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Chair

Mr. James Rajotte

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• (1525)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): We'll call the meeting to order.

This meeting has been specially set up in order to review the government's announced budget cuts, which were detailed on September 25, earlier this week.

We have asked officials from the Department of Industry to appear before us today, and they have accommodated us. From the department we have Richard Dicerni, the deputy minister; Carole Swan, the senior associate deputy minister; and Tom Wright, the assistant deputy minister.

I certainly want to thank you for rearranging your schedules on such short notice and appearing before us today. Many of us have seen you many times before. This is obviously a special meeting. We will be spending an hour and a half discussing the government's items announced on September 25.

Just before we go into a brief presentation by Mr. Dicerni, I do want to make it clear that the officials are here to present information on what the government's plans are. They are obviously not political. They are not members of Parliament. They are not ministers. They are not here to give the political reasoning behind the expenditure reductions; those are obviously given by ministers.

As Mr. Carrie mentioned last time, if we as a committee want to get into the political rationale for the decisions made by the government, we're certainly free to invite people like the President of the Treasury Board, John Baird, who can certainly provide those answers.

So I will be holding members to that, that this is for information and explanation. I've told that to the witnesses as well, so they know what's expected of them.

I understand, Mr. Dicerni, you have a brief opening statement. I recognize that there is nothing to hand out, but that's because we didn't give you any time to present anything in written form. We'd appreciate any comments you have as an opening statement.

Welcome.

Mr. Richard Dicerni (Deputy Minister, Department of Industry): Thank you.

My comments will be very brief, because I assume that if you've asked us to come and appear before you, it is not to listen to bureaucrats wax eloquently.

My opening remarks are on the verge of being completed.

[Translation]

We will do our best to answer your questions without exceeding the limits that officials must respect in circumstances like these.

[English]

The Chair: Thank you, Mr. Dicerni. You've set a record for the shortest presentation by any witness to a committee, which means Mr. McTeague has to buy you dinner. We will inform him of that.

We'll start with Mr. Lapierre.

[Translation]

Hon. Jean Lapierre (Outremont, Lib.): Thank you very much, Mr. Chairman.

Mr. Dicerni, ladies and gentlemen, welcome, and thank you for your availability on such short notice.

To start with, I am interested in two things. Let's begin by talking about the budget cuts. As regards to your department, it says:

Funding for third parties to further their interests or programs that are not effective, do not achieve results or are being re-focused or targeted for improved effectiveness.

Do you consider Technology Partnerships Canada an effective program that does not yield tangible results?

• (1530)

Mr. Richard Dicerni: If I am not mistaken, Monday's announcement called for a reduction of approximately \$20 million for this year, and the same amount for next year. I think, as Mr. Bernier mentioned yesterday in the House, that this program still has enough money to continue investing in a number of projects. Moreover, I am confident that several announcements will be made shortly under this program.

Hon. Jean Lapierre: There was in fact talk of a surplus. If I'm not mistaken, with respect to this program, there are applications on the minister's desk that usually well exceed the funds remaining.

Since January, how many applications have been processed, how many have been accepted, and how many are on hold?

Mr. Richard Dicerni: I would have to get back to you on that. With 24-hours notice, I did not have an opportunity to put together as large a file of analyses as I normally would.

This program receives a number of applications. As I was saying, we expect to be in a position to make some announcements shortly. We'll be able to give you more exact numbers then.

Hon. Jean Lapierre: Since January, have applications been approved under the Technology Partnerships Canada program? I know that when the government changed hands, some applications were on hold. Companies have been waiting for a reply since January.

Since January, have there being any positive replies to these applications?

Mr. Richard Dicerni: As you know, I have only been in this job for a short time. Perhaps my colleague, Mr. Wright, could provide you with more information.

When the minister was appointed, he undertook to review the program, because of a number of concerns with regard to its management and to ensure transparency and accountability. These reviews have been completed; Mr. Bernier released them publicly recently. As I was telling you, we expect the government to make a number of announcements relating to this program shortly.

Hon. Jean Lapierre: But Mr. Wright must know if applications have been accepted and if files have been dealt with, because, after all, it's been eight months.

Mr. Tom Wright (Assistant Deputy Minister, Department of Industry): I must admit that I would have to check whether the recommendations have made it through the decision and announcement stages. Progress is being made on many files. As the deputy minister mentioned, there will undoubtedly be announcements shortly. I would have to check.

Mr. Richard Dicerni: I've been on the job since May 1st, and to the best of my knowledge, there haven't been any announcements about specific projects.

Hon. Jean Lapierre: The announcements come as a surprise. However, when were you and the minister consulted about these budget cuts? Was the consultation protracted and perilous, or did it take place last Sunday?

Mr. Richard Dicerni: I've had the opportunity to work for different governments at the federal and provincial levels, namely for Mr. Rae and Mr. Harris. All of these governments had to deal with fiscal constraints, budgets, and budget cuts. Each government uses its own approach. It varies according to the financial requirements and the objectives people are pursuing.

Hon. Jean Lapierre: In this case, when were you consulted? When was the minister informed?

Mr. Richard Dicerni: This is getting dangerously close to the ministerial decision-making process. I'd better be very cautious. This is getting very close to the ministerial decision-making process, to what goes on between the deputy minister and the minister.

• (1535)

Hon. Jean Lapierre: I'm not trying to corner you, but according to my sources, you were consulted last Sunday's evening.

The Chair: You have 30 seconds.

Hon. Jean Lapierre: You are talking about reviewing the program, but dozens of people are waiting for a response from Technology Partnerships Canada and are very concerned about the future of the entire aerospace industry.

Is it true that formal announcements should be coming in November regarding both the applications that the department is considering and the future of this program?

Mr. Richard Dicerni: We had an opportunity to meet representatives from the aeronautics industry a few days ago. Mr. Bernier met with them, and I spent several hours with them. The sector is very important for Canada. It makes an important contribution to Canada in different areas. That contribution is widely acknowledged.

As regards the announcements, I believe that Mr. Bernier has stated that the program must be reviewed. I have talked about a number of ad hoc situations. The minister wanted to ensure transparency in accountability for the new contracts, in order to remedy what he considered shortcomings. The process is now quite advanced and we expect to be able to make some announcements linked to the specific projects shortly.

Hon. Jean Lapierre: Thank you.

The Chair: Thank you, Mr. Lapierre.

Mr. Crête, you have the floor.

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Thank you, Mr. Chairman. Welcome to the committee.

My first question deals with the Canadian Tourism Commission. An expense of \$5,675,000 linked to the move to Vancouver was eliminated. Moreover, in the summer, I met with the CEO of the Canadian Tourism Commission. She told me that approximately \$5 million will be needed to deal with the fact that Canada is not doing it well as it has in the past in terms of tourism compared to other countries. In this regard, Canada has slipped from 9th to 12th place in the world.

Have you considered taking the funds not spent on the move and using them to address this new tourism problem, instead of simply cutting the budget?

Mr. Richard Dicerni: I also had an opportunity to meet Ms. McKenzie a few weeks ago, when I attended a meeting of the Commission's board of directors.

As regards the \$5.6 or \$5.7 million earmarked for the move, the Commission had a budget of about \$25 million to facilitate its move to Vancouver. I was told that the move cost approximately \$18 or \$19 million and that the Commission had obtained Treasury Board approval to access these funds. However the decision was made not to access them, because the funds were considered...

Mr. Paul Crête: Did someone at the Canadian Tourism Commission decide not to request the reallocation of these funds?

Mr. Richard Dicerni: No. I'm talking about Treasury Board.

Mr. Paul Crête: I see.

Mr. Richard Dicerni: I'm talking about a ministerial decision.

Mr. Paul Crête: I see. That confirms the answer, that Treasury Board decided not to allow a reallocation.

Mr. Richard Dicerni: It's in that sense that the announcement linked to the cut, if you will, is a government decision. It's also for that reason that it's on the list in front of you.

Mr. Paul Crête: I see.

As for the \$24.89 million in cuts to Canada's clothing and textile Industries, which as I understand it, are primarily linked to the CANtex program, what do you say to the textile industry that is telling you that it would have liked to see in place a program that would open up markets for Canadian textiles used in garments manufactured abroad, for example, or for garments that would be shipped to Canada duty free? CANtex funds would have come in handy then, but it is difficult to invest in productivity if there are no markets.

Do these cuts mean that the government no longer intends to take any action to expand markets? Is that the message that is being conveyed here, in other words, the message that the textile industry is being more or less abandoned?

• (1540)

Mr. Richard Dicerni: I think that is beyond the scope of my mandate as a public servant.

Mr. Paul Crête: I will reformulate my question. Are the cuts a result of a government policy decision to do away with the program to revitalize the textile industry? Is there a message behind this decision?

Mr. Richard Dicerni: As officials, we do not operate based on messages or signals of one kind or another; we have programs to administer, with budgets supplied first of all by the government and subsequently by Parliament.

I think that could be a question to put to the Minister tomorrow, in the House.

Mr. Paul Crête: Now that the cuts have been made, what does that mean to you in terms of assistance to the textile industry? I don't really mean in terms of policy, but in terms of operations.

Mr. Richard Dicerni: I've been told that those who stood to benefit did not avail themselves of this program. In previous years, the budgets for this program were never spent. So, from year to year, there was some reprofiling of funds. The amounts cuts from this program were unspent from one year to the other.

Mr. Paul Crête: It's not a political decision then. Over the past three years, I was systematically told by officials that CANtex has no more funds available because they had all been allocated.

An hon. member: That's true.

Mr. Paul Crête: I am telling you, we were set to knock... Economic Development Canada was the operational arm, and I think that the official in charge was in Drummondville. They told us there was no more money for CANtex. Industries had undertaken modernization projects, to buy equipment, but CANtex had no more money.

But I do not want to get into a debate on that. I just want to give you that information.

Mr. Richard Dicerni: I understand. My colleague could perhaps offer you some additional information.

Mr. Paul Crête: Fine.

Mr. Tom Wright: As regards the funding shortfall, I think it was for the PICTV program, which is linked to the garment industry,

whereas CANtex is a program targeting the textile industry. So we are talking about reductions for CANtex. The Deputy Minister has just explained CANtex's role as regards remaining funding that went unused.

Mr. Paul Crête: That confirms the industry's hypothesis that if they had markets, they could use CANtex, but because they have none, they cannot use it.

Could I simply conclude by asking one last quick question?

[English]

The Chair: Okay, Monsieur Crête.

[Translation]

Mr. Paul Crête: All right.

[English]

The Chair: No. There are ten seconds.

[Translation]

Mr. Paul Crête: There is an amount of \$39 million in the section on social economy programs. Does this amount represent the elimination of the program which had been set up to develop the Fonds d'aide aux entreprises d'économie sociale in Quebec? I simply want to know what's included in this amount.

[English]

The Chair: This is a tough clerk; he has a stopwatch here.

Some hon. members: Oh, oh!

The Chair: He is keeping us to time. Okay?

[Translation]

Mr. Paul Crête: It's a very technical question and the answer could be useful.

[English]

The Chair: Would anyone like to respond?

Ms. Carole Swan (Senior Associate Deputy Minister, Department of Industry): Sorry, this is a question on the social economy?

[Translation]

Mr. Paul Crête: I would like to know the breakdown of the \$40 million.

Ms. Carole Swan: I believe we're talking about a two-year period.

[English]

The entire social economy program offered by FedNor, part of the program administered by Industry Canada....

[Translation]

Mr. Paul Crête: But was this the money earmarked for...?

The Chair: Mr. Crête.

Mr. Paul Crête: I will get someone else to ask my question.

[English]

The Chair: We want to try to get through as many members as possible today, so we'll go now to Mr. Carrie.

Mr. Colin Carrie (Oshawa, CPC): Thank you very much, Mr. Chair.

I'd like to thank all the witnesses for being here at such short notice.

One of the things coming from Oshawa, where we had this great news recently about the Beacon Project, a project that did benefit from the Technology Partnerships Canada program.... And there has been some controversy over it.

I was wondering if you could tell us a little bit more about the program, what's good about it and what was not so good about the program.

Mr. Richard Dicerni: Upon assuming this job, I had the benefit of briefings from a number of colleagues, and I also went to see a number of people around this table, including Monsieur Crête and Monsieur Vincent, who spoke to me about this. It is a program that has, in some respects, had a bit of a checkered past. A number of companies have brought to our attention the fact that it has made significant contributions, including people like Mike Lazaridis from RIM, and some people from the aerospace sector, obviously, have really underlined the contribution this program has made to aerospace. I have also had the benefit of reading a number of comments and criticisms made of the program's shortcomings as they relate to inappropriate transparency and perhaps the use, at times, of lobbyists who were undeclared.

So there have been some, I would say, positive aspects, and there have also been some shortcomings that were identified—perhaps through a number of members of this committee—which the minister has undertaken to improve.

● (1545)

Mr. Colin Carrie: Thank you very much.

With the expenditure savings that have been announced, will they affect any of the projects currently in the pipeline?

Mr. Richard Dicerni: As Monsieur Lapierre has mentioned, there are a number of projects in the pipeline. We are currently reviewing those.

By withdrawing \$20 million, at some point some projects will be impacted, given that it's a program geared to supporting projects. But we will attempt, with the funds that are remaining, to focus on the priority ones that provide best value on a technology development front, as well as the other objectives of the program.

Mr. Colin Carrie: Thank you very much.

I notice as well there was a \$50 million one-time reduction in excess reserves at the Canadian Intellectual Property Office. Can you tell the committee how that came about and how we were able to get such a significant one-time reduction at CIPO?

Mr. Richard Dicerni: CIPO, as you know, processes requests for patents, licences, and so forth, and they have a fixed rate at which people who are applying for patents or licences must pay a fee.

Over the years this agency has accumulated—partially through good management, partially through the fees they are receiving—an amount of about \$50 million. CIPO is a special operating agency, and within its terms and conditions, its operating rules, the Treasury Board has the opportunity, at different points in time, to access the revolving fund that is established. A number of other agencies operate under that same premise.

The management of the place, which I emphasize is quite good, was accumulating a certain amount of additional moneys with a view to perhaps significantly overhauling its IT system. We have discussed this initiative with them and have said that until that gets approved and reviewed, the Treasury Board, as is its privilege to do, would take the money that is sitting there and apply it to the reduction of governmental expenditures.

The Chair: You have one minute.

Mr. Colin Carrie: Okay.

I was wondering if you had any solid numbers on how much money was actually saved altogether from unused funds. Is that how most of it came out, from funds that weren't being used in different programs?

Mr. Richard Dicerni: We don't have that typology—

Mr. Brian Masse (Windsor West, NDP): It's in our report.

Mr. Colin Carrie: What report?

Thank you very much. I just received that.

Mr. Richard Dicerni: In the stuff that went out on Monday there was a description. The government established a typology of a grouping of four themes under which we had things like Statistics Canada, tourism, CIPO. Those are the ones that I could speak to.

● (1550)

The Chair: Thank you, Mr. Carrie.

We have Mr. Masse, for six minutes.

Mr. Brian Masse: Thank you, Mr. Chair, and thank you for being here.

In the cuts, there are significant departments, like tourism, that get whacked pretty hard. There is \$95 million in tourism-related cuts in total in this proposal. What would have been the percentages if you did a broad-range cut? I'm not saying that would have been the best way to go, but what would that have been as a percentage of the cuts, and why did tourism receive such a hard cut?

Mr. Richard Dicerni: I don't have any percentages.

Mr. Brian Masse: Okay, I can work that out later. That's fine.

Mr. Richard Dicerni: With regard to the CTC, we've spoken about the \$5 million or so. With regard to the other matter, this was not an Industry Canada-related matter. This was done under either the Department of Finance or the CRA, because it's fundamentally a taxation matter. So the question would be better addressed to the commissioner of the CRA.

Mr. Brian Masse: You guys didn't communicate at all during this process?

Mr. Richard Dicerni: What I'm saying is in regard to the accountability as it relates to these various initiatives—

Mr. Brian Masse: I'll take that as a yes.

Here is the reality, though. These are tourism-related cuts. Right now the Senate committee for appropriations is discussing a \$35 billion bill from the Department of Homeland Security that is going to change our border even more. We are talking about everything from helicopters and drone planes to a whole series of watchtowers. A whole series of things is going on concerning the Canada-U.S. border. We are going with gunboats and training facilities for them.

Here are some quotes. I want to read some of the quotes regarding the tourism response to this particular budget and the cuts, especially the \$5.7 million cut from the Canadian Tourism Commission's budget. The vice-president said, "We believe that in North America, every sales-and-marketing dollar brings in \$10 in tourism revenue. We believe that there's a strong business case...and a strong return on investment."

Referring to the GST rebate elimination—this is not your responsibility, but it happened in this particular budget. This is from the president and CEO of Tourism Toronto. He said, "This is a complete shock to the industry." Referring to the GST rebate elimination again, Randy Williams of the Tourism Industry Association of Canada said, "It's mind-boggling and a slap in the face."

Your department is responsible for tourism, which in the first six months of 2006 has gone down to 1972 levels. We have a crisis in tourism here. The Canadian Tourism Commission was the only organization that had a \$3 million cut from your department in the last budget session. It was the only thing in the CTC that was cut.

Mr. Colin Carrie: Do you have a point of order here?

Mr. Brian Masse: No, I have a question; it's not a point of order.

Mr. Colin Carrie: Okay, well—

Mr. Brian Masse: I'm entitled to—

Mr. Colin Carrie: He's here to answer on the \$5.7 million, though, not about the Revenue Canada cut.

Mr. Brian Masse: It's a tourism—

The Chair: Just to clarify, Mr. Masse, they cannot answer anything with respect to another government department. They're here to answer—

Mr. Colin Carrie: That's my point.

Mr. Brian Masse: We already established that they didn't communicate with the other department.

The Chair: Mr. Dicerni did not.

Mr. Brian Masse: And that's fine.

Can I finish my question?

The Chair: You can finish your question. I'm just making it clear that they're here to answer cuts under Industry Canada.

Mr. Brian Masse: Right. I appreciate that, Mr. Chair, and I'll draw my conclusion.

My conclusion is that we do know we have a tourism crisis happening right now in this country, and your department is responsible for tourism across this country.

With this GST one that's been done with the other department, and yours coupled with it, what is going to be the plan for the Canadian

Tourism Commission? Because other departments...for example, the military got extra spending for advertising; they got millions more to spend for advertising.

How is the CTC going to be able to respond to all these changes and the drop in American tourism when it has less resources?

Mr. Colin Carrie: Mr. Chair, isn't that more like a political question?

The Chair: It is a—

Hon. Jean Lapierre: Who's chairing now?

The Chair: Order.

It does have a political tone to it.

Mr. Dicerni, go ahead if you're comfortable addressing the role of the Canadian Tourism Commission, its future as it goes forward.

Is that what you want answered, Mr. Masse?

Mr. Brian Masse: That's fine. Relate it to the CTC. I want to know how this department is going to handle this shift. He's responsible for that department.

The Chair: Relative to the \$5 million that was cut from CTC, Mr. Dicerni, you can speak to that and its future.

• (1555)

Mr. Richard Dicerni: I would like to make three points.

One, tourism is important, and I would be remiss here if I did not underline the importance and the recognition we put on tourism. I have spent, as I said, a fair amount of time with the commission. We have a series of meetings planned for the TIAC session taking place next month. I met last week with the Ontario tourism commission and spent some time with them. I've met with a number of deputy ministers.

We do appreciate that tourism is an important sector in this country. Related to that, we are making contacts with provincial governments with a view towards having a federal-provincial meeting of tourism ministers in order to address the issue. We are conscious of the fact that the increasing dollar is having an impact on tourism. We're conscious of the fact that higher gasoline prices are, in some respects, having an impact on Americans travelling by land.

We are monitoring this very closely and working, in part with the industry and very much with the embassy, to address the WHTI initiatives, and there is some movement potentially in Congress to address the border issue.

So we are quite sensitive to the importance, particularly in border communities.

Mr. Brian Masse: How does less money to the CTC, though, make it more efficient to deal with its number one challenge when the industry is going in the tank?

Mr. Richard Dicerni: With regard to the CTC and the moneys that were, I believe, related to the transfer, there was \$25 million for the transfer of the operations to Vancouver and it ended up costing less. It was the view of ministers that the moneys not spent on the move should be repatriated within the Consolidated Revenue Fund.

I believe the other reference you made to \$3 million may have been a decision taken in prior years.

Mr. Brian Masse: This budget year is when that was cut.

The Chair: Thank you, Mr. Masse.

We're going into the second round, with five-minute questions and comments.

I just want to point out for the witnesses that if there's any further information you can add to questions that are being asked—I know Mr. Lapierre raised some issues that you may want to address later on, that you may not have the specific figures for—if you'd like to provide that to the committee, we'd certainly welcome it.

We'll now go to Ms. Kadis for five minutes.

Mrs. Susan Kadis (Thornhill, Lib.): Thank you, Mr. Chair, and welcome, everyone. I'm sorry I was a few minutes late.

There's a very bold statement within this document: "A common-sense approach to responsible spending going forward", which I certainly would agree with, and I'm sure we'd all agree with it.

Is it not responsible to support our businesses, to partner with our businesses? My concern with some of these cuts is that they seem to suggest a change of direction in terms of taking away funding from some very important businesses that have produced results for Canadians.

That's one question.

The other item is a statement about non-core programs—programs or activities that do not meet the priorities of the federal government or Canadians. I think this is a very general, very open-ended statement, and along those lines, I'm interested to know if you can define "social economy programs" under the non-core programs. I know these are primarily granting councils that have been cut and they don't provide direct social economy programs.

I'm also interested to know if this government is moving in the direction of eliminating these non-committed funds to signal an end to these types of programs.

Mr. Richard Dicerni: On some of the qualitative assessments of the measures that were announced on Monday, Minister Baird and/or Minister Flaherty are the ones who could perhaps best articulate the rationale behind the description of the changes.

Specifically on the social economy, I'm given to understand that those are a series of measures that were launched a couple of budgets ago, and the government has decided to conclude them. They affect a number of departments, not just industry.

On the granting councils per se—NSERC, Social Sciences and Humanities, and the Canadian Institutes of Health Research—their core mandates were not reduced. There was some impact on the Social Sciences and Humanities Research Council as it relates to the social economy envelope, but the core programs of the three granting councils, the Canada research chairs program, and their grants to support teaching assistance and research, were not affected.

• (1600)

Mrs. Susan Kadis: Can you define "social economy program" and give an example of one?

Mr. Richard Dicerni: I will ask one of my colleagues who was in the department when this initiative was launched to answer, since it predates me.

Ms. Carole Swan: I will give you an example. The social economy part of this was a pilot project. For instance, it was going to sponsor the creation of patient capital funds. This was only in relation to the part administered by this department. The sense was that there were other mechanisms, for instance, the Community Futures Development Corporations, that provided a similar kind of function.

Mrs. Susan Kadis: Thank you, Mr. Chair.

The Chair: We'll go to Mr. Shipley for five minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chairman.

Thank you for coming out today to be part of the committee and talk to us about the program and the efficiencies and savings we can look at as a government for our taxpayers.

On the Canadian Intellectual Property Office file, can you help me understand what it involves? It says it's responsible for the administration and processing of intellectual property in Canada. Can you expand on that and give me a bit of detail, please?

Mr. Richard Dicerni: If you have a terrifically bright new idea—a brand new widget—and would like to ensure that the intellectual property associated with that widget is protected and you will subsequently derive all of the appropriate financial benefits from it, you would file a patent application with CIPO. They would analyze it to ensure that no similar widget with similar DNA has been patented in Canada, or potentially elsewhere, and then grant the exclusive rights.

So if you are an inventor, a unique creator, and want to protect your intellectual property, you go to our offices across the country, headquartered in Gatineau, and get a patent. It operates on a fee-for-service basis.

Mr. Bev Shipley: My understanding is that through that process over the years—I don't know how long—a significant amount of money has accumulated, somewhere around \$50 million. How was that accumulated? Does it just sit in a slush fund?

Mr. Richard Dicerni: We refer to it as a revolving fund.

Mr. Bev Shipley: Maybe you could explain that to me and how it compares to a slush fund.

Mr. Richard Dicerni: It is a fund that you put money into, and you can draw money out upon demonstrated need. A slush fund has a bit of a pejorative connotation to it. Given that this is a very well-run and well-managed operation, we wouldn't want to equate the two.

The way these special operating agencies are established, the Treasury Board has the right at different times to look into them. The passport office operates on the same principle, where users of a given program pay a fee and the money is put in a revolving fund to address the needs of those users.

Mr. Bev Shipley: I just want to follow Mr. Masse on the tourism issue, because we respect and acknowledge the significance of tourism in this country and what it does. We know that a number of factors affect tourism.

You've relayed some of those factors as being the value of the dollar, energy costs, and whatever. I think we have found that tourism within our own country has gone up. But my understanding is that the savings of \$5.7 million came not from the operations but from over-budgeting for the move of the head office from Ottawa to Vancouver. So there was an over-budget of somewhat less than 25%.

We've taken that money back as a savings, and there is the opportunity for it to be reallocated into areas of service needed within the government. Is that going to affect anything that has been shown in terms of the operation and the promotion of Canada, from what we had prior to these cuts, these savings?

• (1605)

Mr. Richard Dicerni: The \$25 million was a one-time request that the commission put to Treasury Board to pay for the move. The move had been estimated to cost about \$25 million, and it came in at about \$19 million. That \$25 million was not part of the operating base of the Canadian Tourism Commission, and since it had not been used up through the relocation costs, the government decided that the money should return to the Consolidated Revenue Fund.

Mr. Bev Shipley: I can see that's the case.

The Chair: Thank you, Mr. Shipley. We're out of time.

Mr. Vincent.

[Translation]

Mr. Robert Vincent (Shefford, BQ): Thank you.

I would like to know whether only the CANtex program was affected by the \$24.89 million reduction indicated in the section on the Canadian clothing industry.

Mr. Richard Dicerni: That's correct. However, it was the textile industry, not the clothing industry, that was affected.

Mr. Robert Vincent: So textiles and clothing are two different issues, two different programs? The case of CANtex, we're dealing only with textiles, new machinery and other such things. Is that correct?

Mr. Tom Wright: Yes.

Mr. Robert Vincent: The committee heard that Canadian employers cannot find enough qualified workers. You also made cuts to employment programs for young people.

How can we be competitive and create well-paying jobs if these programs are being cut?

Mr. Richard Dicerni: I'm not sure that this issue falls within the mandate of our department. Can you provide me with more information on these particular cuts?

Mr. Robert Vincent: Based on the information I have received, the \$2 billion in cuts were made in the area of employment programs for young people. And these programs were directly within that sector.

Are you not aware of this?

Mr. Richard Dicerni: How should I put this... it is fairly enlightening to be here and to learn about cuts to our department. Please allow me to be unenthusiastic about cuts to other departments.

Mr. Robert Vincent: It was part of that industry, which was the focus of our discussion at the time.

In your opinion, do you think that the programs which have had their funding reduced could be negatively affected?

• (1610)

Hon. Jean Lapierre: Most definitely.

Mr. Richard Dicerni: That's Mr. Lapierre's opinion. I'm sure that not everyone would agree. I have read and listened to the comments made by ministers. From a global economic perspective, the impact of the cuts will depend on certain political decisions. Career public servants usually do not have an opinion to share on such matters.

Mr. Robert Vincent: Do you think that the tourism industry is one of the most developed industries, or even the most developed one? Given the emergence of Asia and the strength of the Canadian dollar, every industrial sector is losing ground.

Rather than making cutbacks in this sector, don't you think that it would be better to invest a bit more money to attract visitors and to grow the sector in Canada and Quebec?

Mr. Richard Dicerni: As I stated, the tourism industry is important for Canada, be it in the border towns or elsewhere. In this regard, all Government of Canada investments are not strictly investments in or appropriations for the Canadian Tourism Commission.

Recently, the government earmarked several million dollars for Quebec City events to celebrate Champlain's arrival. Obviously, this had a spinoff effect for tourism. These events are designed to increase tourism. Appropriations for the Vancouver-Whistler Olympics were also designed with tourism in mind. Through the Atlantic Canada Opportunities Agency, the government recently announced funding aimed specifically at enhancing tourism in the provinces.

I would opt for seeking additional information with respect to other investments.

There will also be investments in the infrastructure program. Last week, in Ontario, tourism industry representatives told me that one of the key ways to enhance and support this industry was through infrastructure. There is basic infrastructure, roads and border crossing points, to improve access to the country. A number of government initiatives are to be found under the heading "Infrastructure". I honestly think these initiatives are going to facilitate tourist access to the country.

[English]

The Chair: Thank you.

We'll go to Mr. Carrie for five minutes.

Mr. Colin Carrie: Thank you very much, Mr. Chair.

In the Speech from the Throne it was announced that accountability, transparency, and efficient use of taxpayers' dollars would be the hallmarks of this new government. In Budget 2006 the government promised to review all the program spending to ensure that taxpayers' dollars were spent effectively to achieve the maximum results.

Is it your opinion that we've found ways to make Industry Canada more effective and leaner, without major impact on the day-to-day operations of the department and our portfolio partners?

Hon. Jean Lapierre: I thought you were part of the decision. I thought you ran that department.

Some hon. members: Oh, oh!

The Chair: I'll just remind you that only one member has the floor at any one time. I encourage members to direct their comments and questions through the chair, of course. I expect leadership from some of the vice-chairs on this.

Hon. Dan McTeague (Pickering—Scarborough East, Lib.): It's not fair that you put Mr. Crête in that position.

The Chair: Mr. Dicerni, you may choose to answer that.

Mr. Richard Dicerni: I've been involved in public service in one way or the other for the better part of 30 years. I believe there is always room for improvement and room to enhance effectiveness and efficiencies. I saw this when I was running Ontario Power Generation. In the private sector and public sector, there's always room for improvement to have more efficient operations. I believe that Industry Canada is no exception to that fundamental rule about good management practices.

Mr. Colin Carrie: When we talk about efficiency savings, could you discuss the impact that the financial constraints will have on the day-to-day programs, for example, at Stats Can where one of the efficiency savings has been found?

● (1615)

Mr. Richard Dicerni: The efficiency resulted from conversations that were held with the chief statistician, who, in recognition of the government's desire to reduce expenditures, reviewed what was going on in Statistics Canada and identified areas where expenditures could either be postponed or curtailed. This included things such as microfiling old census data. Some savings may relate to computer upgrades, the view being that a dollar not spent one year is a dollar saved.

The chief statistician put forward a series of measures that amounted to a reduction of about \$15 million, which is perhaps about 3% of the agency's budget this year.

Mr. Colin Carrie: It seems that it's on the right track, anyway. That's great.

We had the \$2.4 million funding reduction at CANtex—programs for Canadian apparel and textile industries. Was that because it had

lower than expected take-up by the apparel and textile industries? Is that really the main reason?

Mr. Tom Wright: In essence, that is the rationale, although I would remind you that it's a program oriented towards the textile industry and not the apparel industry. So yes, it's very much a reflection of the rate at which the money has been taken up by the industry.

Mr. Colin Carrie: With respect to the TPC, just to verify again, is there sufficient money in the budget to fund all the projects currently? Could you clarify that?

Mr. Richard Dicerni: I would like to rephrase that somewhat. There is due diligence done on projects; there's very careful scrutiny of the business case of the proposal. I would not want to offer a blank endorsement that anybody who submitted any project is going to be endorsed.

But as I believe the minister said yesterday in the House, this year's financial envelope will be a bit south of \$300 million, which is a fair amount of money. Obviously, some of these moneys are already spoken for on the basis of prior year undertakings, and there are other projects that have been previously approved. This is not all virgin money.

Mr. Colin Carrie: There's even a potential for more savings—

The Chair: Thank you, Mr. Carrie. Your time is up. Sorry.

Mr. Colin Carrie: Okay, thank you.

The Chair: We'll go to Mr. Masse for five minutes.

Mr. Brian Masse: Thank you, Mr. Chair.

With regard to the CTC cuts, what specific types of savings were there in the actual move?

Mr. Richard Dicerni: I'm given to understand that a number was identified. A Treasury Board submission went, and they received authorization to spend up to \$25 million. It ended up costing about \$19 million and change.

Mr. Brian Masse: But none of the operations has changed in terms of the presentation from the CTC—that, for instance, they're going to have a French language office here in Ottawa, with a certain amount of staffing and floor plan space? None of that changed, and the savings were just there to that significant degree?

Mr. Richard Dicerni: What I've described to you is how the case was developed. They had \$25 million. Now, it is fair to say that the CTC would have preferred to retain that excess relocation money, as any agency that has a mandate in law to pursue certain goals would have preferred having probably the \$5.6 million or \$5.7 million retained within its budget, within its base, to do additional initiatives.

● (1620)

Mr. Brian Masse: Okay, as long as the original mandate of the move didn't change. I'll talk to them about that, to make sure.

Second, I know it's not your responsibility, but the reality is that the Treasury Board's GST decision, to add the GST for American travellers, has provoked responses from industry experts that this is the biggest challenge they've faced since 9/11.

You're in charge of tourism in Canada. What is your response to the fact that this is now put in your lap? Does that change your thoughts in terms of how much the CTC should have in terms of funding to deal with that? Are you going to object to this position? What is going to be your response to deal with this additional challenge?

Mr. Richard Dicerni: A point of clarification and then a comment.

I thank you for the recent designation/appointment that puts me in charge of tourism in the country.

Mr. Brian Masse: From the federal government perspective, in terms of the Canadian Tourism Commission, you are.

The Chair: Mr. Masse, you've asked a question. Let Mr. Dicerni answer it.

Mr. Richard Dicerni: Tourism is a highly atomized sector in terms of the number of people—officials and industry people—who are involved in this sector. So I just give the caveat that it's not totally accurate to deem me the Canadian czar of tourism.

Mr. Brian Masse: No, for federal programs.

Mr. Richard Dicerni: With regard to the federal government, as I said, we are quite cognizant of the importance of...and as I said, I have spent some time with both the chair and the president. I intend to meet with them again next month, and to follow that up with a series of other meetings with a view toward enhancing the role of tourism.

At one point I did discuss with them—as it behooves me, being senior official on the tourism file—a number of elements of the tourism industry, to ensure that they be brought to the fore. That's the point I discussed last week with Rod Seiling in Toronto, that there are a number of aspects to tourism that we must collectively make sure that people are aware of. The GST decision is one that was made by government. I referred to some other decisions that have been made—Vancouver, the Olympics, ACOA funding, etc.

So the government is not insensitive, I would say, to the importance of that sector. Hopefully the federal-provincial meeting that I alluded to before will move that further.

Mr. Brian Masse: Do you have in your plan any funds to be able to work out some broad program with the provinces?

Mr. Richard Dicerni: I believe fiscal issues are those that fall within the parameters of political ministerial decision-making.

Mr. Brian Masse: I just wondered if you had some money in your budget—

The Chair: Okay, Mr. Masse, thank you.

Mr. McTeague, for five minutes.

Hon. Dan McTeague: Thank you so much for being so diligent in pointing out the mirth and discussions and camaraderie between all of our colleagues here on the committee. I think it's working out very, very well.

Some hon. members: Oh, oh!

Hon. Dan McTeague: And I'll see you at the next hockey game.

Some hon. members: Oh, oh!

Hon. Dan McTeague: It's good to see you here, Mr. Dicerni. It's been awhile. I know we've worked very well together in the past and that you were very much responsible, in your time there, for bringing OPG back and bringing Pickering more in line with OPG...and the importance of making the two work together. There were a lot of good companies that were spun off from your organization and from that regulatory body or generation process that we went through back in the mid-nineties.

I know there was a lot of controversy in previous governments about people getting jobs who shouldn't have gotten jobs. I know the Treasury Board chairman knows OPG all too well, but I can tell you that in Pickering we were always very proud of a couple of the companies, OPG being one of them and the other being Clearnet. You will recall that the Simmons family had done very, very well using local technologies that emerged from a much smaller company, which was also one that took advantage of TPC grants in the early days. AirIQ is another one. I was somewhat concerned that the family might have found itself, notwithstanding its stellar track record—one that the chair, of course, may not have remembered when he going after us day in and day out, when we were in government....

But I am interested in finding out from your perspective, Mr. Dicerni, if you see a more enhanced role, consistent with the funding capitalization of key, new innovative industries throughout the country...and if in fact these cuts will, in your view, have the unintended impact of actually discouraging, limiting, or preventing new technologies or new entrants coming forth into the market.

● (1625)

Mr. Richard Dicerni: I guess the safe response would be no, but let me expand. The department is involved in reviewing a number of science and technology aspects. We have this huge chart in the office dealing with the government's science and technology ecosystem, which covers a wide range of initiatives, ranging from the granting councils to what we do through the Canada Foundation for Innovation, Genome Canada, and so forth. There are a number of initiatives.

We are very much focused on innovation, commercialization, and bringing product to market. I am going to see Jean René Halde of the Business Development Bank at five o'clock, because we think the bank has a unique role with regard to the venture capital fund it has; it has oversight and is seeking to broaden that in order to bring more venture cap to market and to facilitate product commercialization.

We're also trying to think more carefully about some of the granting councils. NSERC does have about \$165 million for partnerships, and we're trying to bridge that with the IRAP program of the National Research Council and with what the bank is doing. We believe there is an opportunity there for synergy, and we're bringing these three organizations together next week.

So there are a number of other irons in the fire that are very much targeted at seeking to enhance commercialization.

Hon. Dan McTeague: Let me say this, Mr. Dicerni. I think it is becoming widely recognized that the landscape of Canada's business picture has changed rapidly, but even more so over the past summer with a large number of Canadian companies now being purchased or owned by foreign interests. It's such that there is a concern. It was raised in *The Globe and Mail* by Eric Reguly, but it has been said before, this concern with respect to the kind of impact we can continue to have if Canadian business doesn't find an opportunity to grow, to be discovered, to get the kind of advantages that help them through this.

Do you see a danger at a time when there seems to be this perspective...? And it's not a protectionist one motivating people but rather the recognition of the critical mass that a Canadian company can create. Are we not foreclosing the opportunity of our future prosperity if we don't give them the help at the beginning—and I appreciate what you're saying about the synergies between the bank and other instruments available—and we remove the potential for new Canadian companies to make it?

Mr. Richard Dicerni: What do you mean by removing? What are we removing?

The Chair: Answer very quickly, because your time is up.

Hon. Dan McTeague: I mean the cut in the TPC.

Mr. Richard Dicerni: As I was saying, there is still a fair amount of money left. There is other capital, venture capital.

If you look at it in terms of the Canadian market, we are trying to work with provinces on the internal market, because many people have told us that it's much harder to send something from Halifax to Montreal to Toronto than it is to....

The minister went to Halifax a couple of weeks ago to meet with the ministers of internal trade—Premier Doer chaired that meeting—to truly make a commitment to make the internal market work. I think you will see some progress there that builds on the B.C.-Alberta agreement.

So there are a number of tracks that I think can be pursued to enhance the Canadian market and to facilitate synergy with existing institutions. And as I said, and to repeat what the minister said, the program was not eliminated; \$20 million was reduced.

• (1630)

The Chair: Okay, thank you. Thank you, Mr. McTeague.

We'll go to Mr. Watson for five minutes.

Mr. Jeff Watson (Essex, CPC): Thank you, Mr. Chair. It's a pleasure to sit in on the committee today. Welcome to the guests here.

We come to a process like this and everybody starts focusing on I think some of the small specifics of individual savings that have been identified. I keep coming back to the broader context of what a budget is like.

Of course, at home, I have a family, and we just bought a new home, actually, in Amherstburg. Many of the principles we apply in the home I guess we apply to budgets overall. My wife was

remodelling a bathroom, for example, and we came in under budget. We had some unused money set aside, and that gave us some choices—to invest in another room in the house, for example. We could do other things with it.

In other words, we were able to deliver on something that we wanted to achieve, and we still had something left over, so it didn't affect our ability to deliver on what we wanted.

To bring it back to what's happening now in the government, is that some of what's happened through this process in your own department?

Mr. Richard Dicerni: As I read Minister Flaherty's and Minister's Baird's remarks with regard to the process the government went through and the results they achieved, I think if I compare what you said to what Ministers Flaherty and Baird described, one could see a dovetailing of intentions.

Mr. Jeff Watson: Let's look at CIPO, the Canadian Intellectual Property Office. Let me come to that for a moment and again relate what I see as a bit of a comparison. We actually, in the sale of our home, had an unanticipated surplus; we did a little bit better than we thought we were going to do. So we're going to put it towards a high-efficiency central air conditioning unit, better than the one that was there—it's 23 years old, it's not efficient anymore. It's actually going to create some longer-term savings, because we've made that kind of investment with an unexpected surplus.

Now, there was a surplus in CIPO, so \$50 million has been identified as a one-time reduction. Is there still a surplus in CIPO?

There is none at all?

Mr. Richard Dicerni: No. There is perhaps \$1 million, which, in the grand scheme of things.... It's a revolving fund. To go back to your house, you want to have some money set aside just in case your roof starts leaking. So there is a need to not totally empty the revolving fund, because that would not be fair to the users who have paid into this.

Mr. Jeff Watson: All right. I guess the point I'm trying to drive home is that the idea of having a contingency or the additional surplus is that it could be used, if necessary, to make an improvement or a further efficiency. Would you agree with that in this case?

Mr. Richard Dicerni: Yes, that is what management is very much focused on in order to provide value-for-money service to the people who are paying for this service.

Mr. Jeff Watson: Coming back to the broader aggregate sum total of all of the savings that have been identified now throughout all these programs, would you agree or do you believe that you can still be effective in investing to meet the priority needs of Canadians that you still have to invest in?

• (1635)

Mr. Richard Dicerni: If you look at the nature of the reductions that were announced, they span quite a diversity of agencies, programs, and activities, from Statistics Canada, to intellectual property, going back to technology partnerships. As I said earlier in response to a question from Mr. Carrie, all organizations always need to review what they do and how they do it to ensure internal operating efficiency as well as effectiveness of the programs, and in some respects, this is an ongoing activity, of which this is a part.

Mr. Jeff Watson: Thanks, Mr. Chair.

The Chair: Thank you, Mr. Watson.

We'll go to Ms. Stronach for five minutes.

Hon. Belinda Stronach (Newmarket—Aurora, Lib.): Thank you very much, Mr. Chair.

Thank you for attending today. I apologize for my lateness.

My question is a broader one and it relates to the need to develop an industrial strategy. I believe in this country we need to develop an industrial strategy. Presently I don't believe we have one that's sufficient to compete on a global basis, due to the increased global competition from China and other countries.

My question is, how do you intend, on a go-forward basis, to consult with the stakeholders, with industry groups? I know some of my colleagues here are familiar with the organization CAPC, the Canadian Automotive Partnership Council, and how it was formulated and structured. Do you intend to look at other groups based on an industry...a similar type of structure to be able to consult with those groups in the development of a strategy? That's one question I have.

The second part of that would be how China factors into that strategy, because we are in a global environment that is intensifying; you can't turn back the clock.

Mr. Richard Dicerni: First, in terms of CAPC, the minister very much looks forward to meeting with that organization.

Mr. Brian Masse: Hear, hear!

Mr. Richard Dicerni: Thank you.

The Chair: Ms. Stronach and Mr. Dicerni have the floor.

Mr. Richard Dicerni: The minister has met with a number of leaders in the auto sector, both the assemblers as well as parts...to get additional insights. I've spent some time with General Motors, Ford, and so forth, because we recognize that auto is a very important part of our national economy and it is very much one that we focus on.

Related to that, as you know, the government, with the governments of Mexico and the United States, recently established a North American Competitiveness Council. The area the minister has underlined as being his priority within that construct is border and access, particularly as they relate to the automobile sector, given the importance of in-time delivery of parts and so forth if we want to be fully integrated.

We recently met with the steel industry and the aerospace industry. The minister has asked me to meet on a regular basis, every four to six weeks, with CAP, which is the aerospace industry. I had a good two-hour session with them earlier this week.

There are a number of ongoing sessions. I spent a couple of hours yesterday with Perrin Beatty to focus, amongst other things, on competitiveness aspects as they relate to China. As you know, the Canadian Manufacturers and Exporters is quite focused on this.

With regard to the broader issue of industrial strategy, I think this would be somewhat outside the purview of discussing cuts.

● (1640)

Hon. Belinda Stronach: It is a little bit outside, but when you make cuts, it either means you cut the budget or you have more room for future investments.

If I could make a comment, I again think some of my colleagues would concur that the CAPC model is a very effective one.

If I may make a suggestion, I think it would be a useful one to look at for other sectors in the economy. It brings all of the stakeholders together so that you eliminate all these disjointed efforts. It's a very effective group, and it's important to listen to them.

Mr. Richard Dicerni: As I said, we look forward to having this meeting.

Hon. Belinda Stronach: But I believe that model should be extended to other sectors. I believe there was a time when industry had the benefit of directly tapping into industry and sector councils and really picking leaders in certain areas to become global champions. Perhaps it's something you can take a look at.

I must say that I have a concern.

The Chair: Time's up, Ms. Stronach.

Hon. Belinda Stronach: I'll save that concern.

The Chair: Okay. Thank you.

We'll go to *Monsieur Arthur, pour cinq minutes.*

[Translation]

Mr. André Arthur (Portneuf—Jacques-Cartier, Ind.): Thank you, Mr. Chairman.

Good morning, Deputy Minister.

You have cut Statistics Canada's budget by 3 per cent approximately, in other words by \$15 million. Is that correct?

Given that these people are the same lunatics who have been misleading people for years and have been unable to correctly calculate inflation rates, could you have done any better?

Mr. Richard Dicerni: First of all, I want to make it clear that I wasn't the one to order the budget cutbacks.

Mr. André Arthur: So you're giving us the rationale for these cutbacks.

Mr. Richard Dicerni: But, since...

Mr. André Arthur: Surely you must have been consulted.

Mr. Richard Dicerni: Since your comments are going on record, I wouldn't want my colleague, the Chief Statistician, to think that I had stepped in and cut his budget. This was a decision made by ministers, by cabinet.

On the other hand, I think you can hardly blame them and that if you did, it would not be fair. They made a mistake and they admitted it. It was a serious mistake and they are responsible for it, but most organizations do make mistakes from time to time. I would even go so far as to say that we, in the Department of Industry, do make mistakes from time to time, errors in judgment or administrative mistakes. As I said, this was a political decision, a ministerial decision made following discussions with the Chief Statistician. It led to a 3 per cent or \$15 million cut.

Mr. André Arthur: Were you involved in considering possible budgetary cutbacks for Statistics Canada or were you only informed of them by the gentleman that was actually cutting his own budget?

Mr. Richard Dicerni: We discussed the issue with my colleague from Treasury Board. Some meetings were held with the Chief Statistician and it was suggested that he take a serious look at what could be done this year.

It is important to note that this year's expenditures by Statistics Canada are somewhat unusual because it is a census year. They have more expenses for this year. I think that their annual budget is between \$400 and \$450 million, including \$115 million which is mostly related to the census. That is only for this year. A \$15 million cutback in a regular year would be slightly higher than 3 per cent.

It should also be noted that a large part of their expenditures—almost 75 per cent—are for employee salaries. So, even if the government had decided to cut back on that part of the expenses, not much would have been saved this year, because there are union agreements, contracts and periods during which this amount could not have been saved in the 2006 budget, because half the year had already elapsed.

•(1645)

Mr. André Arthur: Could someone not suggest to Statistics Canada that it stop asking questions in the census to which it knows the answers, specifically with respect to income? Some of the useless questions contained in the last census were downright insulting. These included questions about our sexual orientation and family income.

Isn't it about time we ask Statistics Canada to clearly define its role, to tell us what purpose the data collected and published serves and to stop playing around? Maybe there are more savings to be had.

Mr. Richard Dicerni: I've noted your suggestion and will pass it along to the Chief Statistician.

Mr. André Arthur: Thank you, sir.

[*English*]

The Chair: We go to Mr. Carrie for the last round, for five minutes.

Mr. Colin Carrie: Thank you very much, Mr. Chair.

Perhaps we could clarify what's going on. Everybody is saying that these are cuts, but we could say that's a liberal interpretation of the word. We could conservatively say that they're savings. Wouldn't some people agree that they are actually savings?

Hon. Dan McTeague: I'm not sure if that's an alliance of thought, though.

Some hon. members: Oh, Oh!

Mr. Colin Carrie: Mr. Dicerni, I would like you to clarify something on the record. There was some exchange earlier about the Canadian Tourism Commission. It was suggested that you controlled it or you were in charge of it. Could you clarify that the Canadian Tourism Commission is actually an arm's-length body?

Mr. Richard Dicerni: The Canadian Tourism Commission, set up by law, is a crown corporation that has its own board of directors,

and we will be developing an appropriate governance memorandum of understanding with them.

They don't report to me. They are an agency of government. However, as Mr. Masse indicates, as the minister's deputy minister, I do provide some guidance, some comments to assist him in the discharge of his ministerial responsibility vis-à-vis the Canadian Tourism Commission. But it is an independent crown corporation.

Mr. Colin Carrie: Thank you very much for clarifying that.

There are a couple of other points to clarify.

Is it true that the Canadian Tourism Commission's operating budget will remain the same and this move will have no impact on the Canadian Tourism Commission's ability to work with partners and to promote tourism in Canada?

Mr. Richard Dicerni: Yes, with the caveat that I referred to earlier, that I believe the previous budget reduced it by about—if I'm correct—\$3 million. I'll get back to you by tomorrow on that. This was not the last budget, by Minister Flaherty, but the previous one.

So the overall fiscal envelope fundamentally has remained the same.

All agencies that have a specific mission of that nature would obviously always want to have more. This would apply to any association or organization that I've been involved in, federally or provincially, because you always want to improve on what you're doing and you always want to be as effective as you can. They are quite committed to the mission they signed on to, and that goes for the chairman, Monsieur Lapointe and the president, Madame McKenzie.

Mr. Colin Carrie: Thank you.

I have one more point, Mr. Chair.

Could you clarify if it's true that the government invests more than \$300 million annually in tourism-related activities, including \$78.8 million for the Canadian Tourism Commission for marketing and research?

Mr. Richard Dicerni: There are a number of other areas and other departments that the Government of Canada makes a contribution to in supporting tourism. There are some in ACOA. I referred to the support for the founding of Quebec City, which obviously is going to be a great tourist boom as people rediscover how well Champlain did by planting a flag in 1608.

•(1650)

Mr. Colin Carrie: Thank you.

The Chair: Thank you.

We'll go to Monsieur Vincent.

[*Translation*]

Mr. Robert Vincent: Mr. Chairman, I would like to address some specific issues. From my understanding of certain conversations that have taken place, Cabinet would have informed you of cut you were to make in your department. Is that correct? Were you consulted, or were you instructed to make these cuts?

Mr. Richard Dicerni: The decision-making process is such that at the end of the day, it is the ministers who decide. Officials can provide additional information. They will attempt to ensure that ministers have all the information at their disposal which, given the circumstances, could be useful to help them understand a given program. Are we consulted? The word “consultation” can be defined a number of ways.

Mr. Robert Vincent: Are you asked where there are surplus funds and where cutbacks could be made?

Mr. Richard Dicerni: It varies a great deal. Take Statistics Canada, for instance. That agency has a \$600 million budget. We reviewed the situation with other officials and had discussions with the Chief Statistician who, along with others, identified possible areas in which cutbacks could be considered. That is one form of consultation.

Take for instance the Canadian Intellectual Property Office or CIPO. At one point, a \$50 million surplus was identified in their financial statements. Discussion is ongoing. At the same time, we continue to pursue a number of other initiatives. Yesterday, we tabled what could be considered the department's financial statements. While we did that, we discussed budget cuts. There is no specific starting point, it is an ongoing process.

Mr. Robert Vincent: Very well.

If I have understood correctly, if there are other initiatives under way, we can expect other cutbacks.

Mr. Richard Dicerni: Perhaps you could ask the Minister that question because it is not usually up to officials to initiate...

Mr. Robert Vincent: It is not in your mandate.

Mr. Richard Dicerni: Usually, officials do not initiate that type of process.

Mr. Robert Vincent: I will put my question another way. Did the Minister ask you whether there were other possible cutbacks to be made? You said that there are other initiatives under way. Do you expect more cuts? Have any requests been made? In the next couple of months, should we be expecting other budget cutbacks within your department?

Mr. Richard Dicerni: You know, never say “never”. It is kind of like the “best before” date on your yogourt container, my answer will only be good before that date. If economic circumstances change or if there are other changes, it is possible that the government may want to reconsider.

Next year, there will be a new budget. There may be additional investments in some areas. Perhaps the government will want to make appropriations and commit funds to other sectors. It is an ongoing process, not something which is settled once and for all. However, at this point, we are not working towards making new budget cuts.

Mr. Robert Vincent: You are referring to the scope of the budget, but do you know what the next budgetary envelope will be and what conditions will apply in order to qualify for funding in the aeronautics sector?

Mr. Richard Dicerni: I'm not sure I understand the question.

Mr. Robert Vincent: Do you know what the next budgetary envelopes will be and what conditions will apply to qualify for funding in the aeronautics sector?

Mr. Richard Dicerni: I think that Mr. Bernier has, on numerous occasions, stated that the program needed to be reviewed in terms of its criteria, mechanisms...

Mr. Robert Vincent: Does your Department not assess that?

• (1655)

Mr. Richard Dicerni: Yes.

Mr. Robert Vincent: The Department tells the Minister what the criteria will be. Do you already have an idea of the criteria that people will need to meet in order to qualify for funding under the various budgetary envelopes?

[English]

The Chair: Okay. That was the last question.

[Translation]

Mr. Richard Dicerni: We are still working on that.

[English]

The Chair: We have two more minutes, so we'll go to Mr. McTeague for two minutes.

Hon. Dan McTeague: Thank you, Mr. Chair.

I'm sorry I wasn't here at the outset. This may have been raised already. Mr. Dicerni, I just wanted to get a bigger picture of people who may lose their jobs as a result of these cuts. Will any of these cuts translate into job losses throughout Industry Canada, that you're aware of?

Mr. Richard Dicerni: I don't think so. If I misspeak myself, I'll get it from my guys. If I look at CIPO, if I look at StatsCan, I don't think so.

Hon. Dan McTeague: Finally, an idea and illustration of some of the priorities you see down the road. Cuts today may very well mean new expenditures tomorrow, and there may be room for that. In future, I would be interested to hear how successful you are at seeing new projects and new programs come forward, in cooperation with your minister.

The Chair: Thank you very much, members, for being with us today and for your questions, and thank you to the witnesses for their answers.

If there's anything further you would like to provide to the committee members on any of the topics, please feel free to do so.

We will suspend for two to three minutes and go in camera with members and their staffs, and we'll have a discussion of future business for up to thirty minutes.

Thank you again for coming here today.

[Proceedings continue in camera]

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