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Chair

The Honourable Michael Chong

Standing Committee on Industry, Science and Technology

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• (1530)

[English]

The Chair (Hon. Michael Chong (Wellington—Halton Hills, CPC)): Welcome to the 47th meeting of the Standing Committee on Industry, Science and Technology on Monday, November 30, 2009. We're here pursuant to Standing Order 81(5) to review the supplementary estimates (B) for the fiscal year 2009-10.

In front of us today we have witnesses from three economic development agencies: Mr. Watson and Mr. Saunderson from Western Economic Diversification; Madame Collette and Madame Frenette from the Atlantic Canada Opportunities Agency; and Mr. McKenzie, Madame Brassard, and Mr. Bordeleau from the Economic Development Agency of Canada for the Regions of Quebec.

Welcome to each of you.

We'll begin with an opening round of statements, beginning with Western Economic Diversification.

Mr. Daniel Watson (Deputy Minister, Western Economic Diversification): Thank you very much for the opportunity to be here. I'll try to keep my remarks brief and leave as much time as possible for questions.

[Translation]

I am very pleased to be here to discuss the Supplementary Estimates for Western Economic Diversification Canada in the company of my colleagues from the other regional agencies, the one for the Regions of Quebec and the Atlantic Canada Opportunity Agency. Unfortunately, Minister of State (Western Economic Diversification Canada) Yelich was not able to join us today. However, I am joined at the table by Jim Saunderson, Executive Director, Finance and Corporate Management for the Department.

As you know, Western Economic Diversification, or WD, is the regional development agency responsible for the four western provinces.

[English]

Our mandate is to support economic growth, development, and diversification in western Canada. We do this by focusing on four priorities: technology commercialization, trade and investment, business productivity and competitiveness, and rural diversification.

The partnerships we have forged are an effective means of ensuring that our activities are coordinated with other economic development organizations working in western Canada. Our financial investments support federal, regional, and local priorities.

One of the examples of this is our Western Economic Partnership Agreements that we sign with each of the four western provincial governments and that illustrate our efforts to identify economic development opportunities in each of those areas.

[Translation]

WD has established a reputation as a champion of, and catalyst for, economic growth in the West. Many of our investments on behalf of the federal government—whether it is the TEC Edmonton commercialization facility in Alberta or the CanETREC northern coal research centre in Manitoba—have attracted new industry investment and are supporting the growth of new jobs and business.

[English]

Your invitation to appear today gives us the opportunity to present highlights from our supplementary estimates (B).

We are seeking an additional \$62.6 million, increasing our total appropriation to \$485.8 million. The biggest component for this is for the Recreational Infrastructure Canada program in an amount of \$43.9 million, which is part of the 2009 economic action plan. Another \$12.4 million is required for the community economic diversification initiative, which is the government's response to the mountain pine beetle infestation in British Columbia.

Another \$3.8 million is

[Translation]

the reinvestment of receipts of repayable contributions collected in the last fiscal year. These resources are largely the result of repayable contributions made by the department a number of years ago. They will be used to fund our ongoing core activities.

[English]

There are some other smaller amounts in these estimates as well, but given the time today, I won't go into those.

As with ACOA and DEC—and they'll no doubt point to the same thing later—our strong relationships and profound understanding of our respective regions position us well to deliver on Government of Canada economic priorities while recognizing and building on the needs of local communities.

Like other regions of Canada, western Canada has been hit hard by the economic crisis of the past year. Many communities have seen their major employers reduce their operations or shut down completely.

Our department has worked extremely hard to deliver CAF and RInC program funding to Canadians in close collaboration with our regional development agency colleagues across the country. Shortly after the programs were launched in May, WD used a single request for proposals for each program. These applications were received by the end of June.

We had a significant volume of applications: more than 1,000 for the CAF program and more than 1,500 for the RInC program. Consistent with the objectives and guidelines that were established for these programs, WD's due diligence has focused on ensuring that projects we fund will be completed within the timeframe of the economic action plan.

Where it made sense in terms of ensuring speed of delivery and meeting program objectives, WD has entered into both formal and informal arrangements with provincial governments to assist the department in identifying and evaluating potential projects. In many cases, provincial governments have provided joint funding, whether as part of a formal agreement or simply to support individual projects.

Municipal governments have also provided funding for many of these projects under both programs.

• (1535)

[Translation]

To date, WD has approved over 200 projects under the Community Adjustment Fund, with total funding in excess of \$220 million. These are projects such as Alberta's FireSmart Program—a \$15 million initiative investing in projects in forest-dependent communities throughout Alberta to maintain and enhance the province's forests. Over a two-year period, the goal of this initiative is to create up to 1,100 seasonal, or 420 full-time one-year positions, across forestry-dependent communities in Alberta.

[English]

Under the RInC program, WD has approved more than 500 projects for funding of almost \$95 million—projects like the upgrade of the skating rink in the village of Frontier, Saskatchewan. The changes will improve safety and significantly lower energy costs for that community.

WD believes that our work with CAF and RInC is realizing the goals for which these programs were established. To date, the CAF program has assisted more than 140 communities and the RInC program has helped almost 350 in western Canada.

We expect to leverage more than \$430 million that would not otherwise have been invested in these communities during these challenging economic times. We will continue to monitor closely the progress of these projects and provide regular reporting and accounting to our ministers and to Parliament.

Thank you for your time this afternoon. I look forward to your questions.

[Translation]

The Chair: Thank you, Mr. Watson.

We move now to the Atlantic Canada Opportunities Agency.

Ms. Monique Collette (President , Atlantic Canada Opportunities Agency): Good afternoon.

[English]

Thank you very much.

My name is Monique Collette and I am president of the Atlantic Canada Opportunities Agency. I really appreciate the opportunity to appear before you today in response to this committee's recent motion to discuss the supplementary estimates related to regional development agencies and departments.

I'm accompanied by our vice-president of finance and corporate services, Denise Frenette, and if you'll allow me, I will take a few minutes to provide you with a bit of background on ACOA.

ACOA was created in 1987 to work with Atlantic Canadians to help build a more innovative, productive, and competitive economy in Atlantic Canada.

As a new model for economic development, ACOA was designed to ensure that decision-making resided in the region. This model is characterized by a decentralized approach, with the headquarters in Moncton, New Brunswick; a major office in each of the four Atlantic provinces; smaller satellite offices in each province; and an office here in Ottawa.

Together with our many partners in economic development, ACOA works to strengthen the Atlantic economy. Not surprisingly, given our mandate and program delivery expertise, we were identified, along with our colleague regional development agencies in their respective regions, as the delivery agent in Atlantic Canada for the new national \$500 million program known as Recreational Infrastructure Canada, or RInC.

I mention this because the RInC program figures prominently in ACOA's most recent supplementary estimates (B), in which the agency seeks authority to draw down \$5.9 million from the total of \$33.9 million in funding identified for the delivery of this program in Atlantic Canada.

Other measures outlined in ACOA's most recent supplementary estimates include incremental funding of \$10,407 to hire more students through the federal student work experience program and an allowance of \$2,000 for an automobile for the Minister of State for ACOA.

• (1540)

[Translation]

We were aware of how critical it was to get the RInC Program up and running very quickly, to commit the funds and ensure they were expended by the deadline date. Thanks to ACOA's network of over 30 offices located throughout the Atlantic region, our well-established relationship with provincial and municipal governments, and our existing and flexible program mechanisms, ACOA was able to quickly put in place the most appropriate delivery process for this new initiative.

[English]

After our usual due diligence on project applications received, ACOA was able to quickly allocate funding to interested communities based on the quality and construction-readiness of their proposals. RInC applications started coming in to the agency in early May, following the launch of the program.

Since the launch of RInC in May, funding has been announced for a total of 125 projects, representing a total federal investment of more than \$18.5 million at this time.

ACOA has long-established relationships with municipalities, community organizations, first nations communities, and not-for-profit entities. In the case of RInC, our federal funding has leveraged an additional \$43 million for various RInC projects that in total are valued at over \$61.5 million.

[Translation]

It is also interesting to note that, currently, 99 of the 125 RInC projects that had been announced are underway, and 17 projects have in fact been completed. Thus far, ACOA has received close to 250 project applications under RInC. This demonstrates that there was a pent-up demand for such an initiative aimed at repairing and upgrading recreational facilities, many of which were built over 40 years ago and were starting to show their age.

[English]

Obviously, with this level of construction activity, employment has certainly been created for Atlantic Canadians throughout the region during the 2009 construction season. We expect to see similar levels of activity during the upcoming 2010 season.

Furthermore, these RInC projects have generated millions of dollars of economic activity as communities and community groups have purchased construction materials and services for these projects. ACOA remains quite confident that all \$33.9 million in federal funding identified for the RInC program in Atlantic Canada will be committed by March 31, 2010 and that projects will indeed be completed by the March 31, 2011 deadline.

I would like, if you will allow me, to give you a sense of the kinds of projects that have been completed or are under way.

Under the RInC program in Charlottetown, P.E.I., for example, the Charlottetown Civic Centre is undergoing improvements, thanks to a \$60,720 contribution from RInC. This \$184,000 project includes construction of a new event planning and staging area, the addition of a new entrance to the trade centre, and the installation of energy efficient lighting. This project has created roughly 15 short-term jobs.

In Halifax, Nova Scotia, the city's Centennial Pool is being upgraded to ensure that it can continue to be a focal point for local residents while integrating required improvements so that it can be used to host provincial swimming events and help train high-performance athletes. RInC funding of \$1 million is being provided for this \$3-million upgrade. This project is creating roughly 161 short-term jobs.

[Translation]

The Village of Petit-Rocher, in New Brunswick, received \$250,000 towards an \$860,000 upgrade of its local soccer field just in time for this summer's Jeux de l'Acadie. This project created 35 part-time jobs.

[English]

The City of Mount Pearl, in Newfoundland and Labrador, received \$600,000 in RInC funding for a \$1.8 million upgrade to its main soccer facility, a project that created 33 short-term jobs.

In close cooperation with the provincial governments and communities, ACOA has moved quickly to bring the RInC program on stream in order to have projects assessed and under way for the 2009 and 2010 construction season. We are confident that RInC investments are helping to put people to work on projects right now in many communities throughout Atlantic Canada.

I will be pleased to answer questions you may have about ACOA's supplementary estimates, including RInC.

Thank you very much for your attention.

• (1545)

The Chair: *Merci, madame Collette.*

[Translation]

Now we will hear from the Economic Development Agency of Canada for the Regions of Quebec.

Mr. Guy McKenzie (Deputy Minister and President, Economic Development Agency of Canada for the Regions of Quebec): Thank you, Mr. Chairman.

Ladies and gentlemen,

[English]

We thank you for inviting us to speak to you today about Canada Economic Development's supplementary estimates (B). My name is Guy McKenzie. I'm the deputy minister of CEDQ.

[Translation]

With me today from the agency are Manon Brassard, Vice-President, Operations, and Pierre Bordeleau, Director General, Corporate Services.

[English]

I hope our appearance will meet with your expectations and will answer any questions you may have with respect to increased funding for the Canada Economic Development Agency.

[Translation]

CED's mission is to promote the long-term development of the regions of Quebec, as stated in the legislation, "[...] by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate".

[English]

It states that CEDQ "shall take such measures as will promote cooperation and complementarity with...Quebec and communities in Quebec".

[Translation]

We provide direct assistance to Quebec's small- and medium-sized enterprises by offering them advisory services and financial support. We also assist regional business communities and the organizations that support them. To that end, we have 14 business offices located throughout the province.

[English]

Said action revolves around two main programs. First is community diversification, and second is business and regional growth.

[Translation]

The Community Diversification Program aims to foster the development and mobilization of communities; to support entrepreneurship and the creation or maintenance of enterprises; and, to encourage the development of tourist attractions.

The Business and Regional Growth Program aims to help enterprises improve their performance and engage in more innovation and export activities, and support the transfer of technology to enterprises.

The implementation of Canada's Economic Action Plan had an impact on our workload, but it did not seriously affect our programming. These initiatives were perfectly in line with our programming. For us, the EAP is essentially the implementation of the Community Adjustment Fund, or CAF, and the Recreational Infrastructure Canada Program, or RInC.

[English]

First, let me say a word about CAF. The community adjustment fund aims to stimulate the economy or at least mitigate the impacts of the economic slowdown on communities.

[Translation]

The Community Adjustment Fund is \$203.3 million in funding over two years. One hundred and fifteen million dollars went directly to CAF-Forestry. Quebec invested an equivalent amount. The allocations were spread over seven agreements with Quebec, which is the implementing authority for anything involving infrastructure. Sylvicultural projects received \$100 million, and bridge and culvert restoration projects received \$15 million.

[English]

CAF-CED is an initiative that aims to boost the economy through adjustment and diversification measures. Eighty-eight million dollars will go toward diversification projects. So far, \$48 million is committed to more than 126 projects, creating 3,125 jobs, and there is \$28 million for 53 projects currently under study.

[Translation]

As we speak, CED has committed almost 90% of its CAF budget, and almost 12,000 jobs have been created or maintained: 9,837 jobs were created and 1,741 were maintained, as at November 29 of this year.

The Recreational Infrastructure Program, or RInC, was announced in June 2009. Through this two-year funding program, the government will invest \$500 million in the upgrading or restoration

of Canada's recreational infrastructure. Of this amount, \$113.2 million has been earmarked for Quebec. To this amount will be added a total of \$280 million from the following partners: \$111.2 million from the province; \$166.8 million from municipalities and school boards; and, \$2 million from First Nations.

CED administers part of the program, and its implementation is carried out by CED for the First Nations and by two government of Quebec ministries, namely the Ministry of Education, Recreation and Sport (MELS) and the Ministry of Municipal Affairs, Regions and Land Occupancy (MAROT). To date, of the \$78.1 million received, \$31.9 million has been committed to 92 projects.

• (1550)

[English]

I will take this opportunity to say a few words about CED responsibilities with respect to the infrastructure program. In Quebec, CED administers the following programs: the Building Canada fund and Recreational Infrastructure Canada.

[Translation]

CED also participates in the delivery of infrastructure programs which will be winding down soon, such as the Infrastructure Canada Program; the Municipal Rural Infrastructure Fund; and the Canada Strategic Infrastructure Fund.

[English]

This finally brings us to the agency's supplementary estimates (B). The additional funds requested, which are \$10.8 million, fit very well with our programming.

[Translation]

CED has requested new funding to provide the Municipality of Shannon with drinking water. CED has also agreed to help the Municipality of Shannon complete the extension of its municipal water supply system, for a total cost of \$13 million. CED acted quickly, without going through the Quebec agreements, as this was an emergency measure due to contamination of the municipality's drinking water system.

An investment of \$3.75 million was necessary to renew sport facilities at Laval University. This funding has been awarded through the Community Diversification Program and will cover most of the costs involved, which amount to more than \$6 million. The work includes replacing the synthetic surface of the stadium, the addition of a brand new scoreboard and the installation of three new synthetic surfaces.

CED's intervention in this project occurred before the Canadian University Football Championship which was held in November 2009. Quebec had already invested \$37.5 million in the expansion of the Physical Education and Sport Centre (PEPS) at Laval University.

[English]

Third, we received funding for the RInC program operating budget, which is \$966,000. Estimates include the RInC program management operating costs, which are \$659,000 for salaries and \$307,000 for operating costs.

[Translation]

Finally, we received \$120,000 from DFAIT and Industry Canada to pay their share of Government of Canada funding for the hosting of the 2012 World Congress on Information Technology.

[English]

I hope these facts are of interest and use to you.

Thank you, Mr. Chairman and ladies and gentlemen.

[Translation]

We will now be pleased to answer any of your questions.

The Chair: Thank you, Mr. McKenzie.

We have an hour and a half for questions and comments from committee members.

[English]

We'll begin with Mr. Dhaliwal.

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Thank you, honourable Chair.

I would like to welcome and thank the panel members as well.

My questions will go to Mr. Watson.

I'm sure you would agree that one of the key areas your department focuses on is the strategic growth industries in the west, specifically the small to medium-sized enterprises. Do you agree?

Mr. Daniel Watson: Yes.

Mr. Sukh Dhaliwal: If that is the case, I wonder if you could explain why so much of their money is still on the table. Over the last year, the jobless numbers have gone up and personal bankruptcies have soared.

When I look at these numbers, 42% of this funding has lapsed. What happened? Where is the accountability? Is this why the minister of state decided not to come?

Mr. Daniel Watson: In terms of support to small and medium enterprises, which is obviously something the department takes very seriously, on the CAF, in fact—

Mr. Sukh Dhaliwal: But if you take it seriously, then why would 42% of the money lapse? That's my question.

• (1555)

Mr. Daniel Watson: There isn't 42% of our money that has lapsed.

If you're talking about the CAF program in particular, we're at almost 80% of having committed that money in the space of about four or five months, in the time since the application process was completed. That has actually gone on very quickly.

Out of something like \$2.1 billion in demand for CAF, we've managed to get through the vast bulk of those 1,100 applications so far and approve a significant number of them, representing, again, just about 80% of the total number.

Mr. Sukh Dhaliwal: Again, I mean, in difficult times like these.... You haven't answered my other question. I have those numbers here and I'm certain that 42% of the money there is lapsed.

But you were talking about the contributions under the programs or projects that promote or enhance economic development and diversification. If we look at this, there cannot be any time more important than tough economic times like this, and you're still telling me that 20% of the money is lapsed.

Why would that be? Is it that there's no political will? Or do you think the political office should take more control of this money flowing out?

Mr. Daniel Watson: No, not at all. In fact, that 20% will be committed within a very short period of time.

Again, I should say that this is not only committing the money for all of this year; it's also committing the money for all of next year. Within something like the next 60 days, not only will 100% of this year's money be committed, or very close to it, but also 100% of next year's money on the CAF and the RInC side. Just under half a billion dollars should be committed within the next 60 to 90 days and that stretches to March 31, 2011.

You would certainly accept that it's very important to get these moneys committed, but I can assure you that in a very short period of time not only will they be committed for this year, but they will be 100% committed for next year in terms of CAP and RInC.

Mr. Sukh Dhaliwal: Was the same kind of money earmarked for Community Futures offices across the country? Can you explain what these offices provide in the communities?

Mr. Daniel Watson: As you mentioned earlier, small and medium enterprises are very important in the economy of western Canada and the Canadian economy generally.

Community Futures Development Corporations are over 20 years old now. They are organizations that provide services in rural Canada in particular—not just in rural Canada, but in many cases—and they're often an important source of information for small and medium enterprises on any number of subjects.

They often provide counselling on businesses that people are thinking of setting up, or they help them to grow when they've already been in operation. In some cases, they also provide financing; they have a loan capacity. In many areas of rural Canada, they have become part of the business fabric of communities.

They're a partner of ours and we provide them with financing every year to continue their operations.

Mr. Sukh Dhaliwal: You mentioned financing. That's a good point you've brought up, but in fact, if we look at that financing situation, the Canadian Taxpayers Federation report pointed out that since 2006 the record of loan repayment has been very bad. Isn't it less than 52% that has actually been repaid?

Mr. Daniel Watson: I'm not exactly certain of the statistics you're reporting there. I do remember a report by the Canadian Taxpayers Federation. I don't remember any specific provisions referring to the Community Futures Development Corporations.

What I can say is that the Department of Western Economic Diversification has been out of the business of providing loans to small business for about 12 or 13 years now. At this point, we are in the business of collecting on loans that were made that period of time, but for almost the last decade and a half we haven't made any of those loans. It's not a business line that we've been in, other than to continue, of course, collecting the loans that were made a long time ago.

In fact, in the supplementary estimates today we are in the fortunate position of actually referring to excess collections, where we collected even more than was anticipated. That's in the supplementary estimates before the committee today.

• (1600)

Mr. Sukh Dhaliwal: That 52% is quite high. If we look at the total number since the inception, we see that \$134 million of taxpayers' money has disappeared. Wouldn't you agree that more control from the top might be necessary to deal with this situation?

Mr. Daniel Watson: Again, I'm not sure of the exact number that you're talking about there. It's not one that I'm familiar with.

I do know that some of the organizations we have dealt with have in fact increased their earnings on their loan portfolios and they've actually triggered some repayment provisions to the Government of Canada. In some of those situations, the success rate in repayment has been so strong that in fact we trigger some terms of the contribution agreements where they actually have to start contributing back to the Government of Canada.

So again, I'm not exactly sure what numbers the Taxpayers Federation might have been talking about there, but certainly the numbers that I'm familiar with sound very different from those.

The Chair: Thank you, Mr. Watson.

Thank you, Mr. Dhaliwal.

Mr. Sukh Dhaliwal: Thank you, Mr. Chair.

Thank you, Mr. Watson.

The Chair: We'll go to Monsieur Vincent.

[Translation]

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

I'd like to begin with a question for Mr. McKenzie, of the Economic Development Agency of Canada for the Regions of Quebec.

Is CANTex part of your program?

Mr. Guy McKenzie: Yes, CANTex is one of the programs we manage.

Mr. Robert Vincent: I have heard that this program will be terminated in 2010. Is that correct?

Ms. Manon Brassard (Vice-President, Operations, Economic Development Agency of Canada for the Regions of Quebec): We manage the program, but it belongs to Industry Canada.

Mr. Robert Vincent: I see. But your agency manages it?

Did you know that it is going to be terminated in 2010?

Ms. Manon Brassard: The program authorities end in 2010. As to whether or not the program will be renewed, that is a question for Industry Canada.

Mr. Robert Vincent: At this point, do you know whether the program will be renewed? Representatives of several industries have told me the program should be maintained, but it has been announced that it will be terminated in March of 2010.

So I'd like to know whether it will be renewed in March of 2010 or whether it will be terminated.

Mr. Guy McKenzie: Since we are not responsible for the program authority, and are only managing it for another department, unfortunately, we are unable to answer that question.

You will have to ask Industry Canada about this; it's a program aimed at the textile industry. The program authority will end at the end of the fiscal year.

Mr. Robert Vincent: We're talking about infrastructure, and we know the Conservative government has set aside a lot of money for infrastructure, to spend it as it sees fit.

Are you familiar with government expenditures in that area?

Mr. Guy McKenzie: What program are you referring to, Mr. Vincent?

Mr. Robert Vincent: I am not referring to any program in particular; I am talking about the infrastructure program set up by the government to spend this money as it sees fit. Are you not aware of it? I see.

You were saying earlier that an extra \$10 million has been allocated for recreation. Can you tell me more about that \$10 million? How will it be spent? There is also \$48 million for bridge restoration. In what areas will that money be needed and what do you intend to do with it?

Mr. Guy McKenzie: The \$10.8 million amount will be distributed as follows: \$6 million for the Shannon treatment plant, \$3.75 million for the Physical Education and Sport Centre...

Mr. Robert Vincent: Where, in what city?

Mr. Guy McKenzie: In Quebec City.

• (1605)

Mr. Robert Vincent: Thank you.

Mr. Guy McKenzie: We received \$966,000 in operating expenditures for the Recreational Infrastructure Canada Program. We also benefited from a transfer of \$120,000 from two departments—DFAIT and Industry Canada. They provided \$60,000 each towards the organization of the World Conference on Information Technology, which will take place in 2012. The idea was to facilitate access to funding by the beneficiaries. This is an international conference dealing with information technology. Rather than having three departments involved, only one department will be responsible for managing this. As a result, we received two \$60,000 transfers; that's it. That is what the \$10.8 million includes.

Mr. Robert Vincent: Is the conference on technology and information?

Mr. Guy McKenzie: No, on information technology.

Mr. Robert Vincent: With the new budgets, what SME projects will be coming onstream soon?

Mr. Guy McKenzie: That is happening all the time. The total budget for CED is \$446 million. There are two funds—one for CAF and one for RInC. The vast majority of the funding will benefit businesses, non-profit organizations or communities who need the money. A large majority of our clients are businesses which receive refundable loans.

Mr. Robert Vincent: As a result of the economic slowdown, has there been an increase in demand?

Mr. Guy McKenzie: I must say that, under the Economic Action Plan, we have had a significant number of applications. We could provide additional detail in that regard. This has certainly stimulated the economy in terms of job creation, at least temporarily, while the economy is recovering.

Mr. Robert Vincent: I read your brief and noticed that, as far as your agency is concerned, there has not been a lot of job creation. Indeed, on every page I looked at, there was always a gap. For example, it says that you had expected there would be 22 but, in actual fact, there are only 20. That means there is a discrepancy of 2.

You had made provision for human resources, but you didn't use them all. Why is that?

Mr. Guy McKenzie: The jobs created under the Community Adjustment Fund are relatively significant, and the numbers are increasing as applications come in.

On November 29, we had identified 9,837 jobs created in Quebec, and 1,741 jobs maintained, as a result of our agreements. This funding was intended as economic stimulus, in order to create jobs. Those are the most recent figures for that program, whereas for the Recreational Infrastructure Canada Program, job numbers are not yet available.

Mr. Robert Vincent: You talked about slow economic growth in relation to RInC. How was that growth sustained or increased as a result of your investments?

Mr. Guy McKenzie: Your question relates to the Recreational Infrastructure Canada Program, I believe. Let's look at what exactly was invested. The Department invested \$113.2 million under that program. The province will be putting in an additional \$111.2 million. The municipalities, school boards and other recipients will be putting in \$166.8 million, and there will be \$2 million from the first nations.

Based on our \$113 million contribution, our net impact on the ground, when the program ends in March of 2011, will amount to \$480 million, although I imagine that the final amount will be very close to \$500 million.

Mr. Robert Vincent: In the interim, will there be additional jobs created as a result of these investments, in March 2011?

Mr. Guy McKenzie: That will happen as the applications come in. I should point out that, in our case, in Quebec, because of Bill M-30, we proceeded via federal-provincial agreement. Municipalities and school boards are provincial institutions, and there is legislation in place that provides for that. As regards municipalities, there were

elections in November across the province, and that certainly slowed the application rate.

Mr. Robert Vincent: People have told us that the forms should be modified, to make them easier to understand, rather than hiring people to complete them. Have these forms been modified?

Mr. Guy McKenzie: Ms. Brassard is responsible for that area. I am going to bring her in here.

I believe we can always make things easier for people, but I must say that I, personally, have not received any such feedback.

• (1610)

Ms. Manon Brassard: The form is the one used in Quebec, since Quebec has overall responsibility, and therefore, the Quebec form is the one that's used. We have not been made aware of any particular problems in terms of completing it. We have a committee that manages the agreement, and if we receive this kind of feedback or suggestions on how to improve the product or the form, we will be very pleased to simplify things to the extent that we can.

The Chair: Thank you for your questions, Mr. Vincent.

Mr. Wallace, please.

[English]

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

Thank you for joining us today. I love dealing with estimates because I like the technical side of it.

Let's start with Atlantic Canada. Then I have specific questions, just for my education, and then a general question that relates to all three—but I want to pick on Quebec, because I'm missing something and I need to know—and then some more general questions about the estimates process.

On the estimates that ACOA has provided, I have two really basic questions about them. The transfers that have the brackets around them mean a deduction in the transfers. Are those transfers internal transfers or are they transfers from other departments? Why are there brackets around those transfers in 1b and 5b? Then we add money in appropriations and balance, but I'm interested in knowing why those numbers have brackets.

Ms. Denise Frenette (Vice-President, Finance and Corporate Services, Atlantic Canada Opportunities Agency): The transaction you're referring to is related to a writeoff that the agency needs to do. In order to do that, there was a special vote created at Treasury Board, so—

Mr. Mike Wallace: Are you sure that's not under 7b? The writeoff's under 7b. I don't have any explanation of the \$456,000 and the \$279,000 higher up in 1b and 5b. In 7b, there's an explanation of a writeoff, and I'm going to ask you about the writeoff.

Ms. Denise Frenette: Okay, let me just get a copy.

It's under 1b?

Mr. Mike Wallace: Under 1b of supplementary estimates (B)—I have all three books here and sometimes I get mixed up—there's some \$456,000 transferred down, and then you're asking for \$330,000 in terms of an appropriation for a balance of \$88 million. But is that \$456,000 a writeoff?

Ms. Denise Frenette: Yes.

Mr. Mike Wallace: Of what?

Ms. Denise Frenette: We have a loan that was transferred to ACOA upon its creation. It's related to the Newfoundland and Labrador Development Corporation.

Mr. Mike Wallace: When I look at the next page in my book under "Transfers", it states: "Internal reallocation of resources—Write-off of debts due to the Crown pertaining to loans made by the Newfoundland and Labrador Development Corporation". There's a two-piece writeoff and then a balance to balance that. That comes to \$736,000. Oh, I see. Those add up to the same thing.

Ms. Denise Frenette: It's the same thing.

Mr. Mike Wallace: Okay. Why are we writing that off? I guess that's my question.

Ms. Denise Frenette: The debt was transferred upon ACOA's creation. It related to the Newfoundland and Labrador Development Corporation. When ACOA inherited the debt, our only responsibility was to manage that loan. We've exhausted all possible avenues to collect the loans, so we're now proceeding with the writeoff.

Mr. Mike Wallace: So those are bad debts.

Do you normally have in your main estimates a piece for bad debt writeoff? Do you allocate for bad debts on a normal yearly basis?

Ms. Denise Frenette: No.

Mr. Mike Wallace: No. So this is an exception to the rule?

Ms. Denise Frenette: It's an exception to the rule because of the way the debt was created.

Mr. Mike Wallace: How old is this debt?

Ms. Monique Collette: It started in 1972, I believe.

Mr. Mike Wallace: So it's about time that we wrote it off.

Ms. Monique Collette: Yes. We have taken out the funds from the agency's reference level to cover that writeoff, because it's not a—

Mr. Mike Wallace: So it's not something that we'll be expecting to see in future estimates?

Ms. Denise Frenette: Not at all.

Ms. Monique Collette: No. We inherited it in 1987.

Mr. Mike Wallace: Okay. Thank you very much.

Now I'm going to ask this question to our friends from the Quebec development agency, but it applies to all three of you and, really, it's just for me to understand this.

When I look at your main estimates, at the end, your total was \$287.48 million. Then, when I look at supplementary estimates (A), I find the ministry's previous estimate was \$287 million. I'm rounding it. Then, when I look at supplementary estimates (B) under Quebec.... Let's go there. In supplementary estimates (A), we added a bunch of money. In supplementary estimates (A), you got more

money from the government, and I'm going to ask you about that in a second.

Then, the total ministry from authorities to date is \$435 million, but I can't find that. What I have at the end of supplementary estimates (A) is not \$435 million. I have \$413 million while at the beginning of this one it says \$435 million. I can't follow the numbers.

• (1615)

Mr. Guy McKenzie: Where did you take the \$413 million, sir, just to follow you?

Mr. Mike Wallace: The \$413 million is for the total ministry out of supplementary estimates (A).

Mr. Guy McKenzie: Okay. My director general for financial administration has it. We're going to try to answer.

Mr. Mike Wallace: It doesn't just apply to you. It applies to them all. There's obviously something that I don't understand about how the numbers work. I'm not picking on you. You just happen to be....

Mr. Guy McKenzie: I told you that you were well prepared when I saw you coming into the room.

[Translation]

Do you understand, Mr. Bordeleau? Go ahead.

[English]

Mr. Pierre Bordeleau (Acting Vice-President, Policy and Planning, Economic Development Agency of Canada for the Regions of Quebec): There was a series of adjustments, sir. I'll try to.... On the \$287 million in our supplementary estimates (A), we added \$125.8 million to the budget. With supplementary estimates (B), which are being examined today, we're adding another \$10.8 million.

There were some adjustments. If you'd like the details, we can certainly supply them to you. I don't have those details.

Mr. Mike Wallace: Maybe I'll follow up on that, because you're exactly right. I have it here: the \$125 million or so goes to \$413 million. Then, when I look at "Authorities to date" in supplementary estimates (B), you're at \$435 million.

Mr. Pierre Bordeleau: I see what you mean.

Mr. Mike Wallace: Do you see where the difference is? That difference isn't just in your budget. It's a difference in everyone's budget. I just need to know why there is a discrepancy. Why wouldn't that \$413 million show up as "Authorities to date"? Have there been other authorities I don't know about?

Ms. Denise Frenette: I think the difference is that some vote transfers come directly from Treasury Board. One of them that all the regional agencies would have had is the operating budget carry-forward, but we have an allocation that if we don't spend—

Mr. Mike Wallace: If you don't spend it, you get to carry some forward.

A voice: That's correct.

Mr. Mike Wallace: That's not reflected in here, then.

Ms. Denise Frenette: That's not reflected in there. The other thing is that the Government of Canada created vote 35 to provide quick access to the economic action plan money. We received additional money from vote 35.

Mr. Mike Wallace: I've been following this, and I've only been here for four years, but—

Mr. Sukh Dhaliwal: Not yet.

Mr. Mike Wallace: —I like these estimates.

Are you going to have a vote before January 23? I'll take you on any time, Sukh.

Voices: Oh, oh!

Mr. Mike Wallace: Because in a sense this is an extraordinary year, these supplementary estimates have a lot more in them than what I would say is normal. What is a normal year for an agency? Do you normally have this type of increases in these supplementary estimates (A) and (B)?

Second, what is your planning? You're submitting your main estimates for next year now, I'm guessing, or in the near future if you haven't already done that. Are things built in there? Are we expecting supplementary estimates (C) from you? I'm not a big fan of all these supplementary budgets. I understand that you have to do it because the Government of Canada votes things in turn in the middle and you have to add to your budgets. I understand that, but I'M not a big fan of that.

Can we expect to see fairly large supplementary estimates (C) from agencies or are we pretty well done?

Ms. Denise Frenette: There are only small items.

Mr. Mike Wallace: Does anybody else want to answer?

Mr. Pierre Bordeleau: Yes. We're expecting some small items in supplementary estimates (C).

Mr. Mike Wallace: Now I have my final question, which I ask absolutely everybody. If you had a magic wand, what would you do differently in terms of budgeting? Or would you do anything differently? Are you happy with the way the system works?

Mr. Jim Saunderson (Executive Director, Finance and Corporate Management, Western Economic Diversification): I'll take a stab at that. I think you're quite right that this year was a little exceptional, certainly in the case of Western Diversification. Roughly two-thirds of the amount in our supplementary estimates fee is there because of the economic action plan, and that's a very special circumstance.

The government recently has moved to actually having three supplementary estimates: (A), (B), and (C). Very recently, there were

only two. From an administrative viewpoint there are some advantages to that, because that allows us to bring moneys—that the government and Parliament of course vote on—into play sooner, to manage our cash more effectively, and to put programs into place a little more quickly.

● (1620)

Mr. Mike Wallace: So as a member of Parliament I shouldn't be worried that you're underestimating your mains, because you know you have three more shots at it.

Voices: Oh, oh!

Mr. Jim Saunderson: No, but I think this case is a good example for the timing. It was a year ago exactly that we were preparing our main estimates for the current fiscal year, and of course the budget was not read until January. So when we were doing the mains, we could not add in what became the economic action plan.

The Chair: Thank you very much, Mr. Wallace, for those good questions.

[*Translation*]

Next up is Mr. Rafferty.

[*English*]

Mr. John Rafferty (Thunder Bay—Rainy River, NDP): Thank you, Chair.

Welcome, ladies and gentlemen. Thank you for being here.

Mike, as always, thank you for your very insightful questions. You did steal one of them from me, so I'm going to have an addendum to that.

I have just a quick question for the chair. I noticed that in the orders of the day that Northern Ontario's development agency is not listed here. Is that an oversight?

The Chair: No, Mr. Rafferty, it wasn't. The supplementary estimates (B) that were sent down to us from the House did not contain any appropriations for FedNor.

Mr. John Rafferty: Oh, it's FedNor, not Northern Ontario's development agency. Sorry.

The Chair: Neither did they contain any supplementary estimates for FedDev Ontario, the agency for southern Ontario, so those two ministers and their functionaries weren't called in front of us today.

Mr. John Rafferty: Thank you, Chair. I was just trying to make a joke.

I have a bunch of questions.

Mr. Watson, you talked about pine beetles. In early spring, I had a question for the Minister of Industry about a budget line in 2006 that continued, but the money had never been spent. It was \$200 million that was set aside for the pine beetle problem. I'm just paraphrasing now, but his reply, when I asked where the money was and why it wasn't spent, was that this government keeps its promises and the money will flow.

So here's my question for you: is the money there and how much of that \$200 million has flowed so far?

Mr. Daniel Watson: Thank you for the question.

I'll let my CFO speak a bit to the actual volumes of the money.

What I can say is that we're winding down to the back end of that program now. We did a couple of things that I think are very important in the context of this program. At the beginning, there were a number of questions.

Just as one example, a number of first nations groups in British Columbia wanted to make sure that they were engaged effectively in the work related to protection from the mountain pine beetle. So one of the things we did was to actually spend a fair bit of time working with those applicants to make sure that they had structured their applications in such a way that they met the criteria and in such a way that they would get a solid rating by the time they went through the process. At the end of the day, we ended up having in excess of 20% of the total volume of work go to first nations-led applications as a result of that.

This is one of the examples where I suppose there might have been a quicker way to do it, and maybe some of those applications would have gone to some other players in that process, but we took seriously what people said about the importance of community members actually doing a lot of that work and making sure they had an opportunity not only to do that work, but also to develop the skills for the future.

We're quite pleased with the outcome of a number of those application processes, because what's been proven to all concerned is that the people who were successful actually can compete with anybody now, I think it's fair that was not obvious to all concerned when we started out.

So there were some things like that, as well as others related to weather or to availability of labour and such things, that slowed things down. We're now towards the very back end of actually delivering on those projects and making sure they're completed.

My CFO here may be able to provide some more specific numbers, and if we don't have them right here today, we'll certainly get them to the committee clerk.

• (1625)

Mr. Jim Saunderson: Thank you, Daniel. I'll certainly try to add a little bit of detail.

There was a \$200-million mountain pine beetle response, as you point out. About \$150 million of that was administered by Natural Resources Canada; I can't really speak to that portion.

But with regard to the roughly \$50 million that went to our department, there were two components. The first was the

community economic diversification initiative, which I think my deputy described fairly well, and after the process that Daniel spoke to, we now have in place some 148 contribution agreements in communities throughout the interior of British Columbia that will fully utilize the funds that were originally part of that program. We're seeking about \$12 million in order to complete that process through this supplementary estimates process.

The second part of the program that we were responsible for was something called the airport improvement initiative, which contributed just over \$18 million towards improvements at the airports in Kelowna, Kamloops, and Prince George, three of the larger communities that were particularly affected by the pine beetle infestation. These projects were intended to enable larger passenger aircraft to land to take advantage of tourist potential, and also to take advantage of some air freight potential, particularly at Prince George, which we thought was quite attractive because it is on the great circle route from Asia to North America.

In fact, just recently we've had the first plane actually land at Prince George to take advantage of that new refuelling opportunity. There's a small amount, half a million dollars, in the supplementary estimates to complete that.

The airport improvements initiative is nearing completion, and all the projects on the community economic development initiative are approved. Those funds have started to flow now.

Mr. John Rafferty: The money is all going to be spent, and I suppose I need to go to Natural Resources Canada to find out about the rest of it.

Is the agency in the business of advising the government as to what the line should be on how much money you need to continue projects? I'm thinking about that because the pine beetle continues its march east. Is that something your agency would advise the minister on?

Mr. Daniel Watson: Certainly one of our roles as a department—and it's true of all the regional development agencies—is to bring a focus from the region in which we're located to Government of Canada policy generally, so the things we learn, see, and hear when we're working with people are things we bring back to our discussions with our colleagues.

I talk to my colleague from Natural Resources Canada on a regular basis, as well as many others. We continue that discussion on programs like this. Earlier we had some discussions about the work we do with Infrastructure Canada; similarly, there we would work with Infrastructure Canada and advise them on things we have learned in the process of delivering on these programs.

Mr. John Rafferty: Chair, I will have another opportunity, will I not?

The Chair: Yes, absolutely.

Mr. John Rafferty: Okay. Then I don't need to try to squeeze in all my questions right now.

I was going to ask a question about writing off the debts of the Newfoundland and Labrador Development Corporation. Mike asked about part of it. For the other part of it, just for my own edification, what sorts of loans were these? Were they small business loans that you've never been able to collect on?

Ms. Denise Frenette: Yes. They were loans to companies and we were not able to collect on them. That's right.

Mr. John Rafferty: Mr. McKenzie, in the supplementary estimates there's a line item, "Funding to supply the municipality of Shannon Québec with drinking water", and you've mentioned it in your introduction. I'm a little confused. Why is your agency responsible for this initiative? It doesn't sound as though it would be your initiative.

Mr. Guy McKenzie: You're right. Usually it would be more likely that Infrastructure Canada would do it, but because of contamination and because of time to respond to the situation, it was decided that way. It is a project that is acceptable for us, This is fundamentally how we injected the money that we received.

By using our program instead of the Canada-Quebec infrastructure program, we were certainly faster. They did not have to prioritize it and we were able to treat the water faster for the population. The water was contaminated.

• (1630)

Mr. John Rafferty: I have a question for each of you with regard to the futures development corporations. Some in northern Ontario have approached me and indicated their concern that, under this particular government, the futures development corporations are going to disappear as entities. Is that anything you have heard? Has it been a discussion item in your areas?

The Chair: I assume you're referring to the Community Futures Development Corporations.

Mr. John Rafferty: Yes.

It hasn't been a discussion item, then?

Mr. Guy McKenzie: Are you talking about the CFDCs?

A voice: Yes.

Mr. Guy McKenzie. No. We know that the program is due for discussion in the sense that, as we said for other programs, the timing for the authority is due next March, if I'm not mistaken. So at the beginning of April, a new set of criteria for programming and what have you will have to be decided, but as for whether they are to cease

or to keep going, I don't know about that. I just know that the program authority has to be renewed.

Mr. John Rafferty: Does anybody else want to add anything?

Mr. Daniel Watson: I would just say that the program authority needs to be renewed, as has been the case every five years for 20 years. There's nothing particularly new in it; it's always up for renewal at this period of time.

The Chair: Thank you, Mr. Rafferty.

We'll now go to Monsieur D'Amours.

[*Translation*]

Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.): Thank you, Mr. Chairman.

Thank you all for being here this afternoon. We are certainly very pleased to see you.

What is disappointing, however, is that we expected that the Ministers themselves would be appearing, and that we would have another opportunity to put questions to them.

I am sure I don't need to tell you that you mustn't take our comments and questions personally. It's regrettable because, basically, we have been sent the messengers, rather than the people who should have been answering the excellent questions we have been asking from the outset.

Ms. Collette, the few questions I have are addressed to you. Let's talk about the program associated with the Strategic Community Investment Fund—called the Innovative Communities Fund, or ICF. Is it fair to say that this program is now in its final year?

Ms. Monique Collette: Thank you, Mr. D'Amours. We met in Edmundston.

As regards ICF, or the Innovative Communities Fund, it's the same situation as for the Community Futures programs. They have to be renewed every five years.

The five years are, in fact, almost up. The end of March is when the five-year period will be up.

Mr. Jean-Claude D'Amours: Traditionally, when programs expire... You may remember SCIF, the Strategic Community Investment Fund, which was the predecessor of ICF—

Ms. Monique Collette: —yes, that was replaced by ICF.

Mr. Jean-Claude D'Amours: —yes, exactly, that was replaced by ICF. Discussions on renewal of the program began, not in March, but months before—in September, October or November.

We are almost in December. What I would like to know, Ms. Collette, is whether discussions have begun on renewal of the ICF program.

Ms. Monique Collette: Yes, in anticipation of renewal, as officials, we are always required to carry out program evaluations to see whether we have achieved the expected outcomes. Those evaluations are ongoing at this time. We should soon be in a position to provide all the information. That is especially the case for renewals, because a lot of programs will be ending. The Privy Council is now looking at the best process for renewal.

At our end, we are doing the preparation. So, you're right, Mr. D'Amours: we have been working on this since September.

Mr. Jean-Claude D'Amours: As you pointed out, a lot of programs are coming up for renewal. Recently, in departments like Canadian Heritage, delays in funding were being attributed to the fact that many programs are coming up for renewal. I know that is not your responsibility. You are doing your job. We'll see how the government does its job when the time comes to discuss these things. However, it is worrying to hear that many programs are now being evaluated because, in some cases, it could be difficult to continue funding them. We'll see whether the government is willing to continue along the same lines.

Ms. Collette, the Seed Capital Program for young entrepreneurs was created by ACOA in 1997. I am very well acquainted with it, having managed that program in my own area. The program begins on April 1, but the funding was only announced on October 9. Therefore, between April 1 and October 9, CBDCs in New Brunswick and the three corporations in Moncton, Fredericton and Saint John were unable to glean any information as to the status of funding under the Seed Capital Program. As I understand it, any funds that have not been expended by March 31, 2010 might be available later in 2010.

The purpose of this program is to help entrepreneurs start up a new business. But the best time of the year to start up a new business is between the 1st of April and September or October. You don't start up a business in November, December, January or February. It's a lot more difficult then. So, I find the situation somewhat ironic. This is a very good program that helps young entrepreneurs get into business. It is even more important in the midst of an economic crisis, when entrepreneurs are being asked to help kick-start the economy.

At the same time, the organizations responsible for administering and managing the program are being told that, unfortunately, there will be a slight delay in terms of letting people know whether they will receive money or not. As a result, they are being asked not to implement any programs for entrepreneurs, because they don't know what the money is going to be used for.

The announcement was actually made on October 9 in New Brunswick. Prior to October 9, there was a total vacuum. That is unacceptable, because the government has said over and over again that SMEs will be vitally important in kick-starting the economy, and that this has got to happen immediately, not 10 years from now. But this is not a new program. As I was saying earlier, it was first implemented in 1997 to help young entrepreneurs start up a business and create jobs in their community.

• (1635)

Ms. Monique Collette: Yes, and the program has been renewed several times since then, precisely because the results speak for themselves.

Mr. Jean-Claude D'Amours: As you say, it is a very good program, but it is impossible to guarantee funding when the organizations need it and, even worse, when SMEs and young entrepreneurs need it.

Ms. Monique Collette: You will have to give me some time to get you an answer. I don't really like being blindsided, as they say. In this case, I have no explanation. I believe in this program. I have renewed it many times. Of course, we are not talking about the same type of renewal we discussed earlier. Under no circumstances would the Agency question this program because it has yielded unbelievable results.

Could I ask you to forward the information to Mr. D'Amours regarding this particular program? I take this very seriously.

Thank you very much.

The Chair: You can forward it to the clerk, who will then distribute it to all Committee members.

Thank you, Mr. D'Amours.

[*English*]

Mr. Mike Lake (Edmonton—Mill Woods—Beaumont, CPC): Thank you, Mr. Chair.

Thank you to our guests for coming before us today.

Of course, I'm sure that even the Liberal member across the table knows you're more than just messengers and knows that you do important work for Canadians. We thank you for that.

Let me lead off with a question about process. Sometimes—just from time to time—things get a bit political around here and numbers may be manipulated a little. I want to clarify the difference between when dollars are committed and when dollars actually flow under the two main programs we're talking about right now.

Maybe you could use those two programs as an example, so that when people are talking about numbers, Canadians know what they're talking about. Let us start with the commitment of dollars and when it happens, rather than when the dollars actually flow.

Mr. Daniel Watson: I can talk a little bit about that, and my CFO might want to jump in with some specific numbers from a Western Diversification perspective.

The critical thing to launch work in the type of role that we have is the certainty of knowing that somebody is going to pay the bills at the end of the day. The member referred earlier to the question of the importance of the supplementary estimates.

For Western Diversification, one of the critical pieces for us back before the summer was to make sure that Parliament had voted the credits necessary so that as Western Diversification we could go out and tell people that we would in fact back up the contribution agreements we were planning to sign with them. Once we sign an agreement—for example, for \$300,000 to renovate a facility—they know they can go and do that. They know they can hire an engineer to design it and a contractor to start pulling together the workers. They know they can order supplies, because they know that our credit is good.

The way the transfer payment policy is set up in the Government of Canada, though, we generally don't just give people money right up front. We can do that in some limited circumstances. Sometimes if you're dealing with a smaller organization, that's necessary.

But often with municipalities or universities or other larger players, they know the rules very well. They go out and spend the money and bring the receipts back to us. We compare the receipts to the contribution agreement and make sure that it was in fact what the taxpayers of Canada had expected to pay for and what Parliament had voted for. If that's the case, then we sign the cheque and give the money to them.

But the thing that actually creates the work is that we're able to sign on the dotted line that says, "If you go and do this work, we will reimburse you at the end of the day". In Western Diversification now, we've approved just under \$100 million on the RInC fund, and we've approved something just over \$220 million on the CAF fund. In both cases, it's in the rough neighbourhood of 80%, I guess, in the world of CAF, of the total moneys we had available, and RInC is in excess of... Well, it's at just about 90% in the case of the CAF moneys. Again, that's for the total two-year period going forward as far as March 31, 2011.

•(1640)

Mr. Mike Lake: Does everybody else agree with that? I imagine the same rules apply in all three agencies, don't they?

Voices: Yes.

Mr. Guy McKenzie: If I may say so, that's exactly the principle. It basically goes back to the Financial Administration Act. Under section 32, we commit toward certain work, and under section 34, we have to receive confirmation that the work is done, by receipts and other proof. There, it is section 34 that applies. This is the Financial Administration Act, or the guts of it.

Mr. Mike Lake: Generally, then, it's safe to say that, especially at this time when we're talking about getting Canadians working, the work has begun before the money actually flows. Commitments are made, but in terms of actual cheques being cut, those cheques tend to follow the beginning of the work.

Ms. Monique Collette: Yes, because it's payable, but you actually must have done the work in order for us to issue the cheque, and as Daniel was indicating, with a commitment, you're good to go to the bank.

Mr. Mike Lake: Okay.

Mr. Guy McKenzie: If you look at the genesis of section 34, you'll see that this is where we look at value for money. To be able to

evaluate value for money, we need to have proof that the work took place. We need invoices and other different kinds of proof.

Mr. Daniel Watson: To use an analogy, it's not unlike getting your first job. They say you're hired, you work for two weeks, and then you get a paycheque. You don't get a paycheque on day one, unless you're really lucky.

Mr. Mike Lake: My next question is specifically for ACOA, although it would apply to everybody. I've just been reading a CBC news article from today that says "Charlottetown grabs big chunk of stimulus cash". It's comparing the spending in four ridings of P.E.I.

I guess the question that comes out of this, which probably relates to ridings across the country, is in relation to boundaries, be they political boundaries or whatever. Maybe you can comment on the statement that needs and benefits don't always follow political boundaries. Is that a fair assessment?

For example, I'm thinking about my going out and doing an announcement in Edmonton on a project on the Anthony Henday Drive. It's outside my riding, but is of tremendous benefit to the people in my riding who drive on that road every day.

I'll ask the ACOA folks to speak to the specific example of P.E.I. in terms of that statement that needs and benefits don't always follow political boundaries.

•(1645)

Ms. Monique Collette: No, exactly. This is a very good example.

It shows that CAF, RInC, and infrastructure are really application-driven programs. This is probably more true of CAF and RInC than the infrastructure program, but they are really application driven. When we do the evaluation, there's a full due diligence assessment done on each and every application. In there, you absolutely have to find the contribution of the municipal government, for example, or the provincial government.

There are certain criteria for the quality of the project, and is the project construction ready? That's why you see some communities moving forward. They've obtained the participation of all parties and they're ready to roll. That is in fact how the projects are approved.

The Chair: Thank you, Mr. Lake and Madame Collette.

[Translation]

Mr. Bouchard, please.

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chairman.

I, too, would like to thank our witnesses for being here this afternoon.

I would have liked the Minister of State (Economic Development Agency of Canada for the Regions of Quebec) to be here today. Under the circumstances, I will address my questions to Mr. McKenzie.

My question relates to the Community Adjustment Fund. I believe this program is in its second year. Funding of \$1 billion was announced for the country as a whole, including about \$217 million for Quebec. It has been reported in the media that half of the funding went to ridings held by Conservative MPs—in other words, government members. I would like to know what the process is with respect to the companies and applications.

If a recommendation is negative, does the minister have the discretion to ignore that recommendation?

Mr. Guy McKenzie: Under the Economic Action Plan which you refer to, and which was announced approximately one year ago, my colleagues are able to deal directly with municipalities, school boards or other such entities; however, because of Bill M-30 which is in force in Quebec, the federal government and municipalities cannot work directly together. This is the only province where that is the case.

I am sure you understand, Mr. Bouchard, that under the circumstances, we had to meet with our Quebec colleagues. When the time came to implement the program now known as CAF-Forestry, we worked hand-in-hand with the Quebec Ministry of Natural Resources and Wildlife. Under RInC, the Recreational Infrastructure Canada program, we collaborated with the two ministries with responsibility in that area, the Ministry of Municipal Affairs and the Ministry of Education, Recreation and Sport, in terms of the school boards.

As to whether there is a connection between the funding that was provided and what I might call politically selected ridings, I can tell you that, in our case, we are not responsible for implementing the program. You are well acquainted with infrastructure programs in Quebec. The same logic applied to those negotiations. We basically just used the exact same agreements that were in place and adapted them to our needs. However, Quebec is overseeing the program and is therefore responsible for project selection. As long as they are consistent with the program framework... What we look at is compliance. It must be identical to what is required under the Infrastructure Canada Program.

Mr. Robert Bouchard: So, that means that the minister has no say. It's the Government of Quebec implementing the program through its own ministries. I would like to put the same question to you again, in terms of the process you follow for programs that fall directly within CED's purview. Can the minister overturn a negative recommendation?

• (1650)

Mr. Guy McKenzie: As my colleague from Atlantic Canada was explaining earlier, CED's programs operate primarily at the grass-roots. The applications we receive come from non-profit organizations, SMEs and a variety of other non-profit agencies. The programs are analyzed based on the program framework, in accordance with the authority given us by cabinet and the Treasury Board. When the file is sent to the minister for his signature, it includes a recommendation. The minister has the option of following

that recommendation or not. That is his privilege, given that we only have delegated powers. In terms of signing off on the files, we do not have delegated signing authority in that regard. We submit the files to the minister, and the minister makes the final decision.

Mr. Robert Bouchard: In 2008, the then Minister for the Economic Development Agency of Canada for the Regions of Quebec sent out letters—since you have referred to non-profit organizations—to a number of such organizations, saying that he was terminating their grant. In some cases, the termination date was 2010, and in others, it was 2011.

I would like to know whether the decisions made by the former minister have been reviewed.

Mr. Guy McKenzie: The minister gave instructions to establish a private company/NPO ratio that would be more consistent with what he wanted. Also, transition plans were also given to some types of NPOs, which then had three years to find funding.

That three-year period is ending for some organizations next year, whereas others that demonstrated, with supporting evidence, that they needed the funding, and did receive it.

There are different categories. Some organizations are coming to the end of their funding period, whereas others continue to receive funding.

Ms. Manon Brassard: I would just like to say that, under the circumstances, Minister Lebel did review the two-year process. So, organizations which received money and demonstrated that they are able to achieve the results they pledged to achieve, and which still require money, are likely to continue to receive assistance, as long as they can prove that their projects are relevant. A project must be of some utility in their community and the organizations themselves must demonstrate that they can achieve the desired results.

[English]

The Chair: *Merci.*

[Translation]

Mr. Robert Bouchard: I have one quick question.

The Chair: Go ahead.

Mr. Robert Bouchard: In my riding, we have an organization called the Société d'intervention urbaine. It received a letter stating that its funding would end in March of 2010.

I would like to know if all the Sociétés d'intervention urbaine received the same notice. In other words, are we to understand that no Société d'intervention urbaine will be receiving government funding or assistance?

Ms. Manon Brassard: We would have to look at that specific case.

Mr. Guy McKenzie: Would you like us to do the same thing we offered to do earlier? We do not know the answer off the top of our head. If you like, Mr. Bouchard—

The Chair: Please forward the answer to the clerk.

Mr. Guy McKenzie: Yes, we will send it to the clerk.

What is the name of the organization, Mr. Bouchard?

Mr. Robert Bouchard: It is the Société d'intervention urbaine Chicoutimi-Jonquière.

What I want to know is whether all the Sociétés d'intervention urbaine across Quebec are receiving the same treatment, meaning that all their funding will be withdrawn starting in March of 2010.

The Chair: Thank you, Mr. Bouchard.

Could you please send the answer on to the clerk, who will pass it on to committee members?

Mr. Warkentin, please.

[English]

Mr. Chris Warkentin (Peace River, CPC): Thank you, Mr. Chair. I appreciate the opportunity to ask questions.

Thank you for coming in this afternoon. We appreciate your testimony.

I wanted to catch up, Mr. Watson. You started giving a bit of feedback. It was my colleague, Mr. Sukh Dhaliwal, who had been asking some questions related to Community Futures. You started to tell a good story about Community Futures having to pay back additional amounts because the repayment from small businesses had been higher than what they'd expected.

My Community Futures in the community of Grand Prairie is an exceptional one. They've had some exceptional results. It's a good news story. I wonder if you could tell us a little about the repayment of Community Futures across the country. Is Community Futures only under WD?

• (1655)

Mr. Daniel Watson: Western Diversification works with the Community Futures organizations in western Canada. There are other organizations in other parts of the country that work with them. When I was talking about the repayment, I was referring to another of our partners that does a type of work similar to the CFDCs' work. It was a Women's Enterprise institute in two provinces that actually had hit the ceiling for their earnings based on their loan portfolios, so they are technically required to start repaying the Government of Canada on those fronts.

As with all organizations, there is some unevenness in the CFDCs. Some have done extraordinarily well. They have developed strong portfolios and have been a significant force in their communities in making good loans, getting repayment from those loans, and growing those funds.

It's not uniform, but the organizations that people know well in rural Canada have been around for almost 25 years, ever since the mid-1980s when they were created. They provide services to small and medium-sized businesses. In many cases, they find information that you might have to run all over the place to find. In rural settings, that can take up an awful lot of time that is better spent doing business.

Mr. Chris Warkentin: I know that the Community Futures organizations are successful in my community. For those people who aren't familiar with what they do, they don't only provide or give counsel as it relates to loans. They also provide counsel in terms of building business plans and the rest. They're really an exceptional

organization, and this is something that I think deserves a lot of credit, especially since they are community based. They really have a connection with the community, with the directors being community members. We've certainly seen the benefit of that.

I would commend the western folks for having come under common marketing under the Community Futures banner. Up until recently, there were a number of different names for every local agency, and oftentimes that confused people, but the Community Futures common branding has been successful, and I know that it has been very helpful for the general population.

I want to move to a couple of different questions on other programs. The community adjustment fund obviously is something of interest, especially to communities that have been hit hard by the downturn of their respective economies. Maybe this is a broad question to each of the agencies that actually do take responsibility for the community adjustment fund: how is the determination made on what will be funded and what will not?

I just wondered about this in terms of the ranking. Is it first and foremost the...? I mean, do you take a map and say that this is an area has been hard hit as it relates to...? For instance, in my case, we have towns that are exclusively lumber industry towns and they've been hit hard.

Do you do that first and then pull applications out of that? How exactly does that work? What's behind the scenes?

Mr. Daniel Watson: It's quite a rigorous process. As you can imagine, we're obviously dealing with large amounts of taxpayers' money. Not only are we dealing with large amounts of taxpayers' money, we're dealing with people's lives and economic interests and, in many cases, the lives and economic interests of communities as well. It has been a very scary time for many Canadians and many Canadian communities, and certainly our staff hear that all the time when they're dealing with these people.

There are two categories of things that we look at. In Western Economic Diversification we did a call for proposals. We got almost 1,500 on the RInC side of things and just about 1,100 on the CAF side of things. The criteria for the program are actually up on our website, so any Canadian can look at that website and see exactly what the criteria are.

I'll just run through some of them quickly, because I think they're important. First of all, for CAF, the project had to be located in rural communities with a single industry. That was one of the program criteria. It also needed to create jobs and maintain employment; in other words, if it was a great project to do something, but it wasn't really going to create or maintain much employment, that was a big knock against it.

The project needed to leverage funds from provinces, territories, or other funding partners. That was a strong preference. I mentioned in my opening remarks that in some of these things, and I think it was in RInC in particular, we leveraged a figure of \$430 million from other partners that probably wouldn't otherwise have been there. It needed to build on partnership arrangements that were already in place and the reason for that was to move quickly: don't build new things in terms of relationships with other players if you don't need to, but go ahead with what's already in place. And ideally, it was to provide a longer legacy of long-term economic benefits.

Those were all criteria, but then there were some other things on top of that. First of all, what was being proposed had to be completed by March 31, 2011. If you couldn't get started until next year, for whatever set of reasons, then it didn't fit. What was being proposed needed to make sure that it provided benefits to communities affected by the global economic recession. In other words, again, it was tying this to need. Also, it needed to create immediate and short-term employment, start quickly, be incremental, and not simply replace projects that were going to go ahead otherwise.

We considered all of those things in a very vigorous due diligence process and made sure every project that was being considered met all of those criteria.

• (1700)

The Chair: Thank you very much, Mr. Warkentin and Mr. Watson.

Mr. Rafferty.

Mr. John Rafferty: Thank you very much, Chair.

First of all, Mr. Watson, you indicated that 10% of the RInC funding is still uncommitted, if I heard you correctly.

For the other two agencies, is it also the case in your agencies that there is still uncommitted RInC money?

Mr. Pierre Bordeleau: Yes: uncommitted money in RInC, but very committed money for CAF.

Mr. John Rafferty: Okay. So in each of the agencies there's... There's 10% in this case, and in the other two cases?

Ms. Monique Collette: In the agency, for RInC, we have roughly 55% committed, but we expect that by the end of the fiscal year, which is the end of March, we'll have 100% committed—not spent, but committed—and that it will be spent by the end of 2011.

For CAF, we have 67% of the allocation committed, and again, we expect that we should have all that committed by March. There are a lot of applications, but we still need to do the due diligence. We absolutely must have it committed by the end of March, construction season, because most of those projects involve construction.

Mr. John Rafferty: Mr. McKenzie, is it the same for you?

Mr. Guy McKenzie: It's about the same. The pickup on FAC was much quicker, obviously. I explained earlier as well that because we have the legislation called Bill M-30 in Quebec, we had to go through the Province of Quebec before we were able to deal with the *communautés*. Because the election was at the municipal level, in election time in November obviously it took a bit longer.

For FAC, we did most of our investment in forestry, and the pickup was much faster.

Mr. John Rafferty: Okay.

Mr. Watson talked about CAF funding in particular and about the criteria for dealing with applications. For the RInC funding in particular, I'd like to ask each of you, just very briefly, how your agency is allocating funds or how they have allocated funds for the horizontal initiative—I know that's a little bit different—for recreational infrastructure.

Ms. Monique Collette: For horizontal, let's take Atlantic Canada, is it something that would touch the four Atlantic provinces?

Mr. John Rafferty: Yes. Is there a template you use? I'm looking for sort of what Mr. Watson outlined for CAF a moment ago.

Ms. Monique Collette: It's not the same. You see, the amounts of money were allocated through RInC based on population only. For CAF, they were allocated based on \$10 million per province plus a per capita allocation.

The way the adjustment works is that if, for example, you have something like a project that would create jobs quickly, in something such as forestry... In Atlantic Canada, we have one pan-Atlantic agreement that covers two provinces. We signed agreements with Nova Scotia and New Brunswick to plant trees. That would bring a lot of jobs, fast, to those two provinces. That was pan-Atlantic.

In RInC, it's mostly individual projects from communities, so it's difficult to—

• (1705)

Mr. John Rafferty: How was that decided? Was there an internal template that you used to judge those applications? I'm sure you received many more applications than there was money for.

Ms. Monique Collette: Yes, but we all have the same criteria.

Mr. John Rafferty: You do? Okay.

Ms. Monique Collette: Yes, we do.

Mr. John Rafferty: They are along the lines that Mr. Watson—

Ms. Monique Collette: Yes, absolutely.

Mr. Daniel Watson: If I can just say something very quickly, under the terms and conditions of the program, it was required to be arenas, gymnasias, swimming pools, sports fields, various courts, or multi-purpose facilities. So first of all, it needed to be one of those, and again, it needed to be something that you could start very soon. It needed to be something that you had partner funding for and normally it needed to be for the rehabilitation or repair of existing infrastructure, more so than brand new construction.

Those were the criteria that we were all working under. We had to apply them much the same as we had to apply the criteria under CAF.

Mr. John Rafferty: Okay. That's good.

I have a question for Mr. Saunderson.

You're one of the finance guys, so let me ask you this question. Now, the members of the committee and the witnesses may not know this, but the far west part of my riding is actually where the prairies begin. I know you don't think of northwestern Ontario as the beginning of the prairies, but the prairies do begin in the western part of my riding, so this is a question specifically about Western Development.

Keep in mind, before you answer the question, that children in the very small town of Emo—that's E-M-O, as you would expect—have tears in their eyes right now. They're crying, and I'll tell you why. They're crying because I had an application in for a water spray park that certainly fit the criteria although it's not being rehabilitated; we'll say it's a new building. This is a community of about 2,500. The community has raised \$120,000. They needed \$30,000 more to complete it and the application was turned down. After I talked to the minister, it was definite that there was no \$30,000 coming. You'd think you'd be able to find \$30,000, wouldn't you?

Anyway, my question to you is this. Because the prairies actually begin at Emo and we're really the gateway to western Canada, is it possible—because I see the transfer column—to transfer \$30,000 extra dollars from your outfit to the Town of Emo? Keep in mind that every time I go there the children are crying.

The Chair: Thank you, Mr. Rafferty.

Mr. Saunderson, quickly.

Mr. Jim Saunderson: Well, technically, yes. As we've seen, it is possible to transfer through the estimates, but it would be a decision that would require the agreement of the ministers involved.

The Chair: Thank you very much.

Mr. Lake.

Mr. Mike Lake: Thank you, Mr. Chair.

It doesn't surprise me to hear that Mr. Rafferty is a prairie boy with his Michael Landon haircut over there.

Voices: Oh, oh!

Mr. Mike Lake: I want to go back to a conversation to clarify some facts. From time to time, a Liberal MP will stand up in the House of Commons in question period and say that the stimulus plan has not created one single job in Canada. I would argue that it has actually created several jobs right in the Liberal leader's office.

But what I do want to talk about here is effectiveness. I'll turn to my friends from western Canada, if I may, and again ask them to talk about the impacts they're seeing in communities where the government is making an investment. Are there specific examples from the CAF program or the RInC program, particularly in terms of employment? I know there's the long-term benefit of the work being done, which is going to have an impact on the infrastructure that Canadians are going to be able to use, but I want to talk about job creation and the work being created, the work being done on these projects.

Could you point to some specific examples of where you're seeing government investment make an impact?

Mr. Daniel Watson: Yes, certainly. Thank you very much for the question.

So far in the projects we've approved under the CAF program, 51,000 person-months of employment have been created, which we think is a significant volume. Those are the numbers reported to us by the proponents of these projects. We've obviously gone through them with a fine-tooth comb to see whether we think that's the case.

Under the CAF, which is a smaller program, again, it's a number that we think is substantial. Just about 24,000 person-months of employment have been created under that program, for a total under the two programs, in the last five months when we've been putting out approvals on these things, of just under 75,000 person-months of employment.

While those things are important, I would provide a couple of pieces of colour commentary. One of the things we're finding in these two programs is that we're sometimes dealing with a whole clientele that we haven't dealt with before. What's interesting is the number of arenas and facilities we're fixing up that are called centennial facilities, things that were built to celebrate Canada's centennial in 1967. A lot of those things haven't had a lot of attention since then.

We look at the fact that we're doing a lot of this work in rural Canada. The impact it has on these communities is significant. Not only does it mean that people can actually live and work near their families and their homes, it also means those communities, in a bunch of cases, reduce the amount of energy it takes to actually run those arenas. When your annual budget is next to nothing and 90% of it is spent on fixing up roads and picking up garbage, the decision on an extra couple of hundred dollars or a thousand dollars a month for an arena can sometimes be the difference between continuing to make it functional and it not being functional.

It's one of the things we found that is very different in this program. While the employment numbers are certainly very important, one of the things we're getting comments on from people is the impact it's having on their day-to-day lives.

It's a different story from what we get with our normal projects, and I think it's something that all of the staff who have had the opportunity to deal with these things have found. We normally chase after CFOs, business managers, and so on, for information. We have these really fascinating stories, like staff being told by a president of a local curling association who has a \$12,000 project to replace the curling rink, "I have to feed my children now, so you'll simply have to wait until next week". It talks about where we're having an impact. It's a different place from where we normally go.

We know that these projects, when you get into these small communities, have an impact that's completely disproportionate to even some of the larger projects we do in cities.

• (1710)

Mr. Mike Lake: You talked about leverage. I think that's one of the important things too. We talk about the numbers behind the program, the dollar amounts the federal government is committing to these programs.

I'll turn to the other two agencies. Maybe they can speak to the issue of how, when we look at government spending, we're talking about the dollar amounts the federal government is investing when we look at these estimates. Of course, when we're talking about the federal government investing, we're talking about the Canadian taxpayer investing.

Could you talk to the issue of leverage? How much money is being leveraged, particularly in the two programs we're talking about, or in other programs? Can you give some examples in terms of how that works?

Ms. Monique Collette: I can take a shot at that. For example, in the case of RInC, the program is organized so that a project must be funded one third, one third, and one third. This means that for every third the federal government puts in, two-thirds gets added to the project.

On CAF, it depends. We administer CAF in ACOA according to the terms and conditions of our program. All the programs require participation and that participation can be anywhere from 50% to... I'd say it's probably averaging 50%.

So there's a lot of leverage involved in the projects. Even in the case of one third, one third, and one third, some people put in more. Some communities put in more money.

The Chair: Thank you very much, Madame Collette.

Briefly, Mr. McKenzie.

Mr. Guy McKenzie: I have just received those numbers. Do I have time?

• (1715)

The Chair: *Oui.*

Mr. Guy McKenzie: For CAF, with the Quebec-Canada agreement, we put in \$115 million and they put in \$115 million, so it's one for one. On RInC we put in \$113.2 million, the province put in \$111.2 million, the municipal government \$166.8 million, and the native community \$2 million. It's much bigger for RInC if we ever do it....

The Chair: Okay.

[*Translation*]

Thank you.

Ms. Mendes, please.

Mrs. Alexandra Mendes (Brossard—La Prairie, Lib.): I would like to begin by thanking you for being here today, and would just repeat what my colleague, Mr. D'Amours, was saying earlier. We very much appreciate your being here and the information you are able to provide. However, we would have liked to meet with the minister responsible for the portfolio.

I would like to start with an observation. My question is not addressed to any one of you in particular; it is more of a general question. In the estimates tabled at the beginning of the year, your three agencies had pretty similar budgets. CED was somewhat different in that regard, because it was given additional moneys for NGOs.

Now you are requesting supplementary funding. ACOA is requesting an additional \$6 million, compared to what was originally budgeted, CED is requesting an additional \$9 million and Western Economic Diversification Canada is requesting an additional \$60 million. Can someone explain the difference for me?

Mr. Daniel Watson: Yes, I can explain that. In estimating additional expenditures, we are seeking to be given the funding we need to comply with contribution agreements that we expect to sign between now and the end of the year.

When the budget was first passed in the spring, the budget funds were not yet in our accounts.

Mrs. Alexandra Mendes: Yes, I fully understand that, Mr. Watson. That is not my question. The three agencies had approximately the same budget, with relatively minor variations. However, the additional funding you are requesting is very significant.

Why do the other two agencies not have the same requirements? The economic recovery plan was not in place for them either, when the estimates were developed. That intrigues me. Why is there such a large amount here for you, compared to the other two agencies?

Mr. Daniel Watson: It's because of the number of projects to be funded. The total amounts for the department were basically calculated on a per capita basis for Canada as a whole—

Mrs. Alexandra Mendes: Yes, exactly, it was on a per-capita basis. Why is that? The per-capita calculation did not change; there has been no sudden population increase in Western Canada in the last five months.

Mr. Daniel Watson: The total amounts have not changed at all. The question is really how much money we will need between now and March 31. If we had a lot more money available, we would not necessarily need the amounts you see in the Supplementary Estimates. However, we don't have that money. As a result, we have to come before Parliament to request that these funds be made available to us, because otherwise, we will not be able to meet our commitments under contribution agreements between now and the end of the year.

Mrs. Alexandra Mendes: That still does not answer my question. At the beginning of the year, you had set aside \$423 million for economic development.

Mr. Daniel Watson: Yes, but that did not include all the funds under the Economic Action Plan.

Mrs. Alexandra Mendes: Could I ask one of the other agencies to answer my question?

In your case, did that include—

Mr. Pierre Bordeleau: Under the Supplementary Estimates (A), we recommended funding for CAF.

Mrs. Alexandra Mendes: Yes, \$105 million.

Mr. Pierre Bordeleau: But that did not necessarily happen at the same time. They do not appear at the same time. We knew we would have certain requirements related to CAF in the Supplementary Estimates (A). We requested our funding—

Mrs. Alexandra Mendes: I am going to interrupt you, if you don't mind. We are talking about the initial budgets—the Main Estimates. I am talking about the estimated figures that appeared in the Main Estimates, right at the beginning. The amounts for the three agencies were similar, with some minor differences—\$10 or so million here and there. However, in the Supplementary Estimates (B), there is a significant difference for WED, which is asking for an additional \$60 million. Yes, CED received \$101 million—initially, it was \$105 million according to the Supplementary Estimates (A). It's that \$60 million amount which I find strange.

How did we go from relatively similar initial budgets to such a major discrepancy? If this is approved, Western Economic Diversification Canada will have a final budget of \$485,810,000, compared to \$446,300,000 for CED and \$415,434,000 for ACOA. There are major differences between the budgets. That is my question.

• (1720)

Mr. Daniel Watson: That is the amount of money we expect to use this year. The proportions are still exactly the same overall—the same as they were in the spring. The question is when that funding will be used. The proportions presented at the beginning of the year have not changed at all; the amounts allocated for each region of Canada remain the same. The real issue relates to timing—in other words, when those monies will actually be spent.

Mrs. Alexandra Mendes: I am sorry—

The Chair: Ms. Frenette has the floor. After that, it will be Mr. Wallace's turn.

Ms. Denise Frenette: Right off the bat, I just want to point out that allocations for Canada's economic plan are very different.

ACOA is only receiving one third of what is being allocated to WED.

ACOA received money through a special vote intended to allow the money to be accessed quickly. We asked for an additional \$4.5 million, meaning that our request is lower than what appeared in the Supplementary Estimates (B). The \$60 million amount for our colleagues from WED, compared to ACOA's request of \$5.9 million, as opposed to the \$43 million... The other items are completely different. I don't know whether that helps or not.

The Chair: Thank you, Ms. Frenette and Ms. Mendes.

Mr. McKenzie, would you like to add something?

Mr. Wallace?

[*English*]

Mr. Mike Wallace: Thank you, Mr. Chair.

I have one comment before I start. Daniel Watson and Guy McKenzie speak such great French. There may be some hope for me someday to be able to speak French, too. It's unbelievable.

Mr. John Rafferty: They grew up in northern Ontario.

Mr. Mike Wallace: My question to our friends from the Quebec agency is more about process. Montreal's 2012 World Congress on Information Technology is in supplementary estimates (B). It's not until 2012. When did you first hear that Montreal was getting the conference?

Mr. Guy McKenzie: Those conferences are always organized quite some time ahead. We also have the World Energy Congress, which I think will come to Montreal in 2011. When I heard that this one, the World Congress on Information Technology, was for 2012, that was quite normal. They organize it quite some time ahead.

Mr. Mike Wallace: Just from a process point of view, why is this in supplementary estimates (B) for this year and not in the main estimates for next year or the year when it actually happens? Why are you allocating \$120,000 in this calendar year for it?

Mr. Guy McKenzie: Manon seems to be volunteering here.

Ms. Manon Brassard: Money has to be committed early in the process to make some preliminary arrangements to confirm a number of things in these conferences. That's why we need to allocate the money quickly.

Mr. Mike Wallace: Is this the total amount or is it just a portion of what will be needed for that conference?

Ms. Manon Brassard: I'll have to check, but I think that for those departments, it's pretty much their contribution—

Mr. Guy McKenzie: It's their contribution. It's the same conversation that we had earlier about money committed versus money spent. In order for the organizer to be able to document the rest of the file and get the money.... Just to give you numbers, we're going to have 3,500 participants from 100 countries, according to the numbers we have .

Mr. Mike Wallace: Mr. McKenzie, I'm not complaining about the conference. I think it's great that we're getting it. I'm happy that it's going to Montreal and I'm happy that you're supporting it.

On the financial side, though, I don't understand, in my experience, why we have to allocate \$120,000 in the 2009-10 budget for something that's happening in 2012, although I know it's not a lot of money compared with what we spend here. Is that the total amount we'll be spending or will I be seeing this conference in future budgets? That's my question.

• (1725)

Ms. Manon Brassard: It's their contribution for this conference. The money is required now by the promoter in order to be able to make financial commitments now. A conference of this magnitude requires early—

Mr. Mike Wallace: Right.

This is in vote 5. My reading and understanding of vote 5, and I could be wrong, is that it's for one-time expenses coming out of—I don't want to say surplus—money that's there just in case something comes up, but I can find the other \$60,000 coming out of Foreign Affairs and the \$60,000 coming out of Industry Canada or wherever it's coming from.

To me, from a financial point of view, it's good that I can make the connection of the dots between the numbers. It's in vote 1 in their budgets so we have voted on it, in a sense, because it's a deduction. We voted on that money because we thought we were getting that conference. But now that it's confirmed, we're transferring it over to you. Is that basically what we're doing?

Ms. Manon Brassard: That's basically what you're doing. For the promoter, as Monsieur McKenzie suggested earlier, it's a lot easier to deal with one department rather than three. We're making the entire management of the full contribution a lot easier that way, easier for them, but for us also.

Mr. Guy McKenzie: If you think about the philosophy of the blue ribbon panel, it's applied here in terms of facilitating the lives of the promoters. Instead of dealing with multi-faceted departments of one government, they deal through one.

The Chair: Thank you.

We're going to briefly go to Mr. Lake, who is going to use part of your time, Mr. Wallace.

Mr. Lake, go ahead.

Mr. Mike Lake: Thank you, Mr. Chair.

We're going through a global economic slowdown that has required us to ask a lot of you. I want to take the opportunity to thank you and to recognize the tremendous amount of work that we, as members of all parties, have asked of our public servants during this time. Let me just recognize you and thank you for the hard work.

The Chair: Thank you, Mr. Lake.

Thank you to our witnesses for their testimony today.

Now, is it the wish of the committee to vote these through?

Some hon. members: Yes.

The Chair: Shall all the votes carry? You have three options as members of the committee. You can vote to adopt them, you can vote to negate them, or you can vote to reduce them.

ATLANTIC CANADA OPPORTUNITIES AGENCY

Department

Vote 1b—Operating expenditures and the payment to.....\$330,407

Vote 5b—The grants listed in the Estimates and contributions.....\$5,600,000

Vote 7b—Pursuant to subsection 25(2) of the Financial Administration Act, to write off.....\$1

ECONOMIC DEVELOPMENT AGENCY OF CANADA FOR THE REGIONS OF QUEBEC

Vote 1b—Operating expenditures and the payment to each member of the Queen's Privy Council for Canada who is a Minister without Portfolio or a Minister of State who does not preside over a Ministry of State of a salary.....\$966,026

Vote 5b—The grants listed in the Estimates and contributions – To authorize the transfer of \$60,000 from Industry Vote 1, and \$60,000 from Foreign Affairs and International Trade...and to provide a further amount of.....\$9,750,000

INDUSTRY

Department

Vote 1b—Operating expenditures, and authority to expend revenue received during the fiscal year.....\$44,005,769

Vote 5b—Capital expenditures – To authorize the transfer of \$3,400,442 from Industry Vote 1.....\$1

Vote 10b—The grants listed in the Estimates and contributions – To authorize the transfer of \$2,400,000 from Industry Vote 1...and to provide a further amount of\$189,218,434

Canadian Space Agency

Vote 25b—Operating expenditures—To authorize the transfer of \$500,000 from Industry Vote 30...and to provide a further amount of.....\$6,617,033

Vote 35b—The grants listed in the Estimates and contributions – To authorize the transfer of \$1,800,000 from Industry Vote 25.....\$1

National Research Council of Canada

Vote 50b—Operating expenditures – To authorize the transfer of \$2,123,500 from Industry Vote 60, and \$38,500 from National Defence Vote 5.....\$1

Natural Sciences and Engineering Research Council

Vote 70b—The grants listed in the Estimates—To authorize the transfer of \$410,000 from Industry Vote 65, and \$514,467 from Indian Affairs and Northern Development Vote 1.....\$1

Social Sciences and Humanities Research Council

Vote 85b—The grants listed in the Estimates—To authorize the transfer of \$251,036 from Canadian Heritage Vote 5\$1

Statistics Canada

Vote 95b—Program expenditures, contributions and authority to expend revenue received during the fiscal year.....\$31,028

WESTERN ECONOMIC DIVERSIFICATION

Vote 1b—Operating expenditures and the payment to each member of the Queen's Privy Council for Canada who is a Minister without Portfolio or a Minister of State\$769,095

Vote 5b—The grants listed in the Estimates and contributions.....\$62,343,463

I'm going to ask members: shall all the votes listed on the orders of the day carry?

Some hon. members: Agreed

An hon. member: On division.

Mrs. Alexandra Mendes: Yes, on division. I would definitely question the \$2,000 per minister for motor allowances.

Some hon. members: Oh, oh!

Mrs. Alexandra Mendes: No, honestly. I'm not kidding. What is that for?

The Chair: As I hear it, the majority of the members on this committee wishes that these votes shall carry.

Mrs. Alexandra Mendes: But I shall note my objection to that.

Mr. John Rafferty: Except for the one reduction, the \$30,000 for—

Some hon. members: Oh, oh!

The Chair: Shall I report the supplementary estimates (B) to the House?

Order, please.

Is it the wish of the committee to report the supplementary estimates (B) to the House?

Some hon. members: Agreed.

The Chair: Thank you.

[*Translation*]

Mr. Robert Bouchard: Is this a confidence vote?

The Chair: No, it is not a confidence vote.

[*English*]

Thank you very much for your attention.

This meeting is adjourned.

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