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# **Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities**

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**Tuesday, April 12, 2005**

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**Chair**

**Ms. Raymonde Folco**

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## Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities

Tuesday, April 12, 2005

•(1105)

[Translation]

**The Chair (Ms. Raymonde Folco (Laval—Les Îles, Lib.)):** Good morning, colleagues. Pursuant to Standing Order 108(2) we are doing a study on the call for proposals made by the new Department of Human Resources and Skills Development Canada on funding criteria for community programs.

[English]

We agreed, dear colleagues, to have three parts to this meeting today. In the first place, the meeting will go on until 1:30.

The meeting itself will be divided into three parts. In the first part, from 11 o'clock to 12:15, we will hear from the Ontario March of Dimes, Gateway Café, the Canada Employment and Immigration Union, and the Réseau des Carrefour jeunesse emploi du Québec. In the second part, we will hear from le ministère des ressources humaines et développement des compétences until 1:30, but before 1:30, hopefully, we will be able to go on to the committee business for the third part of this meeting.

[Translation]

Ms. Bonsant, do you have the paper to be signed? You do not have it yet.

We will continue. We may hear from the witnesses even though we do not have quorum.

[English]

We will go in the following order, as we have you in our orders of the day: Mr. Lucas, vice-president of the Ontario March of Dimes, accompanied by Mr. Steven Christianson, government relations coordinator; and from Gateway Café, Madame Diana Gatti, divisional coordinator; and then from the Canada Employment and Immigration Union, Madame Jeannette Meunier-McKay, accompanied by Mr. Ian Shaw.

[Translation]

We will then hear from Mr. Yves Picard, Director General of the Réseau des Carrefours jeunesse-emploi du Québec. With him is Mr. Pierre Gingras.

[English]

I would like to remind you that you have five minutes for your presentations per group, not per person. So you can divide the five minutes as you wish. Of course, there's a question and answer period

after that, where you can catch up and present some points you were unable to present up during your first presentation.

We will start with Mr. Jerry Lucas, vice-president of the Ontario March of Dimes.

Mr. Lucas, welcome.

**Mr. Jerry Lucas (Vice-President, Ontario March of Dimes):** Good morning, and thank you for the opportunity to present to the standing committee on the subject of the call for proposals process.

I'd like to briefly introduce our organization. We were founded in 1950 to fund research to eradicate the threat of polio. In fact, today is the 50th anniversary of the announcement of the Salk vaccine.

Since 1957, over the past 50 or so years, March of Dimes has become one of the country's largest and most diverse providers of services to people of all ages. All services share a common goal of increasing independence, personal empowerment, and community participation for people with physical disabilities. In this fiscal year, we will provide over 1.4 million hours of direct service to more than 33,000 individuals.

Ontario March of Dimes has been providing employment services since the early 1960s. In addition to contracts with HRSDC, we provide services to almost 8,000 individuals annually referred from the Ontario Workplace Safety and Insurance Board, the Ontario Disability Support Program, CPP, Ontario Works, and insurance and rehabilitation management companies.

We made the proactive decision to expand our base of referrals over the past two decades to reduce the risk of being overly dependent on a single source of referrals. Our employment services have a strong reputation among funders and customers based on our performance, our community partnerships, and our philosophy of servicing the needs of the employer as the best route to meeting the needs of the people we serve. Over the past 18 months, a study group from the Swedish Parliament and a delegation from the government of Russia each met with Ontario March of Dimes at the recommendation of HRSDC for advice on improving employment services to their youth and their citizens with disabilities.

I'd like to speak briefly on the issues of partnership and accountability and then make a few recommendations. In a number of communities, March of Dimes has developed service alliances with other community agencies and corporate partners. In Toronto, for example, we house Strategic Employment Solutions, a unified placement agency with staff from six community agencies, strong corporate and community support, and participation by more than a dozen corporate partners. In the past 12 months, Strategic Employment Solutions has placed 206 individuals, and it has a case load of 640. In awarding the most recent Toronto contract to us, HRSDC cited the success of the Strategic Employment Solutions, the high level of corporate support for the service, as well as the scope and scale of our Toronto programs for our selection.

Regarding accountability, we believe strongly in the need to set and monitor performance standards, and we encourage HRSDC to make this the cornerstone of its funding decisions. Within March of Dimes, we measure service volume, efficiency, outcomes, and consumer satisfaction on a regular basis to monitor operational success, identify performance issues or barriers, improve service quality, manage productivity, and report to our board, our funders, and the general public. These are measured against performance standards. We're pleased to see that accountability and transparency are important to HRSDC, and we believe that performance by its funding recipients should be central to its decisions not only about whom to fund but when to issue a call for proposals.

Over the past decade, the not-for-profit sector has been destabilized by a shift away from core funding to project-based funding and fee-for-service agreements. This has made it difficult for many agencies, large and small, to maintain a stable funding base and fund core administrative services, including those required to complete proposals, measure outcomes, and market services. It also leads to mission drift, loss of infrastructure, reporting overload, and fatigue.

We would therefore like to make the following four recommendations to this committee regarding accountability and the tendering of proposals, to avoid needless administration and expense by HRSDC staff and agencies while ensuring improved accountability, performance, and transparency.

First, performance should be central to all funding agreements. Clearly articulated, measurable, and mutually agreed-upon outcomes should form the basis of program evaluation at the end of each contract or fiscal year of operation. We would recommend that HRSDC also implement standardized performance measures for inter-program comparisons.

• (1110)

Second, organizations with limited administrative capacity should be provided with assistance, including training and funding, in establishing, monitoring, measuring, evaluating, and reporting performance. Benchmarking from similar programs funded by HRSDC can be used in setting and confirming measures and in comparing results, particularly to ensure that programs serving the hardest-to-place populations are not unduly penalized.

Third, performance, rather than contract length, size, or location, should be the determinant of when to tender an existing contract. In circumstances where an existing provider is meeting or exceeding all

performance indicators, HRSDC should have the authority to renew existing agreements. To tender in such circumstances is detrimental, regardless of outcome. For example, if the current provider, due to its strong performance, is appropriately renewed, a call for proposal has wasted the time of the provider, the other applicants, and the staff who are coordinating the process. If a new provider is selected, it causes unnecessary destabilization of the affected organizations, their staff, and the service recipients. The start-up costs and time required to become fully operational should be considered when changing providers.

May I finish?

**The Chair:** You may finish your sentence. That's why I've given you a signal.

**Mr. Jerry Lucas:** Okay.

May I finish the fourth point?

**The Chair:** Yes, quickly.

**Mr. Jerry Lucas:** Okay.

Four, budgets should provide an opportunity for providers to earn and retain a surplus if performance goals are met. Operating perpetually at break-even levels or worse destabilizes the sector. A goal of HRSDC should be to support stability within the service delivery communities across Canada. This gives organizations with operating reserves the ability to survive economic and business fluctuations and to invest in capital.

Thank you.

**The Chair:** Thank you very much, Mr. Lucas. And thank you for sticking to our minute.

We'll now go on to Madame Gatti for the Gateway Café. We've heard a great deal about the Gateway Café in the last few weeks, Madame Gatti. I have to tell you that. So please go ahead and do your presentation. You have five minutes.

• (1115)

**Ms. Diana Gatti (Divisional Coordinator, Gateway Café):** Good morning. It is an honour to be asked to speak in front of this committee today.

I'd like to give you a brief history of Gateway Café. In 1996 and 1997 West Scarborough Community Centre worked hard with our community partners and youth to develop a holistic model that provided a unique approach to meeting the needs of at-risk youth. At about the same time, HRDC called to ask us to help them in service delivery. A change in policy prohibited the federal government from providing direct services to at-risk youth. Our expertise was called upon to meet these needs. We answered the call, and in 1998 Gateway Café opened its doors.

The concept has become one of Toronto's finest youth employment and network centres. Since 1998 we have consistently surpassed the goals set out for us by HRSDC and have been audited numerous times and have received high praise. We have helped over 10,000 of Toronto's youth find employment or access other community supports, including housing, training, or support with returning to school.

I have with me hundreds of letters of support from our clients, community partners, and employers expressing their appreciation for the assistance we have provided. The uniqueness of our service delivery is in the individualized support extended to each client. Every young person who comes through our door has the opportunity to meet one-on-one with an employment counsellor who is specifically trained to determine their needs and develop an action plan.

The added value of our service is in the additional supports we offer to our clients. These include free clothing, personal hygiene products, access to training, a therapist, a psychologist, and referrals to other youth-serving organizations. These services, along with the friendly and welcoming youth-oriented atmosphere, are what we have developed over the years. One of our mottos is "the only thing constant is change". We have reinvented ourselves many times over the years as a result of feedback from our valued clients and community partners to ensure that the services we provide are appropriate, relevant, and accessible.

In February 2004, we were informed by the minister of the call for proposal process and were subsequently informed by HRDC staff that Gateway Café would have to take part in the competition. Previous testimony by senior HRSDC staff indicates that only those contracts over \$500,000 would be subjected to this process. Gateway Café was forced by HRSDC staff to include a physician in our proposal, which put our program into that category.

I have read testimony that indicates that this process was developed to ensure that the department use an open and transparent approach to minimize the risk of mismanagement and subjectivity in allocating funds. Is it more fiscally responsible to give large sums of money to companies that have no track record with this service group and that are not required to have voluntary boards of directors, and annual external financial and program audits by organizations like the United Way, Trillium, and other levels of government?

Let me move on to the communication of this process. At a meeting with the honourable Mr. Volpe, we were informed of the CFP. The minister actually went so far as to recognize the good work of Gateway Café, and in my opinion indicated we had nothing to fear from the CFP. In fact, we were told that current service providers were well positioned. In August, after weeks of waiting and hundreds of hours of additional paperwork that was required in order to provide continuity of service, the competition was released. We were given two weeks to submit our proposal. We relied heavily on our previous documented successes to prepare a well-thought-out and fiscally responsible submission.

The fact that the CFP process did not weigh these accomplishments heavily came as a complete surprise. The fact that we were left in the dark as to what would be considered important was even more disturbing. When the scoring grid was finally leaked, it was a shock

that only 4% of the total was devoted to expertise in working with this specific group. If this does not demonstrate how out of touch the architects of CFP are, I'm not sure what does. Moreover, there was absolutely no place for client references or for that matter, site visits or for calling upon other funders to get feedback on the agency's current track record.

Why would any funder hand over \$500,000 based on a written submission, especially when the actual service delivery model that is in question exists? Why weren't proven achievements one of the most important measurements? If a call must be put out, then previous outcomes and documented successful results should be a key determining factor.

I am not suggesting there's no place for new and exciting proposals. Certainly the government should always be open to innovation. This is how Gateway Café was started. But for six years we have delivered exceptional employment services to at-risk youth. We developed the model. To hand it over to a private sector provider is, in my opinion, unethical.

Gateway Café has developed many partnerships with other programs that support our clients, and the loss of the funding impacts on these additional services and on the West Scarborough Neighbourhood Community Centre. Building rapport, trust and credibility takes years. All this will be lost if Gateway is defunded.

We were shocked when we received the call from HRSDC. How is it possible, when at-risk youth need all the help they can get, for HRSDC to think it is more effective to shut us down and hand these kids over to a venture with no history? This can almost be called a hostile takeover of a small community-based agency by a large private sector company.

I have been asked to offer solutions. Here are my five suggestions.

One, ensure that the voluntary sector accord, which this government agreed to, is followed. When major policy changes are brought about, they should be done in consultation with the voluntary sector.

Two, the department needs to work hard at re-establishing positive relationships with the not-for-profit sector. We have been kicked around for the past two years. There has been a total lack of respect for our expertise and experience in working with the community, and this must stop.

Third, the micromanagement of contribution agreements is a total waste of taxpayers' dollars. A request to itemize how many pens, pencils, glue sticks and other minor office supplies will be needed in the upcoming year is ridiculous.

Fourth, multi-year commitments are essential. Our sector has been devastated by the lack of job security. As a result of this process, I have lost two employment counsellors and have terminated the contracts of another two staff through our wind-down agreement. Ironically, one of my employment counsellors was hired by the private sector company that will replace me. We have had to scale back our operation, and we are no longer open nights and weekends. I have one employment counsellor doing the work of three.

Finally, if the government is looking for accountability and transparency, they need look no further than the voluntary sector. Collectively, we have hundreds of years of experience in service delivery and fiscal responsibility. West Scarborough Neighbourhood Community Centre, the organization that employs me, is so used to operating on a shoestring that we know no other way to function.

Thank you.

• (1120)

**The Chair:** Thank you, Madame Gatti.

[*Translation*]

We will now turn to the Canada Employment and Immigration Union. Ms. Jeannette Meunier-McKay has the floor.

**Ms. Jeannette Meunier-McKay (National President, Canada Employment and Immigration Union):** Thank you. Good morning Madam Chair, members of the committee, ladies and gentlemen. My name is Jeannette Meunier-McKay and I am the National President of the Canada Employment and Immigration Union.

As the union that represents the majority of workers at Human Resources and Skills Development Canada, the CEIU welcomes the opportunity to appear before this committee and to share our concerns with HRSDC's Call for Proposals process.

• (1125)

[*English*]

Our members include the project officers who deliver employment programs to Canadians at the community level. It is their profound concern with the motivation and implementation of the new CFP process that has brought us before you today. As you well know, federal public service workers are severely constrained in their ability to voice their concerns to either the public or politicians. They are still awaiting the decades-old promise by successive federal governments to legislate effective whistle-blowing legislation.

We join those committee members and witnesses who have asked for aggressive action to guarantee immunity to all those who testify before you. We are aware that some government members of this committee have been quite sanguine as to the likelihood of retribution descending on any witness before this committee.

Let me take a moment to introduce Ian Shaw, who is seated in the gallery of observers. Ian is the president of the CEIU local in Toronto that represents, amongst others, HRSDC project officers who are dealing with the new CFP process. Last week, departmental management suspended Ian from work for 10 days. His crime, you might ask? Ian spoke at a public forum on the problems the CFP process was causing community-based employment service groups. I want to stress that Ian was introduced, and is self-identified, as speaking as a union officer.

[*Translation*]

Those who believe that intimidation is not being employed as a blunt tool by departmental management might wish to reconsider their viewpoint. Had a guarantee of immunity been promised him, Ian would have been willing, able and eager to provide committee members with a bird's-eye view of the CFP process that would have been highly useful to your deliberations.

[*English*]

**Mr. Tony Martin (Sault Ste. Marie, NDP):** I have a point of order, Madam Chair.

Would it be possible to share with the witnesses the fact that if this gentleman speaks before this committee, he is immune from any punishment?

**The Chair:** Which gentleman are you referring to, Mr. Martin?

**Ms. Jeannette Meunier-McKay:** Ian Shaw?

**Mr. Tony Martin:** Yes, Ian Shaw, the gentleman referred to by Madame Meunier-McKay a few minutes ago. If he were to share a few comments here this morning, he would be guaranteed immunity from any further discipline from the minister. I know we raised this at the very first meeting when I think the Canadian Hearing Society raised the spectre of their being further punished by, or not getting further contracts from, the ministry.

I know that my colleague Yvon Godin tabled a motion last week that the minister present us with a letter—which I and our leader, Mr. Layton, asked for at one of the first meetings—to guarantee there would be no further repercussions to witnesses here. I think we've seen and heard by way of this presentation that in fact there are repercussions for people who speak out and challenge and try to put on the public record some of their concerns about the way public policy rolls out.

I'd be wanting to ask for some clarification and direction on this before we go any further, because I would certainly like to hear at least a few comments from this gentleman.

**The Chair:** Do you wish to add something, Mr. Layton?

**Hon. Jack Layton (Toronto—Danforth, NDP):** Yes, I have to tell you I feel very bad. I was hoping that what we were talking about was a theoretical retribution. I organized the meeting where Mr. Shaw spoke, so I feel some responsibility. Ten days—that's half a month of income to a family. It also sends a chill out, that people can't really talk about what's going on. I know it's not just the employees within the organization. Gateway is right near my office. I see people going in and out all the time, and I see the wonderful service they get.

**The Chair:** And your subject is, Mr. Layton?

**Hon. Jack Layton:** I'm hoping this committee can find a way to give that comfort, and that the minister can give that comfort, so people can speak out and we can get things back on track.

Merci beaucoup.

**The Chair:** Thank you, Mr. Layton.

We are discussing the call for proposals, the criteria for funding community programs. I don't know why the gentleman was taken to task, and it is not this committee's business to find out.

I have before me Mr. Alan Lennon, who is a senior union representative. If he is the person who represents the Canada Employment and Immigration Union, along with Madame Jeanette Meunier-McKay, that is all right with the committee.

Once again, there is a motion. Mr. Godin, I suppose you and Mr. Martin are supporting this motion. This motion is on the agenda and will be presented at the end of this meeting on committee business.

This is where we stand right now. We have two witnesses representing the Canada Employment and Immigration Union. Once again, I can pull out the book and read you what it says on procedures in the House of Commons and in committees. I read it out twice at the last meeting. I'll read it again. I'll put it on the record for a third time.

This is a quote from the *House of Commons Procedure and Practice*, edition 2000. It says on page 862, "Testimony": Witnesses appearing before committees enjoy the same freedom of speech and protection from arrest and molestation as do members of Parliament. At the committee's discretion, witnesses may be allowed to testify in camera when dealing with confidential matters of state or sensitive commercial information.

**It goes on to say:** In light of the protection afforded witnesses by Parliament, they are expected to exercise judgment and restraint in presenting their views to committees. Where witnesses persist in making comments which are deemed to be inappropriate by the committee, their testimony may be expunged from the record.

I say again what I said before. Mr. Martin, you presented a motion—and Mr. Godin presented one last week—to the effect that these witnesses should be entitled to protection under the book of procedures of the House of Commons. I reiterate that if Mr. Shaw has been called to account it is not this committee's business. He has to deal with it outside of this room.

• (1130)

**Mr. Tony Martin:** I disagree with your opinion that Mr. Shaw's experience has nothing to do with this investigation of what's happening regarding the rollout of the new CFP process. It was raised at the first meeting that some people came here under some concern that they might be subject to repercussions or intimidation. There was some suggestion that this was theoretical, that it really wasn't happening.

We see now within the ministry itself that there is in fact intimidation and harassment where this process is concerned. We're trying to get to the bottom of why this process was introduced in the first place, why it rolled out the way it did. We want to determine the damage this has caused, so that we can recommend some changes or retribution.

It's important that we understand what's going on in this process, so that we can have a full report to the ministry and the government. We're talking about accountability and transparency. We want everybody to understand what's going on and why, so that we will not see it happen again. We need to make constructive changes that will clean up this mess.

[Translation]

**The Chair:** Mr. Layton, you have the floor.

[English]

**Hon. Jack Layton:** Thank you. It is only briefly to mention that the remarks made and the topic of the meeting we had were in fact on the proposal call process. It was precisely what we're discussing here, and this is what led to the discipline, so it is a concern.

**The Chair:** I have no objection to Mr. Shaw sitting in this committee and answering questions relating to the matter. I fully expected to see him come before this committee. His name is on the orders of the day. I understand Mr. Lennon asked for the card to be changed to someone in his name. I've no objection to his sitting here. I don't know why he's not there; he's on our list, certainly.

I would like to mention—

**Hon. Jack Layton:** He's worried about further discipline by speaking here, because he was disciplined for saying what he would say here—he was disciplined by the department for saying these same things in a public meeting. The language in the procedural manual doesn't quite protect an individual from discipline by the department, and that's why the motion has been put forward.

That's the concern, Madam Chair, as we grapple with this. If we could have unanimous consent to just vote on that other motion, it would give an additional level of comfort, but that may not be available to us today.

**The Chair:** Well, of course, the chair and your party differ on the interpretation of the rules and regulations for the House of Commons. I would like to remind Mr. Martin this is something we have discussed here at this committee. When you say we want to cut to the bottom of this, I hope he's referring to all the members of this committee, because all the members of this committee decided together that we wanted to get to the bottom of this, and this is why we're all sitting here today with the witnesses before us.

Now Mr. Forseth wants to say a word.

**Mr. Paul Forseth (New Westminster—Coquitlam, CPC):** Thank you.

I just refer to the NDP, that your approach does give a bit of a problem to the committee in a procedural way, in that we really only have competence to deal with what happens in this committee room. By the rules of the House, we know that if someone gives testimony here, we can protect that testimony and deal with it, but we cannot go out to other events that happened even previous to testimony, even though there may be a link. We know middle-management employees, lower-level employees, do have certain work protocols about speaking to the media, and there are rules of the workplace. If those have been violated, it's beyond what we can get into here.

But I think it's pretty clear we are prepared to hear witnesses. We're not manipulating the list; we can deal with witnesses who appear here under our rules, and if there is fallout or a negative consequence as a result of testimony here, we could deal with it. But you're presenting the scenario to us and asking for assurances of the obvious within the competence we already have; to my mind, it begins to get into the area of politics, where you just divide a situation—you run to the media to say the government's all bad and the committee's all bad and....

I think you understand the difficulty in which you place the chair and the committee. We have a very clear mandate here, and we can only deal with what we have here, in this room. If this individual wants to come and give evidence here, we can deal with that under our rules, but to go beyond that—I don't think it's appropriate for us to reach that far.

• (1135)

**The Chair:** Before I give you the floor, Mr. Martin, I would like to add that you remember this committee asked the chair to get in touch with the minister. I have done that, and the minister is coming here in the next couple of weeks to speak not only on the estimates, but also on this particular question, so we are moving forward to try to get to the bottom of this. The minister already knows what is going on, and she's prepared to speak on this. There are the rules and procedures of the House. I do not see how I can go outside; to repeat what Mr. Forseth has said, I consider it's outside the possibilities or the power of this committee to give you such an assurance.

I would like to remind you, Mr. Martin, that this is the second time you present the same motion. It seems to me that once the chair has ruled, you have almost what is becoming a habit of coming back on a ruling, and then presenting another motion that comes back on the same ruling again. We can call a vote if you wish, but I would ask you to please take into account that the rules say very clearly that when the chair does rule, we don't come back normally on a motion. As far as I can see, it is pretty well the same motion you presented the very first time.

You have the floor, Mr. Martin.

**Mr. Tony Martin:** I appreciate that, and I want you to understand that in the community out there that we're investigating and looking at, there is still a high level of anxiety around retribution and not getting further contracts. As a matter of fact, there were people who came before us here to share with us a tremendous sense of anxiety at the harassment a day or two later to retract and apologize; people just don't do that unless there's something else going on.

So there is this high level of fear amongst people, and we have one here today. I'm not asking that we go back and correct the punishment that was levied on Mr. Shaw; all I'm saying is that we want to make sure that if he says some things here today he is not punished further. Maybe simply raising it and making sure it's on the record will give him enough assurance to come, but it's up to him to decide whether he's comfortable enough to do that. So I would ask him to do that.

Mr. Forseth, I'm not asking the committee to do anything other than what it has the ability and the power to do. I've been in public life for 15 years, and I understand what my freedoms and my rights and my obligations are in such a forum; I have a right to place motions before the committee as many times, or as many, as I want, because that's what my people sent me here to do, to be a responsible, hard-working, and active member of Parliament. That's what I'm doing in exercising that—and I don't need a lecture from the chair.

• (1140)

**The Chair:** I'm not lecturing anyone, Mr. Martin. The chair is simply saying that once the committee has decided that such a motion is not receivable, I don't see the point, electorally or not, or

politically or not, of presenting the same motion a second time when the committee has already given its decision.

Monsieur Lessard.

[*Translation*]

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Madam Chair, as a member of this committee, there is a question that remains unanswered in my opinion. I understand my colleague Mr. Forseth's concerns; he said that this should not become a partisan political debate. I agree with him on that point.

At the same time, neither should this be subject to a purely procedural decision. I will explain myself. There are two concerns. There are two questions that arise concerning what we heard this morning and what we heard before hand. The last time we discussed the subject, the issue was to find out not only whether or not people could come and testify before the committee, but also to see if they felt secure and protected in doing so.

Every time you answer, Madam Chair, it is to say that no one can interfere from outside the committee. You are correct in that regard, but it is still worrying for people. They probably feel protected while giving testimony before the committee. Once they have left, there are other realities they will have to face, with all of the difficulties that can imply for the people concerned.

There is another element to this issue. I'm still not completely familiar with the workings of the committees. Like yourself and others present, I have not been here for very long. I can say however that the committees play a decisive role in democracy as it is exercised in a Parliament such as ours.

We invite people, we listen to them, we translate the text of their presentations, all this in order that we may become better legislators. When the law, as it is enforced, no longer corresponds to the reason for which it was created, we are right to make suggestions to rectify the situation.

First of all, it seems to me that it is difficult for people to testify. In our case, it will be difficult for us to obtain the facts. We will have the minister's version, but it seems to me that we must first and foremost be in a position to hear all the testimony.

I do not want to dwell on it, Madam Chair, but it seems to me that there is a lack of answers, and we need those answers in order to be able to do our work.

**The Chair:** Thank you, Mr. Lessard.

Mr. Adams, you have the floor.

[*English*]

**Hon. Peter Adams (Peterborough, Lib.):** Madam Chair, I have another concern about this exercise. I have great sympathy, and I can well understand that if anyone is asked to appear before a standing committee of the House of Commons, they're very nervous. It's human nature. It's a serious occasion and it's on the record, so people are inevitably nervous. But my concern about this line of argument is that it deals with the difference between the legislature and the government.



The Standing Orders, which are not inconsiderable, represent Parliament. And although parliamentary privilege is quite different since the charter than it was, say, 100 years ago, it's still extremely influential in some areas. I would argue very strongly that if someone has suffered as a result of appearing before a parliamentary committee and that could be demonstrated, this is an area in which the Speaker of the House and the House of Commons could still exert its influence, because our job—and I'm a government member—is to hold the government to account on a day-to-day basis. The government's job, in our system, is to run the country.

In this case, the argument is that we should get a minister in some way to protect a government employee before our committee, as though in fact there aren't these powerful protections already. But if you go further, what about the people who are here who aren't employees of the government? Who is going to send letters to protect them if they are not protected by this most powerful parliamentary privilege? This is an extension of the House of Commons. These witnesses could be standing at the bar in the House of Commons right now. This is not a medieval thing. This is something that is probably more powerful now than it was before we got the charter. And our witnesses have protections of the charter as well at the present time.

So I have sympathy with the cases. I don't know the circumstances of this gentleman. He's on our list of witnesses. I had thought he was going to be a witness here. But I have grave doubts about this—and not political doubts; these are doubts about the fundamental nature of the House of Commons and the government as we see them in Canada.

Thank you.

• (1145)

**The Chair:** Thank you, Mr. Adams.

Ms. Bakopanos.

**Hon. Eleni Bakopanos (Ahuntsic, Lib.):** Thank you, Madam Chair.

I was actually going to speak along the lines of what Mr. Adams has said. Having been assistant deputy speaker of the House and having read the rules, as have all the members around this committee, I fail to see why Mr. Ian Shaw—although I'm very sympathetic to his personal case—wouldn't be here, because when we received the list of witnesses, he was supposed to be a witness. He is protected in terms of his testimony. I continue to repeat that.

I also have a lot of concern about setting a precedent when we require any government... Today it may be the Liberal government, tomorrow it may be another government. You're asking a minister to intervene in the management affairs between an employee and his employer. If that is the route you want to go, Mr. Layton and Mr. Martin, it can be setting a very dangerous precedent, that a minister has overall power either to protect, or to fire, or to hire. We're going down very interesting waters, in my opinion. I think putting the rules of the House of Commons in doubt or overriding them by a letter is a very dangerous precedent. All witnesses have that protection. I've never seen any witness question that protection in 12 years of being a member of Parliament—and I was assistant deputy speaker, I was

also a chair, and I've been parliamentary secretary for three ministers. It's a very dangerous precedent.

You're also raising other issues in terms of labour relations between two bodies that are not attached to a political entity, which you claim can protect them. I find that a very dangerous precedent to set.

I would ask, Madam Chair, that we continue with the witnesses. If Mr. Ian Shaw wants to take the seat, he is certainly welcome in this committee. There is no one who would not want to hear him on the basis of the analysis that we are doing or the subject that we are dealing with, because we all want to get to the bottom of it, and make certain recommendations that would assist in improving the system for all of the non-governmental agencies also.

Thank you, Madam Chair.

**The Chair:** Thank you, Madame Bakopanos.

I will read something into the record. On page 862 of the *House of Commons Procedure and Practice*, same edition, note 437 says: As with Members, freedom of speech is extended to the testimony given by witnesses before committees and has been held to include protection from any possible prosecution. The House may waive this protection if it sees fit... It is the responsibility of each committee to see that witnesses do not take advantage of this protection to utter defamatory remarks which might give rise to legal proceedings were they made elsewhere.

We've read that into the record. I stand by the decision of the chair.

If the committee so wishes, we will continue now with Madame Jeannette Meunier-McKay's presentation.

Madame McKay.

**Ms. Jeannette Meunier-McKay:** Merci.

My five minutes starts all over again now?

**The Chair:** We stopped the clock, so you have three minutes. We did stop the clock.

**Ms. Jeannette Meunier-McKay:** No such luck.

**The Chair:** Actually, we're into 26 minutes, so it would have been a lot more.

**Ms. Jeannette Meunier-McKay:** Project officers feel themselves to have been victimized by the new CFP process. They have suffered from micromanagement on the part of their supervisors, the specialization and concentration of duties, the frustration of delayed decision-making, the ineptitude of constantly changing directives, and the destruction of their community development role.

Indeed, the root cause of the problems in the CFP process is HRSDC having lurched from one extreme of lax controls to a ridiculous preoccupation with process and paperwork over service delivery and community outcomes. The department's new management philosophy can be best summed up as "spending a dime to save a nickel".

One cannot adequately grapple with the many concerns about CFP without addressing broader decisions made by this government in HRSDC over many years. Over the past twelve years, the Liberal government has taken an effective, productive system of employment services and dismantled it by contracting out the direct provision of employment services such as counselling and by closing hundreds of federal job centres.

• (1150)

[Translation]

The Liberal government decided to move to a system where decisions are centralized in the hands of senior bureaucrats who work outside of the communities whose needs they are supposed to serve. The result is that decisions are made, not on the ability to best serve the community, but on abstract proposals and checklists.

[English]

Project officers will no longer work in the community to develop the programs and services they need. Instead, there will be a checklist and a set of rules forcing the same model on all communities across the country. This cookie-cutter approach has no relationship with the needs of individual workers, groups of workers, or communities as they actually exist across the country.

[Translation]

Committee members have already heard from some of the community groups who are also victims of the new CFP process. These are the voices of organizations with long and successful track records in serving their communities...organizations that are now facing layoffs, cutbacks and perhaps closures...organizations whose clients are now at a loss as to where to turn for desperately needed services.

[English]

I would draw the committee's attention to an internal departmental report on the CFP process information session held by project officers last July. It is in the annex to the presentation.

Please bear in mind that this presentation document was prepared by management. They raise many concerns by the front-line project officers, among them a process that makes the department look more bureaucratic and inflexible than other levels of government, unreasonable overall timelines, lack of time to develop new agreements with community organizations, the potential for a breakdown in long-standing relationships between HRSDC offices and community groups, the absence of contingency plans to deal with resultant gaps in service or for sponsors closing, and inadequate consideration of the negative impacts on the current service delivery network.

[Translation]

The ability to complete a funding proposal because you are big enough to pay people to do that does not make you accountable for the money you may receive. The ability to complete a funding proposal does not demonstrate the ability to provide services to the community.

[English]

The creeping takeover of employment services by the for-profit sector would not be occurring if the department had listened to people who work in the community and the people who work for them in those communities. Projects losing funding under the CFP process represent some of the most innovative and effective outcomes HRSDC and its predecessor departments have had.

[Translation]

The new CFP process ignores the real needs of communities but allows large organizations—in particular, for-profit organizations—to produce “slick” applications to meet the criteria of the bureaucrats but not necessarily the needs of clients and communities.

These for-profit organizations, by their very nature, will meet their needs—

[English]

**Mr. Tony Martin:** Excuse me, Madam Chair, I'm having a difficult time with the translation. It keeps changing channels on me. Could we get back on the same channels for French and English as we switch?

**The Chair:** Does anyone else have a problem with the translation?

**Mr. Tony Martin:** I think Mr. Gingras did for a minute.

• (1155)

**The Chair:** Is the French okay?

I want to remind you, Madame Meunier, there is very little time left and I would like you to conclude now.

**Mr. Alan Lennon (Senior Union Representative, Canada Employment and Immigration Union):** Madam Chair, you've heard from all kinds of other organizations and groups. This is the only opportunity the committee will have to hear from the people inside the department who actually deliver the program and understand the CFP process. With the committee's indulgence, we would like to make our full presentation. It will not take much longer, but without this testimony the committee will never fully understand the CFP process. I'd ask your indulgence to let us complete our presentation.

**The Chair:** Two things, Mr. Lennon. First of all, it is not the only opportunity. The fact is that as soon as we are finished with the first presentations we will have questions. They will be quite pointed, and you will have a chance to talk about subjects that are of particular interest to you and your union. The second thing is that you have a brief. You have presented it in both official languages. That brief has been circulated to every member of this committee. If it hasn't yet been read, it will be. It is being read by the researchers. So I do not agree with your interpretation that this is the only chance you have of presenting. That is not so, Mr. Lennon.

I'm sorry, I have already given Madame Meunier way over five minutes, because she had been interrupted. We started the clock from zero and this is the second time we're interrupting her.

Madame Meunier.

**Ms. Jeannette Meunier-McKay:** I will jump to the recommendations, as the front-line workers see them.

We urge the committee to adopt the following measures.

First, we ask that a moratorium be placed on the CFP process and that those agencies that lost funding through this flawed process receive one year of additional funding while a complete review of the procedures is conducted. Such a review, which should include meaningful consultation with both the community and HRSDC project staff, would allow the department to introduce processes for funding decisions that are transparent and that recognize the value of good public service.

Second, we urge HRDC to return to a locally based community development model for funding driven by active community consultation. This would enable the department to actually know and respond to the needs of the communities and to make full use of the knowledge, skills, and experience of its existing project officers.

Third, we ask, in the interest of accountability and the use of community services by clients, that HRSDC restore a front-line, one-on-one referral process and management of client case management. This would effectively eliminate the current chaos faced by clients who at present have nowhere to go to find out where they should go for help for their particular employment issues. It would also ensure that HRSDC, as funding agency, would have the ability to track clients as they progressed. That in turn would mean a real ability to evaluate programs and services worthy of funding.

Last, we believe that Canadians have the right to transparent and accountable government. All parties around this table have an obligation to ensure the adoption of tough and effective whistle-blowing legislation. Given the minority government, there is absolutely no excuse for why this cannot be enacted, even in the current supercharged environment.

It is our view that these recommendations would rescue the department from the mess created by the CFP process and other blunders and return HRSDC to its mandate of ensuring that all Canadians are able to participate within our labour market.

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

Madame Meunier-McKay, I want to apologize for the frequent interruptions. I have tried to give you extra time because of them. We have heard from a lot of people, a lot of groups, and I think this committee is getting to be very much aware of where the problems lie. We are now at the point where we're looking for possible solutions. I would like to thank you and the two speakers who came before you for bringing forward possible solutions to the problems we are all facing. We are listening very intently.

[Translation]

Will it be Mr. Picard or Mr. Gingras speaking? It will be you, Mr. Gingras? Go ahead, please.

• (1200)

**Mr. Pierre Gingras (Director General, Réseau des Carrefours jeunesse-emploi du Québec):** I will be discussing the roll-out of Quebec's Youth Employment Strategy and the Carrefours jeunesse-emploi, drop-in centres to help young people find jobs.

The Carrefours jeunesse-emploi are community organizations. There are 107 such organizations in Quebec. That represents more than 1,000 administrators and volunteers and almost 1,500 workers.

Our mission is to assist and guide young adults between the ages of 16 and 35 in their search for social and professional integration. The Carrefours jeunesse-emploi currently cover almost all the territory of Quebec, and youth from across the province have the opportunity to access the services offered in one of the 180 reception, reference, information and advisory offices.

The 107 youth drop-in centres are members of the Réseau des Carrefours jeunesse-emploi du Québec, whom we represent. The Réseau's mission is to gather together and represent the youth drop-in centres so that we can collectively develop, promote and defend a community initiative adapted to local needs with a view to promoting the social and economic integration of young Quebec adults.

Our actions are guided by the principles in which we believe, that is loyalty to a mission focused on our young adult clientele, partnerships with constituency organizations, a spirit of mutual assistance, a community approach and strong local participation.

Almost \$35 million has been granted to the Carrefours jeunesse-emploi by the Quebec government from the labour market development fund in accordance with the Canada-Quebec agreement of April 1997. Twelve million dollars will be injected into the youth centres over the next three years, an adjustment that was necessary after five difficult years.

This concrete gesture faithfully reflects the will of local, regional and Quebec stakeholders to support the Carrefours jeunesse-emploi, which are the backbone of community efforts to meet the needs of 16 to 35 year olds.

Here are a few figures to give you an idea. In 2002, more than 55,000 new participants took part in activities; by the end of that year, 66 per cent had a job, 22 per cent were in training, and 12 per cent were participating in various projects; the other young people were taking further steps.

The services offered have allowed us to reach almost half a million young people over the last decade. With our network well established in our communities, we are in the best position to meet the challenges facing Quebec youth and society in general.

**Mr. Yves Picard (Director General, Réseau des Carrefours jeunesse-emploi du Québec):** A little over one year ago, the Quebec government adopted a moratorium on Bill M-30, which had been in effect in that province. This allowed the Carrefours jeunesse-emploi to deal with the Canadian government and to develop community projects. So, from east to west and from north to south, the people from the Carrefours jeunesse-emploi rolled up their shirt sleeves and went to work on community projects to meet the needs of their young people.

We will quickly go over some of the irritants before moving on to the heart of the matter. Among the administrative irritants are those related to development, to follow-up and to the length of the agreements, not to mention the current technocratic view of the results.

We have recommendations to deal with these irritants.

**Mr. Pierre Gingras:** These are our five recommendations.

First, we recommend that the officers who were involved in the development of the projects be assigned to do the follow-up, in order to ensure continuity.

Second, we recommend a three-year funding of the Youth Strategy projects.

Third, as part of the project financial assessment, sponsors be authorized to purchase equipment, upon request, according to yet-to-be determined criteria.

Fourth, we recommend a Youth Strategy project evaluation based on the development of young people and on their progress.

Finally, we recommend that the regional HRSDC stakeholders work together with Carrefours jeunesse-emploi to identify the difficulties and irritants and to develop a harmonious relationship that will foster new initiatives for young people in Quebec.

**Mr. Yves Picard:** In spite of all that, there is still a major problem in Quebec, namely, the dispute over the Canada-Quebec labour market agreement, particularly in areas involving case management and the evaluation of participants.

The current situation is jeopardizing project development. Restrictions have been placed on the project development for 107 Carrefours jeunesse-emploi offices in Quebec. This has been going on for more than a year, and the effects are being felt throughout the province. The youth are the hardest hit.

According to the federal officials, an activity is considered to be funded through the Canada-Quebec labour market agreement if it represents, according to the said agreement, an employment assistance service for a universal clientele. Once again, according to Ottawa's interpretation, the money provided by Emploi-Québec to the CJE's for their employment assistance programs comes from the Canada-Quebec labour market agreement. That is the federal interpretation.

That is not how the Quebec government sees it. We have a letter from Mr. François Turenne, deputy minister, addressed to Mr. Côté, Director General of the Réseau des Carrefours jeunesse-emploi. Here is a quote.

[...] the case management requirements in the HRSDC programs, particularly as they apply to accountability and follow-up of those who take part in a federal program, are certainly not included in the Canada-Quebec agreement, nor is there any reference to a federal program.

A Quebec example of funding based on specific criteria or client groups is the deployment of Solidarité jeunesse within Carrefours jeunesse-emploi. The Solidarité Jeunesse projects are supported by local tracking committees that involve the community, which is in accordance with the values that are advocated by Carrefours jeunesse-emploi. By investing in this program, the Quebec government recognizes the specific nature of the intervention for specific client groups.

The Quebec Youth Strategy targets specific groups and its interventions complement our mission. We have five recommendations to maximize its deployment in Quebec.

• (1205)

**Mr. Pierre Gingras:** These are the five recommendations: first, that HRSDC acknowledge the specific nature of the intervention by

Carrefour jeunesse-emploi through the Skills Link initiative, particularly with respect to evaluation and case management; that the department grant funding to the CJE's for case management or youth assessment according to local needs and realities; that HRSDC promote the active participation of its officers on local development committees and project follow-up; that the department rapidly examine the possibility of granting funding for case management and evaluation of participants on a three-year basis, in order to ensure continuity of service and long term follow-up of young people; finally, in the mean time, that HRSDC grant the renewal of agreements that have already been signed with Carrefour jeunesse-emploi for case management and evaluation of participants.

**Mr. Yves Picard:** In closing, for the benefit of Quebec youth, we hope that we have managed to demonstrate that Carrefour jeunesse-emploi is willing and able to work toward developing a winning partnership for youth through the federal government Youth Strategy.

**The Chair:** Thank you, Messrs. Picard and Gingras. I will not take any more time.

[English]

Let's go right to the questions, because we have very little time left.

Mr. Devolin.

**Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC):** Thank you, Madam Chair.

I also thank the witnesses not only for being here today, but for making specific recommendations.

The question I've been asking recently is, if you had the ear of the minister for a minute, what would you say? I don't mean just revisiting what has brought us to where we are today, but if we agree we're in a bit of a mess, how would we get out of it?

I actually have a different question today for Ms. Meunier-McKay and for Ms. Gatti. I hear two subtexts in this conversation. The first is that at HRDC there was a scandal, a knee-jerk reaction to the scandal, and accountability of paperwork took over from management of programs; good organizations that were doing good work got lost in this kind of RFP process. That's one subtext I hear.

The second one is that somehow there's, quite frankly, something more sinister going on here—that there are some efforts to steer some of these contracts from some groups towards other groups. Could you share with our committee whether you subscribe to the first subtext, or whether you think there's some truth to the second?

**A voice:** If there is any evidence.

**The Chair:** Who do you wish to address your question to, Mr. Devolin?

**Mr. Barry Devolin:** Maybe Ms. Gatti first, and then Ms. Meunier-McKay second.

And do you have any evidence to support that suggestion?

•(1210)

**Ms. Diana Gatti:** I definitely think there was a knee-jerk reaction to the other issues the department was dealing with. The CFP process was rolled out much more quickly than had originally been thought. In Toronto we had 23 CFPs rolled out all at the same time, and I think it was overwhelming to the staff who were expected to manage the process. I don't believe contracts were steered in any general direction, at least I hope not. I don't see any evidence of that.

In my particular case, we were required to add a position to our proposal, because there was an issue around counting numbers. There's a software system used to establish how many clients received service, and the database is uploaded to Ottawa, so the numbers are counted. It's a good system, because it reflects services rendered and the amount of budget steered in a direction—for example, for youth. This position or job was to go to work with other agencies that didn't use this software to count numbers. Had I not been forced to add that position to my contract, my proposal would not have been over \$500,000, and I wouldn't have had to be part of this process.

**Ms. Jeannette Meunier-McKay:** I'm going to let him answer, as I'm starting to lose my voice.

**Mr. Alan Lennon:** I have a bit of a voice left.

I think you're absolutely right with your first point. There was a knee-jerk reaction to the problems, and the department went way overboard in terms of paper accountability, as opposed to public service accountability.

When you raised the spectre of work contracts being steered in a particular way, I guess the subtext to the subtext was, is there some political element to that in a party sense or something else? There is no evidence of that. However, there is very clear evidence on the ground that the department steered contracts towards those organizations or groups which they felt, at the provincial or regional level in the department, were appropriate. So we have members who were project officers being told by their managers that a particular project will not be funded—kill it. They were told, you can maybe extend the particular project for a month or two, but it will not be approved by the CFP process in the Toronto regional office, and there's no point in giving you the reasons why that is the case. We have another example where an organization was not funded, and it was the organization that found out it wasn't funded and they told the project officer.

So there is a clear agenda going on within the department; that's the evidence we have, but for whether it extends beyond that, we don't have any evidence.

**Mr. Barry Devolin:** Again, if there is an agenda, do you think it's an agenda that's being driven through the entire ministry and that front-line staff are being forced to implement that agenda?

From a couple of witnesses we've heard recently, it almost sounded more as if local petty bureaucrats were flexing their muscles with some of their clients and may have been acting independently rather than as part of some sort of centralized agenda.

**Mr. Alan Lennon:** That's not the evidence our members have reported to us, and I'll give you a quote from a senior manager in the Ontario region. The manager said that when project officers objected

at a meeting to the call for proposals process and indicated what the problems were—which are laid out in and attached to our brief—a senior departmental official said at that training session, “We're going to be brutal to you until you get it right”. That clearly meant, “We are going to pressure you until you get into line and run the thing the way we want to run it at the senior levels. Don't worry about the community organizations like Gateway, which should not be your concern. Kill those kinds of projects and move on to do the kinds of things we want, which are based on these scoring grids, not on public service”.

•(1215)

**The Chair:** Mr. Martin.

I beg your pardon. Madame Bonsant.

You see how much I want to give you the floor, Mr. Martin!

**Some hon. members:** Oh, oh!

[*Translation*]

**Ms. France Bonsant (Compton—Stanstead, BQ):** Hello. I have a question about Carrefour jeunesse-emploi. There is one in my riding, and it is doing a good job. However, I think that there are the same problems throughout Quebec. People want three-year funding. I will like you to explain to us why you want funding every three years. Have you determined how much time is wasted on paper work? How much time would you save if you had three-year funding?

**Mr. Yves Picard:** The core funding of our organization is based on a three-year MOU with Emploi-Québec. A three-year agreement, besides reducing the administrative burden, allows us to provide young people with better long term services. We can maintain our human resources, acquire expertise, invest in our staff and ensure that, when a young person comes to us and meets with someone, that person will not be leaving after three months because the project has come to an end. That is what makes all of the difference in the work that is done by organizations such as ours.

**Ms. France Bonsant:** That is just what I wanted to hear.

My next question is for Ms. Jeannette Meunier-McKay. If I heard you correctly, in the government bureaucracy, the front-line employees are never consulted before a change is put into effect. You are only told about it once it is done and you must live with the consequences of decisions that are made higher up.

**Ms. Jeannette Meunier-McKay:** That is exactly how it works. It comes from higher up, and the officers must follow the guidelines. They are never consulted.

During the meeting that was held, they tried to make suggestions to bring the service back to the local community. You saw what response they were given.

**Ms. France Bonsant:** In other words, you are suggesting that the project officers continue to work with the community sector, with which they are truly familiar. They know what is involved and who they must deal with. They must continue to develop the community sector.

**Ms. Jeannette Meunier-McKay:** Yes. It has to be done locally. The project officers work with the community groups. They are aware of the needs of the community. They are the best ones to draft the contracts and award the funding.

**The Chair:** We have a little bit of time left.

**Ms. Christiane Gagnon (Québec, BQ):** I would like to ask the carrefours jeunesse-emploi representatives to tell us about the case studies. What type of work would you do that would not be compensated under the Canada-Quebec Agreement?

If I understood correctly, these are the client groups which were not included in this agreement. You should be paid because it is not part of the Canada-Quebec Agreement. Youth is a federal responsibility. Have I got that right?

**Mr. Pierre Gingras:** Indeed. The Youth Strategy also allows us to take a different approach with young people who are the least prepared for employment. The Carrefour jeunesse-emploi Ahuntic Bordeaux Cartierville was one of the Quebec Carrefour jeunesse-emploioffices that was able to undertake an experiment with case management over a one year period.

I will spare all of the details related to accountability, technocracy, and all of the paper work, etc. However, it is important to remember that this is a partnership which is different from our basic services, and which is designed for the most disadvantaged youth in our communities. We, in Quebec, really like the Youth Strategy because it complements the work that carrefours jeunesse-emploi can do with its Emploi-Québec subsidy. It provides specific funding for the youth who really need it.

**Ms. Christiane Gagnon:** I want to be sure that I understand what is involved in case management. If, for example, a Chamber of Commerce has a contract, and a Youth needs to be supervised, that is where you come into the picture.

• (1220)

**Mr. Pierre Gingras:** I will give you a concrete example. Let say that a local group, a community organization or an organization like the Chamber of Commerce develops a community service project. The organization responsible for case management is identified for its expertise in youth employability. The organization, such as carrefour jeunesse-emploi, works in partnership with the Chamber of Commerce, but specifically for the evaluation and tracking of the young people, in order to ensure a long term follow up. Case management was initiated, and we were all completely in agreement. In fact, very often, when projects end, there is no longer a coordinator. A Chamber of Commerce is not in a position to address any specific needs, particularly those of our more disadvantaged young people. With case management, we can become involved through specific action.

**Ms. Christiane Gagnon:** And you are asked to do this free of charge?

**Mr. Pierre Gingras:** We were allowed to charge for one year, but because of the current disagreement in the interpretation of the Canada-Quebec Agreement, we can no longer be compensated. Carrefour jeunesse-emploi decided to refrain from providing this service in the communities, for the time being.

**The Chair:** Thank you.

You have one minute remaining.

**Ms. Christiane Gagnon:** In Quebec, we are also experiencing the problems that you have told us about today. In terms of being familiar with one's area, very often, the groups that are the closest to their community are the ones who are the most familiar with its problems. The program is not often well adapted to the projects. It is mainly the vision of these programs which is imposed on the partners in the community networks. We were told that we should first acknowledge what the community organizations are doing.

In Quebec, there are no calls for proposal for \$500,000 and up but rather regional envelopes that are distributed to a number of organizations. There are seven of them in Quebec, for a total of \$900,000. I thought that calls for proposal for \$500,000 and over meant that an organization could be awarded \$500,000. I would like Ms. Gatti or Ms. Meunier-McKay to tell me if that is also what is happening in Ontario, where there is no labour market agreement similar to the one in Quebec. Perhaps your envelopes are larger. We have a few client groups, including youth, who are still covered in our employment integration programs. Could Ms. Gatti respond?

[English]

**Ms. Diana Gatti:** In Ontario, in Toronto, when we started Gateway Café, we received funding under EAS, which was the Employment Assistance Service. As a result of the call for proposals process, they moved youth employment services to the YES budget, the youth employment strategy. But there's no labour market agreement between Ontario and the federal government; that's why it's a different system. Prior to the CFP, any agency or company could submit a proposal and it would be considered, regardless of value. It was considered in terms of who the client group was. Obviously for EAS, which was HRDC part II dollars, that was for EI and reach-back clients, for those who had been in receipt of EI over the past three years.

From the day it was funded, Gateway Café was funded under that envelope too. So that's why we were subjected to the CFP process.

**The Chair:** There's no more time for this question.

Mr. Martin, you have the next question.

**Mr. Tony Martin:** Thank you.

My question is going to be for the March of Dimes.

Right off the top, I just want to say that I appreciate the excellent work that the March of Dimes has done and continues to do in the province. However, you're now involved in the changing of contracts out there in Ontario, which is creating some concern and some difficulty for some folks. This is true in my own community of Sault Ste. Marie, where the March of Dimes was approached by HRSDC and won a contract without having any real experience in the field of the deaf and hard of hearing. Later it withdrew, acknowledging that they were not the real agency to deliver this and that CHS was. Still, HRSDC offered no contract to CHS. So there are 35 clients in Sault Ste. Marie without services.

I just want to read into the record a couple of lines from the letter you wrote to HRSDC suggesting that you weren't the agency: "In discussion with representatives of The Canadian Hearing Society there is a compelling argument to continue"—

• (1225)

**The Chair:** Mr. Martin, you're going too fast. Don't forget there is translation.

**Mr. Tony Martin:** I promised them earlier I wouldn't go too fast. I forgot, I guess.

The letter says:

In discussion with representatives of The Canadian Hearing Society there is a compelling argument to continue to support the program that they operate in Sault Ste. Marie and I am requesting that HRSDC reconsider the decision for the following reasons:

And further down it says:

From an employment service perspective there is much that differentiates the supports that we can provide and those additional supports required by job seekers who are Deaf, Deafened or Hard of Hearing. Their needs are unique and so are the approaches and solutions the Canadian Hearing Society has developed.

You agree the Canadian Hearing Society should be doing this, and we agree. However, following along on the line of questioning Mr. Devolin pursued, are contracts being directed? Is there something else happening?

I want to put that on the record and then ask a question. Minister Volpe, the former minister who was in charge when this happened, is a former member of the board of directors of the March of Dimes—well, that's the information we have—or he was on one of your committees. There's nothing wrong with that per se, but when you see who's winning the contracts and who isn't, particularly in Toronto, it begs credibility to see those long-recognized programs all losing to organizations with Liberal connections.

In Toronto, as circulated media clippings indicate, one agency, Vocational Pathways Inc., a private agency in a former minister's riding, gave \$3,000 to the Liberals, according to the Elections Canada site, getting access to a former candidate on the executive... and as the president of a local Liberal association. The Ontario March of Dimes won a contract against Link Up and paid to attend a leadership convention for the Liberals.

So the question is, what is this new culture that is beginning to evolve, in which organizations such as your own feel it's necessary, for example, to attend Liberal leadership conventions? Have you attended other conventions of other parties, and when, and which parties? The organizations that so far have lost their contracts tell us they have not done that; they have not gone into that type of advocacy or lobbying. Why is this happening now? Why is that culture all of a sudden so important?

**Mr. Jerry Lucas:** There are two things. First of all, we have attended other conventions. We attended the 1995 and 1999 Ontario Conservative conventions when they were the government, and we do so because we're advocates on behalf of people with disabilities. We attend as non-participating observers, and that's how we attended the 2003 Liberal convention.

If contracts are being directed towards us, it's a bit of a surprise. In the last year we have responded to ten HRSDC proposal calls; we've received one new contract and one renewal, and we've been turned down eight times. An 80% failure rate is not indicative to me of favouritism.

To respond to the other part of the question, the thing to point out is that in Sault Ste. Marie we are on record as supporting the Canadian Hearing Society. We have worked closely with, and continue to work closely with, the Canadian Hearing Society, one of the partners that won the Toronto contract being referred to. They're one of the six community agencies providing staff to the strategic employment solutions and are one of the reasons the contract was received.

We're also partners with them in Sudbury in a tri-agency employment service, and we work closely with them in most communities, just as we do with the Canadian Mental Health Association, CNIB, and other community agencies, because we don't have all the expertise that's required.

• (1230)

**The Chair:** Mr. Christianson, it seems to me you wanted to add something.

**Mr. Steven Christianson (Government Relations Coordinator, Ontario March of Dimes):** Yes, thank you very much.

Mr. Martin, thank you for the question, because we've had this issue going around for several weeks now. We've been looking for an appropriate opportunity to finally put this on record.

You mentioned media reports, and some of those media reports have in fact, through editorials, corrected those reports. There was some factually incorrect information in those media reports. The CBC did so. The *Toronto Star* acknowledged our points.

For our submission today, and for your convenience, we have several things in our appendices. One is a receipt for the Liberal convention in question, and I'll address that in just a moment, if I may.

I do have those media reports you refer to, as well as the corrections to or acknowledgments of previous media reports. And we have the letter, in full, that you had excerpted briefly about our support for the Canadian Hearing Society with respect to the specialized expertise they provide. It is a great organization, and their representatives and our representatives continue to meet and work collaboratively, both in our national offices and regionally, in communities like yours in Sault Ste. Marie .

Ontario March of Dimes never has and never will make a political donation to any political party. The Marijuana Party might be coming up at some point, but we'll leave that for another day. This is strict policy. We've clarified this on numerous occasions. And again I'll just reiterate; we do have the receipts from the Liberal Party. As my colleague and vice-president of Ontario March of Dimes, Mr. Lucas, pointed out, we've attended several policy conventions of the governing parties in Ontario and federally for approximately the past 15 years. That precedes my time there, so I can't speak to anything prior to that.

The fee that you're referring to was in the amount of \$1,100. That was for the 2003 biannual policy convention of the Liberal Party of Canada as an observer—as a non-participating, non-partisan observer. There were many other organizations—charitable, non-profit, and for-profit—that had representatives at that particular convention. I believe Bono was there too, from U2.

**An hon. member:** [*Inaudible*]

**Mr. Steven Christianson:** Yes, he should be. He is a dubious character.

**The Chair:** More seriously, I am giving you a little bit of extra time, Mr. Christianson, but I would like you to pursue the subject.

**Mr. Steven Christianson:** Thank you, Madam Chair.

The document in our submission clearly clarifies that it was an observer's fee. Why does it show up on the Elections Canada website? We had the very same question when we were notified of this. The fact is, those rules were changed federally for political parties. We can't speak on behalf of the Liberal Party or the Conservative Party or the NDP Party—any party, for that matter—but attending a national policy convention now goes down, for whatever reason, as a contribution.

That said, it was an observer's fee. All the paperwork, both from the party and the accompanying paperwork submitted to Elections Canada, as well as everything in our offices, indicates such.

Why do we do this? Why do we go to policy conventions? I think it's the right of any organization—large, small, individual, media, academic, trade union, or otherwise—to observe the policy process, the dialogue, the discussion of causes and issues and concerns. This is the ground. This is where people from around the country are discussing this. We can't participate as observers, but as part of keeping abreast of these developments and communicating these developments to our more than 20,000 consumers through our websites and through our annual reports, and in a sense, being accountable to them, I think we would be remiss in not keeping abreast of those developments, whatever party may be in power.

Do we go to conventions of all political parties? No, and again I reference the Marijuana Party. I haven't yet seen a policy convention.

We do so with the governing parties.

• (1235)

**The Chair:** Thank you, Mr. Christianson.

The chair is giving extra time for this, because it has been the subject of some discussion in previous meetings on both sides of the table.

I would like to add that the Ontario March of Dimes has made a presentation, but it's in only one of the official languages. I couldn't distribute it, for obvious reasons. We will wait for the translation to come through with the presentation. This way we can have it in both official languages, and you will have this.

What we could possibly do with the annexes that you were mentioning, Mr. Christianson, is perhaps have the annexes translated so they can be distributed to all the members of this committee. But as to the text of your presentation, it's going to be translated in the minutes of this meeting.

Is that acceptable to the members of the committee?

**Some hon. members:** Agreed.

**The Chair:** Thank you.

Mr. Martin.

**Mr. Tony Martin:** Could I just have one more question, given that you've allowed—

**The Chair:** Actually, Mr. Martin, I dare not tell you how many minutes I've given to your question.

**Mr. Tony Martin:** Well, it wasn't to my question, it was to their answers.

**The Chair:** It's part of one and the same. It's good to try, Mr. Martin. I cannot.

Mr. Adams.

**Hon. Peter Adams:** Thank you, Madam Chair.

I'm not going to ask how many of your groups have volunteers who are involved in one way or another with the different political parties. In fact, given the nature of members of Parliament, I shudder to think of how many organizations between us we've contaminated in this way. I was thinking, that I myself have been chair of the cancer campaign; the United Way campaign; St. John Ambulance; various women's groups—I got an award for breastfeeding—a whole bunch of sports groups; a whole bunch of church groups, and they're gone; the Lung Association; the Red Cross; the Canadian Hearing Society; and various educational groups.

In the time the chair gives me, what I'd like to do is give you all an opportunity to talk about the recommendations you have made. I'll begin with the March of Dimes, but I'd like you all to jump in.

By the way, I want to congratulate the March of Dimes. You must feel great this year, having been involved from the first in the eradication of polio. I think it's an extraordinary thing.

First of all, you mentioned standardized performance reports, renewal based on those performance reports, resources for measurement, and then the idea of a surplus. If you could flesh out some of those, I would invite others to jump in on their favourite recommendation. I can prompt you, because I've marked some.

Would you care to comment?

**Mr. Jerry Lucas:** Sure, thank you.

I think our point is that accountability and the call for proposal process are not synonymous. We manage many government grants—not just HRSDC, not just federal grants, but quite a few provincial grants—and they're differently funded. A lot of our agreements are annually renewed. There are targets in all the agreements—financial targets, service targets. Staff from the government have the option of renewing or telling us to pull up our socks or telling us they're pulling the contract. But some of those can go on for many years. We have some independent living contracts with the Ministry of Health that have gone on for over 25 years. You can see that there are HRSDC contracts that are renewable without going through the call for proposal.



So it's a very expensive, very disruptive process that we feel should occur just when there's a need, when either there are new funds available or there's a need to change providers based on performance. We feel that an organization like ours, for example, might have tendering obligations for certain services, because we don't get to see what the broader field is like. So we might tender, for example, legal services on a five-year basis. But HRSDC is big enough that they can do a lot of internal benchmarking. They don't need a call for proposal process to know what performance should be adequate and when some organization is falling short.

We don't think this is necessary.

● (1240)

**Hon. Peter Adams:** Diana, do you want to comment—briefly, because we do actually know about it—on the voluntary sector accord and how important it is in the recommendations we might make?

**Ms. Diana Gatti:** The voluntary sector accord is critical because it recognizes the significant contribution that not-for-profit organizations make. HRSDC came to us for our expertise. For six years we've been delivering this service with exceptional results. Now, through a process that in our opinion wasn't fairly implemented, we've lost our contract to a service provider.

I think my colleagues in Quebec would agree that it sometimes becomes sexy to work with at-risk youth. The money follows that group's clients, but it's a very hard group to service. Anybody under the age of 30 could be considered an at-risk youth. Just because you have post-secondary education doesn't mean you're going to find a job. But my clients don't have high school, they have learning disabilities, they have many barriers to employment. It's a difficult group to work with. Gateway's only been around since 1998, but West Scarborough Neighbourhood Community Centre has been around since 1956.

**Hon. Peter Adams:** Pierre Gingras, I think you mentioned the importance of funding equipment. Could you comment on that so we can understand why it's particularly important?

**Mr. Yves Picard:** For example, if you need a computer for a project, you have to rent one—\$200 a month. In the end, the computer costs more than if you bought it. What for? For the next project, you have to rent another one. Result: lost money.

**Hon. Peter Adams:** I wonder if the union would comment on the moratorium. How would you see a moratorium being carried out?

**Mr. Alan Lennon:** In some ways, it's fairly simple.

**Hon. Peter Adams:** Just give me some of the mechanics. I know why you're suggesting it.

**Mr. Alan Lennon:** There should be no more calls for proposals until there are clear guidelines. For example, no longer will it be the case in Toronto that calls for proposals are supposed to fit business plans that have not yet been developed or that have not been shared.

**Hon. Peter Adams:** The existing programs just run in this time.

**Mr. Alan Lennon:** We're calling for a year's extension of funding to organizations that have delivered service, like Gateway, while a process is put in place to create an accountable public service for the various client groups in our labour market. Right now, people who got the contracts are not ready to go, and people who are not getting

the contracts are being dragged out month to month with fewer and fewer staff. So it's a disaster out there.

**Hon. Peter Adams:** So if it were two or three months, you'd simply pro-rate the amount of money that's been provided so far to those organizations, or give them an indication of how long it's going to be? Is that how it's done mechanically?

**Mr. Alan Lennon:** Gateway's funding, for example, was going to end, and it's been extended month to month. I wouldn't do that. I would say to Gateway that the process was flawed, that it was no longer being used, and that they'd be funded until the end of the fiscal year 2005-06. I would guarantee them that a decision about future funding would be made by the end of the calendar year.

● (1245)

**Hon. Peter Adams:** And the process? What sort of consultation would there be? How would this be done?

**Mr. Alan Lennon:** It's hard to say. This is not a quantitative process, but a qualitative one. Project officers who know the communities, who know services for at-risk youth, need to do an evaluation based on the ability of Gateway to deliver those services in an effective way. It's not as simple as comparing outcomes, evaluating it statistically. It doesn't work like that. We're talking about the quality of people's lives and the quality of public service.

I'm not going to redo the department.

**The Chair:** Sorry, there's no more time.

Thank you to everyone.

[Translation]

I have the distinct impression that we have made a great deal of progress today, in spite of the disagreement aired at the beginning of the meeting. Our committee has taken due note of your suggestions. We shall be drafting a report for the minister on this subject, and, obviously, you will automatically receive a copy.

[English]

It will be on the Internet. We will let you know when the report is finished. It will be very soon.

Thank you once again to everyone. I apologize for keeping you so long, because we're 15 minutes late, but we do have another part to this committee meeting.

We will suspend for a few minutes.

● (1247)

\_\_\_\_\_ (Pause) \_\_\_\_\_

● (1250)

**The Chair:** We're now into the second part of our meeting. We welcome Mr. Michael Saucier once again, representing the Department of Human Resources and Skills Development.

To start off, Mr. Saucier, let me apologize for making you wait all this time, but a number of things had to be cleared up and discussed. It seemed important to be able to hear these people. That is why we're starting so late. However, you are the only witness, so you have your five minutes to present on this subject.

[*Translation*]

**Mr. Michael Saucier (Director General, Labour Market and Official Language Minority Communities, Department of Human Resources and Skills Development):** Thank you, Ms. Folco.

[*English*]

I thank you for the opportunity to present once again in front of the committee. I must say I found the discussions preceding my presentation very helpful and informative.

[*Translation*]

I am delighted to have the opportunity to appear before you this afternoon to speak about the call for proposal process and to answer any questions that you may have on this subject.

I hope that you have received a copy of my presentation in French and in English.

**The Chair:** It has been handed out, Mr. Saucier.

[*English*]

**Mr. Michael Saucier:** There are three primary objectives of this presentation. First is to provide some clarification on the call for proposal process and questions that have been raised during this hearing. I'll address some of these points briefly as part of the presentation and will be more than pleased to respond to other questions later. Second is to provide an update on enhancements made to the call for proposal directive. They are in line with some of the suggestions I presented during my March 8 appearance. Third is to provide an update on HRSDC's action plan to engage community stakeholders in suggesting enhancements to the CFP process.

The majority of our stakeholders support the intent of the CFP process, but not necessarily the manner in which it was implemented. Being transparent in selecting sponsors in a fair and equitable manner for awarding of high-dollar agreements is supported. However, it was done too quickly. Three enhancements have been made to the CFP directive, and I'll touch upon those in a moment.

The department continues to work with the voluntary sector organizations to identify and propose additional enhancements to the CFP directive. We appreciate that we may not have been fully aligned with the principles of the voluntary sector accord and the codes of good practice, but we've adopted a plan within the department to better engage with the voluntary sector. We will continue to discuss opportunities for enhancements.

The applicability of the CFP generally applies to agreements with values of \$500,000 or more; however, there have been a few exceptions. Typically this applies to agreements with organizations; that is to say, agreements with individuals such as those we have for skill development are excluded. Of the total dollars the department spends on grants and contributions, which is about \$2.7 billion, roughly \$226 million is subject to the CFP process, or about 8% of the total funding. CFPs are widely used by several government

departments, and provincial and municipal governments, including the Province of Ontario and the City of Toronto.

As you're aware, we have transfer LMDAs with New Brunswick, Quebec, Manitoba, Saskatchewan, and Alberta. Those programs and the funding are the responsibility of the those provinces. As a result, the majority of CFPs are in Ontario and British Columbia.

So what actions have we taken to date? As with any and all new initiatives, it is imperative that we continually re-examine and assess our progress to determine if the process and outcomes are as effective as possible. As of March 29, the department introduced three changes to the CFP directive.

First, all applicants will now have a full 30 days to prepare and submit their proposals. It used to be 10 days. Second, the timeframe for conducting a CFP process has been extended from 90 days to 120 days, thereby minimizing the need for short-term extensions. Third, the detailed assessment grid will be available as part of the application package. As such, organizations will have a much better appreciation of how their applications will be assessed. These changes have been validated in discussions with the sector; however, we will continue to have discussions with many of our stakeholders to ensure that these and other changes will be considered.

The department continues in its dialogue with the voluntary sector at the national level. To date we've had discussions with the Voluntary Sector Forum, Imagine Canada, and the Canadian Federation of Voluntary Sector Networks. Discussions are also taking place at the regional and local levels. Meetings are also planned for this month and May. We had a session last week that was co-chaired by the department and the United Way of the Greater Toronto Area, with some 10 Toronto-based groups.

Although we have implemented three specific changes, there are other opportunities to explore. The dialogue with the voluntary sector and HRDC continues at all levels.

● (1255)

The department has adopted an action plan. More recently, we had a joint session within the department where we had representatives from the Voluntary Sector Forum and program staff at the national headquarters level to ensure awareness of the voluntary sector accord and the codes of good practice.

Ensuring that organizations obtain timely and informative feedback on how and why they were ranked and having this information provided in a consistent manner is important. Although the department has instituted debriefings as a means of providing information and providing feedback to the organizations that have applied to us, we have heard that we need to be more consistent in the manner in which we do this.

Placing a value on and recognizing that some service providers have other programs that could assist clients with their needs—such as language training or settlement programs—while ensuring that the process is still open to service providers who only deliver employment programs, is also important. We continue to hear from many organizations of the importance that experience, as well as the continuum of service, provides.

As indicated on the following page, we want to make sure our directives are more accessible by making them available on the Internet. Although our application package is very detailed, we will consider providing more information on our website.

In improving the process for transitioning clients from one service provider to another, we want to ensure there is no gap in service. Striking a balance between program outcomes, results, and financial stewardship is important. We need to be more focused on results and less on controls.

And finally, turning to page 9 as a matter of conclusion, the primary objective of the department's employment programs is to assist unemployed individuals to return to the labour market. Organizations are instrumental to the delivery of employment programs, and we are committed to working with the community stakeholders to improve the CFP directive and address areas of particular concerns.

Merci. Thank you.

[Translation]

**The Chair:** Thank you very much, Mr. Saucier. The floor is yours Mr. Van Loan.

[English]

**Mr. Peter Van Loan (York—Simcoe, CPC):** Thank you very much.

I'm just looking at your reference to the labour market development agreements. I read, of course, in the media that the Treasurer of Ontario and the former minister, who is the political minister for Ontario, met just the other day, and apparently a labour market development agreement is forthcoming for Ontario. Have you been involved in those discussions?

**Mr. Michael Saucier:** No, I haven't.

• (1300)

**Mr. Peter Van Loan:** Are you aware that was happening?

**Mr. Michael Saucier:** I read the clip in the newspaper, but that is not one of the areas of responsibility I have in the department.

**Mr. Peter Van Loan:** But aren't all these programs the ones that would be delivered by the province through a labour market development agreement?

**Mr. Michael Saucier:** The reference you made is in respect, as I understand it, Mr. Van Loan, to possible negotiation of an agreement with the Province of Ontario. I can—

**Mr. Peter Van Loan:** We've read that the agreement has already been made, that it's about to be announced, that it's a fait accompli. What I was reading is the statement, and I wanted to know if the government was going ahead to make that announcement without ever having consulted the people who deliver these programs on what the implications might be for transition.

**Mr. Michael Saucier:** I'm sorry, I can't speak to that.

**Mr. Peter Van Loan:** Okay, so there has been no consultation. Do you have any thoughts about transition? Should this be frozen while we await that kind of transition under the labour market development agreement, or should we continue to plunge ahead, notwithstanding

the stated intention of the political minister for Ontario that this is all being transferred to the province?

**Mr. Michael Saucier:** The department has a responsibility and is accountable for delivering our set of labour market programs, in reference to the employment benefits and support measures, which are part of the discussions we're having today and have had in the past with respect to the call for proposals process. The department wants to continue to ensure that the clients in the province of Ontario and across the country are provided with the necessary employment programs and services, so the service is provided.

**Mr. Peter Van Loan:** I realize that ministers may set the political culture, and it's obvious that in developing this labour market development agreement there has been no consultation with you from the political level, so I'm a little bit reluctant to pick on you for the next question. But did any consultation occur with any of the providers in the changes you announced as of March 29 ?

**Mr. Michael Saucier:** Yes. In fact, the—

**Mr. Peter Van Loan:** Could you describe that consultation?

**Mr. Michael Saucier:** The changes were considered from a number of perspectives, one being that of the various organizations, many of whom have spoken here at these committee hearings over the last couple of weeks and have indicated firstly that the amount of time required—

**Mr. Peter Van Loan:** My question was, what was the consultation process?

**Mr. Michael Saucier:** The consultation process was as follows: hearing back from the organizations. More recently, last week I met with 10 organizations.

**Mr. Peter Van Loan:** That was after March 29. I'm asking, before you made these changes on March 29, what was the consultation process to come up with these new criteria?

**Mr. Michael Saucier:** The consultation process, other than passively receiving complaints from providers, was that we met with the three national umbrella organizations—which I referenced—back in early March. We suggested these changes as enhancements, and they were positively received.

I'd also like to point out that we continue to validate these, as I mentioned in my remarks, and that they have been accepted as going in the right direction.

**Mr. Peter Van Loan:** I recall that in your initial evidence, when you were here sometime before March 29, you already had the proposal for 30 days and 90 to 120 days. That's not new since the first time you appeared here.

**Mr. Michael Saucier:** When I appeared here on March 8, I suggested these were recommendations we were considering.

**Mr. Peter Van Loan:** So really, it's nothing new that's flowed out of this process here.

**Mr. Michael Saucier:** What's new is that we've actually gone forth and implemented those recommendations.

**Mr. Peter Van Loan:** Is there anything you've heard here from witnesses—I know the department has been following that closely—that suggests that these should be changed or that they are the right criteria?

**Mr. Michael Saucier:** To date, I have heard very positive feedback in regard to us going in the right direction. I have not heard any of the organizations ask us to change these particular recommendations, but I would say that as we continue to meet with organizations and discuss this, if other changes are suggested, the department is very much open to making further modifications.

**Mr. Peter Van Loan:** I'll just return to the labour market development agreement. Again, in view of the fact that it is forthcoming, does all of this become academic and should we be freezing the process now?

**Mr. Michael Saucier:** The department is continuing with the call for proposal process, and a directive that it be put in place.

**Mr. Peter Van Loan:** But in your opinion—I know that's what you're doing—is that wise in view of a forthcoming labour market development agreement? Have you been directed to do that by the minister, or has the minister not communicated anything?

**Mr. Michael Saucier:** You asked for my opinion in respect of the CFP process. I think it's a sound management approach to our programs, and it should be continued, yes.

• (1305)

**Mr. Peter Van Loan:** In terms of direction from the minister, has the minister given you direction to continue notwithstanding the labour market development agreement, or has there been no direction from the minister?

**Mr. Michael Saucier:** The minister is very supportive of our continuing with our call for proposal process. I've had no discussion with the minister in regard to the LMDA with the CFP process.

**Mr. Peter Van Loan:** So notwithstanding the fact that there is a labour market development agreement coming forward to transfer this to the provinces, the minister is encouraging you to continue with business as usual.

**Hon. Eleni Bakopanos:** I have a point of order.

Mr. Van Loan, I think we're having the minister come before this committee. We can ask any minister to come before the committee and we can ask them for the political answer. You're asking—I'm sorry—a public servant to get involved in negotiations that are of a political nature between two governments.

**Mr. Peter Van Loan:** No, I'm asking what direction he has received from the minister.

**Hon. Eleni Bakopanos:** No, I think you know what you're asking, Mr. Van Loan.

**Mr. Peter Van Loan:** I've asked what direction he has received from the minister. It's a simple question.

**The Chair:** Monsieur Saucier, you are a public servant. Do you feel comfortable answering the question Mr. Van Loan has just asked you?

**Mr. Michael Saucier:** Madame Chair, all I can say is that we're supportive of the CFP process, and I cannot speak to any negotiations that may or may not be going on with a province and the federal government in regard to an LMDA.

**The Chair:** Thank you.

**Mr. Peter Van Loan:** My question was, what direction had you received from the minister? Was it to continue the process?

**Mr. Michael Saucier:** As I thought I indicated, Mr. Van Loan, the minister is supportive of our continuing with the CFP process.

[Translation]

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

Over to you, Ms. Gagnon.

**Ms. Christiane Gagnon:** This morning, we had been presented with an update to help us understand the objective of the call for proposal process. However, my thirst for understanding remains unquenched as I do not feel that you have explained the issues surrounding the process. To my mind, and based on what you have told us, when we speak about a call for proposal for agreements with values of \$500,000 or more, it is because the projects involved have a value of \$500,000. You said that only 8 per cent of programs are subjected to the calls for proposal process. We were told that only one organization in Quebec had received this subsidy; however, when I attempted to find out which organization that was, I discovered that seven organizations had received subsidies varying between 89,000 and \$149,000. This is no way to set about explaining the process to parliamentarians. I sympathize with the witnesses who told us that they could not make head nor tail of your process. As a parliamentarian, I myself, feel that you are not explaining the right information to us.

A call for proposals is a regional envelop. Is that the case across Canada, or only in Quebec? Does the same apply in Ontario and British Columbia where there are no labour agreements?

**Mr. Michael Saucier:** Ms. Gagnon, you are right in what you said about Quebec. There was a call for proposal worth \$900,000, and, indeed, there was not one but seven projects related to our youth program entitled Career focus. This was a decision made by the department in the interests of ensuring transparency of funding allocation.

Labour market agreements in Quebec mean that the province receives the funds earmarked for the labour market. In the only Quebec case that we have, the call for proposal process was used, but that is not the case elsewhere in the country. Given that funding for Career focus has been reduced compared to last year, we used the call for proposals process to compensate and maintain funding levels. We chose this process in the interest of transparency, and not so that we can say there was a single envelop. That is not how it works.

You are right in saying that seven organizations received amounts of less than \$500,000. However, the Quebec example is the exception to the rule.

• (1310)

**Ms. Christiane Gagnon:** These organizations are, nevertheless, having to deal with a new system, new criteria; furthermore, there is a difference between an \$89,000 project and a \$500,000 project. The organizations involved are often small. Two Quebec organizations appeared before the committee, and we carried out a study of their interest and understanding of the new call for proposal process. Several expressed disappointment and said that, in some cases, their expertise was not recognized. Others told us that the administrative costs were overly onerous, and that extra people had to be called upon to meet your criteria, criteria which changed several times throughout the process. Furthermore, there is too high a turnover among the public servants responsible for helping these people.

Earlier, you spoke about improvements that had been made. However, these improvements are very minor when compared to what we have been told here. Last week, we asked the question of the RQuODE, an organization which represents those community organizations involved in this type of call for proposals, and they told us that you had not even contacted them. You claim to have been in contact with such organizations, and to have visited them to see what was happening in terms of your programs. I am not convinced that you have done as much consulting as you claim. In fact, people have told us that they have never heard of you, that they had not been consulted. People are let to work things out for themselves, using whatever understanding of the process they may have, and with a public servant assigned to monitor the progress of their file.

**Mr. Michael Saucier:** Ms. Gagnon, in Quebec, the call for proposal process has only been used once. We have not consulted with the sponsors and organizations in Quebec on the subject of the recommendations and changes which we implemented on the 29 March. That is not being done.

You are correct about other changes, for example, the need to improve staff training and ensure that information is shared. These are recommendations and suggestions which have been heard this morning and in the past, and on which we intend to focus. We know that changes have to be made to grants and contributions which are not directly linked to the call for proposal process. However, it is also important for us to listen to what is said so that we can find a better balance between controls and results. As I already said, we have not yet found this balance. We have been focussing too much on controls, and we must now take measures so that we can meet our objectives and desired results. That is what we are trying to do.

**The Chair:** Thank you.

Mr. Martin.

[English]

**Mr. Tony Martin:** Thank you very much.

Mr. Saucier, it's good to see you again. I'm sure you've been listening to the goings-on here over the last few weeks.

I just want to say that the changes you are announcing here this morning are much appreciated and could have happened earlier had you been in real consultation with the community agencies and organizations. That would certainly have been helpful. However,

there are still some shortcomings and some challenges that need to be addressed.

For example, HRSDC had a good reputation out there with community agencies, and it needs to be re-earned if we're going to do good work on behalf of our citizens. You start, in my view, by having less heavy-handed, top-down administration—we heard this morning from some of your front-line workers about that—and by honouring those members of your workforce, your local HRSDC staff, and by having local input into the development of these projects.

I don't think this cookie-cutter process that's still in place is going to be the most beneficial and successful. I think there's still a climate of fear that persists. We heard a bit of it again this morning.

I want to make some note regarding the e-mail apologies that went out after the first hearing of witnesses, which indicated to me that there's still a climate of fear or else that wouldn't have happened so quickly and so obviously readily.

In testimony throughout our hearings, in B.C., in Ontario, with HRSDC, it's perceived that there's not a partner relationship anymore between the government and these organizations, but more of an employer-employee relationship. A grid still exists that does not properly weigh experience. In the grid that I saw, what the agency brings to deliver the service to certain clientele counted for 4%.

I have to tell you, when I shared that with a couple of the agencies in my own community, one that has already lost its contract—and I'll talk to you about that in a second by way of a question—and another that is about to lose its contract as well, they didn't know that only 4% of their past practice and experience was being considered in the overall formula. That blows them away, because they did really good work. They were never criticized, never had any notion that they were doing bad work for anybody. It was, in fact, a real surprise.

So having said that, what do we say to those organizations that, in the previous process, have already lost their contracts and are now laying off people? And what do we say to their clientele who are now either doing without service or are having to deal with new service providers and all that entails?

And in particular, what do we do about my own Canadian Hearing Society in Sault Ste. Marie, which obviously did good work, because there was no evaluation of that program that indicated that it didn't? The March of Dimes, an organization that was sought after to deliver that program, has said that it would be better carried out by the Canadian Hearing Society. Will they get their contract back, and will they be allowed to continue with the 35 clients in my community who are in desperate need of their service?

• (1315)

**Mr. Michael Saucier:** Thank you, Mr. Martin. You've raised a number of points and questions. I'll try to address them, and if I miss any, please remind me.

In regard to working with the voluntary sector and the department's reputation, we appreciate that the introduction of the CFP directive and the other directives that we put forth have provided certain challenges. We know the department has implemented in a rather quick manner the CFP directive, and it has had consequences on the voluntary sector as well as with our own staff.

As I indicated, we have put in place an action plan in which we want to ensure that we have a better understanding and, where we can, make changes to enhance the process. We've had meetings at the national level, there have been meetings at the regional level, and I referenced a meeting more recently with the United Way and some 10 organizations in Toronto. This is an opportunity for us to better engage and consult with the voluntary sector, so I would hope that helps us get into the direction of enhancing our reputation with our partners.

Local input is extremely important. In fact, it's inherent within the guidelines that are part of the Employment Insurance Act and what governs our programming.

In regard to the experience factor, you're right, in some areas only 4% was provided in the overall weight. Is that enough? What we've heard from organizations is, no, it's not; it should be a lot higher than that. And in meetings we've had and will continue to have, that message continues to come to the table.

It's tied as well with the concept of a continuum of service, where organizations are not just providing support to HRSDC through our own programming but may have programs through other venues, whether it be with the province or other government departments, and they've asked us to consider that as well.

So as part of our assessment of the CFP process and the CFP directive, we're going to be seriously looking at the weighting factors that we put into experience, among other components. So this is taken and will be taken into consideration in regard to making enhancements to our weighting system.

•(1320)

**Mr. Tony Martin:** The question is about what happens now to the organizations that have already lost their contracts under the old regime, and what about my own CHS in Sault Ste. Marie? What are we going to do to correct that situation? Obviously if the 4% was applied, their past experience wasn't weighted appropriately.

**Mr. Michael Saucier:** The organizations that have been unsuccessful in the process, especially those that were incumbent service providers within the program offerings that the department has, have been contacted on a bilateral basis to explain to them the process, to help them better understand how their application was assessed. This will hopefully provide them with some feedback that will help them better position themselves for the future. Many of the organizations that have not been successful in this particular round have other agreements with the department, some of which have been subject to the CFP and others that are below the \$500,000 range.

In regard to the Canadian Hearing Society in Sault Ste. Marie, as you have referenced, the Ontario March of Dimes has been asked to provide employment assistance services to that community, and in fact, that selection of the Ontario March of Dimes, if my recollection

is correct, was not part of a CFP process. This is an organization that was identified in the community to provide this service and will be making special provisions to ensure that they have the expertise and the capacity within their organization to address the needs of the hearing impaired in the Sault Ste. Marie area.

**The Chair:** I'm sorry, Mr. Martin, your time is up.

I will now go on to Madame Ratansi.

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Thank you for being here.

I come from a different background. I come from the province of Ontario, where the call for proposal comes if you have anything over \$25,000. So for anything over \$25,000 you have to have a call for proposal. My practical question is this. In your presentation you talk about how in a call for proposal your ceiling is \$500,000. Does that translate to a medium-sized organization or a small-sized organization? That's number one

Number two, you say that it affects only 8% of the overall population. If it affects 8% of that population, where do they reside? Is one province badly hit by that 8%?

When you went with the call for proposal, how many complaints did you receive? What sorts of complaints did you receive? I'm looking at a paper that was presented that talks about project officers feeling victimized that the call for proposal process is too centralized, that the organizations do not have enough time. So it looks like a hostile takeover of the private sector. Have you received certain complaints, and how have you handled those complaints?

I am an accountant, so empirical evidence is very important for me. This is hearsay—I've heard it from other organizations—so perhaps you could help me out.

Thanks.

**Mr. Michael Saucier:** We have a common profession, because I'm an accountant as well.

In regard to small versus large on the \$500,000 limit, we consider this to be in the range of large. Of the agreements that we have, we have many more that are below \$500,000 than we do those that are \$500,000 and above.

With reference to the 8% of population, in my presentation I talked about 8% of total funding, which is slightly different from population. Let me briefly explain.

Much of our money that is part of the grants and contributions is transferred to provinces through transfer LMDAs, and some agreements are not subject to CFP—for example, those that we have with individuals. The CFPs that we do have are virtually all in Ontario and the province of British Columbia, and at that, concentrated more so in the Greater Toronto Area and the Greater Vancouver Area. The reason for that is, because a lot of the organizations are large groups, they are servicing a large population. That's where they're normally found, because that's where the population is.

On the complaints received, yes, we've received a number of complaints. I can't give you a specific number.

•(1325)

**Ms. Yasmin Ratansi:** I don't want the number. I just want to know on which areas you've received complaints.

**Mr. Michael Saucier:** On the irritants that have been flagged by the voluntary sector groups, for example, I would say that one area is not having sufficient time to prepare for proposal. We used to provide 10 days and now we've gone to 30 days. That, I think, is consistent among all the organizations that we heard from. The idea that the department had a 90-day standard to finalize a contribution agreement with their organization was very tight for the department. We found ourselves in a situation of having to do short-term extensions of one month, two months, three months, and organizations have told us this is not healthy, this is not helpful to us. And so we hope the extension of an additional 30 days will provide us with the opportunity of minimizing extensions.

There was also the concept of being transparent. Organizations said, "We found out after the fact how you were going to judge us. Had we known that we were going to be judged by A, B, C, or D, then we would have put out more effort on this particular area and less in another area". Therefore, that is another area that has been identified as an area for improvement.

They've asked us to take into consideration the continuum of service, where an organization may provide supports that are outside HRSDC. The concept of providing funding on a multi-year basis is another area on which we've heard. There are others, many of which I would say fall under the umbrella of administrative irritants and many of which have been long-standing with the department. They have indirect links, if you will, with the CFP process and the CFP directive. I'll provide two examples.

One is the manner in which a department negotiates administrative overhead with an organization. Recently we had a meeting with a large organization in Toronto, and they stated to us, "You spend 85% of time negotiating 15% of the costs, so you're too focused on overhead and you need to find better ways of doing that". The department is looking at piloting some approaches where we can look at a manner in which we will not get into the micromanagement of overhead, where more of a fixed rate could be applied. In fact, we are testing three types of approaches to get at those particular issues.

With regard to other changes of an administrative nature, we want to ensure that we are more in balance between controls, risk, and results. We finalized a study recently—and I believe I referenced this in my March 8 appearance—in which we talked about our program management review and the fact that we need to be more results focused. We wanted to entertain a manner in which we can provide our funding to organizations that are not so cost focused, but are focused on how they get the results.

So those are other pilots or examples that the department is exploring.

•(1330)

**Ms. Yasmin Ratansi:** Madam Chair, do I have any more time?

**The Chair:** You no longer have any more time. It's already way over.

Thank you very much, Mr. Saucier.

Point of order, Mr. Martin?

**Mr. Tony Martin:** On a point of order, Madam Chair, I just want to withdraw the motion of Mr. Godin of last week, as it's no longer relevant.

**The Chair:** Thank you very much, Mr. Martin.

Do I have unanimous consent from this committee? Mr. Martin wants to withdraw the motion discussed to write a letter to the minister, if you recall. I won't go into all the details. Do I have unanimous consent from this committee?

(Motion withdrawn)

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

Thank you very much for this, Mr. Martin. I understand that you have to go.

We're not really into business, but this was to allow Mr. Martin to withdraw this and to go on to his business.

I do have one question I would like to ask Mr. Saucier, if you don't mind.

[*Translation*]

My question pertains to the funding for employment assistance services, Mr. Saucier. Several groups who have appeared before this committee have said that the new direction adopted last year on funding for employment assistance services was not communicated to community groups. I would therefore like to ask you a few questions on this matter.

Firstly, what changes were made to the funding for employment assistance services, and why? Secondly, who is eligible for employment assistance services? Finally, what is the department's policy on providing specialized employment services to groups with special needs? Is this policy officially recognized? What additional costs are provided for under this policy?

**Mr. Michael Saucier:** Thank you, Ms. Folco.

**The Chair:** Mr. Saucier, I am sorry to have to interrupt you when you were just about to answer my questions.

It is already 1:30 p.m., and several members of the committee have told me that they have to leave. The questions that I have just raised are important for the report which we want to submit to the minister. Rather than answering my questions now, would it be possible to send me a written answer which I could distribute to members of the committee?

**Mr. Michael Saucier:** Very well.

**The Chair:** Today is Tuesday. Do you think that you would be able to get it done by Friday, Mr. Saucier?

**Mr. Michael Saucier:** Yes, that would be fine.

**The Chair:** Very well, thank you.

We are coming to the end of this part of the meeting. First of all, Mr. Saucier, I apologize for the way the meeting was held. We called you very late, and a lot of things have gone on. However, we would like to thank you for coming a second time before this committee. We also thank you for providing us with a list of the changes you are currently making to your way of dealing with community organizations. In our view, that is extremely important, not to say fundamental.

Obviously, we may have other recommendations to make in the report we submit to the minister. I hope they will be along the same lines as what you have already told this committee.

Thank you very much.

[English]

We'll go directly into the third part of our meeting, which is house business. We've withdrawn the motion.

On April 6 last, we received a letter signed by Mr. Matt Wood, Ontario Association of Youth Employment Centres. This letter has been circulated in both official languages. I understand you already have it, so I will not read it aloud.

I would like to talk to you about the tentative schedule for the next few days. We're always trying to bring the schedule up to date, because as you know, we're going to be meeting the various ministers on the estimates.

This Thursday we have decided that we would be drafting instructions to researchers regarding the draft report for the call for proposals, criteria for funding community programs. Both I and Mr. Forseth will be absent, and so Madame Gagnon will be chairing the committee.

This coming Tuesday, April 19, Madame Robillard has said she would be available. I would suggest, if this committee agrees, that we invite Madame Claudette Bradshaw, along with Madame Robillard, for the full two hours, and that we go beyond the full two hours. I suggest we give another half an hour, if you like, because there are quite a few things to be discussed. The meeting might be extended to 1:30 p.m. This is next Tuesday.

Next Thursday we have the possibility of inviting Mr. Arthurs. Mr. Arthurs is the commissioner. He would like to explain to us part III of the Canada Labour Code. I quite frankly would prefer him to come along with Minister Fontana on May 12, but I'm presenting it to you because I would suggest that if we don't invite Mr. Arthurs on April 21, which is not this Thursday but the next, we could not have a meeting on that day so as to give the researchers plenty of time to be able to write the report. We know the report is important and we want to get it out as quickly as possible. Several members have made that very clear to the committee.

What do you say to that?

**Some hon. members:** *D'accord.*

**The Chair:** So next Thursday, April 21, there would be no meeting. The week starting April 25 is a break week, of course. And then the week following, which is May 3 and 5, we will discuss the report. Hopefully we will be able to finalize the report by May 5.

I won't go into the details at this time, but after that we can look forward to inviting—I'll talk about the agencies in a moment, and all the other ministers we have yet to receive—Mr. Fontana, Mr. Ianno, the Hon. Ken Dryden, and so on and so forth.

For the three agencies, the Canada Industrial Relations Board, the Canadian Artists and Producers Professional Relations Tribunal, and the Canadian Centre for Occupational Health and Safety, the last time I presented this there seemed to be some disagreement as to which of them, if any, you wanted to invite. Could I hear from the committee, please, on where you stand on this? Do you want all of them? Do you want one? Two? Three?

Mr. Adams.

• (1335)

**Hon. Peter Adams:** Do you want my suggestion? All of them at once.

**The Chair:** It's meant to be at once.

**Hon. Peter Adams:** A short 10-minute presentation, with whatever written material they want to provide, would be economically useful.

**The Chair:** Absolutely. Well, of course it was going to be just the one meeting.

Madame Gagnon.

[Translation]

**Ms. Christiane Gagnon:** Can you repeat the names of the organizations?

**The Chair:** I'm sorry, but I don't have the names in French. There is the

[English]

Canada Industrial Relations Board, the Canadian Artists and Producers Professional Relations Tribunal, and the Canadian Centre for Occupational Health and Safety. Of course, if we were to receive all three, it would be all three together. That would then go possibly to May 10.

Madame Bakopanos.

**Hon. Eleni Bakopanos:** I'm sorry, my memory's gone. What are they going to present? Estimates?

**The Chair:** The estimates. We're still talking about the estimates.

Madame Gagnon.

[Translation]

**Ms. Christiane Gagnon:** What about Part III of the Canada Labour Code?

**The Chair:** With respect to Part III of the Canada Labour Code, I didn't want to go any further with that. We will have the presentation by Mr. Arthurs and Joe Fontana, perhaps on May 12. In any event, that will come later. It's included in the schedule that I will provide you with, once we've finished this little part.

Thus everybody agree?

[English]

Does everybody agree?



Thank you very much.

The meeting is adjourned.

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