rivard, if you would proceed immediately.

**Mr. Robert Rivard, president, l'Union des Artistes:** Thank you, Mr. Chairman. I would first like to introduce l'Union des Artistes to the Committee. Our union is a professional one, grouping over 1550 full members and more than 800 apprentices at present. As announcers, singers, dancers, etc., they exercise their art in the theatre, cinema, radio, television, dubbing and advertising. Our objective is to study, defend and develop members' economic, social and moral interests.

The Union has just settled a minor labour dispute with its office staff, and we were only advised of the Committee's invitation last Thursday, July 5. Unfortunately for us, we have not been able to prepare as complete a brief as we would have wished. But we did want to take advantage of Senator Bourget's invitation, for which we thank him, because the point raised by Senator Buckwold is extremely important, and we would like to congratulate him on his initiative. Without going out of order, we shall attempt to enlighten the Committee and Senator Buckwold, who admits himself that he is not very familiar with the problems of French-speaking artists. We shall present an overall view of the situation of artists in French Canada, a situation very similar to that of our English-speaking colleagues. They must combat invasion by American culture, and we must avoid being submerged by the increasing inroads of productions from France and other francophone countries. We do not want to break ties of friendship based on historical affinities, or to be chauvinistic, but our television market is not only being invaded by broadcasts from francophone countries—and we submit as evidence to this effect Radio-Canada's summer schedule—but all the feature films and most of the American and foreign programs broadcast here are dubbed in France. Although dubbing is a by-product, and although to some extent it constitutes cultural alienation, it is still profitable for cultural technicians and craftspeople, as is advertising and it is preferable that dubbing and advertising productions be done in Canada by Canadians, thus avoiding double cultural alienation.

Imported advertising seriously affects our English-speaking colleagues, but it does not leave us untouched. Culturally, these ads reflect nothing of our Canadian life. Usually, the storyline has no relation to our customs. Family relationships are different, and the difference extends to the actors' physique and accent, in which the average Canadian cannot recognize himself. Constant exposure to the American way of life endangers our Canadian identity. Dubbing American ads into French employs only one or two announcers, who are usually already employed full-time by a radio or television station. Were these ads made in Canada, hundreds of Canadian technicians, producers, scripwriters and artists would be hired, and the aforementioned announcers would still not be unemployed.

It is high time to recoup as much as possible, like the United States with its Labor Act of 1957, which broadly restricts participation by foreign artists; to recoup, we say, production possibilities in this industry, and thus to increase employment for all our craftspeople.

In the comparative income table we have submitted—Table I—please note that advertising work constitutes 29% of total income for artists, i.e.: a weekly average income of \$46.84 for the 857 members who participated in said work in 1972. This income, though modest, enables them to practice their art more freely in other areas, such as theatre or cinema, which, though still less lucrative, may contribute to the artist's bare minimum living.

In the second table, which illustrates the income of all our members and apprentices, please note that, out of 2072, 1086 earned under \$1,000.00, and 1652 under \$5,000.00, the poverty level. Repatriation of advertising production and regulation of films and television programs from abroad, that is, mandatory dubbing of said productions in Canada by Canadians for Canadian agencies would increase the income of Canadian producers, directors, scriptwriters, technicians and craftspeople.

We support CRTC Chairman Pierre Juneau's statement at the 1972 Canadian Advertising Association Symposium:

I am absolutely convinced that all the artistic and technical talent required to produce first-class advertising can be found in Canada.

Just last week, Mr. Juneau told the Parliamentary Committee on Broadcasting:

Barring a marked increase in the quality and quantity of Canadian television programs, Canadian networks will soon be nothing more than a modern vehicle for other nations' cleverly commercial productions.

We are also in complete agreement with Senator Davey, who, in the Special Senate Committee Report on the Mass Media, predicts that within 10 years, half of the advertising industry in Canada will belong to Americans.

You will understand our shame and feeling of inferiority when, at an International Actors' Federation symposium last fall in Tashkent, we delegates from l'Union des Artistes and the Association of Canadian Television and Radio Artists heard Secretary General Rolfe Rembe say in his annual report:

Actors' working conditions reflect, not surprisingly, the standard of living and the social system of the country in which they work. Generalizing, one may say that actors in socialist countries almost always enjoy better than average economic status; in Scandinavia, their status is average, and in the rest of the world, it is lower than average. At any given time, their unemployment rate is 75 to 85 percent in America, 75 percent in the United Kingdom, 5 percent in Austria, and 5 to 10 percent in Sweden.

The federal government is making a praiseworthy effort in subsidizing the National Theatre School for actors and technicians, and Quebec has its Provincial Theatre and Music Conservatory. The Quebec Ministry of Education now offers theatre options in its CEGEPs. It would be unfortunate if all these efforts merely trained cultivated unemployed people.

We feel that in a country like ours, a country flying high economically, and richly varied ethnically, a Canadian of any origin is entitled to entertainment and cultural activity, and a Canadian artist of any origin should be able to work in peace and to help his country develop culturally.

This concludes our submission. Thank you.

**The Vice-Chairman:** Thank you very much, Mr. Rivard. Mr. Dugas, have you anything to add?

**Mr. Jean-Paul Dugas, Member, l'Union des Artistes:** I would like to reiterate that we support our English-language colleagues completely, and that we fully understand their problems, especially vis-à-vis the United States, which we share, being a separate cultural minority, and I might add that we sometimes have the same problems vis-à-vis the rest of Canada. So we support you completely, and I feel we must not wait any longer to repatriate what is ours.

So, gentlemen of the Senate, it is up to you to help and support us. Thank you.

**The Vice-Chairman:** Thank you, Mr. Dugas. Senator Lapointe?

**Senator Lapointe:** I would like to ask whether you have ever made representations in this regard to other bodies.

**Mr. Rivard:** We have attempted to do so at CRTC hearings. We have submitted briefs to the CRTC in several of the areas in which we are interested here.

**Senator Lapointe:** Do you feel that those of us in Quebec are less affected by American advertising than is English Canada?

**Mr. Rivard:** We get exactly the same level of American advertising, introduced in Canada in English, but in this regard, we suffer double cultural alienation, because we must translate the American mentality into French.

**Senator Lapointe:** But when American advertising reaches you, is it dubbed, translated by French Canadians?

**Mr. Rivard:** It is translated by French Canadians who attempt to adapt it, but the essence remains American.

**Senator Lapointe:** Is it always interpreted by French-Canadian actors too, or by real French people, from France?

**Mr. Dugas:** In the commercial field, the artists are French-Canadian.

**Mr. Rivard:** It must be understood that l'Union des Artistes considers commercials and dubbing the icing on the cake. We reserve both exclusively for full members, that is, the apprentice member must first qualify for them. He must follow the same admission procedure as our members, that is, after obtaining a certain number of work permits, a member becomes an actor, a regular member of our union. Only then does he have access to these two areas.

**Senator Lapointe:** Yesterday, we heard a witness from an American agency who said that if all ads were produced in Canada, those reserved for French Canada would be greatly reduced.

**Mr. Rivard:** I do not agree, because for some time, the Union has applied a regulation that an artist dubbing an American commercial must be paid as much as a lead actor. We hoped producers would see that if the actor has to be paid as if he were on camera, they

should do commercials here. This does not seem to have caused undue upset, because at present, there are no complaints. A French-Canadian actor is paid as much for dubbing as for on-camera work. We are really only hoping for production.

**Senator Lapointe:** But if, for instance, an agency had a certain budget, and producing ads in Canada increased its expenses, there would be little money left for ads done originally in French.

**The Vice-Chairman:** Furthermore, all the work would be done in Toronto, or so we were told yesterday.

**Senator Lapointe:** Yes, all the work would be done in Toronto, in English of course, and for French Canada, they would just be told to translate.

**Mr. Rivard:** We have always been on very friendly terms with our ACTRA colleagues. Until recently, memberships were mutually transferable, and will probably be so again soon, under different conditions. We propose eventual retention of this policy, but on equal grounds. This means that when an English commercial must be redone in French, there will probably be equal participation by English and French actors, as required by the commercial.

**Senator Lapointe:** Regarding commercials, we never get French ones in Quebec, from France or Belgium.

**Mr. Rivard:** I must say the experience has not been very felicitous for those who have attempted it. Having seen an ad made just recently, I understand the problem, because even European advertising style differs from ours. Delivery is not the same, mentality is not the same. There were a few attempts for instance, with a non-stick frying-pan; people made fun of the ad, and it was quickly withdrawn.

**Senator Lapointe:** When you do ads, how many are done in Québécois? How many in international French? How many in Canadian, that is, slightly in joul?

**Mr. Rivard:** If you like, I can perhaps make a point about the accent issue. The Quebec accent is quite simply the one I am using now. There is at present a fad I think will be very fleeting, the use of joul. Joul probably corresponds to parigot in France. On the other hand, in our various regions, we have accents as suave as the Marseillais, the Lyonnais, or any French accent. So when I speak of dubbing and double alienation, because most foreign programs and feature films are dubbed in France, we frequently have the amusing and sometimes ridiculous spectacle of Johnny Weismuller speaking in Tino Rossi's voice with a parigot accent.

**Senator Lapointe:** To return to commercials, we have beer commercials where joul is apparently preferred, for instance. What do you really think of this, yourself?

**Mr. Rivard:** In my opinion, it is just a fad, because my colleagues and I who do ads regularly are asked to do them in what we call international French, which is

Parisian shorn of accent. It is, quite simply, what I feel we speak in Montreal.

**Senator Lapointe:** So you feel these ads could be as well understood and appreciated by French Canadians if they were done in international French?

**Mr. Rivard:** I must also point out that l'Union des Artistes is represented on two committees responsible for purifying commercials and spoken language.

**Senator Lapointe:** Regarding films from France or Belgium, do you feel their abundance is a sort of French neocolonialism?

**Mr. Rivard:** Completely, and increasingly obviously. Furthermore, this avalanche of programs from France is a burden on actors, because in Montreal, we produce French-language programs which could certainly be shown in France, with an additional 15 per cent for international rights, that is, Radio-Canada can use these programs in an exchange with France. There is an exchange which operates on 15 per cent remuneration for the artist alone, which means that the French programming invasion costs practically nothing. We also have it on good authority that Canadian programs exported to France stay in the can, because French law is very strict about the quantity of foreign broadcasting allowed on French airwaves.

**Senator Lapointe:** Is there not also accent discrimination? Is it true that French people cannot understand the Canadian accent?

**Mr. Dugas:** That is an old argument. I think it is a long story. Our English-language colleagues have mentioned the same thing. There is the London accent, the Louisianan, the Texan, the Alabaman; there are accents everywhere. France is the same. The Breton does not speak like the Vendéen; it is a similar situation. A Canadian like the Prime Minister, from Quebec, is clearly understood. Of course, there are different social classes everywhere in the world. Certain classes develop a slang or argot, anywhere. But I think the French understand us. The proof is that we are active in many areas, without any difficulty.

**Senator Lapointe:** Regarding French-language films—I mean Canadian-French co-productions—don't you feel there is an imbalance in the proportion of actors, for instance, like an elephant and a flea?

**Mr. Dugas:** It's terrible, because generally, in co-productions, that is, Radio-Canada with Belgium or French television, French-Canadian actors are scarce.

**The Vice-Chairman:** If I may, I would like to ask Mr. Rivard to explain the protection afforded French artists a little more fully, because apparently, from what he has just said, they are much better protected there than our artists are here.

**Mr. Rivard:** Since 1947, there has been a law in France requiring that all foreign productions receive the censor's seal. To obtain this seal, the production must be dubbed



in France. So film distributors can exploit the French market, have translation done there, and return here to double their profits by selling films dubbed in France, not only to our State network, but also to private industry. We have brought this problem to the negotiating table. We have been granted crumbs. To encourage the dubbing industry in Montreal, a few American series dubbed in Montreal have been purchased, but most are still dubbed abroad, in France.

Furthermore, when we persisted, we were told Radio-Canada must buy at the lowest price, which according to them, is in France.

Obviously, our rates have always been better than French ones, to encourage dubbing here, but we have been told more than this was required. They needed State approval, from the government or the House, to pay a little more for productions, and buy them here.

**Mr. Dugas:** It seems to me that competition between Canadian firms should suffice, without the constant threat of a foreign country with an economy completely different from ours.

**The Vice-Chairman:** How many dollars does dubbing in France represent? If dubbing were done here, would it represent a considerable amount?

**Mr. Rivard:** I can give you one example immediately. We are paid by line. As I just said, our rates are always lower than the French. The current Canadian rate is \$1.05 per line, and the French rate is \$1.40 per line, not counting the 36 percent social security added to that.

**Mr. Dugas:** I feel what raises the cost of work is that operating expenses are higher here; wages differ from European ones, which is why things are more expensive here. This does not apply for artists, because our rates are lower than French ones, in an attempt to keep the market.

**The Vice-Chairman:** What I wanted to know was, if this dubbing were done in Canada, rather than France, how many francs would it mean? Is this important?

**Mr. Rivard:** No, no, Radio-Canada, that is, the film owner or distributor, can afford to sell here, now, at lower prices, because he has already recouped his operating expenses, in France. So he comes here and offers our private and public networks, probably at a ridiculous price, a film series dubbed in France, which means, effectively, that films from France cost the distributor less than those done here.

**The Vice-Chairman:** Thank you. Senator Graham?

[Text]

**Senator Graham:** I was interested in the figure you used and the fact that you had 800 trainees. Incidentally, I want to congratulate you on a very excellent presentation and summation of your position, in view of the fact that you had only four days to prepare it, because of other problems that you had.

Would you explain what these trainees are involved in, and what your qualifications are for full membership?

**Mr. Rivard:** The qualifications are the same as those of our colleagues in ACTRA. If, after certain training, an actor comes to us we cannot keep him from working, so we give him a work permit. He has to get at least 30 permits in three years in order to become a regular member. During that time he can work in cinema, on stage, the theatre, and also radio and television. The two sectors which we keep for our regular members only, as I mentioned earlier, are the dubbing of films and the commercial department.

**Senator Graham:** Do you have any members outside of the province of Quebec?

**Mr. Rivard:** Yes. We have some members in Toronto and some in Quebec City. La Société des Artistes de Québec and L'Union des Artistes de Montréal have merged, and we are one syndicate.

**Mr. Dugas:** And also in Ottawa.

**Mr. Rivard:** Yes, we also have members in Ottawa.

**Senator Laird:** Do any of them make \$75,000 a year?

**Mr. Rivard:** Table No. 2 sets out the exact amount of money earned by our members in 1972. These figures come out of the IBM machine which we use for sécurité sociale.

**Senator Graham:** One other question. Are you affiliated with any other union?

**Mr. Rivard:** With the CTC in Ottawa and the Federation of Actors in Montreal through the FDQ.

**The Deputy Chairman:** Senator McElman?

**Senator McElman:** Mr. Chairman, I assume from the evidence given by the two earlier witnesses representing ACTRA, that they support the principle of Maritime union. Since they have only one office down there, which is in Halifax...

**Senator Davey:** They have two offices; there is one in Newfoundland.

**Senator McElman:** That is not the Maritimes! The only two provinces without an office are New Brunswick and Prince Edward Island.

**Senator Davey:** There is probably no talent there.

**Senator McElman:** We have sent it all to Toronto, in an attempt to educate them up there.

Mr. Chairman, I would like to ask these witnesses whether they have a branch of any kind in New Brunswick, or whether they serve those individuals in New Brunswick in any fashion, since there are over 220,000 Canadians in New Brunswick whose mother tongue is French.

**Mr. Rivard:** No, we do not have any office there. We have some actors in our union who come from New Brunswick.

**Senator McElman:** In rough numbers, how many? You say they come from there?

**Mr. Rivard:** Yes. They are French actors from New Brunswick.

**Senator McElman:** But still resident in New Brunswick?

**Mr. Rivard:** No, in Montreal now. We have offices in Quebec, Ottawa and Montreal.

**Senator McElman:** They have been rehabilitated!

**Mr. Dugas:** W have maybe 20 or 25, no more.

**Senator McElman:** You have no service, then, to those who are performing in New Brunswick?

**Mr. Rivard:** Not yet.

**Senator McElman:** Do you have any intention of going there?

**Mr. Rivard:** Of spreading? Merging with Quebec was the first step we have taken in this direction.

**Senator McElman:** Steps are being taken now?

**Mr. Rivard:** Yes, definitely.

**Senator McElman:** I have a list of the larger national television advertisers in Canada. I would like to run through it quickly, if I may. There are about 10. I should like to find out if your organization has any substantial revenue from this group, or whether it is all done elsewhere. Proctor and Gamble?

**Mr. Rivard:** Yes.

**Senator McElman:** You do have?

**Mr. Rivard:** Definitely.

**Senator McElman:** Warner-Lambert?

**Mr. Rivard:** Warner-Lambert?

**Senator Buckwold:** Listerine, I think.

**Mr. Rivard:** Yes.

**Senator McElman:** General Foods?

**Mr. Rivard:** Yes.

**Senator McElman:** Colgate-Palmolive?

**Mr. Rivard:** Yes.

**Senator McElman:** American Home Products?

**Mr. Rivard:** No.

**Senator McElman:** S. C. Johnson?

**Mr. Rivard:** No.

**Senator McElman:** Bristol Myers?

**Mr. Rivard:** Yes.

**Senator McElman:** Sterling Drug?

**Mr. Rivard:** Yes.

**Senator McElman:** Kraft Foods?

**Mr. Rivard:** Yes.

**Senator McElman:** Imperial Oil?

**Mr. Rivard:** Yes.

**Senator McElman:** That is about ten. Is that substantial revenue?

**Mr. Rivard:** Yes, they all add up. If you take the third row in our Table No. 1 you have the revenue of Réclames publicitaires, \$2,087,558.50.

**Senator McElman:** From these roughly ten, would that revenue be largely in original production or in dubbing?

**Mr. Rivard:** Dubbing.

**Senator McElman:** Those would be largely American produced?

**Mr. Rivard:** Mostly.

[Translation]

**The Vice-Chairman:** Are you hired by the client or the advertising agency?

**Mr. Rivard:** By the agency.

**The Vice-Chairman:** By the agency. Senator Fournier?

**Senator Edgar E. Fournier (Madawaska-Restigouche):** Mr. Chairman, being a New Brunswicker, I speak neither English nor French, so I shall put my question in joul.

**Mr. Rivard:** On the contrary, you have just proved that we do have pleasant accents!

**A voice:** Why not in Chinese, Senator?

**Senator Fournier:** Yes, that would be fine with me. There is something that slightly intrigues me in all this, in the two groups we've heard this morning. How is it that a number of them, representing thousands of young people, in the prime of life, full of energy, are willing to stay in a job that yields less than \$1,000.00 a year? Can this be changed?

**Mr. Rivard:** You know, acting is almost a vocation. When one gets the "call", it is difficult to stop oneself. Most actors must have a second job to survive.

**Senator Fournier:** Yes, I think acting may be like politics. Possibly profitable.

**Mr. Rivard:** Without as much security.

**Senator Fournier:** That is—perhaps it's a little more complicated—but, all the same, there are people who don't eat three times a day, and if I were their age, and I was young once, I wouldn't stay in a job that didn't let me eat three meals a day. I would find something else.

**Mr. Rivard:** Many are called, but few are chosen; they give up, as you say.

**Mr. Dugas:** I would like to re-emphasize that in the case of those earnings \$1000.00, we may assume they have other sources of income, another job, or rich parents or something, but more seriously, there are many, many people earning from \$4000.00 to \$10,000.00, and married people with children cannot live on such wages.

**Mr. Rivard:** Not without a second job.

**Mr. Dugas:** They are really living on the threshold of poverty.

**Mr. Rivard:** Furthermore, among them are middle-aged artists just subsisting, even after 20 or 30 years in the trade, with no chance to earn an honourable living.

**Mr. Dugas:** Yes, that is why I would like to conclude that we absolutely must repatriate the entire industry. It is a prime necessity; it is vital for the fate of Canadian artists. Or with all the people who will be graduating from schools, we must repatriate dubbing and other markets.

**Mr. Rivard:** It must be understood that the firms doing dubbing, synchronization and commercials are the ones with the cinematographic equipment. I feel repatriating dubbing and commercials will eventually give Canadian cinema more support than ASDIC can.

**Mr. Dugas:** There is something I find completely incomprehensible, and I would like to emphasize that we do not have the U.S. problem of a totally commercial industry. We have Radio-Canada, one of our main employers, required by law to promote Canadian culture and artists. I feel it is derelict in its use of our funds. Furthermore, it must be said and acknowledged, because many people are talking about it, and the industry is too, that Radio-Canada is slightly commercial, seeking as it does \$40 million a year with advertising. Where and with whom will it get the money? With sportspeople and artists. I have rarely seen commercials during news or political affairs broadcasts.

So, actually, we are helping it earn a little more money. Put yourself in our place. Basically, we cost Radio-Canada absolutely nothing, since of the \$44 million, we get barely two million, I think. Of the \$200 million intended to promote Canadian culture and artists, this means absolutely nothing. These things should be considered.

[Text]

**Senator Buckwold:** My first question is really facetious, to add a little levity. I noticed that Mr. Rivard, in talking about the problems of actors, said that actors' physiques are different. I presume you did not include actresses' physiques?

**Mr. Dugas:** We are too gentlemanly to talk about that.

**Senator Buckwold:** Perhaps we should strike that from the record.

**Hon. Senators:** No!

**Senator Buckwold:** I want to ask, actually in your opinion, the number of TV commercials—I will ask another question about radio, because this is also part of our sphere of interest—made completely in Quebec. I realize there is a lot of dubbing going on. Do you have any figure? We have heard that 67 per cent of English-speaking TV commercials are produced and made in Canada. That figure is open to some question, and I am not sure whether they are in fact produced completely, but I am interested in the Quebec situation.

**Mr. Rivard:** The Quebec situation is that for 33 per cent of the importation we have to translate, of course, and dub in Quebec. We have also to translate a lot of the 67 per cent made in Canada.

**Senator Buckwold:** Are you prepared to accept those figures of 67 and 33 per cent?

**Mr. Rivard:** On the basis of a certain agreement with our colleagues in ACTRA, we have agreed to an equivalent participation on Canadian production.

[Translation]

**Mr. Dugas:** I think we might add that this problem is apparently created by small interests wanting to do television commercials and all that. Generally, they do so, I think, even in English Canada, with Canadian firms. Basically, those who could best afford to do this, but who do not, the big multi-national companies, as we mentioned earlier, send us work they have filmed in the States. They send it everywhere they sell their products. Actually, they could do things much more easily.

Of course there are dangers. One Senator mentioned earlier than we might have poorer-quality commercials if they all had to be produced in Canada, because we do not have the same budgets. I say might because I am not sure. Furthermore, there is a market here, and we are owed something, all the more since we are still a minority. You in English Canada are a minority vis-à-vis the United States. We are one vis-à-vis you, and this might reduce the budget slightly. But I think good commercials can be made for six million, seven million, or even two million people, with everything these companies get here. We have all the figures.

[Text]

**Senator Buckwold:** I would still like to get something on the record as to the number or the percentage. So far we do not have really very much indication of the scope of the problem, and that is really what we would like to know.

**Mr. Rivard:** It may be we could work out something back at the office as to the proper percentage of these commercials.

**Senator Buckwold:** I think we would appreciate getting this.

**Mr. Dugas:** We realize it is very important for you.

**Senator Buckwold:** Offhand, somebody has said that we have 85 or 90 per cent being made in Quebec now, but

the problem is not as pressing if only 50 per cent are made there. Perhaps I should not even say that.

**Senator Prowse:** You are coaching your witness!

**Senator Buckwold:** We really want to get the scope of the problem. Could we refer now to radio commercials? Could you make some comment on that?

**Mr. Rivard:** Most of our radio commercials are made in Montreal in French, and there is no dubbing and no picture involved.

**Senator Buckwold:** So the radio commercials are produced in Quebec?

**Mr. Rivard:** Yes.

**Senator Buckwold:** You referred a little earlier to the number of commercials made in Toronto and then dubbed in French in Montreal. Could you expound a little on that?

**Mr. Rivard:** Probably because of an 8 per cent tax that was made in Quebec lately on production of commercials, most of the producers, agencies that produce commercials, had to go to Toronto to make them, saving this 8 per cent. We expect to have this situation regularized. As I mentioned earlier, this agreement with ACTRA was an exchange of cards, so that when people are making English commercials in Montreal the Union des Artistes would provide the background for the commercial and ACTRA would give work permits to our members and use our members. The same would apply in Toronto. But as the production moved from Montreal to Toronto, in fact on the commercials we had only the principals that were imported from Montreal, and on the rest there was no participation of our union members. But now we are working on another agreement that will probably mean that on every commercial that will be made in English or in French in Toronto, or in English in Canada, we will have equal participation of both our associations.

**Senator Buckwold:** You spoke of an 8 per cent tax in Quebec. That presumably is a provincial sales tax?

**Mr. Rivard:** On production.

**Senator Buckwold:** The Province of Ontario has a 7 per cent tax.

**Mr. Rivard:** On production? I do not think so.

**Senator Buckwold:** Does it not apply in a similar way in Ontario?

**Mr. Rivard:** It is not applicable to production.

**Senator Buckwold:** I still do not quite get the implications of your previous reply regarding the Canadian made commercials in English as they are dubbed in for the Quebec market...

**Mr. Rivard:** As I mentioned, our fees are the same.

**Senator Buckwold:** Let me give you an example. Say a company makes a first class commercial in Toronto...

**Senator Prowse:** With Lorne Greene.

**Senator Buckwold:** Forget Lorne Greene, as that would introduce a complication. They make a commercial for toothpaste, and then decide they want to show it on the Quebec market. Then they ask somebody, not to remake the commercial but just do dub in the voices. Is that what you are talking about?

**Mr. Rivard:** Yes.

**Senator Buckwold:** Actually, all that would happen would be that your people would go down and dub in the voices. Would that happen in Montreal or in Toronto?

**Mr. Rivard:** Mostly in Toronto.

**Senator Buckwold:** Thank you.

**Mr. Rivard:** We work on the system of the Union des Artistes scale of remuneration. That is why we raised our fees, so that the fee to dub this particular commercial would be equal to the participation on camera, on screen. We are expecting that this would equalize the production.

**Senator Buckwold:** Except that in that case it would be only for an actor. There would be nothing for a producer or a technician.

**Mr. Rivard:** Most of these announcers stand in the scale of revenue of our members in the bottom part. Most of these announcers are already hired by television or radio stations.

**Senator Buckwold:** It is supplementary income?

**Mr. Rivard:** Yes.

**Senator Buckwold:** So, in fact, it would appear the Quebec artists, technicians, producers and writers have some problems in so far as the English are concerned.

**Mr. Dugas:** That is why we understand their problem so well, because after that we will be able to understand each other, between Canadians.

**Senator Buckwold:** Some of us thought you really had it all your own way, with no competition, that you just made your commercials, but I can see that it is much different.

**Mr. Dugas:** There is sometimes a problem to have it correct. We understand that American life is different from Canadian life, and sometimes the life of people in Quebec is different, too. If they present, for example, a woman in a house in a Toronto suburb, it is not exactly like that of a French Canadian woman in Longueuil.

**Senator Buckwold:** Some of us might take the young lady in Longueuil.

**Mr. Rivard:** And the reverse, of course.

**Mr. Dugas:** This is why we understand the problem.

**Senator Davey:** I apologize for prolonging the discussion of percentages and what is done where, and so on. There are a couple of questions that I would like to ask.

I would like to quote from the brief presented to the committee yesterday by J. Walter Thompson Inc. I appreciate I may be going over ground which you have discussed and I want to be perfectly clear on that. Referring to Quebec, this brief says:

Rough industry estimates indicate original French production has doubled in the past five years and expectations are that it will be doubled again by 1978.

I wonder if Mr. Rivard and Mr. Dugas agree with that statement?

**Mr. Rivard:** We have not noticed a big increase. I have read the figures for 1972. I have in my office figures right back to 1967. It has been increasing, but I do not think it would be at that rate.

**Senator Davey:** But it has not doubled in five years?

**Mr. Dugas:** It has not touched it yet, with our members.

**Senator Davey:** Then you do not expect it to double?

**Mr. Dugas:** But if we discover more land.

**An Hon. Senator:** And on top of this there is inflation.

**Senator Davey:** Are there any American commercials done in the United States in French for the Quebec market?

**Mr. Rivard:** No.

**Mr. Dugas:** Very few.

**Mr. Rivard:** They do have an English commercial with the actor speaking in English, of course. Right after that they give the actor a French version of the commercial. He only lips it to get the copy ready to put the French back on it.

**Senator Laird:** There is no voice involved?

**Mr. Rivard:** No voice; he goes on with the lipping. It would sound bad if he did it in French with an American accent, so he lips it and we put the voice back in French.

**Senator Davey:** What percentage of commercials done in English Canada, probably chiefly in Toronto, are done in French for your market, without any dubbing?

**Mr. Rivard:** We will have to study the figures back at the office and send you all that information.

**Senator Buckwold:** Is it significant?

**Mr. Rivard:** Done in French directly?

**Senator Davey:** Yes.

**Mr. Rivard:** It is quite substantial but the percentage for dubbing is bigger—definitely.

**Senator Davey:** Much bigger in dubbing?

**Mr. Rivard:** Yes.

**Senator Davey:** You spoke earlier about the culture shock of the suburban Toronto housewife as opposed to a suburban Montreal housewife. Are there instances of English Canadian advertising agencies or American agencies coming into Quebec and performing totally in French in the milieu?

**Mr. Rivard:** Yes.

**Senator Davey:** To what extent would that be?

**Mr. Dugas:** For the exact figures we will have to work on that. We realize more and more that it is very important and we should be able to give you that information, because we can really do something from those points especially.

**Senator Davey:** I should like to change the direction momentarily, if I may, and pursue your reference to the good life enjoyed by actors and artists, and so on, in socialist states. I am not sure you reached a conclusion.

**Mr. Rivard:** They were all just plain facts taken from the questionnaire sent to at least 37 nations.

**Senator Davey:** Do you think that if we had a socialist state you would be in better shape?

**Mr. Rivard:** We have been around and our colleagues from ACTRA would testify that we have seen some very interesting conditions of life for the actors in those countries.

**Senator Davey:** I think you would agree that the United States is not a socialist state.

**Mr. Rivard:** They have their problems, too.

**Senator Davey:** The artists?

**Mr. Rivard:** Oh, yes.

**Senator Prowse:** Seventy-five per cent of them are unemployed in the United States.

**Mr. Rivard:** It is the same as in Canada.

**Senator Davey:** But the remarkably successful artists reap far greater rewards in the United States than in socialist states. Would you not agree with that?

**Mr. Rivard:** Well, it is the same as here. We have a certain number of actors earning over \$30,000. We have 33 actors who are earning over \$30,000.

**Senator Davey:** You think that a comparable scale exists in the United States, do you?

**Mr. Rivard:** It would be about the same.

**Mr. Dugas:** It would be about the same, considering the number of people they have there. If I may add a point, speaking about the socialist countries and so on, so far as I am concerned we are living more and more in a socialistic way in our country now. The proof of that is that we pay a lot of income tax and we take care of a lot of people, and I think that pretty soon we will have

to take a little more care of the artists, in general, in our country. It has to come, because, just to give you an example, a young actor who graduates from university with a B.A., in whatever field, then has to go on to a conservatory, or some place to study dramatic art, and he is usually there for three years. He then gets out of there and goes on the market. Maybe he is 22, 23, 24 or 25 years old. Well, if he wants to get married two or three years afterwards, it is almost impossible for him now.

As it is now, the best thing that can happen to him in Canada, in Montreal especially, is that he will be given a part in a serial, in which case Radio Canada will very generously give him \$175 a week, with perhaps a guarantee of 13 weeks.

**The Deputy Chairman:** Thirteen weeks?

**Mr. Dugas:** Thirteen weeks, yes, in a serial of 39 weeks, because the young actor is, of course, new in the business and they are not going to hire him for 30 weeks. There are very few people who get hired for 30 weeks. So the young actor can work a little at the theatre—you have the figures—so it is almost impossible for him to have a normal life. Another guy, you know, coming out of university from another field, and actors are very well prepared by their education and after that to specialize as an actor. That cannot continue forever; we have less and less actors and that is why we have so few people every year.

**Senator Prowse:** I am just wondering if the reason for that maybe that anybody who wants to get into the acting business, and gets in, can stick there as long as they do not starve to death. They can stay around there to be counted among the unemployed, I won't say regardless of the talent, but regardless of whether it is the talent for which a market exists. Now, in the socialist states are they maybe more selective in the people they permit to stay in that area? So you do not have the thing cluttered up with your lower figures and then you can average from 5,000 up, instead of from one cent up.

**Mr. Rivard:** Selection is made before they go on the market.

**Senator Prowse:** In other words, the ones who are just sitting there unemployed and hopelessly hoping, they are scuttled out of it, so that to some extent our 75 per cent unemployed in this country might be considered as a self-inflicted hardship by those people because they could go out and make a good living, whereas some of them—I am not saying all of them, but some of them have just got an idea that they are going to be actors, but they never are.

**Mr. Rivard:** Our 1,550 members who are regular members, you must consider them before they became members.

**Mr. Dugas:** That is why even people known five or ten years earn terrible salaries and are not even sure to have the same salary a year after.

[Translation]

**Senator Forsey:** Do you think the Scandinavian countries are socialist, or what?

**Mr. Dugas:** Of course they are socialist.

**Senator Forsey:** Doesn't the situation differ between Sweden and Russia, for example?

**Mr. Dugas:** There is a difference with the Communist countries.

**Senator Forsey:** I refer to Senator Prowse's question. In Russia, for instance, they eliminate things, and it is not the same in Sweden is it?

**Mr. Dugas:** I did not mention Russia, because the system is different. In Russia, there is zero unemployment.

[Text]

If one wants to work there. That is another question.

**Senator Davey:** In raising your question with regard to socialism, I do not think socialism is a weapon. What I want to come to precisely is what government intervention you are recommending would be of assistance.

**Mr. Rivard:** My point is that we feel at this moment there is nothing, but we come to the authorities.

**Senator Davey:** All governments are moving in this direction.

**Mr. Rivard:** We are happy about this.

**Mr. Dugas:** We are happy about this. They did with the schools, with everything.

**Mr. Rivard:** We have the schools, we have the actors; we have not got the field to work in.

**Senator Prowse:** An artist is also dependent on the field he works in.

**Senator Davey:** I have two more questions only, Mr. Chairman. One is that you spoke several times about the problem of residing in Quebec and suffering from a double cultural shock—that is, with the American—and you said that because you have been a minority for so long in this country you certainly understand the problems that some of us have who are discovering that we are minorities on this continent. It seems to me that the double minority to which he belongs has made considerably more progress in dealing with the immediate majority, if you follow my language, than the minority to which I belong has made in dealing with its majority, and I am wondering what counsel and advice you could offer someone like me.

**Mr. Dugas:** Maybe to produce in a third language because, as far as we are concerned, French-Canadians have been lucky for that reason.

**Mr. Rivard:** And because we stuck to it.

**Senator Davey:** Not as lucky as I would imagine. I repeat what Senator Buckwold said. Certainly in the area of print, French Canadians enjoy a great advantage. But it is apparent from your presentation that when it

comes to broadcasting and television you have not enjoyed the same advantage, for the simple reasons of technology and the lack of legislation which you are now advocating.

**Mr. Rivard:** Absolutely.

**Senator Davey:** But you have no general advice?

**Mr. Dugas:** Well, the answer we got from the CBC was, "It has to come from higher up."

**Mr. Rivard:** They did not want to make a decision.

**The Deputy Chairman:** It is a question of policy.

**Mr. Dugas:** Yes.

**Senator Davey:** As long as you appreciate the cultural advantages you have by having a language other than English as your language vis-à-vis the Americans.

**Mr. Rivard:** I think we have more in common too with associations than both of us have with the Americans.

**Senator Davey:** Well, I say amen to that, and I won't even ask my last question.

[Translation]

**Senator Lapointe:** When you produce commercials in French, are they all done in Toronto, or are many made in Montreal?

**Mr. Rivard:** If the production is important, it is done in Toronto. Actually, if many people are involved, it is done in Toronto. As I mentioned earlier, it is done in Toronto in English first, and then the agent, the producer, sends for the leads, from Montreal only. To date, bit players have been from Toronto.

**Senator Lapointe:** When you produce in Montreal, are the commercials local ones that don't require much scenery, etc.?

**Mr. Rivard:** Most of the time, weather is considered too. Many producers shoot on location, even in the Southern States, to ensure good weather, which is more prevalent there.

**Senator Lapointe:** Are Montreal recording studios less well organized than Toronto ones?

**Mr. Rivard:** That's a good question! We have some well-organized, capable studios in Montreal, but the others, that are barely subsisting, because they do not get enough work to augment their equipment, could definitely get it if Montreal production were mandatory. They would enlarge and even be able to produce feature films. That is why I say that with imports, commercials made in Canada, and Quebec, would promote Canadian cinema.

**Senator Lapointe:** Is there an appreciable qualitative difference between local commercials made in Montreal and those made in Toronto and the States? A great difference?

**Mr. Rivard:** Montreal and Toronto are equal, and I feel that, overall, we are capable of producing as well as the Americans. One of the finest commercials I have ever seen was shown a year or so ago. It was made by CN and CP. In two minutes, the length of a song sung in French by Fernand Gignac and in English by another Canadian, Canadians could see the beauty of their country, from Halifax to Vancouver.

**Senator Lapointe:** Do you mean the commercial entitled "The Canadian Dream"?

**Mr. Rivard:** I know the French version started: "In the morning, in the spring, I have seen my country."

**Senator Lapointe:** It was made in Canada, in Toronto?

**Mr. Rivard:** Yes, in fact, everywhere, because it was shot across the country.

**Senator Lapointe:** Yes, but it was recorded in Toronto?

**Mr. Rivard:** Yes, and in Montreal, by a French-Canadian singer. There was a French equivalent of the English version.

**Senator Lapointe:** Thank you.

[Text]

**Senator McElman:** Do you find that the dubbings made in Toronto, physically by French-speaking actors, are based upon adaptation or translation more than would be the case in Montreal? Do you achieve a better quality of content in that sense, if it is dubbed in Montreal rather than in Toronto?

**Mr. Rivard:** Yes.

**Senator McElman:** Are they still in the old translation stage in many respects?

[Translation]

**Mr. Rivard:** The only mistakes discernable in commercials translated in Toronto, and we were just discussing this recently at the office, were obviously the result of an English-Canadian ad being translated by someone from France, because the terms were not at all adapted to Quebec, especially the accent.

**The Vice Chairman:** Do we French-speaking Canadians really have all the necessary talent and facilities to do commercials here?

**Mr. Rivard:** At present, the best example I can give is that many actors have grouped together and are not interested in joining us professionally, because, fortunately for them, they are enjoying a great deal of federal generosity, through the Local Initiative Plan and Opportunities for Youth. We now have many young actors who can, through these plans, earn an honest living, instead of vegetating in our union, trying to make a living as patent medicine men in areas where we have jurisdiction.

**Senator Lapointe:** You mean they produce films and things themselves?

**Mr. Rivard:** Theatrical works.

**Senator Lapointe:** No commercials?

**Mr. Rivard:** Theatre only. In concurrence with Senator Bourget that we have in Montreal, in Quebec, all the talent necessary to compete with any production on the market.

**Mr. Dugas:** We need recommendations. That is what we would like from you.

**The Vice-Chairman:** That is why we asked you here, to enlighten and inform us. Are there any other questions?

[Text]

We will return at approximately 2.30 p.m., in accordance with the agreement made last night in the Senate.

**Senator Prowse:** Why do we have to remain in the chamber until 2.30? Why did you give them 30 minutes?

**The Deputy Chairman:** You know what took place in the Senate last night, when we arrived at a certain compromise.

**Senator Prowse:** You got a good deal.

[Translation]

**The Deputy Chairman:** Mr. Rivard, Mr. Dugas, thank you very much. Good luck to you and your colleagues. And if there is a way to do something, you may be sure...

[Text]

The members of the committee are very appreciative and again thank you very much.

**Mr. Rivard:** Thank you for listening to us.

The committee adjourned.

The committee resumed at 2.30 p.m.

**The Deputy Chairman:** Honourable senators, we have, as our first witness, Mr. Peter Hunter, the President of McConnell Advertising Company Limited. On behalf of the members of the committee and myself I do extend this same welcome to the ACA organization. Welcome to our committee. Thank you for having accepted our invitation and having sent us your brief. I know the little time that you had to prepare that brief and the inconvenience it may have caused you, particularly during this season. We do appreciate it very much and thank you for it.

So, without further comment, I shall ask Mr. Hunter to read his brief, which is not too long; and then we shall go on to questions. Is that agreed?

**Hon. Senators:** Agreed.

**Senator Buckwold:** Mr. Chairman, before we start, and probably as the worst offender, I think, because of the lateness of the hour and other commitments which

some members have at 5.30 p.m., if possible we should try to hear both briefs before that time. As I say, I am one of those who is probably guilty of unnecessarily extending the question period. Perhaps we should hold ourselves down to that time schedule.

**The Deputy Chairman:** I am in full agreement with that. Is it agreed?

**Hon. Senators:** Agreed.

**Mr. Peier Hunter, President, McConnell Advertising Company Limited:** Thank you, Mr. Chairman.

Mr. Chairman and honourable senators, I would like to express my appreciation for being invited to be here today and having the opportunity to express some thoughts on this highly controversial subject. I must say that at the present time the environment of Senate committee hearings might be such that one would be a little nervous coming forward, but I think this is a friendly atmosphere...

**The Deputy Chairman:** It certainly is.

**Mr. Hunter:** ... and I will proceed on that basis.

**Senator Prowse:** You will not get the going over that others are getting elsewhere!

**Mr. Hunter:** As the chairman has just said, I will read the brief. It is quite short. It is really a memorandum which I directed to the members of this committee, and it reads as follows:

It is well known that the Canadian production of advertising for use on radio and television has implications which are both cultural and economic.

It is generally accepted that advertising is a reflection of the society to which it is directed and therefore, as a corollary, it can be said that advertising produced in Canada would indeed be reflective of the lifestyles, habits, mores and practices of the people of this country. As such, it can be, and is, a contributor to the molding of a distinctive Canadian identity and a significant factor in the development of a culture for our nation.

The people who produce advertising—writers, artists, photographers, musicians, film makers and all the supporting skills—are unquestionably an important part of the core of the cultural community in any country. Canada is no exception. Therefore it behooves all of us who might have any influence on where these people live and work to direct considerable energy at retaining these talents in this country in order that they might contribute to our overall cultural development. Over the years, many of our leading writers—of books, et cetera—and fine' artists have evolved from the advertising community where they have effectively earned a good living while developing their artistic skills to a point where they could be self-supporting in the artistic community.

Without the creation and production of advertising materials in considerable volume domestically, many of these people would have departed for locations where greater financial opportunity existed.



The economic implications of increased Canadian production of advertising materials generally, and commercial content for radio and television in particular, would appear to be quite clear. The expansion of any industry in this country, or any other, provides a variety of opportunities. Referring specifically to the industry of producing commercial materials for radio and television, employment for talent—writers, art directors, producers, film directors, musicians, actors and actresses, et cetera—would be expanded thereby creating job openings for Canadians who might otherwise be attracted to foreign production centres where more work might be available. In addition to the talent of the sort just described, the supporting skills—(cameramen, sound engineers, film editors, stage crew personnel, commercial reproduction services, et cetera)—would be given greater work opportunities.

An enlarged industry of this kind is beneficial at all levels. Aside from increased employment, the tax revenues—personal income tax and corporate tax—generated for Canada from this source would be considerably greater than at the present time.

And the retention in Canada of the talent and supporting skills discussed above would allow for these people to become involved beyond the area of radio and television commercial production. Many would become a part of the arts community in the country while others would go into the film industry or the television and radio programme content field to mention only two. In other words, the expansion of the radio and television commercial production industry would have a proliferating effect far beyond its immediate circumstances.

In order to achieve a more dominant radio and television commercial production industry, I believe that a positive, as opposed to negative, approach must be adopted by Governments at various levels. By this I suggest that incentives should be created to encourage domestic production of radio and television commercials rather than penalties imposed for the importation of materials produced in foreign countries. Since 1968, when only 61 per cent of English language television commercials were produced domestically, we have seen a positive trend to the point where now close to 68 per cent is produced in Canada. With this clear indication that effort is being made by users of television commercials—advertisers—to do more production in this country, I believe that further definite encouragement would cause the figure to rise even more dramatically during the next five years and reach a realistic optimum level of 80 per cent by 1977.

At this point I would like to interject that it is unlikely that a 100 per cent level of production of radio and television commercials domestically could ever be achieved. Further, I respectfully submit that this is an unrealistic objective. There are many occasions when materials are being produced that it is necessary to do specific "location" shooting or have particular climatic conditions which are not available in this country at the time. Also, some commercials require an individual talent who is not available in this country and who isn't prepared to come

here for the purpose of participating in the production of one or two commercials. In these instances it is quite reasonable to condone some, if not all, of the production in a foreign country. However, it could be suggested that the "shooting" be done where necessary but the post-production be done in Canada.

I have stated that I reject a negative approach to the encouragement of Canadian production of commercial materials. By this, I suggest that increased duties or excise taxes on imported commercials is not the right method. First, it removes much of the opportunity for the businessman to make his own viable business decisions. Indeed, from a marketing point of view, there may be occasions when an imported commercial is the correct and most economical solution to a communications problem.

Of more importance, however, is the fact that creating greater barriers at the border might cause reciprocal action on the part of other countries. This would be detrimental to the very industry we are trying to develop since considerable export of commercial materials, particularly television, is now taking place. Likely this business would be significantly diminished if other countries elected to increase the duties and excise taxes for commercials being imported by them.

The solution in my estimation, and as I have mentioned earlier, lies in incentives. This positive approach, which has been used successfully by government with a number of industries—(i.e., the film industry)—could and would, I believe, be most effective in this particular situation.

Specifically, I would propose that a company producing commercials for radio or television in Canada be allowed to claim 150 per cent of the cost of production of the commercial as a deductible expense when calculating its corporate taxes. Further, if a portion of a commercial is prepared in a foreign country but the remainder of the job is completed in Canada, the part done here should qualify for the 150 per cent deduction.

Following this procedure would indeed be strong encouragement for advertisers to produce their radio and television commercial requirements in Canada. I am confident the 80 per cent optimum and realistic objective would be achieved in the time frame I suggested without creating difficulty or penalty for anyone wishing to use imported material.

This formula would accomplish another important end. Many indigenous Canadian companies, which are in competition with Canadian subsidiaries of U.S. companies, have heretofore been penalised and put in an unfair competitive position because it was essential that they do their entire advertising production in Canada while their competitor was able to import materials at very low cost. The recommended formula would, to some extent, operate to relieve this burden.

A final point which I feel merits attention is the use of international advertising campaigns. Examples of note are: "Tiger In The Tank", "Things Go Better With Coke", "Merrill Lynch Is Bullish On America (Canada)". International business is a fact of life and international advertising campaigns are equally with us. A good con-

cept properly executed will be effective wherever it is run. From a marketing standpoint, the better the execution, the better the concept will work.

Therefore I submit that international advertising campaign concepts should not be discouraged but the execution in Canada of the concepts should be encouraged. For example, using the Coca-Cola theme of "Things Go Better With Coke", it would be better to show people enjoying the product in an obviously Canadian setting rather than a foreign setting with which the viewer of the commercial could not properly identify. This example, I believe, reflects both the cultural and economic implications of this whole subject. The commercial showing a Canadian setting with Canadians in it would make a contribution on the cultural side while the execution in Canada of the concept would obviously contribute economically.

**The Deputy Chairman:** Thank you very much, Mr. Hunter. We are now ready for questions. Senator Laird?

**Senator Laird:** In the past day, through witnesses, we have been trying to get as accurately as possible the extent of production of commercials in Canada which are exported. Now I notice your statement to that effect on page 5. Have you any figures or have you made any study, and can you be at all accurate about that?

**Mr. Hunter:** No, senator, I cannot; I cannot give you figures. I do not know that Glen Warren in Toronto, Champlain in Montreal, Canawest in Vancouver, the company with which I am associated, all have done considerable work in Canada for advertisers in the United States where there was no intent to use the commercials in this country at all. While I cannot give you any figures, I can assure you that the volume of business generated from that source is growing, and that is why I think the suggestion arises that if we close the border, so to speak, we might ultimately cut off our own noses to spite our own faces.

**Senator Laird:** Well, that is very interesting because we have had a variety of opinions. There have been some opinions to the effect that there was not much of this done, and other opinions to the opposite effect. Now you confirm what has been told us by one group of witnesses; that there is a substantial industry which is engaged in the production and export of commercials.

**Mr. Hunter:** For the simple reason that the Canadian producer, generally, can undercut the U.S. producer because we have lower overheads.

**Senator Davey:** Could I ask a supplementary question on that point? Is it not a case that frequently American actors are brought up here?

**Mr. Hunter:** I cannot speak for other companies, senator, but I do know that when we have done work here we have used Canadian talent and it is then a buy-out situation.

**Senator Davey:** If Senator Laird will just allow me to comment on the question I posed ACTRA this morn-

ing when they were here, they suggested that it was frequently. While conceding that the work Senator Laird suggests was done, and you confirm was done, ACTRA took the position much of this work was not very helpful; it employed American talent brought up especially.

**Mr. Hunter:** If you are speaking in terms of talent, only the people on camera would be, I suspect, although I am not aware. In cases that I know of directly the talent was not imported for on-camera work and, certainly, the cameraman and all the other production people utilized on the set and in the production process were Canadians.

**Senator Davey:** That is with the company with which you are associated?

**Mr. Hunter:** Yes. I would not like to make statements relating to other companies.

**Senator Buckwold:** Supplementary to this, too, and just for the record, I think your testimony is the opposite of what we have heard from the ACTRA people today, not only on the point raised by Senator Davey but even as to the quantity. From what I gather from public evidence received this morning, this so-called "bonanza" of Canadians producing for American television is regional and perhaps quite limited. They did not feel there was any great opportunity in this regard.

**Mr. Hunter:** I would suggest at this time it is not a bonanza, sir; that it is a business that is developing, and I think there is an opportunity to develop further. To what extent it would represent the business done by a Canadian production house I could not even suggest at this time, but I think it is a realistic segment of business. It should be sought out by the Canadian producers.

**Senator Buckwold:** I do not think anybody would suggest it should not be sought out. I think what was being said was that some of our witnesses have exaggerated the importance of this at the present time.

**Senator Davey:** Just one further supplementary question: What percentage of the total amount, Mr. Hunter, is done by Glen Warren?

**Mr. Hunter:** I could not begin to tell you.

**Senator Davey:** Is it more than half?

**Mr. Hunter:** They are probably the largest.

**Senator Davey:** Would they be more than half, for example?

**Mr. Hunter:** It might be in the order of a half, but it is only a guess.

**Senator Davey:** Could you tell us what percentage of your total volume of production business is for export?

**Mr. Hunter:** It is about 20 per cent right now.

**Senator Laird:** Isn't Baton in this act too?

**Mr. Hunter:** That is Glen Warren.

**Senator Laird:** It was their name that stuck in my mind, and not Glen Warren.

**Mr. Hunter:** Glen Warren is really the production facility, which is an extension of CFTO.

**Senator Laird:** We hear a lot of talk about the production of commercials in Canada being good for Canada culturally. I notice you were pretty specific somewhere in here. On page 7 you talk about showing the product in an obviously Canadian setting. I am not altogether sold on that proposition, because what is an obvious Canadian setting other than some recognizable building. For example, you see a lot of commercials taken with a mountain background. There are lots of mountains in the United States, lots of lakes, and so on. What did you have in mind there?

**Mr. Hunter:** Perhaps a Calgary Stampede setting where it could be tied in. There are a lot of things in Calgary that are identifiable to Canadians right across the country, which would be more appropriate for commercial use in this country rather than some rodeo in Texas or Arizona which is totally irrelevant to the Canadian market.

Canadian audiences can very quickly identify many American commercials and they mentally turn off. There is research to this effect, that a clearly identifiable imported commercial might not be as effective as the domestically created and produced commercial. That is a very hard-nosed marketing consideration and has nothing to do with culture or anything else. It is a question of what commercial is going to get the best results for the advertiser.

**Senator Prowse:** It does have something to do with culture.

**Mr. Hunter:** I guess it does, in a sense.

**Senator Buckwold:** You seem to be satisfied with the present trend of increase. In other words, in five years we have increased our percentage by about 7 per cent, according to the figures that have been submitted. Do you feel that is satisfactory?

**Mr. Hunter:** I think that it is an excellent indication that growth of the industry is taking place, and perhaps it could be accelerated a little. But if we could get up to a figure, as I suggested, of 80 per cent over the next few years, I think you will reach absorption in the market.

**Senator Buckwold:** Do you feel that the maximum possible, with reasonable restrictions, would be 80 per cent?

**Mr. Hunter:** I think so.

**Senator Buckwold:** I think all of us recognize—I, as the mover, in my motion, said this should be done to the maximum possible extent—that did not refer to manpower; it referred to climatic conditions and other things. In your opinion, then, 80 per cent is the maximum?

**Mr. Hunter:** It is only an opinion. I emphasize that. Take Air Canada and CP Air. For example, if they do

destination advertising, which is a very high percentage of the advertising they do, a lot of their work is done outside the country in order to achieve the ends that they are looking for.

**Senator Buckwold:** A 20 per cent margin is a pretty significant part of the industry.

**Mr. Hunter:** I would not look at it as being that great. I think if we had 80 per cent—

**Senator Buckwold:** We are worried now about 33 per cent of those commercials made outside of Canada. Maybe we should not have any concern at all. The 20 per cent is not much different. Surely, we would want to get a higher percentage made in Canada than 80 per cent as an optimum?

**Mr. Hunter:** Indeed, it would be desirable, but I do not think it is realistic.

**Senator Buckwold:** I would like a little more evidence on that "realistic" approach.

**Mr. Hunter:** I think if we could get an 80 per cent figure for Canadian industry in every category, we as Canadians would be quite delighted with that level. That would represent domination of all segments of business and commerce in this country.

**Senator Buckwold:** I do not think that is a really realistic answer, in the sense that you are comparing apples and oranges. We are looking at a specific industry with a specific impact on the Canadian public.

**Mr. Hunter:** You would have to make a very clear analysis of all the commercials and find out what has to be shot away from Canada and for what reasons. Also, there are many thoroughly justifiable cases where you cannot make any business sense out of not using a foreign-produced commercial. It might be animation, where there are no human-type characters in the commercial, but it was produced in Belgium because they are great animators in Belgium.

**Senator Buckwold:** You feel that would be 20 per cent of the market?

**Mr. Hunter:** It could be up to 20 per cent.

**Senator Buckwold:** You brought in a new dimension in your presentation. You are suggesting that, to reward advertisers for producing their TV commercials in Canada, they be allowed 150 per cent of their production costs as an income tax expense, or write-off, on that portion of the money that has been expended in Canada. I think this is a rather interesting observation. Could you enlarge on that, and, as part of your answer, indicate why you are opposed to increased tariffs on these commercials, a suggestion which we received from others in the industry, as a means of protecting the Canadian output?

**Mr. Hunter:** That is a multi-faceted question.

**Senator Buckwold:** No, there are just two parts to it.

**Mr. Hunter:** First, I believe in incentives rather than penalties. I think it is a much more effective means of achieving results in the long haul. Mr. Nixon at one time, in August of 1970, in his Phase 1 program, took certain measures that were penalties against people who exported to the U.S. But it was very clearly a *pro tem* situation. I do not think that kind of protection is, in the long term, the kind of thing that will really build an industry in this country. I think if we can create a positive atmosphere—and I think it is the responsibility of government to create an atmosphere for living and working that is positive and conducive to industry and effort on the part of everybody involved—the incentive system would be much more effective than the penalty system.

**Senator Buckwold:** Is this being used in the film industry?

**Mr. Hunter:** In the film industry, through the Canadian Film Development Corporation, there are financial incentives or assistance made available for people producing films in this country, which is a much more positive way of growing than closing off the border.

**Senator Buckwold:** This tax incentive that you referred to would be for the benefit of the advertiser?

**Mr. Hunter:** He pays the bills. He is the man who pays for the commercials, so he obviously is the man who is going to make the decision where they are produced, and therefore he is the man who should reap the benefit of the system.

**Senator Buckwold:** I am sure this question will be asked of our advertisers, as to whether in fact this would be incentive enough for them to move in the direction that some of the committee would like to see. That is the end of my questions.

**Senator Prowse:** First, the figure that was suggested to us as the increased value of the work that would come to the Canadian production industry if all commercials were produced in Canada would be somewhere between \$6 million and \$8 million.

**Mr. Hunter:** I would not have thought it would be quite that large. There was a study that was released yesterday by the Ontario Select Committee on Cultural and Economic Nationalism, in which they suggest a figure of \$12 million total, of which some \$8 million is done domestically and \$4 million imported.

**Senator Prowse:** Four million dollars imported and \$12 million altogether.

**Mr. Hunter:** That is just another source of information.

**Senator Prowse:** If we are going to go to 80 per cent, it means that what we are talking about in the leftover is \$2 million worth of production costs that could possibly be done outside the country. You have not done any estimate at all of what it might cost us to give us the kind of incentives where you are allowed 150 per cent...

**Mr. Hunter:** You mean the government?

**Senator Prowse:** Yes. If we allowed 150 per cent, we would have to allow 150 per cent for everybody. If we had \$24 million—that is what was set down in Ontario...

**Mr. Hunter:** They said \$12 million total.

**Senator Prowse:** If we had \$12 million total, we would have to allow these people, for what is entirely done in Canada, \$6 million credit for commercials done in Canada.

**Mr. Hunter:** They take 50 cents on the dollar for tax, so it is only \$3 million.

**Senator Prowse:** So it costs us \$3 million. When we start to give incentives we get a little worried because of something called Michelin Tires. You talk about their taking objection to us because of taxes and then you talk of incentives. In the Michelin Tire situation you had a very clear reaction from the American government because they retaliated against that. Surely here, if we started to hurt them, I am not sure that \$8 million of work, or \$4 million, or \$2 million, is going to bring retaliation at any level. Do you think there is a chance?

**Mr. Hunter:** I do not think there would be retaliation on the basis of this kind of volume using the incentive system. I think there might be if there were a penalty system imposed at the border. I think the Canadian subsidiaries of U.S. companies, and their parent companies, would get quite incensed if they could not continue to do business as they have in the past, if they wanted to.

**Senator Prowse:** One of the problems you have there—and this has been brought up before—is the fact that the moment you get into changing the tax setup you get into GATT rounds and everything else. Possibly the incentive figure, which would be the net cost to treasury, would be about \$3 million.

**Mr. Hunter:** No, I do not think that. I think on that side it is \$3 million, but there is a lot of recovery to be made in there too. As additional business is done in Canada, there are corporate taxes to be paid by the producers, income tax to be paid by individuals who had individual work, and, as the industry expanded as a result of this, there would be a bigger pie from which to take a slice. Indeed, with the incentive system, I think you might see the Canadian subsidiaries of U.S. companies going to their parent companies and saying, "Look, we can produce that pool of commercials you were thinking of doing for \$150,000 or \$200,000 in Hollywood for considerably less in Canada. Not only that, we will get a write-off." If we look at it in the consolidated balance sheet or profit and loss statement of the companies, the corporation, overall, is ahead. So it could then be a real inducement for more production in Canada for commercial export to the U.S.

**Senator Buckwold:** The DISC program in reverse.

**Mr. Hunter:** I suppose, yes.

**Senator Buckwold:** May I ask a supplementary? I should have asked this earlier. With respect to the in-

centives for Canadian-produced television commercials, we are looking at figures, basically, of national concerns. Would this also apply to the local store owner who wanted to make a television commercial at home for use before the local audience at a cost of, perhaps, \$500? How would you differentiate in that instance? Would he, too, not be entitled to the 50 per cent?

**Mr. Hunter:** I do not think you can have two sets of laws.

**Senator Buckwold:** So that everyone who makes radio and television commercials would be entitled to the 50 per cent?

**Mr. Hunter:** They are contributing to the industry, and I think they should be entitled.

**Senator Buckwold:** So the figure we are looking at is going to be much higher than the figure you have mentioned. That is the point I wanted to bring to your attention.

**Mr. Hunter:** Yes. However, again, I think you can see considerable production done in Canada for the type of advertising you are speaking of, because there may be some savings as our industry expands.

**Senator Prowse:** We had something along those lines previously, I believe. It may still be in effect. Was there not a 125 per cent write-off for social development some years back?

**Mr. Hunter:** This is not a unique concept at all. It has been used in many cases and in many ways in the past.

**Senator Prowse:** You think that if this kind of thing were done, this would bring us up to what realistic market forces would determine, and the only thing which would have to be brought in from outside the country would be those things which are not available here—things like lemons, which we bring in anyway?

**Mr. Hunter:** I could absolutely guarantee that every advertiser, Canadian or U.S. subsidiary, with which my company deals would give a good deal more thought to this subject than has been the case in the past, and I am quite confident that it would have the desired effect. I think you would see the growth accelerate from what it has been. I have used the figure of 80 per cent. It has been questioned, but, as I said before, it is an opinion. It may very well be 85 per cent; it could be 90 per cent, in the fullness of time. I said 80 per cent by 1977. I think that may be an optimum or a maximum figure, but it is purely my own opinion.

**Senator Prowse:** You can beat the American production figures by about 30 per cent by doing the production in Canada?

**Mr. Hunter:** I do not think you can generalize, really.

**Senator Prowse:** Well, 20 to 30 per cent?

**Mr. Hunter:** Well, 20 to 30 per cent would probably be realistic.

**Senator Prowse:** We had illustrations yesterday where this has succeeded with some people where they have tried to sell them in the States, but others prefer to have an American-produced commercial for an American audience, even with the higher cost.

**Mr. Hunter:** I think some of the arguments we use for Canadian production would be used by the Americans for U.S. production. This is not a one-sided story. There will be occasions when Canada would not be the right place for an American company to come and get its commercial work done, perhaps because of location, climate, or whatever. I do not think that we have a good, clean shot at all of the production business being done in the U.S., but I think there is enough there to allow us, over the next five or ten years, to double or treble the size of our industry in this country with some pretty aggressive salesmanship and a demonstration of ability to produce quality commercials, and I think that ability exists in this country.

**Senator Prowse:** It has been suggested to us that the amount we produce for the U.S. market now has a ball park value of \$6 million a year. Just projecting your own experience, do you think that that figure might possibly be correct, or could you go that far?

**Mr. Hunter:** I do not have the figures, Senator Prowse. I do know that it is a growing business. I have talked to producers of commercials and they all look at that as an important part of their business now, whereas a year or so ago it was virtually non-existent. If it is \$6 million, then it represents 50 per cent of the domestic business and creates an industry of \$18 million, using the Ontario figures. If that is the case, it is pretty important to everyone who is involved in the industry here.

**Senator Prowse:** Just to tie it down so I and everyone else is clear on this, you are suggesting that 80 per cent of the market is a realistic medium because you figure that in 20 per cent of the cases it is going to be desirable to have out-of-Canada location shots or special personages, or some other...

**Mr. Hunter:** Climate, location, personages, or just the fact that it is ridiculous to duplicate a particular commercial because it would be absolutely no different if done here than if done in the U.S. Let's say it is a truck that is identical in both markets and it is shot in a showroom situation with nothing beyond that. There is nobody on camera; it is a voice-over situation. It would be feather-bedding to do it twice.

**Senator Prowse:** Do you think they sell many neat-looking little sub-compact cars sitting on a rock in the ocean on the Prairies? Do you think they sell many by showing that picture on television?

**Mr. Hunter:** I do not think they sell very many in the Prairies by using a commercial such as that any more than they sold a lot of compact cars when they ran a commercial on one of the Canadian networks adjacent to a CFL football game saying that this particular car sold well in Long Island, Florida, Texas, and so forth.

I think the people would just reject that type of commercial out of hand. It was bad strategy on the part of the advertiser. I think there is a good deal of business judgment involved in this as well as the cultural and economic implications within the industry.

**Senator Prowse:** It would be your feeling, then, that the general rule, in good advertising, to get effective identification of your product, the product should be shown in a set of locations or circumstances with which the customer can identify?

**Mr. Hunter:** Unquestionably. I think everyone in the advertising industry would agree with that.

**Senator Prowse:** So that we have this going for us and we can achieve that providing everybody works at it with good will?

**Mr. Hunter:** And that is a marketing situation.

**Senator Prowse:** Yes.

**Senator Davey:** Mr. Chairman, I should like to begin by thanking Mr. Hunter for coming, and by commenting favourably and congratulating him on his statement which appears in the current issue of *Marketing*, which I have referred to several times at these hearings. *Marketing*, for those who do not know, is one, if not the advertising trade paper in Canada.

I have referred several times, Mr. Hunter, to the fact that the ICA refused to come before this committee, which I feel is a cop-out, particularly inasmuch as J. Walter Thompson, when they were here yesterday, referred to the reference in their agreement with ICA to the ACTRA clause which states that where possible an attempt should be made to use Canadian talent. It seems to me that if ICA member agencies subscribe to that, that rather puts them on side with the general thrust of this committee.

For the benefit of my colleagues and, perhaps, yourself, although I am sure you have seen *Marketing*, Mr. Hunter is quoted as saying, and I quote:

"They...

Referring to ICA.

...at least have statistics because they have done a study of the subject, and they should make their knowledge in this area available to the committee... In fact, they have the responsibility to do that..." Hunter also suggested Reeve, the President of ICA, was assuming an awful lot in thinking that McConnell and JWT would cover the subject for the major agencies.

I think that is a very commendable position. Is there anything you want to say about that? I am not asking you a question about it. I just wanted to begin my questioning by saying that I applaud that position. Is there anything you want to add to it?

**Mr. Hunter:** I do not believe so.

**Senator Davey:** Fine. I should like to turn immediately to this figure of 80 per cent. I share the wonderment of some of my colleagues with respect to this figure. I think 80 per cent is too low a figure for what we are trying to achieve. You give two examples. You say some commercials require individual talent which is not available in this country and who isn't prepared to come here. Why would he not be prepared to come here?

**Mr. Hunter:** Because his commitments, wherever he is, do not allow him to come here.

**Senator Davey:** Could you give the committee an example of that? What did you have in mind when you said that?

**Mr. Hunter:** Well, who is a highly popular star today who may be committed to making a film in Los Angeles and is not available?

**Senator Prowse:** Lorne Greene.

**Mr. Hunter:** Well, he is one. That kind of person who cannot get away, but he can get a day off to come and shoot a couple of commercials if you use his studio.

**Senator Davey:** Who would be an example? Is Lorne Greene who you had in mind?

**Mr. Hunter:** I know a specific case, but it is not current. We wanted to use Jack Benny and he agreed, but he insisted that we would have to come to where he was because he did not have the time due to his commitments to take the best part of a week to come up here. He said that if we could schedule it into a day in a studio in Los Angeles, he would be willing. That is a specific case.

**Senator Graham:** And did you do it?

**Mr. Hunter:** No, as it turned out, we did not, but it was not for that reason.

**Senator Davey:** In that case would the Canadian company take a Canadian production crew down there to make the commercial, or would it go to the States and use an American production crew to do that Jack Benny commercial?

**Mr. Hunter:** Mr. Siren would probably be more able to comment on this than I, but, generally speaking, I think they would use a crew down there. They might take their own director or producer, but they would use an American production crew. That is why I suggest that if a commercial is shot outside of the country, any Canadian involvement in it should become part of the deductible expense. Were that the case, I think you would see more Canadian crews, supporting actors and actresses moving to the particular site to do the job.

**Senator Davey:** You talk about commercials requiring individual talent. The other area you talk about in arriving at the 80 per cent is the materials being produced necessitate specific location shooting. Senator Laird will be surprised to know that I can conceive of that

circumstance. I am not 101 per cent, but I just cannot believe that those two examples you have given, location shooting and individual challenge, add up to 20 per cent.

**Mr. Hunter:** I may be low. As I said, it is an opinion; it was a guesstimate on my part. I think climate plays a bigger role than you might generally conceive. I can give you an example of that. We were doing a pool of commercials for electric lawnmowers and this particular advertiser was doing his planning in the late fall which meant that the time for shooting the commercials was in January and February. We just do not have much grass around here at that time of the year, so off we went and we shot the commercials outside the country. We had no alternative but to do that.

**Senator Davey:** I can conceive of the fact that there are such circumstances, but I would urge you to re-think the figure of 20 per cent. It leaves far too much tolerance. With respect to magazine legislation, it is 5 per cent. I think we allow too much tolerance in these areas. If we seriously want to accelerate the amount of advertising production which is done in Canada, that 80 per cent figure is far too low. I am wondering whether you would not re-think your position on that.

**Mr. Hunter:** I would be quite prepared to re-think my position. As I say, it is an opinion. I received the invitation to be here just the other day and there was not sufficient time to do a lot of in-depth study into some of these areas. It was a judgment call.

**Senator Davey:** That is fair enough.

**Mr. Hunter:** What about 17.65 per cent?

**Senator Davey:** Well, I know what 17.65 means.

**Senator Buckwold:** What is that, the Liberal vote in the last election?

**Senator Davey:** In Alberta.

I should like now to turn to the question of incentives. You suggest that with further definite encouragement in the next five years we could reach a realistic optimum level of 80 per cent. What do you think that level will be in the next five years without any legislation or without any definite encouragement? You made the point that in the last six years it has increased just under 7 per cent.

**Mr. Hunter:** It has not been a steady growth.

**Senator Davey:** Yes, it went way off in 1970.

**Mr. Hunter:** That is right.

**Senator Davey:** But, in round figures, it has increased 7 per cent in the last six years. What do you think the increase will be in the next five years without legislation and without any definite encouragement?

**Mr. Hunter:** I think we have probably hit a point of diminishing return.

**Senator Davey:** You think we are beginning to hit that?

**Mr. Hunter:** Yes.

**Senator Davey:** I wonder if I could get to this question of your belief in rewards rather than penalties. Incidentally, we have heard a lot—I am just asking you this in passing—in the last few days about the famous commercial, "Merrill Lynch is bullish on America-Canada." That commercial was brought into the country, as we have been told, for \$68.40. Do you think that that is a satisfactory situation?

**Mr. Hunter:** No, I do not.

**Senator Davey:** Surely you would not suggest that there would have to be an incentive for the advertising agency responsible not...

**Mr. Hunter:** I think that the example you cite cost something in the order of \$90,000 to produce in the U.S.

**Senator Prowse:** In Mexico.

**Mr. Hunter:** Well, wherever it was produced. It was produced outside of Canada. The \$68 brought it across the border. It needed a new sound track, and so forth. I am not sure what particular work was done to it. However, there was Canadian content in it, so it is beyond the \$64 or the \$68, or whatever the figure is.

**Senator Davey:** But the film was brought into Canada for \$68.40.

**Mr. Hunter:** There were no people in that commercial, just bulls.

**Senator Prowse:** Bulls with long horns, which we do not have in Canada.

**Mr. Hunter:** You are a westerner.

**Senator Prowse:** We do not have them.

**Senator Davey:** Surely, you do not think it is a healthy situation when an agency can bring into Canada a commercial that costs \$90,000 somewhere else for \$64.80? I agree other processes must be carried out before it is used, but surely incentive would not deal with that?

**Mr. Hunter:** I certainly am no authority on duty and excise, but perhaps the structure of the rating system used needs review. I do not think we should build a prohibitive barrier at the border for the importation of material when there is a valid reason to bring it in.

**Senator Davey:** Before we leave Merrill Lynch and I turn to my final questions, you referred to international advertising campaigns: "Put a Tiger in your Tank"; "Things Go Better With Coke;" and "Merrill Lynch is Bullish on America". Surely, in that context "international" is simply a euphemism for "American"? You call them international, but I call them American campaigns. Surely they import into Canada a whole foreign approach and lifestyle, a whole approach to the great American way of living.

**Mr. Hunter:** I believe that "Tiger in the Tank" was conceived in either Britain or South America. It was not an American, but an English concept.

**Senator Davey:** It was by an American agency in London.

**Mr. Hunter:** I do not know.

**Senator Davey:** I am saying it was by an American agency in England. I personally happen not to identify the Coca-Cola subculture with Canadian identity. I drink Coca-Cola and consider it to be a fine drink, but I bridle at the suggestion that the Coca-Cola subculture is in any way identified with the Canadian life style. Simply because the subject is sipping Coke in the Rockies does not make it any more acceptable.

**Senator Laird:** He should mix it with "screech."

**Mr. Hunter:** Heinkel, the detergent manufacturers in Europe, are planning to enter the North American market. It will be an international company originating in Europe. Their campaigns, I am sure, will emanate from the source country and will not be created here.

**Senator Buckwold:** Do you not feel that they will hire an American agency to take over the campaign?

**Mr. Hunter:** No, they spend approximately \$80 million-worth on advertising in Europe.

**Senator Buckwold:** With no advice from those who are expert in the market here?

**Mr. Hunter:** They have not entered the market here yet.

**Senator Buckwold:** But you say they plan to do so.

**Mr. Hunter:** They will hire agencies in Canada, the United States and whatever country they go into. They might indeed create a concept in Germany which will be utilized worldwide, but executed in the markets in which it is run. In my opinion international companies are a fact of life and will not go away. International advertising is also a fact of life. I believe, however, that advertising can be made much more acceptable in the market place in which it will appear if it is executed there and reflects to some extent the life and habits of the population of the country in which it runs.

**Senator Davey:** I am not sure I understood your answer to the question with respect to your reference on page 5 to the positive approach which has been used successfully by government with a number of industries. You mention specifically the film industry. Did you have in mind the Canadian Film Development Corporation?

**Mr. Hunter:** That is right.

**Senator Davey:** Specifically?

**Mr. Hunter:** That is right.

**Senator Davey:** What did you think of the recommendations of the Ontario commission which studied the film industry in Ontario?

**Mr. Hunter:** I am not familiar with that.

**Senator Davey:** This was a commission headed by John Basset, Junior. Some of the recommendations

were, in effect, that movie theatres in Ontario should be compelled for a prescribed amount of time each year or each month to show Canadian film.

**Mr. Hunter:** I am not familiar with the report at all, senator, so I cannot comment on it.

**Senator Davey:** I was curious to know, as *Reader's Digest* has entered the film production industry with a musical entitled, "Tom Sawyer", if that would be considered a Canadian film. I would hope not, but that is off subject. Two points trouble me with respect to your 150 per cent suggestion. I will put them each to you: One, this is a question to which I do not know the answer and I would like to have your comment; do you know of any country in the world in which the government subsidizes the advertising industry?

**Mr. Hunter:** Yes, there is government support in Australia.

**Senator Davey:** How do they do that?

**Senator Prowse:** They will not allow others in.

**Mr. Hunter:** But that is certainly the case in Australia.

**Senator Prowse:** Is it also subsidization?

**Mr. Siren:** It is entirely indigenous.

**Senator Davey:** That is not a subsidy, but a restriction.

**Mr. Hunter:** No, the producers of the commercial collect back almost the full cost of it from the government. I can obtain that information and forward it to you.

**Senator Davey:** As a person interested in political affairs and knowing that you share that interest I simply question the wisdom of a government, whether provincial or federal, going to the people with a program of subsidizing the advertising industry. I would be worried about the popular response, but maybe you would not.

**Mr. Hunter:** You used the word "subsidy." I do not think it is that so much as an incentive system, as I have said. I suppose it is a matter of semantics.

**Senator McElman:** If you wish to be positive, do not call a hare a rabbit, or vice versa. It is a subsidy.

**Senator Davey:** As you know, you and I agree on so many of these matters. I am a little distressed that you consider it necessary to reward people for being good Canadians. Surely we will not really develop any sense of ourselves in this country if we must subsidize people, particularly the business community, for behaving as good Canadians?

**Mr. Hunter:** I have two comments, which I would not say are answers to your observations. One is that probably the area which we are considering most directly is that of subsidization of non-Canadian companies. Therefore that takes a little out of the context referred to by you. Secondly, in my opinion it is the type of



incentive that will encourage more production for export by companies who intend to use those commercials in other lands. I therefore consider it to be a real incentive in that case for those who are not Canadians to use the Canadian source of supply.

**Senator Prowse:** Who gets the 50 per cent, the advertiser or the producer?

**Mr. Hunter:** The advertiser.

**Senator Graham:** What effect would this have on the cost of production? Would there be a tendency to drive it up as a result of this write-off which would be available?

**Mr. Hunter:** No, I do not believe it would drive the cost of production up in the sense that producers would charge more. Is that your point?

**Senator Graham:** My concern is that the producer and the advertiser might not be as dollar-conscious in production as they would be under the present circumstances.

**Mr. Hunter:** Having dealt with advertisers for some time, I know they are very dollar-conscious in almost every circumstance I can visualize. Just because there is an advantage in acting in a certain way is not sufficient. They must see it reflected in the bottom line and not dissipated throughout the system.

**Senator Prowse:** But would it not be true then that when you spend a dollar you receive a dollar-and-a-half in return?

**Mr. Hunter:** No, they do not receive a dollar-and-a-half in return, they still must pay 50 per cent.

**Senator Prowse:** But they end up ahead of the game.

**Mr. Hunter:** But so does everyone in the system. We are discussing a minuscule amount of money really. If everyone jumped their price 10 per cent, it is \$1.2 million, approximately, nationally. I do not believe any one will do it though. Advertisers want their money spent in media in which the audience can see the message. They wish to produce a good message, unquestionably, but they want to invest any extra dollars they have into the media in which they will receive the most exposure for that message. That is where it will do the most good, sell the most product and make much more money, than a little extra write-off.

**Senator Prowse:** In other words, they do a cost benefit of their expenditures.

**Mr. Hunter:** That is right.

**Senator Prowse:** And they choose their media on that basis.

**Mr. Hunter:** That is right; the media is chosen on an efficiency basis.

**Senator Davey:** Did I understand you to say in response to my last question, in which we were discussing

my concern at having to reward people for acting as good Canadian citizens, that this was because so many of them are international companies?

**Mr. Hunter:** That is right, because all the importation is done by those companies.

**Senator Davey:** So would you not agree with me that the problem we are considering is really part of a much broader problem?

**Mr. Hunter:** Of internationalism?

**Senator Davey:** Well, sure?

**Mr. Hunter:** Yes, I believe that is unquestionably true.

**Senator Prowse:** Let us consider it from a very practical point of view: Suppose you were the advertising manager for the NDP...

**Mr. Hunter:** Heaven forbid!

**Senator Prowse:** And the government in power came along with a deal which would return to American companies \$1½ dollars benefit for the expenditure of \$1 in Canada...

**Senator Forsey:** The advertising corporate rip-off.

**Mr. Hunter:** At the same time you would be creating more jobs.

**Senator Prowse:** Sure, that is the way it might be interpreted by Mr. Lewis, although that is not the way we would interpret it. Anyway, I think it is a good idea.

**The Deputy Chairman:** Mr. Hunter, did you appear as a witness before the Ontario Select Committee, at some time in January of this year?

**Mr. Hunter:** No, about a year ago now.

**The Deputy Chairman:** "P. W. Hunter, President, McConnell Advertising Company Limited"?

**Mr. Hunter:** Oh, yes; we returned a second time.

**The Deputy Chairman:** I have a copy of the minutes of the committee and will quote to you from page 2206:

First, we are representatives of wholly-owned Canadian advertising agencies and have a deep concern for the erosion of the business from Canadian hands to foreign owners.

Later on, at page 2207, you say:

We think, as we said in paragraph 4, that if the present trend continues that the control of the advertising agency business in Canada will indeed be in the hands of foreign interests and we strongly feel that this is not a good thing for Canada or for the Province of Ontario.

Paragraph 5 points out that 37 per cent of the advertising agency business in 1970 flowed through the U.S.-owned or affiliated advertising agencies and

that the growth rate was in the area of 1 per cent per annum.

A little further on you continue:

1 per cent per annum, so at this point of time...

...which was probably last year.

...it would be very close to 40 per cent if these figures held true.

Then, moving on two or three sentences, speaking about Appendix B, you continue:

At the top of the right-hand column, the year 1969 should be inserted there. That was omitted. In 1959 only three of the advertising agencies in the top 15 operating in Canada were U.S. controlled agencies. By 1969...

That is ten years later.

...seven of the agencies had fallen to foreign interests and since 1969 one or two more have gone that way.

In my opinion, if there is a trend that there is an erosion and that Canadian-owned advertising agencies are bought by foreign-owned agencies, there is a danger that more work will be done outside Canada. However, in your brief today you did not express concern in that regard, which in my opinion is of great importance because if there are more foreign-owned companies buying Canadian-owned companies, then there will be more danger that the work will be done outside our country. Has the situation changed since you made that statement, from that date until today?

**Mr. Hunter:** Mr. Chairman, I really do not think the two subjects tie together. The ownership of the Canadian agencies is one subject and does not relate to the content, the domestic content, in the production of material. To me they are quite separate subjects. The quotes that you read are accurate. Those are the things I said, although some of the figures have been questioned by the other people, but I am quite confident that Mr. Robertson of J. Walter Thompson, who was here yesterday, would produce the commercial where he felt it could best be done. He would not try to influence his client to import a commercial if he thought it could better be produced here, nor would he try to produce it here if he thought the off-shore production was a better way of going.

**The Deputy Chairman:** Will you not agree with me that, if there are more foreign-owned companies or if foreign companies buy more Canadian-owned companies, there will be more danger that the work or commercial production will be done outside this country?

**Mr. Hunter:** I would agree with you, sir.

**The Deputy Chairman:** On account of the connection between the two, and if we want to make the aim or the goal of the motion that has been moved by Senator Buckwold, I think this has some importance.

**Mr. Hunter:** Mr. Chairman, I would agree with you if we were talking about the advertiser, the company that actually contributes the funding for the advertising. If a company was taken over by a U.S. company, or a foreign-owned company of any kind, the influence could indeed truly exist for that company in Canada to do things other than the way it has done them in the past. In the case of advertising agencies, I do not think the parent company of the agency too often influences the decision as to where the production will be done. I do not think they get down to that level and, also, I genuinely believe that the decision is made almost on every occasion by the advertiser, although the agency can influence, to a certain extent, it will recommend where the production be done, but I do not think the ownership of the agency is critical to the production of commercials in Canada.

**The Deputy Chairman:** Thank you. In any event, I still feel there is a little danger, and I quoted this to you because I thought it had some importance related to the interests of Canadians. I think we have read in some of the briefs that if the foreign-owned companies are taking over Canadian-owned companies they will be more of a danger and that the Canadians would lose some of their work.

**Mr. Hunter:** Senator Bourget, I might suggest, since those statements were made there has been a certain reversal of that trend.

**The Deputy Chairman:** That is the reason why I did ask you.

**Mr. Hunter:** Baker, Lovick, BVDO was to a large extent owned by BVDO in the U.S. The Baker, Lovick people have redeemed their shares and now I am told it is a fully owned Canadian company. In our own case we have acquired the Canadian subsidiary of a U.S. advertising agency, merged into our operations, reducing by one the number of American companies operating in Canada. Those are two examples. I am not aware of any case since that time where a Canadian agency has been taken over or bought into by a U.S. agency.

**The Deputy Chairman:** Thank you.

**Senator McElman:** I would just like to ask the witness to refer back to that period when the CRTC let it be known that Canadian content regulations would be brought into effect in Canada in a given period of time.

**Mr. Hunter:** That is the program content you are referring to?

**Senator McElman:** That is correct, and at that point in time the CAB and its member broadcast stations across the country raised an uproar that could be heard from coast to coast and editorialized in a very open fashion that this was going to bankrupt them, that it was false nationalism, and so on. We all know the result which has been good for Canada. I think we all agree. What would you think would have been the result, Mr. Hunter, if the Canadian government instead of taking

that road, had said, "We will offer you the sort of 50 per cent subsidy that Mr. Hunter is talking about"?

**Mr. Hunter:** It would have eliminated the arguments that came forward that their cost would go up so dramatically by having to go into production, whereas in the past they have been purchasing shows from other countries, and you would have got, first of all, a positive response.

**Senator McElman:** Did they not get a positive response?

**Mr. Hunter:** I think it is not as simple as that. The economy has been outstanding. You cannot buy time, prime time, certainly on television today, without a lot of advance planning and, as fate worked out, the revenues for these stations have been higher than they have ever been during this period when they had to incur extra expenses. Had they been going through a time when the economy was down, I think many of the broadcasters would have really been in deep trouble and their fears would have been borne out.

**Senator McElman:** So you think it would have been a better result?

**Mr. Hunter:** I think it would have been probably a better result, and I think you probably would have seen the percentages not just break the mark but maybe go somewhat beyond, or considerably beyond, the figures that have been set by the CRTC. What is it—50 or 60 per cent right now?

**Senator McElman:** So that is the benefit of the profit picture of stations. What about the benefit to the artistic talent in Canada in production and so on? Do you think it would have run right through the piece?

**Mr. Hunter:** It has to be passed along to a certain extent.

**Senator McElman:** Then, in effect, you think that the subsidy approach is better than the regulatory approach?

**Mr. Hunter:** I think in the case of commercial content particularly, yes, because I do not think that a businessman's decision should be made for him by someone else, I think he loses his flexibility, and I think that is unfair of government to intrude to that extent, but this way he can make his decisions. He will not be penalized if he decides to go one route as opposed to another.

**Senator McElman:** Unfair of government, you say? Is it fair of government to pay such a subsidy when actually, in effect, it is positive in the approach perhaps of the advertising business, but how positive is it to the taxpayer whose pocket is being reached into to pay the subsidy?

**Mr. Hunter:** I think you would find possibly not in year one or year two but by years three, four and five, that the revenues generated for the production industry would be greater than the cost of the subsidy because the business would expand.

**Senator McElman:** Thank you, Mr. Chairman.

**Senator Prowse:** The benefit would exceed it over a time?

**The Deputy Chairman:** Are there any more questions? If not, thank you very much, Mr. Hunter.

**Mr. Hunter:** Thank you very much, Mr. Chairman.

**Senator Prowse:** May I ask one question before you go, which has just occurred to me? What you said last, would it perhaps be an idea if we slated a target date for when these things would be desired to be put up to, say, for the next three or five years or ten months, or whatever it would be, that this kind of benefit would apply?

**Mr. Hunter:** The incentive or the subsidy, whatever you want to call it, would be in existence for a certain number of years? That might be a reasonable thing to do.

**Senator Prowse:** And if it had not worked by that time something else would happen?

**Mr. Hunter:** That is right. I think anything that proves it is not working would be changed anyhow. I think if it was in a time frame that might not be a bad thing.

**Senator Prowse:** It would allow planning that way.

**The Deputy Chairman:** The next witness will be the Association of Canadian Advertisers Incorporated.

Honourable senators, on your behalf I would like to welcome the officers of the Association of Canadian Advertisers. To my right I have Mr. Pengelly, whom I would ask to introduce the members of his delegation, after which he will make an introduction; and then we will have some other comments from some of the members of the delegation.

**Mr. A. Z. Pengelly, Immediate Past Chairman, Association of Canadian Advertisers Incorporated, and Director, Warner-Lambert Canada Limited:** Thank you, Mr. Chairman.

Gentlemen, may I first introduce our group. My name is Pengelly. I am past chairman of the Association of Canadian Advertisers and have been associated with advertising for some 27 years. I am also an officer in a company which is one of the largest television advertisers in Canada. To my immediate right, and your left, is a senior vice-chairman of our association, Jack Dampsy. To his immediate right is a co-chairman of the joint broadcast committee, Henry Ross. To his right is the current chairman of our association, the senior elected head, Alf Hodges—A. J. Hodges. To his right is Mr. Tom Blakely, the president and senior salaried officer of our association. Once again, to his right, is the senior vice-chairman of the association, John Foss. Next to him is the other co-chairman of the joint broadcast committee, Mr. Hopkins.

**The Deputy Chairman:** Thank you. You may now proceed.

**Mr. Pengelly:** Each of you has a copy of our brief. I would like to begin with a few remarks. I am doing so on the assumption that you have, at least quickly, had time to read the brief.

The Association of Canadian Advertisers wishes to thank the committee for this opportunity of appearing before you today. As requested by your deputy chairman, copies of our brief have been sent forward and are in your hands. We particularly welcome discussion of any points raised in the brief or any other consideration bearing on this question which you would like to explore, since we recognize, and I know you recognize, that the time for its preparation has been limited.

The question itself is a complex one. It is subject neither to easy definition and, we suggest, easy answer. In the first part of our brief we have tried to examine what we believe to be the basic concerns which led to your consideration of this question, and some of the facts and possible consequences which could arise from some of the courses of action which could be taken. We wish to be constructively useful in providing a viewpoint that could be helpful to each of you in arriving at an answer to Senator Buckwold's question, and indeed the reason for all of our appearances here today.

We would like to compliment ACTRA, and in particular Messrs. Parrish and Siren, for their brief to the committee this morning, and for their efforts in support of Canadian talent. Because of the fine working relations between ACTRA and ourselves, which he mentioned this morning, and to which we agree, we have made real progress over the past few years, and we suggest the current agreement, which some of you may have seen, bears witness to this fact.

We obviously have differences of opinion. We do not, for instance, believe that regulation will achieve what ACTRA is hopeful that it would. The negatives connected with regulations, we suggest, may well outweigh the pluses. We regret that time has limited our contribution for a fuller examination of the many issues involved. We believe, for instance, that views outside those you have heard, or will hear in the next couple of days, may well be considered.

Before answering any of your questions, I would like to make a few comments relevant to some of the points that have been discussed this week. These are important, as the position of the advertiser is in question in our interpretation of this information.

I should like to say first that the advertiser must be concerned with the development of the television commercial he is using. In particular, the concern is for two factors that we are now faced with, and a factor that we may be faced with in the future. The two factors that we are now faced with are: one, the cost of television commercial production has gone up something in the order of 75 per cent over the past five years.

**Senator Buckwold:** Would you repeat that?

**Mr. Pengelly:** The cost of television commercial production has gone up something in the order of 75 per cent over the past five years.

**Senator Laird:** In Canada?

**Mr. Pengelly:** Correct. The second point: largely because of the increased useage of the thirty-second commercial unit, the very effectiveness of the commercials that we do use, we believe, are diminishing. For the future, in the reduction of the use of non-Canadian-produced commercials, we believe that the advertiser, in order to control costs, would lengthen the period of useage of any one commercial that he might produce. He would not necessarily move to the same number of commercials that he had been using in the past. So, in effect, he would not spend more money.

Another factor that I would like to suggest is that there was reference this morning to the subject of the production of IDs produced in the United States for use in radio. I think it is important that you recognize that these IDs are not the product or the work of the advertiser. The ones that we referred to are for the use of the radio station. As a general rule, the percentage of commercials produced for radio for national advertisers is actually, we believe, higher than the percentage for the production of television commercials.

I would like my associate, Henry Ross, to add to these thoughts some points that are relevant to our survey which is appendix C in the brief in front of you. He will examine the survey itself. He would like to make some points relevant to talent and the production industry, and the inter-action or the elements that can affect our decision to use television or, in fact, other media.

**Mr. Henry Ross, Co-Chairman, Joint Broadcast Committee, ACA:** Mr. Chairman and gentlemen, thank you for the opportunity of discussing this broad, complex subject. Let me put myself into perspective here, so that you can somehow get the idea of the source of whatever facts or input I can provide so that hopefully it will contribute to your ability to make a sound decision.

Mr. Parrish this morning introduced himself as a seasoned performer. I guess I might introduce myself as just an old advertising practitioner. I have been involved in the creation and production of television commercials since the inception of the television industry in Canada.

**Senator Buckwold:** Do you go around with a body-guard?

**Mr. Ross:** There seemed to be some need for clarification of Appendix A. I shall do my best to clarify it for you, if I can. Firstly, the footnotes are somewhat explanatory, but let me, too, try to add to the meaning of those. Most commercials produced in Canada, which are expressed here in terms of 61 per cent in 1968 and 67.8 per cent in 1972 are, in fact, entirely produced in Canada; totally produced in Canada and by Canadians. I think there was some question this morning as to whether this did, in fact, mean that they were totally Canadian. They are.

**Senator Buckwold:** Does that mean written as well?

**Mr. Ross:** Yes, written and produced. Now, who submitted these figures and facts? They were submitted by 24 agencies. These agencies place approximately 75 per cent of all the national advertising in Canada. However, it is conceivable, and I do believe it is so, that they probably represent even a greater percentage of the nationally-placed television advertising commercials. That is the source. The people who submitted this information in the agencies were those in the agencies most qualified to identify the commercials. These would be traffic people, who are the people who order the times, place the commercials, code them and keep records of them.

We must also remember, as stated in the sub-notes, that this percentage does not include another considerable portion of totally-produced Canadian commercials, those being local and regional commercials. Nor does this figure include French language commercials, which are totally Canadian. Those are covered under a separate head. So it is a somewhat higher percentage again. I am not suggesting anything. I am merely trying to put these figures into proper perspective.

There was some reference made this morning to the 32 per cent of these commercials described as entirely non-Canadian. That is not a fact. Looking at item 5 you will see that in 1972 we are talking about 10.6 per cent of national commercials. With these commercials there was adaptation necessary, and by adaptation we are talking about a need to do a new sound track, new visual components, new music, or whatever. In those cases where components, processing, or whatever, was essential, it was provided by Canadian production companies using Canadian talent. So some elements in this production area really provided revenue for Canadian production companies and talent.

I submit those as facts, as we know them. I would suggest, again, that this is not an extensive survey. However, it seems to be one of the most reliable we have to this point. The ICA-ACA Joint Broadcast Committee is co-operating with the CRTC at the present time in an effort to institute a much more extensive survey to dig out the facts, and I would suggest that the Kates, Peat, Marwick Report probably adds some additional insight.

May I now talk about talent. Talent was a very important issue this morning. Mr. Siren and Mr. Parrish very ably presented their point of view and I, too, endorse what Mr. Parrish referred to as an ideal compatible constructive relationship which I think has been developed with Mr. Parrish and Mr. Siren, and I trust that they will stay in their respective positions of responsibility in ACTRA for some time. They have been most helpful to the industry. As chairman of the team that negotiated the present agreement with ACTRA, I can personally vouch for that. However, again, to examine several side issues, unquestionably signatories of that agreement endorse the use of Canadian talent in production and the further increase in the use of Canadian talent and production capabilities. We must again keep in mind the fact that ACTRA has done many things to improve the depth of the talent pool. There has been some criticism that it is not broad

enough. There was reference made this morning to a catalogue called Face-to-Face, and that catalogue has been most helpful to advertisers and agencies. However, ACTRA's primary concern has to lie in the promotion of their own ACTRA performers, whereas our concerns are primarily the encouragement of the use of Canadian talent being broadened, with specific reference to ACTRA talent. There are some clauses in the agreement, one specifically, which do make it a little difficult to expand the pool by including in it untried, unused, or new Canadian talent. I refer to clause 702, which deals with the exceptions of the use of non-resident Canadian talent for television. Clause 704 of that agreement reads:

Except as provided in Article 703, the engager agrees that only members of ACTRA shall be engaged as performers in radio commercials, except that non-members may be engaged to appear as themselves to endorse or give a testimonial about a product or service.

That would be the case where Mrs. Jones of Sudbury said something on behalf of the Jones' family. These are very restrictive kind of parameters in the use of talent. It does make it somewhat difficult for us to just literally pick people out of the street or to use talent that we feel might have some ability, but who are not members of ACTRA. I present that as a fact.

**Senator Laird:** That agreement is between ACTRA and who else?

**Mr. Ross:** It is between ACTRA and ICA and ACA, acting on behalf of the advertisers.

**Senator Buckwold:** Would that not be typical of contracts signed in the United States by organizations similar to ACTRA with advertising groups?

**Mr. Ross:** I would imagine, Senator Buckwold, that the main function of any union is to promote the welfare of its membership.

**Senator Buckwold:** I agree with you that it is a very restrictive clause, and were I in your shoes I would not like it a bit. On the other hand, I suppose it is part of the industry with which you must live.

**Mr. Ross:** We accept it as a fact of life and we are presenting it as such.

**Senator Prowse:** Has there been any problem to date with that clause?

**Mr. Ross:** I cannot specifically cite any problem, but the objections to this by advertisers and agencies are quite obvious. They feel it is too restrictive.

It is particularly important to make reference to some of the events which followed, shall we say, the negotiation of this agreement. The industry, as a whole, called a meeting which took place at the King Edward Hotel in Toronto. In attendance at that meeting were over 100 representatives of agencies and advertisers and the thrust of this agreement was made very clear to all those present, as well as the details of it. There was some objection to this kind of clause, of course.

**Senator Prowse:** I am wondering whether you have run into any specific case where someone was prevented from doing something reasonable that they wanted to do because of the restrictions contained in that clause.

**Mr. Ross:** I cannot give you a specific example, but its impact is so clear it is obvious.

**Senator Buckwold:** Did we not hear this morning that work permits would be granted...

**Mr. Ross:** Only providing that these stipulations were met.

**Senator Buckwold:** For example, if you are looking for a particular kind of voice or a face which projected a special kind of image, and you haven't had an opportunity to see Senator Forsey, and one of the fellows runs into him and decides that he is the gentleman to do that kind of commercial...

**Senator Forsey:** I think it is Senator Buckwold whom you should get.

**Senator Davey:** I would not hire either one of them.

**Mr. Ross:** We could engage Senator Forsey for television providing we conducted a very, very extensive search through ACTRA. This is another proviso in the agreement, which is different from the previous agreement. The previous agreement contained a very general statement to the effect that if the performer needed could not be found through ACTRA, then we could hire someone from outside.

The new agreement provides that the engagement of non-actor talent and non-Canadian performers shall be limited to the following circumstances—specific restrictions follow. In addition to that we agreed that it is essential that we pursue as thoroughly as we can, or look for talent among the present active membership.

**Senator Laird:** Yes, but no senators are members of ACTRA.

**Mr. Ross:** We would like to have them. It would add certain breadth.

**Senator Davey:** Are you objecting to the clause you are reading?

**Mr. Ross:** It is article 704, and we did object to it.

**Senator Davey:** But you accepted it because of the agreement, is that correct?

**Mr. Ross:** Yes, some conditions are accepted on that basis.

**Senator Buckwold:** I think you are making the point that life is not always easy.

**Senator Davey:** But you did accept it.

**Mr. Ross:** That is right.

**Senator Davey:** You do not like it, but you are living with it.

**Mr. Ross:** Absolutely.

**Senator Prowse:** ACTRA did not prevent Canadian talent appearing on CBC programs up to 60 per cent.

**Mr. Ross:** ACTRA had a very specific agreement with the CBC.

**Senator Prowse:** Was it restrictive, or non-restrictive?

**Mr. Ross:** That is something that Mr. Siren might answer. In answer to many thoughts which might occur to you with respect to the agreement, it has some advantages. I am not a professional negotiator, but we found negotiating with Mr. Siren to be constructive. Two parties sit down on different sides of the table and there is a need to come together in the centre. I refer to that specific clause only because it relates to the issue at hand today. That is the question of the availability of talent and the ability to provide it in a Canadian pool.

**Senator Prowse:** Then your point in bringing it up is that you are telling us that because of that restrictive provision the talent would not be available for a sudden expansion of Canadian production.

**Mr. Ross:** I am suggesting that this could limit the ability or, shall we say, the opportunities to expand the Canadian pool of talent by bringing in new faces and performers who are not presently members of ACTRA.

**Senator Buckwold:** How often do you expose the same face? I am not referring now to a prominent personality, but the person who is advertising shaving cream or Listerine. One week he is gargling and the next he is on snowshoes. This must present a problem.

**Mr. Ross:** Yes, the amount of exposure given to any one talent is of concern and it is always a matter of concern to the advertiser and his agency because it is vital that there must be in communication conviction as an essential element. We agree that there would be a lack of conviction if our spokesman were selling snowshoes, facial tissues and many other products. This is one of the problems we face when we do not have as broad a choice as we would like. This then reverts to how deep is the pool of talent.

**Senator Buckwold:** You are really saying that you do not feel that there is a large enough talent pool in Canada at the present time to meet your needs?

**Mr. Ross:** My answer would have to be no, not to meet all the needs.

**Senator Buckwold:** Your answer is no?

**Mr. Ross:** Yes. I believe it is an excellent talent pool. There are great talents and we have seen in response to questions regarding salaries that there is a leaning toward a small group of talent primarily, I suppose, because they are more talented than the others. However, there are many occasions on which we find that we cannot find the type of personality, character or ability which is essential. We would like to think that the pool would be much deeper and broader.

**Senator Prowse:** That would have to be a performer who is not presently in the pool, would it not?

**Mr. Ross:** Yes.

**Senator Prowse:** You are searching for talent that is not presently in the pool?

**Mr. Ross:** That would be one way by which to improve the situation.

**Senator Prowse:** If you find someone who has something you want and cannot find in the pool, that is all you need to get around it. The producers would employ him, and he would be issued a permit.

**Mr. Ross:** If this person were employed for radio, unless these exceptions were met and the person was of international reputation or had given a testimonial, we would really be unable to use that person as a radio talent.

**Senator Davey:** Would you repeat that please?

**Mr. Ross:** Article 703 contains restrictions which refer to the engagement of non-Canadian performers.

**Senator Davey:** Could we obtain a copy of that agreement?

**Mr. Parrish:** Are you referring to the ACTRA agreement?

**Senator Davey:** Yes.

**Mr. Parrish:** We will see that you receive that.

**Mr. Ross:** We are referring to articles 703 and 704. Article 704 provides: "Except as provided in Article 703,". These exceptions refer to a great extent to visual exceptions and therefore do not apply. Article 704 reads as follows:

Except as provided in Article 703, the engager agrees that only members of ACTRA shall be engaged as performers in radio commercials, except that non-members may be engaged to give a testimonial about a product or service.

Therefore that is one exception. If we find someone who is not an actor or a member who appears as himself we can obtain a work permit from ACTRA. It may be Mr. Jones, talking about the Jones family and their use of facial tissue or whatever it is. This would also apply in the case of a person we wish to employ in a radio commercial who is a performer of international reputation. However, I do not believe there is any other exception which would give us the opportunity.

**Senator Prowse:** What is the situation with respect to radio, where presumably announcers read many of these commercials and you might need a special voice?

**Mr. Ross:** Yes, or a type of performance. For example, it could be a type of performance involving humour, with a voice that is not too familiar to the audience.

**Senator Laird:** Do you mean an amateur?

**Mr. Ross:** Yes, it may be an amateur.

**Senator Laird:** It could be an articulate housewife who uses a particular brand of soap.

**Senator Prowse:** No, that is a testimonial, for which there is provision.

**Mr. Ross:** We could not use a semi-professional or an amateur who might be a talented comedian, but was not a member of ACTRA, period, on a radio commercial.

**Senator Davey:** Do you quarrel with that?

**Mr. Ross:** I do if I believe this man can communicate the idea of the script better than anyone we can find in ACTRA.

**Senator Prowse:** Is that not the very basis for obtaining a permit and ACTRA issuing it?

**Mr. Ross:** I would hope so, yes.

**Senator Prowse:** Have you any reason to think they would not act in that manner?

**Mr. Ross:** Well, based on this agreement they cannot.

**Senator Prowse:** No, but have you had experience in which you have wanted to place a performer in a position and were unable to do so?

**Mr. Ross:** Mr. Siren might answer that question. Has anyone come to you on that basis, Mr. Siren?

**Senator Prowse:** No, Mr. Siren was before us this morning. You are giving us evidence now. I want to know the basis for your evidence?

**Mr. Ross:** My basis for this evidence is the agreement, which would prevent us from doing that.

**Senator Prowse:** You must be reading it to us for a purpose and now you are saying this is the problem you have. You then tell me that you have never experienced a problem in that regard.

**Mr. Ross:** I can only talk personally about our own operation.

**Senator Prowse:** But from your own knowledge, as far as you know, this has never been a problem to you?

**Mr. Ross:** That is true.

**Senator Prowse:** Or to any of the people that you are associated with so far as you know?

**Mr. Ross:** I cannot speak for the others. As far as I know, yes.

**Senator Prowse:** Okay.

**Senator Buckwold:** Just one supplementary on this: Does this restriction always apply to television when you cannot literally pick up somebody and, you know, the typical housewife, all these TV commercials we have about some kind of detergent, where the lady says, "I am the mother of four children, I am the typical

housewife," she is a mother or just an actress you brought in?

**Mr. Ross:** No, this restriction does not apply there.

**Senator Buckwold:** You could do that?

**Senator Laird:** Someone said it was a testimonial.

**Mr. Ross:** It does not require that it be a testimonial for the television commercial.

**Senator Graham:** Your association is doing something to develop the pool of talent or do you consider that not part of your job?

**Mr. Ross:** We have an on-going committee which is involved in this area to find ways and means, along with ACTRA, to help develop talent.

**Senator Laird:** ACTRA is doing a job on that, apparently, developing talent.

**Mr. Ross:** Well, as we have explained, the purpose, the thrust of this agreement to the advertisers and agencies, some major corporations have sent out specific memos to their agencies and through their employees in the marketing division which stipulate that there is to be use of Canadian talent only except for rare or special circumstances. This has happened.

**Senator Buckwold:** Mr. Pengelly, will there be others making general statements?

**Mr. Pengelly:** No, just Mr. Ross.

**Mr. Ross:** May I move on to other statements?

In terms of the production capabilities, in April, shall we say, a representative survey was made of major production companies in Toronto, and I cannot tell you the number of them, but I can tell you this, that approximately 80 per cent of the production of television commercials in Canada takes place in Toronto. The percentage of output that was sold to American corporations, for use in the United States, ranges anywhere from three per cent to 30 per cent.

**Senator Prowse:** From company to company?

**Mr. Ross:** The highest percentage came really from the videotape companies, and this morning I think a senator suggested probably the constructive way to look at this whole issue was the possibility of promoting the industry to the United States or to customers in the United States, which we would endorse for several reasons.

First of all, I think the videotape industry in Canada is accepted on this continent as leaders in the field. Canadians have developed many, many technological advances which have put them in the forefront of videotape companies. Americans have found this out and have sought their production facilities. In addition to that, I think if you look at Appendix A, which is an article written in an American magazine, which talks about production facilities in Toronto, there is a clear-cut indication that the entire industry in Toronto is well equipped, very capable

and can provide a useful service. In addition, they have two selling points. They comment on the advantage and price. This is a strong selling point, obviously, and they talk about the efficiency in producing commercials. I would suggest these three points, technical advancement in the videotape industry, price and efficiency advantages, are very viable.

**Senator Buckwold:** May I ask a question on that? If the Canadian industry is basically located in Toronto and is so capable, so efficient and so low cost, then why has the increase in the number of commercials being made in Canada, in the light of all the advertising that you have just given to the industry, been so low? Why have more advertisers not taken advantage of that situation?

**Mr. Ross:** I would suggest, Senator Buckwold, there are many answers to that question. We would assume, as sophisticated businessmen, all the economic elements have been examined by the advertisers and a decision has been made that says there is some other advantage here.

**Senator Buckwold:** You are suggesting there is a field here?

**Mr. Ross:** There is, absolutely.

**Senator Buckwold:** Yet, as I say, the Canadian firms are using American advertising, basically, to a large extent and are not particularly swinging into it.

**Mr. Ross:** We would like to . . .

**Senator Buckwold:** I was trying to relate the two. I find a bit of an anomaly.

**Mr. Pengelly:** If I may speak to that point, please. I think it is very important we recognize the reason why those companies do use those American commercials. They do not deliberately slight the Canadian producer. They view the American commercial as something that is in existence and then it meets the exact needs of their marketing strategy in the Canadian market. I think earlier it was referred to as featherbedding as a possibility. Would there be any merit indeed in producing a commercial that was identical to one that was quite effective for their needs that came from the States? I suggest, no.

**Senator Buckwold:** Of course, some of us feel the whole key to what we are talking about, the fact whether there is some merit in every commercial, not at the will of the advertiser but in the interests of the Canadian identity, is to have those done in Canada. It is broader than that.

**Senator Laird:** Before we get off the topic of exports of Canadian produced commercials, has your association developed any figures that are anywhere close to being accurate in your opinion?

**Mr. Ross:** I would suggest to you, sir, they are reasonably accurate but the most accurate figures can be provided by the production industry. I am sure they would co-operate in supplying these figures.

**Senator Prowse:** Some of those are in Appendix A.



**Senator Davey:** May I ask a supplementary question?

**The Deputy Chairman:** Yes, Senator Davey.

**Senator Davey:** I read the article from *Television/Radio Age* which is an appendix to your presentation. I put this question to you, perhaps Mr. Ross. I read it last night. I was amazed you would include this as an appendix to your brief because of the absolutely shocking way this country is patronized throughout this entire article. I just read you one paragraph and ask you, as a Canadian, to respond to this. I choked on this last night—I do not want to lead you on this:

There is much of Toronto that is American. Motor-ing into town from the airport and even browsing about the streets, one has a hard time telling he's out of the U.S.

How do you respond to that as a Canadian? Are you encouraged by that? Does that please you?

**Mr. Ross:** Frankly, that does not please me.

**Senator Davey:** The article is full of this kind of patronizing nonsense. I am shocked. I should not say "I am shocked". I find it surprising that you would include this kind of article in an appendix to your brief, and particularly it spells out in considerable detail the way in which the advertising community patronizes this country.

**Mr. Ross:** Senator Davey, I submit here it is an opinion. I would say it is a somewhat authoritative American publication.

**Senator Davey:** Isn't there something more important than the rising market in commercial production in the United States for the Canadian video industry? Isn't there something more important in this country than the fact that some big companies are able to cream off a little extra business in the United States?

**Mr. Ross:** This is an element that we wish to consider. It is part of our consideration.

**Senator Davey:** I do consider it, and I am considering it. I read it with interest. Surely, there is something more important? I happen to believe that the members of ACA are interested in encouraging a Canadian identity. I know many of you personally, and I know how you feel about this country. I am not suggesting that any person or any group has a monopoly of concern about the country. I just feel that the whole tone of that article is summed up in that paragraph I read, and it makes me unhappy as a Canadian. Doesn't it make you unhappy?

**Mr. Ross:** Yes, it does.

**Mr. Pengelly:** I think we have to recognize that this is an editorial style. We were not submitting it as an example of editorial style. We were submitting it as evidence that there was a genuine interest in commercial production in Canada.

**Senator Davey:** I am not concerned with the style. I am concerned about the content. I do not think that Toronto is an American city, and I resent the suggestion from an American publication that it is.

**Senator Prowse:** Where is the magazine mostly circulated?

**Senator Davey:** In the United States.

**Senator Prowse:** Then whom do you expect them to write for? If I were writing for the American market, I would say the same kind of thing.

**Senator Davey:** Perhaps you would, but I wouldn't.

**Senator Prowse:** To say to the other fellow that he is just the same as you is not going to impress him. You do not like being like them.

**Senator Davey:** Have you read the article?

**Senator Prowse:** I have read most of it.

**Senator Buckwold:** I wanted to ask a general question. I am not sure whether Mr. Ross has finished his basic point.

**Mr. Ross:** I was just going to add one point. We are examining the question of the Canadian product known as film production, which is a component of commercial production, some of which is being sold to advertisers in the United States. This subject has been discussed this morning, this afternoon, and will be discussed again, about the relative value. I am giving you additional information that can help you decide just how important this area is. There is another consideration relative to that. Particularly, one of the tape production companies also is involved in the production of programming for American television.

**Senator Davey:** Warren? Is that what you had in mind?

**Mr. Ross:** Yes. Since a reasonable amount of your financial revenue comes from the sale of commercial production in the United States, we must consider the total economic scope of their operations. I thought I would present that to you.

**Senator Davey:** I am interested in the welfare of members of ACTRA just as much as I am interested in the welfare of the Warren employees.

**Mr. Pengelly:** Finally, in our brief, we have reviewed some of the steps taken by our industry in the past, and we have come to two basic conclusions which we have submitted for your consideration. The first is that our association is fully in favour of increasing the use of Canadian-produced commercials. We do not, however, believe that it is possible at this time to take steps to ensure that all radio and television advertising be completely produced in Canada. We have programs currently under way which are working in the right direction, we submit, and we are confident that they can and will continue to work. We would expect to see some 71 per

cent of Canadian television commercials produced in Canada by 1975, and 75 per cent achieved within five years; and we would be prepared to establish these as industry goals, work towards them, and track their progress with CRTC.

The second point: if, as discussed in our brief, a review of current tariff arrangements seems appropriate, we would be prepared to work with the Department of National Revenue to review the current basis of value imported commercial material. We would add to this review the inclusion of the consideration raised by Mr. Hunter in his brief. This summarizes our position, and we would be most happy to answer any questions in any other areas that we have omitted.

**Senator Buckwold:** On May 1, 1972 you had one of the most knowledgeable and one of the most influential men in Canadian television and radio—namely, Mr. Juneau, the chairman of the CRTC—speak to your group; and, in terms which were quite unequivocal, he said to you that he believes there must be more Canadian content in advertising. He said, "I am absolutely convinced that there is in Canada all the needed talent, artistic and technical, for the production of top quality commercials."

Later on he went on—I am paraphrasing—to indicate that he expected the communications industry to move in the direction of Canadian-produced TV and radio commercials by writing their own rules without government regulations.

My question is: That was over a year ago. That was a pretty strong statement, and one that received a good deal of publicity. What action of real consequence—not just a do-good, motherhood sort of thing, that "We are going to co-operate"—what action did the Association of Canadian Advertisers take as a result of that challenge?

**Mr. Ross:** May I defer that question to my co-chairman who is involved in some action of this kind and can be more specific?

**Mr. David Hopkins, Co-Chairman, Joint Broadcast Committee, ACA:** Action was pursued in two areas, both of which were started prior to Mr. Juneau's statement to the association. One was the action of the committee for promotion of Canadian commercial production. This was the committee which the ACTRA people were referring to, and it was also referred to in our brief. It was a committee established to look into ways to induce higher levels of Canadian commercial production in the industry.

One of the primary areas that the committee got into was working with the CRTC on ways to move this forward in a way that would benefit both the commercial production end of the operation, and, as we noted in the brief, without harming the media end of the operation unduly, because of the very real concern to the CRTC, as was mentioned in our discussion with them, which was maintaining the ongoing financial support for improving their Canadian programming, starting up global

networks—although we did not know at that time that this was what was in their minds—these types of things, and fighting off the incursion of cable television, which was developing very fast. So there was the prerequisite there that steps be taken that would not harm the revenues to the television industry to a serious extent. We then looked with them at the facts available, and we found that the surveys that our association, jointly with ICA, have been doing over the years give an indication of what is happening. They do not talk about money. They do not say where the dollars are going. They do not say who is spending money where. So we worked with the CRTC in developing a questionnaire, which they have and which they are about to circulate, which explores two basic areas, one of which is the production pattern, which would be an ongoing survey covering a six-month period, which would track where commercials were originating almost on a census basis. This would be mailed to a list of advertisers that we had prepared for them—some 230 advertisers made up of total ACA membership plus any of the top broadcast advertisers. This was rather looking at the one-week information which our survey represents from a limited number of agencies, albeit quite a section of the industry. This would be almost a census on where national commercials were coming from. That would be the number of commercials, which, in effect, would validate, on a solid basis, where the industry stood in terms of percentages.

The other very key area is where the dollars were going. How much money was being spent importing commercials? For example, industry estimates at the moment would show that of the amount that Canadian companies are spending to obtain films to put on the air, probably something of the order of 90 or 95 per cent is going to Canadian companies. This is because \$64 is only being paid when bringing in commercials. But in terms of the pot of money being used, 90 to 95 per cent would be a top-off-the-head estimate at the moment as to the amount already going into Canadian sources.

The CRTC survey proposal would look at this in terms of revenue both to production houses and to performing talent. They will be looking at the break-out revenue going from Canadian companies to foreign or Canadian production houses and to foreign or Canadian talent. It is our feeling, and I think this is shared by CRTC, based on the discussions we have had with them, that this type of factual information is needed in hand before very specific proposals should be made, other than the ones which we were already taking which were promoting, on a common sense basis, how to get more people moving towards more Canadian commercial production.

**Senator Buckwold:** What you are really saying is that even before Mr. Juneau's challenge to the industry you have been doing factual surveys and studies on which to base programs that might be effective in meeting Mr. Juneau's challenge?

**Mr. Hopkins:** That is correct, senator. It has been an on-going dialogue with the CRTC.

**Senator Buckwold:** Would you not have been doing that in any event? What I am trying to get at is what your reaction was to this statement? Mr. Juneau, in public statements since, has indicated that he is not all that happy.

**Mr. Hopkins:** If I could make what may be a personal comment, I have been closely involved with these kinds of activities as, indeed, many of the people here have, on our Joint Broadcasting Committee, and my experience has been that we do sometimes have a problem, if you like, stirring up the industry at large, and in many respects I regard Mr. Juneau's statement at that meeting as a very helpful nudge to help us get people behind us and understand what was going on in the industry.

**Senator Buckwold:** Do I gather from that that most of your members did not take it very seriously?

**Mr. Hopkins:** I think it is very hard for members who are remote. We must remember that advertisers are not normally, unless they are substantial advertisers, staffed in-depth with specialists in...

**Senator Buckwold:** I am referring to the larger advertisers.

**Mr. Hopkins:** The larger advertisers were aware of what was going on.

**Senator Buckwold:** But has this been translated into new business for Canadian-producing studios in any substantial way? The 2 per cent to which you referred is a pretty minimal increase in this field. That is really the point I am getting at.

**Mr. Hopkins:** My honest answer to that, senator, is that we do not have the facts on which we can answer "yes" or "no." I would suspect that it has, and I think that probably the full 1973 figures which come out in October of this year would support that. I suspect that the figures, which could be obtained either from the performing unions or from the production houses, would suggest that in the past 12 months there has been a substantial increase in that trend. I do not have the figures at the present time to support that.

**Senator Prowse:** I have one general question. I gather that you gentlemen are all people who buy advertising and ordinarily you hire an agency to do so. Is that correct?

**Mr. Hopkins:** That is right.

**Senator Prowse:** I presume, if you are a large enough company—and I do not know whether or not you do represent large companies; but obviously, some of you do—you would have your own marketing divisions and they would be the ones who would be in contact with the advertising agencies as to what the program is going to be. You decide what it is you are going to sell, of course. I want to know to what extent the decision is made by the advertising agency or by your representatives as to whether you would use a Canadian-produced commercial or not? Would that come up in the course of the discus-

sion? Would you simply say that you want this to be in a Canadian locale using Canadian talent and Canadian producers, or do you accept the advertising agency's decision as to which to use? Do you specifically tell the advertising agency what you want, or what advice do you get from the advertising agency? What help do you get from the agency? How do you inter-relate?

**Mr. W. T. Blakely, President, ACA:** Just to re-identify myself, my name is Tom Blakely and I am the senior staff officer of the Association of Canadian Advertisers. The advertiser is the man who spends the money and who pays the bill. Very often, the word "advertiser" gets confused with the agency people. I should like to answer that because of my experience in the agency business and because of my experience in marketing. In the main, the decision as to what to advertise is obviously made by the advertiser. That decision is made as a result of internal marketing production department conferences. They decide that they have a good product and they want to sell it. They then decide what will cause people to buy it and what they want the people to know about it. That decision is likely best to be made by the advertiser. The advertising agency is able to polish, through its communication skill, the appeal. They also decide, of course, how they wish to communicate their product—as to whether it should be print advertising, skywriting, outdoor posters, or whatever.

Once the media communication decision is made, it is made on a medium. Let us say that the medium to be used is television. If you start from a raw point of view, I do not think there is once in 100 times where you would decide to get out of Canada to produce the commercial, other than for reasons of climate, or, perhaps, because it is a unique product for which you need a voice appeal. In that case you would explore the Canadian market and only if the required talent cannot be found would you consider going outside of Canada to produce it. It would be axiomatic to consider doing that.

**Senator Laird:** But the advertiser must rely, to a great degree, upon the advice of the advertising agency, mustn't he?

**Mr. Blakely:** Well, he must rely, senator—"to a great degree is often a matter of relevance.

**Senator Buckwold:** The fact that they have already prepared that commercial for the U.S. market does not come into consideration?

**Mr. Blakely:** Well, if we were starting from scratch, as I was outlining, then that is the way it would be. However, if a similar commercial were already in existence in the U.S., and in the case of where a background could not be identified and where there was no real reason for making it over, the advertiser, naturally, would not want to pay for something which he already had.

**Senator Prowse:** That is where there is a branch company?

**Mr. Blakely:** That would be in the case of a multi-national corporation. The multi-national corporation

would, naturally, tend to think in those concerns. That, however, is not as often as one would imagine. In the drug field, for example, there are rules in Canada which are far different from the United States and almost every drug commercial has to be made over. Packaging is another area where there are differences. When such differences occur, what can happen from time to time is that portions of a commercial can be re-made and portions of it can be used.

**Senator Prowse:** Or commercials dealing with subscription drugs.

**Mr. Blakely:** Well, subscription drugs cannot be advertised, senator.

**Senator McElman:** With that criterion, how could you possibly get an advertisement such as that one for Crisco where that silly old ass calls his wife to find out what she uses to make piecrust?

**Senator Prowse:** Everybody has to diet to lose weight, I think.

**Mr. Blakely:** If I may comment on that, senator, and I have been waiting for some time to make this comment: Advertising is a fascinating business. There are many, many facets and many people who are interested in one facet or another. Because of this it is very difficult indeed to be all things to all people with any one commercial. The advertiser has to make a saw-off on who he is going to talk to. You will excuse me if I say that no one in this room is likely to regard himself as an average man. In fact, if I called you an average man you would be offended. I think that probably the market has to be aimed at the average man. You think the fellow on the phone for Crisco is an ass; I privately share your opinion, but I am sure that the people who make Crisco think that it is a good commercial. I think that has to be the criterion.

**Senator McElman:** Well, I hope a representative of Crisco is here. I have requested my wife not to buy Crisco under any circumstances.

**Mr. Blakely:** I think it is a matter of taste and opinion, senator, and this is one of the great privileges of living in a democracy.

**Senator Prowse:** If they put it in a Maple Leaf tin he would enjoy it.

**Senator McElman:** How can a firm possibly feel that it would be to its advantage to allow an ad such as that which just must have been produced in the United States? They would not have brought that old fellow up from Virginia or Arkansas to do the production work in Canada. How could they possibly get in through the criteria you use?

**Mr. Blakely:** They probably like it, sir; it sells Crisco.

**Senator McElman:** Not in my house.

**Senator Buckwold:** You suggested that you would like to see a goal of 75 per cent in five years.

**Senator Davey:** Did they say they would like to see that, or they thought that is what it would be?

**The Deputy Chairman:** The brief reads at page 9:

Based on current trends as outlined in "Industry Activities to Date"—point 2, we would expect to see some 71 per cent of Canadian TV commercials produced in Canada by 1975 and 75 per cent achieved within five years (assuming a more detailed survey confirms the accuracy of current data).

**Mr. Pengelly:** The problem has really been identified by Mr. Hopkins. We recognize some degree of limitation in our numbers and if the numbers are substantiated by the survey being undertaken by the CRTC, then these goals in our opinion are reasonable. If, however, the numbers emerge differently we would obviously have to adjust to them. We are saying that we think there will be progress. The degree we think will probably parallel the experience of the past, possibly with some increase. We could not be more specific, because we do not have specific knowledge.

**Senator Davey:** I wonder if that was a prediction, or an expectation?

**Senator Buckwold:** The last sentence of the paragraph is the one which interests me, in which you say:

We would be prepared to see these established as industry goals and track progress towards these goals with the CRTC.

**Mr. Pengelly:** That is right.

**Senator Buckwold:** In other words, you are saying that you would be prepared to accept that as a goal. Would you be prepared to accept it as a regulation? We have regulation for content of Canadian programming on television. Would you be prepared in that period of time to accept that as a regulation?

**Mr. Hopkins:** We say here that it should have the same strength as a regulation. In our discussions with the CRTC one of the problems is how will this be regulated at something other than a 100 per cent level.

**Senator Laird:** You do it with programming.

**Mr. Hopkins:** Yes, but do you do it by advertiser or by product. Do you do it to the broadcaster and tell him it must be 70 per cent of his time? Is it fair to do it that way in all situations?

**Senator Buckwold:** That is a very difficult aspect. How would you solve that?

**Mr. Hopkins:** One way of doing it would be to have a CRTC census so that we would be in a position to agree on where we would like the industry to be. 75 per cent is the way the numbers came out, projecting what we have at the moment. However, we are really talking of sitting down and discussing the facts with the CRTC and agreeing on a reasonable objective. We track towards the objective and if the trend is not going that way and we are not achieving it, then it is very easy

to notify the industry at large of what has happened and what we promised would happen. If we do not do it, someone else will.

**Senator Buckwold:** I do not believe that would work at all. You are asking the industry to discipline itself.

**Mr. Pengelly:** I think it would work.

**Senator Laird:** This might be an excellent time for me to point out the validity of this observation by mentioning CKLW Radio and TV in Windsor.

This will give my friend, Senator Davey, an opportunity to comment on the situation. I should inform you that I filed a letter addressed to me from those stations. This letter pointed up the real problem that would be created if a compulsory figure were laid down. Would you consider that in a case such as that, where the radio and TV market aimed at is Detroit, it would be difficult to impose a definite percentage? Could it be flexible and is this what you are attempting to tell me in answer to my question?

**Mr. Hopkins:** That is certainly an extreme example. To be honest, it is more extreme than those I had in mind. Obviously they will have problems. I was really thinking even in terms of going from major urban stations to smaller rural stations where the mix of national versus local advertising is different. They are not working within the same parameters.

**Senator Laird:** That is right. Now I understand why you raised the point and I am very glad you did, because it gives me a chance to introduce the peculiar problem which exists in Windsor.

**Mr. Blakely:** May I add a point?

**Senator Davey:** Is this with respect to Windsor?

**Mr. Blakely:** No.

**Senator Davey:** I think it is unfair to our guests to discuss the Windsor situation at this particular point. I would be prepared to do so, but I think it would be unfair to take their time. Senator Laird is perfectly correct and I would like to discuss it at some point, but I do not think we can do it today.

**The Deputy Chairman:** Could you postpone it until tomorrow?

**Senator Davey:** At your convenience, Mr. Chairman.

**Mr. Blakely:** In endeavouring to achieve a given percentage of commercials for every company, or the total, a given number or percentage of commercials must also be laid down for each individual company. Let us say, Senator Buckwold, that you manufacture widgets and are an American company. I am manufacturing widgets as a Canadian company. It is conceivable that because I make all my commercials in Canada you would not have to make any, but the industry would achieve its average. That is not desirable, however.

**Senator Buckwold:** I do not believe that is the way it would work.

**Mr. Blakely:** No, as a matter of fact, if every company does not carry its load, eventually it has to go on that basis. It is not a one-for-one situation inside each company. Your company might make five commercials and mine 10, or it might be the reverse. The number of commercials alone, or numbers of commercials by company or numbers of commercials alone by company or by dollar volume, just will not satisfy the issue. It contains too many elements. That is why I say it must be goodwill working with goodwill.

I am a little sorry that in the interest of the committee we became so rivetted to the questions of ACTRA and the Joint Broadcast Committee contract that it seemed to take on more importance than it deserves. I would like to divide all the time and comments in that regard by about 20, if I may.

**Senator Davey:** First of all I would like to ask a question with respect to the Association of Canadian advertisers. You say that there are over 200 Canadian advertisers whose combined projects form approximately 75 per cent of the total amount spent on national advertising. What would that amount to in dollars?

**Mr. Blakely:** Approximately \$350 million.

**Senator Davey:** How much of that \$350 million is spent by international, American, or Canadian subsidiaries of American corporations?

**Mr. Blakely:** That is a tough one. It would be somewhere between 40 per cent and 50 per cent, but that must be an estimate.

**Senator Davey:** Mr. Blakely, perhaps I should put this to you ...

**Mr. Blakely:** Excuse me, Senator Davey, can we go back to your last question? I may have given a wrong answer to that.

**Senator Davey:** I wanted to know what percentage of your membership is Canadian companies.

**Mr. Blakely:** What percentage? About 35 per cent.

**Senator Davey:** That was my next question.

**Mr. Blakely:** That is the question I answered wrong, sir.

**Senator Davey:** And then the second question really is, what percentage of the volume is spent by Canadian companies?

**Mr. Blakely:** Now I cannot just answer that one, but it would be once again a guess, somewhere down around 30 per cent.

**Senator Davey:** So, in other words, 70 per cent of the volume of member companies, the advertising member companies of the ACA, would be companies that are not Canadian. I do not put this in any pejorative sense. I would like to think perhaps you can reassure me that

these non-Canadian companies are as enthusiastic about the work which Mr. Hopkins and some of the others have been doing with ACA and the CRTC as the rest of us are. Is that fair or just enlightened self-interest?

**Mr. Blakely:** I was not taking the question as being pejorative. And I think there is great enthusiasm, some by compulsion, some have definite attitudes towards corporate citizenship and try very hard. Some do not give a damn.

**Senator Davey:** Mr. Hopkins, who we are informed in this paper prepared this brief, is associated with Procter & Gamble, I believe, who are the largest advertiser in Canada.

**Mr. Hopkins:** Yes.

**Senator Davey:** Would it be a fair question, Mr. Hopkins, to ask you what percentage of your company—Mr. Chairman, Mr. Hopkins is not here as a representative of Procter and Gamble. Do you mind my asking you some questions about P&G or would you rather I didn't?

**Mr. Hopkins:** I would prefer if you didn't.

**Senator Davey:** Fair enough. I won't ask you that.

Then we will simply rest on the assurance I have from Mr. Blakely that the American members of ACA would be in favour of this graduated move towards Canadian production.

**Mr. Blakely:** I think so.

**Mr. Pengelly:** Let me add just a point. I work for Warner-Lambert.

**Senator Davey:** I will not ask about your own company.

**Mr. Pengelly:** Just as an example of what I call the endorsement of the principles behind what Mr. Hopkins is saying, companies take different ways of trying to reach the goals. In our company, for instance, not because of the things that Mr. Juneau was doing necessarily, but because it seemed to make good sense—we have both Canadian agencies and agencies who are international agencies, because we are an international company—we actually have, in our letter of agreement with all five of our agencies, that their compensation is increased on the production of commercials which they originate rather than pick up. I think that is as good evidence as I could submit that we are really trying to help this.

**Senator Davey:** And the direction in which I am heading simply is to observe that Canadian companies might have more understanding of the thrust of the whole concern some Canadians have about this problem. It might be more difficult to transmit this concern to American head offices, I would suggest to you. I would further suggest to you, however, that the thrust of what we are doing here today, and Mr. Juneau's speech to the ACA and the concern of a lot of people in developing an identity in Canada, have probably helped American

subsidiaries in dealing with their American offices. Is that a fair statement?

**Mr. Pengelly:** I think it is a very fair statement.

Supplementary to the point you made, I think it would help you all to know I personally was instrumental in having Mr. Juneau make that speech because we were anxious—if you remember, on the program he was speaking to the senior executives of our total membership—that his official view be made known in support of work that we were doing, underneath the senior executive level to the advertising managers, so that the companies, as a whole, would understand the desirability of moving towards increasing Canadian production.

**Senator Davey:** You were the president and the chairman of that meeting, as I recall.

**Mr. Pengelly:** Yes, I was.

**Senator Davey:** I take this particular approach because I am very anxious that people like yourselves understand. I do not speak for the community. I speak only for myself as someone who takes this position. I was in no sense anti-American or hostile to American enterprise. There are advantages in some of the aspects of a relationship with the United States, but I am afraid too many Americans and too many Americans operating in Canada do not really understand the dimensions of the move towards Canadian identity.

However, let me ask you a further question about the ACA. Only this morning we had ACTRA here and we had the...

**The Deputy Chairman:** L'Union des Artistes.

**Senator Davey:** Thank you—the French group. Looking through the ACA list of membership last night I did not see many Quebec based national firms. Is there a Quebec group? Is there an association of Quebec advertisers or Quebec advertisers who operate across Canada?

**Mr. Blakely:** Senator Davey, about one-third of ACA membership is in Quebec.

**Senator Davey:** That is really not the question. I was talking about the French-Canadian companies as opposed to English companies operating in Montreal.

**Mr. Blakely:** No, there are relatively few.

**Senator Davey:** They are separate operations?

**Mr. Blakely:** No.

**Senator Davey:** There are no advertisers' associations in Quebec?

**Mr. Blakely:** That is correct. The number of French companies is minimal and includes Bombardier and a Quebec City company called Dominion Corset. Regarding companies of this nature, who are international marketers or who market fully across Canada, it is a peculiarity we have not been able to attract French-Canadian companies as members.

**Senator Davey:** And there is no separate association that we could perhaps speak to?

**Mr. Blakely:** Well, there is the Publicity Club of Montreal.

**Senator Davey:** I know it; it is really not comparable.

**Mr. Blakely:** It is not comparable, but we do work very closely with them. As a matter of fact, one of our vice-chairmen is also the executive vice-president of this club. We make sure we have a liaison there; but any membership—regretfully, no.

**Senator Davey:** Okay, I do not want to pursue it.

Some of you were here this morning throughout the presentation by the group from Quebec, and it was rather surprising. I certainly enjoyed this morning. I just wondered if we could find out something from advertisers in Quebec.

On page 2 you say,

Is our Canadian culture being undermined by imported advertising?

I suppose I should put this to Mr. Pengelly:

First of all we should point out that by far the greatest cultural impact of any medium lies in its editorial or programming content.

I guess I would question that statement. I particularly question the use of the words "by far". We have had representations made to us by other groups yesterday and today that the advertising content of a program does in fact have enormous impact. Do you stand by that "by far"? I just wondered.

**Mr. Pengelly:** Quickly, on the mathematical basis, you can appreciate that 12 minutes in the hour of commercials versus the remaining 48 in program content is a pretty big difference, but we did anticipate this question, and I would like Jack Dampsy to answer it.

**Senator Davey:** I am delighted I have not disappointed you.

**Mr. Pengelly:** Thank you. I am glad you asked.

**Mr. J. V. Dampsy, Vice-Chairman and Treasurer ACA:** I think we stand by the statement, Senator Davey. We do feel that the influence of the programs is greater in the cultural area than the influence of commercials. We do not deny either has an influence, if only by means of a ratio of six minutes out of 30 in the half hour or 12 out of 60 in the hour.

**Senator Davey:** Surely, Mr. Dampsy, we can all think of situations? For example, my colleague, Senator McElman, cannot recall a program on which he saw his favourite commercial. Obviously the commercial has remained with him.

**Mr. Dampsy:** That is possible, sir.

**Senator Davey:** On the question of some programming, perhaps the commercial will have a greater impact upon us than the content.

**Senator Prowse:** On the other hand, I cannot remember the commercial with the Archie Bunker program.

**Senator Davey:** Of course, it works both ways.

**Mr. Dampsy:** I think, in general terms, although I would deplore the fact to some degree, people watch television to watch programs and not commercials.

**Senator Davey:** You say on page 3:

An advertiser is simply a businessman trying to communicate effectively with his potential customers. His success or failure as a businessman will depend, in part, on how well his communication is received.

I realize that does not preclude your comments on the content, but I wonder if I could express an opinion—and you may comment on it. I think too many advertisers tend to underestimate, if I may say, the cultural influence.

The advertiser advertises to move a product—there is no question about it, I have no quarrel with that, and you can perhaps comment on it—but I think some advertisers tend to almost ignore the social impact, the cultural impact.

**Mr. Dampsy:** I believe they do. I believe that is a wrong decision on their part, because it is only good business sense, if you are advertising in a country to a group of people, to make that advertising compatible with that country. You must work in with the situation within the country rather than try to change it or try to introduce something new. If you tried to introduce a new type of culture by means of advertising, that would be a bad decision, and certainly some bad decisions are made.

**Senator Buckwold:** I find that there is a significant impact—possibly this is a market that you do not even look at—on very young children who are influenced by advertising. I am thinking of the three, four, five, and six-year olds who remember the advertising more than the programme.

**Senator Laird:** You are so right.

**Senator Buckwold:** I had a child tell me the other day that the milk he was drinking was something you "hate" twice a day. So somewhere along the line he hated milk. I am passing this on. Children are influenced culturally, and it stays with them for a long time. I think there is a real responsibility on advertisers to make sure that it is not dangerous.

**Senator Davey:** On page 2 of your brief, near the bottom, you say:

We are not aware of any regulations affecting the editorial content of print media.

Are you suggesting that there should be some regulations affecting the editorial content of print media?

**Mr. Pengelly:** No. I have your point, senator. We are not. We are looking at the two and saying we see one,

there is no need of regulations on one. We do not think there is any reason to have it, and there is not in any other media.

**Senator Forsey:** I listened to this world without end from the private broadcasters when I was on the BBG. It impresses me less and less.

**Senator Davey:** You are saying that you are not aware of any regulation affecting editorial content of the print media. I say to you, "Should there be?" and you say, "No." I now ask: Should there be regulations affecting the broadcast media?

**Mr. Hopkins:** The only point that I think is being raised there is that programming on broadcast media is an important cultural influence. Editorial content of print media is an important cultural influence. In my personal view, advertising is probably less important to cultural influence than those two factors.

**Senator Davey:** But that is really not the point that I am making...

**Mr. Hopkins:** But that is why that sentence is in there.

**Senator Davey:** Presumably you do not quarrel with the regulation of broadcast media. You do not take exception to the principle?

**Mr. Hopkins:** Assuming that advertising is reasonably well Canadianized, maybe priorities should be given to looking at editorial and print media before forcing advertising from a higher level to 100 per cent.

**Senator Davey:** Mr. Pengelly has just said that he hoped there would not be regulations affecting editorial content of print media. You are saying there should be.

**Mr. Hopkins:** I am suggesting it might be considered in terms of priorities.

**Senator Prowse:** It has been considered.

**Senator Davey:** Mr. Pengelly will be surprised to know that I agree with him and not with you.

**Mr. Hopkins:** It is not a recommendation.

**Senator Davey:** That is encouraging. On page 3, the last part of your first paragraph, you say:

These proportions are well in excess of those that the CRTC has prescribed for Canadian broadcasters program content.

You would agree, of course, that they should be considerably in excess, would you not?

**Mr. Pengelly:** Yes. I guess the point we have here is how high is up, and what is a practical percentage, and the fact that it is in excess of the program content. We would like to make the point that it is recognized, because quite frequently the deliberations tend to indicate that the people do not recognize that the Canadian content is as high as it is. Our appendix was intended to bring this home to everybody.

**Senator Davey:** We have been hearing a lot about this in the last several days and someone else made this point. The proportions are in excess of those prescribed by the CRTC for Canadian broadcasting. I do not think it is any cause for celebration, as it is obvious that it should be considerably in excess. I do not think that is particularly encouraging. You obviously do not think that the regulation for advertising content should be the same, that it should be 60 per cent?

**Mr. Dampsy:** No.

**Mr. Blakely:** Those figures represent only the national advertising. When you add to that the figures of local advertising, I think you will find those figures are really quite low, low by perhaps 20 per cent.

**Senator Davey:** Very well.

Mr. Chairman, I have only two more questions. I could put this one to Mr. Ross. In connection with the survey, Appendix C—which of course is the thing we have been talking about—why did you choose 1968 as the base year?

**Mr. Ross:** That might have been an arbitrary choice, only because for one reason at that time, there would be real difficulty in advertising agencies having precise records going back any further than that, that would provide statistical information for it.

**Mr. Hopkins:** My recollection, senator, is that we started the survey in 1969 and referred back to 1968, as Mr. Ross says, the latest available information to make a usable base.

You were raising a question earlier about awareness in the industry. I think the change from that 1968-69 period is really where there was a transition in the advertising industry in awareness of this kind of an issue.

Prior to that, I suggest that there was very little interest or awareness among the mass of the advertisers about the problems of national identity, tailoring their advertising to the market. But I think that the bench mark shows where we started getting concerned about that, and gradually this thing was held through in the seminars we held in 1970, the CRTC Canadian content.

**Senator Davey:** What concerns me about that, Mr. Hopkins, is that more than half the progress which has been made was made in the first year, and it seems to me that the progress is grinding to a halt. That is what troubles me.

I would like to put this question either to you or to Mr. Ross. Could either of you guess—and I know it would be only a guess and I suppose that you could answer by saying you suppose you could—what would that figure have been in 1960, to say six years before, or would that just be a wild guess on your part?

**Mr. Ross:** I think there would have been other factors in 1960. There would have been a greater percentage of commercials produced in the United States in 1960,



without question. Primarily, because the production facilities in Toronto, or in Canada, were to a great extent behind the production facilities in New York or elsewhere, and I would say that was a vital factor.

**Senator Davey:** So around 1960 it crossed 50 per cent, around 1961-62?

**Mr. Ross:** I would say it would be less than that. Arising out of discussions, I would say that the quality of Canadian production started to come close to the quality of American production as recently as six or seven years ago. In the last two or three years, I would say that the production quality that we can turn out is up to anything they could do in the United States.

**Senator Davey:** Thank you.

My final question is to Mr. Pengelly. I notice with interest that one of the members of the ACA is the Reader's Digest Association (Canada) Limited, Consumer Sales Division. What does Reader's Digest advertise? Does it advertise itself?

**Mr. Pengelly:** The definition of advertising for our association, senator, includes direct mail advertising and they are one of the largest users of direct mail in the country. Is that not correct, Tom?

**Mr. Blakely:** It is a division of Reader's Digest which is a member and does the advertising, it is not Reader's Digest Association itself. It is the Consumer Sales Division—that is, the books, records and this type of thing.

**Senator Davey:** This did not include circulation advertising?

**Mr. Blakely:** No. Membership in the Association of Canadian Advertisers is limited. It would exclude any body which made its main revenues from servicing the advertiser.

**Senator Davey:** Obviously, where I was heading I cannot head, but I will tell you where I was heading anyway. I was going to come back to your comment on the radio station I.D.s, which we heard of this morning. I quite agree that the radio station I.D. hardly qualifies for membership in the ACA. I think it is a form of advertising, though. The singing commercial on the radio station is a form of advertising. I think it is a legitimate area of concern.

**Mr. Pengelly:** For that radio station, that is quite true. But the media are just not in our membership so your question was very relevant.

**Senator Davey:** Mr. Chairman, aside from apologizing for my comments on television and radio, which made me so mad last night, I am through.

**Senator van Roggen:** I read with interest this editorial or article which Senator Davey took such exception to, and I really cannot see what his concern is. As a westerner I have never thought of Toronto as some quaint, Swiss village. If the cab took a different route from the airport into the downtown area I would not know what

city in North America I was in either. Victoria is the place that has the monopoly on my attention.

Gentlemen, unfortunately having been engaged in other matters I was unable to be at the meetings yesterday and this morning. It was therefore a matter of interest to me, in looking at your appendix C, to see the figures you were discussing on production in Canada. I gather from your remarks that they are simply the best effort you can make on the information available to you, which is not too complete or all encompassing.

With respect to the figure of 67.8 per cent which is used in Canada, which you say hopefully will grow to 75 per cent in due course, on what is that based? Is it based on the number of commercials or the value of commercials?

**Mr. Ross:** That is the number of commercials.

**Senator van Roggen:** In minutes?

**Mr. Ross:** No. It is strictly the number of commercials, whether they are 30 seconds long or 60 seconds long.

**Senator van Roggen:** You would not distinguish between a very cheap 30-second commercial for a soap opera in the morning and a one-minute commercial on prime time?

**Mr. Ross:** It would not provide that information, no.

**Senator van Roggen:** Nothing in it has any relevance to the advertising spots contained in cablevision programs brought in from American stations, then?

**Mr. Ross:** No.

**Senator van Roggen:** Is it your plan, with others in your industry, to try to develop techniques for getting more accurate statistical information along these lines?

**Mr. Ross:** Senator, Mr. Hopkins referred to an industry research study, and by that I mean a study conducted with the co-operation of the industry by the CRTC, the object of which is to find more definitive facts relative to the subject.

**Senator van Roggen:** I was interested in this article, and other remarks of yours, as to the substantial amount of work being done in Toronto now for export.

You mentioned, I believe, that the production facilities in Toronto would account for 80 per cent of the production in Canada and that, depending on the company, something between 3 per cent and 30 per cent might be for export. Would you say, in gross terms, what that would be? Would it be nine companies at 3 per cent and one company at 30 per cent, for example? How significant is it? Of the total advertising done, say, in Toronto, where nearly all of the production work is done, what would be a ballpark guess as to what amount of it was for export?

**Mr. Ross:** There was reference to \$6 million and, as a ballpark figure, I would say it would be somewhere in that vicinity. Once again, senator, these are the kind of

statistics which we could obtain from the production companies.

**Senator van Roggen:** These, also, you will be endeavouring to obtain in the new survey.

**Mr. Ross:** Yes. We will cover talent, production, production facts, and so forth.

**Senator van Roggen:** That is \$6 million in production costs, not actual purchases?

**Mr. Ross:** That is actual production costs.

**Senator van Roggen:** What would that be as a percentage of total production? How much is done in Toronto? Would it be \$75 million worth?

**Mr. Ross:** These figures provided by TVB indicate that 2,815 commercials were produced in Canada, and TVB is probably one of the best authorities on that. We are talking now about national television commercials. If we are talking about four-fifths of that, then we are talking in terms of approximately 2,200 commercials. Let us say the average cost of the commercial is \$12,000 to \$14,000, something higher or lower, we are talking in the area of \$30 million.

**Senator van Roggen:** That is the total?

**Mr. Ross:** Yes.

**Senator van Roggen:** And you think that \$6 million of that might have been exported, which would be about 20 per cent.

**Mr. Ross:** That could be.

**Senator van Roggen:** I think this is important. I am looking forward to seeing the figures once the survey has been completed. Speaking for myself, not for any other member of the committee, I am not keen to see Canada, in the area of television commercials, or in any other area, hide itself behind a wall so that we have no exposure to the outside world. However, I do want to see us get our fair shake of the total package. I would be very interested if we were able to arrive at a solution to a problem such as this whereby 75 per cent of advertising was created in Canada and we imported an equivalent dollar amount of our exporting in this area, so that we have the same gross number of people working in the industry in Canada that we would have if we put a wall around ourselves. I would much rather reach a solution such as that rather than to build a wall around us.

**Senator Davey:** A supplementary on that. Just to re-establish the point, more than half of that volume which is exported out of Toronto comes from one company. Is that not correct?

**Mr. Ross:** I do not believe that is correct, senator. More than half would come from two companies.

**Senator Davey:** We heard earlier that more than one-half comes from one company. It might be useful to the

committee if we had specific information as to how much would come from those two companies.

**Mr. Ross:** Yes, I agree. We again get into this business of the need for specific information from production companies.

**Senator Buckwold:** I would again remind the members of the committee what we heard this morning, namely, that the figure we just heard now as to the amount of export work done, as it has affected ACTRA, in their testimony this morning, if I heard it correctly, they said that it was reasonably negligible, and it really did not make too much of an impact on them in their part of the industry. I just pass this on for the importance of getting the kind of statistics which Senator van Roggen is asking for.

**Senator van Roggen:** I appreciate it would be very difficult to get these statistics because you would also have to throw into the equation, somewhere, local and regional advertisements as well as the increased impact of cablevision, which I have already mentioned, because in Vancouver, where I come from, probably 60 or 70 per cent in any given viewing hour, viewers are looking at American stations on cable with all American advertisements on them. There is talk of arranging a mechanism whereby those commercials can be clipped out and substituted with Canadian commercials. I think hard statistical evidence is necessary if intelligent decisions are going to be made in this area.

**Senator Davey:** A supplementary. I do not think this has anything to do with cablevision or with what people are watching at all. I do not think that follows from your earlier comment. How does that relate?

**Senator van Roggen:** Well, I think cablevision, for instance, would drop this figure from 67 per cent down to—I don't know what.

**Senator Prowse:** Yes, but that is not their fault.

**Senator van Roggen:** I realize that, but as far as the problem is concerned, I think it is a factor.

**Senator Davey:** But you are addressing yourself to television commercials which were prepared in Canada for use in the United States.

**Senator van Roggen:** I am addressing myself, basically, to the question of the figure of 67 per cent of television commercials which are presently produced in Canada, which indicates that 33 per cent are imported. I am trying to determine what sort of overall balance we are getting. In addition to that, I am now making the observation that in going into this further statistical work which these gentlemen are going to be pursuing in cooperation with the CRTC, surely the advertising on cable in Canada has got to be put into the equation, because we have a huge influx of American advertising to Canadian viewers in gross viewing hours through the medium of cablevision.

**Senator Prowse:** Perhaps it is part of our problem.

**Senator van Roggen:** But it would be a concern to these gentlemen, Senator Prowse, if the CRTC directed that, as it is talking of doing.

**Senator Prowse:** Well, I think you are in a field that is entirely separate, and that is the whole cable situation. It is outside what we are looking at here.

**Senator van Roggen:** All right, I will get off cable, but statistically it is something that these gentlemen might want to put into their statistics so that they have in their information how many viewing hours in Canada are used in viewing cable.

**The Deputy Chairman:** I am sorry to interrupt, Senator van Roggen, but I have been told that we are having a caucus at 5.30 p.m. They are waiting for us downstairs and Mr. Pengelly has just asked me if he could make one or two more observations.

**Senator van Roggen:** Then I will conclude my questions with just one observation. I hope you will be able to exert your best influences on all the members of your industry to co-operate fully with the CRTC to produce the statistics, because only with accurate statistics will you get the most desirable ruling.

**Mr. Ross:** We have already made that offer.

**Mr. Pengelly:** I would like to make two concluding points, because there are several aspects of this whole situation covered in a speech that was given at our seminar in May. I have asked the clerk to pass around to you on the green paper a speech that did in fact provide some more breadth to the considerations, and if you would be so kind as to read that, I think it will help you.

Aside from our recommendations covered in the brief, which you all have and which we have already talked about, I would like to make one other additional recommendation. This comes to my mind as a result of the discussions today. I think it is very important to you, in your deliberations, to hear from the production houses themselves. The number of people employed in the production houses, the development and shooting of a commercial down to the point where it can be aired is probably considerably in excess of the talent in the commercial itself. I think it would be very important to you to have a better understanding of the point of view of the production houses, and I think you should know, and I am sure they will be very happy to explain to you, the percentages, quite specifically, of what they produce in terms of footage or dollars or anything else. And because they have access within the production houses to the exact number of people involved in the shooting and development of a commercial, down to the number of cameramen, propmen, actors, et cetera, that would be most worthwhile in your deliberations.

That is our concluding recommendation. We all appreciate the opportunity to be with you today, and we do hope that the information which has been supplied has been useful. Thank you.

**The Acting Chairman:** Thank you very much, Mr. Pengelly and gentlemen. We appreciate your co-operation very much.

Before we adjourn, I should like to remind the members of the committee that we are sitting tomorrow morning at 9.30, when we will hear Mr. Rainsberry of the Canadian Broadcasting League. Later in the morning we will hear Mr. Handleman, a member of the Select Committee on Economic and Cultural Nationalism of Ontario. Then in the afternoon we will hear the CBC, and Mr. Juneau at 4 o'clock.

The committee adjourned.

## APPENDIX

July 6, 1973

Mr. Maurice Bourget  
Deputy Chairman  
The Standing Senate Committee  
on Transport and Communications  
The Senate  
Ottawa, Canada

Dear Mr. Bourget:

Further to your letter of June 21st, 1973, unless it is considered to be a dire emergency I would beg the Committee's indulgence as I believe my comments respecting the motion on commercial advertising broadcasting in Canada can be presented in the form of this letter; and the pressures of preparing for a new season with several significant program developments combined with our continuing liaison with the CRTC have over-burdened my schedule.

On the subject in question I am quite confident that the Senate Committee is fully aware that the trends in relation to commercial production for exposure on Canadian television have been very positive over the past several years. While the Canadian content regulations for programming is now fixed at 60% overall, a statistical examination of commercials broadcast in the industry indicate a surge of Canadian activity to the extent that the percentage of commercials produced in Canada is now very close to 70%.

As active producers CTV are in support of the principle of maximizing production in Canada. This philosophical posture however must be related to the realities of our industry. Because of the vast areas which must be covered by communications in this country and the limited population spread as it is over these vast areas, television advertising is inherently less efficient—or if you will less economic—for the advertisers who use it than is their experience in the United States. There are certain advertisers who, if they were faced with the requirement to produce all of their commercial material originally in Canada, would find it uneconomic to utilize the medium; whereas the high cost of commercial production amortized against their exposure in other countries and with minor modifications to the commercials in question to conform with Canadian standards and codes, they are able to utilize television effectively and economically.

I fear that an absolute prohibition of foreign produced commercials might drive some of these advertisers away from television altogether. The resultant loss in revenue would in all probability result in a diminution of program budgets generally and would have, in fact, the contrary effect to that which you and we are seeking. If less revenue is available generally, the costs of distribution would not diminish. It would therefore follow that the only area in which compensation could be made for a diminution in revenue would be in the reduction

of either the quality or quantity of programming provided to the Canadian public. This in turn would result in diminished overall dollars to the self same production industry which you are seeking to support.

I trust that the Committee is aware that commercial production is only one segment of a total production industry which includes tape and film as well as live material, and which in the broadest possible context relates to theatrical and non-theatrical as well as electronic means of distribution of material of software (programming and commercials).

Our concern as Canadians must be to see this industry flourish, as it is clearly in the interests of sustaining and strengthening the social, economic and cultural fabric of this nation. There are avenues available to assist with this process. For example, some years ago I wrote to the then Secretary of State and proposed that the CFDC funds be applied to programs made for electronic distribution as well as feature films for theatrical exposure. This policy has recently been adopted.

We have long advocated the expansion of Section 19 (formerly 12.A of the Income Tax Act) which restricts the investment on the part of Canadian advertisers in foreign publications (excluding Time and Reader's Digest) to the field of broadcasting. If this act were modified to include the same restraints on advertisers' placement of commercials on American owned and operated television stations, substantial sums of money would be retained in Canada for application through the broadcast media to the production industry. Unfortunately the Federal Government has not yet moved to modify this legislation, even though the CRTC has seen the validity of this proposal and recommended this procedure.

I believe that the advertising industry generally has demonstrated responsibility by a continuing increase in the percentage of commercials oriented to Canadians produced in Canada, and in fact has reached a level significantly above the percentage of Canadian content contained in the regulations.

This and other examples of corporate responsibility are indications only of a trend. I am convinced that we will see a continually larger percentage of commercial production in Canada, but I fear that a regulation in an area which clearly does not require a regulation might at this time be counter-productive for the entire production industry. Much of our progress in developing a distinctively Canadian culture has been by virtue of a commitment to quality and excellence as opposed to quantity, and a substantial commitment on the part of private enterprise to the objectives and aims of the Broadcasting Act, as well as the private sector's investment in the production industry.

The example quoted in Senator Sidney L. Buckwold's speech is a good one. If in fact Merrill Lynch were required to produce or reproduce a commercial on which

they have already spent nearly \$100,000 for use on the Canadian media, it is my conviction that they would be satisfied with the off-air and cable exposure of that commercial via the various border television stations, rather than increase the per unit cost of exposure by virtue of the increased cost attributable to the creation to the Canadian copy of such a commercial. This would result in an increased flow of media dollars to the U.S. border stations and a reduction in income available for application to production by the Canadian broadcast media.

It is completely understandable that the representatives of Canadian television and radio artists and the representatives of Canadian commercial production companies should be anxious to see a regulation which would enhance their immediate financial prospects. However I must suggest that their posture is short-sighted in view of the fact that the predominance of all commercials utilized in Canada are in fact designed for and by Canadians and produced in Canada.

I trust these general comments will be of use to the Committee in its deliberations.

Respectfully submitted,

Murray Chercover,  
President & Managing Director.

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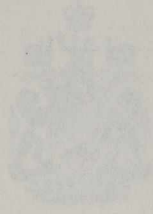
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FIRST SESSION—TWENTY-SIXTH PARLIAMENT  
1973

THE SENATE OF CANADA

PROCEEDINGS

OF THE

STANDING SENATE COMMITTEE ON

TRANSPORT AND COMMUNICATIONS

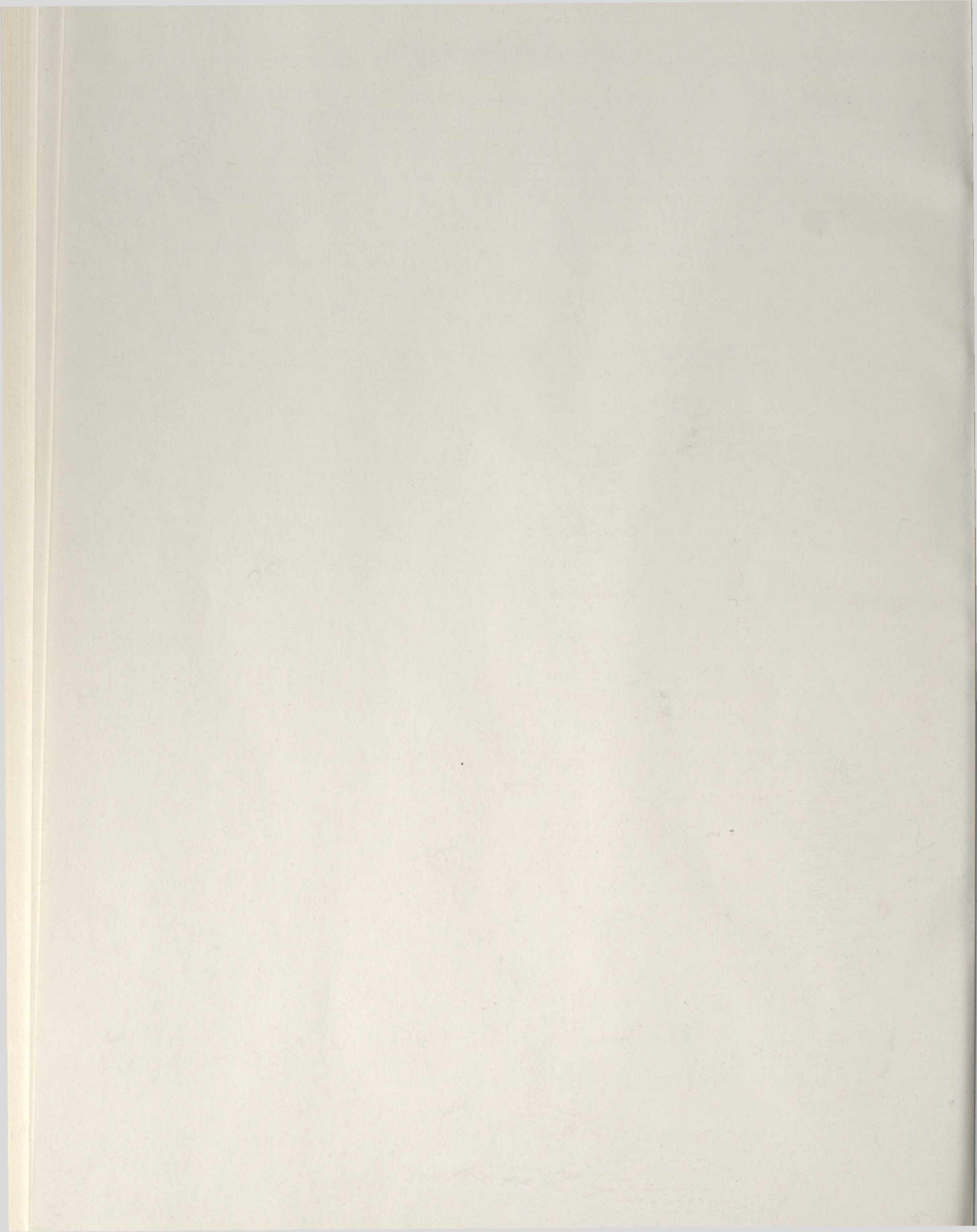
The Honourable Minister Earl, *et. F.C., Deputy Chairman*

Issue No. 4

THURSDAY, JULY 12, 1973

Third and final Proceedings on the examination of radio and  
television commercial advertising broadcast in Canada

(Witnesses and Appendices—See Minutes of Proceedings)







FIRST SESSION—TWENTY-NINTH PARLIAMENT  
1973

# THE SENATE OF CANADA

PROCEEDINGS

OF THE

STANDING SENATE COMMITTEE ON

# TRANSPORT AND COMMUNICATIONS

The Honourable Maurice Bourget, P.C., *Deputy Chairman*

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Issue No. 5

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THURSDAY, JULY 12, 1973

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Third and final Proceedings on the examination of radio and  
television commercial advertising broadcast in Canada

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(Witnesses and Appendices:—See Minutes of Proceedings)

THE STANDING SENATE COMMITTEE ON  
TRANSPORT AND COMMUNICATIONS

The Honourable J. Campbell Haig, *Chairman*

The Honourable Maurice Bourget, p.c., *Deputy Chairman*

and

The Honourable Senators,

Argue	Langlois
Blois	Lawson
Buckwold	*Martin
Davey	McElman
Denis	Petten
*Flynn	Prowse
Forsey	Smith
Fournier ( <i>Madawaska- Restigouche</i> )	Sparrow
Graham	van Roggen
	Welch

*\*Ex officio members*

20 Members

(Quorum 5)

# Order of Reference

Extract from the Minutes of the Proceedings of the Senate, Thursday, May 24, 1973:

"The Honourable Senator Buckwold moved, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the question of the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada be completely produced in Canada, utilizing Canadian manpower to the maximum possible extent.

After debate, and—

The question being put on the motion, it was —  
Resolved in the affirmative."

Robert Fortier,  
*Clerk of the Senate.*

# Minutes of Proceedings

Order of Reference

July 12, 1973.

Pursuant to adjournment and notice the Senate Standing Committee on Transport and Communications met this day at 9:40 a.m.

*Present:* The Honourable Senators Bourget (*Deputy Chairman*), Davey, Denis, Fournier (*Madawaska-Restigouche*), Graham, Langlois, McElman, Petten, Prowse, Smith, Sparrow and van Roggen. (12)

*Present but not of the Committee:* The Honourable Senators Laird, McGrand and Molgat. (3)

The Committee resumed its examination of radio and television advertising broadcast in Canada.

The following witnesses, representing the Canadian Broadcasting League, were heard by the Committee:

Mr. Gordon McCaffrey,  
Member of the Board of Directors;  
Mr. Wayne Primeau,  
Assistant Executive Secretary;  
Miss Lynn MacDonald,  
Administrative Officer.

In addition, the Committee heard Mr. Sidney Handleman, M.P.P., Member of the Ontario Select Committee on Economic and Cultural Nationalism.

On Motion by the Chairman of the Committee it was *Resolved* to print in this day's proceedings a letter received by the Chairman from the Institute of Canadian Advertisers. It is printed as Appendix "A".

At 11:55 a.m. the Committee adjourned until 3:00 p.m.

At 3:00 p.m. the Committee resumed.

*Present:* The Honourable Senators Bourget (*Deputy Chairman*), Buckwold, Denis, Forsey, Fournier (*Madawaska-Restigouche*), Graham, Langlois, Martin, McElman, Petten, Prowse and van Roggen. (12)

*Present but not of the Committee:* The Honourable Senators Carter, Inman, Lafond, Laird, Lapointe, McGrand, Molgat and Neiman. (8)

The following witnesses, representing the Canadian Broadcasting Corporation, were heard by the Committee:

Mr. Lister Sinclair,  
Executive Vice President;  
Mr. Ronald C. Fraser,  
Vice President, Corporate Affairs;  
Mr. Jack Trower, Director,  
Sales Policy and Planning;

Mr. Norn Garriock, Managing Director,  
Television Engineering Services Division;  
Mr. Raymond David, Vice President and  
General Manager, French Services Division.

After the presentation by the above group, the Committee heard the following witnesses, representing the Canadian Radio-Television Commission:

Mr. Pierre Juneau,  
Chairman.  
Mr. Ralph Hart, Manager of Radio-Television  
Development, Planning and Development Branch.

On direction of the Chairman of the Committee the Brief submitted by the Canadian Association of Broadcasters and letters from the Canadian Broadcasting Corporation and from Century II Studios Ltd., are included in this day's proceedings. They are printed as Appendices "B", "C" and "D".

At 5:45 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Denis Bouffard,  
Clerk of the Committee.

# The Standing Senate Committee on Transport and Communications

## Evidence

Ottawa, Thursday, July 12, 1973

The Standing Senate Committee on Transport and Communications met this day at 9.30 a.m. to consider the question of the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada be completely produced in Canada, utilizing Canadian manpower to the maximum possible extent.

**Senator Maurice Bourget** (*Deputy Chairman*) in the Chair.

**The Deputy Chairman:** Honourable senators, for the benefit of those who were not here early, I received a call this morning telling me that Senator Buckwold had to be taken to the hospital last night. Exactly what is the matter, I do not know. His secretary told me that she was going to the hospital and she would report later. I hope, like you, that it is nothing serious and that he will soon be back with us.

Now, before hearing our witnesses this morning, there has been some discussion about the Institute of Canadian Advertising, and I wonder if I could table a letter I have received from the president of the Institute of Canadian Advertising. Is it agreed?

(*For text of letter see Appendix "A"*)

**Hon. Senators:** Agreed.

**The Deputy Chairman:** I also received yesterday a study on foreign ownership in the advertising industry which was sent to me by the Chairman of the Select Committee on Economic and Cultural Nationalism, from Toronto. Unfortunately, Mr. Rowe told me he could only send me one copy at this time because he had no other copies available, but as soon as he has he will send copies to all members of the committee. If any one of you would like to look into it, I have it in my office and you can see it in any time you wish.

**Senator Prowse:** What was that?

**The Deputy Chairman:** That is a study being made, at the request of that Select Committee in Ontario, by Kates, Peat, Marwick on foreign ownership.

**Senator Prowse:** Yes.

**The Deputy Chairman:** Senator Davey yesterday asked if that report had been received, and we just received it yesterday afternoon.

Our first witness this morning is the representative of the Canadian Broadcasting League. I am told that unfortunately the president of that organization, Dr. F. B. Rainsberry, could not be here this morning. I am told he may be in later, but in the meantime we have with

us a representative of that organization, Mr. Gordon McCaffrey, who is a member of the Board of Directors, and Mr. Wayne Primeau, who is the Assistant Executive Secretary, and Miss Lynn MacDonald.

On behalf of the members of the committee, I would like to welcome you and thank you for having accepted our invitation. Do you intend to read the brief that you have submitted to us, or to comment on it?

**Mr. Gordon McCaffrey, Member of the Board of Directors, Canadian Broadcasting League:** Mr. Chairman and honourable senators, you have received a copy and I presume you have had an opportunity to glance through it. I will just make a few remarks on it and be available for questions.

**The Deputy Chairman:** Is this agreeable to the members of the committee?

**Hon. Senators:** Agreed.

**Mr. McCaffrey:** I would like to say at the outset that many of you are familiar with the Canadian Broadcasting League from previous meetings of this and other parliamentary committees. It is an organization founded about 30 years ago and one of the founders of the league is Graham Spry, now a resident of Ottawa after a brief sojourn in Great Britain, and he is known to many of you.

As your chairman mentioned, the chairman of our Board of Directors is unavoidably detained. He has asked us to be present as well.

The League is an affiliation of associations and individual members. At the present time we include in our membership 12 national and regional organizations and a number of individuals.

We have been primarily interested in supporting the principles of the Broadcasting Act. Therefore, we support such policies as the following: a national broadcasting service comprising both public and private elements; the principle that all policies regarding broadcasting in Canada should reflect the fundamental principle that the airwaves are the property of all Canadians. We believe in Canadian ownership of the mass media, particularly the broadcasting field. We would like to see the development of a strong and viable Canadian film and television production industry. In fact, it is related to our discussions today. We would like to promote opportunities for writers, performers, actors and musicians.

We think that the choices for this committee on the question of commercials on radio and television are threefold: We could continue to expose ourselves to a large proportion of advertising which has been produced outside of Canada; we could implement a quota system which would assure that some commercial time would be produced by Canadian performers and production studios;

or we could seek a regulation which would require that all commercial advertising on radio and television be produced in Canada and make use of Canadian talent resources.

We recognize the economic necessity of commercials in the broadcasting industry at the present time. This is true to a considerable extent for the Canadian Broadcasting Corporation, and it is entirely true for the private sector in broadcasting. We take the position that if we must pay for commercials, and we pay for them in the goods we buy, we think that the commercials we watch and listen to should be Canadian commercials. We suggest that there are cultural differences between Canada and foreign sources where commercials may be produced, and if we are going to have commercials as an economic necessity in the broadcasting system, then these commercials should also reflect Canadian culture.

We point out on page 4 of the brief that to a large extent Canada has already been absorbed into the United States advertising market. Advertisers talk about a spill-over market when they speak of Canada. In order to emphasize our own character and identity, and to ensure that we do not become American citizens by default, we say that Canadians must be able to exercise some editorial discretion in the area of commercial content as well as in the area of program content. The Canadian public has already demanded and has been given the right to a certain percentage of Canadian content in production time. We feel it is logical that the same kind of regulation should be applied to commercials.

We consulted the Institute of Canadian Advertising for background information to support our point of view, and found that the information available there was not entirely satisfactory to us.

At the bottom of page 4 and at the top of page 5 we suggest that more detailed and accurate figures on the status of Canadian content in commercials should be obtained, and it is possible that a committee of your stature could obtain this information. We realize that companies which make use of commercials produced in the United States feel they have good economic reasons for doing so, and their reason is probably related to the profit motive. We do not believe that it is of necessity related to the talent that is available. We believe that Canada's talent is competitive with international talent, and that if advertisers want to use commercials, then Canadian talent should have access, through fair competition, to these advertisers. We suggest that they do not have fair competition in their industry at the present time. There is a built-in advantage for American advertisers. A Canadian company has to spend a considerable amount of money on its own commercial production to make a television or radio commercial comparable to one imported into Canada by a United States based corporation for use by its subsidiary or affiliate.

We suggest that any action by the Canadian government to restrict the use of imported commercials would not deter major advertisers from using commercials in the Canadian media; they would merely have to adopt a different procedure.

Our brief estimates that in the neighbourhood of \$15 million a year in advertising revenue is being spent in the United States on the border stations. It has been a sore point with many Canadian radio and television

station owners and operators. It is also a sore point to Canadian actors and production technicians who see this investment going into a foreign production house rather than being invested in Canada.

The CRTC's Canadian content regulations have resulted in an increase in the work available for Canadian professional performing talent and for the production industry. Nevertheless, television and radio commercials represent a very substantial source of income to all performers and film makers. I understand that ACTRA representatives were here yesterday, Mr. Charman, and that the information received from them is that approximately one-quarter of the gross income of the professional talent pool in Canada comes from commercials, and if this were not available many of them could not afford to stay in the industry and would not be available for program production.

We believe that a regulation, such as the regulation covering Canadian content, be recommended so that Canadian artists and production houses will be employed in the making of all commercials used by Canadian television and radio stations. At the present time we feel that commercials produced in foreign sources are being dumped freely on the Canadian market, and those who are in the production industry here share the same kind of resentment which is exhibited in other industries where goods are dumped in the Canadian market without any reference to the production costs in the country of origin.

So, the Canadian Broadcasting League urges your committee to act to ensure that all commercial content of radio and television programming be produced in Canada and should utilize Canadian resources to the greatest possible extent to reflect the taste and the character of Canadians, and to provide increased job opportunities.

This is the general content of our submission, Mr. Chairman.

**The Deputy Chairman:** Thank you very much, Mr. McCaffrey. Would you like to add something, Mr. Primeau?

**Mr. Wayne Primeau, Assistant Executive Secretary, Canadian Broadcasting League:** No, Mr. Chairman, I think Mr. McCaffrey has covered what we want to say.

**The Deputy Chairman:** Now we are open for questions, and I should like this morning to ask the first question myself. I would like you to tell me, Mr. McCaffrey, if the Canadian Broadcasting League represents all the provinces.

**Mr. McCaffrey:** The Canadian Broadcasting League is an open, voluntary society. It is open to anyone who will support its stated declaration of policy. The major policy is that the Canadian Broadcasting League supports the fundamental principles of the Broadcasting Act. Broadcasting is a public resource, and broadcasting should maintain programming to both language and culture groups in the country and should have balanced programming.

Among our members are national and regional organizations. I myself am a representative of the Canadian Labour Congress, which has membership in all provinces and the territories. The Canadian Labour Congress has adopted a broadcasting policy and convention, which also supports the principles of the Canadian Broadcasting

League. Other national organizations include the Canadian Federation of Agriculture, the Canadian Association of Consumers, the Canadian Council of Women and the co-operative unions. We have other regional and national organizations. We also have individual members, who are affiliated to the broadcasting industry, or merely and purely audience members of the association. They have no business or professional contact, but they do have an audience or consumer interest in broadcasting. I would have to refer you to Mr. Primeau or Miss MacDonald who might be able to inform you as to whether every province is associated with us by individual members.

**The Deputy Chairman:** Is the province of Quebec represented in your organization?

**Mr. McCaffrey:** Yes, Mr. Chairman. We have regional broadcasting associations, such as the Normandie group, which is concerned with consumer access to cable and local television facilities. We also have association with National Film Board local units through our league in Montreal.

**Mr. Primeau:** Our board of directors, which was elected at our annual meeting in March, is representative of all regions of Canada. We have members of the board in Victoria, Vancouver, Montreal and New Brunswick. At the moment, due to our present situation, it is pretty heavily central Canada-oriented, but there are members in Saskatchewan and the western provinces. The members of the board of directors, from these various organizations, are elected at the annual meeting. Some members are associated with the University of British Columbia and others were with the National Film Board in fairly senior positions. They are interested in promoting the national work of the league.

**Senator Graham:** May I ask for a little of the background as to why and how the Canadian Broadcasting League was established and the number of full-time employees?

**Mr. McCaffrey:** The Canadian Broadcasting League was organized in 1932 in order to protect the public interest in the industry which was just being founded at that time, namely the radio industry. In approximately 1928, Canadian Marconi Company and others in Montreal, and later in Toronto and Windsor, were making application for broadcasting licences. A group of volunteers associated with the co-operative movement and the CCF decided that it would be good public policy to have legislation at the national level to protect the public interest, the private interest being taken care of through individual applications. There were obvious international ramifications with respect to sharing the airwaves with our neighbours and also between cities and provinces. There were the other considerations, of the importance of broadcasting in the national interest for purposes of national unity and identity. It was this basic interest which caused a group of perhaps only 16 or 17 on a national basis, at that time mainly in Saskatchewan, Ontario and Quebec and later in British Columbia, to join together when they were capable of doing so and to influence the Government of Canada to introduce legislation in favour of a national policy. This group continued until the first Broadcasting Act was introduced in 1936, which established the CBC.

The central driving spirit of the league throughout this period has been Graham Spry, who until last year was the chairman of our board of directors. Mr. Spry was absent from Canada for a number of years, as the representative of Saskatchewan in the United Kingdom. The league was not highly active throughout World War II and into the early 1950s, but was revived with the oncoming of television. In the last year and a half we have been encouraged by the Department of the Secretary of State to establish ourselves on a national basis with the greatest possible audience and consumer participation in our membership.

**Senator Davey:** What is the total membership of the Canadian Broadcasting League?

**Mr. Primeau:** At present the total membership is approximately 200—that is, individual members, not the national organizations which have been the primary part of the league in the past. However, since the Secretary of State has requested us to establish this national organization, we are in the process now of developing such a membership.

**Senator Davey:** But you have 200 individual members?

**Mr. Primeau:** We have approximately 200 individual members.

**Senator Davey:** Is a member of the Canadian Association of Consumers automatically a member of the Canadian Broadcasting League?

**Mr. Primeau:** No.

**Senator Davey:** So it is a corporate membership?

**Mr. Primeau:** It is a separate membership.

**Senator Davey:** Do these organizations subscribe to your views? You mentioned a study made by the CBC. I am aware of that study and substantially the views of the Canadian Broadcasting League. Is that true, particularly of the Canadian Association of Consumers?

**Mr. Primeau:** All individual, affiliate or corporate members—although we do not use the word “corporate”, but for purposes of identification we will use it now—are obliged to subscribe to the League’s declaration of policies and principles. That would include the Consumers Association of Canada. Should a conflict of interest between their positions and ours later develop, it would be incumbent upon them to withdraw.

**Senator Davey:** If I join the CAC, will I be informed of the views of the Canadian Broadcasting League?

**Mr. McCaffrey:** This would be a matter for the CAC to determine. We do not do it.

**Senator Davey:** You would not know, in other words?

**Mr. McCaffrey:** No.

**Senator Davey:** My point is to simply observe that others present are also members of the Special Senate Committee on Mass Media. Some were disappointed with the presentation of the Consumers Association of Canada. I have all that material at home, and the association continues, it seems to me, to ignore the fact that its members are consumers of mass media. I wonder why you do not

carry on a little more missionary work with the Consumers Association of Canada in order to alert them to this very legitimate area of consumer interest. Would you comment on that?

**Mr. McCaffrey:** We have two major methods of communication with our members and our potential audience. We believe that potentially every Canadian who listens to radio and who listens to and watches TV is interested in what we are doing. Either he is for us or against us; he cannot be neutral.

**Senator Prowse:** He may not know what you are doing.

**Mr. McCaffrey:** No. So we have at least two ways of communicating. One is through our regular publication, which we call *Téle-nation*, published in the two official languages, which goes to all members, and to some others who are not members but whom we are trying to get as members. We also hold conferences periodically. We would like to hold more conferences...

**Senator Davey:** I want to know what you do to wake up the CAC.

**Mr. McCaffrey:** We invite the CAC to come to our conferences.

**Senator Davey:** Do they come and participate?

**Mr. McCaffrey:** Yes, they do.

**Senator Davey:** And did you go to their conference out at Carleton?

**Mr. McCaffrey:** I did not.

**Senator Davey:** Was the broadcasting league represented at that conference, and did you raise the roof and say, "You people are not doing enough about media?"

**Mr. McCaffrey:** Mr. Primeau will add to my comments on this.

**Mr. Primeau:** If I could explain something, the league itself, although it has this history of 40 years, is in the process right now of developing. This is actually since the last year or since we got our new board of directors. This is the second brief which has been prepared. Organizations, such as the consumers association and others, the individual members, probably do not know about the league. This is one of the problems and one of the things that we are trying to overcome by our reorganization, by the revamping of our publicity propaganda apparatus, and also our information retrieval.

What you are saying is true. The consumers association, and probably people in the Canadian Labour Congress and in various other organizations, do not know exactly what the league is doing. We are now in the process of talking to these people and trying to make the membership aware.

There is one other thing. The consumers association is primarily concerned with the consumption, the product, aspect, and the idea of the Canadian Broadcasting League, as we see it, is to be a similar type of organization for broadcasting. I believe this is one reason why the Secretary of State has shown an interest in our organization.

**Senator Davey:** I do not disagree with you on that. The point is that the people are consumers of media, and the

broadcast industry in particular lives off, feeds off, the apathy with which everybody regards the media. They complain about it but they do not do much about it. You people are trying to do something about it. If the consumers association is associated with you, I think you should prod them into some kind of action. Do you receive money from the federal government?

**Mr. Primeau:** Yes, we do, sir.

**Senator Laird:** What other money do you get?

**Mr. Primeau:** The other money comes strictly from membership or from grants from the various organizations that are members, such as the Canadian Labour Congress.

**Senator Graham:** Is it a fair question to ask, Mr. Chairman, how much the Canadian Labour Congress would put into the Canadian Broadcasting League?

**Mr. McCaffrey:** Yes, Mr. Chairman. The affiliate members last year had a fee of \$100. The Canadian Labour Congress gave \$500. It was one of the larger contributions. You did not ask it, but I would like in fairness to say that the Canadian Federation of Agriculture provided office space to the league for over a year. The co-operative unions in Western Canada gave approximately \$300. Other organizations of this national character limited themselves to \$100. Individual members are paying \$10.

**Senator Graham:** I asked you earlier, but I do not think you answered it. What is the number of full-time employees that you have?

**Mr. McCaffrey:** I think Mr. Primeau could answer that.

**Mr. Primeau:** We have five employees now. If I can come to the historical part of this, last year there was one volunteer, and there was one, shall we say, very poorly paid or part-time secretary who worked full time. This is when the federal government came in to help the league. This was last year. They gave us a grant to get us, as they said, "on our feet." They felt there was a need for this organization, so the federal government became involved last year for the first year. We have taken this year to give the organization a basis, to get it incorporated under the Canada Corporations Act, which it has never been before, get a board of directors, write up by-laws, et cetera. We now have a full-time staff of five persons, which includes myself as an assistant director, an information officer, a publications officer, and two secretaries. It shows us where we are in the development, because we do not have an executive director yet and the board is looking for one.

This is where we stand now in our development. So you can see that primarily we are doing the ground work for this organization, which has existed as, and has been, primarily a volunteer organization, strictly voluntary, being supported by the people who did the work in Ottawa, to turn it into some viable organization that can work today in Canada across the country. There are a lot of people who are interested, right across to British Columbia. For instance, we had a short meeting in Vancouver on June 8, I believe it was, with various persons connected with the media, and universities and other public bodies in the British Columbia area, at the University of British Columbia, to get the league known to



these people and to start getting an input into the league itself.

**Senator McElman:** How much was the federal grant?

**Mr. Primeau:** The first federal grant was \$45,000.

**Senator McElman:** Are you looking for an annual grant?

**Mr. Primeau:** No. That is a touchy thing, depending on what the board of directors wants. The league feels, and the members feel, that the organization itself should primarily be supported by members' fees. We were talking about apathy. To get an organization known across the country so that people believe that it has a function that it can fulfil, takes money which the individual members do not have. Hopefully we will have a grant this year, and the Secretary of State has said that it will possibly, over the next couple of years, get us on our feet and get us into contact with all these other organizations, to have our own financial basis, and then they will pull out. But we do not want an annual grant from the government.

**Senator Laird:** Is ACTRA a member of the CLC?

**Mr. McCaffrey:** Yes. It is an affiliate of the CLC.

**Senator Laird:** We have heard a considerable quantity of evidence on this matter of a complete ban on importation of commercials; and, of course, naturally, ACTRA is all for that—a complete ban. On the other hand, we have had witnesses who have indicated that the goal should be—in one instance they said 75 per cent Canadian made commercials. Another witness said 80 per cent, as being a realistic percentage. What would be your comment on that, since you appear to favour a complete and total ban on the importation of all commercials?

**Mr. McCaffrey:** We have supported a total ban on the basis that commercials reflect the cultural background of Canada, and we do not want somebody else's culture foisted on us through a commercial message. We have said this in a different way in another place with respect to advertising on children's programs on TV. We do believe that Canadian society is different, and those who made that declaration said they wanted to keep it different. They felt that commercial messages were sometimes more overpowering for transmitting cultural messages than was the content of the program itself.

**Senator Laird:** I will come to this matter of culture in a moment. One of the witnesses said, for example, that you simply could not have a blanket ban because conditions differed. He went on to explain how they differed. I will not go into detail, except to say that I took the liberty of drawing to his attention one situation in which, of course, I am extremely interested, and that is Windsor. I presume that you are aware that there at least one station is completely, or almost completely, dependent on American viewers, and therefore American advertising, for its existence. Being perfectly fair about it, would you consider that that would constitute an exception to the rule which you state?

**Mr. McCaffrey:** I am afraid it is a contradiction of what I have said.

**Senator Laird:** In other words, you would let them fall by the wayside. Whether it is so or not, they say in a letter filed with the committee that if there was a complete ban on the use of American commercials they would be out of existence.

**Mr. Primeau:** Perhaps I could speak to that, as I used to live down there. Is it proper to quote a commercial?

**Hon. Senators:** Certainly.

**Mr. Primeau:** Perhaps some of you will remember the Wrigley's spearmint gum commercial which appeared in Canada. It used to have the Wrigley's package through a map of Canada. The station in Windsor always had that same commercial, but it was the American one with the package through a map of the United States. With respect to a station such as that, I cannot see that there would be any harm, if they are going to sell this Wrigley's gum to an American audience, in them seeing it through a map of Canada. However, where they are going to advertise strictly for, let us say, a Detroit department store, that, I do not think, comes under it. What we are talking about, really, is about Canadian companies and Canadian subsidiaries of American companies advertising in Canada to Canadians. If for instance, Hudsons of Detroit wishes to have an advertisement on this Windsor station, that, I think, would probably be outside the bounds of what we are talking about. Most of the commercials that this station carries, if they are about national products such as automobiles, let them see a Canadian commercial. If they do not see a great ad from the United States and they see one from Canada, it still gets the point across, if what they are saying about the General Motors car is possible. If they are going to advertise for a strictly American product to an American audience, that would be, to my thinking, a different situation.

**Senator Laird:** In that instance they would be justified in using an American commercial.

**Mr. Primeau:** Yes.

**Senator Laird:** The cultural aspect has been the subject matter of considerable discussion during the last two days. It is always of interest to me to find out the views of witnesses as to how and in what way they consider Canadian culture is, somehow or other, going to be advanced by the use of exclusively Canadian-made commercials? Is there that much of a difference between our culture and the American culture?

**Mr. McCaffrey:** I will try to answer your question as a representative of the League. If I answer it personally, I would have to tell you that I listen to and watch commercials as little as possible. In fact, I have a regular habit of turning them off.

There are some commercials which I can think of which are international as far as sound, voice, music, and so forth, are concerned.

**Senator Davey:** What would be an example of that?

**Mr. McCaffrey:** A beer commercial.

**Senator Davey:** Do you have a particular one in mind? Are you thinking of the Molson commercials?

**Mr. McCaffrey:** Let us take the Molson commercial where they show the skiers coming down the hill doing loop-the-loops. That is the best part of the commercial as far as I am concerned.

**Senator Prowse:** A lot of people are intrigued by that one.

**Mr. McCaffrey:** That commercial could be produced for a northern United States audience, and I think it could also be shown in Europe, if Molson's were selling their product over there. The beauty of that commercial is that it does not have a distinctly national, cultural attraction. It is universal in its appeal.

**Senator Laird:** But you do feel, apparently, that other commercials do have a strictly national flavour.

**Mr. McCaffrey:** Yes. However, my knowledge of commercials is not so great as to allow me to give you examples to illustrate my point. I do occasionally watch the Johnny Carson show from New York where they have, perhaps, three or four commercials in a row. I sometimes make an effort to watch them in an attempt to be fair, I tell myself, to what the advertiser is telling me. I cannot stomach too many of them. I find that most commercials turn me off because they are hitting me over the head from the time they come on until the time they go off. Whether that is American culture or Canadian culture, I am not prepared to say.

**Senator Laird:** I think Mr. Primeau wants to say something.

**Mr. Primeau:** If I may. I believe that if we get into a discussion on the differences between the cultures, there are many differences that can be pointed out. For example, the attitude towards constitutions, the attitude towards police, attitudes towards guns, and so forth. The average Canadian, for instance, would not want to own a pistol whereas I, myself, have many American friends who collect automatic weapons. Another example would be the attitude of Canadians towards the Royal Canadian Mounted Police. You would never hear anything, as was heard on the CBC regarding the RCMP, in the United States towards the FBI or the California Highway Patrol.

**Senator Prowse:** Yes, we have had a program on the RCMP.

**Mr. Primeau:** Yes, but I am saying that you would never hear the Americans, as was the case just recently with Canadians on the CBC, saying how great their national police force was or how great the treasury officers were, because they do not look on the FBI or treasury agents in that way.

**Senator Laird:** Especially in view of what has happened recently.

**Mr. Primeau:** That is right. There are many different attitudes in the U.S. than there are in Canada. However, I do not think that is the main thing. One of the main things is that the American advertising agencies assume a lot. An example of that would be the Crisco commercial which has the Virginian accent. It is sort of funny to me, but obviously it does offend some people. I watch commercials to see how interesting they are. I do not go out and buy those types of things. That commercial, I think,

is an insult to some Canadians, I am sure, to think that Crisco assumes that the average Canadian housewife or the average Canadian is like a Southern Virginian.

**Senator Davey:** We dealt with that commercial yesterday. Senator McElman likened him...

**Senator Prowse:** He said that any fellow who would get on TV and tell you how good his wife's piecrust is is a nut.

**Senator Laird:** That was the import.

**Senator Davey:** And he instructed his wife not to buy Crisco under any circumstances.

**Senator van Roggen:** Perhaps if their sales go down they will change the ad.

**Mr. McCaffrey:** Perhaps it was because his wife was a tart.

**Mr. Primeau:** This is what the league is trying to get at. It is not the fact that American commercials are bad per se, but rather the fact that there is a difference in Canada, and the Canadian government has said this in the Broadcasting Act. The Canadian government decided that we would have a Canadian network. It would be much cheaper, I am sure, for Canada to have ABC, CBS, and NBC, and eliminate the CBC and let the employees of CBC get jobs in the States, which they could and probably at higher salaries. However, we decided, through Parliament, that Canada is different, and the fact that we have decided this indicates that there must be a difference. If there is no difference between Canada and the United States, then the whole idea of Canada is ludicrous. Since Parliament exists, I accept it, because that is the law.

**Senator McElman:** Mr. Chairman, may I ask Miss MacDonald a question?

**The Deputy Chairman:** Yes.

**Senator McElman:** Miss MacDonald, I am sure you watch some American programs with strictly American-produced advertising and you watch some Canadian programming with strictly Canadian-produced advertising. Do you find any difference in the quality of the approach to the female and to the housewife? Do you find that one regards the recipient of those advertisements as anything less of an idiot, whether it be produced in the U.S. or in Canada?

**Miss Lynn MacDonald, Administrative Officer, Canadian Broadcasting League:** On the average, I would say no. However, as far as commercials produced in Canada by Canadian agencies, we do, at least, have the advantage of being able to get at the company, knowing that they are dependent upon Canadians to buy their products and, therefore, they are much more likely to respond to a complaint regarding a particular ad. As Canadian companies they would be much more responsive than an American parent company would be. I know from personal experience of complaints about ads that I have had much more reasonable response from Canadian companies than from American companies.

**Senator McElman:** Do you find an appreciable difference between the two in the quality of the advertising?

**Miss MacDonald:** I find the Canadian ads much less slick, and perhaps infinitely less offensive.

**Senator Prowse:** Miss MacDonald, I would have agreed with you some time ago, but last night, because of what I had been hearing in this committee, I took the opportunity to watch TV for a while, which was why I had an opportunity to sit at home. I decided that I would watch the ads to see whether I could tell whether they were Canadian or American.

**Senator Laird:** You just wanted to see the ball game.

**Senator Prowse:** No, I did not see the ball game. I watched the two good shows! I watched the other Ottawa station, and I found it very difficult to distinguish between the two. I was trying to conduct a little survey of my own as a watcher to determine whether the ads were Canadian or American. There were some that I could tell were American. There were some that were obvious adaptations, that had been adapted for use in Canada. However, there was not any cultural difference that I could see. On the whole, with one or two exceptions, it was very difficult to decide whether or not it was a Canadian ad.

For instance, take the Canadian ads, which I imagine are made in Canada, put out by the brewing companies. I have not seen American brewing ads that began to compare, for quality and slickness, with the job the Canadians are doing. As Mr. McCaffrey said, they do well internationally.

Looking at them carefully today, I do not think it could be said that the American ads are slicker than the Canadian ads, with the exception of the nationally produced ads. Those produced by national advertisers, who have a large amount of money to spend and can afford to have a professional job, can certainly be distinguished from the local ad, where Joe stands up and says, "I've got a place where you can really buy a car cheaper." Why he does that I do not know, because having listened to Joe you are sure of one thing, and that is that it is the one place you will not go to buy a car. Do you agree that that would be the situation today?

**Miss MacDonald:** Yes, I would agree in that particular instance. I was not thinking specifically of commercials when I referred to slickness.

**Senator Prowse:** There are others.

**Miss MacDonald:** Certainly on the national level, whether the commercials are American or Canadian, the agencies have far more money to pour into producing the commercial, and they are generally far more entertaining. In that sense they are better than local ads. If you are saying that there is no cultural difference in the majority of commercials that you have watched, I would disagree with that. I have made the same survey, and I do find that difference.

**Senator Prowse:** I looked at only two programs last night, so I agree it was pretty limited.

**Miss MacDonald:** If you say that there is no appreciable difference...

**Senator Prowse:** In the quality.

**Miss MacDonald:** If there is really no difference in quality between Canadian and American nationally pro-

duced commercials, presumably there is no difference in the amount of money that on the national level a Canadian agency could use to sponsor a program compared with an American agency, so why have the American?

**Senator Prowse:** That is precisely the point. I am glad you brought it out. Thank you.

**Mr. McCaffrey:** I think, that perhaps the subtle foreign influence on our culture through commercials is through the melting pot concept of the United States. You get a commercial that appeals to the mass; that is the American point of view; although for diversity they sometimes go to the lady from Virginia or the southern senator. The Canadian cultural emphasis is on multiculturalism, so if our commercials were really going to represent the Canadian culture we would promote commercials that appeal perhaps occasionally to Ukrainians, Germans or Portuguese. We do have the French language commercial, which takes into account a cultural difference, but if we are going to have commercials, why cannot we also have commercials to appeal to people in different parts of the country based on their cultural interests?

**Senator Prowse:** Going back to the Crisco ad, some time ago there was a gentleman from Virginia, and I am glad I missed him, although I do not mind the accent. I decided that the man in the last Crisco ad I saw was a Pole, and it seems to me that they are doing the kind of thing you are suggesting. In other words, melting pot or no melting pot, they are not just taking a Boston accent and saying that it will be for everybody. They are obviously making a pitch so that the total effect will be to hit different groups in the United States. To some extent that hits people here. If it is all done in Brooklynese, or something like that, that has no relevance in Canada. If they use somebody with a trace of a European accent we would be in bad shape if we objected to it in this country because of the cultural differences.

**Senator Laird:** What does your league do, if anything, about developing Canadian talent.

**Mr. McCaffrey:** We make representations to the federal government to protect the Canadian Broadcasting Corporation; that is, protect it better than it is now, and attempt to make it better. The Canadian Broadcasting Corporation has been the main source of job opportunities for Canadians. We supported and promoted efforts to increase the Canadian content in programming, for both the public and the private networks. We assist efforts by organizations like ACTRA, which are directly interested, to do whatever they can to help themselves.

**Senator Laird:** They are doing a pretty good job, according to them yesterday.

**The Deputy Chairman:** I would remind honourable senators that we have another witness to hear this morning. It is already twenty-five minutes to eleven. Would you agree to allowing another 15 minutes to question these witnesses, and then hear from Mr. Handleman? Is that agreed?

**Hon. Senators:** Agreed.

**Senator van Roggen:** A little earlier you made a remark to the effect that as far as your objectives and this brief was concerned, people were either against you or

were for you. Questions were being put to you as to whether or not your associate members shared your views. I assume by that remark that you mean those objectives set forth on page 1 of your brief. Am I correct in that?

**Mr. McCaffrey:** Yes, sir.

**Senator van Roggen:** That is, "a national broadcasting service comprising both public and private elements," and so on. You do not mean by that remark that they had necessarily to subscribe to all of the conclusions you arrive at in your brief?

**Mr. McCaffrey:** That is correct.

**Senator van Roggen:** I think I could well subscribe to your objectives on page 1, without necessarily subscribing to your conclusions.

**Mr. McCaffrey:** That is right. This is the difficulty with any representative organization, that whoever is spokesman may tend to give his own views which may depart from policy; and there is even the danger of making policy while sitting here—which may be countermanded by others later. That is the difficulty.

**Senator van Roggen:** I just want to deal for a moment with this question of absolutism, that is, a total, 100 per cent Canadian content in all advertising, as opposed to a substantial percentage, 75 per cent or something like that, suggested by witnesses.

**Senator Prowse:** It does not say that.

**Senator van Roggen:** Doesn't it?

**Senator Prowse:** On page 8—the conclusions.

**Senator van Roggen:** You say on page 8:

The Canadian Broadcasting League, therefore, urges that this committee act to ensure that all commercial content of radio and television programming be produced in Canada...

Does not that mean all?

**Senator Prowse:** It suggests utilizing Canadian resources "to the maximum possible extent".

**Senator van Roggen:** Even in Vancouver?

**Senator Laird:** It did not mean all in Windsor?

**Senator van Roggen:** No, I did not mean all in Windsor, but this is what I would like to get to, because I do not think there is anyone in this room who would not like to encourage as much Canadian content as is possible in advertising, on Canadian media. What we're really arguing about is whether we put an electronic pig fence up and get ourselves hidden behind it so that we can say it is 100 per cent, or whether or not we should aim for something that can be accomplished without going to such extremes and maintain the morals of society.

We had evidence yesterday and witnesses yesterday also agreed that statistically the information is very poor at the moment, and certainly it will be very helpful when the CRTC, in conjunction with the industry, completes its survey and comes up with some definite figure that we can all look at. I do not think too many people should

make too many confirmed judgments until those figures are available.

Pending that, we had evidence that in the Toronto area now approximately \$6 million worth of advertising commercials were being produced for the American market in Canada. Whether it is five or six, those were approximate figures. There was another estimate that that might be as much as 20 per cent of the total production going on in the Toronto area at the moment being used for export.

If, for the sake of argument, we arrived at a point where Canadian advertising was, say, 75 per cent produced in Canada and 25 per cent produced in the United States, and that the value of the 25 per cent that was being imported was being equalled by the amount being exported, bearing in mind the net production in Canada from the point of view of Canadian talent—not only the actors but all the other people engaged in the industry—what would your reaction be to that, rather than having that \$6 million of an export cut off?

**Mr. McCaffrey:** I think that at present your example is hypothetical but, taking it on its face value, the logic is in your favour.

**Senator Prowse:** The evidence is that it is just about there now.

**Miss MacDonald:** Could I say something?

**Mr. McCaffrey:** What we seem to be facing is that commercials are being produced for the major United States market, the major market in North America, at prices which are compatible with that market; and then too many of these commercials, relative to the size of the Canadian opportunity, are being dumped in Canada at the cost of making a duplicate. We think this is the problem we are facing. Speaking from my personal background, I am in favour of free trade, but where you have a dumping situation you do not have free trade.

**Senator van Roggen:** It may be that there should be a dumping duty put on commercials, or an import tax.

**Mr. McCaffrey:** It would have to be high enough to make it give some incentive to producing commercials.

**Senator van Roggen:** I suppose the same thing could be said for books and magazines and so forth.

**Mr. McCaffrey:** I think it is true.

**Senator van Roggen:** Which would be dangerous.

**Senator Prowse:** It depends on what you mean.

**Mr. McCaffrey:** In books and magazines we have already seen this happen, for many years.

**Senator van Roggen:** We had better not get on to that subject.

**Miss MacDonald:** You were saying that the percentage of commercials now produced in Canada seems fairly high?

**Senator Prowse:** No. What I said was this. Actually, the figures are that 60 or 70 per cent of commercials being used on television, on the figures we have, are

being produced in Canada now for use in Canada; but the estimate was that somewhere between \$6 million and \$8 million would be the additional income that would be available to Canadians if all the commercials which are now being used, which are produced in the United States and then brought in on a dumping situation, which I agree you could call it, were produced here.

But the other evidence is that we are making in Canada, for use in the United States by American advertisers in that country, or maybe in other countries, approximately \$6 million worth in Toronto and Vancouver studios—about \$6 million altogether. These figures are not entirely precise. In other words, it would look like a trade-off that may or may not be to our advantage.

To be fair about it, the point was made that, unfortunately, while these are using Canadian technology they are not in a great many instances using Canadian artists, but they are bringing in their own artists. This is where the cultural impact gets there, as opposed to the pure business or economic impact. So, economically, it may be viable for us to leave the thing just the way it is, but we have got to get a lot more information before we can accept the argument that it was culturally viable for us, because of the importation of artists.

**Miss MacDonald:** I would also point out that that 60 per cent figure is one that we maintain also from the ICA, and that figure pertained only to ICA members and it did not pertain to agencies in Canada who are not ICA members.

**Senator Prowse:** It is 69 per cent. They told us what it was. It is 25 per cent, or 25 agencies.

**An hon. Senator:** 24.

**Senator Prowse:** 24 agencies.

**Senator van Roggen:** 24 agencies do about 80 per cent of the business. Perhaps I could continue on that.

**Senator Davey:** I have a supplementary question, Mr. Chairman, on this subject. Yesterday one of the big agencies appeared here, or perhaps the day before, and they were advancing the case that it was quite unrealistic to talk in terms of 100 per cent content—or absolutism, the phrase Senator van Roggen used—and they gave some examples. They said there were two reasons why. They said there had to be commercials which had to be done in different geographic locations. The other was that there had to be commercials which had to use “special personalities.”

As the directors and executives of the Canadian Broadcasting League, do you think that the Canadian listeners and viewers could survive without commercials done in “different geographic locations” or without “special personalities.” Or do you think that these are legitimate reasons to say we could approach either 100 per cent or much closer to 100 per cent? Do you think these are legitimate reasons—special geographic locations, special personalities?

**Mr. McCaffrey:** If we follow what we said in the brief, we have to say no, but I think that the person who is buying the time should have some options open to him then.

**Senator Davey:** Then what is the purpose of your brief? Surely that is absolutely inconsistent with your brief?

**Mr. McCaffrey:** It is.

**Senator Davey:** Then why did you come here with this brief, if you take that position? That is a waffle. You do not really subscribe to the 100 per cent.

**Senator van Roggen:** It is not a waffle at all; it is very frank.

**Senator Davey:** You do not really subscribe to 100 per cent. The conclusion of your brief is that the committee ensures all commercial content, and now you say that that is not your position at all, but that there should be an option.

**Mr. Primeau:** I feel the brief as it stands, the 100 per cent, is something to work for. It always has to take into account the various things, as pointed out before, such as the trade-off. What we are trying to do is get the best situation possible for the Canadian viewer and the Canadian actor. I would think that people who say they have a special geographical location would have to explain that in more detail to me, because I cannot see what geographical things are not in Canada, except for a desert. We have mountains and everything else. It does make sense.

**Senator Davey:** The example used was grass at a particular time of the year.

**Mr. Primeau:** Well, you can make up any situation, you know, like a straw man and blow it down to show that you are correct or to show that this person who is saying it is correct. But talking about culture, it is quite possible that a commercial made in Canada will be the exact same commercial with Canadian actors. It may be the same Crisco commercial, as we pointed out earlier, with an Ottawa Valley person. So actually the cultural differences in this are not that significant. I am trying to phrase this correctly, but what we are trying to do is get the best possible situation for the Canadian actor.

If the committee or Parliament sees that the number of commercials made in Toronto and Montreal for the American market but utilizing Canadian talent is a better trade-off for Canada than having 100 per cent Canadian commercials, then that is probably the best solution. But for us to propose that to you is proposing something that we do not have the facts to go on. So what we are proposing now is something we have looked at, based on the facts at hand, which are very minimal, to try to say what we feel is a possible solution.

**Senator Davey:** Your position, then, is 100 per cent, if necessary, but not necessarily 100 per cent.

**Mr. Primeau:** If possible, not if necessary—if possible.

**Senator Prowse:** Their conclusion is to utilize Canadian resources to the maximum possible extent.

**Senator van Roggen:** I should like to congratulate the witnesses on being frank on that point, despite what the brief says. You say you wish to pursue or find what is best for the Canadian actor. Do you feel that what is best for the Canadian actor is synonymous with what is best for the Canadian viewing public?

**Mr. McCaffrey:** The Canadian viewing public has a variety of channels or stations which it can follow. If it wants to see American content it can do so on an American station.

**Senator van Roggen:** If you live near the boundary.

**Mr. McCaffrey:** Most Canadians do.

**Senator van Roggen:** Most, but not all.

**Mr. McCaffrey:** We are saying that in Canada there should be an opportunity for Canadians to pursue their life goal. If it is in broadcasting, they should have the opportunity. They are not going to have that opportunity unless this solution or this approach to the solution is followed.

**Senator van Roggen:** If you go to 100 per cent, you will necessarily restrict the choice of people, and I am suggesting that maybe 70 per cent would be the figure. Some people have said we could have 75 per cent very reasonably. I believe there is a point at which a reasonable opportunity is given to Canadian people in that industry to exercise their rights in Canada and pursue their practice and their trade in Canada, but that if for the sake of Canadian actors we deny free access to the marketplace to all Canadians, that is too high a price to pay for one rather small profession in the country.

**Mr. McCaffrey:** I could not agree that there would be any advantage to Canadians by encouraging Canadian actors in their profession.

**Senator van Roggen:** I did not say that. I am talking about 100 per cent. That is all I am interested in at the moment.

**Mr. McCaffrey:** I would have to go back to the proviso I made a minute ago to Senator Davey, that Canadian actors want to have opportunities in other parts of the world as well.

**Senator van Roggen:** Exactly.

**Mr. McCaffrey:** And we would not want some action of ours to deny them that. We would not want to be hypocritical about it.

**Senator van Roggen:** Surely, if we say to the United States and the rest of the world that we will not allow commercials from anywhere else to be shown in Canada we can expect to have retaliation against the \$6 million worth of commercials that are produced in Canada now for sale in the United States. It is bound to go both ways, is it not?

**Mr. Primeau:** If that was a viable trade-off, yes.

**Senator van Roggen:** But if we want to legislate that it has to be 100 per cent, that if you import commercials and put them on television in Canada you will go to jail, then we cannot have it both ways. This is going to close down the border on the subject. I would rather work towards as high a percentage in Canada as possible and leave the border open to two-way trade.

**Senator Laird:** So would I.

**Senator McElman:** I think we should put to the witness a supplementary to that. It just cannot be brought down

to as simple an equation as Senator van Roggen suggests. We are not just talking about something for the development of Canadian actors. I am sure the witness will agree that there is much more involved than that. There is a great deal more involved than just promoting the interests of Canadian actors.

**Senator van Roggen:** I was quoting the witness when I raised that point.

**Senator McElman:** I realize you were, but the record should show clearly that that is not all we are talking about here. There is a great deal more involved.

**The Deputy Chairman:** I think the witness should explain and comment on it, if he wants to.

**Senator van Roggen:** Yes.

**Mr. McCaffrey:** I believe the essential purpose of broadcasting is to provide a means of communication between peoples. The actors are merely agents of the communications process or are among the agents. They are being served in that communications process and they are serving the service as well. But the main thing is to provide the communications service which the people of Canada need and want.

**Senator McElman:** The actor aspect is desirable but secondary.

**Mr. McCaffrey:** It is.

**Mr. Primeau:** I think I should explain that when I used the term "actor", I meant not just the individual Canadian actor but the Canadian industry, the production houses and so on. It is not just the actor as one aspect of production. It is the whole Canadian industry.

**Senator Prowse:** I am a little confused by the chart, Appendix A, at the back of your brief. Under "National Television Advertisers" there is a subheading, "Total Television Expenditure". Under that there are figures in dollars and then there is another heading next to that, "Per cent Television", under which there are percentage figures. What do those percentage figures signify? If the total television expenditure is, for example, \$7 million, and the percentage is 99 per cent, does that mean that 99 per cent of that \$7 million goes to the television station or does it refer to the number of stations or what?

**Mr. Primeau:** This information is from the Television Bureau of Canada, in Toronto. Looking at the first advertiser, senator, Procter & Gamble of Canada Limited, the total television expenditure is \$7,571,962, and the 99 per cent figure following that means that they spent 99 per cent of that amount on advertising on television and the other 1 per cent on other media.

**Senator Prowse:** That is what I wanted to get clear. I was not sure what it said.

**Mr. Primeau:** If you look on the second page, senator, you will see No. 1, Procter & Gamble, has total print, radio and TV of \$7,600,000 and the total for television is 99 per cent. That second page is much more explanatory than the first page.

**Senator Prowse:** I see.

**Senator Sparrow:** From your brief, are you in favour of advertising on our national broadcasting system?

**Mr. McCaffrey:** This is not part of our brief. If we made a separate brief on that we would have to discuss it. From the discussions we have had, we have been in favour of limiting or monitoring and, perhaps, restricting television on children's programs. Within the next year we will likely come up with a policy on advertising of any kind on the public network.

**Senator Sparrow:** You will have a policy on that at that time?

**Mr. McCaffrey:** We cannot give you it at this time.

**Senator Sparrow:** My second question is: What would your policy be on provincial broadcasting, government broadcasting, as related to direct broadcasting and cable-vision?

**Mr. McCaffrey:** This is another policy which we want to develop in the next year. We recognize some of the claims made by the provincial government for the right to access to cable because many in our group are arguing that this is not broadcasting, it is just internal transmission of messages; it is not using the air to broadcast, so it is not really broadcasting. We already recognize the educational jurisdiction of the provinces, but we see the conflict between the educational jurisdiction and the broadcast jurisdiction, and we, in our group, have not yet been able to resolve how to draw the line between the two of them.

**Senator Sparrow:** Thank you—next year for both policies.

**The Deputy Chairman:** Would you like to say something, Mr. Primeau?

**Mr. Primeau:** Just one thing. I might point out the reason why it may seem to you we have not got these things done. I pointed out at the beginning that we were just developing and doing it nationally. We have the input from across Canada from those who are members of our league, and when we do give it to you it will reflect their opinions and not just something written up by us.

**The Deputy Chairman:** Mr. McCaffrey, Mr. Primeau, and Miss MacDonald, thank you very much.

Our next witness is Mr. Sidney Handleman, who is one of our colleagues, a member of the Legislative Assembly of Ontario for the county of Carleton.

**Mr. Sidney Handleman, M.P.P., Member of the Ontario Select Committee on Economic and Cultural Nationalism:** Thank you, senator.

**The Deputy Chairman:** On behalf of my colleagues and the members of this committee, Mr. Handleman, I would like to welcome you here and thank you very much also for having accepted our invitation, because we understood your chairman, Mr. Rowe, could not come. I would like to take this opportunity also to thank your chairman and your clerk for having sent us briefs and a transcript of the hearings of your committee, both of which are going to be very helpful for the work of our committee.

**Mr. Handleman:** Thank you, Mr. Chairman.

Honourable senators, first of all I want to thank you for inviting me because it gives me the opportunity to reciprocate. Our committee met Senator Lamontagne last year and one of the members of your committee, Senator Davey, on this very subject, somewhat removed. We found their input very, very valuable. We are considering your suggestions now. We have only filed a preliminary report to the Legislature, and we came into the advertising industry almost by accident.

Our main terms of reference were to study foreign ownership and economic and cultural nationalism. We got into the cultural side of it. We found there was an industry, while small in terms of total production, that had a great impact on the cultural attitudes of our province and of the nation. We held a series of hearings, somewhat the same as you are doing. We came to no conclusions. We heard conflicting evidence, just as you are hearing. We felt we needed an outside look at this one which was not biased in any way, and we asked Kates, Peat, Marwick and Company to conduct a study of the advertising industry along with several other industries. We put some urgency on the advertising industry and, as a result, we have had their report to us, and I understand there is one in the mail to you, Mr. Chairman. I am going to give you one now for your own use. This is not my brief, gentlemen; do not worry about it. I do not have a brief. It is a tremendous amount of reading. The *Globe and Mail* yesterday had a very good summary of the content, done objectively, and they said the study was inconclusive. Of course, it was meant to be. I think the conclusions will have to be drawn by the elected representatives. We will draw our conclusions, hopefully, some time within the next two or three weeks.

I have no axe to grind in this particular matter. I do have personal views which have been derived as a result of hearings before us. I have a very fringe interest in the television industry. I am a member of the board of directors of the crown corporation which operates Channel 19, the educational television station in Toronto. Of course, we carry no commercials and therefore the advertising inquiry, as such, is really not involved in that. We found that the importation of advertising matter, which I understand is your prime area of concern rather than the foreign ownership aspect, was really not related to the foreign aspect of it. This is an advertiser function. Foreign ownership of the advertiser, as distinct from the agency, might very well have the impact on importation of advertising matter.

We also found that the attempts to quantify it were very difficult and, as a result, we asked K.P.M. to devote some considerable amount of their time to this matter—the quantification of imported advertising material. They have done a very good job. I think you will find their facts are interesting.

They found, in terms of numbers of commercials, only in terms of numbers of commercials, that we, in Canada, are now producing approximately 70 per cent. However, 30 per cent which is imported carries a great deal more media value. It is used in prime time, used by national advertisers and, as a result, you could say, in terms of dollars, that we are importing considerably more than 30 per cent.

My personal view on complete bans is simply a philosophical one. I am opposed to this type of thing, opposed

to even attempting to quantify a goal. I believe, as all of us do, that we should have more Canadian content, not only advertising, but almost everything we do in this country. However, I feel that some of the suggestions that have been made by agencies to you and us, are to some extent self-defeating—the idea of complete prohibition. We made a great to-do about the Merrill Lynch commercial. I am sure you have heard about it. It was only by some of my outside reading in *Sports Illustrated* that I found it was produced in Mexico. It is Mexican culture because it was produced there? If they had used Canadian bulls would it have been any more Canadian?

Our view simply is that you cannot stop the flow of ideas. We do feel that Canadian production will have a tendency to provide a greater quantity of Canadian culture, whatever that may be, but we simply do not feel that you can legislate the imposition of a national culture by banning the importation of ideas. The importation of goods is another matter, and I think it is a proper matter for the Government of Canada to look at. I am in full agreement with tariffs. The ridiculous value placed on the importation of television components is not an incentive to produce in Canada. If I can get a good commercial that has proved itself well in the United States at a ridiculous amount, something like \$65, I believe it is, for a one-minute commercial, there is really no incentive for me to have it produced in Canada. I do feel that there could be a realistic valuation for duty on it, based on production costs amortized over the number of copies, but with a minimum value of not less than ten per cent of the production cost, if it is going to be used in Canada commercially, and I would say at least ten per cent of the production costs, based on our population, should be the duty.

On the other hand, if there are only two copies, we find that many Canadian advertisers are having their commercials produced in the United States, using it once in the United States simply to qualify for that ridiculous per-foot value—they show it once on Watertown or some obscure little station to say it has been used in the United States, and it may have cost them \$10,000, \$20,000, \$30,000 or \$40,000 to do this—but they get a valuation of that at so much per foot, and in my view that should certainly at least be amortized over the number of copies, and in the case where there is one in the United States and one here, at least half of it should be dutiable, if not all.

**Senator McElman:** You have evidence that that is done?

**Mr. Handleman:** Yes. It is mostly hearsay, but it seems to me that if I were an advertiser having a production done for a Canadian advertiser in the United States, I am certainly not going to pay duty on \$40,000, if I can avoid it by this simple little trick of having it played once or twice somewhere in the United States. It would simply be common sense on the part of the advertiser. I am not blaming him for it. He is simply using the rules to his best advantage.

So, I am opposed to bans, and I do think there are incentives. The type of tax disincentive that you have on advertising in foreign publications can also be somewhat self-defeating. We have found situations, for example, where there are specialty magazines in the United States

—and I am sure that Senator Davey is aware of this situation—where the Canadian consumer will not read anything but that specialty magazine. The inability of a Canadian to advertise in it and get full income tax exemption can really harm him in the market when he is competing against Americans who do advertise in the magazine. One example is *American Bride*, where all the bridal gowns are advertised. The bride will look through that American magazine, because that is the one she wants. Now, if a Canadian manufacturer wants to advertise his bridal gowns in it, he can do so without any problem, but as soon as he puts his Canadian address on it, he loses his tax.

So, in my view, these are examples of what restrictions can do, and I am certainly not opposed to them within reason, but I do think that we could provide other incentives to require more Canadian production of television advertising.

I think we find in our study that the radio part of it is really not significant; almost all radio advertising in Canada is produced in Canada, and I think this is to the credit of the CRTC which has developed, through its Canadian-content regulations, a viable, energetic, flourishing recording and production industry so far as radio is concerned. I am sure the same thing is happening with their Canadian-content regulations on television. This has helped to establish us, and it is perhaps the reason why we have such a high percentage of Canadian produced television commercials.

There was one other factor that came out, and it was of great interest to us to find that in England the advertising agency business is almost entirely foreign dominated, mostly by the United States. And yet from England is coming some of the most innovative, unique and original advertising content in the world. So we feel that perhaps the foreign ownership aspect is not a determining factor in the amount of production of commercials.

I think I have stated my personal views, and I have to make it clear that these are not the committee's views. Our questioning has led us to some knowledge of each other's position on this, and I am sure that when I state my position in the committee as I have stated it here, there will be objection, and those of us who listen to debates rather than endure them sometimes change our minds. At least, I have stated the position I have stated now before I am subjected to the opposing views of my colleagues on the committee. I am simply philosophically opposed to a 100 per cent ban because there are many examples where it would be completely unworkable. I have heard senators questioning the witnesses here.

I do not know how the Irish Tourist Board, for example, if it wishes to advertise its culture as an incentive for tourism in Ireland, could possibly produce a program in Canada. I suppose in a way they could. They could bring over all the actors, some of the emerald sod and some of the other things that they would like to show on their commercials. And I suppose that the people in London who want to show buses could take a Picadilly bus and put it in front of the Chateau Laurier, and use that. But they wish to export their culture to Canada in the form of a commercial. There is no way you can stop that, and if you were to try to do so you would be leaving yourself wide open to great criticism.



**Senator Prowse:** Like the Air Canada commercials for holidays in the Bahamas.

**Mr. Handleman:** Yes. I doubt very much if we could duplicate that. Another thing we found, of course, was that a very large proportion of imported commercials were travel commercials. So we are not doing badly in the production of commercials in Canada.

**Senator Prowse:** Can you give us any percentages?

**Mr. Handleman:** Yes, we have exhibits here, and in terms of numbers about 70 per cent of the total were produced in Canada. A remarkable feature to us was not that fact, but the fact that the ones that are imported, as one of the witnesses said here, are probably better produced and are imported by national advertisers as distinct from local advertisers. They are imported by subsidiaries of foreign-owned companies and, as a result, they spend a great deal more money on media time for those imported commercials than the 30 per cent would warrant. KPM were able to calculate that—and I do not have the figure here so I shall have to find it—a per-minute value on imported commercials as compared with Canadian, this value being the amount of money spent with the networks.

**Senator Laird:** Is that in the KPM report?

**Mr. Handleman:** Yes, it will be in the KPM report, and it is considerably higher than the Canadian value per minute.

That is my presentation, Mr. Chairman.

**The Deputy Chairman:** Thank you very much. We are now open for questions.

**Senator Laird:** Mr. Handleman, since you have some connection with this industry, is it possible that you might know about the amount of production in Canada of commercials which are exported to the United States?

**Mr. Handleman:** No. We do have some information on this, but my connection with the industry is not on the commercial side. Our view was that this would increase as our agencies became more international. If a Canadian agency moves south of the border to service either American or Canadian accounts, then that agency would tend to bring with it what it knows best—the Canadian producer, the Canadian actor and the Canadian writer. But obviously this has limitations too. Since I have gone on this committee I have been watching commercials and I find them very interesting. They are not at all boring. The Buffalo stations and the Toronto stations are a prime example, I think, of the differences we have. One of our committee members was quite upset over the finance company that used Red Kelly. In the United States they used Joe Garagiola, a well-known baseball player. I find the American production far more interesting. The American Express people are now running a series of ads which I have seen on both Buffalo and Toronto stations. They are different. They show the theft of a woman's purse. Perhaps you have seen them. But what follows that in the United States is a well-known television personality who explains to you why you should buy American Express travellers cheques. In Canada it is a voice over a slide. The other part has been deleted. So there are differences, and I think the advertis-

ers are well aware of their market and they are going to make this differentiation. That is their job and that is why they are using advertising. They are going to gear their advertising to Canadian tastes and to Canadian pocketbooks, or to Canadian culture—if you want to call it that. So I think the natural tendency will be to use more and more Canadian production. Some of it may be adaptation of American, where it is best done.

**Senator Laird:** I do not suppose KPM touched that.

**Mr. Handleman:** Well, they talk about the internationalization of advertising, and as agencies become more international, the tendency will be to use more Canadian advertising in other markets. But obviously the natural market is the United States market mostly because of accents and terminology.

**Senator van Roggen:** Mr. Handleman, to what extent has your committee so far applied itself to the question that we have heard so much about here, that is of commercials affecting Canadian culture because they are imported? I have found some difficulty in following this reasoning, and I don't know that watching an advertisement is going to turn me into a mini-American.

**Mr. Handleman:** In my opinion, the effect of advertising is very subtle and neither direct nor immediate, but long-term. Exposure to the "Mmm mmm, Good" by Campbell soups for many years may make it part of our vocabulary. I do not know whether that would be part of a foreign culture.

**Senator van Roggen:** But is Campbell soup a foreign culture? It is manufactured here.

**Mr. Handleman:** No, the soups are manufactured here. Whether the terminology of the commercial has been an intrusion on or an addition to our culture, certainly we have adopted it and it is now part of our culture. Whether it is a good or a bad addition, I do not wish to make a judgment decision. Certainly the term itself is not an indigenous Canadian invention. We use it now and I questioned representatives of the agency which handles the Campbell soup business and they told me that they no longer use it. Yet every Campbell soup commercial I see uses that little phrase. That is only a very minute part of the commercial, but it becomes part of our vocabulary. I am not prepared to say whether that is good or bad.

**Senator Davey:** Surely, the answer to Senator van Roggen is that the American culture has become a world culture?

**Mr. Handleman:** There is more to that in other countries than here. We sort of accept it. I believe most of us who are moderate nationalists tend to resent, without knowing what we can do about it, the intrusion on our culture. When I find myself using American phraseology I try to catch myself up. It may be just a natural resentment on the part of a person who feels he is Canadian and distinct. This question of Canadian culture is a large part of our study. We considered advertising in the first instance because we felt it does have cultural implications. I have found great difficulty, as you have, in coming to grips with whether it is something which we should in fact try to stop.

**Senator van Roggen:** I have much more difficulty feeling that the advertisement is effective from the cultural point of view, as opposed to the program. Maybe the advertisements do not register with me very much because, as is the case with many others, I try to turn them off. I cannot tell you from watching the Jacques Cousteau series of underwear activities who advertises on it.

**Mr. Handleman:** I think it is 3M.

**Senator Davey:** Do you know who sponsors the broadcasting of the Watergate hearings?

**Senator van Roggen:** I watch a great deal of channel 9 from Seattle, which is public broadcasting. Bob Hope broadcasts the July 4 show which, of course, contains cultural content.

**Mr. Handleman:** That is, frankly and openly, cultural.

**Senator van Roggen:** But the ad that goes with it is far more subtle.

**Mr. Handleman:** I think we all like to say we are not affected by advertising, but have that strong will and resistance. We sincerely believe this. We were discussing beer commercials and I tried to think of the sponsor of the one frequently shown on Buffalo television which uses Ontario Place as a setting. I cannot for the life of me think of the brand of the beer. It is a very interesting commercial, showing Ontario Place throughout, which I think is great to be shown in Buffalo. So it is not really intrusion of the brand that bothers me.

**Senator Davey:** It is Labatt's.

**Mr. Handleman:** Imperial Oil, a foreign subsidiary of some magnitude and a very large advertiser, explained to us that the only foreign commercial, or even idea, that they had accepted from Standard Oil was the "tiger in the tank" series, which they found to have worldwide effect.

**Senator Laird:** It was originated in England.

**Senator Davey:** Let us be clear on this; it was produced in England by Americans.

**Mr. Handleman:** I am not too concerned about that type of thing, but if we are to have any type of cultural protection—and I say "if," it is a big "if"—maybe we do not want it and maybe we do not need it, but if we are to have it we look on the advertising commercials as being more subtle than the program itself, which is quite openly and frankly an American setting. However, as one member of the committee pointed out, it is very difficult to tell the difference between an American-produced commercial and a Canadian-produced commercial. Our culture is a multi-culture institution and we have drawn on the cultures of all countries. The prime concern of Canadian nationalists is the potential domination of our culture by the American culture. The Coca-Cola imperialism is no longer a bad thing. It has spread and been accepted all over the world.

**Senator van Roggen:** Even in Russia.

**Mr. Handleman:** That is right, the Coca-Cola culturalism was very dangerous. Culture is not just ballet and opera, but anything which adds to the language and

national mores in any way, shape or form. Perhaps, therefore, we should not be too concerned with attempting to build a wall around ourselves and develop this distinctive Canadian culture. We believe we have one. It is very difficult to define, but we know we are Canadians and I sometimes question the need to constantly carry on this navel-gazing exercise, asking what is a Canadian. We know we are Canadians and in my opinion that is all that matters.

**Senator Laird:** Might I point out to you that a number of us were given flag pins for distribution. I had many requests from all types of people, including Americans, for one of these pins when they were travelling abroad. So there is something distinctive in all of us that makes us wish to show that we are Canadians.

**Mr. Handleman:** That is right, and we know it.

**Senator Prowse:** They also know it; they can tell by the accent.

**Mr. Handleman:** Yes, we do not have very much impact on them and maybe it hurts our pride.

**Senator Davey:** As a supplementary to Senator van Roggen's inquiry regarding culture, is it not true that an additional reason for taking steps to encourage Canadian production of television and radio commercials is to encourage the employment of Canadian performers and artists? Is it not also true that those Canadian performers and artists quite aside from their function in the production of advertising commercials, have a substantial input to make to the Canadian culture?

**Mr. Handleman:** Yes, that is the economic side of it and it has its cultural overtones. I am somewhat persuaded, though, by the argument that Canadian advertisers should set up a global budget for advertising. So much would go into production and so much into media time. The amount of money to be put into production must come from somewhere in that budget. I am not entirely persuaded they would not increase their advertising if they had to produce in Canada. However, if actors, writers and technicians are employed in the production of television commercials and there is less money to be spent on media time, it would seem to me this would, of course, create a reduction of employment for those working in the medium itself.

**Senator Davey:** In my opinion, that would depend specifically on the product.

**Mr. Handleman:** Oh, yes, it would vary from product to product. I am somewhat persuaded, however, by the argument that there would be a balance. In my view a pretty moderate incentive, such a higher duty, would make a man take a look at it and decide that for that amount of money he could do a little better. That is the type of step that I see being taken and I will recommend to our committee that it recommend this to the Government of Canada.

**The Deputy Chairman:** Would it increase the price of the product?

**Mr. Handleman:** It is said that the public does not pay for advertising, but advertising pays the advertiser. I

am sure, however, that we all know we do pay something for it.

**Senator Davey:** Is the committee to meet in camera with Mr. Handleman, Mr. Chairman?

**The Deputy Chairman:** Yse.

**Mr. Handleman:** I really do not think that is necessary.

**The Deputy Chairman:** It is up to Mr. Handleman, because he mentioned that when he spoke to Mrs. Pritchard. If he does not object, we could sit in camera.

**Mr. Handleman:** I have no objection to sitting in public. I discussed this with the chairman of our committee yesterday.

**Senator Davey:** He would not be able to tell us any secrets.

**Mr. Handleman:** We have no great secrets. Our hearings were in public and are available in transcript form. The only point which concerned me was that of releasing my own views. I spoke to the Chairman of our committee, who pointed out to me that several members of the committee had already stated their views and it will be a matter of arriving at a consensus. I therefore have no objection to stating my own views in public.

**Senator Davey:** That is fine.

**The Deputy Chairman:** That is why I tried to have us stop at 10 minutes to 11, because I wanted to allow Mr. Handleman some time to be a witness *in camera*.

**Senator Davey:** When will your report be tabled in the legislature?

**Mr. Handleman:** We expect our reports to be stayed, because we have many more things to discuss at the moment. We are on the verge of approving a draft report on foreign faculty in Ontario universities. We are also close to the end of a report on foreign land ownership, which I think will be of interest. Most of the other provinces have one. Also the report on the advertising industry, since this is a study which is now before us. It will probably be dealt with following that. We would expect to have two or three reports ready for the fall session of the legislature. We have a resolution before the legislature which permits us to release reports when the legislature is not sitting. We may very well be able to do that before the October session.

**Senator Davey:** Will the other two reports be first?

**Mr. Handleman:** I would think so. We are meeting next week in camera to prepare our report on the university faculty. Following that we will be dealing with foreign ownership, which is just about ready to go to print.

**Senator Davey:** The third report will deal with agency ownership and commercial production. Those are the only two items that you will be dealing with?

**Mr. Handleman:** Yes. It will be ownership and what we call corporate behaviour and public attitudes. Our view, of course, is that behaviour and attitudes rather than legislation will govern the future on this particular matter. Foreign ownership is something that is being

dealt with by the federal government on a very broad scale through the foreign investment review. We would like to have some comments to make on the extent of ownership. My personal view is that encouragement of internationalization is far better than restriction of foreign ownership. But that is a personal position.

**Senator Davey:** May I ask you one question on agency ownership? I think it is closely related. I wonder if this is a fair description of the position taken by the report which the Deputy Chairman has, and which you were kind enough to bring. This appeared in the *Toronto Star* last night. Did you see that article?

**Mr. Handleman:** Yes. They did not do as well as the *Globe and Mail*.

**Senator Davey:** It says:

Canadian ownership requirements for the advertising industry could stem the import of American culture without significantly disrupting the economy, according to a special report on foreign ownership released yesterday.

Is that a fair statement?

**Mr. Handleman:** It is a fair statement, but it is incomplete.

**Senator Davey:** Could you complete it for us?

**Mr. Handleman:** We asked KPM to develop policy alternatives for the committee on the basis of their fact-finding mission. It is their view in the study—they pointed this out—that the tendency to produce in Canada would be strengthened by a high degree of Canadian ownership. The simple fact that you have Canadian principals who are involved in the ownership of the agency will lead them to use Canadian production more, and Canadian production, as I have already said, does have, in my view, cultural overtones. It is fair enough to say that would be the case. If we were to recommend legislation which would increase Canadian ownership of advertising agencies, it would have an effect. Not a measurable effect. I do not think you would be able to qualify it. It would be very subtle, and it would be a matter of personalities more than anything.

Some American-owned agencies who have Canadian management—they all have Canadian management—use Canadian production as much as Canadian-owned agencies. It is a very subtle thing. The attitude would be different. The behaviour of the agency might be moderately different if it were Canadian-owned.

**Senator Davey:** There is a second point which does not relate to production. It relates to the simple fact of ownership.

**Mr. Handleman:** We came into the question of production from the ownership angle. Our terms of reference included ownership. We find that ownership might have a cultural impact.

**Senator Davey:** I appreciate that you cannot tell us what the committee will finally recommend. In the *Globe and Mail* article yesterday there was a suggestion, and I wonder how practical it is. It said:

Just as offensive TV commercials are rejected by the federal agencies, so imported material could be judged against established "Canadian" criteria.

Is that a sensible suggestion?

**Mr. Handleman:** I do not think there was an intention here to regulate taste. That is not the intention of the report. I hope I speak for the committee now when I say that I do not think it is our intention. We say that we do have federal regulatory agencies which have a certain impact on the content of commercials.

As I understand it, you cannot advertise certain pharmaceutical products or certain cosmetics in a certain way. As a result, where the Americans do not have the same type of restrictions as we do, it would pay the Canadian advertiser to have it produced in Canada. I think that is all that we mean there.

CRTC does regulate taste to some extent when they discourage the use of things like bad breath on commercials.

**Senator Davey:** It says "judged against an established Canadian criteria."

**Mr. Handleman:** I would have to read the report and refresh my memory. I think the established Canadian criteria they are talking about are the various regulatory restrictions by a number of agencies, such as Health and Welfare and CRTC.

**Senator Davey:** How sensible do you think is the suggestion for an integrated market? It is something similar to the Auto Pact. One of the American agencies made that suggestion here earlier this week.

**Mr. Handleman:** We have a one-way integrated market now. There are no real restrictions on importation, other than these regulatory restrictions. There are certainly no economic restrictions. The customs duty is so nominal that it is laughable.

I can only speak personally. In my view, this is the kind of arrangement which might be to our benefit. Even if we had to do it unilaterally, as we did in the Auto Pact, before the Auto Pact came into effect and the Americans said it was against their law, I am sure we could set up an incentive program to export Canadian-produced commercials by providing offsetting incentives. I am not talking about grants, handouts or ripoffs. I think certain types of incentives, such as an exemption from Customs duty on imported commercials, would help. If the customs duty is made meaningful, a man who exports \$1 million worth of productions might be allowed duty-free importation of \$1 million to offset it.

**Senator Davey:** The trouble with that is that anyone who exports \$1 million worth of commercials is a fairly major kind of entrepreneur. I am wondering whether we should not be looking instead at ways and means of assisting artists and performers. The obvious answer is that it would in the long run, and I suppose it would. But I am wondering whether we should not be considering ways and means of a more direct form of assistance to performers.

**Mr. Handleman:** You are not talking about advertising agencies or advertisers?

**Senator Davey:** No.

**Mr. Handleman:** This would be in addition to the Canada Council or the operation of the Ontario Council for the Arts. Yes. This is another matter for consideration when we get into the pure cultural aspects of our report. The Ontario Council for the Arts, for example, this year has had its budget increased two and a half times. I think that will be a tendency that will continue.

**Senator Davey:** This would be to facilitate people in other areas.

**Mr. Handleman:** It is also to enable them to spread out of Toronto a little more and get into Northern and Eastern Ontario.

**Senator Davey:** Will your report deal with—the chairman may report me out of order on this question—the print media in any way, particularly magazines?

**Mr. Handleman:** No; but mostly because we are talking here about ownership. The importation of foreign publications has always been dealt with by a royal commission on publications.

**Senator Davey:** But it dealt really with books and not magazines.

**Mr. Handleman:** That is right. It did not deal with magazines. It was talking about books. We have not devoted ourselves to that aspect of it. One of the terms of reference that we have is to review our royal commission report on book publishing. We did review it. We find it excellent. Some of the measures have already been taken.

**Senator Davey:** There was one very significant recommendation relating to the magazine industry, as you know, regarding the magazine tax. Did you reject that?

**Mr. Handleman:** Yes, that was rejected.

**Senator Davey:** I think the premier has rejected that as well publicly.

**Mr. Handleman:** Yes. By not enacting that particular recommendation, I think you can take it that there was almost unanimous rejection of it.

**Senator Davey:** I think there should have been. I am still, as you know, perplexed by the problem of *Time* and *Reader's Digest*, and I am wondering if the committee addressed itself to that.

**Mr. Handleman:** Well, we heard you.

**Senator Davey:** Everybody has heard me on that subject.

**Mr. Handleman:** We have also read Senator O'Leary's first report on it. I do not think we want to get our fingers burned in what we feel is a strictly federal jurisdiction. The question of principle involved is one, I am sure, which some members of the committee would agree with you on and others not.

**Senator Davey:** I do not know whether you heard the witnesses from the Canadian Broadcasting League, but they made a reference in their brief to the CRTC suggestion in a policy statement issued in July, 1971 that the government extend the provisions of what was then

section 12A of the Income Tax Act to apply to broadcasting as well as to print media. That was a recommendation which the Senate Committee on Mass Media made even prior to the CRTC. Did you get into that at all, the question of border television stations?

**Mr. Handleman:** Yes. The analogy to the *Time*, *Reader's Digest*, foreign publication regulation was brought to us. The study of KPM deals with the spill-over.

**Senator Davey:** Spill-over, which way?

**Mr. Handleman:** Spill-over from the U.S. border stations into Canada. That is different, of course, from what you are talking about here, which is advertising by Canadians on foreign stations for the Canadian consumers. It is my view that if the CRTC proceeds, and I understand they are, with the permission to cable companies to cut out foreign commercials, that would probably stop a great deal of it. I think one of the reasons Canadian advertisers advertise on border stations is, first of all, because of lower rates, but primarily because of the fact that advertising time on Canadian channels is limited. They cannot get the amount of advertising time that they want. I am sure Labatt's would rather use that Ontario Place commercial on a Canadian channel many, many times rather than using the Buffalo station.

**Senator Davey:** I just do not accept that statement.

**Mr. Handleman:** That advertisement is directed to the Toronto market primarily.

**Senator Davey:** But the Buffalo stations have a huge audience in the Toronto market.

**Mr. Handleman:** Yes, that is true, too.

**Senator Davey:** I am sure that on a cost per thousand basis it makes more sense for Labatt's to purchase Buffalo station time.

**Mr. Handleman:** Again, I do not know that we would want to involve ourselves in a federal income tax matter. Certainly the analogy between that and advertising in foreign publications is direct.

**Senator Davey:** Toronto, of course, is by no means the worst example. I know of a station which is set up across the border from Winnipeg exclusively as a parasite to prey on the Winnipeg market.

**Mr. Handleman:** And, as you know, we have the radio station in Windsor, which is the classic example of what can be done the other way. I am not terribly impressed by these threats of retaliation. I have heard them all of my life in various aspects of economics and they do not generally come to pass. Certainly, a total ban or a total prohibition of this kind might lead to some measures of retaliation. Because I am an internationalist and I believe in Canadians going outward, I would not want to see anything that might tend to stop that.

**Senator Davey:** I have other questions, Mr. Chairman, but perhaps other honourable senators wish to ask questions at this point.

**Senator van Roggen:** Mr. Chairman, I do not know whether I should direct this question to Senator Davey or to the witness.

With respect to this business of imposing a tax or prohibiting Canadians from deducting as a business expense the cost of advertisements such as the Labatt's advertisement on the Buffalo station, which is a Canadian ad directed at a Canadian audience, would you not be inviting, if they were not permitted to do that, an American ad directed at an American audience or directed at the international market taking its place and Canadians still watching it. In that instance you would be suffering from a cultural point of view in that Canadians would be required to watch an American ad.

**Senator Davey:** That is like arguing that if there was no Canadian edition of *Time* we would be deprived. That is a deprivation I can live with quite nicely.

**Mr. Handleman:** I do believe, senator, that if you did that and the Americans were to take the position that we could not ship ads over to Buffalo for airing on those stations, we would simply be encouraging Labatt's and others to have their advertising produced in the United States for the Canadian market and for the American market as well. As businessmen, I think they would be right to use the regulations to their own advantage. If they were stopped from advertising on the Buffalo stations for a Canadian audience, they they would advertise on the Buffalo stations for an international audience. How could you stop it?

**Senator Davey:** Perhaps I might comment on that. What about those Canadian advertisers who do not do business in the United States and who advertise in the American market? The perfect example of that are those great economic nationalists who control the *Toronto Star*, which advertises on the Buffalo television station.

**Senator van Roggen:** My point is that if Canadians are going to watch that Buffalo station or border stations which come into the Vancouver market, or wherever, they might as well be looking at the Canadian ads rather than American ads.

**Senator Davey:** Then you attach greater importance to the advertising than you did a few minutes ago.

**Senator van Roggen:** That is why I am putting the question to you. These ads are supposed to be a great deprivation of our culture, and I am just wondering why you would want to abandon them. What I would like to see is the American market open to Canadian advertising. I think that would stop it.

**Senator Prowse:** One of the suggestions made by Mr. Hunter, President of McConnell Advertising Agency, was that rather than looking to a ban or a penalty, we could perhaps achieve it by allowing people who use Canadian-made advertising the incentive of a 150 per cent write-off, instead of the 100 per cent write-off, as they do at the present time. We had something similar to this previously. I am not sure whether it is still in effect. We did have a 120 per cent write-off for research and development.

**Mr. Handleman:** Yes.

**Senator Prowse:** I do not know how effective it was, but that would be one way of providing encouragement in making sure it got to the place you wanted without necessarily getting ourselves into trouble somewhere else.

**Mr. Handleman:** A subsidy is a subsidy, no matter what you call it. I am a Conservative—I want you to know that!—and I am not philosophically opposed to incentives to business. However, it does seem to me that it is the Canadian taxpayer who will pay. If he is willing to pay the price for this, then I would not object to it. I would rather see a realistic duty on imports. That would provide the other form of incentive without the Canadian taxpayer directly subsidizing Canadian production. It is a business, after all, and it should be viable and self-supporting. I am not a free trader. I certainly think Canadian business requires a certain amount of protection against the kind of intrusion that can take place, but it should be realistic. The way it sits right now, it is absolutely ridiculous. There is no disincentive whatsoever to importation. It is simply a matter of behaviour and attitude.

**Senator McElman:** Obviously, the 50 per cent additional write-off within the context of the present system on this particular product, would not offset, would it, in dollars? There just would not be the offset.

**Mr. Handleman:** That is right. It would be a straight gift, really.

**Senator McElman:** Exactly. It would still be to the interest of the importer to continually bring that in, and all the Canadian taxpayer would be doing, instead of providing an incentive, would be providing profits for those who are already making profits.

**Mr. Handleman:** Well, these things do have a snowballing effect. If you are employing Canadians, presumably they are making money and paying income tax, which they would not otherwise be paying. There are all kinds of ramifications to it. If you look at it in a straight black and white sense, to me, is is a straight gift to the advertiser.

**Senator McElman:** A subsidy, under any other name, is still a subsidy.

**Mr. Handleman:** That is right. It does not matter what you call it.

**Senator Davey:** Did any media appear before your committee? I know the agencies did.

**Mr. Handleman:** We met with your friends of Time Life Incorporated in New York.

**Senator Davey:** You met them in New York?

**Mr. Handleman:** We met them in New York, yes. We had Mr. Davidson, the chairman of the board, pour drinks for the committee.

**Senator Davey:** Why would it be necessary to go to New York?

**Mr. Handleman:** We did not go to New York specifically to meet with them. We went to New York to meet with the National Foreign Trade Council, and others who are interested. We met with Anaconda and a number of others who have had experiences in other countries with nationalist legislation, particularly in Chile. We felt that while we were there we would like to meet with Time Life and discuss with them the tax situation.

**Senator Davey:** Was that Time Inc. or Time Canada?

**Mr. Handleman:** They had their people from Time Canada there; they brought them down from Montreal; but we actually met with Time Inc. We got quite a bit of insight into their four pages of Canadian news. We met with CBS and with NBC. We came out feeling a little bit patronized. We had been patted on the head and told what nice fellows we were, "We love you Canadians." When Canadians appear they suddenly think about Canada, but most of the time we are like the fly under the elephant's foot; they are really not aware of us and the impact they have on us, particularly the broadcasters. We asked them whether they were aware of the amount of spillover into Canada of their news-casts, of their programming, and they said that as far as they were concerned they just did not take it into account.

**Senator Davey:** These were American broadcasters?

**Mr. Handleman:** Yes, CBS and NBC. We did not meet with ABC.

**Senator van Roggen:** That is interesting. There is not a conscious understanding that they have an additional ten per cent of their market here?

**Mr. Handleman:** No, they simply do not program with that in mind. At least, this is what we were told.

**Senator Davey:** Do they sell their advertising with that in mind?

**Senator van Roggen:** I would think so.

**Senator Davey:** You had better believe it.

**Mr. Handleman:** They do not sell advertising directly. They did explain to us that it is, of course, the affiliate stations that do the sales, and the stations themselves sell the advertising.

**Senator Prowse:** It sounds like a Watergate cover-up.

**Senator Davey:** The point I am making is that, when advertising is sold to the national advertisers in the United States by the station representatives you can be quite certain that the ten per cent spillover market is a major factor.

**Senator van Roggen:** It must be.

**Senator Davey:** I am sorry for asking the same question a second time. Perhaps I did not ask it specifically, but I did not quite understand your answer. Will you specifically make a recommendation—this is an easy question for you to answer, I know, when you cannot say—about 12A as it relates to border television and radio stations?

**Mr. Handleman:** I cannot really anticipate.

**Senator Davey:** Or will you say it is a federal matter and you will not deal with it?

**Mr. Handleman:** We are quite prepared to recommend to the Ontario Government that they recommend certain measures to the federal government. Whether that will be one of them, I really cannot say. That will be up to the committee. I am sure we will discuss it.

**Senator Davey:** You saw the Time and Life people in New York; you saw CBS and NBC in New York. Did you speak to any Canadian media people? For example, did the *Toronto Star*, Southam, the Thomson papers, or Baton Broadcasting appear before you?

**Mr. Handleman:** No. We did meet with the Committee for an Independent Canada. Walter Gordon was the chairman of that meeting. We did not deal specifically with media at that time.

**Senator Davey:** The area in which I was heading was towards any response that the Canadian broadcasting media, individual stations and so on, might have had towards any position you might take on production?

**Mr. Handleman:** No. In our study we have a list of the people who appeared before us. I really do not recall anybody directly from the broadcasting field.

**Senator Davey:** I would be curious to know if, for example, Mr. Bassett appeared before you.

**Mr. Handleman:** No, he did not appear before us.

**Senator Davey:** Did they make any written submissions?

**Mr. Handleman:** No.

**Senator Laird:** What about the CAB?

**Mr. Handleman:** They did not appear before us either, nor did they submit anything, as far as I can recall. Of course, we have had a mass of information, as you know.

**Senator Davey:** You did not make any special consideration of CKLW in Windsor?

**Mr. Handleman:** We went to Windsor and we were exposed to it. We were exposed also to the television service, if you can call it that.

**Senator Davey:** Were you exposed to Senator Laird when you were there?

**Mr. Handleman:** Speaking merely as a viewer, I was shocked at what the people in Windsor are subjected to in the form of broadcasting. They are really deprived of a Canadian flavour to their broadcasting.

**Senator Davey:** Is that television or radio?

**Mr. Handleman:** Television and radio. Even the Canadian station. Now it meets the CRTC requirements, I agree. I do not listen to that much AM anyway. It may be that is simply reflecting the AM scene in Canada, but it certainly did not sound Canadian to me, other than the odd Anne Murray.

**Senator Davey:** They must meet the requirements.

**Mr. Handleman:** They meet the Canadian content requirements, sure. The Canadian content requirements are geared almost entirely, though, to the economic scene. In other words, you have to have so many people involved, as I understand it. Your composer does not have to be an American; that is the content, as long as you conform so far as the performers or technicians are concerned.

**Senator Davey:** It is a very easy regulation.

**Mr. Handleman:** We have no problem with it on Channel 19. We are the only producer of educational television in Canada, so we just measure it by our own programs.

**Senator Davey:** When you were watching CKLW television, you felt you were watching an American station, did you?

**Mr. Handleman:** Our own committee they had to explain to the audience the reason why they were not permitted to film the proceedings of the committee. They said, "You will find this strange, but in Canada you are not permitted to televise the proceedings of a legislature or a legislative committee." I do not think that would be necessary in Toronto or in Ottawa, but it seemed to be necessary in Windsor. Again we are talking about a subtle thing, but it did not seem a Canadian station to me when you have to explain to your audience why they could not come in.

**Senator Davey:** You did not speak to the station?

**Mr. Handleman:** The chairman was interviewed outside the committee, but we did not speak to the station.

**Senator Davey:** I meant the station appearing.

**Mr. Handleman:** No. That was just as a news item.

**Senator Davey:** That station will become part of the CBC shortly, will it not?

**Mr. Handleman:** It is associated with them now.

**Senator Davey:** I think it is 75 per cent owned by Baton and 25 per cent by the CBC until 1975.

**Senator Laird:** By 1975 it is to become fully owned by the CBC.

**Senator Davey:** I wonder if the CBC will make the station more Canadian.

**Mr. Handleman:** I suppose on their local news they still have to pay some attention to it. They are still looking for viewers in Detroit. They do not want to depend entirely on the Windsor market.

**Senator Laird:** They depend mostly on viewers in Detroit.

**Mr. Handleman:** Sure.

**Senator Laird:** I cannot very well be a witness, but do you know that they observe the Canadian content rule, and that any number of Americans in Detroit look at a lot of Canadian programs, such as "Hockey Night in Canada" and stuff like that?

**Mr. Handleman:** I am sure they do.

**Senator Laird:** Also, do you know that a lot of CBC programs that people squawk about not seeing are carried, but instead of looking at CKLW they are looking at the Detroit station and complaining about not getting Canadian broadcasting? Are you aware of this?

**Mr. Handleman:** You say they cannot tell the difference between the two stations?

**Senator Laird:** No. What happens is that there is a program on a Detroit station, such as Lucille Ball, and they prefer to look at that instead of looking at a CBC program, and then complain because they do not get Canadian programs.

**Mr. Handleman:** Certainly this happens.

**Senator Davey:** Not just in Windsor.

**Mr. Handleman:** It happens everywhere where you have this type of international reception. Toronto is the same.

**Senator Davey:** The regrettable thing is that too many Canadians prefer less common denominator programming, whether it is Canadian or American. That is just a sad fact of life.

**Senator Prowse:** It is a universal fact of life.

**Mr. Handleman:** That is right, it is a fact of life.

**Senator Davey:** I was curious to know if when you were in Windsor you saw the Windsor station.

**Mr. Handleman:** No. Our purpose in being in Windsor was to visit the Research Division of the Ford Motor Company to find out why they were doing everything there.

**The Deputy Chairman:** Are there any more questions?

Mr. Handleman, thank you very much. You have been very kind.

**Mr. Handleman:** We will have more copies of this report available. I think we will go into a second printing within the next week.

**The Deputy Chairman:** Thank you very much.  
The Committee adjourned.

The Committee resumed at 3 p.m.

**The Deputy Chairman:** Honourable Senators, our first witness this afternoon will be the Canadian Broadcasting Corporation. On my right is Mr. Lister Sinclair, Executive Vice-President, and I will take this opportunity, Mr. Sinclair, to welcome you and your colleagues and to thank you very much for having accepted our invitation.

Now, I suppose that you would like, first of all, to introduce your colleagues, and then you could start by reading and commenting on the brief that you have submitted to the members of the committee.

**Mr. Lister Sinclair, Executive Vice-President, Canadian Broadcasting Corporation:** Thank you very much, Mr. Chairman. I would like to introduce my colleagues. On my immediate right is Mr. Ron Fraser who is Vice-President of Corporate Affairs at head office.

[Translation]

I would like to introduce Mr. Raymond David, Vice-President of the French network of the Canadian Broadcasting Corporation.

[Text]

Mr. Norn Garriock, Managing Director, TV English Service Division CBC; and Mr. Jack Trower, Director, Sales Policy and Planning.

I would like to read, if I may, a very short statement, which you have before you in both languages, and then make a short comment.

The CBC's main interest lies in the field of programming. Since domestic production of Canadian programs constitutes the major portion of its total program output, program production gets first call on the scheduled use of CBC studios, equipment and manpower. Use of these three inputs for the production of commercials for either television or radio must, of necessity, be closely scrutinized and controlled. In addition, the Corporation does not have, and never has had, any intention of setting itself up as a meaningful competitor to privately-owned firms, part of whose business may be the production of commercials for broadcast use.

In the early days of television when commercial production houses were scarce in the larger centres and non-existent in the smaller markets, and when the quality of their output sometimes fell short, the CBC was forced to fill the gap to a considerable degree. Currently, with the growth in number and versatility of commercial production houses across Canada, particularly in Montreal and Toronto, and the very satisfying increase in the quality of Canadian commercials, the CBC, to all intents and purposes, can be said to be out of the business of producing commercials for use on any but its owned-and-operated stations.

In the past year commercial productions on each of the CBC's 18 owned-and-operated television stations has been averaging slightly more than three per month. In radio, the figure is so small as to be incapable of measurement. It should be noted here that when the Corporation does engage in the production of commercials it does, of course, engage Canadian writers and performers and these same performers are never paid less than the minimum fees prescribed in current union agreements to which the CBC is signatory.

Since the Corporation produces so few commercials, it follows that by far the bulk of the commercial messages it airs on its broadcast facilities are privately produced, either in Canada or outside of this country. It also follows that while the CBC has no direct involvement in such private productions, it is vitally interested in doing whatever it can to ensure that the commercials it airs are of the highest possible quality. As mentioned earlier, the quality of Canadian produced commercials has improved tremendously in recent years, so much so that they don't have to take a back seat to anything produced in the U.S. In some instances, they have beaten U.S. entries in North American competition.

As to the number of commercials actually being produced in Canada, that too is on the upswing. In 1968, the percentage of English-language television commercials made in Canada by the top 25 advertising agencies was 61 per cent. In 1972 that figure climbed to almost 68 per cent. On the French language side, the figures are even more impressive being respectively 68.7 and 75.9.

The figures quoted were obtained from articles in recent issues of *marketing*—copies attached for ready reference—summarizing the results of a study made by the joint broadcasting committee of the Institute of Canadian Advertising and the Association of Canadian Advertisers.

Progress is being made toward the greater Canadianization of commercials being seen and heard on Canada's



broadcast media. That has long been an objective of union spokesmen appearing on behalf of members in the writing and performing professions. All things being equal, the CBC would be happy to cooperate to the fullest degree in helping Canadian artists achieve this specific objective.

I would like, if I may, Mr. Chairman, to add a few comments having to do with the phrase "all things being equal". That is to say, we are very anxious to make sure that some people are helped, but we would like, if possible, to see that it does not happen at the expense of other people being injured. I am particularly thinking of our affiliated stations which are privately owned and which carry a part of the CBC network. I feel many of them will wish to make representations to you yourselves and also wish to do so through the CAB.

Just last night, especially to attend this committee meeting, I came from the West where we have been talking to people in Prince Albert, Yorkton and Brandon, and the affiliates share a common concern, and they have asked me to express that concern to you. They would like you to know that about 40 per cent of their revenue—the figures are not exact, but we could certainly get the figures for you—is purely local advertising, purely local commercials, which they make themselves locally, and that, of course, is 100 per cent Canadian; but another 40 per cent of commercials are brought in from the United States and are very often tagged with the name of a local businessman. They are very much afraid that if there was an immediate injunction against these commercials, if there was some immediate action taken, that they would lose a great deal of revenue, that the advertisers would go to either radio or the press. Now, some of the TV stations operate radio facilities and that perhaps would not be so bad, and some of them do not. Some of those who do not and are marginal are very worried and upset about this.

Another dimension which I would respectfully like to draw to your attention is the fact that there are some commercials which it is very difficult to think of as ever being made in Canada under any circumstances, particularly commercials or promos for movies, and I must say it is rather hard to think of the promo for "Ben Hur", for example, being shot in Canada.

The final point that I would like to call to your attention is that there are many rather odd, grey areas. Very often graphic material is sent up from the States which is then made into a commercial locally. Sometimes, perhaps, the soundtrack is sent up; sometimes ads in magazines which are American magazines are sent up deliberately for use by the local stations; so it is by no means a straightforward situation, it is rather complicated.

Our affiliates do have a concern; and we share the concern on behalf of the affiliates, while at the same time sharing your concern in trying to Canadianize this by helping the producers and performers.

**The Deputy Chairman:** Are there others who would like to comment?

Those who would like to ask questions may start now. Senator Laird?

**Senator Laird:** The last remarks struck a very responsive chord with me, Mr. Sinclair. I am from Windsor and,

of course, I have been continuously harping on the proposition that a special situation exists there with one of your affiliates, CKLW-TV. I see my *bête noire*, Senator Davey, has departed, who takes a rather dim view of the fact we are in a unique position. Might I ask you, as a starter: Do you agree, as in the western stations that you mentioned, that there exists a very unique problem with CKLW-TV?

**Mr. Sinclair:** CKLW-TV is certainly in a unique situation and it is a very, very difficult one. I gave the wrong impression when I suggested that the concern of the affiliates is shared only by the western affiliates. It was just that that is where I happened to have been in the last couple of days. It is shared by all the affiliates.

**Senator Laird:** I understood it was shared by all you mentioned.

**Mr. Sinclair:** And CKLW is a difficult situation.

**Senator Laird:** Perhaps, Mr. Chairman, I could just open up one topic and then leave it to somebody else. My impression of the reaction of this committee is—and here I suppose I should speak personally—that there is no doubt we would all like to see a reasonable amount of increase in production of commercials in Canada. It seems to me now that the general consensus of the committee, as I get the feel of it, is that we can never hope to attain 100 per cent, which you yourself have just pointed out; and the only question left, at least to my mind, is what goal should we set? In other words we have had mentioned to us by witnesses two goals; one is 75 per cent produced in Canada, and another is 80 per cent produced in Canada. Now, from your experience, what would you think of those goals? Are they reasonable? Is there a likelihood of attaining them?

**Mr. Sinclair:** There is a very good likelihood. I think one of the feelings that we all had was to discover, to our surprise, just how many commercials are already being produced in Canada. We had not looked into it and we did not realize it was such a very high figure.

Mr. Trower, would you like to say something about that?

**Mr. J. Trower, Director, Sales Policy and Planning, Canadian Broadcasting Corporation:** I believe you mentioned a figure of 85 per cent, senator.

**Senator Laird:** Between 75 per cent and 80 per cent.

**Mr. Trower:** I would imagine, if you took all the commercials seen on Canadian television and heard on Canadian radio and found the origin of them, you would find that the present figure would be over 80 per cent. I would think so, taking into account that local commercials would all be produced using Canadian talent.

**Senator Laird:** I am using the information which was provided in the brief of the ACA.

**Mr. Trower:** That would be with respect to commercials produced by the 25 leading agencies?

**Senator Laird:** Twenty-four agencies. Those 24 leading agencies were said to produce 75 per cent of all commercials produced in Canada.

**Mr. Trower:** Those are the large national advertising agencies.

**Senator Laird:** Yes.

**The Deputy Chairman:** Did they not say at that time that that is the goal? In other words, the figure of 75 per cent should be reached in five years.

**Senator Laird:** I do not remember whether there was a time limit.

**Senator Prowse:** I believe the figures were 71 per cent by 1975 and 75 per cent within five years.

**Senator McElman:** Mr. Chairman, I think we should come back to the major factor. That reference was to national advertising. In other words, those figures would apply to national advertising. The witness now is taking us into a new area.

**Senator van Roggen:** Mr. Chairman, so that we are working from one ground on this, it was quite clear—and I made a note of it at the time—that the figure they gave us of 69.8 per cent or almost 70 per cent, being ads produced by the 24 major agencies, did not include French-Canadian advertising, all of which is produced in Canada, which would up the figure; nor did it include any local station advertising programming which, again, would all be Canadian. So those two things would tend to raise the total figure very substantially.

**The Deputy Chairman:** Your point is well taken.

**Senator McElman:** Mr. Chairman, if I may, I should like to correct that again. He said that all of the French advertising was made in Canada. That is far from...

**Senator van Roggen:** I said the vast majority.

**Senator Prowse:** I believe 75 per cent.

[Translation]

**The Vice President:** Mr. David?

**Mr. Raymond David, Vice-President of the French Network of the Canadian Broadcasting Corporation:** If we are talking about the percentage in the French language, there is 75.9 percent of the advertising produced in Canada, but we must add that close to 20 percent, that is 19.9 percent, is produced outside but imported into Canada and adapted, translated and dubbed by French-Canadian officers and translators, authors and French-Canadian artists so that there is 96 percent, obviously, of the national advertising which has a Canadian content; 76 percent wholly produced, conceived and created in French Canada and another 20 percent adapted, translated with, obviously often, imported pictures. This leaves approximately 4 per cent made outside the country, even in France.

**Senator Laird:** That is what the Artists' Union said yesterday.

**The Vice-President:** Mr. David, where do you get these figures?

**Mr. David:** I get them from the survey conducted by the English-speaking Canadian Advertising Institute. The fact is that they have differentiated between the English advertising and French advertising. Consequently, if you add to this the local advertising, well, this must be ap-

proximately 100 percent. I am talking about merchants from Rimouski or Montreal as 100 percent Canadian, as local production.

[Text]

**The Deputy Chairman:** Perhaps now Senator Laird could complete his questions, and then we will move on.

**Senator Laird:** I do not want to monopolize the questioning, Mr. Chairman. I will ask just one more question.

On page 2 of your brief you say:

In some instances, they have beaten U.S. entries in North American competition.

Meaning, of course, commercials.

**Mr. Sinclair:** Canadian-produced commercials.

**Senator Laird:** Yes. Now, we have asked various witnesses about this: Have you any idea of the amount or percentage of Canadian-produced commercials which are exported to the United States?

**Mr. Sinclair:** That is a very good question, senator. Undoubtedly, there are some, but I do not think we really have any idea as to the amount.

**Mr. Norm Garriock, Managing Director, English Service Division, Canadian Broadcasting Corporation:** Mr. Chairman, we do not have the figures on that, but it certainly is something to be seriously considered. I personally know of individual commercials that have been produced and exported for use on American networks. It is unfortunate that there is no access to data at the moment to get that information, because it would be very interesting. It would be of some concern, I would think, if that percentage was very high, because I think the Americans would be upset.

**Senator Prowse:** It is estimated that it runs to about \$6 million worth a year.

**Senator Laird:** That was the evidence.

**Senator Prowse:** We have heard evidence to that effect from two or three sources.

**Senator van Roggen:** Does that estimate of \$6 million sound reasonable or possible to you gentlemen?

**Mr. Garriock:** I would say it is possible.

**Senator Laird:** We are concerned, too, because of the possibility of reprisals if there is an attempt to put a total ban on the importation of commercials. However, as I said previously, the feeling I get of this committee now is that that idea has been abandoned and it is just a case of all of us agreeing that we would like to do the best we can by Canadian performers, technicians, and so forth, and that there has to be a ceiling beyond which it should not go.

**Mr. Sinclair:** I would like to say, if I may, something which I know you are aware of, but I should like to make it clear for the record. These are areas which are really not within the direct competence of the CBC. We are expressing our personal opinions as broadcasters, and many of these gentlemen are very experienced in the field and their personal opinions are worth hearing. However, they are simply personal opinions.

**Senator Laird:** We realize that. Thank you, Mr. Sinclair.

**Senator Buckwold:** First of all, may I say that I am glad to see my friend Ron Fraser here and Mr. Sinclair, who I was supposed to meet in Saskatoon last Friday.

**Mr. Sinclair:** So I understand, senator. I heard a great deal about you in Saskatoon, all of it good.

**Senator Buckwold:** Do you feel it is a good objective to have a high percentage of Canadian content in television and radio advertising?

**Mr. Sinclair:** Yes, I think we do.

**Senator Buckwold:** Would you agree, in principle, with the idea that the more Canadian content we get, the better it would be for the country?

**Mr. Sinclair:** Yes. I think we feel in principal that the more Canadian the communication business is in every way, the better it is for the country. Our concern is only with this business of perhaps injuring another aspect of the industry in attempting to achieve this.

**Senator Buckwold:** Yes, we will come to that.

Do you feel that this can be achieved by voluntary guidelines? In other words, the industry doing the best it can with encouragement, or does it take some form of CRTC or other regulation?

**Mr. Sinclair:** Again, if I may, the Corporation, as a corporation, has the position which is, namely, that we show the commercials and we do not have too much outside position. If you would like my personal view, which I think is shared by some of my colleagues, I would be very glad to give it to you. I think we feel that guidelines of some kind are probably called for. Guidelines, either by regulation or by means from the CRTC are apt to be relatively flexible. The point of having guidelines is that they would make it fair across the board and would make it quite difficult for somebody to evade one area by moving to another.

**Senator Buckwold:** Before my colleague Senator Forsey gets into the difference between "guidelines" and "regulations", which I think he rather forcibly drew to the attention of one of the witnesses, when you say "guidelines" you mean regulations, I gather from what you just said.

**Mr. Sinclair:** No.

**Senator Buckwold:** Or are you talking about voluntary guidelines?

**Mr. Sinclair:** I was talking about something slightly different, and perhaps Senator Forsey will be able to shed light on this, namely, that the CRTC often moves by a kind of intermediate document, which is a strong expression of intention, not legally a regulation, but which, at the same time, the industry tends to pay very serious attention to.

**Senator Buckwold:** Mr. Juneau has already laid down, not necessarily those guidelines, but certainly the warning to the industry that he expects them to voluntarily increase the number of Canadian-made commercials.

**Senator McElman:** That was two years ago.

**Senator Buckwold:** Yes, some time ago. The progress, if you look at the figures in the last couple of years, has really been quite slow. It is going up by about 2 per cent a year which, I suggest, is really not a very impressive result of his warning to the industry. Do you think it is?

**Mr. Sinclair:** I think, certainly, Mr. Juneau is capable of warning the industry in more spirited terms.

**Senator Buckwold:** But would those spirited terms not normally be some kind of regulation governing Canadian content in programming?

**Mr. Sinclair:** I think Mr. Fraser may well want to make some supplementary remarks about this. Very often the CRTC prefers not to have recourse to regulation as such, but, as another senator has just suggested, to express very strong sentiments, and we are well aware that it could be made into a regulation if need be. It maintains a certain amount of flexibility.

**Mr. R. C. Fraser, Vice-President, Corporate Affairs, Canadian Broadcasting Corporation:** I think one of the problems is that we are dealing here with a situation in which we are not entirely certain what would happen if, say, a regulation were passed at 80 or 90 per cent. I think we all agree—and there is consensus—that there are danger areas. One of the things we feel is that it might be highly desirable for the CRTC, for example, to issue another strong statement, or, even better, to have discussions with the industry to try to arrive at some kind of consensus and target, if you like on a semi-official basis, and use this period to determine what is going to happen as a result of it. Will there be very bad results? Will they not be bad results? Will they be good? What are they? Are they indifferent? If they are indifferent, if nothing happens, you can always go to a regulation, but I think it would be desirable to feel our way into this field because of the possible backlashes.

**Senator Buckwold:** Do you feel that there is a cultural impact on the nation as a whole through the medium of commercials?

**Mr. Sinclair:** Yes, I think there undoubtedly is. It is part of the North American culture, speaking of culture in the broad sense. Yes, there certainly is—that is, culture in the anthropological sense.

**Senator Buckwold:** Do you feel there is a significant impact on the Canadian way of life by commercials?

**Mr. Sinclair:** I think that is generally agreed.

**Senator Buckwold:** The fact is, it is true that we have 68 per cent "Made in Canada", but if you relate that to the exposure time of those commercials, the dollar value, the so-called prime time areas, the number of times they are shown, I would suggest that the impact is a great deal more than perhaps the other statistics would indicate; that, in fact, most of the time the average citizen is watching television, to quite a large extent he is getting American-made commercials, in that prime time, high-price area. Is that a fair statement?

**Mr. Sinclair:** I really do not know. I think we have no information on that at all. Would anyone like to comment?

**Mr. Garriock:** Perhaps the only comment I would like to make is that one of the common practices for large corporations, on the figures that have been supplied by the agencies, is that a high percentage of the commercials are Canadian. Then the American is added, so that they can keep their image to fewer repeats if possible. There are a lot of strategies used, whereby they will take a commercial and repeat it to death, as you well know if you watch a lot of television. I think the concern of going to radio and print, is that, for example, a large manufacturer of cars who out of ten commercials has seven Canadian and three very expensive American commercials; will spread those out so that the ten have the impact. What the affiliates and some of the agencies are, I think, concerned about is the fact that they will divert the three, which means the seven will have to be repeated more often, so that you can actually end up having a much higher repeat pattern by going to the American.

**Senator Prowse:** That was not the way they put it to us. They put it to us that they would shift money away from TV, because of the higher cost, to other media.

**Mr. Garriock:** I think they would repeat the Canadian more, which would mean more repetition than there is now.

**Senator Buckwold:** This concern may be a real one or it may be an unreal one, as to the shift in advertising from one media to another as a result of this type of thing.

**Mr. Sinclair:** I would like to reply to that with what the affiliates have been telling me in the last few days. They feel that there would be such a shift, and it would be very serious.

**Senator Buckwold:** Do they feel that way when you talk about your 50 per cent Canadian content?

**Mr. Sinclair:** They feel that if they were given a little time it would be all right.

**Senator Buckwold:** I do not think anybody is suggesting that overnight suddenly, on August 1, we are going to have all-Canadian. Obviously, it will be a process that will take some time. Realistically that has to be the case, if only because advertisers are planning campaigns months in advance, and you cannot just cut that out. I want to discuss this, because I consider this business of shifting from one media to another to be something of a bogey.

I did a fair amount of research on the earlier problem of CRTC and Canadian content in programs, and the same kind of arguments were used, that because Canadian content would be poor quality and relatively uninteresting, and all this stuff, the advertisers would not buy it, that they would spend their money somewhere else, that listening or viewing audiences would drop, and all these terrible projections would bring ruination to the industry. The CAB was, I suppose, just as vocal as anybody. I suppose the only support we had was from the CBC, although maybe deep down you have some concern; I do not know. The fact is that it worked out very well.

I would suggest that the TV and radio stations are probably doing as well as, or better than, they have ever done. Would you feel the same kind of trend would take place here, once you got into it? While it is true that there may be some additional cost, I do not think it is significant in the overall multi-\$100,000 budgets of these national corporations, that because they are going to make a commercial in Canada as against the United States it will mean a very real re-assessment of where they put their advertising dollar, if TV is as strong an advertising agent as we are led to believe. Would you discuss that just a bit more, because I think it is a crucial point?

**Mr. Sinclair:** First of all, for the big national companies with large multi-million budgets I think you are quite right; I think they would sigh and put a little more money into it. That is not the immediate concern of our affiliates. They are concerned much more with very small outfits that do not have much money. I will be quite candid about it. I think they feel they could live with it if it were phased in over a period of two or three years, but their concern is lest it should be brought in abruptly and suddenly, and I must say I think they are quite right about the impact it would have then.

**Senator Buckwold:** I think I would agree with you if it were abrupt.

**Senator Prowse:** Have you any example of anything ever being done abruptly and suddenly by the government?

**Senator Buckwold:** Only income tax increases!

**Mr. Fraser:** I would like to add a word, if I may, appropos Senator Buckwold's request in comparing it with Canadian content. Our experience has been good in Canadian content to the point that today, for example, while the limit by regulation set by the CRTC is 60 per cent for CBC, we are achieving about 70 per cent; we go up to 73 and down to 68 per cent, but we are in there. I think the pertinent point is that, I am sure, we do not intend to stall at 70 per cent. We see ourselves going up. We do not see ourselves going to 100 per cent at any time. We do not know just how far we will go; this is an area of uncertainty; but we would like time now to pause, to consolidate and approve the quality of our 70 per cent Canadian programming. When we are satisfied on that basis, I think we then make the effort perhaps to go a step further.

I think the same thing applies to commercials. This is perhaps repeating what I said before. We have to feel our way a bit over the next, if you like, 10 per cent, or whatever it is that we want to get, to see where we are going. If this can be done on a voluntary basis, with some persuasion—it will take some persuasion—then we can consider whether regulations are needed or not, and what the practical top is, which no one knows at the moment. We know it is not 100 per cent. I think you agree, senator, on that. I think the difficulty is to find out where that figure rests and what is practical.

**Senator Lapointe:** You spoke about some backlash. What would that backlash be?

**Mr. Sinclair:** I think it was relative to the affiliates. I believe it is simply that probably we are feeling that if

it is a matter of bringing in such a thing abruptly, it would obviously improve the position of actors and performers, and some production houses, but it might have an adverse effect on some of the small private stations. Therefore, it is benefitting one part of the industry and perhaps harming another part of the industry. In that sense the affiliates have asked me to tell you this.

**Senator Lapointe:** Is this opposition coming mainly from the West?

**Mr. Sinclair:** No, it is all the affiliates. It just happens that I was in the West talking to some Western affiliates, but they all agree, and I think we all feel it would be shared generally.

**Mr. Fraser:** This is not a matter of opposing it in any way. It is just a fact of television or broadcasting life that, when you require an additional expenditure of funds in the major brackets the first reaction is to affect the amount of funds going into the smaller areas. They feel the backlash. In other words, for example, when we get our television service in Eastern Canada, the inevitable first result of that—to a certain extent, we do not know how much—will be a drop in revenue for some of the smaller stations in the West and East. The smaller markets will suffer.

The same thing happens here. If you have big advertisers suddenly required to spend more money in the Torontos, Montreals and Vancouvers, for a while it means that there will be less money for the Red Deers, the Moose Jaws and the Halifaxes. This is what we mean by backlash.

[Translation]

**Senator Lapointe:** Mr. David, do the commercials shown on the French network of the CBC respect sufficiently the French character of Canada, of the region?

**Mr. David:** You see, for many years now the advertising agencies have, besides, undertaken a large campaign aimed at the sponsors to insist, particularly on the market, that the characteristics of the milieu be respected. As you know, on the publicity level certain prizes are given in Montreal either gold cups or silver cups for the best conception adapted to the market. As the publicity also, and this to me seems interesting, is often built around what the Americans call the "star system". I think that in their own interest, most of the time, the announcers are announcers known on the market. They create publicity around a name, prestigious names. Consequently, there is by the very nature of publicity a tendency to very seriously marry the customs and the tastes of a milieu. It can be seen by this statistical tendency, which is 68 percent for CBC, and, in one year, has risen to 76, I think.

Consequently, I think that the very evolution of publicity indicates that more and more the French-Canadian buyers are seen as a particular market, unique, and even more so, once again, in the fact that within the very rules of publicity there is a tendency to have the message accepted with known elements in the culture to which it is addressed, in the cultural milieu to which one is addressing oneself.

**Senator Lapointe:** Do you estimate that there is enough at the moment?

**Mr. David:** I think so, yes. As I say, the large majority of the commercial national advertising is conceived and produced here. As far as the local is concerned, I would say that we should reach 100 percent because it is difficult to see how local advertising could address itself to outside Canada to produce its own commercial messages, but I think yes.

**Senator Lapointe:** Do you sometimes receive complaints where certain advertising is too American or something similar?

**Mr. David:** Yes, especially when the dubbing is badly done. It happens, you know, that the sound does not follow the lips. At that moment it is flagrantly obvious that it has been borrowed. Furthermore, I think that this does not add even on the publicity level. Then we have complaints. But we also have complaints in our own broadcasts when they are badly dubbed. However, on the whole, if you look at the sponsorship you will see that it is a sponsor who has called on all well-known names be they either geologists, for example, or Pierre Lalonde, or Willie Lamothe. Consequently, these are people known by the public and it is to them that we go to sell merchandise.

**Senator Lapointe:** Yesterday we heard the representatives of L'Union des Artistes. They were proclaiming the fact that there are many French-speaking actors who do not earn more than \$1,000 per year. They figured that if a larger number of commercials were made in Quebec this would help the actors, those who earn less than \$5,000 per year. What do you think of this?

**Mr. David:** Well, you see, it all depends on the statistics one uses. As I have said, of course for the actors, dubbing will earn less than an original production. This to me seems rather certain. But, as I have said earlier, 96 percent of the advertising has Canadian content and the dubbing requires Canadian actors. I do not see, as far as I am concerned, that there is a very high profit. But it is much more in the dramatic production than in the extension, let's say, of the Canadian participation. I do not see, at the moment, unless there is a general increase in publicity, I do not see how they can increase this substantially. I say "they" because I am talking more about advertising agencies, I do not see how it is possible for them to substantially increase the revenue of actors through publicity because the proportion of what is already done here is considerable.

**Senator Lapointe:** In the figures which are supplied to us on the subject of making advertising more Canadian, we are given a certain percentage which appears to be satisfactory, but in these commercials, so called Canadian, are there not American stars and, sometimes, more American actors who appear than Canadian actors?

**Mr. David:** I do not believe so. You see, when we say that 75.9 of those are produced in Canada, it is certainly at that moment with French-Canadian actors. American stars can be seen—I do not have any in mind—maybe in certain commercials, but, there again, dubbed. Once again, as the American star has less appeal for the viewers than a Canadian star, because the Canadian star, and this is obvious in our listening surveys in general, the Canadian programmes are far more listened to than dubbed programmes. There is only one dubbed pro-

gramme which is really very popular, that is "Dr. Welby". As for the rest, soap-operas, all the Canadian productions on the French side are better received than imported programmes. Consequently, I think that the advertising agencies try first to involve French-Canadian stars in their publicity. Really, I do not know of many American stars who have made a career in the publicity world of French-Canadian television.

**Senator Lapointe:** Yes, but I am talking of the English-speaking television, because it is more natural, obviously. It has been said, on occasion, that it is very difficult for an actor in Canada to take part in an American commercial, and he may even be refused the granting of a visa to go and participate in the recording of the commercial, whereas here, it seems, in Canada, we are far more indulgent and far more generous in the larger sense of the word to allow American actors to perhaps take part in commercials. Do you think this is true?

**Mr. David:** Well, really, I do not have an opinion on this, because it is probably more on the English side that a situation such as this can happen. But certainly not on the French side.

**Senator Lapointe:** Would Mr. Sinclair answer this question?

**Mr. Sinclair:** Yes, I agree with Mr. David on the English side. Obviously, as you say, we are a very, very liberal country in the general sense of the word, but on the French side, it is really something else, there are not many Francophones in the United States.

**The Vice-President:** I would have a question for Mr. David, to follow the type of question which Senator Lapointe has been asking. In the brief which was submitted yesterday by L'Union des Artistes, it says:

But, it nevertheless remains true that our television market is not only invaded by programmes which come to us from all Francophone countries, but also all long films and the majority of American or foreign programmes which are shown on our airwaves, are dubbed in French.

Is the CBC trying to correct this situation, because, if it was corrected, it would obviously help our own actors to undertake more work?

**Mr. David:** It probably refers to the general programme. First of all, we had last year, Mr. Fraser underlined it a moment ago, much like the English network reached a proportion of 68 percent of our programming which consisted of Canadian productions. This, therefore, leaves only 32 percent from outside. From outside, perhaps in a fifty-fifty proportion, grosso modo, half comes from Francophone countries, Belgium, Switzerland, France, the other half from English-speaking countries, especially from the United States, obviously and a bit from Great Britain: "The Avengers", for example—or from Australia "Skippy the Kangaroo". But, in great part, these programmes are dubbed in Montreal. There is, in Montreal, a large business of dubbing which has, everything considered, been set up at the insistence of the CBC to have these programmes dubbed in Montreal. Last year there were more than 15 foreign series of programmes, American, dubbed in Montreal. "The Name of

the Game", for example, is dubbed in Montreal. Consequently, it is no longer right to say that most of the programmes are dubbed in France, as the majority of programmes are dubbed in Montreal. One could produce statistics on the subject of programmes dubbed in Montreal. You see, the rule followed is as follows: when a distributor offers us a series, if we are the first takers, we insist for the series to be dubbed in Montreal. If, obviously, the first takers are Belgium or France, at that moment it is only normal that it be dubbed over there. We, because we do not do the dubbing ourselves, we buy a product, so we are told that it should be dubbed. Obviously, the series is presented in its original English-speaking programme; if it appears interesting, we buy it. At that moment, we say to the distributor that we are interested in purchasing the rights, on the condition that they be dubbed in Montreal. This is how, in one year, we had \$2 million worth of series dubbed in Montreal proper. Furthermore, there are many businesses—take programmes like "The Galloping Gourmet"—which have five programmes per week dubbed in Montreal. "Civilisation" which is shown presently—"Civilization"—this great prestige series from the BBC is dubbed in Montreal. It is presently shown on the network. Therefore, the dubbing industry came here obviously prepared. However, our objective presently is to develop it as much as possible, without this obviously ever attaining a totality because, like everyone, we are playing on the international market, but the fact is that for actors this is a source of revenue developed by the CBC. I think that Télé-Métropole has also involved itself in the dubbing of American programmes by Canadian artists.

**Senator Langlois:** Mr. David, could you tell us what is the percentage between these foreign series that you obtain as second takers which are dubbed outside the country, in relation to those series dubbed in Canada? What is the percentage, in your purchases?

**Mr. David:** Well, listen, I cannot tell you exactly, immediately. If Mr. Senator wants it, we have great facilities, we can find the figures and give them to him.

**Senator Langlois:** This could be forwarded to the Chairman.

**Mr. David:** Very well.

[Text]

**Senator Graham:** Mr. Sinclair, I want to go back to a percentage which you used after your opening remarks in expressing the concerns of your affiliates in respect of, I presume, the jingles and the I.D.s that they use in producing their local commercials and these jingles and I.D.s which they bring in from the U.S. Is that correct?

**Mr. Sinclair:** Yes. I must say, senator, that I think the affiliates should speak for themselves. It is a courtesy that you are allowing me to say something on their behalf. It is much more than that. They would bring in the entire commercial from the U.S. and then just put a tag on the end identifying that the local agent for such and such a product is so and so. So it is the whole commercial that would come in from the U.S.

**Senator Graham:** Incidentally, the 40 per cent figure was just a percentage figure that was given to you? It seemed too high to me.

**Mr. Sinclair:** That was agreed by two of the affiliates, certainly, but that was about it. Perhaps Mr. Trower would like to make a comment on it. Again, we are just expressing personal opinions. They were very insistent that I should pass on that figure, if I got a chance to, and I am happy to take the chance.

**Mr. Trower:** The senator may be somewhat confused. The 40 per cent is local revenue. It is not commercials. That would be fair enough on the average.

**Senator Graham:** Forty per cent of the local revenue is identified...

**Mr. Trower:** No, no. Forty per cent of the revenue comes from local sales, comes from the local businessmen.

**Mr. Sinclair:** Actually, there are two figures. They told me that there were two figures. One, 40 per cent, was entirely local and the other was that there is an intermediate range which was being brought in from the United States and being used, and I am inclined to think that perhaps that figure may be a little high, but that was the figure that was given to me—another 40 per cent.

**Senator Graham:** I wonder whether or not the 40 per cent of the commercials used was 40 per cent of the total commercial content.

**Mr. Sinclair:** They were talking about total revenue in the station. I do urge you to remember that these figures were given to me orally. It was a matter of passing it on, if possible. I think it is very important to these affiliates and that the CAB generally should give you a brief. I think they should give you a brief with much harder facts than I am giving you. It is just that I am trying to indicate a concern, which they said they feel and which we share, and to give an impression of the order of magnitude of that concern as it was passed on to me by them.

**Senator Graham:** Are there many companies that you know of that are producing jingles or I.D.s. in Canada?

**Mr. Sinclair:** I think there are a great many.

**Mr. Garriock:** Very definitely!

**Senator Graham:** Some of the witnesses earlier seemed to indicate that the stations—at least this was the impression that I got—were importing all of their jingles and I.D.s. from the United States.

**Mr. Sinclair:** Norn, would you like to comment on this? It certainly is not true in the larger markets. It may be true in very small stations.

**Senator Graham:** Do you have any border stations or affiliates carrying advertising for American firms?

**Mr. Sinclair:** CKLW-TV in Windsor.

**Senator Graham:** That is an affiliate?

**Mr. Sinclair:** Well, it is in a strange situation. It is sort of a partly wholly-owned subsidiary.

**Senator Graham:** Do you have any shares, Senator Laird?

**Senator Laird:** No, John Bassett owns them all. By the way, CBC is going to acquire CKLW-TV entirely by 1975.

**Mr. Sinclair:** We own 25 per cent at the moment.

**Senator Forsey:** The only thing I wanted to raise, which perhaps would be better raised with Mr. Juneau when he comes, although it is possibly not out of place here, is that I was doing a little calculating yesterday on the figures that we were given—you know, the 61 per cent in 1968, 64.6 per cent in 1969 and so forth. There seemed to be some tendency to say, "Well, things are going on pretty well, you know. We are making progress at a not insignificant rate." And there seemed to be a feeling, I thought, that this strengthened the case for your exhortation—which, incidentally, I think Mr. Juneau has been engaged in already for some little time—and I wondered what it would look like if I made a simple calculation of the progress from 1968 to 1969, and then looked to see what the present situation would be if that same rate of progress had continued. The results were a little bit startling. Now, that may not be altogether a fair sort of thing to do, but if you look at the 1968 to 1969 advance, it is quite appreciable. If I remember correctly, 3.6 on 61 works out to something like 7½ per cent. I do not have my calculation here, and I am speaking from memory. Then you find that from 1969 to 1970 it went down rather markedly from 64.60 to 59.5. Then in 1971 it was barely above 69. But if you had a continuous increase at the same rate as from 68 to 69, you would have arrived now at a figure running close to 80 instead of the figure we have, which is 67.8. This made me feel a little bit pessimistic about the effects of exhortation or even exhortation reinforced by some fairly stiff tut-tutting. I remember when I was on the BBG I acquired a certain skepticism about the effects of this sort of thing. I did not arrive at the conclusion that the private broadcasters were quit as susceptible to exhortation and quite as anxious to get on with their good intentions as, perhaps, they might be. Now I may be a little bit prejudiced—I don't know—and I may have a jaundiced view of the private broadcaster as acquired from my experience in that context, but I don't feel altogether the same confidence about these guidelines short of regulations as some people do.

That is by way of comment more than anything else. If any of the witnesses would care to comment on the comment, I would be interested to hear it.

**Mr. Fraser:** I think exhortation, just speaking generally, has certainly worked in the case of Canadian content, and where it was not practicable this was accepted by the CRTC only after a great deal of thorough investigation by accountants and people like that. It was not just a surface thing. So the climate today with the CRTC has changed, I think, Senator Forsey, from the days when we were enjoying the BBG. That was a very pleasant stage to go through, and it was effective in many ways, but today it has become far more businesslike.

**Senator Forsey:** I think the CRTC is a great deal tougher than we ever were, and I admire them for it. I have an uneasy conscience about the way we all tended to be all boys together with the private broadcasters. I became more and more uneasy about that and eventually it blew up.

**Mr. Fraser:** I think it was probably necessary to go through that stage because you, in turn, did come out

of the "real old chums together" when the CBC board controlled everything, so we have gone through these three stages. But I think today the CRTC has a fairly good track record, whether talking about FM or radio. Taking the job that they did on radio, they did it with a very minor regulation, but actually it has been exceeded. It is meetings such as this, it is the interest of Parliament, the Senate and the House of Commons, that causes this type of thing to happen. I would not be pessimistic about giving it a try to see if it works. Then if it doesn't work you will have to do something else, but I think it is worth trying.

**Senator Denis:** Excuse me for speaking such bad English. I don't know if it is because of the imported commercials! I would like to ask you who imports the American-made commercials. Is it the radio or the TV station? Is it the advertising agency? Or is it the individual—the customer?

**Mr. Sinclair:** I think Mr. Garriock has the answer to that.

**Mr. Garriock:** Mr. Chairman, the commercials are purchased by either the advertising agency, representing a large corporation or company, or directly by the company. This depends on its relationship and whether it has an agency. For instance, the Canadian Broadcasting Corporation does not buy commercials at all, and private stations do not buy them. The exception is that they will buy them for local sales, as was pointed out by Mr. Sinclair. They may buy a commercial for a product like ice cream, or something of that nature, and then put the name of the local dealer on it. So while local stations may purchase directly, CBC does not.

**Senator Denis:** Whether it is imported by the advertising agency or the company, when they buy a program, do they see that the Canadian identity or Canadian culture is taken care of, or do they buy those commercials because it is cheaper? On the other hand, is it because that kind of program is better suited to the selling of the product they want to sell?

**Mr. Sinclair:** I suppose it is the last reason. After all, they are putting on the commercials to sell the product.

**Senator Denis:** So culture or identity has nothing to do with it?

**Mr. Sinclair:** Except insofar as it will not sell the product unless it relates in some way to the identity.

**Senator Denis:** Do you agree that sometimes it is the opposite—using slang language, for instance, or songs out of tune or, as Senator Forsey said, big noises or funny noises?

**Mr. Sinclair:** That certainly describes many commercials.

**Senator Denis:** If they are imported by advertising agencies, and the writers and artists complain that they are being deprived of jobs or they are being prevented from having higher revenue—do you think that those importers are the first people responsible for the import of American-made commercials?

**Mr. Sinclair:** I think they are, yes. And we say, this is not a matter of direct concern to the CBC, but we are very sympathetic.

**Senator Denis:** Why then do they want the government to bear the responsibility for a ban or for a change in the situation when it is their own responsibility? Would it be possible, for instance, for them to have among themselves the regulation or a consensus in accordance with which they would say, for instance, "Well, we won't sell to the Canadian customer more than 20 per cent of our time, or more than 20 per cent of what is heard in Canada"? Would it be possible for a radio station or a TV station not to buy or not to import or make available more than so much?

**Mr. Garriock:** Mr. Chairman, I think the comparison here can be made on purchasing American programs which stands up on comparing it with purchasing American advertising. We will take a show called "The Julie Andrews Show", produced in the United States, owned by Sir Lew Grade of ATV in Britain and purchased by the ABC network in the United States. Now a show of that type costs approximately \$300,000 per show. That would be a guaranteed minimum. I know the actual cost, and it is very close to that. A show of that type would be purchased by a large network in Canada for a sum in the area of approximately \$5,000. That is the differential. The same differential applies on commercials. If you have 222 million people supporting a commercial in the United States, then they can afford a helicopter to fly the car to the top of that place in the canyon to make an impact on you, and the commercial will cost, say, \$25,000. A comparable company in Canada would not pay \$25,000 for a commercial in Canada. It could not afford that because it is out of ratio for distribution. So I think the issue, with due respect, is exemplified by asking a commercial company "X" if they intend to increase their advertising budget in order to maintain that quality. That company might have a formula, as most companies do, which I am sure you gentlemen are more familiar with than I, for the amount to be spent on advertising. They would have to repeat those commercials they are making in Canada in order to amortize and keep the budget constant for what they are missing. They presently buy those commercials very reasonably. The issue is, would they pay much more and increase the number of artists in Canada? In my opinion, that is one of the key issues.

**Senator Denis:** You have just said that they would buy an American-made commercial because it is more suitable for selling their product. If there is a ban, or a reduction in such imports, is there any danger that Canadians, rather than listening to Canadian networks, would transfer their attention to cablevision? The advertising would then reach less viewers, with consequent lesser value. This would cause a reduction of the fees, which are based on the number of listeners?

**Mr. Sinclair:** I wonder if we could take great care to distinguish between American programs and American commercials. I do not believe the viewers go from one channel to another for the commercials. They may follow the program, but we are only discussing commercials.

**Senator Denis:** They are included.

**Mr. Sinclair:** No, they can be produced separately. The program is one thing and the commercials something else, which can be inserted as completely separate units.



**Senator Denis:** The commercial is different, but it is included with the movie itself, for instance.

**Mr. Sinclair:** No, it is not; it is inserted afterwards by the station. They will buy, for example, "The Julie Andrews show" as a program. That program contains several places known as "availabilities," which describes them exactly. They are places available for the insertion of commercials.

[Translation]

**Senator Denis:** I only have one question for Mr. David concerning French culture or French identity. Do you not believe that American imports affect us a great deal?

**Mr. David:** You see, I think that on the one hand, there are contributions that foreign television networks can bring to our programming, which are extremely positive. For example, I am thinking of programmes such as "Civilization" or "Elizabeth R", or there will be "Leonardo da Vinci", translated into French. I do think that on one hand there are many programmes which are of unquestionable quality and which are, for viewers, an addition to their cultural baggage. I also think that when they are well chosen, programmes like "Dr. Welby", for example, are seen around the world. The CBC adds them to its schedule but also France, Belgium and Switzerland. I think that American programmes, especially American series, such as "Father knows best", or "Bewitched" are seen practically everywhere in the world. If the proportion of our programming was such that it represented 60 percent, well!, I think we should question ourselves, for there would certainly be a loss of culture. But for the moment, and I am thinking particularly of the French network, there is always at prime time at least 75 percent of Canadian production. It leaves 25 percent for productions, not only American, but French and Belgian.

We, because of the language, can ensure a good balance in the imports. This represents, I think, a window on the world. We would not want, either, to live in a milieu which is so closed without being able to profit by what the outside world has to offer. I think, that, on the whole, particularly because of the taste of viewers, this taste spontaneously goes towards Canadian productions.

**Senator Denis:** Excuse me, but, whether we're talking of commercials or programmes or cinema and so forth, if I am to believe Mr. Sinclair, the client who buys the programme or the broadcast, whether it be advertising or a film, this client is trying to sell his product, but he worries more or less about the culture and the identity. I understand that when French identity is concerned, or French culture, well! the radio and television networks personally look after this. But, is the sort of advertising or presentation that you have in French networks where at every third sentence there is cursing—where at every third sentence slang is used, where, for example, there is racism shown, etc., etc.—often, or more often than not—I wonder if this French culture should be encouraged, or if it would not be a good thing that from time to time we have a programme in French?

Two days ago, I believe, and this is an example among many, I was listening to a play or a film called "Vive la France", where, at every third sentence the words "Maudit", "Calvaire", were said and this came from our people in Rivière-du-Loup. The husband says "j'me suis

effouéré"—and his wife answers "It's not French, you should say 'effoiré'".

Do you think this French culture should be encouraged? Otherwise, should we not import a few good films, or a few good French commercials, in good French? If I do not speak French properly, myself, it is probably because I have not learned it from radio and television networks.

**The Vice President:** These are many questions.

**Mr. David:** Yes, these are many questions and we are getting away from advertising. Yes, for sure, the language problem is a very special problem of the French network.

You have had programmes, for example, of the folklore type; I'm thinking here of "Belles Histoires". Our announcers certainly speak impeccable French. But, when you come to dramatics, you have to respect the veracity of the characters.

Obviously, it is not possible to have a lumberjack, speak like a scholar. Lumberjacks, what can we do about it, they'll say "toé" and "moé". I think that if we had them speak like scholars...

**Senator Langlois:** It wouldn't be bad!

**Mr. David:** No, but he will say "en'oueye". If he says: "Envoie-moi le balai"—well then! the people will whisk him away, they will not listen.

I think there is a distinction to be made here. I think that presently, there is a slang school, with, at its head, Michel Tremblay the dramatist. It is a new expression of a social transformation. At that moment, we cannot arrive with a dogma such that we eliminate from the airwaves these new currents that can be rejected, but there are many personal opinions.

**Senator Denis:** "Can" we or "should" we reject?

**Mr. David:** As far as I am concerned, I think that we must respect reality because reality is such, if you call upon these characters.

Now, and I see to what you refer, there are also documentaries where we present reports, where we interview people. Now, you know, these people will not change their language because they are speaking on television. They will express themselves on television as they express themselves every day. We cannot impose censorship.

**Senator Denis:** Here I must stop you. When you conduct these interviews, you have many, but they are not all necessarily shown. Consequently, those who are crude or those filled with things we should not learn, are put aside, you make a choice. They are all, therefore, in this type of interview. The lumberjacks must be rich in salary because they address themselves more often than those who speak French.

**Mr. David:** Well, listen, I do not have statistics but one thing is certain is that when you conduct an interview surely it is obvious that we cannot present scandalous things. We do not want either to hurt or come against the sensitivity of the public. But, it could very well happen that there is a truth there which can be unpleasant but must be shown, without which we would

have to impose censorship and let only what can be acceptable for any milieu go by.

**Senator Denis:** You have no form of censorship?

**Mr. David:** Not censorship, no, but we exercise judgment. There are things, obviously, where it is a question of taste. There was, for example, last year a series which was cancelled after two programmes because it was found to be too violent. It was a soap-opera. It was found to be too violent, but not strong enough on the dramatic level for it to continue, for it to be accepted spontaneously because it was well carried by the drama. Therefore, we cancelled it. We view all films and, apart from that, they are scheduled at an hour or another, depending on the audience to be reached.

But to return to slang, I think that, actually, in drama particularly, slang is essential to express all the French-Canadian reality. I think that in drama you have the private aspect, not that it is not an encouragement to speak like that because it is not a school, drama, but what can we do, we are showing a certain milieu. We are trying to show it with as much credibility as possible. It is obvious that Séraphin does not speak at all like Mrs. Velder.

**Senator Denis:** They must be really dangerous, the programmes that you eliminate!

Do you remember one or two years ago, a play entitled "La Saignée", where religion was laughed at, where racism was shown, where there was tentative rape of a relative, where people paraded with a cross, when they are going to kill a pig. If you are going to let this type of programme go by, My God! those that you have refused must be really dirty?

**Mr. David:** I do not remember the details you have given of "La Saignée". I remember that at the end there was a pig bled.

**Senator Denis:** Yes, you had Gilles Pelletier as the principal actor and we were present at the bleeding of a pig.

**Mr. David:** Yes, I remember having seen that.

**Senator Denis:** The pig is bled, at the end, in the presence of his niece. They wallowed in the blood, he tried to rape his niece and after there was a procession with a cross before the bleeding of the pig. Do you remember that?

**Mr. David:** I remember that. I remember very well that they were obviously tough scenes but which were treated with a great deal of tact. I remember very well.

**Senator Denis:** I do not have any other questions.

[Text]

**The Vice President:** It is a very interesting question, but as we have another witness... perhaps Senator Denis and Mr. David could continue their conversation later. We have another witness, and we would like to complete our hearing by 5.15 p.m. Three other senators have indicated their wish to ask questions.

**Senator Prowse:** The ACA suggested... I will read you the figures:

We would expect to see some 71 per cent of Canadian TV commercials produced in Canada by 1975 and 75 per cent achieved within five years.

This is assuming that these figures are confirmed. In view of the fact that these are the fellows who are paying for it, I would assume that we would be correct if we thought that in entering into negotiations they would say, "Okay, we can go to 75." We have suggested 100. So somewhere between 75 and 100 will be the point we are prepared to settle for. But where—Halfway?

**Mr. Sinclair:** I would not dream of suggesting to honourable senators that I knew more about human nature than they did. I think you have to make an open guess on that.

**Senator Carter:** My main question has been answered. However, I would like to ask a supplementary arising out of the conversation between Senator Denis and Mr. David.

**The Deputy Chairman:** Was there any murder in Newfoundland?

**Senator Carter:** Not yet. I have often wondered, does the CBC have any particular standards or criteria by which they select commercials? I am talking about commercials, ordinary short commercials. Has the CBC ever turned down a commercial and said, "This is too silly.?"

**Mr. Sinclair:** We most certainly do. We have a very strict commercial code. We have an entire department, Commercial Acceptance, which scrutinizes commercials very carefully. I am sure Mr. Trower will be happy to tell you a great deal about it.

**Mr. Trower:** We turn down a lot of them.

**Mr. Sinclair:** We turn down a lot of them. We take a very careful look at them. We do not take a look at whether they are silly or not. We do try to take a look at whether they are truthful or not.

**Senator Carter:** I am thinking about whether the commercials are geared to the level of the public intelligence. Some of the commercials you see for soap, for waxes, for selling gas and other things, are just plain stupid, and you are really insulting people and saying, "This is what we think is your level of intelligence!" I am wondering whether you really select them. If there are some that you have discarded, and you still show some of those that I have seen, I still cannot say that I have a very high opinion of your standards.

**Mr. Sinclair:** Our standards are not directed in that way, I am afraid. They are directed towards truth in advertising. They are directed towards some products that we would not like to see advertised. They are directed towards trying to prevent advertising from misleading the audience. Those are the main things. If the advertiser then wants to treat the audience as if they were fools, then I think we have to say that is their business and not ours.

**Senator Carter:** But aren't you saying it too? When the CBC sponsors this, aren't you acquiescing in their estimate?

**Mr. Sinclair:** We do not sponsor it. It is they who are sponsoring it. We permit it to go on. We like to feel that the audience is perhaps a little more intelligent than people sometimes give them credit for, and can make their own judgments.

**Senator Carter:** I am sure they are. I don't think they sell the product—at least, not to me.

**Senator van Roggen:** The thing that has been concerning me during these hearings is what I described this morning as absolutism inherent in the wording of the motion of Senator Buckwold:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the question of the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada ...

...be made in Canada; and then particularly the brief of the Canadian Broadcasting League this morning, which said the same thing:

that all commercial content of radio and television programming be produced in Canada...

Senator Davey, who is not here, adheres to this point of view. Needless to say, I don't. I have two questions. First, I noted a quote of Mr. Fraser earlier this afternoon when he described that you have now reached the figure of approximately 70 per cent in the area of Canadian production of commercials and that as you try to move forward ...

**Mr. Sinclair:** Programming.

**Senator van Roggen:** Programming. I would think you would want to find out what the practical top limit would be. It would not be 100 per cent. Would you be prepared to make the same statement relative to commercial production? If it is 68 per cent, or whatever it might be right now, obviously it could go higher. There is a top limit, and that is not 100 per cent.

**Mr. Sinclair:** Again we are expressing our personal views; it is not the corporation's position. Our Brandon affiliate, I think, raised the point very well to me only yesterday, that it is very difficult to imagine the promotional commercials for movies being all, 100 per cent made in Canada. It is hard, as they suggested, to picture a promo for "Ben Hur" being made in Canada. I think it is not hard to think of examples in which an absolute policy would be very difficult and very trying to enforce.

**Senator Prowse:** Unless we have all movies made in Canada.

**Senator van Roggen:** My second question: If we were, however, to drop a curtain and say commercials must be 100 per cent made in Canada, would it, in your opinion, produce a counterproductive result in stopping the free flow of ideas and technical information? In other words, would the quality of commercials made in Canada deteriorate as a result of that over a period of years? Can commercial manufacturers, being denied the exchange that is going on to some extent now with Canadian com-

mercials being made in Canada and exported to the States?

**Mr. Sinclair:** I think that is very hard to reply to. I would be inclined to think that over a period of years it would not deteriorate. It might deteriorate for a while. There certainly is a free exchange because, you know, people do see an awful lot of American commercials all the time. No matter what we do they come in on cable, across the border; they are there.

**Senator van Roggen:** But I have in mind that if you take this step of making 100 per cent production in Canada that on the horizon are the suggestions that the cable companies be required to delete the commercials coming across the boundary and that Canadian commercials be slipped into those spots.

**Mr. Sinclair:** That would apply certainly to areas reached only by the cable, but an example is KVOS in Bellingham which exists for broadcasting to Vancouver. The Pemberton station exists to broadcast up to Canada.

**Senator van Roggen:** I do say I can get Bellingham without cable.

**The Deputy Chairman:** Is that all, Mr. Sinclair? I would like to thank you all very much. Your comments have been very interesting.

**The Deputy Chairman:** Bienvenue, Mr. Juneau and your colleagues. I would like to express, on behalf of the members of the committee, the most hearty welcome here and to thank you very much for having accepted our invitation today. I do not know if you have some comments to make or you have prepared a brief?

**Mr. Pierre Juneau, Chairman, Canadian Radio-Television Commission:** I have prepared some comments, Mr. Chairman. It depends entirely on you, whether you prefer that I read those comments right away or whether you prefer to start with questions.

**The Deputy Chairman:** Well, what is the wish of the committee?

**Senator Langlois:** The comments should be read now.

**Mr. Juneau:** It will take five, six, seven minutes, maybe.

**The Deputy Chairman:** That will be fine. Before you do so, Mr. Juneau, would you like to introduce your colleagues?

**Mr. Juneau:** I would like to introduce Mrs. Pearce who is a full-time member of the Commission, Mr. Thérien, who is a full-time member of the Commission, and two senior members of the staff, Mr. Hart and Mr. Shoemaker.

**The Deputy Chairman:** So you can start, Mr. Juneau.

[Translation]

**Mr. Pierre Juneau, Chairman, Canadian Radio-Television Commission:** Mr. Chairman, Messrs. Senators, I would like first of all to thank you for your invitation to discuss with you a topic which the Commission also considers of great importance.

I have tried to limit as much as possible the length of my intervention, convinced that the witnesses which have preceded me during these last days have already sufficiently described the various aspects and the various attitudes concerning this question. My exposé will therefore concern itself with the opinions and past and present intentions of the Commission.

[Text]

For a number of years, the CRTC has been very much interested in seeing the production of television and radio commercials in Canada increased to the maximum extent possible. The Commission agrees with the comments about the significance of this matter made by Senator Buckwold in his speech to the Senate some weeks ago. Suffice it to say that we consider the production of commercials, particularly in the case of television, to be important not only to Canadian performers, but also to Canadian production companies, writers, directors, technicians and laboratories—in short, important to the whole Canadian production industry. In the case of performers, income from commercials is second only to payments by the CBC, and is not far behind them each year.

Several years ago, the CRTC considered establishing a regulation forbidding the use of any television commercial not made in Canada. However, it was decided not to take such formal action at that time, partly because until then no direct appeal had been made to advertisers to make their commercials in Canada. Consequently, at a commercial production seminar held in Toronto in the late winter of 1970, I expressed the opinion of the Commission that advertisers should regulate themselves in this regard, and make their commercials in Canada. In a speech to the Association of Canadian Advertisers in May of last year, I reiterated the view that advertisers should voluntarily improve their performance in this respect so that formal regulations would not be necessary.

I might explain at this point several other reasons why the CRTC was somewhat hesitant then about imposing a ban on the use of imported commercials. The Commission considered it quite possible that, if the commercial production expenses for the advertising in Canada of some products were to be increased dramatically, these products simply would not continue to be advertised on television. Thus, a significant amount of revenue would be lost by Canadian television stations and the financial support for Canadian program production and extension of television service would be reduced. This revenue loss would be to other media.

The Commission also considered that some companies might be influenced to transfer their purchases of time from Canadian to U.S. border stations and thus aggravate an already serious revenue drain. It seemed reasonable to expect that the companies which would be most affected by such a regulation would include the ones most likely to look across the border for ways to circumvent it. It should be remembered that these factors were being considered at the very time the Commission was beginning a determined effort to get private broadcasters to increase their Canadian program production activities and extend their services to smaller communities across the country. Subsequently, following the release in July, 1971 of its policy statement concerning cable television, the CRTC asked the government to ex-

tend the provisions of then section 12A of the Income Tax Act (Section 19 in the new act) to include broadcast advertising. Such action, along with the application of the Commission's policy concerning the deletion by cable television systems of commercials contained in U.S. channels carried on cable in Canada, would probably check any move by advertisers in Canada across the border.

Moreover, there was, and still is, concern about taking any action that might jeopardize the chances of Canadian performers obtaining employment from time to time in the U.S. If the border were to be closed to the importation of U.S. commercials, counter measures might be undertaken on the other side. Such action conceivably might make it more difficult even to produce programs in Canada for export to the U.S. However, in recent years, it has become increasingly difficult for Canadian performers generally to obtain work assignments in the U.S., so it might be said there is now not much to be risked. At the same time, American principal performers, directors and cameramen continue to be brought up to Canada for the production of commercials to be used in this country.

Several years ago, a separate, but related, effort was made by the Association of Motion Picture Producers and Laboratories of Canada. The producers requested the Department of Revenue to change the customs tariff with respect to the importation of foreign commercials, so that duty would be assessed on the actual production cost of the commercial. As you know, the assessment is on an arbitrary valuation based on the number of feet of film or video tape, without regard to the cost of the production. However, when the producers realized that their desired change would, at best, be self-defeating they withdrew the request. The problem is that, because of GATT agreements, Canada would be obliged to make a similar change in the calculation of domestic sales taxes on Canadian production, and the resulting increase in the cost of Canadian commercial production would more than offset any advantage gained by an increase in import duties.

The CRTC has watched with considerable interest to see what effect the appeals to advertisers to produce their commercials in Canada have had. We have noted, in their current commercial agreement with ACTRA, the advertisers and agencies have undertaken to produce more in this country and have established a committee to work towards this objective. But by the advertisers' own estimates progress has been too slow. As you know, they estimate that approximately 68 per cent of the English-language commercials used in 1972 were produced in Canada. The 1969 figure was 65 per cent.

It must be remembered that these estimates result from the combined practices of many companies. The range is from companies who use only imported commercials to companies who use only commercials produced in Canada. If, for example, every company used at least 60 per cent Canadian-produced commercials, the industry figure would probably be something more than 80 per cent. Too many companies, including some of the largest, are still producing few, if any, commercials in Canada. Apart from any other consideration, this is not fair to those companies, including many subsidiaries of foreign companies, who must, or choose to, produce most or all of their commercials in this country. The French-language Canadian commercial situation appears to be

somewhat better according to the advertisers' estimates, with about 76 per cent being produced in Canada in 1972. However, this is still not an outstanding industry performance and in our view leaves much to be desired.

The Commission has again thoroughly reviewed this matter and has concluded that in today's context, the situation now calls for formal regulatory action. Accordingly, the nature of such action is now being considered. Of course, there will be consultation with the various industry groups concerning the details and effect of this action. I believe you are familiar with the Commission's public hearing process. I might say too, in this respect, that the Commission will certainly take into consideration the conclusions of this Committee. We shall also be very interested in the report of the Province of Ontario Select Committee on Economic and Cultural Nationalism when it is released.

The Commission has been working for some time on the preparation of its own survey of the use of Canadian commercials, including details of the elements involved and a comparison with the number and value of imported commercials originally produced for use elsewhere. It is not an easy matter to obtain this information, but we think now we should be reasonably successful.

In the case of radio, the Commission considers there is no doubt that a 100 per cent Canadian commercial production requirement should be established. In conclusion, the CRTC is convinced the necessary competence exists in Canada and that substantially improved performance can now be required of advertisers in this country. The Commission is of the opinion generally that television commercials are extremely important showcases, both for the best Canadian creative talent and for Canadian companies and products, and consequently should be conceived and produced within our borders. It must not be forgotten that extremely important values are communicated through commercials with even more precision, often, than through programming. It is important that these values grow out of our society, not out of another, perhaps inappropriate milieu, with different institutions and public goals. Canadian commercials should be connected with the Canadian imagination, with Canadian needs, and be able to reflect better the use and role of products and services in Canadian life.

**The Deputy Chairman:** Thank you, Mr. Juneau. We will start the questioning with Senator McElman.

**Senator McElman:** Mr. Chairman, I should like to start with what appears to be the accepted viewpoint that commercials, particularly television commercials, do have an influence on the Canadian lifestyle. We have had, a bit more than is necessary, the American influence exercised through commercials. I should like to stick to the national advertising accounts in leading up to my question. The production facilities for English language commercials for national accounts are primarily in Toronto. Is that correct?

**Mr. Juneau:** I would say, without hesitation, that there are excellent facilities in Montreal, and I would be prepared to say that there are probably very good facilities in Vancouver.

**Senator McElman:** For national accounts?

**Mr. Juneau:** I would have no doubt whatsoever about Montreal.

**Senator McElman:** I am referring to strictly English language commercials.

**Mr. Juneau:** I am sure that some very good English language commercials are produced in Montreal now. It is probable, if many companies undertook to produce all of their English language commercials in Montreal, they would have to bring in technicians, directors, producers or performers from Toronto. However, since many of them are importing those people from New York, I do not see that that would present too great a problem.

**Senator McElman:** Currently, would it be fair to say that the bulk of English language national advertising accounts are produced in Toronto?

**Mr. Juneau:** It is only a guess on my part, because I have not checked it, but I would think that you are right. The bulk, I think, would be produced in Toronto. There are so many more facilities and people in Toronto.

**Senator McElman:** Perhaps I could direct this question to Mr. Hart. As a ball-park figure, would it be something of the order of 75 per cent or 80 per cent?

**Mr. Ralph Hart, Manager of Radio-Television Development, Planning and Development Branch, CRTC:** I am not sure.

**Mr. Juneau:** You are referring to Toronto-produced as against other parts of the country?

**Senator McElman:** Of the total amount of national advertising now produced in Canada, what percentage, in ball-park figures, would be produced in Toronto?

**Mr. Hart:** It might be as high as 75 per cent, Senator McElman. I could not be sure. That would be one of the pieces of information which I would hope the survey to which Mr. Juneau referred in his opening statement would develop. Certainly, by far the largest proportion of English language commercials are produced in Toronto as compared to other centres.

**Senator McElman:** The greatest proportion is produced in Toronto?

**Senator Graham:** If I may just comment, Senator McElman, one of the witnesses gave us a very definite figure of 80 per cent being produced in Toronto.

**Senator McElman:** I missed that.

**Mr. Juneau:** I would not dispute that figure.

**Senator McElman:** What I am coming to is that, like many Canadians, I am concerned with the effect of the US produced commercials on the Canadian lifestyle, particularly on the youth of our country. I might say, I would also be somewhat concerned, if we do repatriate this rather substantial amount of production to Canada, that it may all be going to Toronto, and we would be subjecting the nation to the Toronto subculture which, perhaps, might not be too much more Canadian than what we are getting now.

**Senator van Roggen:** It is worse in Vancouver.

**Senator McElman:** What I am getting to is whether or not, if we are able to do this, there is a possibility of getting the production out into the country more and reflecting more the Canadian lifestyle rather than the Toronto lifestyle, that we get so continuously through CBC.

**Mr. Juneau:** That is a broad subject. As in many other things, at least when you repatriate within Canada an activity of that kind, your chance of having some influence is somewhat greater than when the activity takes place outside the country. The CRTC has no authority on Madison Avenue. It is a little easier, because of legislation and other factors, to have influence on what takes place within the borders of Canada. The problem you indicate is one that we constantly refer to in the CRTC. However, I think that no country in the world is without a problem of that kind when it comes to the media. I am sure that in England people complain about the influence of London, that in France they complain about the influence of Paris, and so on and so forth.

I do not know whether the problem is greater in Canada. It is certainly very difficult in Canada because of distances. Mind you, I think that if we were determined to solve that problem we could do so. I am referring to the general problem. We find it extremely difficult to develop interest, even within the government and within the CBC, for accelerated development of services in places distant from the centres. People are just not terribly excited about doing things in Newfoundland, in Northern Manitoba, or on the north shore of the St. Lawrence. For metropolitan people they are not exciting places to bother about.

**Senator McElman:** This is exactly why I posed the question. What I am asking you is if in solving one problem we are not simply accelerating another problem.

**Mr. Juneau:** I think it would be a sad situation in the country if we refrained from doing certain things in Canada because it would give too much importance to Toronto. I think a rather schizophrenic situation would develop. If you want to build a country you certainly have to be worried about the problems of decentralization, but I do not think we will reinforce Canada by destroying Toronto. I say that as a Montrealer.

**Senator McElman:** Do not misunderstand me, Mr. Juneau. I do not need to make any apologies for my Canadianism, which is not anti-Americanism, but it is very much pro-Canadianism.

**Mr. Juneau:** I know that. I am reacting candidly. The same problem exists in many respects, but it seems to me the solution is not to slow down any Canadianization process because of the danger of excessive developments in Toronto. I would think we should rather have a more determined attitude concerning the development of other parts of the country. You are probably aware that the Commission never misses an occasion to reflect this pre-occupation.

**Senator McElman:** Yes, and my interest, of course, is not to forestall the repatriation but to foresee.

**Mr. Juneau:** To be frank with you, I would think that in radio the production of commercials is much more decentralized than in television; many, many radio sta-

tions produce their own commercials. Mind you, many television stations produce their local commercials; all local television commercials are produced locally.

**Senator McElman:** This is why I refer particularly to national accounts.

**Mr. Juneau:** To be frank with you, I think this would probably be a tougher problem than many others that members of the Senate and the CRTC may be concerned about. I believe it is tougher than the problem of programming, because it does require very, very specialized skills. I would not underestimate the difficulty of achieving a great deal of decentralization in the production of commercials for national accounts.

**Senator van Roggen:** Mr. Chairman, I apologize for leaving, but I have to catch a plane. I have asked Senator Laird if he would pursue the matter that I have been concerned with in the last one or two days, namely the suggestion of absolutism, which is in the wording of the resolution, and in one or two of the briefs, that it should be 100 per cent, pulling down the iron curtain, as far as commercials in Canada are concerned, as opposed simply to a higher percentage than we have now. I am sorry I shall not be able to stay to hear Mr. Juneau's observations on that, but Senator Laird will pursue it for me.

**Senator Laird:** I will pursue it. I naturally noted with interest, Mr. Juneau, that you were definite on two scores, which we have discussed pretty thoroughly over the past three days. One was that you thought this matter should be dealt with by regulation and not by guidelines any more. The second point was the very one Senator van Roggen mentioned, that you felt that radio commercials should be 100 per cent Canadian produced. In view of the fact that you mention this in your brief, would it be fair to say that you would not take these drastic steps without your usual practice of holding public hearings, and giving an opportunity to all interested parties to make representations?

**Mr. Juneau:** That is right, senator.

**Senator Laird:** In other words, you have expressed what you feel should be done, but I take it you would be amenable to reason if you found it in representations?

**Mr. Juneau:** It is a very complex subject. I am sure that even to develop a proposed regulation we would need to have considerable consultations with the experts in the field.

**Senator Laird:** It has also come out in the evidence to which we have been listening intently over the past three days that conditions can vary; there might have to be a variation in the enforcement of your regulations in some respects, to make them conform to different situations from the regular, normal situation. Is that a fair comment?

**Mr. Juneau:** That is absolutely right, yes. We are aware that certain commercials require different locales, and sometimes they would have to be outside the country. I used as an example the fact that sometimes you want snow and there is none in Canada—and somebody asked me when there was no snow in Canada!

**Senator Prowse:** Somebody said grass.

**Senator Laird:** During the past three days it has become fairly evident that the witnesses and, I take it, most members of the committee are agreed on two things. First, we would all like to see an increase in Canadian-produced commercials. We honestly would. Secondly, it cannot ever be 100 per cent. In other words, there has to be some importation. Two figures were suggested to us by two different groups as desirable goals. One figure was 75 per cent produced in Canada and the other was 80 per cent produced in Canada. These were given to us as being realistic. I would be very appreciative of your comments on that.

**Mr. Juneau:** I think that the figures I used in my remarks are themselves of debatable value, because they are based on the number of commercials that seem to be produced in Canada. There are other factors that are important, the amount of money represented by those commercials.

If all the big commercials were produced outside the country, it may be that the dollar value would be much under 75 per cent or much under the figures I give here. So I feel we should be careful, if we use a percentage which refers to the number of commercials, and we should have more information or we should have other criteria. That is why the approach should be to have as close to 100 per cent as possible, with the possibility of exceptions when common sense requires making a commercial outside the country. That is why such a regulation is difficult to draft, to leave some leeway but at the same time not make it too arbitrary.

**Senator Laird:** You relieve my mind very much, so I am going to leave you alone.

**Senator Carter:** Mr. Juneau, in your brief you refer to a survey that has been carried out. Was that a survey of Canadian produced commercials, or a survey of all commercials shown in Canada?

**Mr. Juneau:** Because of the lack of adequate information that I was referring to in answer to Senator Laird, we have been trying to carry out a survey, with the co-operation of the Association of Canadian Advertisers, over the last two years. The purpose of that survey is precisely to obtain more information concerning the dollar value of commercials, which commercials are produced in Canada generally and which are not produced in Canada, and so on and so forth.

**Senator Carter:** It was a general survey?

**Mr. Juneau:** Yes, a general survey of all commercials.

**Senator Carter:** Have you also conducted an analysis of this survey?

**Mr. Juneau:** We have not carried out the survey yet. What we have been working on is the method of the survey, the factors we want to find out about, the kind of details we want, and so on and so forth. It has been very difficult to develop that. It is also difficult in the sense that you want the co-operation of the people who sponsor those commercials and those people do not come under the authority of the CRTC, so you can get the information from them only if they want to give it to you.

**Senator Carter:** You indicated in your brief that you think the time has come when there should be some form of regulation, and in the last paragraph you quote the kind of commercials you would like to have shown in Canada. You refer to this, and what impressed me very much is that you refer to values. You say that commercials can have an impact the same as programs, and then you go on to say that it is important that these values grow out of our Canadian society and not out of another, perhaps inappropriate milieu, with different institutions and public goals.

The reason I asked if you conducted any survey is because I was wondering whether in carrying out your survey you intend to get some sort of analysis of what types of values are in the films that you are surveying and how they measure up to what you think they ought to be.

**Mr. Juneau:** Frankly, no, we did not intend to get into that sort of thing. We were going to obtain statistical and financial information concerning the dollar value of these commercials. In referring to these ideas at the end of my remarks, in a case like that it is like programming in general, the Commission would hope that if the commercials are produced in Canada by Canadians they will tend to reflect more Canadian values, just because they are produced by Canadians; but we would have to hope that this would happen rather than intend to direct it by CRTC policy.

**Senator Carter:** Yes. I was not thinking so much of laying down absolute instructions as to the type, but you do admit in your brief that we now have in Canada the productive capacity to make our own Canadian commercials.

**Mr. Juneau:** Yes.

**Senator Carter:** Would it not be worthwhile to give them some idea of what you think the commercials should be like, even if it is only in the form of guidelines? It would give them some goals, even if you mentioned only the goals you think should be achieved by these commercials and the kind of impact they could and should have on society?

**Mr. Juneau:** We very often have occasion to discuss these matters with people in various bodies, like the advertisers, the advertising agencies, the broadcasters—the producers of various kinds. We do not mind engaging in discussions about these matters, or discussions of a consultative nature. I think we would hesitate to establish anything that would look official—policies or guidelines—except in very definite fields. As you know, the question of children's advertising has been very much discussed lately. That is a specific field where we may very well have guidelines.

**Senator Carter:** Mr. Juneau, surely there are only two reasons why you should have 100 per cent Canadian content? One is the dollar value of it for Canadians, and the other is the value for our society. These are your two goals?

**Mr. Juneau:** That is right.

**Senator Carter:** While you want to get as much financial benefit to the Canadian industry and perform-

ers and actors out of it, surely the other goal is important as well, that there should be some action taken? I am not saying that you should go to the extent of censorship or anything like that, but something should be laid down as a sort of general guideline as to what these commercials should try to achieve?

**Mr. Juneau:** There are certain very broad guidelines, senator, already in the Broadcasting Act, in very broad terms, of course. I think the Commission would be very careful not to go beyond the values or the goals established in the Broadcasting Act because of the obvious risk there is for an agency in doing that sort of thing.

**Senator Carter:** Perhaps I should have worded the question a little differently. First of all, the whole purpose of the act is to give the guidelines and tell what kind of broadcasting we want. That is your organization, to show where some of these commercials that are shown now do not measure up to the standard we set out in the act, and by illustration indicate the kind of goals that Canadian commercials should achieve.

**Mr. Juneau:** Yes. I hope you will allow me to express myself very carefully on this. I know what you mean. I think it is a matter for the Commission to play its role and help broadcasting understand well the goals established in the act. That is one side of the problem, the positive side. On the other hand, you refer yourself to the negative side of the problem, which we have to keep in mind; that is, the concern that people have that an agency established by the government will intervene unduly in the creative process. There is a common sense position between these two factors.

It is possible, senator. As I said earlier, we very often meet with broadcasters privately and publicly. Some of us, the Vice-Chairman and myself particularly, make a number of public speeches in those more informal relations with the industry. We very often express pretty specific views. Either we disagree with certain things or we make suggestions.

**Senator Carter:** But always within the framework of the goal set forth in the act?

**Mr. Juneau:** Yes.

**Senator Graham:** Since you perhaps might be considered as the Czar of Canadian radio and television, would you be concerned, by regulation, with the possible loss of revenue to other media?

**Mr. Juneau:** Well, a possible loss of revenue to television stations. To other media? I suppose indirectly there is a vague possibility of a loss. For example, say television commercials cost more to produce than the \$30 to import them, and the same advertisers want to maintain their time buying budgets on television; they might have to reduce their purchase of space in other media. There is that indirect possibility. Is that what you meant?

**Senator Graham:** Yes. Would you be concerned with any possible reciprocal action from the U.S. companies?

**Mr. Juneau:** Not really. In what sense? In the sense that they would stop doing in Canada certain things they are doing now?

**Senator Graham:** Yes.

**Mr. Juneau:** I don't think so, really.

**Senator Graham:** Or that they would stop buying Canadian-made commercials in the U.S.

**Mr. Juneau:** I think that when the U.S. companies are producing programs in Canada, which they do occasionally, or when they are producing commercials in Canada, they are doing it for business reasons. When they are not producing commercials in Canada for Canada, when they are producing Canadian commercials in the U.S., they are doing it for business reasons, too.

**Senator Graham:** Do you have any time frame in mind in respect to regulations?

**Mr. Juneau:** We do not have a schedule in mind. As I said in my remarks, from the time we heard that the Senate was going to pay some attention to this matter, that definitely entered into our calendar as an important element. But I would say that after the Senate has made its conclusions public, if it is soon, we would have to take some action in the fall; but, you know, there are many things on our calendar and exactly when I could not tell you.

**Senator Laird:** But not until after the hearings?

**Mr. Juneau:** Not until after the hearings on our part? Oh, certainly not. We could not do that anyway, senator, because the law makes a hearing obligatory in the case of a regulation, and you could not do this without a regulation.

**Senator Graham:** But you are satisfied that it would be much simpler to regulate in radio and in a much shorter time, than it would be in television.

**Mr. Juneau:** Well, in radio there does not seem to be a great problem. Almost all of the commercials seemed to be produced in Canada in the case of radio. There may be some jingles and things like that that are produced in Hollywood, Los Angeles or New York.

**Senator Graham:** Maybe I should point out what one of the previous witnesses said in terms of the affiliates of the CBC. Some of the western affiliates had expressed some concern and they brought out the point that 40 per cent of their local advertising content involved imported jingles and I.D.'s from the U.S. As I understood it, it was 40 per cent of their total advertising revenue.

**Mr. Juneau:** Well, that surprises me. That seems pretty high.

**Senator Graham:** I thought it was rather high myself.

**The Deputy Chairman:** He also added that it was not only with respect to the western stations. It was over nearly all of Canada.

**Senator Prowse:** That was 40 per cent of their local stuff.

**Senator Graham:** That is right. I thought I said "local".

**Senator Prowse:** He said two forties in there. One was the local amount and it was 40 per cent of that local business; and then for 40 per cent of that local business,



if I understood it correctly, they would import the commercial complete and then tack on, "Get such-and-such," whatever it was that was being advertised at Joe's on Fifth Street or whatever.

**Mr. Hart:** Many retail merchants who use radio use advertising material provided by the manufacturer of whatever product is being featured. But the big difference between radio commercials and the question of producing in Canada, as opposed to importing from the United States, in radio as compared to television—

**Senator Prowse:** No, no. This was TV we were talking about.

**Mr. Hart:** Oh, this was television. Sorry.

**Mr. Juneau:** Forty per cent would seem to be a bit high in the case of radio, senator.

**Senator Prowse:** That was their figure.

**Mr. Juneau:** In the case of television, though, you said.

**Senator Prowse:** In the case of television. He was talking about television, am I correct?

**Senator Graham:** I am not sure that he was talking about television. I don't think he differentiated.

**Senator Laird:** Mr. Sinclair just made the flat statement.

**Mr. Juneau:** Mr. Sinclair of the CBC?

**Senator Laird:** Yes.

**Mr. Juneau:** Well, we can check on that, but 40 per cent importation of commercials on radio seems very high.

**Senator Prowse:** I am sure that what he was talking about was that when these people would import a product, the commercial would be available when they got the dealership for the product. The commercial would then go on TV and underneath it would be the name of the dealer with words something like, "If you want one of these, come to Joe's."

**Mr. Juneau:** Yes, you have all of those gadgets that you can buy for \$2.95 or \$3.50 at Woolworth's and so on. You can see for yourself that they are all made up in advance and then they tack on, at the end, the address of the local stores.

**Senator Prowse:** Yes.

**Mr. Juneau:** There is a lot of that done with records. There is a lot of that on local television.

**Senator Graham:** You say, Mr. Juneau, in conclusion, that:

the CRTC is convinced the necessary competence exists in Canada and that substantially improved performance can now be required of advertisers in this country.

Is the CRTC doing anything to encourage the various agencies involved, to improve and to expand the talent pool in Canada?

**Mr. Juneau:** Well, we are certainly talking our head off about that. Certainly, the most important way to increase the talent pool is to create a demand, and I think the CRTC has contributed to creating a demand by establishing the Canadian content rule, which, in television, is 60 per cent for the whole schedule and 50 per cent for any particular part of the schedule.

There are many other things that we have done to make sure that the economic base of the television stations in Canada is not disrupted so that television stations continue to maintain a competitive position with her American counterparts which enable them to produce in Canada.

We have recommended in the field of cable various things so that cable will not disrupt the economic base of television, like deleting commercials and so on and so forth. We have recommended that another way of preserving the economic base of television is by changing the Income Tax Act. We have recommended that the Canadian Film Development Corporation should have its terms of reference changed so that it can finance the production of television programs, and not only in feature films. Is this the sort of thing that you mean or am I completely off the beam?

**Senator Graham:** No, I think you are doing an excellent job in that regard.

**Mr. Juneau:** We have recommended 30 per cent Canadian records on radio.

Now, senator, there is a much broader matter which we have talked about, and I admit that this is more than just talk and discussion; it is studies. We are trying to study how, from a long-term perspective—and I don't mean 25 years, but I mean five years, ten years or 15 years—we could develop a very strong production industry in Canada. Because the concern of the Commission is that we are going through a fantastic phase of expansion in our distribution system, and if you expand your distribution system and you do not increase your production, there is only one thing you can do to fill your system, and that is to import more stuff. So whatever proportion of Canadian production we now have is going to continue to decrease in proportion to what we import, and finally we are going to have a very small proportion of Canadian material as the importation of foreign material increases.

Apart from cable, which is well-known and is increasing very much, and is increasing the importation of foreign material, you read about developments like the possibility of the U.S. broadcasting satellite, with a multiplicity of channels, which could easily be picked up without too great expenditure by Canadian cable systems and which would increase even further the number of channels coming into Canada. You hear about companies like Teleprompter, backed by Hughes Aircraft, which would rent up to seven or eight channels on a satellite of that kind, and which would feed those channels with all kinds of material. I would point out that in their publicity material Teleprompter referred to Canada as if it were Texas—it is just part of the market they have, and they refer to the fact that they have or could have outlets in Canada.

In the next 15 years I think we will inevitably witness a considerable increase in the availability of foreign

material. If we continue to increase only our capacity to receive and distribute without increasing our capacity to produce, we will be much more in a minority position, so to speak, than we are now. I think it is a very wise thing for all public authorities—the CRTC within its power and jurisdiction, and other more important authorities—to look at this long-range prospect and see where we will be 15 years from now. Fifteen years is very close.

In referring to production it gives the impression of being a big industry, but it is also a matter of everybody being able to express himself. The problem of expression, creation and production, and the creation of a much bigger production industry in the mental field, so to speak, is something that should retain the attention of the authorities. We are certainly working on it in the field of broadcasting. It involves also the field of textbooks for schools, although that is not a responsibility of the federal authorities. But we have the same problem there. The percentage of Canadian material in textbooks in schools is very, very low.

[Translation]

**Senator Langlois:** Mr. Juneau, further to the answer you have given earlier to Senator Graham concerning the possible consequences of regulations, which could force American manufacturers to buy more expensive Canadian advertising, is there not a danger that this could provoke on their part a greater use, not only of U.S. border stations to reach the Canadian market, or the satellites which you have just mentioned?

**Mr. Juneau:** I think, Mr. Senator, that if this problem of American stations intervention in Canada either through the RCN airwaves, either through cables, it is a problem that must be settled in any case because, at the moment, it is a very grave problem, because, as I have had occasion to say elsewhere, the purchase of advertising on bordering American stations at the moment represents at least \$15 million per annum. This is Buffalo, in Pembina or in Vancouver. This already represents \$15 million per year in direct purchases from these stations. In addition, we feel that the value in dollars of the advertising on American channels, which comes through cable and reaches Canada is worth approximately \$45 million. We must be precise—we do not pretend that this publicity is really paid, that it is bought to reach Canada, but finally if you look at the number of Canadian viewers reached by this publicity, and if you make the necessary multiplications, very well known by people in the industry, you arrive at a value of \$45 million per year. What we fear, and all our studies confirm this fear, is that at a given moment this market will represent, for American advertisers, a market that will be so important that they will begin to account for it in their estimates. We know that already some of them take it into account. Therefore, independently of what we discuss with you today, it is a question that must be solved and this through various means such as the change in the Income Tax Act, the Cablevision Policy, which we are pursuing, etc.

**Senator Langlois:** Thank you.

**The Vice-President:** Mr. Juneau, you mention on page 4 of your brief, in speaking of commercials produced in Canada

but by the advertisers' own estimates progress has been too slow

when you mention the word "advertisers" (in English), you are referring to clients, I suppose?

**Mr. Juneau:** We mean certain advertisers, certain clients, yes, who admit that progress has not been very rapid.

**The Vice President:** Are they American or Canadian clients?

**Mr. Juneau:** There are American companies which presently produce all their commercials in Canada. There are others which produce all their commercials in the United States. Therefore, those who produce all their commercials in Canada, because they think it's a good way of doing business in Canada, and that is a question of citizenship, as can be said, corporative citizenship, as it is said in English—are at a disadvantage vis-à-vis those who produce all their commercials in the United States.

**The Vice President:** If I understand your brief correctly, it also seems to me that your Commission is not satisfied with the progress made in the percentage of commercials produced in Canada. Is that correct?

**Mr. Juneau:** Yes. That is true, yes, because it has increased in a very negligible way. One percent per year is mentioned approximately, since the problem has been raised.

**The Vice President:** What would be, according to you, the percentage of increase that we could reach without causing any harm to industries, whether they be from the United States or from American subsidiaries?

**Mr. Juneau:** It is difficult, as I said earlier in a reply to Senator Laird, to affix a percentage. It seems to me that it should be as close as possible to 100 percent, but a certain leeway should be allowed in order to, as good sense indicates, be able to produce the film outside the country. For example, if advertising for the Caribbean is made, it is difficult to make it in Alaska or in the Yukon; things of this type, or there can even be cases, I suppose, where for technical reasons it is absolutely impossible to produce a commercial in Canada, however, to me this seems more doubtful. But there are certainly questions of landscape for example.

**The Vice President:** There has been a great deal of talk, during the discussions over the last three days, on the subject of the percentage which we could reach without endangering the economy in general, therefore it is a point on which, I think, the members of the Committee are interested because some of them say, as Senator Laird said a few minutes ago, we could reach 75 percent, others 80 percent?

**Mr. Juneau:** I think we can give ourselves as an objective approximately the totality of commercials and from there...

**The Vice President:** Spread it over a certain number of years?

**Mr. Juneau:** Maybe spread it over a certain number of years. Then, as I have said earlier, we must not

forget that an objective such as this expressed by the authorities, if it was the CRTC which took these measures, once the objective is established, there is then prolonged discussions, and very, very precise, which are held with the industry among others, private meetings, but also meetings through the medium of public audiences etc. which allow for discussion. Studies are then made everywhere. There are also those who differ opinions with us. All this then allows us to arrive at a reasonable solution.

**The Vice President:** Thank you Mr. Juneau.

**Senator Lapointe:** Are there any laws in Europe, or for example in Mexico, which control the intrusion, one might say, of commercials coming from other countries such as France for example?

**Mr. Juneau:** I do not know, Senator Lapointe. I know obviously that in other fields, in the field of television, in the field of cinema, there are obviously laws that are far stricter than ours in these sectors. In the field of advertising, I do not know.

[Text]

Do you have any information concerning the importation of commercials, Mr. Hart? What about the Independent TV authority in Britain, for instance?

**Mr. Hart:** I do not believe there is any law in Great Britain. It happens that Australia has a limit on the amount of imported commercial material that can be used.

**Senator Prowse:** It is a complete ban, we were informed.

**Senator Lapointe:** Do you do anything with respect to France or Mexico, for instance?

[Translation]

**Mr. Juneau:** Well, you see, in France, Senator Lapointe, there is no advertising—they are beginning now to have institutional advertising, that is advertising for a brand, for example. It is possible to advertise wool in general for the wool industry. It is possible to have advertising for, I don't know, the transport industry, or milk industry. It is probable that, in all these cases, advertising finally is difficult to import. As a result, I would be led to believe, I, without much risk of making a mistake, that in France almost all the televised advertising is national, that is, that it is not imported.

**Senator Lapointe:** You also mentioned...

**Mr. Juneau:** If I can be allowed, Senator, there is also another problem which completely changes the situation in these countries, it is that it is not mandatory to proceed by legislation or by regulation, because there is the state monopoly on broadcasting. Therefore, I, I have already been in a position that I have tried to sell Canadian films in France and there was no law which forbade the ORTF from buying Canadian films. It was absolutely open. There is no legislation for that. But, in fact, they were buying very little.

**Senator Lapointe:** But Radio-Luxembourg, for example, is that also nationalised?

**Mr. Juneau:** Radio-Luxembourg, it is private. But, it is radio, however.

**Senator Lapointe:** You said, earlier that there are obviously many Canadians who look at American television. Therefore, is it not a bit illusive to think that we can protect the Canadians against the American culture by having commercials entirely Canadian?

**Mr. Juneau:** No, I think that in all these questions this is much like many other points of view on the problem that you have raised. There is no question whatsoever of protecting Canadians from foreign culture. The question is to prevent that the economic base of the Canadian culture be destroyed. It is not at all a problem of controlling ideas. I think that, neither the CRTC, nor the Canadians who share, nor Parliament when it voted the Broadcasting Act, were thinking of stopping the dissemination of ideas. The question is to prevent a Canadian institution from being destroyed in order that there be a dissemination of ideas which come from Canada from time to time.

**Senator Lapointe:** Earlier when Mr. Graham asked a question, I think it was the opposite that he meant, that he wanted to ask. He wanted to ask that if, let us suppose that American companies were forced to spend more to make their commercials in Canada, he was asking if they would not be more inclined to give their commercials to newspapers, which would cost less?

**Mr. Juneau:** Yes, it is that. I answered that this problem is real, at least in theory; that, if a given company is forced to pay more to produce commercials in Canada rather than import them, if it is forced to pay \$30,000 to make a commercial rather than pay \$30 to import it, and that the same company maintains the same time on the television networks, this will, obviously, represent an increase in the television budget. It is possible that they reduce proportionately their purchases of advertising elsewhere. It is possible. However, we are in very indirect equilibrium, and it is difficult. I would like, however, to ask Mr. Hart since I have already said the same thing twice, I would like to check if...

**Senator Lapointe:** Yes, but, would the opposite not occur? Would televised commercials be reduced so that newspapers be given more?

**Mr. Juneau:** Perhaps not give more to newspapers. Yes, two things could happen. That is, time purchase could be reduced...

**Senator Lapointe:** Yes.

**Mr. Juneau:**... to put money into the production of commercials. The following phenomenon could also happen: a company that does not have a big budget, for there are companies who have large budgets, obviously, but it must be said that the great majority of national advertising comes from companies that have big budgets, but it remains, in any case, that there is a certain number of companies which advertise on television which have small budgets. It could then happen that this company, facing the necessity to produce commercials in Canada, decides that the whole of the television sector costs too much and that it withdraws completely from television to choose another medium, such as newspapers or magazines, or billboard advertising, or radio, because radio is also a competitor to television. Now, I make indirect allusion to this problem in my remarks, when I say that

it is questioned, that it is a project which we would not have pursued three years ago, because we were asking other efforts from the television industry, such as an increase in its production of Canadian programmes, at a time also, where there was a certain recession in the television industry. We are, three years later, in a position where television stations have succeeded in observing a demand for greater production, and we are also at a time where we are far from a recession, there is an excellent economic situation in the radio and television fields.

[Text]

The senator was inquiring as to the danger of transfers of revenues to other media.

**Mr. Hart:** I believe you did answer it quite completely. There is and would continue to be the risk in the case of products with small budgets.

[Translation]

**Senator Langlois:** Mr. Juneau, our discussions this afternoon seem to have been limited to the competition that reaches us from the United States, rather than to the Canadian production, but representations have also been made to date on the subject of competition which comes from Francophone countries; what is your opinion? What comments do you have to make on this subject? We are told that there are productions which come to us from Francophone countries and which enter the Canadian market at prices really reduced compared to Canadian production?

**Mr. Juneau:** Commercials?

**Senator Langlois:** Commercials, also films, but it is mainly dubbing, I believe?

**Mr. Juneau:** Yes, dubbing, maybe yes. Probably there is dubbing of American, or Anglo-Canadian commercials which are made in Europe. But I think that the dubbing industry in Montreal and in Toronto, as far as English is concerned, is becoming very competitive. There is even, to my knowledge, I do not know where it is at, but, it was said six months ago, one year, that very important French concerns intended to establish themselves in Montreal to undertake post-synchronization, or dubbing in Montreal, rather than do it in Paris. But I could not give you figures on the importance of this competition at the present time.

I do not know personally, even as a spectator, many commercials on television which do not look imported.

**Senator Langlois:** We were given the example of a commercial on stoves, which had been a failure, because...

**Mr. Juneau:** Well, there is also the psychological distance, I think, in advertising which is still great. But, I think you are right that in the future this psychological distance and in the rather near future, as far as I am concerned, this psychological distance will become shorter and shorter, and the danger of competition will become far more real.

[Text]

**Senator Carter:** I should like to ask one brief question. Coming back to my earlier line of questioning about the emphasis on Canadian identity, Canadian values, are there available anywhere in Canada, in either the French or English language, such things as an award or prize for the best Canadian-produced commercial or Canadian program that best portrays Canadian values or the Canadian identity?

**Mr. Juneau:** There are awards like that given every year by the industry itself, both for radio and television. I do not know that they have an award for that particular factor.

**Senator Carter:** That is what I am interested in.

**Mr. Hart:** The awards are for excellence of production.

**Senator Carter:** That is a different thing.

**Mr. Hart:** There has been no introduction in the award system for Canadian values, that I can recall.

**Mr. Juneau:** If there were, I think there are commercials now that would rate very well.

**Senator Carter:** Do you think that is something worth considering?

**Mr. Juneau:** I think it is a good idea. We might very well transmit the suggestion to the people in the industry, if they have not heard it already.

**Senator Lapointe:** I have been a member of the jury for these awards, and we considered the quality of the Canadian style and character of the commercials. When we judge the commercials, we consider the particular quality of the Canadian identity, the Canadian style.

**Senator Carter:** It is funny that we do not hear more about it. Perhaps the prize is not big enough.

**Mr. Juneau:** Maybe there should be a prize from the Senate! But it is a good idea. I am sure it should be discussed.

**Le vice-président:** Est-ce qu'il y a d'autres questions? If not I will again thank...

[Translation]

Mr. Juneau, as well as to his colleagues, to have kindly accepted our invitation, and especially for having supplied all this important information.

[Text]

After three days of hearings, we have had so many views expressed, and opposite views, that your presence here this afternoon has helped us very much. Again, we thank you most sincerely.

**Mr. Juneau:** Thank you, senator. Thank you, gentlemen.

**The Deputy Chairman:** I should remind honourable senators that we will have a meeting on Tuesday evening around 9.15 in order to work on our report.

The committee adjourned.

APPENDIX "A"

June 28th, 1973

The Honourable Maurice Bourget  
Deputy Chairman  
The Senate  
Ottawa, Ontario

Dear Senator Bourget:

The Institute of Canadian Advertising, the trade association for advertising agencies operating in Canada, acknowledges receipt of your invitation to appear before the Standing Senate Committee on Transport and Communications on Wednesday, July 11th at 4:00 p.m. in Ottawa.

Yesterday our Executive Committee met and came to the conclusion that it would be inappropriate for our

Association to appear before your Committee. The reason for this is that while each of our member agencies may have individual views with respect to the locale of the production of broadcast commercials, it is impossible to develop an Association point of view.

The subject you are dealing with is an extremely complex one which has many implications. Undoubtedly your Committee will be appraising many factors that bear on this important matter.

May we extend to you and the Committee our best wishes for a fruitful enquiry.

Yours respectfully,

INSTITUTE OF CANADIAN ADVERTISING

James M. Reeve,  
President.

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*[Faint, illegible text, likely bleed-through from the reverse side of the page.]*

## APPENDIX "B"

THE CANADIAN ASSOCIATION OF BROADCASTERS  
OTTAWA, ONTARIO

July 9, 1973.

Senator the Hon. J. C. Haig,  
Chairman  
Transport and Communications Committee  
The Senate  
Ottawa, Canada.

Dear Mr. Chairman:

We appreciate your thoughtful invitation of our comments on the matter now under consideration by your Committee; that of radio and television commercial advertising in Canada.

The Canadian Association of Broadcasters, l'Association canadienne des radiodiffuseurs, remains fully committed to attainment of the objectives set forward in Section 3 of the Broadcasting Act 1967-68 c.25, s.1 (Chapter B-11).

As a matter of deliberate and consistent policy, our Association's members deploy their resources so as to make maximum possible use of Canadian creative and performing talent. A special committee of this Association has under active review all practical means by which a Canadian production industry can be further stimulated and expanded.

It should be borne in mind that all this is being done in an area of competition that is somewhat unique in Canada. This consists of importation into Canada by organizations other than broadcasters of foreign produced material in the English language. The rapid technological changes in our industry has brought about a situation where foreign productions are being imported more and more in our country via Cable, Video Cassette, Pay T.V. etc.

Relative to commercials, the broadcaster operates in two separate categories. Insofar as local advertising is concerned, the broadcaster is both producer and user. Nearly 100% of local commercials, and these constitute about half of all commercials used, are now produced in Canada.

"National" commercials are ordinarily produced by organizations other than broadcasters, but used by them. A preponderance of these is now produced in Canada and our information is to the effect that the percentage is increasing.

A front page article in the June 18, 1973 edition of the magazine known as "Marketing" informs us that:

"The percentage of English-language television commercials made in Canada by the top 25 advertising agencies is increasing, according to a survey by the joint broadcasting committee of the Institute of Canadian Advertising and the Association of Canadian Advertisers.

The survey shows the percentage figures of commercials produced in Canada were: 61 in 1968; 64.6 in 1969; 59.5 in 1970; 65 in 1971; and 67.8 in 1972.

The percentage figures for commercials produced outside Canada for Canadian use were; 3 in 1968; 6 in 1969; 5.1 in 1970; 6.9 in 1971 and 4.5 in 1972.

## PRINTS

The percentage figures for commercials produced outside Canada (primarily for use outside Canada

but prints of which were imported for use in Canada and where no adaptation was made for Canadian use) were: 7.9 in 1969; 6.3 in 1970; 6.2 in 1971; and 5.4 in 1972.

For commercials produced outside Canada (primarily for use outside Canada but where components were imported and prints produced in Canada and where no adaptation was made for Canadian use): 12.6 in 1969; 11.5 in 1970; 7.8 in 1971; 10.7 in 1972.

For commercials produced outside Canada (primarily for use outside Canada but where components were imported and adapted in Canada for Canadian use): 11.1 in 1968; 7.6 in 1969; 16 in 1970; 12.5 in 1971; and 10.6 in 1972.

## OUTSIDE

For commercials produced outside Canada (primarily for use outside Canada but where adaptations for Canadian use were made outside Canada); 1.9 in 1968; 1.3 in 1969; 1.6 in 1970; 1.6 in 1971; and 1 in 1972.

The base (number of commercials) for the study was: 775 in 1968, 1115 in 1969, 751 in 1970, 824 in 1971, and 772 in 1972.

Given all these circumstances, we question the advisability of legislation directed at an objective to which most elements concerned seem to be dedicated and which is rapidly being achieved.

It may also be that many U.S. Advertisers who cannot allocate large budgets to Canadian media purchases could be discouraged from advertising on Canadian stations if it is mandatory for them to have separate commercials produced for Canada. This could have the effects of diverting their budgets for Canada to U.S. border stations in order to reach their Canadian customers.

There is, however, one matter you and your colleagues may wish to consider. Canadian creative and performing talent will benefit considerably if the productions in which they are involved can be sold beyond our borders. To some extent, Canadian material, including commercials, is now being sold in the United States and elsewhere. Intensive efforts are being made to increase these sales. There is the possibility that legislation in Canada might invite retaliatory legislation from other countries, especially from the United States, and thus add additional competitive handicaps to further development of a Canadian production industry; the health of which can be materially stimulated by international sales.

In concluding, we would like to reiterate the fact that our Association is very much dedicated to deploy its efforts to maximize the use of Canadian creative and performing talent. We do not seek an appearance before your Committee and hope these brief comments may be of some value to you. The time available to us made it difficult to prepare a more detailed submission. However, we should be pleased to contemplate a report in much greater depth at some future date should you and your colleagues feel this would be useful in your assessment.

Respectfully submitted,

Philippe de Gaspé Beaubien,  
Chairman.

APPENDIX "C"

CANADIAN BROADCASTING CORPORATION

Vice-President, Corporate Affairs  
and Assistant to the President

Ottawa, Ontario.  
July 25th, 1973.

The Honourable Maurice Bourget,  
Vice-Chairman,  
Standing Senate Committee on  
Transport and Communications,  
The Senate,  
Ottawa, Ontario.

Dear Senator Bourget:

In accordance with the Committee's request for information on the number of foreign-produced TV series dubbed into French at Montreal, I enclose a listing which I trust will be self-explanatory.

It should be noted that of the 23 foreign series dubbed in the summer of 1972, 14 were dubbed in Montreal and eight of the nine dubbed elsewhere were programs actually obtained earlier. Nevertheless, they are listed because the CBC had rights to re-run them. Similarly, of the 31 foreign series dubbed in the fall-winter 1972-73 period, 21 were dubbed in Montreal and six of the 10 dubbed elsewhere were programs obtained earlier with rights to re-run them. All the programs were 30, 60 or 90 minutes in duration and we have indicated the number of dubbings for each program when more than one occasion was involved.

I hope this is sufficient for your purposes.

Yours sincerely,  
R. C. Fraser.

A) SUMMER 1972

A) DUBBED IN MONTREAL

Mon Ami Ben	30'
Minifée	2 x 30'
Robin fusée	30'
Le monde en liberté	30'
Le Gourmet Farfelu	5 x 30'
Au Pays de l'Arc-en-ciel	30'
Le Roi Léo	30'
Prince Saphyr	30'
Daniel Boone	60'
Au pays des géants	60'
Tarzan	60'

Les Pierrafeu	30'
Vers l'an 2000	30'
Marcus Welby	60'

B) DUBBED OUTSIDE CANADA

Roquet belles oreilles	30'
Rinaldo Rinaldini	30'
Fifi Brin d'Acier	30'
Cadets de la Forêt	30'
Daktari	60'
Disney	60'
Les Règles du Jeu	90'
Sorcière bien-aimée	30'
La Dynastie des Forsyte	60'

B) FALL-WINTER 1972-73

A) DUBBED IN MONTREAL

Le Gourmet Farfelu	250 x 30'
Les aventures du Seaspray	26 x 30'
Que sera sera	39 x 30'
Au pays de l'Arc-en-ciel	13 x 30'
Skippy le Kangourou	39 x 30'
Madame et son fantôme	39 x 30'
Minus 5	39 x 30'
Le Prince Saphyr	39 x 30'
Lassie	39 x 30'
Les animaux chez eux	39 x 30'
Daniel Boone	39 x 60'
Cent filles à marier	39 x 60'
Alerte dans l'espace	32 x 60'
Le Chapparat	39 x 60'
Le monde en liberté	39 x 30'
Les espions riant	39 x 30'
Dr Doolittle	39 x 30'
Lancelot	39 x 30'
Disney	13 x 60'
Marcus Welby	39 x 60'
Simon Locke	26 x 30'

B) DUBBED OUTSIDE CANADA

Bugs Bunny	39 x 30'
Grand Galop et Petit Trot	39 x 30'
Daktari	39 x 60'
Cher Oncle Bill	39 x 30'
Ma Sorcière bien-aimée	39 x 30'
Le Comte Yoster	39 x 30'
Disney	26 x 60'
Les Règles du Jeu	39 x 90'
La Dynastie des Forsyte	13 x 60'
Département S	10 x 60'

## APPENDIX "D"

CENTURY II STUDIOS LTD.  
EDMONTON, ALBERTA

July 12th, 1973

Senate Standing Committee

On Transport and Communications,  
Ottawa, Ontario.

Re: Senate Inquiry Into Broadcast Advertising in Canada

We learned in the current issue of Marketing Magazine, of the inquiry being undertaken into broadcast advertising materials imported into Canada. Unfortunately, we were not aware of the Inquiry prior to this time but are deeply concerned with several aspects of your task.

The Marketing Magazine article suggests that many associations and major advertising agencies have been invited to submit briefs on the matter but nowhere do we see reference made to producers or broadcasters production houses such as our own.

We therefore would ask, that any information pertaining to your Inquiry be forwarded to us so that at least

one point of view from the producer's perspective can be submitted. If there is anything else we can do to be of assistance to your Inquiry we would be glad to do so, as would, I am sure, many other production houses.

If our original fears are correct, you are presently dealing with those who purchase materials of this type as opposed to those who make their livelihood and employ hundreds of musicians and artists in the production of them. We might also point out that Century II is not the only major broadcast production house in the West and perhaps our western views may be different from those that you are presently considering.

Forgive this late inquiry but we just learned about your activities today. We are most anxious to be of assistance and to learn of your conclusions.

Respectfully,

CENTURY II STUDIOS LTD.

Dale R. Partridge,  
General Manager.

Published under authority of the Senate by the Queen's Printer for Canada

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FIRST SESSION—TWENTY-NINTH PARLIAMENT  
1973

# THE SENATE OF CANADA

PROCEEDINGS

OF THE

STANDING SENATE COMMITTEE ON

# TRANSPORT AND COMMUNICATIONS

The Honourable Maurice Bourget, P.C., *Deputy Chairman*

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Issue No. 6

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FRIDAY, JULY 20, 1973

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**Examination of radio and television commercial  
advertising broadcast in Canada.**

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REPORT OF THE COMMITTEE

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THE STANDING SENATE COMMITTEE ON  
TRANSPORT AND COMMUNICATIONS

The Honourable J. Campbell Haig, *Chairman*

The Honourable Maurice Bourget, p.c., *Deputy Chairman*

and

The Honourable Senators,

Argue	Langlois
Blois	Lawson
Buckwold	*Martin
Davey	McElman
Denis	Petten
*Flynn	Prowse
Forsey	Smith
Fournier ( <i>Madawaska- Restigouche</i> )	Sparrow
Graham	van Roggen
	Welch

\**Ex officio members*

20 Members

(Quorum 5)

## Order of Reference

Extract from the Minutes of the Proceedings of the Senate, Thursday, May 24, 1973:

"The Honourable Senator Buckwold moved, seconded by the Honourable Senator Boucher:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the question of the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada be completely produced in Canada, utilizing Canadian manpower to the maximum possible extent.

After debate, and—

The question being put on the motion, it was —  
Resolved in the affirmative."

Robert Fortier,  
*Clerk of the Senate.*

REPORT OF STANDING SENATE COMMITTEE ON TRANSPORT AND  
COMMUNICATIONS ON RADIO AND TELEVISION COMMERCIAL  
ADVERTISING BROADCAST IN CANADA

FRIDAY, July 20, 1973

On May 24th, 1973, Senator Sidney L. Buckwold moved the following motion, in the Senate:

"That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the question of the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada be completely produced in Canada, utilizing Canadian manpower to the maximum possible extent."

This motion was adopted on the same day.

The Standing Senate Committee on Transport and Communications held its first meeting on this question on May 30, 1973, at which time it was agreed that it would be desirable to have the study completed before the summer recess.

The Committee invited representative organizations to present briefs and, if possible, to appear before the Committee to answer questions. With very few exceptions, those invited responded favourably and appeared before the Committee.

It should be made clear that at this point the Committee felt it advisable to hear invited groups only, in order to develop a general reaction by interested parties, on the impact of the motion.

The hearings commenced on Tuesday, July 10th and continued through July 11th and 12th, with morning and afternoon sessions each day.

A short summary of the briefs received is herewith submitted:

(1) *Agency Forum*

The Agency Forum represents 52 small and medium sized advertising agencies, all of which are Canadian owned and operated. This presentation was in favour of the motion and suggested that the Government publish and enforce "Guidelines for Good Corporate Citizenship" in which the television and radio advertising industry would be asked to abide by these guidelines which would involve an increased percentage of Canadian content.

The submission emphasized the importance of the cultural impact of advertising, and the presentation concluded with the following:

"We sincerely believe that the overall result of implementing this proposal would be, freer trade in a fairer market that more closely reflects a cultural milieu created by ourselves."

"We also believe that if Canada is not soon to become simply a marketing-module in a multi-national society with head offices in New York, then now is the time for our Government to act."

(2) *J. Walter Thompson Company Limited*

The J. Walter Thompson Company Limited is an American owned, multi-national, agency which has operated in Canada for forty-three years. It is one of the largest advertising agencies in Canada. Although foreign controlled, this agency is operated almost exclusively by Canadians. This brief pointed out that about 68% of the English language and 76% of the French language television commercials are produced in Canada. It was pointed out to the Committee that there has been a small but significant increase in Canadian advertising production during the last five years. This agency agreed in principle with the objectives of the motion but warned that there could be adverse repercussions to the industry generally, if 100% Canadian content was insisted upon.

This brief concluded by indicating that the continued growth of Canadian commercial production is a positive and attainable goal.

It was pointed out there is a need for further information and suggested that it is essential before action is taken, the subject be thoroughly researched.

(3) *The Association of Canadian Television and Radio Artists*

No written brief was received from this organization but a very extensive and informative oral presentation was made. The Association of Canadian Television and Radio Artists (ACTRA) represents the English segment of professional performing and writing talent in the recorded media. The spokesman for this organization said, "we believe that the survival of Canada as a distinct nation is linked directly with communications". He pointed out the difficulties experienced by Canadian talent in obtaining employment and that increased production of Canadian made television and radio commercials would open many job opportunities for Canadians involved in this field. It was emphasized that it would be difficult to achieve 100% Canadian content because of geographic and climatic limitations. ACTRA considers that the number of commercials made outside of Canada was "inordinately excessive". It was also stated that foreign produced commercials have a very clear and perhaps an undue influence and impact on our culture. ACTRA emphasized that a substantial field of talent was available and the Committee was assured that Canadians were well able to provide professional know-how in making Canadian production possible. ACTRA

did not consider the increase in the number of Canadian produced advertisements over the past five years as being adequate. It was very strongly in favour of the objectives of the motion.

(4) *L'Union des Artistes*

The *Union des Artistes* is a professional union which groups more than 1550 regular members and more than 800 trainees. As advertisers, singers, comedians, dancers and so on they all exercise their talent in the theatre, in films, on radio, on television, in dubbing and in advertising.

In their brief, they assert that the situation of French speaking performers is about the same as that of their English colleagues since, they allege, that if the latter have to fight against the invasion of American culture, they have a lot to do to avoid being submerged by the ever increasing invasion of productions from France and French speaking countries.

This organization claims to be affected by the importation of advertising material. On the cultural level, the character of these advertisements does not in their views, reflect in anyway our Canadian way of life.

The brief also mentions, that the dubbing in French of American advertising does not require the hiring of more than one or two announcers who are usually already employed on a full time basis by a radio or television station. The group believes that the production of this same publicity in Canada would entail the hiring of hundreds of Canadian technicians, producers, script-writers and artists which would, in turn, help an early establishment of a viable film industry in the country.

To conclude, the artists say that it is high time to recover as much as possible the production potential of this industry and thus, to bring about an increase of job opportunities for all our artists, following in that the example of the United-States with the 1967 Labor Act, which goes as far as restricting considerably the live participation of foreign artists on the stage.

(5) *McConnell Advertising Company Limited*

This is a large Canadian owned and operated advertising agency. The brief emphasized the importance of the cultural impact of advertising and indicated that advertising contributed "to the moulding of a distinctive Canadian identity and a significant fact in the development of a culture for our nation." It was suggested that a realistic goal would be to see 80% Canadian produced television and radio commercials as an optimum level to be achieved by 1977. This brief recommended that incentives should be created to encourage domestic production of radio and television commercials rather than penalties imposed for the importation of materials produced in foreign countries.

This agency proposed that "a company producing commercials for radio or television in Canada be allowed to claim 150% of the cost of production of the commer-

cial as a deductible expense when calculating its corporate taxes."

(6) *Association of Canadian Advertisers Incorporated*

The Association of Canadian Advertisers is a non-profit service organization with a membership of over 200 Canadian advertisers whose combined budgets form approximately 75% of the total amount spent on national advertising. This brief emphasized the difficulties that would be encountered in advertisers achieving 100% Canadian content. The ACA express sympathy with the objectives. It was considered that the present rate of expansion of Canadian made television and radio commercials was satisfactory and that advertisers were responding to the request of the CRTC for increased Canadian production. It was indicated that there could be adverse effects on the advertising revenue of television and radio stations, in that increased production costs for some advertisers might result in a shift in the use of advertising media.

The brief concluded as follows:

"The Association of Canadian Advertisers is in favour of progressively increasing the use of Canadian produced commercials. The Association does not, however, believe that it is advisable at this time to take steps to ensure that all radio and television advertising be completely produced in Canada."

(7) *The Canadian Broadcasting League*

The Canadian Broadcasting League is an affiliation of associations and individual members, including 32 principal national and regional organizations. The Canadian Broadcasting League requested regulations requiring 100% Canadian content. Under questioning from the Committee, they agreed that some exceptions would be necessary. The brief concluded as follows: "The Canadian Broadcasting League, therefore, urges that this Committee act to ensure that all commercial content of radio and television programming be produced in Canada, and utilizes Canadian resources to the maximum possible extent, to reflect the tastes and character of Canadians."

(8) *Mr. Sidney Handleman, M.P.P.*

Mr. Sidney Handleman, M.P.P., is a Member of the Ontario Select Committee on Economic and Cultural Nationalism, but he made it very clear that the views he expressed were his own and not those of the Committee. He made available to our Committee copies of a study of the Advertising Industry made for the Ontario Committee by Kates, Peat, Marwick & Co. This publication provided our Committee with valuable background statistical information. He pointed out that their studies indicated that, while 70% of the commercials are now being produced in Canada, the 30% which are imported represent a great deal more in dollar value. Mr. Handleman, while agreeing with the importance of Canadian content, stated that "I am philosophically opposed to 100% content because there are many examples where it would be completely unworkable."

(9) *The Canadian Broadcasting Corporation*

The CBC stressed that its main interest lies in the field of broadcasting. The Corporation agreed that greater Canadian content in advertising is desirable, but stated that private broadcasters affiliated with the CBC expressed concern if restrictions were imposed on foreign made advertising. These affiliated stations feared a substantial loss of revenue.

It was also stated that if such restrictions were made it is possible that advertisers might switch to other media and perhaps would make greater use of U.S. broadcast stations serving border areas.

The CBC stated that progress is being made toward the greater Canadianization of commercials on Canada's broadcast media. It would be happy to co-operate in assisting Canadian advertisers to achieve this objective.

(10) *Canadian Radio-Television Commission*

The CRTC considers this subject very important, not only to Canadian performers but also to Canadian companies and all those who are employed in the industry. It was most emphatically stated to the Committee that the CRTC has been seriously considering this subject for a number of years. In the late winter of 1970 Mr. Juneau expressed the opinion of the Commission that advertisers should regulate themselves in this regard and make their commercials in Canada. This request was reiterated in a speech to the Association of Canadian Advertisers in May of 1972.

In its brief to our Committee it was stated "the CRTC has watched with considerable interest to see the effects the appeals to advertisers to produce their commercials in Canada have had" and after thoroughly reviewing the results the Commission has concluded "that in today's context the situation now calls for formal regulatory action."

The Commission considered that in the case of radio "there is no doubt that a 100% Canadian commercial production requirement should be established."

The brief of the CRTC concluded as follows: "The CRTC is convinced the necessary competence exists in Canada and that substantially improved performance can now be required of advertisers in this country. The Commission is of the opinion generally that television commercials are extremely important showcases, both for the best Canadian creative talent and for Canadian companies and products, and consequently should be conceived and produced within our borders. It must not be forgotten that extremely important values are communicated through commercials with even more

precision, often, that through programming. It is important that these values grow out of our society, not out of another, perhaps inappropriate milieu, with different institutions and public goals. Canadian commercials should be connected with the Canadian imagination, with Canadian needs, and be able to reflect better the use and role of products and services in Canadian life."

In addition to the foregoing witnesses who appeared, written communications were received from the following:

The CTV Television Network Ltd.  
Century II Studios Ltd., Edmonton, Alberta  
CKLW-TV, Windsor, Ontario

It was brought to the attention of the Committee that a ban on the use of American produced commercials could create problems for border television and radio stations.

Evidence given to the Committee revealed the growing importance of the production of television commercials being made in Canada for use by American advertisers in the U.S. Several witnesses indicated apprehension as to the possibility of loss of business in this field. This matter requires further investigation.

As a result of these hearings the Committee agreed in principle to the objective of the resolution.

The committee recommends that television and radio commercials should be made in Canada to the maximum possible extent.

It is recognized that common sense and practical realities may require some limitation to this objective.

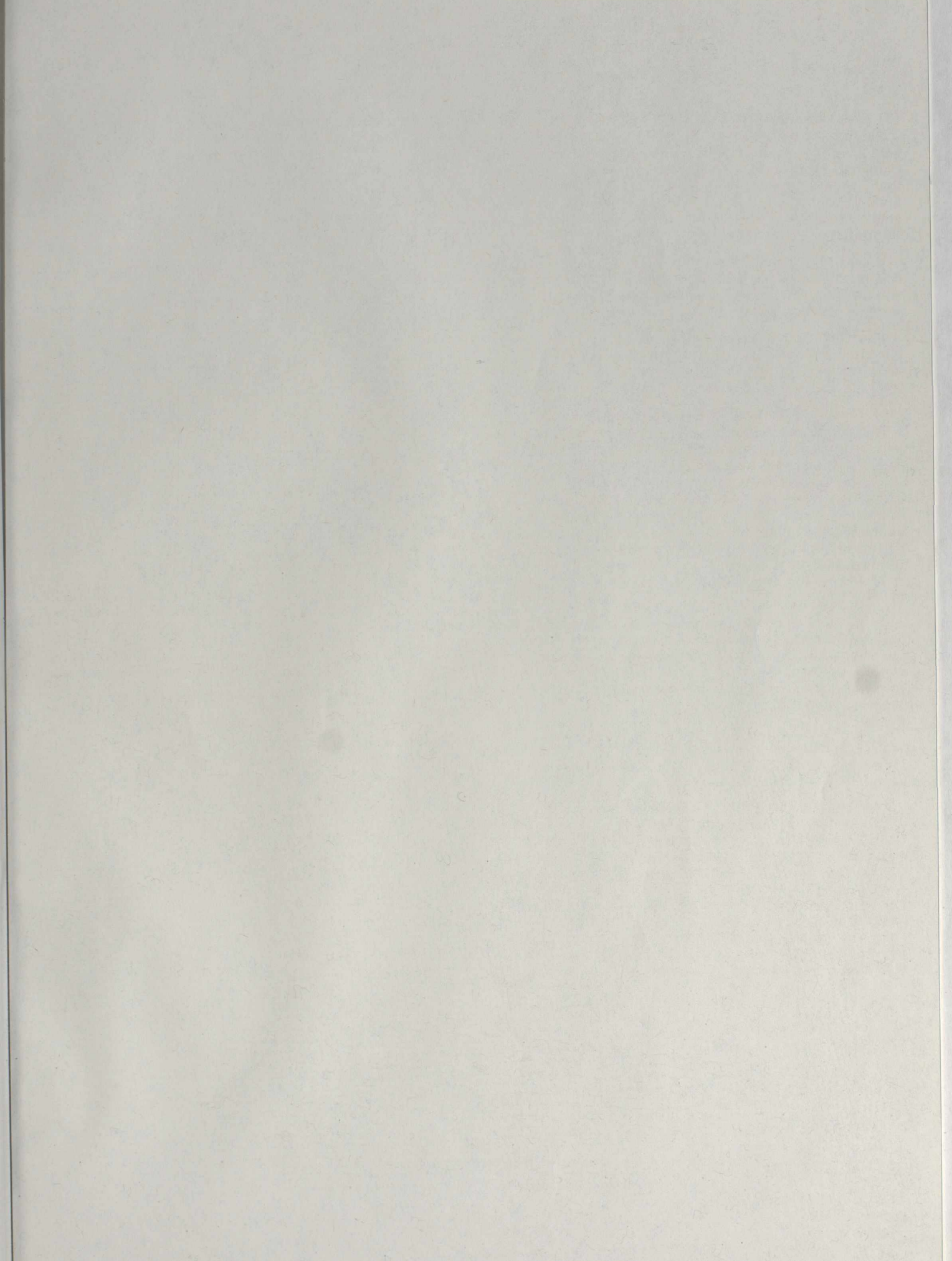
It is also appreciated that a reasonable period of time would be required for implementation.

In the opinion of the Committee, the evidence received indicates that there is reason for concern by Canadians generally in this important field of activity. Consequently, and in order to avoid duplication of effort and expenditure, we urge that the CRTC undertake in-depth studies, consultations and public hearings that will lead to appropriate regulations designed to achieve the objectives of this Committee.

The Committee is grateful to the groups and individuals who made such a meaningful contribution to the hearings. I would also like to commend the clerks, stenographers and translators who gave so unselfishly of their time.

Respectfully submitted,

MAURICE BOURGET,  
Deputy Chairman.



The first part of the document discusses the importance of maintaining accurate records and the role of the various departments involved in the process.

It is noted that the information provided in this section is for internal use only and should be handled with the utmost discretion.

The following table provides a summary of the key findings from the recent audit, highlighting areas of concern and recommended actions.

It is further stated that the management team has been briefed on these findings and is working to address the identified issues as a matter of priority.

The document concludes by emphasizing the need for ongoing communication and collaboration between all stakeholders to ensure the highest standards of performance.

Should you have any questions or require further information regarding the contents of this report, please do not hesitate to contact the undersigned.

Very truly yours,  
[Signature]

The second part of the document details the specific procedures and protocols that must be followed to ensure compliance with all applicable regulations.

Particular attention is drawn to the requirements regarding data security and the protection of sensitive information.

It is also noted that the organization is committed to transparency and will provide regular updates on the progress of the implementation of these measures.

The document further outlines the responsibilities of each department and the timeline for the completion of the various tasks.

Finally, it is stressed that the success of these initiatives will depend on the active participation and support of every employee.

The document is signed by the Chief Executive Officer, who expresses confidence in the organization's ability to meet these challenges.

Very truly yours,  
[Signature]

CONFIDENTIAL









First Session—Twenty-ninth Parliament

1973-1974

# THE SENATE OF CANADA

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STANDING SENATE COMMITTEE

ON

# TRANSPORT AND COMMUNICATIONS

The Honourable J. CAMPBELL HAIG, *Chairman*

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(Issues Nos. 1 to 6 inclusive)

Prepared

by the

Reference Branch,

LIBRARY OF PARLIAMENT.

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- Juneau, Pierre, Chairman, Canadian Radio-Television Commission
- Kostyra, Richard, Vice-President and Director of Media and Broadcast Production, J. Walter Thompson Company Limited
- McCaffrey, Gordon, Member, Board of Directors, Canadian Broadcasting League
- MacDonald, Miss Lynne, Administrative Officer, Canadian Broadcasting League
- Marchand, Hon. Jean, Minister of Transport
- Miller, Anthony, Vice-President and Group Account Director, J. Walter Thompson Company Limited
- Parrish, Donald, President, Association of Canadian Television and Radio Artists (ACTRA)
- Pengelly, A. Z., Immediate Past President, Association of Canadian Advertisers Inc., Director, Warner-Lambert Canada Limited
- Primeau, Wayne, Assistant Executive Secretary, Canadian Broadcasting League
- Rivard, Robert, President, Union des Artistes
- Robertson, Donald, President, J. Walter Thompson Company Limited
- Ross, Henry, Co-Chairman, Joint Broadcast Committee, Association of Canadian Advertisers Inc.
- Shields, L., Legal Services, Transport Ministry
- Sinclair, Lister, Executive Vice-President, Canadian Broadcasting Corporation
- Siren, Paul, General Secretary, Association of Canadian Television and Radio Artists (ACTRA)
- Skinner, Brian, President, Brian Skinner Communications Ltd., and Chairman, Agency Forum Committee on Nationalism
- Trower, Jack, Director, Sales Policy and Planning, Canadian Broadcasting Corporation

**Witnesses**

- Beckerman, Jerrald, Vice-President and Director of Consumer Information, J. Walter Thompson Company Limited
- Blakely, W. T., President, Association of Canadian Advertisers Inc.
- Cowie, C., Aircraft Licensing Section, Transport Ministry
- Cronin, John, Executive Vice-President, J. Walter Thompson Company Limited
- Dampsy, J. V., Vice-Chairman and Treasurer, Association of Canadian Advertisers Inc.
- David, Raymond, Vice-President and General Manager, French Services Division, Canadian Broadcasting Corporation
- Downie, Ivor, President, Downie Advertising Limited, and Moderator, Agency Forum
- Dugas, Jean-Paul, Member, Union des Artistes
- Dussault, Captain L. Michel, Director, Marine Pilotage Branch, Ministry of Transport
- Fisette, Philippe, Vice-President and Director of Canadian Broadcast Production, J. Walter Thompson Company Limited
- Fraser, Ronald C., Vice-President, Corporate Affairs, Canadian Broadcasting Corporation
- Garriock, Norn, Managing Director, Television, English Service Division, Canadian Broadcasting Corporation
- Handleman, Sidney, M.P.P., Member, Ontario Select Committee on Economic and Cultural Nationalism
- Hart, Ralph, Manager, Radio-Television Development, Planning and Development Branch, Canadian Radio-Television Commission
- Hopkins, David, Co-Chairman, Joint Broadcast Committee, Association of Canadian Advertisers Ltd.

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